United States 12 Month Oil Fund, LP
Form S-1/A
August 31, 2007

As filed with the Securities and Exchange Commission on August 31, 2007

Registration No. 333-144348

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-1

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

United States 12 Month Oil Fund, LP
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	6770 (Primary Standard Industrial Classification Code Number)	26-0431897 (I.R.S. Employer Identification Number)

1320 Harbor Bay Parkway, Suite 145
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510.522.3336
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
United States 12 Month Oil Fund, LP	11,000,000 Units	$ 50.00	$ 550,000,000	$ 16,885

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(d) under the Securities Act of 1933.

(2) Reflects prior payment of registration fee of $1,535 for 1,000,000 units pursuant to the initial filing of the registration statement on July 5, 2007.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

PRELIMINARY PROSPECTUS

United States 12 Month Oil Fund, LP
11,000,000 Units

United States 12 Month Oil Fund, LP, a Delaware limited partnership, is a commodity pool that will issue units that may be purchased and sold on the American Stock Exchange. United States 12 Month Oil Fund, LP is referred to as US12OF throughout this document. The investment objective of US12OF is for the changes in percentage terms of the units net asset value to reflect the changes in percentage terms of the price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the changes in the average of the prices of 12 futures contracts on crude oil traded on the New York Mercantile Exchange, consisting of the near month contract to expire and the contracts for the following eleven months, for a total of 12 consecutive months contracts, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contracts that are the next month contract to expire and the contracts for the following eleven consecutive months, less US12OF s expenses. When calculating the daily movement of the average price of the 12 contracts each contract month will be equally weighted.

This is a best efforts offering. US12OF will continuously offer creation baskets consisting of 100,000 units to authorized purchasers through ALPS Distributors, Inc., which is the marketing agent. **[TBD]** is expected to be the initial authorized purchaser. A list of US12OF s current authorized purchasers will be available from the marketing agent. Authorized purchasers will pay a transaction fee of $1,000 for each order to create one or more baskets. There are no arrangements to place funds in an escrow, trust, or similar account. This will be a continuous offering and will not terminate until all of the registered units have been sold.

It is anticipated that on the effective date (the date the Securities and Exchange Commission declares the registration statement relating to this prospectus effective), the initial authorized purchaser will, though it is under no obligation to do so, purchase one or more initial creation baskets of 100,000 units at a price per unit of $50.00. It is expected that the proceeds from that purchase will be invested on that day and that US12OF s initial per unit net asset value will be established as of 4:00 p.m. New York City time that day. The units are expected to begin trading on the day following the effective date. Units offered in creation baskets on any day after the effective date will be offered at the per unit net asset value as of the earlier of 4:00 p.m. New York time or the close of trading on the New York Stock Exchange. Authorized purchasers will be the only persons that may place orders to create and redeem baskets. An authorized purchaser is under no obligation to create or redeem baskets, and an authorized purchaser is under no obligation to offer to the public units of any baskets it does create. Authorized purchasers that do offer to the public units from the baskets they create will do so at per-unit offering prices that are expected to reflect, among other factors, the trading price of the units on the American Stock Exchange, the net asset value of US12OF at the time the authorized purchaser purchased the creation basket and the net asset value at the time of the offer of the units to the public, the supply of and demand for units at the time of sale, and the liquidity of the crude oil futures contract market and the market for other crude oil-related investments. The difference between the price paid by authorized purchasers as underwriters and the price paid to such authorized purchasers by investors will be deemed underwriting compensation. Units initially comprising the same basket but offered by authorized purchasers to the public at different times may have different offering prices. We intend to apply to have our units listed on the American Stock Exchange under the ticker symbol USL . Units may trade in the secondary market at prices that are lower or higher relative to their net asset value per unit. The amount of the discount or premium in the trading price relative to the net asset value per unit may be influenced by various factors, including the number of investors who seek to purchase or sell units in the secondary market and the liquidity of the crude oil futures contract market and the market for other crude oil-related investments. Authorized purchasers will not be required to sell any specific number or dollar amount of units.

US12OF is not a mutual fund registered under the Investment Company Act of 1940 and is not subject to regulation under such Act.

Some of the risks of investing in US12OF include:

Investing in crude oil interests subjects US12OF to the risks of the crude oil industry which could result in large fluctuations in the price of US12OF s units.

If certain correlations do not exist, then investors may not be able to use US12OF as a cost-effective way to invest indirectly in crude oil or as a hedge against the risk of loss in crude oil-related transactions.

US12OF does not expect to make cash distributions.

US12OF and its general partner may have conflicts of interest, which may permit them to favor their own interests to your detriment.

US12OF has no operating history so there is no performance history to serve as a basis for you to evaluate an investment in US12OF.

Investing in US12OF involves other significant risks. See What Are the Risk Factors Involved with an Investment in US12OF? beginning on page 11.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (SEC) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OFFERED IN THIS PROSPECTUS, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY

REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE COMMODITY FUTURES TRADING COMMISSION (CFTC) HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS POOL NOR HAS IT PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.

This prospectus is in two parts: a disclosure document and a statement of additional information. These parts are bound together, and both contain important information.

	Per Unit	Per Basket
Price of the units in the first basket(s) sold	$ 50.00	$ 5,000,000.00

The date of this prospectus is [Date], 2007.

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COMMODITY FUTURES TRADING COMMISSION

RISK DISCLOSURE STATEMENT

YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN A COMMODITY POOL. IN SO DOING, YOU SHOULD BE AWARE THAT FUTURES AND OPTIONS TRADING CAN QUICKLY LEAD TO LARGE LOSSES AS WELL AS GAINS. SUCH TRADING LOSSES CAN SHARPLY REDUCE THE NET ASSET VALUE OF THE POOL AND CONSEQUENTLY THE VALUE OF YOUR INTEREST IN THE POOL. IN ADDITION, RESTRICTIONS ON REDEMPTIONS MAY AFFECT YOUR ABILITY TO WITHDRAW YOUR PARTICIPATION IN THE POOL.

FURTHER, COMMODITY POOLS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT, ADVISORY AND BROKERAGE FEES. IT MAY BE NECESSARY FOR THOSE POOLS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF EACH EXPENSE TO BE CHARGED THIS POOL BEGINNING ON PAGE 72 AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT, ON PAGE 6.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMMODITY POOL. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN THIS COMMODITY POOL, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, BEGINNING ON PAGE 11.

YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY POOL MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE TRANSACTIONS FOR THE POOL

MAY BE EFFECTED.

AS OF THE DATE OF THIS PROSPECTUS THIS POOL HAS NOT COMMENCED TRADING AND DOES NOT HAVE ANY PERFORMANCE HISTORY.

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UNITED STATES 12 MONTH OIL FUND, LP

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Until [Date], 2007 (25 days after the date of this prospectus), all dealers effecting transactions in the offered units, whether or not participating in this distribution, may be required to deliver a prospectus. This requirement is in addition to the obligations of dealers to deliver a prospectus when acting as underwriters and with respect to unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

This is only a summary of the prospectus and, while it contains material information about US12OF and its units, it does not contain or summarize all of the information about US12OF and the units contained in this prospectus that is material and/or which may be important to you. You should read this entire prospectus, including What Are the Risk Factors Involved with an Investment in US12OF? beginning on page 11, before making an investment decision about the units.

