

United States Oil Fund, LP
Form POS AM
June 08, 2012
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As filed with the Securities and Exchange Commission on June 8, 2012

Registration No. 333-176765

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Post-Effective Amendment No. 2 to
FORM S-3
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

UNITED STATES OIL FUND, LP

(Exact Name of Registrant as Specified in Its Charter)

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Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

6770
(Primary Standard Industrial
Classification Code Number)

20-2830691
(I.R.S. Employer
Identification Number)

United States Oil Fund, LP
1320 Harbor Bay Parkway, Suite 145
Alameda, California 94502
510.522.9600
(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 the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

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, other than securities offered in connection with dividend or interest reinvestment plans, 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 registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act of 1933, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act of 1933, check the following box.

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

Accelerated filer
Smaller reporting company

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Pursuant to Rule 429 under the Securities Act of 1933, as amended, the prospectus included in this registration statement is a combined prospectus and relates to Registration Statement No. 333-157823 previously filed by the registrant and initially declared effective in June 29, 2009. Upon effectiveness, this registration statement, which is a new registration statement, will also constitute a post-effective amendment to Registration Statement No. 333-157823.

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

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PROSPECTUS

United States Oil Fund, LP[®]

968,800,000 Units

United States Oil Fund, LP, a Delaware limited partnership, is a commodity pool that issues units that may be purchased and sold on the NYSE Arca, Inc. (NYSE Arca). United States Oil Fund, LP is referred to as USOF throughout this document. This is a best efforts offering. USOF will continuously offer creation baskets consisting of 100,000 units to authorized purchasers through ALPS Distributors, Inc., which is the marketing agent. Authorized purchasers will pay a transaction fee of \$1,000 for each order placed to create one or more baskets. This is a continuous offering and will not terminate until all of the registered units have been sold. Our units are listed on the NYSE Arca under the symbol USO.

The units may be purchased from USOF only in one or more blocks of 100,000 units, as described in Creation and Redemption of Units. A block of 100,000 units is called a Basket. USOF issues and redeems units in Baskets on a continuous basis to certain authorized purchasers as described in Plan of Distribution. Each creation basket is offered and sold to an authorized purchaser at a price equal to the net asset value of 100,000 units on the day that the order to create the creation basket is accepted by the marketing agent.

The units are offered and sold to the public by authorized purchasers at prices that are expected to reflect, among other factors, the trading price of the units on the NYSE Arca, the net asset value of USOF and the supply of and demand for units at the time of sale. The difference between the price paid by authorized purchasers as underwriters and the price paid to such authorized purchasers by investors will be deemed underwriting compensation. Authorized purchasers will not receive from USOF or any of its affiliates, any fee or other compensation in connection with the sale 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 crude oil interests subjects USOF to the risks of the crude oil industry which 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 crude 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.

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

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

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

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

| | Per Unit | Per Basket |
|---------------------|----------|-----------------|
| Price of the units* | \$ 39.70 | \$ 3,970,000.00 |

*Based on closing net asset value on April 30, 2012. The price may vary based on net asset value in effect on a particular day.

The date of this prospectus is June 11, 2012.

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COMMODITY FUTURES TRADING COMMISSION

RISK DISCLOSURE STATEMENT

YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN A COMMODITY POOL. IN SO DOING, YOU SHOULD BE AWARE THAT COMMODITY INTEREST 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, AND 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 AT PAGE 55 AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT, AT PAGE 7.

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 A DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT 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.

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UNITED STATES OIL FUND, LP

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STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements which generally relate to future events or future performance. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expect, plan, anticipate, believe, estimate, predict, negative of these terms or other comparable terminology. All statements (other than statements of historical fact) included in this prospectus and movements in the commodities markets and indexes that track such movements, USOF's operations, the General Partner's plans and references to USOF's future success and other similar matters, are forward-looking statements. These statements are only predictions. Actual events or results may differ materially. These statements are based upon certain assumptions and analyses the General Partner has made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the General Partner's expectations and predictions, however, is subject to a number of risks and uncertainties, including the special considerations discussed in this prospectus, general economic, market and business conditions, changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies, and other world economic and political developments. See *What Are the Risk Factors Involved with an Investment in USOF?* Consequently, all the forward-looking statements made in this prospectus are qualified by these cautionary statements, and there can be no assurance that the events or developments that will or may occur in the future, including such matters as changes in inflation in the United States movements in the stock market, movements in the U.S. and foreign currencies, actual results or developments the General Partner anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, USOF's operations or the value of the units.

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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 11, before making an investment decision about the units.

