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OFFICE OF THE SECRETARIAT

BY EMAIL AND FACSIMILE

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

Re: NYMEX Submission 07.129: Listing 11 New Balance-of-Month Futures Contracts on NYMEX ClearPort®

Dear CFTC Commissioners:

The New York Mercantile Exchange, Inc. ("NYMEX" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") of the listing for trading of eleven (11) new futures contracts. These new contracts are balance-of-month (BALMO) futures contracts that allow for partial-month average prices of existing calendar-month swaps futures contracts.

These new BALMO futures contracts will be cash-settled, and will be settled on the average of Platts price assessments starting from the day of execution until the last day of the contract month. Further, these BALMO contracts allow the user to customize the balance-of-month period by selecting the start date (or first day) of the BALMO averaging period. These futures contracts will be listed on the NYMEX ClearPort® Trading and Clearing systems beginning at 6:00 PM on Sunday evening, December 2, 2007 for trade date Monday, December 3. Each of these new futures contracts will be available during the normal trading hours for NYMEX ClearPort® Trading and Clearing.

The first contract month to be listed will be for December 2007. The Exchange will list the current month, and the next contract month will be listed ten business days before the start of the month, so that two contract months will be listed during the last ten business days of the current month. The new BALMO contracts are as follows:

<u>New BALMO Contracts</u>	<u>Code</u>	<u>Contract Size</u>	<u>Chapter</u>
Singapore 180cst Fuel Oil BALMO Swap	BS	1000 Metric Tons	493
Singapore 380cst Fuel Oil BALMO Swap	BT	1000 Metric Tons	494
Singapore Jet Kero BALMO Swap	BX	1000 Barrels	495
Singapore Gasoil BALMO Swap	VU	1000 Barrels	496
Singapore Naphtha BALMO Swap	KU	1000 Barrels	497
Dubai Crude Oil BALMO Swap	BI	1000 Barrels	498
European 3.5% Fuel Oil (NWE) BALMO Swap	KR	1000 Metric Tons	499
European 1% Fuel Oil (NWE) BALMO Swap	KX	1000 Metric Tons	500
European Naphtha BALMO Swap	KZ	1000 Metric Tons	501
New York Harbor 1.0% Fuel Oil BALMO Swap	VK	1000 Barrels	502
Gulf Coast 3.0% Fuel Oil BALMO Swap	VZ	1000 Barrels	503

Reporting levels and Positions Limits/Accountability levels for these contracts are provided in a separate submission under separate cover being submitted at the same time. In this regard, Exchange staff suggests that, in addition to considering the supply typically available in the spot month market, one should also consider the barrels in storage as well as that typical spot month supply. Also, there is no clear estimate of the quantity of term vs. non-term barrels in these locations. Finally, unlike certain other types of term supply agreements, in Singapore and in Europe, the party receiving the barrels under a term supply agreement has no restrictions on selling or re trading the barrels received. Thus, there would be a larger supply that could be rapidly shifted to the spot market in the event of some type of disruption.

These new contracts allow for partial-month average prices for the following list of existing calendar-month swaps futures contracts:

<u>Existing Underlying Calendar Swap Contracts</u>	<u>Code</u>	<u>Chapter</u>
Singapore 180cst Fuel Oil Calendar Swap	UA	662
Singapore 380cst Fuel Oil Calendar Swap	SE	668
Singapore Jet Kero Calendar Swap	KS	670
Singapore Gasoil Calendar Swap	SG	669
Singapore Naphtha Calendar Swap	SP	671
Dubai Crude Oil Calendar Swap	DC	511
European 3.5% Fuel Oil (NWE) Calendar Swap	UV	660
European 1% Fuel Oil (NWE) Calendar Swap	UF	658
European Naphtha Calendar Swap	UN	650
New York Harbor 1.0% Fuel Oil Calendar Swap	MM	614
Gulf Coast 3.0% Fuel Oil Calendar Swap	MF	612

Pursuant to Section 5c(c) of the Commodity Exchange Act (“Act”) and CFTC Rules 40.2, the Exchange hereby certifies that the attached contracts all comply with the Act, including regulations under the Act. Should you have any questions concerning the above, please contact the undersigned at (212) 299-2610 or Daniel Brusstar at (212) 299-2604.

