

United States Oil Fund, LP
Form S-1/A
January 19, 2006

As filed with the Securities and Exchange Commission on January 19, 2006

Registration No. 333-124950

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**PRE-EFFECTIVE
AMENDMENT
NO. 4 TO
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
United States Oil Fund, LP**

(Exact name of Registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

6799

*(Primary Standard Industrial
Classification Code Number)*

20-2830691

*(I.R.S. Employer
Identification No.)*

**1320 Harbor Bay Parkway, Suite 145
Alameda, California 94502
510.522-3336**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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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.

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.

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.

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

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)
Units of United States Oil Fund, LP	1,000,000 units	\$50.45	\$50,450,000	\$5,937.97

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(d) under the Securities Act of 1933. The price of each unit was estimated based on the closing price of near month oil futures contracts on the New York Mercantile Exchange of \$50.45 on May 11, 2005.

(2) Previously Submitted

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.

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 SEC is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED 2006

PRELIMINARY PROSPECTUS

1,000,000 units

United States Oil Fund, LP

United States 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 Oil Fund, LP is referred to as USOF throughout this document. The investment objective of USOF is for the units' net asset value to reflect the performance of the spot price of West Texas Intermediate light, sweet crude oil delivered to Cushing, Oklahoma, less USOF's expenses.

This is a best efforts offering. USOF will continually offer creation baskets consisting of 100,000 units to authorized purchasers through ALPS Distributors, Inc., which is the marketing agent. **[Name of initial Authorized Purchaser]** is expected to be the initial authorized purchaser. Authorized purchasers will pay a \$1,000 fee for the creation of each creation basket. 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.

The initial authorized purchaser will, subject to conditions, purchase the initial creation basket of 100,000 units at an initial offering price per unit equal to the closing price of near-month oil futures contracts for light, sweet crude oil as listed on the New York Mercantile Exchange on the last business day prior to the effective date of the registration statement relating to this prospectus. The effective date will be the date the first creation basket is sold and the proceeds are invested. The per unit price of units offered in creation baskets on any subsequent day will be the total NAV of USOF calculated shortly after the close of the American Stock Exchange on that day divided by the number of issued and outstanding units.

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 USOF at the time the authorized purchaser purchased the creation baskets and the net asset value of the units 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 oil futures contract market and the market for other oil interests, and are expected to fall between USOF's net asset value and the trading price of the units on the American Stock Exchange at the time of sale. Units initially comprising the same basket but offered by Authorized Purchasers to the public at different times may have different offering prices. Units are expected to trade in the secondary market on the American Stock Exchange. 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 oil futures contracts market and the market for other oil interests. Authorized purchasers will not be required to sell any specific number or dollar amount of units.

USOF 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 USOF include:

Investing in oil interests subjects USOF to the risks of the oil industry and this could result in large fluctuations in the price of USOF's units.

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

USOF does not expect to make cash distributions.

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

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

Investing in USOF involves other significant risks. See What are the Risk Factors Involved With An Investment In USOF? starting 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 sold	\$	\$

The date of this prospectus is , 2006.

**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 [62] 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.

**THIS POOL HAS NOT COMMENCED TRADING AND
DOES NOT HAVE ANY PERFORMANCE HISTORY**

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Until _____, 2006 (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.

Prospectus Summary

This is only a summary of the prospectus and, while it contains material information about USOF and its units, it does not contain or summarize all of the information about USOF 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 USOF?" beginning on page [9], before making an investment decision about the units.

Overview of USOF

United States Oil Fund, LP, a Delaware limited partnership (USOF or Us or We), is a commodity pool that will issue units that may be purchased and sold on the American Stock Exchange. USOF changed its name from New York Oil Fund, LP to United States Oil Fund, LP on September 30, 2005. The investment objective of USOF is for the units' net asset value (NAV) to reflect the performance of the spot price of West Texas Intermediate (WTI) light, sweet crude oil delivered to Cushing, Oklahoma (WTI light, sweet crude oil), less USOF's expenses.

USOF will invest in futures contracts for WTI light, sweet crude oil and other petroleum-based fuels that are traded on the New York Mercantile Exchange or other U.S. and foreign exchanges (collectively, Oil Futures Contracts) and other oil interests such as cash-settled options on Oil Futures Contracts, forward contracts for oil, and over-the-counter transactions that are based on the price of oil, other petroleum-based fuels, Oil Futures Contracts and indices based on the foregoing (collectively, Other Oil Interests). The general partner, Victoria Bay Asset Management, LLC (General Partner), which is registered as a commodity pool operator, is authorized by the LP Agreement to manage USOF. The General Partner is authorized by USOF in its sole judgment to employ, establish the terms of employment for, and terminate commodities trading advisors or futures commission merchants.

USOF seeks to achieve its investment objective by investing in a mix of Oil Futures Contracts and Other Oil Interests such that USOF's NAV will closely track the price of a specified Oil Futures Contract (the Benchmark Oil Futures Contract) that the General Partner believes has historically exhibited a close price correlation with the spot price of WTI light, sweet crude oil. On any Valuation Day (a Valuation Day is any day as of which USOF calculates its NAV) that does not occur within the two week period preceding a monthly expiration date on the New York Mercantile Exchange, the Benchmark Oil Futures Contract is the near-month futures contract for WTI light, sweet crude oil that is traded on the Exchange. On each Valuation Day within the two week period preceding a monthly expiration date on the New York Mercantile Exchange, the Benchmark Oil Futures Contract is the second to nearest out futures contract for WTI light, sweet crude oil that is traded on the Exchange. Near Month means the first month of those futures contracts listed by an exchange. It is usually the most actively traded contract, but activity will move from this to the second to nearest out month contract as the near month nears expiration (e.g., typically after the middle of the month). Second to nearest out month means the month after the Near Month. This convention is used to define the Benchmark Oil Futures Contract because from its review of past market activity, the General Partner believes that as a general rule, most Oil Futures Contracts are closed out by parties to the contract before the contracts expire and that there is usually a lack of actual trading during the days prior to the expiration date of a particular contract. Since the lack of trading may cause the trading price of such contracts not to accurately reflect the market for the oil, the General Partner has made the determination to instead invest in the second to nearest out month contract during this two-week period.

More specifically, the General Partner will endeavor to place USOF's trades in Oil Futures Contracts and Other Oil Interests and otherwise manage USOF's investments so that A will be within plus/minus 10 percent of B, where:

A is the average daily change in USOF's NAV for any period of 30 successive Valuation Days, and

B is the average daily change in the price of the Benchmark Oil Futures Contract over the same period.

The General Partner believes that market arbitrage opportunities will cause USOF's unit price on the American Stock Exchange to closely track USOF's NAV. The General Partner further believes that the prices of the Benchmark Oil Futures Contract have historically closely tracked the spot prices of WTI light, sweet crude oil. The General Partner believes that the net effect of these two expected relationships and the relationship described above between USOF's NAV and the Benchmark Oil Futures Contract, will be that the price of USOF's units on the American Stock Exchange will closely track the spot price of a barrel of WTI light, sweet crude oil, less USOF's expenses.

USOF will also invest in obligations of the United States government with a remaining maturities of two years or less (Treasuries) and hold cash and cash equivalents to be used to meet its current or potential margin or collateral requirements with respect to its investments in Oil Futures Contracts and Other Oil Interests. USOF does not expect any meaningful correlation between the performance of USOF's investments in Treasuries/cash/cash equivalents and the changes in the price of WTI light, sweet crude oil. While the level of interest earned on these investments may in some respect correlate to changes in the price of oil, this correlation is not anticipated as part of USOF's efforts to meet its objectives. This and certain risk factors discussed in this prospectus may cause a lack of correlation between USOF's NAV and the price of WTI light, sweet crude oil.

The General Partner will employ a neutral investment strategy intended to track the spot price of WTI light, sweet crude oil regardless of whether the price of oil goes up or goes down. USOF's neutral investment strategy is designed to permit investors generally to purchase and sell USOF's units for the purpose of investing indirectly in oil in a cost-effective manner, and/or to permit participants in the oil or other industries to hedge the risk of losses in their oil-related transactions. Accordingly, an investment in USOF involves the risk that the price of USOF's units will not accurately track the spot price of WTI light, sweet crude oil and, depending on the investment objective of an individual investor, the risks generally associated with investing in oil and/or the risks involved in hedging.

USOF will create and redeem units only in blocks 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 prices that are expected to reflect, among other factors, the trading price of the units on the American Stock Exchange, the NAV of USOF at the time the Authorized Purchaser purchased the Creation Baskets and the NAV at the time of offer of the units to the public, the supply of and demand for units at the time of sale, and the liquidity of the Oil Futures Contracts market and the market for Other Oil Interests, and are expected to fall between USOF'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 Brown Brothers Harriman & Co., USOF's Custodian or, through accounts with USOF's commodities futures brokers. There is no stated maximum time period for USOF'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 USOF intends to invest in 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 USOF at that time will not enable it to meet its stated investment objective.

Units may also be purchased and sold in smaller increments 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 USOF can be purchased and sold at any time a secondary market is open.

In managing USOF's assets the General Partner does not intend to use a technical trading system that issues buy and sell orders. The General Partner does intend to employ quantitative methodologies whereby each time one or more Creation Baskets are purchased or sold, the General Partner will purchase or sell Oil Futures Contracts and Other Oil Interests with an aggregate face amount that approximates the amount of Treasuries and cash received or paid upon the purchase or sale of the Creation Basket(s).

