FEDERAL REGISTER

VOLUME 34 • NUMBER 87

Wednesday, May 7, 1969 • Washington, D.C.

Pages 7365–7436

PART I

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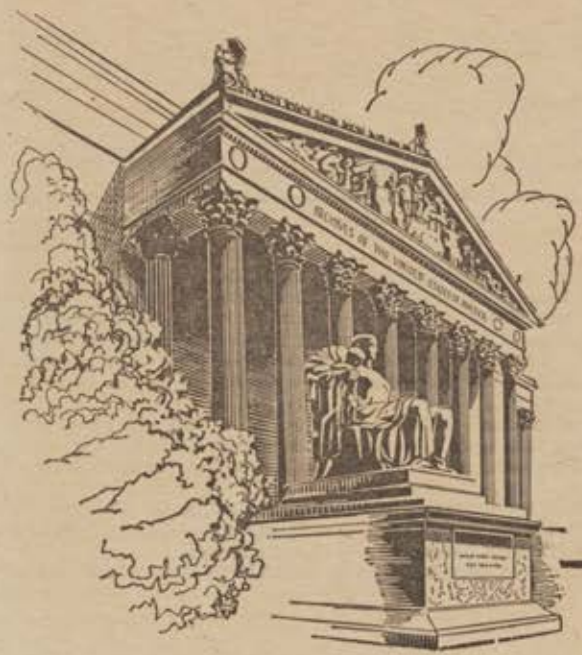

Up-to-date Revision

PRINCIPAL OFFICIALS IN THE EXECUTIVE BRANCH

Appointed January 20–April 20, 1969

A listing of about 350 appointments of key officials made after January 20, 1969. Serves as a supplement to the 1968–69 edition of the U.S. Government Organization Manual.

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Order from Superintendent of Documents, U.S. Government Printing Office Washington, D.C. 20402

FEDERAL REGISTER

Area Code 202 Phone 962–8626

Published daily, Tuesday through Saturday (no publication on Sundays, Mondays, or on the day after an official Federal holiday), by the Office of the Federal Register, National Archives and Records Service, General Services Administration (mail address National Archives Building, Washington, D.C. 20408), pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U.S.C., Ch. 15), under regulations prescribed by the Administrative Committee of the Federal Register, approved by the President (1 CFR Ch. I). Distribution is made only by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

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A cumulative guide is published separately at the end of each month. The guide lists the parts and sections affected by documents published since January 1, 1969, and specifies how they are affected.

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Rules and Regulations

Title 10—ATOMIC ENERGY

Chapter I—Atomic Energy Commission

PART 150—EXEMPTIONS AND CONTINUED REGULATORY AUTHORITY IN AGREEMENT STATES UNDER SECTION 274

Transfer of Products Containing Byproduct Material and Source Material Exempted From Licensing and Regulatory Requirements

On February 24, 1968, the Atomic Energy Commission published in the FEDERAL REGISTER (33 F.R. 3346) a proposed amendment to 10 CFR Part 150 which would redefine the category of products containing radioactive materials over whose transfer by the manufacturer, processor, or producer in an Agreement State the Commission retains jurisdiction. The notice of proposed rule making was published in the FEDERAL REGISTER once each week for four consecutive weeks, allowing 60 days for public comment after initial publication.

After consideration of the comments and other factors involved, the Commission has adopted the proposed amendment. The text of the effective rule is the same as the proposed rule except for clarifying changes of language.

Subsection 274c of the Atomic Energy Act of 1954, as amended, provides that notwithstanding any agreement between the Atomic Energy Commission and any State, the Commission is authorized to require that the manufacturer, processor, or producer of any equipment, device, commodity, or other product containing source, byproduct, or special nuclear material shall not transfer possession or control of such product except pursuant to a license issued by the Commission.

In issuing 10 CFR Part 150, which implemented certain provisions of section 274 of the Act, in 1962, the Commission exercised its authority under subsection 274c of the Act by providing (§ 150.15(a)(6)) that persons in Agreement States are not exempt from the Commission's licensing requirements with respect to * * *

(6) The transfer of possession or control by the manufacturer, processor, or producer of any equipment, device, commodity, or other product containing source, byproduct, or special nuclear material, intended for use by the general public.

In retaining regulatory authority over transfer of products "intended for use by the general public", the Commission was seeking to maintain surveillance over the safety of products containing radioactive materials, without the imposition of regulatory controls, and to be able to assess the effect of the attendant uncontrolled addition of these radioactive materials to the environment.

In view of the increasing difficulty in determining whether or not such products are intended for use by the general public, the Commission has adopted the amendment of Part 150 set out below, which changes § 150.15(a)(6) by deleting the phrase "product * * * intended for use by the general public" and substituting therefor the phrase "product * * * whose subsequent possession, use, transfer and disposal by all other persons are exempted from licensing and regulatory requirements of the Commission under Parts 30 and 40 of this chapter."

Under Part 150 as amended below the transfer of possession or control by a manufacturer, processor, or producer of any equipment, device, commodity, or other product containing byproduct material or source material whose subsequent possession, use, transfer, and disposal by all other persons are exempted from Commission licensing and regulatory requirements under Parts 30 and 40, is not subject to the licensing and regulatory authority of an Agreement State even though the product is manufactured, processed, or produced pursuant to an Agreement State license. The manufacturer of such products in an Agreement State is subject to the Commission's regulatory authority with respect to transfer of any product which has been so exempted from the Commission's licensing and regulatory requirements. The Commission has confined its regulation of the transfer of exempt products to specifications for the products, quality control procedures, requirements for testing, and labeling. The authority of Agreement States to regulate any radiation hazards that might arise during manufacture of such products is not affected by the amendment. Accordingly, dual regulation will continue to be avoided.

Pursuant to the Atomic Energy Act of 1954, as amended, and sections 552 and 553 of title 5 of the United States Code, the following amendment to Title 10, Chapter I, Code of Federal Regulations, Part 150, is published as a document subject to codification effective thirty (30) days after publication in the FEDERAL REGISTER.

Section 150.15(a)(6) is amended to read as follows:

§ 150.15 Persons not exempt.

(a) Persons in Agreement States are not exempt from the Commission's licensing and regulatory requirements with respect to the following activities:

* * * * *

(6) The transfer of possession or control by the manufacturer, processor, or producer of any equipment, device, commodity, or other product containing source material or byproduct material whose subsequent possession, use, transfer, and disposal by all other persons are exempted from licensing and regulatory requirements of the Commission under Parts 30 and 40 of this chapter.

* * * * *

(Sec. 161, 68 Stat. 948; 42 U.S.C. 2201; sec. 274, 73 Stat. 688; 42 U.S.C. 2021)

Dated at Washington, D.C., this 9th day of April 1969.

For the Atomic Energy Commission.

W. B. McCOOL,
Secretary.

[F.R. Doc. 69-4519; Filed, Apr. 15, 1969; 8:51 a.m.]

Title 7—AGRICULTURE

Chapter VII—Agricultural Stabilization and Conservation Service (Agricultural Adjustment), Department of Agriculture

SUBCHAPTER D—PROVISIONS COMMON TO MORE THAN ONE PROGRAM

[Amdt. 6]

PART 792—CONSERVING BASE AND DESIGNATED DIVERTED ACREAGE

Restriction on Grazing

Section 792.3 of the regulations governing conserving base and designated diverted acreage, 31 F.R. 5783, as amended, is further amended by changing paragraph (d) to read as follows:

§ 792.3 Designation, use, and care of diverted acreage under the feed grain, upland cotton, wheat diversion, and wheat certificate programs; approved conservation uses.

* * * * *

(d) *Restriction on grazing.* The designated diverted acreage shall not be grazed during the period between April 30 and October 1 of the current year, or at the election of the State committee with advance notice to the operator and the Director, Farmer Programs Division, between March 31 and September 1 or between April 14 and September 15 or, for 1969 only, between May 14 and October 15, except where the Secretary considers it necessary to permit the diverted acreage to be grazed in order to alleviate a shortage in the area resulting from severe drought, flood, or other natural disaster and consents to such grazing subject to an appropriate reduction in the payment rate.

* * * * *

(Titles III, IV, V, and VI of the Food and Agriculture Act of 1965, 79 Stat. 1187; Public Law 90-475, 82 Stat. 701)

Effective date. This amendment shall become effective on the date of its publication in the FEDERAL REGISTER.

Signed at Washington, D.C., on May 1, 1969.

KENNETH E. FRICK,
Administrator, Agricultural Stabilization and Conservation Service.

[F.R. Doc. 69-5431; Filed, May 6, 1969; 8:47 a.m.]

Chapter XIV—Commodity Credit Corporation, Department of Agriculture

SUBCHAPTER B—LOANS, PURCHASES, AND OTHER OPERATIONS

[CCC Grain Price Support Regs., 1969 Crop Rice Supp.]

PART 1421—GRAINS AND SIMILARLY HANDLED COMMODITIES

Subpart—1969 Crop Rice Loan and Purchase Program

The General Regulations Governing Price Support for the 1964 and Subsequent Crops (Revision 1) (31 F.R. 5941) and the 1968 and Subsequent Crops Rice Loan and Purchase Program regulations (33 F.R. 8430) which contain regulations of a general nature with respect to price support operations are further supplemented for the 1969 crop of rice as follows:

Sec.
1421.325 Purpose.
1421.326 Availability.
1421.327 Maturity of loans.
1421.328 Support rates.

AUTHORITY: The provisions of this subpart issued under sec. 4, 62 Stat. 1070, as amended; 15 U.S.C. 714b. Interpret or apply sec. 5, 62 Stat. 1072, secs. 101, 401, 62 Stat. 1051, as amended, 1054, sec. 302, 72 Stat. 988; 15 U.S.C. 714c, 7 U.S.C. 1421, 1441.

§ 1421.325 Purpose.

This subpart contains additional program provisions which, together with the applicable provisions of the regulations specified in § 1421.300 of the 1968 and Subsequent Crop Rice Loan and Purchase Program regulations, and any amendments thereto, apply to loans and purchases for the 1969 crop rice.

§ 1421.326 Availability.

(a) *Loans.* Producers must request a loan on 1969 crop eligible rice on or before March 31, 1970.

(b) *Purchases.* Producers desiring to offer eligible rice not under loan for purchase must execute and deliver to the county office prior to April 30, 1970, a Purchase Agreement (Form CCC-614) indicating the approximate quantity of rice they will sell to CCC.

§ 1421.327 Maturity of loans.

Unless demand is made earlier, loans on rice will mature on April 30, 1970.

§ 1421.328 Support rates.

The loan rate for rice placed under a loan other than a loan on rice stored commingled in an approved warehouse shall be the applicable basic support rate specified in paragraph (a) of this section adjusted as provided in paragraphs (c) and (d) of this section. The support rate for loans on rice stored commingled in an approved warehouse and for settlement of all loans and purchases shall be the applicable basic support rate specified in paragraph (a) of this section, adjusted in accordance with the provisions of this section and §§ 1421.310 and 1421.72.

(a) *Basic rates.* The basic support rate per 100 pounds of rice shall be computed as follows: Multiply the yield (in pounds per hundredweight) of head rice by the applicable value factor for head rice (as shown in the table below according to class) and round the result to the nearest hundredth. Similarly, multiply the difference between the total yield and the head rice yield (in pounds per hundredweight) by the applicable value factor for broken rice and round the result to the nearest hundredth. Add the results (as rounded) of these two computations to obtain the basic loan or purchase rate per 100 pounds of rice and express such rate in dollars and cents.

VALUE FACTORS FOR HEAD AND BROKEN RICE [1]

Rough rice class	Head rice	Broken rice
	Cents per pound	
Long grains	8.08	4.00
Medium grains	7.08	4.00
Short grains	7.03	4.00

[1] These value factors may be changed. Such changes, if any, will be made by an amendment to this section issued shortly after Aug. 1, 1969.

(b) *Premium.* The basic support rate determined under paragraph (a) of this section shall be adjusted by the following premium:

	Cents per 100 pounds
Grade U.S. No. 1	10

(c) *Discounts.* The basic support rate determined under paragraph (a) of this section shall be adjusted by the following discount.

	Cents per 100 pounds
Grade U.S. No. 3	15
Grade U.S. No. 4	30
Grade U.S. No. 5	50

(d) *Location differentials.* For rice produced in the areas specified below discounts for location (to adjust for transportation costs of moving the rice to an area where competitive milling facilities are available) shall be applied to the basic support rate determined under paragraph (a) of this section and shall be in addition to any adjustment under paragraph (b) or (c) of this section: *Provided, however,* That if such rice is transported and stored in a rice producing area where no location differential is applicable, no discount for location shall be applied.

DIFFERENTIAL TABLE

Area	*Discount per 100 pounds*
State of Florida	$1.06
Imperial County, Calif., and adjacent counties in Arizona and California	1.05
States of North Carolina and South Carolina	1.02
Counties of Holt, Lewis, Lincoln, Marion, Pike, and St. Charles in Missouri and Adams in Illinois	.68
Counties of Lafayette, Little River, and Miller in Arkansas; Bowie in Texas; McCurtain in Oklahoma and Bossier Parish in Louisiana	.47

Effective upon publication in the FEDERAL REGISTER.

Signed at Washington, D.C., on May 1, 1969.

KENNETH E. FRICK,
Executive Vice President, Commodity Credit Corporation.

[F.R. Doc. 69-5452; Filed, May 6, 1969; 8:49 a.m.]

[CCC Grain Price Support Reseal Loan Regs., 1965 and Subsequent Storage Periods (1969-70 Supp. Amdt. 1)]

PART 1421—GRAINS AND SIMILARLY HANDLED COMMODITIES

Subpart—Farm Storage Reseal Loan Program (1969-70 Storage Period Supplement)

1969-70 STORAGE PAYMENT RATES

The regulations issued by CCC and published at 34 F.R. 6 and containing provisions applicable to the 1969-70 Reseal Storage Period are hereby amended as follows:

In § 1421.3535, paragraph (a) is amended to include storage payment rates for the 1969-70 storage period. The amended paragraph reads as follows:

§ 1421.3535 Storage payment rates.

(a) *1969-70 storage period.* Storage payments for the 1969-70 storage period will be computed as provided in § 1421.3488 using the following rates:

Crop	Unit	Rate per month	Rate per year
1968 corn, wheat, barley, and soybeans (bushel)	100	$1.095	$13.14
1968 grain sorghum (hundredweight)	100	1.96	23.52
1968 oats (bushel)	100	.821	9.855
1967, 1966, 1965, and 1964 corn and wheat, 1967, 1966, and 1965 barley, 1967 and 1966 soybeans (bushel)	100	1.004	12.045
1967, 1966, and 1965 oats (bushel)	100	.73	8.76
1967, 1966, 1965, and 1964 grain sorghum (hundredweight)	100	1.797	21.56

* * * * *

Effective date: Upon publication in the FEDERAL REGISTER.

Signed at Washington, D.C., on May 1, 1969.

KENNETH E. FRICK,
Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 69-5453; Filed, May 6, 1969; 8:49 a.m.]

Title 14—AERONAUTICS AND SPACE

Chapter I—Federal Aviation Administration, Department of Transportation

[Docket No. 69-EA-39; Amdt. 39-761]

PART 39—AIRWORTHINESS DIRECTIVES

Sensenich Propellers

The Federal Aviation Administration is amending § 39.13 of Part 39 of the Federal Aviation Regulations so as to issue an airworthiness directive which will restrict the time of operation in a portion of the r.p.m. ranges of certain Sensenich type propellers in combination with certain Lycoming 0-360 type engines.

There have been reports of several incidents of propeller blade tip failures. Data gathered during Sensenich and Lycoming vibration surveys indicated the presence of marginally high blade stresses at 2,260 r.p.m. for the subject propeller-engine combination. The stresses, which are within allowable stress limits under normal operation, are thereby increased to unacceptable levels by the presence of stress risers such as nicks due to stone damage in the propeller blade tip area. It has therefore been concluded that tip failures of this type can be prevented by restricting operation in the critical r.p.m. range of the propeller. Since this is a condition which may exist or can develop in propellers of similar type design, an airworthiness directive is being issued to require marking of the aircraft tachometer to designate the critical area.

Since a condition exists which requires the expeditious adoption of this amendment, it is found that notice and public procedure herein are impractical and good cause exists for making it effective in less than 30 days.

In consideration of the foregoing and pursuant to the authority delegated to me by the Administrator, 14 CFR 11.85 (31 F.R. 13697), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new airworthiness directive.

SENSENICH. Applies to models M76EMM-0, M76EMMS-0, 76EM8-0, and 76EM8S5-0 Propellers installed on Lycoming Models 0-360 series engines, except Model 0-360-A4A.

Compliance required within the next 25 hours' time in service after the effective date of this AD, unless already accomplished.

(a) To prevent propeller blade tip failures avoid continuous operation between 2,150 and 2,350 r.p.m.

(b) Mark engine tachometer with a red arc from 2,150 to 2,350 r.p.m.

(Sensenich Propeller Bulletin No. R-13 dated Apr. 11, 1969 pertains to this subject.)

This amendment is effective May 9, 1969.

(Secs. 313(a), 601, 603, Federal Aviation Act of 1958; 49 U.S.C. 1354(a), 1421, 1423; sec. 6(c), DOT Act; 49 U.S.C. 1655(c))

Issued in Jamaica, N.Y., on April 25, 1969.

WAYNE HENDERSHOT,
Acting Director, Eastern Region.

[F.R. Doc. 69-5419; Filed, May 6, 1969; 8:46 a.m.]

[Airspace Docket No. 69-CE-17]

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

Alteration of Transition Area

The purpose of this amendment to Part 71 of the Federal Aviation Regulations is to alter the Ann Arbor, Mich., 700-foot floor transition area.

The instrument approach procedure for Young Field at Ann Arbor, Mich., has been canceled with the result that the portion of the transition area which provided controlled airspace protection for aircraft executing this procedure is no longer required. Consequently, it is necessary to alter the Ann Arbor, Mich., 700-foot floor transition area to delete this airspace from the designation.

Since this alteration will reduce the existing designated Ann Arbor, Mich., transition area, it will not impose any additional burden on any person. Therefore, notice and public procedure hereon are unnecessary.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended effective immediately as hereinafter set forth:

In § 71.181 (34 F.R. 4637), the following transition area is amended to read:

ANN ARBOR, MICH.

That airspace extending upward from 700 feet above the surface within a 5-mile radius of Ann Arbor Municipal Airport (latitude 42°13'25" N., longitude 83°44'30" W.); excluding the portion which overlies the Detroit, Mich., 700-foot floor transition area.

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348; sec. 6(c), Department of Transportation Act; 49 U.S.C. 1655(c))

Issued in Kansas City, Mo., on April 22, 1969.

JOHN A. HARGRAVE,
Acting Director, Central Region.

[F.R. Doc. 69-5413; Filed, May 6, 1969; 8:45 a.m.]

[Airspace Docket No. 69-WE-33]

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

Alteration of Transition Area

The purpose of this amendment to Part 71 of the Federal Aviation Regulations is to revoke the 700-foot ACL portion of the Dubois, Idaho, transition area.

The AL-124-VOR-1 Standard Instrument Approach for Dubois Airport no longer meets criteria for retention and will be canceled on May 8, 1969. Cancellation of the approach procedure will eliminate the requirement for the 700-foot AGL portion of the transition area and action is taken herein to reflect this change. The 1,200-foot portion of the transition area will be retained to provide controlled airspace for aircraft executing holding procedures on the 152° M (170° T) radial.

Since this action is less restrictive in nature and imposes no additional burden on any person, notice and public procedure hereon are unnecessary.

In consideration of the foregoing in § 71.181 (34 F.R. 4637) the Dubois, Idaho, transition area is amended to read as follows:

DUBOIS, IDAHO

That airspace extending upward from 1,200 feet above the surface within 11 miles east and 7 miles west of the Dubois VOR 170° and 350° radials, extending from 10 miles north to 20 miles south of the VOR.

Effective date. This amendment shall be effective 0901 G.m.t., June 26, 1969.

Issued in Los Angeles, Calif., on April 28, 1969.

LEE E. WARREN,
Acting Director, Western Region.

[F.R. Doc. 69-5414; Filed, May 6, 1969; 8:45 a.m.]

[Airspace Docket No. 69-WE-34]

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

Alteration of Transition Area

The purpose of this amendment to Part 71 of the Federal Aviation Regulations is to alter the description of the Montague, Calif., transition area.

A recent review of the controlled airspace for Siskiyou County Airport, Calif., has revealed that a discrepancy exists in one geographical coordinate in the description of the transition area. Corrective action is taken herein.

Since this change is minor in nature and imposes no additional burden on any person, notice and public procedures hereon are unnecessary.

In consideration of the foregoing the Part 71 of the Federal Aviation Regulations is amended as hereinafter set forth.

In § 71.181 (34 F.R. 4637) the description of the Montague, Calif., transition area is amended by deleting "* * *, longitude 122°20'00" W. * * *," in the fifth line and substituting "* * *, 122°-10'00" W. * * *," therefor.

Effective date. This amendment shall be effective 0901 G.m.t., June 26, 1969.

Issued in Los Angeles, Calif., on April 28, 1969.

LEE E. WARREN,
Acting Director, Western Region.

[F.R. Doc. 69-5415; Filed, May 6, 1969; 8:45 a.m.]

[Airspace Docket No. 68-CE-76]

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

Designation of Transition Area

On page 12917 of the FEDERAL REGISTER dated September 12, 1968, the Federal Aviation Administration published a notice of proposed rule making which would amend § 71.181 of Part 71 of the Federal Aviation Regulations so as to designate a transition area at Grand Marais, Minn.

Interested persons were given 45 days to submit written comments, suggestions, or objections regarding the proposed amendment.

No objections have been received and the amendment as so proposed is hereby adopted, subject to the following change: The Devils Track Airport latitude coordinate recited in the Grand Marais, Minn., transition area designation as "latitude 47°49'40" N." is changed to read "latitude 47°49'35" N.,".

This amendment shall be effective 0901 G.m.t., June 26, 1969.

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348; sec. 6(c), Department of Transportation Act; 49 U.S.C. 1655(c))

Issued in Kansas City, Mo., on April 22, 1969.

JOHN A. HARGRAVE,
Acting Director, Central Region.

In § 71.181 (33 F.R. 2137), the following transition area is added:

GRAND MARAIS, MINN.

That airspace extending upward from 700 feet above the surface within a 6-mile radius of Devils Track Airport (latitude 47°49'35" N., longitude 90°22'45" W.); and within 2 miles each side of the 103° bearing from Devils Track Airport, extending from the 6-mile radius area to 8 miles east of the airport; and that airspace extending upward from 1,200 feet above the surface within 8 miles south and 5 miles north of the 103° bearing from Devils Track Airport, extending from the airport to 12 miles east of the airport; and within 5 miles each side of the 273° bearing from Devils Track Airport, extending from the airport to 12 miles west of the airport.

[F.R. Doc. 69-5416; Filed, May 6, 1969; 8:46 a.m.]

[Airspace Docket No. 68-CE-90]

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

Designation of Transition Area

On page 16285 of the FEDERAL REGISTER dated November 6, 1968, the Federal Aviation Administration published a notice of proposed rule making which would amend § 71.181 of Part 71 of the Federal Aviation Regulations so as to designate a transition area at Freeport, Ill.

Interested persons were given 45 days to submit written comments, suggestions or objections regarding the proposed amendment. No objections have been received to the proposal. However, subsequent to the issuance of the notice the agency has determined that the coordinates for Albertus Airport, Freeport, Ill., have been slightly changed. Action is taken herein to effect this change.

Since this change is minor in nature and imposes no additional burden on any person, notice and public procedure hereon are unnecessary.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended effective 0901 G.m.t., June 26, 1969, as hereinafter set forth:

In § 71.181 (34 F.R. 4637), the following transition area is added:

FREEPORT, ILL.

That airspace extending upward from 700 feet above the surface within a 6-mile radius of Albertus Airport (latitude 42°14'50" N., longitude 89°34'45" W.); and within 2 miles each side of the 065° bearing from Albertus Airport, extending from the 6-mile radius area to 8 miles northeast of the airport.

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348; sec. 6(c), Department of Transportation Act (1655(c)))

Issued in Kansas City, Mo., on April 22, 1969.

JOHN A. HARGRAVE,
Acting Director, Central Region.

[F.R. Doc. 69-5417; Filed, May 6, 1969; 8:46 a.m.]

[Airspace Docket No. 68-CE-105]

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

Designation of Transition Area

On page 18940 of the FEDERAL REGISTER dated December 19, 1968, the Federal Aviation Administration published a notice of proposed rule making which would amend § 71.181 of Part 71 of the Federal Aviation Regulations so as to designate a transition area at West Bend, Wis.

Interested persons were given 45 days to submit written comments, suggestions, or objections regarding the proposed amendment.

No objections have been received and the proposed amendment is hereby adopted without change and is set forth below.

This amendment shall be effective 0901 G.m.t., June 26, 1969.

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348; sec. 6(c), Department of Transportation Act; 49 U.S.C. 1655(c))

Issued in Kansas City, Mo., on April 22, 1969.

JOHN A. HARGRAVE,
Acting Director, Central Region.

In § 71.181 (33 F.R. 2137), the following transition area is added:

WEST BEND, WIS.

That airspace extending upward from 700 feet above the surface within a 7-mile radius of West Bend Municipal Airport (latitude 43°25'20" N., longitude 88°07'45" W.); and within 2 miles each side of the 136° bearing from Great Bend Municipal Airport, extending from the 7-mile radius area to 8 miles southeast of the airport.

[F.R. Doc. 69-5418; Filed, May 6, 1969; 8:46 a.m.]

Title 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Education, and Welfare

SUBCHAPTER B—FOOD AND FOOD PRODUCTS

PART 121—FOOD ADDITIVES

Subpart C—Food Additives Permitted in Feed and Drinking Water of Animals or for the Treatment of Food-Producing Animals

Subpart D—Food Additives Permitted in Food for Human Consumption

Subpart F—Food Additives Resulting From Contact With Containers or Equipment and Food Additives Otherwise Affecting Food

POLYSORBATES 20, 40, 60, 65, 80, 85

Acting upon a petition (FAP 9L2340) filed by Atlas Chemical Industries, Inc., Wilmington, Del. 19899, the Commissioner of Food and Drugs concludes that:

1. The names "polysorbate 20," "polysorbate 40," "polysorbate 65," and "polysorbate 85," having been established by universal usage over a long period of time as the common or usual names for polyoxyethylene (20) sorbitan monolaurate, polyoxyethylene (20) sorbitan monopalmitate, polyoxyethylene (20) sorbitan tristearate, and polyoxyethylene (20) sorbitan trioleate, respectively, may be used in the food additive regulations without reference to the chemical name, except where it is desirable for informational purposes to include initially the chemical name as a synonym.

2. Since polysorbate 60 and polysorbate 80 are presently recognized as the common or usual names for polyexyethylene (20) sorbitan monostearate in § 121.1030 and for polyoxyethylene (20) sorbitan monooleate in § 121.1009, respectively, editorial changes should be made throughout the food additive regulations for consistency in nomenclature.

3. References to the above-identified substances, sorbitan monooleate, and sorbitan monostearate should be deleted from §§ 121.2507, 121.2526, 121.2531, 121.2535, 121.2536, 121.2550, 121.2553, 121.2557, 121.2566, and 121.2590 because § 121.2541 currently provides for use of these additives as contemplated.

Therefore, pursuant to the provisions of the Federal Food, Drug, and Cosmetic Act (sec. 409(c)(1), 72 Stat. 1786; 21 U.S.C. 348(c)(1)) and under the authority delegated to the Commissioner (21 CFR 2.120), Part 121 is amended as follows:

1. Section 121.235 is revised to read as follows:

§ 121.235 Polysorbate 80.

The food additive polysorbate 80 (polyoxyethylene (20) sorbitan monooleate) may be safely used as an emulsifier in milk-replacer formulations for calves.

2. Section 121.236 is amended by changing the section heading to read as follows:

§ 121.236 Polysorbate 60.

* * * * *

3. Section 121.272 is revised to read as follows:

§ 121.272 Sorbitan monostearate.

The food additive sorbitan monostearate may be safely used alone or in combination with polysorbate 60 as an emulsifier in mineral premixes and dietary supplements for animal feeds.

4. Section 121.1008 is amended by revising the section heading, the introductory text, and paragraph (c)(2), (3)(ii), (4)(ii), and (5) to read as follows:

§ 121.1008 Polysorbate 65.

The food additive polysorbate 65 (polyoxyethylene (20) sorbitan tristearate), which is a mixture of polyoxyethylene ethers of mixed stearic acid esters of sorbitol anhydrides and related compounds, may be safely used in food in accordance with the following prescribed conditions:

* * * * *

(c) * * *

(2) As an emulsifier in cakes and cake mixes, with or without one or a combination of the following:

(i) Sorbitan monostearate.

(ii) Polysorbate 60.

When used alone, the maximum amount of polysorbate 65 shall not exceed 0.32 percent of the cake or cake mix, on a dry-weight basis. When used with sorbitan monostearate and/or polysorbate 60, it shall not exceed 0.32 percent, nor shall the sorbitan monostearate exceed 0.61 percent or the polysorbate 60 exceed 0.46 percent, and no combination of these emulsifiers shall exceed 0.66 percent of the cake or cake mix, all calculated on a dry-weight basis.

(3) * * *

(ii) Polysorbate 60.

* * * * *

(4) * * *

(ii) Polysorbate 60.

* * * * *

(5) As an emulsifier in cake icings and cake fillings, with or without one or a combination of the following:

(i) Sorbitan monostearate.

(ii) Polysorbate 60.

When used alone, the maximum amount of polysorbate 65 shall not exceed 0.32 percent of the weight of the cake icing or cake filling. When used with sorbitan monostearate and/or polysorbate 60, it shall not exceed 0.32 percent, nor shall the sorbitan monostearate exceed 0.7 percent or the polysorbate 60 exceed 0.46 percent, and no combination of these emulsifiers shall exceed 1 percent of the weight of the cake icing or cake filling.