Very truly yours,

Robert A. Levin
Senior Vice President, Research

Attachments: Contract terms and conditions
Supplemental Market Information

Singapore 180cst Fuel Oil BALMO Swap Contract

Rule 493.01 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.

Rule 493.02 Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from the Platts Asia-Pacific Marketscan for HSFO 180cst under the heading "Singapore Physical Cargoes" starting from the selected start date through the end of the contract month, inclusive.

Rule 493.03 Contract Quantity and Value

The contract quantity shall be 1000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

Rule 493.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 493.05 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.

Rule 493.06 Termination of Trading

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

Rule 493.07 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.

Rule 493.08 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 Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

Rule 493.09 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 contracts.

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Singapore 380cst Fuel Oil BALMO Swap Contract

Rule 494.01 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.

Rule 494.02 Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low price quotations from the Platts Asia-Pacific Marketscan for Singapore High Sulfur Fuel Oil 380cst (Waterborne Cargo) starting from the selected start date through the end of the contract month, inclusive.

Rule 494.03 Contract Quantity and Value

The contract quantity shall be 1000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

Rule 494.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 494.05 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.

Rule 494.06 Termination of Trading

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

Rule 494.07 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.

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Singapore Jet Kero BALMO Swap Contract

Rule 495.01 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.

Rule 495.02 Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from the Platts Asia-Pacific Marketscan for Singapore Cargoes of Jet Kerosene starting from the selected start date through the end of the contract month, inclusive.

Rule 495.03 Contract Quantity and Value

The contract quantity shall be 1000 barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

Rule 495.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 495.05 Prices and Fluctuations

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

Rule 495.06 Termination of Trading

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

Rule 495.07 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.

Rule 495.08 Exchange Of Futures For, Or In Connection With, Product And Exchange Of Futures For, Or In Connection With, Swap Transactions

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Rule 495.09 Disclaimer

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Singapore Gasoil BALMO Swap Contract

Rule 496.01 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.

Rule 496.02 Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from the Platts Asia-Pacific Marketscan for Singapore Physical Cargoes of Gasoil 0.5% Sulfur starting from the selected start date through the end of the contract month, inclusive.

Rule 496.03 Contract Quantity and Value

The contract quantity shall be 1000 barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

Rule 496.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 496.05 Prices and Fluctuations

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

Rule 496.06 Termination of Trading

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

Rule 496.07 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.

Rule 496.08 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 Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

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Rule 497.01 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.

Rule 497.02 Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from the Platts Asia-Pacific Marketscan for Singapore Cargoes of Naphtha starting from the selected start date through the end of the contract month, inclusive.

Rule 497.03 Contract Quantity and Value

The contract quantity shall be 1000 barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

Rule 497.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 497.05 Prices and Fluctuations

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

Rule 497.06 Termination of Trading

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

Rule 497.07 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.

Rule 497.08 Exchange Of Futures For, Or In Connection With, Product And Exchange Of Futures For, Or In Connection With, Swap Transactions

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Dubai Crude Oil BALMO Swap Contract

Rule 498.01 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.

Rule 498.02 Floating Price

The Floating Price for each contract month is the balance-of-month arithmetic average of the mid-point between the high and low quotations from Platts Crude Oil Marketwire for the Dubai front month price starting from the selected start date through the end of the contract month, inclusive.

Rule 498.03 Contract Quantity and Value

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

Rule 498.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 498.05 Prices and Fluctuations

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

Rule 498.06 Termination of Trading

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

Rule 498.07 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.

Rule 498.08 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 Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

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European 3.5% Fuel Oil (NWE) BALMO Swap Contract

Rule 499.01 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.

