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February 3, 2011

OFFICE OF THE
SECRETARIAT

VIA E-MAIL

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: Rule Certification. Notification Regarding the Listing of Pine Prairie Energy Center Delivered Natural Gas Futures Contracts (Daily, BALMO and Monthly) on CME Globex®, NYMEX Trading Floor and CME ClearPort®
NYMEX Submission No. 11-052**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of three new natural gas futures contracts physically delivered at Pine Prairie Energy Center (PPEC). The contracts will be traded on the NYMEX floor, electronically through CME Globex and available for clearing services through CME ClearPort, beginning at 6:00 p.m. on Sunday, February 6, 2011 for trade date Monday, February 7, 2011.

PPEC has received Federal Energy Regulatory Commission (FERC) approval to make modifications to the PPEC Gas Tariff allowing for new services to accommodate these contracts.

The three PPEC futures contracts to be listed include: PPEC Physically Delivered Natural Gas Daily/Weekend Futures (PPD), PPEC Physically Delivered Natural Gas BALMO Futures (PPB) and PPEC Physically Delivered Natural Gas Monthly Futures (PPM). These contracts provide the dual benefit of termination through backstopped physical delivery and security of an exchange-cleared transaction.

The physical delivery point for these contracts will be the PPEC, a highly-flexible salt cavern storage facility located in Evangeline Parish, Louisiana. PPEC is strategically located 50 miles from Henry Hub and has nine interconnects to eight major pipelines that service the Gulf Coast, Midwest, Northeast and Southeast markets.

Contract Term Summary

Contract Name	Contract Code	Listing Schedule	Contract Size	First Contract Listed
Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas Daily/Weekend Futures	PPD	Up to 5 contracts for a week	2,500 MMBtu per day	8-Feb-11
Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas BALMO Futures	PPB	1 for Current Month	2,500 MMBtu per day	8-Feb-11
Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas Monthly Futures	PPM	1 for Next Month	2,500 MMBtu per day	March-11

In addition, NYMEX is notifying the Commission that it is self-certifying the waiver of trading and clearing fees for these contracts through April 30, 2011. On May 1, 2011, the following fee schedule shall apply for the three contracts:

Fee Schedule for PPD, PPB and PPM (effective May 1, 2011):

Exchange Fees					
Trading Venue	Member Day	Member	Cross Division	Non-Member	IIP
Pit	n/a	\$ 1.25	\$ 1.25	\$ 1.25	n/a
Globex	n/a	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25
ClearPort	n/a	\$ 1.25	n/a	\$ 1.25	n/a

Processing Fees				
Fee Type	Member	Non-Member	House Acct	Cust Acct
Cash Settlement	n/a	n/a	n/a	n/a
Futures from E/A	n/a	n/a	n/a	n/a
Options E/A Notice	n/a	n/a	n/a	n/a
Delivery Notice	n/a	n/a	\$ 0	\$ 0

Additional Fees and Surcharges	
EFS Surcharge	n/a
Block Surcharge	n/a
Facilitation Desk Fee	\$ 0.20

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rules 40.2 and 40.6, NYMEX hereby certifies that the attached contracts and waiver of transaction fees for these contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. This self-certification shall be effective on trade date February 7, 2011.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2207 or Brad Leach at (212) 299-2609. Please reference our NYMEX Submission No. 11-052 in any related correspondence.

Sincerely,

/s/Felix Khalatnikov
Dir & Assoc General Counsel

Attachments: Contract terms and conditions
Cash market overview and analysis of deliverable supply

Chapter 227
Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas
Daily/Weekend Futures

227.01 SCOPE

The provisions of the rules set forth below ("the Rules") shall apply to all natural gas bought and sold for future delivery on the Exchange (the "Contract") with delivery at the facilities of Pine Prairie Energy Center, LLC ("PPEC").

227.01A PRODUCT PLACEMENT

As a condition precedent to trading any Contract, the Clearing Member ("Clearing Member") transacting a Contract is responsible to ensure that the Buyer and Seller of such Clearing Member, or the Clearing Member if such Clearing Member is acting for its own account, shall have a valid PPEC NYMEX Pooling and Imbalance Service Agreement for the PPEC NYMEX Pooling and Imbalance Service and a valid PPEC Hub Services Agreement, as such terms are defined below.

227.02 DEFINITIONS

For the purpose of this Chapter, the terms set forth below shall be defined as follows:

(A) "Natural Gas" means merchantable natural gas that meets or exceeds the quality specifications set forth in the PPEC Tariff.

(B) "Btu" (British thermal unit) means the amount of heat required to raise the temperature of one (1) pound avoirdupois of pure water from fifty-eight and five tenth degrees (58.5) Fahrenheit to fifty-nine and five tenths degrees (59.5) Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute. MMBtu shall mean one million (1,000,000) Btu.

(C) "Business Day" means any day that is not a Saturday, Sunday or a legal holiday on which the commercial banks in New York, New York are not open for business.

(D) "Day" shall have the meaning assigned the term in the PPEC Tariff.

(E) "PPEC Facilities" refers to natural gas storage caverns, pipeline, compression and appurtenant facilities owned and operated by PPEC all located in Evangeline, Acadia and Rapides Parishes, Louisiana.

(F) "PPEC NYMEX Pool" means the virtual, intra-system point on the PPEC Facilities within the PPEC Pine Prairie Hub at which a Seller will deliver its scheduled quantities for physical delivery under its PPEC NYMEX Pooling and Imbalance Service Agreement, transfer of title will take place to Buyers, and Buyers will receive scheduled quantities for physical delivery under PPEC NYMEX Pooling and Imbalance Service Agreements.

(G) "PPEC Hub Services Agreement" means a Hub Services Agreement under PPEC's Tariff.

(H) "PPEC NYMEX Pooling and Imbalance Service" means the scheduling and title transfer service, along with the imbalance service described in Rule 227.13, all of which is provided by PPEC as part of the PPEC NYMEX Pooling and Imbalance Service as defined in the PPEC Tariff.

(I) "PPEC NYMEX Pooling and Imbalance Service Agreement" means the agreement between a Seller or Buyer and PPEC for PPEC NYMEX Pooling and Imbalance Service.

(J) "PPEC Tariff" means PPEC's currently effective FERC Gas Tariff, as such tariff may be filed with the Federal Energy Regulatory Commission from time to time.

227.03 REFERENCE TO BUYER AND SELLER

The term "Buyer" shall mean the customer of a Clearing Member buying the Contract or the long Clearing Member if such Clearing Member is acting for its own account. The term "Seller" shall mean the customer of the Clearing Member selling the Contract or the short Clearing Member if such Clearing Member is acting for its own account.

227.04 CONTRACT UNIT

The Contract unit shall be 2,500 MMBtu per day for the delivery period.

227.05 GRADE AND QUALITY SPECIFICATIONS

Natural Gas meeting the specifications set forth in the PPEC Tariff as then in effect at the time of delivery shall be deliverable in satisfaction of the Contract delivery obligations.

227.06 DELIVERY PERIOD

Trading shall be conducted in Contracts providing for delivery in such period as shall be determined by the Exchange.

The Contract delivery period shall be for delivery over the next Day. Transactions conducted on Friday are for delivery on Saturday, Sunday, and Monday inclusively. Transactions conducted on the Business Day prior to an Exchange holiday shall include delivery through and including the next Business Day after the Holiday.

When the last day of a calendar month occurs during a weekend (Saturday, Sunday and, when it applies, Holiday Friday or Holiday Monday) then, for the weekend delivery Days and following Business Day, the following shall apply:

For delivery Days for the remainder of current month, transactions conducted on two Business Days immediately prior to the start of the weekend are for delivery through the remainder of the current month.

For delivery Days for the next month, transactions conducted on the Business Day immediately prior to the start of the weekend are for delivery from the first calendar day of the next month through the first Business Day of the next month.

227.07 PRICES AND MINIMUM FLUCTUATION SIZE

Prices shall be quoted in US (\$) dollars and cents per million British thermal units (MMBtu). The minimum price fluctuation shall be \$0.0025 per MMBtu. There shall be no price fluctuation limitation.

227.08 TERMINATION OF TRADING

(A) Trading of the Contract shall cease at 11:30 a.m. on the Business Day prior to the first Day of the delivery period ("Termination of Trading"). In the event that the originally listed Termination of Trading date is an Exchange holiday, Termination of Trading will occur on the Business Day immediately prior. Any Contracts remaining open after the Termination of Trading must be delivered in accordance with Rule 227.10.

(B) When the last day of a calendar month occurs during a weekend (Saturday, Sunday and, when it applies, Holiday Friday or Holiday Monday) then, for the weekend delivery Days and following Business Day, the following shall apply:

For delivery Days for the remainder of current month, trading will terminate two Business Days immediately prior to the start of the weekend;

For delivery Days for the next month, trading will terminate one Business Day immediately prior to the start of the weekend.

