SUBMISSION COVER SHEET

***IMPORTANT*: Check box if Confidential Treatment is requested ☐**

Registered Entity Identifier Code (optional): <u>22-270 (1 of 4)</u>

Organization: <u>New York Mercantile Exchange, Inc. ("NYMEX")</u>

Filing as a: ☒ DCM ☐ SEF ☐ DCO ☐ SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): <u>09/14/22</u> Filing Description: <u>Initial Listing of Four (4) Crude Oil Futures Contracts</u>

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

☐	Certification	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Notification	§ 40.6(d)
☐	Advance Notice of SIDCO Rule Change	§ 40.10(a)
☐	SIDCO Emergency Rule Change	§ 40.10(h)

Rule Numbers:

New Product **Please note only ONE product per Submission.**

☒	Certification	§ 40.2(a)
☐	Certification Security Futures	§ 41.23(a)
☐	Certification Swap Class	§ 40.2(d)
☐	Approval	§ 40.3(a)
☐	Approval Security Futures	§ 41.23(b)
☐	Novel Derivative Product Notification	§ 40.12(a)
☐	Swap Submission	§ 39.5

Product Terms and Conditions (product related Rules and Rule Amendments)

☐	Certification	§ 40.6(a)
☐	Certification Made Available to Trade Determination	§ 40.6(a)
☐	Certification Security Futures	§ 41.24(a)
☐	Delisting (No Open Interest)	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Approval Made Available to Trade Determination	§ 40.5(a)
☐	Approval Security Futures	§ 41.24(c)
☐	Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
☐	“Non-Material Agricultural Rule Change”	§ 40.4(b)(5)
☐	Notification	§ 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

September 14, 2022

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: CFTC Regulation 40.2(a) Certification. Initial Listing of Four (4) Crude Oil Futures Contracts.
NYMEX Submission No. 22-270 (1 of 4)

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is certifying to the Commodity Futures Trading Commission ("CFTC" or "Commission") the initial listing of four (4) crude oil futures contracts as noted in the table below (the "Contracts") for trading on the CME Globex electronic trading platform ("CME Globex") and for submission for clearing via CME ClearPort, effective Sunday, October 2, 2022, for trade date Monday, October 3, 2022 as described in the table below.

Contract Title	**Southern Green Canyon (Argus) vs. WTI Trade Month Futures**	**Bakken Cushing (Argus) vs. WTI Trade Month Futures**	**Southern Green Canyon (Argus) vs. WTI Financial Futures**	**Bakken Cushing (Argus) vs. WTI Financial Futures**
Commodity Code	SCT	BKT	SCF	BKF
Rulebook Chapter	1278	1279	1280	1281
Settlement Type	Financial			
Contract Size	1,000 barrels			
Minimum Price Fluctuation	$.01 per barrel			
Value per tick	$10.00			
Listing Schedule	Monthly contracts listed for the current year and the next 3 calendar years. List monthly contracts for a new calendar following the termination of trading in the December contract of the current year.			
First Listed Month	November 2022		October 2022	
Block Trade Minimum Threshold	5 contracts – subject to a minimum 15-minute reporting window			
Termination of Trading	Trading terminates on the 25th calendar day of the month prior to the contract month. If the 25th calendar day is not a Business Day, trading terminates on the Business Day prior to the 25th calendar day.		Trading terminates on the last Business Day of the contract month.	

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 301 4645 christopher.bowen@cmegroup.com cmegroup.com

CME Globex Matching Algorithm	First-In, First-Out (FIFO)
Trading and Clearing Hours	**CME Globex Pre-Open:** Sunday 4:00 p.m. - 5:00 p.m. Central Time/CT Monday - Thursday 4:45 p.m. - 5:00 p.m. CT **CME Globex:** Sunday - Friday 5:00 p.m. CT with a daily maintenance period from 4:00 p.m. - 5:00 p.m. CT **CME ClearPort:** Sunday - Friday 5:00 p.m. - 4:00 p.m. CT with no reporting Monday - Thursday from 4:00 p.m. - 5:00 p.m. CT

The Contracts are referenced contracts and will be subject to federal position limits during the spot month. The core referenced futures contract is the Light Sweet Crude Oil Futures Contract (Commodity Code: CL; Rulebook Chapter 200).