Rule 499.02 Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from the Platts European Marketscan for 3.5% Fuel Oil under the heading "Barges FOB Rotterdam" starting from the selected start date through the end of the contract month, inclusive.

Rule 499.03 Contract Quantity and Value

The contract quantity shall be 1000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

Rule 499.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 499.05 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.

Rule 499.06 Termination of Trading

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

Rule 499.07 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.

Rule 499.08 Exchange Of Futures For, Or In Connection With, Product And Exchange Of Futures For, Or In Connection With, Swap Transactions

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European 1% Fuel Oil (NWE) BALMO Swap Contract

Rule 500.01 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.

Rule 500.02 Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from the Platts European Marketscan for 1% Fuel Oil under the heading "Cargoes FOB NWE" starting from the selected start date through the end of the contract month, inclusive.

Rule 500.03 Contract Quantity and Value

The contract quantity shall be 1000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

Rule 500.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 500.05 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.

Rule 500.06 Termination of Trading

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

Rule 500.07 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.

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European Naphtha BALMO Swap Contract

Rule 501.01 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.

Rule 501.02 Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low price quotations from the Platts European Marketscan for Northwest Europe Naphtha Physical under the heading "Cargoes CIF NWE Basis ARA" starting from the selected start date through the end of the contract month, inclusive.

Rule 501.03 Contract Quantity and Value

The contract quantity shall be 1000 metric tons. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

Rule 501.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 501.05 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.

Rule 501.06 Termination of Trading

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

Rule 501.07 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.

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New York Harbor 1.0% Fuel Oil 1.0% BALMO Swap Contract

Rule 502.01 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.

Rule 502.02 Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from Platts Oilgram Price Report for New York No. 6 1%S Max Fuel Oil (Waterborne Cargo) starting from the selected start date through the end of the contract month, inclusive.

Rule 502.03 Contract Quantity and Value

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

Rule 502.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 502.05 Prices and Fluctuations

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

Rule 502.06 Termination of Trading

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

Rule 502.07 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.

Rule 502.08 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 Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

Rule 502.09 Disclaimer

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Gulf Coast 3.0% Fuel Oil BALMO Swap Contract

Rule 503.01 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.

Rule 503.02 Floating Price

The Floating Price for each contract month is equal to the balance-of-month arithmetic average of the mid-point of the high and low quotations from Platts Oilgram Price Report for Gulf Coast No. 6 3.0%S (Waterborne) Fuel Oil starting from the selected start date through the end of the contract month, inclusive.

Rule 503.03 Contract Quantity and Value

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

Rule 503.04 Contract Months

Trading shall be conducted in the current month. The next contract month shall be listed ten business days prior to the start of the month.

Rule 503.05 Prices and Fluctuations

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

Rule 503.06 Termination of Trading

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

Rule 503.07 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.

Rule 503.08 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 Transactions (EFS) shall be governed by the provisions of Rules 6.21 and 6.21A, respectively.

Rule 503.09 Disclaimer

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Supplemental Information for 11 New Petroleum Products Contracts

<u>New Contracts</u>	<u>Code</u>	<u>Contract Size</u>	<u>Chapter</u>
Singapore 180cst Fuel Oil BALMO Swap Contract	BS	1000 Metric Tons	493
Singapore 380cst Fuel Oil BALMO Swap Contract	BT	1000 Metric Tons	494
Singapore Jet Kero BALMO Swap Contract	BX	1000 Barrels	495
Singapore Gasoil BALMO Swap Contract	VU	1000 Barrels	496
Singapore Naphtha BALMO Swap Contract	KU	1000 Barrels	497
Dubai Crude Oil BALMO Swap Contract	BI	1000 Barrels	498
European 3.5% Fuel Oil (NWE) BALMO Swap Contract	KR	1000 Metric Tons	499
European 1% Fuel Oil (NWE) BALMO Swap Contract	KX	1000 Metric Tons	500
European Naphtha BALMO Swap Contract	KZ	1000 Metric Tons	501
New York Harbor 1.0% Fuel Oil BALMO Swap Contract	VK	1000 Barrels	502
Gulf Coast 3.0% Fuel Oil BALMO Swap Contract	VZ	1000 Barrels	503