227.09 CONTRACT DELIVERY

(A) Contract Delivery shall take place at the PPEC NYMEX Pool pursuant to a Buyer's or Seller's previously executed PPEC NYMEX Pooling and Imbalance Service Agreement. It is a Seller's obligation to perform an intra-system delivery at the PPEC NYMEX Pool and it is the Buyer's obligation to have the ability to receive such intra-system delivery at the PPEC NYMEX Pool. Delivery shall be made in accordance with the PPEC Tariff and all applicable Federal, State and Local laws and regulations. PPEC shall confirm the satisfaction of the delivery by notifying the Exchange. Title will transfer in the aggregate from all Sellers to all Buyers at the PPEC NYMEX Pool.

The Seller shall provide Natural Gas which is free from all liens, encumbrances, unpaid taxes, fees and other charges.

(B) All Contract deliveries made in accordance with these Rules shall be final and there shall be no appeal.

(C) A Buyer's or Seller's delivery obligation resulting from a position in any or all of Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas Daily/Weekend Futures, Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas BALMO Futures, and Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas Monthly Futures contracts shall be offset, in whole

or in part, by the Exchange. For example, a Daily/Weekend contract may be used to offset one Day of the delivery obligation of a BALMO or Monthly contract with the Buyer or Seller, as appropriate. Buyer or Seller shall be responsible for any financial obligation arising from the value differential created by the position offset. Any remaining delivery obligations resulting from open positions following Termination of Trading must be delivered or received in accordance with Rule 227.10.

227.10

DELIVERY PROCEDURE

(A) POOL NOMINATION

Following the Termination of Trading, the Exchange will, on behalf of each Seller and Buyer of a Contract that is not netted, submit a PPEC NYMEX Pool nomination to PPEC by 12:30 p.m. on each Business Day for such Contracts going to physical delivery. A PPEC NYMEX Pool nomination shall include party (Seller or Buyer), respective Clearing Member, quantity, receipt or delivery, as applicable, and PPEC Contract number information provided by the Exchange to enable PPEC to commence the process of scheduling the PPEC NYMEX Pooling Service for any quantities going to physical delivery. A PPEC NYMEX Pool nomination may represent only a portion of the information necessary for PPEC to schedule quantities for physical delivery and, therefore, is not a substitute for the responsibility of any Buyer or Seller to submit the required information for receipt and delivery, respectively, of any physical gas on the PPEC Facilities, as provided in 227.10(B).

Each Seller's Clearing Member and Buyer's Clearing Member agrees that the Exchange will act on its behalf for the expressly limited purpose of submitting the PPEC NYMEX Pool nomination for all quantities that go to physical delivery, that PPEC may rely upon the PPEC NYMEX Pool nomination for the purpose of scheduling the PPEC NYMEX Pooling Services under PPEC NYMEX Pooling and Imbalance Service Agreement, and that all affected customers will waive, as against PPEC, its officers, directors, servants, and agents any claim, demand or cause of action it might have as a consequence of PPEC's reliance upon a Pool Nomination furnished by the Exchange for PPEC to schedule natural gas quantities for physical delivery.

The PPEC NYMEX Pool nominations are for notification purposes only and in no way obligate the Exchange or CME Group as agent for delivery.

Each Buyer and Seller is responsible to notify the Exchange's clearing house ("Clearing House") no later than the end of the Evening nomination cycle of PPEC of any discrepancy in the netted quantity in the PPEC NYMEX Pool nomination, and in turn, each Buyer and Seller shall notify the Clearing Member of such Buyer or Seller of the reported discrepancy as soon as practicable. In the event that the Clearing House was not notified of such discrepancy, or in the event that the Clearing House was notified of such discrepancy after the end of the Evening nomination cycle of PPEC, than the original nomination under the PPEC NYMEX Pool nomination shall remain in effect.

(B) TRANSPORTATION AND OTHER NOMINATIONS

If a PPEC NYMEX Pool nomination has been submitted on behalf of a Seller or Buyer, the Seller or Buyer is responsible for (i) arranging transportation from or to the points of receipt and delivery between the PPEC NYMEX Pool and the interconnecting upstream and downstream natural gas pipelines or to or from PPEC storage, and (ii) submitting an appropriate nomination to PPEC to permit PPEC to schedule the receipt and delivery of the quantities specified in the PPEC NYMEX Pool nomination. Sellers shall be responsible for nominating transportation and related services from points of receipt on the PPEC Facilities to the PPEC NYMEX Pool. Buyers shall be responsible for nominating transportation and related services from the PPEC NYMEX Pool to points of delivery on the PPEC Facilities. Failure to submit an appropriate nomination will be deemed to be either a Non-Delivery or Non-Receipt under Rule 227.13, and NYMEX Pooling Imbalance Service shall apply and the applicable amount shall be charged.

227.11

TIMING OF DELIVERY

Delivery shall take place ratably in conformance with PPEC's operating procedures over the delivery period of the Contract.

227.12

DELIVERY MARGINS AND PAYMENTS

(A) For the purposes of this Rule 227.12,

(1) "Payment Date" shall mean two Business Days following confirmation that delivery has occurred. If such day is an Exchange holiday, the Payment Date shall be the following Business Day.

(B) For delivery that will take place on a Business Day, by 9 a.m. on the delivery Day, the Buyer's Clearing Member shall obtain from the Buyer delivery margin equal to the full value of the Contract to be delivered on that Business Day. For delivery that will take place on a Day that is not a Business Day, by 3 p.m. on the Business Day prior to the delivery Day, the Buyer's Clearing Member shall obtain from the Buyer delivery margin equal to the full value of the Contract to be delivered on the following non-Business Day. Such margin shall consist of cash, securities issued by the United States Treasury Department maturing within ten (10) years from the date of deposit and guaranteed as to principal and interest by the United States Government or a letter of credit. Any Treasury securities so deposited shall be valued at ninety percent (90%) of the par value of such instruments. Any letter of credit so deposited shall be in a form approved by the Exchange, shall be issued or confirmed by an Exchange approved original margin depository, and, shall be drawn in favor of the Exchange. Upon confirmation of payment to the Seller's Clearing Member, Buyer's Clearing Member shall release full delivery margin to the Buyer.

(1) Payment shall be performed in accordance with instructions provided by the Clearing House to Clearing Members.

(C) The Seller's Clearing Member will receive the full Contract value on the payment date. Upon receipt of payment, the Seller's Clearing Member shall notify the Exchange.

(D) The Seller's Clearing Member shall obtain from the Seller margin in the amount fixed, from time to time, by the Exchange.

(E) The Buyer's Clearing Member and the Seller's Clearing Member shall deposit with the Exchange margins in such amounts and in such form as required by the Exchange. Such margins shall be returned on the Business Day following notification to the Exchange that delivery and payment have been completed.

(F) FEE FOR PPEC NYMEX POOLING SERVICE. The PPEC NYMEX Pooling Service shall be contracted by Seller and Buyer, respectively, pursuant to the PPEC NYMEX Pooling and Imbalance Service Agreement at the per-MMBtu rate specified in the PPEC NYMEX Pooling and Imbalance Service Agreement.

227.13

INVOCATION OF, AND PAYMENT FOR, PPEC NYMEX IMBALANCE SERVICE

(A) "Non-Delivery" by a Seller and "Non-Receipt" by a Buyer shall mean a failure to comply with nomination requirements under Rule 227.10 or failure to deliver or receive Natural Gas under the PPEC NYMEX Pooling Service. "Non-Delivery" by a Seller and "Non-Receipt" by a Buyer will occur in the event there is an imbalance, as determined by PPEC, at the close of the Intraday 1 nomination cycle. The Non-Delivery or Non-Receipt quantities (in MMBtu) will equal the imbalance quantity. For each instance of Non-Delivery or Non-Receipt, subject to the terms of the PPEC Tariff and the PPEC NYMEX Pooling and Imbalance Service Agreement, PPEC will fulfill the PPEC NYMEX Pool nomination by either receiving or delivering, as applicable, the imbalance quantities of natural gas to satisfy the PPEC NYMEX Pool nominations. The charge under the PPEC NYMEX Pooling and Imbalance Service Agreement shall be an amount equal to 1.0 times the highest Common gas price in the United States as reflected in the "Daily Price Survey" published in Platts "Gas Daily" for the prior Day, current Day or next Day (whichever yields the highest dollar amount), multiplied by the imbalance quantities.

(B) The imbalance quantity shall be based on the daily activity report received from PPEC, pursuant to Rule 227.14, to be due, without limiting the right of the respective Seller or Buyer to seek recovery of any disputed amounts pursuant to the procedures set forth in the PPEC Tariff.

(C) In the event of an imbalance resulting from a service interruption within the PPEC NYMEX Pool, neither Buyer's Clearing Member nor Seller's Clearing Member shall be subject to charges under its customer's PPEC NYMEX Pooling and Imbalance Service Agreement.