The Exchange reviewed the designated contracts market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the Contracts may have some bearing on the following Core Principles:

- **Compliance with Rules:** Trading in the Contracts will be subject to the rules in Rulebook Chapter 4 which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in the Contracts will also be subject to the full panoply of trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new product will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

- **Contract Not Readily Subject to Manipulation:** The Contracts are not readily susceptible to manipulation and are based on the liquidity and robustness of the underlying cash market.

- **Prevention of Market Disruption:** Trading in the Contracts will be subject to the Rules of NYMEX which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.

- **Position Limitations or Accountability**: The speculative position limits for the Contracts as demonstrated in this submission are consistent with the Commission's guidance.

- **Availability of General Information:** The Exchange will publish on its website information regarding contract specifications, terms and conditions, as well as daily trading volume, open interest and price information for the Contracts.

- **Daily Publication of Trading Information**: The Exchange will publish information contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.

- **Execution of Transactions**: The Contracts will be listed for trading on the CME Globex electronic trading and for clearing through CME ClearPort. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.

- **Trade Information:** All required trade information for the Contracts will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

- **Financial Integrity of Contract:** The Contracts will be cleared by the CME Clearing House which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.

- **Protection of Market Participants:** NYMEX Rulebook Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in these Contracts.

- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the rules. Trading in these Contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these Contracts are identified.

- **Dispute Resolution:** Disputes with respect to trading in the Contracts will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. The rules in Chapter 6 allow all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to the rules in Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that the Contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at http://www.cmegroup.com/market-regulation/rule-filings.html.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapters
Exhibit B: Position Limits, Position Accountability and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Exhibit C: Exchange Fees
Exhibit D: NYMEX Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table
Exhibit E: Cash Market Overview and Analysis of Deliverable Supply

Exhibit A
NYMEX Rulebook

Chapter 1278
Southern Green Canyon (Argus) vs. WTI Trade Month Futures

1278100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1278101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the Southern Green Canyon differential weighted average (Diff wtd avg) price from Argus Media, which is based on the weighted average floating price of Southern Green Canyon minus the "WTI Formula Basis" price from Argus Media for the Trade month period beginning with the first Business Day after the 25th calendar day two months prior to the contract month through the last Business Day that falls on or before the 25th calendar day of the month prior to the contract month. If the 25th calendar day is a weekend or holiday, the Trade month period shall end on the first Business Day prior to the 25th calendar day.

1278102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

1278102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1278102.B. Trading Units

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

1278102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.01 per barrel.

1278102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1278102.E. Termination of Trading

Trading shall cease at the close of trading on the last Business Day that falls on or before the 25th calendar day of the month prior to the contract month. If the 25th calendar day is a weekend or holiday, trading shall cease on the first Business Day prior to the 25th calendar day

1278103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

1278104. DISCLAIMER

See NYMEX/COMEX Chapter iv. (“DISCLAIMERS”) incorporated herein by reference.

Chapter 1279
Bakken Cushing (Argus) vs. WTI Trade Month Futures

1279100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1279101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the Bakken Cushing differential weighted average (Diff wtd avg) price from Argus Media, which is based on the weighted average floating price of Bakken Cushing minus the "WTI Formula Basis" price from Argus Media, for the Trade month period beginning with the first Business Day after the 25th calendar day two months prior to the contract month through the last Business Day that falls on or before the 25th calendar day of the month prior to the contract month. If the 25th calendar day is a weekend or holiday, the Trade month period shall end on the first Business Day prior to the 25th calendar day.

1279102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

1279102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1279102.B. Trading Units

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

1279102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.01 per barrel.

1279102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1279102.E. Termination of Trading

Trading shall cease at the close of trading on the last Business Day that falls on or before the 25th calendar day of the month prior to the contract month. If the 25th calendar day is a weekend or holiday, trading shall cease on the first Business Day prior to the 25th calendar day.

1279103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

1279104. DISCLAIMER

See NYMEX/COMEX Chapter iv. (“DISCLAIMERS”) incorporated herein by reference.