Price Source: Platts

The price reporting service that is used for the final settlement of the 11 new futures contracts is Platts, which is the major service that is used in the OTC market for pricing swaps contracts. The Platts pricing methodology is well-known in the oil industry, and the Exchange has a formal agreement with Platts to utilize their pricing data. Platts generally has a long-standing reputation in the physical oil industry as price benchmarks that are fair and not manipulated. The pricing methodology for Platts relies on telephone surveys and electronic data from dozens and dozens of market participants to determine market value.

Singapore Petroleum Market

Singapore is the main refining, storage, and trading hub for the Asian oil marketplace. The Singapore balance-of-month swaps are based on existing NYMEX calendar swap futures contracts for partial-month periods, and include the following:

1. Singapore 180cst Fuel Oil Swap
2. Singapore 380cst Fuel Oil Swap
3. Singapore Gasoil Swap

4. Singapore Jet Kerosene Swap
5. Singapore Naphtha Swap

The Singapore 180cst and 380cst fuel oil swaps are used to hedge the high-sulfur residual fuel oil market. In addition, the Singapore OTC gasoil, jet kerosene, and naphtha swaps markets are the main hedging tools for the Asian marketplace. The Singapore petroleum markets are highly diverse and actively traded by refiners, traders, importers, and smaller distributors. The OTC oil swaps are typically based on the Platts assessments. The Platts methodology for its price assessments for the Singapore oil markets are explained in the two links below:

<http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/shippingspecs.pdf?S=n>

<http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/asiaoilproductspecs.pdf?S=n>

The Singapore residual fuel oil market is actively traded, and includes high-sulfur 180cst and 380cst fuel oils. Generally, the Asian oil refiners are not as sophisticated as U.S. refiners, and consequently, the Asian refiners produce more high-sulfur residual fuel oil. The 380cst fuel oil is used primarily as a ship bunkering fuel and for utility power generation. According to the EIA data, the Singapore refiners produce around 140,000 barrels per day of residual fuel oil (see the EIA Table 3.2 at the link below). Further, Singapore is an import hub for residual fuel oil with over 500,000 barrels per day of imports, according to the EIA (see Table 3.3 at the link below). The total supply of high-sulfur fuel oil is around 600,000 to 650,000 barrels per day (or around 100,000 Metric Tons per day). Approximately one-quarter of the total residual fuel production is of the 380cst fuel oil quality, and also one-quarter of the total production is of 180cst fuel oil quality.

<http://www.eia.doe.gov/pub/international/iea2005/table32.xls>

<http://www.eia.doe.gov/pub/international/iea2005/table33.xls>

The Singapore residual fuel market is priced in units of dollars per metric ton. The conversion factor is 6.7 barrels per metric ton. The estimated trading volume of residual fuel oil (converted to barrel equivalents) in the Singapore cash market is approximately 500,000 to 700,000 barrels per day (or 80,000 to 100,000 metric tons per day). The typical transaction size is around 25,000 barrels. The volume of spot transactions is more than half of all cash transactions. There is active trading in both forward cash deals and in OTC swaps. The bid/ask spreads are typically in increments of 50 cents per metric ton (or around 0.10 cents per gallon equivalent) which reflects robust liquidity in the market.