Note to Secondary Market Investors: The units can be purchased or redeemed directly from USOF 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 is expected to be worth several million dollars. Individual investors, therefore, will not be able to purchase or redeem units directly from USOF. Some of the information contained in this prospectus, including information about buying and selling units directly from and to USOF is only relevant to Authorized Purchasers. Units will also be listed and traded on the American Stock Exchange 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 NAV.

USOF was organized as a limited partnership (LP) under Delaware law on May 12, 2005. USOF is operated pursuant to an LP Agreement, which is included as Exhibit 3.1. It is managed and controlled by the General Partner, Victoria Bay Asset Management, LLC. The General Partner is registered as a commodities pool operator (CPO) with the National Futures Association (NFA).

The Units

The units are registered as securities under the Securities Act of 1933 (the "1933 Act") and will not provide dividend rights or, conversion rights, and they 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 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 USOF, its assets will be distributed to limited partners pro rata 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 it 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, USOF 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.

USOF's Investments in Oil Interests

USOF will invest in Oil Futures Contracts and Other Oil Interests. For convenience and unless otherwise specified, Oil Futures Contracts and Other Oil Interests collectively are referred to as "oil

interests in this prospectus. A brief description of the principal types of oil interest-related instruments in which USOF may invest is set forth below.

An oil futures contract is a standardized contract traded on a futures exchange that calls for the future delivery of a specified quantity of crude oil at a specified time and place.

A forward contract for oil is a supply contract between principals, not traded on an exchange, to buy or sell a specified quantity of oil 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 oil, usually with a two-day settlement. Spot contracts are not uniform and are not exchange-traded.

An option on an oil futures contract, forward contract or oil 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 oil, 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 oil 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.

A swap contract is an over-the-counter negotiated contract that generally involves an exchange of a stream of payments between the contracting parties. Swap contracts generally are not uniform and not exchange-traded.

USOF may also invest in other over-the-counter negotiated contracts that satisfy its investment objectives of correlating the units' NAV to the spot price of WTI light, sweet crude oil. A more detailed description of oil interests and other aspects of the oil and oil interest markets can be found later in this Prospectus.

As noted, USOF expects to invest primarily in Oil Futures Contracts, and particularly in futures contracts for WTI light, sweet crude oil traded on the New York Mercantile Exchange. USOF expressly disclaims any association with such Exchange or endorsement of USOF 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 USOF

An investment in USOF 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, USOF generally does not expect to distribute cash to limited partners or other unitholders. You should not invest in USOF if you will need cash distributions from USOF to pay taxes on your share of income and gains of USOF, if any, or for any other reason.

There is the risk that the price of USOF's units on the American Stock Exchange will not closely track the spot price of WTI light, sweet crude oil. This could happen if the price of units traded on the American Stock Exchange does not correlate closely with USOF's NAV; USOF's NAV does not closely correlate with the price of the Benchmark Oil Futures Contract; or the price of the Benchmark Oil Futures Contract does not closely correlate with the cash or spot price of WTI light, sweet crude oil. This is a risk because if these correlations do not exist, then investors may not be able to use USOF as a cost effective way to invest indirectly in oil or as a hedge against the risk of loss in oil-related transactions.

USOF seeks to have its NAV track the spot price of WTI light, sweet crude oil rather than profit from speculative trading of oil interests. The General Partner will therefore endeavor to manage

USOF's positions in oil interests so that USOF's assets are, unlike other commodities pools, not leveraged (*i.e.*, so that the aggregate value of USOF's unrealized losses from its investments in such oil interests at any time will not exceed the value of USOF's assets). There is no assurance that the General Partner will successfully implement this investment strategy. If the General Partner permits USOF to become leveraged, you could lose all or substantially all of your investment if USOF'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.

Investors may choose to use USOF as a means of investing directly or indirectly in oil and there are risks involved in such investments. Among other things, 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 or discharges of toxic gases. Crude oil operations also are subject to various U.S. federal, state and local regulations that materially affect operations.

Investors, including those who participate in the oil industry, may choose to use USOF 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 hedger's opportunity to benefit from a favorable market movement. The successful use of a hedging device depends on the ability of the investor to forecast correctly the direction and extent of market movements within a given time frame. To the extent market prices remain stable or such prices move in a direction opposite to that anticipated, the investor may realize a loss on the hedging transaction that is not offset by an increase in the value of its units.

USOF expects to invest primarily in Oil Futures Contracts, and particularly in Oil Futures Contracts traded on the New York Mercantile Exchange. Representatives of the New York Mercantile Exchange have notified USOF of its belief that USOF is engaging in unauthorized use of such Exchange's service marks. The Exchange has demanded that USOF cease all uses of the service marks of the Exchange.

While USOF disputes the Exchange's positions described above, USOF has taken steps it believes are reasonably designed towards an amicable resolution with the New York Mercantile Exchange. Among other things, USOF has engaged in discussions with the New York Mercantile Exchange regarding these assertions and changed USOF's name. Additionally, as noted below USOF expressly disclaims any association with the Exchange or endorsement of USOF by the Exchange and acknowledges that NYMEX and New York Mercantile Exchange are registered trademarks of such Exchange.

At this time, USOF is unable to determine what the outcome from this matter will be. If the resolution or lack of resolution of this matter results in a material restriction on USOF's ability to invest in Oil Futures Contracts traded on the New York Mercantile Exchange, USOF may not be able to achieve its investment objective.

USOF expects to invest primarily in Oil Futures Contracts that are traded in the United States. However, a portion of USOF'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 USOF to credit risk. Trading in non-U.S. markets also leaves USOF susceptible to fluctuations in the value of the local currency against the U.S. dollar.

USOF may also invest in Other Oil Interests, many of which are negotiated contracts that are not as liquid as Oil Futures Contracts and expose USOF to credit risk that its counterparty may not be able to satisfy its obligations to

USOF.

USOF 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 USOF and will have to rely on the duties and judgment of the General Partner to manage USOF.

The structure and operation of USOF may involve conflicts of interest. For example, a conflict may arise because the General Partner and its principal 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. In addition, other conflicts may exist with extent to service providers against USOF, which may take positions in or trade units for themselves in futures or other markets that may be detrimental to unitholders.

USOF is new and has no operating history. Therefore, there is no performance history of this fund to serve as a basis for you to evaluate an investment in it.

For additional risks, see [What are the Risk Factors Involved with an Investment in USOF?](#)

Principal Offices of USOF and the General Partner

USOF'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 USOF

USOF will not calculate the NAV prior to the effective date. As of 4:00 pm New York time on the effective date the NAV per unit was \$.

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 \$61.22 initial investment in a single unit to equal the amount invested twelve months after the investment was made. (We based the \$61.22 assumption on the spot price of WTI light, sweet crude oil as traded on the New York Mercantile Exchange on October 29, 2005). 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 breakeven. The breakeven analysis is an approximation only.

	Units
Assumed initial selling price per unit	\$ 61.22
Management Fee (0.50%)**	\$.3061
Creation Basket Fee	\$ (.01)
Estimated Brokerage Fee (0.35%***)	\$ 0.214
Interest Income (3.93%****)	\$ (2.41)
Amount of trading income required for the redemption value at the end of one year to equal the initial selling price of the unit	\$ (1.8999)
Percentage of initial selling price per unit	3.10%

- * The Authorized Purchaser will pay a transaction fee of \$1,000 to USOF for each basket sold or redeemed.
- ** USOF is contractually obligated to pay the General Partner a management fee based on daily net assets and paid monthly of 0.50% per annum on average net assets of \$1,000,000,000 or less. For purposes of this example we assumed that the average net assets are \$1,000,000,000 or less. If the average net assets were greater than \$1,000,000,000 then the management fee would be 0.20% and the break-even amount would be lower.
- *** USOF determined this estimate as follows. The Breakeven Analysis assumes an initial investment by an investor in one unit. USOF would be required to issue one Creation Basket of 100,000 units in order for the investor to purchase the one unit. Assuming the price of the units was \$61.22, USOF would receive \$6,122,000 upon the sale of the Basket. USOF would be required to purchase and sell (in order to close out) 100 oil futures contracts at \$61,220 per contract (1,000 barrels of oil per contract \times \$61.22 per barrel) during each month of the year, or 1,200 contracts bought and sold per year. Futures commission merchants typically charge approximately \$9.00 per contract buy or sale (\$18.00 per buy and sale, or round turn), so the total annual commission charge would be \$21,600 (1,200 contracts per year \times \$18 per buy and sell per contract). As a percentage of the total investment of \$6,122,000 to support the issuance of the Creation Basket, USOF's annual commission expense would be 0.35% ($\$21,600 \div \$6,122,000$).
- **** USOF will earn interest on Treasuries and it estimates that the interest rate will be 3.93% based on the current interest rate on the three-month Treasury Bills as of October 28, 2005. The actual rate may vary because various Treasuries with remaining maturities of two years or less may be used.

