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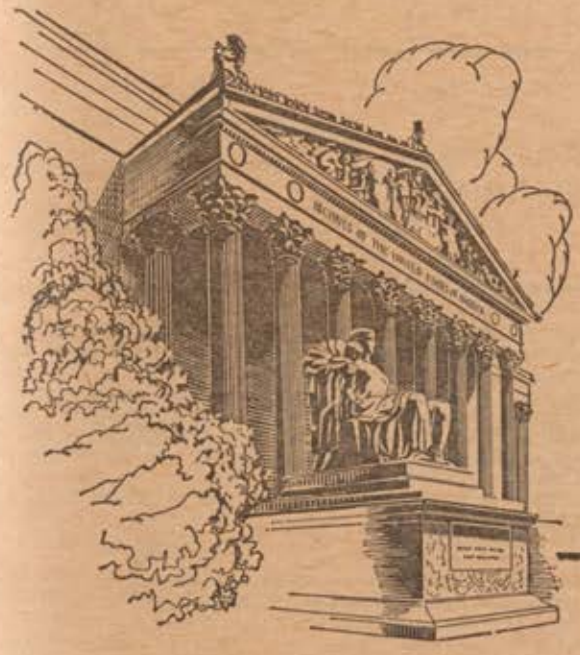

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Title 7—AGRICULTURE

Subtitle A—Office of the Secretary of Agriculture

[Amdt. 20]

PART 5—DETERMINATION OF PARITY PRICES

Honeydew Melons

The regulations of the Secretary of Agriculture with respect to the determination of parity prices (21 F.R. 761, as amended; 7 CFR 5.1–5.6) are amended as hereinafter specified, effective November 30, 1967, in order to add honeydew melons to the list of commodities for which parity prices shall be calculated and to designate honeydew melons as a commodity for which marketing season average prices shall be used for the purpose of calculating adjusted base prices, since it is not practicable to determine the average prices received by farmers for this commodity on a calendar year basis.

1. In § 5.2, the paragraph under the centerhead "Vegetables for Fresh Market" is amended to read as follows:

§ 5.2 Marketing season average price data.

* * * * *

VEGETABLES FOR FRESH MARKET

Artichokes, asparagus, lima beans, snap beans, beets, broccoli, cabbage, cantaloups, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, escarole, garlic, honeydew melons, kale, lettuce, onions, green peas, green peppers, shallots, spinach, tomatoes, and watermelons.

* * * * *

2. In § 5.4, the paragraph under the centerhead "Vegetables for Fresh Market" is amended to read as follows:

§ 5.4 Commodities for which parity prices shall be calculated.

* * * * *

VEGETABLES FOR FRESH MARKET

Artichokes, asparagus, lima beans, snap beans, beets, broccoli, cabbage, cantaloups, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, escarole, garlic, honeydew melons, kale, lettuce, onions, green peas, green peppers, shallots, spinach, tomatoes, and watermelons.

* * * * *

(Sec. 301, 52 Stat. 38, as amended; 7 U.S.C. 1301)

Done at Washington, D.C., this 27th day of November 1967.

ORVILLE L. FREEMAN,
Secretary.

[F.R. Doc. 67-14010; Filed, Nov. 29, 1967; 8:48 a.m.]

Chapter III—Agricultural Research Service, Department of Agriculture

PART 301—DOMESTIC QUARANTINE NOTICES

Subpart—Pink Bollworm

Pursuant to sections 8 and 9 of the Plant Quarantine Act of August 20, 1912, as amended, and section 106 of the Federal Plant Pest Act (7 U.S.C. 161, 162, 150ee), Notice of Quarantine No. 52 relating to the pink bollworm and regulations supplemental to said quarantine (7 CFR 301.52, 301.52–1, 301.52–2, 301.52–3 through 301.52–10), are hereby revised to read as follows:

QUARANTINE AND REGULATIONS

Sec.

301.52	Quarantine; restriction on interstate movement of specified regulated articles.
301.52–1	Definitions.
301.52–2	Authorization for Director to list regulated areas and suppressive or generally infested areas; and articles which are exempt from certification and permit requirements.
301.52–3	Conditions governing the interstate movement of regulated articles from quarantined States.
301.52–4	Issuance and cancellation of certificates and permits.
301.52–5	Compliance agreements; and cancellation thereof.
301.52–6	Assembly and inspection of regulated articles.
301.52–7	Attachment and disposition of certificates or permits.
301.52–8	Inspection and disposal of regulated articles and pests.
301.52–9	Movement of live pink bollworms.
301.52–10	Nonliability of the Department.

AUTHORITY: The provisions of this subpart issued under secs. 8, 9, 37 Stat. 318, as amended, sec. 106, 71 Stat. 33; 7 U.S.C. 161, 162, 150ee; 29 F.R. 16210, as amended, 30 F.R. 5799, as amended.

§ 301.52 Quarantine; restriction on interstate movement of specified regulated articles.

(a) *Notice of quarantine.* Pursuant to the provisions of sections 8 and 9 of the Plant Quarantine Act of August 20, 1912, as amended, and section 106 of the Federal Plant Pest Act (7 U.S.C. 161, 150ee), the Secretary of Agriculture has determined, after public hearing, that it is necessary to quarantine the States of Arizona, Arkansas, California, Louisiana, New Mexico, Nevada, Oklahoma, and Texas, in order to prevent the spread of the pink bollworm (Pectinophora gossypiella Saund.), a dangerous insect injurious to cotton, okra, and kenaf, not heretofore widely prevalent or distributed within and throughout the United States. Under the authority of said provisions, the Secretary hereby quarantines the State of Nevada and continues to quarantine the other specified States with respect to the interstate movement from the quarantined States of the articles described in paragraph (b) of this section, issues the regulations in this subpart governing such movement, and gives notice of said quarantine and regulations.

(b) *Quarantine restrictions on interstate movement of specified regulated articles.* No common carrier or other person shall move interstate from any quarantined State any of the following articles (defined in § 301.52–1(m) as regulated articles), except in accordance with the conditions prescribed in this subpart:

(1) Cotton and wild cotton, including all parts of such plants.
(2) Seed cotton.
(3) Cottonseed.
(4) Cottonseed hulls.
(5) Cotton lint.
(6) Cotton linters.
(7) Cotton waste produced at cotton gins, cottonseed oil mills, and cotton textile mills.
(8) Cotton gin trash.
(9) Used bagging and other used wrappers for cotton.
(10) Used cotton harvesting equipment and used cotton ginning and cotton oil mill equipment.
(11) Okra and kenaf, including all parts of such plants, except canned or frozen okra.
(12) Any other products, articles or means of conveyance, of any character whatsoever, not covered by subparagraphs (1) through (11) of this paragraph, when it is determined by an inspector that they present a hazard of spread of pink bollworm, and the person in possession thereof has been so notified.

§ 301.52–1 Definitions.

Terms used in the singular form in this subpart shall be deemed to import the plural, and vice versa, as the case may demand. The following terms, when used in this subpart, shall be construed, respectively to mean:

(a) *Certificate.* A document issued or authorized to be issued under this subpart by an inspector to allow the interstate movement of regulated articles to any destination.

(b) *Compliance agreement.* A written agreement between a person engaged in growing, handling, or moving regulated articles, and the Plant Pest Control Division, wherein the former agrees to comply with the requirements of this subpart identified in the agreement by the inspector who executes the agreement on behalf of the Division as applicable to the operations of such person.

(c) *Director.* The Director of the Plant Pest Control Division, Agricultural Research Service, U.S. Department of Agriculture, or any other officer or employee of said Service to whom authority

to act in his stead has been or may hereafter be delegated.

(d) *Generally infested area.* Any part of a regulated area not designated as a suppressive area in accordance with § 301.52–2.

(e) *Infestation.* The presence of the pink bollworm or the existence of circumstances that make it reasonable to believe that pink bollworm is present.

(f) *Inspector.* Any employee of the Plant Pest Control Division, Agricultural Research Service, U.S. Department of Agriculture, or other person authorized by the Director to enforce the provisions of the quarantine and regulations in this subpart.

(g) *Interstate.* From any State, territory, or district of the United States into or through any other State, territory, or district of the United States (including Puerto Rico).

(h) *Limited permit.* A document issued or authorized to be issued by an inspector to allow the interstate movement of noncertified regulated articles to a specified destination for limited handling, utilization, or processing or for treatment.

(i) *Moved (movement, move).* Shipped, offered for shipment to a common carrier, received for transportation or transported by a common carrier, or carried, transported, moved, or allowed to be moved by any means. "Movement" and "move" shall be construed accordingly.

(j) *Person.* Any individual, corporation, company, society, or association, or other organized group of any of the foregoing.

(k) *Pink bollworm.* The live insect known as the pink bollworm of cotton (Pectinophora gossypiella Saund.), in any stage of development.

(l) *Regulated area.* Any quarantined State, territory, or district, or any portion thereof, listed as a regulated area in § 301.52–2a by the Director in accordance with § 301.52–2(a).

(m) *Regulated articles.* Any articles described in § 301.52(b).

(n) *Restricted destination permit.* A document issued or authorized to be issued by an inspector to allow the interstate movement of regulated articles not certified under all applicable Federal domestic plant quarantines to a specified destination for other than scientific purposes.

(o) *Scientific permit.* A document issued by the Director to allow the interstate movement to a specified destination of regulated articles for scientific purposes.

(p) *Suppressive area.* That part of a regulated area where eradication of infestation is undertaken as an objective, as designated by the Director under § 301.52–2(a).

(q) *Treatment manual.* The provisions currently contained in the "Manual of Administratively Authorized Procedures To Be Used Under the Pink Bollworm Quarantine" and the "Fumigation Procedures Manual" and any amendents thereto.[1]

§ 301.52–2 Authorization for Director to list regulated areas and suppressive or generally infested areas, and articles which are exempt from certification and permit requirements.

The Director shall publish and amend from time to time as the facts warrant, the following lists:

(a) *List of regulated areas and suppressive or generally infested areas.* The Director shall list as regulated areas in a supplemental regulation designated as § 301.52–2a, the quarantined States, territories, or districts, or portions thereof, in which pink bollworm has been found or in which there is reason to believe that pink bollworm is present, or which it is deemed necessary to regulate because of their proximity to infestation or their inseparability for quarantine enforcement purposes from infested localities. The Director, in the supplemental regulation, may divide any regulated area into a suppressive area and a generally infested area in accordance with the definitions thereof in § 301.52–1. Less than an entire quarantined State, territory, or district will be designated as a regulated area only if the Director is of the opinion that:

(1) The State, territory, or district has adopted and is enforcing a quarantine or regulation which imposes restrictions on the intrastate movement of the regulated articles which are substantially the same as those which are imposed with respect to the interstate movement of such articles under this subpart; and

(2) The designation of less than the entire State, territory, or district, as a regulated area will otherwise be adequate to prevent the interstate spread of the pink bollworm.

(b) *List of articles which are exempt from certification and permit requirements.* The Director may, in a supplemental regulation designated as § 301.52–2b, list regulated articles which shall be exempt from the certification and permit requirements of § 301.52–3 under such conditions as he may prescribe, if he finds that facts exist as to the pest risk involved in the movement of such regulated articles which make it safe to so relieve such requirements.

§ 301.52–3 Conditions governing the interstate movement of regulated articles from quarantined States.[2]

Any regulated articles may be moved interstate from any quarantined State under the following conditions:

(a) From any regulated area, with certificate or permit issued and attached in accordance with §§ 301.52–4 and 301.52–7 if moved:

(1) From any regulated area into or through any point outside of the regulated areas; or

(2) From any generally infested area into or through any suppressive area; or

(3) Between any noncontiguous suppressive areas; or

(4) Between contiguous suppressive areas when it is determined by the inspector that the regulated articles present a hazard of the spread of the pink bollworm and the person in possession thereof has been so notified; or

(b) From any regulated area, without certificate or permit if moved:

(1) Under the provisions of § 301.52–2b which exempts certain articles from certificate and permit requirements; or

(2) From a generally infested area to a contiguous generally infested area; or

(3) From a suppressive area to a contiguous generally infested area; or

(4) Between contiguous suppressive areas unless the person in possession of the articles has been notified by an inspector that a hazard of spread of the pink bollworm exists; or

(5) Through or reshipped from any regulated area if the articles originated outside of any regulated area and if the point of origin of the articles is clearly indicated, their identity has been maintained and they have been safeguarded against infestation while in the regulated area in a manner satisfactory to the inspector; or

(c) From any area outside the regulated areas, without a certificate or permit if the regulated articles are exempt under the provisions of § 301.52–2b or if the point of origin of such movement is clearly indicated on the articles or shipping document which accompanies the articles and if the movement is not made through any regulated area.

§ 301.52–4 Issuance and cancellation of certificates and permits.

(a) Certificates may be issued for any regulated articles by an inspector if he determines that they are eligible for certification for movement to any destination under all Federal domestic plant quarantines applicable to such articles and:

(1) Have originated in noninfested premises in a regulated area and have not been exposed to infestation while within the regulated areas; or

(2) Upon examination, have been found to be free of infestation; or

(3) Have been treated to destroy infestation in accordance with the treatment manual; or

(4) Have been grown, produced, manufactured, stored, or handled in such manner that no infestation would be transmitted thereby.

(b) Limited permits may be issued by an inspector to allow interstate movement of regulated articles, not eligible for certification under this subpart, to specified destinations for limited handling, utilization, or processing, or for

[1] A pamphlet containing such provisions is available, upon request, from the Director, Plant Pest Control Division, Agricultural Research Service, U.S. Department of Agriculture, Hyattsville, Md. 20782, or from an inspector.

[2] Requirements under all other applicable Federal domestic plant quarantines must also be met.

treatment in accordance with the treatment manual, when upon evaluation of the circumstances involved in each specific case he determines that such movement will not result in the spread of the pink bollworm and requirements of other applicable Federal domestic plant quarantines have been met.

(c) Restricted destination permits may be issued by an inspector to allow the interstate movement of regulated articles to any destination permitted under all applicable Federal domestic plant quarantines (for other than scientific purposes) if such articles are not eligible for certification under all such quarantines but would otherwise qualify for certification under this subpart.

(d) Scientific permits may be issued by the Director to allow the interstate movement of regulated articles for scientific purposes under such conditions as may be prescribed in each specific case by the Director.

(e) Certificate, limited permit, and restricted destination permit forms may be issued by an inspector to any person for use by the latter for subsequent shipments provided such person is operating under a compliance agreement; and any such person may be authorized by an inspector to reproduce such forms on shipping containers or otherwise. Any such person may use the certificate forms, or reproductions of such forms, for the interstate movement of regulated articles from the premises of such person identified in the compliance agreement if such person has made one of the determination specified in paragraph (a) of this section with respect to such articles. Any such person may use the limited permit forms, or reproductions of such forms, for interstate movement of regulated articles to specific destinations authorized by the inspector in accordance with paragraph (b) of this section. Any such person may use the restricted destination permit forms, or reproductions of such forms, for the interstate movement of regulated articles not eligible for certification under all Federal domestic plant quarantines applicable to such articles, under the conditions specified in paragraph (c) of this section.

(f) Any certificate or permit which has been issued or authorized may be withdrawn by the inspector if he determines that the holder thereof has not complied with any condition for the use of such document imposed by this subpart.

§ 301.52–5 Compliance agreements; and cancellation thereof.

(a) Any person engaged in the business of growing, handling, or moving regulated articles may enter into a compliance agreement to facilitate the movement of such articles under this subpart. Compliance agreement forms may be obtained from the Director or an inspector.

(b) Any compliance agreement may be cancelled by the inspector who is supervising its enforcement whenever he finds, after notice and reasonable opportunity to present views has been accorded to the other party thereto, that such other party has failed to comply with the conditions of the agreement.

§ 301.52–6 Assembly and inspection of regulated articles.

Persons (other than those authorized to use certificates, limited permits, or restricted destination permits or reproductions thereof, under § 301.52–4(e)) who desire to move interstate regulated articles which must be accompanied by a certificate or permit shall, as far in advance as possible, request an inspector to examine the articles prior to movement. Such articles shall be assembled at such points and in such manner as the inspector designates to facilitate inspection.

§ 301.52–7 Attachment and disposition of certificates or permits.

(a) If a certificate or permit is required for the interstate movement of regulated articles, the certificate or permit shall be securely attached to the outside of the container in which such articles are moved, except that, where the certificate or permit is attached to the waybill or other shipping document, and the regulated articles are adequately described on the certificate, permit, or shipping document, the attachment of the certificate or permit to each container of the articles is not required.

(b) In all cases, certificates or permits shall be furnished by the carrier to the consignee at the destination of the shipment.

§ 301.52–8 Inspection and disposal of regulated articles and pests.

Any properly identified inspector is authorized to stop and inspect, and to seize, destroy, or otherwise dispose of, or require disposal of regulated articles and pink bollworms as provided in section 10 of the Plant Quarantine Act (7 U.S.C. 164a) and section 105 of the Plant Pest Act (7 U.S.C. 150dd), in accordance with instructions issued by the Director.

§ 301.52–9 Movement of live pink bollworms.

Regulations requiring a permit for, and otherwise governing the movement of live pink bollworms in interstate or foreign commerce are contained in the Federal Plant Pest regulations in Part 330 of this chapter. Applications for permits for the movement of the pest may be made to the Director.

§ 301.52–10 Nonliability of the Department.

The U.S. Department of Agriculture disclaims liability for any costs incident to inspections or compliance with the provisions of the quarantine and regulations in this subpart, other than for the services of the inspector.

This revision shall become effective upon publication in the FEDERAL REGISTER when it shall supersede the notice of quarantine and regulations effective October 26, 1966.

Pursuant to a notice of hearing and rule-making published in the FEDERAL REGISTER on February 8, 1967 (32 F.R. 2642), a public hearing was held in Las Vegas, Nev., on March 6, 1967, regarding quarantining Florida and Nevada on account of the pink bollworm. After due consideration of all relevant matters presented at the hearing and in response to the notice it has been decided to add Nevada to the list of States quarantined because of the pink bollworm. It has been decided not to add Florida to the list of quarantined States at this time due to the actions taken by the State of Florida and the Plant Pest Control Division to control the pink bollworm in kenaf and wild cotton in Florida.

In addition this revision simplifies and clarifies the pink bollworm quarantine and regulations. The only other substantive changes made are as follows:

The list of regulated articles has been revised to exclude certain articles which are not considered to be hazardous due to the manner in which they are handled. The revision contains provisions with respect to compliance agreements with persons handling regulated articles. A requirement is added for persons moving regulated articles from portions of quarantined States not included within the "regulated areas" to provide proof of origin in connection with such shipments. Provisions are also added under which certificates will not be issued or authorized to be issued for regulated articles unless the articles are certifiable under all applicable Federal domestic plant quarantine requirements; restricted destination permits are authorized; and all certificates or permits are required to be surrendered to the consignee at the destination of the shipments.

To the extent that this revision relieves certain restrictions presently imposed, it should be made effective promptly in order to be of maximum benefit to persons subject to the restrictions which are being relieved. To the extent that this revision imposes restrictions, they are necessary in order to prevent the dissemination of the pink bollworm, and should be made effective promptly to accomplish their purposes in the public interest. Accordingly, it is found upon good cause under the administrative procedure provisions of 5 U.S.C. 553, that further notice and other public procedure with respect to this revision are impracticable and contrary to the public interest, and good cause is found for making it effective less than 30 days after publication in the FEDERAL REGISTER.

Done at Washington, D.C., this 24th day of November 1967.

[SEAL] R. J. ANDERSON,
Administrator,
Agricultural Research Service.

[F.R. Doc. 67–14005; Filed, Nov. 29, 1967; 8:48 a.m.]

PART 301—DOMESTIC QUARANTINE NOTICES

Subpart—Pink Bollworm

REGULATED AREAS

Under the authority of § 301.52–2 of the Pink Bollworm Quarantine regulations, 7 CFR 301.52–2, as amended,[1] a supplemental regulation designating regulated areas is hereby issued to appear in 7 CFR 301.52–2a, as follows:

§ 301.52–2a Regulated areas; suppressive and generally infested areas.

(a) *Regulated areas.* The States and parts of States described below are designated as pink bollworm regulated areas within the meaning of the provisions in this subpart:

ARIZONA

All counties in the State.

ARKANSAS

Calhoun County. The entire county.
Clark County. The entire county.
Cleburne County. The entire county.
Columbia County. The entire county.
Conway County. The entire county.
Crawford County. The entire county.
Dallas County. The entire county.
Faulkner County. The entire county.
Franklin County. The entire county.
Garland County. The entire county.
Hempstead County. The entire county.
Hot Spring County. The entire county.
Howard County. The entire county.
Johnson County. The entire county.
Lafayette County. The entire county.
Little River County. The entire county.
Logan County. The entire county.
Miller County. The entire county.
Montgomery County. The entire county.
Nevada County. The entire county.
Ouachita County. The entire county.
Perry County. The entire county.
Pike County. The entire county.
Polk County. The entire county.
Pope County. The entire county.
Scott County. The entire county.
Sebastian County. The entire county.
Sevier County. The entire county.
Union County. The entire county.
Van Buren County. The entire county.
White County. That portion of the county lying west of the Missouri Pacific Railroad and the Little Red River.
Yell County. The entire county.

CALIFORNIA

Imperial County. The entire county.
Inyo County. That portion of the county lying east of the east boundary of R. 4 E., SBBM.
Kern County. That portion of the county lying east of the east boundary of R. 33 E., MDBM, and east of the east boundary of R. 15 W., SBBM.
Los Angeles County. That portion of the county lying east of the east boundary of R. 15 W., and north of the north boundary of T. 4 N., SBBM.
Riverside County. That portion of the county lying east of the east boundary of R. 4 E., SBBM.
San Bernardino County. That portion of the county lying east of the east boundary of R. 4 E., SBBM.
San Diego County. That portion of the county lying east of the east boundary of R. 4 E., SBBM.

LOUISIANA

Allen Parish. The entire parish.
Avoyelles Parish. All of Ward 10, and all of Ward 9 lying south of Bayou Des Glaises and west of the east line of sec. 2, T. 1 S., R. 4 E.
Beauregard Parish. The entire parish.
Bienville Parish. The entire parish.
Bossier Parish. The entire parish.
Caddo Parish. The entire parish.
Claiborne Parish. The entire parish.
De Soto Parish. The entire parish.
Evangeline Parish. That portion of Evangeline Parish located within the area bounded by a line beginning at a point where the north line of T. 4 S. intersects with the Evangeline-Allen Parish line, and proceeding thence in an easterly direction along said north line of T. 4 S. to its intersection with the east boundary line of R. 1 E., thence in a southerly direction along said east line of R. 1 E. to the south boundary line of T. 4 S., thence west along said south line of T. 4 S. to its junction with the Bayou des Cannes, thence in a southwesterly direction along said bayou to its intersection with the St. Landry Parish line, thence in a westerly direction along the south boundaries of secs. 12, 11, 10, 9, 8, and 7, T. 6 S., R. 1 W., and secs. 12, 11, 10, 9, and 39, T. 6 S., R. 2 W., to its intersection with the Allen-Evangeline Parish line, thence in a northerly direction along said parish line to the point of beginning.
Grant Parish. The entire parish.
Jackson Parish. The entire parish.
Jefferson Davis Parish. The entire parish.
Lincoln Parish. The entire parish.
Natchitoches Parish. The entire parish.
Rapides Parish. The entire parish.
Red River Parish. The entire parish.
Sabine Parish. The entire parish.
Vernon Parish. The entire parish.
Webster Parish. The entire parish.
Winn Parish. The entire parish.

NEVADA

Clark County. That portion of the county lying south of State Highway PAS 538 and west of the east line of R. 57 E.; and Tps. 15 and 16 S., Rs. 67 and 68 E.
Nye County. That portion of the county lying south of the south boundary of T. 17 S., MDBM, and east of the east boundary of R. 51 E., MDBM.

NEW MEXICO

All counties in the State.

OKLAHOMA

All counties in the State.

TEXAS

All counties in the State.

(b) *Suppressive areas.* All regulated areas within the States of Arkansas, California, Louisiana, and Nevada are hereby designated as suppressive areas.

(c) *Generally infested areas.* All regulated areas within the States of Arizona, New Mexico, Oklahoma, and Texas are hereby designated as generally infested areas.

(Sec. 9, 37 Stat. 318, sec. 106, 71 Stat. 33; 7 U.S.C. 162, 150ee. Interprets or applies sec. 8, 37 Stat. 318, as amended; 7 U.S.C. 161, 29 F.R. 16210, as amended; 7 CFR 301.52–2)

This supplemental regulation shall become effective upon publication in the FEDERAL REGISTER when it shall supersede P.P.C. 621, 11th Revision, 7 CFR 301.52–2a, effective October 28, 1966.

The Director of the Plant Pest Control Division has determined that infestations of the pink bollworm exist or are likely to exist in the States and parts of States, listed as regulated areas in paragraph (a), or that it is necessary to regulate such areas because of their proximity to pink bollworm infestations or their inseparability for quarantine purposes from pink bollworm infested localities.

This document classifies as regulated, suppressive, and generally infested areas, respectively, all areas heretofore designated as regulated, eradication, and generally infested areas with the following changes:

Parts of two counties in the newly quarantined State of Nevada are added as regulated and suppressive areas. All of Arizona is classed as regulated and generally infested. In California, parts of three counties (Inyo, Kern, and Los Angeles) are added as regulated and suppressive areas and an extension is made in the regulated and suppressive areas (heretofore regulated and eradication areas) in San Bernardino County. Union Parish in Louisiana and Chicot, Independence, and Jackson Counties in Arkansas are removed from designation as regulated areas, as are all heretofore regulated portions of Cleveland, Greene, Lonoke, Pulaski, Saline, and Woodruff Counties in Arkansas. A portion of White County, Arkansas is also removed from the list of regulated areas but another part of the county remains regulated as a suppressive area.

To the extent that this document relieves certain restrictions presently imposed, it should be made effective promptly in order to be of maximum benefit to persons subject to the restrictions which are being relieved. To the extent that the document imposes restrictions that are necessary in order to prevent the dissemination of the pink bollworm, it should be made effective promptly to accomplish its purposes in the public interest. Accordingly, it is found upon good cause under the administrative procedure provisions of 5 U.S.C. 553, that notice and other public procedure with respect to the foregoing regulation are impracticable and contrary to the public interest, and good cause is found for making it effective less than 30 days after publication in the FEDERAL REGISTER.

Done at Hyattsville, Md., this 27th day of November 1967.

[SEAL] D. R. SHEPHERD,
Director,
Plant Pest Control Division.

[F.R. Doc. 67–14006; Filed, Nov. 29, 1967; 8:48 a.m.]

PART 301—DOMESTIC QUARANTINE NOTICES

Subpart—Pink Bollworm

EXEMPTIONS

Under authority of § 301.52–2 of the Pink Bollworm Quarantine regulations (7 CFR 301.52–2, as amended [1]), a supplemental regulation exempting certain

[1] See F.R. Doc. 67–14005 in this chapter, *supra*.

[1] See F.R. Doc. 67–14005 in this chapter, *supra*.

articles from specified requirements of the regulations is hereby issued to appear in 7 CFR 301.52–2b as set forth below. The Director of the Plant Pest Control Division has found that facts exist as to the pest risk involved in the movement of such articles which make it safe to relieve the requirements as provided therein.

§ 301.52–2b Exempted articles.

(a) The following articles are exempt[1] from the certification and permit requirements of § 301.52–4 if they meet the applicable conditions prescribed in subparagraphs (1) through (4) of this paragraph and have not been exposed to infestation after ginning, compression, or other handling as prescribed in said subparagraphs:

(1) Baled cotton lint, linters, and lint cleaner waste, if compressed to a minimum of 22 lbs. per cu. ft.

(2) Baled cotton lint moving from the generally infested area into the suppressive area, if the lint is from seed cotton produced in the suppressive area and moved to the generally infested area for ginning, provided the identity of the baled cotton lint is maintained.

(3) Samples of cotton lint and cotton linters of the usual trade size. The samples may be assembled in a single package for shipment.

(4) Edible okra produced during the period December 1 to May 15 inclusive, except that okra consigned to California is exempt only if produced during the period of January 1 to March 15 inclusive.

(Secs. 8, 9, 37 Stat. 318, as amended, sec. 106, 71 Stat. 33; 7 U.S.C. 161, 162, 150ee; 29 F.R. 16210, as amended, 30 F.R. 5799 as amended; 7 CFR 301.52–2)

This list of exempted articles shall become effective upon publication in the FEDERAL REGISTER when it shall supersede the list of exempted articles in 7 CFR 301.52a (PPC 620, 3d Revision), which became effective June 25, 1965.

The principal purposes of this document are to delete cottonseed cake; cottonseed meal; kenaf; and cotton linters produced at an approved establishment from the list of exempted articles, and to redefine the conditions under which edible okra is exempted. Cottonseed cake and cottonseed meal are no longer regulated articles. Kenaf is no longer considered safe to exempt from treatment. Okra produced in any regulated area is exempted but only during the period December 1 to May 15 unless consigned to California in which case it is exempted only during the period January 1 to March 15 to more closely correspond with the cotton-free period in California. Cotton linters produced at an approved establishment are no longer exempted since the inspector at destination cannot determine by inspecting the linters if they were produced at an approved establishment.

This document relieves certain restrictions which are not deemed necessary to prevent the interstate spread of the pink bollworm and reinstates other restrictions which are deemed necessary for this purpose. It should be made effective promptly in order to be of maximum benefit to persons subject to the restrictions being relieved and to protect the noninfested States from pink bollworm. Therefore, under the administrative procedure provisions in 5 U.S.C. 553, it is found upon good cause that notice and other public procedure with respect to this document are impracticable and unnecessary and good cause is found for making it effective less than 30 days after publication in the FEDERAL REGISTER.

Done at Hyattsville, Md., this 27th day of November 1967.

[SEAL] D. R. SHEPHERD,
Director,
Plant Pest Control Division.

[F.R. Doc. 67–14007; Filed, Nov. 29, 1967; 8:48 a.m.]

[1] The articles hereby exempted remain subject to applicable restrictions under other quarantines.

Chapter IX—Consumer and Marketing Service (Marketing Agreements and Orders; Fruits, Vegetables, Nuts), Department of Agriculture

[Navel Orange Reg. 137]

PART 907—NAVEL ORANGES GROWN IN ARIZONA AND DESIGNATED PART OF CALIFORNIA

Limitation of Handling

§ 907.437 Navel Orange Regulation 137.

(a) *Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 907, as amended (7 CFR Part 907), regulating the handling of Navel oranges grown in Arizona and designated part of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), and upon the basis of the recommendations and information submitted by the Navel Orange Administrative Committee, established under the said amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of handling of such Navel oranges, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication hereof in the FEDERAL REGISTER (5 U.S.C. 553) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective as hereinafter set forth. The committee held an open meeting during the current week, after giving due notice thereof, to consider supply and market conditions for Navel oranges and the need for regulation; interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; the provisions of this section, including its effective time, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such Navel oranges; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period herein specified; and compliance with this section will not require any special preparation on the part of persons subject hereto which cannot be completed on or before the effective date hereof. Such committee meeting was held on November 28, 1967.

(b) *Order.* (1) The respective quantities of Navel oranges grown in Arizona and designated part of California which may be handled during the period December 1, 1967, through December 7, 1967, are hereby fixed at follows:

(i) District 1: 1,000,000 cartons;
(ii) District 2: 23,001 cartons;
(iii) District 3: 200,000 cartons;
(iv) District 4: 50,000 cartons.

(2) As used in this section, "handled," "District 1," "District 2," "District 3," "District 4," and "carton" have the same meaning as when used in said amended marketing agreement and order.

(Secs. 1–19, 48 Stat. 31, as amended; 7 U.S.C. 601–674)

Dated: November 29, 1967.

PAUL A. NICHOLSON,
Deputy Director, Fruit and Vegetable Division, Consumer and Marketing Service.

[F.R. Doc. 67–14098; Filed, Nov. 29, 1967; 11:18 a.m.]

Chapter X—Consumer and Marketing Service (Marketing Agreements and Orders; Milk), Department of Agriculture

[Milk Order No. 49]

PART 1049—MILK IN INDIANAPOLIS, IND., MARKETING AREA

Order Amending Order

§ 1049.0 Findings and determinations.

The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of the previously issued amendments thereto; and all of the said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing order (Part 900 of this title), a public hearing was held upon certain proposed amendments to the tentative marketing agreement and to the order regulating the handling of milk in the Indianapolis, Ind., marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order as hereby amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the Act;

(2) The parity prices of milk, as determined pursuant to section 2 of the Act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the said marketing area, and the minimum prices specified in the order as hereby amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(3) The said order as hereby amended, regulates the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial or commercial activity specified in, a marketing agreement upon which a hearing has been held.

(b) *Additional findings.* (1) It is necessary in the public interest to make this order amending the order effective not later than December 1, 1967. Any delay beyond that date would tend to disrupt the orderly marketing of milk in the marketing area.

(2) The provisions of the said order are known to handlers. The recommended decision of the Deputy Administrator, Regulatory Programs was issued November 2, 1967, and the decision of the Deputy Assistant Secretary containing all amendment provisions of this order was issued November 20, 1967. The changes effected by this order will not require extensive preparation or substantial alteration in method of operation for handlers. In view of the foregoing, it is hereby found and determined that good cause exists for making this order amending the order effective December 1, 1967, and that it would be contrary to the public interest to delay the effective date of this amendment for 30 days after its publication in the FEDERAL REGISTER. (Sec. 553(d), Administrative Procedure Act, 5 U.S.C. 551–559.)

(c) *Determinations.* It is hereby determined that:

(1) The refusal or failure of handlers (excluding cooperative associations specified in section 8c(9) of the Act) of more than 50 percent of the milk, which is marketed within the marketing area, to sign a proposed marketing agreement, tends to prevent the effectuation of the declared policy of the Act;

(2) The issuance of this order, amending the order, is the only practical means pursuant to the declared policy of the Act of advancing the interests of producers as defined in the order as hereby amended; and

(3) The issuance of the order amending the order is approved or favored by at least two-thirds of the producers who during the determined representative period were engaged in the production of milk for sale in the marketing area.

Order relative to handling. It is therefore ordered, that on and after the effective date hereof, the handling of milk in the Indianapolis, Ind., marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as amended, and as hereby further amended, as follows:

Section 1049.53(a) is revised to read as follows:

§ 1049.53 Location differentials to handlers.

(a) For producer milk which is received at a pool plant located outside the State of Ohio and 70 miles or more from Monument Circle in Indianapolis, Ind., by the shortest hard-surfaced highway distance as determined by the market administrator and which milk is classified as Class I milk or assigned Class I location adjustment credit pursuant to paragraph (b) of this section, and for other source milk for which a location adjustment credit is applicable, the price specified in § 1049.51(a) shall be reduced at a rate set forth in the following schedule.

Distance (miles):	*Rate per hundredweight (cents)*
70 but less than 80	10.0
For each additional 10 miles or fraction thereof	1.5

* * * * *

(Secs. 1–19, 48 Stat. 31, as amended; 7 U.S.C. 601–674)

Effective date: December 1, 1967.

Signed at Washington, D.C., on November 28, 1967.

RODNEY E. LEONARD,
Deputy Assistant Secretary.

[F.R. Doc. 67-14012; Filed, Nov. 29, 1967; 8:48 a.m.]

[Milk Order No. 64]

PART 1064—MILK IN GREATER KANSAS CITY MARKETING AREA

Order Suspending Certain Provisions

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and of the order regulating the handling of milk in the Greater Kansas City marketing area (7 CFR Part 1064), it is hereby found and determined that:

(a) The following provisions of the order no longer tend to effectuate the declared policy of the Act for the months of December 1967 and January 1968:

(1) In § 1064.51(a), in the language preceding subparagraph (1), the words "and plus or minus a supply-demand adjustment of not more than 45 cents, computed as follows:"; and

(2) In § 1064.51(a), subparagraphs (1), (2), and (3).

(b) Thirty days notice of the effective date hereof is impractical, unnecessary, and contrary to the public interest in that:

(1) This suspension order does not require of persons affected substantial or extensive preparation prior to the effective date.

(2) This suspension order is necessary to reflect current marketing conditions and to maintain orderly marketing conditions in the marketing area.

This suspension order will cancel the reductions in the Class I price of 7 cents per hundredweight for the month of December 1967, and a lesser amount for the month of January 1968 which would otherwise occur. These reductions are due to the operation of the supply-demand adjustor factor of the Class I price provision. The effect of this adjustor in reducing the Class I price is to establish Class I prices in the Greater Kansas City area unduly low relative to prices in surrounding areas where no similar reduction is made in Class I prices.

(3) Interested parties were afforded opportunity to file written data, views, or arguments concerning this suspension (32 F.R. 15490).

The suspension action was supported by cooperative associations representing more than two-thirds of the producers supplying the market. These organizations requested that the suspension be continued until a hearing can be held and a revised provision made effective.

Handlers operating pool plants which utilize approximately one-half of the producer receipts of the markets opposed the suspension action. Most of the handlers indicated that the matter should be considered at a public hearing.

The market administrator has been requested to notify interested persons that the Department is planning a public hearing on proposals to revise the supply-demand adjustor. Because it will take additional time to hold a hearing and complete amendatory action on an appropriate supply-demand adjustment to the Class I price, suspension of the present supply-demand provision is necessary for the months of December 1967 and January 1968.

Therefore, good cause exists for making this order effective December 1, 1967.

It is therefore ordered, That the aforesaid provisions of the order are hereby suspended for the months of December 1967 and January 1968.

(Secs. 1–19, 48 Stat. 31, as amended; 7 U.S.C. 601–674)

Effective date: December 1, 1967.

Signed at Washington, D.C., on November 28, 1967.

RODNEY E. LEONARD,
Deputy Assistant Secretary.

[F.R. Doc. 67-14011; Filed, Nov. 29, 1967; 8:48 a.m.]

Chapter XIV—Commodity Credit Corporation, Department of Agriculture

SUBCHAPTER B—LOANS, PURCHASES AND OTHER OPERATIONS

[Amdt. 3]

PART 1468—MOHAIR

Subpart—Payment Program for Mohair

PRICE SUPPORT LEVEL FOR 1968 MARKETING YEAR

The Regulations issued by Commodity Credit Corporation containing the requirements with respect to the Payment Program for Mohair, as amended (31 F.R. 5817, 15234; 32 F.R. 4568), are further amended by inserting the following new paragraph (d) at the end of § 1468.255:

§ 1468.255 Price support level.

* * * * *

(d) *1968 marketing year.* For the 1968 marketing year, the price support level was announced on June 2, 1967, as 77.4 cents per pound of mohair, grease basis.

(Sec. 4, 62 Stat. 1070, sec. 5, 62 Stat. 1072, secs. 702–708, 68 Stat. 910–912, as amended, secs. 401–403, 72 Stat. 994–995, sec. 151, 75 Stat. 306, sec. 201, 79 Stat. 1188; 15 U.S.C. 714b, 15 U.S.C. 714c, 7 U.S.C. 1781–1787, as amended)

Effective date. Date of publication.

Signed at Washington, D.C., on November 24, 1967.

H. D. GODFREY,
Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 67-13979; Filed, Nov. 29, 1967; 8:46 a.m.]

[Amdt. 3]

PART 1472—WOOL

Subpart—Payment Program for Shorn Wool and Unshorn Lambs (Pulled Wool)

PRICE SUPPORT LEVEL FOR 1968 MARKETING YEAR

The regulations issued by Commodity Credit Corporation containing the requirements with respect to the payment program for shorn wool and unshorn lambs (pulled wool), as amended (31 F.R. 4582, 15234; 32 F.R. 4568), are further amended by inserting the following new paragraph (d) at the end of § 1472.1205:

§ 1472.1205 Price support level.

* * * * *

(d) *1968 marketing year.* For the 1968 marketing year, the price support level was announced on June 2, 1967, as 67 cents per pound of shorn wool, grease basis.

(Sec. 4, 62 Stat. 1070, sec. 5, 62 Stat. 1072, secs. 702–708, 68 Stat. 910–912, as amended, secs. 401–403, 72 Stat. 994–995, sec. 151, 75 Stat. 306, sec. 201, 79 Stat. 1188; 15 U.S.C. 714b, 15 U.S.C. 714c, 7 U.S.C. 1781–1787, as amended)

Effective date. Date of publication.

Signed at Washington, D.C., on November 24, 1967.

H. D. GODFREY,
Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 67-13980; Filed, Nov. 29, 1967; 8:46 a.m.]

Title 12—BANKS AND BANKING

Chapter I—Bureau of the Comptroller of the Currency, Department of the Treasury

PART 1—INVESTMENT SECURITIES REGULATION

Bergen County Sewer Authority (New Jersey)

§ 1.201 Bergen County Sewer Authority (New Jersey).

(a) *Request.* The Comptroller of the Currency has been requested to rule that the bonds of the Bergen County Sewer Authority are eligible for purchase, dealing in, underwriting and unlimited holding by national banks under paragraph Seventh of 12 U.S.C. 24.

(b) *Opinion.* (1) The Bergen County Sewer Authority, established under the laws of the State of New Jersey by a resolution of the Board of Chosen Freeholders of the County of Bergen, is a body politic and corporate and a governmental instrumentality of the State. The Authority has power under New Jersey law to finance, construct, acquire, and operate a sewer system within its district. For this purpose it has issued its bonds which are now outstanding in the amount of $34,962,000 and proposes to issue additional bonds in the amount of $3,630,000.

(2) A number of Bergen County municipalities have as authorized by New Jersey law entered into perpetual service contracts with the Authority. These contracts provide for the payment by the municipalities of service charges calculated, as required by law, to provide such amounts (in addition to other available funds) as will be required by the Authority for payments of principal and interest of any of its bonds or other obligations, operating expenses, maintenance of reserves, and to extinguish any existing deficits. These municipalities which possess general powers of taxation have thus committed their faith and credit in support of the bonds of the Authority.

(c) *Ruling.* It is our conclusion therefore that the bonds of the Bergen County Sewer Authority are general obligations of a State or a political subdivision thereof under paragraph Seventh of 12 U.S.C. 24 and, accordingly, are eligible for purchase, dealing in, underwriting, and unlimited holding by national banks.

Dated: November 21, 1967.

[SEAL] WILLIAM B. CAMP,
Comptroller of the Currency.

[F.R. Doc. 67-13998; Filed, Nov. 29, 1967; 8:47 a.m.]

Title 14—AERONAUTICS AND SPACE

Chapter I—Federal Aviation Administration, Department of Transportation

SUBCHAPTER C—AIRCRAFT

[Docket No. 8556; Amdt. 39-519]

PART 39—AIRWORTHINESS DIRECTIVES

British Aircraft Corp. Model BAC 1-11 200 and 400 Series Airplanes

There have been reports of sticking or eroded control valves which control the pressure function in the rudder and elevator feel system on British Aircraft Corp. Model BAC 1-11 200 Series airplanes. A similar feel system is designed into the Model BAC 1-11 400 Series airplanes. Under these conditions the return line pressure can become excessive resulting in a reduction of rudder and elevator feel, and at low operating speeds the loss of rudder feel which can lead to a reversal of the feel function. Since these conditions are likely to exist or develop in other airplanes of the same type design, an airworthiness directive is being issued to require the replacement of the paired links located in the rudder feel simulator linkage, Hobson P/N CH 504-071 or CH 504-280 with redesigned Hobson slotted links P/N CH 504-446 to provide a linkage arrangement which will prevent an over balance of the feel system. The AD also requires the slotted links to be attached with specified bolts and that if self-retained bolts are not used, the bolts must be replaced by self-retained bolts at the next overhaul of the rudder feel simulator unit.

Since a situation exists that requires immediate adoption of this regulation, it is found that notice and public procedure hereon are impracticable and good cause exists for making this amendment effective in less than 30 days.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (14 CFR 11.89), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new airworthiness directive:

BRITISH AIRCRAFT. Applies to Model BAC 1-11 200 and 400 Series airplanes.

Compliance required as indicated, unless already accomplished.

To prevent reversal of the rudder feel function, within the next 500 hours' time in service after the effective date of this AD, accomplish the following:

(a) Replace the paired links located in the rudder feel simulator linkage, Hobson P/N CH 504-071 or CH 504-280 with redesigned Hobson slotted links P/N CH 504-446 in accordance with British Aircraft Corp. BAC 1-11 Alert Service Bulletin PM 3290, or later ARB-approved issue, or an equivalent approved by the Chief, Aircraft Certification Staff, FAA, Europe, Africa, and Middle East Region.

(b) Attach Hobson slotted links P/N CH 504-446 with bolts P/N CH 127803-25 (NAS 1108-25) and CH 127803-22 (NAS 1108-22), or self-retained bolt P/N CH 127800 (NAS 1108-27-SR) and rivet P/N CH 524-129-3. If bolts P/N CH 127803-25 (NAS 1108-25) and

CH 127803-22 (NAS 1108-22) are used, replace these bolts with self-retained bolt P/N CH 127800 (NAS 1108-27-SR) and rivet P/N CH 524-129-3 during the next overhaul of the rudder feel simulator unit.

This amendment becomes effective December 30, 1967.

(Secs. 313(a), 601, and 603 of the Federal Aviation Act of 1958; 49 U.S.C. 1354(a), 1421 and 1423)

Issued in Washington, D.C., on November 27, 1967.

R. S. SLIFF,
Acting Director,
Flight Standards Service.

[F.R. Doc. 67-14061; Filed, Nov. 29, 1967; 8:48 a.m.]

SUBCHAPTER E—AIRSPACE

[Airspace Docket No. 67-CE-104]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration of Control Zone and Transition Area

On Page 13006 of the FEDERAL REGISTER dated September 13, 1967, the Federal Aviation Administration published a notice of proposed rule making which would amend §§ 71.171 and 71.181 of Part 71 of the Federal Aviation Regulations so as to alter the Springfield, Ill., control zone and transition area.

Interested persons were given 45 days to submit written comments, suggestions, or objections regarding the proposed amendments. Two comments were received. The Air Transport Association concurred with the proposal. The Aircraft Owners and Pilots Association objected to any extension of the Springfield control zone to the northeast beyond the Capital VORTAC for the reason that the instrument approach procedure to Capital Airport, Springfield, Ill., could be modified to eliminate the necessity for such extension. A modification of these instrument approach procedures would require a rate of descent greater than the optimum of 300 feet per nautical mile as set forth in the "U.S. Standard for Terminal Instrument Procedures." While less than optimum instrument approach procedures can be developed at a given airport, if the required airspace is needed by other users and safety will not be unduly compromised, the Federal Aviation Administration strives to develop optimum approach procedures at all locations. Since there has been a control zone extension to the northeast at Springfield for several years without any indication that this airspace was overly restrictive to other users, the Federal Aviation Administration does not feel that there is sufficient justification for deleting the control zone extension.

In view of the foregoing, the proposed amendments are hereby adopted without change and are set forth below.

These amendments shall become effective 0001 e.s.t., February 1, 1968.

(Sec. 307(a) of the Federal Aviation Act of 1958; 49 U.S.C. 1348)

Issued in Kansas City, Mo., on November 15, 1967.

DANIEL E. BARROW,
Acting Director, Central Region.

1. In § 71.171 (32 F.R. 2071), the following control zone is amended to read:

SPRINGFIELD, ILL.

That airspace within a 5-mile radius of Capital Airport (latitude 39°50'35" N., longitude 89°40'35" W.); within 2 miles each side of the Capital ILS localizer southwest course, extending from the 5-mile radius zone to the OM; within 2 miles each side of the Capital VORTAC 040° radial, extending from the 5-mile radius zone to 12 miles northeast of the VORTAC; within 2 miles each side of the Capital VORTAC 036° radial, extending from the 5-mile radius zone to 7 miles northeast of the VORTAC; and within 2 miles each side of the Capital VORTAC 058° radial, extending from the 5-mile radius zone to 8 miles northeast of the VORTAC.

2. In § 71.181 (32 F.R. 2148), the following transition area is amended to read:

SPRINGFIELD, ILL.

That airspace extending upward from 700 feet above the surface within an 8-mile radius of Capital Airport (latitude 39°50'35" N., longitude 89°40'35" W.); and within the arc of a 23-mile radius circle centered on the Capital VORTAC, extending from a line 2 miles southeast of and parallel to the Capital VORTAC 213° radial clockwise to a line 2 miles northwest of and parallel to the Capital VORTAC 228° radial; and that airspace extending upward from 1,200 feet above the surface within an area bounded by a line beginning at the intersection of longitude 89°33'00" W. and the northwest boundary of V-426, thence southwest along the northwest boundary of V-426 to and counterclockwise along the arc of a 33-mile radius circle centered on the Lambert-St. Louis Municipal Airport (latitude 38°44'50" N., longitude 90°21'55" W.) to and north along the west boundary of V-9W, to and north along longitude 90°18'00" W., to and west along a line 10 miles south of and parallel to the Capital VORTAC 269° radial to and north along longitude 90°29'00" W., to and east along a line 6 miles north of and parallel to the Capital VORTAC 269° radial to and clockwise along the arc of a 26-mile radius circle centered on Capital Airport, to and northeast along the southeast boundary of V-173, to and south along longitude 88°39'59" W., to and southwest along the northwest boundary of V-191, to and counterclockwise along the arc of a 15-mile radius circle centered on the Decatur, Ill., VOR, to and west along a line 6 miles north of and parallel to the Decatur VOR 285° radial to and clockwise along the arc of a 26-mile radius circle centered on Capital Airport, to and south along longitude 89°33'00" W., to the point of beginning; and that airspace extending upward from 3,000 MSL within the area bounded on the north by latitude 40°20'00" N., on the east by the west boundary of V-129, on the south by the arc of a 26-mile radius circle centered on Capital Airport, and on the west by longitude 90°00'00" W.; within the area bounded on the north by latitude 40°20'00" N., on the southeast by the northwest boundary of V-9 on the south by the arc of a 26-mile radius circle centered on Capital Airport, and on the west by the east boundary of V-129; within the area bounded on the north by latitude 40°20'00" N., on the southeast by the northwest boundary of V-173, and on the west by the southeast boundary of V-9; and within the area bounded on the northwest by the arc of a 26-mile radius circle centered on Capital Airport, on the north by a line 10 miles south of and parallel to the Decatur VOR 285° radial, on the southeast by the northwest boundary of V-191 and V-426, and on the west by longitude 89°33'00" W.

[F.R. Doc. 67-13990; Filed, Nov. 29, 1967; 8:46 a.m.]

SUBCHAPTER F—AIR TRAFFIC AND GENERAL OPERATING RULES

[Docket No. 8270; Amdt. 91-48]

PART 91—GENERAL OPERATING AND FLIGHT RULES

Special Rules for Foreign Civil Aircraft in VFR Flight Operations

The purpose of this amendment to Part 91 of the Federal Aviation Regulations is to remove the requirement of § 91.43 (b) that no person may operate a foreign civil aircraft in the United States in VFR flight unless a VFR flight plan has been filed with an FAA communications station.

This amendment was proposed in Notice 67-28 and published in the FEDERAL REGISTER on July 13, 1967 (32 F.R. 10310). Interested persons have been afforded an opportunity to participate in the making of this amendment, and due consideration has been given to all matters presented. As the comments received on the notice were all favorable and support the proposal, the FAA has determined to issue the amendment for the reasons stated in the notice. By providing relief from compliance with a regulation deemed unnecessary, good cause exists for making this amendment effective in less than 30 days.

In consideration of the foregoing, § 91.43(b) of the Federal Aviation Regulations is revoked effective November 30, 1967.

(Secs. 307(a), 313(a), and 601 of the Federal Aviation Regulations; 49 CFR 1348, 1354(a), and 1421)

Issued in Washington, D.C., on November 24, 1967.

WILLIAM F. MCKEE,
Administrator.

[F.R. Doc. 67-13991; Filed, Nov. 29, 1967; 8:47 a.m.]

[Reg. Docket No. 8548, Amdt. 95-161]

PART 95—IFR ALTITUDES

Miscellaneous Amendments

The purpose of this amendment to Part 95 of the Federal Aviation Regulations is to make changes in the IFR altitudes at which all aircraft shall be flown over a specified route or portion thereof. These altitudes, when used in conjunction with the current changeover points for the routes or portions thereof, also assure navigational coverage that is adequate and free of frequency interference for that route or portion thereof.

As a situation exists which demands immediate action in the interest of safety,

I find that compliance with the notice and procedure provisions of the Administrative Procedure Act is impracticable and that good cause exists for making this amendment effective within less than 30 days from publication.

In consideration of the foregoing and pursuant to the authority delegated to me by the Administrator (24 F.R. 5662), Part 95 of the Federal Aviation Regulations is amended, effective January 4, 1968, as follows:

1. By amending Subpart C as follows:

Section 95.1001 *Direct routes—United States* is amended by adding:

From, To, and MEA

Yolo INT, Calif., via MYT 185° M rad, VOR; Marysville, Calif.; *2,000. *1,300—MOCA.
Dothan, Ala., VOR; Blakely INT, Ga.; 2,500.
Blakely INT, Ga.; Albany, Ga., VOR; *2,000. *1,600—MOCA.
Blakely INT, Ga.; Tallahassee, Fla., VOR; *2,300. *1,500—MOCA.

Section 95.1001 *Direct routes—United States* is amended to read in part:

Panama City, Fla., VOR; Bristol INT, Fla.; *2,000. *1,400—MOCA.

Section 95.6003 *VOR Federal airway 3* is amended to read in part:

Palm Beach, Fla., VOR; *Fort Pierce INT, Fla., **2,000. *3,000—MRA. **1,300—MOCA.

Section 95.6007 *VOR Federal airway 7* is amended to read in part:

*Cross City, Fla., VOR, via W alter.; **Lobster INT, Fla., via W alter.; ***7,000. *7,000—MCA Cross City VOR, westbound. **3,000—MRA. ***1,500—MOCA.
Lobster INT, Fla., via W alter.; Teresa INT, Fla., via W alter.; *7,000. *1,100—MOCA.

Section 95.6009 *VOR Federal airway 9* is amended to read in part:

Madison INT, La.; Folsom INT, La.; *2,000. *1,400—MOCA.

Section 95.6018 *VOR Federal airway 18* is amended to read in part:

Sharon INT, Ga., via S alter.; Augusta, Ga., VOR, via S alter.; *2,000. *1,900—MOCA.
Augusta, Ga., VOR, via S alter.; Sardis INT, Ga., via S alter.; *2,100. *1,900—MOCA.

Section 95.6020 *VOR Federal airway 20* is amended to read in part:

Palacios, Tex., VOR, via S alter.; *Jones Creek INT, Tex., via S alter.; **1,700. *2,500—MRA. **1,500—MOCA.

Section 95.6035 *VOR Federal airway 35* is amended to read in part:

Anderson, S.C., VOR; Clemson INT, S.C.; *2,500. *1,900—MOCA.
Albany, Ga., VOR; Cobb INT, Ga.; *2,000. *1,500—MOCA.

Section 95.6056 *VOR Federal airway 56* is amended to read in part:

Wallace INT, N.C.; Oak Grove INT, N.C.; *3,000. *2,000—MOCA. MAA—8,000.
Mitchell INT, Ga.; Augusta, Ga., VOR; *2,000. *1,900—MOCA.

Section 95.6070 *VOR Federal airway 70* is amended to read in part:

Palacios, Tex., VOR; *Jones Creek INT, Tex.; **1,700. *2,500—MRA. **1,500—MOCA.

Section 95.6097 *VOR Federal airway 97* is amended to read in part:

From, to, and MEA

Albany, Ga., VOR; Americus INT, Ga.; *2,000. *1,600—MOCA.
Americus INT, Ga.; *Junction City INT, Ga.; 3,500. *3,000—MRA.

Section 95.6161 *VOR Federal airway 161* is amended to read in part:

Lawson INT, Mo.; Lamoni, Iowa, VOR; *2,900. *2,500—MOCA.
Newton, Iowa, VOR; Dunbar INT, Iowa; *2,800. *2,300—MOCA.

Section 95.6185 *VOR Federal airway 185* is amended to read in part:

Sardis INT, Ga.; Augusta, Ga., VOR; *2,100. *1,900—MOCA.

Section 95.6222 *VOR Federal airway 222* is amended to read in part:

Industry, Tex., VOR; Cypress INT, Tex.; *2,500. *1,600—MOCA.
Cypress INT, Tex.; *Crosby INT, Tex.; **5,000. *2,000—MRA. **1,600—MOCA.
Cypress INT, Tex., via N alter.; Daisetta, Tex., VOR, via N alter.; *2,500. *1,600—MOCA.

Section 95.6241 *VOR Federal airway 241* is amended to read in part:

Dothan, Ala., VOR, via W alter.; *Edd INT, Ala., via W alter.; **2,000. *2,400—MCA Edd INT, northbound. **1,500—MOCA.

Section 95.6317 *VOR Federal airway 317* is amended to read in part:

*Harbor Point INT, Alaska; **Crescent DME Fix, Alaska; ***#9,000. *15,000—MRA. **3,000—MCA Crescent DME Fix, southeastbound. ***2,000—MOCA.
Crescent DME Fix, Alaska; Yakutat, Alaska, VOR; #2,000. #MEA is established with a gap in navigational signal coverage.
Yakutat, Alaska, VOR; *Malaspina DME Fix, Alaska; #2,000. *4,000—MCA Malaspina DME Fix, Westbound.
Malaspina DME Fix, Alaska; Katalla INT, Alaska; *#10,000. *5,400—MOCA.
Katalla INT, Alaska; Castle INT, Alaska; *#5,000. *4,000—MOCA.
Castle INT, Alaska; Eyak INT, Alaska; *#3,000. *2,000—MOCA.
Eyak INT, Alaska; Johnstone Point, Alaska, VOR; #5,000. #MEA is established with a gap in navigation signal coverage.

Section 95.6317 *VOR Federal airway 317* is amended by adding:

United States-Canadian Border, via W alter.; Annette Island, Alaska, VOR, via W alter.; 5,000.

Section 95.6402 *Hawaii VOR Federal airway 2* is amended to read in part:

Upolu Point, Hawaii, VOR; Waipio INT, Hawaii; 6,000.
Waipio INT, Hawaii; Paradise INT, Hawaii; Eastbound 4,000; Westbound 6,000.

Section 95.6440 *VOR Federal airway 440* is amended to read in part:

Biorka Island, Alaska, VOR; *Harbor Point INT, Alaska; **#9,000. *15,000—MRA. **5,300—MOCA.
Harbor Point INT, Alaska; *Crescent DME Fix, Alaska; **#9,000. *3,000—MCA Crescent DME Fix, Southeastbound. **2,000—MOCA.
Crescent DME Fix, Yakutat, Alaska, VOR; #2,000, Alaska; #MEA is established with a gap in navigation signal coverage.

From, to, and MEA

*Anchorage, Alaska, VOR; **Martha INT, Alaska; #2,000. *5,400—MCA Anchorage VOR, Southeastbound. **5,000—MCA Martha INT, northwestbound.
Martha INT, Alaska; *Friday INT, Alaska; #6,500. *7,000—MCA Friday INT, northwestbound.
Friday INT, Alaska; *Puntilla Lake INT, Alaska; **#10,000. *11,000—MRA. **9,500—MOCA.
Puntilla Lake INT, Alaska; *Windy Fork INT, Alaska; **#10,000. *8,600—MCA Windy Fork INT, Southeastbound. **9,500—MOCA.
Windy Fork INT, Alaska; McGrath, Alaska VOR; #4,000. #MEA is established with a gap in navigation signal coverage.

2. By amending subpart D as follows:

Section 95.8003 *VOR Federal airway changeover points:*

Airway segment: From; to—Changeover point: Distance; from

V-210 is amended to read in part:
Rosewood, Ohio, VOR; Tiverton, Ohio, VOR; 48; Rosewood.

V-436 is amended by adding:
Kenai, Alaska, VOR; Anchorage, Alaska, VOR; 10; Kenai.

(Secs. 307, 1110, Federal Aviation Act of 1958; 49 U.S.C. 1348, 1510)

Issued in Washington, D.C., on November 21, 1967.

R. S. SLIFF,
Acting Director,
Flight Standards Service.

[F.R. Doc. 67-13941; Filed, Nov. 29, 1967; 8:45 a.m.]

Title 26—INTERNAL REVENUE

Chapter I—Internal Revenue Service, Department of the Treasury

SUBCHAPTER A—INCOME TAX

[T.D. 6937]

PART 1—INCOME; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

Prepaid Dues Income of Certain Membership Organizations

On July 12, 1967, notice of proposed rule making with respect to the amendments of the Income Tax Regulations (26 CFR Part 1) under section 456 of the Internal Revenue Code of 1954, as added by Public Law 87-109 (75 Stat. 222) was published in the FEDERAL REGISTER (32 F.R. 10261). After consideration of all such relevant matter as was presented by interested persons regarding the rule proposed, the amendment of the regulations as proposed is hereby adopted, subject to the changes set forth below. Such regulations supersede §§ 17.1 and 17.1-1 of Treasury Decision 6596 (26 CFR Part 17), approved April 12, 1962 (27 F.R. 3626).

PARAGRAPH 1. Paragraph (c) of § 1.456-2, as set forth in the notice of proposed rule making, is changed.

PAR. 2. Paragraph (b) of § 1.456-6, as set forth in the notice of proposed rule making, is changed.

(Sec. 7805 of the Internal Revenue Code of 1954; 68A Stat. 917; 26 U.S.C. 7805)

[SEAL] SHELDON S. COHEN,
Commissioner of Internal Revenue.

Approved: November 27, 1967.

STANLEY S. SURREY,
Assistant Secretary of the Treasury.

The following regulations relating to prepaid dues income of certain membership organizations, effective for taxable years beginning after December 31, 1960, are hereby prescribed under section 456 of the Internal Revenue Code of 1954, as added by Public Law 87-109 (75 Stat. 222):

§ 1.456 Statutory provisions; prepaid dues income of certain membership organizations.

SEC. 456. *Prepaid dues income of certain membership organizations*—(a) *Year in which included.* Prepaid dues income to which this section applies shall be included in gross income for the taxable years during which the liability described in subsection (e)(2) exists.

(b) *Where taxpayer's liability ceases.* In the case of any prepaid dues income to which this section applies—

(1) If the liability described in subsection (e)(2) ends, then so much of such income as was not includible in gross income under subsection (a) for preceding taxable years shall be included in gross income for the taxable year in which the liability ends.

(2) If the taxpayer ceases to exist, then so much of such income as was not includible in gross income under subsection (a) for preceding taxable years shall be included in gross income for the taxable year in which such cessation of existence occurs.

(c) *Prepaid dues income to which this section applies*—(1) *Election of benefits.* This section shall apply to prepaid dues income if and only if the taxpayer makes an election under this section with respect to the trade or business in connection with which such income is received. The election shall be made in such manner as the Secretary or his delegate may by regulations prescribe. No election may be made with respect to a trade or business if in computing taxable income the cash receipts and disbursements method of accounting is used with respect to such trade or business.

(2) *Scope of election.* An election made under this section shall apply to all prepaid dues income received in connection with the trade or business with respect to which the taxpayer has made the election; except that the taxpayer may, to the extent permitted under regulations prescribed by the Secretary or his delegate, include in gross income for the taxable year of receipt the entire amount of any prepaid dues income if the liability from which it arose is to end within 12 months after the date of receipt. Except as provided in subsection (d), an election made under this section shall not apply to any prepaid dues income received before the first taxable year for which the election is made.

(3) *When election may be made*—(A) *With consent.* A taxpayer may, with the consent of the Secretary or his delegate, make an election under this section at any time.

(B) *Without consent.* A taxpayer may, without the consent of the Secretary or his delegate, make an election under this section for its first taxable year (i) which begins after December 31, 1960, and (ii) in which it receives prepaid dues income in the trade or business. Such election shall be made not later than the time prescribed by law for filing the return for the taxable year (including extensions thereof) with respect to which such election is made.

(4) *Period to which election applies.* An election under this section shall be effective for the taxable year with respect to which it is first made and for all subsequent taxable years, unless the taxpayer secures the consent of the Secretary or his delegate to the revocation of such election. For purposes of this title, the computation of taxable income under an election made under this section shall be treated as a method of accounting.

(d) *Transitional rule*—(1) *Amount includible in gross income for election years.* If a taxpayer makes an election under this section with respect to prepaid dues income, such taxpayer shall include in gross income, for each taxable year to which such election applies, not only that portion of prepaid dues income received in such year otherwise includible in gross income for such year under this section, but shall also include in gross income for such year an additional amount equal to the amount of prepaid dues income received in the 3 taxable years preceding the first taxable year to which such election applies which would have been included in gross income in the taxable year had the election been effective 3 years earlier.

(2) *Deductions of amounts included in income more than once.* A taxpayer who makes an election with respect to prepaid dues income, and who includes in gross income for any taxable year to which the election applies an additional amount computed under paragraph (1), shall be permitted to deduct, for such taxable year and for each of the 4 succeeding taxable years, an amount equal to one-fifth of such additional amount, but only to the extent that such additional amount was also included in the taxpayer's gross income during any of the 3 taxable years preceding the first taxable year to which such election applies.

(e) *Definitions.* For purposes of this section—

(1) *Prepaid dues income.* The term "prepaid dues income" means any amount (includible in gross income) which is received by a membership organization in connection with, and is directly attributable to, a liability to render services or make available membership privileges over a period of time which extends beyond the close of the taxable year in which such amount is received.

(2) *Liability.* The term "liability" means a liability to render services or make available membership privileges over a period of time which does not exceed 36 months, which liability shall be deemed to exist ratably over the period of time that such services are required to be rendered, or that such membership privileges are required to be made available.

