

March 15, 2013

VIA E-MAIL

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

RE: Rule 40.6(a) Certification. Notification of Amendment to the Final Settlement for Two (2) WTS Crude Oil Futures Contracts NYMEX Submission #13-084

Dear Ms. Jurgens:

The New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying rule amendments for the WTS (Argus) vs. WTI Financial Futures (code FF) and the WTS (Argus) Financial Futures (code XB) to change the titles and final settlement index from Argus WTS crude oil to Argus WTI Midland crude oil. These rule amendments will become effective on trade date April 1, 2013 beginning with the April 2013 contract month. There is no open interest in these two contracts for the April 2013 contract month and beyond, and therefore, there is no impact on value to position holders. This change is being done at the request of market participants who have an increased need to hedge WTI crude oil at the Midland, Texas hub, based on the rising production of WTI in West Texas. Please note that the Argus methodology for the assessment of the WTI Midland crude oil index is the volume weighted-average price of transactions done during the entire trading day and is available at the following link http://d1bs3qurwcoybx.cloudfront.net/~media/Files/PDFs/Meth/argus_americas_crude.pdf.

The Argus methodology for the assessment of the WTI Midland crude oil index is identical to their assessment of the WTS crude oil index which is also based on the volume weighted-average price of transactions done during the entire trading day.

The Exchange is also notifying the CFTC that it is self-certifying amendments to the chapter titles within the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook in order to reflect the new index reference in the titles of two contracts. The proposed rule amendments are presented below in Appendix A.

In the three-year period of 2010-2012, the average production of crude oil in Texas was approximately 1.5 million barrels per day. According to EIA data, in the period from January 2010 to December 2012, crude oil production has doubled in Texas from 1.1 million barrels per day to 2.2 million barrels per day (see Table 1 in Appendix B). According to regional data published by the Texas Railroad Commission, the crude oil production in the vicinity of Midland, Texas was 25.1 million barrels per month for the three-year period of 2009-2011, which is equivalent to nearly 840,000 barrels per day (see Table 2 in Appendix B). Based on discussions with industry participants, our estimate of the portion of that average production which would qualify as WTI type crude oil is conservatively 50% and higher— i.e., 420,000 barrels per day and higher. This converts into approximately 12.5 million barrels per month, or 12,500 contract equivalents of the futures contract. The current spot month position limit of 3,000 contracts is less than 25% of the estimated monthly supply of 12,500 contract equivalents.

In addition, there are substantial pipeline flows of WTI type crude oil from Midland, Texas to Cushing, Oklahoma. Two major pipelines carry crude oil from Midland to Cushing: the Basin Pipeline, and the Centurion Pipeline. Based on feedback from industry participants, greater than 500,000 barrels per day of crude oil are currently flowing outbound from Midland to Cushing, of which approximately 75% of the crude oil is of WTI type light sweet crude oil. Further, additional supplies of crude oil are transported via rail to the Houston area refineries. This flow information corroborates the production estimates above. There are no statistics available with crude oil storage information for the Midland, Texas market. Therefore, given the availability of reliable Texas state statistics on crude oil production in West Texas, the Exchange has focused on the production data as the basis for the deliverable supply estimates of WTI type crude oil at the Midland, Texas hub.

NYMEX business staff responsible for the rule amendment and the Exchange legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act (the "Act" or "CEA"). During the review, Exchange staff identified that the listing rule amendments may have some bearing on the following Core Principles:

- Daily Publication of Trading Information: NYMEX will continue to comply with this Core Principle by making public daily information on settlement prices, volume, open interest, and opening and closing ranges for the futures contract listed above.
- Availability of General Information: Pursuant to the Exchange's obligations under this core principle, on or prior to the effective date of the rule amendments, the Exchange will publish the amendment to floating price to the marketplace via Special Executive Report.
- Contract Not Readily Subject to Manipulation: Pursuant to the Exchange's obligations under this core principle, the revised settlement index is published by Argus Media, and is based on the volume weighted-average price of transactions done during the entire trading day. Therefore, the contract is not readily susceptible to manipulation.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6 (a), the Exchange hereby certifies that the listing rule amendment complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. The amendment shall become effective on Monday, April 1, 2013.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (312) 930-8167 or Sean.Downey@cmegroup.com.

Sincerely,

/s/Sean M. Downey
Senior Director & Associate General Counsel

Attachments: Appendix A
Appendix B

Appendix A

(bold/underline indicates addition; strikethrough indicates deletion)

Chapter 856

WTI Midland ~~WTS~~ (Argus) vs. WTI Financial Futures

856.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the **differential of the WTI Midland** ~~WTS~~ (1st month) **weighted average** ~~midpoint~~ price from Argus Media minus the NYMEX Light Sweet Crude Oil Futures first nearby contract month settlement price for each business day that both are determined during the contract month.

Chapter 854

WTI Midland ~~WTS~~ (Argus) Financial Futures

854.02. FLOATING PRICE

The Floating Price for each contract month is equal to the arithmetic average of the **WTI Midland** ~~WTS~~ (1st month) **weighted average** ~~midpoint~~ price from Argus Media for each business day that it is determined during the contract month.