* * * * *

5. In § 121.1009(c), subparagraphs (1) and (9) (ii) and (iii) are revised to read as follows:

§ 121.1009 Polysorbate 80.

* * * * *

(c) * * *

(1) An emulsifier in ice cream, frozen custard, ice milk, fruit sherbet, and nonstandardized frozen desserts, when used alone or in combination with polysorbate 65 whereby the maximum amount of the additives, alone or in combination, does not exceed 0.1 percent of the finished frozen dessert.

* * * * *

(9) * * *

(ii) Polysorbate 60.

(iii) Polysorbate 65.

* * * * *

6. Section 121.1029(c) is amended by revising the introductory text and subparagraphs (1) through (5) to read as follows:

§ 121.1029 Sorbitan monostearate.

* * * * *

(c) It is used or intended for use, alone or in combination with polysorbate 60 as follows:

(1) As an emulsifier in whipped vegetable oil topping with or without one or a combination of the following:

(i) Polysorbate 60;

(ii) Polysorbate 65;

(iii) Polysorbate 80;

whereby the maximum amount of the additive or additives used does not exceed 0.4 percent of the weight of the finished whipped vegetable oil topping; except that a combination of the additive with polysorbate 60 may be used in excess of 0.4 percent: *Provided*, That the amount of the additive does not exceed 0.27 percent and the amount of polysorbate 60 does not exceed 0.77 percent of the weight of the finished whipped vegetable oil topping.

(2) As an emulsifier in cakes and cake mixes, with or without one or a combination of the following:

(i) Polysorbate 65.

(ii) Polysorbate 60.

When used alone, the maximum amount of sorbitan monostearate shall not exceed 0.61 percent of the cake or cake mix, on a dry-weight basis. When used with polysorbate 65 and/or polysorbate 60, it shall not exceed 0.61 percent, nor shall the polysorbate 65 exceed 0.32 percent or the polysorbate 60 exceed 0.46 percent, and no combination of the emulsifiers shall exceed 0.66 percent of the weight of the cake or cake mix, calculated on a dry-weight basis.

(3) As an emulsifier, alone or in combination with polysorbate 60 in nonstandardized confectionery coatings and standardized cacao products specified in §§ 14.6, 14.7, 14.8, 14.9, 14.10, and 14.12 of this chapter, as follows:

(i) It is used alone in an amount not to exceed 1 percent of the weight of the finished nonstandardized confectionery coating or standardized cacao product.

(ii) It is used with polysorbate 60 in any combination of up to 1 percent sorbitan monostearate and up to 0.5 percent polysorbate 60 provided that the total combination does not exceed 1 percent of the weight of the finished nonstandardized confectionery coating or standardized cacao product.

(4) As an emulsifier in cake icings and cake fillings, with or without one or a combination of the following:

(i) Polysorbate 65.

(ii) Polysorbate 60.

When used alone, the maximum amount of sorbitan monostearate shall not exceed 0.7 percent of the weight of the cake icing or cake filling. When used with polysorbate 65 and/or polysorbate 60, it shall not exceed 0.7 percent, nor shall the polysorbate 65 exceed 0.32 percent or the polysorbate 60 exceed 0.46 percent, and no combination of these emulsifiers shall exceed 1 percent of the weight of the cake icing or cake filling.

(5) As an emulsifier in solid-state, edible vegetable fat-water emulsions intended for use as substitutes for milk or cream in beverage coffee, with or without one or a combination of the following:

(i) Polysorbate 60.

(ii) Polysorbate 65.

The maximum amount of the additive or additives shall not exceed 0.4 percent by weight of the finished edible vegetable fat-water emulsion.

* * * * *

7. In § 121.1030(c), subparagraphs (1)(ii), (2), (5), and (9)(i) are revised to read as follows:

§ 121.1030 Polysorbate 60.

* * * * *

(c) * * *

(1) * * *

(ii) Polysorbate 65.

* * * * *

(2) As an emulsifier in cakes and cake mixes, with or without one or a combination of the following:

(i) Polysorbate 65.

(ii) Sorbitan monostearate.

When used alone, the maximum amount of polysorbate 60 shall not exceed 0.46 percent of the cake or cake mix, on a dry-weight basis. When used with polysorbate 65 and/or sorbitan monostearate, it shall not exceed 0.46 percent, nor shall the polysorbate 65 exceed 0.32 percent or the sorbitan monostearate exceed 0.61 percent, and no combination of these emulsifiers shall exceed 0.66 percent of the cake or cake mix, all calculated on a dry-weight basis.

* * * * *

(5) As an emulsifier in cake icings and cake fillings, with or without one or a combination of the following:

(i) Polysorbate 65.

(ii) Sorbitan monostearate.

When used alone, the maximum amount of polysorbate 60 shall not exceed 0.46 percent of the weight of the cake icings and cake fillings. When used with polysorbate 65 and/or sorbitan monostearate, it shall not exceed 0.46 percent, nor shall the polysorbate 65 exceed 0.32 percent or the sorbitan monostearate exceed 0.7 percent, and no combination of these emulsifiers shall exceed 1 percent of the weight of the cake icing or cake filling.

* * * * *

(9) * * *

(i) Polysorbate 65.

* * * * *

8. In § 121.1099(a)(2), the items "Polyoxyethylene (20) sorbitan monostearate" and "Polyoxyethylene (20) sorbitan tristearate" are deleted and two new items therefor are alphabetically inserted in the list of substances, as follows:

§ 121.1099 Defoaming agents.

* * * * *

(a) * * *

(2) * * *

Substances	*Limitations*
* * *	* * *
Polysorbate 60	As defined in § 121.1030.
Polysorbate 65	As defined in § 121.1008.
* * *	* * *

* * * * *

9. In § 121.1164(b), the item "Polysorbate 80" is revised to read as follows:

§ 121.1164 Synthetic flavoring substances and adjuvants.

* * * * *

(b) * * *

Polysorbate 80; polyoxyethylene (20) sorbitan monooleate.	

* * * * *

§ 121.2507 [Amended]

10. Section 121.2507 *Cellophane* is amended by deleting from paragraph (c) the items: "Polysorbate 60 (polyoxyethylene (20) sorbitan monostearate) conforming to the identity prescribed in § 121.1030" and "Sorbitan monostearate conforming to the identity prescribed in § 121.1029."

§ 121.2520 [Amended]

11. Section 121.2520 *Adhesives* is amended in the list of substances by revising the following items in paragraph (c)(5) as indicated and by alphabetically repositioning them accordingly:

a. The item "Polyoxyethylene (20 mols) sorbitan monolaurate" is changed to read "Polysorbate 20 (polyoxyethylene (20 mols) sorbitan monolaurate)."

b. The item "Polyoxyethylene (20 mols) sorbitan monooleate" is changed to read "Polysorbate 80."

c. The item "Polyoxyethylene (20 mols) sorbitan monopalmitate" is changed to read "Polysorbate 40 (polyoxyethylene (20 mols) sorbitan monopalmitate)."

d. The item "Polyoxyethylene (20 mols) sorbitan monostearate" is changed to read "Polysorbate 60."

§ 121.2526 [Amended]

12. Section 121.2526 *Components of paper and paperboard in contact with aqueous and fatty foods* is amended by deleting from the list of substances in paragraph (a)(5) the items: "Polyoxyethylene (20) sorbitan monolaurate," "Polyoxyethylene (20) sorbitan tristearate," "Polysorbate 60 (polyoxyethylene (20) sorbitan monostearate)," "Polysorbate 80," and "Sorbitan monostearate."

§ 121.2531 [Amended]

13. Section 121.2531 *Surface lubricants used in the manufacture of metallic articles* is amended by deleting from the list of substances in paragraph (b)(2) the items: "Polyoxyethylene (20) sorbitan monolaurate" and "Polysorbate 80."

§ 121.2535 [Amended]

14. Section 121.2535 *Textiles and textile fibers* is amended by deleting from the list of substances in paragraph (d)(5) the items: "Polyoxyethylene (20) sorbitan monolaurate" and "Polyoxyethylene (20) sorbitan monostearate."

§ 121.2536 [Amended]

15. Section 121.2536 *Filters, resin-bonded* is amended by deleting from paragraph (d)(4) the item: "Polysorbate 80."

§ 121.2541 [Amended]

16. Section 121.2541 *Emulsifiers and/or surface-active agents* is amended in paragraph (c) by deleting from the item "Polysorbate 60 * * *" the portion reading "(polyoxyethylene (20) sorbitan monostearate)" and by deleting from the item "Polysorbate 65 * * *" the portion reading "(polyoxyethylene (20) sorbitan tristearate)".

§ 121.2550 [Amended]

17. Section 121.2550 *Closures with sealing gaskets for food containers* is amended by deleting from table 1 in paragraph (b)(5) the items: "Polyoxyethylene (20) sorbitan monolaurate," "Polysorbate 80," and "Sorbitan monostearate."

§ 121.2553 [Amended]

18. Section 121.2553 *Lubricants with incidental food contact* is amended by deleting from the list of substances in paragraph (a)(3) the items: "Polysorbate 60" and "Sorbitan monooleate."

§ 121.2557 [Amended]

19. Section 121.2557 *Defoaming agents used in coatings* is amended by deleting from the list of substances in paragraph (d)(3) the items: "Polyoxyethylene (20) sorbitan monolaurate," "Polyoxyethylene (20) sorbitan tristearate," "Polysorbate 60 * * *," "Polysorbate 80," and "Sorbitan monostearate."

§ 121.2566 [Amended]

20. Section 121.2566 *Antioxidants and/or stabilizers for polymers* is amended by deleting from the list of substances in paragraph (b) the item "Sorbitan monostearate."

21. Section 121.2590(b) is revised to read as follows to delete "Polysorbate 80":

§ 121.2590 Isobutylene polymers.

* * * * *

(b) The polymers identified in paragraph (a) of this section may contain optional adjuvant substances required in the production of the polymers. The optional adjuvant substances required in the production of the polymers may include substances generally recognized as safe in food, substances used in accordance with a prior sanction or approval, and aluminum chloride.

* * * * *

Any person who will be adversely affected by the foregoing order may at any time within 30 days from the date of its publication in the FEDERAL REGISTER file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington, D.C. 20201, written objections thereto, preferably in quintuplicate. Objections shall show wherein the person filing will be adversely affected by the order and specify with particularity the provisions of the order deemed objectionable and the grounds for the objections. If a hearing is requested, the objections must state the issues for the hearing. A hearing will be granted if the objections are supported by grounds legally sufficient to justify the relief sought. Objections may be accompanied by a memorandum or brief in support thereof.

Effective date. This order shall become effective on the date of its publication in the FEDERAL REGISTER.

(Sec. 409(c)(1), 72 Stat. 1786; 21 U.S.C. 348(c)(1))

Dated: April 30, 1969.

J. K. KIRK,
Associate Commissioner for Compliance.

[F.R. Doc. 69-5406; Filed, May 6, 1969; 8:45 a.m.]

Title 39—POSTAL SERVICE

Chapter I—Post Office Department

SUBCHAPTER C—INTERNATIONAL MAIL

APPENDIX—DIRECTORY OF INTERNATIONAL MAIL

In the appendix to Subchapter C the following changes are made:

1. In the country item *Ghana*, under Parcel Post, delete the following sentence appearing under *Insurance*. "Insurance is limited to surface parcels".

2. In country item *Luxembourg (Grand Duchy)*, under Parcel Post, amend the first sentence under *Insurance* to read as follows:

Insurance. The following insurance fees and limits of indemnity apply: * * *.

3. In country item *Macao*, under Parcel Post, the paragraph headed *Observations* is amended to read as follows:

Observations. Macao is a Portuguese colony and parcels addressed for Macao should be addressed to "Macao" and not to "Macao, China."

4. Under *Nigeria*, Postal Union Mail, in *Observations*, delete the following post offices from the list of offices where mail service has been suspended: Aback; Bonny; Ikom; Nembe; and Opabo.

5. In country item *Outer Mongolia*, under Postal Union Mail, add new paragraph *Observations* following paragraph *Money orders* to read as follows:

Observations. Mail may be addressed "Mongolia" if desired.

6. In country item *Portugal*, under Parcel Post, delete the item *Observations*.

7. In the countries, *Portuguese East Africa* and *Portuguese Timor*, under Parcel Post, in the paragraph *Observations*, delete the following sentence: "Consular invoices are required under the same conditions as for Portugal."

8. In country item *Portuguese West Africa*, under Parcel Post, delete the paragraph *Observations*.

9. In country item *South Africa (Republic of) (Including South-West Africa)*, under Parcel Post, the paragraph *Weight limit* is amended to read as follows:

Weight limit. 22 pounds.

(5 U.S.C. 301, 39 U.S.C. 501, 505)

DAVID A. NELSON,
General Counsel.

[F.R. Doc. 69-5409; Filed, May 6, 1969; 8:45 a.m.]

Title 45—PUBLIC WELFARE

Chapter X—Office of Economic Opportunity

PART 1070—COMMUNITY ACTION PROGRAM GRANTEE OPERATIONS

Chapter X, Part 1070 of Title 45 of the Code of Federal Regulations is revised by deleting § 1070.1 and adding two new subparts, reading as follows:

Subpart—Public Access to Grantee Information

Sec.

Subpart—Grantee Public Meetings and Hearings

AUTHORITY: The provisions of this Part 1070 issued under secs. 213 and 602, 81 Stat. 695, 78 Stat. 530; 42 U.S.C. 2796, 2942.

Subpart—Public Access to Grantee Information

§ 1070.1-1 Applicability of this subpart.

This subpart applies to all public agencies and private organizations which receive financial assistance under title I-B, I-D, II, or III-B of the Economic Opportunity Act, as amended, if the assistance is administered by OEO.

§ 1070.1-2 Definitions.

As used in this subpart—

(a) "Agency" when used without qualification means a public agency or private organization which has received assistance under title I-B, title I-D, title II, or title III-B of the Economic Opportunity Act.

(b) "Applicant agency" means an agency which has filed an application with OEO for direct assistance under title I-B, title I-D, title II, or title III-B of the Economic Opportunity Act.

(c) "Community Action Agency" means an agency that has been recognized as such under section 210 of the Economic Opportunity Act by OEO.

(d) "Completed audit" means the auditor's final report as transmitted to the audited agency, along with any comments made by the audited agency in response to the audit report. The audit becomes "completed" 30 days after receipt by the audited agency.

(e) "Delegate agency" means an agency to which the development, conduct, or administration of all or part of a project assisted under title I-B, title I-D, title II, or title III-B of the Economic Opportunity Act has been delegated by the direct recipient of the assistance.

(f) "Economic Opportunity Act" means the Economic Opportunity Act of 1964 together with amendments. Citation to any section includes the corresponding section of the Act prior to the 1967 Amendments.

(g) "OEO," unless otherwise indicated in this subpart, refers to the appropriate Regional or Headquarters Office with responsibility for approving the particular grant or contract.

§ 1070.1-3 Requirements for inspection and examination.

(a) Every Community Action Agency and every applicant agency which currently seeks recognition by OEO as a Community Action Agency shall make available to any person for inspection and examination all of those documents described in § 1070.1-4, but this shall not apply if the Community Action Agency or applicant agency is a state, a political subdivision of a State, or a combination of such political subdivisions.

(b) Any State, political subdivision of a State, or combination of such political subdivisions that is or seeks to become a Community Action Agency, any delegate agency, and all other agencies (other than Community Action Agencies) that are recipients of direct assistance under title I-B, title I-D, title II, or title III-B of the Economic Opportunity Act shall make available to any person for inspection and examination those documents described in paragraphs (a) to (i) of § 1070.1-4 and the records described in paragraphs (j) through (n) which pertain to activities assisted by OEO.

§ 1070.1-4 Classes of public information.

The following are the books and records and other classes of public information which an agency shall make available for public inspection and examination to the extent required by § 1070.1-3:

(a) Any application of the agency submitted to and currently pending with OEO for assistance under the Economic Opportunity Act;

(b) Copies of all those written statements and affidavits which are filed with the agency pursuant to the requirements of § 1070.2-5;

(c) Any proposal received by the agency and currently pending before it for inclusion of a certain project in an application to OEO;

(d) Any proposal approved by the agency for inclusion in an application for assistance under the Economic Opportunity Act but not yet submitted to OEO; however, this requirement shall not apply to proposals for research or demonstration projects in situations where the agency believes disclosure will jeopardize its proprietary interests in the proposal;

(e) All books of account maintained by the agency with respect to its development, conduct, or administration or any program or project assisted by OEO;

(f) All contracts made in connection with the administration of any program or project assisted by OEO, including contracts for conduct and administration of program accounts, contracts for consultant services, and contracts for the purchase of goods and services, as well as all purchase of goods and services, as well as all purchase orders, invoices, and other documents evidencing the expenditure of project funds;

(g) With respect to any assistance which has been received by the agency from OEO under title I-B, title I-D, title II, or title III-B of the Economic Opportunity Act, the application for such assistance, the statement of grant or similar document indicating approval of the application and extension of assistance by OEO, and all documents accompanying such a statement of grant or similar document, or authorizing changes in the grant as originally approved;

(h) All report forms submitted by the agency to OEO with respect to the development, conduct, or administration of any program assisted by OEO, with the exception that this paragraph shall not apply to reports of data about identifiable persons who are clients of legal services programs or who are beneficiaries of any other programs;

(i) Articles of incorporation and bylaws of any private agency or any official acts governing the creation and operation of a public agency, and any similar documents which provide the basic authority of the agency or the basic rules of its governance;

(j) Lists of names of all current and past employees of the agency together with their job descriptions and their rate of compensation, but Neighborhood Youth Corps enrollees are not considered employees for purposes of this subsection nor are other persons receiving payments in the form of stipends or otherwise who are intended as the principal and direct beneficiaries of a program.

(k) Statements or records of all actions taken (as distinguished from reports of discussion) at all meetings of the principal representative board, the Board of Directors, Executive Committee, and other boards which have the

power to make decisions on behalf of the agency or to advise the agency on policy;

(l) Lists of the names and addresses of all current and past members of the agency, and of its boards, councils, and committees that have or have had policy making or policy advisory responsibility for the program;

(m) Current and past budgets of the agency, and reports of completed audits of the accounts of the agency required by section 243 of the Economic Opportunity Act and made by a certified public accountant, a duly licensed public accountant, or, in the case of a public agency, the appropriate public financial officer.

(n) Current and past city, State, and Federal tax returns filed by the agency.

§ 1070.1–5 Additional information.

Any agency which is assisted by OEO, or which is seeking such assistance, should make documents relating to such assistance available to the maximum extent possible. Except in cases where disclosure of such documents would involve an invasion of privacy, would impose an undue administrative burden on the agency, or would interfere with the internal decision making processes of the agency, the agency should permit examination and inspection of all such documents requested by any person. The enumeration of books and records and other classes of public information to be made available under § 1070.1–4 should not be considered exhaustive.

§ 1070.1–6 Conditions of public inspection and examination.

(a) In any case in which books and records or other documents are required by this subpart to be made available for public inspection and examination, they shall be made available at the principal office of the disclosing agency at which business related to assistance received under the Economic Opportunity Act is transacted.

(b) They shall be available during regular business hours on each regular workday (Monday through Friday of each week, official local holidays excepted). In the case of documents being used for official purposes at the time request for inspection and examination is made, the documents shall be made available no later than five business days after the receipt of each request. The requirements for public inspection may be satisfied by making available for such inspection either the original or a copy which is both legible and capable of being legibly photocopied. Facsimile copies should also be furnished to any person upon request. If the agency uses its own reproduction equipment, it may charge a fee of 10 cents or less for each page. If other equipment is used, the fee shall not exceed the actual cost of the service to the agency.

(c) In any case in which an agency concludes that notwithstanding the provisions of this subpart a document should not be made public, the agency shall immediately request the approval of OEO in writing, giving a description of the document and a full explanation of the justification for the agency's conclusion that the document is not of a public nature. OEO will in such cases make a prompt determination as to whether the document should be made public.

Subpart—Grantee Public Meetings and Hearings

§ 1070.2–1 Applicability of this subpart.

This subpart applies to all agencies and organizations covered by § 1070.1–1.

§ 1070.2–2 Definitions.

As used in this subpart—

(a) The terms "Community Action Agency," "delegate agency," "Economic Opportunity Act," and "OEO" have the same meaning as set forth in § 1070.1–2.

(b) "Community served" means the most expansive geographic area in which the grantee is authorized to conduct programs or provide benefits under the terms of its grant from OEO.

(c) "Community proposed to be served" means a city, county, multicity, or multicounty unit, an Indian Reservation or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed for a community action program.

(d) "Designation" means the selection of a proposed Community Action Agency by a State, a political subdivision (including the Tribal Government of an Indian Reservation) or a combination of political subdivisions in accordance with regulations issued under section 210 of the Economic Opportunity Act.

(e) "Principal Representative Board" in the case of Community Action Agencies refers to that body which is designed to meet the composition requirements of section 211(b) of the Economic Opportunity Act. In the case of all other agencies, "Principal Representative Board" refers to the agency's "governing body" or "advisory board or committee" which meets the requirements of § 1060.1–2 (b)(5) and (c) of this chapter (Subpart—Participation of the Poor in the Planning, Conduct, and Evaluation of Community Action Programs).

§ 1070.2–3 Public meetings after grant of assistance.

(a) This subpart implements the requirement for public meetings in section 213(a) of the Economic Opportunity Act. This requirement is applicable throughout the period of assistance to an agency which has received a grant under section 213, section 221, section 222(a) or section 312 of the Economic Opportunity Act and any Community Action Agency which has received a grant under title I–D or the remaining sections of title II of the Economic Opportunity Act. An agency may satisfy this requirement either by holding regular meetings as specified in subparagraph (1) of this paragraph or by holding special public meetings as specified in subparagraph (2) of this paragraph.

(1) The agency may establish a procedure whereby regularly scheduled meetings of the principal representative board will be held not less often than one meeting every 10 weeks for the purpose of discussing past, present, or future policies or programs of the agency; and persons who are not members of the board may attend and will be offered a reasonable opportunity to be heard whether or not on the agenda.

(2) Any such agency shall hold a public meeting in response to a written request for such a meeting by any person or group. The meeting shall be held within 30 days of the receipt of the request by the agency. A request for a meeting shall include a statement of the basic issue or issues which the requesting party particularly wishes considered at the meeting. A request may be denied if, by a vote of at least three-fourths of the members of the principal representative board of the agency who are present at a lawful meeting, the board determines either that the request raises only frivolous issues or that the proposed meeting would merely be repetitive of previous public meetings. Notice of such board decision must be sent within 30 days to OEO.

(b) The public hearing requirements of this section are in addition to the requirements of CA Memo 80, Part C(4) for public meetings prior to designation of a community action agency and Part I of OEO Instruction 6710–1 for open board meetings as part of the grant prereview process.

§ 1070.2–4 Time, place and notice of public meetings.

All public meetings required under paragraphs (a) and (b) of § 1070.2–3 shall be held at a time and place convenient to the public. Public notice of each meeting shall state the time and place at which the meeting shall be held and the agenda for the meeting, and shall be given not less than 10 days before the day of the meeting. Notice of a meeting shall be given by:

(a) Publishing a formal notice as a legal notice in at least one newspaper generally circulated within the community served or proposed to be served by the agency; and

(b) Posting a formal notice in a prominent place at the principal office of the agency, at the county courthouse, at the city hall of each major city within the area, at each other place where official notices are regularly posted, and at such appropriate other places within the community served or proposed to be served as may be designated by the representatives of the poor on the principal representative board; and

(c) Forwarding a formal notice of the meeting:

(1) To every newspaper with a daily or weekly circulation of more than 5,000 copies within the community served by the agency, or if there is no newspaper having circulation of that size then to every newspaper with a daily or weekly circulation of more than 2,500 copies in such community,

(2) To every radio and television station which regularly broadcasts local news or announcements of meetings in

the community served, or proposed to be served,

(3) To any community newspaper or journal primarily serving a neighborhood or area in which the agency runs or is preparing to run a program under the Economic Opportunity Act,

(4) To each person who has submitted a written request for copies of such notices,

(5) To the State Economic Opportunity Office for the State in which the agency is located,

(6) To OEO,

(7) To every member of the principal representative board of the agency, and

(8) To the chief elected officials in the community served or proposed to be served and other appropriate public officials.

However, agencies which serve an area larger than a single county shall consult OEO concerning the place or places where meetings shall be held and what notice shall be required. Procedures approved by OEO shall, to the extent specified by OEO, satisfy the requirements of this section.

§ 1070.2–5 Conduct of the public meetings.

(a) Each meeting shall be held before the principal representative board. It shall be held at the time and place set forth in the notice of meeting. In the event the meeting cannot be completed on that date, it may be continued from day-to-day or adjourned to a later day without notice other than the announcement of the place, day, and time by the presiding officer, and the posting of that information on the door of the originally publicized meeting place for the benefit of late arrivals.

(b) Each meeting shall be open to all members of the public. Every person expressing a desire to speak shall be heard, although the presiding officer may establish reasonable limits on the length of the statement of any one person. Should the presiding officer determine that the opportunity to be heard is being utilized for purposes of delay, he may exclude statements essentially repetitious of statements already heard.

(c) Although meetings may be conducted in an informal manner, minutes shall be kept which fairly and accurately reflect the business of the meeting, and the basic sides of any disputed questions or issues which arise. Written statements and affidavits shall be accepted for the record of the meeting. Such statement and affidavits should preferably be submitted in triplicate, but shall be accepted even if offered in a single copy or in duplicate. Such statements shall be made public at the office of the agency.

Effective date. This revision, and these two subparts, shall become effective 30 days after the date of publication in the FEDERAL REGISTER.

THEODORE M. BERRY,
Director,
Community Action Program.

[F.R. Doc. 69–5434; Filed, May 6, 1969; 8:47 a.m.]

Title 32—NATIONAL DEFENSE

Chapter I—Office of the Secretary of Defense

SUBCHAPTER H—MISCELLANEOUS

[DoD Instruction 4160.23, Jan. 31, 1969]

PART 201—SALE OF SURPLUS MILITARY EQUIPMENT TO STATE AND LOCAL LAW ENFORCEMENT AND FIREFIGHTING AGENCIES

The Assistant Secretary of Defense (Installations and Logistics) has approved the following:

Sec.
201.1 Purpose.
201.2 Applicability and scope.
201.3 Policy and procedures.
201.4 Reporting requirement.
201.5 Procedures for the sale of surplus weapons, ammunition, gas masks, and protective body armor to State and local law enforcement and firefighting agencies.
201.6 Description, standard unit and sale price for weapons.
201.7 Description, standard unit and sale price for ammunition.
201.8 Description, standard unit and sale price for gas masks, filters and canisters.
201.9 Description, standard unit and sale price for protective body armor.
201.10 Request for surplus military equipment.

AUTHORITY: The provisions of this Part 201 issued under sec. 2576, title 10, United States Code (Public Law 90–500).

§ 201.1 Purpose.

This part establishes uniform policy and procedures for the sale of certain Department of Defense (DoD) surplus military equipment to State and local law enforcement and firefighting agencies, pursuant to section 2576, title 10, United States Code (Public Law 90–500).

§ 201.2 Applicability and scope.

(a) The provisions of this part apply to all DoD Components in the fifty (50) States of the United States.

(b) They cover sales of certain surplus military equipment to State and local law enforcement and firefighting agencies only.

§ 201.3 Policy and procedures.

(a) Notwithstanding the demilitarization requirements of Chapter XIV of Defense Disposal Manual DoD 4160.21–M,[1] DoD may sell to State and local law enforcement and firefighting agencies pistols, revolvers, shotguns, rifles (of a caliber not exceeding .30) and ammunition therefor; gas masks; and protective body armor (see §§ 201.5, 201.6–201.9) that have survived donation screening (see Federal Property and Administrative Services Act of 1949 (63 Stat. 377), as amended). Such sales will be consummated only after:

(1) It has been determined that such items are operationally safe and suitable for use by such agencies;

(2) The type and amount of equipment requested has been certified by the Governor of the State in which the requesting agency is located (or such State official as he may designate) as being necessary to the agency's operation; and

(3) The Law Enforcement Assistance Administration (LEAA) of the Department of Justice has determined that the request is valid and appropriate.

(b) Sales will be made in accordance with the procedures set forth in § 201.5.

§ 201.4 Reporting requirement.

The reporting requirement for this part will be satisfied by the inclusion of additional data in the Program Administrators Progress Report prescribed by subsection VII, B of DoD Instruction 4160.21, "DoD Personal Property Disposal Program," dated April 28, 1967[2] (RCS: DD–I&L(Q)891). The data will be segregated by category of materiel (weapons, ammunition, gas masks, body armor) and will set forth the aggregate standard line item price value of materiel sold and the proceeds from sale at fair market value.

§ 201.5 Procedures for the sale of surplus weapons, ammunition, gas masks, and protective body armor to State and local law enforcement and firefighting agencies.

(a) *General.* Notwithstanding the demilitarization requirements in Chapter XIV, Defense Disposal Manual, 4160.21–M,[1] surplus pistols, revolvers, shotguns, rifles, ammunition, gas masks, and protective body armor, listed in §§ 201.6–201.9, which are operationally safe and have survived donation screening, are authorized for sale to State or local law enforcement and firefighting agencies (pursuant to section 2576 of title 10 United States Code, Public Law 90–500), in accordance with the procedures set forth in paragraph (d) of this section.

(b) *Prices.* Sales will be made at "Fair Market Value." For purposes of this procedure, "Fair Market Value" is defined as (1) 50 percent of the standard unit prices for weapons shown in § 201.6; (2) 100 percent of the standard unit prices for ammunition shown in § 201.7; (3) 10 percent of the standard unit prices for gas masks and protective body armor shown in §§ 201.8 and 201.9. Expenses of packing, handling, crating, and transportation (accessorial costs) will be included in the billing prices to the purchaser in accordance with DoD Instruction 7510.4, "Uniform Policy for Charging Accessorial and/or Administrative Costs Incident to Issues, Sales, and Transfers of Materials, Supplies and Equipment," dated April 7, 1967.[2]

(c) *Spare parts.* The Department of Defense will not stock spare parts for weapons and/or equipment which may

[1] Not filed as part of the original document. Copies available from the Defense Supply Agency, Room 4C572, Cameron Station, Alexandria, Va. 22314.