The Offering

Offering	<p>USOF will be offering Creation Baskets consisting of 100,000 units through ALPS Distributors, Inc. or one of its SEC-registered broker-dealer affiliates (Marketing Agent) as marketing agent to Authorized Purchasers. The initial Authorized Purchaser will purchase the initial Creation Basket of 100,000 units at an initial offering price per unit equal to the closing price of near-month oil futures contracts for WTI light, sweet crude oil as listed on the New York Mercantile Exchange on the first business day prior to the effective date of the registration statement to which this prospectus relates. The effective date will be the date the first creation basket is sold and the proceeds are invested.</p>
Use of Proceeds	<p>The General Partner will initially apply all of USOF's assets toward trading in oil interests and investing in Treasuries, cash and cash equivalents. The General Partner expects to deposit substantially all of USOF's net assets with the futures commission merchant or other custodian to be used to meet its current or potential margin or collateral requirements in connection with its investment in oil interests. USOF will use only Treasuries or cash or cash equivalents to satisfy these requirements. The General Partner expects that all entities that will hold or trade USOF'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 USOF's assets will normally be committed as margin for commodity 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 USOF's assets will be held in Treasuries and/ or cash or cash equivalents by its custodian, Brown Brothers Harriman & Co. (Custodian) or posted as collateral to support USOF's investments in oil interests. All interest income earned on these investments will be retained for USOF's benefit.</p>
American Stock Exchange Symbol	USO
Creation and Redemption	<p>Authorized Purchasers will pay a \$1,000 fee for the creation of each Creation Basket. The Authorized Purchasers will not be required to sell any specific number or dollar amount of units. The per unit price of units offered in subsequent Creation Baskets on any subsequent day will be the total NAV of USOF calculated shortly after the close of the American Stock Exchange on that day divided by the number of issued and outstanding units. The General Partner may, at any time, in its sole discretion, require any limited partner to withdraw entirely from the partnership or to withdraw a portion of his partner capital account, by giving not less than fifteen (15) days advance written notice to the limited partner thus designated. The limited partner is required withdraw from the partnership or withdraw that portion of his partner capital account specified in such notice, as the case may be, as of the close of business on such date as determined by the General Partner.</p>

Registration Clearance and Settlement	<p>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.</p> <p>The Administrator has been appointed registrar and transfer agent for the purpose of registering and transferring units. The General Partner will only recognize transfer of units only if such transfer is done on accordance with the LP Agreement, including the delivery of a transfer application.</p>
Net Asset Value	<p>The NAV is calculated by taking the current market value of USOF's total assets and subtracting any liabilities. Under USOF's current operational procedures, an administrator, Brown Brothers Harriman & Co. (Administrator), calculates the NAV of USOF'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 USOF's units are traded on the American Stock Exchange for as long as the New York Mercantile Exchange's main pricing mechanism is open.</p>
Fund Expenses	<p>USOF will pay the General Partner a management fee of 0.50% of NAV on the first \$1,000,000,000 of assets and 0.20% of NAV after the first \$1,000,000,000 of assets. Brokerage fees for Treasuries, Oil Futures Contracts, and Other Oil Interests are estimated to be 0.35% and will be paid to unaffiliated brokers. The General Partner, and not USOF, is responsible for payment of the fees of USOF's Marketing Agent, Administrator and Custodian. Both USOF and the General Partner may be required to indemnify the Marketing Agent, Administrator or Custodian under certain circumstances.</p>
Termination Events	<p>USOF 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,</p>

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 to the partners in accordance pro rata in accordance with their units.

Authorized Purchasers

We expect the initial Authorized Purchaser to be **[insert name of authorized purchaser]**. We expect subsequent Authorized Purchasers to be market makers that purchase or redeem Creation Baskets or Redemption Baskets, respectively, from or to USOF.

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

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 USOF's financial statements and the related notes.

Risks Associated With Investing Directly or Indirectly in Oil

Investing in oil interests subjects USOF to the risks of the crude oil industry and this could result in large fluctuations in the price of USOF's units.

USOF is subject to the risks and hazards of the 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 USOF's units accurately track the spot price of WTI 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 to 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 oil producing 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;

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

While it is expected that the trading prices of units will fluctuate in accordance with changes in USOF's NAV, the prices of units may also be influenced by other factors, including the short-term supply and demand for oil and the units. There is no guarantee that the units will not trade at appreciable discounts from, and/or premiums to, USOF's NAV. This could cause the price of units to substantially vary from the spot price of WTI light, sweet crude oil. This may be harmful to you because if the price of units varies substantially from the spot price of WTI light, sweet crude oil, then you may not be able to effectively use USOF as a way to hedge the risk of losses in your oil-related transactions or as a way to indirectly invest in oil.

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

The General Partner will endeavor to invest USOF's assets as fully as possible in short-term Oil Futures Contracts and Other Oil Interests so that the NAV will closely correlate with the price of the Benchmark Oil Futures Contract. However, USOF's NAV may not correlate with the price of the Benchmark Oil Futures Contract for several reasons as set forth below:

USOF (i) may not be able to buy/sell the exact amount of Oil Futures Contracts and Other Oil Interests to have a perfect correlation with NAV; (ii) may not always be able to buy and sell Oil Futures Contracts or Other Oil Interests at the market price; (iii) may not experience a perfect correlation between the spot price of WTI light, sweet crude oil and the underlying investments in Oil Futures Contracts and Other Oil Interests and Treasuries; and (iv) is required to pay brokerage fees and the management fee, which will have an effect on the correlation.

Short-term supply and demand for WTI light, sweet crude oil may cause the market price of the Benchmark Oil Futures Contract to vary from USOF's NAV if USOF has fully invested in Oil Futures Contracts that do not reflect such supply and demand and it is unable to replace such contracts with Oil Futures Contracts that do reflect such supply and demand. In addition, there are also technical differences between the two markets, e.g., one is a physical market while the other is a futures market traded on exchanges, that may cause a variations between the spot price of oil and the prices of related futures contracts.

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

In addition, because USOF 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 USOF's assets in Oil Futures Contracts or Other Oil Interests and there cannot be perfect correlation between USOF's NAV and the price of the Benchmark Oil Futures Contract.

As USOF grows, there may be more or less correlation. For example, if USOF only has enough money to buy three Benchmark Oil Futures Contracts and it needs to buy four contracts to track

the price of oil then the correlation will be lower, but if it buys 20,000 Benchmark Oil Futures Contracts and it needs to buy 20,001 contracts then the correlation will be higher. At certain asset levels, USOF may be limited in its ability to purchase the Benchmark Oil Futures Contract or other Oil Futures Contracts due to speculative position limits imposed by the relevant exchanges.

USOF may not be able to buy the exact number of Oil Futures Contracts and Other Oil Interests to have a perfect correlation with NAV if the purchase price of Oil 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, USOF could not invest the entire proceeds from the purchase of the Creation Basket in such futures contracts (for example, assume USOF receives \$6,679,000 for the sale of a Creation Basket and assume that the price of an Oil Futures Contract for WTI light, sweet crude oil is \$66,800, then USOF could only invest in only 99 Oil Futures Contracts with an aggregate value of \$6,613,200). USOF 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 cash and Treasuries 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 Oil Futures Contracts is suspended or closed, USOF may not be able to purchase these investments at the last reported price for such investments. If USOF's NAV does not correlate with the price of the Benchmark Oil Futures Contract, then investing in USOF may not be an effective way to hedge against oil-related losses or indirectly invest in oil.

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

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

USOF 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 USOF is required to sell Treasuries at a price lower than the price at which they were acquired, USOF 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 USOF's Oil Futures Contracts and Other Oil Interests, and the spot price of WTI light, sweet crude oil.

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

USOF 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 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 speculative position limits and daily price fluctuation limits, may contribute to a lack of liquidity with respect to some commodity interests.

Unexpected market illiquidity may cause major losses to investors at any time or from time to time. In addition, USOF 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 and cash that it holds. The large value of the positions in certain investments, e.g., Oil Futures Contracts, or in negotiated over-the-counter contracts that the General Partner will acquire or enter into for USOF, increases the risk of illiquidity. Such positions may be more difficult to liquidate at favorable prices and there is an additional risk that losses may be incurred during the period in which positions are being liquidated. The Other Oil Interests that USOF invests in 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. In addition, such contracts have limited transferability that results from such risks and the contract's express limitations. USOF anticipates that it will invest in Other Oil Interests as a result of hitting the speculative position limits on the New York Mercantile Exchange.

If the nature of hedgers and speculators in futures markets has shifted such that oil purchasers are the predominant hedgers in the market, USOF might have to reinvest at higher futures prices or choose Other Oil Interests.

The changing nature of the hedgers and speculators in the 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, oil producers must generally be willing to sell futures contracts at prices that are below expected future spot prices. Conversely, if the predominant hedgers in the futures market are the purchasers of the 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 oil. This can have significant implications for USOF when it is time to reinvest the proceeds from a maturing futures contract into a new futures contract.

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

While it is not the current intention of USOF to take physical delivery of oil under its Oil Futures Contracts, futures contracts are not required to be cash-settled and it is possible for USOF to take delivery under these contracts. Storage costs associated with purchasing oil could result in costs and other liabilities that could impact the value of Oil Futures Contracts or Other Oil Interests. Storage costs include the time value of money invested in oil as a physical commodity plus the actual costs of storing the oil less any benefits from ownership of oil that are not obtained by the holder of a futures contract. In general, Oil Futures Contracts have a one-month delay for contract delivery and the back month includes storage costs. To the extent that these storage costs change for oil while USOF holds Oil Futures Contracts or Other Oil Interests, the value of the Oil Futures Contracts or Other Oil Interests, and therefore USOF's NAV, may change as well.

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 USOF.

The regulation of commodity interest transactions in the United States is a rapidly changing area of law and is subject to ongoing modification by government 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 USOF is impossible to predict, but could be substantial and adverse.