227.14

DAILY REPORT OF DELIVERIES OR RECEIPTS

A report specifying each Buyer's or Seller's deliveries or receipts accomplished on any Day under Contracts for which PPEC NYMEX Pool nominations have been supplied by the Exchange shall be provided to the Exchange by PPEC, broken down to show that quantities actually delivered, quantities netted, and quantities covered by means of the NYMEX Imbalance Service or other PPEC Storage Service Agreement. The report will be submitted by 2 p.m. on any delivery Day (or, for a Day that is not a Business Day, by 2 p.m. on the next following Business Day). Each Buyer and Seller is entitled to seek from PPEC a similar daily activities report of such entity's specific daily delivery activities. Each Buyer and Seller shall be deemed to have consented to PPEC disclosure to the Exchange of its customer-specific information in this regard,

227.15 VALIDITY OF DOCUMENTS

The Exchange makes no representation respecting the authenticity, validity, or accuracy of any document or instrument delivered pursuant to these Rules.

227.16 EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) transaction shall be governed by the provision of Exchange Rule 538. An EFRP will not be permitted after Termination of Trading.

227.17 FORCE MAJEURE

(A) DEFINITIONS. As used in this Rule 227.17, and without prejudice to any definition of similar terms included in the PPEC Tariff, the following terms, as well as variations thereof, shall have the meanings described below.

(1) "*Force Majeure*" shall mean circumstances (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which are beyond the control of the Buyer or Seller, and which prevents the Buyer or Seller from making or taking delivery of product when and as provided for in this Chapter. Whether circumstances exist constituting *Force Majeure* shall be determined by the delivery group as provided for in these Rules; provided, however, that other than with respect to PPEC NYMEX Pooling and Imbalance Service, and absent other circumstances constituting *Force Majeure*, non-performance or the non-clearance of any nomination for transportation service pursuant to an interruptible transportation service agreement, or interruption of service pursuant to an interruptible service agreement shall not constitute *Force Majeure*.

(2) "Party" means a Buyer's Clearing Member or Seller's Clearing Member and "Parties" means both a Buyer's Clearing Member and Seller's Clearing Member.

(B) DELIVERY GROUP

(1) *Force Majeure* shall be determined by the delivery group as empanelled by the Chief Regulatory Officer.

(2) The Chief Regulatory Officer will determine when to convene the delivery group, which will determine if *Force Majeure* circumstances hold as soon as practicable:

- (a) when the Chief Regulatory Officer is advised that a *Force Majeure* may have occurred;
- (b) upon the written request of both the Buyer's Clearing Member and Seller's Clearing Member; or
- (c) if any Party notifies the Exchange that circumstances constituting *Force Majeure* prevent the performance of payment obligations at the time and site designated by the parties.

(3) Upon a finding of *Force Majeure*, the delivery group shall determine what actions are to be taken, including:

- (a) modifying the method or timing of delivery or payment; or
- (b) referring the matter to the Chief Regulatory Officer for consideration of recommending emergency action.

227.18 EXCLUSION OF LIABILITY

Except as specifically provided in the rules (and to the extent permitted by law), the Exchange accepts no liability in connection with this futures contract, its performance, non performance or its termination whether based on breach of contract, warranty, negligence or tort. In particular, but without limitation, the Exchange shall not be responsible for or shall have any liability whatsoever to any Buyer or Seller for the availability, suitability, unavailability or malfunction of nomination system or any part thereof; the performance or non-performance by PPEC of its respective obligations under the PPEC Tariff or otherwise; any act or omission of any operator of nomination system or any part thereof; any performance or non-performance by the Exchange in relation to its serving as a provider of pipeline nominations; any performance or non-performance by the Exchange in relation to its serving as a party to the deliveries, and the Exchange shall under no circumstances be liable for any indirect or consequential loss or loss of profits. Additionally, nothing in these Rules will constrain the Clearing House from performing its duties under Chicago Mercantile Exchange Inc. Rule 802.

227.19 TIME REFERENCES

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York prevailing time.

227.20

NO CONFLICT

Nothing herein shall limit or modify the obligations of a Seller or Buyer under the PPEC Tariff or any PPEC Service Agreement.

Chapter 228
Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas BALMO
Futures

228.01 SCOPE

The provisions of the rules set forth below ("the Rules") shall apply to all natural gas bought and sold for future delivery on the Exchange (the "Contract") with delivery at the facilities of Pine Prairie Energy Center, LLC ("PPEC").

228.01A PRODUCT PLACEMENT

As a condition precedent to trading any Contract, the Clearing Member ("Clearing Member") transacting a Contract is responsible to ensure that the Buyer and Seller of such Clearing Member, or the Clearing Member if such Clearing Member is acting for its own account, shall have a valid PPEC NYMEX Pooling and Imbalance Service Agreement for the PPEC NYMEX Pooling and Imbalance Service and a valid PPEC Hub Services Agreement, as such terms are defined below.

228.02 DEFINITIONS

For the purpose of this Chapter, the terms set forth below shall be defined as follows:

(A) "Natural Gas" means merchantable natural gas that meets or exceeds the quality specifications set forth in the PPEC Tariff.

(B) "Btu" (British thermal unit) means the amount of heat required to raise the temperature of one (1) pound avoirdupois of pure water from fifty-eight and five tenth degrees (58.5) Fahrenheit to fifty-nine and five tenths degrees (59.5) Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute. MMBtu shall mean one million (1,000,000) Btu.

(C) "Business Day" means any day that is not a Saturday, Sunday or a legal holiday on which the commercial banks in New York, New York are not open for business.

(D) "Day" shall have the meaning assigned the term in the PPEC Tariff.

(E) "PPEC Facilities" refers to natural gas storage caverns, pipeline, compression and appurtenant facilities owned and operated by PPEC all located in Evangeline, Acadia and Rapides Parishes, Louisiana.

(F) "PPEC NYMEX Pool" means the virtual, intra-system point on the PPEC Facilities within the PPEC Pine Prairie Hub at which a Seller will deliver its scheduled quantities for physical delivery under its PPEC NYMEX Pooling and Imbalance Service Agreement, transfer of title will take place to Buyers, and Buyers will receive scheduled quantities for physical delivery under PPEC NYMEX Pooling and Imbalance Service Agreements.

(G) "PPEC Hub Services Agreement" means a Hub Services Agreement under PPEC's Tariff.

(H) "PPEC NYMEX Pooling and Imbalance Service" means the scheduling and title transfer service, along with the imbalance service, described in Rule 228.13, all of which is provided by PPEC as part of the PPEC NYMEX Pooling and Imbalance Service as defined in the PPEC Tariff.

(I) "PPEC NYMEX Pooling and Imbalance Service Agreement" means the agreement between a Seller or Buyer and PPEC for PPEC NYMEX Pooling and Imbalance Service.

(J) "PPEC Tariff" means PPEC's currently effective FERC Gas Tariff, as such tariff may be filed with the Federal Energy Regulatory Commission from time to time.

228.03 REFERENCE TO BUYER AND SELLER

The term "Buyer" shall mean the customer of a Clearing Member buying the Contract or the long Clearing Member if such Clearing Member is acting for its own account. The term "Seller" shall mean the customer of the Clearing Member selling the Contract or the short Clearing Member if such Clearing Member is acting for its own account.

228.04 CONTRACT UNIT

The Contract unit shall be 2,500 MMBtu per day for the delivery period.

228.05 GRADE AND QUALITY SPECIFICATIONS

Natural Gas meeting the specifications set forth in the PPEC Tariff as then in effect at the time of delivery shall be deliverable in satisfaction of the Contract delivery obligations.

228.06 DELIVERY PERIOD

Trading shall be conducted in Contracts providing for delivery in such period as shall be determined by the Exchange.

The Contract delivery period shall be for delivery starting the Day following the contract date (the "Following Day"), through the end of the Month (as defined in the PPEC Tariff), whereby transaction sizes for trading in any balance-of-month Contract shall be the whole number multiples of the number of calendar days starting with the Following Day through and including the last Day of the calendar Month.

228.07 PRICES AND MINIMUM FLUCTUATION SIZE

Prices shall be quoted in US (\$) dollars and cents per million British thermal units (MMBtu). The minimum price fluctuation shall be \$0.0025 per MMBtu. There shall be no price fluctuation limitation.

228.08 TERMINATION OF TRADING

Trading of the Contract shall cease at 11:30 a.m. on the Business Day prior to the first Day of the delivery period ("Termination of Trading"). In the event that the originally listed Termination of Trading date is an Exchange holiday, Termination of Trading will occur on the Business Day immediately prior. Any Contracts remaining open after the Termination of Trading must be delivered in accordance with Rule 228.10.

228.09 CONTRACT DELIVERY

(A) Contract Delivery shall take place at the PPEC NYMEX Pool pursuant to a Buyer's or Seller's previously executed PPEC NYMEX Pooling and Imbalance Service Agreement. It is a Seller's obligation to perform an intra-system delivery at the PPEC NYMEX Pool and it is the Buyer's obligation to have the ability to receive such intra-system delivery at the PPEC NYMEX Pool. Delivery shall be made in accordance with the PPEC Tariff and all applicable Federal, State and Local laws and regulations. PPEC shall confirm the satisfaction of the delivery by notifying the Exchange. Title will transfer in the aggregate from all Sellers to all Buyers at the PPEC NYMEX Pool.