[2] Copies available at the U.S. Naval Publications and Forms Center, 5801 Tabor Avenue, Philadelphia, Pa. 19120.

be sold under the authority of these Instructions.

(d) *Procedures.* (1) Small Arms Weapons listed in § 201.6, which are available for sale under the conditions prescribed in paragraph (a) of this section, will be reported by the Army Weapons Command (WECOM) to the Defense Logistics Services Center (DLSC), Attention: DLSC-M. Reports will be submitted quarterly and will include quantities by type and location(s).

(2) Ammunition listed in § 201.7, which is available for sale under the conditions prescribed in paragraph (a) of this section, will be reported by the Army Ammunition Procurement and Supply Agency (APSA) to DLSC-M. Reports will be submitted quarterly and will include quantities by type, caliber, unit of pack and location(s).

(3) Gas masks listed in § 201.8 and protective body armor listed in § 201.9, which are available for sale under the conditions prescribed in paragraph (a) of this section, will be reported by the Property Disposal Officer (PDO) concerned to the servicing Sales Office. The Sales Office will report the items to DLSC-M for sale purposes. The reports will be submitted quarterly and will include the types and quantities of items and location(s).

(4) When ordering equipment, State and local law enforcement and firefighting agencies will submit purchase requests (one item per request), in the format prescribed in § 201.10 to the Governor (or such State official as he may designate) of the State in which the agency is located. The Governor (or his designee) will forward to DLSC-M only those requests which he has certified as necessary and suitable for the operation of such agencies.

(5) DLSC-M will match requests against available assets. Based on availability of items, DLSC-M will submit requests to the Department of Justice, Attention: Law Enforcement Assistance Administration (LEAA), for certification as to appropriateness and validity (type, quantity, and priority). Upon return of requests, appropriately certified by the LEAA, DLSC-M will conduct sales at fair market value. DD Form 1427, "Notice of Award, Statement and Release Document," will be used to consummate sales and payment will be made in accordance with DLSC instructions. DLSC-M will forward a properly executed DD Form 1427 to the holding activity thus authorizing release of the property to the purchaser. When consummating sales of small arms weapons listed in § 201.6, the DLSC will forward the executed DD Form 1427 to the WECOM authorizing the release of the property to the purchaser. WECOM will indicate on the DD Form 1427 the serial numbers of the weapons sold and forward the necessary copies to the holding activity for shipment. WECOM will furnish DLSC and the Army Provost Marshal General a copy of the DD Form 1427 containing the serial numbers of the weapons sold.

(6) Receipt of requests for which no assets are available will be acknowledged by DLSC-M within ten (10) days. The acknowledgment will indicate that the request will be retained for a period of ninety (90) days from date of acknowledgment. If at the expiration of this period the items requested have not become available, the request will be returned to the requestor by covering letter stating that the items requested are not available and that no further action will be taken on the request.

(e) *Priorities.* The Department of Justice (Law Enforcement Assistance Administration (LEAA)) will review requests received from DLSC-M, determine and order of priority for those requests considered to be valid and appropriate, and return requests appropriately annotated to DLSC-M.

(f) *Turn-in or control.* Items sold in accordance with the foregoing procedures may not be resold or otherwise transferred, by the owning agency to any individual or public or private organization or agency. Items which are no longer serviceable or operable will be destroyed in a manner to preclude reconstruction. The serial numbers of destroyed firearms together with certificates of destruction by the owning agency, the items may be turned in to the PDO of the nearest military actviity. The agency will furnish the Army Provost Marshal General the type and serial numbers of firearms turned in to the PDO.

(g) *Proceeds from sales.* Proceeds from sales will be deposited to Deposit Fund Account 97-6460.5191 in accordance with DoD Instruction 7310.1, "Accounting and Reporting for Property Disposal and Proceeds from Sale of Disposable Personal Property, Lumber and Timber Products," dated April 15, 1968.[2] The DoD expenses for these disposals are reimbursable from the sales of disposable property as set forth in DoD Instruction 7310.1, "Accounting and Reporting for Property Disposal and Proceeds from Sale of Disposable Personal Property, Lumber and Timber Products," dated April 15, 1968.[2]

[2] Copies available at the U.S. Naval Publications and Forms Center, 5801 Tabor Avenue, Philadelphia, Pa. 19120.

§ 201.6 Description, standard unit and sale price for weapons.

Stock No.	Nomenclature	Standard unit price	Sale price
1005-000-0974	Rifle, Cal 30-06, KRAG, M1898	$50.00	$25.00
1005-000-0993	Revolver, Cal .38, Colt, OFF Pol 5" bbl	40.00	20.00
1005-000-0994	Revolver, Cal .38, Colt, OFF Pol 6" bbl	40.00	20.00
1005-052-7452	Revolver, Cal .38, S&W Spec, M15 Cbt Masterpiece	74.00	37.00
1005-067-0111	Pistol, Auto, 9mm, Mdl 39, S&W	55.00	27.50
1005-214-6935	Revolver, Cal .45, Colt, M1917	60.10	30.05
1005-317-2465	Revolver, Lt St Cal .38, SP M13, Colt (Aluminum)	45.60	22.80
1005-317-2468	Pistol, Colt, Cal .380	28.00	14.00
1005-317-2469	Pistol, Anto, Cal .32, Colt	27.00	13.50
1005-317-2470	Rifle, Cal .22, Stevens, M416-2	42.00	21.00
1005-317-2471	Rifle, Cal .22, Winchester, Model 75	42.00	21.00
1005-317-2473	Rifle, Cal .22, Winchester, Model 52	92.00	46.00
1005-317-2475	Pistol, Auto, Cal .22 Hi-Std Supermatic	44.00	22.00
1005-322-9736	Rifle, Cal .30, Winchester, Model 70	157.00	88.50
1005-345-6124	Pistol, Auto, Cal .45, M1911A1 (National Match) w/61 IMP	80.00	40.00
1005-508-7874	Pistol, Auto, Cal .22, Ruger, Mark I	33.50	16.75
1005-516-7968	Rifle, Survival	39.00	19.50
1005-568-8704	Revolver, Cal .38, S&W, Spec K-38	53.50	26.75
1005-575-0045	Rifle, Carbine, Cal .30, M1	94.00	47.00
1005-575-0070	Rifle, Survival	40.00	20.00
1005-575-0073	Rifle, Survival	39.00	19.50
1005-575-0085	Rifle, Cal .22, M1	99.70	49.85
1005-575-0086	Rifle, U.S. Cal .22, M2	99.70	49.85
1005-670-3114	Pistol, Auto Cal .45 (National Match) w/58 IMP	143.00	71.50
1005-670-7670	Carbine, Cal .30, M1	76.90	38.45
1005-670-7672	Carbine, Cal .30, M1A1 (Folding Stock)	86.90	43.45
1005-673-7955	Pistol, Cal .45, Auto, M1911 Std	53.70	26.85
1005-673-7965	Pistol, Cal .45, Auto, M1911A1 w/Hip Holster	57.00	28.50
1005-674-1425	Rifle, Cal .30, M1, Std	94.30	47.15
1005-674-1518	Rifle, U.S. Cal .30, M1903A3	107.00	53.50
1005-674-1521	Rifle, U.S. Cal .30, M1903A4, Snipers	239.00	119.50
1005-677-9108	Shotgun, 12GA, Savage, M720, Skeet-Type, 20" bbl	78.90	39.45
1005-677-9125	Shotgun, 12GA Remington, M31 Riot Type 20" bbl	67.90	33.95
1005-677-9130	Shotgun, 12GA, Stevens, M520-30, Riot Type 20" bbl	76.90	38.45
1005-677-9135	Shotgun, 12GA, Stevens, M620, Riot Type 20" bbl	92.90	46.45
1005-677-9140	Shotgun, 12GA Stevens, M620A, Riot Type, 20" bbl	81.90	40.95
1005-677-9145	Shotgun, 12GA Winchester, M1897, Riot Type 20" bbl	83.90	41.95
1005-677-9151	Shotgun, 12GA Winchester, M1912, Skeet-Type, 20" bbl	59.80	29.90
1005-690-3220	Pistol, Auto, Cal .22, Hi-Std TNG Grade, Commercial	29.80	14.90
1005-690-3762	Revolver, Cal .38, Colt, Off Model (National Match)	96.00	48.00
1005-694-4123	Rifle, Cal .22, Mdl 12 w/equip (Commercial Match)	115.00	57.50
1005-694-4257	Rifle, Cal .30, Target, Winchester, Model 70	175.00	87.50
1005-699-1685	Revolver, Cal .38, S&W, Mil & Police, SP 4" bbl	46.00	23.00
1005-716-2911	Rifle, Survival, M4	38.00	19.00
1005-726-5654	Pistol, Auto, Cal .22, Hi-Std Mdl	22.60	11.30
1005-726-5659	Revolver, Cal .38, S&W, Spl, 4" bbl	37.50	18.75
1005-726-5662	Pistol, Auto, Colt, Cal .22 ACE	40.00	20.00
1005-726-5664	Pistol, Auto, Cal .22, Woodsman	61.00	30.50
1005-726-5665	Pistol, Auto, Cal .22, Hi-Std, Mdl HD	33.50	16.75
1005-726-5672	Shotgun, 12GA, Winchester, M97, 20" bbl	60.30	30.15
1005-726-5684	Rifle, Cal .22, Remington, M513T	43.25	21.63
1005-726-5686	Rifle, U.S. Cal .22 Mossberg	30.00	15.00
1005-726-5806	Shotgun, 12GA, Remington, M11, Riot Type	53.00	26.50
1005-726-5816	Shotgun, 12GA, Winchester, M12, Spt Type	60.00	30.00
1005-726-6476	Rifle, Cal .30, M1 (National Match)	148.00	74.00
1005-731-3036	Shotgun, 12GA, Winchester, M1912, Riot Type	68.00	34.00
1005-736-7841	Pistol, Auto, Cal .22, Ruger, Mark I	31.87	15.94
1005-738-3026	Pistol, Auto, Cal .45, M1911A1 (National Match) w/Adj Rear Sight	84.70	42.35
1005-738-8042	Pistol, Auto, Cal .22, Hi-Std Sup Tourn	75.00	37.50
1005-830-2497	Revolver, Cal .38, S&W, K-38, Master Piece	81.00	40.50
1005-831-0234	Revolver, Cal .22, S&W, K-22, Master Piece	81.00	40.50
1005-834-4738	Revolver, Cal .38, 4" bbl	46.00	23.00
1005-834-4739	Revolver, Cal .38, 2" bbl	47.00	23.50
1005-835-9773	Revolver, Cal .38, M15	49.00	24.50
1005-840-3758	Rifle, Cal .22, Remington, M513T	43.25	21.63
1005-840-7305	Revolver, Cal .38, S&W, Mil & Police, Reg, 5" bbl 38/200	46.00	23.00
1005-853-7078	Rifle, Cal .22 (Match Grade)	125.40	62.70

Stock No.	Nomenclature	Standard unit price	Sale price
1005-853-7079	Rifle, Cal .22 (Match Grade)	$142.00	$71.00
1005-853-7080	Rifle, Cal .22, Remington (Match Grade)	142.00	71.00
1005-859-0457	Pistol, Auto, Cal .22, Colt Woodsman, TAT	74.75	37.38
1005-923-5683	Shotgun, 12GA, Riot Type, 20" bbl	90.00	45.00
1005-953-4063	Shotgun, 12GA, Stevens, Riot Type	50.00	25.00
1005-973-2058	Revolver, Cal .38, S&W, 2" bbl	47.00	23.50
1005-974-5372	Rifle, Cal .30	95.00	47.50
1005-976-9231	Pistol, Auto, Cal .22, HI-Std Sup Tourn	69.95	34.98

§ 201.7 Description, standard unit and sale price for ammunition.

DoD Ammo Code	Nomenclature	Standard unit price	Sale price
1305-A350	Cart. Cal .32: ball, Colt Auto	0.05	Same
1305-A400	Cart. Cal .38 Special: ball, M41	.06	Do.
1305-A401	Cart. Cal .38 Special: ball, lead bullet	.05	Do.
1305-A402	Cart. Cal .38 Special: ball, 158 Gr. Steel Jacket	.07	Do.
1305-A408	Cart. Cal .38: ball, Revolver, Short Colt	.04	Do.
1305-A409	Cart. Cal .38: ball, Super Auto Colt	.06	Do.
1305-A410	Cart. Cal .38: ball, Revolver, S&W	.06	Do.
1305-A415	Cart. Cal .38: ball, Auto Pistol	.05	Do.
1305-A475	Cart. Cal .45: ball, M1911	.06	Do.
1305-A011	Cart. 12 Ga. Shotgun: paper #00 Buckshot	.11	Do.
1305-A011	Cart. 12 Ga. Shotgun: all brass, #00 Buckshot, M19	.17	Do.
1305-A013	Cart. 12 Ga. Shotgun: paper #0 Buckshot	.11	Do.
1305-A013	Cart. 12 Ga. Shotgun: paper #6 chilled shot	.08	Do.
1305-A016	Cart. 12 Ga. Shotgun: paper #8 chilled shot	.11	Do.
1305-A031	Cart. 12 Ga. Shotgun: paper #1 Buckshot	.10	Do.
1305-A086	Cart. Cal .22: ball, long rifle	.01	Do.
1305-A089	Cart. Cal .22 Hornet: ball, soft point	.02	Do.
1305-A181	Cart. Cal .30 Carbine: ball, M1, ctn pack	.04	Do.
1305-A182	Cart. Cal .30 Carbine: ball M1, 10/clip pack	.05	Do.
1305-A201	Cart. Cal .30: AP, M2, ctn pack	.08	Do.
1305-A203	Cart. Cal .30: AP, M2, 5/clip pack	.09	Do.
1305-A205	Cart. Cal .30: AP, M2, 8/clip pack	.09	Do.
1305-A212	Cart. Cal .30: ball, M2, ctn pack	.08	Do.
1305-A214	Cart. Cal .30: ball, M2, 5/clip pack	.09	Do.
1305-A216	Cart. Cal .30: ball, M2, 8/clip pack	.09	Do.

§ 201.8 Description, standard unit and sale price for gas masks, filters and canisters.

FSN (Note 1)	Nomenclature	Standard unit price	Sale price
4240-880-0010(S) 4240-880-0009(L) 4240-878-8206(M)	Mask, Riot Control Agent, XM28E4. A lightweight protective mask developed to meet SEA requirements. Suitable only for riot control agents.	$18.77	$1.88
4240-542-4450(S) 4240-542-4451(M) 4240-542-4452(L)	Mask, Protective, Field, ABC-M17. A combat mask designed to protect the face, eyes, and respiratory tract against CBR Agents.	16.03	1.60
4240-926-4199(S) 4240-926-4200(L) 4240-926-4201(M)	Mask, Protective, Field, ABC-M17A1. An improved version of the M17 mask. The M17A1 incorporates a capability to drink and perform mouth-to-mouth resuscitation while wearing the mask.	22.92	2.29
4240-808-8799(S) 4240-776-4384(M) 4240-808-8798(L)	Mask, Protective, Aircraft, M24. Used by aircraft pilots and crewmen to provide respiratory protection against CBR Agents both in flight and on the ground.	44.07	4.41
4240-805-0982(S) 4240-805-0984(M) 4240-805-0985(L)	Mask, Protective, Tank, ABC-M14A1. Designed to protect tank crewmen against CBR Agents both inside and outside the tank.	20.85	2.09
4240-826-4150(S) 4240-826-8590(M) 4240-826-8589(L)	Mask, Protective, Tank, ABC-M14A2. Improved version of the M14A1.	25.36	2.54
4240-994-8751(S) 4240-994-8750(M) 4240-994-8752(L)	Mask, Protective, Tank, M25 and M28A1. Same protective capability as the M14A2. Has improved communication capability when used within a tank.	25.01	2.50
4240-368-6098(SR) 4240-368-6097(SL) 4240-368-6096(MR) 4240-368-6095(ML) 4240-368-6094(LR) 4240-368-6093(LL)	Mask, Protective, Field, M9A1. The M9A1 field protective mask is designed to protect the face, eyes, and respiratory tract against CBR Agents.	13.94	1.39
4240-878-6032	Filter, XM38. Used with XM28E. Protective Mask	$2.00	.20
4240-678-8474	Filter, M13. Used with M17 Protective Mask	2.64	.26
4240-934-7854	Filter, M13A1. Used with M17 and M17A1. Protective Masks	2.45	.25
4240-127-7186	Canister, M13A1. Used with M14, M25 and M24 series. Protective Masks.	1.70	.17
4240-112-9365	Canister, M11. Used with M9 series Protective Masks	2.06	.21

(Note 1) Letters appearing in parentheses are not part of FSNs. Meaning is as follows:
S=Small.
M=Medium.
L=Large.
SR=Small Right (Canister is mounted on right-hand side of mask).
SL=Small Left (Canister is mounted on left-hand side of mask).
MR=Medium Right.
ML=Medium Left.
LR=Large Right.
LL=Large Left.

§ 201.9 Description, standard unit and sale price for protective body armor.

	Standard unit price	Sale price	Coverage
(a) Body Armor, Small Arms Protective (Aircrewman):			Front (Shoulder to Waist).
8470-926-1579 (Short)	$210.00	$21.00	
8470-926-1580 (Med)	210.00	21.00	
8470-926-1581 (Long)	210.00	21.00	
(b) Body Armor, Small Arms Protective (Aircrewman):			Front and Back (Shoulder to Waist).
8470-926-1573 (Short)	385.00	38.50	
8470-926-1574 (Reg)	385.00	38.50	
8470-926-1575 (Long)	385.00	38.50	
(c) Armor Body Fragmentation Protective:			Front and Back (Neck to Waist).
8470-823-7370 (Small)	32.20	3.22	
8470-823-7371 (Med)	32.20	3.22	
8470-823-7372 (Lg)	32.20	3.22	
8470-823-7373 (X Lg)	32.20	3.22	
(d) Armor Body Fragmentation Protective:			Front and Back (Torso Only).
8470-261-6637 (Small)	27.75	2.78	
8470-261-6636 (Med)	27.75	2.78	
8470-261-6635 (Lg)	27.75	2.78	
8470-261-6634 (X Lg)	27.75	2.78	
(e) Insert Small Arms Protective:			
8470-926-1576 (Short)	334.00	33.40	
8470-926-1577 (Reg)	334.00	33.40	
8470-926-1578 (Long)	334.00	33.40	

§ 201.10 Request for surplus military equipment.

1st Ind

Subject: Request for Surplus Military Equipment.

To: Commander, Defense Logistics Services Center, Attention: DLSC-M, Federal Center, Battle Creek, Mich. 49016.

The request in the basic correspondence has been duly authenticated and is certified as necessary and suitable for operations in the performance of the duties of the _____

(Agency)

_____
Signature

_____
Title

State Seal

Subject: Request for Surplus Military Equipment.
To: Honorable ....., Governor of the State of .....
(a) It is requested that ..... (Agency) ..... (County) of the State of ..... be authorized to purchase surplus military equipment under the provisions of section 2576, title 10, United States Code, (Public Law 90-500).
(b) The area of responsibility for this Agency is approximately ..... square miles, with a population of .....[1] There are ..... (Number) permanent personnel assigned to this Agency consisting of (Administrative and Supervisory personnel) and (patrolmen) (firemen) (deputies) (detectives). (Number)
(c) The current inventory of equipment on hand is as follows:

(1) Weapons	Make	Model	Caliber/Gauge	Quantity
(i) Rifles				
(ii) Pistols				
(iii) Revolvers				
(iv) Shotguns				
(v) Automatic (MG/SMG)				

(2) Ammunition	Caliber/Gauge	Quantity (Rds)

(3) Vehicles	Type[1]	Quantity
Administrative		
Other		

[1] Sedan, Pickup, Truck, Van, Patrol Car, Ambulance, Fire Truck, Rescue Vehicle, etc.

(4) Protective Gear	Type	Quantity
Gas Mask		
Protective Body Armor		

(d) The following item, in quantities as indicated, is hereby requested:

Item	Make/Model	Caliber/Gauge	Unit price	Quantity	Total price

(e) Justification:
(f) I certify that the materiel requested in paragraph 4 above is required to enhance the performance of the missions assigned to this Agency. I further certify that the materiel requested is for the exclusive use of ..... and will not be sold or otherwise transferred to any individual, private organization, or agency.

.....
(Signature)
.....
(Name—Print or Type)
.....
(Title/Position)
.....
(Official address)
.....
(City) (State) (Zip)
.....
(Day) (Month) (Year)

MAURICE W. ROCHE,
Director, Correspondence and Directives Division, OASD (Administration).

[F.R. Doc. 69-5401; Filed, May 6, 1969; 8:45 a.m.]

Proposed Rule Making

DEPARTMENT OF THE INTERIOR

Geological Survey

[30 CFR Part 250]

OUTER CONTINENTAL SHELF

Oil and Gas and Sulphur Operations

Notice is hereby given that pursuant to the authority vested in the Secretary of the Interior by section 5 of the Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 462, 464; 43 U.S.C. 1334) it is proposed to amend certain regulations in Part 250 of Title 30 as set forth below.

The purpose of the proposed amendments is to clarify and prescribe specific standards of compliance with the general operating regulations applicable to oil and gas and sulphur operations on all Outer Continental Shelf areas. Among other things, the proposed amendments (1) describe in greater detail the precautions to be taken by all lessees to maintain control of wells and (2) revise notice and reporting requirements so as to develop more timely and adequate information necessary to more effective supervision of operations.

It is the policy of the Department of the Interior, whenever practicable, to afford the public an opportunity to participate in the rule-making process. Accordingly, interested parties may submit written comments, suggestions, or objections with respect to the proposed amendments to the Director, U.S. Geological Survey, Washington, D.C. 20240, within 30 days of the date of publication of this notice in the FEDERAL REGISTER.

RUSSELL E. TRAIN,
Under Secretary of the Interior.

MAY 2, 1969.

Part 250 of Chapter II of Title 30 of the Code of Federal Regulations is amended as follows:

1. The last sentence of § 250.1 is revised. As amended, § 250.1 reads as follows:

§ 250.1 Purpose and authority.

The Outer Continental Shelf Lands Act enacted on August 7, 1953 (67 Stat. 462), referred to in this part as "the act," authorizes the Secretary of the Interior at any time to prescribe and amend such rules and regulations to be applicable to all operations conducted under a lease issued or maintained under the provisions of the act as he determines to be necessary and proper to provide for the prevention of waste and conservation of the natural resources of the Outer Continental Shelf, and the protection of correlative rights therein. Subject to the supervisory authority of the Secretary of the Interior, the regulations in this part shall be administered by the Director of the Geological Survey through the Chief, Conservation Division.

2. Section 250.2, paragraph (c) is revised and paragraph (j) is added to read as follows:

§ 250.2 Definitions.

* * * * *

(c) *Supervisor.* A representative of the Secretary, under administrative direction of the Director, through the Chief, Conservation Division, Geological Survey, authorized and empowered to regulate operations and to perform other duties prescribed in the regulations in this part, or any subordinate of such representative acting under his direction.

* * * * *

(j) *OCS Order.* A formal numbered order issued by the supervisor and available in his office, with the prior approval of the Chief, Conservation Division, Geological Survey, that amplifies the regulations in this part and applies to operations in a region or a major portion thereof.

3. Section 250.10 is revised to read as follows:

§ 250.10 Jurisdiction.

Subject to the supervisory authority of the Secretary and the Director, drilling and production operations, handling and measurement of production, determination and collection of rental and royalty, and, in general, all operations conducted on a lease by or on behalf of a lessee are subject to the regulations in this part, and are under the jurisdiction of the supervisor for any region as delineated by the Director.

4. Section 250.11 is revised to read as follows:

§ 250.11 General functions.

The supervisor is authorized and directed to act upon the requests, applications, and notices submitted under the regulations in this part and to require compliance with applicable laws, the lease terms, applicable regulations, and OCS orders to the end that all operations shall be conducted in a manner which will protect the natural resources of the Outer Continental Shelf and result in the maximum economic recovery of the mineral resources in a manner compatible with sound conservation practices. Subject to the approval of the Chief, Conservation Division, Geological Survey, the supervisor may issue OCS orders amplifying the requirements of the regulations of this part when such amplifications apply to an entire region or a major portion thereof. The supervisor may issue other orders and rules to govern the development and method of production of a pool, field, or area. Before permitting operations on the leased land, the supervisor may require evidence that a lease is in good standing, that the lessee is authorized to conduct operations, and that an acceptable bond has been filed.

5. Section 250.12 is revised to read as follows:

§ 250.12 Regulation of operations.

(a) *Duties of supervisor.* The supervisor in accordance with the regulations in this part shall inspect and regulate all operations and is authorized to issue OCS orders and other orders and rules necessary to provide effective supervision of operations and to prevent damage to or waste of any natural resource, or injury to life or property. The supervisor shall receive, and shall, when in his judgment it is necessary, consult with or solicit advice from field officials of interested Departments and agencies, including the Fish and Wildlife Service, Federal Water Pollution Control Administration, Bureau of Land Management, Coast Guard, Department of Defense, Corps of Engineers, and from representatives of State and local governments.

(b) *Modification of orders.* (1) The supervisor may prescribe or approve in writing minor departures from the requirements of OCS orders and other orders and rules issued pursuant to paragraph (a) of this section, when such modifications are necessary for the proper control of a well, conservation of natural resources, protection of aquatic life, protection of human health and safety, property, or the environment.

(2) All requests or recommendations for major departures from the requirements of OCS orders, whether on an individual well or field basis, shall be approved by the Chief, Conservation Division.

(c) *Emergency suspensions.* The supervisor is authorized either orally or in writing to suspend any operation which, in his judgment, threatens immediate, serious or irreparable harm or damage to life, including aquatic life, to property, to the leased deposits, to other valuable mineral deposits or to the environment. Such emergency suspension shall continue until in his judgment the threat or danger has terminated.

(d) *Other suspensions.* The supervisor is authorized by written notice to the lessee to suspend any operation for failure to comply with applicable laws, the lease terms, the regulations in this part, OCS orders, or any other written order or rule including orders for filing of reports and well records or logs within the time specified therein.

6. Section 250.17 is revised to read as follows:

§ 250.17 Well locations and spacing.

The supervisor is authorized to approve well locations and well spacing programs necessary for proper development giving consideration to such factors as the location of drilling platforms, the geological

and reservoir characteristics of the field, the number of wells that can be economically drilled, the protection of correlative rights, and minimizing unreasonable interference with other uses of the Outer Continental Shelf area.

7. In § 250.18, paragraph (c) is revised and paragraph (d) is added to read as follows:

§ 250.18 Rights of use and easement.

* * * * *

(c) In addition to the rights and privileges granted to a Federal lessee under any lease issued or maintained under the act, the supervisor upon proper application may grant to a holder of a Federal lease or State lease issued by a State which extends the same rights to holders of Federal leases, subject to such conditions as the supervisor may prescribe, the right of use or an easement to construct and maintain pipelines on areas of the Outer Continental Shelf which are constructed, owned, and maintained by the lessee and used for purposes such as (1) moving production to a central point for gathering, treating, storing, or measuring; (2) delivery of production to a point of sale; (3) delivery of production to a pipeline operated by a transportation company, or (4) moving fluids in connection with lease operations, such as for injection purposes. The supervisor is authorized, among the conditions he may prescribe, to designate any reasonable offshore or onshore location as the central or delivery point. Rights of use or easement across areas covered by a mineral lease issued or maintained under the act shall be granted only after the lessee under such lease has been notified and afforded an opportunity to express its views with respect thereto, and any such rights shall be exercised only in a manner so as not to interfere unreasonably with operations of the lessee under such lease. The foregoing right of use and easement shall not apply to pipelines used for transporting oil, gas, or other production after custody has been transferred to a purchaser or carrier as provided for in section 5(c) of the Outer Continental Shelf Lands Act and regulations in 43 CFR 2234.5–3.

(d) Once a right of use or easement has been exercised by the erection of platforms, fixed structures, artificial islands, or pipelines, the right shall continue only so long as they are maintained and used for the purpose specified therein, as determined by the supervisor, even beyond the termination of any lease on which they may be situated, and the rights of all subsequent lessees shall be subject to such rights of use and easement by prior lessees. Upon termination by the supervisor of the right of use and easement, the lessee shall remove or otherwise dispose of all platforms, fixed structures, artificial islands, pipelines, and other facilities and restore the premises to the satisfaction of the supervisor.

§§ 250.20, 250.21 [Redesignated]

8. Sections 250.19 and 250.20 are redesignated §§ 250.20 and 250.21, respectively, and a new § 250.19 is added to read as follows:

§ 250.19 Platforms and pipelines.

(a) The supervisor is authorized to approve the design, other features and manner and means of installation of all platforms, fixed structures, and artificial islands as a condition of the granting of a right of use or easement under paragraph (a) or (b) of § 250.18 or authorized under any lease issued or maintained under the act.

(b) The supervisor is authorized to approve the design, other features, and installation of all pipelines for which a right of use or easement has been granted under paragraph (c) of § 250.18 or authorized under any lease issued or maintained under the act, including those portions of such lines which extend onto or traverse areas other than the Outer Continental Shelf.

9. Section 250.21 (as redesignated) is revised to read as follows:

§ 250.21 Relief from drilling and producing obligations.

The supervisor is authorized to approve applications for temporary relief from any requirement to drill or to produce under a lease, regulation, or order. Such approval shall not be construed as the granting of a suspension pursuant to paragraph (a) of 43 CFR 3383.5.

