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 May 22, 2009

**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. New York Mercantile Exchange, Inc. Submission #09.78:  
 Notification Regarding the Listing of Eight (8) New Petroleum Futures  
 Contracts on CME ClearPort®**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of eight (8) new petroleum futures contracts for trading on CME ClearPort and for submission for clearing on CME ClearPort.

The eight (8) new petroleum futures contracts, commodity codes and rule chapters are listed below:

<b>CONTRACT</b>	<b>CODE</b>	<b>RULE CHAPTER</b>
New York Jet Fuel (Platts) Swap Futures	1Q	412
New York Jet Fuel (Platts) vs. Heating Oil Swap Futures	1U	413
Propane Non-LDH Mont Belvieu (OPIS) Swap Futures	1R	414
Propane Non-LDH Mont Belvieu (OPIS) BALMO Swap Futures	1S	415
Jet Aviation Fuel (Platts) Cargoes FOB MED Swap Futures	1T	416
Jet Aviation Fuel (Platts) Cargoes FOB MED vs. ICE Gasoil Swap Futures	1V	417
1% Fuel Oil (Platts) Cargoes CIF MED Swap Futures	1W	418
1% Fuel Oil (Platts) Cargoes CIF NWE Swap Futures	1X	419

These eight (8) new petroleum futures contracts will be cash-settled and will be listed on the CME ClearPort beginning at 6:00 p.m. on Sunday, May 31, 2009 for trade date Monday, June 1, 2009.

The contracts will be available during normal trading hours on CME ClearPort electronic. Electronic trading and clearing is conducted from 6:00 p.m. Sunday until 5:15 p.m. Friday (New York Prevailing time) via the CME ClearPort. There is a 45-minute break each day between 5:15 p.m. (current trade date) and 6:00 p.m. (next trade date).

The first listed month for all eight (8) new petroleum futures contracts will be the June 2009 contract month. The Exchange will list the new contracts up to 36 consecutive months, except for the Propane Non-LDH Mont Belvieu (OPIS) BALMO Swap Futures contract, which will be listed for up to two consecutive months, and the Propane Non-LDH Mont Belvieu (OPIS) Swap Futures contract, which will be listed for up to 48 consecutive months.

In addition, the Exchange will allow exchange of futures for physical ("EFP") and exchange of futures for swap ("EFS") transactions to be submitted through CME ClearPort. The EFP and EFS transactions in these futures contracts will be governed by the provisions of Exchange Rules 6.21 and 6.21A, respectively.

Although the supplemental market information attached herewith includes the recommended position limits for the eight (8) new petroleum futures contracts, a separate filing will be submitted to the Commission to self-certify those position limits.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rules 40.2 and 40.6, the Exchange hereby certifies that the attached contracts comply with the Act, including regulations under the Act.

Should you have any questions concerning the above, please contact Daniel Brusstar at (212) 299-2604 or me at (312) 648-5422.

Sincerely,

/s/ Stephen M. Szarmack  
Director and Associate General Counsel

Attachments: Contract Terms and Conditions  
Supplemental Market Information

## **New York Jet Fuel (Platts) Swap Futures**

### **412.01 Scope**

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

### **412.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point of the high and low quotations from Platts Oilgram Price Report for New York Jet Fuel (Barge) for each business day that it is determined during the contract month.

### **412.03 Contract Quantity and Value**

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

### **412.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

### **412.05 Prices and Fluctuations**

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.0001 per gallon. There shall be no maximum price fluctuation.

### **412.06 Termination of Trading**

Trading shall cease on the last business day of the contract month.

### **412.07 Final Settlement**

Delivery 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.

### **412.08 Exchange of Futures for, or in Connection with, Product and Exchange of Futures for, or in Connection with, Swap Transactions**

Any exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

### **412.09 Disclaimer**

Platts, a division of The McGraw-Hill Companies, Inc. ("Platts"), licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various Platts' price assessments in connection with the trading of the contract.

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## **New York Jet Fuel (Platts) vs. Heating Oil Swap Futures**

### **413.01 Scope**

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

### **413.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from Platts Oilgram Price Report for New York Jet Fuel (Barge) minus the NYMEX New York Harbor Heating Oil Futures first nearby contract month settlement price for each business day that both are determined during the contract month. For purposes of determining the Floating Price, the Platts mean will be rounded each day to the nearest thousandth of a cent.