Overview of US12OF

United States 12 Month Oil Fund, LP, a Delaware limited partnership (US12OF or Us or We), is a commodity pool that will issue units that may be purchased and sold on the American Stock Exchange. US12OF was organized as a limited partnership under Delaware law on June 27, 2007. US12OF is operated pursuant to the Amended and Restated Agreement of Limited Partnership dated [Date] (LP Agreement), which is included as Appendix B. It is managed and controlled by its general partner, Victoria Bay Asset Management, LLC (General Partner). The General Partner is a single member limited liability company formed in Delaware on May 10, 2005 that is registered as a commodity pool operator (CPO) with the Commodity Futures Trading Commission (CFTC) and is a member of the National Futures Association (NFA). US12OF will pay the General Partner a management fee of 0.60% of NAV on all of its assets.

The net assets of US12OF will consist primarily of investments in futures contracts for crude oil, heating oil, gasoline, natural gas, and other petroleum-based fuels that are traded on the New York Mercantile Exchange, ICE Futures or other U.S. and foreign exchanges (collectively, Futures Contracts). This may include contracts that are of the standard industry size as measured in physical amounts of crude oil, as well as similar contracts that are financially settled but are based on a percentage of the standard size contracts. US12OF may also invest in other crude oil-related investments such as cash-settled options on Futures Contracts, forward contracts for crude oil, and over-the-counter transactions that are based on the price of crude oil, heating oil, gasoline, natural gas, and other petroleum-based fuels, Futures Contracts and indices based on the foregoing (collectively, Other Crude Oil-Related Investments). For convenience and unless otherwise specified, Futures Contracts and Other Crude Oil-Related Investments collectively are referred to as Crude Oil Interests in this Prospectus.

US12OF will invest in Crude Oil Interests to the fullest extent possible without being leveraged or unable to satisfy its current or potential margin or collateral obligations with respect to its investments in Futures Contracts and Other Crude Oil-Related Investments. The primary focus of the General Partner will be the investment in Futures Contracts and the management of its investments in short-term obligations of the United States of two years or less (Treasuries), cash and/or cash equivalents for margining purposes and as collateral.

The investment objective of US12OF is to have the changes in percentage terms of the units net asset value reflect the changes in percentage terms of the price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the changes in the average of the prices of 12 Futures Contracts on crude oil traded on the New York Mercantile Exchange (the Benchmark Futures Contracts), consisting of the near month contract to expire and the contracts for the following eleven months, for a total of 12 consecutive months contracts, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contracts that are the next month contract to expire and the contracts for the following eleven consecutive months, less US12OF s expenses. When calculating the daily movement of the average price of the 12 contracts each contract month will be equally weighted.

The General Partner believes that holding futures contracts whose expiration dates are spread out over a 12 month period of time will cause the total return of such a portfolio to vary compared to a portfolio that holds only a single month s contract (such as the near month contract). In particular, the General Partner believes that the total return of a portfolio holding contracts with a range of expiration months will be impacted differently by the price relationship between different contract months of the same commodity future compared to the total return of a portfolio consisting of the near month contract. For example, in cases in which the near month contract s price is higher than the price of contracts that expire later in time (a situation known as backwardation in the futures markets), then absent the impact of the overall movement in crude oil prices the value of the near month contract would tend to rise as it approaches expiration. Conversely, in

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cases in which the near month contract s price is lower than the price of contracts that expire later in time (a situation known as contango in the futures markets), then absent the impact of the overall movement in crude oil prices the value of the near month contract would tend to decline as it approaches expiration. The total return of a portfolio that owned the near month contract and rolled forward each month by selling the near month contract as it approached expiration and purchasing the next month to expire would be positively impacted by a backwardation market, and negatively impacted by a contango market. Depending on the exact price relationship of the different month s prices, portfolio expenses, and the overall movement of crude oil prices, the impact of backwardation and contango could have a major impact on the total return of such a portfolio over time. The General Partner believes that based on historical evidence a portfolio that held futures contracts with a range of expiration dates spread out over a 12 month period of time would typically be impacted less by the positive effect of backwardation and the negative effect of contango compared to a portfolio that held contracts of a single near month. As a result, absent the impact of any other factors, a portfolio of 12 different monthly contracts would tend to have a lower total return than a near month only portfolio in a backwardation market and a higher total return in a contango market. However, there can be no assurance that such historical relationships would provide the same or similar results in the future.

It is not the intent of US12OF to be operated in a fashion such that its NAV will equal, in dollar terms, the dollar price of spot crude oil or any particular futures contract or contracts based on crude oil. US12OF will invest in interests other than the Benchmark Futures Contract to comply with accountability levels and position limits. For a detailed discussion of accountability levels and position limits, see What are Futures Contracts?

As a specific benchmark, the General Partner will endeavor to place US12OF s trades in Futures Contracts and Other Crude Oil-Related Investments and otherwise manage US12OF s investments so that A will be within plus/minus 10 percent of B , where:

A is the average daily change in US12OF s NAV for any period of 30 successive valuation days, i.e., any day as of which US12OF calculates its NAV, and
B is the average daily change in the average of the prices of the Benchmark Futures Contracts over the same period.

An investment in the units will allow both retail and institutional investors to easily gain exposure to the crude oil market in a cost-effective manner. The units are also expected to provide additional means for diversifying an investor s investments or hedging exposure to changes in crude oil prices.

The composition of the Benchmark Futures Contracts will be changed or rolled by selling the near month contract during one day and buying the contract which at that time is the thirteenth month contract. For example, the Benchmark Futures Contracts on June 1 of any given year would include the near month contract that would expire in July, and the next eleven contract months, which would be August of the current year through June of the following year, for a total of 12 months. When the July contract is within two weeks of expiration, the Benchmark would no longer make use of the July contract of the current year and would instead add the July contract of the next year. The Benchmark Futures Contracts would remain 12 consecutive contract months but they would now consist of the August contract of the current year through the July contract of the next year.

The General Partner will employ a neutral investment strategy intended to track the changes in the price of the Benchmark Futures Contracts crude oil regardless of whether these prices go up or go down. US12OF s neutral investment strategy is designed to permit investors generally to purchase and sell US12OF s units for the purpose of investing indirectly in crude oil in a cost-effective manner, and/or to permit participants in the crude oil markets or other industries to hedge the risk of losses in their crude oil-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in crude oil and/or the risks involved in hedging may exist. In addition, an investment in US12OF involves the risk that the changes in the price of US12OF s units will not accurately track the changes in the average of the prices of the Benchmark Futures Contracts. For example, US12OF will also invest a substantial amount of its assets in Treasuries, cash and/or cash equivalents to be used to meet its current or potential margin or collateral requirements with respect to its investments in Futures Contracts and

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Other Crude Oil-Related Investments. US12OF does not expect there to be any meaningful correlation between the performance of its investments in Treasuries/cash/cash equivalents and the changes in the price of crude oil. While the level of interest earned on or the market price of these investments may in some respect correlate to changes in the price of crude oil, this correlation is not anticipated as part of US12OF s efforts to meet its objectives. This and certain risk factors discussed in this prospectus may cause a lack of correlation between the changes in US12OF s NAV and the changes in the price of crude oil.

