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OFFICE OF THE SECRETARIAT

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December 1, 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 # 10-313:
Notification Regarding the Listing of Mont Belvieu Normal Butane LDH (OPIS)
Swap Futures Contract for Trading on the NYMEX Trading Floor and for 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 the Mont Belvieu Normal Butane LDH (OPIS) Swap Futures contract for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort beginning at 6:00 p.m. on Sunday, December 5, 2010 for trade date Monday, December 6, 2010.

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

<u>Contract</u>	<u>Code</u>	<u>Rule Chapter</u>	<u>First Listed Month</u>	<u>Listing Period</u>
Mont Belvieu Normal Butane LDH (OPIS) Swap Futures	MNB	395	December 2010	Current year and next 4 consecutive calendar years

This new, financially settled normal butane 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 the 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.

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 December 6, 2010.

Should you have any questions concerning the above, please contact Daniel Brusstar at (212) 299-2604 or the undersigned at (212) 299-2200.

Sincerely,

/s/ Christopher K. Bowen
Managing Director, Chief Regulatory Counsel

Attachments: Contract terms and conditions
Cash Market Overview and Analysis of Deliverable Supply

8612

Chapter 395
Mont Belvieu Normal Butane LDH (OPIS) Swap Futures

395.01. 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.

395.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the OPIS Mt. Belvieu Normal Butane (LDH) average price for each business day during the contract month.

395.03. 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.

395.04. CONTRACT MONTHS

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

395.05. 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.

395.06. TERMINATION OF TRADING

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

395.07. 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.

395.08. EXCHANGE FOR RELATED POSITION

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

395.09. 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.

CONTRACT OVERVIEW

The New York Mercantile Exchange, Inc. (NYMEX or Exchange) is self-certifying the listing of one new financially settled Natural Gas Liquids (NGL) contract. The contract, rule chapter, and commodity codes are listed in the table below. The price for the contracts will be based on the price assessment published by Oil Price Information Service (OPIS).

The final settlement for the new normal butane swap futures is based on a monthly average price for each contract.

<u>Contract</u>	<u>Code</u>	<u>Rule Chapter</u>
Mont Belvieu Normal Butane LDH (OPIS) Swap Futures	MNB	395

Index Provider

Oil Price Information Service (OPIS) is the price reporting service used for the final settlement of the new Mont Belvieu Normal Butane LDH (OPIS) Swap Futures contract. 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 methodology¹ relies on telephone surveys and electronic data from dozens of market participants to determine market value. OPIS tracks trading in "any month" transactions which reflect deals that the buyer and the seller agree will be delivered at any time during the current calendar month. Settlements for the new normal butane contracts are based on prices from trading in "any month" transactions.

NYMEX is currently entered into a license agreement with OPIS to utilize their pricing data.

¹ <http://www.opisnet.com/methodology.asp#ngl>

CASH MARKET OVERVIEW

U.S. Normal Butane Market

Natural Gas Liquids (NGLs), also called Liquefied Petroleum Gases (LPGs) or Natural Gas Plant Liquids (NGPLs), are hydrocarbons comprised of propane and other related natural gas liquids, including natural gasoline, ethane, normal butane and iso-butane. NGLs are utilized as processing and blending components for gasoline, feedstocks in the production of ethylene and propylene, and as fuel for heating and industrial processes.

NGLs are by-products of either of the following two processes: natural gas plant processing or petroleum refining. Fractionation is the process in which NGLs are removed from natural gas in processing plants; beginning with the removal of the lighter NGLs from the stream. Separating the lighter from the heavier hydrocarbons allows for ease of separating each NGL. During the natural gas plant production process, NGLs are produced as a result of the extraction of materials such as propane, ethane, 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. Refineries are both major consumers and producers of NGLs.

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. In addition, NGLs can be imported/exported and stored. The primary end-users for the various NGLs are the refineries, 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.

Normal 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. Normal butane is also used as a petrochemical feedstock. Normal butane² is a normally gaseous straight-chain or branch-chain hydrocarbon extracted from natural gas or petroleum refinery streams. The new Normal Butane LDH futures contract is based on the "refinery grade" of normal butane that is used primarily as a gasoline blending component, and is

² Butane, <http://www.eia.doe.gov/glossary/index.cfm?id=B>

stored at the Louis Dreyfus Highbridge (LDH) facility in Mont Belvieu. The "refinery grade" of normal butane is preferred for gasoline production, because it is of slightly lower quality than the grade of normal butane that is known as "Non-LDH" normal butane, which is based on delivery of normal butane at the Enterprise facility. The Non-LDH normal butane has a slightly higher quality specification that is preferred by the petrochemical industry for use as a feedstock. The term "Non-LDH" refers to delivery at the Enterprise storage hub in Mont Belvieu.