Chapter 1280
Southern Green Canyon (Argus) vs. WTI Financial Futures

1280100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1280101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the Southern Green Canyon weighted average index price from Argus Media minus the NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price for each Business Day that both are determined during the contract month.

1280102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

1280102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1280102.B. Trading Unit

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

1280102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.01 per barrel.

1280102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1280102.E. Termination of Trading

Trading shall cease on the last Business Day of the contract month.

1280103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

1280104. DISCLAIMER

See NYMEX/COMEX Chapter iv. ("DISCLAIMERS") incorporated herein by reference.

Chapter 1281
Bakken Cushing (Argus) vs. WTI Financial Futures

1281100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

1281101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month is equal to the arithmetic average of the Bakken Cushing weighted average index price from Argus Media minus the NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price for each Business Day that both are determined during the contract month.

1281102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

1281102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1281102.B. Trading Unit

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

1281102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.01 per barrel.

1281102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1281102.E. Termination of Trading

Trading shall cease on the last Business Day of the contract month.

1281103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

1281104. DISCLAIMER

See NYMEX/COMEX Chapter iv. (“DISCLAIMERS”) incorporated herein by reference.

Exhibit B
NYMEX Rulebook
Chapter 5
(“Trading Qualifications and Practices”)
Position Limits, Position Accountability and Reportable Level Table

(attached under separate cover)

Exhibit C
Exchange Fees

	Member	Non-Member	International Incentive Programs (IIP/IVIP)
CME Globex	$0.85	$1.35	$1.10
EFP	$0.85	$1.35	
Block	$0.85	$1.35	
EFR/EOO	$0.85	$1.35	

Processing Fees	Member	Non-Member
Cash Settlement	$0.50	$0.50
Facilitation Fee	$0.60	
Give-Up Surcharge	$0.05	
Position Adjustment/Position Transfer	$0.10	

Exhibit D
NYMEX Rulebook
Chapter 5
(“Trading Qualifications and Practices”)
Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) Table

		Outrights		
Instrument	**Globex Symbol**	**Globex Non-Reviewable Ranges (NRR)**	**NRR: Globex Format**	**NRR:Minimum Ticks**
Bakken Cushing (Argus) vs. WTI Trade Month Futures	BKT	$1.00 per barrel	100	100
Southern Green Canyon (Argus) vs. WTI Financial Futures	SCF	$1.00 per barrel	100	100
Bakken Cushing (Argus) vs. WTI Financial Futures	BKF	$1.00 per barrel	100	100
Southern Green Canyon (Argus) vs. WTI Trade Month Futures	SCT	$1.00 per barrel	100	100

Exhibit E

Cash Market Overview and Analysis of Deliverable Supply

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of four new financially-settled crude oil contracts as noted below (the “Contracts”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort.

Contract Title	**Southern Green Canyon (Argus) vs. WTI Trade Month Futures**	**Bakken Cushing (Argus) vs. WTI Trade Month Futures**	**Southern Green Canyon (Argus) vs. WTI Financial Futures**	**Bakken Cushing (Argus) vs. WTI Financial Futures**
Commodity Code	SCT	BKT	SCF	BKF
Rulebook Chapter	1278	1279	1280	1281

The Exchange conducted a review of the underlying cash markets and deliverable supply in the Southern Green Canyon and Bakken at Cushing regions.

The Commission defines deliverable supply as the quantity of the commodity meeting a derivative contract’s delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract’s delivery points during the specified delivery period, barring abnormal movement in interstate commerce. (See Appendix C to 17 CFR part 38.)