The Seller shall provide Natural Gas which is free from all liens, encumbrances, unpaid taxes, fees and other charges.

(B) All Contract deliveries made in accordance with these Rules shall be final and there shall be no appeal.

(C) A Buyer's or Seller's delivery obligation resulting from a position in any or all of Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas Daily/Weekend Futures, Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas BALMO Futures, and Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas Monthly Futures contracts shall be offset, in whole or in part, by the Exchange. For example, a Daily/Weekend contract may be used to offset one Day of the delivery obligation of a BALMO or Monthly contract with the Buyer or Seller, as appropriate. Buyer or Seller shall be responsible for any financial obligation arising from the value differential created by the position offset. Any remaining delivery obligations resulting from open positions following Termination of Trading must be delivered or received in accordance with Rule 228.10.

228.10 DELIVERY PROCEDURE

(A) POOL NOMINATION

Following the Termination of Trading, the Exchange will, on behalf of each Seller and Buyer of a Contract that is not netted, submit a PPEC NYMEX Pool nomination to PPEC by 12:30 p.m. on each Business Day for such Contracts going to physical delivery. A PPEC NYMEX Pool nomination shall include party (Seller or Buyer), respective Clearing Member, quantity, receipt or delivery, as applicable, and PPEC Contract number information provided by the Exchange to enable PPEC to commence the process of scheduling the PPEC NYMEX Pooling Service for any quantities going to physical delivery. A PPEC NYMEX Pool nomination may represent only a portion of the information necessary for PPEC to schedule quantities for physical delivery and, therefore, is not a substitute for the responsibility of any Buyer or Seller to submit the required

information for receipt and delivery, respectively, of any physical gas on the PPEC Facilities, as provided in 228.10(B).

Each Seller's Clearing Member and Buyer's Clearing Member agrees that the Exchange will act on its behalf for the expressly limited purpose of submitting the PPEC NYMEX Pool nomination for all quantities that go to physical delivery, that PPEC may rely upon the PPEC NYMEX Pool nomination for the purpose of scheduling the PPEC NYMEX Pooling Services under PPEC NYMEX Pooling and Imbalance Service Agreement, and that all affected customers will waive, as against PPEC, its officers, directors, servants, and agents any claim, demand or cause of action it might have as a consequence of PPEC's reliance upon a Pool Nomination furnished by the Exchange for PPEC to schedule natural gas quantities for physical delivery.

The PPEC NYMEX Pool nominations are for notification purposes only and in no way obligate the Exchange or CME Group as agent for delivery.

Each Buyer and Seller is responsible to notify the Exchange's clearing house ("Clearing House") no later than the end of the Evening nomination cycle of PPEC of any discrepancy in the netted quantity in the PPEC NYMEX Pool nomination, and in turn, each Buyer and Seller shall notify the Clearing Member of such Buyer or Seller of the reported discrepancy as soon as practicable. In the event that the Clearing House was not notified of such discrepancy, or in the event that the Clearing House was notified of such discrepancy after the end of the Evening nomination cycle of PPEC, than the original nomination under the PPEC NYMEX Pool nomination shall remain in effect.

(B) TRANSPORTATION AND OTHER NOMINATIONS

If a PPEC NYMEX Pool nomination has been submitted on behalf of a Seller or Buyer, the Seller or Buyer is responsible for (i) arranging transportation from or to the points of receipt and delivery between the PPEC NYMEX Pool and the interconnecting upstream and downstream natural gas pipelines or to or from PPEC storage, and (ii) submitting an appropriate nomination to PPEC to permit PPEC to schedule the receipt and delivery of the quantities specified in the PPEC NYMEX Pool nomination. Sellers shall be responsible for nominating transportation and related services from points of receipt on the PPEC Facilities to the PPEC NYMEX Pool. Buyers shall be responsible for nominating transportation and related services from the PPEC NYMEX Pool to points of delivery on the PPEC Facilities. Failure to submit an appropriate nomination will be deemed to be either a Non-Delivery or Non-Receipt under Rule 228.13, and NYMEX Pooling Imbalance Service shall apply and the applicable amount shall be charged.

228.11

TIMING OF DELIVERY

Delivery shall take place ratably in conformance with PPEC's operating procedures over the delivery period of the Contract.

228.12

DELIVERY MARGINS AND PAYMENTS

(A) For the purposes of this Rule 228.12,

(1) "Payment Date" shall mean two Business Days following confirmation that delivery has occurred. If such day is an Exchange holiday, the Payment Date shall be the following Business Day.

(B) For delivery that will take place on a Business Day, by 9 a.m. on the delivery Day, the Buyer's Clearing Member shall obtain from the Buyer delivery margin equal to the full value of the Contract to be delivered on that Business Day. For delivery that will take place on a Day that is not a Business Day, by 3 p.m. on the Business Day prior to the delivery Day, the Buyer's Clearing Member shall obtain from the Buyer delivery margin equal to the full value of the Contract to be delivered on the following non-Business Day. Such margin shall consist of cash, securities issued by the United States Treasury Department maturing within ten (10) years from the date of deposit and guaranteed as to principal and interest by the United States Government or a letter of credit. Any Treasury securities so deposited shall be valued at ninety percent (90%) of the par value of such instruments. Any letter of credit so deposited shall be in a form approved by the Exchange, shall be issued or confirmed by an Exchange approved original margin depository, and, shall be drawn in favor of the Exchange. Upon confirmation of payment to the Seller's Clearing Member, Buyer's Clearing Member shall release full delivery margin to the Buyer.

(1) Payment shall be performed in accordance with instructions provided by the Clearing House to Clearing Members.

(C) The Seller's Clearing Member will receive the full Contract value on the payment date. Upon receipt of payment, the Seller's Clearing Member shall notify the Exchange.

(D) The Seller's Clearing Member shall obtain from the Seller margin in the amount fixed, from time to time, by the Exchange.

(E) The Buyer's Clearing Member and the Seller's Clearing Member shall deposit with the Exchange margins in such amounts and in such form as required by the Exchange. Such margins shall be returned on the Business Day following notification to the Exchange that delivery and payment have been completed.

(F) FEE FOR PPEC NYMEX POOLING SERVICE. The PPEC NYMEX Pooling Service shall be contracted by Seller and Buyer, respectively, pursuant to the PPEC NYMEX Pooling and Imbalance Service Agreement at the per-MMBtu rate specified in the PPEC NYMEX Pooling and Imbalance Service Agreement.

228.13

INVOCATION OF, AND PAYMENT FOR, PPEC NYMEX IMBALANCE SERVICE

(A) "Non-Delivery" by a Seller and "Non-Receipt" by a Buyer shall mean a failure to comply with nomination requirements under Rule 228.10 or failure to deliver or receive Natural Gas under the PPEC NYMEX Pooling Service. "Non-Delivery" by a Seller and "Non-Receipt" by a Buyer will occur in the event there is an imbalance, as determined by PPEC, at the close of the Intraday 1 nomination cycle. The Non-Delivery or Non-Receipt quantities (in MMBtu) will equal the imbalance quantity. For each instance of Non-Delivery or Non-Receipt, subject to the terms of the PPEC Tariff and the PPEC NYMEX Pooling and Imbalance Service Agreement, PPEC will fulfill the PPEC NYMEX Pool nomination by either receiving or delivering, as applicable, the imbalance quantities of natural gas to satisfy the PPEC NYMEX Pool nominations. The charge under the PPEC NYMEX Pooling and Imbalance Service Agreement shall be an amount equal to 1.0 times the highest Common gas price in the United States as reflected in the "Daily Price Survey" published in Platts "Gas Daily" for the prior Day, current Day or next Day (whichever yields the highest dollar amount), multiplied by the imbalance quantities.

(B) The imbalance quantity shall be based on the daily activity report received from PPEC, pursuant to Rule 228.14, to be due, without limiting the right of the respective Seller or Buyer to seek recovery of any disputed amounts pursuant to the procedures set forth in the PPEC Tariff.

(C) In the event of an imbalance resulting from a service interruption within the PPEC NYMEX Pool, neither Buyer's Clearing Member nor Seller's Clearing Member shall be subject to charges under its customer's PPEC NYMEX Pooling and Imbalance Service Agreement.

228.14

DAILY REPORT OF DELIVERIES OR RECEIPTS

A report specifying each Buyer's or Seller's deliveries or receipts accomplished on any Day under Contracts for which PPEC NYMEX Pool nominations have been supplied by the Exchange shall be provided to the Exchange by PPEC, broken down to show that quantities actually delivered, quantities netted, and quantities covered by means of the NYMEX Imbalance Service or other PPEC Storage Service Agreement. The report will be submitted by 2 p.m. on any delivery Day (or, for a Day that is not a Business Day, by 2 p.m. on the next following Business Day). Each Buyer and Seller is entitled to seek from PPEC a similar daily activities report of such entity's specific daily delivery activities. Each Buyer and Seller shall be deemed to have consented to PPEC disclosure to the Exchange of its customer-specific information in this regard,

228.15

VALIDITY OF DOCUMENTS

The Exchange makes no representation respecting the authenticity, validity, or accuracy of any document or instrument delivered pursuant to these Rules.