(3) *Membership organization.* The term "membership organization" means a corporation, association, federation, or other organization—

(A) Organized without capital stock of any kind, and

(B) No part of the net earnings of which is distributable to any member.

(4) *Receipt of prepaid dues income.* Prepaid dues income shall be treated as received during the taxable year for which it is includible in gross income under section 451 (without regard to this section).

[Sec. 456 as added by the Act of July 26, 1961 (Pub. Law 87-109, 75 Stat. 222)]

§ 1.456-1 Treatment of prepaid dues income.

Effective for taxable years beginning after December 31, 1960, a taxpayer which is a membership organization (as described in paragraph (c) of § 1.456-5) and which receives prepaid dues income as described in paragraph (a) of § 1.456-5 in connection with its trade or business of rendering services or making available membership privileges may elect under section 456 to include such income in gross income ratably over the taxable years during which its liability (as described in paragraph (b) of § 1.456-5) to render such services or extend such privileges exists, if such liability does not extend over a period of time in excess of 36 months. If the taxpayer does not elect to treat prepaid dues income under section 456, or if such income may not be reported under section 456, as for example, where the income relates to a liability to render services or make available membership privileges which extends beyond 36 months, then such income is includible in gross income for the taxable year in which it is received (as described in paragraph (d) of § 1.456-5).

§ 1.456-2 Scope of election under section 456.

(a) An election made under section 456 and § 1.456-6, shall be applicable to all prepaid dues income received in connection with the trade or business for which the election is made. However, the taxpayer may further elect to include in gross income for the taxable year of receipt the entire amount of any prepaid dues income attributable to a liability extending beyond the close of the taxable year but ending within 12 months after the date of receipt, hereinafter referred to as the "within 12 months" election.

(b) If the taxpayer is engaged in more than one trade or business in connection with which prepaid dues income is received, a separate election may be made under section 456 with respect to each such trade or business. In addition, a taxpayer may make a separate "within 12 months" election for each separate trade or business for which it has made an election under section 456.

(c) A section 456 election and a "within 12 months" election shall be binding for the first taxable year for which the election is made and for all subsequent taxable years, unless the taxpayer secures the consent of the Commissioner to the revocation of either election. In order to secure the Commissioner's consent to the revocation of the section 456 election or the "within 12 months" election, an application must be filed with the Commissioner in accordance with section 446(e) and the regulations thereunder. However, an application for consent to revoke the section 456 election or the "within 12 months" election in the case of all taxable years which end before November 30, 1967 must be filed on or before February 28, 1967. For purposes of Subtitle A of the Code, the computation of taxable income under an election made under section 456 or under the "within 12 months" election shall be treated as a method of accounting. For adjustments required by changes in method of accounting, see section 481 and the regulations thereunder.

(d) Except as provided in section 456 (d) and § 1.456-7, an election made under

section 456 shall not apply to any prepaid dues income received before the first taxable year to which the election applies. For example, Corporation X, a membership organization which files its income tax returns on a calendar year basis, customarily sells 3-year memberships, payable in advance. In 1961 it received $160,000 of prepaid dues income for 3-year memberships beginning during 1961, and in 1962 it received $185,000 of prepaid dues income for 3-year memberships beginning on January 1, 1962. In March 1962 it elected, with the consent of the Commissioner, to report its prepaid dues income under the provisions of section 456 for the year 1962 and subsequent taxable years. The $160,000 received in 1961 from prepaid dues must be included in gross income in full in that year, and except as provided in section 456(d) and § 1.456–7, no part of such income shall be allocated to the taxable years 1962, 1963, and 1964 during which X was under a liability to make available its membership privileges. The $185,000 received in 1962 from prepaid dues income shall be allocated to the years 1962, 1963, and 1964.

(e) No election may be made under section 456 with respect to a trade or business if, in computing taxable income, the cash receipts and disbursements method (or a hybrid thereof) of accounting is used with respect to such trade or business, unless the combination of the section 456 election and the taxpayer's hybrid method of accounting does not result in a material distortion of income.

§ 1.456–3 Method of allocation.

(a) Prepaid dues income for which an election has been made under section 456 shall be included in gross income over the period of time during which the liability to render services or make available membership privileges exists. The liability to render the services or make available the membership privileges shall be deemed to exist ratably over the period of time such services are required to be rendered, or such membership privileges are required to be made available. Thus, the prepaid dues income shall be included in gross income ratably over the period of the membership contract. For example, Corporation X, a membership organization, which files its income tax returns on a calendar year basis, elects, for its taxable year beginning January 1, 1961, to report its prepaid dues income in accordance with the provisions of section 456. On March 31, 1961, it sells a 2-year membership for $48 payable in advance, the membership to extend from May 1, 1961, to April 30, 1963. X shall include in its gross income for the taxable year 1961 $^{8}/_{24}$ of the $48, or $16, and for the taxable year 1962 $^{12}/_{24}$ of the $48, or $24, and for the taxable year 1963 $^{4}/_{24}$ of the $48, or $8.

(b) For purposes of determining the period or periods over which the liability of the taxpayer exists, and for purposes of allocating prepaid dues income to such periods, the taxpayer may aggregate similar transactions during the taxable year in any reasonable manner, provided the method of aggregation and allocation is consistently followed.

§ 1.456–4 Cessation of liability or existence.

(a) If a taxpayer has elected to apply the provisions of section 456 to a trade or business in connection with which prepaid dues income is received, and if the taxpayer's liability to render services or make available membership privileges ends for any reason, as for example, because of the cancellation of a membership then so much of the prepaid dues income attributable to such liability as was not includible in the taxpayer's gross income under section 456 for preceeding taxable years shall be included in gross income for the taxable year in which such liability ends. This paragraph shall not apply to amounts includible in gross income under § 1.456–7.

(b) If a taxpayer which has elected to apply the provisions of section 456 ceases to exist, then the prepaid dues income which was not includible in gross income under section 456 for preceding taxable years shall be included in the taxpayer's gross income for the taxable year in which such cessation of existence occurs. This paragraph shall not apply to amounts includible in gross income under § 1.456–7.

(c) If a taxpayer is a party to a transaction to which section 381(a) applies and the taxpayer's method of accounting with respect to prepaid dues income is used by the acquiring corporation under the provisions of section 381(c)(4), then neither the liability nor the existence of the taxpayer shall be deemed to have ended or ceased. In such cases see section 381(c)(4) and the regulations thereunder for the treatment of the portion of prepaid dues income which was not included in gross income under section 456 for preceding taxable years.

§ 1.456–5 Definitions and other rules.

(a) *Prepaid dues income.* (1) The term "prepaid dues income" means any amount for membership dues includible in gross income which is received by a membership organization in connection with, and is directly attributable to, a liability of the taxpayer to render services or make available membership privileges over a period of time which extends beyond the close of the taxable year in which such amount is received.

(2) For purposes of section 456, prepaid dues income does not include amounts received by a taxpayer in connection with sales of memberships on a prepaid basis where the taxpayer does not have the liability to furnish the services or make available the membership privileges. For example, where a taxpayer has a contract with several membership organizations to sell memberships in such organizations and retains a portion of the amounts received from the sale of such memberships and remits the balance to the membership organizations, the amounts retained by such taxpayer represent commissions and do not constitute prepaid dues income for purposes of section 456.

(b) *Liability.* The term "liability" means a liability of the taxpayer to render services or make available membership privileges over a period of time which does not exceed 36 months. Thus, if during the taxable year a taxpayer sells memberships for more than 36 months and also memberships for 36 months or less, section 456 does not apply to the income from the sale of memberships for more than 36 months. For the purpose of determining the duration of a liability, a bona fide renewal of a membership shall not be considered to be a part of the existing membership.

(c) *Membership organization.* (1) The term "membership organization" means a corporation, association, federation, or other similar organization meeting the following requirements:

(i) It is organized without capital stock of any kind,

(ii) Its charter, bylaws, or other written agreement or contract expressly prohibits the distribution of any part of the net earnings directly or indirectly, in money, property, or services, to any member, and

(iii) No part of the net earnings of which is in fact distributed to any member either directly or indirectly, in money, property, or services.

(2) For purposes of this paragraph an increase in services or reduction in dues to all members shall generally not be considered distributions of net earnings.

(3) If a corporation, association, federation, or other similar organization subsequent to the time it elects to report its prepaid dues income in accordance with the provisions of section 456, (i) issues any kind of capital stock either to any member or nonmember, (ii) amends its charter, bylaws, or other written agreement or contract to permit distributions of its net earnings to any member or, (iii) in fact, distributes any part of its net earnings either in money, property, or services to any member, then immediately after such event the organization shall not be considered a membership organization within the meaning of section 456(e)(3).

(d) *Receipt of prepaid dues income.* For purposes of section 456, prepaid dues income shall be treated as received during the taxable year for which it is includible in gross income under section 451, relating to the general rule for taxable year of inclusion, without regard to section 456.

§ 1.456–6 Time and manner of making election.

(a) *Election without consent.* A taxpayer may make an election under section 456 without the consent of the Commissioner for the first taxable year beginning after December 31, 1960, in which it receives prepaid dues income in the trade or business for which such election is made. The election must be made not later than the time prescribed by law for filing the income tax return for such year (including extensions thereof). The election must be made by means of a statement attached to such return. In addition, there should be attached a copy of a typical membership contract used by the organization and a copy of its charter, bylaws, or other written agreement or contract of organization or association. The statement shall indicate that the taxpayer is electing to apply the provisions of section 456

to the trade or business, and shall contain the following information:

(1) The taxpayer's name and a description of the trade or business to which the election is to apply.

(2) The method of accounting used for prepaid dues income in the trade or business during the first taxable year for which the election is to be effective and during each of 3 preceding taxable years, and if there was a change in the method of accounting for prepaid dues income during such 3-year period, a detailed explanation of such change including the adjustments necessary to prevent duplications or omissions of income.

(3) Whether any type of deferral method for prepaid dues income has been used during any of the 3 taxable years preceding the first taxable year for which the election is effective. Where any type of such deferral method has been used during this period, an explanation of the method and a schedule showing the amounts received in each such year and the amounts deferred to each succeeding year.

(4) A schedule with appropriate explanations showing:

(i) The total amount of prepaid dues income received in the trade or business in the first taxable year for which the election is effective and the amount of such income to be included in each taxable year in accordance with the election,

(ii) The total amount, if any, of prepayments of dues received in the first taxable year for which the election is effective which are directly attributable to a liability of the taxpayer to render services or make available membership privileges over a period of time in excess of 36 months, and

(iii) The total amount, if any, of prepaid dues income received in the trade or business in—

(*a*) The taxable year preceding the first taxable year for which the election is effective if all memberships sold by the taxpayer are for periods of 1 year or less,

(*b*) Each of the 2 taxable years preceding the first taxable year for which the election is effective if any memberships are sold for periods in excess of 1 year but none are sold for periods in excess of 2 years, or

(*c*) Each of the 3 taxable years preceding the first taxable year for which the election is effective if any memberships are sold for periods in excess of 2 years.

In each case there shall be set forth the amount of such income which would have been includible in each taxable year had the election been effective for the years for which the information is required.

In any case in which prepaid dues income is received from more than one trade or business, the statement shall set forth separately the required information with respect to each trade or business for which the election is made. See paragraph (c) of this section for additional information required to be submitted with the statement if the taxpayer also elects to include in gross income for the taxable year of receipt the entire amount of prepaid dues income attributable to a liability which is to end within 12 months after the date of receipt.

(b) *Election with consent.* A taxpayer may elect with the consent of the Commissioner, to apply the provisions of section 456 to any trade or business in which it receives prepaid dues income. The request for such consent shall be in writing, signed by the taxpayer or its authorized representative, and shall be addressed to the Commissioner of Internal Revenue, Washington, D.C. 20224. The request must be filed on or before the later of the following dates: (1) 90 days after the beginning of the first taxable year to which the election is to apply, or (2) February 28, 1967 and should contain the information described in paragraph (a) of this section. See paragraph (c) of this section for additional information required to be submitted with the request if the taxpayer also elects to include in gross income for the taxable year of receipt the entire amount of prepaid dues income attributable to a liability which is to end within 12 months after the date of receipt.

(c) *"Within 12 months" election.* (1) The "within 12 months" election shall be made by including in the statement required by paragraph (a) of this section or the request described in paragraph (b) of this section, whichever is applicable, a declaration that the taxpayer elects to include such income in gross income in the taxable year of receipt, and the amount of such income for each taxable year to which the election is to apply which has ended prior to the time such statement or request is filed. If the taxpayer is engaged in more than one trade or business for which the election under section 456 is made, it must include, in such statement or request, a declaration for each trade or business for which it wishes to make the "within 12 months" election.

(2) If the taxpayer does not make the "within 12 months" election for a trade or business at the time it makes the election under paragraph (a) or (b) of this section, but later wishes to make such election, it must apply for permission from the Commissioner. Such application shall be made in accordance with the provisions of section 446(e) and § 1.446(e)(3).

§ 1.456–7 Transitional rule.

(a) Under section 456(d)(1), a taxpayer making an election under section 456 shall include in its gross income for the first taxable year to which the election applies and for each of the 2 succeeding taxable years not only that portion of prepaid dues income which is includible in gross income for each such taxable year under section 456(a), but also an additional amount equal to that portion of the total prepaid dues income received in each of the 3 taxable years preceding the first taxable year to which the election applies which would have been includible in gross income for such first taxable year and such 2 succeeding taxable years had the election under section 456 been effective during such 3 preceding taxable years. In computing such additional amounts—

(1) In the case of taxpayers who did not include in gross income for the taxable year preceding the first taxable year for which the election is effective, that portion of the prepaid dues income received in such year attributable to a liability which is to end within 12 months after the date of receipt, no effect shall be given to a "within 12 months" election made under paragraph (c) of § 1.456–6, and

(2) There shall be taken into account only prepaid dues income arising from a trade or business with respect to which an election is made under section 456 and § 1.456–6.

Section 481 and the regulations thereunder shall have no application to the additional amounts includible in gross income under section 456(d) and this section, but section 481 and the regulations thereunder shall apply to prevent other amounts from being duplicated or omitted.

(b) A taxpayer who makes an election with respect to prepaid dues income, and who includes in gross income for any taxable year to which the election applies an additional amount computed under section 456(d)(1) and paragraph (a) of this section, shall be permitted under section 456(d)(2) to deduct for such taxable year and for each of the 4 succeeding taxable years an amount equal to one-fifth of such additional amount, but only to the extent that such additional amount was also included in the taxpayer's gross income for any of the 3 taxable years preceding the first taxable year to which such election applies. The taxpayer shall maintain books and records in sufficient detail to enable the district director to determine upon audit that the additional amounts were included in the taxpayer's gross income for any of the 3 taxable years preceding such first taxable year. If, however, the taxpayer ceases to exist, as described in paragraph (b) of § 1.456–4, and there is included in gross income, under such paragraph, of the year of cessation the entire portion of prepaid dues income not previously includible in gross income under section 456 for preceding taxable years (other than for amounts received prior to the first year for which an election was made), all the amounts not previously deducted under this paragraph shall be permitted as a deduction in the year of cessation of existence.

(c) The provisions of this section may be illustrated by the following example:

Example. (1) Assume that X Corporation, a membership organization qualified to make the election under section 456, elects to report its prepaid dues income in accordance with the provisions of section 456 for its taxable year ending December 31, 1961. Assume further that X Corporation receives in the middle of each taxable year $3,000 of prepaid dues income in connection with a liability to render services over a 3-year period beginning with the date of receipt. Under section 456(a), X Corporation will report income received in 1961 and subsequent years as follows:

Year of receipt	Total receipts	1961	1962	1963	1964	1965	1966	1967	1968
1961	$3,000	$500	$1,000	$1,000	$500				
1962	3,000		500	1,000	1,000	$500			
1963	3,000			500	1,000	1,000	$500		
1964	3,000				500	1,000	1,000	$500	
1965	3,000					500	1,000	1,000	$500
1966	3,000						500	1,000	1,000
1967	3,000							500	1,000
1968	3,000								500
Total reportable under section 456(a)		500	1,500	2,500	3,000	3,000	3,000	3,000	3,000

(2) Under section 456(d)(1), X Corporation must include in its gross income for the first taxable year to which the election applies and for each of the 2 succeeding taxable years, the amounts which would have been included in those years had the election been effective 3 years earlier. If the election had been effective in 1958, the following amounts received in 1958, 1959, and 1960 would have been reported in 1961 and subsequent years:

Year of receipt	Amount received	Years of including additional amounts		
		1961	1962	1963
1958	$3,000	$500		
1959	3,000	1,000	$500	
1960	3,000	1,000	1,000	$500
Total additional amounts to be included under section 456(d)(1)		2,500	1,500	500

(3) Having included the additional amounts as required by section 456(d)(1), and assuming such amounts were actually included in gross income in the 3 taxable years preceding the first taxable year for which the election is effective, X Corporation is entitled to deduct under section 456(d)(2) in the year of inclusion and in each of the succeeding 4 years an amount equal to one-fifth of the amounts included, as follows:

Year of inclusion	Amount	Years of deduction						
		1961	1962	1963	1964	1965	1966	1967
1961	$2,500	$500	$500	$500	$500	$500		
1962	1,500		300	300	300	300	$300	
1963	500			100	100	100	100	$100
Total amount deductible under section 456(d)(2)		500	800	900	900	900	400	100

(4) The net result of the inclusions under section 456(d)(1) and the deductions under section 456(d)(2) may be summarized as follows:

	1961	1962	1963	1964	1965	1966	1967	1968
Amount includible under section 456(a)	$500	$1,500	$2,500	$3,000	$3,000	$3,000	$3,000	$3,000
Amount includible under section 456(d)(1)	2,500	1,500	500					
Total	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Amount deductible under section 456(d)(2)	500	800	900	900	900	400	100	
Net amount reportable under section 456	2,500	2,200	2,100	2,100	2,100	2,600	2,900	3,000

[F.R. Doc. 67-13999; Filed, Nov. 29, 1967; 8:47 a.m.]

Title 32—NATIONAL DEFENSE

Chapter I—Office of the Secretary of Defense

SUBCHAPTER A—ARMED SERVICES PROCUREMENT REGULATIONS

MISCELLANEOUS AMENDMENTS TO SUBCHAPTER

The following amendments to this subchapter are issued by direction of the Assistant Secretary of Defense (Installations and Logistics) pursuant to authority contained in Department of Defense Directive No. 4105.30, dated March 11, 1959 (24 F.R. 2260) as amended, and 10 U.S.C. 2202.

PART 1—GENERAL PROVISIONS

1. Sections 1.108(a)(5), 1.109–2, and 1.305–3 (b) and (c) are revised, and new §§ 1.329,1.329–1, 1.329–2, 1.329–3, and 1.329–4 are added, as follows:

§ 1.108 Departmental procurement instructions and ASPR implementations.

(a) * * *

(5) Procurement procedures specifically identified as being essential for carrying out the peculiar needs of specialized commodity areas when authorized by: For the Army, Director of Procurement Policy and Review, Office of the Assistant Secretary of the Army (Installations and Logistics); for the Navy, Deputy Chief of Naval Material (Procurement); for the Air Force, Director of Procurement Policy, Office of the Deputy Chief of Staff (Systems and Logistics); for the Defense Supply Agency, Executive Director, Procurement and Production, and notification is given to the ASPR Committee immediately upon such authorization for the purpose of determining whether such procedures should be included in this subchapter.

* * * * *

§ 1.109–2 Deviations affecting one contract or transaction.

Deviations from this subchapter or a Department of Defense Directive which affect only one contract or procurement may be made or authorized in accordance with Departmental procedures provided (a) special circumstances justify a deviation and (b) written notice of such deviation is furnished to the Assistant Secretary of Defense (Installations and Logistics); and in the case of the Department of the Army, to the Assistant Secretary of the Army (I&L), Attention: ASPR Policy Member; the Department of the Navy, the Chief of Naval Material, Attention: Code MAT02G; Department of the Air Force, Director of Procurement Policy, DCS/S&L, Attention: AFSPP–S; and the Defense Supply Agency, Executive Director, Procurement and Production, Attention: DSAH–PM. Such written notice shall be given in advance of the effective date of such deviations unless exigency of the situation requires immediate action.

§ 1.305–3 Terms.

* * * * *

(b) Where the delivery schedule is in terms of specific calendar dates, invitations for bids will include one of the following provisions:

(i) The foregoing delivery requirements are based on the assumption that the Government will make award by [purchasing activity, insert calendar date]. Each delivery date in the delivery schedule set forth herein will be extended by the number of calendar days after the above date that the contract is in fact awarded. Attention is directed to paragraph 10(d) of the Solicitation Instructions and Conditions, which provides that a written award mailed or otherwise furnished to the successful bidder results in a binding contract. Therefore, in computing the available time for performance, the bidder should take into consideration the time required for notice of award to arrive through the ordinary mails. (August 1967)

(ii) The foregoing delivery requirements are based on the assumption that the successful bidder will receive the notice of award by [purchasing activity, inserting calendar date]. The Government will extend each delivery date in the delivery schedule set forth herein by the number of calendar days after the above date that the contractor receives notice of award: *Provided*, That the contractor promptly acknowledges such receipt. (April 1959)

(c) Where the delivery schedule is based on the date of contract (see paragraph (a)(2) of this section), the invitations for bids will include the following provision:

Attention is directed to paragraph 10(d) of the Solicitation Instructions and Conditions, which provides that a written award mailed or otherwise furnished to the successful bidder results in a binding contract. Any award hereunder, or a preliminary notice thereof, will be mailed or otherwise furnished to the bidder the day the award is dated. Therefore, in computing the time available for performance, the bidder should take into consideration the time required for the notice of award to arrive through the ordinary mails. However, a bid offering delivery based on date of receipt by the contractor of the contract or notice of award (rather than the contract date) will be evaluated by adding the maximum number of days normally required for delivery of the award through the ordinary mails. If, as so computed, the delivery date offered is later than the delivery date required in the invitation, the bid will be considered nonresponsive and rejected. (August 1967)

* * * * *

§ 1.329 Release of procurement information.

§ 1.329–1 Purpose and scope.

Public Law 89–487 (as codified by Public Law 90–23 in section 552 of title 5, United States Code) provides that information is to be made available to the public either by (a) publication in the FEDERAL REGISTER, (b) providing an opportunity to read and copy records at convenient locations, or (c) upon request, providing a copy of a properly identified record. Materials to be published or made available under paragraphs (a) and (b) of this section will be determined in accordance with applicable provisions of DoD Directive 5400.7 and implementing Departmental regulations. General policy guidelines and procedures to be followed in responding to public requests for procurement records are contained in §§ 1.329—1.329–4 and DoD Directive 5400.7. (See Part 286 of this chapter, 32 F.R. 9666, July 4, 1967.)

§ 1.329–2 Release of records—General considerations.

(a) The Act imposes upon the Department of Defense the obligation of making information available to the public to the greatest extent possible while at the same time recognizing the need for providing specific exemptions to protect certain categories of information. The Department of Justice has stated with respect to the passage of this law:

This law was initiated by Congress and signed by the President with several key concerns

—that disclosure be the general rule, not the exception;

—that all individuals have equal rights of access;

—that the burden be on the Government to justify the withholding of a document, not on the person who requests it;

—that individuals improperly denied access to documents have a right to seek injunctive relief in the courts;

—that there be a change in Government policy and attitude.

Accordingly, DoD Directive 5400.7 states that it is the policy of the Department of Defense to make the maximum amount of information concerning its operations and activities available to the public.

(b) Procurement records requested and properly identified by any member of the public must be made available, unless they come within any of the specific categories of matters which are exempt from public disclosure under §1.329–3. It should be noted that the person making the request need not have a particular interest in its subject matter nor must he provide justification for the request.

(c) In deciding whether a particular record may be released, the request must be reviewed in accordance with DoD Directive 5400.7 and Departmental implementation thereof to determine whether the document or material requested qualifies as a "record" and, if so, whether it falls within an exemption under section VIII of the Directive as further implemented by §§ 1.329—1.329–4. Except for the establishment of procedures for the review of requests, the Departments and their subordinate organizations shall not, pursuant to § 1.108, issue instructions or regulations establishing standards for determining the release of procurement records without prior approval of the Assistant Secretary of Defense (Installations and Logistics).

§ 1.329–3 Exemptions.

(a) The law does not provide an automatic self-executing formula for determining whether a particular record is appropriate for release. Rather nine general categories of exemptions were established to provide the framework within which judgment must be exercised in deciding whether a particular record is exempt from disclosure.

(b) In compliance with DoD Directive 5400.7, records should be made available upon the request of any member of the public if no significant purpose would be

served by withholding them under an applicable exemption, provided disclosure is not prohibited by executive order (see paragraph (c)(1) of this section) or by a statute.

(c) In addition to the general discussion of the exemptions in DoD Directive 5400.7, the following guidelines for the review of request for procurement documents are set forth below. In determining whether a procurement record not specifically discussed in §§ 1.329—1.329–4 should be released, the Department of Defense policy regarding the release of information contained in DoD Directive 5400.7 shall govern.

(1) *Matters "specifically required by Executive order to be kept secret in the interest of the national defense or foreign policy."* Examples of such matters are those classified pursuant to Executive Order 10501, Safeguarding Official Information in the Interests of the Defense of the United States. This exemption would also cover information not classified for security reasons but otherwise required by Executive order to be kept secret in the interests of foreign policy or national defense.

(2) *Matters "related solely to the internal personnel rules and practices of an agency."* These matters include materials which are intended for the guidance of agency personnel only, including internal rules and practices which cannot be disclosed to the public without prejudice to the proper and efficient performance of an agency function. Examples of such materials are operating rules, guidelines, and manuals of procedure for Government investigators and examiners. Other examples are: Circumstances under which an unannounced inspection or spot-audit of a transaction will be conducted to determine compliance with regulatory requirements; or negotiating or bargaining techniques, positions, or limitations.

(3) *Matters "specifically exempted from disclosure by statute."* Examples of such statutes include 18 U.S.C. 1905 for trade and financial information provided in confidence to an officer or employee of the Government; Public Law 86–36 (50 U.S.C. 402 note) for National Security Agency information; the Atomic Energy Act of 1954 (42 U.S.C. 2231); and 35 U.S.C. 181–188 (Patent Secrecy).

(4) *Matters that are "trade secrets and commercial or financial information obtained from a person and privileged or confidential."* (i) This exemption covers documents containing information which is customarily privileged or confidential and is released to the Government on that basis by an individual, private or public organization, State or local government, foreign government, or international organization. The applicability of this exemption does not depend upon whether the Department obtains the information directly from a person concerned with preserving the confidential nature of the information, such as in the case where a prime contractor submits information from a subcontractor. It may encompass business statistics, inventory and customer lists, scientific and manufacturing processes and developments, and trade secrets. Such information is generally received in confidence in connection with the receipt of bids and proposals, solicited or unsolicited, and in the course of negotiations. It would also include statistical data or information concerning contract performance, income, profits, losses, and expenditures received from contractors or potential contractors.

(ii) To receive the protection of the exemption, material must be received in confidence or not made generally available by the party furnishing it to the Government. The following are examples of documents which would normally be exempt under this provision: Cost and pricing data submitted by contractors, as described in § 3.807 of this chapter; documents or data appropriate for renegotiation purposes; price analyses based on contractor submitted data (see e.g. § 3.811 of this chapter); documents supporting advance and progress payments; documents received from contractors relating to compliance with labor policies e.g., records of compliance checks; payrolls or certified excerpts); settlement proposals, rejected engineering change proposals, invention reports of disclosures and value engineering proposals.

(iii) Formulae, designs, drawings and specifications, and research data are considered to be items of valuable public property and their release is governed by other DoD Directives and Departmental regulations. Reports or documents which are end items under a contract, or reports recording the results obtained from scientific and technical activities, whether acquired under contract or accomplished by in-house research elements of the Department of Defense, would likewise be governed by appropriate DoD Directives and Departmental regulations.

(5) *Matters that are "interagency or intraagency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency."* (i) This exemption is intended to recognize that a full and frank exchange of opinions would be impossible if all internal communications were required to be made public. The exemption does not contemplate indiscriminate administrative secrecy, and any internal memoranda which would routinely be disclosed to a private party through the discovery process in litigation should be available for release to members of the public.

(ii) The following are examples of documents and information not normally available to the public under this exemption: Cost and price analysis as described in Subpart H, Part 3 of this chapter; contractor experience lists; procurement management reviews, such as Contract Performance Evaluation Reports; Government price estimates; preaward surveys and other advisory documents considered by contracting officers in determining contractor responsibility for award purposes and other documents containing staff advice preliminary to an award of a contract; records of Source Selection Boards, Contract Review Boards, etc.; advisory documents regarding termination actions; advisory records concerned with contract administration, such as production surveillance, quality assurance, and inspection reports; and renegotiation reports (see § 1.319).

(iii) Records which are received or generated by a department and which are preliminary to a decision or action, should not be released until such time as disclosure would not be detrimental to the authorized and appropriate purpose for which they are being used. For example, a copy of an IFB intended for public release at a particular time should not be released prematurely, although the document is in final form and ready for distribution. Similarly, advance plans to procure, lease, or dispose of materials, real estate, or facilities should not be released, particularly when such information would adversely affect the integrity of the procurement process. (See e.g. §1.1007.)

(6) *Matters that are "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy."* A citizen has a right to be secure in his personal affairs when such affairs have no bearing or effect on the general public. This exemption is intended to exclude from disclosure requirements, not only personnel and medical files, but also all private, personal, financial, or business information contained in other files which, if disclosed to the public, would constitute a clearly unwarranted invasion of personal privacy. An example of such similar files are those compiled to evaluate candidates for security clearance—civilian, military, and industrial.

(7) *Matters contained in "investigatory files compiled for law enforcement purposes except to the extent available by law to a party other than an agency."* (i) The term "law enforcement" is used in this exemption in its broadest sense and is not limited to the enforcement of criminal statutes only.

(ii) This exemption would include reports under § 1.111 for suspected criminal conduct, noncompetitive practices, and other procurement irregularities or reports on identical bids under § 1.114. It would also encompass Inspector General reports on procurement matters, where reports were compiled for possible law enforcement action. These reports are often generated by specific allegations of procurement irregularities on the part of contractors or Government personnel. Other examples are lists of firms or individuals suspended under § 1.605 or reports under § 1.608; and information received in connection with investigations conducted pursuant to Executive Order 11246 (Equal Opportunity).

(8) *Matters "contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of any agency responsible for the regulation or supervision of financial institutions."*

(9) *Matters involving "geological and geophysical information and data including maps, concerning wells."*

§ 1.329–4 Requests for procurement records.

(a) Request for copies of procurement records shall be reviewed in accordance with Departmental procedures issued in accordance with DoD Directive 5400.7.

(b) Request for copies, or for the inspection of procurement records should be addressed to the procuring activity, purchasing office or other appropriate activity having cognizance of the information or document desired by the party making the request. If the identity of the activity is not known, the request should be addressed to the most appropriate office as follows:

Army: Office of the Assistant Secretary of the Army (Installations & Logistics), Department of the Army, Washington, D.C. 20310.
Navy: Chief of Naval Material (MAT 05), 18th Street and Constitution Avenue NW., Washington, D.C. 20360.
Air Force: Director, Administrative Services, Headquarters, U.S. Air Force, Washington, D.C. 20330.
DSA: Staff Director, Administration, Headquarters, Defense Supply Agency, Attention DSAH–XA, Cameron Station, Alexandria, Va. 22314.
DCA: Information Services Officer, Room 4430, HQ, DCA, Navy Service Center, 8th and South Courthouse Road, Arlington, Va. 20305.
DASA: HQ, Defense Atomic Support Agency, Washington, D.C. 20305.

2. The contract clause in § 1.506–1 is revised; §§ 1.506–2(a) and 1.601–4 are revised; the introductory text of § 1.701–4 is revised; and §§ 1.705–4(f), 1.907, 1.1002–1, 1.1004(b), and 1.1006–2 are revised, as follows:

§ 1.506–1 General.

* * * * *

Bidder represents: (a) That he ☐ has, ☐ has not, employed or retained any company or person (other than a full-time bona fide employee working solely for the bidder) to solicit or secure this contract, and (b) that he ☐ has, ☐ has not, paid or agreed to pay to any company or person (other than a full-time bona fide employee working solely for the bidder) any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract, and agrees to furnish information relating to (a) and (b) above as requested by the Contracting Officer. (For interpretation of the representation, including the term "bona fide employee," see Code of Federal Regulations, Title 41, Subpart 1–1.5 (Apr. 1966).) (August 1967)

* * * * *

§ 1.506–2 Interpretation of the representation.

(a) For the purpose of the representation and agreement required from the prospective contractor, as described in § 1.506–1, the definition of "bona fide employee" is as specified in § 1.505–3.

* * * * *

§ 1.601–4 Protection of records.

Records relating to debarment and suspension shall be protected to prevent inspection of the contents by personnel who are not required to have access to such information. The reports made pursuant to § 1.608 and all related internal correspondence shall be marked "For Official Use Only" unless the information warrants a security classification. (See § 1.329–3(c)(7).)

§ 1.701–4 Manufacturing industry employment size standards.

The Standard Industrial Classification Manual (1963 edition) index provides an alphabetic listing of products and the industry with which the product is associated, which includes references to the Classification Code set forth below.

* * * * *

§ 1.705–4 Certificates of Competency.

* * * * *

(f) If a Certificate of Competency is issued and the contracting officer has substantial doubt as to the ability of the contractor to perform, the case shall be forwarded through channels on an expedited basis with complete documentation as to the element of substantial doubt to, as appropriate, the Director of Procurement Policy and Review, Office of the Assistant Secretary of the Army (I&L); Director of Procurement, Office of the Assistant Secretary of the Navy (I&L); Director of Procurement Policy (AFSPP), Headquarters USAF; or the Executive Director, Procurement and Production, Headquarters DSA, for review. The contracting officer shall withhold procurement action pending receipt of instructions from departmental headquarters.

§ 1.907 Disclosure of preaward data.

Data, including information obtained from a preaward survey, accumulated for purposes of determining the responsibility of a prospective contractor shall not be released outside the Government and shall not be made available for inspection by individuals, firms, or trade organizations (see § 1.329–3(c)(5)). Such data may be disclosed to, or summarized for, other elements within the Government on their request, and shall be made available to Department of Defense procurement personnel upon request in accordance with § 1.905–1. Prior to making a determination of responsibility, such data may be discussed with the prospective contractor as determined necessary by the purchasing office. After an award, the findings of the preaward survey may be discussed by the contracting officer with the company surveyed as provided in §§ 2.408 and 3.508 of this chapter, or if appropriate, by the head of the contract administration office or his designee.

§ 1.1002–1 Availability of invitations for bids and requests for proposals at the contracting office.

A reasonable number of copies of invitations for bids and requests for proposals, which are required to be publicized in the Commerce Business Daily, including specifications and other pertinent information, shall be maintained at the contracting office. Upon request, prospective contractors not initially solicited may be mailed or otherwise provided copies of such invitations for bids or requests for proposals to the extent they are available. When a solicitation for proposals has been limited as a result of a determination that only a specified firm or firms possess the capability to meet the requirements of a procurement, requests for proposals shall be mailed or otherwise provided upon request to firms not solicited, but only after advice has been given to the firm making the request as to the reasons for the limited solicitation and the unlikelihood of any other firm being able to qualify for a contract award under the circumstances; but see § 4.106–2 of this chapter. In addition, to the extent that invitations for bids or requests for proposals are available, they shall be provided on a "first come-first served" basis, for pick-up at the contracting office, to publishers, trade associations, procurement information services, and other members of the public having a legitimate interest therein (for construction, see § 18.205(c) of this chapter); otherwise the contracting office will make copies available to members of the public pursuant to DoD Directive 5400.7, published as Part 286 of this chapter, 32 F.R. 9666, July 4, 1967. In determining the "reasonable number" of copies to be maintained, the contracting officer shall consider, among other things, the extent of initial solicitation, reproduction costs, the nature of the procurement, whether access to classified matter is involved, the anticipated requests for copies based upon responses to synopses and other means of publication in previous similar situations, and the fact that publishers and others who disseminate information regarding proposed procurements normally do not require voluminous specifications or drawings. With regard to classified procurements, the foregoing instructions apply to the extent consistent with Departmental security instructions and procedures.

§ 1.004 Disclosure of information prior to award.

* * * * *

(b) Maximum information may be made available to the public except (1) advance information on proposed plans regarding procurements, which information would provide undue or discriminatory advantage to private or personal interests; (2) information which is received in confidence; (3) information which otherwise requires protection under § 1.329–3(c); or (4) information as to referrals (for technical review, contracting authority, or other reasons) or recommendations made with respect thereto in connection with any given procurement. This policy applies to all Government personnel who participate directly or indirectly in any stage of the procurement cycle. (See §§ 1.1006, 2.211, 3.507, 3.508, and 3.804 of this chapter.) Information submitted by the bidder or offeror in confidence, and information which might jeopardize the position of the Government or any prospective contractor shall not be released, except as provided in §§ 1.1006 and 3.508 of this chapter. (See § 1.705–3 as to information to be released to the SBA, and

§ 1.1007 for procedures for publicizing long-range procurement estimates.)

§ 1.1006–2 General public.

Requests from the general public, including suppliers, for specific information will be processed in accordance with § 1.329; but see § 286.7(d) of this chapter (32 F.R. 9668, July 4, 1967).

3. In § 1.1604, the second address listed in paragraph (c) is revised; § 1.1705–1 is revised; and clause paragraph (j)(1) in § 1.1707–3(b) is amended, as follows:

§ 1.1604 Processing novation agreements and change of name agreements.

* * * * *

(c) * * *

Department of the Navy, Chief of Naval Material, Attention: MAT 0243, Washington, D.C. 20360.

* * * * *

§ 1.1705–1 Submission of identical value engineering change proposals under more than one contract.

Contractors should be encouraged to submit cost reduction proposals under any of their contracts where the likelihood of savings is present even though an identical proposal may have been accepted under another contract with the contractor or another contractor. When identical value engineering change proposals are submitted under more than one contract for substantially the same items, either with the same contractor or with different contractors, and both are accepted, the value engineering clauses provide that (a) instant contract savings shall be paid under each contract, (b) future acquisition savings and collateral savings will be paid only to the extent provided for by the contract under which the proposal is first received by the contracting officer and not pursuant to the other contract, and (c) the royalty sharing provision (if any) in the contract under which the proposal is first received will nevertheless not operate with respect to the other contract under which the Government accepts the proposal and pays instant contract savings.

§ 1.1707–3 Future acquisition sharing provisions (clause paragraph (j)).

* * * * *

(b) *Royalty sharing provision.* Where the royalty sharing method is to be used, insert the following as paragraph (j) of the Value Engineering Incentive clause or Value Engineering Program Requirement clause in § 1.1707–1.

(j) (1) If a cost reduction proposal is accepted under this clause, the Contractor will be paid (in addition to any adjustment under paragraphs (d) and (f) (if included) above) a royalty share of savings realized by the Government on future purchases, if any, of items utilizing the cost reduction proposal. The Contractor's royalty share will be _____ percent (_____%)* of the unit cost reduction under this contract** (without deducting any cost of development or implementation) multiplied by the quantity of _____*** which:

(i) Utilize the cost reduction proposal pursuant to the specifications or other provisions of any other contract of the _____**** which is awarded after acceptance of the cost reduction proposal; and

(ii) Are originally scheduled for delivery not later than _____ (____) years***** after either the last originally scheduled delivery date for any such item under this contract or the date of acceptance of the cost reduction proposal whichever is later,****** and

(iii) Are accepted by the Government under such other contracts. However, if application of the cost reduction proposal reasonably requires the incurrence of any net increase in ascertainable collateral costs to the Government in connection with this or future contracts with the Contractor or other contractors or any predictable implementation costs for future contracts with the Contractor or other contractors, or if application of the cost reduction proposal to this contract results in an increase in the contract price under paragraph (d) above, then the sum of such collateral costs, implementation costs, and price increase will be determined promptly after acceptance of the cost reduction proposal. Then the estimated savings on future contracts (unit cost reduction under the instant contract multiplied by quantity affected under the future contract to which the royalty sharing under this paragraph (j)(1) applies) shall be successively credited against the sum of such collateral costs, implementation costs, and price increase so that no amount shall be payable under this paragraph (j)(1) unless and until the amounts so credited equal such sum.

* * * * *

PART 2—PROCUREMENT BY FORMAL ADVERTISING

4. Sections 2.406–3(b)(1), 2.407–1, and 2.407–3(a) are revised to read as follows:

§ 2.406–3 Other mistakes.

* * * * *

(b) * * *

(1) Department of the Army: To the Director of Procurement Policy and Review, Office of the Assistant Secretary of the Army (Installations and Logistics); General Counsel of the U.S. Army Materiel Command; General Counsel of the Office of the Chief of Engineers.

* * * * *

§ 2.407–1 General.

Unless all bids are rejected, award shall be made by the contracting officer, within the time for acceptance specified in the bid or extension thereof, to that responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Government, price and other factors considered. If a proposed award requires approval of higher authority, such award shall not be made until approval has been obtained. Awards shall be made by mailing or otherwise furnishing to the bidder a properly executed award document (see Subparts A and D, Part 16 of this chapter) or notice of award on such form as may be prescribed by the procuring activity. When a notice of award is issued, it shall be followed as soon as possible by the formal award. When more than one award results from any single invitation for bids, separate award documents shall be executed, each suitably numbered. When an award is made to a bidder for less than all the items which may be awarded to that bidder and additional items are being withheld for subsequent award, the first award to that bidder shall state that the Government may make subsequent awards on such additional items within the bidder's bid acceptance period. When two or more awards are made to a single bidder on an invitation, the copy of the successful bid marked "original" will be attached to the appropriate finance center copy and a copy marked "duplicate" will be attached to the retained office copy of the first award issued, and succeeding awards will be inscribed to indicate the number of the award to which the original and duplicate bids are attached. This is necessary for legal review and auditing by the General Accounting Office. All provisions of the invitation for bids, including any acceptable additions or changes made by a bidder in the bid, shall be clearly and accurately set forth (either expressly or by reference) in the award document, since the award is an acceptance of the bid, and the bid and the award constitute the contract.

§ 2.407–3 Discounts.

(a) The Discounts clause of the Solicitation Instructions and Conditions (Standard Form 33–A) establishes 20 calendar days as the minimum period for prompt payment discounts to be considered in bid evaluation unless otherwise specified in the invitation for bids. Prior to issuing an invitation for bids (except for construction), a determination shall be made as to whether the 20-calendar-day minimum period for prompt payment discounts is appropriate. If a minimum period more or less than 20 calendar days is determined to be desirable, such minimum period shall be stated in the invitation for bids by including in the solicitation the following clause:

DISCOUNTS (AUGUST 1967)

In accordance with subparagraph (a) of the clause entitled "Discounts" in the Solicitation Instructions and Conditions (Standard Form 33–A) prompt payment discounts will be considered in the evaluation of bids, provided the minimum period for the offered discount is:

*(i) _____ days where delivery and acceptance are at point of origin; or

*(ii) _____ days where delivery and acceptance are at destination.

The offered discount of a succesaful Bidder will form a part of the award whether or not such discount was considered in the evaluation of his bid and such discount will be taken if payment is made within the discount period.

In determining the minimum period for a particular procurement, consideration shall be given to:

(1) The place of delivery, inspection, and acceptance in relation to the place of payment of invoices or vouchers;

(2) The number of days required to process invoices or vouchers from receipt through payment in the normal course of business; and

*The contracting officers shall delete (i) or (ii) from the clause, whichever is inapplicable, when "origin only" or "destination only" delivery acceptance is solicited.

(3) The need for prolonged acceptance testing or other unusual circumstances tending to retard the normal processing of invoices or vouchers.

Generally, the minimum period will be expressed in multiples of 10 days; e.g., "10 calendar days," "20 calendar days," or "30 calendar days," since these time intervals coincide with the discount terms generally offered by industry.

* * * * *

PART 3—PROCUREMENT BY NEGOTIATION

5. Sections 3.101(h) and 3.102(c) are revised; in § 3.201–2(b), a new subparagraph (3) is added; § 3.201–3 and the first sentence of § 3.410–2(a) are revised; and § 3.603–1(e) is revised, as follows:

§ 3.101 Negotiation as distinguished from formal advertising.

* * * * *

(h) Consideration of the nature and effectiveness of the prospective contractor's cost reduction program (for those contractors that have participated in the Defense Contractor Cost Reduction Program, a transcript of all Contractor Cost Reduction Program Report (DD Form 1514) evaluation certificates (Item 10 of the form) may be obtained from the Defense Documentation Center of the Defense Supply Agency (DDC–TSR), Cameron Station, Alexandria, Va. 22314. Such transcript or a statement that there is no record on file shall always be obtained for procurements in excess of $1 million. Cost reduction programs of contractors who have not submitted reports under the DoD Contractor Cost Reduction Program or who are not participating in the formal program should also be evaluated.);

* * * * *

§ 3.102 General requirements for negotiation.

* * * * *

(c) Negotiated procurements shall be on a competitive basis to the maximum practical extent. When a proposed procurement appears to be necessarily noncompetitive, the purchasing activity is responsible not only for assuring that competitive procurement is not feasible, but also for acting whenever possible to avoid the need for subsequent noncompetitive procurements. This action should include both examination of the reasons for the procurement being noncompetitive and steps to foster competitive conditions for subsequent procurements, particularly as to the availability of complete and accurate data, reasonableness of delivery requirements (§ 1.305–2(a) of this chapter), and possible breakout of components for competitive procurement. Except for procurement of electric power or energy, gas (natural or manufactured), water, or other utility services, and procurement of educational services from nonprofit institutions, contracts in excess of $10,000 shall not be negotiated on a noncompetitive basis without prior review at a level higher than the contracting officer to assure compliance with this paragraph.

§ 3.201–2 Application.

* * * * *

(b) * * *

(3) Procurements entered into pursuant to the Balance of Payments Restricted Advertising method of procurement (see § 6.806–2 of this chapter).

§ 3.201–3 Limitation.

The authority of §§ 3.201—3.201–3 shall not be used when negotiation is authorized by the provisions of §§ 3.206—3.206–2 except that, in the event of a labor surplus or small business setaside, this authority shall be used in preference to any other authority in this subpart (see §§ 1.706–2 and 1.804–4 of this chapter). The authority of this section shall not be used to negotiate a reasonable price with a low responsible small business bidder whose bid has been determined by the contracting officer to be an unreasonable bid under Small Business Restricted Advertising procedures. When such an unreasonable bid is received, the set-aside shall be dissolved and the requirement procured on an unrestricted basis by the use of formal advertising or where appropriate by other negotiation authority in accordance with existing regulations.

§ 3.410–2 Basic ordering agreement.

(a) *Description.* A basic ordering agreement is not a contract (but see §§ 12.302, 12.602–1, and 12.1001 of this chapter). * * *

§ 3.603–1 General.

* * * * *

(e) Inspection procedures for small purchases shall be in accordance with § 14.308 of this chapter.

6. Sections 3.604–2, 3.605–1, 3.605–3(b), and 3.608–2(d) (4) and (7) are revised, and in § 3.808–3, paragraph (b) is revised and paragraph (c) is revoked, as follows:

§ 3.604–2 Purchases in excess of $250 but not in excess of $2,500.

Except as provided in § 3.608–2(b)(2), reasonable solicitation of quotations from qualified sources of supply shall be made to assure that the procurement is to the advantage of the Government, price and other factors considered, including the administrative cost of the purchase. Generally, solicitation shall be limited to three suppliers and, to the maximum extent possible, shall be restricted to the local trade area of either the purchasing or the receiving activity. When prices are solicited from three suppliers dealing in the general category of items required and only one quotation is received, it is not necessary to solicit additional quotations if the price received is considered fair and reasonable. Quotations shall generally be solicited orally. Written solicitations shall be used only where (a) the suppliers are located outside the local area, (b) special specifications are involved, (c) a large number of items are included in a single proposed procurement, or (d) obtaining oral quotations is not considered economical. Reasonableness of proposed prices may be established by comparison with previous purchases, current price lists, catalogs, advertisements, or by other appropriate method. Where these informational media are not available, reasonableness of price may be based on a comparison with similar items in a related industry or the contracting officer's personal knowledge of the item being procured. Although the contracting officer must determine that prices are fair and reasonable, written justification explaining how prices were determined to be fair and reasonable is not required. Written records of solicitation may be limited to notes or abstracts to show the vendor or vendors contacted, prices, delivery, and other informal historical data. When only one source is solicited, a brief written notation must be made a part of the file to explain the absence of competition. Such notation is not required for procurement of utility services available only from one source or procurement of educational services from nonprofit institutions. Notification to unsuccessful suppliers shall be given only if requested.

§ 3.605–1 General.

A blanket purchase agreement is a simplified method of filling anticipated repetitive needs for small quantities of supplies or services by establishing "charge accounts" with qualified sources of supply (see §§ 12.302, 12.602–1, and 12.1001 of this chapter). Blanket purchase agreements are designed to reduce administrative costs in accomplishing small purchases by eliminating the need for issuing individual purchase documents.

§ 3.605–3 Establishment of blanket purchase agreements.

* * * * *

(b) *Form.* (1) Except as provided in subparagraph (2) of this paragraph, blanket purchase agreements shall be prepared and issued on DD Form 1155 (Order for Supplies or Services/Request for Quotations). Either the "General Provisions of Purchase Order," DD Form 1155r, or the "General Provisions of Purchase Order—Foreign," DD Form 1155r–1, as applicable, shall be used. Other applicable provisions of the blanket purchase agreement shall be set forth on the Standard Form 36 (Continuation Sheet) or on a blank sheet of paper, including the following:

(i) The Contract Work Hours Standards Act—Overtime Compensation clause in § 12.303 of this chapter shall be added unless it is reasonably anticipated that the aggregate of the total dollar amounts of orders to be placed thereunder will be $2,500 or less;

(ii) Where the agreement is for the intended purchase of services covered by the Service Contract Act of 1965, the clause in § 12.1004(a) of this chapter shall be substituted for Clause 16 of the General Provisions and the procedures in § 12.1005 of this chapter complied with, unless it is reasonably anticipated that the aggregate of the total dollar

amounts of orders to be placed thereunder will be $2,500 or less; and

(iii) Where the agreement is for the intended purchase of supplies, the Walsh-Healey Public Contracts Act clause in § 12.605 of this chapter shall be added, unless the agreement limits the aggregate total of orders to be placed thereunder to $10,000.

(2) Blanket purchase agreements issued by the Defense Personnel Support Center may be prepared on its form "Order for Subsistence."

* * * * *

§ 3.608–2 Order for Supplies or Services/Request for Quotations (DD Forms 1155, 1155r, 1155r–1; Standard Form 36; DD Form 1155c–1 and Standard Form 30).

* * * * *

(d) * * *

(4) Inspection of small purchase shall be in accordance with § 14.308 of this chapter. Orders generally will provide that inspection and acceptance will be at destination and source inspection should be specified only when required by § 14.305–2(c) of this chapter. When inspection and acceptance are to be performed at destination, advance copies of the purchase order shall be furnished to consignee(s) for material receipt purposes. Receiving reports shall be accomplished immediately upon receipt and acceptance of material to assure expeditious payment of orders and to obtain prompt payment discounts, except where the fast payment procedure is authorized.

* * * * *

(7) The contracting officer's signature on purchase orders shall be in accordance with ASPR procedure. Facsimile signatures may be used in the production of purchase orders by automated methods, provided specific authority for such use is obtained from the Director of Procurement Policy and Review, Office of the Assistant Secretary of the Army (Installations and Logistics) in the Army; Deputy Chief of Naval Material (Procurement) in the Navy; the Director of Procurement Policy, Office of the Deputy Chief of Staff (Systems and Logistics) in the Air Force; and the Executive Director, Procurement and Production; and the Defense Supply Agency.

* * * * *

§ 3.808–3 Profit objective.

* * * * *

(b) Development of a profit objective should not begin until after a thorough (1) review of proposed contract work; (2) review of all available knowledge regarding the contractor, pursuant to Subpart I, Part 1 of this chapter, including performance, capability reports, audit data, preaward survey reports and financial statements, as appropriate; and (3) analysis of the contractor's cost estimate and comparison with the Government's estimate or projection of cost.

(c) [Revoked]

PART 4—SPECIAL TYPES AND METHODS OF PROCUREMENT

7. In § 4.106–4, paragraph (d) is revised, and in § 4.110, new paragraph (d) is added, as follows:

§ 4.106–4 Evaluation for award.

* * * * *

(d) In evaluating proposals for contracts in excess of $1 million for advanced development, engineering development, operational systems development, and follow-on or concurrent production contracts, the Source Selection Advisory Council or any other person or group acting in a similar capacity shall obtain from the Defense Documentation Center, Attention: DDC–TSR, Cameron Station, Alexandria, Va. 22314 (see 4–117), a transcript of the performance evaluations of all contractors submitting acceptable proposals, or a statement that there is no record on file. This transcript or statement may be obtained for a procurement below $1 million. This information shall be furnished within 3 working days from receipt of the request by the Defense Documentation Center.

§ 4.110 Cost-sharing policy.

* * * * *

(d) It is Department of Defense policy that foreign buyers of major defense equipment shall pay a fair share of nonrecurring costs associated with the equipment. To provide for future negotiation of amounts to be recovered by the Department of Defense from contractors' direct sales, the clause in § 7.403–42 of this chapter will be included in all contracts for production of such major defense equipment.

(1) *Major defense equipment.* Major defense equipment consists of those weapons or weapons systems which required or will require a research, development, test and evaluation investment estimated in excess of $25 million or total production investment estimated in excess of $100 million (see DoD Directive 3200.9).

(2) *Nonrecurring costs.* Nonrecurring costs are costs incurred or to be incurred for the benefit of the entire production run, including initial, past, current, and future runs, and which are allocable to all units, rather than to those units, if any, produced at the time the cost is booked. Nonrecurring costs include such costs as research, development, test, evaluation, preproduction, facilities, special tooling, special test equipment, production engineering, product improvement, destructive testing, and pilot model production, testing and evaluation.

(3) *Charge for nonrecurring costs.* For an item of major defense equipment offered for sale, the charge for nonrecurring costs is the pro rata share of all Department of Defense nonrecurring costs, incurred and projected to be incurred, applied against the total production quantity of such item, past and projected future, including the production quantity for the Department of Defense. It is calculated by multiplying the nonrecurring costs by the foreign buyer quantity and dividing by the total production quantity. In principle, for major defense equipment for which several model designators exist, the nonrecurring costs and the total production quantity should be accumulated over the range of models and major subsystems "essentially similar" to the model and subsystems being sold.

(i) The phrase "essentially similar" is not precisely definable and will require judgment on the part of those calculating the charge for nonrecurring costs in each case as to whether it is equitable (*a*) to accumulate costs and production quantities over the whole range back to the first model or (*b*) to limit the accumulation to those costs and production quantities associated with the more recent models or the exact model being sold. The former would be equitable if the first model was followed by relatively minor changes and nonrecurring costs for subsequent models; the latter, if the more recent models, or the model being sold, are an improvement requiring a significant investment which makes the first model technology essentially irrelevant.

(ii) In any event, the charge must cover the same program for nonrecurring costs on the one hand, and associated production on the other.

(4) *Deviations and waivers.* Notwithstanding §§ 1.109–2 and 1.109–3 of this chapter, the advance written approval of the Secretary of Defense or his designee is required before:

(i) Deviating from this paragraph;

(ii) Deviating from § 7.403–42 of this chapter or the clause contained therein; or

(iii) Waiving, in whole or in part, the charge for nonrecurring costs.

Each request for such a deviation or waiver must include the recommendations of the Secretary of the Department concerned and must clearly demonstrate that approval would be in the best interests of the U.S. Government (see also § 1.109–5 of this chapter).

PART 5—INTERDEPARTMENTAL AND COORDINATED PROCUREMENT

8. Sections 5.1106–3(a)(2) and 5.1106–5 are revised to read as follows:

§ 5.1106–3 Determinations and findings.

(a) *General.* * * *

(2) When coordinated procurement is negotiated pursuant to 10 U.S.C. 2304(a)(13) and § 3.213 of this chapter, the Requiring Department shall make the determinations and findings in accordance with Subpart C, Part 3 of this chapter. When the Requiring Department is responsible for securing Secretarial approval under 10 U.S.C. 2304(a)(16) and § 3.216 of this chapter, the MIPR shall contain a statement that the required determinations and findings has been executed for the specific case in question or program involved. In both instances the Requiring Department shall preserve the original determinations and findings with supporting data as required by

§ 3.308 of this chapter, and shall make distribution in accordance with § 3.307 of this chapter, except that two copies shall be attached to the MIPR or purchase request. The Procuring Department shall file one copy in the official contract file and forward the other copy to the appropriate finance center with the copy of the negotiated contract.

* * * * *

§ 5.1106–5 Specifications, drawings, and other purchase data.

The Requiring Department shall furnish to the Procuring Department a list (or copies) of specifications, drawings, and other data, as appropriate, required for the procurement. If Federal, Military, Departmental, or other specifications, or drawings or data are available to the Procuring Department and referenced in the MIPR, they need not be furnished by the Requiring Department. Under no circumstances shall the Procuring Department direct or authorize deviations or waivers from the specifications, drawings, or other purchase data included in the MIPR without express authority of the Requiring Department (but see § 14.406 (b) of this chapter). Required changes in such purchase data shall be accomplished as set forth in § 5.1108–6.

PART 6—FOREIGN PURCHASES

9. Sections 6.705, 6.705–1, 6.705–2, and 6.705–3 are revised; in § 6.805–2, paragraphs (b)(1) (ii) and (iii), (d)(1) (i) and (ii), and (e) are revised; and new Subpart J is added, as follows:

§ 6.705 Procurements for foreign military sales (FMS).

§ 6.705–1 Scope of §§ 6.705–6.705–3.

Sections 6.705—6.705–3 set forth policies and procedures applicable to procurements for the purpose of Foreign Military Sales pursuant to the Foreign Assistance Act of 1961. It does not apply to sales made from inventories or stocks or to procurements for replenishment of inventories or stocks.

§ 6.705–2 General.

(a) (1) Department of Defense policy prohibits sales of unclassified defense articles to the Government of any economically developed nation unless such articles are not generally available for purchase by such nations from commercial sources in the United States, except if this prohibition has been waived by the Secretary of Defense. Note that this prohibition is not limited to commercial articles; it extends to unclassified articles of a military nature, or manufactured according to military specifications, so long as they are generally available to foreign countries from U.S. commercial sources. Further, this prohibition applies, as a matter of policy, whether or not the sale depends on section 507(b) of the Foreign Assistance Act of 1961, as amended, unless a waiver by the Secretary of Defense applies.

(2) Current information as to "economically developed nations" and as to waivers of the prohibition in subparagraph (1) of this paragraph is available, in the Army, from the Director of International Logistics, Army Materiel Command; in the Navy, from the Office of the Chief of Naval Operations (OP–42); and in the Air Force, from the Director of Military Assistance, Deputy Chief of Staff, Systems and Logistics. If a foreign government seeks to purchase items from any Department of Defense activity and there is doubt as to whether the items are available from commercial sources in the United States, the Department concerned may suggest the names of possible commercial sources to the foreign government to assist in making the determination.

(b) In connection with each Foreign Military Sale expected to involve procurement in excess of $10,000 where the procurement involved cannot be placed on the basis of price competition (as, for example, where the foreign customer has designated only one source as acceptable), before the Department of Defense furnishes prices for information purposes to potential foreign customers, prices shall be requested from prospective sources and such request shall state that it is for information for the purpose of a Foreign Military Sale and shall identify the customer.

§ 6.705–3 Pricing procurements for Foreign Military Sales.

(a) When the Department of Defense undertakes procurement for sale to a foreign country which has committed itself to bear the cost of the procurement, the Department of Defense assumes responsibility to see to it that no more than a fair price is paid for the procurement. Accordingly, Foreign Military Sales contracts shall be priced on the same principles and with the same care as are used in pricing normal Defense contracts. But this does not mean that prices of normal Defense contracts for an item are automatically applicable to Foreign Military Sales contracts for the same item. On the contrary, application to Foreign Military Sales contracts of the pricing principles established by Subpart H, Part 3, and Part 15 of this chapter may require pricing results that differ from normal Defense contract prices for the same item because certain kinds of costs may reasonably and allocably arise in different amounts for the former than for the latter.

(b) If the contractor has made sales of an item to foreign customers under comparable conditions including quantity and delivery, the price of such sales generally should be used as a guide in pricing Foreign Military Sales contracts for the same or similar items, subject to price analysis under the provisions of Subpart H, Part 3 of this chapter. Cost analysis should be used only if required by Subpart H, Part 3 of this chapter.

(c) In pricing Foreign Military Sales contracts where non-U.S. Government prices, as described in paragraph (b) of this section, do not exist, recognition should be given to costs of doing business with a foreign government (even though the form of the transaction is a Defense procurement for the purpose of Foreign Military Sales) whenever comparable costs of doing business with the United States would be recognized in pricing normal Defense contracts. Thus, recognition should be given to reasonable and allocable costs even though they might not be recognized in the same amounts in pricing normal Defense contracts. Examples of such costs include, but are not limited to, the following: Selling costs, including maintenance of international sales and service organizations and sales commissions and fees (except as limited by § 15.205–37(c) of this chapter); product support and postdelivery service costs; costs of translating technical manuals and comparable material; and costs that are the subject of advance understanding, in accordance with § 15.107 of this chapter, where the advance understanding places a limit on the amounts of a cost that will be recognized in Defense contract pricing and the understanding contemplated that it will apply only to normal Defense contracts (as distinguished from Foreign Military Sales contracts). On the other hand, kinds of costs that are not allowable under Part 15 of this chapter (e.g., entertainment costs) are not allowable in pricing Foreign Military Sales contracts.

§ 6.805–2 Procurement limitations.

* * * * *

(b) * * *

(1) * * *

(ii) Department of the Navy—

(*a*) Commander-in-Chief, U.S. Naval Forces, Europe;

(*b*) Commander, U.S. Naval Forces, Japan;

(*c*) Commander, U.S. Naval Forces, Philippines;

(*d*) Chief of Naval Material;

(*e*) Commander, Service Force, Atlantic Fleet;

(*f*) Commander, Service Force, Pacific Fleet;

(*g*) Commander, Military Sea Transportation Service (MSTS);

(*h*) Commandant, U.S. Marine Corps;

(iii) Department of the Air Force—

(*a*) Commander, U.S. Air Forces in Europe;

(*b*) Commander, USAF Southern Command;

(*c*) Commander, Pacific Air Force;

(*d*) Commander, Military Airlift Command (MAC);

(*e*) Commander, Air Force Logistics Command;

(*f*) Commander, Air Force Systems Command;

* * * * *

(d) * * *

(1) * * *

(i) Department of the Army—

(*a*) Commanding General, Army Materiel Command;

(*b*) Chief of Engineers;

(*c*) Surgeon General, Army Medical Corps;

(*d*) Director of Army Research;

(ii) Department of the Navy—

(*a*) Chief of Naval Research;

(b) Commander, Naval Air Systems Command;
(c) Commander, Naval Ordnance Systems Command;
(d) Commander, Naval Electronics Systems Command;
(e) Commander, Naval Ship Systems Command;
(f) Chief, Bureau of Medicine and Surgery;
(g) Commander, Naval Supply Systems Command;
(h) Chief of Naval Development;
(i) Oceanographer of the Navy;
(j) Commander, Naval Facilities Engineering Command;

* * * * *

(e) Complete documentation justifying procurements under paragraphs (a) and (c) of this section shall be prepared except when made pursuant to paragraph (a) (2) and (3). Such documentation shall be prepared by requiring activities, furnished in requests for determinations submitted to the individuals listed in paragraphs (b) and (d) of this section, and included in the contract file.

Subpart J—Exemption of Certain Contracts With Foreign Contractors From the Requirement for an Examination of Records Clause

Sec.
6.1000 Scope of subpart.
6.1001 Statutory requirements.
6.1002 Policy.
6.1003 Requests for determinations and findings.
6.1004 Determination and findings.

AUTHORITY: The provisions of this Subpart J issued under sec. 2202, 70A Stat. 120; 10 U.S.C. 2202. Interpret or apply secs. 2301–2314, 70A Stat. 127–133; 10 U.S.C. 2301–2314.

§ 6.1000 Scope of subpart.

This subpart sets forth policies and procedures for exempting the requirement for the Examination of Records clause in contracts with foreign contractors and foreign subcontractors.

§ 6.1001 Statutory requirements.

(a) In accordance with 10 U.S.C. 2313(c), the Examination of Records clause may be excluded from negotiated contracts and subcontracts with foreign contractors and foreign subcontractors where:

(1) The Secretary determines, with the concurrence of the Comptroller General or his designee, that inclusion of the clause would not be in the public interest; or

(2) Where

(i) The contractor or subcontractor is a foreign government or agency thereof or is precluded by the laws of the country involved from making its books, documents, papers, or records available for examination, and

(ii) The Secretary determines, after taking into account the price and availability of the property or services from U.S. sources, that the public interest would be best served by exclusion of the clause.

(b) A determination of the Secretary under subparagraph (2) of paragraph (a) of this section does not require the concurrence of the Comptroller General or his designee. However, where a determination of the Secretary under subparagraph (2) of this paragraph is the basis for exclusion of the Examination of Records clause, the statute requires that a written report be furnished to the Congress. This report be furnished to the Congress. This report, which shall explain the reasons for the determination, shall be made by the Secretary of the Department concerned and submitted in triplicate through the Office of the Assistant Secretary of Defense (Comptroller), Attention: Director for Statistical Services.

§ 6.1002 Policy.