Southern Green Canyon Cash Market Overview

Southern Green Canyon (“SGC”) is a medium sour crude oil stream that is produced in the deepwater Gulf of Mexico and is delivered onshore via the Cameron Highway Offshore Pipeline System (“CHOPS”) to terminals on the upper Texas Coast in Port Arthur and Texas City. The Argus assessment for SGC is based on transactions of SGC delivered via CHOPS to terminals in either of these locations. The SGC stream is 27.7 degrees API and 2.35% sulfur, according to a recent assay report[1]. Argus publishes the Southern Green Canyon price assessment as a differential to the WTI Cushing price. The Argus methodology for the assessment of the SGC oil index is the volume-weighted average price of transactions done during the entire trading day and is available at the following link: https://www.argusmedia.com/-/media/Files/methodology/argus-americas-crude.ashx

The Cameron Highway System[2] is a 380-mile, 24 and 30-inch oil pipeline which extends along the Outer Continental Shelf ("OCS") of the Gulf of Mexico and delivers crude oil from major deepwater oil fields to markets on the Texas Gulf Coast. The pipeline receives production from several platforms in the deepwater Gulf of Mexico, including the Holstein, Mad Dog, Atlantis, K2, Constitution and Ticonderoga fields, all located in the Green Canyon area offshore Louisiana, and additional supply from the Walker Ridge and Keathly Canyon deepwater areas. The system originates at the Ship Shoal 332 A/B Hub as a 30" diameter pipeline, extends across the GB 72 platform and then splits into two 24" diameter pipelines at the High Island A5-C platform. One 24" leg terminates in Texas City, Texas, while the second terminates in Port

[1] https://www.bp.com/en/global/bp-trading-and-shipping/documents-and-downloads/technical-downloads/crudes-assays.html

[2] https://www.cameronhighwayoil.com/

Arthur, Texas. CHOPS connects directly to three (3) Texas City area refineries, and also provides access to the Beaumont, Baytown, and Houston markets though the multiple terminal connections. A detailed map as of 2015 can be found here: https://www.cameronhighwayoil.com/SystemMap/CAMERON_HIGHWAY-WebSite2.pdf.

The Cameron Highway Pipeline is operated by Genesis Energy, LP. CHOPS has a design capacity of 500,000 barrels per day[3]; Genesis is investing in expanding the capacity to connect to new platforms whose production is expected to come online by mid-2025.[4]

Bakken Cushing Cash Market Overview

Bakken crude oil is a light sweet crude oil stream that is produced in the Williston Basin, primarily in North Dakota. The API gravity is generally between 40° and 43° and sulfur content <0.2 wt.%[5]. Bakken crude oil is transported out of the production area primarily via pipeline and rail, with the majority of the supply either ultimately moving southeast via the Dakota Access and Enbridge pipelines to markets in Patoka, Illinois and the Gulf Coast, or west and south into the wider Cushing region. The major pipelines and markets for Williston Basin Crude Oil are illustrated and listed in Exhibit 1 and Table 1 below.

The primary source of Bakken crude oil at Cushing is the Pony Express Pipeline ("PXP"). PXP originates in Guernsey, Wyo., and runs through Colorado, Nebraska and Kansas and terminates in Cushing, Oklahoma. PXP sources oil from the Bakken, Denver Julesburg and Powder River plays and has the capacity to transport about 400,000 barrels a day.

Bakken crude production flows into the Pony Express pipeline at the Guernsey Hub in Guernsey, Wyoming via the Butte and Double H pipeline systems, which have a combined capacity of approximately 328,000 barrels per day as shown in Table 1.

There is an active spot market for Bakken crude oil at Cushing. The Argus assessment for Bakken Cushing is based on spot trades delivered into Cushing area terminals, exclusive of any pumpover charges, and is published as a differential to WTI at Cushing. The Argus methodology for the assessment of the Bakken Cushing index is the volume-weighted average price of transactions done during the entire trading day and is available at the following link: https://www.argusmedia.com/-/media/Files/methodology/argus-americas-crude.ashx

[3] https://www.genesisenergy.com/wp-content/uploads/10K-21.pdf

[4] https://www.genesisenergy.com/wp-content/uploads/05-04-Script-22.pdf bottom p.2-4

[5] https://www.ndoil.org/wp-content/uploads/Bakken-Quality-Report.pdf

Exhibit 1: Selected Oil Pipeline Routes from North Dakota[6]

Source: S&P Global Platts Analytics, East Daley

Table 1: US Williston Basin Crude Oil Export Options[7]