228.16

EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) transaction shall be governed by the provision of Exchange Rule 538. An EFRP will not be permitted after Termination of Trading.

228.17

FORCE MAJEURE

(A) DEFINITIONS. As used in this Rule 228.17, and without prejudice to any definition of similar terms included in the PPEC Tariff, the following terms, as well as variations thereof, shall have the meanings described below.

(1) "*Force Majeure*" shall mean circumstances (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which are beyond the control of the Buyer or Seller, and which prevents the Buyer or Seller from making or taking delivery of product when and as provided for in this Chapter. Whether circumstances exist constituting *Force Majeure* shall be determined by the delivery group as provided for in these Rules; provided, however, that other than with respect to PPEC NYMEX Pooling and Imbalance Service, and absent other circumstances

constituting *Force Majeure*, non-performance or the non-clearance of any nomination for transportation service pursuant to an interruptible transportation service agreement, or interruption of service pursuant to an interruptible service agreement shall not constitute *Force Majeure*.

(2) "Party" means a Buyer's Clearing Member or Seller's Clearing Member and "Parties" means both a Buyer's Clearing Member and Seller's Clearing Member.

(B) DELIVERY GROUP

(1) *Force Majeure* shall be determined by the delivery group as empanelled by the Chief Regulatory Officer:

(2) The Chief Regulatory Officer will determine when to convene the delivery group, which will determine if *Force Majeure* circumstances hold as soon as practicable:

- (a) when the Chief Regulatory Officer is advised that a *Force Majeure* may have occurred;
- (b) upon the written request of both the Buyer's Clearing Member and Seller's Clearing Member; or
- (c) if any Party notifies the Exchange that circumstances constituting *Force Majeure* prevent the performance of payment obligations at the time and site designated by the parties.

(3) Upon a finding of *Force Majeure*, the delivery group shall determine what actions are to be taken, including:

- (a) modifying the method or timing of delivery or payment; or
- (b) referring the matter to the Chief Regulatory Officer for consideration of recommending emergency action.

228.18 EXCLUSION OF LIABILITY

Except as specifically provided in the rules (and to the extent permitted by law), the Exchange accepts no liability in connection with this futures contract, its performance, non performance or its termination whether based on breach of contract, warranty, negligence or tort. In particular, but without limitation, the Exchange shall not be responsible for or shall have any liability whatsoever to any Buyer or Seller for the availability, suitability, unavailability or malfunction of nomination system or any part thereof; the performance or non-performance by PPEC of its respective obligations under the PPEC Tariff or otherwise; any act or omission of any operator of nomination system or any part thereof; any performance or non-performance by the Exchange in relation to its serving as a provider of pipeline nominations; any performance or non-performance by the Exchange in relation to its serving as a party to the deliveries, and the Exchange shall under no circumstances be liable for any indirect or consequential loss or loss of profits. Additionally, nothing in these Rules will constrain the Clearing House from performing its duties under Chicago Mercantile Exchange Inc. Rule 802.

228.19 TIME REFERENCES

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York prevailing time.

228.20 NO CONFLICT

Nothing herein shall limit or modify the obligations of a Seller or Buyer under the PPEC Tariff or any PPEC Service Agreement.

Chapter 229
Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas Monthly
Futures

229.01 SCOPE

The provisions of the rules set forth below ("the Rules") shall apply to all natural gas bought and sold for future delivery on the Exchange (the "Contract") with delivery at the facilities of Pine Prairie Energy Center, LLC ("PPEC").

229.01A PRODUCT PLACEMENT

As a condition precedent to trading any Contract, the Clearing Member ("Clearing Member") transacting a Contract is responsible to ensure that the Buyer and Seller of such Clearing Member, or the Clearing Member if such Clearing Member is acting for its own account, shall have a valid PPEC NYMEX Pooling and Imbalance Service Agreement for the PPEC NYMEX Pooling and Imbalance Service and a valid PPEC Hub Services Agreement, as such terms are defined below.

229.02 DEFINITIONS

For the purpose of this Chapter, the terms set forth below shall be defined as follows:

(A) "Natural Gas" means merchantable natural gas that meets or exceeds the quality specifications set forth in the PPEC Tariff.

(B) "Btu" (British thermal unit) means the amount of heat required to raise the temperature of one (1) pound avoirdupois of pure water from fifty-eight and five tenth degrees (58.5) Fahrenheit to fifty-nine and five tenths degrees (59.5) Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute. MMBtu shall mean one million (1,000,000) Btu.

(C) "Business Day" means any day that is not a Saturday, Sunday or a legal holiday on which the commercial banks in New York, New York are not open for business.

(D) "Day" shall have the meaning assigned the term in the PPEC Tariff.

(E) "PPEC Facilities" refers to natural gas storage caverns, pipeline, compression and appurtenant facilities owned and operated by PPEC all located in Evangeline, Acadia and Rapides Parishes, Louisiana.

(F) "PPEC NYMEX Pool" means the virtual, intra-system point on the PPEC Facilities within the PPEC Pine Prairie Hub at which a Seller will deliver its scheduled quantities for physical delivery under its PPEC NYMEX Pooling and Imbalance Service Agreement, transfer of title will take place to Buyers, and Buyers will receive scheduled quantities for physical delivery under PPEC NYMEX Pooling and Imbalance Service Agreements.

(G) "PPEC Hub Services Agreement" means a Hub Services Agreement under PPEC's Tariff.

(H) "PPEC NYMEX Pooling and Imbalance Service" means the scheduling and title transfer service, along with the imbalance service described in Rule 229.13, all of which is provided by PPEC as part of the PPEC NYMEX Pooling and Imbalance Service as defined in the PPEC Tariff.

(I) "PPEC NYMEX Pooling and Imbalance Service Agreement" means the agreement between a Seller or Buyer and PPEC for PPEC NYMEX Pooling and Imbalance Service.

(J) "PPEC Tariff" means PPEC's currently effective FERC Gas Tariff, as such tariff may be filed with the Federal Energy Regulatory Commission from time to time.

229.03 REFERENCE TO BUYER AND SELLER

The term "Buyer" shall mean the customer of a Clearing Member buying the Contract or the long Clearing Member if such Clearing Member is acting for its own account. The term "Seller" shall mean the customer of the Clearing Member selling the Contract or the short Clearing Member if such Clearing Member is acting for its own account.

229.04 CONTRACT UNIT

The Contract unit shall be 2,500 MMBtu per day for the delivery period.

229.05 GRADE AND QUALITY SPECIFICATIONS

Natural Gas meeting the specifications set forth in the PPEC Tariff as then in effect at the time of delivery shall be deliverable in satisfaction of the Contract delivery obligations.

229.06 DELIVERY PERIOD

Trading shall be conducted in Contracts providing for delivery in such period as shall be determined by the Exchange.

The Contract delivery period shall be for delivery over a specified calendar Month, as provided in the PPEC Tariff, whereby transaction sizes for trading in any specified calendar month shall be the whole number multiples of the number of calendar days in a specified calendar month.

229.07 PRICES AND MINIMUM FLUCTUATION SIZE

Prices shall be quoted in US (\$) dollars and cents per million British thermal units (MMBtu). The minimum price fluctuation shall be \$0.0025 per MMBtu. There shall be no price fluctuation limitation.

229.08 TERMINATION OF TRADING

Trading of the Contract shall cease at 11:30 a.m. on the Business Day prior to the first Day of the delivery period ("Termination of Trading"). In the event that the originally listed Termination of Trading date is an Exchange holiday, Termination of Trading will occur on the Business Day immediately prior. Any Contracts remaining open after the Termination of Trading must be delivered in accordance with Rule 229.10.

229.09 CONTRACT DELIVERY

(A) Contract Delivery shall take place at the PPEC NYMEX Pool pursuant to a Buyer's or Seller's previously executed PPEC NYMEX Pooling and Imbalance Service Agreement. It is a Seller's obligation to perform an intra-system delivery at the PPEC NYMEX Pool and it is the Buyer's obligation to have the ability to receive such intra-system delivery at the PPEC NYMEX Pool. Delivery shall be made in accordance with the PPEC Tariff and all applicable Federal, State and Local laws and regulations. PPEC shall confirm the satisfaction of the delivery by notifying the Exchange. Title will transfer in the aggregate from all Sellers to all Buyers at the PPEC NYMEX Pool.

The Seller shall provide Natural Gas which is free from all liens, encumbrances, unpaid taxes, fees and other charges.

(B) All Contract deliveries made in accordance with these Rules shall be final and there shall be no appeal.