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

While USOF will not engage in hedging strategies, participants in the oil or other industries may use USOF as a vehicle to hedge the risk of losses in their oil-related transactions. There are several risks in connection with using USOF as a hedging device. While hedging can provide protection against an adverse movement in market prices, it can also preclude a hedger's opportunity to benefit from a favorable market movement. The successful use of a hedging device depends on the ability of the investor to forecast correctly the direction and extent of market movements within a given time frame. To the extent market prices remain stable or such prices move in a direction opposite to that anticipated, the investor may realize a loss on the hedging transaction that is not offset by an increase in the value of the underlying item being hedged (*e.g.*, oil products held, or a decrease in cost, *e.g.*, a decrease in the price of WTI oil or energy products).

In addition, 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 oil products, technical influences in futures trading, and differences between anticipated energy costs being hedged and the instruments underlying the standard futures contracts available for trading. Even a well-conceived hedge may be unsuccessful to some degree because of unexpected market behavior as well as the expenses associated with creating the hedge.

In addition, using an investment in USOF as a hedge for changes in energy costs (*e.g.*, investing in oil, gasoline, or other fuels, or electricity) may not correlate because changes in the spot price of oil may vary from changes in energy costs because the spot price of oil does not reflect the refining, transportation, and other costs that may impact the hedger's energy costs.

An investment in USOF may provide you little or no diversification benefits. Thus, in a declining market, USOF may have no gains to offset your losses from other investments, and you may suffer losses on your investment in USOF at the same time you incur losses with respect to other asset classes.

Historically, Oil Futures Contracts and Other Oil Interests have generally been non-correlated to the performance of other asset classes such as stocks and bonds. Non-correlation means that there is a low statistically valid relationship between the performance of futures and other commodity interest transactions, on the one hand, and stocks or bonds, on the other hand. However, there can be no assurance that such non-correlation will continue during future periods. If, contrary to historic patterns, USOF's performance were to move in the same general direction as the financial markets, you will obtain little or no diversification benefits from an investment in the units. In such a case, USOF may have no gains to offset your losses from other investments, and you may suffer losses on your investment in USOF at the same time you incur losses with respect to other asset classes.

Variables such as drought, floods, weather, embargoes, tariffs and other political events may have a larger impact on oil prices and oil-linked instruments, including Oil Futures Contracts and Other Oil Interests, than on traditional securities. These additional variables may create additional investment risks that subject USOF's investments to greater volatility than investments in traditional securities.

Non-correlation should not be confused with negative correlation, where the performance of two asset classes would be opposite of each other. There is no historic evidence that the spot price of oil and prices of other financial assets, such as stocks and bonds, are negatively correlated. In the absence of negative correlation, USOF cannot be expected to be automatically profitable during unfavorable periods for the stock market, or vice versa.

USOF's Operating Risks

USOF is not a regulated investment company so you do not have the protections of the Investment Company Act of 1940.

USOF is not an investment company subject to the Investment Company Act of 1940. Accordingly, you do not have the protections afforded by that statute which, for example, requires investment companies to have a majority of disinterested directors and regulates the relationship between the investment company and its investment manager.

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

USOF is new and has no operating history. Therefore, you do not have the benefit of reviewing the past performance of USOF as a basis for you to evaluate an investment in USOF. Mr. Nicholas Gerber (discussed below) is the only principal that has any experience operating a commodity pool. Mr. Gerber ran the Marc Stevens Futures Index Fund (further discussed below) over 10 years ago. This fund combined investments in commodity futures and equity stock index futures and had under \$1 million of assets. Mr. Gerber sold the fund to Newport Commodities.

USOF and the General Partner are leanly staffed and rely heavily on key personnel to manage its trading activities.

In managing and directing the day-to-day activities and affairs of USOF, the General Partner relies heavily on Mr. Nicholas Gerber, Mr. John Love and Mr. John Hyland (all discussed in greater detail below). If Mr. Gerber, Mr. Love or Mr. Hyland were to leave or be unable to carry out their present responsibilities, it may have an adverse effect on the management of USOF. Furthermore, Mr. Gerber and Mr. Love are also employed by Ameristock, a registered investment adviser that manages a public mutual fund. USOF estimates that Mr. Gerber will spend approximately 50% of his time on USOF matters and the other principals will spend approximately 30% of their time on USOF matters.

There are position limits and the potential of tracking error, which could cause the price of units to substantially vary from the spot price of WTI light, sweet crude oil and you may not be able to effectively use USOF as a way to hedge against oil-related losses or as a way to indirectly invest in oil.

Exchanges may have position limits. For example, the New York Mercantile Exchange will only allow any one investor to own a net 20,000 contracts for a particular type of futures contract for all months. In addition, the New York Mercantile Exchange will only allow only 1,300 contracts to be held in the Near Month 3 days before expiration by any one investor. These limits could potentially cause a Tracking Error if USOF's assets grow to a level that would cause it to meet these limits. Tracking error is the possibility that the daily NAV of USOF will not track the spot price of WTI light, sweet crude oil. On September 29, 2005, the price of the November Near Month Oil Futures Contract traded on the New York Mercantile Exchange was \$66,790. At that price, assuming it was fully invested in those contracts, USOF would not be able to purchase additional contracts once its assets reached \$1,335,800,000 (\$66,790 × 20,000 contracts).

USOF is not limiting the size of the offering and is committed to utilizing substantially all of its proceeds to purchase Oil Futures Contracts and Other Oil Interests. If USOF encounters position limits for oil contracts on the New York Mercantile Exchange, it may then, if permitted under applicable regulatory requirements, purchase futures contracts on the ICE Futures (formerly, the International Petroleum Exchange) or the Singapore Exchange. The futures contracts available on the ICE Futures or the Singapore Exchange are comparable to the contracts on the New York Mercantile Exchange, but they have different underlying commodities, sizes, deliveries, and prices.

There are technical and fundamental risks inherent in the trading system the General Partner intends to employ.

The General Partner's trading system is quantitative in nature and it is possible that the General Partner might make a mathematical error. In addition, it is also possible that a computer or software program may malfunction and cause an error in computation.

USOF and the General Partner may have conflicts of interest, which may permit them to favor their own interests to your detriment.

USOF and the General Partner may have inherent conflicts to the extent the General Partner attempts to maintain USOF's asset size in order to preserve its fee income may not always be consistent with its objective of tracking the spot price of WTI light, sweet crude oil. The General Partner's officers, directors and employees, and the staff of USOF, do not devote their time exclusively to USOF. These persons are directors, officers or employees of other entities that may compete with USOF for their services. They could have a conflict between their responsibilities to USOF and to those other entities.

In addition, the staff of USOF or the General Partner's principals, officers, directors or employees may trade futures and related contracts for their own account. A conflict of interest may exist if their trades are in the same markets and at the same time as USOF trades using the clearing broker to be used by USOF. A potential conflict also may occur if the staff of USOF or the General Partner's principals, officers, directors or employees trade their accounts more aggressively or take positions in their accounts which are opposite, or ahead of, the positions taken by USOF.

The General Partner has sole current authority to manage the investments and operations of USOF, and this may allow it to act in a way that furthers its own interests which may create a conflict with your best interests. Limited partners have limited voting control, which will limit the ability to influence matters such as amendment of the LP Agreement, change in USOF's basic investment policy, dissolution of this fund, or the sale or distribution of USOF's assets.

Only limited partners have voting rights, and such rights are limited. Limited partners will not participate in the management of USOF and do not control the General Partner so they will not have influence over basic matters that affect USOF.

Unitholders that have not applied to become limited partners have no voting rights. Limited partners will have limited voting rights with respect to USOF's affairs and may remove the General Partner only if two-thirds of the limited partners elect to do so. Limited partners will not be permitted to participate in the management or control of USOF or the conduct of its business. Limited partners must therefore rely upon the duties and judgment of the General Partner to manage USOF's affairs.

The General Partner may manage a large amount of assets and this could affect USOF's ability to trade profitably.

Increases in assets under management may affect trading decisions. In general, the General Partner does not intend to limit the amount of assets of USOF that it may manage. The more assets the General Partner manages, the more difficult it may be for it to trade profitably because of the difficulty of trading larger positions without adversely affecting prices and performance and of managing risk associated with larger positions.

USOF could terminate at any time and cause the liquidation and potential loss of your investment and could upset the overall maturity and timing of your investment portfolio.

The General Partner may in its sole discretion, terminate USOF at any time, regardless of whether USOF has incurred losses, without giving you prior notice. In particular, unforeseen circumstances, including substantial losses, withdrawal of USOF's General Partner or suspension or revocation of the General Partner's registrations with the CFTC or memberships in the NFA could cause USOF to

terminate. However, no level of losses will require the General Partner to terminate USOF. USOF's termination would cause the liquidation and potential loss of your investment. Termination could also negatively affect the overall maturity and timing of your investment portfolio.

Limited Partners may not have limited liability in certain circumstances, including potentially having liability for the return of wrongful distributions.

Under Delaware law, a limited partner might be held liable for our obligation as if it were a General Partner if the limited partner participates in the control of the partnership's business and the persons who transact business with the partnership think the limited partner is the General Partner.

A limited partner will not be liable for assessments in addition to its initial capital investment in any of our capital securities representing limited partnership interests. However, a limited partner may be required to repay to us any amounts wrongfully returned or distributed to it under some circumstances. Under Delaware law, we may not make a distribution to limited partners if the distribution causes our liabilities (other than liabilities to partners on account of their partnership interests and nonrecourse liabilities) to exceed the fair value of our assets. Delaware law provides that a limited partner who receives such a distribution and knew at the time of the distribution that the distribution violated the law will be liable to the limited partnership for the amount of the distribution for three years from the date of the distribution.

