

United States 12 Month Natural Gas Fund, LP
Form 10-Q
May 15, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2012.**

OR

.. **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to .**

Commission File Number: 001-34535

United States 12 Month Natural Gas Fund, LP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-0431733
(I.R.S. Employer
Identification No.)

1320 Harbor Bay Parkway, Suite 145

Alameda, California 94502

(Address of principal executive offices) (Zip code)

(510) 522-9600

(Registrant's telephone number, including area code)

N/A

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(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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Part I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements.

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Table of Contents*United States 12 Month Natural Gas Fund, LP**Condensed Statements of Financial Condition**At March 31, 2012 (Unaudited) and December 31, 2011*

	March 31, 2012	December 31, 2011
Assets		
Cash and cash equivalents (Note 5)	\$ 25,759,040	\$ 19,719,092
Equity in UBS Securities LLC trading accounts:		
Cash and cash equivalents	12,425,884	10,131,179
Unrealized loss on open commodity futures contracts	(9,537,110)	(8,583,320)
Receivable for units sold	849,893	
Receivable for General Partner (Note 3)	16,307	113,169
Dividend receivable	251	195
Interest receivable	28	8
Other assets	2,473	203
<i>Total assets</i>	<i>\$ 29,516,766</i>	<i>\$ 21,380,526</i>
Liabilities and Partners' Capital		
Investment payable	\$	\$ 8
Payable for units redeemed	818,550	
Professional fees payable	25,072	151,075
General Partner management fees payable (Note 3)	18,486	14,661
Brokerage commissions payable	3,288	4,260
Other liabilities	1,924	976
<i>Total liabilities</i>	<i>867,320</i>	<i>170,980</i>
Commitments and Contingencies (Notes 3, 4, and 5)		
Partners' Capital		
General Partner		
Limited Partners	28,649,446	21,209,546
<i>Total Partners' Capital</i>	<i>28,649,446</i>	<i>21,209,546</i>
<i>Total liabilities and partners' capital</i>	<i>\$ 29,516,766</i>	<i>\$ 21,380,526</i>
Limited Partners' units outstanding	1,750,000	1,000,000
Net asset value per unit	\$ 16.37	\$ 21.21
Market value per unit	\$ 16.28	\$ 21.12

See accompanying notes to condensed financial statements.

Table of Contents*United States 12 Month Natural Gas Fund, LP**Condensed Schedule of Investments (Unaudited)**At March 31, 2012*

	000000000	000000000	000000000
	Number of	Unrealized	% of
	Contracts	Loss	Partners
		on Open	Capital
		Commodity	
		Contracts	
Open Futures Contracts - Long			
United States Contracts			
NYMEX Natural Gas Futures NG May 2012 contracts, expiring April 2012	85	\$ (1,369,100)	(4.78)
NYMEX Natural Gas Futures NG June 2012 contracts, expiring May 2012	85	(1,293,000)	(4.51)
NYMEX Natural Gas Futures NG July 2012 contracts, expiring June 2012	85	(1,287,180)	(4.49)
NYMEX Natural Gas Futures NG August 2012 contracts, expiring July 2012	86	(1,188,310)	(4.15)
NYMEX Natural Gas Futures NG September 2012 contracts, expiring August 2012	85	(1,051,330)	(3.67)
NYMEX Natural Gas Futures NG October 2012 contracts, expiring September 2012	85	(1,005,200)	(3.51)
NYMEX Natural Gas Futures NG November 2012 contracts, expiring October 2012	85	(760,560)	(2.65)
NYMEX Natural Gas Futures NG December 2012 contracts, expiring November 2012	86	(580,130)	(2.03)
NYMEX Natural Gas Futures NG January 2013 contracts, expiring December 2012	85	(405,110)	(1.41)
NYMEX Natural Gas Futures NG February 2013 contracts, expiring January 2013	86	(248,110)	(0.87)
NYMEX Natural Gas Futures NG March 2013 contracts, expiring February 2013	85	(257,570)	(0.90)
NYMEX Natural Gas Futures NG April 2013 contracts, expiring March 2013	85	(91,510)	(0.32)
Total Open Futures Contracts	1,023	\$ (9,537,110)	(33.29)
		Principal	Market
		Amount	Value
Cash Equivalents			
United States Treasury Obligation			
U.S. Treasury Bill, 0.03%, 6/21/2012		\$ 1,760,000	\$ 1,759,881
			6.14
United States - Money Market Funds			
Fidelity Institutional Government Portfolio - Class I	2,508,926	2,508,926	8.76
Goldman Sachs Financial Square Funds - Government Fund - Class SL	1,502,003	1,502,003	5.24
Morgan Stanley Institutional Liquidity Fund - Government Portfolio	6,508,263	6,508,263	22.72
Total Money Market Funds			10,519,192
			36.72
Total Cash Equivalents			\$ 12,279,073
			42.86

See accompanying notes to condensed financial statements.

Table of Contents*United States 12 Month Natural Gas Fund, LP**Condensed Statements of Operations (Unaudited)**For the three months ended March 31, 2012 and 2011*

	Three months ended March 31, 2012	Three months ended March 31, 2011
Income		
Gain (loss) on trading of commodity futures contracts:		
Realized loss on closed positions	\$ (5,765,150)	\$ (1,940,610)
Change in unrealized gain (loss) on open positions	(953,790)	1,515,790
Dividend income	635	2,201
Interest income	877	104
Other income	3,850	4,000
<i>Total loss</i>	(6,713,578)	(418,515)
Expenses		
General Partner management fees (Note 3)	43,702	58,248
Professional fees	25,072	49,320
Brokerage commissions	3,407	2,666
Other expenses	1,837	2,722
<i>Total expenses</i>	74,018	112,956
Expense waiver (Note 3)	(16,307)	(37,670)
<i>Net expenses</i>	57,711	75,286
Net loss	\$ (6,771,289)	\$ (493,801)
Net loss per limited partnership unit	\$ (4.84)	\$ (0.75)
Net loss per weighted average limited partnership unit	\$ (5.37)	\$ (0.53)
Weighted average limited partnership units outstanding	1,261,538	935,556

See accompanying notes to condensed financial statements.

Table of Contents*United States 12 Month Natural Gas Fund, LP**Condensed Statement of Changes in Partners' Capital (Unaudited)**For the three months ended March 31, 2012*

	General Partner General Partner	General Partner Limited Partners	General Partner Total
Balances, at December 31, 2011	\$	\$ 21,209,546	\$ 21,209,546
Addition of 850,000 partnership units		15,874,389	15,874,389
Redemption of 100,000 partnership units		(1,663,200)	(1,663,200)
Net loss		(6,771,289)	(6,771,289)
Balances, at March 31, 2012	\$	\$ 28,649,446	\$ 28,649,446
Net Asset Value Per Unit:			
At December 31, 2011	\$	21.21	
At March 31, 2012	\$	16.37	

See accompanying notes to condensed financial statements.

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United States 12 Month Natural Gas Fund, LP

Condensed Statements of Cash Flows (Unaudited)

For the three months ended March 31, 2012 and 2011

	Three months ended March 31, 2012	Three months ended March 31, 2011
Cash Flows from Operating Activities:		
Net loss	\$ (6,771,289)	\$ (493,801)
Adjustments to reconcile net loss to net cash used in operating activities:		
(Increase) decrease in commodity futures trading account - cash and cash equivalents	(2,294,705)	2,057,477
Unrealized (gain) loss on futures contracts	953,790	(1,515,790)
Decrease in receivable from General Partner		