### **413.03 Contract Quantity and Value**

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

### **413.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

### **413.05 Prices and Fluctuations**

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.0001 per gallon. There shall be no maximum price fluctuation.

### **413.06 Termination of Trading**

Trading shall cease on the last business day of the contract month.

### **413.07 Final Settlement**

Delivery 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.

### **413.08 Exchange of Futures for, or in Connection with, Product and Exchange of Futures for, or in Connection with, Swap Transactions**

Any exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

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## Propane Non-LDH Mont Belvieu (OPIS) Swap Futures

### 414.01 Scope

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

### 414.02 Floating Price

The Floating Price for each contract month is equal to the arithmetic average of the OPIS Mont Belvieu Propane (non-LDH) price for each business day during the contract month.

### 414.03 Contract Quantity and Value

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

### 414.04 Contract Months

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

### 414.05 Prices and Fluctuations

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.00001 per gallon. There shall be no maximum price fluctuation.

### 414.06 Termination of Trading

Trading shall cease on the last business day of the contract month.

### 414.07 Final Settlement

Delivery 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.

### 414.08 Exchange of Futures for, or in Connection with, Product and Exchange of Futures for, or in Connection with, Swap Transactions

Any exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

### 414.09 Disclaimer

Oil Price Information Service ("OPIS") licenses the New York Mercantile Exchange, Inc. ("NYMEX") to use various OPIS price assessments in connection with the trading of the contract.

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## **Propane Non-LDH Mont Belvieu (OPIS) BALMO Swap Futures**

### **415.01 Scope**

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

### **415.02 Floating Price**

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the OPIS Mont Belvieu Propane (non-LDH) price for each business day during the contract month, starting from the selected start date through the end of the month.

### **415.03 Contract Quantity and Value**

The contract quantity shall be 42,000 gallons. Each contract shall be valued as the contract quantity (42,000) multiplied by the settlement price.

### **415.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

### **415.05 Prices and Fluctuations**

Prices shall be quoted in U.S. dollars and cents per gallon. The minimum price fluctuation shall be \$0.00001 per gallon. There shall be no maximum price fluctuation.

### **415.06 Termination of Trading**

Trading shall cease on the last business day of the contract month.

### **415.07 Final Settlement**

Delivery 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.

### **415.08 Exchange of Futures for, or in Connection with, Product and Exchange of Futures for, or in Connection with, Swap Transactions**

Any exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

### **415.09 Disclaimer**

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## **Jet Aviation Fuel (Platts) Cargoes FOB MED Swap Futures**

### **416.01 Scope**

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

### **416.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Jet Aviation Fuel under the heading "Cargoes FOB Med Basis Italy" for each business day that it is determined during the contract month.

### **416.03 Contract Quantity and Value**

The contract quantity shall be 1,000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

### **416.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

### **416.05 Prices and Fluctuations**

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.001 per metric ton. There shall be no maximum price fluctuation.

### **416.06 Termination of Trading**

Trading shall cease on the last business day of the contract month.

### **416.07 Final Settlement**

Delivery 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.

### **416.08 Exchange of Futures for, or in Connection with, Product and Exchange of Futures for, or in Connection with, Swap Transactions**

Any exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

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## **Jet Aviation Fuel (Platts) Cargoes FOB MED vs. ICE Gasoil Swap Futures**

### **417.01 Scope**

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

### **417.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for Jet Aviation Fuel under the heading "Cargoes FOB Med Basis Italy" minus the first line Gasoil (ICE) Futures settlement price for each business day that both are determined during the contract month, except as noted in (B) below.

(B) The settlement prices of the first nearby contract month will be used except on the last day of trading for the expiring Gasoil Futures contract when the settlement prices of the second nearby Gasoil contract will be used.

### **417.03 Contract Quantity and Value**

The contract quantity shall be 1,000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

### **417.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

### **417.05 Prices and Fluctuations**

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.001 per metric ton. There shall be no maximum price fluctuation.

### **417.06 Termination of Trading**

Trading shall cease on the last business day of the contract month.

### **417.07 Final Settlement**

Delivery 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.

