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July 13, 2011

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. Notification of Administrative Amendments to Chapter 5, Position Limit, Position Accountability and Reportable Level Table of the NYMEX Rulebook for Twenty (20) Natural Gas Futures and Option Contracts
NYMEX Submission #11-276**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to the Position Limit, Position Accountability and Reportable Level Table located in the Interpretations and Special Notices Section of Chapter 5 of the NYMEX Rulebook. Based on a review of deliverable supply, the Exchange is increasing the expiration month position limits for six (6) groupings of financially settled natural gas futures and option contracts. The analysis is attached herewith under Exhibit A.

Pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and CFTC Rule 40.6, the Exchange hereby certifies that the attached rule amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal. These changes will be made effective on trade date Friday, July 15, 2011.

Should you have any questions concerning the above, please contact Chris Reinhardt, Associate Director, Market Surveillance, at (212) 299-2882, (347) 225-1342 or Chris.Reinhardt@cmegroup.com, or Ryne Toscano, Supervisor, Market Surveillance, at (212) 299-2879, (646) 407-2937 or Ryne.Toscano@cmegroup.com. Alternatively, you may contact the undersigned at (212) 299-2207. Please reference NYMEX Submission No. 11-276 in any related correspondence.

Sincerely,

/s/ Felix Khalatnikov
Dir & Assoc General Counsel

Attachments

NOTIFICATION OF AMENDMENTS TO NYMEX RULEBOOK CHAPTER 5 TABLE
 (Bold/underline indicates additions; strikethrough indicates deletions.)

<u>Contract Name</u>	<u>Rule Chapter</u>	<u>Commodity Code</u>	<u>All Month Account-ability Level</u>	<u>Any One Month Account-ability Level</u>	<u>Expira-tion Month Limit</u>	<u>Report-ing Level</u>	<u>Aggre-gate Into (1)</u>	<u>Aggre-gate Into (2)</u>
			<u>Rule 560</u>	<u>Rule 560</u>	<u>Rule 559</u>	<u>Rule 561</u>		
<i>Natural Gas Inside FERC California</i>								
PG&E Citygate Basis Swap (Platts IFERC) Futures	624	PC	10,000	10,000	2,000 <u>5,000</u>	175	PC	
PG&E Citygate "Pipe" (Platts IFERC) Option	624A	CW	10,000	10,000	2,000 <u>5,000</u>	25	PC	
PG&E Citygate Natural Gas Index Swap (Platt Gas Daily / IFERC) Futures	792	IK	10,000/ 10,000	10,000/ 10,000	2,000/ 2,000 <u>5,000</u>	25	SK	PC
SoCal Basis Swap (Platts IFERC) Futures	520	NS	10,000	10,000	2,000 <u>12,500</u>	25	NS	
SoCal "Pipe" (Platts IFERC) Option	520A	ZN	10,000	10,000	2,000 <u>12,500</u>	25	NS	
SoCal Basis (Platts IFERC) Option	520B	5M	10,000	10,000	2,000 <u>12,500</u>	25	NS	
SoCal Natural Gas Index Swap (Platt Gas Daily / IFERC) Futures	793	IF	10,000/ 10,000	10,000/ 10,000	2,000/ 2,000 <u>12,500</u>	25	SF	NS

East Texas								
Houston Ship Channel Basis Swap (Platts IFERC) Futures	518	NH	10,000	10,000	2,000 <u>7,500</u>	25	NH	
Houston Ship Channel Basis (Platts IFERC) Option	518B	5F	10,000	10,000	2,000 <u>7,500</u>	25	NH	
Houston Ship Channel Natural Gas Index (Platts Gas Daily / Platts IFERC) Futures	703	IP	10,000/ 10,000	10,000/ 10,000	2,000/ 2,000 <u>7,500</u>	25	SM	NH
Northwest Pipeline Corp.								
Rockies Basis Swap (Platts IFERC) Futures	524	NR	10,000	10,000	2,000 <u>7,500</u>	25	NR	
Rockies Basis (Platts IFERC) Option	524B	5I	10,000	10,000	2,000 <u>7,500</u>	25	NR	
Rockies Natural Gas Index Swap (Platt Gas Daily/Platts IFERC) Futures	795	IR	10,000/ 10,000	10,000/ 10,000	2,000/ 2,000 <u>7,500</u>	25	SR	NR
Upper Midwest								
Chicago Basis Swap (Platts IFERC) Futures	517	NB	10,000	10,000	2,000 <u>5,000</u>	175	NB	
Chicago "Pipe" (Platts IFERC) Option	517A	PY	10,000	10,000	2,000 <u>5,000</u>	25	NB	
Chicago Natural Gas Index (Platts Gas Daily / IFERC) Futures	700	IS	10,000/ 10,000	10,000/ 10,000	10,000/ 2,000 <u>5,000</u>	25	SS	NB