(C) A Buyer's or Seller's delivery obligation resulting from a position in any or all of Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas Daily/Weekend Futures, Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas BALMO Futures, and Pine Prairie Energy Center (PPEC) Physically Delivered Natural Gas Monthly Futures contracts shall be offset, in whole or in part, by the Exchange. For example, a Daily/Weekend contract may be used to offset one Day of the delivery obligation of a BALMO or Monthly contract with the Buyer or Seller, as appropriate. Buyer or Seller shall be responsible for any financial obligation arising from the value differential created by the position offset. Any remaining delivery obligations resulting from open positions following Termination of Trading must be delivered or received in accordance with Rule 229.10.

229.10 DELIVERY PROCEDURE

(A) POOL NOMINATION

Following the Termination of Trading, the Exchange will, on behalf of each Seller and Buyer of a Contract that is not netted, submit a PPEC NYMEX Pool nomination to PPEC by 12:30 p.m. on each Business Day for such Contracts going to physical delivery. A PPEC NYMEX Pool nomination shall include party (Seller or Buyer), respective Clearing Member, quantity, receipt or delivery, as applicable, and PPEC Contract number information provided by the Exchange to enable PPEC to commence the process of scheduling the PPEC NYMEX Pooling Service for any quantities going to physical delivery. A PPEC NYMEX Pool nomination may represent only a portion of the information necessary for PPEC to schedule quantities for physical delivery and, therefore, is not a substitute for the responsibility of any Buyer or Seller to submit the required information for receipt and delivery, respectively, of any physical gas on the PPEC Facilities, as provided in 229.10(B).

Each Seller's Clearing Member and Buyer's Clearing Member agrees that the Exchange will act on its behalf for the expressly limited purpose of submitting the PPEC NYMEX Pool nomination for all quantities that go to physical delivery, that PPEC may rely upon the PPEC NYMEX Pool nomination for the purpose of scheduling the PPEC NYMEX Pooling Services under PPEC NYMEX Pooling and Imbalance Service Agreement, and that all affected customers will waive, as against PPEC, its officers, directors, servants, and agents any claim, demand or cause of action it might have as a consequence of PPEC's reliance upon a Pool Nomination furnished by the Exchange for PPEC to schedule natural gas quantities for physical delivery.

The PPEC NYMEX Pool nominations are for notification purposes only and in no way obligate the Exchange or CME Group as agent for delivery.

Each Buyer and Seller is responsible to notify the Exchange's clearing house ("Clearing House") no later than the end of the Evening nomination cycle of PPEC of any discrepancy in the netted quantity in the PPEC NYMEX Pool nomination, and in turn, each Buyer and Seller shall notify the Clearing Member of such Buyer or Seller of the reported discrepancy as soon as practicable. In the event that the Clearing House was not notified of such discrepancy, or in the event that the Clearing House was notified of such discrepancy after the end of the Evening nomination cycle of PPEC, then the original nomination under the PPEC NYMEX Pool nomination shall remain in effect.

(B) TRANSPORTATION AND OTHER NOMINATIONS

If a PPEC NYMEX Pool nomination has been submitted on behalf of a Seller or Buyer, the Seller or Buyer is responsible for (i) arranging transportation from or to the points of receipt and delivery between the PPEC NYMEX Pool and the interconnecting upstream and downstream natural gas pipelines or to or from PPEC storage, and (ii) submitting an appropriate nomination to PPEC to permit PPEC to schedule the receipt and delivery of the quantities specified in the PPEC NYMEX Pool nomination. Sellers shall be responsible for nominating transportation and related services from points of receipt on the PPEC Facilities to the PPEC NYMEX Pool. Buyers shall be responsible for nominating transportation and related services from the PPEC NYMEX Pool to points of delivery on the PPEC Facilities. Failure to submit an appropriate nomination will be deemed to be either a Non-Delivery or Non-Receipt under Rule 229.13, and NYMEX Pooling Imbalance Service shall apply and the applicable amount shall be charged.

229.11

TIMING OF DELIVERY

Delivery shall take place ratably in conformance with PPEC's operating procedures over the delivery period of the Contract.

229.12

DELIVERY MARGINS AND PAYMENTS

(A) For the purposes of this Rule 229.12,

(1) "Payment Date" shall mean two Business Days following confirmation that delivery has occurred. If such day is an Exchange holiday, the Payment Date shall be the following Business Day.

(B) For delivery that will take place on a Business Day, by 9 a.m. on the delivery Day, the Buyer's Clearing Member shall obtain from the Buyer delivery margin equal to the full value of the Contract to be delivered on that Business Day. For delivery that will take place on a Day that is not a Business Day, by 3 p.m. on the Business Day prior to the delivery Day, the Buyer's Clearing Member shall obtain from the Buyer delivery margin equal to the full value of the Contract to be delivered on the following non-Business Day. Such margin shall consist of cash, securities issued by the United States Treasury Department maturing within ten (10) years from the date of deposit and guaranteed as to principal and interest by the United States Government or a letter of credit. Any Treasury securities so deposited shall be valued at ninety percent (90%) of the par value of such instruments. Any letter of credit so deposited shall be in a form approved by the Exchange, shall be issued or confirmed by an Exchange approved original margin depository, and, shall be drawn in favor of the Exchange. Upon confirmation of payment to the Seller's Clearing Member, Buyer's Clearing Member shall release full delivery margin to the Buyer.

(1) Payment shall be performed in accordance with instructions provided by the Clearing House to Clearing Members.

(C) The Seller's Clearing Member will receive the full Contract value on the payment date. Upon receipt of payment, the Seller's Clearing Member shall notify the Exchange.

(D) The Seller's Clearing Member shall obtain from the Seller margin in the amount fixed, from time to time, by the Exchange.

(E) The Buyer's Clearing Member and the Seller's Clearing Member shall deposit with the Exchange margins in such amounts and in such form as required by the Exchange. Such margins shall be returned on the Business Day following notification to the Exchange that delivery and payment have been completed.

(F) FEE FOR PPEC NYMEX POOLING SERVICE. The PPEC NYMEX Pooling Service shall be contracted by Seller and Buyer, respectively, pursuant to the PPEC NYMEX Pooling and Imbalance Service Agreement at the per-MMBtu rate specified in the PPEC NYMEX Pooling and Imbalance Service Agreement.

229.13 INVOCATION OF, AND PAYMENT FOR, PPEC NYMEX IMBALANCE SERVICE

(A) "Non-Delivery" by a Seller and "Non-Receipt" by a Buyer shall mean a failure to comply with nomination requirements under Rule 229.10 or failure to deliver or receive Natural Gas under the PPEC NYMEX Pooling Service. "Non-Delivery" by a Seller and "Non-Receipt" by a Buyer will occur in the event there is an imbalance, as determined by PPEC, at the close of the Intraday 1 nomination cycle. The Non-Delivery or Non-Receipt quantities (in MMBtu) will equal the imbalance quantity. For each instance of Non-Delivery or Non-Receipt, subject to the terms of the PPEC Tariff and the PPEC NYMEX Pooling and Imbalance Service Agreement, PPEC will fulfill the PPEC NYMEX Pool nomination by either receiving or delivering, as applicable, the imbalance quantities of natural gas to satisfy the PPEC NYMEX Pool nominations. The charge under the PPEC NYMEX Pooling and Imbalance Service Agreement shall be an amount equal to 1.0 times the highest Common gas price in the United States as reflected in the "Daily Price Survey" published in Platts "Gas Daily" for the prior Day, current Day or next Day (whichever yields the highest dollar amount), multiplied by the imbalance quantities.

(B) The imbalance quantity shall be based on the daily activity report received from PPEC, pursuant to Rule 229.14, to be due, without limiting the right of the respective Seller or Buyer to seek recovery of any disputed amounts pursuant to the procedures set forth in the PPEC Tariff.

(C) In the event of an imbalance resulting from a service interruption within the PPEC NYMEX Pool, neither Buyer's Clearing Member nor Seller's Clearing Member shall be subject to charges under its customer's PPEC NYMEX Pooling and Imbalance Service Agreement.

229.14 DAILY REPORT OF DELIVERIES OR RECEIPTS

A report specifying each Buyer's or Seller's deliveries or receipts accomplished on any Day under Contracts for which PPEC NYMEX Pool nominations have been supplied by the Exchange shall be provided to the Exchange by PPEC, broken down to show that quantities actually delivered, quantities netted, and quantities covered by means of the NYMEX Imbalance Service or other PPEC Storage Service Agreement. The report will be submitted by 2 p.m. on any delivery Day (or, for a Day that is not a Business Day, by 2 p.m. on the next following Business Day). Each Buyer and Seller is entitled to seek from PPEC a similar daily activities report of such entity's specific daily delivery activities. Each Buyer and Seller shall be deemed to have consented to PPEC disclosure to the Exchange of its customer-specific information in this regard,

229.15 VALIDITY OF DOCUMENTS

The Exchange makes no representation respecting the authenticity, validity, or accuracy of any document or instrument delivered pursuant to these Rules.

229.16 EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) transaction shall be governed by the provision of Exchange Rule 538. An EFRP will not be permitted after Termination of Trading.