US12OF will create and redeem units only in blocks of 100,000 units called Creation Baskets and Redemption Baskets, respectively. Only Authorized Purchasers may purchase or redeem Creation Baskets or Redemption Baskets. An Authorized Purchaser is under no obligation to create or redeem baskets, and an Authorized Purchaser is under no obligation to offer to the public units of any baskets it does create. It is expected that baskets will be created when there is sufficient demand for units that the market price per unit is at a premium to the NAV per unit. Authorized Purchasers will then sell such units, which will be listed on the American Stock Exchange, to the public at per-unit offering prices that are expected to reflect, among other factors, the trading price of the units on the American Stock Exchange, the NAV of US12OF at the time the Authorized Purchaser purchased the Creation Baskets and the NAV at the time of the offer of the units to the public, the supply of and demand for units at the time of sale, and the liquidity of the Futures Contracts market and the market for Other Crude Oil-Related Investments. The prices of units offered by authorized purchasers are expected to fall between US12OF s NAV and the trading price of the units on the American Stock Exchange at the time of sale. Similarly, it is expected that baskets will be redeemed when the market price per unit is at a discount to the NAV per unit. Retail investors seeking to purchase or sell units on any day are expected to effect such transactions in the secondary market, on the American Stock Exchange, at the market price per unit, rather than in connection with the creation or redemption of baskets.

The minimum number of Creation Baskets that must be sold is one. All proceeds from the sale of Creation Baskets will be invested as quickly as possible in the investments described in this prospectus. There will be no escrow or similar holding of funds that has a time period or other conditions. Investments will be held through US12OF s custodian, Brown Brothers Harriman & Co. (Custodian) or through accounts with US12OF s commodity futures brokers. There is no stated maximum time period for US12OF s operations and the fund will continue until all units are redeemed or the fund is liquidated pursuant to the terms of the LP Agreement.

There is no specified limit on the maximum amount of Creation Baskets that can be sold. At some point, position limits on certain of the Futures Contracts in which US12OF intends to invest may practically limit the maximum amount of Creation Baskets that will be sold if the General Partner determines that the other investment alternatives available to US12OF at that time will not enable it to meet its stated investment objective. In this regard, the General Partner also manages the United States Oil Fund, LP (USOF) that currently invests in near-month and next month to expire Futures Contracts for light, sweet crude oil primarily traded on the New York Mercantile Exchange. Any Futures Contracts held by USOF will be aggregated with the ones held by US12OF in determining New York Mercantile Exchange position limits.

Units may also be purchased and sold by individuals and entities that are not Authorized Purchasers in smaller increments than Creation Baskets on the American Stock Exchange. However, these transactions will be effected at bid and ask prices established by specialist firm(s). Like any listed security, units of US12OF can be purchased and sold at any time a secondary market is open.

In managing US12OF s assets, the General Partner does not intend to use a technical trading system that issues buy and sell orders. The General Partner intends instead to employ quantitative methodologies whereby each time one or more baskets are purchased or redeemed, the General Partner will purchase or sell Futures Contracts and Other Crude Oil-Related Investments with an aggregate face amount that approximates the amount of Treasuries and /or cash received or paid upon the purchase or redemption of the basket(s).

Note to Secondary Market Investors: The units can be directly purchased from or redeemed by US12OF only in Creation Baskets or Redemption Baskets, respectively, and only by Authorized Purchasers. Each Creation Basket and Redemption Basket will consist of 100,000 units and may be worth millions of dollars. Individual investors, therefore, will not be able to directly purchase units from or redeem units with US12OF. Some of the information contained in this prospectus, including information about buying and redeeming units

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directly from and to US12OF is only relevant to Authorized Purchasers. Units will also be listed and traded on the American Stock Exchange under the ticker symbol USL and may be purchased and sold as individual units. Individuals interested in purchasing units in the secondary market should contact their broker. Units purchased or sold through a broker may be subject to commissions.

Except when aggregated in Redemption Baskets, units will not be redeemable securities. There is no guarantee that units will trade at or near the per-unit NAV.

The Units

The units are registered as securities under the Securities Act of 1933 (1933 Act) and will not provide dividend rights or conversion rights and there will not be sinking funds. The units may only be redeemed when aggregated in Redemption Baskets as discussed under Creations and Redemptions and limited partners will have limited voting rights as discussed under Who is the General Partner? Cumulative voting will neither be permitted nor required and there will be no preemptive rights. As discussed in the LP Agreement, upon liquidation of US12OF, its assets will be distributed pro rata to limited partners based upon the number of units held. Each limited partner will receive its share of the assets in cash or in kind, and the proportion of such share that is received in cash may vary from partner to partner, as the General Partner in its sole discretion may decide.

This will be a continuous offering under Rule 415 of the 1933 Act and will terminate when all of the registered units have been sold. It is anticipated that when all registered units have been sold, additional units will be registered in subsequent continuous offerings. As discussed above, the minimum purchase requirement for Authorized Purchasers is a Creation Basket, which will consist of 100,000 units. Under the plan of distribution, US12OF does not require a minimum purchase amount for investors who purchase units from Authorized Purchasers. There are no arrangements to place funds in an escrow, trust, or similar account.

US12OF s Investments in Crude Oil Interests

A brief description of the principal types of Crude Oil Interests in which US12OF may invest is set forth below.

A futures contract is a standardized contract traded on a futures exchange that calls for the future delivery of a specified quantity of a commodity at a specified time and place. Some futures exchanges also list similar contracts that are financially settled but are based on a percentage of the standard size contracts. In the commodity futures market, a series of consecutive monthly contracts traded together, or whose returns are calculated together, is commonly referred to as a strip (some examples would be a six month strip , a twelve month strip , or, if all twelve months fell in the same year, a calendar strip).

A forward contract is a supply contract between principals, not traded on an exchange, to buy or sell a specified quantity of a commodity at or before a specified date at a specified price.

A spot contract is a cash market transaction in which the buyer and seller agree to the immediate purchase and sale of a commodity, usually with a two-day settlement. Spot contracts are not uniform and are not exchange-traded.

An option on a futures contract, forward contract or a commodity on the spot market gives the buyer of the option the right, but not the obligation, to buy or sell a futures contract, forward contract or a commodity as applicable, at a specified price on or before a specified date. Options on futures contracts are standardized contracts traded on an exchange, while options on forward contracts and commodities on the spot market, referred to collectively in this Prospectus as over-the-counter options, generally are individually negotiated, principal-to-principal contracts not traded on an exchange.

Over-the-counter contracts (such as swap contracts) generally involve an exchange of a stream of payments between the contracting parties. Over-the-counter contracts generally are not uniform and not exchange-traded.

A more detailed description of Crude Oil Interests and other aspects of the crude oil and crude oil interest markets can be found later in this prospectus.

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As noted, US12OF expects to invest primarily in Futures Contracts, including those traded on the New York Mercantile Exchange. US12OF expressly disclaims any association with such Exchange or endorsement of US12OF by such Exchange and acknowledges that NYMEX and New York Mercantile Exchange are registered trademarks of such Exchange.