10. The first sentence of § 250.30 is revised. As amended, § 250.30 reads as follows:

§ 250.30 Lease terms, regulations, waste, damage, and safety.

The lessee shall comply with the terms of applicable laws and regulations, the lease terms, OCS orders and other written orders and rules of the supervisor, and with oral orders of the supervisor. The lessee shall take all precautions required by applicable laws and regulations, OCS orders, and orders of the supervisor and such other additional precautions or plans as may be required to prevent damage to or waste of any natural resource or injury to life, or property, or the aquatic life of the seas.

11. Section 250.34 is revised to read as follows:

§ 250.34 Drilling and development programs.

(a) *Exploratory plan.* Prior to commencing exploratory programs on a lease, including the construction of platforms, the lessee shall submit a plan to the supervisor for approval. The plan shall include (1) a description of drilling vessels, platforms, or other structures showing the location, the design, and the major features thereof, including features pertaining to pollution prevention and control; (2) the general location of each well including surface and projected bottom hole location for directionally drilled wells; (3) structural interpretations based on available geological and geophysical data; and (4) such other pertinent data as the supervisor may prescribe.

(b) *Development plan.* Prior to commencing each development program on a lease, the lessee shall submit a plan to the supervisor for approval. The plan shall include all information specified in paragraph (a) of this section in detail.

(c) *Drilling applications.* Prior to commencing drilling operations either under an exploratory or development plan, the lessee shall submit an Application for Permit to Drill (Form 9–331C) to the supervisor for approval. The application shall include the integrated blowout prevention, mud, casing, and cementing program for the well, and shall meet the requirements specified in § 250.41(a), and contain the information specified in § 250.91(a), and shall conform with the approved exploratory or development plan.

(d) *Modifications.* The lessee shall submit: (1) All requests for modifications of an approved exploratory or development plan in writing to the supervisor for approval; and (2) all notices of changes to plans set forth in the approved Application for Permit to Drill on Sundry Notices and Reports on Wells (Form 9–331), except that these requirements shall not relieve the lessee from taking responsibility for appropriate action to prevent or abate damage, waste, or pollution of any natural resource or injury to life or property.

§§ 250.35–250.49 [Redesignated]

12. Sections 250.34a through 250.48 are redesignated §§ 250.35 through 250.49, respectively, and § 250.36 (as redesignated) is revised to read as follows:

§ 250.36 Subsequent well operations.

Prior to commencing deepening, plugging-back, repairing (other than work incidental to ordinary well operations), acidizing or stimulating production by other methods, perforating, sidetracking, squeezing with mud or cement, abandoning, and any similar operation which will alter the condition of a well, the lessee shall submit an application or notice as specified in §§ 250.91 and 250.92 to the supervisor for approval. This requirement shall not relieve the lessee from responsibility for taking appropriate action to prevent or abate damage or waste of any natural resource, or injury to life or property.

13. Section 250.38 (as redesignated) is revised to read as follows:

§ 250.38 Well records.

(a) The lessee shall keep for each well at his field headquarters or at other locations conveniently available to the supervisor, accurate and complete records of all well operations including production, drilling, logging, directional well surveys, casing, perforating, safety devices, redrilling, deepening, repairing, cementing, alterations to casing, plugging, and abandoning. The records shall contain a description of any malfunction, unusual condition or problem; all the formations penetrated; the content and character of oil, gas, and other mineral deposits, and water in each formation;

the kind, weight, size, grade, and setting depth of casing; and any other pertinent information.

(b) The lessee shall, within 15 days after the completion of each well operation specified in paragraph (a) of this section, transmit to the supervisor copies of records of such operation in triplicate on or attached to Form 9–331.

(c) The lessee shall, as soon as available but not later than 7 days after the completion of each logging operation, transmit to the supervisor duplicate copies (field or final prints of individual runs) of logs or charts of electrical, radioactive, sonic, and other well logging operations and directional well surveys. Composite logs of multiple runs shall be filed with the supervisor in duplicate as soon as available, but not later than 30 days after completion of all logging operations for each well.

(d) The lessee shall furnish copies of the daily drilling report, a plat showing the location, designation, and status of all wells on the leased lands, and other pertinent information when required and in the manner and form prescribed by the supervisor.

(e) The lessee shall require each service company to furnish legible, exact copies of reports on cementing, perforating, acidizing, analyses of cores, or other similar services when required and in the manner and form prescribed by the supervisor.

(f) The lessee shall submit any other reports and records of operations when required and in the manner and form prescribed by the supervisor.

14. Section 250.41 (as redesignated) is revised to read as follows:

§ 250.41 Control of wells.

(a) *Drilling wells.* The lessee shall keep all wells under control at all times, shall utilize only personnel trained and competent to drill and operate such wells, and shall utilize and maintain materials and high-pressure fittings and equipment necessary to insure the safety of operating conditions and procedures and shall conform to such higher standards as the supervisor may prescribe. The design of the integrated casing, cementing, drilling mud, and blowout prevention program shall be based upon sound engineering principles, and must take into account the depths at which various fluid or mineral-bearing formations are expected to be penetrated, and the formation fracture gradients and pressures expected to be encountered, and other pertinent geologic and engineering data and information about the area.

(1) *Well casing and cementing.* The lessee shall case and cement all wells with a sufficient number of strings of casing in a manner which will: (i) Prevent release of fluids from any stratum through the well bore (directly or indirectly) into the sea; (ii) prevent communication between separate fluid-bearing strata of oil, gas, or water; (iii) support unconsolidated sediments; and (iv) otherwise provide a means of control of the formation pressures and fluids. The lessee shall install casing adequate to withstand collapse, bursting, tensile, and other stresses and the casing shall be cemented in a manner which will anchor and support the casing. Safety factors in casing program design shall be of sufficient magnitude to provide optimum well control while drilling and to assure safe operations for the life of the well. When directed by the supervisor, the lessee shall install structural or drive casing to provide hole stability for the initial drilling operation. A conductor string of casing (the first string run other than any structural or drive casing) must be cemented with a volume of cement sufficient to circulate back to the sea floor, and all subsequent strings must be securely cemented.

(2) *Drilling mud.* The lessee shall maintain readily accessible for use quantities of mud sufficient to insure well control. The testing procedures, characteristics, and use of drilling mud and the conduct of related drilling procedures shall be such as will prevent blowouts. Mud testing equipment and mud volume measuring devices shall be maintained at all times, and mud tests shall be performed frequently and recorded on the driller's log as prescribed by the supervisor.

(3) *Blowout prevention equipment.* The lessee shall install, use, and test blowout preventers and related well-control equipment in a manner which will prevent blowouts. Such installation, use, and testing must meet the standards or requirements prescribed by the supervisor, provided, however, in no event shall the lessee conduct drilling below the conductor string of casing until the installation of at least one remotely controlled blowout preventer and equipment for circulating drilling fluid to the drilling structure or vessel. Blowout preventers and related well-control equipment shall be pressure tested when installed, after each string of casing is cemented, and at such other times as prescribed by the supervisor. Blowout preventers shall be activated frequently to test for proper functioning as prescribed by the supervisor. All blowout-preventer tests shall be recorded on the driller's log.

(b) *Completed wells.* The lessee shall conduct all its operations in a manner which will prevent blowouts and shall immediately take whatever action is required to bring under control any well over which control has been lost. The lessee shall: (1) In wells capable of flowing oil or gas, when required by the supervisor, install and maintain in operating condition storm chokes or similar subsurface safety devices; (2) for producing wells not capable of flowing oil or gas, install and maintain surface safety valves with automatic shutdown controls; and (3) periodically test or inspect such devices or equipment as prescribed by the supervisor.

15. Section 250.43 (as redesignated) is revised to read as follows:

§ 250.43 Pollution and waste disposal.

(a) The lessee shall not pollute land or water or damage the aquatic life of the sea or allow extraneous matter to enter and damage any mineral- or water-bearing formation. The lessee shall dispose of all liquid and nonliquid waste materials as prescribed by the supervisor. All spills or leakage of oil or waste materials shall be recorded by the lessee and reported to the supervisor. All spills or leakage of a size or quantity which cannot be immediately controlled shall also be reported by the lessee without delay to the supervisor and to the Coast Guard and the Federal Water Pollution Control Administration.

(b) If the waters of the sea are polluted by the drilling or production operations of the lessee, and such pollution damages or threatens to damage aquatic life, wildlife, or public or private property, the control and removal of the pollutant and the reparation of any damage, to whomsoever occurring, proximately resulting therefrom shall be at the expense of the lessee, and on failure of the lessee to control and remove the pollutant the supervisor, in cooperation with other appropriate agencies of the Federal, State, and local governments, or in cooperation with the lessee, or both, shall have the right to accomplish the control and removal of the pollutant in accordance with any established contingency plan for combatting oil spills or by other means at the cost of the lessee, but such action shall not relieve the lessee of responsibility for reparation of damages as provided herein.

16. Section 250.45 (as redesignated) is revised to read as follows:

§ 250.45 Accidents, fires, and malfunctions.

The lessee shall conduct all its operations in a manner which will prevent accidents and fires and shall immediately notify the supervisor of all lost-time accidents and all fires on the lease, and shall submit in writing a full report thereon within 10 days. The lessee shall notify the supervisor within 24 hours of any other unusual condition, problem, or malfunction.

17. Section 250.46 (as redesignated) is revised to read as follows:

§ 250.46 Workmanlike operations.

The lessee shall perform all operations in a safe and workmanlike manner unless a higher standard is required by applicable laws or regulations, Outer Continental Shelf or other orders, or industry practices, and shall maintain equipment for the protection of the lease, its improvements, for the health and safety of all persons, and for the preservation and conservation of the property and the environment. The lessee shall prevent or immediately remove any hazardous oil and gas accumulations or other health, safety or fire hazards.

18. Section 250.47 (as redesignated) is revised to read as follows:

§ 250.47 Sales contracts.

The lessee shall file with the supervisor within 30 days after the effective date thereof copies of all contracts for

the disposal of lease products. Nothing in any such contract shall be construed or accepted as modifying any of the provisions of the lease, including provisions relating to gas waste, taking royalty in kind, and the method of computing royalties due as based on a minimum valuation and in accordance with the regulations applicable to the lands covered by the contract.

§ 250.48 [Amended]

19. In § 250.48 (as redesignated), the words "not less than 30 days" are changed to read "within 30 days".

§ 250.60 [Amended]

20. In the second sentence of § 250.60 (as redesignated), the words "positive copies" are changed to read "exact copies".

21. In § 250.65, paragraph (a) is revised to read as follows:

§ 250.65 Royalty on oil.

(a) The royalty on crude oil, including condensates separated from gas without the necessity of a manufacturing process, shall be the percentage of the value or amount of the crude oil produced from the leased lands established by law, regulation, or the provisions of the lease. No deduction shall be made for actual or theoretical transportation losses.

* * * * *

22. Section 250.67 is revised to read as follows:

§ 250.67 Royalty on processed gas and constituent products.

(a) If gas is processed for the recovery of constituent products, a royalty as provided in the lease will accrue on the value or amount of:

(1) All residue gas remaining after processing; and

(2) All natural gasoline, butane, propane, or other products extracted therefrom, subject to deduction of such portion thereof as the supervisor determines to be a reasonable allowance for the cost of processing based upon regional plant practices and costs and other pertinent factors: *Provided, however,* That such reasonable allowance shall not exceed two-thirds of the products extracted unless the Director determines that a greater allowance is in the interest of conservation.

(b) Under no circumstances shall the amount of royalty on the residue gas and extracted products be less than the amount which the supervisor determines would be payable if the gas had been sold without processing.

(c) In determining the value of natural gasoline, the volume of such gasoline shall be adjusted to a standard by a method approved by the supervisor when necessary to adjust volumetric differences between natural gasolines of various specifications.

(d) No allowance shall be made for boosting residue gas or other expenses incidental to marketing.

(e) The lessee, with the approval of the supervisor, may establish a gross value per unit of 1,000 cubic feet of gas on the lease or at the wellhead for the purpose of computing royalty on gas processed for the recovery of constituent products, provided that the royalty shall not be less than that which would accrue by computing royalties in accordance with the provisions of paragraphs (a) through (d) of this section.

§ 250.80 [Amended]

23. In § 250.80, the words "by registered letter" are changed to read "by registered or certified mail".

§ 250.96 [Revoked]

§§ 250.92, 250.95, 250.96 [Redesignated]

24. Section 250.96 is revoked; §§ 250.91, 250.92, and 250.95 are redesignated 250.92, 250.95, and 250.96, respectively; and a new § 250.91 has been added to read as follows:

§ 250.91 Application for permit to drill, deepen, or plug back.

Applications for permits to drill, deepen, or plug back must be filed in triplicate on Form 9–331C. Prior to commencing such operations approval in writing must be received from the supervisor.

(a) *Application for permit to drill.* (1) The application must give the surface location and projected bottom-hole location in feet from the lease boundaries; elevation of the derrick floor; water depth; depth to which the well is proposed to be drilled; estimated depths to the top of significant markers; depths at which water, oil, gas, and mineral deposits are expected; the proposed blowout prevention and casing program, including the size, weight, grade, and setting depth of casing, and the quantity of cement to be used, together with all other information specified on Form 9–331C. Information also shall be furnished relative to the proposed plan for drilling other wells from the same platform, for coring at specified depths, and for electrical and other logging, together with any other information required by the supervisor.

(2) At least two copies of the application shall be accompanied by: (i) A certified plat drawn to a scale of 2,000 feet to the inch, showing surface and subsurface location of the well to be drilled and all wells theretofore drilled in the vicinity for which information is available, and (ii) information specified in § 250.34 to the extent not included in the application or previously furnished (reference must be made thereto).

(b) *Application for permit to deepen or plug back.* The application must describe fully: (1) The present status of the well including the production string or last string of casing, well depth, present productive zones and productive capability, and other pertinent matters; and (2) the details of the proposed work and the necessity therefor.

25. Section 250.92 (as redesignated) is revised to read as follows:

§ 250.92 Sundry notices and reports on wells.

All notices of intention to fracture treat, acidize, repair, multiple complete, abandon, change plans, and for other similar purposes, and all subsequent reports pertaining to such operations shall be submitted on Form 9–331 in triplicate. Prior to commencing such operations approval must be received from the supervisor in writing, and within 15 days after completing such operations a detailed report shall be filed with the supervisor.

(a) *Notice of intention to change the condition of a well.* Form 9–331 shall contain a detailed statement of the proposed work for repairing (other than work incidental to ordinary well operation), acidizing or stimulating production by other methods, perforating, sidetracking, squeezing with mud or cement, or commencing any operations that will materially change the approved program for drilling a well or alter the condition of a completed well other than those operations covered by § 250.91.

(b) *Subsequent report of changing the condition of a well.* Form 9–331 shall contain a detailed report of all work done and the results obtained. The report shall set forth the amount and rate of production of oil, gas, and water before and after the work was completed and shall include a complete statement of the dates on which the work was accomplished and the methods employed.

(c) *Notice of intention to abandon well.* Form 9–331 shall contain a detailed statement of the proposed work for abandonment of any well, including a drilling well, a depleted producing well, an injection well, or a dry hole. The statement as to a producible well shall set forth the reasons for abandonment and the amount and date of last production and, as to all wells, shall describe the proposed work, including kind, location, and length of plugs (by depths), and plans for mudding, cementing, shooting, testing, removing casing, and other pertinent information.

(d) *Subsequent report of abandonment.* Form 9–331 shall contain a detailed report of the manner in which the abandonment or plugging work was accomplished, including the nature and quantities of materials used in plugging and the location and extent (by depths) of casing left in the well; and the volume of mud fluid used. If an attempt was made to part any casing, a description of the methods used and results obtained must be included.

§ 250.94 [Amended]

26. In § 250.94 the words "in duplicate" are deleted.

27. Section 250.95 (as redesignated) is revised to read as follows:

§ 250.95 Well completion or recompletion report and log.

All reports and logs of well completions or recompletions shall be submitted not later than 15 days after the completion or recompletion of each well on Form 9–330 in duplicate. The form shall contain a complete and accurate log and

report of all operations conducted on the well as specified on the form. Duplicate copies of logs that may have been compiled for geologic information from cores or formation samples shall be filed in addition to the regular log. Geologic markers and all important zones of porosity and contents thereof; cored intervals; and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries shall be shown as provided therefor on Form 9–330 or on attachments thereto. If not previously furnished, duplicate copies of composites of multiple runs of all well bore surveys, including electric, radioactive, sonic and other logs, temperature surveys, and directional surveys shall be attached. (Such copies are in addition to field prints filed pursuant to § 250.38(c).)

28. A new § 250.97 is added to read as follows:

§ 250.97 Public inspection of records.

Geological and geophysical interpretations, maps, and data required to be submitted under this part shall, upon request of the lessee, not be available for public inspection without the consent of the lessee so long as the lease remains in effect or until such time as it is administratively determined that release of such information is required and necessary for the proper development of the field or area or otherwise in the public interest.

[F.R. Doc. 69–5451; Filed, May 6, 1969; 8:49 a.m.]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Public Health Service

[42 CFR Part 81]

MINNEAPOLIS-ST. PAUL AIR QUALITY CONTROL REGION

Notice of Proposed Designation and of Consultation With Appropriate State and Local Authorities

Pursuant to authority delegated by the Secretary and redelegated to the Commissioner of the National Air Pollution Control Administration (33 F.R. 9909), notice is hereby given of a proposal to designate the Minneapolis-St. Paul Air Quality Control Region (Minnesota) as set forth in the following new § 81.27 which would be added to Part 81 of Title 42, Code of Federal Regulations. It is proposed to make such designation effective upon republication.

Interested persons may submit written data, views, or arguments in triplicate to the Office of the Commissioner, National Air Pollution Control Administration, Ballston Center Tower II, Room 905, 801 North Randolph Street, Arlington, Va. 22203. All relevant material received not later than 30 days after the publication of this notice will be considered.

Interested authorities of the States of Minnesota and Wisconsin and appropriate local authorities, both within and without the proposed region, who are affected by or interested in the proposed designation, are hereby given notice of an opportunity to consult with representatives of the Secretary concerning such designation. Such consultation will take place at the Auditorium, State Office Building, Park Street and Aurora Avenue, St. Paul, Minn., beginning at 10 a.m., May 21, 1969.

Mr. Doyle J. Borchers is hereby designated as Chairman for the consultation. The Chairman shall fix the time, date, and place of later sessions and may convene, reconvene, recess, and adjourn the sessions as he deems appropriate to expedite the proceedings.

State and local authorities wishing to participate in the consultation should notify the Office of the Commissioner, National Air Pollution Control Administration, Ballston Center Tower II, Room 905, 801 North Randolph Street, Arlington, Va. 22203, of such intention at least 1 week prior to the consultation. A report prepared for the consultation is available upon request to the Office of the Commissioner.

In Part 81 a new § 81.27 is proposed to be added to read as follows:

§ 81.27 Minneapolis-St. Paul Air Quality Control Region.

The Minneapolis-St. Paul Air Quality Control Region (Minnesota) consists of the territorial area encompassed by the boundaries of the following jurisdictions or described area (including the territorial area of all municipalities (as defined in section 302(f) of the Clean Air Act, 42 U.S.C. 1857h(f)) geographically located within the outermost boundaries of the area so delimited):

In the State of Minnesota:

Anoka County.	Ramsey County.
Carver County.	Scott County.
Dakota County.	Washington County.
Hennepin County.	

This action is proposed under the authority of sections 107(a) and 301(a) of the Clean Air Act, section 2, Public Law 90–148, 81 Stat. 490, 504, 42 U.S.C. 1857c–2(a), 1857g(a).

Dated: April 29, 1969.

JOHN T. MIDDLETON,
Commissioner, National Air Pollution Control Administration.

[F.R. Doc. 69–5427; Filed, May 6, 1969; 8:46 a.m.]

[42 CFR Part 81]

METROPOLITAN BALTIMORE INTRASTATE AIR QUALITY CONTROL REGION

Notice of Proposed Designation and of Consultation With Appropriate State and Local Authorities

Pursuant to authority delegated by the Secretary and redelegated to the Commissioner of the National Air Pollution Control Administration (33 F.R. 9909), notice is hereby given of a proposal to designate the Metropolitan Baltimore Intrastate Air Quality Control Region (Maryland) as set forth in the following new § 81.28 which would be added to Part 81 of Title 42, Code of Federal Regulations. It is proposed to make such designation effective upon republication.

Interested persons may submit written data, views, or arguments in triplicate to the Office of the Commissioner, National Air Pollution Control Administration, Ballston Center Tower II, Room 905, 801 North Randolph Street, Arlington, Va. 22203. All relevant material received not later than 30 days after the publication of this notice will be considered.

Interested authorities of the State of Maryland and appropriate local authorities, both within and without the proposed region, who are affected by or interested in the proposed designation, are hereby given notice of an opportunity to consult with representatives of the Secretary concerning such designation. Such consultation will take place at the Multipurpose Room, Social Security Headquarters, 6401 Security Boulevard, Woodlawn, Md., beginning at 10 a.m., May 23, 1969.

Mr. Doyle J. Borchers is hereby designated as Chairman for the consultation. The Chairman shall fix the time, date, and place of later sessions and may convene, reconvene, recess, and adjourn the sessions as he deems appropriate to expedite the proceedings.

State and local authorities wishing to participate in the consultation should notify the Office of the Commissioner, National Air Pollution Control Administration, Ballston Center Tower II, Room 905, 801 North Randolph Street, Arlington, Va. 22203 of such intention at least 1 week prior to the consultation. A report prepared for the consultation is available upon request to the Office of the Commissioner.

In Part 81 a new § 81.28 is proposed to be added to read as follows:

§ 81.28 Metropolitan Baltimore Intrastate Air Quality Control Region.

The Metropolitan Baltimore Intrastate Air Quality Control Region (Maryland) consist of the territorial area encompassed by the boundaries of the following jurisdictions or described area (including the territorial area of all municipalities (as defined in section 302(f) of the Clean Air Act, 42 U.S.C. 1857h(f)) geographically located within the outermost boundaries of the area so delimited):

In the State of Maryland:

Anne Arundel County.	Baltimore County.
Baltimore City.	Harford County.
	Howard County.

This action is proposed under the authority of sections 107(a) and 301(a) of the Clean Air Act, section 2, Public Law 90–148, 81 Stat. 490, 504, 42 U.S.C. 1857c–2(a), 1857g(a).

Dated: May 1, 1969.

JOHN T. MIDDLETON,
Commissioner, National Air Pollution Control Administration.

[F.R. Doc. 69–5428; Filed, May 6, 1969; 8:46 a.m.]

FEDERAL COMMUNICATIONS COMMISSION

[47 CFR Part 74]

[Docket No. 18397]

COMMUNITY ANTENNA TELEVISION SYSTEMS

Communications Technology and Services; Extension of Time for Filing Comments

In the matter of amendment of Part 74, Subpart K, of the Commission's rules and regulations relative to community antenna television systems; and inquiry into the development of communications technology and services to formulate regulatory policy and rulemaking and/or legislative proposals; Docket No. 18397.

1. The National Cable Television Association, Inc. (NCTA), and Columbus Broadcasting Co., Inc., Cosmos Broadcasting Corp., Cox Broadcasting Corp., Newchannels Corp., Mid-America Television, Inc., Radio Medford, Inc., McClatchey Newspapers, Midcontinent Broadcasting Co., Palmer Broadcasting Co., and WOC Broadcasting Co. have requested a 10-day extension of time for filing reply comments on paragraphs 11–20 and 23–25 of Part III and comments on all other matters in Part III and Part IV in the notice of proposed rulemaking and notice of inquiry in this docket. Such reply comments and comments are presently due to be filed on or before May 2, 1969. In view of the shortness of the requested extension and in order to obtain a full record, it appears that the public interest would be served by a grant of this request.

2. *Accordingly, it is ordered*, Pursuant to § 0.289(c)(4) of the Commission's rules and regulations, that the time for filing reply comments on paragraphs 11–20 and 23–25 and comments on all other matters in Part III and Part IV, is extended to and including May 12, 1969.

Adopted: May 1, 1969.

Released: May 1, 1969.

[SEAL] SOL SCHILDHAUSE,
Chief, CATV Task Force.

[F.R. Doc. 69-5448; Filed, May 6, 1969; 8:48 a.m.]

SMALL BUSINESS ADMINISTRATION

[13 CFR Part 121]

SMALL BUSINESS SIZE STANDARDS

Definition of Small Business for Bidding on Government Procurements for Laundry or Cleaning and Dyeing Services; Hearing Notice

Notice is hereby given that the Administrator of the Small Business Administration (SBA) proposes to hold a hearing on the definition of a small business for the purpose of bidding on Government procurements for laundry or cleaning and dyeing services.

On July 21, 1967, there was published in the FEDERAL REGISTER (32 F.R. 10753), a notice that the Administrator of the SBA proposed to increase the then effective $1 million average annual receipts size standard for the purpose of bidding on Government procurements of laundry or cleaning and dyeing services to $3 million average annual receipts for the preceding 3 fiscal years. Interested persons were given 15 days in which to comment on the proposal.

No adverse comments were received with respect to the proposal and accordingly on November 30, 1968, there was published in the FEDERAL REGISTER (33 F.R. 17849) an amendment to Part 121 of Chapter I of Title 13 of the Code of Federal Regulations, establishing a new $3 million size standard as proposed.

Subsequently, several concerns complained that the size standard should not have been increased and that the currently effective $3 million standard includes concerns that should not be classified as small business.

Government data with respect to the size of concerns that compete or are potential competitors for Government procurements for laundry or cleaning and dyeing services are scarce. It therefore has been determined that all interested parties should be permitted to attend the proposed hearing and present oral testimony, or to submit for the record written statements in response to the following questions:

1. How large, as measured by average annual receipts, must a concern be in order to compete successfully in your area for award of a typical Government contract for laundry or cleaning and dyeing services?

2. Of the laundry or cleaning and dyeing services concerns in your area who compete or are potential competitors for small business set-asides and/or unrestricted procurements, how many have average annual receipts not exceeding $1 million, and how many have average annual receipts in excess of $1 million but not exceeding $3 million?

3. In your opinion, is the currently effective $3 million average annual receipts size standard satisfactory? If not, what, in your opinion, should the standard be?

The hearing will be held on June 17, 1969, at 9:30 a.m., in Room 214 at 1441 L Street NW., Washington, D.C.

It is requested that all persons wishing to present testimony at the hearing, notify William Murfin, Associate Administrator for Procurement and Management Assistance, Small Business Administration, 1441 L Street NW., Washington, D.C. 20416, on or before June 10, 1969.

Those wishing to file position papers in lieu of giving oral testimony should do so on or before the hearing date.

HILARY SANDOVAL, Jr.,
Administrator.

[F.R. Doc. 69-5412; Filed, May 6, 1969; 8:45 a.m.]

Notices

DEPARTMENT OF THE TREASURY

Office of the Secretary

[Dept. Circular Public Debt Series; No. 3–69]

6⅜ PERCENT TREASURY NOTES OF SERIES D–1970

Offering of Notes

MAY 1, 1969.

I. *Offering of notes.* 1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers notes of the United States, designated 6⅜ percent Treasury Notes of Series D–1970, at 99.95 percent of their face value, in exchange for the following securities:

5⅝ percent Treasury Notes of Series B–1969, maturing May 15, 1969; or
2½ percent Treasury Bonds of 1964–69, maturing June 15, 1969, in amounts of $1,000 or multiples thereof.

Interest will be adjusted on the bonds of 1964–69 as of June 15, 1969. Payments on account of accrued interest and cash adjustments will be made as set forth in section IV hereof. The amount of this offering will be limited to the amount of eligible securities tendered in exchange. The books will be open only on May 5 through May 7, 1969, for the receipt of subscriptions.

2. In addition, holders of the securities enumerated in paragraph 1 of this section are offered the privilege of exchanging all or any part of them for 6½ percent Treasury Notes of Series B–1976, which offering is set forth in Department Circular, Public Debt Series—No. 4–69, issued simultaneously with this circular.

II. *Description of notes.* 1. The notes will be dated May 15, 1969, and will bear interest from that date at the rate of 6⅜ percent per annum, payable on a semiannual basis on August 15, 1969, and on February 15, and August 15, 1970. They will mature August 15, 1970, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached, and notes registered as to principal and interest, will be issued in denominations of $1,000, $5,000, $10,000, $100,000, $1,000,000, $100,000,000, and $500,000,000. Provision will be made for the interchange of notes of different denominations and of coupon and registered notes, and for the transfer of registered notes, under rules and regulations prescribed by the Secretary of the Treasury.

5. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

III. *Subscription and allotment.* 1. Subscriptions accepting the offer made by this circular will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, D.C. 20220. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. Under the Second Liberty Bond Act, as amended, the Secretary of the Treasury has the authority to reject or reduce any subscription, and to allot less than the amount of notes applied for when he deems it to be in the public interest; and any action he may take in these respects shall be final. Subject to the exercise of that authority, all subscriptions will be allotted in full.

IV. *Payment.* 1. Payment for the face amount of notes allotted hereunder must be made on or before May 15, 1969, or on later allotment, and may be made only in a like face amount of securities of the issues enumerated in paragraph 1 of section I hereof, which should accompany the subscription. Payment will not be deemed to have been completed where registered notes are requested if the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service (an individual's social security number or an employer identification number) is not furnished. Payments due to subscribers will be made by check or by credit in any account maintained by a banking institution with the Federal Reserve Bank of its District following acceptance of the securities surrendered. In the case of registered securities, the payment will be made in accordance with the assignments thereon.

2. 5⅝ percent notes of Series B–1969: When payment is made with notes in bearer form, coupons dated May 15, 1969, should be detached and cashed when due. When payment is made with registered notes, the final interest due on May 15, 1969, will be paid by issue of interest checks in regular course to holders of record on April 15, 1969, the date the transfer books closed. A cash payment of $0.50 per $1,000 on account of the issue price of the new notes will be made to subscribers.

