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OFFICE OF THE SECRETARIAT
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August 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 #10-222:
Notification Regarding the Listing of One (1) Daily Crude Oil Futures Contract for
Trading on the NYMEX Trading Floor and Clearing through 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 one (1) new crude oil futures for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, August 08, 2010 for trade date Monday, August 09, 2010.

The crude contract, commodity code, rule chapter and listing schedule are as follows:

<u>Contract</u>	<u>Code</u>	<u>Rule Chapter</u>	<u>Listing Period</u>
Daily WTI Calendar Swap Futures	DCL	179	2 consecutive months

This new crude oil futures contract 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).

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 analysis of deliverable supply attached herewith includes the recommended position limits for this contract, 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 contract complies with the Act, including regulations under the Act. This submission will be made effective on trade date August 9, 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
Cash Market Overview and Analysis of Deliverable Supply

Chapter 179

Daily WTI Calendar Swap Futures

179.01 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.

179.02 FLOATING PRICE

The Floating Price for each daily contract is equal to the settlement price for the NYMEX Light Sweet Crude Oil Futures contract.

179.03 CONTRACT QUANTITY AND VALUE

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

179.04 CONTRACT DAYS

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

179.05 PRICE AND FLUCTUATIONS

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be \$0.01 per barrel. There shall be no maximum price fluctuation.

179.06 TERMINATION OF TRADING

Trading shall cease on the close of trading for the daily contract.

179.07 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.

179.08. EXCHANGE FOR RELATED POSITION

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

CASH MARKET OVERVIEW

WTI Crude Oil Market

The West Texas Intermediate ("WTI") crude oil market, also called "domestic sweet", is traded at the hub in Cushing, Oklahoma which consists of storage facilities and major pipelines for distribution of crude oil from West Texas to refineries in the Midcontinent. Sweet crude is defined as having an API gravity of 30 or higher with sulfur content of less than 1%, whereas heavy crude has an API gravity below 28, and contains sulfur of greater than 1%.

Description of Cushing

Cushing, Oklahoma is one of the largest commercial crude oil storage terminals in the United States and the physical delivery point for the NYMEX West Texas Intermediate crude oil contract – the Light Sweet Crude Oil Futures (CL). It is located in the Midcontinent region which is within Petroleum Administration Defense District 2 (PADD II).

Table 1 below provides storage capacity by operator in Cushing, Oklahoma. As of late 2009, working capacity reached 51.5 million barrels. Ownership of the Cushing storage is comprised of a total of 8 operators. Enbridge, Plains, and Magellan (formerly BP storage) are the main companies with the majority of storage amounting to roughly 75%. There are several pipelines that are directly connected to the Cushing hub in Oklahoma.

Table 1. Selected Statistics for Crude Oil: Cushing, Oklahoma Storage Capacity¹

CRUDE STORAGE CAPACITY AT CUSHING (Million Barrels)		
Operator	January 2009 Shell Capacity	November 2009 Shell Capacity
Enbridge	15.7	14.9
Plains	10.8	10.8
SemGroup	7.8	4.1
Blueknight	--	6.7
BP	7.8	7.8
Enterprise/TEPPCO	3.1	6.1
ConocoPhillips	0.8	0.8
Sunoco	0.3	0.3
Total	46.3	51.5

¹ Purvin & Gertz Inc. Study, 2009.

The refineries in PADD II are connected via various pipeline systems that supply both domestic and foreign crude. Refineries are located in Oklahoma, Kansas, Illinois, Indiana and Texas. Below are a summary of the refineries in each state associated with the Midcontinent PADD II region.

Oklahoma

- ConocoPhillips owns the largest refinery located in Ponca City with capacity of 190,000 barrels per day. It is supplied with crude oil from Cushing, via a northbound pipeline.
- There are two refineries located in Tulsa with production capacity of 70,000 and 85,000 barrels per day. The plants are supplied by the West Tulsa pipeline from Cushing and are owned by Holly Corporation.
- Southern Oklahoma has two refineries: the Ardmore refinery, owned by Valero, with capacity of 84,000 barrels per day and the Wynnewood refinery, owned by Gary Williams Energy, with capacity of 72,000 barrels per day. The refineries are primarily supplied by regional crude production and by pipelines from Cushing.