Overview of US OF

United States Oil Fund, LP, a Delaware limited partnership (USOF or Us or We), is a commodity pool that issues units that may be purchased and sold on the NYSE Arca. It is managed and controlled by its general partner, United States Commodity Funds LLC (formerly known as Victoria Bay Asset Management, LLC) (General Partner). The General Partner is a single member limited liability company formed in Delaware on May 10, 2005 that is registered as a commodity pool operator (CPO) with the Commodity Futures Trading Commission (CFTC) and is a member of the National Futures Association (NFA).

The investment objective of USOF is for the daily changes in percentage terms of its units' NAV to reflect the daily changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the daily changes in the price of the futures contract on light, sweet crude oil as traded on the New York Mercantile Exchange (the NYMEX) that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contract that is the next month contract to expire, less USOF's expenses (the Benchmark Oil Futures Contract). The General Partner does not intend to operate USOF in a fashion such that its per unit NAV will equal, in dollar terms, the spot price of light, sweet crude oil or any particular futures contract based on light, sweet crude oil. It is not the intent of USOF to be operated in a fashion such that its NAV will reflect the percentage change of the price of any particular futures contract as measured over a time period greater than one day. USOF may invest in interests other than the Benchmark Oil Futures Contract to comply with accountability levels and position limits. For a detailed discussion of accountability levels and position limits, see "What are Oil Futures Contracts?"

The net assets of USOF consist primarily of investments in futures contracts for light, sweet crude oil, other types of crude oil, heating oil, gasoline, natural gas, and other petroleum-based fuels that are traded on the NYMEX, ICE Futures Exchange or other U.S. and foreign exchanges (collectively, Oil Futures Contracts) and, to a lesser extent, in order to comply with regulatory requirements or in view of market conditions, other oil interests such as cash-settled options on Oil Futures Contracts, forward contracts for oil, cleared swap contracts and non-exchange traded (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-Related Investments). Market conditions that the General Partner currently anticipates could cause USOF to invest in Other Oil-Related Investments include those allowing USOF to obtain greater liquidity or to execute transactions with more favorable pricing. For convenience and unless otherwise specified, Oil Futures Contracts and Other Oil-Related Investments collectively are referred to as Oil Interests in this prospectus. The General Partner is authorized by USOF in its sole judgment to employ, establish the terms of employment for, and terminate commodity trading advisors or futures commission merchants.

In order for a hypothetical investment in Units to break even over the next 12 months, assuming a selling price of \$39.21 per Unit, the investment would have to generate a 0.54% return. For more information, see "Breakeven Analysis."

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The General Partner endeavors to place USOF's trades in Oil Futures Contracts and Other Oil-Related Investments 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, *i.e.*, any NYSE Arca trading day as of which USOF calculates its NAV, and

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

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

The General Partner employs a neutral investment strategy intended to track the changes in the price of the Benchmark Oil Futures Contract regardless of whether the price 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 crude 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 crude oil-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in crude oil and/or the risks involved in hedging may exist. In addition, an investment in USOF involves the risk that the changes in the price of USOF's units will not accurately track the changes in the price of the Benchmark Oil Futures Contract, and that changes in the Benchmark Oil Futures Contract will not closely correlate with changes in the spot price of light, sweet crude oil.

As an example, for the year ended December 31, 2011, the actual total return of USOF as measured by changes in its per unit NAV was (2.31)%. This is based on an initial per unit NAV of \$38.97 on December 31, 2010 and an ending per unit NAV as of December 31, 2011 of \$38.07. During this time period, USOF made no distributions to its unitholders. However, if USOF's daily changes in its per unit NAV had instead exactly tracked the changes in the daily return of the Benchmark Oil Futures Contract, USOF would have had an estimated per unit NAV of \$38.82 as of December 31, 2011, for a total return over the relevant time period of (1.67)%. The difference between the actual per unit NAV total return of USOF of (2.31)% and the expected total return based on the changes in the daily return of the Benchmark Oil Futures Contract of (1.67)% was an error over the time period of 0.64%, which is to say that USOF's actual total return underperformed the benchmark result by that percentage.

USOF's investment objective is to track the changes in the price of the Benchmark Oil Futures Contract, not to have the market price of its units match, dollar for dollar, changes in the spot price of light, sweet crude oil. Contango and backwardation have impacted the total return on an investment in USOF's units during the past year relative to a hypothetical direct investment in crude oil and, in the future, it is likely that the relationship between the market price of USOF's units and changes in the spot prices of light, sweet crude oil will continue to be impacted by contango and backwardation. It is important to note that this comparison ignores the potential costs associated with physically owning and storing crude oil, which could be substantial.