With adequate notice, a limited partner may be required to withdraw from the partnership for any reason.

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 his partner capital account. The General Partner may require withdrawal even in situations where the limited partner has complied completely with the provisions of the LP Agreement.

USOF's existing units are, and any units USOF issues in the future will be, subject to restrictions on transfer. Failure to satisfy these requirements will preclude you from being able to have all the rights of a limited partner.

No transfer of any unit or interest therein may be made if such transfer would (a) violate the then applicable federal or state securities laws or rules and regulations of the SEC, any state securities commission, the CFTC or any other governmental authorities with jurisdiction over such transfer, (b) cause USOF to be taxable as a corporation or affect USOF's existence or qualification as a limited partnership. In addition, investors may only become limited partners if they transfer their units to purchasers that meet certain conditions outlined in the LP Agreement, which provides that each record holder or limited partner or unitholder applying to become a limited partner (each a record holder) may be required by the General Partner to furnish certain information, including that holder's nationality, citizenship or other related status. A transferee who is not a U.S. resident may not be eligible to become a record holder or a limited partner if its ownership would subject USOF to the risk of cancellation or forfeiture of any of its assets under any federal, state or local law or regulation. All purchasers of USOF's units, who wish to become limited partners or record holders, and receive cash distributions, if any, or have certain other rights, must deliver an executed transfer application in which the purchaser or transferee must certify that, among other things, he, she or it agrees to be bound by USOF's LP Agreement and is eligible to purchase USOF's securities. Any transfer of units will not be recorded by the transfer agent or recognized by us unless a completed transfer application is delivered to the General Partner or the Administrator. A person purchasing USOF's existing units, who does not execute a transfer application and certify that the purchaser is eligible to purchase those securities acquires no rights in those securities other than the right to resell those securities. Whether or not a transfer application is received or the consent of the General Partner obtained, our units will be securities and will be transferable according to the laws governing transfers of securities. See "Transfer of Units."

USOF does not expect to make cash distributions.

The General Partner intends to re-invest any realized gains in additional oil interests rather than distributing cash to limited partners. Therefore, 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, USOF generally does not expect to distribute cash to limited partners. You should not invest in USOF if you will need cash distributions from USOF to pay taxes on your share of income and gains of USOF, if any, or for any other reason. Although USOF does not intend to make cash distributions, the income earned from its investments held directly or posted as margin may reach levels that merit distribution, e.g., at levels where such income is not necessary to support its underlying investments in Oil Interests and investors adversely react to being taxed on such income without receiving distributions that could be used to pay such tax. If this income becomes significant then cash distributions may be made.

There is a risk that USOF will not earn trading gains sufficient to compensate for the fees and expenses that it must pay and as such USOF may not earn any profit.

USOF pays brokerage charges of approximately 0.35%, management fees of 0.50% of NAV on the first \$1,000,000,000 of assets and 0.20% of NAV after the first \$1,000,000,000 of assets, and over-the-counter spreads and extraordinary expenses (*i.e.* expenses not in the ordinary course of business, including the indemnification of any person against liabilities and obligations to the extent permitted by law and required under the LP Agreement and under agreements entered into by the General Partner on USOF's behalf and the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expenses and the settlement of claims and litigation) that can not be quantified. These fees and expenses must be paid in all cases regardless of whether USOF's activities are profitable. Accordingly, USOF must earn trading gains sufficient to compensate for these fees and expenses before it can earn any profit.

USOF, to date, has depended upon its affiliates to pay all its expenses. If this offering of units does not raise sufficient funds to pay USOF's future expenses, its affiliates no longer pay such expenses and no other source of funding of expenses is found, USOF will terminate and investors may lose all or part of their investment.

To date, all of USOF's and the General Partner's expenses have been funded by their affiliates. These affiliates are under no obligation to continue payment of USOF's or the General Partner's expenses. If such affiliates were to discontinue the payment of these expenses and the General Partner and USOF are unsuccessful in raising sufficient funds to cover its expenses or in locating any other source of funding, USOF will terminate and investors may lose all or part of their investment.

USOF may incur higher fees and expenses upon renewing existing or entering into new contractual relationships.

The clearing arrangements between the clearing brokers and USOF generally are terminable by the clearing brokers once the clearing broker has given USOF notice. Upon termination, the General Partner may be required to renegotiate or make other arrangements for obtaining similar services if USOF intends to continue trading in Oil Futures Contracts or Other Oil Interest contracts at its present level of capacity. The services of any clearing broker may not be available, or even if available, these services may not be available on the terms as favorable as those of the expired or terminated clearing arrangements.

USOF may miss certain trading opportunities because it will not receive the benefit of the expertise of trading advisors.

USOF does not employ trading advisors; however, it reserves the right to employ them in the future. The only advisor to USOF is the General Partner. A lack of trading advisors may be disadvantageous to USOF because it will not receive the benefit of the trading advisors' expertise.

An unanticipated number of redemption requests during a short period of time could have an adverse effect on the NAV of USOF.

If a substantial number of requests for redemption of Redemption Baskets are received by USOF during a relatively short period of time, USOF may not be able to satisfy the requests from USOF's assets not committed to trading. As a consequence, it could be necessary to liquidate positions in USOF's trading positions before the time that the trading strategies would otherwise dictate liquidation.

The failure or bankruptcy of a clearing broker could result in a substantial loss of USOF's assets.

Under CFTC regulations, a clearing broker maintains customers' assets in a bulk segregated account. If a clearing broker fails to do so, or is unable to satisfy a substantial deficit in a customer account, its other customers may be subject to risk of loss of their funds in the event of that clearing broker's bankruptcy. In that event, the clearing broker's customers, such as USOF, are entitled to recover, even in respect of property specifically traceable to them, only a proportional share of all property available for distribution to all of that clearing broker's customers. USOF also may be subject to the risk of the failure of, or delay in performance by, any exchanges and markets and their clearing organizations, if any, on which commodity interest contracts are traded.

From time to time, the clearing brokers may be subject to legal or regulatory proceedings in the ordinary course of their business. A clearing broker's involvement in costly or time-consuming legal proceedings may divert financial resources or personnel away from the clearing broker's trading operations, which could impair the clearing broker's ability to successfully execute and clear USOF's trades.

Third parties may infringe or otherwise violate intellectual property rights or assert that the General Partner has infringed or otherwise violated their intellectual property rights, which may result in significant costs and diverted attention.

Third parties may utilize USOF's intellectual property or technology, including the use of its business methods, trademarks and trading program software, without permission. USOF has a patent pending for its business method and it is registering its trademarks. USOF does not currently have any proprietary software. However, if it obtains proprietary software in the future, then any unauthorized use of USOF's proprietary software and other technology could also adversely affect its competitive advantage. USOF may have difficulty monitoring unauthorized uses of its patents, trademarks, proprietary software and other technology. Also, third parties may independently develop business methods, trademarks or proprietary software and other technology similar to that of the General Partner or claim that the General Partner has violated their intellectual property rights, including their copyrights, trademark rights, trade names, trade secrets and patent rights. As a result, the General Partner may have to litigate in the future to protect its trade secrets, determine the validity and scope of other parties' proprietary rights, defend itself against claims that it has infringed or otherwise violated other parties' rights, or defend itself against claims that its rights are invalid. Any litigation of this type, even if the General Partner is successful and regardless of the merits, may result in significant costs, divert its resources from USOF, or require it to change its proprietary software and other technology or enter into royalty or licensing agreements.

The success of USOF depends on the ability of the General Partner to accurately implement trading systems, and any failure to do so could subject USOF to losses on such transactions.

The General Partner anticipates using mathematical formulas built into an EXCEL spreadsheet to decide whether it should buy or sell oil interests each day. Specifically, the General Partner anticipates using the spreadsheet to make mathematical calculations and to monitor positions in oil interests and Treasuries and correlations to the spot price of WTI light, sweet crude oil. The General Partner must accurately process the spreadsheets' outputs and execute the transactions called for by the formulas. In addition, USOF relies on the General Partner to properly operate and maintain its computer and communications systems. Execution of the formulas and operation of the systems are subject to human error. Any failure, inaccuracy or delay in implementing any of the formulas or systems and executing

USOF's transactions could impair its ability to achieve USOF's investment objective. It could also result in decisions to undertake transactions based on inaccurate or incomplete information. This could cause substantial losses on transactions.

USOF may experience substantial losses on transactions if the computers or communications systems fail.

USOF's trading activities, including its risk management, depends on the integrity and performance of the computer and communications systems supporting it. Extraordinary transaction volume, hardware or software failure, power or telecommunications failure, a natural disaster or other catastrophe could cause the computer systems to operate at an unacceptably slow speed or even fail. Any significant degradation or failure of the systems that the General Partner uses to gather and analyze information, enter orders, process data, monitor risk levels and otherwise engage in trading activities may result in substantial losses on transactions, liability to other parties, lost profit opportunities, damages to the General Partner's and USOF's reputations, increased operational expenses and diversion of technical resources.

If the computer and communications system are not upgraded, USOF's financial condition could be harmed.