There are two key trading and storage hubs for NGLs in the U.S.: Mont Belvieu, Texas and Conway, Kansas. Mont Belvieu, Texas is the largest storage area for natural gas liquids in the world, with storage capacity of more than 100 million barrels. Natural gas liquids are stored in underground salt caverns that are directly linked to interstate pipelines, and are connected to primary production areas in the Gulf Coast. In addition, the interstate pipelines also provide connectivity to the large demand areas in the South, Northeast and Midwest markets. Mont Belvieu is utilized as the price reference point for NGL markets in North America. Roughly 70,000 miles of pipelines are committed to the movement of NGLs in the U.S. market. In addition to pipeline delivery, NGLs are also transported via rail cars, highway transports, delivery trucks, barges, and ocean tankers.

Mont Belvieu is located within Petroleum Administration for Defense District (PADD) 3 which has further regional breakdowns that include the Texas Inland, Texas Gulf Coast, and the Louisiana Gulf Coast³. For the Mont Belvieu market, we believe that the best estimate of supply comes from the EIA's production statistics for the Texas Inland and Texas Gulf Coast regions because of the extensive pipeline connectivity from those regions to the Mont Belvieu hub.

Imports and Exports

Tables 1 and 2 below provide monthly import and export data, respectively, for normal butane in the PADD 3 region. According to EIA data, in 2009, imports of normal butane were approximately 1.3 million barrels and exports of normal butane were approximately 2.7 million barrels. Thus, net exports of normal butane for 2009 were approximately 1.4 million barrels. According to the most recent data provided by the EIA, normal butane imports were at 140 thousand barrels for the month of August in 2010.

³ Petroleum Administration for Defense District 3, http://www.eia.doe.gov/pub/oil_gas/petroleum/data_publications/petroleum_supply_monthly/current/pdf/append.pdf

Table 1. EIA Data: Gulf Coast (PADD 3) Imports of Normal Butane⁴
 (Monthly – Thousand Barrels)

Date	Gulf Coast (PADD 3) Imports of Normal Butane
Jan-2006	464
Feb-2006	813
Mar-2006	549
Apr-2006	1,806
May-2006	1,830
Jun-2006	2,110
Jul-2006	1,593
Aug-2006	1,849
Sep-2006	2,561
Oct-2006	1,649
Nov-2006	356
Dec-2006	317
Total 2006	15,897
Jan-2007	589
Feb-2007	450
Mar-2007	536
Apr-2007	832
May-2007	1,109
Jun-2007	2,099
Jul-2007	1,027
Aug-2007	677
Sep-2007	630
Oct-2007	193
Nov-2007	-
Dec-2007	244
Total 2007	8,386
Jan-2008	289
Feb-2008	964
Mar-2008	148
Apr-2008	1,044
May-2008	830
Jun-2008	1,238
Jul-2008	786
Aug-2008	2,225
Sep-2008	842
Oct-2008	94
Nov-2008	183

⁴ EIA Import Data, http://www.eia.doe.gov/dnav/pet/pet_move_imp_dc_R30-Z00_mbbbl_m.htm

Date	Gulf Coast (PADD 3) Imports of Normal Butane
Dec-2008	251
Total 2008	8,894
Jan-2009	-
Feb-2009	-
Mar-2009	52
Apr-2009	192
May-2009	701
Jun-2009	-
Jul-2009	-
Aug-2009	201
Sep-2009	-
Oct-2009	131
Nov-2009	-
Dec-2009	-
Total 2009	1,277
Jan-2010	-
Feb-2010	-
Mar-2010	-
Apr-2010	251
May-2010	-
Jun-2010	249
Jul-2010	415
Aug-2010	140
Total January - August 2010	1,055

Table 2. EIA Data: Gulf Coast (PADD 3) Exports of Natural Gas Liquids⁵

(Monthly – Thousand Barrels)