229.17 FORCE MAJEURE

(A) DEFINITIONS. As used in this Rule 229.17, and without prejudice to any definition of similar terms included in the PPEC Tariff, the following terms, as well as variations thereof, shall have the meanings described below.

(1) "*Force Majeure*" shall mean circumstances (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which are beyond the control of the Buyer or Seller, and which prevents the Buyer or Seller from making or taking delivery of product when and as provided for in this Chapter. Whether circumstances exist constituting *Force Majeure* shall be determined by the delivery group as provided for in these Rules; provided, however, that other than with respect to PPEC NYMEX Pooling and Imbalance Service, and absent other circumstances constituting *Force Majeure*, non-performance or the non-clearance of any nomination for

transportation service pursuant to an interruptible transportation service agreement, or interruption of service pursuant to an interruptible service agreement shall not constitute *Force Majeure*.

(2) "Party" means a Buyer's Clearing Member or Seller's Clearing Member and "Parties" means both a Buyer's Clearing Member and Seller's Clearing Member.

(B) DELIVERY GROUP

(1) *Force Majeure* shall be determined by the delivery group as empanelled by the Chief Regulatory Officer.

(2) The Chief Regulatory Officer will determine when to convene the delivery group, which will determine if *Force Majeure* circumstances hold as soon as practicable:

- (a) when the Chief Regulatory Officer is advised that a *Force Majeure* may have occurred;
- (b) upon the written request of both the Buyer's Clearing Member and Seller's Clearing Member; or
- (c) if any Party notifies the Exchange that circumstances constituting *Force Majeure* prevent the performance of payment obligations at the time and site designated by the parties.

(3) Upon a finding of *Force Majeure*, the delivery group shall determine what actions are to be taken, including:

- (a) modifying the method or timing of delivery or payment; or
- (b) referring the matter to the Chief Regulatory Officer for consideration of recommending emergency action.

229.18

EXCLUSION OF LIABILITY

Except as specifically provided in the rules (and to the extent permitted by law), the Exchange accepts no liability in connection with this futures contract, its performance, non performance or its termination whether based on breach of contract, warranty, negligence or tort. In particular, but without limitation, the Exchange shall not be responsible for or shall have any liability whatsoever to any Buyer or Seller for the availability, suitability, unavailability or malfunction of nomination system or any part thereof; the performance or non-performance by PPEC of its respective obligations under the PPEC Tariff or otherwise; any act or omission of any operator of nomination system or any part thereof; any performance or non-performance by the Exchange in relation to its serving as a provider of pipeline nominations; any performance or non-performance by the Exchange in relation to its serving as a party to the deliveries, and the Exchange shall under no circumstances be liable for any indirect or consequential loss or loss of profits. Additionally, nothing in these Rules will constrain the Clearing House from performing its duties under Chicago Mercantile Exchange Inc. Rule 802.

229.19

TIME REFERENCES

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York prevailing time.

229.20

NO CONFLICT

Nothing herein shall limit or modify the obligations of a Seller or Buyer under the PPEC Tariff or any PPEC Service Agreement.

CASH MARKET OVERVIEW

Pine Prairie Energy Center

Pine Prairie Energy Center (PPEC)¹, located in Evangeline Parish, Louisiana, is a natural gas storage and pipeline system. PPEC is regulated by the Federal Energy Regulatory Commission (FERC) under the Natural Gas Act as an interstate pipeline. PPEC owns and operates three natural gas caverns with total working gas storage capacity of 24 billion cubic feet (bcf). It also operates a pipeline system which includes an aggregate of 74 miles of 24-inch diameter pipe, directly connected to eight FERC-regulated interstate pipelines (ANR Pipeline Company, Texas Gas Transmission Company, Florida Gas Transmission Company, Transcontinental Gas Pipe Line Corporation, Texas Eastern Transmission, Tennessee Gas Pipeline Company, Columbia Gulf Transmission Company and KM Louisiana Pipeline). The Total design interconnection capacity of the PPEC pipeline system, as of January 19, 2011, is 6.15 million dekatherm (Dth). The maximum storage withdrawal rate of the facilities is 2.4 bcf per day. PPEC primarily serves the natural gas market in Texas, Louisiana as well as Gulf of Mexico production.

Pine Prairie Energy Center (PPEC) Operationally Available Capacity, as of January 19, 2011

Location Name	Design Capacity	Operating Capacity
ANR Pipeline Company_ML2	600,000	600,000
ANR Pipeline Company_SE	600,000	600,000
Columbia Gulf Transmission_Mainline	797,000	797,000
Florida Gas Transmission Company_ZN2	400,000	400,000
KM Louisiana Pipeline	1,029,033	1,029,033
Texas Eastern Transmission_WLA	600,000	600,000
Tennessee Gas Pipeline Company_800L	600,000	600,000
Transcontinental Gas Pipe Line Corporation_ZN3	924,516	924,516
Texas Gas Transmission Company_SL	600,000	600,000

Imbalance Service

In order to enhance the physical delivery of the proposed contracts, PPEC will offer an interruptible imbalance service which provides a backstop when a seller or a buyer is not able to make or receive the nominated amount of natural gas based on the open positions after proposed futures

¹<http://www.pnglp.com/our-assets/pine-prairie-energy-center/>

contracts terminate. In the event that a seller is not able to fulfill the delivery obligation, PPEC will deliver the imbalance quantities to the buyer. The seller will then be responsible to return to PPEC the imbalance quantities of natural gas within three gas days. In the event that a buyer is not able to fulfill the delivery obligation, PPEC will receive the imbalance quantities from the seller. The buyer will then be responsible to withdraw the imbalance quantities of natural gas within three gas days. The elements of the imbalance service are specified in the PPEC NYMEX Pooling and Imbalance Service Agreement which was approved by the FERC on January 14, 2011.

NYMEX has entered into a delivery agreement with PPEC, dated December 16, 2010, that encompasses the respective standard delivery and related responsibilities of the parties.

Cash Market

Natural gas is a gaseous fossil fuel which is composed mainly of methane. It is one of the major sources of energy in the United States. Natural gas is broadly used across different industry sectors; from residential heating, to power generation. In addition, there are a various manufacturing uses for the commodity. Overall, according to the U.S. Department of Energy's Energy Information Administration (EIA)², in 2009, natural gas represented approximately 25% of energy used in the U.S.

Based on EIA data, the average monthly U.S. natural gas marketed production was 1,824 billion cubic feet in 2009. The average monthly natural gas marketed production in Louisiana was approximately 128 billion cubic feet (7% of national production), and the average monthly production of Federal Gulf of Mexico was approximately 202 bcf (11% of national production). The monthly production in Louisiana was approximately 114 billion cubic feet for 2007 and 115 billion cubic feet for 2008. In 2009, the monthly average production increased 11% compared to 2008. The monthly production of Federal Gulf of Mexico offshore averaged approximately 233 billion cubic feet in 2007 and approximately 193 billion cubic feet in 2008. In 2009, the production increased 5% to 202 billion cubic feet per month. Table I presents EIA data on natural gas marketed production of Louisiana and Federal Offshore – Gulf of Mexico.

²http://www.eia.gov/energyexplained/index.cfm?page=natural_gas_use

Table I. Average Monthly Louisiana and Federal Offshore-Gulf of Mexico Natural Gas Marketed Production (million cubic foot)

Date	Louisiana Marketed Production in MMcf ³	Federal Offshore-Gulf of Mexico Marketed Production in MMcf ⁴	Total Marketed Production in MMcf
2007 Average Monthly	113,778	233,226	347,004
2008 Average Monthly	114,783	192,862	307,645
2009 Average Monthly	127,650	202,410	330,060
2010 Average Monthly (As of October)	181,200	189,577	370,777

Storage is an important market short term supply/demand indicator. Changes in inventory level are used to offset imbalances between production and consumption. Natural gas is most commonly stored in underground facilities, such as depleted gas/oil reservoirs, aquifers and salt cavern formations. Table II below reflects the underground storage level of working gas in Louisiana. Storage ranged from 146 billion cubic feet (149,942,000 MMBtu) to 326 billion cubic feet (334,802,000 MMBtu) during the last three years. In 2009, the monthly average underground storage level of working gas in Louisiana was approximately 257 billion cubic feet (or 263,939,000 MMBtu), which is about twice the monthly marketed production during the same period.