3. 2½ percent bonds of 1964–69: When payment is made with bonds in bearer form, coupons dated June 15, 1969, must be attached to the bonds when surrendered. Accrued interest from December 15, 1968, to June 15, 1969 ($12.50 per $1,000), plus the payment on account of the issue price of the new notes ($0.50 per $1,000) will be credited and accrued interest from May 15 to June 15, 1969 ($5.45925 per $1,000) on the new notes will be charged and the difference ($7.54075 per $1,000) will be paid to subscribers.

V. *Assignment of registered securities.* 1. Treasury securities in registered form tendered in payment for notes offered hereunder should be assigned by the registered payees or assignees thereof, in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, in one of the forms hereafter set forth, and thereafter should be surrendered with the subscription to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, D.C. 20220. The maturing securities must be delivered at the expense and risk of the holder. If the new notes are desired registered in the same name as the securities surrendered, the assignment should be to "The Secretary of the Treasury for exchange for 6⅜ percent Treasury Notes of Series D–1970"; if the new notes are desired registered in another name, the assignment should be to "The Secretary of the Treasury for exchange for 6⅜ percent Treasury Notes of Series D–1970 in the name of _____"; if new notes in coupon form are desired, the assignment should be to "The Secretary of the Treasury for exchange for 6⅜ percent Treasury Notes of Series D–1970 in coupon form to be delivered to _____".

VI. *General provisions.* 1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

[SEAL] DAVID M. KENNEDY,
Secretary of the Treasury.

[F.R. Doc. 69–5450; Filed, May 6, 1969; 8:48 a.m.]

DEPARTMENT OF DEFENSE

Department of the Army

CAVE RUN DAM AND RESERVOIR, KY.

Joint Order Interchanging Administrative Jurisdiction of Department of the Army Lands and National Forest Lands

By virtue of the authority vested in the Secretary of the Army and the Secretary of Agriculture by the Act of July 26, 1956 (70 Stat. 656; 16 U.S.C. 505a, 505b) it is ordered as follows:

(1) The lands under the jurisdiction of the Department of the Army described in Exhibit A, attached hereto and made a part hereof, which lands are within and adjacent to the exterior boundaries of the Daniel Boone National Forest, Ky., are hereby transferred from the jurisdiction of the Secretary of the Army to the jurisdiction of the Secretary of Agriculture, subject to outstanding rights or interests of record and to such continued use by the Corps of Engineers as is necessary for the construction, protection, and unrestricted operation, maintenance, and administration of the water storage and flood control facilities and functions of the Cave Run Reservoir.

(2) The National Forest lands described in Exhibit B, attached hereto and made a part hereof, which are a part of the Daniel Boone National Forest, Ky., are hereby transferered from the jurisdiction of the Secretary of Agriculture to the jurisdiction of the Secretary of the Army.

Pursuant to section 2 of the aforesaid Act of July 26, 1956, the National Forest lands transferred to the Secretary of the Army by this order are hereafter subject only to laws applicable to Department of the Army lands comprising the Cave Run Reservoir project. The Department of the Army lands transferred to the Secretary of Agriculture by this order are hereafter subject to the laws applicable to lands acquired under the Act of March 1, 1911 (36 Stat. 961), as amended.

This order will be effective as of date of publication in the FEDERAL REGISTER.

Dated: February 20, 1969.

STANLEY R. RESOR,
Secretary of the Army.

Dated: March 14, 1969.

CLIFFORD M. HARDIN,
Secretary of Agriculture.

EXHIBIT A

LANDS TRANSFERRED FROM THE SECRETARY OF THE ARMY TO THE SECRETARY OF AGRICULTURE

Lands under the jurisdiction of the Department of the Army for or in connection with the Cave Run Dam and Reservoir in Bath, Rowan, and Menifee Counties, Ky., as follows:

Segment 3—All of Tracts 300, 302, 304, 305.

Segment 4—All of Tracts 400, 401, 403, 404, 406.

Segment 6—All of Tracts 600, 602, 605, 606, 607, 608, 609, 610, 611, 612.

Segment 7—All of Tracts 701, 702.

Segment 8—All of Tracts 801, 802, 803, 804, 806, 807.

Segment 9—All of Tracts 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 920, 921, 922, 925, 926.

Segment 10—All of Tracts 1000, 1001, 1002, 1003, 1005.

Segment 25—All of Tracts 2500, 2502, 2506, 2507, 2508, 2510.

All lands transferred herein consist of 4,300 acres more or less. Legal descriptions of the transferred tracts and Real Estate Segment Maps depicting their location are on file in the office of the District Engineer, U.S. Army Engineer District, Louisville, Ky., and the office of the Forest Supervisor, Daniel Boone National Forest, Winchester, Ky.

EXHIBIT B

LANDS TRANSFERRED FROM THE SECRETARY OF AGRICULTURE TO THE SECRETARY OF THE ARMY

Tract 86-I consisting of 18.76 acres, more or less.

Complete legal description of the transferred tract and survey plat depicting its location is on file in the office of the District Engineer, U.S. Army Engineer District, Louisville, Ky., and the office of the Forest Supervisor, Daniel Boone National Forest, Winchester, Ky.

[F.R. Doc. 69-5433; Filed, May 6, 1969; 8:47 a.m.]

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[U-8318]

UTAH

Order Providing for the Opening of Public Lands

APRIL 30, 1969.

1. Under the provisions of section 3 of the Recreation and Public Purposes Act of 1926, 68 Stat. 175, as amended, 43 U.S.C. 869-2 (1964), title to the following described lands reverted to the United States:

SALT LAKE MERIDIAN

T. 24 S., R. 1 W.,
Sec. 9, S½SW¼NE¼, S½SW¼NW¼.

The areas described aggregate 40 acres.

2. The lands are located in Sevier County, approximately 9 miles east and 2½ miles south of Richfield, Utah. The topography of the described lands is mostly rough and mountainous. They have values for watershed, grazing, wildlife, and recreation which can best be managed under principles of multiple use.

3. Subject to valid existing rights, the provisions of existing withdrawals, and the requirements of applicable law, the lands will, at 10 a.m. on June 2, 1969, be opened to application, petition, location, and selection, including location under the U.S. mining laws. They have been open to application and offers under the mineral leasing laws. All valid applications received at or prior to 10 a.m. on June 2, 1969 shall be considered as simultaneously filed at that time. Those received thereafter shall be considered in the order of filing.

Inquiries concerning these lands should be addressed to the Bureau of Land Management, Post Office Box 11505, Salt Lake City, Utah 84111.

R. D. NIELSON,
State Director.

[F.R. Doc. 69-5407; Filed, May 6, 1969; 8:45 a.m.]

Office of the Secretary

EDWARD W. WELCH

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) Purchased $1,000 Savings Certificate, Rock County Savings & Trust, Janesville, Wis. (Rock County National Bank) February 1969. (Otherwise my finances are same as before, no withdrawals.)

This statement is made as of 22d day of April 1969.

Dated: April 22, 1969.

EDWARD W. WELCH.

[F.R. Doc. 69-5426; Filed, May 6, 1969; 8:46 a.m.]

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

[Rev. 2]

JUTE BAGGING AND BALE TIES USED IN WRAPPING COTTON

Notice of Specifications

On February 16, 1967, the Department of Agriculture issued Notice of Specifications—Jute Bagging and Bale Ties Used in Wrapping Cotton (Revised). These specifications were published in the FEDERAL REGISTER on February 24, 1967 (32 F.R. 3231). Because of problems encountered by bagging and bale tie manufacturers and by the Department of Agriculture, it has been determined that certain modifications should be made in these specifications for uniformity and simplification of the specifications. Accordingly, the February 16, 1967, notice is hereby rescinded, and notice is hereby given that, beginning with the 1969 crop of cotton, when cotton tendered to Commodity Credit Corporation (hereinafter referred to as CCC) for price support is wrapped in jute bagging, the jute bagging and bale ties and buckles must meet the following requirements.

BALE TIES AND BUCKLES

The total weight of bale ties and buckles used to tie each bale of cotton shall be not less than 8½ pounds or more than 9½ pounds.

JUTE BAGGING

All bagging must be clean, in sound condition, and of sufficient strength to adequately protect the cotton. Cotton wrapped in jute bagging to which any kind of salt or other corrosive or hygroscopic material has been added, or which contains sisal or other hard fibers or any other material which will contaminate or adversely affect cotton as determined by the President, or Executive Vice President, CCC, will not be eligible for tender to CCC. Each one-half pattern (panel) of bagging shall be not less than 108 inches or more than 115 inches in length and must be not less than 47 inches or more than 56 inches in width: *Provided, however*, That bagging that is not less than 96 inches or more than 115 inches in length may be used for wrapping standard density bales. Each pattern of bagging (two bagging panels) must weigh not less than 11¼ pounds or more than 13¾ pounds at 13.75 percent moisture content (not moisture regain): *Provided, however*, That for the 1969 crop of cotton only, a pattern weighing not less than 10 pounds or more than 13¼ pounds at 13.75 percent moisture content (not moisture regain) may be used for wrapping a standard density bale if each panel of the pattern is not less than 96 inches or more than 100 inches in length.

Additional requirements for new jute bagging. The bagging must have been manufactured specifically for cotton bale covering, must contain not less than 41 warp yarns per 12 inches of bagging of a size equal to or larger than the weft (filling) yarns but not less than 75 pounds per spyndle (14,400 yards), and must contain not less than 25 weft (filling) yarns per 12 inches of bagging of a size not less than 40 pounds per spyndle (14,400 yards).

Additional requirements for used jute bagging (commonly referred to as "sugar cloth bagging"). The bagging must be processed specifically for cotton bale coverings from once used good quality closely woven heavy jute bags previously used for sugar, coffee, cocoa, or other products approved by the President or Executive Vice President, CCC. The weight of each piece of bag cloth without hems, patches and/or seams composing each one-half pattern of bagging must not be less than 17.6 ounces per square yard. Each one-half pattern of bagging must be composed of not more than three pieces of used bag cloth of same construction and weight. There must not be more than two crosswise sewn seams and no lengthwise sewn seams in any one-half pattern. (Seams, hems, and necessary patches in the original bags from which the bagging is made will not be considered sewn seams.) Overlap at seams and patches must not be greater than 3½ inches. Overlaps, patches and hems sewn into bagging to increase the weight of lightweight material will not be permitted. Sewn seams must be such that the edges of the joined pieces coincide to make a symmetrical one-half pattern without appreciable displacement of the edge of one piece of bagging relative to the edge of the adjoining piece in the seam. Sewing must be with strong thread with not larger than ⅜-inch stitching.

TEST METHODS

The following testing methods will be used by Commodity Credit Corporation in determining whether jute bagging and bale ties and buckles used to package cotton tendered for CCC loan beginning with the 1969 crop of cotton meets the above specifications. Each sample of bagging selected for testing will consist of one-half pattern.

Length. The length of the sample will be measured directly using a measuring stick, steel tape, or other suitably graduated device.

The sample will be laid out flat on a smooth horizontal surface without stretch and the length of both selvages measured. The length of the sample will be the average of the two selvage measurements rounded to the nearest inch.

Measurement will be made on the sample in equilibrium with standard atmospheric conditions as specified in A.S.T.M. D 1776–62T.

Width. The width of the sample will be measured directly using a measuring stick, steel tape, or other suitably graduated device, and will include the selvages.

The sample will be laid out flat on a smooth horizontal surface without stretch and the measurements made perpendicular to the selvages. Three width measurements will be taken on each sample. One measurement will be made at the center of the sample and two other measurements will be made approximately 12 inches in from each end of the sample. The average of the three measurements, rounded to the nearest inch, will be the width.

Measurements will be made on the sample in equilibrium with standard atmospheric conditions as specified in A.S.T.M. D 1776—62T.

Warp yarn count.[1] The number of warp ends in the width of the sample, including the selvages, will be counted at each end of the sample. The average of the two counts divided by the width, as determined above, and multiplied by 12 will be the warp yarn count per 12 inches.

Weft yarn count.[1] The number of weft (filling) yarns over a measured length of 36 inches on each sample will be counted. The number counted divided by 3 will be the weft yarn count per 12 inches.

Warp rove size.[1] Ten warp ends spaced equally across the width of the sample will be removed, measured and cut to 1½ yards each for a total of 15 yards. The 15 yards of warp rove will be weighed in ounces and converted to pounds per spyndle by multiplying the weight in ounces by 60.[2]

Pounds per spyndle=weight in ounces×60.

Warp rove size will be calculated on the basis of 13.75 percent moisture content.

Weft rove size.[1] Slightly more than 15 yards of unbroken weft rove will be removed from the sample. Fifteen yards of weft rove will be obtained by winding on a measuring reel with the strands distributed so that there is no overlapping. The 15 yards of weft rove will be weighed in ounces and converted to pounds per spyndle by multiplying the weight in ounces by 60.[2]

Pounds per spyndle=weight in ounces×60.

Weft rove size will be calculated on the basis of 13.75 percent moisture content.

Weight of bagging. The weight of bagging will be determined by weighing on suitable accurate scales and the weight per pattern determined to the nearest one-quarter pound. Several patterns (or bales of bagging patterns) will be weighed simultaneously and the weight averaged.

The weight will be calculated on the basis of 13.75 percent moisture content.

Weight per square yard of sugar cloth bagging.[3] The weight of bag cloth in ounces per square yard will be determined by taking a cut consisting of 1 square foot in area (without stretch, wrinkles, seams, hems, or patches) from each piece of bagging in the sample, weighing it in ounces, and multiplying the result by nine. The weight is to be calculated on the basis of 13.75 percent moisture content.

Weight of bale ties and buckles. The bale ties and buckles will be weighed on suitable accurate scales and the weight determined to the nearest one-half pound. A bundle of ties and buckles will be weighed and averaged to determine the weight of ties and buckles necessary to package a bale of cotton.

Signed at Washington, D.C., on May 1, 1969.

KENNETH E. FRICK,
Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 69-5432; Filed, May 6, 1969; 8:47 a.m.]

[1] Not applicable to jute bagging manufactured from used jute bags commonly referred to as "sugar cloth bagging".

[2] Not applicable to new jute bagging. This test will be made only when determined to be necessary.

[3] These tests will be made only when determined to be necessary. Additional tests will be made as may be necessary to obtain a value for the rove size that is representative of the sample.

Office of the Secretary

ADMINISTRATOR, AGRICULTURAL RESEARCH SERVICE

Delegation of Authority To Appoint Uniformed Guards as Special Policemen

In accordance with the authority delegated to me by the Administrator of the General Services Administration (34 F.R. 6406), on April 4, 1969, the Administrator of the Agricultural Research Service is hereby authorized to appoint uniformed guards as special policemen and to make all the needful rules and regulations for the protection of the buildings and grounds of the Arboretum, Washington, D.C., over which the Federal Government has exclusive jurisdiction.

See footnotes at end of document.

Any rules or regulations promulgated under the authority herein granted shall be approved by the Director of Plant and Operations and the General Counsel prior to issuance.

This authority shall be exercised in accordance with the limitations and requirements of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377), as amended, and the Act of June 1, 1948 (62 Stat. 281), as amended, and the delegation from procedures and controls prescribed by the General Services Administration.

CLIFFORD M. HARDIN,
Secretary of Agriculture.

MAY 2, 1969.

[F.R. Doc. 69-5455; Filed, May 6, 1969; 8:49 a.m.]

CAVE RUN DAM AND RESERVOIR, KY.

Joint Order Interchanging Administrative Jurisdiction of Department of the Army Lands and National Forest Lands

CROSS REFERENCE: For a document issued jointly by the Department of the Army and the Department of Agriculture regarding interchanging administrative jurisdiction of certain Department of the Army lands and national forest lands, see F.R. Doc. 69-5433, Department of Defense, Department of the Army, *supra*.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of the Secretary

OFFICE FOR CIVIL RIGHTS; REVIEWING AUTHORITY (CIVIL RIGHTS)

Statement of Organization and Delegations of Authority; Establishment

Part 2 of the Statement of Organization and Delegations of Authority of the Department of Health, Education, and Welfare, entitled "Office of the Secretary," as amended, 32 F.R. 15190 (Nov. 2, 1967), establishing a Reviewing Authority (Civil Rights) is hereby further amended so that Subparagraphs (a) and (b)(2) thereof shall read as follows:

(a) There is hereby established in the Office of the Secretary a Reviewing Authority (Civil Rights) which shall consist of no more than five members to be appointed by the Secretary.

(b)(2) With the exception of final decisions, the functions and duties of the Reviewing Authority (Civil Rights) herein delegated may be exercised by a single member of the Authority. The Reviewing Authority may consider matters for final decision either by a panel of members or by the entire membership, as it may determine. Each final decision shall be concurred in by a majority of those designated to consider it, and in any event, by at least two members.

Dated: May 5, 1969.

ROBERT H. FINCH,
Secretary.

[F.R. Doc. 69-5546; Filed, May 6, 1969; 10:05 a.m.]

REVIEWING AUTHORITY (CIVIL RIGHTS)

Statement of Organization and Functions and Delegations of Authority; Responsibilities

Department responsibilities related to the administration of the Civil Rights Act and Executive Order 11246.

Part I, "General," Chapter 1-940 of The Statement of Organization and Functions and Delegations of Authority of the Department of Health, Education, and Welfare is hereby amended by amending section 1-940.10(e) to read as follows:

(e) The Reviewing Authority (Civil Rights) appointed by the Secretary is responsible for reviewing decisions of Hearing Examiners on Title VI compliance cases. Cases are referred by the Hearing Examiner on the basis of exceptions filed by parties to the proceedings. In each case reviewed, the Reviewing Authority shall render a final decision. This decision may be reviewed by the Secretary at his discretion. The Reviewing Authority also may make decisions on the record where a hearing is waived.

Dated: May 5, 1969.

ROBERT H. FINCH,
Secretary.

[F.R. Doc. 69-5547; Filed, May 6, 1969; 10:05 a.m.]

DEPARTMENT OF TRANSPORTATION

Coast Guard

[CGFR 69-41]

EQUIPMENT, INSTALLATIONS, OR MATERIALS

Approval Notice

Correction

In F.R. Doc. 69-4950 appearing at page 6938 in the issue of Friday, April 25, 1969, the following correction should be made: In the fourth table under the center heading "Safety Valves (Power Boilers)," the "type number" entry opposite the third size entry should read "1415HA".

Federal Aviation Administration

ENGINEERING AND MANUFACTURING DISTRICT OFFICE AT RICHMOND HEIGHTS, OHIO

Notice of Establishment

Notice is hereby given that on or about May 1, 1969, an Engineering and Manufacturing District Office will be established in Richmond Heights, Ohio, to provide services to the aviation industry and public. Communications to the District Office should be addressed as follows:

Engineering and Manufacturing District Office No. 42, Department of Transportation, Federal Aviation Administration, 5241 Wilson Mills Road, Richmond Heights, Ohio 44143.

(Sec. 313(a), 72 Stat. 752; 49 U.S.C. 1354)

Issued in New York, N.Y., on April 25, 1969.

WAYNE HENDERSHOT,
Acting Director, Eastern Region.

[F.R. Doc. 69-5420; Filed, May 6, 1969; 8:46 a.m.]

Office of the Secretary

ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS

Redelegation of Authority With Respect to Interagency Group on International Aviation

Pursuant to section 14 of Executive Order 11382, I hereby designate the Assistant Secretary for Policy and International Affairs as the Department of Transportation member of the Interagency Group on International Aviation, and to serve pursuant to that Executive order, as chairman of the Group.

The delegation to the Assistant Secretary for International Affairs and Special Programs, dated November 25, 1968, is hereby revoked.

Issued in Washington, D.C., on April 28, 1969.

JOHN A. VOLPE,
Secretary of Transportation.

[F.R. Doc. 69-5421; Filed, May 6, 1969; 8:46 a.m.]

ATOMIC ENERGY COMMISSION

[Docket No. 50-237]

COMMONWEALTH EDISON CO.

Order Extending Completion Date

Commonwealth Edison Co. having filed a request, dated March 5, 1969, for an extension of the latest completion date specified in Provisional Construction Permit No. CPPR-18 for construction of a 2,255 megawatt (thermal) single cycle, boiling water nuclear reactor at Dresden Nuclear Power Station in Grundy County, Ill., and good cause having been shown for extension of said date pursuant to section 185 of the Atomic Energy Act of 1954, as amended, and § 50.55 of 10 CFR Part 50 of the Commission's regulations:

It is hereby ordered, That the latest completion date is extended from June 1, 1969, to December 1, 1969.

For The Atomic Energy Commission.

Date of Issuance: May 1, 1969.

PETER A. MORRIS,
Director,
Division of Reactor Licensing.

[F.R. Doc. 69-5423; Filed, May 6, 1969; 8:46 a.m.]

DR. GERALD F. TAPE

Certification

Pursuant to the proviso contained in section 207 of Title 18 U.S.C. (Public Law 87-849, 76 Stat. 1124), having found that Dr. Gerald F. Tape, formerly a member of the Atomic Energy Commission and presently the President of Associated Universities, Inc. (AUI), possesses outstanding scientific qualifications, I certify that the national interest would be served by the said Dr. Tape acting as agent for or appearing personally before the Atomic Energy Commission on behalf of AUI in connection with the operation of the Brookhaven National Laboratory by AUI under its contract with the Atomic Energy Commission on matters in which he participated personally and substantially or which were under his official responsibility as a member of the AEC.

This certification is directed to be published in the FEDERAL REGISTER.

R. E. HOLLINGSWORTH,
General Manager.

MAY 1, 1969.

[F.R. Doc. 69-5424; Filed, May 6, 1969; 8:46 a.m.]

CIVIL AERONAUTICS BOARD

[Agreement CAB 15725-A18; Order 69-5-7]

AIR TRAFFIC CONFERENCE OF AMERICA

Order Regarding Ticket Forms and Conditions of Carriage

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., on the 2d day of May 1969.

On April 11, 1969, the members of the Air Traffic Conference of America (ATC) filed pursuant to section 412 of the Federal Aviation Act of 1958, as amended (the Act), an agreement which would amend an existing resolution entitled "Interline Imprinter Ticket." The effect of the amendments is to bring the resolution into conformity with similar changes agreed to by the members of the International Air Transport Association (IATA), in accordance with Resolution 275g entitled "Machine Issued Tickets," and in an effort to comply with conditions of approval attached by the Board to its approval of earlier revisions in the Conditions of Contract.[1]

The Board is issuing concurrently Order 69-5-6, which would approve the IATA revisions subject to the retention of an earlier condition. This condition, which requires the carriers to comply, when necessary, with the provisions of § 221.175 of the Board's economic regulations, is equally applicable to the subject agreement.

As requested by ATC, we are also herein extending our permission for the use of existing ticket stock through September 30, 1970.

Therefore, it is found that Agreement CAB 15725-A18 is not adverse to the public interest or in violation of the Act if made subject to the condition noted herein.

Accordingly, it is ordered: That Agreement CAB 15725-A18 be and hereby is approved: *Provided,* That such approval shall not relieve air carriers and foreign aircarriers from complying, as necessary, with the provisions of § 221.175 of the Board's economic regulations: *Provided further,* That this order shall not be construed to prohibit the use of existing ticket stock through September 30, 1970.

By the Civil Aeronautics Board.

[SEAL] HAROLD R. SANDERSON,
Secretary.

[F.R. Doc. 69-5446; Filed, May 6, 1969; 8:48 a.m.]

[Docket No. 20891; Order 69-4-146]

BUCKEYE AIR SERVICE, INC.

Order To Show Cause Regarding Establishment of Service Mail Rate

Issued under delegated authority on April 30, 1969.

The Postmaster General filed a notice of intent April 8, 1969, pursuant to 14 CFR Part 298, petitioning the Board to establish for the above-captioned air taxi operator, a final service mail rate of 53.9 cents per great circle aircraft mile for the transportation of mail by aircraft between Erie, Pa., and Syracuse, N.Y., via Jamestown, Buffalo, and Rochester, N.Y.

No protest or objection was filed against the proposed services during the time for filing such objections. The Postmaster General states that the Department and the carrier agree that the above rate is a fair and reasonable rate of compensation for the proposed services. The Postmaster General believes these services will meet postal needs in the market. He states the air taxi plans to initiate mail service with twin-engine Beech, Model C-45 aircraft equipped for all-weather operation.

It is in the public interest to fix, determine, and establish the fair and reasonable rate of compensation to be paid by the Postmaster General for the proposed transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith, between the aforesaid points. Upon consideration of the notice of intent and other matters officially noticed, it is proposed to issue an order[1] to include the following findings and conclusions:

The fair and reasonable final service mail rate to be paid to Buckeye Air Service, Inc., in its entirety by the Postmaster General pursuant to section 406 of the Act for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith, shall be 53.9 cents per great circle aircraft mile between Erie, Pa., and Syracuse, N.Y., via Jamestown, Buffalo, and Rochester, N.Y.

Accordingly, pursuant to the Federal Aviation Act of 1958, and particularly sections 204(a) and 406 thereof, and regulations promulgated in 14 CFR Part 302, 14 CFR Part 298, and 14 CFR 385.14(f):

It is ordered, That:

1. Buckeye Air Service, Inc., the Postmaster General, American Airlines, Inc., Eastern Air Lines, Inc., Allegheny Airlines, Inc., Mohawk Airlines, Inc., United Air Lines, Inc., and all other interested persons are directed to show cause why the Board should not adopt the foregoing proposed findings and conclusions and fix, determine, and publish the final rate specified above for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith as specified above as the fair and reasonable rate of compensation to be paid to Buckeye Air Service, Inc.;

2. Further proceedings herein shall be in accordance with 14 CFR Part 302, and notice of any objection to the rate or to the other findings and conclusions proposed herein, shall be filed within 10 days, and if notice is filed, written answer and supporting documents shall be filed within 30 days after service of this order;

3. If notice of objection is not filed within 10 days after service of this order, or if notice is filed and answer is not filed within 30 days after service of this order, all persons shall be deemed to have waived the right to a hearing and all other procedural steps short of a final decision by the Board, and the Board may enter an order incorporating the findings and conclusions proposed herein and fix and determine the final rate specified herein;

4. If answer is filed presenting issues for hearing, the issues involved in determining the fair and reasonable final rate shall be limited to those specifically raised by the answer, except insofar as other issues are raised in accordance with Rule 307 of the rules of practice (14 CFR 302.307); and

5. This order shall be served upon Buckeye Air Service, Inc., the Postmaster General, American Airlines, Inc., Eastern Air Lines, Inc., Allegheny Airlines,

[1] Order 69-2-66 dated Feb. 13, 1969.

[1] As this order to show cause is not a final action but merely affords interested persons an opportunity to be heard on the matters herein proposed, it is not regarded as subject to the review provisions of Part 385 (14 CFR Part 385). These provisions for Board review will be applicable to final action taken by the staff under authority delegated in § 385.14(g).

Inc., Mohawk Airlines, Inc., and United Air Lines, Inc.

This order will be published in the FEDERAL REGISTER.

[SEAL] HAROLD R. SANDERSON,
Secretary.

[F.R. Doc. 69-5443; Filed, May 6, 1969; 8:48 a.m.]

[Docket No. 20890; Order 69-5-1]

EUREKA AERO INDUSTRIES

Order To Show Cause Regarding Establishment of Service Mail Rate

Issued under delegated authority on May 1, 1969.

The Postmaster General filed a notice of intent April 8, 1969, pursuant to 14 CFR Part 298, petitioning the Board to establish for the above-captioned air taxi operator, a final service mail rate of 44 cents per great circle aircraft mile for the transportation of mail by aircraft between Santa Maria and San Francisco, Calif.

No protest or objection was filed against the proposed services during the time for filing such objections. The Postmaster General states that the Department and the carrier agree that the above rate is a fair and reasonable rate of compensation for the proposed services. The Postmaster General believes these services will meet postal needs in the market. He states the air taxi plans to initiate mail service with twin-engine Cessna, Model 310 aircraft equipped for all-weather operation.

It is in the public interest to fix, determine, and establish the fair and reasonable rate of compensation to be paid by the Postmaster General for the proposed transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith, between the aforesaid points. Upon consideration of the notice of intent and other matters officially noticed, it is proposed to issue an order[1] to include the following findings and conclusions:

The fair and reasonable final service mail rate to be paid to Eureka Aero Industries in its entirety by the Postmaster General pursuant to section 406 of the Act for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith, shall be 44 cents per great circle aircraft mile between Santa Maria and San Francisco, Calif.

Accordingly, pursuant to the Federal Aviation Act of 1958, and particularly sections 204(a) and 406 thereof, and regulations promulgated in 14 CFR Part 302, 14 CFR Part 298, and 14 CFR, 385.14(f):

It is ordered, That:

1. Eureka Aero Industries, the Postmaster General, Air West, Inc., and all other interested persons are directed to show cause why the Board should not adopt the foregoing proposed findings and conclusions and fix, determine, and publish the final rate specified above for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith as specified above as the fair and reasonable rate of compensation to be paid to Eureka Aero Industries;

2. Further procedures herein shall be in accordance with 14 CFR Part 302, and notice of any objection to the rate or to the other findings and conclusions proposed herein, shall be filed within 10 days, and if notice is filed, written answer and supporting documents shall be filed within 30 days after service of this order;

3. If notice of objection is not filed within 10 days after service of this order, or if notice is filed and answer is not filed within 30 days after service of this order, all persons shall be deemed to have waived the right to a hearing and all other procedural steps short of a final decision by the Board, and the Board may enter an order incorporating the findings and conclusions proposed herein and fix and determine the final rate specified herein;

4. If answer is filed presenting issues for hearing, the issues involved in determining the fair and reasonable final rate shall be limited to those specifically raised by the answer, except insofar as other issues are raised in accordance with Rule 307 of the rules of practice (14 CFR 302.307); and

5. This order shall be served upon Eureka Aero Industries, the Postmaster General, and Air West, Inc.

This order will be published in the FEDERAL REGISTER.

[SEAL] HAROLD R. SANDERSON,
Secretary.