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Several factors determine the total return from investing in a futures contract position. One factor that impacts the total return that will result from investing in near month futures contracts and rolling those contracts forward each month is the price relationship between the current near month contract and the next month contract. For example, if the price of the near month contract is higher than the next month contract (a situation referred to as backwardation in the futures market), then absent any other change there is a tendency for the price of a next month contract to rise in value as it becomes the near month contract and approaches expiration. Conversely, if the price of a near month contract is lower than the next month contract (a situation referred to as contango in the futures market), then absent any other change there is a tendency for the price of a next month contract to decline in value as it becomes the near month contract and approaches expiration.

As an example, assume that the price of crude oil for immediate delivery (the spot price), was \$50 per barrel, and the value of a position in the near month futures contract was also \$50. Over time, the price of the barrel of crude oil will fluctuate based on a number of market factors, including demand for oil relative to its supply. The value of the near month contract will likewise fluctuate in reaction to a number of market factors. If investors seek to maintain their position in a near month contract and not take delivery of the oil, every month they must sell their current near month contract as it approaches expiration and invest in the next month contract.

If the futures market is in backwardation, *e.g.*, when the expected price of crude oil in the future would be less, the investor would be buying a next month contract for a lower price than the current near month contract. Using the \$50 per barrel price above to represent the front month price, the price of the next month contract would be \$49 per barrel, that is 2% cheaper than the front month contract. Hypothetically, and assuming no other changes to either prevailing crude oil prices or the price relationship between the spot price, the near month contract and the next month contract (and ignoring the impact of commission costs and the income earned on cash and/or cash equivalents), the value of the next month contract would rise as it approaches expiration and becomes the new near month contract with a price of \$50. In this example, the value of an investment in the second month contract would tend to rise faster than the spot price of crude oil, or fall slower. As a result, it would be possible in this hypothetical example for the spot price of crude oil to have risen 10% after some period of time, while the value of the investment in the second month futures contract would have risen 12%, assuming backwardation is large enough or enough time has elapsed. Similarly, the spot price of crude oil could have fallen 10% while the value of an investment in the futures contract could have fallen to only 8%. Over time, if backwardation remained constant, the difference would continue to increase.

If the futures market is in contango, the investor would be buying a next month contract for a higher price than the current near month contract. Using again the \$50 per barrel price above to represent the front month price, the price of the next month contract could be \$51 per barrel, that is 2% more expensive than the front month contract. Hypothetically, and assuming no other changes to either prevailing crude oil prices or the price relationship between the spot price, the near month contract and the next month contract (and ignoring the impact of commission costs and the income earned on cash and/or cash equivalents), the value of the next month contract would fall as it approaches expiration and becomes the new near month contract with a price of \$50. In this example, it would mean that the value of an investment in the second month contract would tend to rise slower than the spot price of crude oil, or fall faster. As a result, it would be possible in this hypothetical example for the spot price of crude oil to have risen 10% after some period of time, while the value of the investment in the second month futures contract will have risen only 8%, assuming contango is large enough or enough time has elapsed. Similarly, the spot price of crude oil could have fallen 10% while the value of an investment in the second month futures contract could have fallen 12%. Over time, if contango remained constant, the difference would continue to increase.

The Benchmark Oil Futures Contract is changed from the near month contract to the next month contract over a four-day period. See [How Does USOF Operate](#) for a more extensive discussion of how USOF rolls its positions in Oil Interests on a monthly basis.

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USOF creates units only in blocks of 100,000 units called Creation Baskets and redeems units only in blocks of 100,000 units called Redemption Baskets. 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. Baskets are generally 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 NYSE Arca, to the public at per-unit offering prices that are expected to reflect, among other factors, the trading price of the units on the NYSE Arca, the NAV of USOF at the time the Authorized Purchaser purchased the Creation Baskets and the NAV at the time of the offer of the units to the public, the supply of and demand for units at the time of sale, and the liquidity of the Oil Futures Contracts market and the market for Other Oil-Related Investments. The prices of units offered by Authorized Purchasers are expected to fall between USOF's NAV and the trading price of the units on the NYSE Arca at the time of sale. Similarly, baskets are generally 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 will effect such transactions in the secondary market, on the NYSE Arca, at the market price per unit, rather than in connection with the creation or redemption of baskets.

There is no specified limit on the maximum amount of Creation Baskets that can be sold. At some point, accountability levels and position limits on certain of the Oil Futures Contracts or Other Oil-Related Investments in which USOF intends to invest may practically limit the number 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. In this regard, the General Partner also manages the United States 12 Month Oil Fund, LP (US12OF) that currently invests in 12 futures contracts for light, sweet crude oil as traded on the NYMEX, consisting of the near month contract to expire and the contracts for the following eleven months, for a total of 12 consecutive months' contracts. Any futures contracts held by US12OF or any other Related Public Fund may be aggregated with the ones held by USOF in determining NYMEX accountability levels and position limits.