Kansas

There are three refineries located in Kansas, the Frontier refinery, and the NCRA refinery and the Coffeyville refinery.

The Frontier refinery in El Dorado and the NCRA refinery in McPherson have capacities of 118,000 barrels and 81,000 barrels per day, respectively. These refineries are supplied by the Osage Pipeline and others from Cushing.

- The Coffeyville refinery, located in Coffeyville and owned by Coffeyville Resource, LLC, has a capacity of 122,000 barrels supplied by the Plains pipeline from Cushing.

Illinois/Indiana

- The primary locations of refineries in Illinois are concentrated in two areas: Chicago and the central part of Illinois. The two terminals, located in Patoka and Wood River, receive domestic crude from Cushing, Canadian crude from the north and foreign cargoes from the Gulf Coast.

- The Wood River refinery is owned by Encana, ConocoPhillips, and WRB Refining with a capacity of 306,000 barrels per day. The Marathon refinery in Illinois has a capacity of 204,000 barrels per day. Both refineries are located in the central part of the state and are supplied with crude from various sources.
- Three refineries are located in the Chicago area. The largest is owned by BP in Whiting, IN with a capacity of 410,000 barrels per day. ExxonMobil owns a refinery located in Joliet, IL with a capacity of 239,000 barrels per day. CITGO's refinery located in Lemont, IL has a capacity of 167,000 barrels per day. These refineries can receive both domestic and foreign crude oil from the Wood River area via the ChicCap pipeline and Canadian crude via the Lakehead system.

Texas

There are two refineries located in the Texas Panhandle that are supplied by Cushing.

- The WRB Refining, LLC Borger refinery (Encana and ConocoPhillips) receives crude from Cushing and West Texas and also had the ability to receive foreign crude through company-owned pipelines. It has a capacity of roughly 146,000 barrels per day.
- The second refinery is located in Sunray, TX and owned by Valero. Crude oil is supplied via pipeline from regional areas as well as Cushing and the refinery can receive foreign crudes delivered via the Gulf Coast.

Production, Consumption and Import/Export

The production of domestic sweet WTI is mainly concentrated in West Texas, Oklahoma, and Kansas. According to estimates from Purvin & Gertz Inc., an independent energy industry consultancy, and other industry sources, production of domestic sweet WTI is approximately 500,000 barrels per day. In addition, according to industry sources, the pipeline flow of imported foreign "light-sweet" crude from Canada and other sources is approximately 100,000 barrels per day. Imported crude oil is transported to Cushing via the Seaway Pipeline from Houston, and via the Enbridge Spearhead line, which brings Canadian crude oil from the Chicago area. In addition, the Keystone Pipeline was recently completed connecting Hardisty, Alberta to the Cushing market.

Table 2 below provides annual U.S. Department of Energy's Energy Information Administration (EIA) production, consumption, and import/export data for crude oil in PADD II. According to EIA data, for the annual average 2007-2009 period, the refinery input of crude oil in PADD II was approximately 3.2 million barrels per day. Further, crude oil production averaged 529,000 barrels per day during the 2007-2009 period. Also, there was a net import balance of approximately 1.15 million barrels of crude oil during the three year period.

Table 2. EIA PADD II Statistics for Crude Oil²

(Thousand Barrels per Day)

Item and Region	2007	2008	2009	Average 2007-2009
Refinery Input, Crude Oil	3,226	3,221	3,135	3,194
Annual Production, Crude Oil	470	538	580	529
Annual Imports of Crude Oil	1,129	1,188	1,204	1,174
Annual Exports, Crude Oil	16	22	35	24

Inventories

Table 3 below provides monthly EIA inventory data for crude oil in the Cushing area of PADD II. In the past three years, the Cushing stocks have fluctuated from a low of approximately 11.7 million barrels in September 2008 to a record high of approximately 37.2 million barrels in May 2010. The EIA also reports the weekly stocks in the Cushing area. Although the EIA does not provide a breakdown of sweet vs. sour crude oil in their stocks data, we estimate that WTI accounts for approximately one third of the Cushing stocks, so at current inventory levels there are approximately 12 million barrels of WTI in Cushing storage.