The development of complex communications and new technologies may render the existing computer and communication systems supporting USOF's trading activities obsolete. In addition, these computer and communications systems must be compatible with those of third parties, such as the systems of exchanges, clearing brokers and the executing brokers. As a result, if these third parties upgrade their systems, the General Partner will need to make corresponding upgrades to continue effectively trading its activities. USOF's future success will depend on USOF's ability to respond to changing technologies on a timely and cost-effective basis.

USOF depends on the reliable performance of the computer and communications systems of third parties, such as brokers and futures exchanges, and may experience substantial losses on transactions if they fail.

USOF depends on the proper and timely function of complex computer and communications systems maintained and operated by the futures exchanges, brokers and other data providers that the General Partner uses to conduct trading activities. Failure or inadequate performance of any of these systems could adversely affect the General Partner's ability to complete transactions, including its ability to close out positions, and result in lost profit opportunities and significant losses on commodity interest transactions. This could have a material adverse effect on revenues and materially reduce USOF's available capital. For example, unavailability of price quotations from third parties may make it difficult or impossible for the General Partner to use its proprietary software that it relies upon to conduct its trading activities. Unavailability of records from brokerage firms may make it difficult or impossible for the General Partner to accurately determine which transactions have been executed or the details, including price and time, of any transaction executed. This unavailability of information also may make it difficult or impossible for the General Partner to reconcile its records of transactions with those of another party or to accomplish settlement of executed transactions.

The occurrence of a terrorist attack, or the outbreak, continuation or expansion of war or other hostilities could disrupt USOF's trading activity and materially affect USOF's profitability.

The operations of USOF, the exchanges, brokers and counterparties with which USOF does business, and the markets in which USOF does business could be severely disrupted in the event of a major terrorist attack or the outbreak, continuation or expansion of war or other hostilities. The terrorist attacks of September 11, 2001 and the war in Iraq, global anti-terrorism initiatives and political unrest in the Middle East and Southeast Asia continue to fuel this concern.

Risk of Leverage and Volatility

If the General Partner permits USOF to become leveraged, you could lose all or substantially all of your investment if USOF's trading positions suddenly turn unprofitable.

Commodity pools' trading positions in futures contracts or other commodity interests are typically required to be secured by the deposit of margin funds that represent only a small percentage of a futures contract's (or other commodity interests') entire face value. This feature permits commodity pools to leverage their assets by purchasing or selling futures contracts (or other commodity interests) with an aggregate value in excess of the commodity pool's assets. While this leverage can increase the pool's profits, relatively small adverse movements in the price of the pool's futures contracts can cause significant losses to the pool. While the General Partner does not currently intend to leverage USOF's assets, it is not prohibited from doing so under the LP Agreement or otherwise.

The price of oil is volatile which could cause large fluctuations in the price of units.

Movements in the price of oil may be the result of factors outside of the General Partner's control and may not be anticipated by the General Partner. For example, price movements for barrels of oil are influenced by, among other things:

changes in interest rates;

actions by oil producing countries such as the OPEC countries;

governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies;

weather and climate conditions;

changing supply and demand relationships, including but not limited to increased demand by other countries such as China;

changes in balances of payments and trade;

U.S. and international rates of inflation;

currency devaluations and revaluations;

U.S. and international political and economic events; and

changes in philosophies and emotions of market participants.

Over-the-Counter Contract Risk

Over-the-counter transactions are subject to little, if any, regulation.

A portion of USOF's assets may be used to trade over-the-counter oil interest contracts, such as forward contracts or swap or spot contracts. Over-the-counter contracts are typically traded on a principal-to-principal basis through dealer markets that are dominated by major money center and investment banks and other institutions and are essentially unregulated by the CFTC. You therefore do not receive the protection of CFTC regulation or the statutory scheme of the Commodity Exchange Act in connection with this trading activity by USOF. The markets for over-the-counter contracts rely upon the integrity of market participants in lieu of the additional regulation imposed by the CFTC on participants in the futures markets. The lack of regulation in these markets could expose USOF in certain circumstances to significant losses in the event of trading abuses or financial failure by participants.

USOF will be subject to credit risk with respect to counterparties to over-the-counter contracts entered into by USOF or held by special purpose or structured vehicles.

USOF also faces the risk of non-performance by the counterparties to the over-the-counter contracts. Unlike in futures contracts, the counterparty to these contracts is generally a single bank or other financial institution, rather than

a clearing organization backed by a group of financial institutions. As a result, there

will be greater counterparty credit risk in these transactions. A counterparty may not be able to meet its obligations to USOF, in which case USOF could suffer significant losses on these contracts.

If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, USOF may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. USOF may obtain only limited recovery or may obtain no recovery in such circumstances.

USOF may be subject to liquidity risk with respect to its over-the-counter contracts.

Over-the-counter contracts may have terms that make them less marketable than Oil Futures Contracts.

Over-the-counter contracts are less marketable because they are not traded on an exchange, do not have uniform terms and conditions, and are entered into based upon the creditworthiness of the parties and the availability of credit support, such as collateral and in general, they are not transferable without the consent of the counterparty. These conditions diminish the ability to realize the full value of such contracts.

Risk of Trading in International Markets

Trading in international markets would expose USOF to credit and regulatory risk.

The General Partner expects to invest primarily in Oil Futures Contracts and particularly in Oil Futures Contracts that are traded in the United States on the New York Mercantile Exchange. However, a portion of USOF's trades may take place on markets and 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. None of the CFTC, National Futures Association (NFA), or any domestic exchange regulates activities of any foreign boards of trade or exchanges, including the execution, delivery and clearing of transactions, nor has the power to compel enforcement of the rules of a foreign board of trade or exchange or of any applicable non-U.S. laws. Similarly, the rights of market participants, such as USOF, in the event of the insolvency or bankruptcy of a non-U.S. market or broker are also likely to be more limited than in the case of U.S. markets or brokers. As a result, in these markets, USOF has less legal and regulatory protection than it does when it trades domestically.

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 USOF to credit risk. Trading in non-U.S. markets also leaves USOF susceptible to swings in the value of the local currency against the U.S. dollar. Additionally, trading on non-U.S. exchanges is subject to the risks presented by exchange controls, expropriation, increased tax burdens and exposure to local economic declines and political instability. An adverse development with respect to any of these variables could reduce the profit or increase the loss earned on trades in the affected international markets.

International trading activities subject USOF to foreign exchange risk.

The price of any non-U.S. futures, options on futures or other commodity interest contract and, therefore, the potential profit and loss on such contract, may be affected by any variance in the foreign exchange rate between the time the order is placed and the time it is liquidated, offset or exercised. As a result, changes in the value of the local currency relative to the U.S. dollar may cause losses to USOF even if the contract traded is profitable.

USOF's international trading would expose it to losses resulting from non-U.S. exchanges that are less developed or less reliable than United States exchanges.

Some non-U.S. exchanges also may be in a more developmental stage so that prior price histories may not be indicative of current price dynamics. In addition, USOF may not have the same access to certain positions on foreign trading exchanges as do local traders, and the historical market data on which General Partner bases its strategies may not be as reliable or accessible as it is in the United States.

Tax Risk

Please refer to "U.S. Federal Income Tax Considerations" for information regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of units.

Your tax liability may exceed the amount of distributions, if any, on your units.

Cash or property will be distributed at the sole discretion of the General Partner, and the General Partner currently does not intend to make cash or other distributions with respect to units. You will be required to pay United States federal income tax and, in some cases, state, local, or foreign income tax, on your allocable share of USOF's taxable income, without regard to whether you receive distributions or the amount of any distributions. Therefore, your tax liability with respect to your units may exceed the amount of cash or value of property (if any) distributed.

Your allocable share of taxable income or loss may differ from your economic income or loss on your units.

Due to the application of the assumptions and conventions applied by USOF in making allocations for tax purposes and other factors, your allocable share of USOF's income, gain, deduction or loss may be different than your economic profit or loss from your units for a taxable year. This difference could be temporary or permanent and, if permanent, could result in your being taxed on amounts in excess of your economic income.

Items of income, gain, deduction, loss and credit with respect to units could be reallocated if the IRS does not accept the assumptions and conventions applied by USOF in allocating those items, with potential adverse consequences for you.

The U.S. tax rules pertaining to partnerships are complex and their application to large, publicly traded partnerships such as USOF is in many respects uncertain. USOF will apply certain assumptions and conventions in an attempt to comply with the intent of the applicable rules and to report taxable income, gains, deductions, losses and credits in a manner that properly reflects unitholders' economic gains and losses. These assumptions and conventions may not fully comply with all aspects of the Internal Revenue Code ("Code") and applicable Treasury Regulations, however, and it is possible that the U.S. Internal Revenue Service will successfully challenge our allocation methods and require us to reallocate items of income, gain, deduction, loss or credit in a manner that adversely affects you. If this occurs, you may be required to file an amended tax return and to pay additional taxes plus deficiency interest.

We could be treated as a corporation for federal income tax purposes, which may substantially reduce the value of your units.

USOF has received an opinion of counsel that, under current U.S. federal income tax laws, USOF will be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, provided that (i) at least 90 percent of USOF's annual gross income consists of "qualifying income" as defined in the Code, (ii) USOF is organized and operated in accordance with its governing agreements and applicable law and (iii) USOF does not elect to be taxed as a corporation for federal income tax purposes. Although the General Partner anticipates that USOF will satisfy the "qualifying income" requirement for all of its taxable years, that result cannot be assured. USOF has not requested and will not request any ruling from the IRS with respect to its classification as a partnership not taxable as a corporation for federal income tax purposes. If the IRS were to successfully assert that USOF is taxable as a corporation for federal income tax purposes in any taxable year, rather than passing through its income, gains, losses and deductions proportionately to unitholders, USOF would be subject to tax on its net income for the year at corporate tax rates. In addition, although the General Partner does not currently intend to make distributions with respect to units, any distributions would be taxable to unitholders as dividend income. Taxation of USOF as a corporation could materially reduce the after-tax return on an investment in units and could substantially reduce the value of your units.

