

From: Dave Cundiff <dkzsc1@comcast.net>
Sent: Wednesday, April 21, 2010 1:39 PM
To: secretary <secretary@CFTC.gov>
Subject: Proposed Speculative Position Limits for Energy

David Stawick, Secretary
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Subject: Comments on Proposed Speculative Position Limits for Energy (File #10-002)

Dear Mr. Stawick:

I am writing to declare my wholehearted agreement with those comments submitted by the Petroleum Marketers Association of America (PMAA) and the New England Fuel Institute (NEFI) submitted on April 9, 2010. I think that proposing rules to implement speculative position limits for futures and options contracts for natural gas, crude oil, heating oil and gasoline is a wonderful idea and I would like to add my thoughts in this matter to the public record.

My residential and commercial customers rely on these markets and are harmed when they become excessively volatile or subject to extreme price shocks, witness the 2007-2008 energy bubble that buried our economy. In the past ten years, such events have occurred more frequently and federal regulators failed to take assertive action to address the causes and to restore confidence in the energy futures markets.

I applaud the Commission for proposing drastic changes because it has an opportunity to take an important step in this regard. It will be addressing the main cause of recent market instability and that is excessive speculation. The bottom line is that financial investors, banks, hedge and index funds, speculate in the energy commodities markets for profit, while the commodity-related businesses and users, do so to protect themselves from volatility and risk. Speculators take on the risk that hedgers seek to shed, however speculation should not dominate the markets. Speculators should not be allowed to take a large, controlling position in any single commodity.

I agree with PMAA and NEFI that the Commission has a statutory obligation, if not a compelling moral obligation, to establish hard limits on the size of positions that speculators can take in these markets, and to bar them from any exemptions. The rule that has been proposed is not perfect, and I strongly urge that you consider the improvements I have asked you to endorse.

The 2007-2008 energy bubble was a glaring example of the misuse of this existing system. Even today the price of energy is excessively and artificially high due to speculation while violating the basic economic laws of supply and demand. Hopefully, there is sufficient regulatory momentum to curb the greed and selfishness.

Thank you for your consideration.

Sincerely,

David E. Cundiff, President
Cundiff Oil Company, Inc.