CME Group

A CME/Chicago Board of Trade/NYMEX Company

C.F.T.C.
OFFICE OF THE SECRETARIAT

2010 JUN 3 PM 2 30

June 2, 2010

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 # 10-153: Notification Regarding the Listing of Six (6) Natural Gas Liquids Futures Contracts for Trading and Clearing

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 six (6) new natural gas liquids futures contracts for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, June 6, 2010 for trade date Monday, June 7, 2010.

The three daily natural gas liquids futures contracts and balance-of-month (BALMO) contracts are based on existing Exchange-listed contracts.

The six (6) natural gas liquids contracts, commodity codes, rule chapters and listing schedules are as follows:

Contracts	Code	Rule Chapter	Listing Period
Conway Propane (OPIS) BALMO Swap Futures	CPB	133	One month and the following month listed 10 business days prior to the start of the contract month.
Conway Natural Gasoline (OPIS) BALMO Swap Futures	CGB	134	One month and the following month listed 10 business days prior to the start of the contract month.
Conway Normal Butane (OPIS) BALMO Swap Futures	CBB	135	One month and the following month listed 10 business days prior to the start of the contract month.
Daily Mont Belvieu LDH Propane (OPIS) Swap Futures	C3D	136	2 consecutive months
Daily Mont Belvieu Normal Butane (Non-LDH) (OPIS) Swap Futures	C4D	137	2 consecutive months
Daily Mont Belvieu Natural Gasoline (Non-LDH) (OPIS) Swap Futures	C5D	138	2 consecutive months

These new natural gas liquids futures contracts will be available during normal trading hours on the NYMEX trading floor and through CME ClearPort. Open outcry trading is conducted Monday through Friday from 9:00 a.m. until 2:30 p.m. (New York prevailing time), except on Exchange holidays. CME ClearPort is available from 6:00 p.m. Sunday until 5:15 p.m. Friday (New York prevailing time). There is a 45-minute halt each day between 5:15 p.m. (current trade date) and 6:00 p.m. (next trade date).

The first listed month for all contracts will be the June 2010 contract month. The listing period is reflected in the table above.

In addition, the Exchange will allow exchange for related position (EFRP) transactions to be submitted through CME ClearPort. EFRP transactions in these futures contracts will be governed by the provisions of Exchange Rule 538.

Although the supplemental market information attached herewith includes the recommended position limits for these 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. This submission will be made effective on trade date June 7, 2010.

Should you have any questions concerning the above, please contact Daniel Brusstar at (212) 299-2604 or the undersigned at (212) 299-2207.

Sincerely,

/s/Brian Regan
Managing Director and Regulatory Counsel

Attachments: Contract terms and conditions
Supplemental Market Information

8267

Chapter 133
Conway Propane (OPIS) BALMO Swap Futures

133.01. 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.

133.02. FLOATING PRICE

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the OPIS Conway Propane (in-well) starting from the selected start date through the end of the contract month, inclusively.

133.03. 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.

133.04. CONTRACT MONTHS

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

133.05. 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.

133.06. TERMINATION OF TRADING

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

133.07. 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.

133.08. EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

133.09. DISCLAIMER

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

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR OPIS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Chapter 134
Conway Natural Gasoline (OPIS) BALMO Swap Futures

134.01. 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.

134.02. FLOATING PRICE

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the OPIS Conway Natural Gasoline (in-well) starting from the selected start date through the end of the contract month, inclusively.

134.03. 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.

134.04. CONTRACT MONTHS

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

134.05. 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.

134.06. TERMINATION OF TRADING

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

134.07. 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.

134.08. EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

134.09. DISCLAIMER

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

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR OPIS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Chapter 135
Conway Normal Butane (OPIS) BALMO Swap Futures

135.01. 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.

135.02. FLOATING PRICE

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the OPIS Conway Normal Butane (in-well) starting from the selected start date through the end of the contract month, inclusively.

135.03. 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.

135.04. CONTRACT MONTHS

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

135.05. 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.

135.06. TERMINATION OF TRADING

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

135.07. 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.