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

Note to Secondary Market Investors: The units can be directly purchased from or redeemed by USOF only in Creation Baskets or Redemption Baskets, respectively, and only by Authorized Purchasers. Each Creation Basket and Redemption Basket consists of 100,000 units and is expected to be worth millions of dollars. Individual investors, therefore, will not be able to directly purchase units from or redeem units with USOF. Some of the information contained in this prospectus, including information about buying and redeeming units directly from and to USOF is only relevant to Authorized Purchasers. Units are listed and traded on the NYSE Arca under the ticker symbol USO 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 are not redeemable securities. There is no guarantee that units will trade at or near the per-unit NAV.

Principal Offices of USOF and the General Partner

USOF was organized as a limited partnership under Delaware law on May 12, 2005. USOF is operated pursuant to the Fifth Amended and Restated Agreement of Limited Partnership (LP Agreement). USOF's

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principal office is located at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. The General Partner's principal office is also located at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. The telephone number for each of USOF and the General Partner is 510.522.9600.

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.

The price relationship between the near month contract to expire and the next month contract to expire that compose the Benchmark Oil Futures Contract will vary and may impact both the total return over time of USOF's NAV, as well as the degree to which its total return tracks other crude oil price indices' total returns. In cases in which the near month contract's price is lower than the next month contract's price (a situation known as contango in the futures markets), then absent the impact of the overall movement in crude oil prices the value of the benchmark contract would tend to decline as it approaches expiration. In cases in which the near month contract's price is higher than the next month contract's price (a situation known as backwardation in the futures markets), then absent the impact of the overall movement in crude oil prices the value of the benchmark contract would tend to rise as it approaches expiration.

Unlike mutual funds, commodity pools or other investment pools that manage their investments in an attempt to realize income and gains and distribute such income and gains to their investors, USOF generally does not 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.

Investors may choose to use USOF as a means of investing indirectly in crude oil and there are risks involved in such investments. There are significant risks and hazards that inherent in the crude oil industry that may cause the price of crude oil to widely fluctuate.

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

The General Partner endeavors to manage USOF's positions in Oil Interests so that USOF's assets are, unlike those of other commodity 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.

Investors, including those who directly participate in the crude oil market, 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.

Regulation of the commodity interest and energy markets is extensive and constantly changing. On July 21, 2010, a broad financial regulatory reform bill, The Dodd-Frank Wall Street Reform and

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Consumer Protection Act, was signed into law that includes provisions altering the regulation of commodity interests. The CFTC, along with the SEC and other federal regulators, has been tasked with developing the rules and regulations enacting the provisions noted above. The new law and the rules currently being promulgated thereunder may negatively impact USOF's ability to meet its investment objectives either through limits or requirements imposed on it or upon its counterparties.

USOF invests 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.

USOF may also invest in Other Oil-Related Investments, 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 pays 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 principals and affiliates may trade for themselves. In addition, the General Partner has sole current authority to manage the investments and operations, which may create a conflict with the unitholders' best interests. The General Partner may also have a conflict to the extent that its trading decisions may be influenced by the effect they would have on the United States Natural Gas Fund, LP (USNG), the United States 12 Month Oil Fund, LP (US12OF), the United States Gasoline Fund, LP (UGA), the United States Heating Oil Fund, LP (USHO), the United States Short Oil Fund, LP (USSO), the United States 12 Month Natural Gas Fund, LP (US12NG), the United States Brent Oil Fund, LP (USBO), the United States Commodity Index Fund (USCI), the United States Metals Index Fund (USMI), the United States Agriculture Fund (USAG) and the United States Copper Fund (CPER), the other commodity pools that it manages, or any other commodity pool the General Partner may form and manage in the future. USNG, US12OF, UGA, USHO, USSO, US12NG, USBO, USCI, USMI, USAG and CPER are referred to herein as the Related Public Funds.

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

Financial Condition of USOF

USOF's NAV is calculated shortly after the close of the core trading session on the NYSE Arca.

Defined Terms

For a glossary of defined terms, see Appendix A.