[F.R. Doc. 69-5444; Filed, May 6, 1969; 8:48 a.m.]

[Docket No. 17828; Order 69-5-6]

INTERNATIONAL AIR TRANSPORT ASSOCIATION

Order Regarding Passenger Tickets and Conditions of Carriage

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., on the 2d day of May 1969.

An agreement has been filed with the Board, pursuant to section 412(a) of the Federal Aviation Act of 1958 (the Act) and Part 261 of the Board's economic regulations, between various air carriers, foreign air carriers, and other carriers, embodied in the resolutions of the Traffic Conferences of the International Air Transport Association (IATA), and adopted by mail vote. The agreement has been assigned the above-designated CAB agreement number.

The agreement revises the conditions of contract printed on passenger tickets in an effort to comply with the conditions of approval attached by the Board in Order 69-2-65, dated February 13, 1969, which relate to earlier revisions to the form of passenger tickets and conditions of contract adopted by the first meeting of the IATA Passenger Traffic Procedures Committee.

We are herein approving the agreement, since it essentially complies with conditions (2) and (3) set forth in Order 69-2-65; however, we will retain our earlier condition (1) of approval, which requires compliance with § 221.175 of the Board's economic regulations in giving notice of limitation of liability. We again note the absence of an IATA requirement for giving notice of the level of liability limitation for loss of, damage to, or delay in delivery of baggage. We would refer the carriers to our comments on this matter in Order 69-2-65.

The Board, acting pursuant to sections 102, 204(a), and 412 of the Act, does not find the following resolutions, which are incorporated in Agreement CAB 20901, to be adverse to the public interest or in violation of the Act: *Provided*, That, insofar as air transportation as defined by the Act is concerned, such approval shall be subject to the following condition:

IATA RESOLUTIONS

100 (Mail 580) 275b.
200 (Mail 883) 275b.
300 (Mail 290) 275b.

Provided, That such approval shall not relieve air carriers and foreign air carriers from complying, as necessary, with the provisions of § 221.175 of the Board's economic regulations.

Accordingly, it is ordered, That:

Agreement CAB 20901 be and hereby is approved, subject to the condition set forth in the above finding paragraph: *Provided further*, That this approval shall not prohibit the use of existing ticket stock through September 30, 1970.

Any air carrier party to the agreement, or any interested person, may, within 15 days from the date of service of this order, submit statements in writing containing reasons deemed appropriate, together with supporting data, in support of or in opposition to the Board's action herein. An original and 19 copies of the statements should be filed with the Board's Docket Section. The Board may, upon consideration of any such statements filed, modify or rescind its action herein by subsequent order.

This order will be published in the FEDERAL REGISTER.

By the Civil Aeronautics Board.

[SEAL] HAROLD R. SANDERSON,
Secretary.

[F.R. Doc. 69-5447; Filed, May 6, 1969; 8:48 a.m.]

[Docket No. 20729]

LOOMIS CORP. ET AL.

Notice of Proposed Approval of Control Relationships

Joint application of Loomis Corp. et al. for approval under sections 408

[1] As this order to show cause is not a final action but merely affords interested persons an opportunity to be heard on the matters herein proposed, it is not regarded as subject to the review provisions of Part 385 (14 CFR Part 385). These provisions for Board review will be applicable to final action taken by the staff under authority delegated in § 385.14(g).

and 409 of the Federal Aviation Act of 1958, as amended, Docket 20729.

Notice is hereby given, pursuant to the statutory requirements of section 408(b) of the Federal Aviation Act of 1958, as amended, that the undersigned intends to issue the order set forth below under delegated authority. Interested persons are hereby afforded a period of 10 days from the date of service within which to file comments or request a hearing with respect to the action proposed in the order.

Dated at Washington, D.C., May 2, 1969.

[SEAL] A. M. ANDREWS,
Director,
Bureau of Operating Rights.

ORDER APPROVING CONTROL RELATIONSHIPS

Issued under delegated authority.

Joint application of Loomis Corp. et al. for disclaimer of jurisdiction or approval of control and interlocking relationships under sections 408 and 409 of the Federal Aviation Act of 1958, as amended; Docket No. 20729.

On February 13, 1969, Loomis Corp. (Loomis), together with certain subsidiary companies and officers and directors, requested that the Board grant relief in respect to a corporate reorganization which involves certain control and interlocking relationships and is designed to facilitate Loomis' diversification and financial strengthening programs.[1]

At the present time Walter F. Loomis, his son, Charles W. Loomis, and a trust established by Walter F. Loomis (Trust) for the benefit of Charles W. Loomis' children, own all the outstanding stock of Loomis Armored Car Service, Inc. (Armored, Inc.), which in turn, owns all of the stock of Loomis Courier Service, Inc. (Courier), a domestic air freight forwarder, and 5,000 shares (47.6 percent) of California Intercity Armored Car Service, Inc. (Intercity).[2] Additionally, Charles W. Loomis owns approximately 68 percent of the stock of Loomis Armored Car Service, Ltd. (Armored Ltd., Can.).[3]

The reorganization involves the formation of Loomis as a corporate holding company and its acquisition of control, through an exchange of stock with the present shareholders, of Armored, Inc., as a wholly owned subsidiary, through Armored, Inc., of Courier, a wholly owned subsidiary, and Intercity; and of Armored Ltd., Can., and Armored, B.C., as wholly owned subsidiaries. Upon completion of the reorganization, W. F. Loomis, Charles W. Loomis, and Trust will own 692,840 shares of Loomis, thereby controlling the holding company and its subsidiaries, and 200,000 shares (165,000 by the Loomis family and 35,000 by Loomis) will be offered for sale to the public subsequent to authorization by the Securities and Exchange Commission. A majority of the officers and directors of the proposed Loomis holding company presently serve as officers and directors of Armored, Inc., Courier, and Armored Ltd., Can.

Specifically, the applicants request that the Board disclaim jurisdiction over, or approve (1) without hearing under section 408 of the Federal Aviation Act of 1958, as amended (the Act) to the extent necessary, the common control through Loomis, of Armored Ltd., Can., and Armored, Inc., and, through Armored, Inc. of Courier and Intercity by W. F. Loomis, C. W. Loomis and Trust, and (2) under section 409 of the Act, the interlocking relationships involving Loomis and the specified subsidiaries, as presently existing or created by the proposed corporate reorganization. The applicants also request that the Board authorize the individual applicants to hold generally, in addition to the positions specifically requested, directorship and offices within the Loomis system of subsidiary companies.

The companies and their relationships are identified and described in the appendix.[3a]

The applicants state that all motor carrier operations of the Loomis system of subsidiary and affiliated companies are performed for selected shippers under written contracts, and that the services performed by Armored, Inc., Armored Ltd., Can. and Intercity are of a specialized nature. The applicants also state that there are no service tie-ins between any of the Loomis corporations, except that Loomis, Ltd., Can., and Courier offer an integrated, international through-service between certain banks in Canada and certain banks in Seattle with the intercity line haul movement being performed by Greyhound buses.

The applicants state that the primary purpose of the corporate reorganization is to provide greater flexibility for possible diversification into other types of business activities; that the carrier operations now conducted by the Loomis system would be strengthened by the additional funds available as a result of Loomis' public stock offering; and that Walter F. Loomis, Charles W. Loomis, and Trust, who control the present Loomis enterprises, will continue to control the reorganized Loomis system of subsidiary companies.

No comments relative to the application or requests for a hearing have been received.

Notice of intent to dispose of the application has been published in the FEDERAL REGISTER and a copy of such notice has been furnished by the Board to the Attorney General not later than 1 day following such publication, both in accordance with section 408(b) of the Act.

The applicants' request for a disclaimer raises a jurisdictional question of whether any of the motor carriers included in the Loomis system of subsidiary companies are common carriers within the meaning of sections 408 and 409 of the Act. In view of the scope of the various permits held by each of the motor carriers and the nature of the operations conducted by them as described by the applicants, it appears that Armored Ltd., Can., and Armored, Inc., at least insofar as their intrastate operations are concerned, may be common carriers within the meaning of the aforesaid sections of the Act and that, therefore, their relationships with Courier, an indirect air carrier, as well as the corporate reorganization involved in this proceeding, are subject to those sections.[4] However, there is no need at this time to resolve the jurisdictional question since the applicants have submitted to the Board's jurisdiction and have requested approval of the relationships and corporate reorganization in question.

Upon consideration of the application,[5] it is concluded that the corporate reorganization of the Loomis system of subsidiary companies resulting in the common control, through Loomis, of Armored Ltd., Can., Armored, Inc., and through Armored, Inc., of Courier and Intercity, by W. F. Loomis, C. W. Loomis and Trust, does not affect the control of an air carrier directly engaged in the operation of aircraft in air transportation, does not result in creating a monopoly and does not restrain competition. Furthermore, no person disclosing a substantial interest in this proceeding is currently requesting a hearing and it is found that the public interest does not require a hearing.[6]

The relationships between Messrs. W. F. and C. W. Loomis and Trust, and Loomis and its subsidiary motor carriers, on the one hand, and Courier, on the other hand, warrant approval. The Board previously has approved control and interlocking relationships of air freight forwarders with intrastate motor carriers, or with interstate motor carriers where the latter were authorized to carry limited commodities and conducted operations of a specialized nature.[7] It therefore appears that approval of the control relationships would not be inconsistent with the public interest. On the other hand, should the general character of any motor vehicle carrier in the Loomis system of subsidiary companies alter in any significant respect through expansion of operations, new issues may be raised which could only be resolved upon the filing of a further application in the matter.

In view of the Board's determination herein, the interlocking relationships existing or created between Courier and other subsidiary companies within the Loomis system, as described in the appendix, are approved or exempted from the provisions of section 409 by Part 287 of the Board's economic regulations. Consequently, that portion of the application seeking approval of the interlocking relationships will be dismissed.

Pursuant to authority duly delegated by the Board's Regulations, 14 CFR 385.13 and 385.3, it is found that the foregoing control relationships should be approved under section 408(b) of the Act without a hearing, and the application, to the extent it requests approval of the foregoing interlocking relationships, should be dismissed.

Accordingly, it is ordered:

1. The common control by W. F. Loomis, C. W. Loomis and Trust through Loomis, of Armored Ltd., Can., and Armored, Inc., and, through Armored, Inc., of Courier and Intercity, be and it hereby is approved; and

2. That, except to the extent granted herein, the application in Docket 20729, be and it hereby is dismissed.

Persons entitled to petition the Board for review of this order pursuant to the Board's regulations, 14 CFR 385.50, may file such petitions within 3 days after the date of service of this order.

This order shall be effective and become the action of the Civil Aeronautics Board upon expiration of the above period unless within such period a petition for review thereof is filed, or the Board gives notice that it will review this order on its own motion.

[SEAL] HAROLD R. SANDERSON,
Secretary.

[F.R. Doc. 69-5445; Filed, May 6, 1969; 8:48 a.m.]

[1] The application was supplemented by letters dated Feb. 19, Apr. 1, and Apr. 15, 1969.

[2] The remainer of Intercity's stock (5,500 shares) is owned by George H. Irvin (4,500 shares or 42.9 percent) and his son, Robert G. Irvin (1,000 shares or 9.5 percent).

[3] Walter and Charles Loomis also wholly own and control Loomis Armored Car Service (B.C.) Ltd. (Armored, B.C.), a British Columbian financing corporation not actively engaged in operations, which owns the remaining 32 percent of the stock of Armored Ltd., Can., and Sansome Investment Co., Inc. (Sansome), a California real estate leasing company.

[3a] Filed as part of the original document.

[4] See, Bankers Dispatch Corp., et al., Order E-24824, Mar. 6, 1967; Brink's Inc., Order E-25052, Apr. 26, 1967.

[5] It has been decided not to enforce the doctrine expressed in Sherman Control and Interlocking Relationships, 15 CAB 876 (1952) to the extent applicable, and to consider the application on its merits.

[6] Our action herein does not extend to Armored, B.C., and Sansome, as such companies are not deemed to be subject to the Act.

[7] Bankers Dispatch Corp., et al., supra, and Sky Courier, Inc., et al., 69-3-31, Mar. 7, 1969.

FEDERAL COMMUNICATIONS COMMISSION

[Mexican List 255]

MEXICAN BROADCAST STATIONS

List of New Stations, Proposed Changes in Existing Stations, Deletions, and Corrections in Assignments

MARCH 17, 1969.

List of new stations, proposed changes in existing stations, deletions, and corrections in assignments of Mexican standard broadcast stations modifying the assignments of Mexican broadcast stations contained in the appendix to the recommendations of the North American Regional Broadcasting Agreement Engineering Meeting, January 30, 1941.

Call letters	Location	Power—watts	Antenna radiation mv/m/kw	Schedule	Class	Antenna height (feet)	Ground system: Number of radials	Ground system: Length (feet)	Proposed date of change or commencement of operation
XEKL (correction of an omission: In operation with 1000D/250N, ND, since 11-7-49. Change in daytime class, previously IV. This provides supplementary information).	Jalapa, Ver., N. 19°31'57", W. 96°56'05".	550 kilocycles 1000D/250N	ND-186	U	IIID/IVN	394	120	446	11-7-49.
XEUC (correction of an omission: In operation with 1000D/250N, ND, since 9-8-62. This provides supplementary information).	Tehuantepec, Oax., N. 16°19'16", W. 95°15'07".	550 kilocycles 1000D/250N	ND-175	U	IIID/IVN	536	90	446	9-8-62.
XEOC (temporary operation with 750 W, ND, U, ending 3-15-69. This provides supplementary information).	Mexico, D. F., N. 19°25'30", W. 99°11'07".	580 kilocycles 1000	ND-175	U	III	535	90	440	
XEYO (this provides supplementary information).	Huatabampo, Son., N. 26°49'20", W. 109°39'00".	580 kilocycles 1000D/500N	ND-175	U	III	535	90	440	9-12-69 (probable)
XEUE (correction of an omission: In operation on 580 kc/s since 7-23-58. See 1360 kc/s. This provides supplementary information).	Tuxtla Gutierrez, Chis., N. 16°45'30", W. 93°00'46".	580 kilocycles 1000D/200N	ND-177	U	IIID/IVN	594	120	528	7-23-58.
XEE (operation definitive with 1000D/150N, ND. Previously notified with 2000D/150N. This provides supplementary information).	Durango, Dgo., N. 24°00'01" W. 104°38'44".	590 kilocycles 1000D/150N	ND-190	U	III	427	180	677	
XEGI (assignment deleted)	Gomez Palacio, Dgo	700 kilocycles 1000	ND	D	II				5-17-69.
XEBL (this corrects the notification included in List No. 239: In operation on 710 kc/s with 5000W-D, ND, D, since 1-28-60. In operation with 5000W-D/250W-N, ND, U, since 6-8-67. See 1260 kc/s. This provides supplementary information).	Culiacan, Sin., N. 24°48'35", W. 107°24'30".	710 kilocycles 5000D/250N	ND-190	U	II	548	120	548	6-8-67.
XEEV (assignment deleted)	San Cristobal, las Casas, Chis.	870 kilocycles 1000	ND	D	II				5-17-69.
XEHZ (in operation since 12-8-63. This provides supplementary information).	La Paz, B.C., N. 24°09'26", W. 110°20'00".	990 kilocycles 1000D/250N	ND-188	U	II	536	180	253	12-8-63.
XEFZ (new)	Monterrey, N.L., N. 25°39'30", W. 100°18'40".	1110 kilocycles 250	ND-190	D	II	221	120	221	11-5-69 (probable).
XESX (assignment deleted)	Saltillo, Coah	1110 kilocycles 500	ND	D	II				3-17-69.
XELP (in operation with 250W-D, ND, since 2-18-69. This provides supplementary information).	La Piedad, Mich., N. 20°20'17", W. 102°01'38".	1170 kilocycles 250D/100N	ND-175	U	II	157	90	210	Upon entry into force of new agreement.
XEBL (assignment deleted. See 710 kc/s).	Culiacan, Sin	1200 kilocycles 5000D/500N	ND	U	III				3-17-69.
XESIN (new)	Culiacan, Sin	1200 kilocycles 5000D/500N	ND-190	U	III	195	120	195	3-17-70 (probable).
XEUD (under construction. This provides supplementary information).	Tuxtla Gutierrez, Chis., N. 16°45'06", W. 93°02'03".	1360 kilocycles 1000D/500N	ND-214	U	III	297	120	180	3-16-70 (probable).
XEUE (assignment deleted. See 580 kc/s).	Tuxtla Gutierrez, Chis.	1360 kilocycles 1000D/500N	ND	U	III				3-17-69.
XEFY (assignment deleted)	Fortin de las Flores, Ver.	1370 kilocycles 500D/250N	ND	U	IV				5-17-69.
XEMON (temporary operation: 10,000D/500N, ND, U. Change in call letters, previously XEFZ).	Monterrey, N.L.	1370 kilocycles 10,000	DA-N	U	III				
XEDT (assignment deleted)	Durango, Dgo.	1400 kilocycles 250	ND	U	IV				3-17-69.
XERAC (change in call letters, previously XEUK. This provides supplementary information).	Campeche, Camp., N. 19°50'47", W. 90°32'14".	1490 kilocycles 250	ND-175	U	IV	105	180	178	

Call letters	Location	Power—watts	Antenna radiation mv/m/kw	Schedule	Class	Antenna height (feet)	Ground system: Number of radials	Ground system: Length (feet)	Proposed date of change or commencement of operation
		1480 kilocycles							
XECP (assignment deleted)	Cd. Victoria, Tams.	100	ND	U	IV				3-17-69.
		1480 kilocycles							
XEMC (new)	Salvatierra, Gto., N. 20°13'00", W. 100°53'02".	250	ND-150	D	IV	100	90	100	3-8-70 (probable).
		1490 kilocycles							
XEGU (assignment deleted)	Huauchinango, Pue.	250	ND	U	IV				3-17-69
		1540 kilocycles							
XENJ (this provides supplementary information).	San Juan de los Lagos, Jal., *N. 21°15'00", W. 102°19'21".*	1000	ND-175	D	II	*121*	*80*	*159*	12-12-69 (probable).

[SEAL]

FEDERAL COMMUNICATIONS COMMISSION,
WALLACE E. JOHNSON,
Assistant Chief, Broadcast Bureau.

[F.R. Doc. 69-5449; Filed, May 6, 1969; 8:48 a.m.]

FEDERAL MARITIME COMMISSION

[Docket No. 69-12]

SOUTH ATLANTIC & CARIBBEAN LINE, INC.

General Increase in Rates in U.S. Atlantic/Puerto Rico Trade; Modified Order of Investigation

On April 3, 1969, the Commission instituted the subject investigation, the purpose of which is to determine the reasonableness under section 18(a) of the Shipping Act, 1916, and sections 3 and 4 of the Intercoastal Shipping Act, 1933, of general rate increases filed by the South Atlantic & Caribbean Line, Inc. (SACAL), in the subject trade, and rules and regulations relating thereto. Replies thereto are waived in accordance with Rule 7(e) of the Commission's rules of practice and procedure.

By petition filed April 24, 1969, the carrier requested modification of our Order of Investigation by the deletion of the second ordering paragraph.

It was not the Commission's intention to subject to investigation in this proceeding anything other than the justness, reasonableness, and lawfulness under section 18(a) of the Shipping Act, 1916, and/or sections 3 and 4 of the Intercoastal Shipping Act, 1933, of SACAL's above-mentioned increased rates, rules and regulations, and any changes or amendments made therein. To the extent the second ordering paragraph appears to be contrary to this intention, it is inappropriate.

Therefore it is ordered, That the second ordering paragraph of the Order of Investigation in this proceeding served April 3, 1969, be deleted, and

It is further ordered, That said Order of Investigation in all other respects remain the same and in force and effect.

By the Commission.

[SEAL] THOMAS LISI,
Secretary.

[F.R. Doc. 69-5425; Filed, May 6, 1969; 8:46 a.m.]

FEDERAL POWER COMMISSION

[Docket No. G-7378, etc.]

TRANSOCEAN OIL, INC., ET AL.

Findings and Order

APRIL 7, 1969.

Findings and order after statutory hearing issuing certificates of public convenience and necessity, amending orders issuing certificates, permitting and approving abandonment of service, terminating certificates, substituting respondent, making successors co-respondents, redesignating proceedings, making rate change effective, requiring filing of agreement and undertaking, accepting agreements and undertakings for filing, and accepting related rate schedules and supplements for filing.

Each of the Applicants listed herein has filed an application pursuant to section 7 of the Natural Gas Act for a certificate of public convenience and necessity authorizing the sale and delivery of natural gas in interstate commerce or for permission and approval to abandon service or a petition to amend an order issuing a certificate, all as more fully set forth in the applications and petitions, as supplemented and amended.

Applicants have filed related FPC gas rate schedules or supplements thereto and propose to initiate, abandon, add to, or discontinue in part nautral gas service in interstate commerce as indicated in the tabulation herein. All sales certificated herein are at rates either equal to or below the ceiling prices established by the Commission's statement of general policy No. 61-1, as amended, or involve sales for which permanent certificates have been previously issued; except that sales from areas for which area rates have been determined are authorized to be made at or below the applicable area base rates, adjusted for quality of the gas, and under the conditions prescribed in the orders determining said rates.

Progress Petroleum, Inc. (Operator), Applicant in Docket No. CI63-2, proposes to continue the sales of natural gas heretofore authorized in said docket to be made pursuant to L. J. Onstott, doing business as Progress Petroleum Products (Operator), FPC Gas Rate Schedule No. 1. Said rate schedule will be redesignated as that of Applicant. The presently effective rate under said rate schedule is in effect subject to refund in Docket No. RI68-400. Applicant indicates in its certificate application that it will be responsible for the total refund from the time that the increased rate was made effective subject to refund. Therefore, Applicant will be substituted as respondent in Docket No. RI68-400; the proceeding will be redesignated accordingly; and Applicant will be required to file an agreement and undertaking to assure the refund of all amounts collected in excess of the amount determined to be just and reasonable in said proceeding.

Southwest Oil Industries, Inc., Applicant in Dockets Nos. CI68-1444, CI68-1446, and CI68-1447, proposes to continue in part sales of natural gas heretofore authorized in Dockets Nos. G-12750, G-12578, and G-18748, respectively, to be made pursuant to Helmerich & Payne, Inc. (Operator), et al., FPC Gas Rate Schedule No. 23, Marathon Oil Co. FPC Gas Rate Schedule No. 31, and Sinclair Oil Corp. FPC Gas Rate Schedule No. 189, respectively. The contracts comprising said rate schedules will also be accepted for filing as rate schedules of Applicant. The presently effective rates under Helmerich & Payne, Inc. (Operator), et al., FPC Gas Rate Schedule No. 23 and Marathon Oil Co. FPC Gas Rate Schedule No. 31 are in effect subject to refund in Dockets Nos. RI62-546 and RI67-466, respectively. On October 22, 1965, Sinclair Oil Corp. filed with the Commission a notice of change in rate under its FPC Gas Rate Schedule No. 189. By order issued November 12, 1965, in Docket No. RI66-158 et al., the Commission suspended the proposed change in Docket No. RI66-162 until April 23, 1966, and thereafter until made effective. On August 14, 1968, Applicant filed a motion to make the change in rate effective subject to refund. Applicant has filed agreements and undertakings guaranteed by Delta Corp., the operator of Applicant's properties, to assure the refund of any amounts collected by Applicant in excess of the amounts determined to be just and reasonable in Dockets Nos. RI62-546,

RI66–162, and RI 67–466. Therefore, Applicant will be made co-respondent in said proceedings; the proceedings will be redesignated accordingly; the change in rate in Docket No. RI66–162 will be made effective subject to refund; and the agreements and undertakings will be accepted for filing.

Cabot Corp., Applicant in Docket No. CI69–639, proposes to continue in part the sale of natural gas heretofore authorized in Docket No. CI67–851 to be made pursuant to Pan American Petroleum Corp. FPC Gas Rate Schedule No. 494. The contract comprising said rate schedule will also be accepted for filing as a rate schedule of Applicant. Pan American has filed a change in rate under its rate schedule which change is suspended in Docket No. RI69–206. Therefore, Applicant will be made a co-respondent in the proceeding pending in Docket No. RI69–206, and the proceeding will be redesignated accordingly.

Phillips Petroleum Co., Applicant in Dockets Nos. CI69–697 and CI69–699, proposes to continue in part sales of natural gas heretofore authorized in Docket Nos. G–10230 and G–18290, respectively, to be made pursuant to Humble Oil & Refining Co. FPC Gas Rate Schedule Nos. 195 and 224, respectively. The contracts comprising said rate schedules will also be accepted for filing as rate schedules of Applicant. The presently effective rates under said rate schedules are in effect subject to refund in Dockets Nos. RI68–2 and RI68–297, respectively. Applicant has filed an agreement and undertaking to assure the refund of any amounts collected by it in excess of the amounts determined to be just and reasonable in said proceedings. Therefore, Applicant will be made co-respondent in the proceedings pending in Dockets Nos. RI68–2 and RI68–297; said proceedings will be redesignated accordingly; and the agreement and undertaking will be accepted for filing.

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 by publication in the FEDERAL REGISTER, a notice of intervention by The Public Service Commission of the State of New York and a petition to intervene by The Brooklyn Union Gas Co. were filed in Docket No. CI69–522, in the matter of the application filed on November 22, 1968, in said docket. The notice of intervention and the petition to intervene have been withdrawn, and no other petitions to intervene, notices of intervention, or protests to the granting of any of the applications have been filed.

At a hearing held on April 3, 1969, the Commission on its own motion received and made a part of the record in this proceeding all evidence, including the applications and petitions, as supplemented and amended, and exhibits thereto, submitted in support of the authorizations sought herein, and upon consideration of the record,

The Commission finds:

(1) Each Applicant herein is a "natural-gas company" within the meaning of the Natural Gas Act as heretofore found by the Commission or will be engaged in the sale of natural gas in interstate commerce for resale for ultimate public consumption, subject to the jurisdiction of the Commission, and will, therefore, be a "natural-gas company" within the meaning of the Natural Gas Act upon the commencement of service under the authorizations hereinafter granted.

(2) The sales of natural gas hereinbefore described, as more fully described in the applications in this proceeding, 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 subject to the jurisdiction of the Commission necessary therefor, are 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) The sales of natural gas by Applicants, together with the construction and operation of any facilities subject to the jurisdiction of the Commission necessary therefor, are required by the public convenience and necessity and certificates therefor should be issued as hereinafter ordered and conditioned.

(5) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act and the public convenience and necessity require that the orders issuing certificates of public convenience and necessity in the following dockets should be amended to reflect the deletion of acreage where new certificates are issued herein or existing certificates are amended herein to authorize service from the subject acreage:

Amend to delete acreage	*New certificate and/or amendment to add acreage*
G–4555	CI69–696
G–10230	CI69–697
G–11378	CI69–701
G–12578	CI68–1446
G–12750	CI68–1444
G–14612	CI66–1262
G–18289	CI69–698
G–18290	CI69–699
G–18291	CI69–700
G–18748	CI68–1447
CI62–804	CI69–706
CI64–998	CI69–704
CI66–290	CI62–1104
CI67–851	CI69–639

(6) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act and the public convenience and necessity require that the orders issuing certificates of public convenience and necessity in Dockets Nos. G–7378, G–7379, G–7382, G–7383, G–7388, G–7389, G–7972, G–11156, G–15268, G–17239, CI60–138, CI69–172, CI62–1104; CI62–1345, CI63–2, CI63–1000, CI64–175, CI64–1506, CI65–453, CI66–617, CI66–1262, CI66–1330, CI67–286, CI67–1795, CI68–105, CI68–909, and CI69–228 should be amended as hereinafter ordered and conditioned.

(7) The sales of natural gas proposed to be abandoned as hereinbefore described and as more fully described in the applications and in the tabulation herein are subject to the requirements of subsection (b) of section 7 of the Natural Gas Act.

(8) The abandonments proposed by Applicants herein are permitted by the public convenience and necessity and should be approved as hereinafter ordered.

(9) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that the certificates heretofore issued to Applicants relating to the abandonments hereinafter permitted and approved should be terminated or that the orders issuing said certificates should be amended by deleting therefrom authorization to sell natural gas from the subject acreage.

(10) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that Progress Petroleum, Inc. (Operator), should be substituted in lieu of L. J. Onstott, doing business as Progress Petroleum Products (Operator), as respondent in the proceeding pending in Docket No. RI68–400; that said proceeding should be redesignated accordingly; and that Progress Petroleum, Inc. (Operator), should be required to file an agreement and undertaking.

(11) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that Southwest Oil Industries, Inc., should be made a co-respondent in the proceedings pending in Dockets Nos. RI62–546, RI66–162, and RI67–466; that said proceedings should be redesignated accordingly; that the proposed change in rate suspended in Docket No. RI66–162 should be made effective subject to refund with respect to sales from Southwest's interests acquired from Sinclair Oil Corp.; and that the agreements and undertakings submitted by Applicant in all of said proceedings should be accepted for filing.

(12) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that Cabot Corp. should be made co-respondent in the proceeding pending in Docket No. RI69–206 and that the proceeding should be redesignated accordingly.

(13) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that Phillips Petroleum Co. should be made co-respondent in the proceedings pending in Dockets Nos. RI 68–2 and RI 68–297; that said proceedings should be redesignated accordingly; and that the agreement and undertaking submitted in said proceedings by Phillips should be accepted for filing.

(14) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that the FPC gas rate schedules and supplements related to the authorizations hereinafter granted should be accepted for filing.

The Commission orders:

(A) Certificates of public convenience and necessity are issued upon the terms and conditions of this order authorizing sales by Applicants of natural gas in interstate commerce for resale, together with the construction and operation of any facilities subject to the jurisdiction of the Commission necessary therefor, all as hereinbefore described and as more fully described in the applications and in the tabulation herein.

(B) The certificates granted in paragraph (A) above are not transferable and shall be effective only so long as 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.