### **417.08 Exchange of Futures for, or in Connection with, Product and Exchange of Futures for, or in Connection with, Swap Transactions**

Any exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

### **417.09 Disclaimer**

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## 1% Fuel Oil (Platts) Cargoes CIF MED Swap Futures

### 418.01 Scope

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

### 418.02 Floating Price

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for 1% Fuel Oil under the heading "Cargoes CIF Med Basis Genoa/Lavera" for each business day that it is determined during the contract month.

### 418.03 Contract Quantity and Value

The contract quantity shall be 1,000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

### 418.04 Contract Months

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

### 418.05 Prices and Fluctuations

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.001 per metric ton. There shall be no maximum price fluctuation.

### 418.06 Termination of Trading

Trading shall cease on the last business day of the contract month.

### 418.07 Final Settlement

Delivery 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.

### 418.08 Exchange of Futures for, or in Connection with, Product and Exchange of Futures for, or in Connection with, Swap Transactions

Any exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

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## **1% Fuel Oil (Platts) Cargoes CIF NWE Swap Futures**

### **419.01 Scope**

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

### **419.02 Floating Price**

The Floating Price for each contract month is equal to the arithmetic average of the mid-point between the high and low quotations from the Platts European Marketscan for 1% Fuel Oil under the heading "Cargoes CIF NWE Basis ARA" for each business day that it is determined during the contract month.

### **419.03 Contract Quantity and Value**

The contract quantity shall be 1,000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

### **419.04 Contract Months**

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

### **419.05 Prices and Fluctuations**

Prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.001 per metric ton. There shall be no maximum price fluctuation.

### **419.06 Termination of Trading**

Trading shall cease on the last business day of the contract month.

### **419.07 Final Settlement**

Delivery 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.

### **419.08 Exchange of Futures for, or in Connection with, Product and Exchange of Futures for, or in Connection with, Swap Transactions**

Any exchange of futures for, or in connection with, product (EFP) or exchange of futures for, or in connection with, swap (EFS) transactions shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

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## SUPPLEMENTAL MARKET INFORMATION

### I. PRICE SOURCES

#### *Platts, OPIS and ICE*

The price reporting services used for the final settlement of the new petroleum swap futures contracts attached herewith are Platts, a division of The McGraw-Hill Companies, Inc. ("Platts") and Oil Price Information Service ("OPIS"). These price sources are the major pricing services used in the over-the-counter ("OTC") market for pricing of swap futures contracts, and their utilized methodology is well-known in the oil industry.

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") has entered into license agreements with each of Platts and OPIS to utilize their respective pricing data. Platts and OPIS determine their price services by conducting telephone surveys and collecting electronic data from multiple market participants. The Platts and OPIS price services are widely used and serve as benchmarks in the energy industry.

ICE Futures Europe's ("ICE") Gasoil Futures contract is also a source of settlement prices for the Jet Aviation Fuel (Platts) Cargoes FOB MED vs. ICE Gasoil Swap Futures contract. The ICE settlement prices in these contracts are widely disseminated. ICE is regulated by the U.K. Financial Services Authority ("FSA"). The CFTC staff has reviewed the FSA's regulatory structure from time to time, and it is our understanding that the staff continues to believe it to be comparable to that of the CFTC. In light of those reviews, the Exchange believes that it may reasonably rely upon the disseminated settlement prices of these FSA-regulated contracts.

### II. PETROLEUM MARKETS, PARTICIPANTS AND SPECULATIVE LIMITS

#### A. New York Harbor Jet Fuel Market

##### *Description*

The New York Harbor jet fuel market is diverse and actively traded by refiners, traders, importers, and smaller distributors. Below is a list of the market participants, including the New York Harbor jet fuel distributors that are active in the cash market. The Energy Information Administration ("EIA") is the main source for data related to the underlying cash markets.

The New York Harbor cash market is an active trading and import hub for jet fuel, with jet fuel imports representing over 50,000 barrels per day. The metropolitan New York-New Jersey-Connecticut area consumes over 150,000 barrels of jet fuel per day. In addition, jet fuel imports are trans-shipped through New York Harbor to other points in the Northeast, including upstate New York and Connecticut. The daily trading volume of jet fuel in the New York Harbor cash market is approximately 200,000 barrels.