The Examination of Records clause shall be included wherever possible. Exclusion of the clause should be allowed only after the contracting officer has made all reasonable efforts to include the clause and has considered such factors as alternate sources of supply, additional cost, and time of delivery. "Foreign Contractor" for the purposes of this subpart is defined as "one that is organized or existing under the laws of a country other than the United States, its territories or possessions."

§ 6.1003 Requests for determinations and findings.

Request for determinations and findings for exclusion ordinarily will be initiated by the contracting officer. The request shall consist of a letter submitted through normal procurement channels, addressed to the Secretary setting forth all the facts necessary to arrive at an appropriate determination and findings.

§ 6.1004 Determination and findings.

The determination and findings made by the Secretary to authorize exclusion of the Examination of Records clause from a contract with a foreign contractor or foreign subcontractor under 10 U.S.C. 2313(c) shall:

(a) Identify the contract and its purpose, and state that it is a contract or subcontract with a foreign contractor or foreign subcontractor, or that the contractor or subcontractor is a foreign government or agency thereof;

(b) Describe the efforts that have been made to include the clause in the contract or subcontract;

(c) State the reasons for the contractor's or subcontractor's refusal to include the clause;

(d) Describe the price and availability of the property or services from United States and other sources; and

(e) Determine that it is in the public interest to exclude the clause pursuant to the provisions of 10 U.S.C. 2313(c).

PART 7—CONTRACT CLAUSES

10. Sections 7.103–5(d) and 7.104–28 are revised; new § 7.104–64 is added; §§ 7.203–5(b), 7.204–6, and 7.204–10 are revised; new § 7.204–26 is added; § 7.204–34 is revised; and new § 7.204–45 is added, as follows.

§ 7.103–5 Inspection.

* * * * *

(d) Where it is desired to require contractors to maintain an inspection system in accordance with Military Specifications MIL–I–45208 (see § 14.303 of this chapter), insert the following clause:

INSPECTION SYSTEM (AUGUST 1967)

The inspection system which the Contractor is required to maintain, as provided in paragraph (c) of the "inspection" clause of this contract, shall be in accordance with the edition of Military Specification MIL–I–45208 in effect on the date of this contract.

§ 7.104–28 Quality program.

In accordance with § 14.304 of this chapter in contracts for complex supplies or services requiring a quality program, insert the following clause.

QUALITY PROGRAM (AUGUST 1967)

The Contractor shall provide and maintain a quality program acceptable to the Government for supplies and services covered by this contract. The quality program shall be in accordance with the edition of Military Specification MIL–Q–9858 in effect on the date of this contract.

§ 7.104–64 Recovery of nonrecurring costs on foreign sales of major defense equipment.

Insert the clause set forth in § 7.403–42.

§ 7.203–5 Inspection of supplies and correction of defects.

* * * * *

(b) When it is desired to require contractors to maintain an inspection system in accordance with Military Specification MIL–I–45208 (see § 14.303 of this chapter), the clause set forth in paragraph (a) of this section shall be included in the contract except that the following shall be added as the third sentence of paragraph (a).

The inspection system shall be in accordance with the edition of Military Specification MIL–I–45208 in effect on the date of this contract. (August 1967)

§ 7.204–6 Filing of patent applications.

In accordance with the requirements of § 9.106 of this chapter, insert the contract clause set forth therein.

§ 7.204–10 Quality program.

In accordance with the instructions in § 14.304 of this chapter, insert the clause set forth in § 7.104–28.

§ 7.204–26 Frequency authorization.

In accordance with the requirements of § 7.104–61, insert the clause set forth therein.

§ 7.204–34 Multi-year procurement.

In accordance with the requirements of § 1.322–5 of this chapter, insert the contract clauses set forth therein.

§ 7.204–45 Recovery of nonrecurring costs on foreign sales of major defense equipment.

Insert the clause set forth in § 7.403–42.

11. Sections 7.302–4(c) and 7.303–15 are revised; new § 7.303–45 is added;

§§ 7.402–5(c) and 7.403–15 are revised; new § 7.403–42 is added; and § 7.602–10(b) is revised, as follows:

§ 7.302–4 Inspection.

* * * * *

(c) Where it is desired to require contractors to maintain an inspection system in accordance with Military Specification MIL–I–45208 (see § 14.303 of this chapter), the clause set forth in paragraph (a) of this section shall be included in the contract, except that the following shall be added as the second sentence of paragraph (e) of this section.

The inspection system shall be in accordance with the edition of Military Specification MIL–I–45208 in effect on the date of this contract. (August 1967)

§ 7.303–15 Quality program.

In accordance with the instructions in § 14.304 of this chapter, insert the clause set forth in § 7.104–28.

§ 7.303–45 Recovery of nonrecurring costs on foreign sales of major defense equipment.

Insert the clause set forth in § 7.403–42.

§ 7.402–5 Inspection and correction of defects.

* * * * *

(c) Where it is desired to require contractors to maintain an inspection system in accordance with Military Specification MIL–I–45208 (see § 14.303 of this chapter), the clause set forth in paragraph (a) of this section shall be included in the contract except that the following shall be added as the third sentence of paragraph (a) of this section.

The inspection system shall be in accordance with the edition of Military Specification MIL–I–45208 in effect on the date of this contract. (August 1967)

§ 7.403–15 Quality program.

In accordance with the instructions in § 14.303 of this chapter, insert the clause set forth in § 7.104–28.

§ 7.403–42 Recovery of nonrecurring costs on foreign sales of major defense equipment.

Use the following clause in contracts for production of an item of major defense equipment (see § 4.110(d) of this chapter).

RECOVERY OF NONRECURRING COSTS ON FOREIGN SALES (APRIL 1967)

(a) In the event the Contractor intends to enter into sales or license agreements with any foreign government or international organization for the items in this contract or essentially similar items, he shall promptly notify the Contracting Officer. The Contractor agrees that he will adjust this contract by an amount or amounts calculated to reimburse the Government for a pro rata share of its expenditures for nonrecurring costs applicable to the items. In the event that this contract has been finally settled, adjustment shall be accomplished by payment to the Government.

(1) Nonrecurring costs include such costs as research, development, test, evaluation, preproduction, facilities, special tooling, special test equipment, production engineering, product improvement, destructive testing, and pilot model production, testing, and evaluation.

(2) The amount to be reimbursed to the Department of Defense as representing the charge for nonrecurring costs is the pro rata share of all Department of Defense nonrecurring costs, incurred and projected to be incurred, applied against the total production quantity of such item, past and projected future, including the production quantity, for the Department of Defense.

(b) Failure to agree on an equitable adjustment shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract.

(c) Notwithstanding the provisions of the clauses of this contract entitled "Patents—License" and "Rights in Technical Data," the Contractor agrees that his rights to enter into production for sales to foreign governments or international organizations of the items or essentially similar items are expressly contingent upon compliance with the provisions of this clause: *Provided*, That the Secretary of Defense or his designee may waive the Government's rights under this clause, in whole or in part, whenever he determines that such action would be in the best interests of the Government.

§ 7.602–10 Contractor inspection system.

* * * * *

(b) Where it is desired to require contractors to maintain an inspection system in accordance with Military Specification MIL–I–45208 (see § 14.303 of this chapter), the clause set forth in paragraph (a) of this section shall be included in the contract with the following additional sentence.

The inspection system shall be in accordance with the edition of Military Specification MIL–I–45208 in effect on the date of this contract. (August 1967)

12. Sections 7.605–15 and 7.607–18 are revised; new §§ 7.703–44, 7.901–25, and 7.901–26 are added; and § 7.1202–1 is revised, as follows:

§ 7.605–15 Examination of records.

In accordance with the instructions in § 7.203–7, insert the clause set forth therein.

§ 7.607–18 Examination of records.

In accordance with the instructions in § 7.104–15, insert the clause set forth therein, substituting "Architect-Engineer" for "Contractor."

§ 7.703–44 Inspection system.

Where it is desired to require contractors to maintain an inspection system in accordance with Military Specification MIL–I–45208 (see § 14.303 of this chapter), insert the following clause.

INSPECTION SYSTEM (AUGUST 1967)

The inspection system which the Contractor is required to maintain, as provided in paragraph (e) of the "Inspection" clause of this contract, shall be in accordance with the edition of Military Specification MIL–I–45208 in effect on the date of this contract.

§ 7.901–25 Inspection system.

Where it is desired to require contractors to maintain an inspection system in accordance with Military Specification MIL–I–45208 (see § 14.303 of this chapter), insert the following clause.

INSPECTION SYSTEM (AUGUST 1967)

The inspection system which the Contractor is required to maintain, as provided in paragraph (e) of the "Inspection" clause of this contract, shall be in accordance with the edition of Military Specification MIL–I–45208 in effect on the date of this contract.

§ 7.901–26 Quality program.

In accordance with § 14.304 of this chapter, insert the clause set forth in § 7.104–28.

§ 7.1202–1 Examination of records.

In accordance with the instructions in § 7.104–15, insert the clause set forth therein in negotiated contracts for mortuary services.

PART 8—TERMINATION OF CONTRACTS

13. Section 8.403 is revised to read as follows:

§ 8.403 Notice to the General Accounting Office.

The TCO shall promptly send a copy of the notice of termination to the regional office of the General Accounting Office serving the geographical area in which work under the terminated contract was performed. In addition, he shall advise that office of the date on which the six-month vouchering period will expire, or of the contractor's election to discontinue the use of Standard Form 1034 prior to the expiration of the six-month period. If the regional office of the General Accounting Office notifies the TCO that an audit of payments under the contract will not be made or that no objection is interposed to effecting final settlement, no action will be taken under §§ 8.404–5, 8.404–6, or 8.404–7, and the TCO shall proceed with completion of the settlement in accordance with § 8.404–8.

PART 10—BONDS, INSURANCE, AND INDEMNIFICATION

14. Sections 10.505 and 10.603 are revised, as follows:

§ 10.505 Group insurance plans under cost-reimbursement type contracts.

(a) Group insurance plans under cost-reimbursement contracts shall be submitted for approval to the Heads of Procuring Activities for the Department of the Army; the Chief of Naval Material (Attention: Contract Insurance Branch) for the Department of the Navy; Air Force Systems Command, Air Force Contract Management Division, Attention: CMK, for the Department of the Air Force; and the Executive Director, Procurement and Production, for the Defense Supply Agency. Changes in the benefits provided under an approved plan that can reasonably be expected to increase significantly the costs being charged to the Government shall be submitted as provided above for approval. Provision shall also be made for the Government to participate in all premium refunds or credits paid or otherwise allowed to the contractor, as required by

§ 15.201–5 of this chapter. In determining the extent of the Government's participation in such premium refunds or credits, consideration shall be given to any special reserves and other refunds that may subsequently be paid to the contractor.

(b) The Defense Department Group Term Insurance Plan is available for use by cost-reimbursement type contractors. A contractor is eligible only if the number of covered employees is 500 or more, and (1) the contractor is wholly engaged in operations under eligible contracts, or (2) 90 percent or more of the payroll of contractor's operations to be insured under the Plan arises under eligible contracts. Insurance policies under this plan shall be submitted for approval to the Army Materiel Command, Attention: AMCPP–SC, for the Department of the Army; the Chief of Naval Material, Attention: Contract Insurance Branch, for the Department of the Navy; Air Force Systems Command, Air Force Contract Management Division, Attention: CMK, for the Department of the Air Force; and the Executive Director, Procurement and Production, for the Defense Supply Agency.

§ 10.603 Use and eligibility for plan.

The rating plan described in this subpart shall be applied to all eligible defense projects where such application is determined by the Army Materiel Command, Attention: AMCPP–SC, for the Department of the Army; the Chief of Naval Material, Attention: Contract Insurance Branch, for the Department of the Navy; Air Force Systems Command, Air Force Contract Management Division, Attention: CMK, for the Department of the Air Force; and the Executive Director, Procurement and Production, for the Defense Supply Agency, to be in the best interest of the Government. The rating plan may be applied to cost-reimbursement type contracts and also, in appropriate cases, to fixed-price contracts with price redetermination provisions. A defense project is eligible for application of a plan when (a) eligible Government contracts represent, at inception of the plan, at least 90 percent of the payroll for total operations at the specific locations of the project; and (b) the annual premium for insurance is estimated to be at least $10,000. A defense project may include contracts awarded by more than one Department to the same contractor.

PART 12—LABOR

15. In § 12.102–4, the first sentence of paragraph (e) is revised; in § 12.302, the introductory text and paragraph (e) are revised; §§ 12.602–1, 12.602–3, and 12.1001 are revised; new paragraph (c) is added to § 12.1004; and § 12.1005(b) is revised, as follows:

§ 12.102–4 Approval of overtime premiums in certain cost-reimbursement type contracts.

* * * * *

(e) The Director of Materiel Acquisition, Office of the Assistant Secretary of the Army (Installation and Logistics), for the Army; the Deputy Chief of Naval Material (Procurement), for the Navy; the Director of Procurement Policy, Headquarters, USAF, for the Air Force; and the Executive Director for Procurement and Production, for the Defense Supply Agency, are authorized, without power of delegation, to designate without power of redesignation, officers and civilian officials for the purpose of approving overtime premiums at Government expense. * * *

§ 12.302 Applicability.

The requirement set forth in § 12.301 applies, except as stated below, to all contracts (including, for this purpose, basic ordering agreements and blanket purchase agreements (see §§ 3.410–2 and 3.605 of this chapter)) which may require or involve the employment of laborers or mechanics, including guards and watchmen, either by a contractor or by any subcontractor. The requirement does not apply to the following kinds of contracts:

* * * * *

(e) Contracts of $2,500 or less in aggregate amount. In arriving at the aggregate amount involved, there must be included all property and services which would normally be grouped together in a single transaction. In the case of a basic ordering agreement or blanket purchase agreement, such amount shall be the aggregate amount of all orders estimated to be placed thereunder for 1 year after the effective date of the agreement. If a basic ordering agreement continues or is extended, such estimate shall be made annually for each year after the first and the agreement modified accordingly.

§ 12.602–1 General.

The requirement set forth in § 12.601 applies to contracts (including, for this purpose, basic ordering agreements and blanket purchase agreements (see §§ 3.410–2 and 3.605 of this chapter)) for the manufacture or furnishing of "materials, supplies, articles, and equipment" which are to be performed within the United States, Puerto Rico, or the Virgin Islands, and which exceed or may exceed $10,000 in amount unless exempt pursuant to § 12.602–2.

§ 12.602–3 Department of Labor regulations and interpretations.

Pursuant to the Walsh-Healey Act, the Secretary of Labor has issued detailed regulations and interpretations as to the coverage of said Act, and exemptions and procedures thereunder. These regulations and interpretations are compiled in a document entitled "Walsh-Healey Public Contracts Act, Rulings and Interpretations," which may be obtained from the Department of Labor Regional Offices listed in § 12.607. In addition to the interpretations stated in that document, attention is directed to an opinion of the Department of Labor that contracts which are originally $10,000 or less, but are subsequently modified to increase the price to an amount in excess of $10,000, are subject to the Walsh-Healey Act; and that contracts in an amount exceeding $10,000, which are subsequently modified to a figure of $10,000 or less, are not subject to said Act with respect to work performed after such modification if modification is effected by mutual agreement. Also, in the case of a basic ordering agreement or blanket purchase agreement, such amount shall be the aggregate amount of all orders estimated to be placed thereunder for 1 year after the effective date of the agreement. If a basic ordering agreement continues or is extended, such estimate shall be made annually for each year after the first and the agreement modified accordingly.

§ 12.1001 Applicability.

The Service Contract Act of 1965 (P.L. 89–286), as amended, applies to contracts the principal purpose of which is to furnish services in the United States through the use of service employees as defined in § 12.1002. It applies but is not limited to contracts for services such as custodial, laundry, guard, food and other housekeeping services. The Act does not apply to contracts to furnish services through the use of employees such as professional employees or others who are not service employees as defined in § 12.1002(a). "Contracts," for this purpose, shall include basic ordering agreements and blanket purchase agreements (see §§ 3.410–2 and 3.605 of this chapter).

§ 12.1004 Contract clauses.

* * * * *

(c) In the case of a basic ordering agreement or blanket purchase agreement, the amount thereof for purposes of paragraphs (a) and (b) of this section shall be the aggregate amount of all orders estimated to be placed thereunder for one year after the effective date of the agreement. If a basic ordering agreement continues or is extended, such estimate shall be made annually for each year after the first and the agreement modified accordingly.

§ 12.1005 Notices and other submissions.

* * * * *

(b) *Notice of award.* Two copies of a notice of award shall be prepared on Standard Form 99 for procurements of $2,500 or more but less than $10,000 (including orders under indefinite delivery type contracts) containing the clause required by § 12.1004(a) and shall be forwarded to the Department of Labor, Attention: Administrator, Wage and Hour and Public Contracts Divisions, Washington, D.C. 20210. All items on the form except items 11, 13, and 14 shall be completed. Standard Form 99 may be obtained from General Services Administration.

* * * * *

PART 13—GOVERNMENT PROPERTY

16. New § 13.107 and Subpart H are added, as follows:

§ 13.107 Control of Government property.

The control of Government property shall be in accordance with the provisions of § 30.2 of this chapter except, in contracts with educational or other nonprofit organizations, § 30.3 of this chapter is applicable; unless otherwise authorized in this part.

Subpart H—Administrative Practices

Sec.
13.801 Appointment of property administrator.
13.802 Assignment of contracts for property administration.
13.803 Records of Government property.

AUTHORITY: The provisions of this Subpart H issued under sec. 2202, 70A Stat. 120; 10 U.S.C. 2202. Interpret or apply secs. 2301–2314, 70A Stat. 127–133; 10 U.S.C. 2301–2314.

§ 13.801 Appointment of property administrator.

(a) The selection, appointment and termination of appointment of property administrators shall be made in writing by the Head of a Procuring Activity or his designee for the Defense Supply Agency and by the Head of the Contract Administration Office or his designee for the other Departments. In selecting qualified property administrators, the appointing authority shall consider experience, training, education, business acumen, judgment, character, and ethics.

(b) In considering experience, training and education, the following shall be evaluated:

(1) Experience in accounting, material control, inventory control and allied functions;

(2) Formal education or specialization in such areas as evaluating, monitoring, administering, or coordinating industrial property programs or implementing plans and policies in support of diversified property control system;

(3) Knowledge of the provisions of this and other applicable regulations.

§ 13.802 Assignment of contracts for property administration.

(a) All Department of Defense contracts under which Government property will be provided and which will be performed at a single location by a contractor shall be assigned to a single property administrator.

(b) Each contract under which Government property will be provided to the contractor will be assigned in writing to a property administrator by the CAO. The assignment document shall contain the (1) name and address of the contractor, (2) PII (contract) number, and (3) type of contract. The CAO and the contractor shall be advised in writing of the assignment and any changes thereto.

(c) The assignment shall be terminated when:

(1) It has been determined that no Government property has been or will be furnished or acquired, or

(2) The contract is reassigned to another CAO or to another property administrator.

§ 13.803 Records of Government property.

Records of Government property established and maintained by the contractor pursuant to the terms of the contract shall be designated and utilized as the official contract records. Duplicate records shall not be furnished to nor be maintained by the Government personnel other than as provided for in this subchapter. Exceptions to this policy may be authorized by the Head of a Procuring activity, or his designee, where Government property is furnished to a contractor for repair or servicing and return to the shipping organization under contracts administered by the procuring activity. In such cases, the property will be accounted for as a suspense item within the military account from which shipped and the Government property clause shall be modified by insertion of the following clause.

PROPERTY RECORDS (AUGUST 1967)

The Government shall maintain the official contract records in connection with Government property under this contract. The "Government Property" clause is hereby modified by deleting so much thereof as requires that the Contractor maintain such records.

PART 14—PROCUREMENT QUALITY ASSURANCE

17. Part 14, with revised heading set forth above, is revised to read as follows:

Sec.
14.000 Scope of part.
14.001 Definitions.
14.001–1 Government procurement quality assurance.
14.001–2 Contract quality requirements.
14.001–3 Inspection.
14.001–4 Testing.
14.001–5 Subcontractor.
14.001–6 Acceptance.

Subpart A—General

14.101 Types of contract quality requirements.
14.101–1 Standard inspection requirement.
14.101–2 Inspection system requirement.
14.101–3 Quality program requirement.
14.102 Responsibilities of the Contractor.
14.103 Responsibilities of the Government.
14.103–1 Subcontracts.
14.103–2 Specialized inspections reserved to the Government.

Subpart B—Responsibility of Government Organizations for Quality of Supplies and Services

14.201 Organization responsible for technical requirements.
14.202 Purchasing office.
14.203 Contract administration office.

Subpart C—Contract Provisions for Government Procurement Quality Assurance and Acceptance

14.301 Quality assurance clauses.
14.302 Standard inspection clauses.
14.303 Inspection system requirements.
14.304 Quality program requirements.
14.305 Places of performance of Government procurement quality assurance actions.
14.305–1 General.
14.305–2 Government procurement quality assurance at source.
14.305–3 Government procurement quality assurance at destination.
14.306 Acceptance of supplies or services.
14.307 Place of acceptance.
14.308 Government procurement quality assurance actions on small purchases.

Subpart D—Performance of Government Procurement Quality Assurance Actions by Contract Administration Offices

14.401 General.
14.402 Planning.
14.403 Implementation.
14.404 Maintenance of Government records.
14.405 Quality evaluation data.
14.406 Nonconforming supplies and services.
14.407 Government procurement quality assurance actions at subcontract level.
14.407–1 General.
14.407–2 Conditions.
14.407–3 Selective evaluation at the subcontract level.
14.408 Inspection stamping.
14.409 Authorizing shipment of supplies.
14.409–1 General.
14.409–2 Alternative procedures—contractor release for shipment.

Subpart E—Contract Administration of Special Commodities

14.501 General.
14.502 Subsistence.
14.503 Petroleum.
14.504 Construction projects.

Subpart F—Performance of Government Procurement Quality Assurance Actions for and by Other Government Agencies

14.601 National Aeronautics and Space Administration.
14.602 Other Government agencies.
14.602–1 Performance of services by a military department for another Government agency.
14.602–2 Request for services.
14.602–3 Aircraft, aircraft equipment and accessories.

Subpart G—Performance of Government Procurement Quality Assurance Actions for Foreign Governments

14.701 General.

AUTHORITY: The provisions of this Part 14 issued under sec. 2202, 70A Stat. 120; 10 U.S.C. 2202. Interpret or apply secs. 2301–2314, 70A Stat. 127–133; 10 U.S.C. 2301–2314.

§ 14.000 Scope of part.

This part prescribes policies and procedures (a) to assure that supplies and services procured by the Department of Defense conform to the quality and quantity set forth in the contract and (b) for the acceptance functions associated therewith.

§ 14.001 Definitions.

As used in this part, words and terms shall have the meanings set forth below.

§ 14.001–1 Government procurement quality assurance.

Government procurement quality assurance means the Government function by which the Government determines whether a contractor has fulfilled his contract obligations pertaining to quality and quantity. This function is

related to and generally precedes the act of acceptance as defined in § 14.001–6.

§ 14.001–2 Contract quality requirements.

Contract quality requirements means the detailed requisites for quality incumbent on the contractor, consisting of (a) all quality requirements contained in a contract; and (b) the detailed contractual requisites provided by § 14.101 incumbent on the contractor to substantiate conformance of product or service to quality requirements of the contract.

§ 14.001–3 Inspection.

Inspection means the examination and testing of supplies or services (including, when appropriate, raw materials, components, and intermediate assemblies) to determine whether they conform to contract requirements.

§ 14.001–4 Testing.

Testing is an element of inspection and generally denotes the determination by technical means of the properties or elements of supplies, or components thereof, including functional operation, and involves the application of established scientific principles and procedures.

§ 14.001–5 Subcontractor.

Subcontractor means any supplier, distributor, vendor, or firm which furnishes supplies or services to or for a prime contractor or another subcontractor.

§ 14.001–6 Acceptance.

Acceptance means the act of an authorized representative of the Government by which the Government assumes for itself, or as agent of another, ownership of existing and identified supplies tendered or approves specific services rendered, as partial or complete performance of the contract on the part of the contractor.

Subpart A—General

§ 14.101 Types of contract quality requirements.

There are four basic types of contract quality requirements to substantiate conformance of product or service to the requirements of the contract. Generally, there is no direct requirement on the contractor to perform inspection of small purchases and other supplies and services procured through use of DD Form 1155, Order for Supplies and Services Request for Quotations, unless (a) the item is purchased under a Federal or Military specification providing that the contractor is responsible for inspection (see § 14.101–1) or (b) an additional contract clause requiring such inspection is included in the DD Form 1155 (see §§ 14.101–2 and 14.101–3).

§ 14.101–1 Standard inspection requirement.

Standard inspection requirement is a requirement that the contractor maintain an inspection system acceptable to the Government. This requirement is included in the standard inspection clauses (see, for example, paragraph (e) of the Inspection clause in § 7.103–5(a) of this chapter) and is not further defined by a Government specification. This requirement is appropriate when for reasons of practicability (e.g., purchase of a commercial item) or because of the nature of the supplies (i.e., the item serves a function that is not materially or consequentially related to military operations), it is not considered necessary to describe further what constitutes an acceptable inspection system.

§ 14.101–2 Inspection system requirement.

Inspection system requirement is a requirement, in addition to the standard inspection requirement, that the contractor establish and maintain an inspection system in accordance with a Government specification. This requirement shall be referenced in contracts when technical requirements are such as to require control of quality by in-process as well as final end item inspection, including control of such elements of the manufacturing process as measuring and testing equipment, drawings and changes, inspection, documentation and records. The objectives and essential elements of an inspection system are prescribed in MIL–I–45208, which shall be referenced in contracts when an inspection system requirement has been established.

§ 14.101–3 Quality program requirement.

Quality program requirement is a requirement, in addition to the standard inspection requirement, that the contractor establish and maintain a quality program in accordance with a Government specification. Such a requirement shall be established when the technical requirements of the contract are such as to require control of work operations, in process controls, and inspection, as well as attention to other factors (e.g., organization, planning, work instructions, documentation control, advanced metrology). The objectives and essential elements of a quality program are prescribed in MIL–Q–9858 which shall be referenced in contracts when a quality program requirement has been established.

§ 14.102 Responsibilities of the contractor.

(a) The contractor is responsible for carrying out his obligations as set forth in the terms and conditions of the contract and in the applicable specifications. Most Department of Defense contracts include, or reference, standard requirements, such as those in general provisions, special clauses for an inspection system or quality program, and performance and product specification requirements. The contractor is responsible for controlling product quality and for offering to the Government for acceptance only those supplies and services that conform to contract requirements and, when required, for maintaining and furnishing substantiating evidence of this conformance.

(b) The control of quality by the contractor may relate to, but is not limited to:

(1) Manufacturing processes, to assure that the product is produced in accordance with technical requirements;

(2) Drawings, specifications, and engineering changes, to assure that manufacturing methods and operations reflect technical requirements;

(3) Testing and examination, to assure that practices and equipment provide the means for optimum evaluation of characteristics subjected to inspection;

(4) Reliability and maintainability assessment (life, endurance, and continued readiness);

(5) Fabrication and delivery of products to assure that only conforming products are tendered to the Government;

(6) Technical documentation, including drawings, specifications, handbooks, manuals, and other technical publications; and

(7) Preservation, packaging, packing, and marking.

§ 14.103 Responsibilities of the Government.

The Government shall determine the type and extent of Government procurement quality assurance actions required, based upon the particular procurement. These actions may include:

(a) Inspection of supplies and services;

(b) Review of the contractor's inspection system, quality program, or of any other means employed by the contractor to control quality and to comply with contract requirements;

(c) Maintenance of Government records to reflect actions, deficiencies, and corrective measures; and

(d) Review and evaluation of quality information, including reports from the user, to initiate required corrective actions or to adjust Government procurement quality assurance actions.

§ 14.103–1 Subcontracts.

Government procurement quality assurance at subcontractor's plans shall be performed only when necessary to assist the contract administration office cognizant at the prime contractor's plant. Section 14.407 provides guidance on Government procurement quality assurance actions at the subcontract level.

§ 14.103–2 Specialized inspections reserved to the Government.

Although contracts generally require that contractors are responsible for performing inspection prior to submitting supplies to the Government, there are situations when contracts will provide for specialized inspections to be performed solely by the Government. Among situations for which specialized Government inspection is required are the following:

(a) Test requirements necessitate the use of specialized test equipment or facilities not ordinarily available in suppliers' plants or commercial laboratories (e.g., ballistic testing of ammunition unusual environmental tests, or simulated service tests); or

(b) The contract requires Government testing for first article approval (see Subpart S, Part 1 of this chapter).

Subpart B—Responsibility of Government Organizations for Quality of Supplies and Services

§ 14.201 Organization responsible for technical requirements.

(a) The activity responsible for technical requirements (e.g., specifications, drawings and standards) is responsible for prescribing inspection, testing, or other contract quality requirements that are essential to assure the integrity of products and services.

(b) To the extent feasible, alternative but substantially equivalent inspection methods shall be provided in order to obtain wide competition and low cost. Contractor-recommended alternatives may be authorized when in the interest of the Government and after approval by the activity responsible for technical requirements.

(c) The activity responsible for technical requirements may also prepare instructions regarding the type and extent of Government inspections pertaining to contracts for specific supplies and services that are complex or for which unusual requirements have been established. The technical activity shall keep requirements for such Government inspection to a minimum in order to permit flexible planning and effective utilization of Government quality assurance resources at the facility level.

§ 14.202 Purchasing office.

(a) The purchasing office is responsible after coordinating, where necessary, with the technical activity for contractually formalizing requirements for quality and, within the provisions of § 14.201(c), issuing Government inspection instructions to the contract administration office. The purchasing office shall include, in each solicitation and resultant contract, by contract clause, exhibit or specification reference, appropriate requirements for the contractor's control of quality for the supplies or services to be procured (see §§ 14.302–14.304).

(b) The purchasing office may conduct, in conjunction where necessary, with the activity responsible for technical requirements, product-oriented surveys and evaluations to determine the adequacy of the technical requirements relating to quality and product conformance to design intent. The purchasing office may arrange with the contract administration office to participate in preaward surveys, postaward, and preproduction conferences, and first article testing. The purchasing office may aid the contract administration office in the transition from research and development to production, aid the technical activity in improving the quality requirements in contracts when first designated for competitive procurement, and aid in ascertaining the source of difficulties associated with user experience reports.

§ 14.203 Contract administration office.

(a) Except as otherwise specified in the contract, the contract administration office cognizant at a plant is responsible for the performance of Government procurement quality assurance actions. The contract administration office shall verify that the contractor has fulfilled contract quality requirements. It is the contract administration office responsibility to develop and apply effective and efficient procedures for Government procurement quality assurance. The contract administration office shall perform specific Government inspection actions when these actions are required in writing by the purchasing office. In implementing written Government inspection instructions, the contract administration office shall review these instructions and when appropriate, make recommendations to the purchasing office for their improvement in terms of both technical effectiveness and cost, particularly with respect to the utilization of Department of Defense personnel, equipment, and facilities. Written Government inspection instructions shall be continued on schedule as prescribed until the recommendation has been acted upon. The purchasing office is obligated to take appropriate action on such recommendation.

(b) The contract administration office shall report to the purchasing office any observed deficiencies in design or technical requirements, including contract quality requirements, and recommend necessary changes to the contract, specifications, or other requirements which will provide more effective operations or eliminate unnecessary costs.

Subpart C—Contract Provisions for Government Procurement Quality Assurance and Acceptance

§ 14.301 Quality assurance clauses.

(a) The appropriate clauses referenced in §§ 14.302–14.304 shall be inserted in contracts other than those entered into by use of DD Form 1155, Order for Supplies and Services/Request for Quotations (see Subpart F, Part 3 of this chapter.

(b) In purchases made by use of DD Form 1155 there generally is no requirement for the contractor to perform inspection; however, (1) the item may be purchased under a Federal or Military specification providing that the contractor is responsible for inspection, or (2) the nature of the item may make it desirable to include one or more of the clauses listed in §§ 14.302–14.304.

§ 14.302 Standard inspection clauses.

Where inspection is sufficient to assure that the supplies and services conform to contract requirements (see § 14.101–1), the appropriate standard inspection clause prescribed in the listing below shall be inserted in the contract:

(a) Section 7.103–5 (a), (b), or (c) of this chapter;
(b) Section 7.203–5(a);
(c) Section 7.302–4 (a) or (b);
(d) Section 7.402–5(a) (1) or (3);
(e) Section 7.402–5(b);
(f) Section 7.602–10(a);
(g) Section 7.602–11;
(h) Section 7.702–6;
(i) Section 7.703–6;
(j) Section 7.704–8;
(k) Section 7.901–21; or
(l) Section 7.1201–10.

§ 14.303 Inspection system requirements.

When the technical requirements of the contract are such as to require control of quality by in-process as well as final end item inspection, including control of such elements of the manufacturing process as measuring and testing equipment, drawings and changes, inspection, documentation, and records, the appropriate inspection system clause listed below, referencing the latest revision of MIL–I–45208, shall be used:

(a) Section 7.103–5 (a), (b) or (c), and (d) of this chapter;
(b) Section 7.203–5 (a) and (b);
(c) Section 7.302–(a) or (b) and (c);
(d) Section 7.402–5(a) (1) or (3) and (c);
(e) Section 7.402–5 (b) and (c);
(f) Section 7.602–10 (a) and (b);
(g) Section 7.703–44; or
(h) Sections 7.901–21 and 7.901–25.

§ 14.304 Quality program requirements.

(a) When the technical requirements of the contract are such as to require control of work operations, in-process controls, inspections and tests, as well as attention to other factors (e.g., organization, planning, work instructions, documentation control, advanced metrology), the appropriate clause listed below, referencing the latest revision of MIL–Q–9858, shall be used. This section does not apply to construction contracts.

(1) Sections 7.103–5 (a), (b), or (c) and 7.104–28 of this chapter.
(2) Sections 7.203–5(a) and 7.204–10;
(3) Sections 7.302–4 (a) or (b) and 7.303–15;
(4) Sections 7.402–5(a) (1) or (3) and 7.403–15;
(5) Sections 7.402–5(b) and 7.403–15; or
(6) Sections 7.901–21 and 7.901–26.

(b) The contracting officer may delete nonapplicable portions of MIL–Q–9858 in contracts for material maintenance.

§ 14.305 Places of performance of Government procurement quality assurance actions.

§ 14.305–1 General.

Each contract shall designate the place or places where the Government reserves the right to perform those procurement quality assurance actions that it considers necessary to determine that supplies and services conform to contract requirements. Where the contract provides for Government procurement quality assurance actions at source, the place

or places designated for such actions may not be changed without authorization of the contracting officer.

§ 14.305–2 Government procurement quality assurance at source.

(a) When a contract requires the contractor to establish and maintain an inspection system or a quality program in accordance with § 14.101–2 or § 14.101–3, Government procurement quality assurance actions generally shall be performed at source.

(b) In addition to paragraph (a) of this section, Government procurement quality assurance actions shall be performed at source where:

(1) Performance of such actions at any other point would require uneconomical disassembly or destructive testing;

(2) Considerable loss to the Government would result from the manufacture and shipment of unacceptable supplies or from the delay in making necessary corrections;

(3) Special instruments, gauges, or facilities required for performance of such actions are available only at source;

(4) Performance of such actions at any other point would destroy or require the replacement of costly special packing and packaging;

(5) Government procurement quality assurance during performance is essential;

(6) Supplies are destined for points of embarkation for overseas shipment (except as provided in § 14.305–3(b)); or

(7) Otherwise determined to be in the best interest of the Government.

(c) Where the contract provides for the performance of Government procurement quality assurance actions at source, these actions shall be taken at such times and places (including any stage in the manufacturing process at both the contractor's and his subcontractor's plants) as may be necessary to determine conformance to contract requirements. In the event that it is in the best interest of the Government to authorize shipment before all Government procurement quality assurance actions can be taken at source, the contract shall be modified to the extent appropriate prior to shipment, if delivery is f.o.b. origin, (1) to make the delivery term f.o.b. destination or otherwise to make the contractor responsible for risk of loss or damage in transit, and (2) where delivery remains f.o.b. origin, to require the contractor to reimburse the Government for the cost of shipping and other expenses incurred by the Government in the event of rejection at destination.

§ 14.305–3 Government procurement quality assurance at destination.

(a) Government procurement quality assurance actions that can be performed at destination are normally limited to inspection of supplies. For many procurements, such inspection by the Government is sufficient. Supplies shall be inspected by the Government at destination when:

(1) They are purchased "off-the-shelf" and do not require technical inspection;

(2) Necessary testing equipment is located only at destination;

(3) Perishable subsistence supplies are purchased within the United States, except that perishable subsistence supplies destined for overseas shipment will normally be inspected for condition and quantity at points of embarkation;

(4) Brand name items are purchased for authorized resale, except that where supplies are destined for direct overseas shipment, inspection (and acceptance) will be made by the contracting officer or the official charged with such responsibility on the basis of a tally sheet evidencing receipt of shipment signed by the port transportation officer or other designated official at the transshipment point; or

(5) Otherwise determined to be in the best interest of the Government.

(b) In no event shall a contract provide for Government inspection at a port of embarkation when the supplies are destined for overseas shipment, unless the contracting officer first determines that inspection functions can be provided at such destination. Similarly, overseas inspection shall not be required for supplies shipped from the United States except in unusual circumstances—as, for example, where inspection overseas is essential in conjunction with installation, operation, or other use of the supplies or equipment—and then only when the contracting officer first determines that inspection can be performed, or makes necessary arrangements for its performance, overseas.

§ 14.306 Acceptance of supplies or services.

(a) Acceptance of supplies or services is the responsibility of the activity to which the function is assigned by the purchasing office. When a Government activity uses services of another Government activity or department for the purpose of acceptance, acceptance by the other activity or department is binding upon the activity for which the services are performed.

(b) Depending upon the provisions of the contract, acceptance may be effected prior to, at the time of, or after delivery. Acceptance shall ordinarily be evidenced by execution of an acceptance certificate on the applicable inspection and receiving report form (DD Form 250, DD Form 1155, or Standard Form 44). When acceptance is accomplished at a point other than destination, supplies cannot be reinspected at destination for acceptance purposes. However, such supplies should be examined at destination for identity, damage in transit, quantity, and condition.

(c) Certificates of conformance may be required by the contract when the value of supplies or the condition of purchase, delivery, receipt or use thereof make it desirable to have additional assurance that supplies conform to contract requirements. A contractor's certificate of conformance with requirements may be considered a proper element incident to acceptance of supplies or services. However, in instances where small losses would be incurred in the event of defects or where knowledge of the supplier's reputation or past performance provides assurance that the supplies would be replaced without contest, such certificate may be used as the sole basis for acceptance. At the discretion of the contracting officer, a clause may be inserted in contracts requiring the contractor to certify that supplies or services comply with contract requirements. In no case shall the Government's right to inspect supplies or services be jeopardized.

§ 14.307 Place of acceptance.

(a) Each contract shall specify the place of acceptance. A contract which provides for Government procurement quality assurance actions only at source shall ordinarily provide for acceptance at source. A contract which provides for performance of Government procurement quality assurance actions at destination shall ordinarily provide for acceptance at destination.

(b) For procurement of subsistence, petroleum products and construction, see Subpart E of this part.

§ 14.308 Government procurement quality assurance actions on small purchases.

(a) In determining the type and extent of Government procurement quality assurance actions to be required on small purchases, the criticality of application of the item, the amount of possible losses, and the likelihood of uncontested replacement of defective supplies shall be considered.

(b) Government procurement quality assurance of small purchases shall be at destination, unless the provisions of § 14.305–2 (a) or (b) apply. Government procurement quality assurance actions shall be performed at source if defective supplies can harm personnel or equipment. In such case, one of the types of contract quality requirements described in § 14.101 shall be included in the contract.

(c) Unless detailed Government procurement quality assurance actions are necessary, inspection of small purchases shall consist of examination of:

(1) Type and kind;

(2) Quantity;

(3) Condition;

(4) Operability, if readily determinable; and

(5) Preservation, packaging, packing and marking, if applicable.

Subpart D—Performance of Government Procurment Quality Assurance Actions by Contract Administration Offices

§ 14.401 General.

This subpart sets forth policies and procedures for performance of Government procurement quality assurance actions by contract administration offices, designed to provide a systematic product-oriented plan, appropriate distribution of effort, and maintenance of suitable records.

§ 14.402 Planning.

(a) Government procurement quality assurance actions to determine a contractor's compliance with contract quality requirements shall be systematically planned, taking into consideration the relative importance of the product and the variety of tasks required of the available resources. Systematic planning shall include:

(1) Review and analysis of preaward surveys, postaward conferences, technical data packages, and first article approvals;

(2) Identification of the specific products, processes, and procedures to be subjected to Government procurement quality assurance as well as the specific characteristics of such products, processes, or procedures to be verified (in the absence of identification of specific characteristics by the purchasing office, those established by the contractor will be used to the maximum extent possible);

(3) Provisions for effective distribution and utilization of the Government's efforts and resources between inspection of products and inspection of the contractor's methods of regulating quality; and

(4) Provisions for keeping and using records.

(b) Planning to determine the extent of Government procurement quality assurance actions shall include as a minimum:

(1) Possible effect of failure on the health or safety of personnel, or on associated or related equipment;

(2) Tactical, strategic, or technical importance;

(3) Complexity and the need for required reliability;

(4) Pertinency, completeness, and reliability of the contractor's quality records;

(5) Previous quality history of the contractor; and

(6) Unit cost.

§ 14.403 Implementation.

(a) Determination of conformance to contract quality requirements shall be made on the basis of objective evidence of quality. In determining the acceptability of supplies or services, the contract administration office shall make optimum use of quality data generated by contractors. To the extent that contractor quality data are available and reliable, as determined by the contract administration office, such data shall be used to adjust the amount of Government procurement quality assurance to a minimum consistent with proper assurance that the supplies or services accepted conform to contract quality requirements.

(b) When the contract requires the contractor to conduct particularly expensive tests involving destruction of supplies, extended periods of time for conducting the tests, or other factors contributing to high-testing costs, the tests shall be coordinated between the contractor and the Government to the maximum extent practicable to avoid the need for later independent Government examination and testing.

(c) The following basic actions shall be taken to determine the contractor's compliance with the contract quality requirements:

(1) Review and evaluation of the contractor's inspection procedures;

(2) Review and evaluation of the contractor's selection, calibration, maintenance, and use of gauges and measuring and test equipment;

(3) Review and evaluation of the contractor's quality records; and

(4) Performance of product verification inspection by the Government.

(d) Because of configuration, innumerable design characteristics, and life and reliability requirements, the quality of complex supplies and equipment cannot be adequately evaluated by inspection only; such supplies and equipment must be produced under regulated conditions if adequate assurance of product quality is to be realized. Systematic control of manufacturing processes by the producer is an essential prerequisite for assuring the quality of such items. It is also essential that the Government verify systematically that such control is, in fact, established and maintained by contractors.

§ 14.404 Maintenance of Government records.

Suitable records shall be maintained by the contract administration office as part of the performance records of contractors in order to reflect:

(a) The nature of all Government procurement quality assurance actions, including when appropriate the number of observations made and the number and type of deficiencies;

(b) Decisions regarding the acceptability of the products, the processes, and the requirements, together with action taken to correct deficiencies; and

(c) Distribution of Government procurement quality assurance effort.

§ 14.405 Quality evaluation data.

The contract administration office shall establish a system providing as a minimum for the collection, evaluation, and use of quality data developed by the contractor during manufacture and by the Government through procurement quality assurance actions and reports by users during initial use phase, where available. The objectives of the system are to:

(a) Provide a foundation for technical actions aimed at maintaining and making needed improvements in the quality characteristics of both current and future products (subject to military requirements and cost considerations);

(b) Upgrade the methods and practices used to assure quality during manufacture, delivery, and use of the item;

(c) Provide a basis for managerial decisions relative to the allocation of Government procurement quality assurance resources among different products and activities; and

(d) Determine production source capabilities as measured by product quality.

§ 14.406 Nonconforming supplies and services.

(a) Contractors ordinarily shall be given an opportunity to correct or replace nonconforming supplies or services if this can be done within the required delivery schedule. Unless the contract provides otherwise, such correction or replacement shall be made without additional cost to the Government. Paragraph (c) of the standard Inspection clause in § 7.103–5(a) of this chapter reserves to the Government the right to charge the contractor the cost of Government reinspection and retests because of prior rejection. Notices or rejection of nonconforming supplies or services need not be in writing unless (1) the supplies have been delivered to a point other than the contractor's plant, (2) the contractor persists in offering nonconforming supplies or services for acceptance, or (3) delivery or performance is overdue without excusable cause. The notice of rejection normally shall state the reasons for rejection. It is important that a notice of rejection be furnished to the contractor promptly, because if timely notice of rejection is not furnished, acceptance may in certain cases be implied as a matter of law.

(b) There are occasions when, for reasons of economy or urgency of the requirement, acceptance of supplies or services which do not meet all contract requirements may be permitted as provided below, if the supplies or services are usable for the purpose intended:

(1) Nonconforming supplies and services having departures from contract requirements involving health, safety, performance, durability, reliability, interchangeability, effective use or operation, weight or appearance (where a factor); *Provided*, That the purchasing office—

(i) Concurs with such action and

(ii) When appropriate, obtains the concurrence of the military activity responsible for technical requirements; or

(2) Other supplies and services having departures from contract requirements which are insignificant and not specified in subparagraph (1) of this paragraph may be accepted by the contract administration office, except when the authority for such acceptance is withheld by the purchasing office, or in the case of a MIPR is withheld by either the requiring Department or the purchasing office.

In either case, the contract is appropriately modified to provide an equitable price reduction or other consideration, except where it is determined that the amount of such reduction is less than the administrative cost of modifying the contract, and the contract file is documented to show the basis of such determination.

(c) Tender of nonconforming supplies to the Government should be the exception and shall not be anticipated by the inclusion in contracts of formalized procedures therefor. The contract administration office may establish a formalized procedure (e.g., Material Review Board) for consultation between the contractor and the contract administration office

regarding the Government's decision whether to accept nonconforming supplies, provided such nonconformance does not involve health, safety, performance, durability, reliability, interchangeability, effective use or operation, weight, or appearance (where a factor). This procedure shall provide that final decision regarding the acceptance of nonconforming supplies is solely the prerogative of the Government.

§ 14.407 Government procurement quality assurance actions at subcontract level.

§ 14.407–1 General.

Government procurement quality assurance actions at the subcontract level do not relieve the contractor of any of his responsibilities under the contract and do not establish any contractual relationship between the Government and the subcontractor. Such actions are to assist the contract administration office for the prime contract to determine that the prime contractor is assuring conformance of subcontracted supplies or services with contract requirements. When the Government elects to perform selected procurement quality assurance actions at the subcontract level, the prime contractor shall be requested to assure that appropriate Government access authority is provided.

§ 14.407–2 Conditions.

Government procurement quality assurance actions at the subcontract level shall be performed when:

(a) The item is to be shipped from the subcontractor's plant to the using activity;

(b) The conditions for inspection at source established in § 14.305–2 (a) or (b) are applicable; or

(c) The contract specifies that certain inspection is to be made by the Government, and such inspection can be performed only at the subcontractor's plant.

§ 14.407–3 Selective evaluation at the subcontract level.

Selective evaluation of the contract administration office responsible for the contract in order to provide that office with additional assurance that supplies and services being received from subcontractors conform to quality requirements. Communications between contract administration offices concerning procurement quality assurance actions to be performed shall be through Government channels. Requests for selective evaluation shall indicate Government procurement quality actions to be performed, e.g., specific characteristics, processes, and procedures to be verified, tests to be witnessed, and records, reports, and certificates to be evaluated.

§ 14.408 Inspection stamping.

(a) There is one Department of Defense inspection approval marking design for identification of material which has been inspected for conformance to only a portion of the contract quality requirements, and another for material which has been completely inspected for all contract quality requirements at source. The designs and their uses are as follows:

(1) *Partial (circle) inspection approval stamp.* This stamp is circular and is used by or under the direct supervision of the Government representative to identify contract or subcontract material which has been subjected to only a portion of the contract quality requiremens applicable to the material at the time and place of Government procurement quality assurance. Partial inspection approval stamping shall identify, for Government personnel, material which complies and all contract quality requirements applicable at the time and place of Government procurement quality assurance, excepting those listed as uninspected on the associated Material Inspection and Receiving Report (DD Form 250), packing list, or comparable document.

(2) *Complete (square) inspection approval stamp.* This stamp is square and is used by or under the direct supervision of the Government representative to identify contract or subcoontract material which has satisfied all contract quality requirements. Complete inspection approval stamping shall identify, for Government personnel, material which is in complete conformance with all contract quality requirements applicable to the material at the time and place of inspection. Complete inspection approval establishes that material which once was partially approved has subsequently received complete approval. One imprint of the square stamp will void multiple imprints of the circle stamp.

(b) The marking of each item is neither required nor prohibited. Ordinarily, the stamping of shipping containers, packing lists, or lot routing tickets adequately serves to provide the necessary indication status and to control or facilitate the movement of material. No material shall be stamped in such a way as to damage the material.

(c) The placing of a Department of Defense Inspection Approval Stamp upon material does not mean that the material has been accepted by the Government. Acceptance is ordinarily evidenced by execution of the acceptance certificate on the applicable inspection and receiving report.

(d) NASA Publications include detailed policies and procedures regarding the use of National Aeronautics and Space Administration (NASA) Quality Status Stamps. When requested by NASA Centers, the Government representative shall use NASA Quality Status Stamps and apply the procedures of current NASA requirements for all NASA delegations.

§ 14.409 Authorizing shipment of supplies.

§ 14.409–1 General.

Ordinarily, a representative of the contract administration office shall sign or stamp the shipping papers accompanying Government source-inspected supplies of both prime contracts and subcontracts to release them for shipment. In accordance with the criteria in § 14.409–2(a), however, an alternative procedure may be used in which the contractor assumes the responsibility for the release for shipment of such supplies inspected at his or his subcontractor's facilities, just as the contractor may be given the authority for other functions pertaining to the control of quality. When this alternative procedure is used, it will release Department of Defense manpower for technical functions by eliminating routine signing or stamping of the papers accompanying each shipment.

§ 14.409–2 Alternative procedures—contractor release for shipment.

(a) The contract administration office may give the contractor authorization in writing to release supplies for shipment when:

(1) The stamping or signing of the shipping papers by a representative of the contract administration office impairs the operation of a planned Government procurement quality assurance program or places an unreasonable demand on the Government representative's time; and

(2) There is sufficient continuity of production to permit the establishment of a systematic and continuing Government evaluation of the contractor's control of quality; and

(3) The contractor has a record of satisfactory product quality including quality pertaining to preparation for shipment.

(b) When there is an indication that the conditions in paragraph (a) (2) or (3) of this section no longer prevail, the authorization shall be withdrawn in writing.

(c) When the alternative procedure is used:

(1) The contractor shall type or stamp, and sign, the following statement on each copy of the shipping papers.

> The supplies comprising this shipment have been subjected to and have passed all examinations and tests required by the contract, were shipped in accordance with authorized shipping instructions, and conform to the quality, identity and condition called for in contractual requirements and to the quantity shown on this document. This shipment was released in accordance with paragraph 14–409 of the Armed Services Procurement Regulation for Authorizing Shipment of Supplies under authorization of (Name and Title of the authorized representative of the Contract Administration Office) in a letter dated (Date of authorizing letter).
>
> (Signature and Title of Contractor's designated representative)

and

(2) Where acceptance and delivery are at point of origin, the Government procurement quality assurance representative shall sign and date Item 21 of those copies of DD Form 250 (Material Inspection and Receiving Report), or the appropriate item of any other receiving report form authorized by this subchapter, which are to be attached to the contractor's voucher or invoice for submission to the paying activity.

Subpart E—Contract Administration of Special Commodities

§ 14.501 General.

Special commodities are those that are subject to statutory requirements, support agreements with other than Department of Defense activities, or specific Office of Secretary of Defense policy guidance.

§ 14.502 Subsistence.

(a) Any Federal activity capable of assuring wholesomeness and quality in food, including medical service personnel of the Military Departments, may be designated by the purchasing office to perform Government procurement quality assurance actions on a reimbursable basis when appropriate, for subsistence contract items.

(b) The following is an explanation of particular terms used in this subpart:

(1) *Subsistence.* Food for, and provisions to be used in, feeding of personnel and animals;

(2) *Medical service personnel.* Officers and enlisted personnel of the Medical Services of the Departments of the Army, Navy, and Air Force designated to perform the required inspections of subsistence;

(3) *Wholesomeness of food.* That characteristic possessed by a food product which promotes good health and well being in the consumer; and

(4) *Quality of food.* The required elements or characteristics stated in the specification or other contractual document which the food must possess to comply with the desired degree of excellence exclusive of those characteristics required to assure wholesomeness.

(c) The Surgeons General of the Military Departments are responsible for the acceptance criteria, technical requirements, and inspection procedures needed to assure wholesomeness of foods. Wholesomeness assurance measures will include but not be limited to:

(1) Establishment of standards or tolerances to evaluate wholesomeness from a microbiological, toxicological, and radiological viewpoint;

(2) Inspection of sources for sanitation including sources of component items when required;

(3) Approval of manufacturing processes to assure that technical procedures required to assure wholesomeness are incorporated and used; and

(4) Use of test and examination techniques during processing or for the finished item to detect insanitary practices or unwholesome food.

(d) Maximum utilization shall be made of existing inspection and grading services of other Federal agencies to perform procurement quality assurance actions in processing plants economically and efficiently. However, an adequate Government procurement quality assurance workload shall be retained for training of medical service personnel and to provide a base for rotation of personnel between the continental United States and overseas.

§ 14.503 Petroleum.

(a) Contracts for the procurement of petroleum products which provide for delivery f.o.b. destination shall provide for acceptance at destination, irrespective of the point or points of other procurement quality assurance actions.

(b) The contract administration office may authorize the release of petroleum supplies without requiring the signing or stamping of shipping papers by a representative of the contract administration office, if the alternative procedures of § 14.409–2 are used. In that event on petroleum servicing contracts for receiving, storing, and issuing Government-owned petroleum products, the contractor shall be required to type or stamp and to sign the following statement on each copy of the shipping papers.

I certify that the above supplies were (a) in the quantity indicated, (b) taken from Government-owned and approved stocks, and (c) loaded into inspected and approved containers. This shipment was released in accordance with paragraph 14–503 of the Armed Services Procurement Regulation under authorization of (Name and title of the authorize representative of the Contract Administration Office) in a letter dated (Date of authorizing letter).

(Signature and Title of Contractor's designated Representative)

(c) Bulk petroleum product contracts or related service contracts shall specify either:

(1) The specific point at which the Government takes title to the product, or

(2) The point in a service contract that the contractor can be considered as having fulfilled his obligation.

§ 14.504 Construction projects.

(a) On-site inspection of buildings and other structures is normally performed by the Military Department responsible for their construction.

(b) Government procurement quality assurance actions for construction materials and supplies acquired for military and civil works projects shall be performed by the contract administration office in accordance with this part.

(c) The functions in paragraphs (a) and (b) of this section will be performed so as to assure compatibility of buildings and structures and installed equipment.

Subpart F—Performance of Government Procurement Quality Assurance Actions for and by Other Government Agencies

§ 14.601 National Aeronautics and Space Administration.

In accordance with Public Law 85–568 (72 Stat. 429; 42 U.S.C. 2473(b)(6)), the Department of Defense shall provide procurement quality assurance services to the National Aeronautics and Space Administration (NASA) on a reimbursable basis and within available resources.

§ 14.602 Other Government agencies.

§ 14.602–1 Performance of services by a military department for another Government agency.

When requested by a Government executive agency outside the Department of Defense, other than NASA, contract administration offices shall, within the provisions of pertinent Department of Defense policies, provide maximum procurement quality assurance services consistent with available resources, applicable interagency agreements, and direction from higher authority. Reimbursement for such services shall be on a mutually agreeable basis, in accordance with Public Law 85–781 (72 Stat. 936; 40 U.S.C. 481(d)), due consideration being given to possible savings and increased efficiency for the Government as a whole. Established plans for procurement quality assurance coverage may be modified at the request of the other agency if agreeable to the contract administration office.

§ 14.602–2 Request for services.

When it is to the advantage of the Department of Defense, a Military Department may request a Government executive agency outside the Department of Defense to perform procurement quality assurance actions. The purchasing department shall request such services in writing and obtain a written acceptance from the other agency.

§ 14.602–3 Aircraft, aircraft equipment and accessories.

(a) Under Public Law 85–726 (72 Stat. 776, 49 U.S.C. 1423), the Federal Aviation Administration (FAA) has certain responsibilities and prerogatives in connection with the issuance and continuation of various certificates applicable to the design, manufacture, and airworthiness criteria of certain types of commercial aircraft and of aircraft equipment and accessories.

(b) The FAA evaluations are not a substitute for normal Department of Defense evaluations of the contractor's quality assurance measures. Actual records of such FAA evaluations may be of benefit, however, and should be utilized to maximum advantage by the contract administration office. That office is responsible for assuring that the supplies and services conform to the terms of the contract and that any required certificates and approvals are in the possession of the contractor prior to acceptance.

Subpart G—Performance of Government Procurement Quality Assurance Actions for Foreign Governments

§ 14.701 General.

When required or authorized by statute or executive agreement or by Department of Defense or Departmental mutual security program policies, and when requested through official channels, Government procurement quality assurance

services shall be performed for friendly foreign governments and international agencies. When such services are performed outside the United States, the levels of technical capability and the administrative procedures not already prescribed by statute, executive agreement, or Department of Defense or Military Department policy shall be in accordance with arrangements suitable and acceptable to United States country teams or commanders of unified and specified commands, as appropriate.

PART 18—PROCUREMENT OF CONSTRUCTION AND CONTRACTING FOR ARCHITECT-ENGINEER SERVICES

18. Section 18.113 is revised to read as follows:

§ 18.113 Liquidated damages.

A liquidated damages clause shall be included in all contracts in excess of $25,000 except cost-plus-fixed-fee contracts or those where the contractor cannot control the pace of the work. Use of a liquidated damages clause is optional for contracts of $25,000 or less. Where such a provision is used, the clause set forth in § 7.603–39 of this chapter shall be included in the invitation for bids or request for proposals. Where different completion dates for separate parts or stages of the work are specified in the contract, this clause should be revised appropriately to provide for liquidated damages for delay of each separate part or stage of the work. The minimum amount of liquidated damages should be based on the estimated cost of inspection and superintendence for each day of delay in completion. Whenever the Government will suffer other specific losses due to the failure of the contractor to complete the work on time, such as the cost of substitute facilities, the rental of buildings, or the continued payment of quarters allowances, an amount for such items should also be included. Contracting officers shall take all reasonable steps to mitigate liquidated damages in accordance with § 1.310(c) of this chapter and may propose remissions of such damages in accordance with § 1.310(d) of this chapter.

PART 30—APPENDIXES TO ARMED SERVICES PROCUREMENT REGULATIONS

19. Sections 30.2 and 30.3 are revised to read as follows:

§ 30.2 Appendix B—Control of Government property in possession of contractors.

PART 1—INTRODUCTION

100. *Scope of section.* This section sets forth the basic requirements to be observed by contractors in establishing and maintaining control over Government property provided pursuant to the terms of contracts with the Military Departments (see § 1.201–5 of this chapter). To the extent of any inconsistency between this section and the terms of the contract under which the Government property is provided, the terms of the contract shall govern.

101. *General.* The contractor shall be directly responsible for and accountable for all Government property in accordance with the provisions of the contract including property provided under such contract which may be in the possession or control of a subcontractor. The contractor shall establish and maintain a system (in accordance with the provisions of this section) to control, protect, preserve and maintain all Government property. This system shall be reviewed and, if satisfactory, approved in writing by the assigned property administrator. The contractor shall maintain and make available such records as are required by Part 3 of this section and must account for all Government property until relieved of responsibility therefor in accordance with procedures set forth in Part 2 of this section. Liability for loss, damage, or excessive use of property in a given instance will necessarily depend upon all the circumstances surrounding the particular case and must be considered and determined in accordance with the provisions of the contract. The contractor shall furnish all necessary data to substantiate any request for discharge from responsibility.

(a) The contractor shall require any of his subcontractors who are provided Government property under the prime contract to comply with the provisions of this section. Procedures for assuring subcontractor compliance shall be included in the contractor's approved property control system. In those instances where the property administrator assigned to the contract has requested supporting property administration, the contractor may accept the system approval and continuing surveillance of the supporting property administrator in lieu of performing duplicative actions to assure the subcontractor's compliance with the provisions of this section.

(b) In the event any portion of the contractor's property control system is found to be inadequate upon review by the property administrator, any necessary corrective action will be accomplished by the contractor prior to approval of the system. When agreement as to adequacy of control and corrective action is not reached between the contractor and the property administrator, the matter will be referred to the administrative contracting officer.

(c) When Government property (excluding misdirected shipments) is disclosed to be in the possession or control of the contractor but not provided in accordance with the provisions of any contract, the contractor will, as promptly as possible, (i) record such property according to the established property control procedure, and (ii) furnish to the property administrator with all known circumstances and factual data pertaining to its receipt and a statement as to whether there is a need for retention of such property. For misdirected shipments, see paragraph 313 of this section.

(d) The contractor shall report all Government property in excess of the amounts needed to complete full performance under the contract pursuant to which it was provided, or other existing contracts which authorize the use of such property, as promptly as possible after disclosure of the condition.

102. *Definitions.* As used in this section:

102.1 "Property Administrator" means the individual duly designated by appropriate authority to administer the contract requirements and obligations relative to Government property. He is an authorized representative of the contracting officer.

102.2 "Government property" means all property owned by or leased to the Government or acquired by the Government under the terms of a contract. Government property includes both Government-furnished property and contractor-acquired property as defined below:

(i) "Government-furnished property" is property in the possession of, or acquired directly by, the Government and subsequently delivered or otherwise made available to the contractor; and

(ii) "Contractor-acquired property" is property procured or otherwise provided by the contractor for the performance of a contract, title to which is vested in the Government (but see paragraph 201(e) of this section).

102.3 "Provide," as used in the context of such phases as "Government property provided to the contractor" and "Government-provided property," means either to furnish, as in "Government-furnished property," or to acquire, as in "contractor-acquired property."

102.4 "Government material" means Government property which may be incorporated into or attached to an end item to be delivered under a contract or which may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed material, parts, components, assemblies, and small tools and supplies.

102.5 "Special tooling" means all jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, and replacements thereof, which are of such a specialized nature that, without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof, or the performance of particular services. The term includes all components of such items, but does not include:

(i) Consumable property;

(ii) Special test equipment; or

(iii) Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special tooling), general or special machine tools, or similar capital items.

102.6 "Special test equipment" means electrical, electronic, hydraulic, pneumatic, mechanical or other items or assemblies of equipment, which are of such a specialized nature that, without modification or alteration, the use of such items (if they are to be used separately) or assemblies is limited to testing in the development or production of particular supplies or parts thereof, or in the performance of particular services. The term "special test equipment" includes all components of any assemblies of such equipment but does not include:

(i) Consumable property;

(ii) Special tooling; or

(iii) Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special test equipment), general or special machine tools, or similar capital items.

102.7 "Facilities" means industrial property (other than material, special tooling, military property, and special test equipment) for production, maintenance, research, development, or test, including real property and rights therein, buildings, structures, improvements, and plant equipment.

102.8 "Real property," for purposes of accounting classification, means (i) land and rights therein, (ii) ground improvements, (iii) utility distribution systems, (iv) buildings, and (v) structures. It excludes foundations and other work necessary for the installation of special tooling, special test equipment and plant equipment.

102.9 "Utility distribution system" means a system (including distribution and transmission lines, substations, and installed equipment forming an integral part of the system) by which gas, water, steam, electricity, sewerage, or other utility services are transmitted between (i) the outside of the

building or structure in which the services are used, and (ii) the point of origin or disposal, or the connection with some other system. For the purpose of this section, it does not include communication services.

102.10 "Plant equipment" means personal property of a capital nature (consisting of equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items, but excluding special tooling and special test equipment) used or capable of use in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose.

102.11 "Industrial plant equipment" (IPE) means that part of plant equipment with an acquisition cost of $1,000 or more which is listed in § 13.312 of this chapter.

102.12 "Minor plant equipment" means an item of plant equipment having an acquisition cost of less than $200, and other plant equipment regardless of cost when so designated by the Government.

102.13 "Accessory item" means an item which facilitates or enhances the operation of plant equipment but which is not essential for its operation, such as remote control devices.

104.14 "Auxiliary item" means an item without which the basic unit of plant equipment cannot operate, such as motors for pumps and machine tools.

102.15 "Salvage" means property which, because of its worn, damaged, deteriorated, or incomplete condition, or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs or alterations, but which has some value in excess of its scrap value.

102.16 "Scrap" means property that has no reasonable prospect of being sold except for the recovery value of its basic material content.

102.17 "Custodial records" means written memoranda or identifying checks of any description or type used to control items issued from tool cribs, tool rooms, stockrooms, etc., such as requisitions, issue hand receipts, tool checks, stock record books, etc.

102.18 "Individual item record" means a separate card form, or document utilized to account for one item of property.

102.19 "Stock record" means a perpetual inventory form of record which shows, by nomenclature, the quantities received and issued and the balances on hand.

102.20 "Discrepancies incident to shipment" means all deficiencies incident to the shipment of Government property to or from a contractor's facility whereby differences exist between the property purported to have been shipped and the property actually received. Such deficiencies include, but are not limited to loss, damage, destruction, improper status and condition, coding, error in identity or classification, and improper consignment.