² EIA Refinery Input Data, http://www.eia.gov/dnav/pet/pet_pnp_inpt2_dc_r20_mbbldpd_a.htm
 EIA Production Data, http://www.eia.gov/dnav/pet/pet_crd_cprd_adc_mbbldpd_a.htm
 EIA Import Data, http://www.eia.gov/dnav/pet/pet_move_imp_dc_R20-Z00_mbbldpd_a.htm
 EIA Export Data, http://www.eia.gov/dnav/pet/pet_move_exp_dc_R20-Z00_mbbldpd_a.htm

Table 3. EIA Stocks for Crude Oil: Cushing, Oklahoma³
 (Thousand Barrels)

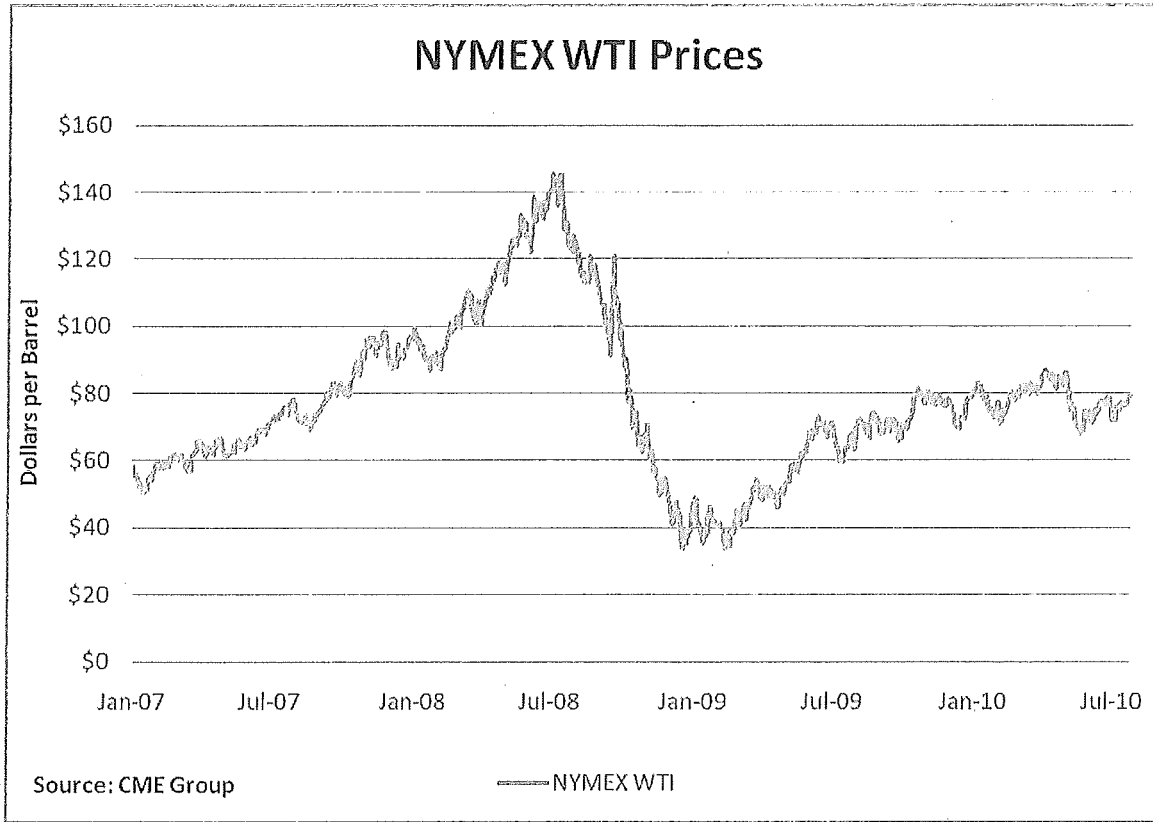
	2007	2008	2009	2010
January	21,416	13,579	32,394	31,994
February	21,976	13,718	31,938	30,739
March	27,034	14,814	31,198	31,583
April	28,031	17,337	30,328	36,138
May	26,324	18,450	29,603	37,222
June	23,441	18,066	30,458	NA
July	19,754	16,166	33,916	NA
August	18,066	15,966	30,273	NA
September	14,033	11,691	25,505	NA
October	13,804	14,786	25,718	NA
November	17,150	20,481	32,978	NA
December	16,742	30,001	35,645	NA