The Singapore gasoil market is also actively traded, and includes diesel and heating oil. According to the EIA data, the Singapore refiners produce around 240,000 barrels per day of distillate fuel, which is called gasoil (see the Table 3.2 at the EIA link above). Further, Singapore is an import hub for gasoil with over 100,000 barrels per day of imports, according to the EIA (see Table 3.3 at the EIA link above). The Singapore gasoil market is priced in dollars per barrel. The estimated trading volume of gasoil in the Singapore cash market is approximately 400,000 to 500,000 barrels per day. The typical transaction size is around 25,000 barrels. The volume of spot transactions is more than half of all cash transactions. There is active trading in both forward cash deals and in OTC gasoil

swaps. The bid/ask spreads are typically in increments of 10 to 20 cents per barrel, which shows robust liquidity in the cash market.

Further, the Singapore jet kerosene market is robust, and includes imports and local refinery production. According to the EIA, Singapore imports over 50,000 barrels per day of jet kerosene fuel (see Table 3.3 at the EIA link above). In addition, the Singapore refiners produce around 150,000 barrels per day of jet kerosene fuel (see the Table 3.2 at the EIA link above). The estimated trading volume of jet fuel in the Singapore cash market is approximately 250,000 to 300,000 barrels per day. The typical transaction size is around 25,000 barrels. The volume of spot transactions is more than half of all cash transactions. There is active trading in both forward cash deals and in OTC gasoil swaps. The bid/ask spreads are typically in increments of 10 to 20 cents per barrel, which indicates good liquidity in the market.

The Singapore naphtha market is moderately active, particularly in the OTC swaps market. According to the EIA, the Singapore refiners produce around 200,000 barrels per day of naphtha (see the “Other” category in Table 3.2 at the EIA link above). The Singapore market accounts for naphtha imports of around 50,000 barrels per day (see the “Other” category in Table 3.3 at the EIA link above). The estimated trading volume of naphtha in the Singapore cash market is approximately 200,000 barrels per day. The typical transaction size is around 25,000 barrels. The volume of spot transactions is more than half of all cash transactions. There is active trading in both forward cash deals and in OTC swaps. The bid/ask spreads are typically in increments of 10 to 20 cents per barrel, which generally shows strong liquidity in the market.

Singapore Market Participants

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

<u>Refiners</u>	<u>Traders/End Users</u>	<u>Brokers</u>	<u>Financial (Swaps)</u>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Citibank
Sinochem (China)	Vitol	PVM	Deutsche Bank
Unipet (China)	Glencore	Man Financial	Barclays
ExxonMobil	Total	ICAP	BankAmerica
BP	Sempra	Aspen Oil	AIG
Singapore Refining	Cargill	GFI Spectron	Merrill Lynch
Koch Petroleum	Morgan Stanley	TFS	
SK Corp. (Korea)	Goldman Sachs	Amerex	
Hyundai (Korea)	Koch	Ginga Petroleum	
LG-Caltex (Korea)	Trafigura		
Shell	Phibro		
Idemitsu (Japan)	Arcadia		
Nippon (Japan)	Mercuria		
Itochu (Japan)			
Mitsubishi (Japan)			
Mitsui (Japan)			

Marubeni (Japan)
 Sumitomo (Japan)
 Cosmo Oil Co. (Japan)
 Reliance (India)
 Bharat (India)
 Indian Oil Company

Speculative Limits for Singapore Contracts

The Exchange will aggregate the Singapore BALMO swap futures contracts with the spot month expiration levels that are set for the underlying calendar month swap futures contract, as follows:

<u>Contract</u>	<u>Spot Month Limit</u>	<u>Estimated Monthly Supply</u>
Sing 180cst BALMO Contract	150 (150,000 Metric Tons)	500,000 Metric Tons
Sing 380cst BALMO Contract	150 (150,000 Metric Tons)	500,000 Metric Tons
Sing Gasoil BALMO Contract	500 (500,000 Barrels)	9 Million Barrels
Sing Jet Kerosene BALMO Contract	500 (500,000 Barrels)	6 Million Barrels
Sing Naphtha BALMO Contract	500 (500,000 Barrels)	7 Million Barrels

European Market

The European petroleum products 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 3.5% fuel oil and 1.0% fuel oil. The demand for fuel oil in the ARA metropolitan area, which includes Netherlands, Germany and Northern France, is 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 show local refinery production of fuel oil in the Netherlands is around 230,000 barrels per day. Therefore, the total supply of fuel oil in the ARA market is around 500,000 barrels per day (or equivalent to 75,000 Metric Tons per day). Approximately one-third of the total residual fuel supply is of high-sulfur 3.5% fuel oil, and roughly one-third is lower sulfur 1.0% fuel oil.