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The breakeven analysis below indicates the approximate dollar returns and percentage required for the redemption value of a hypothetical initial investment in a single unit to equal the amount invested twelve months after the investment was made. For purposes of this breakeven analysis, we have assumed an initial selling price of \$39.21 per unit which equals the NAV per unit at the close of trading on March 31, 2012. This breakeven analysis refers to the redemption of baskets by Authorized Purchasers and is not related to any gains an individual investor would have to achieve in order to break even. The breakeven analysis is an approximation only.

| | |
|---|-----------|
| Assumed initial selling price per unit | \$ 39.21 |
| Management Fee (0.45%) ⁽¹⁾ | \$ 0.18 |
| Creation Basket Fee ⁽²⁾ | \$ (0.01) |
| Estimated Brokerage Fee (0.022%) ⁽³⁾ | \$ 0.01 |
| Interest Income (0.07%) ⁽⁴⁾ | \$ (0.03) |
| NYMEX Licensing Fee ⁽⁵⁾ | \$ 0.01 |
| Independent Directors and Officers Fees ⁽⁶⁾ | \$ 0.01 |
| Fees and expenses associated with tax accounting and reporting ⁽⁷⁾ | \$ 0.04 |
| Amount of trading income (loss) required for the redemption value at the end of one year to equal the initial selling price of the unit | \$ 0.21 |
| Percentage of initial selling price per unit | 0.54% |

- (1) USOF is contractually obligated to pay the General Partner a management fee based on average daily net assets and paid monthly of 0.45% per annum on its average daily net assets.
- (2) Authorized Purchasers are required to pay a Creation Basket fee of \$1,000 for each order they place to create one or more baskets. An order must be at least one basket, which is 100,000 units. This breakeven analysis assumes a hypothetical investment in a single unit so the Creation Basket fee is \$.01 (1,000/100,000).
- (3) This amount is based on the actual brokerage fees for USOF calculated on an annualized basis.
- (4) USOF earns interest on funds it deposits with the futures commission merchant and the Custodian and it estimates that the interest rate will be 0.07% based on the current interest rate on three-month Treasury Bills as of March 31, 2012. The actual rate may vary.
- (5) The NYMEX Licensing Fee is 0.015% on aggregate net assets of the Related Public Funds, except USBO, USCI, USAG, CPER and USMI. For more information see Fees of USOF.
- (6) The foregoing assumes that the assets of USOF are aggregated with those of the Related Public Funds, that the aggregate fees paid to the independent directors for 2011 was \$320,000, that the allocable portion of the fees borne by USOF equals \$125,955 and that USOF has \$1,423,273,819 in assets, which is the amount of assets as of March 31, 2012.
- (7) USOF assumed the aggregate costs attributable to tax accounting and reporting for 2011 were estimated to be approximately \$1,200,000. The number in the break-even table assumes USOF has \$1,423,273,819 in assets which is the amount as of March 31, 2012.

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The Offering

| | |
|-------------------------|---|
| Offering | <p>USOF is offering Creation Baskets consisting of 100,000 units through ALPS Distributors, Inc. (Marketing Agent) as marketing agent to Authorized Purchasers. Authorized Purchasers may purchase Creation Baskets consisting of 100,000 units at USOF's NAV. This is a continuous offering under Rule 415 of the Securities Act of 1933 (the 1933 Act) and is not expected to terminate until all of the registered units have been sold or three years from the date of the prospectus, whichever is earlier, although the offering may be temporarily suspended during such period when suitable investments for USOF are not available or practicable. It is anticipated that when all registered units have been sold pursuant to this registration statement, additional units will be registered in subsequent registration statements</p> |
| Use of Proceeds | <p>The General Partner applies substantially all of USOF's assets toward trading in Oil Futures Contracts and Other Oil-Related Investments and investing in Treasuries, cash and/or cash equivalents. The General Partner deposits a portion of USOF's net assets with the futures commission merchant, UBS Securities LLC, or other custodian to be used to meet its current or potential margin or collateral requirements in connection with its investment in Oil Futures Contracts and Other Oil-Related Investments. USOF uses only Treasuries, cash and/or cash equivalents to satisfy these requirements. The General Partner believes 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. Approximately 5% to 30% of USOF's assets are normally committed as margin for Oil Futures Contracts and collateral for Other Oil-Related Investments. However, from time to time, the percentage of assets committed as margin/collateral may be substantially more, or less, than such range. The remaining portion of USOF's assets, of which the General Partner expects to be the vast majority, is held in Treasuries, cash and/or cash equivalents by its custodian, Brown Brothers Harriman & Co. (the Custodian). All interest income earned on these investments is retained for USOF's benefit.</p> |
| NYSE Arca Symbol | USO |
| Creation and Redemption | <p>Currently, Authorized Purchasers pay a \$1,000 fee for each order to create or redeem one or more Creation Baskets or Redemption Baskets.</p> |