³EIA Inventory Data, http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCRST_YCUOK_1&f=M

Prices

Figure 1, below, illustrates the prices for the NYMEX WTI futures contract from the period beginning January 2007 through July 2010. During that period crude oil futures traded at a record high of \$145.29 on July 3, 2008 and a record low of \$33.87 on December 8, 2008.

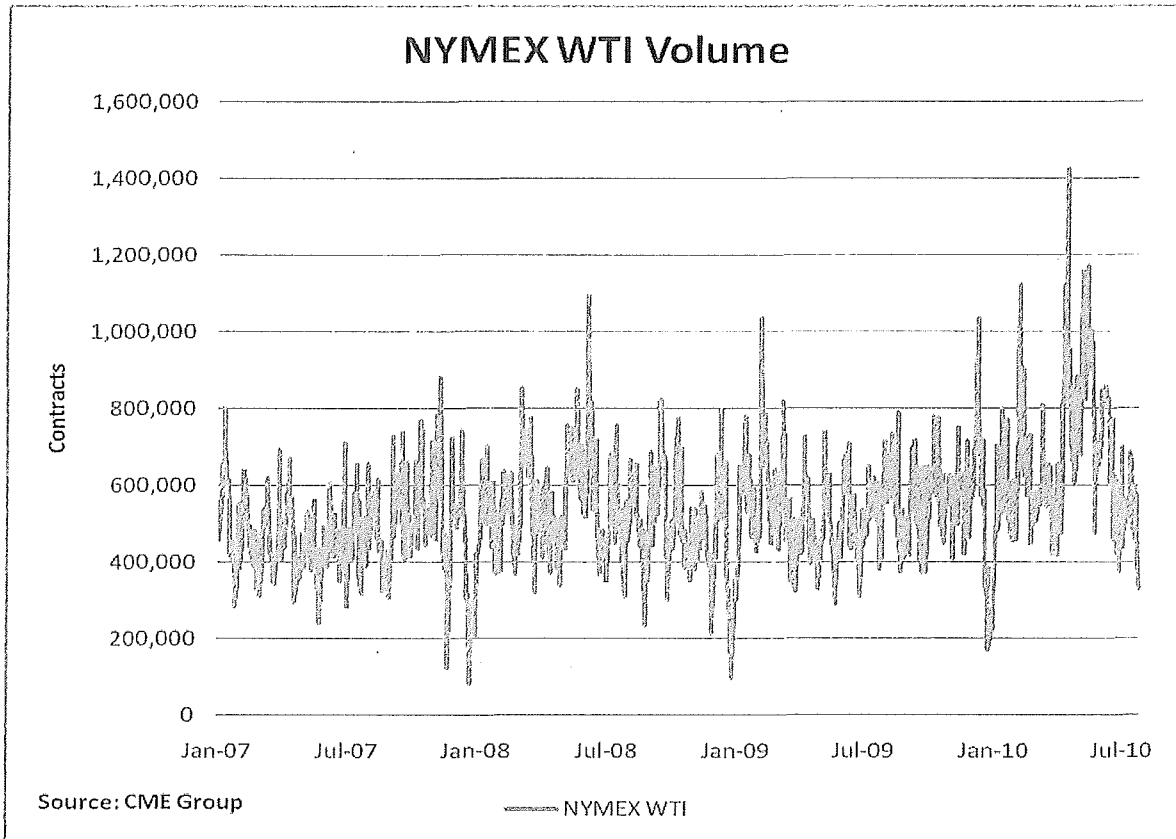
Figure 1. NYMEX Light Sweet WTI Prices.



Volume

Figure 2 below reflects the transaction volume for the NYMEX WTI Light Sweet Crude Oil Futures contract. The average daily trading volume in 2009 was 544,877 contracts and 678,950 contracts for year-to-date 2010 through July.