PROSPECTIVE INVESTORS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE POSSIBLE TAX CONSEQUENCES TO THEM OF AN INVESTMENT IN UNITS; SUCH TAX CONSEQUENCES MAY DIFFER IN RESPECT OF DIFFERENT INVESTORS.

Legal Risks

Representatives of the New York Mercantile Exchange have notified USOF of its belief that USOF is engaging in unauthorized use of such Exchange's service marks.

USOF expects to invest primarily in Oil Futures Contracts, and particularly in Oil Futures Contracts traded on the New York Mercantile Exchange. Representatives of the New York Mercantile Exchange have notified USOF of its belief that USOF is engaging in unauthorized use of such Exchange's service marks. The Exchange has claimed that USOF's use of the marks will cause confusion as to USOF's source, origin, sponsorship or approval, and constitute infringement of the Exchange's trademark rights and unfair competition and dilution of the Exchange's marks.

The General Partner has engaged in discussions with the New York Mercantile Exchange and has changed USOF's name. In addition, USOF expressly disclaims any association with the Exchange or endorsement of USOF by the Exchange and acknowledges that NYMEX and New York Mercantile Exchange are registered trademarks of such Exchange.

At this time, USOF is unable to determine what the outcome from this matter will be. If the resolution or lack of resolution of this matter results in a material restriction on USOF's ability to invest in Oil Futures Contracts traded on the New York Mercantile Exchange, USOF may not be able to achieve its investment objective.

If USOF were to enter into an agreement with the New York Mercantile Exchange, there would be a licensing or other fee as well as certain limits that would be imposed on USOF's use of the New York Mercantile Exchange's intellectual property. Such fees and limits could adversely affect the ability of USOF to meet its investment objective of correlating the NAV of the units to the spot price of WTI light, sweet crude oil by increasing USOF's costs and limiting its investment options.

The Offering

What is USOF?

USOF is a Delaware Limited Partnership (LP) organized on May 12, 2005. USOF maintains its main business office at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. USOF is a commodity pool. It operates pursuant to the terms of the LP Agreement dated as of [], [2006], which grants full management control to the General Partner.

Who is the General Partner?

Our sole General Partner is Victoria Bay Asset Management, LLC (formerly Standard Asset Management, LLC), a single member limited liability company that was formed in the state of Delaware on May 10, 2005 and changed its name on June 10, 2005. It maintains its main business office at 1320 Harbor Bay Parkway Suite 145 Alameda, California 94502. The General Partner is a wholly-owned subsidiary of Wainwright Holdings, Inc., a Delaware corporation (Wainwright). Mr. Nicholas Gerber (discussed below) controls Wainwright by virtue of his ownership of Wainwright's shares. Wainwright is a holding company that also owns an insurance company organized under Bermuda law. The General Partner is a member of the National Futures Association (NFA) and is registered with the CFTC as of December 1, 2005. The General Partner's registration as a commodity pool operator (CPO) with the NFA was approved on December 1, 2005.

The General Partner is required to evaluate the credit risk for USOF to the futures commission merchant, oversee the purchases and sale of USOF's units by certain authorized purchasers, review daily positions and margin requirements of USOF, and manage USOF's investments. The General Partner also pays the future commission merchant's charges on behalf of USOF, and pays the continuing service fees to the Marketing Agent for communicating with investors.

Limited Partners have no right to elect the General Partner on an annual or any other continuing basis. If the General Partner voluntarily withdraws, however, the holders of a majority of our outstanding limited partner interests (excluding for purposes of such determination interests owned by the withdrawing General Partner and its affiliates) may elect its successor. The General Partner may not be removed as general partner except upon approval by the affirmative vote of the holders of at least 66²/₃ percent of our outstanding limited partner interests (excluding limited partner interests owned by the General Partner and its affiliates), subject to the satisfaction of certain conditions set forth in the LP Agreement.

The business and affairs of our General Partner are managed by a board of directors, and will be comprised of four Management Directors who are also the executive officers and three independent directors who make up the audit committee and meet the independent director requirements established by the American Stock Exchange and the Sarbanes-Oxley Act of 2002 for USOF. Through its Management Directors, the General Partner manages the day-to-day operations of USOF.

Nicholas Gerber has been the President and CEO of the General Partner since June 9, 2005 and a Management Director of the General Partner since May 10, 2005. He maintains his main business office at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. Mr. Gerber will act as a Portfolio Manager for USOF. Mr. Gerber has an extensive background in securities portfolio management and in developing investment funds that make use of indexing and futures contracts. Mr. Gerber is the founder of Ameristock Corporation, a California-based investment adviser registered under the Investment Advisers Act of 1940, that has been sponsoring and providing portfolio management services to mutual funds since 1995. Since 1995, Mr. Gerber has been the portfolio manager of the Ameristock Mutual Fund, a mutual fund registered under the Investment Company Act of 1940, focused on large cap U.S. equities that currently has approximately \$800 million in assets. In these roles, Mr. Gerber has gained extensive experience in evaluating and retaining third-party service providers, including custodians, accountants, transfer agents, and distributors. Prior to managing Ameristock Mutual Fund Inc., Mr. Gerber served as a portfolio manager with Bank of America Capital Management. While there he was responsible for the daily stewardship of four funds with a combined value in excess of \$240 million. At Bank of America Capital Management, Mr. Gerber worked extensively in the development and managing of mutual funds and institutional accounts that were designed to track assorted equity market indices such as the Standard & Poor's 500 and the Standard & Poor's Midcap 400. Before joining Bank of America, he was Managing Director and founder of the Marc Stevens Futures Index Fund, a fund that combined the use of commodity futures with equity stock index futures. The futures index fund was a commodity pool and Mr. Gerber was the Commodity Pool Operator. It was ultimately purchased by Newport Commodities. Mr. Gerber's two decades of experience in institutional investment include a period of employment as a floor trader on the New York Futures Exchange. Mr. Gerber has passed the Series 3 examination for associated persons. He holds an MBA in finance from the University of San Francisco and a BA from Skidmore College. Mr. Gerber is 43 years old.

Andrew F. Ngim has been a Management Director of the General Partner since May 10, 2005 and Treasurer of the General Partner since June 9, 2005. He received a Bachelor of Arts from the University of California at Berkeley in 1987. Mr. Ngim has been the Managing Director of Ameristock Corporation since 1999. He was the Co-Portfolio Manager of the Ameristock Large Company Growth Fund from December 2000 to June 2002 and Benefits Consultant with PriceWaterhouseCoopers from 1994 to 1999. Mr. Ngim is 45 years old.

Howard Mah has been a Management Director of the General Partner since May 10, 2005 and Secretary of the General Partner since June 9, 2005. He received a Bachelor of Education from the University of Alberta, in 1986 and an MBA from the University of San Francisco in 1988. He has been

the Compliance Officer of Ameristock Corporation since 2001; tax & finance consultant in private practice since 1995, Secretary of Ameristock Mutual Fund since 1995 and Ameristock Focused Value Fund from December 2000 to January 2005; Chief Compliance Officer of Ameristock Mutual Fund since 2004 and the Co-Portfolio Manager of the Ameristock Focused Value Fund from December 2000 to January 2005. Mr. Mah is 41 years old.

Robert L. Nguyen has been a Management Director of the General Partner since May 10, 2005. He received a Bachelor of Science from California State University Sacramento in 1981. Mr. Nguyen has been the Managing Principal of Ameristock Corporation since 2000. He was Co-Portfolio Manager of the Ameristock Large Company Growth Fund from December 2000 to June 2002 and Institutional Specialist with Charles Schwab & Company Inc. from 1995 to 1999. Mr. Nguyen is 45 years old.

Peter M. Robinson has been an Independent Director of the General Partner since September 30, 2005. Mr. Robinson has been employed with the Hoover Institution since 1993. Mr. Robinson graduated from Dartmouth College in 1979 and Oxford University in 1982. Mr. Robinson spent six years in the White House, serving from 1982 to 1983 as chief speechwriter to Vice President George Bush and from 1983 to 1988 as special assistant and speechwriter to President Ronald Reagan. After the White House, Mr. Robinson received an MBA from the Stanford University Graduate School of Business. Mr. Robinson then spent a year in New York City with Fox Television. He spent a second year in Washington, D.C., with the Securities and Exchange Commission, where he served as the director of the Office of Public Affairs, Policy Evaluation, and Research. Mr. Robinson has also written three books and has been published in the *New York Times*, *Red Herring*, and *Forbes ASAP* and he is the editor of *Can Congress Be Fixed?: Five Essays on Congressional Reform* (Hoover Institution Press, 1995). Mr. Robinson is 48 years old.

Gordon L. Ellis has been an Independent Director of the General Partner since September 30, 2005. Mr. Ellis has been Chairman of International Absorbents, Inc. since July 1988, President and Chief Executive Officer since November 1996 and a Class I Director of the company since July 1985. Mr. Ellis is also a director of Absorption Corp., International Absorbents, Inc.'s wholly-owned subsidiary. Mr. Ellis is a director/trustee of Polymer Solutions, Inc., a former publicly-held company that sold all of its assets effective as of February 3, 2004 and is currently winding down its operations and liquidating following such sale. Mr. Robinson is 58 years old.