Principal Investment Risks of an Investment in US12OF

An investment in US12OF involves a degree of risk. Some of the risks you may face are summarized below. A more extensive discussion of these risks appears beginning on page 11.

Unlike mutual funds, commodity pools or other investment pools that actively manage their investments in an attempt to realize income and gains from their investing activities and distribute such income and gains to their investors, US12OF generally does not expect to distribute cash to limited partners or other unitholders. You should not invest in US12OF if you will need cash distributions from US12OF to pay taxes on your share of income and gains of US12OF, if any, or for any other reason.

There is the risk that the changes in the price of US12OF s units on the American Stock Exchange will not closely track the changes in the price of crude oil. This could happen if the price of units traded on the American Stock

Exchange does not correlate closely with US12OF s NAV; the changes in US12OF s NAV do not closely correlate with the changes in the average of the prices of the Benchmark Futures Contracts; or the changes in the average of the prices of the Benchmark Futures Contracts do not closely correlate with the changes in the cash or spot price of crude oil. This is a risk because if these correlations do not exist, then investors may not be able to use US12OF as a cost-effective way to invest indirectly in crude oil or as a hedge against the risk of loss in crude oil-related transactions.

US12OF seeks to have the changes in its units NAV in percentage terms track changes in the price of the Benchmark Futures Contracts in percentage terms rather than profit from speculative trading of Crude Oil Interests. The General Partner will therefore endeavor to manage US12OF s positions in Crude Oil Interests so that US12OF s assets are, unlike those of other commodity pools, not leveraged (i.e., so that the aggregate value of US12OF s unrealized losses from its investments in such Crude Oil Interests at any time will not exceed the value of US12OF s assets). There is no assurance that the General Partner will successfully implement this investment strategy. If the General Partner permits US12OF to become leveraged, you could lose all or substantially all of your investment if US12OF s trading positions suddenly turn unprofitable. These movements in price may be the result of factors outside of the General Partner s control and may not be anticipated by the General Partner.

As described above the Benchmark Futures Contracts consist of the near month contract to expire and the contracts for the following eleven months, except during the last two weeks of the current month when the near month contract is sold and replaced by the futures contract for the twelfth month following the current month. The price relationship among these contracts will vary and may impact both the total return over time of US12OF s NAV, as well as the degree to which its total return tracks other crude oil price indices total returns. In cases in which the near month contract s price is lower than the twelfth following month contract s price (a situation known as contango in the futures markets), then absent the impact of the overall movement in crude oil prices the value of the near month contract would tend to decline as it approaches expiration. In cases in which the near month contract s price is higher than the twelfth month contract s price (a situation known as backwardation in the futures markets), then absent the impact of the overall movement in crude oil prices the value of the near month contract would tend to rise as it approaches expiration. A portfolio, such as US12OF s, that consists of twelve different monthly contracts that roll just one month as described above, will be impacted differently by contango and backwardation than a portfolio that consists of just the near month contract that rolls each month to the next month contract.

Investors may choose to use US12OF as a means of investing indirectly in crude oil and there are risks involved in such investments. The risks and hazards that are inherent in the crude oil industry

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may cause the price of crude oil to widely fluctuate. The exploration for, and production of, crude oil is an uncertain process with many risks. The cost of drilling, completing and operating wells for crude oil is often uncertain, and a number of factors can delay or prevent drilling operations or production.

Investors, including those who directly participate in the crude oil market, may choose to use US12OF as a vehicle to hedge against the risk of loss and there are risks involved in hedging activities. While hedging can provide protection against an adverse movement in market prices, it can also preclude a hedgor s opportunity to benefit from a favorable market movement.

US12OF expects to invest primarily in Futures Contracts that are traded in the United States. However, a portion of US12OF s trades may take place in markets and on exchanges outside the United States. Some non-U.S. markets present risks because they are not subject to the same degree of regulation as their U.S. counterparts. In some of these non-U.S. markets, the performance on a contract is the responsibility of the counterparty and is not backed by an exchange or clearing corporation and therefore exposes US12OF to credit risk. Trading in non-U.S. markets also leaves US12OF susceptible to fluctuations in the value of the local currency against the U.S. dollar.

US12OF may also invest in Other Crude Oil-Related Investments, many of which are negotiated contracts that are not as liquid as Futures Contracts and expose US12OF to credit risk that its counterparty may not be able to satisfy its obligations to US12OF.

US12OF will pay fees and expenses that are incurred regardless of whether it is profitable.

You will have no rights to participate in the management of US12OF and will have to rely on the duties and judgment of the General Partner to manage US12OF.

The structure and operation of US12OF may involve conflicts of interest. For example, a conflict may arise because the General Partner and its principals and affiliates may trade for themselves. In addition, the General Partner has sole current authority to manage the investments and operations, which may create a conflict with the unitholders best interests. The General Partner may also have a conflict to the extent that its trading decisions may be influenced by the effect they would have on the United States Oil Fund, LP (USOF) or the United States Natural Gas Fund, LP (USNG), two other commodity pools that it manages, or any other commodity pool the General Partner has formed and manages or may form and manage in the future.

US12OF is new and has no operating history. Therefore, you do not have the benefit of reviewing the past performance of US12OF as a basis for you to evaluate an investment in US12OF.

For additional risks, see What Are the Risk Factors Involved with an Investment in US12OF?

Principal Offices of US12OF and the General Partner

US12OF s principal office is located at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. The telephone number is 510.522.3336. The General Partner s principal office is also located at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502.

Financial Condition of US12OF

US12OF will not calculate the NAV prior to the effective date. The initial NAV will be determined as of 4:00 p.m. New York time on the effective date.

Defined Terms

For a glossary of defined terms, see Appendix A.

Breakeven Analysis

The breakeven analysis below indicates the approximate dollar returns and percentage required for the redemption value of a hypothetical $50.00 initial investment in a single unit to equal the amount invested twelve months after the investment was made. This breakeven analysis refers to the redemption of baskets by Authorized Purchasers and is not related to any gains an individual investor would have to achieve in order to break even. The breakeven analysis is an approximation only.

Assumed initial selling price per unit	$ 50.00
Management Fee (0.60%)[1]	$ .30
Creation Basket Fee[2]	$ (.01)
Estimated Brokerage Fee (0.016%)[3]	$ .01
Interest Income (4.13%)[4]	$ (2.07)
New York Mercantile Exchange Licensing Fee[5]	$ .02
Independent Directors and Officers Fees[6]	$ .02

Fees and expenses associated with tax accounting and reporting[7]	$ .075
Amount of trading income (loss) required for the redemption value at the end of one year to equal the initial selling price of the unit	$ (1.66)
Percentage of initial selling price per unit	0 %

(1) US12OF is contractually obligated to pay the General Partner a management fee based on daily net assets and paid monthly of 0.60% per annum on average net assets.

(2) Authorized Purchasers are required to pay a Creation Basket fee of $1,000 for each order they place to create one or more baskets. An order must be at least one basket, which is 100,000 units. This breakeven analysis assumes a hypothetical investment in a single unit so the Creation Basket fee is $.01 (1,000/100,000).