The European fuel oil market is priced in units of dollars per metric ton. The conversion factor is 6.7 barrels per metric ton. The estimated trading volume of fuel oil (converted to barrel equivalents) in the ARA cash market is approximately 500,000 to 700,000 barrels per day. The typical transaction size is around 35,000 to 40,000 barrels. The volume of spot transactions are typically more than half of all cash transactions. 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), which reflects robust liquidity in the cash market.

The European naphtha market is active, particularly in the OTC swaps market. According to the EIA, the Netherlands refiners in the ARA market produce around 500,000 barrels per day of naphtha (see the "Other" category in Table 3.2 at the EIA link below). The ARA (Netherlands) market accounts for naphtha imports of around 400,000 barrels per day (see the "Other" category in Table 3.3 at the EIA link above). The estimated trading volume of naphtha in the European ARA cash market is approximately 500,000 barrels per day. The typical transaction size is around 25,000 barrels. The volume of spot transactions is typically more than half of all cash transactions. There is active trading in both forward cash deals and in OTC swaps. The bid/ask spreads are typically in increments of 50 cents per metric ton (or 0.10 cents per gallon equivalent), which indicates solid liquidity in the market.

<http://www.eia.doe.gov/pub/international/iea2005/table32.xls>

<http://www.eia.doe.gov/pub/international/iea2005/table33.xls>

European 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:

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

Speculative Limits for European BALMO Contracts

The Exchange will aggregate the European BALMO swap futures contracts with the spot month expiration levels that are set for the underlying calendar month swap futures contract, as follows:

<u>European BALMO Contracts</u>	<u>Spot Month Limit</u>	<u>Estimated Monthly Supply</u>
3.5% Fuel Oil BALMO Contract	150 (150,000 Metric Tons)	750,000 Metric Tons
1% Fuel Oil BALMO Contract	150 (150,000 Metric Tons)	750,000 Metric Tons
Naphtha BALMO Contract	150 (150,000 Metric Tons)	2.5 Million Metric Tons

Dubai Crude Oil Market

The Dubai Crude Oil BALMO Swap Contract is based on the underlying Dubai crude oil market, which relies on the Platts price assessment. The Platts Dubai cash assessment includes the physical delivery of Dubai, Oman, and Upper Zakum grades, with combined daily production of over one million barrels per day.

The cash market and OTC oil swaps are typically based on Platts assessments. The Platts methodology for its price assessments for Dubai crude oil is explained in the link below:

<http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/crudeoilspecs.pdf?S=n>

In addition, there is a large and diverse number of OTC market participants in the Dubai crude oil market. There are approximately 20 companies that are long-term customers of the Dubai/Oman governments, and there are an additional 15 to 20 oil companies that actively participate in the cash market. The list of companies active in the cash market includes large oil refiners (such as Chinese, Korean, and Japanese refiners), the super-majors (such as BP, Shell, ExxonMobil, and Total), and oil traders (such as Occidental Petroleum, Vitol, Glencore, Phibro, Arcadia, Trafigura, and Semptra).