Date	Gulf Coast Exports of Normal Butane-Butylene
Jan-2006	175
Feb-2006	66
Mar-2006	32
Apr-2006	10
May-2006	8
Jun-2006	9
Jul-2006	7
Aug-2006	9

⁵ EIA Export Data, http://www.eia.doe.gov/dnav/pet/pet_move_exp_dc_R30-Z00_mbbl_m.htm

Date	Gulf Coast Exports of Normal Butane-Butylene
Sep-2006	10
Oct-2006	49
Nov-2006	44
Dec-2006	57
Total 2006	476
Jan-2007	50
Feb-2007	171
Mar-2007	82
Apr-2007	49
May-2007	8
Jun-2007	12
Jul-2007	7
Aug-2007	25
Sep-2007	16
Oct-2007	12
Nov-2007	26
Dec-2007	146
Total 2007	604
Jan-2008	15
Feb-2008	43
Mar-2008	42
Apr-2008	6
May-2008	57
Jun-2008	20
Jul-2008	33
Aug-2008	6
Sep-2008	22
Oct-2008	152
Nov-2008	8
Dec-2008	244
Total 2008	648
Jan-2009	364
Feb-2009	16
Mar-2009	128
Apr-2009	5
May-2009	22
Jun-2009	211
Jul-2009	219
Aug-2009	135
Sep-2009	249
Oct-2009	424

Date	Gulf Coast Exports of Normal Butane-Butylene
Nov-2009	557
Dec-2009	347
Total 2009	2,677
Jan-2010	185
Feb-2010	157
Mar-2010	126
Apr-2010	152
May-2010	124
Jun-2010	4
Jul-2010	229
Aug-2010	103
Total January - August 2010	1,080

Stocks

Table 3 below provides the monthly EIA data for PADD 3 stocks of normal butane-butylene for the period of January 2006 to August 2010. According to industry sources, approximately 60% to 70% of PADD 3 stocks are held in Mont Belvieu storage caverns. For the period of 2006 to present, normal butane stocks in PADD 3 varied from 6.9 million in January 2008 to 26.8 million barrels in August 2009. According to the most recent EIA data from 2010, normal butane stocks reached a high of 23.5 million barrels in August 2010 to a low of 9.5 million barrels in March 2010.

Table 3. Gulf Coast (PADD 3) Total Stocks⁶

(Monthly Thousand Barrels)

Date	Gulf Coast (PADD 3) Ending Stocks of Normal Butane-Butylene
Jan-2006	9,670
Feb-2006	9,468
Mar-2006	9,686
Apr-2006	12,232
May-2006	15,003
Jun-2006	17,688
Jul-2006	20,087
Aug-2006	22,518
Sep-2006	22,100

⁶ EIA Stock Data, http://www.eia.doe.gov/dnav/pet/pet_stoc_typ_d_r30_SAE_mbbbl_m.htm

Date	Gulf Coast (PADD 3) Ending Stocks of Normal Butane-Butylene
Oct-2006	20,947
Nov-2006	17,128
Dec-2006	12,811
Jan-2007	9,442
Feb-2007	7,400
Mar-2007	8,409
Apr-2007	9,967
May-2007	13,378
Jun-2007	16,585
Jul-2007	17,735
Aug-2007	19,576
Sep-2007	19,314
Oct-2007	16,237
Nov-2007	11,600
Dec-2007	8,642
Jan-2008	6,943
Feb-2008	7,222
Mar-2008	8,739
Apr-2008	12,134
May-2008	16,323
Jun-2008	19,223
Jul-2008	21,043
Aug-2008	23,188
Sep-2008	24,124
Oct-2008	19,579
Nov-2008	15,471
Dec-2008	11,421
Jan-2009	7,717
Feb-2009	7,458
Mar-2009	9,439
Apr-2009	13,445
May-2009	17,816
Jun-2009	20,416
Jul-2009	22,633
Aug-2009	26,881
Sep-2009	25,609
Oct-2009	22,436
Nov-2009	16,903
Dec-2009	12,210
Jan-2010	9,637
Feb-2010	8,222

Date	Gulf Coast (PADD 3) Ending Stocks of Normal Butane-Butylene
Mar-2010	9,580
Apr-2010	11,688
May-2010	13,849
Jun-2010	17,987
Jul-2010	20,768
Aug-2010	23,575

Production

The production data in Table 4 below are for the vicinity of the Mont Belvieu area using the EIA regional breakdown for "Texas Inland" and "Texas Gulf Coast". This area has direct pipeline connectivity to the Mont Belvieu hub, and provides a good estimate of supply that is available for the Mont Belvieu market. According to data provided by EIA in Table 4 below, the three-year average for normal butane production was 57,000 barrels per day, which is equivalent to approximately 1.7 million barrels per month (or 1,700 contract equivalents).