(3) US12OF determined this estimate as follows. The breakeven analysis assumes an initial investment by an investor in one unit. Assuming the price of the unit is $50.00, US12OF would receive $5,000,000 upon the sale of a Creation Basket (100,000 units multiplied by $50.00). Assuming no change in the settlement price of the contracts, US12OF would be required to initially purchase approximately 72 futures contracts to support the Creation Basket ($5,000,000 divided by the average total value of the 12 crude oil contracts of $69,440 (as of June 26, 2007 the average settlement price for the 12 benchmark crude oil contracts was $69.44)). As a result, US12OF would own 6 contracts expiring in each of the next 12 months. Every month after the first month, US12OF would need to sell the 6 contracts closest to expiration and purchase 6 more contracts that are in the 13th month from expiration. Assuming futures commission merchants charge approximately $4.00 per crude oil contract for each buy or sale, the monthly futures commission merchant commission charges would be approximately $48.00. Assuming no change in the settlement price of the contracts the annual commission charge per Creation Basket would be approximately $816 (72 initial contracts bought * $4 plus approximately $48 per month * 11 months). As a percentage of the total investment of $5,000,000 to support the issuance of the Creation Basket, US12OF s annual commission expense would be approximately 0.016% ($816 divided by $5,000,000).

(4) US12OF will earn interest on funds it will deposit with the futures commission merchant and the Custodian and it estimates that the interest rate will be 4.13% based on the current interest rate on three-month Treasury Bills as of August 24, 2007. The actual rate may vary.

(5) Assuming the aggregate assets of US12OF, USOF and USNG are $1,000,000,000 or less, the New York Mercantile Exchange licensing fee is .04%. The foregoing assumes that the fee will be charged based upon the aggregation of the assets of US12OF with those of USOF and USNG. At present, only USOF and USNG pay this fee pursuant to an Agreement with the New York Mercantile Exchange. For more information see Fees of US12OF.

(6) The foregoing assumes that the assets of US12OF are aggregated with those of USOF and USNG, that the aggregate fees to be paid to the independent directors for 2007 equals $276,000, that the allocable portion of the fees borne by US12OF will equal 15 percent of the aggregate assets of USOF, USNG and US12OF, or $41,400, and that US12OF will have $100 million in assets.

(7) US12OF assumed the aggregate costs attributable to tax accounting and reporting to be $150,000. This estimate is based on the experience of the General Partner in its management of similar funds. The number in the break-even table assumes US12OF has $100 million in assets.

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The Offering

Offering

US12OF will be offering Creation Baskets consisting of 100,000 units through ALPS Distributors, Inc. (Marketing Agent) as marketing agent to Authorized Purchasers. The initial Authorized Purchaser will purchase one or more initial Creation Baskets of 100,000 units at an initial offering price per unit equal to $50.00. The initial Authorized Purchaser intends to offer the units of the initial Creation Basket(s) publicly. The effective date will be the date on which the SEC declares the registration statement relating to this prospectus effective and is expected to be the date of the sale of the initial Creation Basket(s). However, the proceeds are not expected to be invested until the order for the first Creation Basket has settled and cash is received from the initial Authorized Purchaser. The units are expected to begin trading on the day following the purchase of the initial Creation Basket(s) by the initial Authorized Purchaser.

Use of Proceeds:

The General Partner will initially apply all of US12OF s assets toward trading in Futures Contracts and investing in Treasuries, cash and/or cash equivalents. The General Partner expects to deposit substantially all of US12OF s net assets with the futures commission merchant, UBS Securities LLC, or other custodian to be used to meet its current or potential margin or collateral requirements in connection with its investment in Futures Contracts. US12OF will use only Treasuries, cash and/or cash equivalents to satisfy these requirements. The General Partner expects that all entities that will hold or trade US12OF s assets will be based in the United States and will be subject to United States regulations. The General Partner believes that 5% to 10% of US12OF s assets will normally be committed as margin for Futures Contracts. However, from time to time, the percentage of assets committed as margin may be substantially more, or less, than such range. The remaining portion of US12OF s assets will be held in Treasuries, cash and/or cash equivalents by its custodian, Brown Brothers Harriman & Co. (Custodian) or posted as collateral to support US12OF s investments in Crude Oil Interests. All interest income earned on these investments will be retained for US12OF s benefit.

American Stock Exchange Symbol:

USL

Creation and Redemption:

Authorized Purchasers will pay a $1,000 fee for each order to create or redeem one or more Creation Baskets or Redemption Baskets. Authorized Purchasers will not be required to sell any specific number or dollar amount of units. The per unit price of units offered in Creation Baskets on any day after the effective date will be the per-unit NAV of US12OF calculated shortly after the close of the New York Stock Exchange on that day divided by the number of issued and outstanding units.

Withdrawal:

As discussed in the LP Agreement, if the General Partner gives at least fifteen (15) days written notice to a limited partner, then the General Partner may for any reason, in its sole discretion, require any such limited partner to withdraw entirely from the partnership or to withdraw a portion of its partner capital account. If the General Partner does not give at least fifteen (15) days written notice to a limited partner, then it may only require withdrawal of all or any portion of the capital account of any limited partner in the following circumstances:

(i)

the unitholder made a misrepresentation to the General Partner in connection with its purchase of units; or

(ii)

the limited partner s ownership of units would result in the violation of any law or regulation applicable to the partnership or a partner.

Registration Clearance and Settlement:

Individual certificates will not be issued for the units. Instead, units will be represented by one or more global certificates, which will be deposited by the Custodian with the Depository Trust Company (DTC) and registered in the name of Cede & Co., as nominee for DTC. The global certificates evidence all of the units outstanding at any time. Unitholders are limited to (1) participants in DTC such as banks, brokers, dealers and trust companies (DTC Participants), (2) those who maintain, either directly or indirectly, a custodial relationship with a DTC Participant (Indirect Participants), and (3) those banks, brokers, dealers, trust companies and others who hold interests in the units through DTC Participants or Indirect Participants, in each case who satisfy the requirements for transfers of units. DTC Participants acting on behalf of investors holding units through such participants accounts in DTC will follow the delivery practice applicable to securities eligible for DTC s Same-Day Funds Settlement System. Units will be credited to DTC Participants securities accounts following confirmation of receipt of payment.

The administrator, Brown Brothers Harriman & Co. (Administrator) has been appointed registrar and transfer agent for the purpose of registering and transferring units. The General Partner will recognize transfer of units only if such transfer is done in accordance with the LP Agreement, including the delivery of a transfer application.

Net Asset Value:

The NAV is calculated by taking the current market value of US12OF s total assets and subtracting any liabilities. Under US12OF s current operational procedures, the Administrator calculates the NAV of US12OF s units as of the earlier of 4:00 p.m. New York time or the close of the New York Stock Exchange each day. The American Stock Exchange currently calculates an approximate net asset value every 15 seconds throughout each day US12OF s units are traded on the American Stock Exchange for as long as the New York Mercantile Exchange s main pricing mechanism is open.