Further, the derivatives or “paper” swaps market is very active, and is used for hedging Dubai/Oman crude oil. The main OTC hedging vehicles used to manage price risk are various types of Dubai crude oil swaps. The two most actively traded OTC instruments in the Middle East-Asia Pacific market are the Dubai calendar month swap and the Brent-Dubai spread swap. These two swaps instruments are also listed on the NYMEX ClearPort® system. The total open interest in these two swaps is currently over 25,000 contracts (equivalent to 25 million barrels of oil) with exposure 3 years forward. For the first nine months of 2007, the NYMEX ClearPort® Trading and Clearing system has recorded average daily volume of Dubai-related swaps of 500,000 barrels per day, which represents only a small percentage of actual deals done for those companies that require the credit protection of the NYMEX Clearinghouse. Generally, cleared swaps transactions on NYMEX represent only 5% to 10% of the total volume transacted in the OTC oil market. The vast majority of OTC swaps transactions are executed between two counterparties with bilateral credit agreements. The OTC market does not publish the volume of transactions, and most companies do not report their OTC swaps deals done.

The liquidity in the OTC swaps market for Dubai crude oil swaps is robust, with an estimated average daily trading volume of 5 to 10 million barrels per day. There are several OTC brokerage firms that are active in the Dubai swaps markets, including PVM, Amerex, Spectron, Tullet Prebon, Ginga

Petroleum, and GFI Group. As discussed above, the OTC market participation is deep and diverse, and includes both cash market and OTC market players (see list below). Many of the same companies that are trading Brent and WTI are also active in the Dubai market.

List of Dubai/Oman Cash Market Participants

Shell
BP
ExxonMobil
Total
Occidental Petroleum
Vitol
Phibro Trading
Glencore
Sempra Oil Trading
Trafigura
Arcadia
Addax
Mercuria Energy Trading
Idemitsu (Japanese)
Nippon (Japanese)
Itochu (Japanese)
Mitsubishi (Japanese)
Mitsui (Japanese)
Marubeni (Japanese)
Sumitomo (Japanese)
Cosmo Oil Co. (Japanese)
Sinochem (Chinese)
UNIPEC (Chinese)
SK Corp. (Korean)
Hyundai (Korean)
LG-Caltex (Korean)
Reliance (Indian)
Bharat Petroleum (Indian)
Indian Oil Company
Singapore Refining Company
PTT (Thailand)

Additional Dubai OTC Market Participants

Goldman Sachs
Morgan Stanley
Deutsche Bank
Emirates National Oil Co. (ENOC)
ConocoPhillips
Barclays Bank
Merrill Lynch
FIMAT Bank

Lehman Brothers
Cargill

Speculative Limits for Dubai Crude Oil BALMO Contract

The Exchange will aggregate the Dubai Crude Oil BALMO swap futures contract with the spot month expiration level of 1000 contracts that is set for the underlying Dubai calendar month swap futures contract. The estimated monthly supply of physical Dubai crude oil (which includes Dubai, Oman, and Upper Zakum) is around 25 to 30 million barrels. The spot month limit of 1000 contracts (or one million barrels) is less than 5% of the monthly deliverable supply.

New York Harbor Fuel Oil Market

The Department of Energy's *Energy Information Administration* (EIA) is the main source for data related to the underlying cash markets. The New York Harbor residual fuel oil market is an active trading and import hub, with fuel oil imports of around 250,000 barrels per day. The metropolitan New York-New Jersey-Connecticut area consumes over 150,000 barrels per day of fuel oil. The Padd 1 production of residual fuel oil is more than 125,000 barrels per day. The daily trading volume of fuel oil in the New York Harbor cash market is 300,000 to 400,000 barrels per day.

The EIA data on residual fuel stocks are available by Padd and for the Central Atlantic region (where the New York Harbor is located) at the link below, at 10 to 15 million barrels of inventories:

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, and

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

The EIA production data for residual fuel oil can be viewed at the link below:

http://tonto.eia.doe.gov/dnav/pet/pet_pnp_wiup_dcu_r10_w.htm

The final settlement prices for the New York Harbor fuel oil swap futures contracts are based on the Platts price references. The Platts pricing methodology is well-defined and understood by the market participants in the cash market. The Platts methodology for petroleum products is attached below, and is detailed in the link below.