102.21 "Military property" means personal property peculiar to military operations which is under the cognizance of a military inventory control point. It includes weapons systems, components thereof, and related support equipment, but does not include items which are consumed in the performance of a procurement contract or incorporated in the end items produced under a contract (see "material" in § 13.101–4 of this chapter).

103. *Segregation or commingling of Government property and contractor's property.* Government property will be segregated and kept physically separate from contractor-owned property. However, when advantageous to the Government and consistent with the contractor's authority to use such property, the property may be commingled:

(a) When the Government property is special tooling, special test equipment or plant equipment which is clearly identified and recorded as Government property;

(b) When approved by the property administrator in connection with research and development contracts;

(c) When material is included in a multicontract cost and material control system approved in accordance with paragraph 303(e)(ii) of this section;

(d) When (i) scrap of a uniform nature is produced from both Government-owned and contractor-owned material and physical segregation is impracticable, (ii) scrap produced from Government-owned material is insignificant in consideration of the cost of segregation and control, or (iii) Government contracts involved are fixed-price in nature and provide for the retention of the scrap by the contractor; or

(e) When otherwise approved by the property administrator.

104. *Audit of property control system.* The contractor's Government property control system shall be audited by the Government as frequently as conditions warrant. Any such auditor audits may take place at any time during the performance of the contract, upon completion or termination of the contract, or at any time thereafter, during the period the contractor is required to retain such records. The contractor shall make all such records, including correspondence related thereto, available to the auditors.

105. *Administration of military property.* Due to the special nature of military property, the contract under which it is provided generally will contain specific requirements for maintenance and control. Moreover, the following conditions shall be observed: (i) Each item of the property shall be identified by its Federal item identification number and Government nomenclature; and (ii) upon the completion or termination of the contract, the contractor shall request and comply with disposition instructions from the contracting officer. To the extent specified in the contract, provisions of this section shall apply to military property.

PART 2—CONTRACTOR'S RESPONSIBILITY

200. *Scope of part.* This part covers to the extent not otherwise provided in the contract, (i) the duties and responsibilities of the contractor with respect to Government property, (ii) the obligations of the contractor with respect to the control of Government property, both physically and administratively, and (iii) the liability of the contractor for Government property lost, damaged, destroyed, or for which the contractor is otherwise unable to account.

201. *Assumption of responsibility.* A contractor shall be responsible for all Government property in his possession or control in accordance with the terms of the contract including property provided under such contract which may be in the possession or control of a subcontractor. Sources from which Government property may be furnished or acquired are as follows:

(a) *Military installations or other contractor's plants.* Government property may be shipped to a contractor from military installations, other Government installations, or plants of Military Departments or other Government Agency contractors. For the purpose of this section, the contractor shall become responsible for such property upon delivery of the property into his custody or control. The shipping activity shall furnish the contractor with copies of documents necessary to permit the contractor's property records to accurately reflect the transaction.

(b) *Direct purchase by the contractor.* Direct purchases shall be subject to a determination by the administrative contracting officer (ACO) that the items are allocable to the contract involved and are reasonably necessary therefor. For purposes of property control within the scope of this section, it shall be considered that property purchased by the contractor, for which reimbursement is to be requested, becomes Government property upon its receipt by the contractor. This provision shall not be deemed to alter or modify contractual provisions relating to passage of title.

(c) *Withdrawal from contractor-owned stores.* For purposes of property control, within the scope of this section, property withdrawn from contractor-owned stores, for direct charge to the contract, shall be considered Government property at the time of approval of the claim for reimbursement, or at the time of issuance for use of such property for the performance of the contract, whichever is earlier.

(d) *Contract provisions, terminations, contract changes.* Pursuant to specific contractual provisions, or as a result of termination of a contract, or change orders issued under a contract, the Government may acquire title to property. For purposes of property control, such property shall, unless otherwise provided by the contract, be considered Government property upon acceptance of title by the Government.

(e) *Advance, progress, or partial payments.* Pursuant to the terms of a contract, the Government may acquire a lien or title to property upon the making of advance, progress, or partial payments to the contractor. Property to which the Government has acquired a lien or title solely as a result of advance, progress, or partial payments shall not be subject to the provisions of this section.

201.1 *"Evidence of receipt of Government property."* The contractor shall furnish written receipts for all, or specific classes of Government-provided property only in those instances where such action is determined by the property administrator to be essential for maintenance of minimum acceptable property controls. Where such evidence of receipt is required for contractor-acquired property, it shall be provided by the contractor not later than the time he submits his application for payment (public voucher) for the property. In the instance of Government-furnished property, the required receipt shall be provided by the contractor immediately upon receipt of the property.

201.2 *Discrepancies incident to shipment*—(a) *Government-furnished property.* When overages, shortages, or damages are discovered upon receipt of Government-furnished property, the contractor shall provide a statement of the condition and the apparent causes in accordance with procedures approved by the property administrator pursuant to paragraph 101 of this section. When the quantity or description of property received by a contractor differs from the quantity or description denoted as shipped on the shipping document, only that quantity, or property, actually received will be recorded on the official records of the contractor.

(b) *Contractor-acquired property.* The contractor shall take all actions necessary in adjustment of overages, shortages, or damages in shipment of contractor-acquired property from a vendor or supplier except in those instances wherein the shipment has moved via Government bill of lading and carrier liability is indicated. In the latter event, the contractor shall report the instance in accordance with (a) above.

202. *Relief From Responsibility.* Subject to specific instructions of the contracting officer, and unless otherwise provided for in the contract, the contractor shall be relieved of his property control responsibility for Government property by the following:

(a) *Consumption of property in the performance of the contract.* To the extent that the property administrator determines that property has been consumed or expended for

proper purposes and in reasonable amounts in the performance of the contract;

(b) *Retention by the contractor.* When the contractor retains with the approval of the contracting officer Government property for which the Government has received consideration;

(c) *Sale of property.* For Government property sold pursuant to instructions of the plant clearance officer: *Provided*, That the proceeds of such sale shall have been received by or credited to the Government;

(d) *Shipment of Government property from a contractor's plant.* When Government property is shipped from the contractor's plant (except when shipment is to a subcontractor or other location of the contractor) pursuant to the instructions of the plant clearance officer or the property administrator; or

(e) *Determination by the contracting officer.* For Government property which is lost, damaged, destroyed, or consumed in excess of that normally anticipated in a manufacturing or processing operation, and for which the contracting officer has determined the extent of liability, if any, of the contractor: *Provided*, That:

(i) Such determination is furnished to the contractor in writing;

(ii) The Government has been reimbursed where required by the determination; and

(iii) Proper disposition of property rendered unserviceable by damage has been accomplished, and appropriate cross-reference is recorded on the determination as to the shipping document or other documents evidencing disposal.

203. *Contractor's liability.* (a) Subject to the terms of the contract, the contractor may be liable when shortages of Government property are disclosed or when Government property is lost, damaged, or destroyed, or when there is evidence of unreasonable use or consumption of Government property as measured by the allowances provided for by the terms of the contract, the bill of material, or other appropriate criteria.

(b) The contractor shall report all cases of loss, damage, or destruction of Government property in his possession or control to the property administrator as soon as such facts become known or when requested by the property administrator. The report shall be furnished when completed and accepted products or end items are lost, damaged, or destroyed while such property is in the possession or control of the contractor.

(c) The contractor shall require any of his subcontractors having Government property in their possession or control which is accountable under the contract to report to him all instances of loss, damage, or destruction of such Government property. Further procedures shall be in accordance with that prescribed in (a) and (b) above.

PART 3—RECORDS OF GOVERNMENT PROPERTY

300. *Scope of part.* This part establishes minimum requirements for records to be established and maintained by the contractor for Government property in his possession or control.

301. *General.* (a) It is the Government's policy to rely upon contractor property control records and to designate and use such records as the official contract records unless an exception has been authorized due to special circumstances. The contractor shall establish and maintain adequate control records, either manual or mechanized, in accordance with the requirements of this section for all Government property provided under a contract, including property provided under such contract as may be in the possession or control of a subcontractor. When the subcontractor has a property control system approved by the Government for Government property provided under the subcontractor's own prime contracts, the contractor will utilize records created and maintained in accordance with such approved system unless otherwise directed by the property administrator.

(b) The contractor's property control system shall provide financial accounts for Government-owned facilities in the contractor's possession or control. The system shall be subject to internal control standards and be supported by property records for such facilities in the manner described in this Part 3.

(c) The official records shall be kept in such condition that at any stage of completion of the work under a contract the status of Government property may be readily ascertained.

(d) Separate property records for each contract are desirable but a consolidated property record may be maintained: *Provided*, That the consolidated record provides the information set forth in this Part 3.

(e) Special tooling and special test equipment fabricated from materials which are the property of the Government will be appropriately recorded as Government-owned special tooling or special test equipment immediately upon fabrication. Special tooling and special test equipment fabricated from materials which are the property of the contractor will be appropriately recorded as Government property at the time title passes to the Government.

(f) Property records of the same type which would have been established for components if acquired separately shall be established for such usable components which are permanently removed from items of Government property as a result of modification or otherwise.

(g) The contractor's property control system shall contain an adequate locator system or techniques to permit the location of any item of Government property within a reasonable period of time after request therefor.

302. *Pricing.* Except as provided in paragraph 302.1 of this secton, the contractor's property control system shall contain the unit price for each item of Government property recorded therein. It is a recognized practice of many contractors to record the unit price of property on other than the quantitative inventory record, thus requiring the use of supplementary records to ascertain unit prices. Under such circumstances, the supplementary records containing such information shall be identified and recognized as a portion of the official property records. The requirement that unit prices be contained in the official property records will not apply to those separate property records located at contractor's secondary sites and subcontractor's plants: *Provided*, That:

(i) Records maintained by the prime contractor at his primary site are in full compliance in this respect; and

(ii) The prime contractor agrees to furnish either actual or reasonable estimated unit prices to the secondary site or subcontractor as the need arises.

When definite information as to unit price cannot be obtained, reasonable estimates will be used.

302.1 *Contractor-acquired and contractor-fabricated property.* The unit price of contractor-acquired and contractor-fabricated property shall be determined in accordance with the system established by the contractor in conformance with sound accounting principles and consistently applied. Generally, it is desired that separate unit prices be applied to items of special tooling and special test equipment fabricated or acquired by the contractor. However, if the contractor's accounting system is acceptable, and if the maintenance of detailed cost records results in excessive accounting cost or is otherwise impracticable considering all circumstances, group pricing may be used for special tooling and special test equipment. Group pricing may also be used for work-in-process in accordance with the contractor's acceptable cost accounting system. Processed material, fabricated parts, components, assemblies, etc., charged to the contractor's work-in-process inventory, including items in temporary storage while awaiting processing may be considered as work-in-process for the purpose of compliance with this requirement. Nothing in the foregoing lessens the requirement for quantitative property controls for special tooling, special test equipment, and work-in-process necessary for the proper protection of the Government's interest.

302.2 *Government-furnished property.* The unit price of Government-furnished property shall be determined by the Government and furnished to the contractor. Transportation and installation costs will not be considered as part of the unit price for this purpose. Normally, the unit price of Government-furnished property will be provided on the document covering shipment of the property to the contractor. In event the unit price is not provided on the document, action will be taken through the property administrator to obtain the information.

303. *Records of material.* All Government material furnished to the contractor, as well as other material to which title has passed to the Government by reason of allocation from contractor-owned stores or purchase by the contractor for direct charge to a Government contract or otherwise, shall be recorded in accordance with the contractor's property control system, as follows.

(a) *Contractor's property control system.* Except as provided in (d) and (e) below, the contractor's property control system shall be such as to provide the following information:

(i) Contract number or equivalent code designation;

(ii) Nomenclature or description of item (including Federal stock number if known);

(iii) Quantity received;

(iv) Quantity issued;

(v) Balance on hand;

(vi) Posting reference and date of transaction;

(vii) Unit price;

(viii) Location; and

(ix) Disposition.

(b) *Consolidated stock record.* When a contractor has more than one Government contract under which Government material is provided, a consolidated record for materials may be authorized by the property administrator provided the total quantity of any item is allocated to each contract by contract number and each requisition of material from contractor-owned stores is charged to the contract on which the material is to be used. The supporting document or issue slip shall show the contract number or equivalent code designation to which the issue is charged.

(c) *Custodial records.* Custodial records shall be maintained for tool crib items, guard force items, protective clothing, and other items issued for the use of individuals in the performance of their work under the contract.

(d) *Use of receipt and issue documents.* When authorized by the property administrator, the contractor may maintain, in lieu of "stock records," a file of appropriately cross-referenced documents evidencing receipt, issue and use of Government-provided material which is issued for immediate consumption upon receipt and is not entered in the inventory record as a matter of sound business practice. This method of control may be authorized by the property administrator in the following instances:

(1) Material charged through overhead, including but not limited to items used in

manufacturing, maintenance, and office supplies;

(ii) Material under research and development contracts;

(iii) Subcontract or outside production items;

(iv) Nonstock or special items (These items are considered to be those whose procurement cycle is irregular and infrequent.);

(v) Items which are produced for direct charge to a contract, procured and issued for installation upon receipt, and involve no spoilage (such as maintenance and repair parts for plant equipment); or

(vi) Items issued from contractor-owned inventory direct to production, maintenance, etc.

(e) *Multicontract cost and material control*—(i) *Description and scope.* A multicontract cost and material control system constitutes a modification of the requirements for physical identification of Government material and substitutes therefor a system of financial accounting. The system operates as follows:

(A) The contractor may acquire, purchase, requisition, receive, store and issue like items of material for the total requirements of all contracts involved in the system without identifying the material to each contract.

(B) The contractor may commingle, during all stages of contract performance, Government-owned and contractor-owned material and work-in-process, which was furnished, acquired, or produced for all Government contracts of any type covered by the system, without physical segregation or identification to the individual contracts.

(C) In lieu of physical segregation and identification to individual contracts, periodic calculation of requirements and distribution of costs to all contracts permits the allocation of material costs to products delivered. This system by reflecting the materials expended to perform each contract at any stage in production, permits usage analysis to determine the reasonableness of consumption and expenditure of Government material.

(D) The system may appropriately include all Government contracts of any time which involve common repetitive operations.

(E) The system does not require commingling of all common materials of all contracts included. For example, items of Government-furnished material of high value or in short supply may be excluded from commingling and reserved for use in performance of the contract under which furnished.

(F) Notwithstanding paragraph 502 of this section, physical inventories of material in stores included in the systems (other than work-in-process) will be taken by the contractor at least annually, price extended, and reconciled to the quantitative balance for each item, and adjustments recorded in the stock record and financial inventory control accounts. Such physical inventories and adjustments shall be reviewed by and are subject to the approval of the property administrator. An equitable distribution to cost accounts of any inventory losses will be subject to a like review and approval.

(ii) *Authorization.* The Head of the Procuring Activity responsible for contract administration at the contractor's plant involved or his designee may authorize a contractor who is performing or will perform more than one Government contract to use the multicontract cost and material control system in accordance with this paragraph. The property administrator will, for each system authorized, approve detailed operating procedures as are necessary for that particular system.

(iii) *Criteria.* A multicontract cost and material control system may be authorized if:

(A) The contractor demonstrates that savings or improved operations will result from adoption of the system or that it will otherwise be in the interest of the Government;

(B) The contractor's accounting system is adequate to satisfy the requirements set out in paragraph 312 of this section; and

(C) The system is applied to existing Government contracts only and excludes materials acquired or costs incurred for non-Government work or in anticipation of future Government work.

304. *Records of special tooling.* The contractor's property control system shall be such as to provide the following minimum information regarding each item of Government-owned special tooling:

(i) Contract number or equivalent code designation;

(ii) Nomenclature or description of item (including identification number and item on which used);

(iii) Quantity received or fabricated;

(iv) Posting reference and date of transaction;

(v) Location;

(vi) Disposition;

(vii) Unit or group price; and

(viii) Retention category (when required by the contract).

(a) In the event group pricing of special tooling is utilized by the contractor, as recognized in paragraph 302.1 of this section, unit prices may be computed as and when required.

(b) Retention category, item (viii) above (when applicable), shall be established by the contractor at time of acquisition or fabrication of the item of special tooling. Retention categories as defined below shall be used:

(i) *Assembly tooling.* Required for manufacture of the end product but not required for production of spare parts. Those items having no post production need except for potential modification or resumed production programs.

(ii) *Critical tooling.* Those tools within a family of tools absolutely essential to fabricate spare parts and assemblies even at a minimum production rate. This would include basic forming tools and tooling for special processes. Tools within this category are to be further identified as:

(A) *Spares tooling.* Required to produce a provisioned spare part or assembly.

(B) *Judgment (insurance) tooling.* Fabrication tools for parts that are not provisioned spares but which in the judgment of the contractor will be required at some time for logistic support of the end item.

(C) *Support tooling.* Of secondary importance, necessary to economically produce at increased rates but not essential for parts fabrication at low production rates.

This information will be utilized to expedite screening when the special tooling becomes excess to contract requirements. After a major system has gone out of production, this information need not be required for those items of special tooling which have been retained for spares production, overhaul, or repair work.

305. *Records of special test equipment.* The contractor's property control system shall be such as to provide the following minimum information regarding each item of Government-owned special test equipment:

(i) Contract number or equivalent code designation;

(ii) Nomenclature or description of item (including identification number and item on which used);

(iii) Identity of any general purpose test equipment incorporated as components in such a manner that removal and reutilization may be feasible and economical;

(iv) Quantity received or fabricated;

(v) Posting reference and date of transaction;

(vi) Location;

(vii) Disposition;

(viii) Unit or group price; and

(ix) Retention category (when required by the contract).

(a) In event group pricing of special test equipment is utilized by the contractor, as recognized in paragraph 302.1 of this section, unit prices may be computed as and when required.

(b) Retention category, item (ix) above (when applicable), shall be established by the contractor at time of acquisition or fabrication of the item of special test equipment. Retention categories defined in paragraph 304(b) of this section will be used for special test equipment. This information will be utilized to expedite screening when the special test equipment becomes excess to contract requirements. After a major system has gone out of production, this information need not be required for those items of special test equipment which have been retained for spare production, overhaul or repair work.

306. *Records of plant equipment*—(a) *Plant equipment costing $1,000 or more.* The contractor shall maintain individual item records (manual or mechanized) of each item of Government-owned plant equipment having a unit cost of $1,000 or more which will provide the following minimum information:

(i) Federal Supply Code for Manufacturer (Cataloging Handbooks H4–1, H4–2) and, at the option of the contractor, the name and address of the equipment manufacturer;

(ii) Manufacturer's model/part number;

(iii) Serial number and year built (when available);

(iv) U.S. Government identification/tag number;

(v) Noun name of the item and Federal Supply Classification (Cataloging Handbooks H2–1, H2–2, and H2–3);

(vi) Acquisition document reference and date;

(vii) Location;

(viii) Disposition document reference and date;

(ix) Contract number or equivalent code designation;

(x) Unit price when equipment is Government for setting up accounting records as when contractor acquired. (Unit price will be reduced when accessory and auxiliary items are permanently separated from the basic item of plant equipment.)

DD Form 1342 may be used as a source document for seeting up accounting records as prescribed herein.

(b) *Record of accessory and auxiliary equipment.* Accessory and auxiliary equipment which is attached to or otherwise a part of an item of plant equipment or has been acquired for use in connection with a specific item, shall be recorded on the record of the item of plant equipment. In the event the accessory or auxiliary item is not attached to, a part of, or acquired for use with a specific item of plant equipment, it shall be recorded as indicated in paragraph 306(d) of this section.

(c) *Record of manufacturing systems.* Where plant equipment (including accessory or auxiliary type items) is assembled and interconnected to form a single operating unit to perform continuously the same manufacturing process, such equipment may, for property and inventory control purposes, be grouped and recorded as a single item of plant equipment on one plant equipment record in lieu of an individual item record for each component comprising the item of plant

equipment. This does not obviate the requirement for adequately describing the component items on the plant equipment record nor does it preclude the use of more than one plant equipment record form when additional space is required.

(d) *Plant equipment costing more than $200 and less than $1,000.* Except where individual item records are necessary for effective control, calibration, or maintenance, summary stock records may be maintained for minor plant equipment and for plant equipment costing between $200 and $1,000 per unit. The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number or equivalent code designation;

(ii) Noun name, Federal Supply Classification in Cataloging Handbooks H2–1, H2–2 and H2–3;

(iii) Manufacturer or Federal Supply Code for the manufacturer and model/part number;

(iv) Quantity received;

(v) Balance on hand;

(vi) Posting reference and date of transaction;

(vii) Unit price;

(viii) Location (see paragraph 301(g) of this section); and

(ix) Disposition.

In addition, where appropriate as determined by the property administrator the serial number and/or Government identification number for each item shall be recorded in a permanent manner in the property records and, upon disposition, lined out or otherwise deleted from the record. DD Form 1342 may be used for individual record cards for items costing between $200 and $1,000.

306.1. *Centrally reportable plant equipment.* Notwithstanding the approval of a contractor's property accounting and control system, the contractor shall, with respect to items identified as industrial plant equipment (IPE) (including those items which are a part of a manufacturing system but excluding general purpose components of special test equipment) prepare a DD Form 1342 (Appendix F, F–200.1342) at the time of acquisition or receipt to be forwarded to DIFEC pursuant to AR 700–43, AFM 78–1, DSAM 4215.1—"Defense Industrial Plant Equipment Center (DIPEC) Operations." If changes occur in the data as originally recorded, a change report will be made to DIPEC as prescribed by DSAM 4215.1. When IPE including general purpose components of special test equipment is no longer required at the point of acquisition or receipt, the contractor shall prepare a DD Form 1342 (Appendix F, F–200.1342) and reflect thereon any changes in original data not previously reported. The contractor shall retain the original of each DD Form 1342 and forward the copies of DIPEC through the property administrator pursuant to § 8.505–3 of this chapter. Use of the DD Form 1342 as the official property record is optional. Subsequent to the disposal of IPE the contractor will prepare DD Form 1342, section 4, pursuant to DSAM 4215.1 for transmittal to DIPEC.

307. *Records of real property.* Records of real property shall consist of maps, drawings, plans, and specifications supplmented, where necessary to reflect building installations such as heating, electrical, sanitary, ventilating, drainage, sprinkler systems, etc. Appropriate changes will be made to the records to reflect alterations, additions, or extensions to real property. Where the maps, drawings, plans, and specifications do not adequately reflect descriptive data as to buildings installations, supplemental records will be maintained. The foregoing records will: (i) Be complete, (ii) show the original cost of the property and improvements and the cost of changes and additions thereto, and (iii) be appropriately indexed.

308. *Records of scrap and salvage.* Except as provided in paragraph 103(d) of this section the contractor shall maintain records of all scrap or salvage generated. These records shall be in accordance with the contractor's established system of scrap and salvage control, if approved by the property administrator, who shall take into consideration the need for protecting the Government's interest in the proration, disposition, and allocation of proceeds resulting therefrom.

308.1. *Records of scrap.* The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number, if practicable, or equivalent code designation;

(ii) Scrap classification (material content);

(iii) Quantity on hand;

(iv) Unit of measure;

(v) Posting references and date of transactions; and

(vi) Disposition.

308.2. *Records of salvage.* The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number, if practicable, or equivalent code designation;

(ii) Nomenclature or description of item;

(iii) Quantity on hand;

(iv) Posting reference and date of transaction; and

(v) Disposition.

309. *Records of related data and information.* The contractor shall maintain property control and accountability in accordance with sound industrial practice with respect to manufacturing or assembly drawings, installation, operation, repair, or maintenance instructions, or other similar data and information furnished to the contractor by the Government. The requirements of this section are not otherwise applicable to such property.

310. *Records of completed products.* The contractor shall maintain a record of all completed products produced under a contract as follows:

(a) When there is no lapse of time between Government inspection and acceptance of the completed products and shipment from the plant site, the records shall, as a minimum, consist of summarization of quantities accepted and shipped. When end items are accepted by the Government and stored with the contractor awaiting shipment, the record shall identify quantities stored, location and disposition action.

(b) On contracts which provide that complete products are to be retained by the contractor for further use under the contract, or other contracts, such items shall be considered "Government-furnished property" upon acceptance and shall be recorded as prescribed in this Part 3.

(c) When completed products are returned to a contractor under the terms of a warranty clause, the contractor shall, as a minimum, maintain a record by contract, setting forth a description of the items involved, quantities received and returned to the Government, and such other pertinent data as may be required to permit determination that a proper accounting for all property has been made.

311. *Financial control accounts*—(a) *Facilities.* The contractor's property control system shall be such as to provide semiannually the dollar amount of Government-owned facilities of each Military Department or Defense Agency for which he is accountable in the following classifications:

(i) Land and rights therein;

(ii) Utility distribution systems;

(iii) Buildings, structures, and improvements thereto, excluding plant equipment;

(iv) Plant equipment, excluding industrial plant equipment; and

(v) Industrial plant equipment.

The contractor's account will be susceptible to local reconciliation in totals and subtotals as to whether contractor-acquired or Government-furnished. The contractor shall furnish the property administrator, as of June 30 and December 31 of each year, a separate report for each Military Department or Defense Agency, listing by contract, the dollar amount of Government-owned facilities in the contractor's possession, falling in each of the above classifications. The report shall be furnished to the property administrator no later than August 10 and February 10 of each year.

(b) *Government material.* The contractor's property control system shall be such as to provide annually the dollar amount of Government material of each Military Department or Defense Agency for which he is accountable. The contractor shall furnish to the property administrator, as of June 30 of each year, a separate report for each Military Department or Defense Agency of the total dollar amount of Government material in his possession. Each report shall separately indicate the dollar amount which is Government-furnished and the dollar amount which is contractor-acquired. However, the following types of Government material are exempted from reporting:

(i) Items sent to the contractor for processing and return to the Government;

(ii) Work in process;

(iii) Government material amounting to less than $5,000 for any one Military Department or Defense Agency;

(iv) Government shipping containers;

(v) Material accounted for under an approved multicontract cost and material control system;

(vi) Completed products returned pursuant to a warranty clause; and

(vii) Scrap and salvage.

The reports shall be furnished to the property administrator no later than August 10 of each year.

(c) *Reporting authority.* Bureau of the Budget No. 22–R232 has been assigned to the reports required under (a) and (b) above.

312. *Financial accounting requirements for multicontract cost and material control systems.* Whenever a multicontract cost and material control system is authorized, the contractor's financial accounts must include all material, including Government-furnished material in the system. Specifically, his accounting system must be adequate to:

(a) Provide on a complete and timely basis a clear "audit trail" from costs of materials acquired for each contract to materials used or disposed of on each contract;

(b) Reflect separately for Government-furnished and contractor-acquired material in stores (except work-in-process) the inventory balances as affected by receipts, issues, adjustments, and other dispositions;

(c) Determine unit costs for each identifiable part, component, subassembly, assembly, end item and contract item;

(d) Calculate amounts for cost reimbursements and progress payments during the life of the contract by applying or allocating such unit costs developed through each stage of work-in-process to contract items for the requirements of each contract; and

(e) Assure that when material furnished by one procuring activity is used on a contract of another procuring activity, the furnishing activity receives credit for such material.

313. *Records of property of misdirected shipments.* The contractor's property control

system shall be such as to provide the following information regarding each misdirected shipment of Government property received:

(i) Identity of shipment (shipping document, bill of lading, etc.);

(ii) Origin of shipment;

(iii) Content (items in the shipment) per shipping document, if available;

(iv) Location; and

(v) Disposition.

314. *Records of property provided under exception authority.* The contractor's property control system shall be such as to provide the following minimum information regarding each item of Government property provided:

(i) Exception identification number;

(ii) Nomenclature or description of item;

(iii) Quantity received;

(iv) Posting reference and date of transaction;

(v) Location;

(vi) Disposition; and

(vii) Unit price.

315. *Records of property sent to contractors for processing and return.* (a) The contractor shall maintain quantitative records of such items to assure control from time of receipt, during processing and return of the items to the DoD component. Such item records will be established by the contractor in accordance with his property control system but will include at least the following:

(i) Contract number or equivalent code designation;

(ii) Nomenclature or description of item including the Federal stock number;

(iii) Quantity received;

(iv) Unit price;

(v) Location;

(vi) Quantity returned to DoD component;

(vii) Quantity disposed of otherwise pursuant to proper authority;

(viii) Balance on hand; and

(ix) Posting reference and date of transaction.

Part 4—Identification

400. *Scope of Part.* This part establishes minimum requirements for the identification and marking of Government property in the possession or control of the contractor.

401. *General.* The contractor shall identify, mark, and record all Government property promptly upon receipt except as may be exempted by this part; and it shall remain so identified so long as it remains in the custody, possession, or control of the contractor. Assigned Government property identification numbers will be recorded on all applicable receiving documents, shipping documents, disposal documents, and any other documents pertaining to the property control system. Such markings shall be removed or obliterated from the property involved when the disposal is by sale, scrap or through donation.

402. *Material and minor plant equipment.* All Governments material and minor plant equipment shall be identified as Government property except in those cases where:

(a) No material or minor plant equipment of the same type at the same location is owned by the contractor, his employees, or other contracting agencies;

(b) Adequate physical control is maintained over tool crib items, guard force items, protective clothing, and other items issued for use by individuals in the performance of their work under the contract;

(c) Property is of bulk type or by its general nature of packing or handling precludes adequate marking, as may be determined by the property administrator; and

(d) Property is commingled, as authorized by paragraph 103 of this section.

403. *Special tooling and special test equipment.* Government-owned special tooling and special test equipment shall be marked in accordance with the procedure established by the contractor and approved by the property administrator, unless it is determined by the contractor in an individual case that marking will damage the special tooling or special test equipment or is otherwise impracticable. The contractor shall advise the property administrator, in writing, of any such determination. Identification shall consist of a serial number (identification number), and an indication of Government ownership, including the Military Department responsible for funding and control of the property as follows: Army—"USA," Navy—"USN," Air Force—"USAF," and Defense Supply Agency—"USD." If an item is already identified as "U.S. Property," the marking shall not be changed solely to conform to the provisions of this paragraph. components of special test equipment having an acquisition cost of $1,000 or more and incorporated in such a manner that removal and reutilization is feasible and economical, shall be marked in a manner similar to plant equipment as required by paragraph 404 of this section. General purpose components of special test equipment having an acquisition cost of between $200 and $1,000 may be identified in the same manner, when required for effective control, in accordance with a contractor's approved property control system.

404. *Plant equipment.*

(a) Unless already marked in compliance with these instructions, all Government-owned plant equipment, including industrial plant equipment reportable to the Defense Industrial Plant Equipment Center but excluding minor plant equipment (see paragraph 402 of this section), shall be marked by the contractor with a Government identification number except (i) when the size or nature of the equipment makes it impracticable; or (ii) the equipment is accessory or auxiliary and attached to or otherwise a part of an item of plant equipment and is required for its normal operation, in which case such item shall be entered and described on the record of the equipment to which it is attached or of which it is otherwise a part. Identification shall be effected by affixing a metal, fiber, plastic, or other plate direct to the equipment; by using indelible ink, acid, or electric etch, steel dies, or any other legible, permanent, conspicuous, and tamper proof method.

(b) Identification by the contractor shall be in accordance with procedures established by the contractor and approved by the property administrator and shall consist of the following:

(i) An indication of Government ownership and of the Military Department responsible for funding and control of the plant equipment, as follows: Army — "USA," Navy—"USN," Air Force—"USAF," and Defense Supply Agency—"USD;" however, if the item is already identified as "U.S. Property," the marking shall not be changed solely to conform to the provisions of this paragraph;

(ii) A serially controlled identification number;

(iii) In the case of items included within a standard Departmental registration system, for example, automotive, construction, or material-handling equipment, application for a proper registration number will be made to the cognizant Department, which number shall be used to lieu of any other identification number; and

(iv) Accessory or auxiliary equipment associated with a specific item of plant equipment and recorded on the official records for that item need not be marked with an identification number unless circumstances necessitate marking to assure that the item of accessory and/or auxiliary equipment will be returned to the Government with the basic item with which associated.

(c) Normally, identification numbers assigned and markings affixed shall be permanent and will not be changed as long as the equipment remains under the control of the Department of Defense. However, identification markings may be removed and new identification numbers assigned and appropriate markings affixed in event of transfer of funding and control responsibilities between Military Departments or transfer of the equipment between contractors. The marking so removed shall be shown on the appropriate documents involved.

Part 5—Physical Inventories

500. *Scope of Part.* This Part establishes minimum requirements for the physical inventory of Government property in the possession or control of the contractor.

501. *Periodic inventories.* The contractor shall periodically physically inventory all Government property (except materials issued from stock for performance of manufacturing, research, design, or other services required by the contract) in his possession or control and shall cause his subcontractors to do likewise. The type and frequency of physical inventory and the procedures therefor shall be established by the contractor and approved by the property administrator. In establishing type and frequency of physical inventory consideration should be given to contractor's established practices, type, and usage of the Government property in the possession or control of the contractor, amount of Government property involved and their monetary value, and the reliability of contractor's property control system. Type and frequency of physical inventories normally will not vary between contracts being performed by the contractor; however, it may vary with the types of property being controlled. Inventory, as used here, consists of sighting, tagging or marking, describing, recording and reporting the property concerned and reconciling the property recorded and reported with the property records.

502. *Inventories upon termination or completion.* Immediately upon termination or completion of a contract, the contractor shall perform a physical inventory adequate for disposal purposes of all Government property applicable to the terminated or completed contract. Further, the contractor shall cause each subcontractor to perform a physical inventory, adequate for disposal purposes, of all Government property in the subcontractor's possession or control which is applicable to the terminated or completed contract.

(a) *Exception.* The requirement for physical inventory of Government property at the completion of a contract may be waived by the property administrator when the property applicable to the completed contract is authorized for use on a follow-on contract: *Provided:*

(i) Past experience has established the adequacy of property controls and an acceptable degree of inventory discrepancies; and

(ii) A statement is provided by the contractor indicating that transfer of record balances has been made in lieu of preparing formal inventory list and the contractor accepts responsibility and accountability for these balances under the terms of the follow-on contract.

503. *Reporting results of inventories.* The contractor shall, as a minimum, submit to the property administrator: (i) A listing which properly identifies all discrepancies disclosed by a physical inventory, and (ii) a signed statement that physical inventory of all or certain classes of Government property was completed on a given date and that the

official property records were found to be in agreement with the physical inventory except for discrepancies reported. The listing and signed statement will be furnished with a minimum of delay after completion of the physical inventory.

504. *Quantitative and monetary control.* As directed or required by proper authority, contractor's reports of results of physical inventory action shall be prepared on both a quantitative and monetary basis and segregated by categories of property such as material (except material issued from stock for performance of manufacturing, research, design, or other services required by the contract), special tooling, special test equipment, and plant equipment.

PART 6—CARE, MAINTENANCE AND UTILIZATION

600. *Scope of part.* This part establishes minimum requirements as to care, maintenance, and utilization of Government property in the possession or control of the contractor.

601. *General.* The contractor shall be responsible for the proper care, maintenance, and utilization of Government property in his possession or control from the time of receipt of the property until properly relieved of responsibility in accordance with the contract. The removal of Government property to storage, or its contemplated transfer, does not relieve the contractor of these responsibilities.

602. *Contractor's maintenance program.* The contractor's maintenance program (which shall be approved in accordance with paragraph 101 of this section) shall be such as to provide for, consistent with sound industrial practice and the terms of the contract:

(i) Disclosure of need for and the performance of preventive maintenance;

(ii) Disclosure and reporting of need for capital type rehabilitation; and

(iii) Recording of work accomplished under the program.

(a) *Preventive maintenance.* Preventive maintenance is maintenance generally performed on a regular scheduled basis to prevent the occurrence of defects and to detect and correct minor defects before they result in serious consequences. An effective preventive maintenance program shall consist of, but not be limited to, the following actions:

(i) Inspecting buildings at such periodic intervals as will assure detection of deterioration and the need for repairs;

(ii) Inspecting plant equipment at such periodic intervals as will assure detection of maladjustment, wear, or impending breakdown;

(iii) Regularly scheduled lubrication of bearings and moving parts in accordance with a lubrication chart or equivalent plan;

(iv) Protection from exposure to deteriorating agents;

(v) Adjustments for wear, repair, or replacement of worn or damaged parts and the elimination of causes of deterioration of associated parts;

(vi) Removal of sludge, chips, and cutting oils from equipment which will not be used for a period of time;

(vii) Taking necessary precautions to prevent deterioration from contamination and corrosion; and

(viii) Proper storage and preservation of accessories and special tools furnished with an item of plant equipment but not regularly used with it.

(b) *Capital type rehabilitation.* The contractor's maintenance program shall be such as to provide for the disclosure and reporting of the need for major repair, replacement, and other rehabilitation work for Government property in the possession or control of the contractor.

(c) *Records of maintenance.* The contractor's maintenance program shall provide for records sufficient to disclose the maintenance actions performed and deficiencies discovered as a result of inspection.

603. *Utilization of Government property.* The contractor's procedures shall be adequate to assure that Government proprety will be utilized only for those purposes authorized in the contract.

604. *Property in possession of subcontractors.* The contractor shall require any of his subcontractors having Government property in their possession or control to adequately care for and maintain that property and assure that it is utilized only as authorized by the contract. Procedures necessary to the accomplishment of this responsibility shall be included in the contractor's approved property control system.

§ 30.3 Appendix C—Control of property in possession of nonprofit research and development contractors.

PART 1—INTRODUCTION

100. *Scope of section.* This section sets forth the basic requirements to be observed by contractors in establishing and maintaining control over Government property provided pursuant to the terms of contracts with the Military Departments (see § 1.201-5 of this subchapter). To the extent of any inconsistency between this section and the terms of the contract under which the Government property is provided, the terms of the contract shall govern.

101. *General.* The contractor shall be directly responsible for and accountable for all Government property in accordance with the provisions of the contract, including property provided under such contract which may be in the possession or control of a subcontractor. The contractor shall establish and maintain a system (in accordance with the provisions of this section) to control, protect, preserve, and maintain all Government property. This system shall be reviewed, and, if satisfactory, approved in writing by the assigned property administrator. The contractor shall maintain and make available such records as are required by Part 3 of this section and must account for all Government property until relieved of responsibility therefor in accordance with procedures set forth in Part 2 of this section. Liability for loss, damage, or excessive use of property in a given instance will necessarily depend upon all the circumstances surrounding the particular case and must be considered and determined in accordance with the provisions of the contract. The contractor shall furnish all necessary data to substantiate any request for discharge from responsibility.

(a) The contractor shall require any of his subcontractors who are provided Government property under the prime contract to comply with the provisions of this section. Procedures for assuring subcontractor compliance shall be included in the contractor's approved property control system. In those instances where the property administrator assigned to the contract has requested supporting property administration, the contractor may accept the system approval and continuing surveillance of the supporting property administrator in lieu of performing duplicative actions to assure the subcontractor's compliance with the provisions of this section.

(b) In the event any portion of the contractor's property control system is found to be inadequate upon review by the property administrator, any necessary corrective action will be accomplished by the contractor prior to approval of the system. When agreement as to adequacy of control and corrective action is not reached between the contractor and the property administrator, the matter will be referred to the administrative contracting officer.

(c) Procedures for the control of scrap and salvage shall not be required unless the property administrator determines that the scrap and salvage is substantial in amount and that the Government is not receiving sufficient benefits from the use or disposal thereof. In this event the contractor shall establish a procedure whereby all Government property that can be salvaged shall be returned to Government stock, which procedure shall be subject to the approval of the property administrator.

(d) When Government property (excluding misdirected shipments) is disclosed to be in the possession or control of the contractor but not provided in accordance with the provisions of any contract, the contractor will, as promptly as possible, (i) record such property according to the established property control procedure, and (ii) furnish the property administrator with all known circumstances and factual data pertaining to its receipt and a statement as to whether there is a need for retention of such property. For misdirected shipments, see paragraph 312 of this section.

(e) The contractor shall report all Government property in excess of the amounts needed to complete full performance under the contract pursuant to which it was provided, or other existing contracts which authorize the use of such property, as promptly as possible after disclosure of the condition.

102. *Definitions.* As used in this section:

102.1 "Property Administrator" means the individual designated by appropriate authority to administer the contract requirements and obligations relative to Government property. He is an authorized representative of the contracting officer.

102.2 "Government property" means all property owned by or leased to the Government or acquired by the Government under the terms of a contract. Government property includes both Government-furnished property and contractor-acquired property as defined below:

(i) "Government-furnished property" is property in the possession of, or acquired directly by, the Government and subsequently delivered or otherwise made available to the contractor; and

(ii) "Contractor-acquired property" is property procured or otherwise provided by the contractor for the performance of a contract, title to which is vested in the Government.

102.3 "Provide," as used in the context of such phrases as "Government property provided to the contractor" and "Government-provided property," means either to furnish, as in "Government-furnished property," or to acquire, as in "contractor-acquired property."

102.4 "Government material" means Government property which may be incorporated into or attached to an end item to be delivered under a contract or which may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed materials, parts, components, assemblies, and small tools and supplies.

102.5 "Special tooling" means all jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, and replacement thereof, which are of such a specialized nature that, without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof, or the performance of particular services. The term includes all components of such items, but does not include:

(i) Consumable property;
(ii) Special test equipment; or
(iii) Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special tooling), general or special machine tools, or similar capital items.

102.6 "Special test equipment" means electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment, which are of such a specialized nature that, without modification or alteration, the use of such items (if they are to be used separately) or assemblies is limited to testing in the development or production of particular supplies or parts thereof, or in the performance of particular services. The term "special test equipment" includes all components of any assemblies of such equipment, but does not include:
(i) Consumable property;
(ii) Special tooling; or
(iii) Buildings nonseverable structures (except foundations and similar improvements necessary for the installation of special test equipment), general or special machine tools, or similar capital items.

102.7 "Facilities" means industrial property (other than material, special tooling, military property, and special test equipment) for production, maintenance, research, development, or test, including real property and rights therein, buildings, structures, improvements, and plant equipment.

102.8 "Real property," for purposes of accounting classification, means (i) land and rights therein; (ii) ground improvements; (iii) utility distribution systems; (iv) buildings; and (v) structures. It excludes foundations and other work necessary for the installation of special tooling, special test equipment, and plant equipment.

102.9 "Utility distribution system" means a system (including distribution and transmission lines, substations, and installed equipment forming an integral part of the system), by which gas, water, steam, electricity, sewerage, or other utility services are transmitted between:
(i) Outside of the building or structure in which the services are used; and
(ii) The point of origin or disposal, or the connection with some other system.

For the purpose of this section, it does not include communication services.

102.10 "Plant equipment" means personal property of a capital nature (consisting of equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items, but excluding special tooling and special test equipment) use or capable of use in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose.

102.11 "Industrial plant equipment (IPE)" means that part of plant equipment with an acquisition cost of $1,000 or more which is listed in § 13.212 of this chapter.

102.12 "Minor plant equipment" means an item of plant equipment having an acquisition cost of less than $200, and other plant equipment regardless of cost when so designated by the Government.

102.13 "Accessory item" means an item which facilitates or enhances the operation of plant equipment but which is not essential for its operation, such as remote control devices.

102.14 "Auxiliary item" means an item without which the basic unit of plant equipment cannot operate, such as motors for pumps and machine tools.

102.15 "Salvage" means property which because of its worn, damaged, deteriorated, or incomplete condition, or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs or alterations, but which has some value in excess of its scrap value.

102.16 "Scrap" means property that has no reasonable prospect of being sold except for the recovery value of its basic material content.

102.17 "Custodial records" means written memorandum or identifying checks of any description or type used to control items issued from tool cribs, tool rooms, stockrooms, etc., such as requisitions, issue hand receipts, tool checks, stock record books, etc.

102.18 "Individual item record" means a separate card form, or document utilized to account for one item of property.

192.19 "Stock Record" means a perpetual inventory form of record which shows, by nomenclature, the quantities received and issued and the balances on hand.

102.20 "Discrepancies incident to shipment" means all deficiencies incident to the shipment of Government property to or from a contractor's facility whereby differences exist between the property purported to have been shipped and the property actually received. Such deficiencies include, but are not limited to, loss, damage, destruction, improper status and condition coding, error in identity of classification, and improper consignment.

102.21 "Military property" means personal property peculiar to military operations which is under the cognizance of a military inventory control point. It includes weapons system, components thereof, and related support equipment, but does not include items which are consumed in the performance of a procurement contract or incorporated in the end items produced under a contract (see "material" in § 13.101–4 of this chapter).

102.22 "Property account" means the official records of the Government property provided to a contractor by a Department, which are established and maintained under the provisions of this section. Separate property accounts will be maintained either on an individual contract basis or contractor basis.

102.23 "Educational or other nonprofit organization" means any corporation, foundation, trust, or other institution operated for scientific or educational purposes, not organized for profit, no part of the net earnings of which inures to the profit of any private shareholder or individual.

103. *Segregation or commingling of Government property and contractor's property.* Ordinarily, Government property, particularly material, should be segregated and kept physically separate from contractor-owned property at all times. However, when advantageous to the Government and consistent with the contractor's authority to use such property, the property may be commingled:

(a) When the Government property is special tooling, special test equipment, or plant equipment which is clearly identified and recorded as Government property;

(b) When (i) scrap of a uniform nature is produced from both Government-owned and contractor-owned materials and physical segregation is impracticable, (ii) scrap produced from Government-owned materials is so insignificant in consideration of the cost of segregation and control;

(c) When approved by the property administrator.

104. *Audit of property control system.* The contractor's Government property control system shall be audited by the Government as frequently as conditions warrant. Any such audit or audits may take place at any time during the performance of the contract, upon completion or termination of the contract, or at any time thereafter, during the period the contractor is required to retain such records. The contractor shall make all such records, including correspondence related thereto, available to the auditors.

105. *Administration of military property.* Due to the special nature of military property, the contract under which it is provided generally will contain specific requirements for maintenance and control. Moreover, the following conditions shall be observed:

(i) Each item of the property shall be identified by its Federal Item Identification Number and Government nomenclature; and

(ii) Upon the completion or termination of the contract, the contractor shall request and comply with disposition instructions from the contracting officer.

To the extent specified in the contract, the provisions of this section with respect to all Government property shall apply to military property.

PART 2—CONTRACTOR'S RESPONSIBILITY

200. *Scope of part.* This part covers to the extent not otherwise provided in the contract, (i) the duties and responsibilities of the contractor with respect to Government property, (ii) the obligations of the contractor with respect to the control of Government property, both physically and administratively, and (iii) the liability of the contractor for Government property lost, damaged, destroyed, or for which the contractor is otherwise unable to account.

201. *Assumption of responsibility.* A contractor shall be responsible for all Government property in his possession or control in accordance with the terms of the contract, including property provided under such contract which may be in the possession or control of a subcontractor. Sources from which Government property may be furnished or acquired are as follows:

(a) *Military installation or other contractor's plants.* Government property may be shipped to a contractor from military installations, other Government installations, or plants of Military Departments or other Government Agency contractors. For the purpose of this section, the contractor shall become responsible for such property upon delivery of the property into his custody or control. The shipping activity shall furnish the contractor with copies of documents necessary to permit the contractor's property records to accurately reflect the transaction.

(b) *Direct purchase by the contractor.* Direct purchases shall be subject to a determination by the administrative contracting officer (ACO) that the items are allocable to the contract involved and are reasonably necessary therefor. For purposes of property control within the scope of this section, it shall be considered that property purchased by the contractor for which reimbursement is to be requested, becomes Government property upon its receipt by the contractor. This provision shall not be deemed to alter or modify contractual provisions relating to passage of title.

(c) *Withdrawal from contractor-owned stores.* For purposes of property control, within the scope of this section, property withdrawn from contractor-owned stores, for direct charge to the contract, shall be considered Government property at the time of approval of the claim for reimbursement, or at the time of issuance for use of such property for the performance of the contract, whichever is earlier.

(d) *Contract provisions, terminations, contract changes.* Pursuant to specific contractual provisions or as a result of termination of a contract, or change orders issued under a contract, the Government may acquire title to property. For purposes of property control, such property shall, unless otherwise provided by the contract, be considered Government property upon acceptance of title by the Government.

(e) *Advance, progress, or partial payments.* Pursuant to the terms of a contract,

the Government may acquire a lien or title to property upon the making of advance, progress, or partial payments to the contractor. Property to which the Government has acquired a lien or title solely as a result of advance, progress, or partial payments shall not be subject to the provisions of this section.

201.1 *Evidence of receipt of Government property.* The contractor shall furnish written receipts for all, or specific classes of Government-provided property only in those instances where such action is determined by the property administrator to be essential for maintenance of minimum acceptable property controls. Where such evidence of receipt is required for contractor-acquired property, it shall be provided by the contractor not later than the time he submits his application for payment (public voucher) for the property. In the instance of Government-furnished property, the required receipt shall be provided by the contractor immediately upon receipt of the property.

201.2 *Discrepancies incident to shipment.* (a) *Government-furnished property.* When overages, shortages, or damages are discovered upon receipt of Government-furnished property, the contractor shall provide a statement of the condition and the apparent causes in accordance with procedures approved by the property administrator pursuant to paragraph 201 of this section. When the quantity or description of property received by a contractor differs from the quantity or description denoted as shipped on the shipping document, only that quantity, or property, actually received will be recorded on the official records of the contractor.

(b) *Contractor-acquired property.* The contractor shall take all actions necessary in adjustment of shortages, overages, or damages in shipment of contractor-acquired property from a vendor or supplier except in those instances wherein the shipment has moved via Government bill of lading and carrier liability is indicated. In the latter event, the contractor shall report the instance in accordance with (a) above.

202. *Relief from responsibility.* Subject to specific instructions of the contracting officer, and unless otherwise provided for in the contract, the contractor shall be relieved of his property control responsibility for Government property by the following:

(a) *Consumption of property in the performance of the contract.* To the extent that the property administrator shall determine that property has been consumed or expended for proper purposes and in reasonable amounts in the performance of the contract;

(b) *Retention by the contractor.* When the contractor retains, with the approval of the contracting officer, Government property for which the Government has received consideration;

(c) *Sale of property.* For Government property sold pursuant to instructions of the plant clearance officer: *Provided,* That, the proceeds of such sale shall have been received by or credited to the Government;

(d) *Shipment of Government property from a contractor's plant.* When Government property is shipped from the contractor's plant (except when shipment is to a subcontractor or other location of the contractor) pursuant to the instructions of the plant clearance officer or the property administrator;

(e) *Determination by the contracting officer.* For Government property which is lost, damaged, destroyed, or consumed in excess of that normally anticipated in a manufacturing or processing operation, and for which the contracting officer has determined the extent of liability, if any, of the contractor: *Provided,* That:

(i) Such determination is furnished to the contractor in writing;

(ii) The Government has been reimbursed where required by the determination; and

(iii) Proper disposition of property rendered unservicable by damage has been accomplished, and appropriate cross-reference is recorded on the determination as to the shipping documents or other documents evidencing disposal.

(f) *Transfer of title.* The contractor shall be relieved of responsibility for Government property when title to the property has been transferred to the contractor in accordance with § 4.116-4(c) of this chapter. (P.L. 85-934)

203. *Contractor's liability.*

(a) Subject to the terms of the contract, the contractor may be liable when shortages of Government property are disclosed or when Government property is lost, damaged, or destroyed, or when there is evidence of unreasonable use or consumption of Government property as measured by the allowance provided for by the terms of the contract, the bill of materials, or other appropriate criteria.

(b) The contractor shall report all cases of loss, damage, or destruction of Government property in his possession or control to the property administrator as soon as such facts become known or when requested by the property administrator. The report shall contain all factual data as to the circumstances surrounding such loss, damage, or destruction. A similar report shall be furnished when completed products or end items are lost, damaged, or destroyed while such property is in the possession or control of the contractor.

(c) The contractor shall require any of his subcontractors having Government property in their possession or control which is accountable under the contract to report to him all instances of loss, damage, or destruction of such Government property. Further procedures shall be in accordance with that prescribed in (a) and (b) above.

PART 3—RECORDS OF GOVERNMENT PROPERTY

300. *Scope of part.* This part establishes minimum requirements for records to be established and maintained by the contractor for Government property in his possession or control.

301. *General.* (a) It is the Government's policy to rely upon contractor property control records and to designate and use such records as the official contract records unless an exception has been authorized due to special circumstances. The contractor shall establish and maintain adequate control records, either manual or mechanized, in accordance with the requirements of this section for all Government property provided under a contract, including property provided under such contract as may be in the possession or control of a subcontractor. When the subcontractor has a property control system approved by the Government for Government property provided under the subcontractor's own prime contracts, the contractor will utilize records created and maintained in accordance with such approved system unless otherwise directed by the property administrator.

(b) The contractor's property control system shall provide financial data for Government-owned facilities in the contractor's possession or control. The system shall be subject to internal control standards and be supported by property records for such facilities in the manner described in this Part 3.

(c) The official records shall be kept in such condition that at any stage of completion of the work under a contract the status of Government property can be readily ascertained.

(d) Separate property records for each contract are desirable but a consolidated property record may be maintained: *Provided,* That the consolidated record provides the information set forth in this Part 3.

(e) Special tooling and special test equipment fabricated from materials which are the property of the Government will be appropriately recorded as Government-owned special tooling or special test equipment immediately upon fabrication. Special tooling and special test equipment fabricated from materials which are the property of the contractor will be appropriately recorded as Government property at the time title passes to the Government.

(f) Property records of the same type which would have been established for components if acquired separately shall be established for such usable components which are permanently removed from items of Government property, as a result of modification, or otherwise.

(g) The contractor's property control system shall contain an adequate locator system or techniques to permit the location of any item of Government property within a reasonable period of time after request therefor.

302. *Pricing.* Except as provided in paragraph 302.1 of this section, the contractor's property control system shall contain the unit price for each item of Government property recorded therein. It is a recognized practice of many contractors to record the unit price of property on other than the quantitative inventory record, thus requiring the use of supplementary records to ascertain unit prices. Under such circumstances, the supplementary records containing such information shall be identified and recognized as a portion of the official property records.

302.1 *Contractor-acquired and contractor-fabricated property.* Except for items fabricated for research and development purposes by the contractor, the unit price of contractor-acquired and contractor-fabricated property shall be determined in accordance with the system established by the contractor in conformance with sound accounting principles and consistently applied. Generally, it is desired that separate unit prices be applied to items of special tooling and special test equipment fabricated or acquired by the contractor. However, if the contractor's accounting system is acceptable, and if the maintenance of detailed cost records results in excessive accounting cost or is otherwise impracticable considering all circumstances, group pricing may be used for special tooling and special test equipment. Group pricing may also be used for work-in-process in accordance with the contractor's acceptable cost accounting system. Processed material, fabricated parts, components, assemblies, etc., charged to the contractor's work-in-process inventory, including items in temporary storage while awaiting processing, may be considered as work-in-process for the purpose of compliance with this requirement. Nothing in the foregoing lessens the requirement for quantitative property controls for special tooling, special test equipment, and work-in-process necessary for the proper protection of the Government's interest.

302.2 *Government-furnished property.* The unit price of Government-furnished property shall be determined by the Government and furnished to the contractor. Transportation and installation costs will not be considered as part of the unit price for this purpose. Normally, the unit price of Government-furnished property will be provided on the document covering shipment of the property to the contractor. In event the unit price is not provided on the document, action will be taken through the property administrator to obtain the information.

303. *Records of material.* All Government material furnished to the contractor, as well as other material to which title has passed to the Government by reason of allocation from contractor-owned stores or purchase by the contractor for direct charge to a Government contract or otherwise, shall be recorded in accordance with the contractor's property control system, as follows:

(a) *Material issued directly upon receipt*—(i) *Fixed-price contracts.* In the case of Government-furnished material which is issued directly by the contractor upon receipt so as to be considered consumed under the contract, and in the case of minor plant equipment and special tooling, the documents evidencing receipt and issue maintained by the contractor will be accepted as property control records; and

(ii) *Cost-type contracts.* For material, whether Government-furnished or contractor-acquired, issued by the contractor directly so as to be considered consumed under the contract, for minor plant equipment, and for special tooling, the Government invoices, contractor's purchase documents or other documentary evidence of acquisition and issue, will be accepted as adequate property records.

(b) *Material maintained in stocks.* For material maintained by the contractor in stocks or stores, the contractor's property control system shall be such as to provide the following information:

(i) Contract number or equivalent code designation;
(ii) Nomenclature or description of item;
(iii) Quantity received;
(iv) Quantity issued;
(v) Balance on hand;
(vi) Posting reference;
(vii) Date received or issued;
(viii) Price; and
(ix) Disposition action taken.

(c) *Consolidated stock record.* When a contractor has more than one Government contract under which Government material is provided, a consolidated record for material may be authorized by the property administrator provided the total quantity of any item is allocated to each contract by contract number and each requisition of material from contractor-owned stores is charged to the contract on which the material is to be used. The supporting document or issue slip shall show the contract number or equivalent code designation to which the issue is charged.

(d) *Custodial records.* Custodial records shall be maintained for tool crib items, guard force items, protective clothing and other items for the use of individuals in the performance of their work under the contract.

304. *Records of special tooling.* In the case of special tooling acquired or fabricated by the contractor or furnished by the Government, for research and development purposes, the Government invoices, contractor's purchase document or other documental evidence of acquisition and issue, will be accepted as adequate property control records.

305. *Records of special test equipment.* The contractor's property control system shall be such as to provide the following minimum information regarding each item of Government-owned special test equipment:

(i) Contract number or equivalent code designation;

(ii) Nomenclature or description of item (including identification number and item on which used);

(iii) Identity of any general purpose test equipment incorporated as components in such a manner that removal and reutilization may be feasible and economical;

(iv) Quantity received or fabricated;

(v) Posting reference and date of transaction;

(vi) Location;

(vii) Disposition; and

(viii) Unit or group price.

In event group pricing of special test equipment is utilized by the contractor, as recognized in paragraph 302.1 of this section, unit prices may be computed as and when required.

306. *Records of plant equipment.*—(a) *Plant equipment costing $1,000 or more.* The contractor shall maintain individual item records (manual or mechanized) of each item of Government-owned plant equipment having a unit cost of $1,000 or more which will provide the following minimum information:

(i) Federal Supply Code for Manufacturer (Cataloging Handbooks H4–1, H4–2) and, at the option of the contractor, the name and address of the equipment manufacturer;

(ii) Manufacturer's model/part number;

(iii) Serial number and year built (when available);

(iv) U.S. Government identification/tag number;

(v) Noun name of the item and Federal Supply Classification (Cataloging Handbook H2–1, H2–2, and H2–3);

(vi) Acquisition document reference and date;

(vii) Location;

(viii) Disposition document reference and date;

(ix) Contract number or equivalent code designation; and

(x) Unit price when equipment is Government furnished or cost (f.o.b. manufacturer) when contractor acquired (Unit price will be reduced when accessory and auxiliary items are permanently separated from the basic item of plant equipment.).

DD Form 1342 may be used as a source document for setting up accounting records as prescribed herein.

(b) *Plant equipment costing more than $200 and less than $1,000.* Except where individual item records are necessary for effective control, calibration, or maintenance, summary stock records may be maintained for minor plant equipment and for plant equipment costing between $200 and $1,000 per unit. The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number or equivalent code designation;

(ii) Noun name, Federal Supply Classification in Cataloging Handbooks H2–1, H2–2, and H2–3;

(iii) Manufacturer or Federal Supply Code for the manufacturer and model/part number;

(iv) Quantity received;

(v) Balance on hand;

(vi) Posting reference and date of transaction;

(vii) Unit price;

(viii) Location (see paragraph 301(g) of this section); and

(ix) Disposition.

In addition, where appropriate as determined by the property administrator, the serial number and/or Government identification number for each item shall be recorded in a permanent manner in the property records and upon disposition, lined out or otherwise deleted from the record. DD Form 1342 may be used for individual record cards for items costing between $200 and $1,000.

(c) *Record of accessory and auxiliary equipment.* Accessory and auxiliary equipment, which is attached to or otherwise a part of an item of plant equipment or has been acquired for use in connection with a specific item, shall be recorded on the record of the item of plant equipment. In the event the accessory or auxiliary item is not attached to, a part of, or acquired for use with a specific item of plant equipment, it shall be recorded as indicated in paragraph 306(b) of this section.

306.1 *Centrally reportable plant equipment.* Notwithstanding the approval of a contractor's property accounting and control system, the contractor shall, with respect to items identified as industrial plant equipment (IPE) (including those items which are a part of a manufacturing system but excluding general purpose components of special test equipment) prepare a DD Form 1342 (see Appendix F, F–200.1342) at the time of acquisition or receipt to be forwarded to DIPEC pursuant to AR 700–43, AFM 78–1, DSAM 4215.1—"Defense Industrial Plant Equipment Center (DIPEC) Operations." If changes occur in the data as originally recorded, a change report will be made to DIPEC as prescribed by DSAM 4215.1. When IPE including general purpose components of special test equipment is no longer required at the point of acquisition or receipt, the contractor shall prepare a DD Form 1342 (see F–200.1342) and reflect thereon any changes in original data not previously reported. The contractor shall retain the original of each DD Form 1342 and forward the copies to DIPEC through the property administrator pursuant to § 8.505–3 of this chapter. Use of the DD Form 1342 as the official property record is optional. Subsequent to the disposal of IPE, the contractor will prepare DD Form 1342, section 4, pursuant to DSAM 4215.1 for transmittal to DIPEC.

307. *Records of real property.* In the case of real property furnished by the Government under fixed-price contracts, and in the case of real property furnished by the Government and acquired by the contractor, title to which vests in the Government, under cost-type contracts the contractor shall maintain a continuous itemized record of the description, location, acquisition cost, and disposition of all Government real property including unimproved real property, all alterations and all construction work, and sites connected with such alteration and construction, acquired by purchase, lease or otherwise. The foregoing records will: (i) Be complete, (ii) show the original cost of the property and improvements and the cost of changes and additions thereto, and (iii) be appropriately indexed.

308. *Records of scrap and salvage.* In the event procedures for the control of scrap and salvage are required (see paragraph 101(c) of this section) and except as provided in paragraph 103(b) of this section, the contractor shall maintain records of all scrap and salvage generated.

308.1 *Records of scrap.* The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number, if practicable, or equivalent code designation;

(ii) Scrap classification (material content);

(iii) Quantity on hand;

(iv) Unit of measure;

(v) Posting reference and date of transaction; and

(vi) Disposition.

308.2 *Records of salvage.* The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number, if practicable, or equivalent code designation;

(ii) Nomenclature or description of item;

(iii) Quantity on hand;

(iv) Posting reference and date of transaction; and

(v) Disposition.

309. *Records of related data and information.* The contractor shall maintain property control and accountability in accordance with sound business practice with respect

to manufacturing or assembly drawings, installations, operation, repair, or maintenance instructions, or other similar data and information furnished to the contractor by the Government. The requirements of this section are not otherwise applicable to such property.

310. *Records of end items.* The contractor shall maintain a record of all completed products produced under the contract as follows:

(a) When there is no lapse of time between Government inspection and acceptance of the completed products and shipment from the plantsite, the records shall, as a minimum, consist of a summarization of quantities accepted or shipped. When end items are accepted by the Government and stored with the contractor awaiting shipment, the record shall identify quantities stored, location, and disposition action.

(b) On contracts which provide that completed products are to be retained by the contractor for further use under the contract, or other contracts, such items shall be considered "Government-furnished property" upon acceptance and shall be recorded as prescribed in this Part 3.

311. *Financial control accounts, facilities.* The contractor's property control system shall be such as to provide semiannually the dollar amount of Government-owned facilities of each Military Department or Defense Agency for which he is accountable in the following classifications:

(i) Land and rights therein;
(ii) Utility distribution systems;
(iii) Buildings, structures, and improvements thereto, excluding plant equipment;
(iv) Plant equipment, excluding industrial plant equipment; and
(v) Industrial plant equipment.

The contractor's accounts will be susceptible to local reconciliation in totals and subtotals as to whether contractor-acquired or Government-furnished. The contractor shall furnish to the property administrator, as of June 30 and December 31 of each year, a separate report for each Military Department or Defense Agency, listing by contract, the dollar amount of Government-owned facilities in the contractor's possession falling in each of the above classifications. The report shall be furnished to the property administrator no later than August 10 and February 10 of each year. Bureau of the Budget No. 22-R235 has been assigned to these reports.

312. *Records of property of misdirected shipments.* The contractor's property control system shall be such as to provide the following information regarding each misdirected shipment of Government property received:

(i) Identity of shipment (shipping document, bill of lading, etc.);
(ii) Origin of shipment;
(iii) Content (items in the shipment) per shipping documents, if available;
(iv) Location; and
(v) Disposition.

Part 4—Identification

400. *Scope of part.* This part establishes minimum requirements for the identification and marking of Government property in the possession or control of the contractor.

401. *General.* The contractor shall identify, mark, and record all Government property promptly upon receipt, except as may be exempted by this part, and it shall remain so identified so long as it remains in the custody, possession, or control of the contractor. Assigned Government property identification numbers will be recorded on all applicable receiving documents, shipping documents, disposal documents, and any other documents pertaining to the property control system. Such markings shall be removed or obliterated from the property involved when the disposal is by sale, scrap or through donation.

402. *Material and minor plant equipment.* All Government material and minor plant equipment shall be identified as Government property except in those cases where:

(a) No material or minor plant equipment of the same type at the same location is owned by the contractor, his employees, or other contracting agencies;

(b) Adequate physical control is maintained over tool crib items, guard force items, protective clothing, and other items issued for use by individuals in the performance of their work under the contract;

(c) Property is of bulk type or by its general nature of packing or handling precludes adequate marking, as may be determined by the property administrator; and

(d) Property is commingled, as authorized by paragraph 103 of this section.