(C) The grant of the certificates issued in paragraph (A) above shall not be construed as a waiver of the requirements of section 4 of the Natural Gas Act or of Part 154 or Part 157 of the Commission's regulations thereunder and is without prejudice to any findings or orders which have been or which 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. The grant of the certificates aforesaid shall not 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 of natural gas subject to said certificates.

(D) The grant of the certificates issued herein on certain applications filed after July 1, 1967, is upon the condition that no increase in rate which would exceed the ceiling prescribed for the given area by paragraph (d)(3) of the Commission's statement of general policy No. 61-1, as amended, shall be filed prior to the applicable date indicated in the tabulation herein.

(E) The certificates issued herein and the amended certificates are subject to the following conditions:

(a) The initial rates for sales authorized in Dockets Nos. CI69-301 and CI69-638 shall be the applicable area base rates prescribed in Opinion No. 468, as modified by Opinion No. 468-A, as adjusted for quality of gas, or the contract rates, whichever are lower; and the initial rate for the sale authorized in Docket No. CI69-639 shall be 15.91 cents per Mcf at 14.65 p.s.i.a. the applicable area base rate prescribed in Opinion No. 468, as modified by Opinion No. 468-A, as adjusted for quality.

(b) If the quality of the gas delivered by Applicants in Dockets Nos. CI69-301, CI69-638, and CI69-639 deviates at any time from the quality standards set forth in Opinion No. 468, as modified by Opinion No. 468-A, so as to require a downward adjustment of the existing rate, a notice of change in rate shall be filed pursuant to section 4 of the Natural Gas Act: *Provided, however,* That adjustments reflecting changes in B.t.u. content of the gas shall be computed by the applicable formula and charged without the filing of notices of changes in rates.

(c) Within 90 days from the date of initial delivery Applicants in Dockets Nos. CI69-301 and CI69-638 shall file rate schedule quality statements in the form prescribed in Opinion No. 468-A.

(d) Applicant in Docket No. CI69-638 shall advise the Commission of any contemplated processing of the gas under Article II, section 2 of the subject contract.

(e) Section 1 of Article IX of the contract related to the sale authorized in Docket No. CI69-638 is construed to be a permissible rate change provision as described in § 154.93(b-1) of the regulations under the Natural Gas Act.

(f) The authorization granted in Docket No. CI68-909 is issued with the understanding that the pricing provisions of the rate schedule, as supplemented, covering the subject sale are intended to be consistent, and not in conflict, with § 154.93 of the regulations under the the Natural Gas Act.

(g) The initial rate for the sale authorized in Docket No. CI69-522 shall be 16 cents per Mcf at 14.65 p.s.i.a., subject to adjustment for B.t.u. content of the gas as provided in the contract, and subject to Applicant's refunding to United Gas Pipe Line Co. with interest at the rate of 7 percent per annum, compounded monthly, of any amounts collected in excess of the higher of (1) the just and reasonable rate finally determined for sales from the subject area or (2) a rate of 14 cents per Mcf at 14.65 p.s.i.a., proportionally adjusted to reflect B.t.u. content of the gas below 1,000 B.t.u.'s per cubic foot measured on a wet basis.

(h) The authorizations granted in Dockets Nos. CI62-1104 and CI69-522 involving the sales of gas by Union Producing Co., to its affiliate, United Gas Pipe Line Co., determines the rates which legally may be paid by the buyer to the seller, but is without prejudice to any action which the Commission may take in any rate proceedings involving either company.

(i) The authorization granted in Docket No. CI69-522 is conditioned upon any determination which may be made in the proceeding pending in Docket No. R-338 with respect to the transportation of liquefiable hydrocarbons.

(j) Applicant in Docket No. CI69-522 shall not require buyer to take-or-pay for an annual quantity of gas well gas which is in excess of an average of 1 Mcf per day for each 7,300 Mcf of determined gas well gas reserves or the specified contract quantity, whichever is the lesser amount. This condition shall remain in effect pending further Commission order in the subject docket or in other matters relating to the buyer's take-or-pay obligation under the subject contract.

(F) A certificate is issued herein in Docket No. CI69-720 authorizing Signal Oil and Gas Co. to continue the sale of natural gas previously covered by the certificate issued to Irl A. Nichols in Docket No. CI60-138.

(G) The order issuing a certificate in Docket No. CI60-138 is amended by deleting therefrom the interests of Signal Oil and Gas Co.

(H) The orders issuing certificates in Dockets Nos. CI62-1104, CI63-1000, CI64-175, CI64-1506, CI65-453, CI66-1262, CI67-286, CI67-1795, CI68-909, and CI69-228 are amended by adding thereto or deleting therefrom authorization to sell natural gas as described in the tabulation herein.

(I) Applicant in Docket No. CI69-228 shall file three copies of a billing statement for the first month's service at such time as deliveries are commenced from the added acreage as required by the regulations under the Natural Gas Act.

(J) The orders issuing certificates in the following dockets are amended to reflect the deletion of acreage where new certificates are issued herein or existing certificates are amended herein to authorize service from the subject acreage:

Amend to delete acreage	*New certificate and/or amendment to add acreage*
G-4555	CI69-696
G-10230	CI69-697
G-11378	CI69-701
G-12578	CI68-1446
G-12750	CI68-1444
G-14612	CI66-1262
G-18289	CI69-698
G-18290	CI69-699
G-18291	CI69-700
G-18748	CI68-1447
CI62-804	CI69-706
CI64-998	CI69-704
CI66-290	CI62-1104
CI67-851	CI69-639

(K) The orders issuing certificates in Dockets Nos. G-7378, G-7379, G-7382, G-7383, G-7388, G-7389, G-7972, G-11156, G-15268, G-17239, CI60-172, CI62-1345, CI63-2, CI66-617, CI66-1330, and CI68-105 are amended by substituting the successors in interest as certificate holders.

(L) Permission for and approval of the abandonment of service by Applicants, as hereinbefore described, all as more fully described in the applications and in the tabulation herein are granted.

(M) Permission for and approval of the abandonments in Dockets Nos. CI69-713, CI69-723, and CI69-730 shall not be construed to relieve Applicants of any refund obligations which may be ordered in the related rate suspension proceedings pending in Dockets Nos. RI62-505, RI65-79, and RI65-334, respectively.

(N) The certificates heretofore issued in Dockets Nos. G-8815, G-13301, G-15430, G-20200, G-20586, and CI63-214 are terminated.

(O) Progress Petroleum, Inc. (Operator), is substituted in lieu of L. J. Onstott, doing business as Progress Petroleum Products (Operator), as respondent

in the proceeding pending in Docket No. RI68–400; and said proceeding is redesignated accordingly.

(P) Within 30 days from the issuance of this order, Progress Petroleum, Inc. (Operator), shall execute, in the form set out below, and shall file with the Secretary of the Commission an acceptable agreement and undertaking to assure the refund of all amounts collected, together with interest at the rate of seven percent per annum, in excess of the amount determined to be just and reasonable in Docket No. RI68–400. Unless notified to the contrary by the Secretary of the Commission within 30 days from the date of submission, such agreement and undertaking shall be deemed to have been accepted for filing.

(Q) Progress Petroleum, Inc. (Operator), shall comply with the refunding and reporting procedure required by the Natural Gas Act and § 154.102 of the regulations thereunder, and the agreement and undertaking filed by Progress Petroleum, Inc. (Operator), shall remain in full force and effect until discharged by the Commission.

(R) Southwest Oil Industries, Inc., is made a co-respondent in the proceedings pending in Dockets Nos. RI62–546, RI66–162, and RI67–466; said proceedings are redesignated accordingly; and the agreements and undertakings submitted in said proceedings are accepted for filing. The rates, charges, and classifications set forth in Supplement No. 19 to Sinclair Oil Corp. FPC Gas Rate Schedule No. 189 shall be effective subject to refund for sales from the interests acquired by Southwest from Sinclair Oil Corp. Said rate shall be effective August 14, 1968, or the date of initial delivery whichever is later, and shall be charged and collected as of the effective date subject to any future orders of the Commission in Docket No. RI66–162.

(S) Southwest Oil Industries, Inc., shall comply with the refunding and reporting procedure required by the Natural Gas Act and section 154.102 of the regulations thereunder, and the agreements and undertakings filed by Southwest in Dockets Nos. RI62–546, RI66–162, and RI67–466 shall remain in full force and effect until discharged by the Commission.

(T) Cabot Corp. is made co-respondent in the proceeding pending in Docket No. RI69–206, and the proceeding is redesignated accordingly.

(U) Phillips Petroleum Co. is made co-respondent in the proceedings pending in Dockets Nos. RI68–2 and RI68–297, said proceedings are redesignated accordingly, and the agreement and undertaking submitted in said proceedings by Phillips is accepted for filing.

(V) Phillips Petroleum Co. shall comply with the refunding and reporting procedure required by the Natural Gas Act and § 154.102 of the regulations thereunder, and the agreement and undertaking filed by Phillips in Dockets Nos. RI68–2 and RI68–297 shall remain in full force and effect until discharged by the Commission.

(W) The rate schedules and rate schedule supplements related to the authorizations granted herein are accepted for filing or are redesignated, all as described in the tabulation herein.

By the Commission.

[SEAL] GORDON M. GRANT, *Secretary.*

Docket No. and date filed	Applicant	Purchaser, field, and location	FPC rate schedule to be accepted		
			Description and date of document	No.	Supp.
G–7378 E 8–12–68	TransOcean Oil, Inc. (successor to J. Ray McDermott & Co., Inc.).	El Paso Natural Gas Co., Spraberry Trend Field, Glasscock County, Tex.	J. Ray McDermott & Co., Inc., FPC GRS No. 18.	13	
			Supplement Nos. 1–7	13	1–7
			Notice of succession (undated).		
			Assignment 7–1–68 [1]	13	8
G–7379 E 8–12–68	do	do	J. Ray McDermott & Co., Inc., FPC GRS No. 19.	14	
			Supplement Nos. 1–7	14	1–7
			Notice of succession (undated).		
			Assignment 7–1–68 [1]	14	8
G–7382 E 8–12–68	do	El Paso Natural Gas Co., Spraberry Trend Field, Reagan County, Tex.	J. Ray McDermott & Co., Inc., FPC GRS No. 20.	15	
			Supplement Nos. 1–7	15	1–7
			Notice of succession (undated).		
			Assignment 7–1–68 [1]	15	8
G–7383 E 8–12–68	do	do	J. Ray McDermott & Co., Inc., FPC GRS No. 21.	16	
			Supplement Nos. 1–7	16	1–7
			Notice of succession (undated).		
			Assignment 7–1–68 [1]	16	8
G–7388 E 8–12–68	do	do	J. Ray McDermott & Co., Inc., FPC GRS No. 22.	17	
			Supplement Nos. 1–7	17	1–7
			Notice of succession (undated).		
			Assignment 7–1–68 [1]	17	8
G–7389 E 8–12–68	do	El Paso Natural Gas Co., Spraberry Trend Field, Glasscock County, Tex.	J. Ray McDermott & Co., Inc., FPC GRS No. 23.	18	
			Supplement Nos. 1–7	18	1–7
			Notice of succession (undated).		
			Assignment 7–1–68 [1]	18	8
G–7972 E 1–21–69	Eastern Exploration & Development (successor to Kewanee Oil Co.).	Consolidated Gas Supply Corp., Center District, Gilmer County, W. Va.	Kewanee Oil Co., FPC GRS No. 22.	2	
			Supplement Nos. 1–7	2	1–7
			Notice of succession 1–11–69.		
			Assignment 3–27–67 [2]	2	8
			Assignment 5–4–67 [2]	2	9
			Effective date: 4–1–67		
G–11156 E 8–12–68	TransOcean Oil, Inc. (Operator) et al. (successor to J. Ray McDermott & Co., Inc. (Operator) et al.).	Florida Gas Transmission Co., East Aransas Pass Field, Aransas County, Tex.	J. Ray McDermott & Co., Inc. (Operator) et al., FPC GRS No. 10.	7	
			Supplement Nos. 1–3	7	1–3
			Notice of succession (undated).		
			Assignment 7–1–68 [1]	7	4
G–15268 E 1–27–69	Phillips Petroleum Co. (Operator) et al. (successor to Humble Oil & Refining Co. (Operator) et al.).	Texas Gas Transmission Corp., Bull Creek and Bernice Fields, Union Parish, La.	Humble Oil & Refining Co. (Operator), et al., FPC GRS No. 216.	459	
			Supplement Nos. 1–5	459	1–5
			Notice of succession 1–10–69.		
			Assignment 1–31–69 [4]	459	6
			Effective date: 2–1–69		
G–17239 E 8–12–68	TransOcean Oil, Inc., et al. (successor to to J. Ray McDermott & Co., Inc., et al.).	Transcontinental Gas Pipe Line Corp., Ray Field, Bee County, Tex.	J. Ray McDermott & Co, Inc, et al., FPC GRS No. 6.	3	
			Supplement Nos. 1–9	3	1–9
			Notice of succession (undated).		
			Assignment 7–1–68 [1]	3	10
G–17239 E 8–12–68	TransOcean Oil, Inc. (Operator), et al. successor to J. Ray McDermott & Co., Inc. (Operator), et al.).	Tennessee Gas Pipeline Co., a division of Tenneco Inc., Plymouth and West Calaboose Fields, San Patricio County, Tex.	J. Ray McDermott & Co., Inc. (Operator), et al., FPC GRS No. 7.	4	
			Supplement Nos. 1–9	4	1–9
			Notice of succession (undated).		
			Assignment 7–1–68 [1]	4	10
G–17239 E 8–12–68	TransOcean Oil, Inc., et al. (successor to J. Ray McDermott & Co., Inc., et al.).	United Gas Pipe Line Co., Corpus Christi Bay Area, San Patricio and Nueces Counties, Tex.	J. Ray McDermott & Co, Inc., et al., FPC GRS No. 8.	5	
			Supplement Nos. 1–8	5	1–8
			Notice of succession (undated).		
			Assignment 7–1–68 [1]	5	9

Filing code: A—Initial service.
B—Abandonment.
C—Amendment to add acreage.
D—Amendment to delete acreage.
E—Succession.
F—Partial succession.

See footnotes at end of table.

Docket No. and date filed	Applicant	Purchaser, field, and location	FPC rate schedule to be accepted		
			Description and date of document	No.	Supp.
G-17239 [1] E 8-12-68	TransOcean Oil, Inc. (Operator), et al. (successor to J. Ray McDermott & Co., Inc. (Operator), et al.).	Texas Eastern Transmission Corp., May Field, Kleberg County, Tex.	J. Ray McDermott & Co., Inc. (Operator), et al., FPC GRS No. 11.	8	
			Supplement Nos. 1-7	8	1-7
			Notice of succession (undated).		
			Assignment 7-1-68 [1]	8	8
CI60-172 E 1-13-69	Roy O. Davisson and Freeda M. Davisson (successor to Lawrence Jacob, II (Operator) et al.).	Equitable Gas Co., Freemans Creek District, Lewis County, W. Va.	Lawrence Jacob II (Operator), et al., FPC GRS No. 1.	2	
			Notice of succession 1-8-69.		
			Assignment 11-19-68	2	1
			Effective date: 12-10-68		
F CI62-1104 (CI66-290) C 1-21-69	Union Producing Co. (successor to Franks Petroleum (Operator) et al.).	United Gas Pipe Line Co., South Downsville Field, Lincoln Parish, La.	Assignment 5-24-68 [4]	248	7
			Effective date: 1-1-68		
CI63-1345 E 8-12-68	TransOcean Oil, Inc. (Operator) et al. (successor to J. Ray McDermott & Co., Inc. (Operator) et al.).	Trunkline Gas Co., Heard Field, Bee County, Tex.	J. Ray McDermott & Co., Inc. (Operator) et al., FPC GRS No. 16.	11	
			Supplement No. 1	11	1
			Notice of succession (undated).		
			Assignment 7-1-68 [1]	11	2
CI63-2 E 7-25-68	Progress Petroleum, Inc. (Operator) (successor to L. J. Oustott d.b.a. Progress Petroleum Products (Operator)).	Lone Star Gas Co., Vogtsberger Field, Archer County, Tex.	L. J. Oustott d.b.a. Progress Petroleum Products (Operator), FPC GRS No. 1.	2	
			Supplement Nos. 1-2	2	1-2
			Notice of succession 7-22-68.		
			Assignment 6-16-65	2	3
			Effective date: 6-16-65		
CI63-1000 D 2-7-69	Humble Oil & Refining Co.	Arkansas Louisiana Gas Co., Lacey Area, Kingfisher County, Okla.	Assignment 8-22-68 [7] [4]	332	8
CI64-175 C 1-15-69 [4] [13]	Pan American Petroleum Corp. (Operator) et al.	El Paso Natural Gas Co., Basin Dakota Field, San Juan and Rio Arriba Counties, N. Mex.	Letter agreement 12-17-68 [11]	363	25
CI64-1506 C 1-15-69 [4] [13]	do	El Paso Natural Gas Co., Gallup Field, San Juan County, N. Mex.	Supplemental Agreement 12-17-68 [11]	397	5
CI65-453 (CS69-31) D [13]	Atlantic Richfield Co. (Operator) et al.	Northern Natural Gas Co., acreage in Crockett County, Tex.	([12] [5])	290	
CI66-617 E 1-27-69	Phillips Petroleum Co. (successor to Humble Oil & Refining Co.).	Arkansas Louisiana Gas Co., Fouke Field, Miller County, Ark.	Humble Oil & Refining Co., FPC GRS No. 289.	464	
			Supplement No. 1	464	1
			Notice of succession 1-10-69.		
			Assignment 1-31-69 [4]	464	2
			Effective date: 2-1-69		
F CI66-1262 (G-14612) C 12-16-68	Barnwell Production Co. (Operator) et al.	Arkansas Louisiana Gas Co., Excelsior Field, Marion County, Tex.	Amendment 12-11-68 [13]	14	4
CI66-1330 9-15-66 [14] E 1-27-69	Phillips Petroleum Co. (Operator) et al. (successor to Humble Oil & Refining Co. (Operator) et al.).	United Fuel Gas Co., Longview Field, Franklin Parish, La.	Humble Oil & Refining Co. (Operator) et al., FPC GRS No. 400.	465	
			Notice of succession 1-10-69.		
			Assignment 1-31-69 [4]	465	1
			Effective date: 2-1-69		

See footnotes at end of table.

Docket No. and date filed	Applicant	Purchaser, field, and location	FPC rate schedule to be accepted		
			Description and date of document	No.	Supp.
CI67-286 C 2-5-69 [11] [13]	Monsanto Co. (Operator) et al.	Arkansas Louisiana Gas Co., Arkoma Area, Le Flore County, Okla.	Supplemental agreement 12-26-68 [11]	85	4
CI67-1795 C 3-6-68 [10] [13]	Southwest Oil Industries, Inc.	Northern Natural Gas Co., Fincham Field, Meade County, Kans.	Agreement 11-9-67 [11]	8	2
CI68-105 E 1-30-69	Western Oil & Minerals Corp. (successor to Intermountain Petroleum Corp.).	E. Paso Natural Gas Co., South Blanco Pictured Cliffs Field, Rio Arriba County, N. Mex.	Intermountain Petroleum Corp., FPC GRS No. 2.	2	
			Supplement Nos. 1-2	2	1-2
			Notice of succession		
			Assignment 10-28-68	2	3
			Effective date: 11-1-68		
CI68-909 C 11-25-68 [10]	L. O. Ward (Operator and Agent) et al.	Arkansas Louisiana Gas Co., Enid Area, Garfield County, Okla.	Supplemental agreement 7-15-68.	1	20
			Compliance 1-27-69 [11] [17]	1	21
CI68-1243 (G-8815) B 4-25-68	Burk Royalty Co. (Operator) et al.	Lone Star Gas Co., Sherman North Field, Grayson County, Tex.	Notice of cancellation 4-23-68 [3] [18]	1	4
CI68-1444 (G-12750) F 6-20-68	Southwest Oil Industries, Inc. (successor to Helmerich & Payne, Inc.).	Colorado Interstate Gas Co., a division of Colorado Interstate Corp., Mocane Laverne Field, Beaver County, Okla.	Contract 4-17-57 [11]	12	
			Supplement 6-11-59	12	1
			Supplemental agreement 7-20-59.	12	2
			Supplement 5-22-62	12	3
			Assignment 2-29-68 [19]	12	4
			Effective date: 2-29-68		
CI68-1446 (G-12578) F 6-20-68 8-14-68 [13]	Southwest Oil Industries, Inc. (successor to Marathon Oil Co.).	do	Contract 4-8-57 [11]	14	
			Letter agreement 4-9-57	14	1
			Supplemental agreement 6-9-59.	14	2
			Assignment 2-15-68 [13]	14	3
			Effective date: 2-15-68		
CI68-1447 (G-18748) F 6-20-68 as amended 8-14-68	Southwest Oil Industries, Inc. (successor to Sinclair Oil Corp.).	El Paso Natural Gas Co., Mocane Laverne Field, Beaver County, Okla.	Contract 3-26-59 [11]	15	
			Supplemental agreement 4-25-61.	15	1
			Supplemental agreement 11-15-62.	15	2
			Supplemental agreement 11-19-62.	15	3
			Letter agreement 3-19-63	15	4
			Supplemental agreement 6-17-63.	15	5
			Supplemental agreement 10-25-65.	15	6
			Assignment 2-14-68 [11]	15	7
			Letter agreement 8-7-68 [11] [20]	15	8
CI69-228 C 2-3-69 [15]	Gulf Oil Corp.	Transwestern Pipeline Co., North Gruver Field, Hansford County, Tex.	Amendment 1-9-69 [11]	401	1
CI69-301 A 9-20-68	Amerada Petroleum Corp. (Operator). [17]	Northern Natural Gas Co., Seminole Field, Gaines County, Tex.	Contract 8-5-68 [11]	151	
CI69-522 A 11-22-68 [11]	Union Producing Co. [13]	United Gas Pipe Line Co., Pettus (Vicksburg) 2900 Field, Bee County, Tex.	Contract 11-11-68 [11] [21]	270	
CI69-638 A 1-13-69	Mobil Oil Corp. [21]	Transwestern Pipeline Co., Rock Tank (Morrow) Field, Eddy County, N. Mex.	Contract 12-11-68 [11]	448	
CI69-639 (CI67-851) F 1-10-69	Cabot Corp. (SW), (successor to Pan American Petroleum Corp).	El Paso Natural Gas Co., Gomez (Ellenburger) Field, Pecos County, Tex.	Contract 12-5-66 [11]	96	
			Letter agreement 12-5-66.	96	1
			Assignment 12-16-67 [11]	96	2
			Effective date: 11-27-68		
CI69-695 A 1-23-69 [22]	Robert J. Riedel et al., d.b.a. R & R Lease Service.	Panhandle Eastern Pipe Line Co., acreage in Seward County, Kans.	Contract 12-24-68 [11]	2	

Docket No. and date filed	Applicant	Purchaser, field, and location	FPC rate schedule to be accepted: Description and date of document	No.	Supp.
CI69-696 (G-4555) F 1-27-69	Phillips Petroleum Co. (successor to Humble Oil & Refining Co.).	Arkansas Louisiana Gas Co., Ivan Field, Bossier and Webster Parishes, La.	Contract 3-10-54 [3]	467	
			Agreement 3-10-54	467	1
			Letter agreement 4-15-54.	467	2
			Letter agreement 11-8-54.	467	3
			Agreement 2-4-55	467	4
			Letter agreement 8-15-58.	467	5
			Letter 12-29-58	467	6
			Letter 9-22-59	467	7
			Letter agreement 10-30-62.	467	8
			Letter agreement 4-1-65.	467	9
			Letter 9-23-65	467	10
			Assignment 1-31-69 [4]	467	11
			Effective date: 2-1-69		
CI69-697 (G-10236) F 1-27-69	do	Louisiana Nevada Transit Co., Red Rock and East Red Rock Fields, Webster Parish, La.	Contract 12-30-55 [3]	458	
			Amendment 5-3-56	458	1
			Agreement 12-22-59	458	2
			Amendment 12-31-65	458	3
			Assignment 1-31-69 [4]	458	4
			Effective date: 2-1-69		
CI69-698 (G-18289) F 1-27-69	do	Texas Gas Transmission Corp., Red Rock, North Shongaloo and Carterville Fields, Webster and Claiborne Parishes, La.	Contract 1-27-69 [3]	460	
			Letter agreement 1-22-59	460	1
			Letter agreement 12-4-59	460	2
			Letter agreement 12-17-59	460	3
			Supplemental agreement 2-24-60	460	4
			Assignment 1-31-69 [4]	460	5
			Effective date: 2-1-69		
CI69-699 (G-18290) F 1-27-69	do	Texas Gas Transmission Corp., Red Rock and North Shongaloo Fields, Webster Parish, La.	Contract 1-27-69 [3]	461	
			Letter agreement 1-22-59	461	1
			Letter agreement 12-17-59	461	2
			Letter agreement 11-22-60	461	3
			Assignment 1-31-69 [4]	461	4
			Effective date: 2-1-69		
CI69-700 (G-18291) F 1-27-69	do	do	Contract 1-27-69 [3]	462	
			Letter agreement 1-22-59	462	1
			Letter agreement 12-17-59	462	2
			Assignment 1-31-69 [4]	462	3
			Effective date: 2-1-69		
CI69-701 (G-11378) F 1-27-69	do	Arkansas Louisiana Gas Co., Ada Field, Webster Parish, La.	Contract 12-29-65 [3]	463	
			Assignment 1-31-69 [4]	463	1
			Effective date: 2-1-69		
CI69-702 A 1-21-69 [3]	Midwest Oil Corp.	Kansas-Nebraska Natural Gas Co., Inc., Red Lion Area, Sedgwick County, Colo.	Ratified 10-20-68	53	
			Contract 7-19-68 [3]	5	
CI69-704 (CI64-998) F 1-24-69	Farmers Royalty Pool and Robert J. Wagner (successor to Tenneco Oil Co.).	Lone Star Gas Co., Katie Field, Garvin County, Okla.	Contract 3-11-58 [3]	1	
			Assignment 10-21-68 [6]	1	1
			Assignment 12-6-68 [6]	1	2
			Effective date: 11-1-68.		
CI69-705 (G-13301) B 1-27-69	Continental Oil Co.	Southern Natural Gas Co. Loisel Field, St. Mary and Iberia Parishes, La.	Notice of cancellation 1-23-69. [7] [8]	132	4
CI69-706 (CI62-804) F 1-21-69	Eastern Exploration and Development (successor to Robert B. Stallworth, Jr., d.b.a. Dominion Oil & Gas Co.	Consolidated Gas Supply Corp., Salt Lick District, Braxton County, W. Va.	Contract 12-7-61 [6]	1	
			Assignment 1-16-62 [6]	1	1
			Assignment 10-22-63 [6]	1	2
			Assignment 10-22-63 [6]	1	3
			Assignment 3-14-67 [6]	1	4
			Effective date: 3-14-67.		
(CI62-836) [6]	Robert B. Stallworth, Jr., d.b.a. Dominion Oil & Gas Co.	do	Assignment 1-16-62 [5] [6]	5	1
CI69-707 (CI63-214) B 1-30-69	Federal Oil & Gas Co. [9]	Equitable Gas Co., Glenville District, Gilmer County, W. Va.	Notice of cancellation 1-29-69. [5] [8]	[9] 1	1
CI69-711 A 1-30-69 [3]	J. M. Huber Corp.	Natural Gas Pipeline Co. of America, acreage in Woodward County, Okla.	Contract 9-16-68 [3]	83	

See footnotes at end of table.