<http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/usoilproductspecs.pdf?S=n>

New York Harbor Market Participants

The New York Harbor fuel oil 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

fuel distributors that are active in the cash market. The New York Harbor cash market and OTC market participants are diverse and number around 25 to 30 commercial companies. A partial listing is as follows:

<u>Refiners</u>	<u>Traders/Importers</u>	<u>Brokers</u>	<u>Financial (Swaps)</u>
ConocoPhillips	Statoil	Bruggemann	Citibank
Valero	Vitol	ICAP	Deutsche Bank
Shell	Glencore	Amerex	Barclays
ExxonMobil	Trafigura	PVM	Merrill Lynch
BP	Koch	United	Lehman Brothers
Sunoco	Cargill	TFS Brokers	
Amerada Hess	Morgan Stanley	GFI Starsupply	
Citgo	Goldman Sachs (J. Aron)		
Chevron	Irving Oil		
	Lukoil Getty		
	Global		
	Sprague		
	Hess Energy Trading		

Speculative Limits for New York Harbor Fuel Oil BALMO Contract

The Exchange will aggregate the New York Harbor Fuel Oil BALMO swap futures contract with the spot month expiration level of 1000 contracts that is set for the underlying calendar month swap futures contract. The estimated monthly supply of physical residual fuel oil in New York Harbor is around 5 to 6 million barrels. The spot month limit of 1000 contracts (or one million barrels) is less than 15% to 20% of the monthly deliverable supply.

Gulf Coast Residual Fuel Oil Market

The Department of Energy's *Energy Information Administration* (EIA) is the main source for data related to the underlying cash markets. The Gulf Coast residual fuel oil market is an active trading and production center, with residual fuel oil production of around 300,000 barrels per day. Further, the Padd 3 imports of residual fuel oil are almost 100,000 barrels per day. The daily trading volume of fuel oil in the Gulf Coast cash market is 300,000 to 400,000 barrels per day.

The EIA refinery production data for fuel oil 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

The EIA data on stocks for fuel oil for Padd 3 at the link below:

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

The EIA import data for Padd 3 are available at the link below:

http://tonto.eia.doe.gov/dnav/pet/pet_move_wkly_dc_R30-Z00_mbbldpd_w.htm

The final settlement prices for the Gulf Coast fuel oil swap futures contracts are based on the Platts price references. The Platts pricing methodology is well-defined and understood by the market participants in the cash market. The Platts methodology for petroleum products is attached below, and is detailed in the link below.

<http://www.platts.com/Oil/Resources/Methodology%20&%20Specifications/usoilproductspecs.pdf?S=n>

Gulf Coast Market Participants

The Gulf Coast cash market and OTC market participants are diverse and number 20 to 30 commercial companies. A partial listing is as follows:

<u>Refiners</u>	<u>Traders/End Users</u>	<u>Brokers</u>	<u>Financial (Swaps)</u>
ConocoPhillips	Hess Energy Trading	GFI Starsupply	Citibank
Valero	Vitol	TFS	Deutsche Bank
Shell	Glencore	Bruggemann	Barclays
ExxonMobil	Trafigura	Amerex	Merrill Lynch
BP	Koch	ICAP	Lehman Brothers
Sunoco	Cargill	AE Bruggemann	
Amerada Hess	Morgan Stanley		
Citgo	Goldman Sachs (J. Aron)		
Marathon Ashland	Koch		
Koch Petroleum			
Chevron			
Murphy Oil			
Tesoro			
Total			
Sunoco			

Speculative Limits for Gulf Coast Fuel Oil BALMO Contract

The Exchange will aggregate the Gulf Coast Fuel Oil BALMO swap futures contract with the spot month expiration level of 1000 contracts that is set for the underlying calendar month swap futures contract. The estimated monthly supply of physical residual fuel oil in the Gulf Coast market is around 10 to 12 million barrels. The spot month limit of 1000 contracts (or one million barrels) is 8% to 10% of the monthly deliverable supply.