

## **Revised Supplemental Information (attachment to NYMEX Submission 07.92)**

### **Crude Oil Price Sources: Platts and Argus**

The two price reporting services that are used for the final settlement of these 24 crude oil futures contracts are Platts and Argus. These price sources are the major services that are used in the crude oil market for pricing swaps and cash contracts for LLS, Mars, and WTS. Their methodology is well-known in the oil industry. The NYMEX has formal agreements with Platts and Argus to utilize their pricing data, and these price reporting services have long-standing reputations in the industry as price benchmarks that are fair and not manipulated. The pricing methodology for Platts and Argus relies on telephone surveys and electronic data from dozens and dozens of market participants to determine market value. We believe that the index prices from Platts and Argus are accurate, reliable, and reflective of the values in the underlying cash markets.

### **LLS Crude Oil Market**

The Light Louisiana Sweet (LLS) crude oil market is traded at the hub in St. James, Louisiana, which consists of storage facilities and major pipelines for distributing crude oil from the Gulf of Mexico to refineries in Louisiana and in the Midcontinent. The production of LLS is in the shallow waters offshore Louisiana, with deliverable supply of 350,000 to 400,000 barrels per day, according to estimates from Purvin & Gertz and industry sources. The demand for LLS crude oil comes from the refineries located in Louisiana, as well as the refineries located along the Capline, which carries 1.1 million barrels per day of crude oil from St. James to Patoka, Illinois.

The estimated trading volume of LLS crude oil in the St. James cash market is approximately 750,000 to one million barrels per day. The typical transaction size is 25,000 to 30,000 barrels, with hundreds of separate transactions per day. The volume of spot transactions is more than half of all cash transactions, and the balance trades as longer-term contracts. There is active trading in forward cash deals on the Capline (which links St. James with Illinois).

### **LLS Crude Oil Market Participants**

The LLS crude oil cash market and OTC market participants are diverse and number around 30 to 40 commercial companies. A partial listing is as follows:

<b><u>Refiners</u></b>	<b><u>Traders/Importers</u></b>	<b><u>Brokers</u></b>	<b><u>Financial (Swaps)</u></b>
ConocoPhillips	Statoil	United	Citibank
Valero	Vitol	GFI Starsupply	Deutsche Bank
Shell	Glencore	United	Barclays
ExxonMobil	Plains	PVM	BankAmerica
BP	Koch	United	AIG
Sunoco	Cargill	ARC Oil	JP Morgan
Amerada Hess	Morgan Stanley	Oil Brokers Inc.	Lehman
Marathon	Goldman Sachs (J. Aron)		Merrill Lynch
Murphy Oil	Trafigura		
Chevron	Hess Energy Trading		
Total	Conagra		

### **Speculative Limits for the LLS Crude Oil Contracts**

The Commission's Acceptable Practices under Core Principle 5 specifies that spot month levels for cash-settled markets should be set at a level no greater than necessary to minimize the potential for manipulation or distortion of the contract and the underlying commodity price. The Exchange has set the speculative limits for the outright LLS Crude Oil futures contracts at 3000 contracts (equivalent to three million barrels) which is equivalent to around 25% of the monthly deliverable supply of LLS crude oil (estimated at around 11 to 12 million barrels). Further, the speculative limits for the LLS vs. WTI Spread Swap futures contracts are aggregated with the Exchange's Light Sweet Crude Oil Contract (also called WTI; code CL).

### **Mars Crude Oil Market**

The Mars crude oil market is traded at the hub in St. James, Louisiana, which consists of storage facilities and major pipelines for distributing crude oil from the Gulf of Mexico to refineries in Louisiana and in the Midcontinent. The production of Mars is in the deepwater area offshore Louisiana, with deliverable supply of 400,000 to 450,000 barrels per day, according to estimates from Purvin & Gertz and industry sources. The production of Mars has grown steadily, and is expected to peak at around 500,000 barrels per day in the next five years. The demand for Mars crude oil comes from the refineries located in Louisiana, as well as the refineries located along the Capline, which carries 1.1 million barrels per day of crude oil from St. James to Patoka, Illinois.