135.08. EXCHANGE FOR RELATED POSITION

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

135.09. DISCLAIMER

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

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR OPIS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Chapter 136
Daily Mont Belvieu LDH Propane (OPIS) Swap Futures

136.01. 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.

136.02. FLOATING PRICE

The Floating Price is the daily arithmetic average of the OPIS Mt. Belvieu Propane (LDH) price assessment.

136.03. CONTRACT QUANTITY AND VALUE

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

136.04. CONTRACT DAYS

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

136.05. 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.

136.06. TERMINATION OF TRADING

Trading shall cease at the close of the business day of the daily contract.

136.07. FINAL SETTLEMENT

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

136.08. EXCHANGE FOR RELATED POSITION

Any exchange for related position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

136.09. DISCLAIMER

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

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR OPIS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Chapter 137
Daily Mont Belvieu Normal Butane (Non-LDH) (OPIS) Swap Futures

137.01. 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.

137.02. FLOATING PRICE

The Floating Price is the daily arithmetic average of the OPIS Mt. Belvieu Normal Butane (Non-LDH) price assessment.

137.03. CONTRACT QUANTITY AND VALUE

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

137.04. CONTRACT DAYS

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

137.05. 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.

137.06. TERMINATION OF TRADING

Trading shall cease at the close of the business day of the daily contract.

137.07. FINAL SETTLEMENT

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

137.08. EXCHANGE FOR RELATED POSITION

Any exchange for related position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

137.09. DISCLAIMER

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

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR OPIS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Chapter 138
Daily Mont Belvieu Natural Gasoline (Non-LDH) (OPIS) Swap Futures

138.01. 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.

138.02. FLOATING PRICE

The Floating Price is the daily arithmetic average of the OPIS Mt. Belvieu Natural Gasoline (Non-LDH) price assessment.

138.03. CONTRACT QUANTITY AND VALUE

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

138.04. CONTRACT DAYS

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

138.05. 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.

138.06. TERMINATION OF TRADING

Trading shall cease at the close of the business day of the daily contract.

138.07. FINAL SETTLEMENT

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

138.08. EXCHANGE FOR RELATED POSITION

Any exchange for related position (EFRP) transaction shall be governed by the provisions of Exchange Rule 538.

138.09. DISCLAIMER

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

NEITHER NYMEX AND ITS AFFILIATES NOR OPIS GUARANTEES THE ACCURACY AND/OR COMPLETENESS OF THE ASSESSMENT OR ANY OF THE DATA INCLUDED THEREIN.

NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM USE OF THE ASSESSMENT, TRADING BASED ON THE ASSESSMENT, OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE TRADING OF THE CONTRACT, OR, FOR ANY OTHER USE. NYMEX AND ITS AFFILIATES AND OPIS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NYMEX AND ITS AFFILIATES OR OPIS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

SUPPLEMENTAL MARKET INFORMATION

Contracts	Rule Chapter	Code	Underlying Contract
Conway Propane (OPIS) BALMO Swap Futures	133	CPB	8K
Conway Natural Gasoline (OPIS) BALMO Swap Futures	134	CGB	8L
Conway Normal Butane (OPIS) BALMO Swap Futures	135	CBB	8M
Daily Mont Belvieu LDH Propane (OPIS) Swap Futures	136	C3D	7Q
Daily Mont Belvieu Normal Butane (Non-LDH) (OPIS) Swap Futures	137	C4D	D0
Daily Mont Belvieu Natural Gasoline (Non-LDH) (OPIS) Swap Futures	138	C5D	B0

The supplemental market information includes a description of the price sources for six (6) natural gas liquids futures contracts for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort®. The three daily natural gas liquids futures contracts and balance-of-month (BALMO) contracts are based on existing Exchange-listed contracts.