Fund Expenses:

US12OF will pay the General Partner a management fee of 0.60% of NAV on its average net assets. Brokerage fees for Treasuries, Futures Contracts, and Other Crude Oil-Related Investments are estimated to be 0.016% and will be paid to unaffiliated brokers. US12OF also pays any licensing fees for the use of intellectual property. Registration fees paid to the SEC, the Financial Industry Regulatory Authority (FINRA), formerly the National Association of Securities Dealers, or other regulatory agency in connection with the initial offer and sale of the units and the legal, printing, accounting and other expenses associated with such registration will be paid by the General Partner, but the fees and expenses associated with subsequent SEC registrations of units will be borne by US12OF. The license fee paid to the New York Mercantile Exchange is 0.04% of NAV for the first $1,000,000 of assets and 0.02% of NAV after the first $1,000,000 of assets. The foregoing assumes that the assets of US12OF are aggregated with those of USOF, USNG and other funds formed or to be formed by the General Partner. US12OF also is responsible for the fees and expenses, which may include directors and officers liability insurance, of the independent directors of the General Partner in connection with their activities with respect to US12OF. These director fees and expenses may be shared with other funds managed by the General Partner. These fees and expensese are currently estimated to be $276,000 for 2007, though this amount may change in future years. The General Partner, and not US12OF, is responsible for payment of the fees of US12OF s Marketing Agent, Administrator and Custodian. US12OF and/or the General Partner

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may be required to indemnify the Marketing Agent, Administrator or Custodian under certain circumstances. US12OF also pays the fees and expenses associated with its tax accounting and reporting requirements with the exception of certain initial implementation services fees and base services fees which will be paid by the General Partner.

Termination Events:

US12OF shall continue in effect from the date of its formation in perpetuity, unless sooner terminated upon the occurrence of any one or more of the following events: the death, adjudication of incompetence, bankruptcy, dissolution, withdrawal, or removal of a General Partner who is the sole remaining General Partner, unless a majority in interest of limited partners within ninety (90) days after such event elects to continue the partnership and appoints a successor general partner; or the affirmative vote of a majority in interest of the limited partners subject to certain conditions. Upon termination of the partnership, the affairs of the partnership shall be wound up and all of its debts and liabilities discharged or otherwise provided for in the order of priority as provided by law. The fair market value of the remaining assets of the partnership shall then be determined by the General Partner. Thereupon, the assets of the partnership shall be distributed pro rata to the partners in accordance with their units.

Authorized Purchasers:

We expect the initial Authorized Purchaser to be **[TBD]**. We expect subsequent Authorized Purchasers to purchase or redeem Creation Baskets or Redemption Baskets, respectively, from or to US12OF. Authorized Purchasers must be (1) registered broker-dealers or other securities market participants, such as banks and other financial institutions, that are not required to register as broker-dealers to engage in securities transactions, and (2) DTC Participants. To become an Authorized Purchaser, a person must enter into an Authorized Purchaser Agreement with the General Partner.

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What Are the Risk Factors Involved with an Investment in US12OF?

You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included in this Prospectus, including US12OF s financial statements and the related notes.

Risks Associated With Investing Directly or Indirectly in Crude Oil

Investing in Crude Oil Interests subjects US12OF to the risks of the crude oil industry and this could result in large fluctuations in the price of US12OF s units.

US12OF is subject to the risks and hazards of the crude oil industry because it invests in oil interests. The risks and hazards that are inherent in the oil industry may cause the price of oil to widely fluctuate. If US12OF s units accurately track the percentage changes in the Benchmark Futures Contracts or the spot price of light, sweet crude oil, then the price of its units may also fluctuate.

The risks of crude oil drilling and production activities include the following:

- no commercially productive crude oil or natural gas reservoirs will be found;
- crude oil and natural gas drilling and production activities may be shortened, delayed or canceled;
- the ability of an oil producer to develop, produce and market reserves may be limited by:
  - title problems,
  - political conflicts, including war,
  - weather conditions,
  - compliance with governmental requirements,
  - refinery capacity, and
- mechanical difficulties or shortages or delays in the delivery of drilling rigs and other equipment;
- decisions of the cartel of oil producing countries (e.g., OPEC, the Organization of the Petroleum Exporting Countries), to produce more or less oil;
- increases in oil production due to price rises may make it more economical to extract oil from additional sources and may later temper further oil price increases; and
- economic activity of users, as certain economies oil consumption increases (e.g., China, India) and as economies contract (in a recession or depression), oil demand and prices fall.

The crude oil industry experiences numerous operating risks. These operating risks include the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards. Environmental hazards include oil spills, natural gas leaks, ruptures and discharges of toxic gases.

Crude oil operations also are subject to various U.S. federal, state and local regulations that materially affect operations. Matters regulated include discharge permits for drilling operations, drilling and abandonment bonds, reports concerning operations, the spacing of wells and pooling of properties and taxation. At various times, regulatory agencies have imposed price controls and limitations on production. In order to conserve supplies of crude oil and natural gas, these agencies have restricted the rates of flow of crude oil and natural gas wells below actual production capacity. Federal, state, and local laws regulate production, handling, storage, transportation and disposal of crude oil and natural gas, by-products from crude oil and natural gas and other substances and materials produced or used in connection with crude oil and natural gas operations.

The price of US12OF s units may be influenced by factors such as the supply and demand for crude oil and the supply and demand for US12OF s units. This may cause the units to trade at a price that is above or below US12OF s NAV per unit. Accordingly, changes in the price of units may substantially vary from changes in the price of crude oil. If this variation occurs, then you may not be able to effectively use US12OF as a way to hedge against crude oil-related losses or as a way to indirectly invest in crude oil.

While it is expected that the trading prices of the units will fluctuate in accordance with the changes in US12OF s NAV, the prices of units may also be influenced by other factors, including the supply and demand

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for crude oil and the units. There is no guarantee that the units will not trade at appreciable discounts from, and/or premiums to, US12OF s NAV. This could cause the changes in the price of the units to substantially vary from the changes in the price of crude oil. This may be harmful to you because if changes in the price of units vary substantially from changes in the Benchmark Futures Contract or the spot price of crude oil, then you may not be able to effectively use US12OF as a way to hedge the risk of losses in your crude oil-related transactions or as a way to indirectly invest in crude oil.

Changes in US12OF s NAV may not correlate with changes in the price of the Benchmark Futures Contracts. If this were to occur, you may not be able to effectively use US12OF as a way to hedge against crude oil-related losses or as a way to indirectly invest in crude oil.

The General Partner will endeavor to invest US12OF s assets as fully as possible in Futures Contracts and Other Crude Oil-Related Investments so that changes in percentage terms in the NAV will closely correlate with changes in percentage terms in the price of the Benchmark Futures Contracts. However, changes in US12OF s NAV may not correlate with changes in the price of the Benchmark Futures Contracts for several reasons as set forth below:

US12OF (i) may not be able to buy/sell the exact amount of Futures Contracts and Other Crude Oil-Related Investments to have a perfect correlation with NAV; (ii) may not always be able to buy and sell Futures Contracts or Other Crude Oil-Related Investments at the market price; (iii) may not experience a perfect correlation between the Benchmark Futures Contract and the underlying investments in Futures Contracts, Other Crude Oil-Related Investments and Treasuries, cash and cash equivalents, and (iv) is required to pay fees, including brokerage fees and the management fee, which will have an effect on the correlation.