West Texas								
Waha Basis Swap (Platts IFERC) Futures	634	NW	10,000	10,000	2,000 <u>5,000</u>	175	NW	
Waha Basis (Platts IFERC) Option	634B	5O	10,000	10,000	2,000 <u>5,000</u>	175	NW	
Waha Natural Gas Index (Platts Gas Daily / Platts IFERC) Futures	705	IY	10,000/ 10,000	10,000/ 10,000	10,000/ 2,000 <u>5,000</u>	25	SY	NW
Platts								
Rockies								
Rockies "Pipe" (Platts IFERC) Option	524A	ZR	10,000	10,000	2,000 <u>7,500</u>	25	NR	

Analysis of the Deliverable Supply

Table 1 below provides the volume reported by *Platts* IFERC in its bid-week surveys for each month from January 2010 through December 2010 for CIG Rocky Mountains, Chicago City-Gate, Houston Ship Channel, Waha, PG&E City-Gate, and Southern California Gas Co. The data is available under *Platts Liquidity in North American Monthly Gas Monthly Gas Markets*¹ report. The monthly data was adjusted to reflect NYMEX contract equivalents (contract size is 2,500 MMBtu). As illustrated in Table 2, below, the average monthly volume, which is captured by the *Platts* IFERC bid-week surveys for each of the six geographical locations, ranges from 3,759 contract equivalents for Waha to 10,039 contract equivalents for CIG Rocky Mountain.

According to the *Platts* IFERC editorial staff, *Platts* captures 51% of the volume reported to index providers. The estimated total index market ranges from 7,518 contract equivalents for Waha to 20,078 contract equivalents for CIG Rocky Mountains.

**Table 1: Volumes from *Platts Liquidity* – North American Monthly Gas Markets Report
(All Volumes are in NYMEX Equivalent Contracts (2,500 MMBtu))**

Month	CIG Rocky Mountains	Chicago City-gates	Houston Ship Channel	Waha	PG&E City-Gate	Southern California Gas Co.
Jan-10	9,214	11,225	6,761	2,336	3,778	8,009
Feb-10	11,175	8,392	8,340	2,041	2,687	4,650
Mar-10	13,595	4,666	12,118	3,917	2,899	6,528
Apr-10	14,522	5,443	6,930	8,830	1,246	7,794
May-10	17,298	8,303	8,100	7,260	5,584	9,734
Jun-10	8,834	7,310	9,746	9,540	6,205	9,510
Jul-10	10,283	3,066	7,934	1,944	4,678	4,067
Aug-10	7,279	8,830	17,258	1,780	462	6,796
Sep-10	9,476	2,892	10,896	1,744	5,432	4,448
Oct-10	4,597	3,841	7,050	1,894	4,584	5,052
Nov-10	6,975	6,772	15,166	1,704	6,757	6,227
Dec-10	7,222	7,012	9,390	2,118	1,610	3,973

¹ <http://www.platts.com/MethodologyAndSpecifications/NaturalGas>

Based on the Energy Policy Act of 2005, the Federal Energy Regulatory Commission ("FERC") issued Order No. 704 which imposed an annual reporting requirement on certain natural gas market participants. The Commission collected information in "Annual Report of Natural Gas Transactions" (Form 552). The data collected for 2009 shows that the respondents who reported fixed price transactions to index publishers accounted for 11% to 13% of the total natural gas volumes reported by Form 552 respondents. The "FERC imputed average" reflects the estimated physical market size based on 13% for each of the six geographical locations. The estimates range from 52,624 contract equivalents for Waha to 140,548 contract equivalents for CIG Rocky Mountains.

As illustrated in Table 2, the recommendation of the new position limits for the six locations are based on the FERC imputed monthly volume. These recommended limits are lower than the estimated physical market for natural gas at the six locations.

Table 2: FERC Imputed Volume and Recommended Limits

(All Volumes are in NYMEX Equivalents (2,500 MMBtu))

	CIG Rocky Mountains	Chicago city- gates	Houston Ship Channel	Waha	PG&E city- gate	Southern California Gas Co.
Platts Market (Monthly Average Volume)	10,039	6,479	9,974	3,759	3,827	6,399
Estimated Total Index Market (Platts)	20,078	12,959	19,948	7,518	7,654	12,798
2010 Average (FERC Imputation)	140,548	90,710	139,637	52,624	53,576	89,586
Recommended Limits	7,500	5,000	7,500	5,000	5,000	12,500