Mars has become a more actively traded U.S. benchmark, and also can be traded in the cash market during the Platts Pricing Window, which is an important price-setting mechanism. The estimated trading volume of Mars crude oil in the St. James cash market is approximately one to 1.5 million barrels per day. The trading volume has grown as the production continues to increase. The typical transaction size is 30,000 barrels, with hundreds of separate transactions per day. The volume of spot transactions is more than half of all cash transactions, and the balance trades as longer-term contracts. There is active trading in forward cash deals on the Capline (which links St. James with Illinois).

### **Mars Crude Oil Market Participants**

The Mars crude oil cash market and OTC market participants are diverse and number around 30 to 40 commercial companies. A partial listing is as follows:

<b><u>Refiners</u></b>	<b><u>Traders/Importers</u></b>	<b><u>Brokers</u></b>	<b><u>Financial (Swaps)</u></b>
ConocoPhillips	Statoil	United	Citibank
Valero	Vitol	GFI Starsupply	Deutsche Bank
Shell	Glencore	United	Barclays
ExxonMobil	Plains	PVM	BankAmerica
BP	Koch	United	AIG
Sunoco	Cargill	ARC Oil	JP Morgan
Amerada Hess	Morgan Stanley	Oil Brokers Inc.	Lehman
Marathon	Goldman Sachs (J. Aron)		Merrill Lynch
Murphy Oil	Trafigura		
Chevron	Hess Energy Trading		

Total

Conagra

### **Speculative Limits for the Mars Crude Oil Contracts**

The Exchange has set the speculative limits for the Mars crude oil futures contracts at 3000 contracts (equivalent to three million barrels) which is less than 25% of the monthly deliverable supply (estimated at 12 to 13 million barrels). Further, the speculative limits for the Mars vs. WTI Spread Swap futures contracts are aggregated with the Exchange's Light Sweet Crude Oil Contract (also called WTI; code CL).

### **WTS Crude Oil Market**

The West Texas Sour (WTS) crude oil market is traded at the hub in Midland, Texas, which consists of storage facilities and major pipelines for distributing crude oil from West Texas to refineries in Texas and in the Midcontinent. The production of WTS is mainly centered in West Texas, with deliverable supply of around 600,000 barrels per day, according to estimates from Purvin & Gertz and industry sources. The production of WTS has declined slowly, but is projected to remain steady for the next five years. The demand for WTS crude oil comes from the refineries located in Texas, as well as the refineries located along the various pipelines around Midland, Texas.

The estimated trading volume of WTS crude oil in the Midland cash market is approximately 1.5 million barrels per day. The trading volume has grown as the production continues to increase. The typical transaction size is 30,000 barrels, with hundreds of separate transactions per day. The volume of spot transactions is more than half of all cash transactions, and the balance trades as longer-term contracts. There is active trading in forward cash deals at the Midland trading hub.

### **WTS Crude Oil Market Participants**

The WTS crude oil cash market and OTC market participants are diverse and number around 30 to 40 commercial companies. A partial listing is as follows:

<b><u>Refiners</u></b>	<b><u>Traders/Importers</u></b>	<b><u>Brokers</u></b>	<b><u>Financial (Swaps)</u></b>
ConocoPhillips	Occidental Petroleum	United	Citibank
Valero	Vitol	GFI Starsupply	Deutsche Bank
Shell	Glencore	United	Barclays
ExxonMobil	Plains	PVM	BankAmerica
BP	Koch	United	AIG
Sunoco	Cargill	ARC Oil	JP Morgan
Amerada Hess	Morgan Stanley	Oil Brokers Inc.	Lehman
Marathon	Goldman Sachs (J. Aron)		Merrill Lynch
Murphy Oil	Trafigura		
Chevron	Hess Energy Trading		
Total	Conagra		
	SemGroup		
	Anadarko		

### **Speculative Limits for the WTS Crude Oil Contracts**

The Exchange has set the speculative limits for the WTS crude oil futures contracts at 3000 contracts (equivalent to three million barrels) which is 17% of the monthly deliverable supply (estimated at 18 million barrels). Further, the speculative limits for the WTS vs. WTI Spread Swap futures contracts are aggregated with the Exchange's Light Sweet Crude Oil Contract (also called WTI; code CL).