Table 4. EIA Data: Natural Gas Plant Field Production plus Refinery & Blender Net Production
(Annual Thousand Barrels per Day)

Mt. Belvieu Area				
Region: Texas Inland & Texas Gulf Coast				
	2007	2008	2009	Average 2007-2009
Normal Butane	49	68	53	57

Table 5 below reflects production data within PADD 3 for the "Texas Inland and Texas Gulf Coast" regions (Table 4) *plus* the "Louisiana Gulf Coast" region. EIA data in Table 5 provides production volume for the broader region of Texas Inland, Texas Gulf Coast and Louisiana Gulf Coast. This larger production area shows a significant increase for normal butane production. The normal butane production in 2009 was 80,000 barrels per day, which is equivalent to 2.4 million barrels per month (or 2,400 contract equivalents).

Table 5. Natural Gas Plant Field Production plus Refinery & Blender Net Production⁷

(Annual Thousand Barrels per Day)

Region: Texas Inland & Gulf Coast, plus the Louisiana Gulf Coast				
	2007	2008	2009	Average 2007-2009
Normal Butane	76	99	80	85

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/Producers

ConocoPhillips
Valero
Shell
ExxonMobil
BP
Sunoco
Hess
Lyondell
Enterprise Products
INEOS
Oneok Energy
Lukoil
Enbridge

Traders/Retailers

Louis Dreyfus
Vitol
Glencore
Koch
Conagra
Cargill
Morgan Stanley
Goldman Sachs
Transammonia
Suburban Propane
Sempra
Inergy Propane
Trafigura
Plains Marketing
Statoil Marketing
DCP Midstream
Noble Energy

Brokers

Liquidity Partners
Nuevo Partners
Nordico
Houston Merc
Echo Energy
Lozier Energy
ION Energy

Financial

Barclays Bank
Wells Fargo
Citibank
JP Morgan
Credit Suisse

⁷ EIA Production Data, http://www.eia.doe.gov/dnav/pet/pet_pnp_gp_dc_r3a_mbbldpd_a.htm,
http://www.eia.doe.gov/dnav/pet/pet_pnp_gp_dc_r3b_mbbldpd_a.htm,
http://www.eia.doe.gov/dnav/pet/pet_pnp_refp_dc_r3a_mbbldpd_a.htm,
http://www.eia.doe.gov/dnav/pet/pet_pnp_refp_dc_r3b_mbbldpd_a.htm,
http://www.eia.doe.gov/dnav/pet/pet_pnp_gp_dc_r3c_mbbldpd_a.htm, and
http://www.eia.doe.gov/dnav/pet/pet_pnp_refp_dc_r3c_mbbldpd_a.htm.

ANALYSIS DELIVERABLE SUPPLY

In its analysis of deliverable supply, the Exchange concentrated on data for the production areas in the proximity to the Mont Belvieu hub. Specifically, we have focused on the EIA production areas of "Texas Inland" and "Texas Gulf Coast" as the main sources of deliverable supply for the NGLs. At this time, to be conservative, the Exchange is not including the stocks data in its analysis of deliverable supply, and will focus on the production data, given that most of the production resides in the immediate vicinity of Mont Belvieu. Stocks data tend to vary and, at least upon launch of products, we rather not condition recommended position limits based on stock data. Further, the Exchange has determined not to adjust the deliverable supply estimate based on the spot availability of the NGLs 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.

For the new Mont Belvieu normal butane LDH contract, the Exchange set conservative spot month position limits of 250 contracts based on the production data in Table 4 for the immediate Mont Belvieu area. The normal butane production in the Mont Belvieu area in 2009 was approximately 57,000 barrels per day, which is equivalent to 1.7 million barrels per month (or 1,700 contract equivalents). Therefore, the spot month limit of 250 contracts is equivalent to 15% of the monthly deliverable supply of the 1,700 contract equivalents of monthly supply.