US Williston Basin Crude Oil Export Options - September 2021

Year End System Capacity, Barrels Per Day

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022*
Butte Pipeline	118,000	145,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Butte Expansion (Q3 2014)	-	-	-	-	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Marathon Petroleum Mandan Refinery	58,000	58,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Enbridge Mainline North Dakota	161,500	185,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Enbridge Bakken Expansion Program	-	25,000	25,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
Plains Bakken North (Up to 70,000 BOPD)	-	-	-	-	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Dakota Prairie Refinery (Q2 2015) (Proposed Conversion - No crude Q3-2	-	-	-	-	-	20,000	20,000	20,000	20,000	20,000	-	-	-
Davis Refinery (49,500 BOPD)*	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy Transfer Partners Bakken Pipeline	-	-	-	-	-	-	-	520,000	570,000	600,000	600,000	600,000	600,000
ETP DAPL Expansion* (Exact Timeline Unavailable - Up to 500,000 bpd)												150,000	150,000
Bridger Expansion Project*	-	-	-	-	-	-	-	-	-	-	-	-	150,000
Kinder Morgan Double H Pipeline (Q1 2015)	-	-	-	-	-	84,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
Pipeline/Refining Total	**337,500**	**413,000**	**463,000**	**583,000**	**703,000**	**807,000**	**811,000**	**1,331,000**	**1,381,000**	**1,411,000**	**1,391,000**	**1,541,000**	**1,691,000**
EOG Rail, Stanley, ND (Unit)	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Biourja, New Town, ND (Unit)	20,000	30,000	30,000	30,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
High Sierra, Donnybrook, ND (Manifest)	10,000	10,000	10,000	10,000	10,000	10,000	-	-	-	-	-	-	-
Crestwood COLT Hub, Epping, ND (Unit)	-	-	120,000	120,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Hess Rail, Tioga, ND (Unit)	-	-	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Bakken Oil Express, Dickinson, ND (Unit)	-	100,000	100,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Savage Services, Trenton, ND (Unit)	-	-	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Enbridge, Berthold, ND (Unit)	-	-	10,000	80,000	80,000	80,000	80,000	-	-	-	-	-	-
Marathon Petroleum, Fryburg, ND (Unit)	-	-	-	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Musket, Dore, ND (Unit)	-	-	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	-	-	-
Plains, Ross, ND (Unit)	-	20,000	20,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Plains - Van Hook, New Town, ND (Unit)	-	-	35,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	-	-
Global/Basin Transload, Stampede, ND (Unit)	-	-	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Global/Basin Transload, Zap, ND (Unit: Capacity Estimate Not Confirmed	-	20,000	40,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Enserco, Gascoyne, ND (Unit)	-	-	-	65,000	65,000	65,000	65,000	-	-	-	-	-	-
Palermo Rail Terminal, Palermo, ND (Q1 2016) (Unit)	-	-	-	-	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Northstar Transloading - Fairview, MT (Q3 2014) (Unit)	-	-	-	-	20,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Rail Loading Facility Only Total	95,000	245,000	740,000	1,150,000	1,260,000	1,420,000	1,510,000	1,365,000	1,365,000	1,365,000	1,295,000	1,230,000	1,230,000
All Transportation Total	**432,500**	**658,000**	**1,203,000**	**1,733,000**	**1,963,000**	**2,227,000**	**2,321,000**	**2,696,000**	**2,746,000**	**2,776,000**	**2,686,000**	**2,771,000**	**2,921,000**

*Project Still in the Review, Proposed, or Regulatory Phase

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[6] https://www.spglobal.com/commodityinsights/en/market-insights/podcasts/crude/20220718-biden-saudi-arabia-national-security-wald-transversal

[7] https://northdakotapipelines.com/oil-transportation-table/

Analysis of Deliverable Supply

Southern Green Canyon: In analysis of deliverable supply, the Exchange focused on the pipeline volumes for the CHOPS pipeline, which are reported on a quarterly basis by Genesis Energy. According to these quarterly filings, the average pipeline volume for the three-year period ending in Q1 2022 was 185,318 barrels per day.