403. *Special tooling and special test equipment.* Government-owned special tooling and special test equipment shall be marked in accordance with the procedures established by the contractor and approved by the property administrator, unless it is determined by the contractor in an individual case that marking will damage the special tooling or special test equipment or is otherwise impracticable. The contractor shall advise the property administrator, in writing, of any such determination. Identification shall consist of a serial number (identification number) and an indication of Government ownership, including the Military Department responsible for funding and control of the property as follows: Army—"USA," Navy—"USN," Air Force—"USAF," and Defense Supply Agency—"USD." If an item is already identified as "U.S. Property," the marking shall not be changed solely to conform to the provisions of this paragraph. Components of special test equipment, having an acquisition cost of $1,000 or more and incorporated in such a manner that removal and reutilization is feasible and economical, shall be marked in a manner similar to plant equipment as required by paragraph 404 of this section. General purpose components of special test equipment having an acquisition cost of between $200 and $1,000 may be identified in the same manner, when required for effective control, in accordance with the contractor's approved property control system.

404. *Plant equipment.* (a) Unless already marked in compliance with these instructions, all Government-owned plant equipment, including industrial plant equipment reportable to the Defense Industrial Plant Equipment Center but excluding minor plant equipment (see paragraph 402 of this section) shall be marked by the contractor with a Government identification number, except (i) when the size or nature of the equipment makes it impracticable; or (ii) the equipment is accessory or auxiliary and attached to or otherwise a part of an item of plant equipment and is required for its normal operations, in which case such item shall be entered and described on the record of the equipment to which it is attached or of which it is otherwise a part. Identification shall be effected by affixing a metal, fiber, plastic, or other plate direct to the equipment; by using indelible ink, acid, or electric etch, steel dies, or any other legible, permanent conspicuous, and tamper proof method.

(b) Identification by the contractor shall be in accordance with procedures established by the contractor and approved by the property administrator and shall consist of the following:

(i) An indication of Government ownership and of the Military Department responsible for funding and control of the plant equipment, as follows: Army — "USA," Navy—"USN," Air Force—"USAF," and Defense Supply Agency—"USD." However, if the item is already identified as "U.S. Property," the marking shall not be changed solely to conform to the provisions of this paragraph;

(ii) A serially controlled identification number;

(iii) In the case of items included within a standard Departmental registration system, for example, automotive, construction, or material-handling equipment, application for a proper registration number will be made to the cognizant Department, which number shall be used in lieu of any other identification number; and

(iv) Accessory or auxiliary equipment associated with a specific item of plant equipment and recorded on the official records for that item need not be marked with an identification number unless circumstances necessitate marking to assure that the item of accessory and/or auxiliary equipment will be returned to the Government with the basic item with which associated.

(c) Normally, identification numbers assigned and markings affixed shall be permanent and will not be changed as long as the equipment remains under the control of the Department of Defense. However, identification markings may be removed and new identification numbers assigned and appropriate markings affixed in event of transfer of funding and control responsibilities between Military Departments or transfers of the equipment between contractors. The markings so removed shall be shown on the appropriate documents involved.

Part 5—Physical Inventories

500. *Scope of part.* This part establishes minimum requirements for the physical inventory of Government property in the possession or control of the contractor.

501. *Periodic inventories.* The contractor shall periodically physically inventory Government property (except materials issued from stock for performance of manufacturing, research, design, or other services required by the contract) in his possession or control and shall cause his subcontractors to do likewise. Such periodic inventories normally shall be limited to materials, special tooling, and minor plant equipment held in stocks and stores, and all special test equipment and other plant equipment. The type and frequency of physical inventory and the procedures therefor shall be established by the contractor and approved by the property administrator. In establishing type and frequency of inventory, consideration should be given to contractor's established practices, type and usage of the Government property in the possession or control of the contractor, amount of Government property involved and their monetary value, and the reliability of contractor's property control system. Type and frequency of physical inventories normally will not vary between contracts being performed by the contractor; however, it may vary with the types of property being controlled. Inventory, as used here, consists of sighting, tagging or marking, describing, recording, and reporting the property concerned and reconciling the property so recorded and reported with the property records.

502. *Inventories upon termination or completion.* Immediately upon termination or completion of a contract, the contractor shall perform a physical inventory adequate for disposal purposes, of all Government property applicable to the terminated or completed contract. Further, the contractor shall cause each subcontractor to perform a physical inventory, adequate for disposal purposes, of all Government property in the subcontractor's possession or control which is applicable to the terminated or completed contract.

(a) *Exception.* The requirement for physical inventory of Government property at the completion of a contract may be waived by the property administrator when the property applicable to the completed contract is authorized for use on a follow-on contract, *Provided:*

(i) Past experience has established the adequacy of property controls and an acceptable degree of inventory discrepancies; and

(ii) A statement is provided by the contractor indicating that transfer of record balances has been made in lieu of preparing formal inventory list and the contractor accepts responsibility and accountability for those balances under the terms of the follow-on contract.

(b) *Listings for disposal purposes.* (1) Standard items that have been modified may be described, on listings for disposal purposes, as standard items with a general description of the modification.

(ii) Items that have been fabricated, such as test equipment, shall be described in sufficient detail to permit a potential user to determine whether they are of sufficient interest to warrant further inspection.

503. *Reporting results of inventories.* The contractor shall, as a minimum, submit to the property administrator: (i) A listing which properly identifies all discrepancies disclosed by a physical inventory, and (ii) a signed statement that physical inventory of all or certain classes of Government property was completed on a given date and that the official property records were found to be in agreement with the physical inventory except for discrepancies reported. The listing and signed statement will be furnished with a minimum of delay after completion of the physical inventory.

504. *Quantitative and monetary control.* As directed or required by proper authority, contractor's reports of results of physical inventory action shall be prepared on both a quantitative and monetary basis and segregated by categories of property such as material (except material issued from stock for performance of manufacturing, research, design, or other services required by the contract), special tooling, special test equipment, and plant equipment.

PART 6—CARE, MAINTENANCE AND UTILIZATION

600. *Scope of part.* This part establishes minimum requirements as to care, maintenance, and utilization of Government property in the possession or control of the contractor.

601. *General.* The contractor shall be responsible for the proper care, maintenance, and utilization of Government property in his possession or control from the time of receipt of the property until properly relieved of responsibility in accordance with the contract. The removal of Government property to storage, or its contemplated transfer, does not relieve the contractor of these responsibilities.

602. *Contractor's maintenance program.* The contractor's maintenance program (which shall be approved in accordance with paragraph 101 of this section) shall be such as to provide for, consistent with the terms of the contract:

(i) Disclosure of need for and the performance of preventive maintenance;

(ii) Disclosure and reporting of need for capital type rehabilitation; and

(iii) Recording of work accomplished under the program.

(a) *Preventive maintenance.* Preventive maintenance is maintenance generally performed on a regularly scheduled basis to prevent the occurrence of defects and to detect and correct minor defects before they result in serious consequences. An effective preventive maintenance program shall consist of, but not be limited to, the following actions:

(i) Inspecting buildings at such periodic intervals as will assure detection of deterioration and the need for repairs;

(ii) Inspecting plant equipment at such periodic intervals as will assure detection of maladjustment, wear, or impending breakdown;

(iii) Regularly scheduled lubrication of bearings and moving parts in accordance with a lubrication chart or equivalent plan;

(iv) Protection from exposure to deteriorating agents;

(v) Adjustments for wear, repair, or replacement of worn or damaged parts and the elimination of causes of deterioration of associated parts;

(vi) Removal of sludge, chips, and cutting oils from equipment which will not be used for a period of time;

(vii) Taking necessary precautions to prevent deterioration from contamination and corrosion; and

(viii) Proper storage and preservation of accessories and special tools furnished with an item of plant equipment but not regularly used with it.

(b) *Capital type rehabilitation.* The contractor's maintenance program shall be such as to provide for the disclosure and reporting of the need for major repair, replacement, and other rehabilitation work for Government property in the possession or control of the contractor.

(c) *Records of maintenance.* The contractor's maintenance program shall provide for records sufficient to disclose the maintenance actions performed and deficiencies discovered as a result of inspections.

603. *Utilization of Government property.* The contractor's procedures shall be adequate to assure that Government property will be utilized only for those purposes authorized in the contract.

604. *Property in possesion of subcontractors.* The contractor shall require any of his subcontractors having Government property in their possession or control to adequately care for and maintain that property and assure that it is utilized only as authorized by the contract. Procedures necessary to the accomplishment of this responsibility shall be included in the contractor's approved property control system.

[Rev. 24, ASPR, Aug. 15, 1967] (Sec. 2202, 70A Stat. 120; 10 U.S.C. 2202. Interpret or apply secs. 2301–2314, 70A Stat. 127–133; 10 U.S.C. 2301–2314)

For the Adjutant General.

J. W. HURD,
Colonel, AGC Comptroller, TAGO.

[FR. Doc. 67-13908; Filed, Nov. 29, 1967; 8:45 a.m.]

SUBCHAPTER M—MISCELLANEOUS

PART 231—BANKING INSTITUTIONS SERVING DOD PERSONNEL ON MILITARY INSTALLATIONS

The Deputy Secretary of Defense approved the following on November 18, 1967:

Sec.
231.1 Purpose.
231.2 Applicability.
231.3 Responsibility.
231.4 Policy.
231.5 Logistical support and services.

AUTHORITY: The provisions of this Part 231 issued under sec. 136 of 10 U.S.C.

§ 231.1 Purpose.

This Directive:

(a) Prescribes Department of Defense (DoD) policies governing the establishment, operation and termination of "banking facilities," "banks," and "branch banks" serving on military installations worldwide, and

(b) Assigns responsibility for developing and monitoring adequate banking services for official and quasi-official DoD organizations and personnel.

§ 231.2 Applicability.

The provisions of this Directive apply to all DoD components.

§ 231.3 Responsibility.

(a) The Assistant Secretary of Defense (Comptroller) shall, in concert with the Fiscal Assistant Secretary of the Treasury Department, develop and monitor policies and procedures governing the establishment, operation and termination of banking institutions on military installations.

(b) The Assistant Secretary of Defense (Installations and Logistics) shall develop and monitor policies and procedures governing logistical support including the use of DoD property and real estate furnished banking institutions on military installations.

§ 231.4 Policy.

Recognizing that the prudent administration of public moneys and the efficient management of private funds of DoD personnel require the services of a properly constituted and convenient banking institution, DoD components will:

(a) Encourage regularly established banks or branch banks to provide complete banking and finance services on military installations world-wide where there is a demonstrated need for such services;

(b) Establish military banking facilities with the approval and assistance of the Treasury Department, at military installations where a demonstrated and justified need cannot be met by off-base banks or branches;

(c) Provide the Treasury Department with full particulars concerning the requirements for banking services to facilitate the selection of a banking institution under prescribed competitive principles;

(d) Participate with the Treasury Department in evaluating banking and finance services being provided by banking facilities serving the DoD and DoD personnel in relation to (1) existing requirements at each location and (2) operating changes needed to improve existing services or satisfy additional requirements; and

(e) Encourage the use of banking facilities on military installations as a means of:

(1) Assisting DoD personnel;

(2) Providing safe custody of official and quasi-official funds;

(3) Facilitating the paying and collection of official and quasi-official funds; and

(4) Eliminating the possibility of loss of funds by theft or otherwise.

§ 231.5 Logistical support and services.

In the interest of providing banking and finance services at a minimum cost to the DoD and DoD personnel, banking facilities, banks and branch banks authorized to locate on military installations will be furnished such utilities and other logistical support as may be authorized under the provisions of DoD Instruction 1330.3, "Space Criteria for Providing Religious, Welfare, and Recreational Facilities," dated September 4, 1963, DoD Directive 4270.18, "Standards and Criteria for Construction—Permanent-Type Religious, Morale, Welfare, and Recreational Facilities, and Personnel Support and Service Facilities," dated November 29, 1955, and DoD Directive 4000.6, "Policy on Logistic Support of U.S. Non-Governmental, Non-Military Agencies and Individuals in Oversea Military Commands," dated March 15, 1956,[1] under the following terms and conditions:

(a) Banking facilities certified as non-self-sustaining organizations by the Treasury Department will be furnished logistical support, including the use of DoD property and services without charge, provided the properties and services are available from existing resources. Generally, DoD facilities will be furnished in support of banking facilities on a nonreimbursable permit for a period of 5 years subject to renewal for an additional 5 years by mutual agreement. Type and size of facilities shall be in accordance with criteria heretofore established. The Secretary of the military department concerned shall have the right to terminate the permit at any time. In the event of a notice by the Treasury Department that a banking facility has become a self-sustaining organization, the nonreimbursable permit under which it occupies DoD facilities shall be terminated and a lease entered into in accordance with the terms and conditions hereinafter set forth.

(b) A lease of land as the site for construction of a building to house a self-sustaining banking facility, bank or branch bank shall be at fair rental value and for a term not to exceed 25 years but within that limitation for sufficient duration to permit full depreciation of the structures constructed by the lessee, in accordance with agreements reached in this regard between the lessee and the Internal Revenue Service. The right is reserved to the Secretary of the military department concerned to terminate such leases in the event of a national emergency; base closure; the installation or a major portion thereof becomes excess; default by the lessee; or in the interest of national defense. In the event of such termination or upon expiration of a lease, the Secretary of the military department concerned shall have the option to require the lessee to remove the improvements and restore the land or, to cause title to such improvements to vest in the United States. The lessee shall have the right to terminate such lease at any time upon 90 days written notice in which event the foregoing options are reserved to the Secretary of the military department concerned. Maintenance and the cost of utilities and services furnished shall be the responsibility of the lessee.

(c) The duration of leases as set forth in this directive will promote the national defense and be in the public interest and constitutes the finding and determinations required by section 2667(b)(1) of Title 10 United States Code.

(d) A lease of existing structures to house a self-sustaining military banking facility, a bank, or a branch bank shall be at fair rental value for a period of 5 years, subject to renewal by mutual agreement for an additional 5-year term and subject also to the right of the Secretary of the military department concerned to terminate the lease in accordance with the cancellation provisions set forth in § 231.5(b). The lessee shall be responsible for interior maintenance and reimbursement shall be made by the lessee for utilities, custodial, janitorial and other services to the extent such are furnished.

(e) Leases executed prior to the issuance of this Directive will not be disturbed unless a lessee (bank) specifically requests that a lease be renegotiated under the provisions of this section.

MAURICE W. ROCHE,
Director, Correspondence and Directives Division, OASD (Administration).

[F.R. Doc. 67-13966; Filed, Nov. 29, 1967; 8:45 a.m.]

[1] Filed as part of original document. Copies available at Publications Counter, OASD(A), Room 3B200 Pentagon, or OX 52167.

Chapter VII—Department of the Air Force

SUBCHAPTER W—AIR FORCE PROCUREMENT INSTRUCTIONS

MISCELLANEOUS AMENDMENTS TO SUBCHAPTER

Subchapter W of Chapter VII of Title 32 of the Code of Federal Regulations is amended as follows:

PART 1004—SPECIAL TYPES AND METHODS OF PROCUREMENT

Subpart C—Contracts for Preparation of Household Goods for Shipment, Government Storage, and Related Services

§§ 1004.302, 1004.302-50 [Deleted]

1. Subpart C, Contracts for Preparation of Household Goods for Shipment, Government Storage, and Related Services, is deleted.

PART 1007—CONTRACT CLAUSES

Subpart NN—Special Clauses

2. Section 1007.4061 is amended by revising the introduction of paragraph (a) to read as follows:

§ 1007.4061 Material inspection and receiving report and pricing information.

(a) The following clause will be inserted in any contract which requires the inclusion of the clause in § 7.104-62 of this title, with the exception of DD Form 1155, "Order for Supplies or Services," when the following applies:

* * * * *

PART 1011—TAXES

Subpart C—State and Local Taxes

§§ 1011.356—1011.356-2 [Deleted]

3. Sections 1011.356 through 1011.356-2 are deleted.

PART 1022—SERVICE CONTRACTS

4. A new Part 1022 is added as follows:

Subparts A Through E [Reserved]

Subpart F—Contracts for Preparation of Household Goods for Shipment, Government Storage, and Intracity or Intraarea Movement

§ 1022.603—50 BDO procedure.

The procedures established in this section provide for placement of blanket delivery orders (BDOs) against contracts for Preparation of Household Goods for Shipment, Government Storage and Related Services and placement of calls against the BDO.

(a) Blanket Delivery Orders for a specified period in an estimated amount will be issued by a contracting officer in the base procurement office.

(b) Call against the BDOs may be issued by: (1) An individual located in the base procurement office; or (2) an individual designated in the BDO by title located outside the base procurement office, provided that if there is a contracting officer in the transportation office, he will be the individual so designated.

(i) Individuals authorized to place calls, when in receipt of Special Orders authorizing movement of household goods and citing funds, will assume that the funds have been committed for the packing and crating requirement incident to the movement of the individual named in the Special Orders.

(ii) The person placing oral calls will establish a control record at the beginning of each month indicating the call number, name of individual for whom services are to be performed, date of placement of call, Special Order Number, voucher number, date payment was made, amount and accumulated expenditures. In no event will the sequence of call numbers be interrupted. The accumulated expenditure will be brought

forward to the control record for the next month. At the end of each month the amount column should be totaled for reporting purposes.

(iii) [Reserved]

(iv) Prior to contacting the contractor to place a call, the individual authorized to place calls will be furnished a copy of the Special Order indicating the individual for whom services are to be ordered and a form letter in duplicate indicating date and place of pickup, estimated weight of household goods, special markings, destination, and any other information required incident to the services to be performed. On receipt of this information, he will contact the contractor, establish a firm pickup date, and issue a call number from control records. This information will then be placed on a duplicate copy of the form letter and returned to the transportation officer who will use this information when preparing the Standard Form 1034. In addition, the transportation officer will keep the contracting officer informed of contractor performance on a daily basis to assure contractor compliance.

(v) Wherever possible, calls should be placed in the month in which services are to be performed. Services should be scheduled no more than 48 hours in advance if call is placed during the last 2 days of a month.

(c) Payment for services rendered may be on a consolidated monthly basis or at more frequent intervals as determined by the contracting officer. Payment vouchers should not reflect services performed in more than 1 month.

(d) The contractor's invoice for services will be directed to the transportation officer, who will place upon them a certificate of service rendered. The transportation officer will then periodically (normally at the end of each month) prepare a Standard Form 1034 and certify it for payment. The Standard Form 1034 will set forth each call number, individual for whom services were performed, special order, dollar amount, and citations of various funds set forth in the special orders, with the total amount chargeable to each indicated. Special orders and vendors invoices should be attached and the entire package should be forwarded to accounting and finance for payment.

(e) The transportation officer will be responsible for performing technical assistance and for notifying the contracting officer of noncompliance with contractual requirements.

(Sec. 8012, 70A Stat. 488, secs. 2301–2314, 70A Stat. 127–133; 10 U.S.C. 8012, 2301–2314)

PART 1054—CONTRACT ADMINISTRATION

Subpart DD—Administration of Base Procurement Contracts

§ 1054.3005 [Deleted]

5. Section 1054.3005, *Contract modifications* is deleted.

(Sec. 8012, 70A Stat. 488, secs. 2301–2314, 70A Stat. 127–133; 10 U.S.C. 8012, 2301–2314)

[APPI Rev. No. 82, Sept. 27, 1967]

By order of the Secretary of the Air Force.

LUCIAN M. FERGUSON,
Colonel, U.S. Air Force, Chief, Special Activities Group, Office of The Judge Advocate General.

[F.R. Doc. 67-13965; Filed, Nov. 29, 1967; 8:45 a.m.]

Title 35—PANAMA CANAL

Chapter I—Canal Zone Regulations

PART 61—HEALTH, SANITATION, AND QUARANTINE

Performance of Surgical Operations on Legally Incompetent Patients

Correction

In F.R. Doc. 67-13280 appearing on page 15641 in the issue of Friday, November 10, 1967, paragraph (d) of § 61.401 is corrected to read as follows:

§ 61.401 **Performance of surgical operations on legally incompetent patients.**

* * * * *

(d) A sibling of the incompetent;

* * * * *

Title 49—TRANSPORTATION

Chapter I—Interstate Commerce Commission and Department of Transportation

SUBCHAPTER A—GENERAL RULES AND REGULATIONS

[No. 34863]

PART 540—UNIFORM SYSTEM OF ACCOUNTS FOR FREIGHT FORWARDERS

Miscellaneous Amendments

Order. At a session of the Interstate Commerce Commission, Division 2, held at its office in Washington, D.C., on the 7th day of November 1967.

On September 19, 1967, notice of proposed rule making regarding proposed amendments of the Uniform System of Accounts for Freight Forwarders, pertaining to the accounting treatment of extraordinary and prior period items in the determination of net income, was published in the FEDERAL REGISTER (32 F.R. 13233). After consideration of all such relevant matter as was submitted by interested persons, the amendments as so proposed are hereby adopted.

It is ordered, That the amendments to Part 540 as proposed are adopted without change.

It is further ordered, That these amendments are effective January 1, 1967.

And it is further ordered, That service of this order shall be made on all Freight Forwarders which are affected hereby and notice thereto shall be given the general public by depositing a copy of this order in the Office of the Secretary of the Commission at Washington, D.C., and by filing the order with the Director, Office of the Federal Register.

(Secs. 403, 412, 56 Stat. 285, 294, as amended; 49 U.S.C. 1003, 1012)

By the Commission, Division 2.

[SEAL] H. NEIL GARSON,
Secretary.

I. INSTRUCTIONS AMENDED

Item No. 1. Instruction "540.0–2 Definitions," is amended by adding the following after the last sentence of paragraph (h):

* * * * *

* * * See sec. 540.0–3 and 540.0–4.

* * * * *

Item No. 2. Instruction "540.0–4. Delayed items and adjustments" is amended by revising the title and text as follows:

§ 540.0–4 **Extraordinary and prior period items.**

(a) (1) All items of profit and loss recognized during the year are includible in ordinary income except nonrecurring items which in the aggregate for the same class are both material in relation to operating revenues and ordinary income for the year and are clearly not identified with or do not result from usual business operations of the year. Important items of the kind which occur from time to time and which, when material in amount, are to be excluded from ordinary income are those resulting from unusual sales of property and investment securities other than temporary cash investments, from wars and similar calamities and catastrophes, which are not a recurrent hazard of the business and which are not usually covered by insurance, from changes in application of accounting principles, and from prior period items (other than ordinary adjustments of a recurring nature). Material items are those which, unless excluded from ordinary income, would distort the accounts and impair the significance of ordinary income for the year. Items so excludible from ordinary income are to be entered directly in the income accounts provided for extraordinary and prior period items upon approval of the Commission.

(2) Adjustments, constituting items of a character typical of customary business activities or representing corrections or refinements resulting from the natural use of estimates inherent in the accounting process, shall not be considered extraordinary or prior period items regardless of size.

(b) In determining materiality, items of a similar nature should be considered in the aggregate; dissimilar items should be considered individually. As a general standard, an item to qualify for inclusion as an extraordinary or prior period

item shall exceed 1 percent of total operating revenues and 10 percent of ordinary income for the year.

(c) Ordinary delayed items and adjustments arising during the current year which are applicable to or related to transactions of prior years shall be included in the same accounts which would have been charged or credited if the item had been taken up or adjusted in the period to which it pertained. Ordinary delayed items excludes items of the character described in paragraph (a) of this section.

Item No. 3. Instruction "540.0–24 Discount, premium, and expense on capital stock" is amended by revising the first sentence of paragraph (c) as follows:

§ 540.0–24 Discount, premium, and expense on capital stock.

* * * * *

(c) Discount, commissions, and expenses on capital stock may be amortized through such regular charges to account 250–1, "Paid-in surplus," as will equitably distribute the amount over a definite period: *Provided, however,* That the excess of net debits over the accumulated net credit balance in paid-in surplus applicable to the particular class of stock shall be charged to earned surplus, or they may be retained in account 242, "Discount, commission, and expense on capital stock," until the retirement of the stock to which the discount, commission, and expense apply. * * *

* * * * *

Item No. 4. Instruction "540.0–25 Discount, premium, and expense on long-term debt" is amended by revising the text of paragraph (d) as follows:

§ 540.0–25 Discount, premium, and expense on long-term debt.

* * * * *

(d) Except as provided in paragraphs (a), (b), and (c) of this section, the balance in each of these accounts shall be carried until the reacquirement of the securities to which it relates at which time the proportion (based on the relation of the amount of long-term debt reacquired to the total outstanding before its reacquirement) of the balance in the premium, discount, and debt-expense account for the particular class of long-term debt reacquired shall be closed to account 403, "Miscellaneous income," 414, "Miscellaneous income charges," or account 435, "Extraordinary items," as appropriate.

Item No. 5. Instruction "540.0–43 Retirements," is amended by revising the text of item 2 "Land" as follows:

§ 540.0–43 Retirements.

* * * * *

2. Land: If the land is sold, the amount of the necessary adjustment between the book cost and the amount realized shall be included in accounts 403, "Miscellaneous income," 414, "Miscellaneous income charges," or account 435, "Extraordinary items," as may be appropriate in accordance with the texts of these accounts. If the land is retained, the lesser of its appraised value or book cost shall be charged to account 160, "Nontransportation property," and the necessary adjustment shall be included in the appropriate income account.

* * * * *

Item No. 6. Instruction "540.0–51 Purpose of earned surplus accounts," is amended by revising the text as follows:

§ 540.0–51 Purpose of earned surplus accounts.

The earned surplus accounts are designed to show the changes in earned surplus during each calendar year as affected by the balance of the income account as reported for that period; by any disposition of earned surplus made by the company; when authorized by the Commission, other items; and also to show the unappropriated earned surplus of the company as of the date of the balance sheet.

Item No. 7. The text of instruction "540.0–61 Purpose of income accounts" is revised as follows:

§ 540.0–61 Purpose of income accounts.

The income accounts are designed to show as nearly as practicable for each calendar year the amount of money that a company becomes entitled to receive for transportation services rendered; the income accrued upon investments in securities and nontransportation property; the accrued costs paid or payable for the transportation services rendered by it; the losses sustained by it; the amounts accrued for taxes, for use of moneys, for use of properties of others; and for extraordinary and prior period items. See § 540.0–4.

II. TEXTS OF BALANCE SHEET ACCOUNTS AMENDED

Item No. 1. Section 540.149 *Depreciation and amortization reserve; transportation property.* This account is amended by revising the last sentence of paragraph (a) and the text of paragraph (c) as follows:

§ 540.149 Depreciation and amortization reserve; transportation property.

(a) * * * It shall also include other entries which may be authorized by the Commission.

* * * * *

(c) At the time of retirement of improvements on leased property or the reversion to the lessor, the amount of the balance in this account with respect to such property shall be cleared from this account, and the remainder of the loss, if any, shall be charged to account 414, "Miscellaneous income charges."

* * * * *

Item No. 2. Section 540.160 *Nontransportation property.* The text of this account is amended by revising paragraph (b) as follows:

§ 540.160 Nontransportation property.

* * * * *

(b) This account shall include also the lesser of the appraised value or book cost of land and improvements retired from transportation service and retained by the company.

Item No. 3. Section 540.161 *Depreciation reserve—Nontransportation property.* The text of this account is amended by revising the last sentence of paragraph (b) as follows:

§ 540.161 Depreciation reserve; nontransportation property.

* * * * *

(b) * * * If the amounts recovered from insurance are in excess of the service value of the property destroyed, such excess shall be credited to account 403, "Miscellaneous income," or account 435, "Extraordinary items," as appropriate.

Item No. 4. Section 540.165 *Organization.* The text of this account is amended by revising paragraph (b) as follows:

§ 540.165 Organization.

* * * * *

(b) The balance in this account may be amortized by regular charges to account 414, "Miscellaneous income charges"; or the entire amounts of such items, when qualifying as extraordinary pursuant to § 540.0–4, may be written off to account 435, "Extraordinary items."

Item No. 5. Section 540.166 *Other intangible property.* The text of this account is amended by revising paragraph (b) as follows:

§ 540.166 Other tangible property.

* * * * *

(b) The balance in this account may be amortized by regular charges to account 414, "Miscellaneous income charges"; or the entire amounts of such items, when qualifying as extraordinary pursuant to § 540.0–4, may be written off to account 435, "Extraordinary items."

Item No. 6. Section 540.171 *Debt discount and expense.* The text of this account is amended by revising paragraph (b) as follows:

§ 540.171 Debt discount and expense.

* * * * *

(b) When an issue of long-term debt, or any part thereof, is refunded and at the date of refunding there is a balance of unamortized discount and expense relating thereto, the amount of such balance, together with any premium paid in retiring the debt, shall be charged to account 414, "Miscellaneous income charges," or to account 435, "Extraordinary items," as may be appropriate in accordance with the text of these accounts.

Item No. 7. Section 540.172 *Other deferred debits.* Paragraph (a) of the text of this account is amended by revising the sixth tabulated item as follows:

§ 540.172 Other deferred debits.

* * * * *

The lesser of the appraised value or net book value (book cost less recorded depreciation) of property retired and held without being torn down pending sale or other disposition and not used for any purpose. (See account 160, "Nontransportation property.")

* * * * *

Item No. 8. Section 540.190 *Reacquired and nominally issued long-term debt.* The text of this account is amended by revising paragraphs (b) and (c) as follows:

§ 540.190 Reacquired and nominally issued long-term debt.

* * * * *

(b) The difference between the par value of bonds or other long-term debt included in this account and the amount paid by the company for such securities, including commissions and expenses paid in connection with the reacquisition, shall be credited or debited, at the time of reacquirements, to accounts 403, "Miscellaneous income," 414, "Miscellaneous income charges," or to account 435, "Extraordinary items," as may be appropriate in accordance with the texts of these accounts. Concurrently, the portion of unamortized premium, discount, and expense relating to the long-term debt reacquired shall be credited or debited as appropriate to the same accounts. (See § 540.0–25 Discount, premium, and expense on long-term debt.)

(c) When reacquired long-term debt is resold by the company, the par value of the securities shall be credited to this account and the difference between such amount and the net sale price realized shall be credited or debited to the same accounts mentioned in paragraph (b) of this section.

* * * * *

Item No. 9. Section 540.230 *Premium on long-term debt.* The text of thir account is amended by revising paragraph (b) as follows:

§ 540.230 Premium on long-term debt.

* * * * *

(b) When an issue of long-term debt, or any part thereof is refunded and at the date of refunding there is a balance of unamortized premium related thereto, the amount of such balances shall be credited to account 403, "Miscellaneous income," or account 435, "Extraordinary items," as appropriate.

III. TEXTS OF EARNED SURPLUS ACCOUNTS AMENDED

Item No. 1. Section 540.301 *Miscellaneous credits.* The text of this account is revised as follows:

§ 540.301 Miscellaneous credits.

This account shall include other credit adjustments, net of assigned income taxes, not provided for elsewhere in this system but only after such inclusion has been authorized by the Commission.

Item No. 2. Section 540.310 *Miscellaneous debits.* The text of this account is revised as follows:

§ 540.310 Miscellaneous debits.

(a) This account shall include charges which reduce or write off discount on capital stock issued by the company, but only to the extent that such charges exceed credit balances in paid-in surplus for shares reacquired.

(b) This account shall also include debit adjustments, net of assigned income taxes, not provided for elsewhere in this system but only after such inclusion has been authorized by the Commission.

§ 540.311 [Amended]

Item No. 3. Section 540.311 *Miscellaneous reservations of earned surplus.* "Note A" following paragraph (b) of the text of this account is deleted; and "Note B" is redesignated as "Note".

IV. FORM OF INCOME STATEMENT AMENDED

§ 540.0–63 [Amended]

Section 540.0–63 Form of income statement. This section is amended by making the following changes:

Item No. 1. The following centered caption is added after the opening paragraph, above "Forwarder Operating Income."

ORDINARY ITEMS

Item No. 2. After 403 "Miscellaneous income," 404, "Delayed income credits" is deleted.

Item No. 3. After 413 and before "Fixed charges" all line items are deleted and the following are added:

414 Miscellaneous income charges.
Total income deductions.
Ordinary income before fixed charges and income taxes.[1]

Item No. 4. After "Total fixed charges," "Net income before provision for income taxes" [1] is revised as follows:

Ordinary income before provision for income taxes.[1]

Item No. 5. All line items after the caption "Provision for Income Taxes" are deleted and the following are added:

431 Income taxes on ordinary income.
Ordinary income.[1]

EXTRAORDINARY AND PRIOR PERIOD ITEMS [1]

435 Extraordinary items (net).
440 Prior period items (net).
450 Income taxes on extraordinary and prior period items.
Total extraordinary and prior period items.
Net income (transferred to earned surplus).[1]

V. TEXTS OF INCOME ACCOUNTS AMENDED

Item No. 1. Section 540.401 *Dividend and interest income.* The text of "Note C" following the text of this account is revised as follows:

§ 540.401 Dividend and interest income.

* * * * *

NOTE C: Credits to this account representing income from reserve funds (retained therein) shall be charged concurrently to account 311, "Miscellaneous reservations of earned surplus," and credited to account 260, "Earned surplus—Appropriated."

Item No. 2. Section 540.403 *Miscellaneous income.* After the text of this account, the list of items is deleted and the following are added:

§ 540.403 Miscellaneous income.

* * * * *

Profits from sale of securities, including temporary cash investments.
Profits from sale of land used for transportation purposes and nontransportation property.
Credits resulting from adjustments required to bring to par long-term debt obligations issued or assumed by the company and reacquired at a cost less than the par value.
Unamortized premium on long-term debt reacquired before maturity.
Profits derived from conversion of money of a foreign country into U.S. money.
Fees collected in connection with the exchange of coupon bonds for registered bonds.
Revenues, rents, and other income from nontransportation property.
Cancellation of liability accounts (including unclaimed wages) or erroneous collections (except unrefundable revenue overcharges) written off because of carrier's inability to locate creditor or payee.

When the profits or adjustments resulting from any of the first four items are of amounts sufficiently large to constitute extraordinary items pursuant to § 540.0–4, such profits or adjustments shall be credited to account 435, "Extraordinary items."

§ 540.404 [Deleted]

Item No. 3. Section 540.404 *Delayed income credits.* The number, title, and text of this account are deleted.

§ 540.411 [Amended]

Item No. 4. Section 540.411 *Transportation tax accruals.* The following is deleted from the first sentence of paragraph (a); also, "Note J" to the text of this account is revised as follows:

(a) * * * also adjustments applicable to prior periods not included in accounts 404, "Delayed income credits," or 415, "Delayed income debits," * * *

* * * * *

NOTE J: Accruals for taxes assessed on the income of the company when not in lieu of property taxes shall be charged to account 431, "Income taxes on ordinary income."

* * * * *

Item No. 5. Section 540.414 *Miscellaneous income charges.* After the text of this account, the list of items is revised as follows:

§ 540.414 Miscellaneous income charges.

* * * * *

Loss on sale of securities, including temporary cash investments, and charges to write down the ledger value of such securities because of impairment in their value.
Loss on sale of land used for transportation purposes and nontransportation property.
Unextinguished discounts and expense on funded debt reacquired before maturity.
Debits resulting from adjustments required to bring to par long-term obligations issued or assumed by the company and reacquired at a cost exceeding the par value.
Amortization of balances reflected in accounts 165, "Organization" and 166, "Other intangible property."
Loss of funds due to bank failures.
Book cost (in excess of reserve provisions) of improvements on leased property reverting to lessor.
Contributions for charitable or social or community welfare purposes which do not have a direct or intimate relation to the protection of property of the company, to the development of its business, or the welfare of its employees.
Payments of liability accounts previously written off.
Penalties and fines for violations of the Interstate Commerce Act, and other Federal or State laws when not specifically provided for elsewhere.
Calls for bids in accordance with provisions of mortgages.

[1] If a loss or a debit, show the amount in parenthesis.

Cost of advertising bonds drawn for redemption.
Expenses of nontransportation property, including depreciation, rent, and insurance.
Losses due to conversion of money of a foreign country into U.S. money.
Premiums on bonds to assure performance of contractual obligations when payments under the contracts are chargeable to income accounts.
Premiums paid less the current increase in the cash surrender value of the insurance on lives of officers when the company is the beneficiary. The cash-surrender value portion of the premium shall be included in account 131, "Other investments."
Taxes on interest on company's debt paid at the source under tax-free covenants.
Trusts, current expenses of maintaining and administering.
Trustees' commissions and fees for paying out bond interest on coupons and expenses including registrars' fees connected with such payments.

When the losses or adjustments resulting from any of the first six items are of amounts sufficiently large to constitute extraordinary items, pursuant to § 540.0–4, such losses shall be charged to account 435, "Extraordinary items."

§ 540.415 [Deleted]

Item No. 6. Section 540.415 *Delayed income debits.* The number, title, and text of this account are deleted.

Item No. 7. Section 540.431 *Income taxes.* The title and text of this account (but the Note is retained) are revised as follows:

§ 540.431 Income taxes on ordinary income.

(a) (1) This account shall include accruals for taxes assessed by Federal, State, and other governmental bodies on the ordinary income of the company, when not in lieu of property taxes. See the texts of accounts 450, "Income taxes on extraordinary and prior period items," 301, "Miscellaneous credits," and 310, "Miscellaneous debits" for recording other income tax consequences.

(2) Details pertaining to the tax consequences of other unusual and significant items, and also cases where tax consequences are disproportionate to amounts included in income accounts, shall be submitted to the Commission for consideration and decision as to the proper accounting.

(b) Federal income taxes which are refundable or reduced as the result of carry-back or carry-forward of operating loss shall be credited to this account, if a carry-back, in the year in which the loss occurs or, if a carry-forward, in the year in which such loss is applied to reduce taxes. However, when the amount constitutes an extraordinary item pursuant to § 540.0–4, it shall be included in account 440, "Prior period items."

§§ 540.432, 540.433 [Deleted]

Item No. 8. Section 540.432 *Miscellaneous amortization charges to income.* The number, title, and text of this account are deleted.

Item No. 9. Section 450.433 *Miscellaneous reservations of income.* The number, title, and text of this account are deleted.

Item No. 10. The system of accounts, following the text of account 431, "Income taxes on ordinary income," is amended by adding the following caption, account numbers, titles and texts:

EXTRAORDINARY AND PRIOR PERIOD ITEMS

§ 540.435 Extraordinary items (net).

(a) This account shall include extraordinary items accounted for during the current accounting year in accordance with the text of § 540.0–4, upon approval of the Commission. Among the items which shall be included in this account are:

Net gain or loss on sale of land used for transportation purposes, and of nontransportation property.
Net gain or loss on the sale of securities acquired for investment purposes, and charges to write down the ledger value of such securities because of impairment of value.
Changes in application of accounting principles.

(b) Income tax consequences of charges and credits to this account shall be recorded in account 450, "Income taxes on extraordinary and prior period items."

(c) This account shall be maintained in such a manner sufficient to identify the nature and gross amount of each debit and credit.

§ 540.440 Prior period items (net).

(a) This account shall include unusual delayed items accounted for during the current accounting year in accordance with the text of § 540.0–4, upon approval of the Commission. Among the items which shall be included in this account are:

Unusual adjustments, refunds or assessments of Federal income taxes of prior years.
Similar items representing transactions of prior years which are not identifiable with or do not result from business operations of the current year.

(b) Income tax consequences of charges and credits to this account shall be recorded in account 450, "Income taxes on extraordinary and prior period items."

(c) This account shall be maintained in a manner sufficient to identify the nature and gross amount of each debit and credit.

§ 540.450 Income taxes on extraordinary and prior period items.

This account shall include the estimated income tax consequences (debit or credit) assignable to the aggregate of items of both taxable income and deductions from taxable income which, for accounting purposes are classified as unusual and extraordinary, and are recorded in accounts 435, "Extraordinary items," and 440, "Prior period items."

VI. MISCELLANEOUS AMENDMENTS

Item No. 1. The list of instructions and accounts in the Code of Federal Regulations, Part 540, is amended by making the following revisions:

(a) 540.0–4 Delayed items and adjustments is changed to:

540.0–4 Extraordinary and prior period period items.

(b) Directly below income accounts, the following is added:

ORDINARY ITEMS

(c) The following are deleted:

540.404 Delayed income credits.
540.415 Delayed income debits.
540.432 Miscellaneous amortization charges to income.
540.433 Miscellaneous reservations of income.

(d) 540.431 Income taxes is changed to:

540.431 Income taxes on ordinary income.

(e) The following are added after 540.431 Income taxes on ordinary income:

EXTRAORDINARY AND PRIOR PERIOD ITEMS

540.435 Extraordinary items (net).
540.440 Prior period items (net).
540.450 Income taxes on extraordinary and prior period items.

Item No. 2. In the system of accounts, below "Income accounts" and above "Credit," the following centered caption is added:

ORDINARY ITEMS

[F.R. Doc. 67–14001; Filed, Nov. 29, 1967; 8:47 a.m.]

Title 50—WILDLIFE AND FISHERIES

Chapter I—Bureau of Sport Fisheries and Wildlife, Fish and Wildlife Service, Department of the Interior

PART 32—HUNTING

William L. Finley National Wildlife Refuge, Oreg.; Correction

In F.R. Doc. 67–13610, appearing on page 15878 of the issue for Saturday, November 18, 1967, the following subparagraph should be added under special conditions:

(3) Hunters must shoot from blind sites only. Blind site assignments will be drawn at the check station.

PAUL T. QUICK,
Regional Director, Bureau of Sport Fisheries and Wildlife, Portland, Oreg.

NOVEMBER 22, 1967.

[F.R. Doc. 67–13982; Filed, Nov. 29, 1967; 8:46 a.m.]

Proposed Rule Making

DEPARTMENT OF THE TREASURY

Bureau of Customs

[19 CFR Part 12]

IMPORTATION OF MOTOR VEHICLES AND MOTOR VEHICLE EQUIPMENT SUBJECT TO MOTOR VEHICLE SAFETY STANDARDS

Notice of Proposed Rule Making

Notice is hereby given that the Secretary of the Treasury and the Secretary of Transportation propose to promulgate joint regulations under section 108 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397) hereinafter referred to as the Act. The purpose of the regulations is to prescribe procedures governing the entry into the United States of motor vehicles or items of motor vehicle equipment pursuant to the provisions of section 108 of the Act and, pursuant to said provisions, to provide for the prohibition against entry of such articles which do not conform with applicable Federal motor vehicle safety standards established under sections 103 and 119 of the Act and in effect at the time the motor vehicle or motor vehicle equipment was manufactured.

The proposed regulations which will be added to Part 12 of Title 19, Chapter 1, of the Code of Federal Regulations are set forth in tentative form below:

MOTOR VEHICLES AND MOTOR VEHICLE EQUIPMENT MANUFACTURED ON OR AFTER JANUARY 1, 1968

§ 12.80 Federal motor vehicle safety standards.

(a) *Standards prescribed by the Department of Transportation.* Motor vehicles and motor vehicle equipment manufactured on or after January 1, 1968, offered for sale, or introduction or delivery in interstate commerce, or importation into the United States are subject to Federal Motor Vehicle Safety Standards (hereafter referred to in this section as "safety standards") prescribed by the Secretary of Transportation under sections 103 and 119 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392, 1407) as set forth in regulations in 23 CFR. A motor vehicle (hereafter referred to in this section as "vehicle") or item of motor vehicle equipment (hereafter referred to in this section as "equipment item"), manufactured on or after January 1, 1968, is not permitted entry into the United States unless (with certain exceptions set forth in paragraph (b) of this section) it is in conformity with applicable safety standards in effect at the time the vehicle or equipment item was manufactured.

(b) *Requirements for entry and release.* Any vehicle or equipment item offered for importation into the customs territory of the United States shall not be refused entry under this section if it bears a valid certification as required by section 114 of the National Traffic and Motor Vehicle Safety Act of 1966 and regulations issued thereunder by the Secretary of Transportation (in the case of a vehicle, in the form of a label or tag permanently affixed to such vehicle or in the case of an equipment item, in the form of a label or tag on such item or on the outside of a container in which such item is delivered). Any such vehicle or equipment item not bearing such certification shall be refused entry unless there is filed with the entry, in duplicate, a declaration verified by the importer or consignee which states that:

(1) The vehicle or equipment item was manufactured on a date when there were no applicable safety standards in force, a verbal statement to such effect being acceptable at the option of the district director of customs; or

(2) Such vehicle or equipment item was not manufactured in conformity with applicable standards but has since been brought into conformity, such declaration to be accompanied by the certificate of the manufacturer, contractor, or other person who has brought such vehicle or equipment item into conformity which describes the nature and extent of the work performed; or

(3) Such vehicle or equipment item does not conform with applicable standards, but that he will bring such vehicle or equipment item into conformity with such standards; or

(4) He is a nonresident alien, importing such vehicle or equipment item primarily for personal use or for the purpose of making repairs or alterations to the vehicle or equipment item, for a period not exceeding 90 days or such additional period as the district director of customs may allow, not to exceed one year from the date of entry, and that he will not resell it in the United States during that time: *Provided,* That persons regularly entering the United States by motor vehicle at the Canadian and Mexican borders may apply to the district director of customs for an appropriate means of identification to be affixed to the vehicle which will serve in place of the declaration required by this paragraph; or

(5) He is a member of the armed forces of any foreign country on assignment in the United States, or is a member of the personnel of a foreign government on assignment in the United States who comes within the class of persons for whom free entry of motor vehicles has been authorized by the Department of State and that he is importing such vehicle or equipment item for personal use and not for resale; or

(6) He is a bona fide manufacturer of motor vehicles or motor vehicle equipment items and that he is importing the vehicle or equipment item for the purposes of show, test, experiment, repairs or alterations and that such vehicle or equipment item will not be sold or licensed for use on the public roads.

Any declaration given under this section (except an oral declaration accepted at the option of the district director of customs under subparagraph (1) of this paragraph) shall state the name and address of the importer or consignee, the date and the entry number, a description of any equipment item, the make and model, serial and body number of any vehicle, and the city and State in which it is to be registered and principally located if known. The district director of customs shall immediately forward the duplicate of such declaration to the National Highway Safety Bureau of the Department of Transportation.

(c) *Release under bond.* If a declaration filed in accordance with paragraph (b) of this section states that the entry is being made under circumstances described in paragraph (b) (3) of this section, the entry shall be accepted only if the importer gives a bond on customs Form 7551, 7553, or 7595 for the production of a statement verified by the importer or consignee that the vehicle or equipment item described in the declaration filed by the importer has been brought into conformity with applicable safety standards and identifying the manufacturer, contractor, or other person who has brought such vehicle or equipment item into conformity with such standards and describing the nature and extent of the work performed. The bond shall be in the amount required under § 25.4(a) of this chapter. Within 90 days after such entry, or such additional period as the district director of customs may allow for good cause shown, the importer or consignee shall deliver to the district director of customs the signed statement described in this paragraph. If such signed statement is not delivered to the district director of customs for the port of entry of such vehicle or equipment item within 90 days of the date of entry or such additional period as may be allowed by the district director of customs, for good cause shown, the importer or consignee shall deliver or cause to be delivered to the district director of customs those vehicles or equipment items which were released in accordance with this paragraph. In the event that any such vehicle or equipment item is not redelivered within 5 days following the date specified in the preceding sentence, liquidated damages shall be assessed in the full amount of a bond given on Form 7551. When the transaction has been charged against a bond given on Form 7553 or 7595, liquidated damages shall be assessed in the

amount that would have been demanded under the preceding sentence if the merchandise had been released under a bond given on Form 7551.

(d) *Merchandise refused entry.* If a vehicle or equipment item is denied entry under the provisions of paragraph (b) of this section, the district director of customs shall refuse to release the merchandise for entry into the United States and shall issue a notice of such refusal to the importer or consignee.

(e) *Disposition of merchandise refused entry into the United States; redelivered merchandise.* Vehicles or equipment items which are denied entry under paragraph (b) of this section or which are redelivered in accordance with paragraph (c) of this section and which are not exported under customs supervision within 90 days from the date of notice of refusal of admission or date of redelivery shall be disposed of under customs laws and regulations; *Provided, however,* That any such disposition shall not result in an introduction into the United States of a vehicle or equipment item in violation of the National Traffic and Motor Vehicle Safety Act of 1966.

Prior to final adoption of regulations based on this proposal, consideration will be given to all relevant data, views, or arguments submitted in duplicate to the Commissioner of Customs, Washington, D.C. 20226, within 30 days from the date of publication of this notice in the FEDERAL REGISTER. No hearing will be held.

[SEAL] LESTER D. JOHNSON,
Commissioner of Customs.

Approved: November 27, 1967.

MATTHEW J. MARKS,
Acting Assistant Secretary of the Treasury.

ALAN S. BOYD,
Secretary of Transportation.

[F.R. Doc. 67-14056; Filed, Nov. 29, 1967; 8:48 a.m.]

[26 CFR Part 212]

FORMULAS FOR DENATURED ALCOHOL AND RUM

Notice of Proposed Rule Making

Notice is hereby given that the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury or his delegate. Prior to final adoption of such regulations, consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing, in duplicate, to the Director, Alcohol and Tobacco Tax Division, Internal Revenue Service, Washington, D.C. 20224, within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. Any written comments or suggestions not specifically designated as confidential in accordance with 26 CFR 601.601(b) may be inspected by any person upon written request. Any person submitting written comments or suggestions who desires an opportunity to comment orally at a public hearing on these proposed regulations should submit his request, in writing, to the Director, Alcohol and Tobacco Tax Division, within the 30-day period. In such a case, a public hearing will be held and notice of the time, place, and date will be published in a subsequent issue of the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in section 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805).

[SEAL] SHELDON S. COHEN,
Commissioner of Internal Revenue.

In order to (1) provide in regulations for the use of alcohol of not less than 185 degrees of proof in formulas of specially denatured alcohol; (2) authorize the use, as a denaturant, of ethyl acetate having an ester content of 100 percent for Formula No. 29; (3) revise the numbering of specially denatured alcohol Formula No. 40 by providing separate formula numbers for the various authorized alternate denaturants; (4) authorize additional uses for alcohol denatured under certain formulas; (5) specify the number of copies of certain applications to be submitted; (6) provide new melting point and solubility specifications for benzyldiethyl (2:6 xylylcarbamoyl methyl) ammonium benzoate (Bitrex) and for the use of a purer, whiter form of sucrose octa-acetate having a higher melting point; (7) provide for the use, as a denaturant, of wood alcohol having a minimum specific gravity of 0.8072; and (8) provide miscellaneous editorial and clarifying changes, the regulations in 26 CFR Part 212, Formulas for Denatured Alcohol and Rum, are amended as follows:

PARAGRAPH 1. Section 212.3 is amended to correct a printing error and to specify the number of copies of applications to be submitted. As amended, § 212.3 reads as follows:

§ 212.3 Stocks of discontinued formulas.

Denaturers, or specially denatured spirits dealers or users, having on hand stocks of denaturants or formulas of specially denatured spirits no longer authorized by this part may (a) continue to supply or use such stocks in accordance with permits until the stocks are exhausted; (b) otherwise dispose of such stocks in a manner satisfactory to the Director, pursuant to approval of an application (to be filed, in triplicate, with the assistant regional commissioner for transmittal to the Director); or (c) on approval by the assistant regional commissioner of an application, filed in duplicate, to do so, destroy such stocks under such supervision as the assistant regional commissioner may prescribe.

PAR. 2. In § 212.15, paragraph (a) is amended to provide for the use of alcohol of not less than 185 degrees of proof in any formula of specially denatured alcohol. As amended, paragraph (a) reads as follows:

§ 212.15 General.

(a) *Formulas.* Specially denatured alcohol shall be denatured in accordance with formulas prescribed in this subpart. Alcohol of not less than 185 degrees of proof shall be used in the manufacture of all formulas of specially denatured alcohol, unless otherwise authorized by the Director. Rum for denaturation shall be of not less than 150 degrees of proof and shall be denatured in accordance with Formula No. 4.

* * * * *

PAR. 3. In §§ 212.16, 212.17, 212.18, 212.19, and 212.23, paragraphs (b)(2) are amended by deleting the parenthetical phrases "(for rubber processing)" and "(ethylamines)" from code 530 and code 540, respectively. As amended, paragraphs (b)(2) in §§ 212.16, 212.17, 212.18, 212.19, and 212.23 read as follows:

§ 212.16 Formula No. 1.

* * * * *

(b) * * *

(2) As a raw material:

* * * * *

530. Ethylamines.
540. Dyes and intermediates.

* * * * *

§ 212.17 Formula No. 2–B.

* * * * *

(b) * * *

(2) As a raw material:

* * * * *

530. Ethylamines.
540. Dyes and intermediates.

* * * * *

§ 212.18 Formula No. 2–C.

* * * * *

(b) * * *

(2) As a raw material:

* * * * *

530. Ethylamines.
540. Dyes and intermediates.

* * * * *

§ 212.19 Formula No. 3–A.

* * * * *

(b) * * *

(2) As a raw material:

* * * * *

530. Ethylamines.
540. Dyes and intermediates.

* * * * *

§ 212.23 Formula No. 12–A.

* * * * *

(b) * * *

(2) As a raw material:

* * * * *

530. Ethylamines.
540. Dyes and intermediates.

* * * * *

PAR. 4. In § 212.30, paragraph (b)(1) is amended to insert, in numerical order, a new authorized use—Code 244. As amended, paragraph (b)(1) reads as follows:

§ 212.30 Formula No. 23–A.

* * * * *

(b) *Authorized uses.* (1) As a solvent:

* * * * *

244. Antiseptic solutions (U.S.P. or N.F.).

* * * * *

PAR. 5. In § 212.39, paragraph (a) is revised to provide for an alternate denaturant, and to specify the number of copies of the required application, and paragraph (b) (1) is amended by inserting, in numerical order, a new authorized use—Code 511, and by deleting the parenthetical phrases "(for rubber processing)" and "(ethylamines)" from Code 530 and Code 540, respectively. As amended, paragraphs (a) and (b) (1) read as follows:

§ 212.39 Formula No. 29.

(a) *Formula.* To every 100 gallons of alchohol add:

One gallon of 100 percent acetaldehyde or 5 gallons of an alcohol solution of acetaldehyde containing not less than 20 percent acetaldehyde, or 1 gallon of ethyl acetate having an ester content of 100 percent, or, where approved by the Director as to material and quantity, not less than 6.8 pounds if solid, or 1 gallon if liquid, of any chemical. Where material other than acetaldehyde or ethyl acetate is proposed to be used, an application therefor shall be submitted, in sextuplet, to the Director. The applicant shall furnish the Director with specifications, assay methods, and duplicate 8-ounce samples of such other material.

(b) *Authorized uses.* (1) a raw material:

511. Vinegar.

* * * * *

530. Ethylamines.
540. Dyes and intermediates.

* * * * *

PAR. 6. In § 212.40, paragraph (b) (1) is amended to insert, in numerical order, new authorized uses—Code 011 and Code 012. As amended, paragraph (b) (1) reads as follows:

§ 212.40 Formula No. 30.

* * * * *

(b) *Authorized uses.* (1) As a solvent:

011. Cellulose coatings.
012. Synthetic resin coatings.

* * * * *

PAR. 7. In § 212.46, paragraph (b) (2) is amended by deleting the parenthetical phrases "(for rubber processing)" and "(ethylamines)" from Code 530 and Code 540, respectively. As amended, paragraph (b) (2) reads as follows:

§ 212.46 Formula No. 36.

* * * * *

(b) * * *

(2) As a raw material:

530. Ethylamines.
540. Dyes and intermediates.

* * * * *

PAR. 8. In § 212.48, paragraph (a) is amended to correct the spelling of the word "Anethole" and to clarify requirements relating to the proposed use of substitute denaturants. As amended, paragraph (a) reads as follows:

§ 212.48 Formula No. 38–B.

(a) *Formula.* To every 100 gallons of alcohol add:

Ten pounds of any one, or a total of 10 pounds of two or more, of the oils and substances listed below:
Anethole, U.S.P.

* * * * *

Where it is shown that none of the above single denaturants or combinations can be used in the manufacture of a particular product, application (in duplicate) may be submitted to the Director, requesting permission to use another essential oil or substance having denaturing properties satisfactory to the Director. In such case the applicant shall furnish the Director with specifications, assay methods, and duplicate 8-ounce samples of the denaturant for examination.

* * * * *

PAR. 9. In § 212.55, paragraph (b) (1) is amended to include an additional class of product in Code 122. As amended, paragraph (b) (1) reads as follows:

§ 212.55 Formula No. 39–C.

* * * * *

(b) *Authorized uses.* (1) As a solvent:

* * * * *

122. Toilet waters and colognes.

* * * * *

PAR. 10. To provide a new, distinct formula number as to each of the alternate denaturants now authorized for use in Formula No. 40, § 212.57 is amended and new §§ 212.57a through 212.57g are inserted to read as follows:

§ 212.57 Formula No. 40–1.

(a) *Formula.* To every 100 gallons of alcohol add:

One and one-half avoirdupois ounces of brucine (alkaloid) and ⅛ gallon of *tert.*-butyl alcohol.

(b) *Authorized uses.* (1) As a solvent:

051. Polishes.
111. Hair and scalp preparations.
112. Bay rum.
113. Lotions and creams (hand, face, and body).
114. Deodorants (body).
121. Perfumes and perfume tinctures.
122. Toilet waters and colognes.
141. Shampoos.
142. Soaps and bath preparations.
210. External pharmaceuticals (not U.S.P. or N.F.).
410. Disinfectants, insecticides, fungicides, and other biocides.
450. Cleaning solutions (including household detergents).
470. Theater sprays, incense, and room deodorants.
482. Miscellaneous dye solutions.
485. Miscellaneous solutions.

§ 212.57a Formula No. 40–2.

(a) *Formula.* To every 100 gallons of alcohol add:

One and one-half avoirdupois ounces of brucine sulfate (N.F. IX) and ⅛ gallon of *tert.*-butyl alcohol.

(b) *Authorized uses.* (1) As a solvent:

051. Polishes.
111. Hair and scalp preparations.
112. Bay rum.
113. Lotions and creams (hand, face, and body).
114. Deodorants (body).
121. Perfumes and perfume tinctures.
122. Toilet waters and colognes.
141. Shampoos.
142. Soaps and bath preparations.
210. External pharmaceuticals (not U.S.P. or N.F.).
410. Disinfectants, insecticides, fungicides, and other biocides.
450. Cleaning solutions (including household detergents).
470. Theater sprays, incense, and room deodorants.
482. Miscellaneous dye solutions.
485. Miscellaneous solutions.

§ 212.57b Formula No. 40–3.

(a) *Formula.* To every 100 gallons of alcohol add:

One and one-half avoirdupois ounces of quassin and ⅛ gallon of *tert.*-butyl alcohol.

(b) *Authorized uses.* (1) As a solvent:

051. Polishes.
111. Hair and scalp preparations.
112. Bay rum.
113. Lotions and creams (hand, face, and body).
114. Deodorants (body).
121. Perfumes and perfume tinctures.
122. Toilet waters and colognes.
141. Shampoos.
142. Soaps and bath preparations.
210. External pharmaceuticals (not U.S.P. or N.F.).
410. Disinfectants, insecticides, fungicides, and other biocides.
450. Cleaning solutions (including household detergents).
470. Theater sprays, incense, and room deodorants.
482. Miscellaneous dye solutions.
485. Miscellaneous solutions.

§ 212.57c Formula No. 40–4.

(a) *Formula.* To every 100 gallons of alcohol add:

One-quarter avoirdupois ounce of denaturing grade benzyldiethyl (2:6 xylylcarbamoyl methyl) ammonium benzoate (Bitrex) and ⅛ gallon of *tert.*-butyl alcohol.

(b) *Authorized uses.* (1) As a solvent:

051. Polishes.
111. Hair and scalp preparations.
112. Bay rum.
113. Lotions and creams (hand, face, and body).
114. Deodorants (body).
121. Perfumes and perfume tinctures.
122. Toilet waters and colognes.
141. Shampoos.
142. Soaps and bath preparations.
210. External pharmaceuticals (not U.S.P. or N.F.).
410. Disinfectants, insecticides, fungicides, and other biocides.
450. Cleaning solutions (including household detergents).
470. Theater sprays, incense, and room deodorants.
482. Miscellaneous dye solutions.
485. Miscellaneous solutions.

§ 212.57d Formula No. 40–5.

(a) *Formula.* To every 100 gallons of alcohol add:

One pound of sucrose octa-acetate and ¼ gallon of *tert.*-butyl alcohol.

(b) *Authorized uses.* (1) As a solvent:

051. Polishes.
111. Hair and scalp preparations.
112. Bay rum.
113. Lotions and creams (hand, face, and body).
114. Deodorants (body).
121. Perfumes and perfume tinctures.
122. Toilet waters and colognes.
141. Shampoos.
142. Soaps and bath preparations.

210. External pharmaceuticals (not U.S.P. or N.F.).
410. Disinfectants, insecticides, fungicides, and other biocides.
450. Cleaning solutions (including household detergents).
470. Theater sprays, incense, and room deodorants.
482. Miscellaneous dye solutions.
485. Miscellaneous solutions.

§ 212.57e Formula No. 40–6.

(a) *Formula.* To every 100 gallons of alcohol add:

Two avoirdupois ounces of sucrose octa-acetate, ⅛ gallon of *tert.*-butyl alcohol, and 1/16 avoirdupois ounce of denaturing grade benzyldiethyl (2:6 xylylcarbamoyl methyl) ammonium benzoate (Bitrex).

(b) *Authorized uses.* (1) As a solvent:

051. Polishes.
111. Hair and scalp preparations.
112. Bay rum.
113. Lotions and creams (hand, face, and body).
114. Deodorants (body).
121. Perfumes and perfume tinctures.
122. Toilet waters and colognes.
141. Shampoos.
142. Soaps and bath preparations.
210. External pharmaceuticals (not U.S.P. or N.F.).
410. Disinfectants, insecticides, fungicides, and other biocides.
450. Cleaning solutions (including household detergents).
470. Theater sprays, incense, and room deodorants.
482. Miscellaneous dye solutions.
485. Miscellaneous solutions.

§ 212.57f Formula No. 40–7.

(a) *Formula.* To every 100 gallons of alcohol add:

Three gallons of *tert.*-butyl alcohol.

(b) *Authorized uses.* (1) As a solvent:

051. Polishes.
111. Hair and scalp preparations.
112. Bay rum.
113. Lotions and creams (hand, face, and body).
114. Deodorants (body).
121. Perfumes and perfume tinctures.
122. Toilet waters and colognes.
141. Shampoos.
142. Soaps and bath preparations.
210. External pharmaceuticals (not U.S.P. or N.F.).
410. Disinfectants, insecticides, fungicides, and other biocides.
450. Cleaning solutions (including household detergents).
470. Theater sprays, incense, and room deodorants.
482. Miscellaneous dye solutions.
485. Miscellaneous solutions.

(c) *Conditions governing use.* This formula shall be used only in the manufacture of products which will be packaged in pressurized containers in which the liquid contents are in intimate contact with the propellant and from which the contents are not easily removable in liquid form.

§ 212.57g Formula No. 40–8.

(a) *Formula.* To every 100 gallons of alcohol add:

One-sixteenth avoirdupois ounce of denaturing grade benzyldiethyl (2:6 xylylcarbamoyl methyl) ammonium benzoate (Bitrex) and ¼ gallon of *tert.*-butyl alcohol.

(b) *Authorized uses.* (1) As a solvent:

051. Polishes.
111. Hair and scalp preparations.
112. Bay rum.
113. Lotions and creams (hand, face, and body).
114. Deodorants (body).
121. Perfumes and perfume tinctures.
122. Toilet waters and colognes.
141. Shampoos.
142. Soaps and bath preparations.
210. External pharmaceuticals (not U.S.P. or N.F.).
410. Disinfectants, insecticides, fungicides, and other biocides.
450. Cleaning solutions (including household detergents).
470. Theater sprays, incense, and room deodorants.
482. Miscellaneous dye solutions.
485. Miscellaneous solutions.

PAR. 11. In § 212.58, paragraph (a) is amended to provide for denaturing with 3 pounds instead of 5 pounds of sucrose octa-acetate. As amended, paragraph (a) reads as follows:

§ 212.58 Formula No. 40–A.

(a) *Formula.* To every 100 gallons of alcohol add:

Three pounds of sucrose octa-acetate and ⅛ gallon of *tert.*-butyl alcohol.

* * * * *

PAR. 12. Section 212.65 is amended to provide for the submission of an application, in duplicate, for a variation from specifications or for the use of substitute denaturants. As amended, § 212.65 reads as follows:

§ 212.65 General.

Denaturants prescribed in this part shall comply with the specifications set forth in this subpart: *Provided*, That, in order to meet requirements of national defense or for other valid reasons, the Director may, pursuant to application; in duplicate, authorize variations from such specifications or authorize the use of substitute denaturants where such variation or substitution will not jeopardize the revenue.

PAR. 13. Section 212.69a is amended to provide new melting point and solubility specifications for the denaturant Bitrex. As amended, § 212.69a reads as follows:

§ 216.69a Benzyldiethyl (2:6 xylylcarbamoyl methyl) ammonium benzoate (Bitrex).

Benzyldiethyl (2:6 xylylcarbamoyl methyl) ammonium benzoate is a synthetic quaternary ammonium compound having an intensely bitter taste. It is commercially produced as Bitrex.

Color. White (crystalline powder).

Melting Point. 164°–167° C.

Solubility at 20° C. One gram is soluble in 20 ml. water and in 2 ml. ethyl alcohol. Solutions are clear and colorless and reasonably free of extraneous matter.