The supplemental market information also includes a description of Balance-of-Month futures contract and a description of the following markets:

- U.S. Natural Gas Liquids Market

PRICE SOURCES: OPIS

OPIS is the price reporting service used for the final settlement of the 6 new NGL contracts. OPIS is one of the main pricing services that are used in the NGL market for pricing physical and over-the-counter (OTC) swap contracts, and their methodology is well-known in the industry. OPIS has a long-standing reputation in the industry for price benchmarks that are fair and not manipulated. The OPIS pricing methodology relies on telephone surveys and electronic data from dozens and dozens of market participants to determine market value. The OPIS pricing methodology is well-defined and is available at the link below (the OPIS methodology for propane and the various NGLs are listed under the Natural Gas Liquids section in the link): http://opisnet.com/methodology.asp#ngl

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") has an agreement with OPIS to utilize their pricing data.

BALANCE-OF-MONTH DESCRIPTION

Typically, in the OTC market, balance-of-month (BALMO) swaps are used by market participants for pricing transactions in periods that are less than a full calendar month. BALMO swap contracts are cash-settled, and are settled similar to the settlement of a calendar month swap using a specified index price, such as the Argus, OPIS or Platts price assessments, starting from the day of execution until the last day of the contract month. The user has the flexibility to select the start date (or first day) of the BALMO averaging period, and the last day of the period is the last business day of the contract month. In the OTC oil market, the BALMO swap is a useful hedging tool that allows the market participants and hedgers to customize the averaging period of the transaction to allow for partial-month average prices. The BALMO swap is similar in structure to a calendar month swap, except for the averaging period of the transaction. The BALMO swap contracts allow the user to customize the timing of a transaction to allow for partial-month average prices.

Propane and Natural Gas Liquids (NGLs) Market

The natural gas liquids (NGL) complex, also called liquefied petroleum gases (LPGs), is composed of propane and other related natural gas liquids, including natural gasoline, ethane, normal butane, and iso-butane. Propane is a by-product of either of the following two processes: natural gas processing or petroleum refining. During the natural gas plant production, NGLs are produced as a result of the extraction of materials such as propane and butane from natural gas in order to prevent these liquids from condensing and causing operational problems within the natural gas pipelines. Similarly, when oil refineries produce petroleum products such as gasoline and heating oil, certain NGLs are also produced as a by-product of those processes.

Table 1. Selected Statistics for Liquefied Petroleum Gases: United States

(Thousand Barrels per Day)

Item and Region	2006	2007	2008	Average 2006-2008
Stocks, Liquid Petroleum Gases[1]				
All Oils (Excluding Crude Oil)	718,625	682,299	709,076	703,333
Liquid Petroleum Gases	113,092	95,592	113,134	107,273
Ethane/Ethylene	20,286	14,869	27,591	20,915
Propane/Propylene	61,599	52,007	55,408	56,338
Weekly Inputs, Utilization and Production, 4-Week Average[2]	**4/30/2010**	**5/07/2010**	**5/14/2010**	**5/21/2010**
Gulf Coast PADD 3	759	771	763	757

Given that NGLs are a by-product and are not directly produced, their production cannot be adjusted to coincide with changes in prices and/or demand. However, NGLs can be imported and/or stored.

The main end-users for the various NGLs are the petrochemical and industrial companies, including plastics manufacturers. The manufacturing sector purchases the NGLs to use as inputs for their production process of plastic products and components. Propane is used as a petrochemical feedstock, and for heating and residential uses. Ethane is a key input for the production of plastics. Butane is used as a gasoline-blending component during cold weather to boost the Reid Vapor Pressure (RVP) and assist with the start of a cold engine. Butane is also used as a petrochemical feedstock. Natural gasoline is used as a petrochemical feedstock and as a gasoline additive.

The U.S. Department of Energy's Energy Information Agency (EIA) publishes inventories data for the NGL or "Liquefied Petroleum Gases" market, with a detailed breakdown for each of the NGLs, including propane, ethane, normal butane, isobutene, and pentane (natural gasoline). The monthly EIA stocks can be viewed at the link below:
http://tonto.eia.doe.gov/dnav/pet/pet_stoc_typ_d_nus_SAE_mbbl_m.htm