Table 1: Quarterly CHOPS Pipeline Volumes[8] (barrels per day)

3-yr Avg	*185,318*
Q1 2022	175,881
Q4 2021	224,982
Q3 2021	211,809
Q2 2021	204,963
Q1 2021	116,427
Q4 2020	-
Q3 2020	98,626
Q2 2020	196,962
Q1 2020	242,182
Q4 2019	234,986
Q3 2019	231,635
Q2 2019	228,931
Q1 2019	241,754

Based on the quarterly pipeline volumes averaging approximately 185 thousand barrels per day, the total monthly deliverable supply is 5.55 million barrels, or 5,550 contracts.

The typical term agreement in the cash market allows flexibility for re-trading of the contracted quantity in the spot market, so the term agreements do not restrict the potential deliverable supply. Therefore, we believe that it is not necessary to adjust the deliverable supply estimate on the basis of spot trading activity as it does not restrict the deliverable supply, and spot trading volume can expand to allow for more supply to flow if needed in the spot market.

For the Southern Green Canyon (Argus) vs WTI Trade Month futures contract, and the Southern Green Canyon (Argus) vs WTI Financial futures contract, the proposed spot month position limit of 1,000 contracts is 18% of the total deliverable supply.

Bakken Cushing: The Exchange has determined to base its deliverable supply estimate on the portion of Bakken production that is available for sale at the Cushing Hub. As this volume is not published publicly, the Exchange has estimated this volume based on production data from the Bakken, pipeline capacity, and confirmed the estimates with industry sources.

Based on data from the North Dakota Department of Mineral Resources, Bakken Crude Oil production has averaged 1,168 thousand barrels per day over the last three years. Monthly production volumes are shown in Table 2 below. There is one local refinery, Marathon Mandan, with a capacity of 68 thousand barrels per day as shown in Table 1 above. Given normal refining industry operating rate of 90%, this leaves 1,107 thousand barrels per day of Bakken production to transport out of the region.

[8] Genesis Pipeline (GEL) 10-Q and 10-K Filings https://www.sec.gov/edgar/browse/?CIK=1022321&owner=exclude

According to the volumes in Table 1, approximately 77% of pipeline capacity out of Bakken flows eastward toward Patoka via the Enbridge and DAPL lines, while 23% flows southwestward toward Pony Express via the Butte and Double H pipelines, we estimate that approximately 254 thousand barrels per day flows into the Cushing Hub (23% x 1,107).

For Bakken at Cushing, the typical term agreement in the cash market allows flexibility for re-trading of the contracted quantity in the spot market, so the term agreements do not restrict the potential deliverable supply. Therefore, we believe that it is not necessary to adjust the deliverable supply estimate on the basis of spot trading activity as it does not restrict the deliverable supply, and spot trading volume can expand to allow for more supply to flow if needed in the spot market.

Table 2: North Dakota Bakken Oil Production (Thousand Barrels per Day)[9]

3 Yr Avg	**1168**
Apr-22	866
Mar-22	1081
Feb-22	1048
Jan-22	1048
Dec-21	1104
Nov-21	1120
Oct-21	1068
Sep-21	1071
Aug-21	1067
Jul-21	1038
Jun-21	1093
May-21	1087
Apr-21	1079
Mar-21	1065
Feb-21	1042
Jan-21	1103
Dec-20	1146
Nov-20	1180
Oct-20	1185
Sep-20	1177
Aug-20	1124
Jul-20	1001
Jun-20	856
May-20	829
Apr-20	1179
Mar-20	1380
Feb-20	1400
Jan-20	1375
Dec-19	1420
Nov-19	1461
Oct-19	1462
Sep-19	1389
Aug-19	1424
Jul-19	1390
Jun-19	1368
May-19	1337

The proposed spot month position limit of the Bakken Cushing vs. WTI futures contracts is 1,000 contracts. The Exchange's deliverable supply estimate, which is based on pipeline delivery estimates, is 250,000 barrels per day, or 7.5 million barrels per month which is equal to 7,500 contracts. Consequently, the spot month limit of 1,000 contracts represents 13.3% of deliverable supply.

[9] https://www.dmr.nd.gov/oilgas/stats/historicalbakkenoilstats.pdf