Assay. Not less than 99 percent $C_{28}H_{34}O_3N_2$. Dissolve about 0.5 gm. benzyldiethyl (2:6 xylylcarbamoyl methyl) ammonium benzoate (Bitrex) accurately weighed in 60 ml. glacial acetic acid, cool; add 15 ml. of a 5 percent weight-to-volume solution of mercuric acetate in glacial acetic acid, and titrate with 0.1N perchloric acid in glacial acetic acid using 0.2 ml. of a 0.5 percent weight-to-volume solution of crystal violet in glacial acetic acid as indicator (or methylrosaniline chloride T.S.). Repeat the titration omitting the sample. The difference between the two readings will represent the volume of perchloric acid required by the sample. Each ml. of 0.1N perchloric acid is equivalent to 0.04465 gm. of $C_{28}H_{34}O_3N_2$.

Identification Tests. (a) Dissolve about 0.15 gm. sample in 10 ml. water, and add 15 ml. of 0.66 percent weight-to-volume trinitrophenol in water; the melting point of the precipitate after washing with water and drying is about 175° C.

(b) Dissolve about 0.1 gm. sample in 10 ml. water and add 20 ml. of dilute sulfuric acid and 30 ml. of 1 percent weight-to-volume ammonium reineckate in water; the melting point of the precipitate after washing with water and drying is about 170° C.

Bitterness. An alcoholic or aqueous solution of benzyldiethyl (2:6 xylylcarbamoyl methyl) ammonium benzoate (Bitrex) shall be distinctly bitter at 1 to 250,000 dilution.

Optical Assay. When 25 ml. of an aqueous solution containing 1 part in 10,000 of benzyldiethyl (2:6 xylylcarbamoyl methyl) ammonium benzoate (Bitrex) (0.1 gm/L) is made acid with 1 ml. of hydrochloric acid, and extracted 3 times with a total of 100 ml. of diethyl ether, the resulting ether extract shall have an absorbance in a 1 cm. cell of not less than 0.400 at a wavelength of 228 millimicrons.

PAR. 14. In § 212.94, the first paragraph and the paragraph entitled "Melting point" are amended to read as follows:

§ 212.94 Sucrose octa-acetate.

Sucrose octa-acetate is an organic acetylation product occurring as a white or cream-colored, nonhygroscopic powder, having an intensely bitter taste.

* * * * *

Melting point. Not less than 78° C.

* * * * *

PAR. 15. In § 212.96, the next-to-last paragraph entitled "Specific gravity 15.56°/15.56°C." is amended to read as follows:

§ 212.96 Wood alcohol.

* * * * *

Specific gravity 15.56°/15.56° C. 0.8072 minimum.

* * * * *

PAR. 16. In § 212.105, various lines in the table, as listed below, are amended to conform the list of products, processes, and authorized formulas; and footnote No. 2 at the end of the table is amended to authorize laboratory use of various formulas in product development under Code 810. As amended, the changed lines in the table in § 212.105, and footnote No. 2 at the end thereof, read as follows:

§ 212.105 Listing of products and processes using specially denatured alcohol and rum and formulas authorized therefor.

* * * * *

USES OF SPECIALLY DENATURED ALCOHOL [1]

Product or process	Code No.	Formulas authorized
• • • • •		
Antiseptic solutions, U.S.P. or N.F.	244	23-A, 37, 38-B, 38-F.
Bath preparations	142	1, 3-A, 3-B, 23-A, 30, 36, 38-B, 39-B, 39-C, 40-1 through 40-8, 40-A.
Bay rum	112	23-A, 37, 38-B, 39, 39-B, 39-D, 40-1 through 40-8, 40-A.
Biocides, miscellaneous.	410	1, 3-A, 3-B, 23-A, 23-H, 27-A, 27-B, 30, 37, 38-B, 39-B, 40-1 through 40-8, 40-A.
• • • • •		
Cellulose coatings	011	1, 23-A, 30.
• • • • •		
Cleaning solutions	450	1, 3-A, 23-A, 23-H, 30, 36, 39-B, 40-1 through 40-8.
• • • • •		
Colognes	122	38-B, 39, 39-A, 39-B, 39-C, 40-1 through 40-8, 40-A.
• • • • •		
Deodorants (body)	114	23-A, 38-B, 39-B, 39-C, 40-1 through 40-8, 40-A.
Detergents, household	450	1, 3-A, 23-A, 23-H, 30, 36, 39-B, 40-1 through 40-8.
• • • • •		
Disinfectants	410	1, 3-A, 3-B, 23-A, 23-H, 27-A, 27-B, 30, 37, 38-B, 39-B, 40-1 through 40-8, 40-A.
• • • • •		
Dye solutions, miscellaneous.	482	1, 3-A, 23-A, 30, 39-C, 40-1 through 40-8.
• • • • •		
Ethylamines	530	1, 2-B, 2-C, 3-A, 12-A, 20, 36.
• • • • •		
External pharmaceuticals (not U.S. P. or N.F.).	210	23-A, 23-F, 23-H, 27-A, 27-B, 36, 37, 38-B, 38-F, 39-B, 40-1 through 40-8, 40-A.
• • • • •		
Fungicides	410	1, 3-A, 3-B,2 3-A, 23-H, 27-A, 27-B, 30, 37, 38-B, 39-B, 40-1 through 40-8, 40-A.
• • • • •		
Hair and scalp preparations.	111	3-B, 23-A, 23-F, 23-H, 37, 38-B, 39, 39-A, 39-B, 39-C, 39-D, 40-1 through 40-8, 40-A.
• • • • •		
Incense	470	3-A, 22, 37, 38-B, 39-B, 39-C, 40-1 through 40-8, 40-A.
• • • • •		
Insecticides	410	1, 3-A, 3-B, 23-A, 23-H, 27-A, 27-B, 30, 37, 38-B, 39-B, 40-1 through 40-8, 40-A.
• • • • •		
Lotions and creams (body, face, and hand).	113	23-A, 23-H, 31-A, 37, 38-B, 39, 39-B, 39-C, 40-1 through 40-8, 40-A.
• • • • •		
Perfumes and perfume tinctures.	121	38-B, 39, 39-B, 39-C, 40-1 through 40-8, 40-A.
• • • • •		
Polishes	051	1, 3-A, 30, 40-1 through 40-8.
• • • • •		
Resin coatings, synthetic.	012	1, 23-A, 30.
• • • • •		
Room deodorants	470	3-A, 22, 37, 38-B, 39-B, 39-C, 40-1 through 40-8, 40-A.
• • • • •		
Shampoos	141	1, 3-A, 3-B, 23-A, 27-B, 31-A, 36, 38-B, 39-A, 39-B, 40-1 through 40-8, 40-A.
• • • • •		
Soaps, toilet	142	1, 3-A, 3-B, 23-A, 30, 36, 38-B, 39-B, 39-C, 40-1 through 40-8, 40-A.
• • • • •		
Solutions, miscellaneous.	485	1, 3-A, 23-A, 30, 39-B, 40-1 through 40-8, 40-A.
• • • • •		
Theater sprays	470	3-A, 22, 37, 38-B, 39-B, 39-C, 40-1 through 40-8, 40-A.
• • • • •		
Toilet waters	122	38-B, 39, 39-A, 39-B, 39-C, 40-1 through 40-8, 40-A.
• • • • •		
Vinegar	511	18, 29, 35-A.
• • • • •		

[1] Formula No. 3-A and Formula No. 30 are authorized for general laboratory purposes under Code 810. All other formulas are authorized for laboratory use in product development under Code 810.

• • • • •

PAR. 17. In § 212.110, various lines in the table, as listed below, are amended. As amended, the changed lines in the table in § 212.110 read as follows:

§ 212.110 Listing of denaturants authorized for denatured spirits.

• • • • •

Benzyldiethyl (2:6 xylylcarbamoyl methyl) ammonium benzoate (Bitrex).	S.D.A. 40-4; 40-6; 40-8.
• • • •	• • •
Brucine alkaloid	S.D.A. 40-1.
Brucine sulfate N.F. IX	S.D.A. 40-2.
• • • •	• • •
tert.-Butyl alcohol	S.D.A. 39; 39-A; 39-B; 40-1; 40-2; 40-3; 40-4; 40-5; 40-6; 40-7; 40-8; 40-A.
• • • •	• • •
Ethyl acetate	S.D.A. 29; 35; 35-A.
• • • •	• • •
Quassin	S.D.A. 40-3.
• • • •	• • •
Sucrose octa-acetate	S.D.A. 40-5; 40-6; 40-A.
• • • •	• • •

PAR. 18. In the table in § 212.115, the data on the lines for SDA Formulas Nos. 35,[3] 40, and 40-A are revised to read as follows:

§ 212.115 Weights and specific gravities of specially denatured alcohol.

• • • • • • •

SDA Formula No.	Finished formula (gal.)	190° proof		192° proof		200° proof	
		Wt./gal. in air (pounds)	Sp. gr. in vac.	Wt./gal. in air (pounds)	Sp. gr. in vac.	Wt./gal. in air (pounds)	Sp. gr. in vac.
• • •	• • •	• • •	• • •	• • •	• • •	• • •	• • •
35 [3]	135.0	6.956	0.8355	6.933	0.8326	6.820	0.8186
• • •	• • •	• • •	• • •	• • •	• • •	• • •	• • •
40-1	100.1	6.795	.8162	6.778	.8140	6.611	.7941
40-2	100.1	6.795	.8162	6.778	.8140	6.611	.7941
40-3	100.1	6.795	.8162	6.778	.8140	6.611	.7941
40-4	100.1	6.795	.8162	6.778	.8140	6.611	.7941
40-5	100.35	6.797	.8164	6.780	.8142	6.613	.7943
40-6	100.1	6.795	.8162	6.778	.8140	6.611	.7941
40-7	100.0	6.795	.8163	6.778	.8140	6.611	.7941
40-8	100.25	6.795	.8162	6.778	.8140	6.611	.7941
40-A	100.4	6.804	.8172	6.787	.8153	6.620	.7952

• • • • • • •

[F.R. Doc. 67-13877; Filed, Nov. 29, 1967; 8:45 a.m.]

DEPARTMENT OF COMMERCE

Maritime Administration

[46 CFR Ch. II]

SUBSIDIZED OPERATORS

Guidelines for Payment

The Maritime Subsidy Board proposes for adoption as a "fair and reasonable" test for payment of operating-differential subsidy the guidelines contained in the award dated September 22, 1965, by the Special Panel concerning additional compensation on mechanized, semi-mechanized and retrofit vessels.

This panel, composed of Messrs. James Reynolds, Theodore Kheel, and Lane Kirkland, was formed to resolve manning and related issues arising from the mechanization and retrofitting of ships.

In line with the guidelines contained in the Special Panel's award, the Maritime Subsidy Board would recognize as fair and reasonable a base wage premium not in excess of 10 percent additional compensation for specified crew members on mechanized, semimechanized or retrofitted ships provided the following conditions are met:

1. Responsibilities and duties of the specified crew member have been expanded to the point that additional formal training of that crew member is required.

2. The specified crew member has completed an appropriate training program and is assigned to these duties.

3. The parties have agreed to a lesser complement than on conventional ships.

To be eligible for operating-differential subsidy, any additional compensation for service on mechanized, semimechanized or retrofitted ships would be required to meet the above standards.

Interested parties are invited to submit comments to the Secretary, Maritime Subsidy Board, by December 18, 1967. The Maritime Subsidy Board will consider these comments and take such action with respect thereto as may be deemed appropriate.

Dated: November 28, 1967.

By order of the Maritime Subsidy Board.

JAMES S. DAWSON, Jr.,
Secretary.

[F.R. Doc. 67-14066; Filed, Nov. 29, 1967; 9:15 a.m.]

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[14 CFR Part 71]

[Airspace Docket No. 67-CE-124]

TRANSITION AREA

Proposed Designation

The Federal Aviation Administration is considering amending Part 71 of the Federal Aviation Regulations so as to designate a transition area at Adrian, Mich.

Interested persons may participate in the proposed rule making by submitting such written data, views, or arguments as they may desire. Communications should be submitted in triplicate to the Director, Central Region, Attention: Chief, Air Traffic Division, Federal Aviation Administration, Federal Building, 601 East 12th Street, Kansas City, Mo. 64106. All communications received within 45 days after publication of this notice in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No public hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Administration officials may be made by contacting the Regional Air Traffic Division Chief.

Any data, views, or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

A public docket will be available for examination by interested persons in the Office of the Regional Counsel, Federal Aviation Administration, Federal Building, 601 East 12th Street, Kansas City, Mo. 64106.

As a result of the development of a public use instrument approach procedure to serve Adrian, Mich., Municipal Airport, utilizing a privately owned radio beacon located on the airport as a navigational aid, it is necessary to designate a 700-foot floor transition area at Adrian, Mich., to protect aircraft executing this approach procedure.

In consideration of the foregoing, the Federal Aviation Administration proposes to amend Part 71 of the Federal Aviation Regulations as hereinafter set forth:

In § 71.181 (32 F.R. 2148), the following transition area is added:

ADRIAN, MICH.

That airspace extending upward from 700 feet above the surface within a 6-mile radius of Adrian Municipal Airport (latitude 41°52'10" N., longitude 84°04'30" W.); and within 2 miles each side of the 223° bearing from Adrian Municipal Airport, extending from the 6-mile radius area to 8 miles southwest of the airport.

This amendment is proposed under the authority of section 307(a) of the Federal Aviation Act of 1958; 49 U.S.C. 1348.

Issued at Kansas City, Mo., on November 15, 1967.

DANIEL E. BARROW,
Acting Director, Central Region.

[F.R. Doc. 67-13992; Filed, Nov. 29, 1967; 8:47 a.m.]

Hazardous Materials Regulations Board

[49 CFR Part 170]

[Docket No. HM-1; Notice 67-1]

RULES OF PROCEDURE

Notice of Proposed Rule Making

On October 19, 1967 (32 F.R. 14569), the Department published a notice of the creation of the Hazardous Materials Regulations Board, and stated its composition and jurisdiction.

The function of the Board is to handle all matters relating to regulations (including special permits for waiver or exemption, issued under Title 18, U.S.C. 831–835 and title IV and section 902(h) of the Federal Aviation Act of 1958 (49 U.S.C. 1421–1430, and 1472(h)), for the shipment and transportation of hazardous materials.

Regulations of the Board, other than special permits, for the shipment and transportation of hazardous materials will be published in the FEDERAL REGISTER and in the Code of Federal Regulations. Regulations now contained in Parts 171–190 of Title 49 CFR and in Part 103 of the Federal Aviation Regulations (14 CFR Part 103) are now designated as the "Hazardous Materials Regulations of the Department of Transportation".

At the present time, regulations under Title 18, U.S.C. 831–835 are issued under procedures established by the Interstate Commerce Commission which was vested with this regulatory function before the effective date of the Department of Transportation Act. Similarly, regulations in Part 103 of the Federal Aviation Regulations are currently issued under Part 11 thereof (14 CFR Part 11). Section 12 of the Department of Transportation Act provides that regulations (including procedural regulations) issued in the exercise of powers, functions, and duties transferred by the Act shall continue in effect until modified, terminated, or superseded in the exercise of authority under that Act.

The purpose of this notice is to request public comment on procedures proposed for use in prescribing all hazardous materials regulations under the cited authority. The proposed rule would supersede the applicable procedural rules of the Interstate Commerce Commission and, so far as Part 11 of the Federal Aviation Regulations relates to Hazardous Materials Regulations, would supersede that part. The proposal would establish one procedure for the issuance of all of those regulations.

Interested persons are invited to participate in the making of the proposed rules by submitting such written data, views, or arguments as they may desire. Communications should identify the regulatory docket or notice number and be submitted in duplicate to the Secretary, Hazardous Materials Regulations Board, Department of Transportation, 400 Sixth Street SW., Washington, D.C. 20590.

Communications received before January 30, 1968, will be considered by the Board before taking final action on the notice. All comments will be available for examination by interested persons at the Office of the Secretary, both before and after the closing date for comments. The proposals contained in this notice may be changed in the light of comments received.

The proposed rule provides for general notice of proposed rule making, to be published in the FEDERAL REGISTER, except in cases in which the Board finds that notice is impractical, unnecessary, or contrary to the public interest, and except for interpretive rules, general statements of policy, and rules relating to organization, procedure, or practices. It also provides for the consideration of petitions for rule making, special permits, reconsideration of rules, and extensions of time to comment on notices of proposed rule making. It specifically provides that a petition for reconsideration does not, automatically, stay the effectiveness of a rule, but such a stay

may be ordered in the discretion of the Board.

Sections 556 and 557 of title 5, United States Code (formerly sections 7 and 8 of the Administrative Procedure Act) relating to the conduct of hearings on the record, would not apply to rule making under the proposed part. Therefore, hearings are not a required part of the rule-making procedure. However, hearings may be held, in the discretion of the Board, as a supplementary fact-finding procedure. Any hearing held would be nonadversary, with no formal pleadings, and any resultant rule would not necessarily be based exclusively on the record of the hearing.

This amendment is proposed under the authority of Title 18, U.S.C. sections 831–835, section 9 of the Department of Transportation Act (49 U.S.C. 1657), and title VI and section 902(h) of the Federal Aviation Act of 1958 (49 U.S.C. 1421–1430, and 1472(h)).

In consideration of the foregoing, it is proposed to amend Title 49 of the Code of Federal Regulations by adding the following new Part 170.

Issued in Washington, D.C., on November 13, 1967.

P. E. TRIMBLE,
Acting Commandant,
U.S. Coast Guard.

SAM SCHNEIDER,
Acting Administrator,
Federal Aviation Administration.

LOWELL K. BRIDWELL,
Administrator,
Federal Highway Administration.

A. SCHEFFER LANG,
Administrator,
Federal Railroad Administration.

PART 170—RULE-MAKING PROCEDURES OF THE HAZARDOUS MATERIALS REGULATIONS BOARD

Subpart A—General

Sec.
170.1 Applicability.
170.3 Initiation of rule making.
170.5 Participation in rule-making proceedings.
170.7 Regulatory docket.

Subpart B—Petitions for Rule Making

170.11 Filing of petitions for rule making.
170.13 Filing of petitions for special permits for waivers or exemptions.
170.15 Proceeding of petitions for rule making and special permits.

Subpart C—Procedures

170.21 General.
170.23 Contents of notices.
170.25 Petitions for extension of time to comment.
170.27 Consideration of comments received.
170.29 Additional rule-making proceedings.
170.31 Hearings.
170.33 Adoption of final rules.
170.35 Petition for rehearing or reconsideration of rule.

AUTHORITY: The provisions of this Part 170 issued under Title 18, U.S.C., secs. 831–835; sec. 9, Department of Transportation Act (49 U.S.C. 1657); title VI, sec. 902(h), Federal Aviation Act of 1958 (49 U.S.C. 1421–1430, 1472(h).

Subpart A—General

§ 170.1 Applicability.

(a) This part prescribes general rule-making procedures that apply to the issue, amendment, and repeal of hazardous materials regulations under title 18, U.S.C. 831–835 and title VI and section 902(h) of the Federal Aviation Act of 1958 (49 U.S.C. 1421–1430 and 1472(h)). The regulations in this part are designated as the "Hazardous Materials Regulations" of the Department of Transportation.

(b) The Hazardous Materials Regulations Board, established by Department of Transportation Order 1100.11, dated July 27, 1967 (hereinafter referred to as the "Board") is composed of the Assistant Secretary for Research and Technology as Chairman; and the Commandant, U.S. Coast Guard, Federal Aviation Administrator, Federal Highway Administrator, and Federal Railroad Administrator, or their designees, as members. The General Counsel of the Department is the legal adviser to the Board and the Director of the Office of Hazardous Materials is the Secretary to the Board.

(c) The signature of the Board member issuing a notice or adopting a regulation for a mode of transportation determines the applicability of that notice or rule to that mode of transportation. Where more than one mode is involved, the requisite number of authorized signatures is included.

(d) Records of the Board relating to rule-making proceedings, including the regulatory docket maintained under § 170.7, are available for inspection as provided in Part 7 of the regulations of the Secretary of Transportation (Part 7 of this title).

§ 170.3 Initiation of rule making.

The Board initiates rule making on the motion of any of its members. The Board also considers the recommendations of other agencies of the U.S. Government and of interested persons.

§ 170.5 Participation in rule-making proceedings.

Any person may participate in rule-making proceedings by submitting written information or views. The Board may also allow any person to participate in additional rule-making proceedings, such as informal meetings or hearings, held with respect to any rule.

§ 170.7 Regulatory docket.

Records of the Board concerning rule-making actions, including notices of proposed rule making, comments received in response to those notices, petitions for rule making (including special permits for waiver or exemption), petitions for rehearing or reconsideration, grants and denials of special permits, denials of petitions for rule making, records of additional rule-making proceedings under § 170.29 and final rules are maintained in current docket form in the Department.

Subpart B—Petitions for Rule Making

§ 170.11 Filing of petitions for rule making.

(a) Any person may petition the Board to issue, amend, or repeal a rule.

(b) Each petition filed under this section must—

(1) Be submitted, in duplicate, to the Secretary, Hazardous Materials Regulations Board, Department of Transportation, 400 Sixth Street SW., Washington, D.C. 20590.

(2) Set forth the text or substance of the rule or amendment proposed, or specify the rule that the petitioner seeks to have repealed as the case may be.

(3) Explain the interest of the petitioner in the action requested.

(4) Contain information and arguments to support the action sought.

§ 170.13 Filing of petitions for special permits for waivers or exemptions.

(a) Any person may petition the Board for a special permit for a waiver or exemption from any provision of Parts 171–190 of this chapter or Part 103 of Title 14 (14 CFR Part 103). The Board may issue the special permit whenever it determines that—

(1) The petitioner has proposed an alternative which would provide at least an equivalent degree of safety, and

(2) Compliance with that provision of the regulations is—

(i) Not possible;

(ii) Not practicable;

(iii) Unreasonable; or

(iv) Not in the public interest.

(b) Each petition must comply with the following:

(1) Unless good cause is shown, be submitted at least 60 days before the proposed effective date.

(2) Be submitted in duplicate to the Secretary, Hazardous Materials Regulations Board, Department of Transportation, 400 Sixth Street SW., Washington, D.C. 20590.

(3) Specify the regulatory provisions involved.

(4) State the justification for the permit, including reasons why the regulations are not appropriate, why the public interest would be served by the proposal, and the basis upon which the proposal would provide at least an equivalent degree of safety to that provided by the regulations concerned.

(5) Describe the proposal in detail, with drawings, plans, calculations, procedures, test results, previous approvals or permits, or other appropriate information. If specification containers or modified specification containers are proposed they must be described.

(6) State the chemical name, common name, hazard classification, form, quantity, properties, and characteristics of material covered by the proposal, including composition and percentage of each chemical if a solution or mixture.

(7) Describe any specific shipping or accident experience with the container type proposed.

(8) Name the proposed mode of transportation, and describe any special transport controls needed.

(9) State the name, address, and telephone number of the applicant, and, if tank motor vehicles are to be used, that of the motor carrier.

(10) Contain a statement or recommendation regarding any changes to the regulations which would be desirable to obviate the need for similar special permits.

§ 170.15 Processing of petitions for rule making and special permits.

(a) *General.* Each petition received under this subpart is referred to the Board for such action as its members consider necessary or desirable. Unless otherwise directed by the Board, no public hearing, argument, or other proceeding is held directly on a petition before its disposition under this section.

(b) *Grants.* If the petition meets the applicable requirements and the Board finds that adequate justification exists, the Board issues the special permit under this subpart or initiates rule-making action under Subpart C of this part.

(c) *Denials.* If the petition does not meet the applicable requirements, or the Board finds that adequate justification does not exist, the petition is denied.

(d) *Notification.* A notice of each grant or denial of a petition is issued to the petitioner.

Subpart C—Procedures

§ 170.21 General.

(a) Unless the Board finds, for good cause, that notice is impracticable, unnecessary, or contrary to the public interest, a notice of proposed rule making is issued and interested persons are invited to participate in the rule-making proceedings with respect to each substantive rule.

(b) Unless the Board determines that notice and public rule-making proceedings are desirable, interpretive rules, general statements of policy, and rules relating to organization, procedure, or practice are prescribed as final without notice or other public rule-making proceedings.

(c) In its discretion, the Board may invite interested persons to participate in the rule-making proceedings described in § 170.29.

§ 170.23 Contents of notices.

(a) Each notice of proposed rule making is published in the FEDERAL REGISTER, unless all persons subject to it are named therein and are served with a copy.

(b) Each notice, whether published in the FEDERAL REGISTER or served, includes—

(1) A statement of the time, place, and nature of the proposed rule-making proceeding;

(2) A reference to the authority under which it is issued;

(3) A description of the subjects and issues involved or the substance or terms of the proposed rule;

(4) A statement of the time for the submission of written comments and the number of copies required; and

(5) A statement of how and to what extent interested persons may participate in the proceeding.

§ 170.25 Petitions for extension of time to comment.

(a) Any person may petition the Board for an extension of time to submit comments in response to a notice of proposed rule making. The petition must be submitted in duplicate not later than 7 days before expiration of the time stated in the notice. The filing of the petition does not automatically extend the time for petitioner's comments.

(b) The Board grants the extension only if it is in the public interest and the petitioner shows good cause for the extension. If an extension is granted, it is granted to all persons by publication in the FEDERAL REGISTER.

§ 170.27 Consideration of comments received.

All timely comments are considered before final action is taken on a rule-making proposal. Late filed comments may be considered so far as practicable.

§ 170.29 Additional rule-making proceedings.

The Board may initiate any further rule-making proceedings that it finds necessary or desirable. For example, it may invite interested persons to present oral arguments, participate in conferences, appear at informal hearings, or participate in any other proceeding.

§ 170.31 Hearings.

(a) Sections 556 and 557 of title 5, United States Code (relating to the conduct of hearings required to be on the record) do not apply to hearings held under this part. As a factfinding proceeding, each hearing is nonadversary and there are no formal pleadings or adverse parties. Any rule issued in a case in which a hearing is held is not necessarily based exclusively on the record of the hearing.

(b) The Board designates one or more of its members or a representative to conduct any hearing held under this part. The General Counsel or a member of his staff serves as legal officer at the hearing.

§ 170.33 Adoption of final rules.

If a Board adopts a rule, it is published in the FEDERAL REGISTER, unless all persons subject to it are named and are served with a copy.

§ 170.35 Petition for rehearing or reconsideration of rule.

(a) Any interested person may petition the Board for reconsideration of any rule issued under this part. Such a petition must be transmitted, in duplicate, to the Secretary, Hazardous Materials Regulations Board, Department of Transportation, 400 Sixth Street SW., Washington, D.C. 20590, at least 10 days before the effective date of the rule. Petitions filed after that time will be considered as petitions filed under § 170.11. The petition must contain a brief statement of the complaint and an explanation as to why compliance with the rule is not possible, is not practicable, is unreasonable, or is not in the public interest.

(b) If the petitioner requests the consideration of additional facts, he must state the reason they were not presented to the Board within the allotted time.

(c) The Board does not consider repetitious petitions.

(d) Unless the Board otherwise provides, the filing of a petition under this section does not stay the effectiveness of a rule.

[F.R. Doc. 67-14060; Filed, Nov. 29, 1967; 8:48 a.m.]

Office of the Secretary

[49 CFR Part 239]

[OST Docket No. 9; Notice No. 5A]

STANDARD TIME ZONE BOUNDARIES

Yukon Standard Time Zone

On August 9, 1967, the Department of Transportation issued Notice No. 5 (32 F.R. 11479) which proposed the establishment of new standard time zone boundaries for the States of Alaska and Hawaii. Included in the notice was a proposal for a new U.S. standard time zone, to be known as the Yukon standard time zone. It was proposed pursuant to the Uniform Time Act of 1966 (15 U.S.C. 261–265) which states in part:

> * * * the territory of the United States shall be divided into eight zones * * *. [T]he standard time of the sixth zone [shall be based on] the one hundred and thirty-fifth [degree of longitude west from Greenwich]. (Section 4(a))

The notice proposed that the entire area between 127°30′ W. longitude and 141° W. longitude be included within the new Yukon time zone. Under this proposal, the cities of Juneau and Ketchikan would observe Yukon time, a time 1 hour behind the Pacific time observed in Seattle and San Francisco.

Considerable opposition was expressed to the original proposal by citizens, chambers of commerce, and commercial enterprises. Their comments pointed out that historically Juneau and Ketchikan have been closely aligned with the western coast of the continental United States through commerce, shipping, and general transportation, and that the change suggested would work serious hardship on the people and businesses of the area. Specifically, it was pointed out that the proposal would reduce the daily period for conducting business between southeastern Alaska and certain continental West Coast cities from 8 hours to 6 hours.

In consideration of these comments, the Department of Transportation hereby revises its original proposal with respect to the establishment of a Yukon time zone and proposes instead that only that portion of Alaska which falls between 137° W. longitude and 141° W. longitude be included within the new Yukon standard time zone. Under the proposal, all of Alaska east of the 137° W. longitudinal line would be in the Pacific standard time zone. In accordance with the foregoing, it is proposed to amend Part 239 of Title 49 of the Code of Federal Regulations by adding a new § 239.11 reading as follows:

§ 239.11 Yukon standard time.

The sixth standard time zone, the Yukon time zone, includes all territory of the United States between 137° W. longitude and 141° W. longitude.

Interested persons are invited to participate in the making of this proposed rule by submitting such written data, views, and arguments as they may desire. Communications should identify the regulatory docket or notice number (see above) and be submitted in duplicate to Docket Clerk: Office of the General Counsel; Department of Transportation; Washington, D.C. 20590.

Communications received on or before December 31, 1967, and all other communications received before the date of this notice, will be considered by the Department before taking final action. All docketed comments will be available for examination by interested persons, both before and after the closing date for comments.

These proceedings will not concern adherence to or exemption from advanced (daylight saving) time during the summer months. The Uniform Time Act requires observance of advanced time within established time zones from the last Sunday in April to the last Sunday in October, but permits an individual State to exempt itself, by law, from observing advanced time within the State.

This proposal is issued under the authority of the Act of March 19, 1918, ch. 24, as amended by the Uniform Time Act of 1966 (15 U.S.C. 260–267); section 6(e)(5) of the Department of Transportation Act (80 Stat. 939, 49 U.S.C. 1655); and 49 CFR Part 5.

Issued in Washington, D.C., on November 24, 1967.

JAMES E. ROBSON,
General Counsel.

[F.R. Doc. 67-13993; Filed, Nov. 29, 1967; 8:47 a.m.]

Notices

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[C-2656]

COLORADO

Notice of Classification of Public Lands for Multiple-Use Management

NOVEMBER 24, 1967.

1. Pursuant to the Act of September 19, 1964 (43 U.S.C. 1411–18) and to the regulations in 43 CFR, Parts 2410 and 2411, the public lands within the areas described below together with any lands therein that may become public lands in the future are hereby classified for multiple-use management. Publication of this notice segregates all the described lands from appropriation only under the agricultural land laws (43 U.S.C. Chs. 7 and 9; 25 U.S.C. 334); from sales under section 2455 of the Revised Statutes (43 U.S.C. 1171); the Public Land Sale Act of September 19, 1964 (78 Stat. 988, 43 U.S.C. 1421–27); and Small Tract Act of June 1, 1938, as amended (43 U.S.C. 682 (a) and (b)). The land shall remain open to all other applicable forms of appropriation including the mining and mineral leasing or material sale laws, exchanges under section 8 of Taylor Grazing Act (48 Stat. 1269), and Recreation and Public Purposes Act of June 14, 1926, as amended (43 U.S.C. 869, 869–1 to 869–4). As used herein, "public lands" means any lands withdrawn or reserved by Executive Order No. 6910 of November 26, 1934, as amended or within a grazing district established pursuant to the Act of June 28, 1934 (48 Stat. 1269) as amended which are not otherwise withdrawn or reserved for a Federal use or purpose.

2. No protests or objections were received following publication of a notice of proposed classification (32 F.R. 13387) or at the public hearing held on October 19, 1967, at Grand Junction, Colo. The record showing the comments received and other information is on file and can be examined in the Grand Junction District Office, Grand Junction, Colo. The public lands affected by this classification are located within the following described area and are shown on a map designated by Serial No. C-2656 in the Grand Junction District Office, Bureau of Land Management, Federal Building, Fourth and Rood, Grand Junction, Colo. 81502 and at the Land Office, Bureau of Land Management, Room 15019, Federal Building, 1961 Stout Street, Denver, Colo. 80202.

UTE PRINCIPAL MERIDIAN, COLORADO

MESA COUNTY

T. 1 N., R. 2 W.,
Secs. 18, 19, 20, 29, and 30.

T. 1 N., R. 3 W.,
Secs. 7, 8, 9, 10, and 11, those portions south of the Colorado River;
Secs. 13 to 36, inclusive.

SIXTH PRINCIPAL MERIDIAN, COLORADO

MESA COUNTY

T. 10 S., R. 103 W.,
Secs. 7 and 8, 15 to 19 inclusive, south of Colorado River;
Secs. 20, 21, and 22;
Secs. 27 to 34 inclusive.
T. 10 S., R. 104 W.,
Secs. 23 to 28 inclusive, south of Colorado River;
Secs. 32 and 33 south of Colorado River;
Secs. 34, 35, and 36.
T. 11 S., R. 102 W.,
Secs. 13 to 30 inclusive;
Sec. 32 all that portion lying northeast of a diagonal line connecting the northwest corner and the southeast corner;
Secs. 33 to 36 inclusive.
T. 11 S., R. 103 W.,
Secs. 2 to 11 inclusive;
Secs. 13 to 31 inclusive;
Secs. 32, 33, and 34 north of uppermost rim of Sieber Canyon.
T. 11 S., R. 104 W.,
Secs. 1, 2, and 3;
Secs. 4, 5, 7, and 8 south of Colorado River;
Secs. 9 to 36 inclusive.
T. 12 S., R. 103 W.,
Secs. 6 and 7 that part north of Sieber Canyon rim.
T. 12 S., R. 104 W.,
Secs. 1 to 9, inclusive;
Secs. 10, 11, and 12 north of Little Dolores River Canyon rim;
Secs. 16, 17, and 18 north of rim of Little Dolores River.

The areas described aggregate approximately 78,088 acres of public lands.

3. For a period of 30 days from the date of publication of this notice in the FEDERAL REGISTER, interested parties may submit comments to the Secretary of the Interior, LLM, 721, Washington, D.C. 20240 (43 CFR 2411.1–2(d)).

E. I. ROWLAND,
State Director.

[F.R. Doc. 67-13983; Filed, Nov. 29, 1967; 8:46 a.m.]

[C-2657]

COLORADO

Notice of Classification of Public Lands for Multiple-Use Management

NOVEMBER 24, 1967.

1. Pursuant to the Act of September 19, 1964 (43 U.S.C. 1411–18) and to the regulations in 43 CFR, Parts 2410 and 2411, the public lands within the areas described below together with any lands therein that may become public lands in the future are hereby classified for multiple-use management. Publication of this notice segregates all the described lands from appropriation only under the Recreation and Public Purposes Act of June 14, 1926, as amended (43 U.S.C. 869, 869–1 to 869–4); the Agricultural Land Laws (43 U.S.C. Chs. 7 and 9, 25 U.S.C. sec. 334); from sales under section 2455 of the Revised Statutes (43 U.S.C. 1171); the Public Land Sale Act of September 19, 1964 (78 Stat. 988, 43 U.S.C. 1421–27); and Small Tract Act of June 1, 1938, as amended (43 U.S.C. 682 (a) and (b)). The land shall remain open to all other applicable forms of appropriation including the mining and mineral leasing or material sale laws, exchanges under section 8 of Taylor Grazing Act (43 Stat. 1269). As used herein, "public lands" means any lands withdrawn or reserved by Executive Order No. 6910 of November 26, 1934, as amended or within a grazing district established pursuant to the Act of June 28, 1934 (48 Stat. 1269) as amended which are not otherwise withdrawn or reserved for a Federal use or purpose.

2. No protests or objections were received following publication of a notice of proposed classification (32 F.R. 13387) or at the public hearing held on October 19, 1967, at Grand Junction, Colo. The record showing the comments received and other information is on file and can be examined in the Grand Junction District Office, Grand Junction, Colo. The public lands affected by this classification are located within the following described areas and are shown on a map designated by Serial No. C-2657 in the Grand Junction District Office, Bureau of Land Management, Federal Building, Fourth and Rood, Grand Junction, Colo. 81502 and at the Land Office, Bureau of Land Management, Room 15019 Federal Building, 1961 Stout Street, Denver, Colo. 80202.

SIXTH PRINCIPAL MERIDIAN, COLORADO

MESA COUNTY

T. 12 S., R. 103 W.,
Secs. 5 and 6 that portion in Sieber Canyon;
Sec. 7 that portion in Sieber Canyon, that portion lying south and west of the north and east rim of the Little Dolores River;
Secs. 17 and 18 those portions lying south and west of the north and east rim of the Little Dolores River;
Sec. 19;
Secs. 20 and 21 those portions lying south and west of the north and east rim of the Little Dolores River;
Sec. 29, W½W½;
Secs. 30 and 31;
Sec. 32, W½W½ (lot 4), SE¼NW¼, NE¼SW¼, Tract 41 (lots 5 and 6).
T. 12 S., R. 104 W.,
Secs. 10, 11, and 12 those portions lying south of the north rim of Little Dolores River;
Secs. 13, 14, and 15;
Secs. 16, 17, and 18 those portions lying south of the north rim of Little Dolores River;
Secs. 19 to 36, inclusive.

T. 13 S., R. 103 W.,
Sec. 3, W½SW¼;
Secs. 5 to 9, inclusive;
Sec. 10, W½;
Sec. 15, N½NW¼ and those portions of S½NW¼ and SW¼ lying west of the continuous rim in these subdivisions;
Secs. 16 to 21, inclusive;
Sec. 22, W½W½ that portion lying west of the continuous rim;
Sec. 28, NW¼NE¼, NW¼, N½SW¼;
Secs. 29 to 31, inclusive;
Sec. 32, W½, W½E½.
T. 13 S., R. 104 W.,
Secs. 1 to 36, inclusive.
T. 14 S., R. 103 W.,
Sec. 5, lots 2, 3, and 4;
Sec. 6, lots 1, 2, 3, and 4;
Secs. 28 to 32, inclusive;
Secs. 33 and 34 above Unaweep Rim.
T. 14 S., R. 104 W.,
Secs. 1 to 32, inclusive;
Secs. 33 to 35, inclusive, above Unaweep Rim;
Sec. 36.
T. 15 S., R. 103 W.,
Secs. 3 to 6, inclusive, and sec. 8 those portions above Unaweep Rim.
T. 15 S., R. 104 W.,
Secs. 1, 2, 4, 5, 6, 11, and 12 those portions above Unaweep Rim.

The areas described aggregate approximately 53,273 acres of public land.

3. For a period of 30 days from the date of publication of this notice in the FEDERAL REGISTER, interested parties may submit comments to the Secretary of the Interior, LLM, 721, Washington, D.C. 20240 (43 CFR 2411.1-2(d)).

E. I. ROWLAND,
State Director.

[F.R. Doc. 67-13984; Filed, Nov. 29, 1967; 8:45 a.m.]

DEPARTMENT OF AGRICULTURE

Agricultural Stabilization and Conservation Service

SUGARCANE IN PUERTO RICO

1968-69 Crop Proportionate Shares; Notice of Hearing

Notice is hereby given that the Secretary of Agriculture, acting pursuant to the Sugar Act of 1948, as amended, is preparing to conduct a public hearing to receive views and recommendations from all interested persons on the possible need for establishing proportionate shares for the 1968-69 sugarcane crop in Puerto Rico.

In accordance with the provisions of paragraph (1), subsection (b) of section 302 of the Sugar Act of 1948, as amended, the Secretary must determine for each crop year whether the production of sugar from any crop of sugarcane in Puerto Rico will, in the absence of proportionate shares, be greater than the quantity needed to enable the area to meet its quota and provide a normal carryover inventory, as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar from such crop normally would be marketed. Such determination may be made only after due notice and opportunity for an informal public hearing.

The hearing on this matter will be conducted in Room 2W, Administration Building, U.S. Department of Agriculture, Washington, D.C., beginning at 10 a.m. on December 19, 1967.

Views and recommendations are desired on all phases of the proportionate share program. They may be submitted in writing, in triplicate, at the hearing, or may be mailed to the Director, Sugar Policy Staff, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture, Washington, D.C. 20250, postmarked not later than December 29, 1967. Interested persons will be given the opportunity at the hearing to appear and submit orally data, views and arguments in regard to the establishment of proportionate shares.

Restrictions on the marketing of sugarcane in Puerto Rico have not been in effect since the 1955-56 crop. The area has not marketed all of its mainland basic sugar quota in recent years. Prospects for the 1967-68 crop indicate that production will again fall short of the area's mainland basic quota.

All written submissions made pursuant to this notice will be made available for public inspection at such times and places in a manner convenient to the public business (7 CFR 1.27(b)).

Signed at Washington, D.C., on November 24, 1967.

H. D. GODFREY,
Administrator, Agricultural Stabilization and Conservation Service.

[F.R. Doc. 67-14006; Filed, Nov. 29, 1967; 8:48 a.m.]

Packers and Stockyards Administration

[P. & S. Docket No. 143]

MARKET AGENCIES AT OMAHA UNION STOCK YARDS, OMAHA, NEBR.

Notice of Petition To Vacate Order and Dismiss Proceeding

Pursuant to the provisions of the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 181 et seq.), a basic order was issued in the case of "In Re Market Agencies at Omaha Union Stock Yards, Omaha, Nebr.," respondents (P. & S. Docket No. 143), on November 19, 1926, prescribing the rates and charges to be assessed by the respondents for the services rendered by them at the Omaha Union Stock Yards, Omaha, Nebr. Such rates and charges have been modified or extended from time to time by subsequent orders issued in the proceeding. The latest such order was issued on December 6, 1965, continuing in effect to and including December 31, 1967, unless modified or extended by further order before the latter date, an order issued on December 26, 1963, prescribing the rates and charges to be assessed by the respondents.

On November 3, 1967, a petition was filed on behalf of respondents requesting that the rate order in this proceeding be vacated and the proceeding dismissed in conformity with § 203.11 (9 CFR 203.11) of the statements of general policy under the Packers and Stockyards Act. The petition reads as follows:

This is a rate proceeding under the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 181 et seq.). Respondents are now operating under orders issued on December 26, 1963 (22 A.D. 1353) and December 6, 1965 (24 A.D. 1581). The current schedule of rates and charges became effective January 1, 1964 and is to remain in effect, unless modified or extended by further order, to and including December 31, 1967.

The basic rate order in this proceeding was issued November 19, 1926. During the period since the basic rate order has been in effect Respondents have followed the procedure, prior to filing of a petition for modification of the basic order, of seeking an advance indication of the attitude of the Packers and Stockyards Administration toward the changes to be proposed. Information in support of such proposals has been submitted and a tentative agreement is reached before a formal petition for modification has been filed.

Respondents do not believe economic conditions in the industry, the marketing structure in the trade territory, or any other circumstance necessitates the continuation of the formal procedure for obtaining modification in the rates and charges assessed by Respondents.

It is requested therefore that in conformity with the policy expressed in section 203.11 of the statements of general policy under the Packers and Stockyards Act (9 CFR 203.11) that the rate order in this proceeding be vacated and the proceeding be dismissed.

Any interested person may file with the Hearing Clerk, U.S. Department of Agriculture, Washington, D.C. 20250, within 15 days after the publication of this notice in the FEDERAL REGISTER, written data, views, comments, or arguments with respect to the petition filed by the respondents.

All written submissions made pursuant to this notice will be made available for public inspection at such times and places and in a manner convenient to the public business (7 CFR 1.27(b)).

Done at Washington, D.C., this 24th day of November 1967.

DONALD A. CAMPBELL,
Acting Administrator, Packers and Stockyards Administration.

[F.R. Doc. 67-14009; Filed, Nov. 29, 1967; 8:48 a.m.]

Office of the Secretary

NORTH CAROLINA

Designation of Areas for Emergency Loans

For the purpose of making emergency loans pursuant to section 321 of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1961), it has been determined that in the hereinafter-named counties in the State of North Carolina, a natural disaster has caused a need for agricultural credit not readily

available from commercial banks, cooperative lending agencies, or other responsible sources.

NORTH CAROLINA

Gates. Hertford.

Pursuant to the authority set forth above, emergency loans will not be made in the above-named counties after June 30, 1968, except to applicants who previously received emergency or special livestock loan assistance and who can qualify under established policies and procedures.

Done at Washington, D.C., this 24th day of November 1967.

ORVILLE L. FREEMAN,
Secretary.

[F.R. Doc. 67-13981; Filed, Nov. 29, 1967; 8:46 a.m.]

DEPARTMENT OF COMMERCE

Maritime Administration

[Report 16]

LIST OF FOREIGN FLAG VESSELS ARRIVING IN NORTH VIETNAM ON OR AFTER JANUARY 25, 1966

SECTION 1. The President has approved a policy of denying the carriage of U.S. Government-financed cargoes shipped from the United States on foreign-flag vessels which called at North Vietnam ports on or after January 25, 1966.

The Maritime Administration is making available to the appropriate U.S. Government Departments the following list of such vessels which arrived in North Vietnam ports on or after January 25, 1966, based on information received through November 16, 1967. This list does not include vessels under the registration of countries, including the Soviet Union and Communist China, which normally do not have vessels calling at U.S. ports.

FLAG OF REGISTRY NAME OF SHIP	*Gross tonnage*
Total, all flags (47 ships)	321,954
British (13 ships)	70,102
Ardrossmore	5,820
Ardrowan	7,300
Dartford	2,739
Greenford	2,964
Isabel Erica	7,105
Kingford	2,911
*Rochford	3,324
**Rosetta Maud (trip to North Vietnam under ex-name, Ardtara—British).	5,795
Santa Granda	7,229
Shienfoon	7,127
Shirley Christine	6,724
*Taipieng	5,676
Yungfutary	5,388
Cypriot (6 ships)	43,101
Acme	7,173
Agios Georgis	7,139
Amfiali	7,110
Amfitriti	7,147
Amon	7,229
Antonia II	7,303
Italian (1 ship)	8,380
*Agostino Bertani	8,380
Maltese (1 ship)	7,304
Amalia	7,304
Panamanian:	
**Salamanca (trips to North Vietnam under ex-name, Milford—British).	1,889
Polish (25 ships)	191,178
Andrzej Strug	6,919
Beniowski	10,443
Djakarta	6,915
Energetyk	10,876
*Florian Ceynowa	6,784
General Sikorski	6,785
Hanka Sawicka	6,944
Hanoi	6,914
Hugo Kollataj	3,755
Jan Matejko	6,748
*Janek Krasicki	6,904
Jozef Conrad	8,730
Kapitan Kosko	6,629
Kochanowski	8,231
Konopnicka	9,690
Kraszewski	10,363
Lelewel	7,817
Marceli Nowotko	6,660
Marian Buczek	7,053
Norwid	5,512
Phenian	6,923
Stefan Okrzeja	6,620
Transportowiec	10,854
Wieniawski	9,190
Wladyslaw Broniewski	6,919

SEC. 2. In accordance with approved procedures, the vessels listed below which called at North Vietnam on or after January 25, 1966, have reacquired eligibility to carry U.S. Government-financed cargoes from the United States by virtue of the persons who control the vessels having given satisfactory certification and assurance:

(a) that such vessels will not, thenceforth, be employed in the North Vietnam trade so long as it remains the policy of the U.S. Government to discourage such trade and;

(b) that no other vessels under their control will thenceforth be employed in the North Vietnam trade, except as provided in paragraph (c) and;

(c) that vessels under their control which are covered by contractual obligations, including charters, entered into prior to January 25, 1966, requiring their employment in the North Vietnam trade shall be withdrawn from such trade at the earliest opportunity consistent with such contractual obligations.

FLAG OF REGISTRY	*Number of ships*
a. Since last report: None.	
b. Previous reports:	
British	1

SEC. 3. The following number of vessels have been removed from this list since they have been broken up.

FLAG OF REGISTRY	*Broken up*
British	1
Greek	1

*Added to Report No. 15 appearing in the FEDERAL REGISTER issue of September 23, 1967.

**Ships appearing on the list that have been scrapped or have had changes in name and/or flag of registry.

Dated November 21, 1967.

By Order of the Acting Maritime Administrator.

JAMES S. DAWSON, Jr.,
Secretary.

[F.R. Doc. 13994; Filed, Nov. 29, 1967; 8:47 a.m.]

National Bureau of Standards

NATIONAL BUREAU OF STANDARDS RADIO STATIONS

Notice of Standard Frequency and Time Broadcasts

Notice is hereby given that the carrier frequencies of broadcasts by NBS stations which are coordinated by the Bureau International de l'Heure (BIH) under the Coordinated Universal Time (UTC) system will be offset during 1968 from their nominal values referred to the NBS frequency standard by −300 parts in 10^{10}. This represents no change from the 1967 value. The offset value for 1968 was announced by the BIH on November 2, 1967. As a result of this offset, the interval between timing pulses for the UTC system will be longer than a second by 300 parts in 10^{10}. At the present time, stations on the UTC system whose carrier frequencies are offset according to this system include NBS stations WWV and WWVL, Fort Collins, Colo., and station WWVH, Maui, Hawaii.

Notice is also hereby given in accordance with NBS policy that there will be no adjustment on January 1, 1968 in the phases of time signals emitted from the above stations.

Notice is also hereby given that there will be no adjustment on January 1, 1968 in the phase of seconds pulses emitted from radio station WWVB, Fort Collins, Colo., which is coordinated by the BIH on the Stepped Atomic Time (SAT) system.

Although no phase adjustments are scheduled for January 1, 1968, such adjustments are sometimes needed to ensure that the emitted pulses from all stations will remain within about 100 ms of the UT2 scale. They are made because of changes in the rate of rotation of the earth with which the UT2 scale is associated. NBS obtains daily UT2 information from weekly forecasts of extrapolated UT2 clock readings provided by

See footnote at end of document.

the U.S. Naval Observatory in accordance with the close cooperation maintained between the two agencies.

A. V. ASTIN,
Director.

NOVEMBER 20, 1967.

[F.R. Doc. 67-13996; Filed, Nov. 29, 1967; 8:47 a.m.]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ACTING DEPUTY ASSISTANT SECRETARY FOR RENEWAL ASSISTANCE AND ACTING DEPUTY ASSISTANT SECRETARY FOR HOUSING ASSISTANCE

Designations

A. *Acting Deputy Assistant Secretary for Renewal Assistance.* The officers appointed to the following listed positions are hereby designated to serve as Acting Deputy Assistant Secretary for Renewal Assistance during the absence of the Deputy Assistant Secretary for Renewal Assistance, with all the powers, functions, and duties redelegated or assigned to the Deputy Assistant Secretary for Renewal Assistance: *Provided*, That no officer is authorized to serve as Acting Deputy Assistant Secretary for Renewal Assistance unless all other officers whose position titles precede his in this designation are unable to act by reason of absence:

1. General Deputy, Renewal Assistance Administration.

2. Director, Program Management Division, Renewal Assistance Administration.

3. Chief Counsel, Renewal Assistance Administration.

B. *Acting Deputy Assistant Secretary for Housing Assistance.* The officers appointed to the following listed positions are hereby designated to serve as Acting Deputy Assistant Secretary for Housing Assistance during the absence of the Deputy Assistant Secretary for Housing Assistance, with all the powers, functions, and duties redelegated or assigned to the Deputy Assistant Secretary for Housing Assistance: *Provided*, That no officer is authorized to serve as Acting Deputy Assistant Secretary for Housing Assistance unless all other officers whose position titles precedes his in this designation are unable to act by reason of absence:

1. General Deputy, Housing Assistance Administration.

2. Deputy Director, Management Division, Housing Assistance Administration.

C. *Supersedure.* These designations supersede the designation and order of precedence published at 31 F.R. 9141, July 2, 1966, as amended at 32 F.R. 13150, Sept. 15, 1967, and 32 F.R. 13831, Oct. 4, 1967.

(Secretary's delegation effective July 1, 1966, 31 F.R. 8964, 8965, June 29, 1966, as amended)

Effective date. These designations shall be effective as of November 24, 1967.

DON HUMMEL,
Assistant Secretary for Renewal and Housing Assistance.

[F.R. Doc. 67-13997; Filed, Nov. 29, 1967; 8:47 a.m.]

DEPARTMENT OF TRANSPORTATION

Coast Guard

[CGFR 67-85]

JAMES RIVER

Notice of Closure to Navigation During Launching of the "Charleston"

By virtue of the authority vested in me as Commandant, U.S. Coast Guard, by 49 CFR 1.4 (32 F.R. 5606) and Executive Order 10173 as amended by Executive Orders 10277, 10352, and 11249, I hereby affirm for publication in the FEDERAL REGISTER the order of E. C. Allen, Jr., Rear Admiral, U.S. Coast Guard, Commander, 5th Coast Guard District, who has exercised authority as District Commander, such order reading as follows:

SPECIAL NOTICE JAMES RIVER

Under the authority of Title II of the Espionage Act of June 15, 1917, 40 Stat. 220, 50 U.S.C. 191 and Executive Order 10173 as amended, I declare that from 10:30 a.m., e.s.t., until 2:30 p.m., e.s.t., Saturday, December 2, 1967, the following area is a security zone and I order that it be closed to any person or vessel due to the launching of the "Charleston" (AKA-113):

The water of the James River, Norfolk-Newport News Harbor, Va., within the coordinates of latitude 36°59'34" N., longitude 76°26'53" W. at the shoreline of Newport News, thence southwesterly 500 yards to latitude 36°59'27" N., longitude 76°-27'10" W., thence southeasterly to latitude 36°58'43" N., longitude 76°26'41" W., thence easterly to Newport News Shipbuilding Co, Pier 8 Light (USCG Light List No. 3037).

No person or vessel may remain in or enter this security zone.

The Captain of the Port, Hampton Roads Area, Va., shall enforce this order.

The Captain of the Port may be assisted by employees and facilities of any State or political subdivision thereof or any Federal agency.

For violation of this order Title II of the Espionage Act of June 15, 1917 (40 Stat. 220 as amended, 50 U.S.C. 192), provides:

"If any owner, agent, master, officer, or person in charge, or any member of the crew of any such vessel fails to comply with any regulation or rule issued or order given under the provisions of this chapter, or obstructs or interferes with the exercise of any power conferred by this chapter, the vessel, together with her tackle, apparel, furniture, and equipment, shall be subject to seizure and forfeiture to the United States in the same manner as merchandise is forfeited for violation of the customs revenue laws; and the person guilty of such failure, obstruction, or interference shall be punished by imprisonment for not more than 10 years and may, in the discretion of the court, be fined not more than $10,000.

"If any other person knowingly fails to comply with any regulation or rule issued or order given under the provisions of this chapter, or knowingly obstructs or interferes with the exercise of any power conferred by this chapter, he shall be punished by imprisonment for not more than 10 years and may, at the discretion of the court, be fined not more than $10,000."

Dated: November 24, 1967.

W. J. SMITH,
Admiral, U.S. Coast Guard, Commandant.

[F.R. Doc. 67-14003; Filed, Nov. 29, 1967; 8:47 a.m.]

CIVIL AERONAUTICS BOARD

[Docket No. 12895, etc.]

U.S.-CARIBBEAN-SOUTH AMERICA ROUTE INVESTIGATION (U.S.-CARIBBEAN PART)

Notice of Oral Argument

Notice is hereby given, pursuant to the provisions of the Federal Aviation Act of 1958, as amended, that oral argument in the above-entitled matter is assigned to be held on January 10, 1968, at 10 a.m., e.s.t., in Room 1027, Universal Building, 1825 Connecticut Avenue NW., Washington, D.C., before the Board.

Dated at Washington, D.C., November 24, 1967.

[SEAL] FRANCIS W. BROWN,
Chief Examiner.

[F.R. Doc. 67-14002; Filed, Nov. 29, 1967; 8:47 a.m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket No. 17234 etc.; FCC 67M-1971]

CATV OF ROCKFORD, INC., ET AL.

Statement and Order After Further Prehearing Conference

In re petitions by: CATV of Rockford, Inc., Rockford, Ill., Docket No. 17234, File Nos. CATV 100-23, 100-39; Rockford Community Television, Inc., Loves Park, Ill., Docket No. 17235, File No. CATV 100-68; TV Cable Company of Stephenson County, Freeport, Ill., Docket No. 17236, File No. CATV 100-105; Beloit Community Television Services, Inc., Beloit, Wis., Docket No. 17237, File No. CATV 100-92; Television Wisconsin, Inc., Whitewater, Wis., Docket No. 17238, File No. CATV 100-26; Whitewater Cable Corp., Whitewater, Wis., Docket No. 17239, File No. CATV 100-37; Jefferson Cable Corp., Jefferson, Wis., Docket No. 17240, File No. CATV 100-51; Total TV, Inc., Janesville, Wis., Docket No. 17241, File No. CATV 100-13; for authority pursuant to § 74.1107 to serve and operate CATV systems in the Milwaukee, Wis., Market (24), Madison, Wis., Market (80), and Rockford, Ill., Market (99).

At today's conference the hearing was rescheduled from November 27, 1967, to February 26, 1968 (when no evidence will be taken) and March 11, 1968.

So ordered.

Issued: November 22, 1967.

Released: November 24, 1967.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] BEN F. WAPLE,
Secretary.

[F.R. Doc. 67-13967; Filed, Nov. 29, 1967; 8:45 a.m.]

[Docket Nos. 17871, 17872; FCC 67-1258]

CITY OF LAWRENCE, MASS. AND FOUR STAR AVIATION, INC.

Order Designating Applications for Consolidated Hearing on Stated Issues

In re applications of city of Lawrence, Mass., Docket No. 17871, File No. 173-A-L-87; Four Star Aviation, Inc., Docket No. 17872, File No. 175-A-L-87; for aeronautical advisory station to serve the Lawrence Municipal Airport, North Andover, Mass.

1. The Commission's rules (§ 87.251 (a)) provide that only one aeronautical advisory station may be authorized to operate at a landing area. The above-captioned applications both seek Commission authority to operate an aeronautical advisory station at the Lawrence Municipal Airport, North Andover, Mass., and, therefore, are mutually exclusive. Accordingly, it is necessary to designate the applications for hearing. Except for the issues specified herein each applicant is otherwise qualified.

2. In view of the foregoing, *It is ordered*, That pursuant to the provisions of section 309(e) of the Communications Act of 1934, as amended, that the above-captioned applications are hereby designated for hearing in a consolidated proceeding at a time and place to be specified in a subsequent order on the following issues:

(a) To determine which applicant would provide the public with better aeronautical advisory service based on the following considerations:

(1) Location of the fixed-base operation and proposed radio station in relation to the landing area and traffic patterns;

(2) Hours of operation;

(3) Personnel available to provide advisory service;

(4) Experience of applicant and employees in aviation and aviation communications;

(5) Ability to provide information pertaining to primary and secondary communications as specified in § 87.257 of the Commission's rules;

(6) Proposed radio system including control and dispatch points; and

(7) The availability of the radio facilities to other fixed-base operators.

(b) To determine in light of the evidence adduced on the foregoing issues which, if either, of the applications should be granted.

3. *It is further ordered*, That to avail themselves of an opportunity to be heard the city of Lawrence and Four Star Aviation, Inc., pursuant to § 1.221(c) of the Commission's rules, in person or by attorney, shall within 20 days of the mailing of this order file with the Commission, in triplicate, a written appearance stating an intention to appear on the date set for hearing and present evidence on the issues specified in this order. Failure to file a written appearance within the time specified may result in dismissal of the application with prejudice.

Adopted: November 15, 1967.

Released: November 24, 1967.

FEDERAL COMMUNICATIONS COMMISSION,[1]
[SEAL] BEN F. WAPLE,
Secretary.

[F.R. Doc. 67-13968; Filed, Nov. 29, 1967; 8:45 a.m.]

[Docket No. 13292 etc.; FCC 67M-1944]

NEWS-SUN BROADCASTING CO. ET AL.

Memorandum Opinion and Order Scheduling Hearing

In re applications of the News-Sun Broadcasting Co., Waukegan, Ill., Docket No. 13292, File No. BPH-2543; Edward Walter Piszczek and Jerome K. Westerfield, Des Plains, Ill., Docket No. 13940, File No. BPH-3201; Maine Township FM, Inc., Des Plaines, Ill., Docket No. 17242, File No. BPH-4821; for construction permits.

1. The Hearing Examiner has under consideration the motions to quash notice to take deposition filed on November 3, 1967, and November 2, 1967, by News-Sun Broadcasting Co. and Piszczek and Westerfield, respectively, and the opposition thereto filed on November 7, 1967, by Maine Township FM, Inc. The request of Maine for acceptance of its opposition to the motions to quash will be accepted. It does offer use of the alternative of written interrogatories and counsel may wish to explore this offer informally.

2. By order released June 8, 1967, the issues were enlarged to include an adequacy of staff issue against Maine Township FM, Inc. In this order it was noted "Reliance is also placed upon the agreement of local citizens to appear on and assist in programs. Maine Township includes a list of programs with the names of those who will assist in presenting them, but adds the cautionary footnote that the 'names of individuals are illustrative of those who have agreed to assist Maine where their talents and background will be best utilized. It is not firmly established that each will be matched to the above programs, only that each when contacted was willing to assist in the programing.' As part of its evidentiary presentation under this issue, by agreement of all parties, Maine on August 17, 1967, filed a notice to take depositions and on September 18, 1967, a "Modification of Notice" was filed adding a further deponent and advising that Mr. Bert W. Ball would be unable to appear at the scheduled deposition session. The depositions were taken pursuant to the modified notice on September 20 and 21, 1967. On October 27, 1967 the instant notice to take deposition was served proposing to now take the deposition of Mr. Ball on November 20, 1967, at Park Ridge, Ill., relative to his proposed participation in station programing. The sole basis asserted for now taking this testimony by deposition is that the testimony will be brief and the deposition would save expense and time over the alternative of bringing Mr. Ball to Washington for such brief testimony.

3. The motions to quash assert that the need for Mr. Ball's deposition being based solely on the existence of an adequacy of staff issue, no sufficient showing of need to take deposition has been made as required under the Commission's rules. It is also asserted that "the taking of depositions the second time would be an unwarranted imposition upon other parties and their counsel" and should not be permitted and that Commission precedent (citing Abacoa Radio Corporation, 1 RR 2d, 736) establishes that depositions may not be taken over the objections of a party merely for the convenience of the witness or a party.

4. The instant notice to take deposition reflects no basis of need for eliciting this testimony by deposition rather than by direct testimony other than for the convenience of the witness. Considerations of equity alone require that it be ordered that the deposition shall not be taken. Maine would impose the burden of a deposition proceeding in Park Ridge, Ill., on the other three parties to the proceeding to avoid the need of bringing a single witness to Washington, D.C. where the concluding phases of this proceeding must be conducted. If Maine believes the testimony of this witness is critical to its case, however, a definite time for his appearance in Washington, D.C., will be scheduled to avoid inconvenience to him and mitigate any disruption it may occasion in the performance of his duties as Mayor of the city of Park Ridge.

Accordingly, it is ordered, That the said motions to quash are granted and the deposition pursuant to the said notice shall not be taken;

It is further ordered, That hearing herein shall resume on January 15, 1968 commencing at 10 a.m. in the offices of the Commission at Washington, D.C.

Issued: November 16, 1967.

Released: November 22, 1967.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] BEN F. WAPLE,
Secretary.

[F.R. Doc. 67-13969; Filed, Nov. 29, 1967; 8:45 a.m.]

[1] Commissioners Bartley and Lee absent.

[Docket No. 17777; FCC 67M-1973]

TRI-STATE BROADCASTING CO., INC. (KUPD)

Order Continuing Prehearing Conference

In re application of Tri-State Broadcasting Co., Inc. (KUPD), Tempe, Ariz., Docket No. 17777, File No. BP-16895, for construction permit.

It is ordered, That the prehearing conference in the above matter now scheduled for November 30, 1967 is continued to December 21, 1967 at 10 a.m.

Issued: November 22, 1967.

Released: November 24, 1967.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] BEN F. WAPLE,
Secretary.

[F.R. Doc. 67-13970; Filed, Nov. 29, 1967; 8:45 a.m.]

FEDERAL MARITIME COMMISSION

AMERICAN WEST AFRICAN FREIGHT CONFERENCE

Notice of Petition Filed for Approval

Notice is hereby given that the following petition has been filed with the Commission for approval pursuant to section 14b of the Shipping Act, 1916, as amended (75 Stat. 762, 46 U.S.C. 814).

Interested parties may inspect a copy of the proposed contract form and of the petition at the Washington office of the Federal Maritime Commission, 1321 H Street NW., Room 609; or at the offices of the District Managers, New York, N.Y., New Orleans, La., and San Francisco, Calif. Comments with reference to the proposed contract form and the petition including a request for hearing, if desired, may be submitted to the Secretary, Federal Maritime Commission, Washington, D.C. 20573, within 10 days after publication of this notice in the FEDERAL REGISTER. A copy of any such statement should also be forwarded to the party filing the proposed contract form and of the petition (as indicated hereinafter), and the comments should indicate that this has been done.

Notice of application to institute a dual rate system filed by:

Mr. John K. Cunningham, Chairman, American West African Freight Conference, 67 Broad Street, Suite 2400, New York, N.Y. 10004.

Notice of the application of the member lines of the American West African Freight Conference to institute a contract rate system for the carriage of coffee, cocoa, and bulk vegetable oils in less than full shipload lots in the westbound conference trade, which was published in the FEDERAL REGISTER on November 10, 1967 in Volume 32-219 at page 15651, inadvertently stated that noncontract rates will be 15 percent lower than the ordinary rates as set forth in the conference tariffs.

The last sentence of the November 10, notice should read as follows: "The application provides that noncontract rates will be 15 percent higher than the contract rates as set forth in the conference tariffs under terms and conditions as further described in the contract."