The EIA data on stocks for jet fuel are available by Padd and for the Central Atlantic region (i.e., location of New York Harbor) at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_stoc\\_wstk\\_dcu\\_nus\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_stoc_wstk_dcu_nus_w.htm)

The EIA demand data on a state-by-state basis can be viewed at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_cons\\_prim\\_dcu\\_nus\\_m.htm](http://tonto.eia.doe.gov/dnav/pet/pet_cons_prim_dcu_nus_m.htm)

The weekly EIA imports data are available by Padd at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_move\\_wkly\\_dc\\_R10-Z00\\_mbbldpd\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_move_wkly_dc_R10-Z00_mbbldpd_w.htm)

The sources of jet fuel supply include local refineries, imports, and the Colonial Pipeline from Houston, Texas. The typical transaction size in the diesel cash market is 25,000 barrels. The typical bid/ask spread is one-quarter cent (i.e., 25 points or \$0.0025). The OTC swaps market is utilized by several market participants to manage their fuel price risk (see the list below). The liquidity in these OTC swaps is

robust, with an average daily trading volume exceeding 150,000 barrels in jet fuel swaps. The typical OTC transaction size is 25,000 barrels, with very narrow bid/ask spreads of one-eighth cent to one-quarter cent (i.e., \$0.00125 to \$0.0025).

**Market Participants**

The New York Harbor cash market and OTC market participants are diverse and include around 25 to 30 commercial companies. A partial listing is as follows:

Refiners	Traders/End Users	Brokers	Financial (Swaps)
ConocoPhillips	Statoil	GFI Starsupply	Citibank
Valero	Vitol	First National	Deutsche Bank
Shell	Glencore	Echo Energy	Barclays
ExxonMobil	Northville	PVM	BNP Paribas
BP	Koch	United Energy	AIG
Sunoco	Cargill	ICAP	
Amerada Hess	Morgan Stanley	ARC Oil	
Citgo	Goldman Sachs (J. Aron)	Allied Fuels	
Chevron	Irving Oil	Oil Brokers Inc.	
	Lukoil Getty	MOAB	
	Global		
	Sprague		
	Hess Energy Trading		
	George E. Warren		
	Total		

**Speculative Limits**

The Exchange has set the expiration month limit for the New York Jet Fuel (Platts) Swap Futures contract at 250 contracts (equivalent to 250,000 barrels) which is less than 8% of the monthly deliverable supply of jet fuel. In addition, the Exchange has set the expiration month limit for the New York Jet Fuel (Platts) vs. Heating Oil Spread Swap Futures contract at 1,000 contracts (equivalent to one million barrels) which is less than 20% of the monthly deliverable supply.

**B. U.S. Propane Market**

**Description**

The Propane Non-LDH Mont Belvieu (OPIS) Swap and BALMO Swap Futures contracts are based on pipeline delivery of propane from the U.S. Gulf Coast, which is the main production area for propane, with production amounting to more than 400,000 barrels per day, or 12 million barrels per month. The EIA refinery production data for propane for the Gulf Coast area (known as Padd 3) appear at the link below:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_pnp\\_wiup\\_dcu\\_r30\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wiup_dcu_r30_w.htm)

The main consumption areas for propane are located in the Midwest and Northeast markets, which are supplied by the TEPPCO pipeline from the Mont Belvieu hub in Houston via the Midwest and terminating in New York. The propane market has an actively traded cash market, and has an active forward market that trades on the ICE Chemconnect platform. Dozens of propane wholesalers and retailers participate in the propane market. The average daily trading volume for propane at the Mont Belvieu hub is around 500,000 barrels.

The EIA publishes weekly inventory and production data for propane at the link below:

<http://tonto.eia.doe.gov/oog/info/hopu/hopu.asp>

In addition, there is a robust propane OTC swaps market transacted by telephone brokers. The OTC market typically trades a cash-settled swap instrument based on the OPIS price assessment in increments of 42,000 gallons (or 1,000 barrels). The key participants are refiners, traders, and financial companies, as listed below.

The final settlement price for the Propane Non-LDH Mont Belvieu (OPIS) Swap and BALMO Swap Futures contracts are based on OPIS price reference, which is used most commonly by the OTC market for pricing propane swaps. The OPIS pricing methodology is well-defined and is attached below (the propane prices appear on page 15 of the OPIS methodology). The OPIS methodology for propane is listed under the NGL (Natural Gas Liquids) section at the link below.