Contract Name	Rule Chapter	Commodity Code	Diminishing Balances Contract	All Month Accountability Level	Any One Month Accountability Level	Expiration Month Limit	Reporting Level	Aggregate Into (1)	Aggregate Into (2)
				Rule 560	Rule 560	Rule 559	Rule 561		
WTS <u>WTI Midland</u> (Argus) Financial Futures	854	XB	*	20,000	20,000	3,000	350	XB	
WTS <u>WTI Midland</u> (Argus) vs. WTI Financial Futures	856	FF		20,000/20,000	20,000/10,000	3,000/3,000	350	XB	26

Appendix B

Table 1: EIA Data
Texas Field Production of Crude Oil (On-Shore)
(Thousands of Barrels per Day)

Jan-2010	1,098
Feb-2010	1,120
Mar-2010	1,136
Apr-2010	1,136
May-2010	1,144
Jun-2010	1,142
Jul-2010	1,155
Aug-2010	1,169
Sep-2010	1,193
Oct-2010	1,219
Nov-2010	1,251
Dec-2010	1,284
Jan-2011	1,291
Feb-2011	1,235
Mar-2011	1,344
Apr-2011	1,356
May-2011	1,402
Jun-2011	1,411
Jul-2011	1,447
Aug-2011	1,500
Sep-2011	1,551
Oct-2011	1,612
Nov-2011	1,678
Dec-2011	1,709
Jan-2012	1,737
Feb-2012	1,783
Mar-2012	1,811
Apr-2012	1,882
May-2012	1,925
Jun-2012	1,960
Jul-2012	2,005
Aug-2012	2,059
Sep-2012	2,096
Oct-2012	2,169
Nov-2012	2,187
Dec-2012	2,220
3-Year Avg.	1,539

Data Source: http://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbbl_m.htm

**Table 2: Texas Railroad Commission Data
Texas Production of Crude Oil (by District)
(For Districts 7C, 8, 8A, 9, and 10 located near Midland, Texas)
(Barrels per Month)**

	7C	8	8A	9	10	
Jan-09	2,482,740	10,469,883	9,703,690	1,221,988	671,283	
Feb-09	2,201,094	9,456,491	8,690,642	1,110,800	629,583	
Mar-09	2,413,236	10,423,780	9,690,138	1,199,258	710,424	
Apr-09	2,276,895	10,104,334	9,230,336	1,143,812	697,164	
May-09	2,259,476	10,287,422	9,458,857	1,182,736	770,599	
Jun-09	2,135,886	9,788,716	9,091,902	1,156,223	771,687	
Jul-09	2,157,135	10,079,996	9,317,025	1,194,449	766,385	
Aug-09	2,119,125	10,189,736	9,356,309	1,183,534	744,347	
Sep-09	2,068,983	10,067,611	9,079,402	1,191,901	753,612	
Oct-09	2,180,257	10,439,365	9,359,415	1,158,689	786,369	
Nov-09	2,181,046	10,215,457	9,085,227	1,138,757	780,460	
Dec-09	2,295,688	10,499,957	9,188,595	1,086,793	791,527	
Jan-10	2,321,182	10,548,797	9,291,642	1,097,872	779,846	
Feb-10	2,147,590	9,796,280	8,417,428	1,030,820	689,991	
Mar-10	2,370,633	10,874,049	9,285,298	1,251,423	779,169	
Apr-10	2,310,251	10,520,613	8,957,178	1,245,760	821,336	
May-10	2,477,236	11,021,075	9,198,859	1,196,993	892,536	
Jun-10	2,363,913	10,662,917	8,817,433	1,153,299	811,790	
Jul-10	2,553,035	11,226,164	9,111,791	1,242,148	823,870	
Aug-10	2,591,795	11,255,409	9,155,020	1,340,319	897,638	
Sep-10	2,549,573	11,110,231	8,899,790	1,353,491	925,798	
Oct-10	2,679,174	11,721,761	9,247,544	1,477,544	961,135	
Nov-10	2,663,934	11,560,471	8,935,815	1,347,095	917,887	
Dec-10	2,858,183	12,194,463	9,196,261	1,488,398	985,394	
Jan-11	2,872,051	12,331,398	9,104,115	1,420,239	1,007,036	
Feb-11	2,410,815	10,177,367	7,959,726	1,167,933	842,726	
Mar-11	2,862,288	12,567,023	9,125,730	1,457,681	1,038,541	
Apr-11	2,717,336	12,168,477	8,781,639	1,504,164	998,959	
May-11	2,848,329	12,875,840	9,071,113	1,732,118	1,135,153	
Jun-11	2,726,751	12,534,385	8,711,366	1,626,842	1,038,833	
Jul-11	2,872,039	13,039,080	8,904,478	1,723,349	1,056,591	
Aug-11	2,895,530	13,293,233	9,006,478	1,705,165	1,071,070	
Sep-11	2,889,700	13,008,275	8,702,833	1,620,957	1,003,961	
Oct-11	3,128,650	13,768,049	9,075,151	1,712,924	1,142,053	
Nov-11	3,173,765	13,502,240	8,805,886	1,615,873	1,056,052	
Dec-11	3,335,028	13,824,651	9,065,039	1,595,246	1,011,746	Monthly Total
3-Yr AVG.	2,538,621	11,322,361	9,057,754	1,335,461	876,738	25,130,934

Data Source: Texas Railroad Commission: <http://webapps.rrc.state.tx.us/PDQ/home.do>