Dated: November 27, 1967.

By order of the Federal Maritime Commission.

THOMAS LISI,
Secretary.

[F.R. Doc. 67-14004; Filed, Nov. 29, 1967; 8:48 a.m.]

FEDERAL POWER COMMISSION

[Docket No. CS67-103 etc.]

JOSEPH I. O'NEILL, JR. ET AL.

NOVEMBER 20, 1967.

Findings and order after statutory hearing issuing small producer certificates of public convenience and necessity, amending certificate, terminating certificates, canceling FPC gas rate schedules, severing and terminating rate proceedings, and dismissing small producer applications.

Each Applicant listed herein has filed an application pursuant to section 7(c) of the Natural Gas Act and § 157.40 of the regulations under the Act for a small producer certificate of public convenience and necessity authorizing the sale and delivery for resale in interstate commerce of natural gas produced from the Permian Basin area of Texas and New Mexico, all as more fully set forth in the applications in this proceeding.

Each application covers a sale from the Prentice Plant, Yoakum County, Tex., to Northern Natural Gas Co., and only one application, Docket No. CS68-21, also covers sales other than Prentice Plant sales.

Seven of the Applicants, as listed in Appendix I, transferred their interests to eight other Applicants in Docket Nos. CS68-7, CS68-9, CS68-12, CS68-13, CS68-14, CS68-15, CS68-21, and CS68-23. Five of these successor Applicants, CS68-12, CS68-13, CS68-14, CS68-15, and CS68-21, own, in addition to the acquired interest, a prior interest in sales from the plant and have rate schedules on file to cover these sales. The other three successor Applicants, Docket Nos. CS68-7, CS68-9, and CS68-23, do not have any present filings with the Commission. Since the Applicants in Appendix I, except Applicants in Docket No. CS67-103, have transferred their interests and are no longer making any sales, their applications will be dismissed as no longer required and the related rate schedules canceled.

The successor Applicants had filed a joint application in Docket No. CS67-103, under the name of Joseph I. O'Neill, Jr., et al., to cover their acquisition of interest from the producers listed in Appendix I. Each successor Applicant has now filed a separate application to cover his sales; accordingly, the application in Docket No. CS67-103 will also be dismissed as no longer required.

With the exception of the successor Applicants in Docket Nos. CS68-7, CS68-9, and CS68-23, each Applicant's sale from the Prentice Plant is covered by the certificate issued in Docket No. G-11564 under the name of Pan American Petroleum Corp. (Operator) et al., the plant operator. Docket No. G-11564 will be amended to delete therefrom the "et al"., interests of Applicants. The current rate for sales by all Applicants from the Prentice Plant is 14.5 cents per Mcf at 14.65 p.s.i.a., the applicable area base rate. Two prior rate increases to rates of 13.0504 cents and 14.0552 cents per Mcf had been collected by each Applicant subject to refund under the suspension proceedings in Docket Nos. G-17059 and RI64-293, respectively. The current rate of 14.5 cents per Mcf is not involved in a suspension proceeding. Docket No. G-17059 was involved in the Permian Basin Proceeding, Docket No. AR61-1 et al., and Docket No. RI64-293 was consolidated in the show cause proceeding, Docket No. AR61-1 et al. Since the current rate is equal to the applicable area base rate, the rate proceedings in Docket Nos. G-17059 and RI64-293 will be terminated only insofar as they pertain to the Applicants herein.

In addition to his sale from the Prentice Plant, Joseph I. O'Neill, Jr. (Operator) et al., Applicant in Docket No. CS68-21, seeks by said application a small producer certificate for five other present sales, as follows:

Rate Schedule No. 1. Covers a sale to El Paso Natural Gas Co. of low and high pressure gas at current rates of 8.165 cents per Mcf and 10.6008 cents per Mcf, respectively. Rate increases of 13.68225 cents and 15.70925 cents per Mcf for low and high pressure gas, respectively, are suspended in Docket No. RI60-320, which was involved in the Permian Basin Proceeding, Docket No. AR61-1 et al. The suspended rates were never placed in effect and the current rates are less than the applicable area base rate of 14.5 cents per Mcf. The Commission, however, in Opinion No. 468 determined that the just and reasonable rate for these sales was above the then effective rates. The just and reasonable rate also exceeded the suspended rate for low pressure gas, but was below the suspended rate for high pressure gas. Accordingly, the rate proceedings will be severed and terminated and O'Neill advised that he may collect under the instant rate schedule the suspended rate or the area rate, whichever is lower, as of September 1, 1965.

Rate Schedule No. 15. Covers a sale to Phillips Petroleum Co. at 13.50 cents per Mcf effective subject to refund in Docket No. RI63-267, which docket was included in the show cause order, Docket No. AR 61-1 et al. Since the rate is lower than the applicable area base rate of 14.5 cents per Mcf, the rate proceedings will be severed and terminated.

Rate Schedule No. 16. Covers a sale to El Paso Natural Gas Co. in New Mexico at 7.50 cents per Mcf. The applicable

area base rate for this sale is 13.50 cents per Mcf plus applicable tax.

Rate Schedule No. 17. Covers a sale to Transwestern Pipeline Co. in New Mexico under a temporary certificate issued at a conditioned rate of 16.0 cents per Mcf. The contract rate is 22.425 cents per Mcf and the applicable area base rate for the sale is 13.50 cents per Mcf plus applicable tax. The order issued herein will advise Applicant that he is still responsible for refunds which may be ordered by the Commission for this sale pursuant to the provisions of Opinion No. 468.

Rate Schedule No. 19. Covers a sale to Phillips Petroleum Co. at the contract rate of 13.50 cents per Mcf effective subject to refund in Docket No. RI63–260, which is included in the show cause proceeding, Docket No. AR61–1 et al. Since the applicable area base rate for this sale is 14.50 cents per Mcf, the rate proceedings will be severed and terminated.

The Commission's staff has reviewed each application and recommends each action ordered as consistent with all substantive Commission policies and required by the public convenience and necessity.

After due notice, no petition to intervene, notice of intervention, or protest to the granting of the applications has been received.

At a hearing held on November 9, 1967, the Commission on its own motion received and made a part of the record in this proceeding, all evidence, including the applications and exhibits thereto, submitted in support of the authorizations sought herein, and upon consideration of the record,

The Commission finds:

(1) Each Applicant is or was engaged in the sale of natural gas in interstate commerce for resale for ultimate public consumption, subject to the jurisdiction of the Commission, and each is, therefore, a "natural-gas company" within the meaning of the Natural Gas Act.

(2) The sales of natural gas hereinbefore described, as more fully described in the applications herein, will be made in interstate commerce subject to the jurisdiction of the Commission, and such sales by Applicants, together with the construction and operation of any facilities necessary therefor will be subject to the requirements of subsections (c) and (e) of section 7 of the Natural Gas Act.

(3) Applicants are able and willing properly to do the acts and to perform the service proposed and to conform to the provisions of the Natural Gas Act and the requirements, rules, and regulations of the Commission thereunder.

(4) Each Applicant is an independent producer of natural gas who is not affiliated with a natural gas pipeline company and whose total jurisdictional sales on a nationwide basis, together with the sales of affiliated producers, were not in excess of 10,000,000 Mcf of natural gas at 14.65 p.s.i.a. during the preceding calendar year.

(5) The sales of natural gas by Applicants, together with the construction and operation of any facilities necessary therefor, are required by the public convenience and necessity, and small producer certificates of public convenience and necessity, therefore, should be issued as hereinafter ordered and conditioned.

(6) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that the application in Docket No. CS67–103 and the other applications set forth in Appendix I be dismissed and that the related rate schedules be canceled.

(7) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act and the public convenience and necessity require that the certificate issued in Docket No. G–11564 be amended to delete therefrom the authorizations covering the interests of Applicants listed in Appendix II, and the related rate schedules canceled, except for Applicants in Docket Nos. CS68–7, CS68–9, and CS68–23.

(8) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that the certificates heretofore issued in Docket Nos. G–6393, G–13254, G–16544, G–19113, and CI62–224 to Applicant in Docket No. CS68–21 be terminated.

The Commission orders:

(A) Small producer certificates of public convenience and necessity are issued upon the terms and conditions of this order authorizing the sale for resale and the delivery of natural gas in interstate commerce by Applicants listed in Appendix II from the Permian Basin area of Texas and New Mexico, together with the construction and operation of any facilities subject to the jurisdiction of the Commission necessary therefor, all as more fully described in the applications in this proceeding.

(B) The certificates granted in paragraph (A) above are not transferable and shall be effective only so long as the Applicants continue the acts or operations hereby authorized in accordance with the provisions of the Natural Gas Act and the applicable rules, regulations, and orders of the Commission and particularly,

(1) The subject certificates shall be applicable only to all present and future "small producer sales", as defined in § 157.40(a)(3) of the regulations under the Natural Gas Act, from the Permian Basin area;

(2) Sales shall not be at rates in excess of those set forth in § 157.40(b)(1) of the regulations under the Natural Gas Act; however, for sales authorized prior to September 1, 1965, Applicants may file notices of changes in rate for any contractually authorized rates in excess of the ceiling rates, which increased rates shall be subject to suspension pursuant to section 4(e) of the Natural Gas Act and subsequently may be rejected as of the date of filing as provided by the order granting relief, issued February 6, 1967, in Docket No. CS66–48 et al.;

(3) Applicants shall file annual statements pursuant to § 154.104 of the regulations under the Natural Gas Act.

(C) The certificates granted in paragraph (A) above shall remain in effect for small producer sales until the Commission on its own motion or on application terminates said certificates because Applicants no longer qualify as small producers or fail to comply with the requirements of the Natural Gas Act, the regulations thereunder, or the terms of the certificates. Upon such termination Applicants will be required to file separate certificate applications and individual rate schedules for future sales. To the extent compliance with the terms of this order is observed, the small producer certificates will still be effective as to those sales already included thereunder.

(D) The grant of the certificates issued in paragraph (A) above shall not be construed as a waiver of the requirements of section 7 of the Natural Gas Act or Part 157 of the Commission's regulations thereunder, and is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceedings now pending or hereafter instituted by or against Applicants. Further, our action in this proceeding shall not foreclose nor prejudice any future proceedings or objections relating to the operation of any price or related provisions in the gas purchase contracts herein involved. Nor shall the grant of the certificates aforesaid for service to the particular customers involved imply approval of all of the terms of the contracts, particularly as to the cessation of service upon termination of said contracts, as provided by section 7(b) of the Natural Gas Act. Nor shall the grant of the certificates aforesaid be construed to preclude the imposition of any sanctions pursuant to the provisions of the Natural Gas Act for the unauthorized commencement of any sales subject to said certificates.

(E) Docket No. CS67–103 and the applications listed in Appendix I are dismissed as moot and the related rate schedules cancelled.

(F) The certificate heretofore issued to Pan American Petroleum Corp. (Operator) et al., in Docket No. G–11564 is amended to delete therefrom the "et al." interests of Applicants listed in Appendix II, and the related rate schedules are canceled, except for Applicants in Docket Nos. CS68–7, CS68–9, and CS68–23.

(G) The certificates heretofore issued in Docket Nos. G–6393, G–13254, G–16544, G–19113, and CI62–224 to Applicant in Docket No. CS68–21 are terminated.

(H) The suspension proceedings in Docket No. G–17059, involved in the area rate proceeding in Docket No. AR61–1 et al., and Docket No. RI64–293, involved in the show cause proceeding in Docket No. AR61–1 et al., are terminated insofar as they pertain to all Applicants listed in appendices I and II, except for Applicants in Docket Nos. CS68–7, CS68–9, and CS68–23.

(I) The rate proceeding in Docket No. RI60–320 is severed from the area rate proceeding in Docket No. AR61–1 et al., and is terminated. Applicant in Docket No. CS68–21 is advised that under his FPC Gas Rate Schedule No. 1 he may collect the suspended rate or the applicable area rate, whichever is lower, as of September 1, 1965.

(J) The rate proceedings in Docket Nos. RI63–260 and RI63–267 are severed

from the show cause proceeding in Docket No. AR61–1 et al., and terminated.

(K) Joseph I. O'Neill, Jr. (Operator) et al., Applicant in Docket No. CS68–21, is advised that he is not relieved of any refund obligations imposed as a result of Opinion No. 468, particularly the refund obligations imposed by ordering paragraph (D), with respect to the sale to Transwestern Pipeline Co. rendered under his FPC Gas Rate Schedule No. 17.

(L) The certificates granted in paragraph (A) above are effective as of the date of authorization.

By the Commission.

[SEAL] GORDON M. GRANT, *Secretary.*

APPENDIX I—APPLICATIONS TO BE DISMISSED

Certificate Docket No.	Applicant	FPC gas rate schedules to be canceled
C67–193	Joseph I. O'Neill, Jr. et al.	
CS68–6	D. E. Ackers	[2] 1
CS68–8	Albert Bradley	[1] 1
CS68–10	John J. Burns	[1] 1
CS68–11	John T. Cahill	[1] 1
CS68–16	John M. Franklin	[1] 1
CS68–17	Joseph Peter Grace	[1] 1
CS68–19	Thomas S. Lamont	[1] 1

[1] Interest transferred to each of the following: E. T. Anderson, Edwina S. Brokaw, J. Walker Duncan, Jr., Raymond T. Duncan, Vincent J. Duncan, Walter Duncan, Joseph I. O'Neill, Jr., and Peter L. Shea.

[2] Designated as Dean E. Ackers, FPC gas rate schedule No. 1.

APPENDIX II

Certificate Docket No.	Applicant	FPC gas rate schedule to be canceled	Certificate Docket No. to be terminated	Rate proceeding to be terminated
CS68–7	E. T. Anderson			
CS68–9	Edwina S. Brokaw			
CS68–12	J. Walter Duncan, Jr.	1	G–11564 [1]	G–17059,[2] RI64–293,[2]
CS68–13	Raymond T. Duncan	1	G–11564 [1]	G–17059,[2] RI64–293,[2]
CS68–14	Vincent J. Duncan	1	G–11564 [1]	G–17059,[2] RI64–293,[2]
CS68–15	Walter Duncan	3	G–11564 [1]	G–17059,[2] RI64–293,[2]
CS68–18	Estate of Frank A. Howard	1	G–11564 [1]	G–17059,[2] RI64–293,[2]
CS68–20	G. Hilmer Lundbeck, Jr.	1	G–11564 [1]	G–17059,[2] RI64–293,[2]
CS68–21	Joseph I. O'Neill, Jr. (Operator), et al.	1	G–6393	RI60–320,[3]
	do	14	G–11564 [1]	G–17059,[2] RI64–293,[2]
	do	15	G–13254	RI63–267,[4]
	do	16	G–16544	
	do	17	G–19113	
	do	19	CI62–224	RI63–260,[4]
CS68–22	Estate of Edward L. Shea	1	G–11564 [1]	G–17059,[2] RI64–293,[2]
CS68–23	Peter L. Shea			

[1] Amended to delete the "et al." interest of Applicant from certificate issued under name of Pan American Petroleum Corp. (Operator) et al.

[2] Terminated only insofar as it pertains to Applicant.

[3] Consolidated in Docket No. AR61–1 et al., Permian Basin Proceeding.

[4] Included in Show Cause Order, Docket No. AR61–1 et al.

[F.R. Doc. 67–13920; Filed, Nov. 29, 1967; 8:45 a.m.]

[Docket No. CI65–974, CI66–591, etc.]

GEORGE DESPOT ET AL.

Order Conditionally Approving Settlement, Issuing Certificate of Public Convenience and Necessity and Severing and Terminating Proceedings

NOVEMBER 22, 1967.

Pursuant to a gas sale contract dated March 5, 1962, Humble Oil & Refining Co. (Humble) commenced deliveries of gas to Tennessee Gas Pipeline Co., a division of Tenneco Inc. (Tennessee), on May 15, 1962. The gas sold is produced from Grand Isle Blocks 16 and 18 in Zone 2 of offshore Louisiana; no final determination has been made as to whether or not Zone 2 or any part of it is within the seaward boundary of the State of Louisiana. Deliveries commenced at an initial price of 19.5 cents, which escalated on May 15, 1965 to 20.5 cents.

The contract between Humble and Tennessee contained restrictions similar to those before us in Lo-Vaca Gathering Co., Opinion No. 348, 26 F.P.C. 606 (1961), aff. 379 U.S. 366 (1965). Because of the contractual restriction on the use of the gas by Tennessee, Humble treated its sale as not subject to our jurisdiction until January 7, 1966, when Humble filed the May 15, 1962, contract as amended by an agreement of April 8, 1963, as a rate schedule and applied for a certificate of public convenience and necessity.

On September 14, 1966, we issued an order to show cause in the consolidated Despot proceedings. Humble was one of the respondents to whom that order was addressed. As a respondent, Humble was required to show cause why it should not be required to apply for and obtain a certificate of public convenience and necessity nunc pro tunc authorizing it to make the sale and to show cause why it should not be required to refund the difference between its charges to Tennessee and the in-line price for offshore southern Louisiana.

On July 17, 1967, Humble filed a proposed settlement, which was superseded by an amended proposal filed on July 26, 1967. Humble proposes to refund 100 percent of all amounts it has collected in excess of the in-line price for the southern Louisiana area applicable since January 19, 1965, and 62½ percent from the date of initial delivery to January 19, 1965. To accomplish this, Humble agrees to refund 100 percent of the amounts it has collected in excess of the 20-cent in-line price for southern Louisiana sales subject to Louisiana taxes, and Humble agrees that as to any volumes of gas involved herein ultimately determined to have been produced from an area not subject to Louisiana taxes, as to which the in-line price for off-shore southern Louisiana of 18.5 cents applies, it will, if ordered by the Commission, refund 1.50 cents for volumes not subject to Louisiana tax sold between May 15, 1965, and the date of our order herein, 1 cent per Mcf for volumes not subject to Louisiana tax sold between January 19, 1965, and May 14, 1965, and 0.625 cent per Mcf for volumes not subject to Louisiana tax sold between May 15, 1962, and January 18, 1965. As to any volumes produced in areas ultimately found subject to Louisiana taxation, Humble would be obligated to pay Louisiana tax, and no refunds would be required below 20 cents. Humble agrees to pay interest at the rate of 7 percent on all sums collected in excess of 20 cents.

Noting the Commission's policy on retention of refunds by the seller pending a determination of the flow through obligation of the purchaser, Humble requests that if it is required to retain the refunds of the funds it has collected in excess of 20 cents, that it be given the option of placing the funds in an escrow account or commingling the funds with other corporate funds. In the event of commingling, Humble agrees to pay interest on such funds at the rate of 5 percent per annum from a date 45 days subsequent to the Commission's approval of this settlement. Humble requests that it be allowed the same alternative with regard to the funds which will be refundable as to any areas of Zone 2 found not to be within the taxing jurisdiction of Louisiana and makes a like offer to pay interest of 5 percent per annum from 45 days after the order approving the settlement in the event of commingling on any refunds arising from a finding that the area involved is not subject to Louisiana taxation, such interest to run only until the date of the determination that the area is not subject to Louisiana tax.

In addition Humble has agreed to undertake a contingent refund liability depending upon the outcome of the proceedings in Docket No. AR61–2, the Southern Louisiana Area Rate Proceeding. Humble agrees to refund the difference, if any, between the 20-cent price which it is now charging Tennessee and the area rate determined by the Commission in AR61–2, but in no event shall the refund be computed on a level below 18.25 cents per Mcf at 15.025 p.s.i.a. Such refunds will be made for the period commencing with the Commission's approval of Humble's settlement and ending with

the Commission's opinion and order disposing of the exceptions now pending to the Examiner's initial decision in AR61–2 or approval of any settlement of AR61–2. In no event, however, will Humble be required to make refunds for a period greater than 6 months. If our opinion in AR61–2 is issued more than 6 months after the order approving Humble's settlement proposal; Humble agrees to make refunds on the sales made for a 6-month period ending with our opinion in AR61–2 or approval of any settlement therein.

Humble also requests that as part of the settlement, its application for a certificate to continue the sale to Tennessee be granted.

Humble's proposal presents an opportunity to dispose of the proceeding by settlement in a manner consistent with the public interest. It conforms to the settlement pattern negotiated between Mobil and the intervenors in the Despot proceedings, and no objections to the settlement or comments upon it have been received from any party. Nevertheless, while we approve Humble's offer, it is necessary to make our approval conditional upon the correction of several minor defects in the proposal, which we find not in the public interest.

We think Humble's treatment of interest on refunds is not proper. The courts have approved our requirement of interest on refunds, noting that the requirement of interest serves the purpose of preventing unjust enrichment. U.G.I. v. Callery Properties, Inc., 382 U.S. 223, 230 (1965); Texaco Inc. v. F.P.C., 290 F. 2d 149, 157 (CA5, 1961). The interest on refunds compensates purchasers who have been improperly deprived of the use of their money, and requires the producers to pay for having had the use of the money. The restitutionary purpose of the requirement of interest is not served in this case by the adoption of an arbitrary cutoff date on the obligation to pay interest on refunds prior to the date of our order approving this settlement. Equally Humble should be required to include in the fund which will be refundable in the event Zone 2 is found to be within the Federal Domain interest at the rate of 7 percent from the date of collection until the date of our approval of this settlement. Humble has had the use of these funds and should compensate for their use upon the occurrence of the event which would make them refundable.

The proper rate of interest under our current practice on sums refundable which are commingled with corporate funds is 5½ percent, and not the 5 percent proposed by Humble.

In issuing Humble a certificate for its sale, we will require the purchaser Tennessee to escrow the difference between 20 cents and 18.5 cents, the tax reimbursement payable to Humble, until the determination of the extent to which the gas delivered is subject to Louisiana tax. The amount escrowed with interest less the fees and expenses of the escrow agent would be payable to Tennessee if it were finally determined that the gas delivered was not subject to Louisiana tax, or to Humble, if it should be determined that it was subject to Louisiana tax. However, in the latter instance the interest would be payable to Humble only to the extent that Humble should be required to pay interest on the applicable state taxes.

During the course of the proceeding in Despot, the Presiding Examiner required the pipeline intervenors in that proceeding to file statements of their intended disposition of any refunds ordered in those proceedings. In response to that order Tennessee filed a statement of intention in which it claimed the right to retain any refunds. We are, therefore, directing Humble to retain the refunds pending our final determination as to their disposition.

The Commission finds:

(1) Humble's settlement proposal of July 26, 1967, as hereinafter conditioned, is in the public interest, and it is appropriate in the administration of the provisions of the Natural Gas Act that it be approved and made effective as hereinafter ordered; and good cause exists for severing and terminating the proceedings in Docket No. CI66–591.

(2) The sale by Humble to Tennessee commenced on May 15, 1962, and for which certification was sought on January 7, 1966, together with the construction and operation of any facilities subject to the jurisdiction of the Commission necessary therefore, are subject to the requirements of subsections (c) and (e) of section 7 of the Natural Gas Act.

(3) Humble is able and willing to do the acts and to perform the services proposed, and to conform to the provisions of the Natural Gas Act and the requirements, rules, and regulations of the Commission thereunder.

(4) The sale proposed by Humble, together with the construction and operation of any facilities subject to the jurisdiction of the Commission and necessary therefore are required by the public convenience and necessity and as conditioned herein are in the public interest.

The Commission orders:

(A) The settlement of these proceedings on the basis of the settlement proposal filed by Humble on July 26, 1967, as herein conditioned, is approved and made effective subject to terms and conditions herein.

(B) Humble shall compute interest on all amounts which it has collected in excess of 20 cents per Mcf. At the rate of 7 percent per year from the date of collection to the date of the issuance of this order less royalty and overriding royalty interest.

(C) Humble shall compute interest on the amounts collected in excess of 18.5 cents which will be refundable under the terms of the settlement proposal if all or any part of the gas delivered is found not subject to the taxing jurisdiction of the State of Louisiana at 7 percent per year from the date of delivery to the date of the issuance of the order less royalty and overriding royalty interest.

(D) Humble shall file with the Commission within 45 days after the date of this order a report setting out the amount of refunds computed in accordance with the settlement proposal together with the interest thereon computed in accordance with paragraph (B) hereof and setting out the amount of refunds computed in accordance with the settlement proposal which will be refundable if the gas delivered is found not to be subject to the taxing jurisdiction of the State of Louisiana together with interest computed in accordance with paragraph (C) hereof and shall serve a copy of the report on all parties to the proceeding in Docket No. CI66–591.

(E) Humble shall retain the amounts shown in the reports required under ordering paragraph (D) subject to further order of the Commission directing the disposition of those amounts. If Humble elects to commingle these retained refunds with its general assets and use them for its corporate purposes, it shall pay interest thereon at the rate of 5½ percent per annum on all funds thus available from the date of this order to the date on which they are paid over to the person ultimately determined to be entitled thereto in a final order of the Commission. If Humble elects to deposit the retained refunds in a special escrow account, Humble shall tender for filing on or before the date of the filing of the refund report an executed Escrow Agreement, conditioned as set out below accompanied by certificate showing service of a copy thereof upon the parties to the proceeding in Docket No. CI66–591. Unless notified to the contrary by the Secretary within 30 days from the date of filing thereof the Escrow Agreement shall be entered into between Humble and any bank or trust company used as a depositor for funds of the U.S. Government and the agreement shall be conditioned as follows:

(1) Humble, the bank or trust company, and the successors and assigns of each, shall be held and formally bound unto the Federal Power Commission for the use and benefit of those entitled thereto, with respect to all amounts and the interest thereon deposited in a special escrow account, subject to such agreement, and such bank or trust company shall be bound to pay over to such person or persons as may be identified and designated by final orders of the Commission and in such manner as may be therein specified, all or any portion of such deposits and the interest thereon.

(2) The bank or trust company may invest and reinvest such deposits in any short-term indebtedness of the United States or an agency thereof or in any form of obligation guaranteed by the United States which is, respectively, payable within 120 days as the said bank or trust company in the exercise of its sound discretion may select.

(3) Such bank or trust company shall be liable only for such interest as the invested funds described in paragraph (2) above will earn and no other interest may be collected from it.

(4) Such bank or trust company shall be entitled to such compensation as is fair, reasonable, and customary for its services as such, which compensation shall be paid out of the escrow account to such bank or trust company. Said bank or trust company shall likewise be entitled to reimbursement for its reasonable expenses necessarily incurred in the administration of this escrow account, which reimbursement shall be made out of the escrow account.

(5) Such bank or trust company shall report to the Secretary of this Commission quarterly, certifying the amount deposited in the trust account for the quarterly period.

(F) A permanent certificate of public convenience and necessity issued to Humble upon the conditions hereinafter set forth authorizing the sale and service proposed.

(G) The certificate issued in paragraph (F) above is hereby conditioned so that from and after the date of this order and until lawfully changed in the manner provided by the Natural Gas Act shall be 18.5 cents per Mcf: *Provided, however,* That the purchaser, Tennessee, shall pay into escrow the additional sum of 1.5 cents for each Mcf of gas delivered until a final determination as to whether or not the gas delivered is subject to the taxing jurisdiction of the State of Louisiana. The amount so escrowed together with the interest thereon less the fees and expenses of the escrow agent shall, as to all gas delivered which is determined to have been produced in an area not subject to the taxing jurisdiction of the State of Louisiana, will upon that determination be payable to the purchaser. The amount so escrowed, as to all gas delivered which is determined to have been produced in area subject to the taxing jurisdiction of the State of Louisiana, will upon that determination be payable to Humble: *Provided, however,* That interest will be payable to Humble upon such amount only if Humble should be required to pay interest on applicable State taxes. Humble within 30 days from the date of the issuance of this order shall file a supplemental rate filing reflecting the conditioned price in lieu of the price currently provided therein, and as to such filing the requirements of § 154.94(f) of the regulations under the Natural Gas Act are waived and upon compliance Humble's proposed related rate schedule designated as Humble Oil and Refining Co. FPC Rate Schedule No. 385 and the letter agreement dated April 8, 1963, as Supplement No. 1 thereto, shall be accepted for filing effective as of the date of this order: *Provided,* That this order is without prejudice to any action which the Commission may hereafter take pursuant to the provisions of sections 4 and 5 of the Natural Gas Act.

(H) The certificate issued to Humble by paragraph (F) is conditioned upon Humble's accepting the certificate issued to it in writing and under oath within 30 days of the issuance of this order.

(I) The certificate issued to Humble by paragraph (F) is conditioned upon the acceptance by Humble of the modification of its settlement proposal as provided in paragraph (J) of this order.

(J) Humble shall, over the signature of a responsible officer, file with the Commission, within 30 days of the date of this order, an original and one copy of its acceptance or rejection of this order and shall serve a copy of the same on the parties to Docket No. CI65–1227.

(K) Upon full compliance by Humble with this order the proceedings in Docket No. CI66–591 shall terminate and such proceedings upon termination are hereby served from the consolidated proceedings in Docket No. CI65–974 et al.

By the Commission.

[SEAL] GORDON M. GRANT, *Secretary.*

[F.R. Doc. 67–13971; Filed, Nov. 29, 1967; 8:45 a.m.]

[Docket No. RP68–4]

LOUISIANA NEVADA TRANSIT CO.

Order Suspending Proposed Change in Rate and Providing for Hearing

NOVEMBER 24, 1967.

Louisiana Nevada Transit Co. (Louisiana Nevada) filed, on October 25, 1967, proposed changes in its presently effective FPC Gas Tariff, Original Volume No. 1. The changes, designated Third Revised Sheet No. 3–A, reflect a change in rate structure from a block rate to a one-part rate of 24.8 cents per Mcf, and result in an increase of $45,904 annually, or an average of 4.87 cents per Mcf, based on volumes of gas sold for resale during 1966 to the city of De Queen, Ark. (De Queen).[1] The proposed effective date is November 25, 1967.

On November 9, 1967, De Queen filed comments requesting suspension of the filing in question and representing that Louisiana Nevada has failed to show the reasonableness of its proposed changes. Specifically, De Queen takes issue with the respondent's change in rate structure, its claimed return of 7 percent, and alleged failure to adjust test year volumes for new sales to De Queen and to direct customers, respondent's allocation of plant investment and various expenses between transmission and distribution functions and between jurisdictional and nonjurisdictional operations, and the company's use of certain book figures in computing its cost of service.

The data furnished by Louisiana Nevada concurrently with its filing is not adequate to enable the Commission to determine the lawfulness of the proposed rates and charges, particularly in view of the comments in opposition thereto set forth by respondent's only jurisdictional purchaser.

[1] In the past, Louisiana Nevada has made surplus gas sales for resale to Arkansas Louisiana Gas Co., but no such sales were reported for 1966. Other sales by Louisiana Nevada are retail only.

The proposed rates and charges have not been shown to be justified and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

The Commission finds: It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing concerning the lawfulness of the rates, charges, classifications, and services contained in Louisiana Nevada's FPC Gas Tariff, Original Volume No. 1, as proposed to be amended by Third Revised Sheet No. 3–A, and that said Third Revised Sheet No. 3–A be suspended and the use thereof deferred as hereinafter ordered.

The Commission orders:

(A) Pursuant to the authority of the Natural Gas Act, particularly sections 4 and 15 thereof, the Commission's rules of practice and procedure and the regulations under the Natural Gas Act (18 CFR Ch. I), a public hearing shall be held, upon a date to be fixed by notice from the Presiding Examiner concerning the lawfulness of the rates, charges, classifications, and services contained in Louisiana Nevada's FPC Gas Tariff, Original Volume No. 1, as proposed to be amended by Third Revised Sheet No. 3–A.

(B) Pending a hearing and decision thereon, Third Revised Sheet No. 3–A to Louisiana Nevada's FPC Gas Tariff, Original Volume No. 1, is hereby suspended and the use thereof is deferred until April 25, 1968, and thereafter until such further time as it is made effective in the manner prescribed by the Natural Gas Act.

(C) Pursuant to section 1.18 of the Commission's rules of practice and procedure, a prehearing conference before the Presiding Examiner shall commence at 10 a.m., e.s.t., on January 8, 1968, in a hearing room of the Federal Power Commission, 441 G Street NW., Washington, D.C. 20426, for the purpose of effectuating the expeditious disposition of this proceeding.

(D) A Presiding Examiner to be designated, or any other officer or officers of the Commission designated by it for that purpose, shall preside at the prehearing conferences and hearing in this matter, pursuant to the Commission's rules of practice and procedure, and particularly §§ 1.27, 1.18, and 2.59 thereof: *Provided, however,* That the Presiding Examiner may in his discretion set the date for service of rebuttal evidence before or after cross-examination of the direct evidence.

(E) Notices of intervention and petitions to intervene may be filed with the Federal Power Commission, Washington, D.C., in accordance with the Commission's rules of practice and procedure, §§ 1.8 and 1.37(f) (18 CFR 1.8 and 1.37(f)) on or before December 18, 1967.

By the Commission.

[SEAL] KENNETH T. PLUMB, *Acting Secretary.*

[F.R. Doc. 67–13972; Filed, Nov. 29, 1967; 8:45 a.m.]

[Docket No. CP68-150]

PANHANDLE EASTERN PIPE LINE CO.

Notice of Application

NOVEMBER 21, 1967.

Take notice that on November 9, 1967, Panhandle Eastern Pipe Line Co. (Applicant), 1 Chase Manhattan Plaza, New York, N.Y. 10005, filed in Docket No. CP68-150 an application pursuant to subsections (b) and (c) of section 7 of the Natural Gas Act for permission and approval to abandon in place certain natural gas facilities and a certificate of public convenience and necessity authorizing the construction and operation of certain natural gas facilities for the transportation and sale of natural gas in interstate commerce, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Applicant seeks permission and approval to abandon in place 7.1 miles of 6-inch pipeline extending from Applicant's Muncie lateral to the city of Winchester, Ind. Pursuant to a certificate of public convenience and necessity Applicant seeks authorization to construct and operate 7.1 miles of 8-inch pipeline which will serve as the replacement for the aforementioned 6-inch pipeline running from the Muncie lateral to the city of Winchester, Ind.

The total estimated cost of the proposed construction is $278,000, which will be financed out of available general funds.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington, D.C. 20426, in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) and the regulations under the Natural Gas Act (157.10) on or before December 18, 1967.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act and the Commission's rules of practice and procedure, a hearing will be held without further notice before the Commission on this application if no protest or petition to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that a grant of the certificate and permission-and-approval for the proposed abandonment are required by the public convenience and necessity. If a protest or petition for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Applicant to appear or be represented at the hearing.

GORDON M. GRANT,
Secretary.

[F.R. Doc. 67-13973; Filed, Nov. 29, 1967; 8:45 a.m.]

[Docket No. RI65-374]

ALVIN WILSON ET AL.[1]

Order Accepting Offer of Settlement, Requiring Filing of Executed Contract Amendment and Terminating Proceeding in Part

NOVEM[illegible]367.

On October 23, 1967, Alvin Wilson et al. (Wilson) submitted an offer of settlement in this proceeding pursuant to § 1.18(e) of the Commission's rules of practice and procedure.[1] The offer involves a proposed increased rate of 15.4248 cents per Mcf of natural gas at 14.65 p.s.i.a. from the Bethany Field, Tex. (Texas Railroad Commission District No. 6) to Tennessee Gas Transmission Co. (TGT) under his FPC Gas Rate Schedule No. 1. Wilson has filed a notice of change in rate, designated as Supplement No. 9 to his FPC Gas Rate Schedule No. 1, proposing to decrease the rate now being collected subject to refund to 15 cents per Mcf. His offer is in accordance with the provisions of the second and ninth amendments of the Statement of General Policy No. 61-1 (18 CFR 2.56).

Additionally Wilson filed an unexecuted contract amendment with TGT which eliminates all price escalation provisions except those providing for possible future tax reimbursement. TGT concurrently filed a statement indicating that it will execute the amendment upon Commission approval of the settlement order.

Wilson proposes to refund all monies collected in excess of the 15 cents per Mcf proposed settlement rate, subject to refund, to TGT, which will approximate $5,200, exclusive of interest. Acceptance of Wilson's proposal will cause a decrease in his annual revenues of approximately $1,450.

We desire to make it clear that acceptance of Wilson's offer of settlement shall not be construed as approval of any future increased rate filed in accordance with his reservation of the right to file increases to cover future tax increases as provided in his offer of settlement, and is without prejudice to any findings or order of the Commission in any future proceedings, including area rate or other similar proceedings, involving Wilson's rate and rate schedule.

The Commission finds: The proposed settlement of the above-designated proceedings, on the basis described herein, as more fully set forth in the offer of settlement filed with the Commission by Wilson on October 23, 1967, is consistent with the Statement of General Policy 61-1, as amended, 18 CFR 2.56 and approval thereof as made effective and hereinafter ordered is in the public interest and is appropriate to carry out the provision of the Natural Gas Act.

[1] The offer pertains to the interests of both C. D. Davis, now deceased, and Wilson in this proceeding. Wilson was executor of C. D. Davis' estate and upon settlement thereof Wilson was assigned the interests involved here. The offer does not cover the interests assigned to Car-Tex Producing Co. (Operator) et al., a co-respondent in Docket No. RI65-374.

The Commission orders:

(A) The offer of settlement filed with the Commission by Wilson on October 23, 1967, is approved in accordance with the provisions of this order.

(B) Wilson shall file within 30 days from the issuance of this order an executed contract amendment to his FPC Gas Rate Schedule No. 1 eliminating the periodic price escalation provisions therefrom.

(C) Wilson shall compute the difference between the rates collected subject to refund and the settlement rate for sales to TGT in Docket No. RI65-374, with applicable interest to the date of this order, and shall within 45 days from the date of issuance of this order submit a report to the Commission, with a copy to TGT, setting out the amount of refunds (showing separately the principal and applicable interest) the basis used for such determination, the period covered, and 10 days thereafter a letter from TGT agreeing to the correctness of such amounts.

(D) Wilson shall retain the amounts shown in the report required under paragraph (C) above as provided in paragraph (E) below or deposit the same in a bank wherein deposits are insured by the FDIC, subject to further order of the Commission directing the disposition of those amounts.

(E) If Wilson elects to commingle these retained refunds with his assets and use them for business purposes, he shall pay interest thereon at the rate of 6 percent per annum on all funds thus available from the date of this order to the date on which they are paid over to the person ultimately determined to be entitled thereto in a final order of the Commission.

(F) Upon notification by the Secretary of the Commission that Wilson has complied with the terms and conditions of this order, the 15 cents per Mcf rate contained in Supplement No. 9 to his FPC Gas Rate Schedule No. 1 shall be effective as of the date of this order, and the above-designated proceeding insofar as Wilson is concerned shall be deemed severed from the consolidated proceedings in Docket Nos. AR67-1 and the proceeding in Docket RI65-374 shall terminate only as to Wilson's interest and Wilson shall be relieved of refund liability in Docket No. RI65-347, and the proceeding in Docket No. RI65-374 shall be redesignated as Car-Tex Petroleum Co. (Operator) et al., all without further order of the Commission.

(G) The acceptance by Commission of Wilson's offer of settlement is without prejudice to any findings or determinations that may be made in any proceeding now pending, or hereafter instituted by or against Wilson, and is without prejudice to claims or contentions which may be made by Wilson, the Commission staff, or any affected party hereto, in any proceeding, including area rate or similar proceedings.

By the Commission.

[SEAL] GORDON M. GRANT,
Secretary.

[F.R. Doc. 67-13974; Filed, Nov. 29, 1967; 8:45 a.m.]

FEDERAL RESERVE SYSTEM

CENTRAL WISCONSIN BANKSHARES, INC.

Order Approving Application Under Bank Holding Company Act

In the matter of the application of Central Wisconsin Bankshares, Inc., Wausau, Wis., for approval of action to become a bank holding company through the acquisition of voting shares of Mosinee Commercial Bank, Mosinee, Wis. (Docket No. BHC-81).

There has come before the Board of Governors, pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(1)) and section 222.4(a) of Federal Reserve Regulation Y (12 CFR 222.4(a)), an application by Central Wisconsin Bankshares, Inc., Wausau, Wis., for the Board's prior approval of action whereby Applicant would become a bank holding company through the acquisition of more than 90 percent of the outstanding voting shares of Mosinee Commercial Bank, Mosinee, Wis.

In accordance with section 3(b) of the Act, the Board gave written notice of receipt of the application to the Commissioner of Banks for the State of Wisconsin and requested his views and recommendation thereon. A copy of the application was forwarded to the Department of Justice for its consideration. Notice of receipt of the application was published in the FEDERAL REGISTER on November 18, 1966 (31 F.R. 14705), which provided an opportunity for interested persons to submit comments and views with respect to the proposed transaction. Within the time provided, "comments and views" were filed by Intercity State Bank, Schofield, Wis.; People's State Bank, Stettin, Wis.; Citizens State Bank and Trust Co., Wausau, Wis.; and the Bank of Edgar, Edgar, Wis.; ("Protestants"), all of which urged denial of the application.

Within 30 days after having been notified of the Board's receipt of the application, the Commissioner of Banks for the State of Wisconsin advised the Board in writing of his recommendation that the application be disapproved. In such circumstances, the Board is required by section 3(b) of the Act to order a hearing. Accordingly, the Board issued an Order for Public Hearing, which was published in the FEDERAL REGISTER on January 13, 1967 (32 F.R. 397), and a hearing was held before a Hearing Examiner duly selected by the Civil Service Commission on February 7-10, 1967, at which testimony and exhibits bearing on the application were received.

Applicant and Protestants both filed Briefs and Proposed Findings of Fact and Conclusions of Law, and the Hearing Examiner has filed with the Board a Report and Recommended Decision [1] recommending approval of the application. Protestants filed Exceptions to the Hearing Examiner's Report and Recommended Decision and a Brief in Support of the Exceptions; Applicant filed a Brief in Opposition to the Exceptions.

Having considered all matters properly before the Board in this proceeding,

It is hereby ordered, For the reasons set forth in the Board's statement [2] of this date, that said application be and hereby is approved, provided that the acquisition so approved shall not be consummated (a) before the 30th calendar day following the date of this order or (b) later than 3 months after the date of this order unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

Dated at Washington, D.C., this 20th day of November 1967.

By order of the Board of Governors.[2]

[SEAL] MERRITT SHERMAN, *Secretary.*

[F.R. Doc. 67-13975; Filed, Nov. 29, 1967; 8:45 a.m.]

NORTHWEST BANCORPORATION

Order for Oral Presentation

In the matter of the application of Northwest Bancorporation, Minneapolis, Minn., pursuant to section 3 of the Bank Holding Company Act of 1956.

On September 19, 1967, there was published in the FEDERAL REGISTER (32 F.R. 13241) a notice of receipt by the Board of Governors of an application filed pursuant to section 3(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)) by Northwest Bancorporation, Minneapolis, Minn., a registered bank holding company, for the prior approval of the Board of the acquisition by Applicant of 85 percent or more of the voting shares of The First National Bank of Ely, Ely, Minn.

The aforestated published notice advised that the application was available for study at the office of the Board of Governors and the Federal Reserve Bank of Minneapolis, and provided that within 30 days of publication comments and views on the proposed acquisition could be filed with the Board. Within the period provided, opposition to the proposal was filed on behalf of the Independent Bankers of Minnesota, accompanied by a request for a public hearing.

It appears to the Board that it is appropriate in the public interest that there be conducted before the Board an oral presentation at which representatives of the Independent Bankers of Minnesota and Applicant could present views and comments with respect to this application. Accordingly,

It is hereby ordered, That pursuant to section 262.3(f)(3) of the Board's Rules of Procedure (12 CFR 262.2(f)(3)) an oral presentation be held with respect to this application commencing at 2 p.m. on December 6, 1967, in Room 1202 of the Federal Reserve Building, 20th and Constitution Avenue, Washington, D.C.

It is further ordered, That said oral presentation shall be public, and that participation in the oral argument shall be limited to representatives of the Independent Bankers of Minnesota, the Applicant, and the Board of Governors.

Dated at Washington, D.C., this 24th day of November 1967.

By order of the Board of Governors.

[SEAL] MERRITT SHERMAN, *Secretary.*

[F.R. Doc. 67-13976; Filed, Nov. 29, 1967; 8:46 a.m.]

VIRGINIA COMMONWEALTH BANKSHARES, INC.

Notice of Application for Approval of Acquisition of Shares of Bank

Notice is hereby given that application has been made to the Board of Governors of the Federal Reserve System pursuant to section 3(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)), by Virginia Commonwealth Bankshares, Inc., which is a bank holding company located in Richmond, Va., for the prior approval of the Board of the acquisition by Applicant of 100 percent of the voting shares of The First Colonial Bank, Virginia Beach, Va., a proposed new bank.

Section 3(c) of the Act provides that the Board shall not approve (1) any acquisition or merger or consolidation under this section which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States, or (2) any other proposed acquisition or merger or consolidation under this section whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

Section 3(c) further provides that in every case, the Board shall take into consideration the financial and managerial resources and future prospects of the company or companies and the banks concerned, and the convenience and needs of the community to be served.

Not later than thirty (30) days after the publication of this notice in the FEDERAL REGISTER, comments and views regarding the proposed acquisition may be filed with the Board. Communications should be addressed to the Secretary,

[1] Filed as part of the original document. Report and Recommended Decision of Hearing Examiner released on Aug. 28, 1967. Copies available upon request to the Board of Governors of the Federal Reserve System, Washington, D.C. 20551, or to the Federal Reserve Bank of Chicago. Dissenting Statement of Governors Robertson, Brimmer, and Sherrill also filed as part of the original document and available upon request.

[2] Voting for this action: Chairman Martin, and Governors Mitchell, Daane, and Maisel. Voting against this action: Governors Robertson, Brimmer, and Sherrill.

Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Public access to the application may be had at the office of the Board of Governors or the Federal Reserve Bank of Richmond.

Dated at Washington, D.C., this 22d day of November, 1967.

By order of the Board of Governors.

[SEAL] MERRITT SHERMAN, *Secretary.*

[F.R. Doc. 67-13977; Filed, Nov. 29, 1967; 8:46 a.m.]

INTERAGENCY TEXTILE ADMINISTRATIVE COMMITTEE

CERTAIN COTTON TEXTILES AND COTTON TEXTILE PRODUCTS PRODUCED OR MANUFACTURED IN MALAYSIA

NOVEMBER 27, 1967.

On September 29, 1967, after discussions with the Government of Malaysia, the U.S. Government requested the Government of Malaysia to restrain for the 12-month period, beginning September 29, 1967, and extending through September 28, 1968, its exports to the United States of cotton textiles and cotton textile products in Category 43 produced or manufactured in Malaysia. In furtherance of the objectives of, and under the terms of the Long-Term Arrangement Regarding International Trade in Cotton Textiles done at Geneva on February 9, 1962, including Article 6(c) relating to nonparticipants, the U.S. Government is establishing a restraint in accordance with that request. This restraint does not apply to cotton textiles and cotton textile products produced or manufactured in Malaysia and exported to the United States prior to the beginning of the applicable 12-month period designated above.

In the event that consultations regarding cotton textiles and cotton textile products in Category 43 or other categories are held with the Government of Malaysia, any goods which have been prohibited entry as a result of the directive published below would be a subject of such consultations, and their entry would be provided for under any arrangement resulting therefrom.

There is published below a letter of November 24, 1967, from the Chairman of the President's Cabinet Textile Advisory Committee to the Commissioner of Customs, directing that the amount of cotton textiles and cotton textile products in Category 43, produced or manufactured in Malaysia which may be entered or withdrawn from warehouse for consumption in the United States for the 12-month period beginning September 29, 1967, be limited to the designated level.

STANLEY NEHMER,
Chairman, Interagency Textile Administrative Committee, and Deputy Assistant Secretary for Resources.

SECRETARY OF COMMERCE
PRESIDENT'S CABINET TEXTILE ADVISORY COMMITTEE

NOVEMBER 24, 1967.

COMMISSIONER OF CUSTOMS,
Department of the Treasury,
Washington, D.C. 20226.

DEAR MR. COMMISSIONER: Under the terms of the Long-Term Arrangement Regarding International Trade in Cotton Textiles done at Geneva on February 9, 1962, including Article 6(c) thereof relating to nonparticipants, and in accordance with the procedures outlined in Executive Order 11052 of September 28, 1962, as amended by Executive Order 11214 of April 7, 1965, you are directed to prohibit, effective as soon as possible after November 27, 1967, and for the 12-month period beginning September 29, 1967, and extending through September 28, 1968, entry into the United States for consumption and withdrawal from warehouse for consumption, of cotton textiles and cotton textile products in Category 43, produced or manufactured in Malaysia in excess of a level of restraint for the period of 16,500 dozen.[1]

Cotton textiles and cotton textile products in Category 43 produced or manufactured in Malaysia and which have been exported to the United States prior to September 29, 1967, shall not be subject to this directive.

A detailed description of Category 43 in terms of T.S.U.S.A. numbers was published in the FEDERAL REGISTER on July 7, 1966 (31 F.R. 9310).

In carrying out the above directions, entry into the United States for consumption shall be construed to include entry for consumption into the Commonwealth of Puerto Rico.

The actions taken with respect to the Government of Malaysia and with respect to imports of cotton textiles and cotton textile products from Malaysia have been determined by the President's Cabinet Textile Advisory Committee to involve foreign affairs functions of the United States. Therefore, the directions to the Commissioner of Customs, being necessary to the implementation of such actions, fall within the foreign affairs exception to the notice provisions of 5 U.S.C. 553 (Supp. II, 1965-66). This letter will be published in the FEDERAL REGISTER.

Sincerely yours,

A. B. TROWBRIDGE,
Secretary of Commerce, Chairman, President's Cabinet Textile Advisory Committee.

[F.R. Doc. 67-13995; Filed, Nov. 29, 1967; 8:47 a.m.]

[1] This level has not been adjusted to reflect entries made on or after Sept. 29, 1967.

SECURITIES AND EXCHANGE COMMISSION

INTERAMERICAN INDUSTRIES, INC.

Order Suspending Trading

NOVEMBER 24, 1967.

It appearing to the Securities and Exchange Commission that the summary suspension of trading in the capital stock of Interamerican Industries, Ltd., Calgary, Alberta, Canada being traded in the United States otherwise than on a national securities exchange is required in the public interest and for the protection of investors;

It is ordered, Pursuant to section 15(c)(5) of the Securities Exchange Act of 1934, that trading in the United States in such securities otherwise than on a national securities exchange be summarily suspended, this order to be effective for the period November 25, 1967, through December 4, 1967, both dates inclusive.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F.R. Doc. 67-13985; Filed, Nov. 29, 1967; 8:46 a.m.]

[File Nos. 2-20318 (22-3339), 2-21180 (22-3505)]

KJOBENHAVNS TELEFON AKTIESELSKAB

Notice of Application and Opportunity for Hearing

NOVEMBER 24, 1967.

Notice is hereby given that Kjobenhavns Telefon Aktieselskab (Copenhagen Telephone Co., Inc.) ("Company") has filed an application pursuant to clause (ii) of section 310(b)(1) of the Trust Indenture Act of 1939 (hereinafter referred to as the "Act") for a finding by the Commission that the trusteeship of First National City Bank ("Bank") under four indentures (the "Bank Indentures") of the Company, dated as of June 1, 1962 (the "1962 Indenture"), dated as of April 15, 1963 (the "1963 Indenture"), both of which have been qualified under the Act, dated as of July 1, 1963 (the "1964 Indenture"), and dated as of April 1, 1966 (the "1966 Indenture"), neither of which has been qualified under the Act, and the trusteeship of the Bank under an indenture dated as of October 15, 1967 (the "1967 Indenture") between the Company and the Bank, which has not been qualified under the Act, is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Bank from acting as trustee under the four Bank Indentures and the 1967 Indenture.

Section 310(b) of the Act, which is included in § 8.08 in each of the four Bank Indentures, provides, in part, that if a trustee under an indenture qualified under the Act has or shall acquire any conflicting interest (as defined in the section), it shall within 90 days after ascertaining that it has such conflicting interest either eliminate such conflicting interest or resign. Subsection (1) of this section provides, with certain exceptions stated therein, that a trustee is deemed to have a conflicting interest if it is acting as trustee under a qualified indenture and becomes trustee under another indenture of the same obligor. However, pursuant to clause (ii) of subsection (1), there may be excluded from the operation of this provision another indenture or indentures under which other securities of such obligor are outstanding, if the issuer shall have sustained the burden of proving, on application to the Commission, and after opportunity for hearing thereon, that trusteeship under

a qualified indenture and another indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify such trustee from acting as trustee under any of such indentures.

The Company alleges that:

1. It has outstanding:

(a) $15 million principal amount of its 5⅝ percent sinking fund dollar debentures due June 1, 1977 under an indenture (the "1962 Indenture") between the Company and First National City Bank, trustee. The 1962 Indenture has been qualified under the Act;

(b) $15 million principal amount of its 5⅜ percent sinking fund debentures due April 15, 1978 under an indenture (the "1963 Indenture") between the Company and First National City Bank, trustee. The 1963 Indenture has been qualified under the Act;

(c) $15 million principal amount of its 5¾ percent sinking fund debentures due July 1, 1984 under an indenture (the "1964 Indenture") between the Company and First National City Bank, trustee. The 1964 Indenture has not been qualified under the Act;

(d) $10 million principal amount of its 6¾ percent sinking fund dollar debentures due April 1, 1986 under an indenture (the "1966 Indenture") between the Company and First National City Bank, trustee. The 1966 Indenture has not been qualified under the act.

2. The Company has issued $10 million principal amount of its 6¾ percent sinking fund dollar debentures due October 15, 1982, under an indenture (the "1967 Indenture") between the Company and First National City Bank, trustee. The 1967 Indenture has not been qualified under the Act.

3. The 1962 Indenture, the 1963 Indenture, the 1964 Indenture, the 1966 Indenture, and the 1967 Indenture are wholly unsecured.

4. Aside from differences as to amounts, dates, and interest rates, the provisions of the five indentures are substantially identical, except for certain other differences which, in the opinion of the Company, are unlikely to cause any conflict of interest between the respective trusteeships of First National City Bank under such indentures.

The Company waives notice of hearing and waives hearing in connection with the matter.

For a more detailed statement of the matters of fact and law asserted, all persons are referred to said application which is on file in the offices of the Commission, 500 North Capitol Street NW., Washington, D.C.

Notice is further given that any interested person may, not later than December 19, 1967, request in writing that a hearing be held in such matter, stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by said application which he desires to controvert; or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. At any time after said date, the Commission may issue an order granting the application, upon such terms and conditions as the Commission may deem necessary or appropriate in the public interest and the interest of investors, unless a hearing is ordered by the Commission.

For the Commission (pursuant to delegated authority).

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F.R. Doc. 67-13986; Filed, Nov. 29, 1967; 8:46 a.m.]

NORTH AMERICAN RESEARCH & DEVELOPMENT CORP.

Order Suspending Trading

NOVEMBER 24, 1967.

It appearing to the Securities and Exchange Commission that the summary suspension of trading in the common stock of North American Research & Development Corp., 1935 South Main Street, Salt Lake City, Utah, and all other securities of North American Research & Development Corp. being traded otherwise than on a national securities exchange is required in the public interest and for the protection of investors;

It is ordered, Pursuant to section 15(c)(5) of the Securities Exchange Act of 1934, that trading in such securities otherwise than on a national securities exchange be summarily suspended, this order to be effective for the period November 27, 1967, through December 6, 1967, both dates inclusive.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F.R. Doc. 67-13987; Filed, Nov. 29, 1967; 8:46 a.m.]

[70-4373, 70-4393]

PENNZOIL CO., ET AL.

Notice of Filing of Supplemental Declaration Regarding Issuance of Production Payment and Request for Supplemental Order Authorizing Advance to Wholly Owned Subsidiary

NOVEMBER 24, 1967.

Notice is hereby given that a joint supplemental application-declaration and an amendment thereto has been filed with this Commission pursuant to the Public Utility Holding Company Act of 1935 ("Act") by Pennzoil Company ("Pennzoil") 900 Southwest Tower, Houston, Tex. 77002, a registered holding company, and its nonutility subsidiary companies Wolf's Head Oil Refining Co., Inc. ("Wolf's Head"), and Pennzoil Del Caribe, S.A. ("Caribe"), designating sections 6, 7, 9, 10, and 12 of the Act and Rules 22, 23, 24, 43, and 45 as applicable to the proposed transactions. All interested persons are referred to said supplemental application-declaration, which is summarized below, for a complete description of the proposed transactions.

By order dated June 16, 1966 (Holding Company Act Release No. 15503), the Commission authorized Pennzoil, Wolf's Head, and other nonutility subsidiary companies of Pennzoil, to enter into certain transactions and agreements in connection with the acquisition or disposition of petroleum, natural gas and mining properties or leases or interests therein in the ordinary course of their oil and gas businesses. Under the terms and conditions of the order, any such single transaction involving the acquisition or disposition of properties or other interests having a book value in excess of $5 million is subject to Commission authorization.

By Supplemental Order dated December 23, 1966 (Holding Company Act Release No. 15630) the Commission authorized Pennzoil and Wolf's Head to sell to Bright Star Foundation, Inc. ("Grantee") a nonaffiliated Texas nonprofit corporation, an oil and gas production payment in a primary sum not to exceed $14,250,000 in the case of Pennzoil and $750,000 in the case of Wolf's Head.

Pennzoil and Wolf's Head now propose to sell to Grantee, an oil and gas production payment in a primary sum not to exceed $28 million in the case of Pennzoil and $2 million in the case of Wolf's Head, plus in each case: (a) An amount equal to an increment accrual computed monthly at a rate not to exceed 7½ percent per annum on the unliquidated balance of the primary sum, (b) an amount equal to the aggregate of all amounts which may be paid by the Grantee to any State or political subdivision thereof on account of ad valorem, severance, gross production, franchise, income and other taxes, and (c) an amount equal to certain costs and expenses of the Grantee incidental to the acquisition, ownership, mortgaging and transfer of each production payment. It is anticipated that each production payment will be discharged within 3 years following the sale thereof.

Each production payment will be payable solely out of the proceeds from the sale of oil, gas, and other hydrocarbons produced from specified properties of Pennzoil and Wolf's Head, respectively. In general, the properties to be subject to Pennzoil's production payment are substantially oil and gas producing properties owned by Pennzoil in the States of Pennsylvania, New York, and West Virginia and certain specified properties located in the States of Texas, South Dakota, New Mexico, and Louisiana; and the properties to be subject to Wolf's Head's production payment are certain specified properties located in the States of Pennsylvania, West Virginia, New Mexico, Texas, Louisiana, and New York. The production payments terminate after the Grantee of the production payment has received the primary sum plus the increments described above. The proceeds of the sales will be used by Pennzoil and Wolf's Head, respectively, for working capital as required with excess funds being invested

in (a) government securities or (b) commercial paper maturing within nine months following the date of issuance thereof.

By order dated July 8, 1966 (Holding Company Act Release No. 15523) the Commission authorized Pennzoil to make open account advances during 1966 to its wholly owned nonutility subsidiary Caribe and $239,000 was advanced pursuant thereto. Caribe now proposes to borrow and Pennzoil proposes to advance, without interest, pursuant to a credit agreement further sums up to $200,000 on or before December 31, 1967. Proceeds of such advances will be used by Caribe in its South American oil and gas exploration and development program.

Fees and expenses related to the sales of the production payments are estimated at $122,550 which includes legal fees aggregating $33,500. No fees or expenses will be incurred in connection with the advances to Caribe. It is stated that no State commission and no Federal commission, other than this Commission, has jurisdiction over the proposed transactions and that no finder's fee, commission, or remuneration is to be paid for negotiating the proposed transactions.

Notice is further given that any interested person may, not later than December 14, 1967, request in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by said supplemental application-declaration which he desires to controvert; or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request should be served personally or by mail (air mail if the person being served is located more than 500 miles from the point of mailing) upon Pennzoil Co. at the above-stated address, and proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. At any time after said date, the supplemental application-declaration, as amended or as it may be further amended, may be granted and permitted to become effective as provided in Rule 23 of the general rules and regulations promulgated under the Act, or the Commission may grant exemption from such rules as provided in Rules 20(a) and 100 thereof or take such other action as it may deem appropriate. Persons who request a hearing or advice as to whether a hearing is ordered will receive notice of further developments in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission (pursuant to delegated authority).

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F.R. Doc. 67-13988; Filed, Nov. 29, 1967; 8:46 a.m.]

[File No. 1-1277]

PENROSE INDUSTRIES CORP.

Order Suspending Trading

NOVEMBER 24, 1967.

The common stock $2 par value, of Penrose Industries Corp., being listed and registered on the American Stock Exchange pursuant to provisions of the Securities Exchange Act of 1934 and the 5 percent cumulative convertible preferred stock, $20 par value of Penrose Industries Corp., being traded otherwise than on a national securities exchange; and

It appearing to the Securities and Exchange Commission that the summary suspension of trading in such securities on such Exchange and otherwise than on a national securities exchange is required in the public interest and for the protection of investors;

It is ordered, Pursuant to sections 15(c)(5) and 19(a)(4) of the Securities Exchange Act of 1934, that trading in such securities on the American Stock Exchange and otherwise than on a national securities exchange be summarily suspended, this order to be effective for the period November 25, 1967, through December 4, 1967, both dates inclusive.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F.R. Doc. 67-13989; Filed, Nov. 29, 1967; 8:46 a.m.]

INTERSTATE COMMERCE COMMISSION

[Notice 1128]

MOTOR CARRIER, BROKER, WATER CARRIER AND FREIGHT FORWARDER APPLICATIONS

NOVEMBER 24, 1967.

The following applications are governed by Special Rule 1.247 [1] of the Commission's general rules of practice (49 CFR, as amended), published in the FEDERAL REGISTER issue of April 20, 1966, effective May 20, 1966. These rules provide, among other things, that a protest to the granting of an application must be filed with the Commission within 30 days after date of notice of filing of the application is published in the FEDERAL REGISTER. Failure seasonably to file a protest will be construed as a waiver of opposition and participation in the proceeding. A protest under these rules should comply with § 1.247(d)(3) of the rules of practice which requires that it set forth specifically the grounds upon which it is made, contain a detailed statement of protestant's interest in the proceeding (including a copy of the specific portions of its authority which protestant believes to be in conflict with that sought in the application, and describing in detail the method—whether by joinder, interline, or other means—by which protestant would use such authority to provide all or part of the service proposed), and shall specify with particularity the facts, matters, and things relied upon, but shall not include issues or allegations phrased generally. Protests not in reasonable compliance with the resuirements of the rules may be rejected. The original and one copy of the protest shall be filed with the Commission, and a copy shall be served concurrently upon applicant's representative, or applicant if no representative is named. If the protest includes a request for oral hearing, such requests shall meet the requirements of § 1.247(d)(4) of the special rule, and shall include the certification required therein.

Section 1.247(f) of the Commission's rules of practice further provides that each applicant shall, if protests to its application have been filed, and within 60 days of the date of this publication, notify the Commission in writing (1) that it is ready to proceed and prosecute the application, or (2) that it wishes to withdraw the application, failure in which the application will be dismissed by the Commission.

Further processing steps (whether modified procedure, oral hearing, or other procedures) will be determined generally in accordance with the Commission's General Policy Statement Concerning Motor Carrier Licensing Procedures, published in the FEDERAL REGISTER issue of May 3, 1966. This assignment will be by Commission order which will be served on each party of record.

The publications hereinafter set forth reflect the scope of the applications as filed by applicants, and may include descriptions, restrictions, or limitations which are not in a form acceptable to the Commission. Authority which ultimately may be granted as a result of the applications here noticed will not necessarily reflect the phraseology set forth in the application as filed, but also will eliminate any restrictions which are not acceptable to the Commission.

No. MC 2228 (Sub-No. 53), filed November 2, 1967. Applicant: MERCHANTS FAST MOTOR LINES, INC., East U.S. Highway 80, Post Office Drawer 270, Abilene, Tex. 79604. Applicant's representative: Reagan Sayers, Century Life Building, Post Office Drawer 17007, Fort Worth, Tex. Authority sought to operate as a *common carrier*, by motor vehicle, over regular routes, transporting: *General commodities*, except those of unusual value, household goods as defined by the Commission, commodities in bulk, commodities requiring special equipment, and those injurious or contaminating to other lading, between (1) San Antonio and Dallas, Tex., over Interstate Highway 35; and (2) San Antonio and Fort Worth, Tex.: From San Antonio over Interstate Highway 35 to its intersection with Interstate Highway 35W, and thence over Interstate Highway 35W to Fort Worth,

[1] Copies of Special Rule 1.247 (as amended) can be obtained by writing to the Secretary, Interstate Commerce Commission, Washington, D.C. 20423.

returning over the same route, serving no intermediate points, as alternate routes for operating convenience only in connection with applicant's authorized service routes between the termini. NOTE: If a hearing is deemed necessary, applicant requests it be held at Dallas or Fort Worth, Tex.

No. MC 2228 (Sub-No. 54), filed November 6, 1967. Applicant: MERCHANTS FAST MOTOR LINES, INC., East U.S. Highway 80, Post Office Drawer 270, Abilene, Tex. 79604. Applicant's representative: Reagan Sayers, Century Life Building, Post Office Drawer 17007, Fort Worth, Tex. 76102. Authority sought to operate as a *common carrier*, by motor vehicle, over regular routes, transporting: *General commodities* (except those of unusual value, household goods as defined by the Commission, commodities in bulk, commodities requiring special equipment, and those injurious or contaminating to other lading), (1) between Brownfield and Post, Tex., over U.S. Highway 380, (2) between Brownfield and Lemesa, Tex., over Texas Highway 137, (3) between Lemesa and Andrews, Tex., over Texas Highway 115, (4) between Lemesa and Snyder, Tex., over U.S. Highway 180, (5) between Kermit and Monahans, Tex., over Texas Highway 18, and (6) between Kermit and Pyote, Tex., over Texas Highway 115; as alternate routes for operating convenience only in (1) through (6) above, in connection with applicant's existing regular route operations between the same termini, and serving no intermediate points on the above-described routes. NOTE: Applicant states it holds authority under MC 2228 and Subs 28 and 44 to serve between and over circuitous routes of each termini as related to each portion of this application. If a hearing is deemed necessary, applicant requests it be held at Dallas or Fort Worth, Tex.