<http://opisnet.com/methodology.asp#ngl>

### ***Market Participants***

The propane cash market and OTC market participants are diverse and number 40 to 50 wholesalers and retailers. A partial listing is as follows:

<b>Refiners</b>	<b>Traders/Retailers</b>	<b>Brokers</b>	<b>Financial</b>
ConocoPhillips	Louis Dreyfus	Liquidity Partners	Citibank
Valero	Vitol	Nuevo	Merrill Lynch
Shell	Agway	Nordisco	Barclays
ExxonMobil	Koch	Lozier Energy	
BP	Fortis	Houston Merc	
Sunoco	Cargill		
	Morgan Stanley		
	Goldman Sachs		
	Wachovia		
	Transammonia		
	Suburban Propane		
	Amerigas		
	Blue Flame		

### ***Speculative Limits***

The Exchange has set the expiration month limit for the Propane Non-LDH Mont Belvieu (OPIS) Swap Futures and the Propane Non-LDH Mont Belvieu (OPIS) BALMO Swap Futures contracts at 200 contracts each (equivalent to 200,000 barrels) which is less than 3% of the monthly deliverable supply for propane at Mont Belvieu.

## **C. European Jet Fuel Market**

### ***Description***

The European petroleum products market in the Mediterranean (MED) area represents a robust and liquid trading hub in Southern Europe, with extensive storage and refining capacity, in Italy and Southern France. The MED market is a vibrant import and refining hub for distillate fuel, with around 500,000 to 600,000 barrels per day of distillate fuel supplied by refineries in Italy and France. The MED market is a key supply center for European jet fuel, with production of 175,000 barrels per day in Italy and France. Jet fuel demand in the MED area, which includes Italy and France, is more than 200,000 barrels per day. Further, there is an active OTC swaps market involving dozens of market participants that utilize these

Gasoil swaps to hedge their fuel price risk. The market participants (listed below) typically are active in both the cash market and the OTC swaps market. The EIA compiles consumption data from the International Energy Agency on the European market in their *International Energy Annual* publication at the link below in Table 3.5:

<http://www.eia.doe.gov/iea/pet.html>

The link above also provides import data for the MED market in Table 3.3, which shows jet fuel imports for Italy and France at around 70,000 barrels per day.

The European jet fuel market, which is part of the distillate fuels sector, is a robust cash market with a liquid OTC swaps market. There is an active OTC swaps market with dozens of market participants that utilize jet fuel swaps to hedge their fuel price risk. The market participants (listed below) typically are active in both the cash market and the OTC swaps market.

The European jet fuel market is priced in units of dollars per metric ton. The conversion factor is 7.45 barrels per metric ton. Furthermore, the estimated trading volume of jet fuel (converted to barrel equivalents) in the Mediterranean Europe cash market is approximately 250,000 barrels per day. The typical transaction size is around 35,000 to 40,000 barrels. The volume of spot transactions amounts to more than half of all cash transactions, and the balance of trades are longer-term contracts. There is active trading in forward cash deals and in the OTC swaps market. The bid/ask spreads are typically in increments of 50 cents per metric ton (or around 0.10 cents per gallon equivalent).

#### **Market Participants**

The market participation in the European jet fuel markets is diverse and includes many of the same commercial entities that are active in the New York Harbor market. The European cash market and OTC market participants number 30 to 40 commercial companies. A partial listing is as follows:

<b>Refiners</b>	<b>Traders/End Users</b>	<b>Brokers</b>	<b>Financial (Swaps)</b>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Citibank
Valero	Vitol	PVM	Deutsche Bank
Shell	Glencore	Man Financial	Barclays
ExxonMobil	Arcadia	ICAP	BankAmerica
BP	RWE Trading	Aspen Oil	AIG
Total	Cargill	Prebon	Merrill Lynch
OMV	Morgan Stanley	TFS	
Repsol	Goldman Sachs	Amerex	
CEPSA	Koch		
Netherlands Refining	Mabanaft		
AGIP (Italy)	Trafigura		
	Arcadia		
	Mercuria		
	Sempra		

#### **Speculative Limits**

The Exchange has set the expiration month limit for the Jet Aviation Fuel (Platts) Cargoes FOB MED Swap Futures and Jet Aviation Fuel (Platts) Cargoes FOB MED vs. ICE Gasoil Swap Futures contracts at 50 contracts (equivalent to 370,000 barrels) which is less than 8% of the monthly deliverable supply, which is estimated at around five million barrels.