Malcolm R. Fobes III has been an Independent Director of the General Partner since September 30, 2005. Mr. Fobes manages the investment program of the Berkshire Focus Fund. He is primarily responsible for the day-to-day management of the Berkshire Focus Fund's portfolio. Mr. Fobes founded the Berkshire Focus Fund's investment adviser, Berkshire Capital Holdings, Inc., in 1993, where he has been responsible for directing the company's investment programs in both public and private companies located in the Silicon Valley. Prior to forming Berkshire Capital, Mr. Fobes was employed by various technology-related companies, including Adobe Systems, Inc., a leading provider of digital publishing and imaging software technologies. Mr. Fobes holds a B.S. degree in Finance and Economics from San Jose State University in California. Mr. Fobes is 41 years old.

John Love will act as the Operations Manager for USOF. Mr. Love has served as the operations manager of Ameristock Corporation since 2002, where he is responsible for marketing the Ameristock Mutual Fund. From April 2001 to September 2002, Mr. Love was the project manager for TouchVision Interactive where he provided leadership to project teams while assisting with business and process development. From January 1996 to November 2000, Mr. Love was the managing director of Jamison/ Gold (Keane Inc.) where he provided leadership to all departments including operations, production, technology, sales, marketing, administration, recruiting, and finance. From December 2000 to February 2001, Mr. Love was employed by Digital Boardwalk Inc. Mr. Love's experience also includes leading a group of multimedia producers who controlled web and kiosk projects from pre-contract to deployment. He holds a BFA in cinema-television from the University of Southern California. Mr. Love does not have any experience operating a commodity pool. Mr. Love is 34 years old.

John T. Hyland, CFA will act as a Portfolio Manager and as the Director of Portfolio Research for USOF. Mr. Hyland has an extensive background in portfolio management and research with both equity

and fixed income securities, as well as in the development of new types of complex investment funds. He is currently a principal at Towerhouse Capital Management, LLC, a firm that provides portfolio management and new fund development expertise to non-U.S. institutional investors. Prior to founding Towerhouse in 2003, Mr. Hyland was the Director of Global Property Securities Research for Roulac International, where he worked on the development of a hedge fund focused on global real estate stocks. From 1996 through 2001, Mr. Hyland was the Director of Securities Research and Portfolio Manager for the capital markets division of CB Richard Ellis, a global commercial real estate services firm. His division provided portfolio management of equities as an advisor or sub-advisor for mutual funds and separate accounts focused on real estate investment trusts. In addition, his group conducted research in the area of structured commercial real estate debt (including Commercial Mortgage-Back Securities, or CMBS), and lead the creation of one of the earliest re-securitizations of multiple CMBS pool tranches into a Collateralized Debt Obligation (CDO) vehicle. In the ten years prior to working at CB Richard Ellis, Mr. Hyland had worked as a portfolio manager or financial representative for several other investment firms and mutual funds. Mr. Hyland received his Chartered Financial Analyst (CFA) designation in 1994. From 1993 until 2003, Mr. Hyland was on the Board of Directors of the Security Analysts of San Francisco (SASF), a not-for-profit organization of investment management professionals. He served as the president of the SASF from 2001-2002. Mr. Hyland is a member of the CFA Institute (formerly AIMR). He is also a member of the National Association of Petroleum Investment Analysts (NAPIA), a not-for-profit organization of investment professionals focused on the oil industry. He serves as an arbitrator for the National Association of Securities Dealers (NASD), as part of their dispute resolution program. He is a graduate of the University of California, Berkeley and received a BA in political science/international relations in 1982. Mr. Hyland is 46 years old.

Kathryn D. Rooney will act as a Marketing Manager for USOF. Her primary responsibilities will include soliciting orders, customers and customer funds. Currently, Ms. Rooney is the Director of Business Development for Ameristock Mutual Fund. She has held this position since September of 2003. Prior to working for Ameristock Mutual Fund, Ms. Rooney was the Regional Director for Accessor Capital Management from November of 2002 to September of 2003. Before working at Accessor Capital Management, Ms. Rooney worked at ALPS Mutual Fund Services, Inc. as a National Sales Director. She held this position from May of 1999 through November of 2002. Before working at ALPS Mutual Fund Services, Inc., Ms. Rooney worked as a Trust Officer for Fifth Third bank from June of 1994 through May of 1999. Ms. Rooney is 33 years old.

The following are individual Principals, as that term is defined in CFTC Rule 3.1, for USOF: Melinda Gerber, Howard Mah, Andrew Ngim, Robert Nguyen, Peter Robinson, Gordon Ellis, Malcolm Fobes, John Love, and John Hyland. These individuals are principals due to their positions, however, Nicholas Gerber and Melinda Gerber are also principals due to their controlling stake in Wainwright. None of the principals owns or has any other beneficial interest in USOF. Nicholas Gerber and John Hyland make trading and investment decisions for USOF. Nicholas Gerber, John Love, and John Hyland execute trades on behalf of USOF. In addition, Nicholas Gerber, John Love, John Hyland and Kathryn Rooney are registered with the NFA as Associated Persons of the General Partner.

Compensation and Fees to the General Partner

USOF pays a management fee to the General Partner as follows:

Assets	Management Fee
First \$1,000,000,000	0.50% of NAV
After the first \$1,000,000,000	0.20% of NAV

Prior Performance of the General Partner and Affiliates

The General Partner is a new company so it does not have a prior performance history. Nicholas Gerber, the president of the General Partner, ran the Marc Stevens Futures Index Fund over 10 years ago. This fund combined commodity futures with equity stock index futures. It was a very small private

offering, which had under \$1 million in assets. The Marc Stevens Futures Index Fund was a commodity pool and Mr. Gerber was the Commodity Pool Operator. Ameristock Corporation is an affiliate of the General Partner and it is a California-based Registered Investment Advisor that has been sponsoring and providing portfolio management services to mutual funds since 1995. Ameristock Corporation is the investment adviser to the Ameristock Mutual Fund, a registered mutual fund focused on large cap US equities that has approximately \$800 million in assets.

How Does USOF Operate?

The investment objective of USOF is for the units' NAV to reflect the performance of the spot price of WTI light, sweet crude oil, less USOF's expenses. USOF will invest in Oil Futures Contracts, which are futures contracts for light, sweet crude oil and/or other petroleum-based fuels that are traded on the New York Mercantile Exchange and/or other U.S. and foreign exchanges, and Other Oil Interests such as cash-settled options on Oil Futures Contracts and forward contracts for oil and over-the-counter transaction that are based on the price of oil, other petroleum-based fuels, Oil Futures Contracts and indices based on the foregoing.

USOF anticipates that it will initially invest primarily in the Benchmark Oil Futures Contract until the dollar value of its daily net assets equals the dollar value of twenty-five percent of the exchange's speculative position limits for the purchase of these contracts (currently 5,000 contracts) or such other percentage less than the speculative position limits as the General Partner determines. Above that amount and until the amount of USOF's net assets equals the dollar value of the speculative position limits of the New York Mercantile Exchange (currently 20,000 contracts), USOF will invest in a mix of various Oil Futures Contracts and Other Oil Interests. When the dollar value of USOF's daily net assets exceeds the dollar value of the speculative position limits on the New York Mercantile Exchange, then above that amount USOF will invest only in Other Oil Interests. In the latter case, a significant portion of these Other Oil Interests will be cash settled OTC options, forward contracts and other OTC transactions based on the spot price of oil and other petroleum based fuels, Oil Futures Contracts and indices based on the foregoing.

The primary catalyst for determining the allocation mix of Oil Futures Contracts and Other Oil Interests to be purchased by the General Partner are speculative position limits and the ability to manage fund operations in a smooth and controlled manner. USOF intends to purchase futures contracts on the ICE Futures or the Singapore Exchange, if permitted under applicable regulatory requirements, only when it has reached position limits on the New York Mercantile Exchange. It does not intend to use these exchanges to make a profit.

USOF seeks to achieve its investment objective by investing in a mix of Oil Futures Contracts and Other Oil Interests such that USOF's NAV will closely track the price of the Benchmark Oil Futures Contract that the General Partner believes has historically exhibited a close price correlation with the spot price of WTI light, sweet crude oil. As discussed above, on any Valuation Day (a Valuation Day is any day as of which USOF calculates its NAV) that does not occur within the two week period preceding a monthly expiration date on the New York Mercantile Exchange, the Benchmark Oil Futures Contract is the near-month futures contract for WTI light, sweet crude oil that is traded on the Exchange. On each Valuation Day within the two week period preceding a monthly expiration date on the New York Mercantile Exchange, the Benchmark Oil Futures Contract is the second to nearest out futures contract for WTI light, sweet crude oil that is traded on the Exchange.

More specifically, the General Partner will endeavor to place USOF's trades in Oil Futures Contracts and Other Oil Interests and otherwise manage USOF's investments so that A will be within plus/minus 10 percent of B, where:

A is the average daily change in USOF's NAV for any period of 30 successive Valuation Days, and

B is the average daily change in the price of the Benchmark Oil Futures Contract over the same period.

The General Partner believes that market arbitrage opportunities will cause USOF's unit price on the American Stock Exchange to closely track USOF's NAV. The General Partner further believes that the prices of the Benchmark Oil Futures Contract have historically closely tracked the spot prices of WTI