Figure 2. WTI Daily Trading Volume



Cash Market/Over-the-Counter Market

The estimated trading volume of WTI crude oil in the Cushing cash market is approximately 4.0 million to 5.0 million barrels per day. The typical transaction size is 30,000 barrels, with hundreds of separate transactions conducted daily. In addition, all domestic crude oil grades, such as Light Louisiana Sweet (LLS), Mars and West Texas Sour (WTS), are traded and priced at a differential to WTI, and consequently, every physical crude oil transaction in the U.S. crude oil market involves a buy/sell transaction with WTI as one leg in the cash transaction. Typically, the crude oil cash market uses WTI as a unit of currency to establish a differential between WTI and other domestic grades. The volume of spot transactions is more than half of all cash transactions, and the balance of trades are longer-term contracts. There is active trading in forward cash deals at the Cushing trading hub. Additionally, based on conversations with over-the-counter (OTC) market participants, the OTC market for WTI crude oil is very active and highly robust.

Market Participants

The WTI crude oil cash market and OTC market participants are diverse and include around 40 to 50 commercial companies. A partial listing is as follows:

<u>Refiners</u>	<u>Traders/Importers</u>	<u>Brokers</u>	<u>Financial</u>
ConocoPhillips	Occidental Petroleum	United	Citibank
Valero	Vitol	GFI Starsupply	Deutsche Bank
Shell	Glencore	United	Barclays
ExxonMobil	Plains	PVM	BankAmerica
BP	Koch	United	Wachovia Bank
Sunoco	Cargill	ARC Oil	JP Morgan Chase
Amerada Hess	Morgan Stanley	Oil Brokers Inc.	Credit Suisse
Marathon	Goldman Sachs (J. Aron)		
Murphy Oil	Trafigura		
Chevron	Hess Energy Trading		
Total	Conagra		
	Noble Energy		
	Phibro		
	Sempra		
	Mercuria		
	Anadarko		
	BHP Billiton		

ANALYSIS OF DELIVERABLE SUPPLY

In its analysis of deliverable supply, the Exchange concentrated on the physical flow estimates of light, sweet West Texas Intermediate (WTI) type crude oil in Cushing, Oklahoma. According to consultants at Purvin & Gertz Inc., daily production of domestic sweet WTI is approximately 500,000 barrels per day in Cushing. In addition, there is pipeline flow of imported foreign "light-sweet" crude from Canada and other sources, equivalent to approximately 100,000 barrels per day. Therefore, the total daily flow of light sweet crude is approximately 600,000 barrels per day in Cushing.

At this time, the Exchange is not including stocks data in its analysis of deliverable supply. The EIA does not provide a breakdown of light, sweet crude in the stocks data, but we estimate the light, sweet crude oil to account for approximately one-third of total stocks in Cushing. Stocks data tend to vary, and market participants can draw down on stocks, if needed, in the short run. However, at least initially, we prefer to not utilize stocks in the supply estimates for setting position limits.

Further, the Exchange has determined not to adjust the deliverable supply estimate based on the spot availability of the crude oil because spot market liquidity is not restrictive and tends to vary depending on the market fundamentals of demand and supply. The typical term agreement in the cash market allows flexibility for re-trading of the contracted quantity in the spot market, so the term agreements do not restrict the potential deliverable supply. Also, the spot trading is not restricted in that it could increase if the market demand increases. Therefore, we believe that it is not necessary to adjust the deliverable supply estimate on the basis of the spot trading, because this does not restrict the deliverable supply, and spot trading volume can expand to allow for more supply to flow if needed in the spot market.

Therefore, based on the physical flow estimates of light, sweet WTI type crude oil in Cushing, we have estimated the daily supply to be approximately 600,000 barrels per day, or 18 million barrels per month (or 18,000 contract equivalents). The Exchange has set the position limit for the Daily WTI Calendar Swap Futures contract at 3,000 contract units, with aggregation into the underlying swap contract. Therefore, the position limit of 3,000 contracts is set at 17% of the total monthly supply of 18,000 contract equivalents.