## D. European Fuel Oil Market

### *Description*

The European fuel oil market in Amsterdam-Rotterdam-Antwerp (ARA) represents the largest hub in Europe for petroleum products, with extensive storage capacity and refining capacity. The ARA market is a vibrant import and supply center for residual fuel oil, with around 500,000 barrels per day of fuel oil supplied by refineries in The Netherlands, Germany, and France. The ARA market is the main supply center for European fuel oil, which includes 1.5% fuel oil, 1.0% fuel oil, and 3.5% fuel oil. The demand for fuel oil in the ARA metropolitan area, which includes Netherlands, Germany and Northern France, amounts to more than 400,000 barrels per day. The EIA compiles consumption data from the International Energy Agency on the European market in their *International Energy Annual* publication at the link below in Table 3.5:

<http://www.eia.doe.gov/iea/pet.html>

The EIA link above also provides import data for the ARA market in Table 3.3, which shows fuel oil imports for the Netherlands at around 270,000 barrels per day. In addition, the EIA data in Table 3.2 (see link above) shows local refinery production of fuel oil in the Netherlands at around 230,000 barrels per day. Therefore, the total supply of fuel oil in the ARA market is around 450,000 to 500,000 barrels per day (or equivalent to 75,000 metric tons per day).

Furthermore, the Mediterranean (MED) area represents a liquid trading hub in Southern Europe, with extensive storage and refining capacity, in Italy and Southern France. The MED market is a vibrant import and refining hub for residual fuel oil, with around 500,000 barrels per day of fuel oil supplied by refineries in Italy and France (see Table 3.2 from the EIA link above). Residual fuel oil demand in the MED area, which includes Italy and France, is more than 400,000 barrels per day (see Table 3.5 in the EIA link above).

The link above also provides import data for the MED market in Table 3.3, which shows fuel oil imports for Italy and France at around 125,000 barrels per day. The total supply of fuel oil in the MED market is estimated at approximately 500,000 barrels per day.

There is an active OTC swaps market with dozens of market participants that utilize fuel oil swaps to hedge their fuel price risk. The market participants (listed below) typically are active in both the cash market and the OTC swaps market.

The European fuel oil market is priced in units of dollars per metric ton. The conversion factor is 6.7 barrels per metric ton. Furthermore, the estimated trading volume of fuel oil (converted to barrel equivalents) in the ARA market is approximately 450,000 to 500,000 barrels per day, while the Mediterranean (MED) cash market is approximately 300,000 barrels per day. The typical transaction size is around 35,000 to 40,000 barrels. The volume of spot transactions amounts to more than half of all cash transactions, and the balance of trades are longer-term contracts. There is active trading in forward cash deals and in the OTC swaps market. The bid/ask spreads are typically in increments of 50 cents per metric ton (or around 0.10 cents per gallon equivalent).

### *Market Participants*

The market participation in European fuel oil is diverse and includes many of the same commercial entities that are active in the New York Harbor market. The European cash market and OTC market participants number 30 to 40 commercial companies. A partial listing is as follows:

Refiners	Traders/End Users	Brokers	Financial (Swaps)
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ConocoPhillips	Sempra	GFI Starsupply	Citibank
Valero	Vitol	PVM	Deutsche Bank
Shell	Glencore	Man Financial	Barclays
ExxonMobil	Trafigura	ICAP	BankAmerica
BP	Mercuria	Aspen Oil	AIG
Total	Cargill	GFI Spectron	
Koch Petroleum	Morgan Stanley	TFS	
Repsol	Goldman Sachs	Amerex	
CEPSA	Koch	Prebon	
Netherlands Refining	Mabanaft		
OMV	Phibro		
	Arcadia		

***Speculative Limits***

The Exchange has set the expiration month limit for the 1% Fuel Oil (Platts) Cargoes CIF NWE Swap Futures contract at 150 contracts (equivalent to one million barrels) which is less than 8% of the monthly deliverable supply. In addition, the Exchange has set the expiration month limit for the 1% Fuel Oil (Platts) Cargoes CIF MED Swap Futures contract at 50 contracts (equivalent to 340,000 barrels) which is less than 3% of the monthly deliverable supply.