No. MC 4941 (Sub-No. 28), filed November 9, 1967. Applicant: QUINN FREIGHT LINES, INC., 1093 North Montello Street, Brockton, Mass. 02403. Applicant's representative: Mary E. Kelley, 10 Tremont Street, Boston, Mass. 02108. Authority sought to operate as a *common carrier*, by motor vehicle, over regular routes, transporting: *General commodities*, except those of unusual value, classes A and B explosives, household goods as defined by the Commission, commodities in bulk, commodities requiring special equipment and those injurious or contaminating to other lading, serving the plant and warehouse sites of Eastern Products Corp., located in Howard County, Md., at or near the junction of Maryland Highway 32 and U.S. Highway 29, as an off-route point in connection with applicant's regular route authorities between Baltimore, Md., and New York, N.Y. NOTE: If a hearing is deemed necessary, applicant requests it be held at Washington, D.C., or Baltimore, Md.

No. MC 11207 (Sub-No. 268), filed November 8, 1967. Applicant: DEATON, INC., 3409 10th Avenue North, Birmingham, Ala. 35234. Applicant's representative: A. Alvis Layne, Pennsylvania Building, Washington, D.C. 20004. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Boards and slabs, composed of wood fiber and cement combined, and accessories therefor*, when transported at the same time and in the same vehicles with such boards and slabs, from the site of Atlas Roof Deck Co., Inc., Terry, Miss., to points in Alabama (except Birmingham and points within 65-mile radius thereof), Georgia (except Atlanta and its commercial zone), Florida, Tennessee, Kentucky, North Carolina, South Carolina, and Virginia. NOTE: If a hearing is deemed necessary, applicant requests it be held at Jackson, Miss., or Atlanta, Ga.

No. MC 21170 (Sub-No. 258), filed November 13, 1967. Applicant: BOS LINES, INC., 408 South 12th Avenue, Marshalltown, Iowa 50158. Applicant's representative: William C. Harris (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Candy, confectionery candy, and confectionery products, cough drops, and advertising matter* when shipped therewith, from the plantsite and warehouse facilities of Luden's Inc., at or near Reading, Pa., to points in Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Ohio, Oklahoma, Texas, and Wisconsin. NOTE: If a hearing is deemed necessary, applicant requests it be held at Washington, D.C.

No. MC 29886 (Sub-No. 237), filed November 13, 1967. Applicant: DALLAS & MAVIS FORWARDING CO., INC., 4000 West Sample Street, South Bend, Ind. 46621. Applicant's representative: Charles Pieroni (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Motor vehicles* (except passenger automobiles), and *chassis*, in initial movements, in driveaway and truckaway service, and (2) *bodies, cabs, and parts of, and accessories for such vehicles*, from Nashville, Tenn., to points in the United States (except Hawaii). NOTE: If a hearing is deemed necessary, applicant requests it be held at New Orleans, La., or Washington, D.C.

No. MC 43269 (Sub-No. 55), filed November 13, 1967. Applicant: WELLS CARGO, INC., 1775 East Fourth Street, Reno, Nev. Applicant's representative: Bruce R. Geernaert, 100 Bush Street, 21st Floor, San Francisco, Calif. 94104. Authority sought to operate as a *common carrier*, by motor vehicle, over regular routes, transporting: *General commodities*, between Reno and Carson City, Nev., from Reno, Nev., to Carson City, Nev., over U.S. Highway 395, serving no intermediate points. NOTE: Applicant holds irregular-route authority between Reno, Nev., and Carson City, Nev., which it will cancel if and when the regular-route authority is granted. This application is filed pursuant to MC-C-4366, dated January 13, 1964, which provides the special rules for conversion of irregular-route to regular-route motor carrier operations. If a hearing is deemed necessary, applicant requests it be held at San Francisco, Calif.

No. MC 52460 (Sub-No. 88), filed November 9, 1967. Applicant: HUGH BREEDING, INC., 1420 West 35th Street, Post Office Box 9519, Tulsa, Okla. 74107. Applicant's representative: Steve B. McCommas (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Petroleum and petroleum products* in packages and containers, (1) from points in Kansas to points in Alabama, Arkansas, Georgia, Illinois (on and south of U.S. Highway 24), Louisiana, Mississippi, Missouri (on and south of U.S. Highway 50, except the St. Louis commercial zone), and Tennessee; and (2) from points in the St. Louis, Mo.-East St. Louis, Ill., commercial zone, as defined by the Commission, and points in Madison County, Ill., to points in Arkansas, Kansas, Louisiana, Oklahoma, and Texas. NOTE: If a hearing is deemed necessary, applicant requests it be held at Kansas City or St. Louis, Mo.

No. MC 61396 (Sub-No. 192), filed November 13, 1967. Applicant: HERMAN BROS. INC., 2501 North 11th Street, Omaha, Nebr. 68110. Applicant's representative: Donald L. Stern, 630 City National Bank Building, Omaha, Nebr. 68102. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Aqua ammonia*, from Muscatine, Iowa, to points in Illinois. NOTE: If a hearing is deemed necessary, applicant requests it be held at Omaha, Nebr., or St. Louis, Mo.

No. MC 64932 (Sub-No. 442), filed November 13, 1967. Applicant: ROGERS CARTAGE CO., a corporation, 1439 West 103d Street, Chicago, Ill. 60643. Applicant's representative: Carl L. Steiner, 39 South La Salle Street, Chicago, Ill. 60603. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Anhydrous ammonia*, in bulk, from Seneca, Ill., and points within 5 miles thereof to points in Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, and Wisconsin, and (2) *nitrogen fertilizer solutions, liquid fertilizer, and liquid fertilizer material*, in bulk, in tank vehicles, from Seneca, Ill., and points within 5 miles thereof to points in Indiana, Iowa, Kentucky, Michigan, Missouri, and Wisconsin, restricted to traffic originating at the plantsite and facilities of the F. S. Royster Guano Co., in connection with (2) above. NOTE: If a hearing is deemed necessary, applicant requests it be held at Chicago, Ill.

No. MC 73165 (Sub-No. 240), filed October 27, 1967. Applicant: EAGLE MOTOR LINES, INC., Post Office Box 1348, Birmingham, Ala. 35201. Applicant's representative: Robert M. Pearce, Post Office Box E, Bowling Green, Ky. 42101. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Road and bridge building machinery and materials*, between West Memphis, Ark., on the one hand, and, on the other,

points in Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, and Texas. NOTE: Applicant states it now holds authority in MC 73165 Sub 199 to transport road and bridge building machinery and materials between Warren, Ark., on the one hand, and, on the other, points in Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, and Texas. This application seeks to use West Memphis, Ark., as a gateway in lieu of Warren, Ark. The proposed authority will be tacked to applicant's present authority in MC 73165 Sub 102; Sub 155; and the remaining authority in Sub 199. If a hearing is deemed necessary, applicant requests it be held at Birmingham, Ala.

No. MC 78228 (Sub-No. 17), filed November 13, 1967. Applicant: THE J. MILLER COMPANY, a corporation, 147 Nichol Avenue, McKees Rocks, Pa. 15136. Applicant's representative: Henry M. Wick, 2310 Grant Building, Pittsburgh, Pa. 15219. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Scrap carbon, furnace lining, and carbon butts*, from Niagara Falls, N.Y., to points in Pennsylvania, Ohio, and West Virginia. NOTE: If a hearing is deemed necessary, applicant requests it be held at Buffalo, N.Y., or Washington, D.C.

No. MC 82841 (Sub-No. 40), filed November 9, 1967. Applicant: R–D TRANSFER INC., 801 Livestock Exchange Building, Omaha, Nebr. 68107. Applicant's representative: Donald L. Stern, 630 City National Bank Building, Omaha, Nebr. 68102. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Boilers*, heating or power, steel or steel and cast iron combined, from Kewanee, Ill., to points in Kansas, Nebraska, South Dakota, North Dakota, Montana, Wyoming, and Colorado. NOTE: If a hearing is deemed necessary, applicant requests it be held at Chicago, Ill., or St. Louis, Mo.

No. MC 95084 (Sub-No. 64), filed October 16, 1967. Applicant: HOVE TRUCK LINE, a corporation, Stanhope, Iowa 52406. Applicant's representative: Kenneth F. Dudley, 901 South Madison Avenue, Post Office Box 279, Ottumwa, Iowa 52501. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Tractors* (not including tractors with vehicle beds, bed frames, or fifth wheels) *agricultural implements, farm machinery, industrial and construction, machinery and equipment, tractor parts and attachments, agricultural implement parts and attachments, farm machinery parts and attachments, industrial and construction machinery and equipment parts and attachments*, from Coldwater, Ohio, to points in Arkansas, Colorado, Illinois, Iowa, Kansas, Louisiana, Minnesota, Missouri, Mississippi, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Wisconsin, and Wyoming. NOTE: If a hearing is deemed necessary, applicant requests it be held at Chicago, Ill.

No. MC 95876 (Sub-No. 75) (Correction), filed October 26, 1967, published FEDERAL REGISTER issue of November 16, 1967, and republished as corrected, this issue. Applicant: ANDERSON TRUCKING SERVICE, INC., 203 Cooper Avenue North, St. Cloud, Minn. Applicant's representative: Donald A. Morken, 1000 First National Bank Building, Minneapolis, Minn. 55402. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Material handling equipment, winches, compaction and road making equipment, rollers, self-propelled and non-self-propelled, mobile cranes, and highway freight trailers*, (2) *parts attachments, and accessories* for the commodities described in (1) above, between the plantsite of the Hyster Co. located at or near Danville, Kewanee, and Peoria, Ill., on the one hand, and, on the other, points in Minnesota. NOTE: The purpose of this republication is to show the correct docket number as MC 95876 (Sub-No. 75) in lieu of MC 95876 (Sub-No. 76), which was erroneously shown in previous publication. If a hearing is deemed necessary, applicant requests it be held at Chicago, Ill.

No. MC 100623 (Sub-No. 7), filed November 6, 1967. Applicant: HOURLY MESSENGERS, INC., 1710 Wood Street, Philadelphia, Pa. Applicant's representative: V. Baker Smith, 123 South Broad Street, Philadelphia, Pa. 19109. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Parcels and packages*, no single parcel or package to exceed 50 pounds in weight nor 108 inches in length and girth combined, and the maximum weight for all parcels and packages from a single shipper to a single consignee on any one day not to exceed 100 pounds, restricted against transportation from department stores, mail order houses, premium redemption companies, and other retail stores, (a) between points in Philadelphia, Delaware, Chester, Montgomery, and Bucks Counties, Pa., on the one hand, and, on the other, points in Warren, Hunterdon, Mercer, Burlington, Camden, Gloucester, Salem, and Cumberland Counties, N.J., and New Castle County, Del., (b) between points in Warren, Hunterdon, Mercer, Burlington, Camden, Gloucester, Salem, and Cumberland Counties, N.J., on the one hand, and, on the other, points in New Castle County, Del., and (2) *parcels and packages*, having a prior movement in interstate commerce, no single parcel or package to exceed 50 pounds in weight nor 108 inches in length and girth combined, and the maximum weight for all parcels and packages from a single shipper to a single consignee on any one day not to exceed 100 pounds, from Philadelphia, Pa., to points in Delaware, Chester, Montgomery, Bucks, Lancaster, York, Dauphin, Lebanon, Berks, Lehigh, and Northampton Counties, Pa. Restriction: No service is sought on the transportation of parcels and packages having an immediately prior or subsequent movement by air from or to the Philadelphia International Airport, Pa. NOTE: Common control and dual operations may be involved. If a hearing is deemed necessary, applicant requests it be held at Philadelphia, Pa.

No. MC 104004 (Sub-No. 170), filed November 9, 1967. Applicant: ASSOCIATED TRANSPORT, INC., 380 Madison Avenue, New York, N.Y. 10017. Applicant's representative: John P. Tynan, 66–12 Fresh Pond Road, Ridgewood, N.Y. 11227. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Plastic materials, synthetic resin*, in bulk, between Charlotte, N.C., on the one hand, and, on the other, the plantsite of Stein Hall & Co., Inc., Long Island City, N.Y. NOTE: If a hearing is deemed necessary, applicant requests it be held at New York, N.Y., or Washington, D.C.

No. MC 105120 (Sub-No. 10), filed November 2, 1967. Applicant: M.A.T. LINES, INC., 633 East Street, Memphis, Tenn. 38104. Applicant's representative: James N. Clay III, 2700 Sterick Building, Memphis, Tenn. 38103. Authority sought to operate as a *common carrier*, by motor vehicle, over regular routes, transporting: *General commodities* (except those of unusual value, household goods as defined by the Commission, those contaminating to other lading and those requiring special equipment), (1) between Memphis, Tenn., and, Blytheville, Ark., serving all intermediate points; and all off-route points within 10 miles of U.S. Highway 61 between Turrell and Blytheville, Ark., including Turrell and Blytheville; from Memphis over U.S. Highway 61 to Blytheville and return over the same route, (2) between junction of U.S. Highway 63 and Arkansas Highway 135 and Arbyrd, Mo., from junction of U.S. Highway 63 and Arkansas Highway 135 over Arkansas Highway 135 to Black Oak, Ark., thence north over Arkansas Highway 18 to junction Arkansas Highway 119, thence north over Arkansas Highway 119 to junction Arkansas Highway 77, thence north over Arkansas Highway 77 to the Missouri-Arkansas State Line, thence north over Missouri Highway 108 to junction Missouri Highway 25, thence east over Missouri Highway 25 to Arbyrd and return over the same route serving all intermediate points and the off-route point of Caraway, Ark., (3) between Hickman and Monette, Ark., from Hickman over Arkansas Highway 18 to Monette and return over the same route, serving all intermediate points, and the off-route point of Garfield, Ark.; (4) between Luxora, Ark., and junction Arkansas Highway 158 and Arkansas Highway 135, from Luxora over Arkansas Highway 158 to junction with Arkansas Highway 135 and return over the same route.

(5) Between Osceola and Athelstan, Ark., from Osceola over Arkansas Highway 140 to Athelstan and return over the same route, (6) between Wilson and Calumet, Ark., from Wilson over Arkansas Highway 181 to Calumet and return over the same route, (7) between Marie and Lepanto, Ark., from Marie over Arkansas Highway 14 to Lepanto and return over the same route, (8) between Joiner, Ark., and junction Arkansas Highway 118 and U.S. Highway 63 from Joiner over Arkansas Highway 118 to

junction U.S. Highway 63 and return over the same route, (9) between junction Arkansas Highways 119 and 140 and Arkansas Highways 119 and 158, from junction Arkansas Highways 119 and 140 north over Arkansas Highway 119 to junction Arkansas Highway 158 and return over the same route, (10) between junction U.S. Highway 63 and Arkansas Highway 77 to junction of Arkansas Highways 77 and 14, from junction U.S. Highway 63 and Arkansas Highway 77 north over Arkansas Highway 77 to junction Arkansas Highway 14 and return over the same route, serving all intermediate points in (4) through (10) above, (11) between Memphis, Tenn., and Cooter, Mo., from Memphis, over Interstate Highway 55 to Cooter, Mo., and return over same route serving no intermediate points as an alternate route only. NOTE: If a hearing is deemed necessary, applicant requests it be held at Blytheville, Tenn., Osceola, Ark., or Memphis, Tenn.

No. MC 105733 (Sub-No. 42), filed November 22, 1967. Applicant: H. R. RITTER TRUCKING CO., INC., 928 East Hazelwood Avenue, Rahway, N.J. 07065. Applicant's representative: Chester A. Zyblut, 1522 K Street NW., Washington, D.C. 20005. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Dry chemicals*, in bulk, from Burlington, N.J., to points in Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, West Virginia, Wisconsin, and the District of Columbia. NOTE: If a hearing is deemed necessary, applicant requests it be held at Washington, D.C.

No. MC 106398 (Sub-No. 352), filed November 8, 1967. Applicant: NATIONAL TRAILER CONVOY, INC., 1925 National Plaza, Tulsa, Okla. 74151. Applicant's representative: Irvin Tull (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Trailers*, designed to be drawn by passenger automobiles from Newport, Ark., to points in the United States, except Alaska and Hawaii; and (2) *trailers*, designed to be drawn by passenger automobiles and buildings, in sections from South Hill, Va., to points in the United States, except Alaska and Hawaii. NOTE: If a hearing is deemed necessary, applicant requests it be held at Washington, D.C.

No. MC 106760 (Sub-No. 83) (Correction), filed October 11, 1967, published in the FEDERAL REGISTER issue of October 26, 1967, and republished as corrected, this issue. Applicant: WHITEHOUSE TRUCKING, INC., 2905 Airport Highway, Toledo, Ohio 43614. Applicant's representatives: O. L. Thee, 1925 National Plaza, Tulsa, Okla. 74131, and Leonard A. Jaskiewicz, 1155 15th Street NW., Washington, D.C. 20005. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Prefabricated buildings, knocked down or in sections or prefabricated building sections and components together with materials necessary for the construction and erection thereof*, from points in Pinellas County, Fla., to points in Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, and the District of Columbia. NOTE: The purpose of this republication is to show the applicant's representative correctly. If a hearing is deemed necessary, applicant requests it be held at Tampa, Fla.

No. MC 107010 (Sub-No. 30), filed November 16, 1967. Applicant: D & R BULK CARRIERS, INC., Post Office Box 106, Auburn, Nebr. 68305. Applicant's representative: Leonard A. Jaskiewicz, 1155 15th Street NW., Madison Building, Washington, D.C. 20005. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Animal food and animal food supplements*, in bulk, in tank vehicles, from La Platte and Omaha, Nebr., to points in Iowa, Kansas, Minnesota, Missouri, North Dakota, and South Dakota. NOTE: If a hearing is deemed necessary, applicant requests it be held at Omaha, Nebr.

No. MC 107496 (Sub-No. 599), filed November 8, 1967. Applicant: RUAN TRANSPORT CORPORATION, Keosauqua Way at Third, Post Office Box 855, Des Moines, Iowa 50304. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Liquid animal food and animal food supplements*, in bulk, from Dubuque, Iowa, to points in Illinois, Iowa, Indiana, Kansas, Missouri, Minnesota, and Wisconsin. NOTE: If a hearing is deemed necessary, applicant requests it be held at Des Moines, Iowa, or Chicago, Ill.

No. MC 107496 (Sub-No. 600), filed November 9, 1967. Applicant: RUAN TRANSPORT CORPORATION, Keosauqua Way at Third, Post Office Box 855, Des Moines, Iowa 50304. Applicant's representative: H. L. Fabritz (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Paint and paint products*, in bulk, from Fort Madison, Iowa, to points in Illinois, Indiana, Missouri, Kansas, and Minnesota. NOTE: If a hearing is deemed necessary, applicant requests it be held at Des Moines, Iowa, or Chicago, Ill.

No. MC 107839 (Sub-No. 117), filed November 13, 1967. Applicant: DENVER-ALBUQUERQUE MOTOR TRANSPORT, INC., Post Office Box 16021, Denver, Colo. 80216. Applicant's representative: Paul M. Daniell, 1600 First Federal Building, Atlanta, Ga. 30303. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Meats, meat products, and meat byproducts and articles distributed by meat packinghouses*, as described in sections A and C of appendix I, *Description In Motor Carrier Certificates*, 61 M.C.C. 209 and 766 (except commodities in bulk, in tank vehicles, and hides), from the plantsite of Missouri Beef Packers at or near Friona, Tex., to points in Alabama, Florida, Georgia, North Carolina, and South Carolina, restricted to traffic originating at the above-named plantsite and destined to the States named. NOTE: If a hearing is deemed necessary, applicant requests it be held at Kansas City, Mo., or Dallas, Tex.

No. MC 109172 (Sub-No. 3), filed November 8, 1967. Applicant: NATIONAL TRANSFER, INC., doing business as NATIONAL MOTOR FREIGHT, 4100 East Marginal Way South, Seattle, Wash. 98134. Applicant's representative: George Kargianis, 609 Norton Building, Seattle, Wash. 98104. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *commodities* which because of their size and weight require the use of special equipment for loading and unloading, and *related parts* when their transportation is incidental to the transportation of the commodities described above, (1) between Seattle, Wash., on the one hand, and, on the other, points in Washington on and east of a line extending north and south through Cascade Tunnel, Wash., (2) between Seattle, Wash., on the one hand, and, on the other, points in King and Pierce Counties, Wash., and Benton, Clackamas, Clatsop, Columbia, Douglas, Land, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington, and Yamhill Counties, Oreg., and (3) from Seattle, Wash., to mines in Josephine County, Oreg. NOTE: Applicant states that it is authorized to transport heavy machinery (part 1), machinery (part 2), and mining machinery (part 3) between the various territorial points. To the extent that such authority would be a size and weight commodity there may be a duplication. No territorial expansion of present authority is contemplated by the instant application. If a hearing is deemed necessary, applicant requests it be held at Seattle, Wash., or Portland, Oreg.

No. MC 109689 (Sub-No. 187), filed November 13, 1967. Applicant: W. S. HATCH CO., a corporation, 643 South 800 West, Woods Cross, Utah 84087. Applicant's representative: Mark K. Boyle, 345 South State Street, Salt Lake City, Utah 84111. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Petroleum crude oil*, in bulk, in tank vehicles, from the terminal of the Phillips Pipe Line Co., located approximately 7 miles south of Robertson, Uinta County, Wyo., to the plantsite of the Phillips Petroleum Co., Woods Cross refinery at West Bountiful, Utah. NOTE: If a hearing is deemed necessary, applicant requests it be held at Salt Lake City, Utah.

No. MC 110525 (Sub-No. 849), filed November 16, 1967. Applicant: CHEMICAL LEAMAN TANK LINES, INC., 520 East Lancaster Avenue, Downingtown, Pa. 19335. Applicant's representatives:

Leonard A. Jaskiewicz, Madison Building, 155 15th Street NW., Washington, D.C. 20005, also Edwin H. van Deusen (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Carbon black*, in bulk, in tank or hopper-type vehicles, from points in Pleasants County, W. Va., and Belpre, Ohio to points in Indiana, Kentucky, Maryland, Massachusetts, Michigan, New York, Ohio, Pennsylvania, and Virginia. NOTE: If a hearing is deemed necessary, applicant requests it be held at Washington, D.C.

No. MC 112098 (Sub-No. 13), filed November 9, 1967. Applicant: LOS ANGELES TURF EXPRESS, a corporation, 1611 Easterly Terrace, Los Angeles, Calif. 90026. Applicant's representative: R. Y. Schureman, 1010 Wilshire Boulevard, Los Angeles, Calif. 90017. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Horses*, other than ordinary, and *personal effects* of attendants, *equipment, supplies, and mascots* used in the care and exhibition of such animals, (1) between points in Arizona, Arkansas, California, Colorado, Louisiana, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Texas, Utah, and Washington, and (2) between points in Arizona, Arkansas, California, Colorado, Louisiana, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Texas, Utah, and Washington, on the one hand, and, on the other, points in the United States. NOTE: Duplicating authority to be eliminated. If a hearing is deemed necessary, applicant requests it be held at Phoenix, Ariz., Omaha, Nebr., or Denver, Colo.

No. MC 113254 (Sub-No. 3), filed November 9, 1967. Applicant: BREYER EXCHANGE, INC., Route 3, New Philadelphia, Ohio 44663. Applicant's representative: Richard H. Brandon, 79 East State Street, Columbus, Ohio 43215. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Salt and salt compounds*, between points in Tuscarawas County, Ohio, on the one hand, and, on the other, points in Kentucky, Pennsylvania and West Virginia, under contract with Morton International, Inc., Morton Salt Company Division, Chicago, Ill. NOTE: If a hearing is deemed necessary, applicant requests it be held at Columbus, Ohio, or Chicago, Ill.

No. MC 113362 (Sub-No. 140), filed November 13, 1967. Applicant: ELLSWORTH FREIGHT LINES, INC., 220 East Broadway, Eagle Grove, Iowa. Applicant's representative: Donald L. Stern, 630 City National Bank Building, Omaha, Nebr. 68102. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Meats, meat products, meat byproducts, and articles distributed by meat packinghouses* as described in sections A and C of appendix I to the report in *Descriptions in Motor Carrier Certificates*, 61 M.C.C. 209 and 766 (except hides and commodities in bulk), (1) from Fremont, Nebr., to Austin, Minn., and (2) from Des Moines, Iowa, to Austin, Minn., restricted to shipments originating at the plantsites and warehouse facilities of the Geo. A. Hormel & Co., Fremont, Nebr., and I. D. Packing Co., Des Moines, Iowa, and destined to Austin, Minn. NOTE: If a hearing is deemed necessary, applicant requests it be held at Chicago, Ill., Omaha, Nebr., or Des Moines, Iowa.

No. MC 113855 (Sub-No. 170), filed November 13, 1967. Applicant: INTERNATIONAL TRANSPORT, INC., South Highway 52, Rochester, Minn. 55902. Applicant's representative: Gene P. Johnson, 502 First National Bank Building, Fargo, N. Dak. 58102. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Agricultural machinery, agricultural implements, snow cycles, and accessories, attachments, and parts for agricultural implements, agricultural machinery, and snow cycles*, from Garfield, Wash., to points in the United States (except Alaska and Hawaii). NOTE: If a hearing is deemed necessary, applicant requests it be held at San Francisco or Los Angeles, Calif., or Portland, Oreg.

No. MC 114334 (Sub-No. 10) (Amendment), filed June 9, 1967, published in FEDERAL REGISTER issue of June 29, 1967, amended November 7, 1967, and republished as amended this issue. Applicant: BUILDERS TRANSPORTATION COMPANY, a corporation, 3265 Tulane Road, Memphis, Tenn. 38116. Applicant's representative: Dale Woodall, 900 Memphis Bank Building, Memphis, Tenn. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Prefabricated metal buildings*, knocked down, *prefabricated metal building sections*, knocked down, *prefabricated prefinished metal panel sections, component parts thereof, equipment, materials, and supplies* used in the installation, construction, or erection thereof, except metal buildings which are designed to be drawn by passenger vehicles, from Evansville, Wis., to points in Arizona, New Mexico, Kansas, Oklahoma, Texas, Missouri, Arkansas, Louisiana, Mississippi, Alabama, Georgia, and Florida, and (2) *materials, equipment, and supplies* used or useful in the manufacture of the above described commodities, on return. NOTE: The purpose of this republication is (1) to eliminate the size and weight restriction, (2) to change the commodity description and (3) to limit the number of States involved. If a hearing is deemed necessary, applicant requests it be held at Washington, D.C.

No. MC 114334 (Sub-No. 16), filed November 8, 1967. Applicant: BUILDERS TRANSPORTATION COMPANY, a corporation, 3265 Tulane Road, Memphis, Tenn. 38116. Applicant's representative: Dale Woodall, 900 Memphis Bank Building, Memphis, Tenn. 38103. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Iron and steel and iron and steel articles*, from Memphis, Tenn., and points in its commercial zone, to points in Illinois, Indiana, Missouri, Oklahoma, Louisiana, Alabama, Iowa, Georgia, and Florida. NOTE: If a hearing is deemed necessary, applicant requests it be held at Memphis, Tenn.

No. MC 114364 (Sub-No. 153), filed November 9, 1967. Applicant: WRIGHT MOTOR LINES, INC., Post Office Box 1191 (1401 North Little Street), Cushing, Okla. 74023. Applicant's representative: Rodger Spahr (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Carpet, floor coverings and textile products*, from points in Lafayette County, Ark., to points in Arizona, California, Colorado, Idaho, Illinois, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin, and Wyoming. NOTE: If a hearing is deemed necessary, applicant requests it be held at Little Rock, Ark., or Tulsa, Okla.

No. MC 115180 (Sub-No. 45), filed November 6, 1967. Applicant: ONLEY REFRIGERATED TRANSPORTATION, INC., 408 West 14th Street, New York, N.Y. 10014. Applicant's representative: George A. Olsen, 69 Tonnele Avenue, Jersey City, N.J. 07306. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Foodstuffs*, except in bulk; and, (2) *commodities*, the transportation of which is partially exempt under the provisions of section 203(b)(6) of the Interstate Commerce Act, if transported in vehicles not used in carrying any other property, when moving in the same vehicle at the same time with regulated commodities presently authorized, authorized at time of hearing, or authorized in this proceeding, from South Hackensack, N.J., to points in Ohio, Indiana, Illinois, Kentucky, Missouri, Iowa, Wisconsin, and Minnesota. NOTE: If a hearing is deemed necessary, applicant requests it be held at Washington, D.C., or New York, N.Y.

No. MC 115379 (Sub-No. 32), filed November 13, 1967. Applicant: JOHN D. BOHR, INC., Post Office Box 217, Annville, Pa. 17003. Applicant's representative: Christain V. Graf, 407 North Front Street, Harrisburg, Pa. 17101. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Poultry feed*, in bulk, from Palmyra, Pa., to points in Virginia. NOTE: If a hearing is deemed necessary, applicant requests it be held at Washington, D.C., or Harrisburg, Pa.

No. MC 115826 (Sub-No. 179), filed November 9, 1967. Applicant: W. J. DIGBY, INC., 1960 31st Street, Post Office Box 5088, Terminal Annex, Denver, Colo. 80217. Applicant's representative: Paul M. Daniell, 1600 First Federal Building, Atlanta, Ga. 30303. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Meats, meat products, and meat byproducts and articles distributed by meat packinghouses*, as described in sections A and C of appendix I, *Description in Motor Carrier Certificates*, 61 M.C.C. 209 (272–273) and 61 M.C.C. 766,

except commodities in bulk, in tank vehicles and hides, from the plantsite of Missouri Beef Packers at or near Friona, Tex. to points in Kentucky, Virginia, North Carolina, South Carolina, Georgia, Alabama, and Tennessee (except Memphis and points in its commercial zone), restricted to traffic originating at the above named plantsite and destined to the States named. NOTE: If a hearing is deemed necessary, applicant requests it be held at Kansas City, Mo., Dallas or Amarillo, Tex.

No. MC 115841 (Sub-No. 317), filed November 8, 1967. Applicant: COLONIAL REFRIGERATED TRANSPORTATION, INC., 1215 Bankhead Highway West, Post Office Box 2169, Birmingham, Ala. 35201. Applicant's representative: C. E. Wesley (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Paper and paper products, products produced or distributed by manufacturers and converters of paper and paper products, materials, supplies, and equipment* used or useful in the manufacture and distribution of these products (except in bulk and/or tank vehicles), between points in Little River County, Ark., on the one hand, and, on the other, points in Tennessee, Louisiana, Mississippi, Missouri, Alabama, Georgia, Florida, Kentucky, Illinois, Indiana, Ohio, Michigan, North Carolina, South Carolina, Virginia, West Virginia, Oklahoma, Texas, and Kansas. NOTE: If a hearing is deemed necessary, applicant does not specify a location.

No. MC 115841 (Sub-No. 318), filed November 8, 1967. Applicant: COLONIAL REFRIGERATED TRANSPORTATION, INC., 1215 Bankhead Highway West, Post Office Box 2169, Birmingham, Ala. 35201. Applicant's representative: C. E. Wesley (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Charcoal* and/or *charcoal derivatives, such as briquettes* (except in bulk or tank vehicles), from Paris, Ark., and Memphis, Tenn., to points in Texas, Oklahoma, Kansas, Nebraska, Minnesota, Iowa, Missouri, Arkansas, Louisiana, New Mexico, Arizona, California, and points in the United States on and east of a line beginning at the mouth of the Mississippi River, and extending along the Mississippi River to its junction with the western boundary of Itasca County, Minn., thence northward along the western boundaries of Itasca and Koochiching Counties, Minn., to the international boundary line between the United States and Canada. NOTE: If a hearing is deemed necessary, applicant requests it be held at Memphis, Tenn., or Little Rock, Ark.

No. MC 116077 (Sub-No. 222), filed November 9, 1967. Applicant: ROBERTSON TANK LINES, INC., 5700 Polk Avenue, Post Office Box 1505, Houston, Tex. 77001. Applicant's representative: Thomas E. James, The 904 Lavaca Building, Austin, Tex. 78701. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Asphalt*, in bulk, from points in Jefferson County, Tex., to points in Louisiana. NOTE: If a hearing is deemed necessary, applicant requests it be held at Houston, Tex., or New Orleans, La.

No. MC 116254 (Sub-No. 76), filed November 3, 1967. Applicant: CHEM-HAULERS, INC., Post Office Drawer M, Sheffield, Ala. 35660. Applicant's representative: Walter Harwood, 515 Nashville Bank and Trust Building, Nashville, Tenn. 37201. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Chemicals*, in bulk, from points in Marshall County, Ala., to points in the United States (except Alaska and Hawaii). NOTE: No duplicating authority sought. If a hearing is deemed necessary, applicant requests it be held at Birmingham, Ala., Atlanta, Ga., or Nashville, Tenn.

No. MC 116544 (Sub-No. 87), filed November 14, 1967. Applicant: WILSON BROTHERS TRUCK LINE, INC., Post Office Box 518, Carthage, Mo. 64836. Applicant's representative: Paul M. Daniell, 1600 First Federal Building, Atlanta, Ga. 30303. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Meats, meat products, and meat byproducts and articles distributed by meat packinghouses*, as described in sections A and C of appendix I, *Description in Motor Carrier Certificates*, 61 M.C.C. 209 and 766 (except commodities in bulk, in tank vehicles, and hides), from the plantsite of Missouri Beef Packers at or near Friona, Tex., to points in Kentucky, Alabama, North Carolina, Georgia, South Carolina, Florida, and Tennessee (except Memphis, Tenn., and points in its commercial zone), restricted to traffic originating at the above-named plantsite and destined to the States named. NOTE: If a hearing is deemed necessary, applicant requests it be held at Kansas City, Mo., or Dallas or Amarillo, Tex.

No. MC 116544 (Sub-No. 88), filed November 14, 1967. Applicant: WILSON BROTHERS TRUCK LINES, INC., Post Office Box 518, Carthage, Mo. 64836. Applicant's representative: Paul M. Daniell, 1600 First Federal Building, Atlanta, Ga. 30303. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Meats, meat products, and meat byproducts and articles distributed by meat packinghouses*, as described in sections A and C of appendix I, *Description in Motor Carrier Certificates*, 61 M.C.C. 209 and 766 (except commodities in bulk, in tank vehicles, and hides), from the plantsite of Missouri Beef Packers at or near Friona, Tex., to points in North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Minnesota, Wisconsin, Iowa, Missouri, Arkansas, Louisiana, Mississippi, Illinois, Indiana, and Memphis, Tenn., restricted to traffic originating at the above-named plantsite and destined to the States named. NOTE: If a hearing is deemed necessary, applicant requests it be held at Kansas City, Mo., Dallas or Amarillo, Tex.

No. MC 117823 (Sub-No. 32), filed November 13, 1967. Applicant: DUNKLEY REFRIGERATED TRANSPORT, INC., 240 West California Avenue, Salt Lake City, Utah 84115. Applicant's representative: Lon Rodney Kump, 720 Newhouse Building, Salt Lake City, Utah 84111. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Food stuffs*, in mechanically refrigerated vehicles (except frozen foods, bananas, and commodities in bulk, in tank vehicles), from points in California to points in Utah. NOTE: If a hearing is deemed necessary, applicant requests it be held at Salt Lake City, Utah, or Los Angeles, Calif.

No. MC 118642 (Sub-No. 2), filed November 9, 1967. Applicant: MOLLISON'S INC., Belmont Avenue, Belfast, Maine 04915. Applicant's representative: Raymond E. Jensen, 477 Congress Street, Portland, Maine 04111. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Sulphuric acid (93½ percent), liquid alum, anhydrous ammonia, fertilizer ammoniating solutions, nitrogen fertilizer solutions* (nonpressure), *nitric acid*, in bulk, in tank vehicles, from Searsport, Maine, to points in New Hampshire and Vermont, under contract with W. R. Grace & Co., Searsport, Maine. NOTE: If a hearing is deemed necessary, applicant requests it be held at Portland or Bangor, Maine.

No. MC 118910 (Sub-No. 1) (Amendment), filed October 17, 1967, published in the FEDERAL REGISTER issue of November 2, 1967, amended November 8, 1967, and republished as amended this issue. Applicant: MRS. T. E. GROTEVANT, doing business as J & G CONTRACT CARRIERS, 610 West Henry Street, Pontiac, Ill. 61764. Applicant's representative: Edward G. Bazelon, 39 South La Salle Street, Chicago, Ill. 60603. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Steel and aluminum doors, screens, and awnings, and parts and accessories therefor; and steel and aluminum channels, angles, coils, and sheets*, (1) between Chatsworth, Ill., on the one hand, and, on the other, Goshen, Ind.; Carlstadt, N.J.; Miami, Fla.; Jefferson City, Mo.; Merrill, Fond du Lac, and Sheboygan, Wis.; Oswego, N.Y.; Hanover and York, Pa.; Bayport, Minneapolis, and St. Paul, Minn., and (2) from Goshen, Ind., to Carlstadt, N.J., under contract with American Screen Products Co., Chatsworth, Ill. NOTE: The purpose of this republication is to add certain additional commodities and points to be served. If a hearing is deemed necessary, applicant requests it be held at Chicago, Ill.

No. MC 119211 (Sub-No. 11), filed November 9, 1967. Applicant: MAU TRUCKING, INC., Early, Iowa. Applicant's representative: Donald E. Leonard, Box 2028, 605 South 14th Street, Lincoln, Nebr. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Feed and feed ingredients*, except

bulk liquids in tank vehicles, from Estherville, Iowa, to points in Minnesota, under contract with Kent Feeds, Inc., Sioux City, Iowa. NOTE: If a hearing is deemed necessary, applicant requests it be held at Sioux City, Iowa, or Chicago, Ill.

No. MC 119489 (Sub-No. 15), filed November 7, 1967. Applicant: PAUL ABLER, doing business as CENTRAL TRANSPORT COMPANY, Post Office Box 596, Norfolk, Nebr. 68701. Applicant's representative: J. Max Harding, 605 South 14th Street, Post Office Box 2028, Lincoln, Nebr. 68501. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Animal food and animal food supplements*, in bulk, in tank vehicles, from La Platte and Omaha, Nebr., to points in Iowa, Kansas, Minnesota, Missouri, North Dakota, and South Dakota. NOTE: Common control may be involved. If a hearing is deemed necessary, applicant requests it be held at Omaha or Lincoln, Nebr.

No. MC 119493 (Sub-No. 36) (Correction), filed October 18, 1967, published in the FEDERAL REGISTER issue of November 2, 1967, corrected and republished as corrected, this issue. Applicant: MONKEM COMPANY, INC., West 20th Street Road (Post Office Box 1196), Joplin, Mo. 64801. Applicant's representative: Harry Ross, 848 Warner Building, Washington, D.C. 20004. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Paper, paper products, products produced or distributed by manufacturers and converters of paper and paper products; and materials, equipment, and supplies used in the manufacture and distribution of the foregoing commodities* (except commodities in bulk, and commodities which, due to size and weight, require use of specialized motor vehicle equipment), between points in Little River County, Ark., on the one hand, and, on the other, points in Arkansas, Illinois, Iowa, Kansas, Louisiana, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, and Texas. NOTE: The purpose of this republication is to correct the commodity description. If a hearing is deemed necessary, applicant requests it be held at Washington, D.C.

No. MC 119777 (Sub-No. 90), filed November 3, 1967. Applicant: LIGON SPECIALIZED HAULER, INC., Post Office Drawer L, Madisonville, Ky. 42431. Applicant's representative: Robert M. Pearce, Post Office Box E, Bowling Green, Ky. 42101. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Material handling equipment, winches, compaction and road making equipment, rollers, self-propelled and non-self-propelled, mobile cranes, and highway freight trailers*, (2) *parts, attachments, and accessories* for the commodities described in (1) above, between the plantsites of the Hyster Co. located at or near Danville, Kewanne, and Peoria, Ill., on the one hand, and, on the other, points in Indiana and Kentucky, restricted to traffic originating at or destined to the named plantsites. NOTE: Applicant is authorized to operate as a contract carrier in MC 126970 Sub 1, therefore, dual operations may be involved. If a hearing is deemed necessary, applicant requests it be held at Louisville, Ky., or Nashville, Tenn.

No. MC 119777 (Sub-No. 91), filed November 13, 1967. Applicant: LIGON SPECIALIZED HAULER, INC., Post Office Box L, Madisonville, Ky. 42431. Applicant's representative: Fred F. Bradley, 213 St. Clair Street, Frankfort, Ky. 40601. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Agricultural implements, parts, and accessories, including disk harrows and rotary cutters*, from Poplarville, Miss., to points in Alabama, Arkansas, Florida, Georgia, Louisiana, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, and Texas. NOTE: Common control may be involved. Applicant is also authorized to conduct operations as a contract carrier in permit No. MC 126970 and Sub 1, therefor, dual operations may be involved. If a hearing is deemed necessary, applicant requests it be held at New Orleans, La., or Jackson, Miss.

No. MC 121060 (Sub-No. 4), filed November 15, 1967. Applicant: ARROW TRUCK LINES, INC., 1220 West Third Street, Birmingham, Ala. Applicant's representative: Robert L. Ragsdale (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Plastic pipe; plastic or iron connections, fittings, and accessories*, from the plantsite and/or warehouse facilities of the Clow Corp. at or near Lincoln, Talladega County, Ala., to points in Arkansas, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Texas, and (2) *equipment, materials, and supplies*, used in the manufacture, processing, and distribution of *plastic pipe, plastic or iron connections, fittings, and accessories* (except commodities in bulk, in tank vehicles), from points in Arkansas, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Texas to the plantsite and/or warehouse facilities of the Clow Corp. at or near Lincoln, Talladega County, Ala. NOTE: If a hearing is deemed necessary, applicant requests it be held at Birmingham, Ala.

No. MC 121525 (Sub-No. 2), filed November 1, 1967. Applicant: SNIDER TRUCKING SERVICE, INC., 110 East Fifth Street, Ritzville, Wash. 99169. Applicant's representatives: George H. Hart and Jack R. Davis, 1100 IBM Building, Seattle, Wash. 98101. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Agricultural commodities*, consisting of fruit and vegetables only, between Wenatchee, Prosser, Yakima, Zillah, or Toppenish, Wash., on the one hand, and, on the other, Seattle or Tacoma, Wash., (2) *petroleum products*, in packages, between Richmond Beach, Wash., on the one hand, and, on the other, Spokane, Wash., (3) *sugar*, from Toppenish, Wash., to Seattle or Tacoma, Wash., for Nalleys, Inc., only, and (4) *heavy machinery and building materials* (except cement, in bulk, in tank vehicles), between points in Washington. NOTE: Applicant states that the authority set forth above is identical to its certificate of registration under MC 121525, canceled September 6, 1967. The instant application seeks a certificate of public convenience and necessity to continue such operations by applicant. If a hearing is deemed necessary, applicant requests it be held at Portland, Oreg., or Spokane or Seattle, Wash.

No. MC 124078 (Sub-No. 305), filed November 16, 1967. Applicant: SCHWERMAN TRUCKING CO., a corporation, 611 South 28th Street, Milwaukee, Wis. 53246. Applicant's representative: Richard H. Prevette (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Dry animal feed ingredients and/or supplements*, (1) from Dubuque, Iowa, to points in Illinois, Minnesota, Nebraska, North Dakota, South Dakota, and Wisconsin, (2) from Memphis, Tenn., to points in Alabama, Arkansas, Kentucky, Louisiana, Mississippi, and Missouri, and (3) from Omaha, Nebr., to points in Colorado, Iowa, Kansas, Missouri, North Dakota, South Dakota, and Wyoming. NOTE: Applicant states it could tack part (3) with MC 124078 Subs 99 and 146 at Montpelier, Iowa, to serve Illinois, Indiana, Ohio, Michigan, Kentucky, Tennessee, Pennsylvania, and Wisconsin. If a hearing is deemed necessary, applicant requests it be held at Chicago, Ill.

No. MC 124206 (Sub-No. 2), filed November 9, 1967. Applicant: BARRY CARTAGE, INC., 120 East National Avenue, Milwaukee, Wis. 53204. Applicant's representative: William C. Dineen, 710 North Plankinton Avenue, Milwaukee, Wis. 53203. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Such merchandise*, as is dealt in by wholesale, retail, and chain grocery and food business houses, and in connection therewith, equipment, materials, and supplies used in the conduct of such business, from Wauwatosa, Wis., to points in the Upper Peninsula of Michigan, under continuing contract with Roundy's Inc., of Wauwatosa, Wis. NOTE: If a hearing is deemed necessary, applicant requests it be held at Milwaukee, Wis.

No. MC 126305 (Sub-No. 12), filed November 13, 1967. Applicant: BOYD BROTHERS TRANSPORTATION CO. INC., Route 1, Clayton, Ala. 36016. Applicant's representative: Robert E. Tate, Suite 2025–2028, City Federal Building, Birmingham, Ala. 35203. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Lumber*, including plywood, from points in Wilcox County, Ala., to points in Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Louisiana, and Kentucky restricted to traffic originating at points in Wilcox County, Ala. NOTE: If a hearing

is deemed necessary, applicant requests it be held at Birmingham, Ala.

No. MC 127164 (Sub-No. 1), filed November 9, 1967. Applicant: ELMER MILLER, doing business as MILLER TRUCKING CO., 509 Jackson Street, Archbold, Ohio 43502. Applicant's representative: Lewis S. Witherspoon, 85 East Gay Street, Columbus, Ohio 43215. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Lime, limestone, limestone products, and fertilizer*, in bulk, in dump vehicles, between points in Crawford, Sandusky, Ottawa, Wyandot, Seneca, Erie, Fulton, Lucas, Delaware, Paulding, and Hancock Counties, Ohio, on the one hand, and, on the other, points in Indiana and Michigan; and (2) *salt*, between points in Ohio, Indiana, and Michigan. NOTE: If a hearing is deemed necessary, applicant requests it be held at Toledo or Columbus, Ohio, or Detroit, Mich.

No. MC 127187 (Sub-No. 4), filed November 16, 1967. Applicant: FLOYD DUENOW, 215 East Cherry, Fergus Falls, Minn. Applicant's representative: Gene P. Johnson, 502 First National Bank Building, Fargo, N. Dak. 58102. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Animal and poultry feed*, and *animal and poultry feed ingredients*, (1) from points in North Dakota on and east of North Dakota Highway 1, and points in Minnesota on and west of U.S. Highway 71, to points in Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, Texas, and Wisconsin, and (2) from Sioux City, Iowa, to points in Nebraska. NOTE: If a hearing is deemed necessary, applicant requests it be held at Fargo, N. Dak.

No. MC 127568 (Sub-No. 6) (Amendment), filed June 9, 1967, published FEDERAL REGISTER issues of June 29, 1967, and republished as amended this issue. Applicant: MID SOUTH DELIVERY SERVICE CO., a corporation, 3215 Tulane Road, Memphis, Tenn. Applicant's representative: Dale Woodall, 900 Memphis Bank Building, Memphis, Tenn. 38103. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Prefabricated metal buildings*, knocked down, *prefabricated metal building sections*, knocked down, *prefabricated prefinished metal panel sections; component parts thereof, equipment, materials, and supplies* used in the installation, construction, or erection thereof (except metal buildings which are designed to be drawn by passenger vehicles), from Evansville, Wis., to points in Arkansas, Louisiana, Kentucky, Tennessee, Mississippi, Alabama, Georgia, and Florida, (2) *materials, equipment, and supplies* used or useful in the manufacture of the commodities described in (1) above, from points in Florida, Georgia, Alabama, Mississippi, Tennessee, Kentucky, Louisiana, and Arkansas to Evansville, Wis. NOTE: The purpose of this republication is to reflect the broadening of the commodity description, the change in the territorial scope and eliminate the restriction as previously published. If a hearing is deemed necessary, applicant requests it be held at Washington, D.C.

No. MC 127954 (Sub-No. 2), filed November 13, 1967. Applicant: MARSH MOTOR HAULAGE, INC., Marsh and Coastwise Streets, Port Newark, N.J. 07114. Applicant's representative: Charles J. Williams, 47 Lincoln Park, Newark, N.J. 07102. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Household goods* as defined by the Commission, between points in Maryland, on the one hand, and, on the other, points in Delaware, Illinois, Indiana, Maryland, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia, and the District of Columbia. NOTE: Applicant states it holds authority to provide the service described above in certificate MC 127954 by operating via points in Pennsylvania and New Jersey within 50 miles of New York, N.Y. The purpose of the instant application is to eliminate such gateways. If a hearing is deemed necessary, applicant requests it be held at Newark, N.J., or New York, N.Y.

No. MC 128774 (Sub-No. 1) (Correction), filed September 13, 1967, published in the FEDERAL REGISTER issue of October 5, 1967, and republished as corrected this issue. Applicant: RICE TRUCKING, INC., 151 St. James Street, Mansfield, Pa. 16933. Applicant's representative: Edward H. Owlett, 19 Central Avenue, Wellsboro, Pa. 16901. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: (1) *Iron and steel articles*, from the plantsite of Armco Steel Corp., Mansfield, Tioga County, Pa., to points in New York, Ohio, Maryland, and Kentucky and (2) *products* manufactured for, inventoried for and sold to the construction market from, to and between the plantsites of Armco Steel Corp. located at Mansfield, Pa., Halethorpe, Md., Middletown, Ohio, and Boyd County, Ky., under contract with Armco Steel Corp., Middletown, Ohio. NOTE: The purpose of this republication is to more clearly describe authority sought in (2) above. If a hearing is deemed necessary, applicant requests it be held at Scranton, Harrisburg, Philadelphia, or Washington, Pa.

No. MC 128958 (Sub-No. 1), filed September 1, 1967. Applicant: CENTRAL PENN AIR SERVICE, INC., Post Office Box P, New Cumberland, Pa. 17070. Applicant's representative: John M. Musselman, 400 North Third Street, Harrisburg, Pa. 17108. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *General commodities*, except articles of unusual value, classes A and B explosives, household goods as defined by the Commission, commodities in bulk, and commodities requiring special equipment, between Middletown, Pa., on the one hand, and, on the other, points in Kent and New Castle Counties, Del., Anne Arundel, Baltimore, Carroll, Cecil, Frederick, Harford, Howard, Montgomery, and Washington Counties, Md., Burlington, Camden, and Gloucester Counties, N.J., Adams, Bedford, Blair, Berks, Bucks, Carbon, Centre, Chester, Clinton, Columbia, Cumberland, Dauphin, Delaware, Franklin, Fulton, Huntingdon, Juniata, Lackawanna, Lancaster, Lebanon, Lehigh, Luzerne, Lycoming, Mifflin, Monroe, Montgomery, Montour, Northampton, Northumberland, Perry, Philadelphia, Schuylkill, Snyder, Sullivan, Union, Wyoming, and York Counties, Pa.; Baltimore, Md., and Washington, D.C., restricted to the transportation of shipments having a prior or subsequent movement by air. NOTE: Applicant states that by tacking at Middletown, Pa., all points within the area of this application would be served in connection with points served by applicant's regular routes at MC 128958. If a hearing is deemed necessary, applicant requests it be held at Harrisburg, Pa., or Washington, D.C.

No. MC 129032 (Sub-No. 2), filed November 13, 1967. Applicant: TOM INMAN TRUCKING, INC., 6015 South 49 West Avenue, Tulsa, Okla. 74105. Applicant's representative: David D. Brunson, Box 671, Oklahoma City, Okla. 73101. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Beverages* (nonalcoholic), when moving in vehicles equipped with mechanical refrigeration and/or heating units, from Muskogee, Okla., to points in California, Arizona, Utah, New Mexico, Nevada, Oregon, Washington, and Texas. NOTE: If a hearing is deemed necessary, applicant requests it be held at Tulsa, or Oklahoma City, Okla., or St. Louis, Mo.

No. MC 129042 (Sub-No. 1), filed November 6, 1967. Applicant: MARDELLO FORD, doing business as FORD'S MOVING & STORAGE, Post Office Box 43, Cookeville, Tenn. 38501. Applicant's representative: Maddux, Cameron & Jared, 201 Whitson Building, Cookeville, Tenn. 38501. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Used household goods*, containerized, from (1) from Cookeville, Tenn., to points in Smith, Jackson, Clay, Overton, Pickett, Fentress, Cumberland, White, Van Buren, De Kalb, Warren, and Bledsoe Counties, Tenn., and (2) from points in Bledsoe, Warren, De Kalb, White, Van Buren, Cumberland, Fentress, Pickett, Overton, Clay, Jackson, and Smith Counties, Tenn., to points in Putnam County, Tenn. NOTE: If a hearing is deemed necessary, applicant requests it be held at Nashville, Tenn., or Atlanta, Ga.

No. MC 129133 (Sub-No. 1), filed November 9, 1967. Applicant: TYRONE J. GOLLOTT, doing business as CITY TRANSFER & STORAGE CO., 1253 Cuevas Street, Biloxi, Miss. 39533. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Household goods*, as defined by the Commission, between points in Mississippi, restricted to shipments having a prior or subsequent movement beyond said points in containers, and further restricted to pickup and delivery services incidental to and in connection with packing, crating, and containerization or unpacking, uncrating

and decontainerization of such shipments. NOTE: If a hearing is deemed necessary, applicant requests it be held at Biloxi, Miss.

No. MC 129184 (Sub-No. 1), filed November 13, 1967. Applicant: KENNETH L. KELLAR, Box 449, Blaine, Wash. Applicant's representative: Joseph O. Earp, 607 Third Avenue, Seattle, Wash. 98104. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Liquor and cigarettes*, (1) from Blaine, Wash., to Lynden, Sumas, Port Angeles, and Oroville, Wash., (2) from Duluth, Minn., to Grand Portage, Minn., (3) from International Falls, Minn., to Noyes, Minn., (4) from port of entry on the international boundary line between the United States and Canada located at or near Oroville, Wash., to Eastport, Idaho, Sweetgrass, Mont., Portal, N. Dak., and Noyes, Baudette, International Falls, Grand Portage, and Duluth, Minn., restricted to traffic having had a prior movement from points in British Columbia, Canada, and (5) from Duluth, Minn., to International Falls, Baudette, and Noyes, Minn.; Portal, N. Dak.; Sweetgrass, Mont.; Eastport, Idaho, and Oroville, Wash.; restricted to traffic having a prior movement by water, under contract with Exports, Inc. NOTE: If a hearing is deemed necessary, applicant requests it be held at Seattle, Wash.

No. MC 129415 (Sub-No. 2), filed November 6, 1967. Applicant: OVERLAND TRANSPORTATION, INC., 335 South Virginia, Liberal, Kans. 67901. Applicant's representative: C. Zimmerman, 503 Schweiter Building, Wichita, Kans. 67202. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Animal and poultry feeds* (except liquid) and *sanitation and health commodities used in raising animals and poultry*, from Liberal, Kans., to points in Oklahoma on and west of U.S. Highway 183 and on and north of U.S. Highway 66, points in Texas on and north of U.S. Highway 66, points in New Mexico on and north of U.S. Highway 66 and on and east of U.S. Highways 84 and 85, and points in Colorado on and east of U.S. Highway 85 and on and south of U.S. Highway 50. NOTE: If a hearing is deemed necessary, applicant requests it be held at St. Louis, Mo., or Wichita, Kans.

No. MC 129474 (Correction), filed October 13, 1967, published FEDERAL REGISTER issue of November 2, 1967, corrected November 15, 1967, and republished as corrected this issue. Applicant: ALBERT G. PULIZ, WILLIAM EUART HIBBITT, AND DAVID MACAULAY, a partnership, doing business as LAWRENCE MAYFLOWER MOVING & STORAGE CO., 2730 East Fourth Street, Post Office Box 37, Reno, Nev. 89504. Applicant's representative: Edward J. Hegarty, Shell Building, 100 Bush Street, San Francisco, Calif. 94104. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Used household goods*, as defined by the Commission, between points in an area contained within the following described boundaries: From junction Nevada Highway 28 and the California-Nevada State line, at or near Crystal Bay, Nev., along Nevada Highway 28 to junction U.S. Highway 50, at or near Glenbrook, Nev., thence northeasterly along U.S. Highway 50 to junction Alternate Interstate Highway 95, at or near Silver Springs, Nev., thence northerly along Alternate Interstate Highway 95 to junction Interstate Highway 80, at or near Fernley, Nev., thence northwesterly along Interstate Highway 80 to junction Nevada Highway 34, at or near Wadsworth, Nev., thence northerly along Nevada Highway 34 to junction Nevada Highway 33, at or near Nixon, Nev., thence from Nixon, Nev., along an imaginary line due west to junction with the California-Nevada State line, thence southerly along the California-Nevada State line to point of beginning. Restriction: The service sought herein is restricted to the transportation of shipments both (1) having a prior or subsequent out-of-State movement by rail, motor, water, or air, and (2) pickup and delivery services incidental to and in connection with packing, crating, and containerization, or unpacking, uncrating, and decontainerization of such shipments. NOTE: Common control may be involved. The purpose of this republication is to redescribe the route above as between points in the described area. If a hearing is deemed necessary, applicant requests it be held at Reno, Nev.

No. MC 129526, filed November 13, 1967. Applicant: FACTOR TRUCK SERVICE, INC., 1065 Alcott Street, Philadelphia, Pa. Applicant's representative: Robert B. Einhorn, 12 South 12th Street, Room 1540, P.S.F.S. Building, Philadelphia, Pa. 10107. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Fluorescent lighting fixtures and items used and useful in the manufacture thereof*, between the plant-site of Keystone Lighting Corp. located at or near Bristol, Pa., and points in Minnesota, Nebraska, Iowa, Missouri, Arkansas, Louisiana, Mississippi, Tennessee, Kentucky, Illinois, Wisconsin, Michigan, Indiana, Alabama, Florida, Georgia, South Carolina, North Carolina, Virginia, West Virginia, Ohio, New York, Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, Maryland, and the District of Columbia, under contract with Keystone Lighting Corp. NOTE: If a hearing is deemed necessary, applicant requests it be held at Philadelphia, Pa., or Washington, D.C.

No. MC 129534, filed November 13, 1967. Applicant: RAYMOND H. FILBECK, 610 West Second Street, Tulsa, Okla. 74127. Applicant's representative: Martin E. Wyatt, Post Office Box 771, Tulsa, Okla. 74101. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Alcoholic beverages*, in sealed cases, from points in Illinois, Indiana, Kentucky, Missouri, and Ohio to points in Oklahoma, under contract with Dixie Liquor Co., Famous Brands Wholesale Liquor Co. and Leader Liquor Co. NOTE: If a hearing is deemed necessary, applicant requests it be held at Tulsa or Oklahoma City, Okla.

No. MC 129535, filed November 13, 1967. Applicant: COLONIAL STORAGE COMPANY, a corporation, 6025 Kansas Avenue NW., Washington, D.C. 20011. Applicant's representative: H. Charles Ephraim, 1411 K Street NW., Washington, D.C. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Used household goods*, between points in the District of Columbia, Baltimore City, Md., those in Charles, St. Marys, Calvert, Anne Arundel, Baltimore, Howard, Frederick, Montgomery, and Prince Georges Counties, Md., and those in Arlington, Fairfax, Prince William, Stafford, King George, Culpeper, Fauquier, Loudoun, Westmoreland, Northumberland, Richmond, Caroline, Spotsylvania, Orange, Madison, Rappahannock, and Shenandoah Counties, Va., restricted to shipments: (1) Moving on the through bill of lading of a forwarder operating under section 402(b) of the Act, (2) having prior or subsequent linehaul movement by rail, motor, water, or air carrier, and (3) having a prior or subsequent movement beyond said points in containers. NOTE: If a hearing is deemed necessary, applicant requests it be held at Washington, D.C.

APPLICATION FOR BROKERAGE LICENSE

No. MC 130045 filed, November 6, 1967. Applicant: CATHOLIC TOURS, INCORPORATED, doing business as GROUX CATHOLIC TOURS AND W. A. GROUX TOURS, 15 Maple Hill Road, Clifton, N.J. Applicant's representative: Robert S. Burk, 2001 Massachusetts Avenue NW., Washington, D.C. 20036. For a license (BMC 5) to engage in operations as a *broker* at New York, N.Y., and Clifton, N.J., in arranging for the transportation of *passengers and their baggage*, both as individuals and in groups, in all expense and round-trip tours, between points in the United States.

WATER CARRIERS OF PROPERTY

No. W-923 (Sub-No. 14), GULF-CANAL LINES, INC., Extension—Victoria Channel, filed November 12, 1967. Applicant: GULF-CANAL LINES, INC., 611 East Marceau Street, St. Louis, Mo. 63111. Applicant's representative: Richard J. Hardy, One North La Salle Street, Chicago, Ill. 60602. Application of Gulf-Canal Lines, Inc., filed November 12, 1967, for a revised certificate authorizing extension of its operations to include operation as a *common carrier* by water in interstate or foreign commerce, by non-self-propelled vessels with the use of separate towing vessels in the transportation of *general commodities*, and by towing vessels in the performance of general towage, in year round operation between ports on the Victoria Channel, from and including Victoria, Tex., to the Gulf Intracoastal Waterway.

No. W-1238, CATTLE COACHES, INC., Common Carrier Application, filed November 20, 1967. Applicant: CATTLE COACHES, INC., 1082 Baskin Drive,

Greenville, Miss. 38701. Applicant's representative: Douglas C. Wynn, Post Office Box 1295, 364–365 May Building, Greenville, Miss. 38701. Authority sought to operate as a *common carrier*, by water in interstate or foreign commerce, by non-self-propelled vessels with the use of separate towing vessels, and by towing vessels in the performance of a general towage service, of *livestock, ordinary and not ordinary, and live fish, ordinary and nonordinary, and feed, forage, tack, equipment, supplies, attendants and handlers and their personal effects, and other articles normally and customarily used in the care, feeding, transportation and exhibition of such livestock and fish, and moving therewith; and livestock and fish feed*, in bulk, in bales and in containers; between ports and points in the United States on the Atlantic Ocean, the Gulf of Mexico, and on the inland waterways, lakes and rivers tributary thereto, including the Great Lakes; and the St. Lawrence River and the St. Lawrence seaway; and the Red River of the north. NOTE: If a hearing is deemed necessary, applicant requests it be held at St. Louis, Mo., or Memphis, Tenn.

APPLICATION FOR WHICH NO ORAL HEARING IS REQUESTED

No. MC 129362 (Sub-No. 2), filed November 7, 1967. Applicant: GEORGE NASHOLD, INC., Post Office Box 286, Frederica, Del. 19946. Applicant's representative: Samuel W. Earnshaw, 833 Washington Building, Washington, D.C. 20005. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Such commodities* in bulk, as are transported in dump and hopper vehicles, from points in Delaware to points in Carolina, Cecil, Dorchester, Kent, Queen Annes, Somerset, Talbot, Wicomico, and Worcester Counties, Md., restricted against the transportation of: (1) Dry soy bean meal and dry soy bean hulls, from points in Sussex County, Del., to the requested destinations in Maryland, (2) sand and stone, from points in Delaware to points in Cecil, Kent, and Queen Annes County, Md., (3) sand, gravel, and cement, from points in Delaware within 15 miles of Newark, Del., including Newark, to points in Maryland within 15 miles of Newark, Del., (4) dry feed ingredients, from points in Delaware to the requested destinations in Maryland, and (5) fertilizer, from Newark, Del., and points in Delaware within 7 miles of Elkton, Md., to points in Cecil and Kent Counties, Md.

NO HEARING PASSENGER

No. MC 46879 (Sub-No. 7), filed November 7, 1967. Applicant: WALTERS TRANSIT CORP., 1515 Jefferson Street, Hoboken, N.J. 07030. Applicant's representative: William A. Roberts, 1740 N Street Northwest, Washington, D.C. 20036. Authority sought to operate as a *common carrier*, by motor vehicle, over regular routes, transporting: *Passengers and their baggage, express and mail* in the same vehicle with passengers, between New York City and White Plains, N.Y., from New York City over Interstate Highway 87 (New York State Thruway) to junction with Interstate Highway 287 (Cross Westchester Expressway), thence over Interstate Highway 287 to the City of White Plains, as an alternate route for operating convenience only, in connection with applicant's existing authority, serving no intermediate points, but subject to tacking at New York State Route 9A with applicant's existing authority.

By the Commission.

[SEAL] H. NEIL GARSON, *Secretary.*

[F.R. Doc. 67-13952; Filed, Nov. 29, 1967; 8:45 a.m.]

FOURTH SECTION APPLICATION FOR RELIEF

NOVEMBER 27, 1967.

Protests to the granting of an application must be prepared in accordance with Rule 1.40 of the general rules of practice (49 CFR 1.40) and filed within 15 days from the date of publication of this notice in the FEDERAL REGISTER.

LONG-AND-SHORT HAUL

FSA No. 41174—*Woodpulp from Abercrombie, Nova Scotia.* Filed by Traffic Executive Association—Eastern Railroad, agent (No. 2898), for and on behalf of Canadian National Railways and other rail carriers. Rates on woodpulp and woodpulp screenings, in car loads, from Abercrombie, Nova Scotia, to Winslow, Maine, and Fort Edward, N.Y.

Grounds for relief—Foreign water and rail competition.

Tariff—Supplement 16 to Canadian National Railway Tariff ICC E-538.

By the Commission.

[SEAL] H. NEIL GARSON, *Secretary.*

[F.R. Doc. 67-14000; Filed, Nov. 29, 1967; 8:47 a.m.]

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