Supply and demand for crude oil may cause the changes in the market price of the Benchmark Futures Contracts to vary from changes in US12OF s NAV if US12OF has fully invested in Futures Contracts that do not reflect such supply and demand and it is unable to replace such contracts with Futures Contracts that do reflect such supply and demand.

US12OF plans to buy only as many Futures Contracts and Other Crude Oil-Related Investments that it can to get the changes in percentage terms of the NAV as close as possible to the changes in percentage terms in the price of the Benchmark Futures Contracts. The remainder of its assets will be invested in Treasuries, cash and/or cash equivalents and will be used to satisfy initial margin and additional margin requirements, if any, and to otherwise support its investments in Crude Oil Interests. Investments in Treasuries, cash and/or cash equivalents, both directly and as margin, will provide rates of return that will vary from changes in the value of the price of crude oil and the price of the Benchmark Futures Contract.

In addition, because US12OF will incur certain expenses in connection with its investment activities, and will hold most of its assets in more liquid short-term securities for margin and other liquidity purposes and for redemptions that may be necessary on an ongoing basis, the General Partner will not be able to fully invest US12OF s assets in Futures Contracts or Other Crude Oil-Related Investments and there cannot be perfect correlation between changes in US12OF s NAV and changes in the price of the Benchmark Futures Contracts.

As US12OF grows, there may be more or less correlation. For example, if US12OF only has enough money to buy three Benchmark Futures Contracts and it needs to buy four contracts to track the price of crude oil then the correlation will be lower, but if it buys 20,000 Benchmark Futures Contracts and it needs to buy 20,001 contracts then the correlation will be higher. At certain asset levels, US12OF may be limited in its ability to purchase the Benchmark Futures Contracts or other Futures Contracts due to accountability levels imposed by the relevant exchanges. To the extent that US12OF invests in these other Futures Contracts or Other Crude Oil-Related Investments, the correlation with the Benchmark Futures Contracts may be lower. If US12OF is required to invest in other Futures Contracts and Other Crude Oil-Related Investments that are less correlated with the Benchmark Futures Contracts, US12OF would likely invest in over-the-counter contracts to increase the level of correlation of US12OF s assets. Over-the-counter contracts entail certain risks described below under Over-the-Counter Contract Risk.

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US12OF anticipates that it will invest in equal amounts of each of the Benchmark Futures Contracts. Certain months of these futures contracts may have less liquidity and availability than other months of these future contracts. The inability to purchase and hold the Benchmark Futures Contracts in equal amounts may cause less correlation between the units NAV and the average of the prices of the Benchmark Futures Contracts.

US12OF may not be able to buy the exact number of Futures Contracts and Other Crude Oil-Related Investments to have a perfect correlation with the Benchmark Futures Contracts if the purchase price of Futures Contracts required to be fully invested in such contracts is higher than the proceeds received for the sale of a Creation Basket on the day the basket was sold. In such case, US12OF could not invest the entire proceeds from the purchase of the Creation Basket in such futures contracts (for example, assume US12OF receives $4,000,000 for the sale of a Creation Basket and assume that the average of the prices of the Futures Contracts for crude oil that reflects the prices of the Benchmark Futures Contracts is $65.94, then US12OF could only invest in Futures Contracts with an aggregate value of $3,956,700), US12OF would be required to invest a percentage of the proceeds in Treasuries to be deposited as margin with the futures commission merchant through which the contract was purchased. The remainder of the purchase price for the Creation Basket would remain invested in Treasuries, cash and/or cash equivalents as determined by the General Partner from time to time based on factors such as potential calls for margin or anticipated redemptions. If the trading market for Futures Contracts is suspended or closed, US12OF may not be able to purchase these investments at the last reported price for such investments.

> US12OF may make use of mini contracts as a way of investing a dollar amount in contracts that may more closely match the dollar amount of net assets of the fund. However, even the use of mini contracts does not completely eliminate the risk that US12OF will not be able to buy or sell the exact number of Futures Contracts necessary. In addition there is a risk that because of the size and relative liquidity of such contracts

when compared to standard size Futures Contracts such as the Benchmark Futures Contracts, the price of a smaller contract for a particular month may not equate to the Benchmark Futures Contract for the same month, which could cause the change in the US12OF s per unit price and NAV to vary from changes in the average price of the Benchmark Futures Contracts.

If changes in US12OF s NAV do not correlate with changes in the price of the Benchmark Futures Contracts, then investing in US12OF may not be an effective way to hedge against crude oil-related losses or indirectly invest in crude oil.

The Benchmark Futures Contracts may not correlate with the price of crude oil and this could cause the changes in the price of units to substantially vary from changes in the price of crude oil. If this were to occur, then you may not be able to effectively use US12OF as a way to hedge against crude oil-related losses or as a way to indirectly invest in crude oil.

When using the Benchmark Futures Contracts as a strategy to track the price of crude oil, at best the correlation between changes in prices of such Crude Oil Interests and the delivery price of crude oil can be only approximate. The degree of imperfection of correlation depends upon circumstances such as variations in the speculative crude oil market, supply of and demand for such Crude Oil Interests and technical influences in futures trading. If there is a weak correlation between the Crude Oil Interests and the price of crude oil, then the price of units may not accurately track the price of crude oil and you may not be able to effectively use US12OF as a way to hedge the risk of losses in your crude oil-related transactions or as a way to indirectly invest in crude oil.

US12OF may experience a loss if it is required to sell Treasuries at a price lower than the price at which they were acquired.

The value of Treasuries generally moves inversely with movements in interest rates. If US12OF is required to sell Treasuries at a price lower than the price at which they were acquired, US12OF will experience a loss. This loss may adversely impact the price of the units and may decrease the correlation between the price of the units, the price of the Benchmark Futures Contracts and Other Crude Oil-Related Investments, and the delivery price of crude oil.

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Certain of US12OF s investments could be illiquid which could cause large losses to investors at any time or from time to time.

At any given time, US12OF may own 12 different monthly crude oil contracts which have differing expiration schedules. The amount of liquidity in the crude oil futures market for each of those months will vary. In some cases certain of those months may have relatively small amounts of open interest and daily trading volume. As a result, US12OF may not always be able to liquidate its positions in its investments at the desired price. It is difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in a market. A market disruption, such as a foreign government taking political actions that disrupt the market in its currency, its crude oil production or exports, or in another major export, can also make it difficult to liquidate a position. Alternatively, limits imposed by futures exchanges or other regulatory organizations, such as accountability levels, position limits and price fluctuation limits, may contribute to a lack of liquidity with respect to some Crude Oil Interests.

Unexpected market illiquidity may cause major losses to investors at any time or from time to time. In addition, US12OF does not intend at this time to establish a credit facility, which would provide an additional source of liquidity and instead will rely only on the Treasuries, cash and/or cash equivalents that it holds. The anticipated large value of the positions in Futures Contracts that the General Partner will acquire or enter into for US12OF increases the risk of illiquidity. Other Crude Oil-Related Investments that US12OF invests in, such as negotiated over-the-counter contracts, may have a greater likelihood of being illiquid since they are contracts between two parties that take into account not only market risk, but also the relative credit, tax, and settlement risks under such contracts. Such contracts also have limited transferability that results from such risks and from the contract s express limitations.