The EIA provides production data on the NGL market under the heading of "propane/propylene" which refers to the NGL complex that includes propane, butane, ethane, iso-butane, and natural gasoline. The total U.S. production of NGLs is currently around one million barrels per day. Gulf Coast NGL production is more than 600,000 barrels per day. The production of ethane and normal butane are each estimated at around 100,000 to 150,000 barrels per day. The EIA refinery weekly production data for NGLs for the U.S. and Gulf Coast area (known as Padd 3) appear at the link below:

[1] Liquid Petroleum Gases Stock Data, http://tonto.eia.doe.gov/dnav/pet/pet_stoc_typ_d_nus_SAE_mbbl_a.htm,

[2] EIA Refinery Input Data, http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wiup_dcu_r30_4.htm (Gulf Coast PADD 3)

http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wiup_dcu_r30_w.htm

The main consumption areas for propane are in the Midwest and Northeast markets, which are supplied by the Louis Dreyfus pipeline from the Mont Belvieu hub in Houston via Conway, Kansas to the Midwest and New York markets. The monthly deliverable supply of propane in the Gulf Coast is around 8 million to 10 million barrels. The average daily trading volume at the Conway hub is around 200,000 to 250,000 barrels per day. The EIA publishes weekly data for propane at the link below:
http://tonto.eia.doe.gov/oog/info/hopu/hopu.asp

U.S. Propane Market

The main consumption areas for propane are 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. There are dozens of propane wholesalers and retailers that participate in the propane market. The average daily trading volume at the Mont Belvieu hub is approximately 300,000 to 500,000 barrels.

The Conway Propane futures contract is cash-settled based on the OPIS quotation for propane at the hub in Conway, Kansas, which is a key terminal area for propane along the Louis Dreyfus pipeline (formerly TEPPCO), which links Conway with the Gulf Coast. The monthly deliverable supply of propane in the Gulf Coast is around 8 million to 10 million barrels. The average daily trading volume at the Conway hub is approximately 250,000 barrels. In addition, Conway is a key trading and distribution hub for natural gasoline, with daily trading volume in the cash market of around 100,000 barrels.

The NGL market has an actively traded cash market, and has an active forward market that trades on the ICE Chemconnect platform. In addition, there is a robust OTC swaps market transacted by OTC brokers and by the Houston Mercantile Exchange platform. There are dozens of NGL wholesalers and retailers that participate in the cash and OTC markets.

Although imports provide the smallest (about 10 percent) of domestic NGL supply, they are vital when consumption exceeds available domestic supplies. Propane and related NGLs can be imported via pipeline and rail car from Canada, and by sea from countries such as Algeria and Saudi Arabia.

Further, there is a robust OTC market that exists in the NGL complex. The average daily trading volume for each of the NGLs of natural gasoline and iso-butane is in the area of 150,000 to 200,000 barrels. The monthly deliverable supply for natural gasoline and iso-butane is around 4 million barrels. The average size of the typical transaction in the cash market or OTC market is 5,000 barrels and there are 40 to 50 transactions occurring daily.

Propane and NGL Market Participants

The NGL cash market and OTC market participants are diverse and include 30 to 40 wholesalers and retailers. A partial listing is as follows:

Refiners	Traders/Retailers	Brokers	Financial
ConocoPhillips	Louis Dreyfus	Liquidity Partners	Barclays Bank
Valero	Vitol	Nuevo Partners	Goldman
Shell	Agway	Nordico	Citibank
ExxonMobil	Koch	Houston Merc	JP Morgan
BP	Fortis	Echo Energy	Wells Fargo
Sunoco	Cargill	Lozier Energy	
Hess	Morgan Stanley		
Lyondell	Goldman Sachs		
Enterprise Products	Transammonia		
	Suburban Propane		
	Amerigas		
	Blue Flame		

Speculative Limits for the NGL Contracts

The Exchange has set the expiration month limit for each of the six new NGL daily and BALMO futures contracts at 250 contracts (equivalent to 250,000 barrels) which is less than 10% of the monthly deliverable supply for each of the NGLs.

Further, the new balance-of-month (BALMO) contracts allow for partial-month average prices for the corresponding calendar-month swaps futures contracts. The Exchange will set the position limits at the same level as those of the underlying calendar month swap contract, and the limits will be aggregated.