Table II. Average Monthly Louisiana Natural Gas in Underground Storage (Working Gas) (million cubic foot)

Date	Louisiana Underground Storage (Working Gas) in MMcf ⁵
2007 Average Monthly	226,802
2008 Average Monthly	196,430
2009 Average Monthly	257,400
2010 Average Monthly (As of October)	229,984

In 2009, the monthly U.S. natural gas delivered to customers was approximately 1,740 billion cubic feet⁶. Gas consumption in Louisiana has a monthly average of 87 billion cubic feet, which represents approximately 5% of the total national consumption. Table III below contains the average

³ EIA Monthly Louisiana Natural Gas Marketed Production Data
<http://www.eia.gov/dnav/ng/hist/n9050la2m.htm>

⁴ EIA Monthly Federal Offshore—Gulf of Mexico Natural Gas Marketed Production
<http://www.eia.gov/dnav/ng/hist/n9050fx2m.htm>

⁵ EIA Monthly Louisiana Natural Gas in Underground Storage (Working Gas) Data
<http://www.eia.gov/dnav/ng/hist/n5020la2m.htm>

⁶ http://www.eia.gov/dnav/ng/ng_cons_sum_dcunus_a.htm

monthly natural gas consumption data for Louisiana for 2007 through October 2010. It ranged from 83 billion cubic feet (85,241,000 MMBtu) to 114 billion cubic feet (117,078,000 MMBtu) during the last three years and has an average of 87 billion cubic feet (89,349,000 MMBtu) in 2009.

Table III. Average Monthly Natural Gas Delivered to Consumers in Louisiana (million cubic foot)

Date	Natural Gas Delivered to Customer in Louisiana in MMcf ⁷
2007 Average Monthly	93,690
2008 Average Monthly	90,778
2009 Average Monthly	87,011
2010 Average Monthly (As of September)	102,758

For decades, Louisiana has been a net exporter of natural gas to other U.S. regions. Table IV below reflects the most updated selected natural gas movement data from EIA. According to the data, Louisiana has a net export volume of approximately 185 billion cubic feet (189,995,000 MMBtu) in 2008. It is a combination of net international receipts of 18 billion cubic feet (189,995,000 MMBtu) and net interstate exports of about 203 billion cubic feet. The annual average net receipt for the last three available years was approximately negative 244 billion cubic feet or 250,588,000 MMBtu.

Table IV. Annual Louisiana Natural Gas Net International & Interstate Receipts (million cubic foot)

Date	Net International Receipts ⁸	Net Interstate Receipts	Net International and Interstate Receipts
2006	144,060	-362,916	-218,856
2007	268,714	-493,244	-224,530
2008	18,110	-203,350	-185,240
2009	70,099	-418,292	-348,193
Average	125,246	-369,451	-244,205

Prices

The PPEC price is expected to be highly correlated with Henry Hub natural gas price. Figure 1 below provides Henry Hub natural gas futures daily prices for the last three years. For the period from January 2007 to December 2010, the daily price ranged from \$2.51 per MMBtu to \$13.58 MMBtu

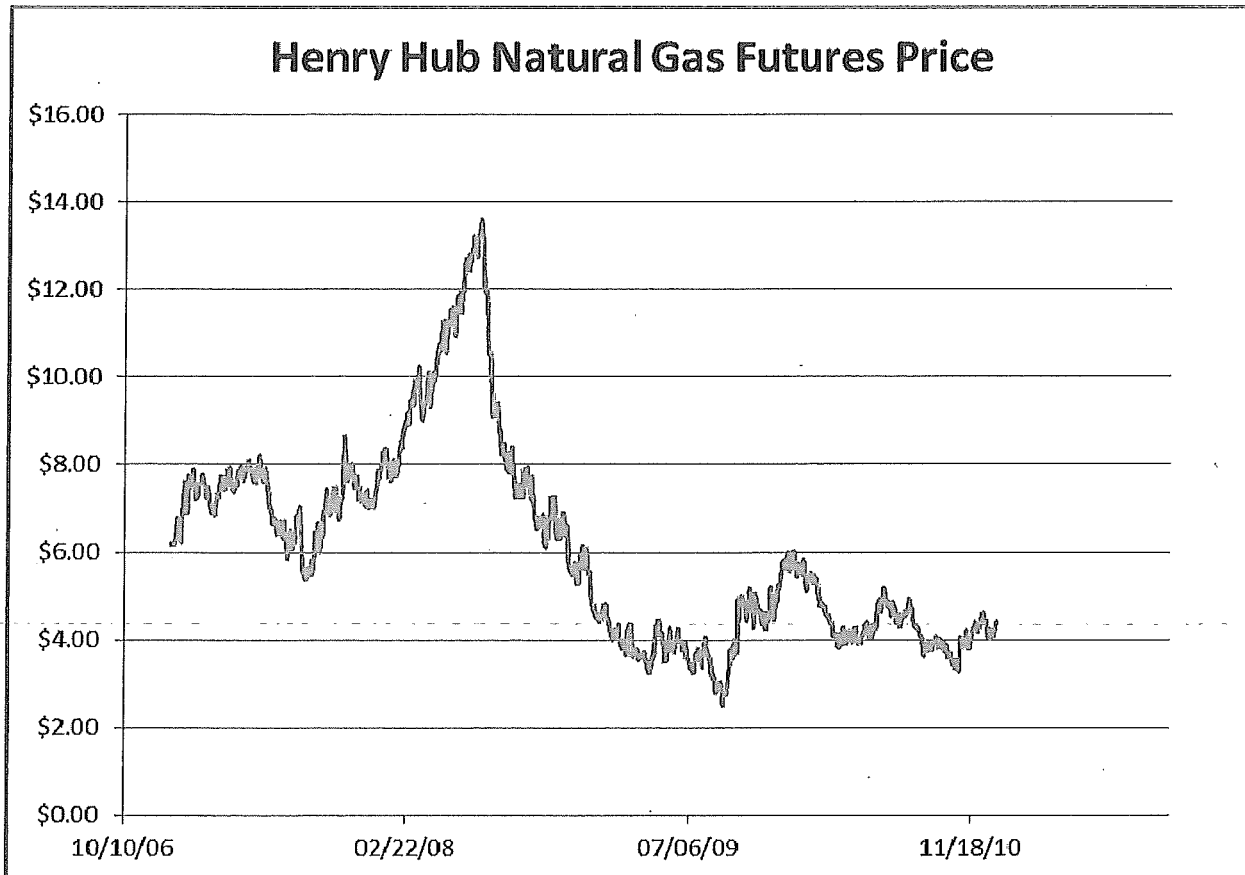
⁷ EIA Monthly Natural Gas Delivered to Consumers in Louisiana Data

<http://www.eia.gov/dnav/ng/hist/n3060la2m.htm>

⁸ EIA Annual Louisiana Natural Gas Net International & Interstate Receipts

http://www.eia.gov/dnav/ng/ng_move_ist_a2dcu_SLA_a.htm

Figure 1. Henry Hub Natural Gas Futures Price



Over-the-Counter Market

There is an active over the counter market in natural gas. In the OTC market, a typical natural gas trade size is 2,500 MMBtu per day and the prices are quoted in \$0.0025 intervals. There are numerous participants in the natural gas OTC market including, but not limited to, commercial participants, trading firms, and financial intermediaries. Listed below is a sample of participants in the current PPEC market:

Anadarko Energy Services Company	Gavilon, LLC	Total Gas & Power North America Inc.
BP Energy Company	Hess Energy Trading Company LLC	Virginia Power Energy Marketing
Calpine Energy Services L.P.	Iberdrola Renewables Inc	Vitol Inc.
Chevron Natural Gas	JP Morgan Ventures Energy Corporation	Dean Ventures Natural Gas Trading, LLC
Cleco Power, LLC	Merrill Lynch Commodities Inc	TEXON L.P.
CONOCOPHILLIPS Company	PNG Marketing LLC	SEA JLA LLC
Credit Suisse Energy, LLC		

In addition to the groups of participants listed above, there is an extensive network of brokers, including Prebon Energy, ICAP Energy LLC, TFS Energy LLC, CGS - Blue Flame Brokerage and Amerex Brokers LLC, that are active participants in the natural gas OTC market.

ANALYSIS OF DELIVERABLE SUPPLY

The estimation of deliverable supply is a function of production and net receipts. Table I above includes the estimated total supply of natural gas relevant to the Pine Prairie futures contracts. In Table IV, annual international and interstate natural gas movement of Louisiana for 2006 through 2009 is presented. The 2009 EIA natural gas movement data are the most current. In 2009, the combined production of Louisiana and Federal Offshore Gulf of Mexico exceeded consumption by approximately 243 billion cubic feet per month. Using a conversion factor of 1,027 Btu per cubic foot, the production converts to 249,561,000 MMBtu per month. Combined production and net Louisiana receipts in 2009 provides 301 billion cubic feet, or 309,127,000 MMBtu in estimated total monthly supply.

The proposed speculative position limit for the contracts is 150 contracts. For a month of 30 calendar days, this limit would equal 11,250,000 MMBtu per month and would be approximately 4% of the total deliverable supply. With respect to the PPEC system, the daily maximum storage withdrawal capacity is currently 2.4 billion cubic feet, or 1,280 proposed 2,500 MMBtu futures contract equivalents. The proposed daily spot limit of 150 contracts represents 16% of the total maximum storage withdrawal capacity. The Exchange will aggregate positions of the proposed Daily/Weekend and BALMO futures contracts into the proposed Monthly futures contract. The aggregate of the Daily/ Weekend Futures, BALMO Futures, and Monthly Futures contract shall be assessed against a daily limit of 150 future contracts.