Because both Futures Contracts and Other Crude Oil-Related Investments may be illiquid, US12OF s Crude Oil Interests may be more difficult to liquidate at favorable prices in periods of illiquid markets and losses may be incurred during the period in which positions are being liquidated.

If the nature of hedgors and speculators in futures markets has shifted such that crude oil purchasers are the predominant hedgors in the market, US12OF might have to reinvest at higher futures prices or choose Other Crude Oil-Related Investments.

The changing nature of the hedgors and speculators in the crude oil market will influence whether futures prices are above or below the expected future spot price. In order to induce speculators to take the corresponding long side of the same futures contract, crude oil producers must generally be willing to sell futures contracts at prices that are below expected future spot prices. Conversely, if the predominant hedgors in the futures market are the purchasers of the crude oil who purchase futures contracts to hedge against a rise in prices, then speculators will only take the short side of the futures contract if the futures price is greater than the expected future spot price of crude oil. This can have significant implications for US12OF when it is time to reinvest the proceeds from a maturing Futures Contract into a new Futures Contract.

While US12OF does not intend to take physical delivery of crude oil under Futures Contracts, physical delivery under such contracts impacts the value of the contracts.

While it is not the current intention of US12OF to take physical delivery of crude oil under its Futures Contracts, futures contracts are not required to be cash-settled and it is possible to take delivery under these contracts. Storage costs associated with purchasing crude oil could result in costs and other liabilities that could impact the value of Futures Contracts or Other Crude Oil-Related Investments. Storage costs include the time value of money invested in crude oil as a physical commodity plus the actual costs of storing the crude oil less any benefits from ownership of crude oil that are not obtained by the holder of a futures contract. In general, Futures Contracts have a one-month delay for contract delivery and the back month (the back month is any future delivery month other than the spot month) includes storage costs. To the extent that these storage costs change for crude oil while US12OF holds Futures Contracts or Other Crude Oil-Related Investments, the value of the Futures Contracts or Other Crude Oil-Related Investments, and therefore US12OF s NAV, may change as well. Because it holds Futures Contracts that will mature up to 13 months later than the spot or current month, US12OF s NAV will be impacted more from the changes in storage costs than would the NAV of a fund that holds more current futures contracts.

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The price relationship between the near month contract and the other monthly contracts that compose the Benchmark Futures Contracts will vary and may impact both the total return over time of US12OF s NAV, as well as the degree to which its total return tracks other crude oil price indices total returns.

The Benchmark Futures Contracts consist of the near month contract to expire and the contracts for the following eleven months, except during the last two weeks of the current month when the near month contract is sold and replaced by the futures contract for the thirteenth month following the current month. In the event of a crude oil futures market where near month contracts trade at a higher price than the price of contracts that expire later in time, a situation described as backwardation in the futures market, then absent the impact of the overall movement in crude oil prices the value of the benchmark contract would tend to rise as it approaches expiration. As a result the total return of the Benchmark Futures Contract would tend to track higher. Conversely, in the event of a crude oil futures market where near month contracts trade at a lower price than the price of contracts that expire later in time, a situation described as contango in the futures market, then absent the impact of the overall movement in crude oil prices the value of the benchmark contract would tend to decline as it approaches expiration. As a result the total return of the Benchmark Futures Contract would tend to track lower. When compared to total return of other price indices, such as the spot price of crude oil, the impact of backwardation and contango may lead the total return of US12OF s NAV to vary significantly. In the event of a prolonged period of contango, and absent the impact of rising or falling crude oil prices, this could have a significant negative impact on US12OF s NAV and total return. Furthermore, a portfolio that consists of twelve different monthly contracts, ranging in a strip from the first month to the twelfth month, will be impacted differently by contango and backwardation than a portfolio that consists of just the first month contract.

Because US12OF s portfolio will typically hold as many as 12 different crude oil futures contracts at all times, it may be more expensive for US12OF to buy or sell futures contracts for its portfolio.

Because US12OF will typically hold as many as 12 different futures contracts at any one time, the cost of trading a large number of different contracts could be greater than the cost of trading the same dollar amount using just one contract. In addition, the bid/ask spread for buying these different contracts could also on average be greater than the bid/ask spread for buying a single futures contract month. This could make it more expensive for US12OF to invest compared to investing in a single monthly contract. Wider bid/ask spreads and/or higher commission or brokerage costs would negatively impact an investor s investment returns in US12OF.

Because US12OF s portfolio will typically hold as many as 12 different crude oil futures contracts at all times, firms that make a market in the units will also need to hold multiple contracts when hedging their inventories of units and when creating or redeeming baskets. This could lead to the units of US12OF trading at wider bid/ask spreads in the secondary market than an exchange traded security holding crude oil futures that uses a fewer number of futures contracts at any given time.

Brokerage firms or other market participants that make a secondary market in the units of US12OF may do so by simultaneously hedging their positions by being long, or short, the same Futures Contracts that US12OF holds in its portfolio. The cost to brokerage firms or other market participants in putting on and taken off these hedges is one of the factors that determine the size of the bid/ask spread they quote on a security such as US12OF. Because US12OF will typically hold as many as 12 different futures contracts at any one time, the brokerage firms or other market participants will also find themselves having to trade a number of different contracts as well. The cost of trading a large number of different contracts may be greater than the cost of trading the same dollar amount using just one contract. As a result, the bid/ask spread for US12OF may be wider than the bid/ask spread for an exchange traded security investing in a fewer number of futures contracts at any given time. The wider bid/ask spread may negatively impact an investor s investment returns in US12OF.

Regulation of the commodity interests and energy markets is extensive and constantly changing; future regulatory developments are impossible to predict but may significantly and adversely affect US12OF.

The regulation of commodity interest transactions in the United States is a rapidly changing area of law and is subject to ongoing modification by governmental and judicial action. In addition, various national governments have expressed concern regarding the disruptive effects of speculative trading in the energy markets and the need to regulate the derivatives markets in general. The effect of any future regulatory change on US12OF is impossible to predict, but could be substantial and adverse.

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If you are investing in US12OF for purposes of hedging, you might be subject to several risks including the possibility of losing the benefit of favorable market movement.

While US12OF does not intend to engage in hedging strategies, participants in the crude oil or in other industries may use US12OF as a vehicle to hedge the risk of losses in their crude oil-related transactions. There are several risks in connection with using US12OF as a hedging device. While hedging can provide protection against an adverse movement in market prices, it can also preclude a hedgor s opportunity to benefit from a favorable market movement. In a hedging transaction, the hedgor may be concerned that the hedged item will increase in price, but must recognize the risk that the price may instead decline and if this happens he will have lost his opportunity to profit from the change in price because the hedging transaction will result in a loss rather than a gain. Thus, the hedgor foregoes the opportunity to profit from favorable price movements.

In addition, if the hedge is not a perfect one, the hedgor can lose on the hedging transaction and not realize an offsetting gain in the value of the underlying item being hedged.

When using futures contracts as a hedging technique, at best, the correlation between changes in prices of futures contracts and of the items being hedged can be only approximate. The degree of imperfection of correlation depends upon circumstances such as: variations in speculative markets, demand for futures and for crude oil products, technical influences

Because US12OF s portfolio will typically hold as many as 12 different crudeoil futures contracts at all times, firms