Docket No. and date filed	Applicant	Purchaser, field, and location	FPC rate schedule to be accepted: Description and date of document	No.	Supp.
CI69-713 (G-20290) B 1-31-69	Amerada Petroleum Corp. (Operator) et al.	Florida Gas Transmission Co. Port Allen Field, West Baton Rouge Parish, La.	Notice of cancellation 1-29-69. [5] [8]	[9] 86	4
CI69-714 A 1-31-69 [3]	C. L. Kingsbury et al.	United Fuel Gas Co., Center District, Gilmer County, W. Va.	Contract 12-16-68 [3]	12	
CI69-720 A 1-30-69 [3] (CI60-138)	Signal Oil & Gas Co.	Lone Star Gas Co., West Marlow Field, Stephens County, Okla.	Contract 10-19-59 [3]	18	
			Contract 8-29-60 [3]	18	1
			Contract (Undated) [3] [3]	18	2
CI69-721 A 2-3-69 [3]	Sohio Petroleum Co. (Operator) et al.	Northern Natural Gas Co., Northwest Camrick Field, Texas County, Okla.	Contract 1-14-69 [3]	149	
CI69-723 (G-15430) B 2-3-69	General American Oil Co. of Texas.	West Lake Natural Gasoline Co., West Lake Trammel Pool, Nolan County, Tex.	Notice of cancellation 10-69. [5] [8]	[9] 27	5
CI69-725 A 2-4-69 [3]	Cecil Meadows et al., d.b.a. Cecil Meadows Enterprises et al.	Consolidated Gas Supply Corp., Glenville District, Gilmer County, W. Va.	Contract 10-14-68 [3]	12	
CI69-726 A 2-4-69 [3]	Troy A. Brady, Jr. et al., d.b.a. Talkington-Brady et al.	Consolidated Gas Supply Corp., Meade District, Upshur County, W. Va.	Contract 9-18-68 [3]	1	
CI69-730 (G-20586) B 2-5-69	Amerada Petroleum Corp.	Texas Eastern Transmission Corp., Willow Springs Field, Gregg County, Tex.	Notice of cancellation 2-3-69. [5] [8]	[9] 87	6
CI69-731 A 2-5-69 [3]	Russell V. Johnson, Jr.	Natural Gas Pipeline Co. of America, South Sayre Area, Beckham County, Okla.	Contract 10-23-68 [3]	4	

[1] Summary of assignment from McDermott to TransOcean; complete copy in Docket No. G-7110.
[2] From Kewanee Oil Co. to Okey F. Householder.
[3] From Okey F. Householder, et ux. to Eastern Exploration & Development.
[4] Assigns interest from Humble Oil & Refining Co. to Phillips Petroleum Co.
[5] Temporary certificate issued Apr. 29, 1959, authorized McDermott to continue the sale previously rendered by Heep Oil Corp. A permanent certificate is being granted herein to TransOcean to continue the sale.
[6] From John Franks et al., to Union Producing Co. Reflects conversion by Union of a certain overriding royalty interest to 3/4ths working interest. Acreage is dedicated under a contract dated Feb. 13, 1962; on file as Union's FPC GRS No. 248 and also as Atoka, Inc., et al., FPC GRS No. 2 (formerly Franks Petroleum (Operator) et al., FPC GRS No. 5).
[7] From Humble to Harper Oil Co.; Harper assigned subject interest to Cities Service Oil Co. who by letter dated Jan. 27, 1969, stated that it would be uneconomical to connect the well.
[8] Effective date: Date of this order.
[9] By letter filed Feb. 6, 1969, Applicant amended its application to reflect a total initial rate of 13 cents per Mcf in lieu of 14 cents.
[10] Jan. 1, 1970, moratorium pursuant to the Commission's statement of general policy No. 61-1, as amended.
[11] Effective date: Date of initial delivery (Applicant shall advise the Commission as to such date).
[12] No certificate filing made or necessary. Deletes acreage assigned to Major, Giebel & Foster, which has a small producer certificate in Docket No. CS69-31.
[13] Dedicates to Applicant's basic contract acreage acquired from Arkla Exploration Co. et al., subject to Arkla's FPC GRS No. 10 (assignment dated Dec. 6, 1968 between Arkla Exploration Co. et al., and Barnwell Production Co. also submitted).
[14] Interest statement filed Sept. 15, 1966, was noticed as a petition to amend the certificate in Docket No. CI66-1330; no certificate action is necessary on said filing.
[15] Amendment is also to include interest of nonoperators.
[16] Application amended Feb. 12, 1969, eliminating certain acreage from certificate application which is not dedicated to the agreement of Nov. 9, 1967 (SW¼ and S½ of NW¼ Sec. 33, T. 34 S., R. 27 W.).
[17] Accepts conditioned temporary certificate dated Jan. 24, 1969; waives all rights to price increase under paragraph (2) of letter agreement dated Sept. 5, 1967 (Supp. No. 2 to FPC GRS No. 1).
[18] Buyer states that the well involved no longer has sufficient pressure to enter pipeline and has released acreage from contract.
[19] Also on file as Helmerich & Payne, Inc. (Operator) et al., FPC GRS No. 23.
[20] Helmerich & Payne, Inc., assigns acreage to Applicant.
[21] Amendment to the application filed to reflect a total initial rate of 17.015 cents per Mcf in lieu of 17 cents per Mcf.
[22] Also on file as Marathon Oil Co. FPC GRS No. 33.
[23] Marathon Oil Co. assigns acreage to Applicant.
[24] Also on file as Sinclair Oil Corp. (formerly Sinclair Oil & Gas Co.) (Operator) et al., FPC GRS No. 189.
[25] Sinclair assigns acreage to Applicant.

[28] Provides for 5-year makeup period for gas paid for but not taken in compliance with Commission Order Nos. 334 and 334-A.
[29] By letter filed Oct. 24, 1968 (dated Oct. 16, 1968), Applicant agreed to accept a permanent certificate containing conditions imposed by Opinion No. 468, as modified by Opinion No. 468-A.
[30] By letter dated Jan. 27, 1969, Applicant indicated its willingness to accept a permanent certificate conditioned to a total initial rate of 16 cents per Mcf with a refund condition down to a floor of 14 cents of amounts collected in excess of the just and reasonable rate determined in Docket No. AR64-2. Applicant indicated its willingness to accept a certificate limiting buyer's take-or-pay obligation to a quantity based on a 1 to 7,300 reserves ratio and to make the issue of transportation of liquefiable hydrocarbons subject to the rule making proceedings in Docket No. R-338.
[31] Dedicates acreage to a depth limitation of 5,000 feet. Take-or-pay obligation is lesser of (a) ¾ of capacity (b) 2,000 Mcf/well or (c) 4,000 Mcf/day.
[32] Applicant has stated willingness to accept a permanent certificate conditioned as Opinion No. 468, as modified by Opinion No. 468-A.
[33] Presently on file as Pan American Petroleum Corp. FPC GRS No. 494.
[34] Partial assignment of acreage from Pan American. Cabot states that the assignment was effective Nov. 27, 1968.
[35] On file as Humble Oil & Refining Co. FPC GRS No. 185.
[36] On file as Humble Oil & Refining Co. FPC GRS No. 195.
[37] On file as Humble Oil & Refining Co. FPC GRS No. 223.
[38] On file as Humble Oil & Refining Co. FPC GRS No. 224.
[39] On file as Humble Oil & Refining Co. FPC GRS No. 225.
[40] On file as Humble Oil & Refining Co. FPC GRS No. 388.
[41] Currently on file as Tenneco Oil Co. (Operator) et al., FPC GRS No. 40.
[42] Assigns acreage from Tenneco Oil Co. et al., to Robert J. Wagner.
[43] Assigns ¾ interest of Robert J. Wagner to Farmers Royalty Pool.
[44] Source of gas depleted.
[45] Between Dominion Oil & Gas Co., as seller and Hope Natural Gas. Co. (now Consolidated), as buyer; also on file as Robert B. Stallworth, Jr., d.b.a. Dominion Oil & Gas Co. FPC GRS No. 5.
[46] From Robert B. Stallworth, Jr., d.b.a. Dominion Oil & Gas Co. to William E. Allen (Lease No. 581—120 acres).
[47] From Allen to Fred Fitzgerald by virtue of Court Decree.
[48] From Fitzgerald, et ux., to Okey F. Householder.
[49] From Householder, et ux., to Eastern Exploration and Development.
[50] No certificate filing made or necessary; only the related rate filing is being accepted for filing.
[51] The application is filed by Federal Oil & Gas Co., as successor to the interest of F. W. Fest. The certificate and rate schedule are still under the name of F. W. Fest.
[52] Production of gas no longer economically feasible.
[53] Rate of 20.75 cents effective subject to refund in Docket No. RI62-508.
[54] Applicant is filing for certificate to cover its own interest previously covered by the certificate issued to Irl A. Nichols in Docket No. CI60-138.
[55] On file as Irl A. Nichols FPC GRS No. 1.
[56] Adopts Oct. 19, 1959, contract to cover Applicant's interest.
[57] Establishes that a 50 percent working interest has reverted to and vested in Applicant.
[58] Rate of 9 cents effective subject to refund in Docket No. RI65-79.
[59] Rate of 15.6 cents effective subject to refund in Docket No. RI65-334.

Suggested General Undertaking in Accordance With Order No. 377:

BEFORE THE FEDERAL POWER COMMISSION

(Name of Respondent _____)

GENERAL UNDERTAKING OF (NAME OF RESPONDENT) TO COMPLY WITH REFUNDING AND REPORTING PROVISIONS OF SECTION 154.102 OF THE COMMISSION'S REGULATIONS UNDER THE NATURAL GAS ACT

(Name of Respondent) hereby agrees to comply with the refunding and reporting provisions of section 154.102 of the Commission's regulations under the Natural Gas Act insofar as they are applicable to any present and future rate increases suspended under section 4(e) of the Natural Gas Act and collected subject to refund thereunder and has caused this undertaking to be executed and sealed in its name by a duly authorized officer this _____ day of _____, 196__.

(Name of Respondent)
By _____

Attest:

_____

[F.R. Doc. 69-5310; Filed, May 6, 1969; 8:45 a.m.]

[Docket No. CP69-270]

NATURAL GAS PIPELINE COMPANY OF AMERICA

Notice of Application

APRIL 30, 1969.

Take notice that on April 16, 1969, Natural Gas Pipeline Company of America (Applicant), 122 South Michigan Avenue, Chicago, Ill. 60603, filed in Docket No. CP69-270 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction and operation of natural gas facilities for the sale and delivery of natural gas to Iowa Power and Light Co. (Iowa Power), an existing customer, for resale and distribution in the communities of Harvey, Attica, and Pershing in Marion County, Iowa, and Martensdale and St. Marys in Warren County, Iowa, all as more fully set forth in the subject application which is on file with the Commission and open to public inspection.

The application indicates that Iowa Power has requested Applicant to establish three new points of delivery in Marion and Warren Counties for the delivery of volumes of natural gas heretofore authorized by this Commission for sale by Applicant to Iowa Power. Applicant states that one proposed new delivery point is required to sell and deliver natural gas to Iowa Power for resale and distribution in Harvey, another for the communities of Attica and Pershing and the third for the cities of Martensdale and St. Marys. The proposed facilities for these new delivery points will consist of three tap connections and three measurement facilities.

The application shows that the total estimated cost of the proposed facilities is $57,100, which cost will be financed from funds on hand.

Any persons desiring to be heard or to make any protest with reference to said application should on or before May 26, 1969, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10) and the regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules.

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 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 is required by the public convenience and necessity. If a 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. 69-5404; Filed, May 6, 1969; 8:45 a.m.]

[Docket No. CP69-276]

PENNSYLVANIA GAS CO.

Notice of Application

APRIL 30, 1969.

Take notice that on April 22, 1969, Pennsylvania Gas Co. (Applicant), 213 Second Avenue, Warren, Pa. 16365, filed in Docket No. CP69-276 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction and operation of approximately 6.5 miles of 12-inch storage pipeline, all as more fully set forth in the subject application which is on file with the Commission and open to public inspection.

Specifically, Applicant proposes to install the 6.5-mile line from its Keelor Storage Pool to its Roystone Compressor Station. Applicant states that the new line is required to utilize fully the potential of Applicant's Keelor Storage Field in meeting extreme winter-day and seasonal requirements.

The application indicates that the total estimated cost of the proposed project is $325,000, which cost will be financed from available company funds and from funds to be obtained by the issuance of notes or stock or both to Applicant's parent corporation, National Fuel Gas Co.

Any persons desiring to be heard or to make any protest with reference to said application should on or before May 28, 1969, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10) and the regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding.

Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules.

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 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 is required by the public convenience and necessity. If a 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. 69-5405; Filed, May 6, 1969; 8:45 a.m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 1-3421]

CONTINENTAL VENDING MACHINE CORP.

Order Suspending Trading

MAY 1, 1969.

It appearing to the Securities and Exchange Commission that the summary suspension of trading in the common stock, 10 cents par value of Continental Vending Machine Corp., and the 6 percent convertible subordinated debentures due September 1, 1976, 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 May 2, 1969, through May 11, 1969, both dates inclusive.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F.R. Doc. 69-5410; Filed, May 6, 1969; 8:45 a.m.]

[File No. 1-4371]

WESTEC CORP.

Order Suspending Trading

MAY 1, 1969.

The common stock, 10 cents par value, of Westec Corp., being listed and registered on the American Stock Exchange pursuant to provisions of the Securities Exchange Act of 1934 and all other securities of Westec 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 May 2, 1969, through May 3, 1969, both dates inclusive.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F.R. Doc. 69-5411; Filed, May 6, 1969; 8:45 a.m.]

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area 705]

TEXAS

Declaration of Disaster Loan Area

Whereas, it has been reported that during the month of April 1969, because of the effects of certain disasters, damage resulted to residences and business property located in Collin County, Tex.;

Whereas, the Small Business Administration has investigated and has received other reports of investigations of conditions in the area affected;

Whereas, after reading and evaluating reports of such conditions, I find that the conditions in such area constitute a catastrophe within the purview of the Small Business Act, as amended.

Now, therefore, as Administrator of the Small Business Administration, I hereby determine that:

1. Applications for disaster loans under the provisions of section 7(b)(1) of the Small Business Act, as amended, may be received and considered by the office below indicated from persons or firms whose property, situated in the aforesaid county, and areas adjacent thereto, suffered damage or destruction resulting from tornado occurring on April 27, 1969.

OFFICE

Small Business Administration Regional Office, 411 North Akard Street, Dallas, Tex. 75201.

2. Applications for disaster loans under the authority of this declaration will not be accepted subsequent to October 31, 1969.

Dated: April 29, 1969.

HILARY SANDOVAL, JR.,
Administrator.

[F.R. Doc. 69-5435; Filed, May 6, 1969; 8:47 a.m.]

INTERSTATE COMMERCE COMMISSION

[Notice 549]

MOTOR CARRIER ALTERNATE ROUTE DEVIATION NOTICES

MAY 2, 1969.

The following letter-notices of proposals to operate over deviation routes for operating convenience only have been filed with the Interstate Commerce Commission, under the Commission's Deviation Rules Revised, 1957 (49 CFR 211.1(c)(8)) and notice thereof to all interested persons is hereby given as provided in such rules (49 CFR 211.1(d)(4)).

Protests against the use of any proposed deviation route herein described may be filed with the Interstate Commerce Commission in the manner and form provided in such rules (49 CFR 211.1(e)) at any time, but will not operate to stay commencement of the proposed operations unless filed within 30 days from the date of publication.

Successively filed letter-notices of the same carrier under the Commission's Deviation Rules Revised, 1957, will be numbered consecutively for convenience in identification and protests if any should refer to such letter-notices by number.

MOTOR CARRIERS OF PROPERTY

No. MC 104004 (Deviation No. 35), ASSOCIATED TRANSPORT, INC., 380 Madison Avenue, New York, N.Y. 10017, filed April 18, 1969. Carrier proposes to operate as a *common carrier*, by motor vehicle, of *general commodities*, with certain exceptions, over deviation routes as follows: (1) From Boston, Mass., over Interstate Highway 90 to Chicago, Ill.; (2) from New York, N.Y., over Interstate Highway 80 to Chicago, Ill.; (3) from junction Interstate Highways 90 and 84 (near Sturbridge, Mass.), over Interstate Highway 84 to Scranton, Pa.; (4) from New York, N.Y., over Interstate Highway 87 to Champlain, N.Y.; (5) from Detroit, Mich., over Interstate Highway 94 to junction Interstate Highway 80-90, thence over Interstate Highway 80-90, to Chicago, Ill.; and (6) from Fayetteville, N.C., over Interstate Highway 95 to Salisbury, Mass., and return over the

same routes, for operating convenience only. The notice indicates that the carrier is presently authorized to transport the same commodities, over pertinent service routes as follows: (1) From Boston, Mass., over U.S. Highway 20 to Springfield, Mass., thence over U.S. Highway 20 to Albany, N.Y., thence over New York Highway 5 via Scotia, N.Y., to Buffalo, N.Y., thence over New York Highway 5 to junction U.S. Highway 20, thence over U.S. Highway 20 to Ashtabula, Ohio, thence over unnumbered highway to junction Ohio Highway 45, thence over Ohio Highway 45 to junction Ohio Highway 84, thence over Ohio Highway 84 to junction Ohio Highway 85, thence over Ohio Highway 85 to Cleveland, Ohio (also from Ashtabula over U.S. Highway 20 to Cleveland), thence over U.S. Highway 20 to junction unnumbered highway, thence over unnumbered highway via Fremont, Ohio, to U.S. Highway 20, thence over U.S. Highway 20 to junction Ohio Highway 51, thence over Ohio Highway 51 to Toledo, Ohio, thence over Ohio Highway 120 to junction U.S. Highway 20, thence over U.S. Highway 20 to Chicago, Ill.;

(2) From New York, N.Y., over city streets to Jersey City, N.J., thence over U.S. Highway 1 to Newark, N.J., thence over New Jersey Highway 23 to junction U.S. Highway 46, thence over U.S. Highway 46 to Portland, Pa., thence over U.S. Highway 611 to Scranton, Pa., thence over U.S. Highway 11 to Binghamton, N.Y., thence over New York Highway 17 to Elmira, N.Y., thence over New York Highway 17E to Big Flats, N.Y., thence over New York Highway 17 to junction unnumbered highway, thence over unnumbered highway to the New York-Pensylvania State line, thence over unnumbered highway to Elkland, Pa., thence over Pennsylvania Highway 49 to Westfield, Pa., thence over Pennsylvania Highway 349 to Gaines, Pa., thence over U.S. Highway 6 via Coudersport, Pa., to Kane, Pa. (also from Elmira, N.Y., over New York Highway 328 to the New York-Pennsylvania State line, thence over Pensylvania Highway 328 to junction U.S. Highway 15, thence over U.S. Highway 15 to Mansfield, Pa., thence over U.S. Highway 6 to junction Pennsylvania Highway 446, thence over U.S. Highway 6 to Kane, Pa.), thence over U.S. Highway 6 via Sheffield, Clarendon, and Warren, Pa., to Union City, Pa., thence over Pennsylvania Highway 97 to Erie, Pa. (also from Union City, over Pennsylvania Highway 97 to junction U.S. Highway 19, thence over U.S. Highway 19 to Erie), (also from Elmira, N.Y., over New York Highway 17E to Big Flats, N.Y., thence over New York Highway 17 via Olean to Jamestown, N.Y., thence to Erie, Pa., as specified), thence over U.S. Highway 20 to Ashtabula, Ohio, thence over the route described in (1) above to Chicago, Ill.;

(3) From junction Interstate Highway 90 and Massachusetts Highway 15 near Sturbridge, Mass., over Massachusetts Highway 15 to the Massachusetts-Connecticut State line, thence over Connecticut Highway 15 to junction Connecticut Highway 19, thence over Connecticut Highway 19 via Stafford Springs, Conn., to West Stafford, Conn., thence over Connecticut Highway 30 to junction Connecticut Highway 15, thence over Connecticut Highway 15 to Hartford, Conn., thence over U.S. Highway 6 (also Connecticut Highway 4) to junction U.S. Highway 202, thence over U.S. Highway 202 to Mill Plain, Conn., thence over U.S. Highway 6 to junction U.S. Highway 9 (also over U.S. Highway 6 to junction New York Highway 52, thence over New York Highway 52 to junction U.S. Highway 9) (also over U.S. 6 to junction New York Highway 301, thence over New York Highway 301 to junction U.S. Highway 9), thence over U.S. Highway 6 to junction U.S. Highway 9W, thence over U.S. Highway 9W to junction New York Highway 32, thence over New York Highway 32 to junction U.S. Highway 6, thence over U.S. Highway 6 to junction New York Highway 17, thence over New York Highway 17 to Suffern, N.Y., thence over U.S. Highway 202 to junction New Jersey Highway 23, thence over New Jersey Highway 23 to junction U.S. Highway 46, thence over U.S. Highway 46 to junction U.S. Highway 611, thence over U.S. Highway 611 to Scranton, Pa. (also from junction U.S. Highway 6 and New York Highway 17 over U.S. Highway 6 to Scranton, Pa.); (4) from New York, N.Y., over U.S. Highway 9 (also U.S. Highway 9W to Albany, N.Y., thence over U.S. Highway 9 to Chazy, N.Y., thence over New York Highway 348 to Champlain, N.Y.; (5) from Detroit, Mich., over U.S. Highway 25 to Toledo, Ohio, thence over Ohio Highway 120 to junction U.S. Highway 20, thence over U.S. Highway 20 to Chicago, Ill.; and (6) from Fayetteville, N.C., over U.S. Highway 401 to Raleigh, N.C., thence over U.S. Highway 1 to New York, N.Y., thence over U.S. Highway 1 to New Haven, Conn., thence over Alternate U.S. Highway 1 and U.S. Highway 1 via Boston, Mass., to Salisbury, Mass., and return over the same routes.

No. MC 108461 (Deviation No. 5), WHITFIELD TRANSPORTATION, INC., Post Office Drawer 9897, El Paso, Tex. 79989, filed April 21, 1969. Carrier proposes to operate as a *common carrier*, by motor vehicle, of *general commodities*, with certain exceptions, over a deviation route as follows: From Fort Sumner, N. Mex., over U.S. Highway 84 to junction U.S. Highway 66, 3 miles east of Santa Rosa, N. Mex., thence over U.S. Highway 66 to Clines Corner, N. Mex., and return over the same route, for operating convenience only. The notice indicates that the carrier is presently authorized to transport the same commodities, over a pertinent service route as follows: From Dallas, Tex., over the Dallas-Fort Worth Turnpike to Fort Worth, Tex., thence over U.S. Highway 180 to Snyder, Tex., thence over U.S. Highway 84 via Post, Tex., to Fort Sumner, N. Mex., thence over U.S. Highway 60 to Encino, N. Mex., thence over U.S. Highway 285 to Clines Corner, N. Mex., thence over U.S. Highway 66 to Albuquerque, N. Mex., and return over the same route.

MOTOR CARRIERS OF PASSENGERS

No. MC 1515 (Deviation No. 521) (Cancels Deviation Nos. 397 and 465), GREYHOUND LINES, INC. (Eastern Division), 1400 West Third Street, Cleveland, Ohio 44113, filed April 24, 1969. Carrier proposes to operate as a *common carrier*, by motor vehicle, of *passengers and their baggage, and express and newspapers* in the same vehicle with passengers, over a deviation route as follows: From Cincinnati, Ohio, over Interstate Highway 71 to Louisville, Ky., with the following access routes: (1) From Carrollton, Ky., over U.S. Highway 227 to junction Interstate Highway 71; and (2) from junction U.S. Highway 42 and Interstate Highway 264, just northeast of Louisville, Ky., over Interstate Highway 264 to junction U.S. Highway 42, and return over the same routes, for operating convenience only. The notice indicates that the carrier is presently authorized to transport passengers and the same property, over pertinent service routes as follows: (1) From Louisville, Ky., over unnumbered highway (formerly old U.S. Highway 42) via Harrods Creek to junction U.S. Highway 42 near Prospect, Ky., thence over U.S. Highway 42 via Carrollton, Ky., to Cincinnati, Ohio; and (2) from Louisville, Ky., over new U.S. Highway 42 to Prospect, Ky., and return over the same routes.

By the Commission.

[SEAL] H. NEIL GARSON, *Secretary.*

[F.R. Doc. 69-5437; Filed, May 6, 1969; 8:47 a.m.]

[Notice 1291]

MOTOR CARRIER APPLICATIONS AND CERTAIN OTHER PROCEEDINGS

MAY 2, 1969.

The following publications are governed by the new Special Rule 1.247 of the Commission's rules of practice, published in the FEDERAL REGISTER, issue of December 3, 1963, which became effective January 1, 1964.

The publications hereinafter set forth reflect the scope of the applications as filed by applicant, 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.

APPLICATIONS ASSIGNED FOR ORAL HEARING

MOTOR CARRIERS OF PROPERTY

No. MC 64932 (Sub-No. 472) filed April 14, 1969, published in FEDERAL REGISTER issue of May 1, 1969, and republished this issue. 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: *Plastic materials, plastic pellets, granules, and cubes*, in bulk, in tank or hopper type vehicles, from Henry, Ill., to points in Arkansas, Connecticut, Indiana, Iowa, Kansas, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, Vermont, and Wisconsin. NOTE: Applicant states it does not intend to tack, and is apparently willing to accept a restriction against tacking if warranted. The purpose of this republication is to reflect the hearing information.

HEARING: May 15, 1969, in Room 1630, U.S. Courthouse and Federal Office Building, 219 South Dearborn Street, Chicago, Ill., before Examiner Joseph T. Fittipaldi.

No. MC 111401 (Sub-No. 277), filed April 17, 1969. Applicant: GROENDYKE TRANSPORT, INC., 2510 Rock Island Boulevard, Enid, Okla. 73701. Applicant's representative: Alvin L. Hamilton (same address as applicant). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Chemicals*, in bulk, from Memphis, Tenn., to points in Alabama, Arkansas, Georgia, Illinois, Kentucky, Louisiana, Mississippi, Missouri, New Jersey, Pennsylvania, Tennessee, Texas, and Wisconsin. NOTE: Applicant states it does not intend to tack, and is apparently willing to accept a restriction against tacking if warranted.

HEARING: May 26, 1969, in Room 978, Federal Office Building, 167 North Main Street, Memphis, Tenn., before Examiner Kenneth A. Jennings.

No. 114019 (Sub-No. 194), filed April 25, 1969. Applicant: MIDWEST EMERY FREIGHT SYSTEM, INC., 7000 South Pulaski Road, Chicago, Ill. 60629. 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) *Building materials and composition boards, and articles used or useful in the installation thereof* (except commodities in bulk); (a) from Carteret and Edgewater, N.J., Philadelphia and Pittston, Pa., and New York, N.Y., to points in Tennessee, West Virginia, Kentucky, Ohio, Mississippi, Alabama, Arkansas, Indiana, Michigan, Illinois, and Louisiana; (b) from Sunbury, Pa., to points in Mississippi, Alabama, Arkansas, Indiana, Michigan, Illinois, and Louisiana; (2) *composition boards and articles* used or useful in the installation thereof (except commodities in bulk), from Deposit, N.Y., to points in Indiana and Michigan; and (3) *returned shipments*, from the destination States named in (1) and (2) above to the origin points named in (1) and (2) above. NOTE: Applicant states it does not intend to tack, and is apparently willing to accept a restriction against tacking, if warranted. Common control may be involved.

HEARING: May 14, 1969, at the Offices of the Interstate Commerce Commission, Washington, D.C., before an examiner to be later designated.

No. MC 118831 (Sub-No. 63), filed April 18, 1969. Applicant: CENTRAL TRANSPORT, INCORPORATED, Post Office Box 5044, High Point, N.C. 27262. Applicants' representative: E. Stephen Heisley, Suite 705, 666 11th Street NW., Washington, D.C. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Chemicals*, in bulk, from Memphis, Tenn., and West Memphis, Ark., to points in Alabama, Arkansas, Georgia, Illinois, Kentucky, Louisiana, Mississippi, Missouri, New Jersey, Pennsylvania, Tennessee, Texas, and Wisconsin. NOTE: Applicant indicates tacking at points in South Carolina to serve points in North Carolina and other States. Applicant also indicates duplicating authority with its Sub 16. All such duplicating authority shall be surrendered.

HEARING: May 26, 1969, in Room 978, Federal Office Building, 167 North Main Street, Memphis, Tenn., before Examiner Kenneth A. Jennings.

No. MC 124078 (Sub-No. 376 (Republication) filed April 1, 1969, published in the FEDERAL REGISTER of April 24, 1969, and republished this issue. Applicant: SCHWERMAN TRUCKING CO., 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: *Chemicals*, in bulk, from Memphis, Tenn., and West Memphis, Ark., to points in Alabama, Arkansas, Georgia, Illinois, Kentucky, Louisiana, Mississippi, New Jersey, Tennessee, and Texas. NOTE: Applicant states it does not intend to tack and apparently is willing to accept a restriction against tacking if warranted. NOTE: This republication is to reflect the hearing information.

HEARING: May 26, 1969, in Room 978, Federal Office Building, 167 North Main Street, Memphis, Tenn., before Examiner Kenneth A. Jennings.

No. MC 808 (Sub-No. 40) (Republication) filed October 23, 1968, published FEDERAL REGISTER issue of November 14, 1968, and republished this issue. Applicant: ANCHOR MOTOR FREIGHT, INC., 21111 Chagrin Boulevard, Cleveland, Ohio 44122. Applicant's representative: J. A. Kundtz, 1050 Union Commerce Building, Cleveland, Ohio 44115. By application filed October 23, 1968, applicant seeks a permit authorizing operations in interstate or foreign commerce, as a contract carrier by motor vehicle, over irregular routes, of automobiles and trucks, in secondary movements, in driveaway and truckaway service, between points in Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, and Mississippi. An order of the Commission, Operating Rights Board, dated April 17, 1969, and served April 28, 1969, finds that operation by applicant, in interstate or foreign commerce, as a *contract carrier* by motor vehicle, over irregular routes, *of automobiles and trucks*, in secondary movements, in driveaway and truckaway service, between points in Georgia, Florida, Alabama, Mississippi, Maine, Vermont, New Hampshire, New York, Connecticut, Rhode Island, Massachusetts, Pennsylvania, New Jersey, Delaware, Maryland, Virginia, West Virginia, Ohio, Indiana, Illinois, Michigan, Kentucky, Tennessee, North Carolina, South Carolina, and the District of Columbia, under a continuing contract with General Motors Corp. will be consistent with the public interest and the national transportation policy; that applicant is fit, willing, and able properly to perform such service and to conform to the requirements of the Interstate Commerce Act and the Commission's rules and regulation thereunder. Because it is possible that other persons, who have relied upon the notice of the application as published, may have an interest in and would be prejudiced by the lack of proper notice of the authority described in the findings in this order, a notice of the authority actually granted will be published in the FEDERAL REGISTER and issuance of a permit in this proceeding will be withheld for a period of 30 days from the date of such publication, during which period any proper party in interest may file a petition to reopen or for other appropriate relief setting forth in detail the precise manner in which it has been so prejudiced.

No. MC 118282 (Sub-No. 24) (Republication), filed April 14, 1969, published in FEDERAL REGISTER, issue of April 30, 1969, and republished this issue. Applicant: JOHNNY BROWN'S, INC., 6801 Northwest 74th Avenue, Miami, Fla. 33166. Applicant's representative: Archie B. Culbreth, 1273 West Peachtree Street NE., Atlanta, Ga. 30309. Notice of filing of this application was published in the FEDERAL REGISTER of April 30, 1969, and included therein was a provision setting the application for hearing on May 12, 1969, through May 29, 1969, at Los Angeles, Calif. The purpose of this republication is to postpone the hearing in this proceeding to a time and place to be hereafter fixed. Protests should be filed within 30 days from the date of this publication.

NOTICES OF FILING OF PETITIONS

Nos. MC 2862, MC 23939 (Sub 1, 2, and 3), MC 42487 (Sub-No. 302), MC 730 (Sub-No. 52), MC 88161, and MC 110252 and (Sub-No. 12) (Notice of Filing of Petition To Modify Certificates), filed April 1, 1969. Petitioners: ARROW TRANSPORTATION COMPANY OF DELAWARE, doing business as ARROW TRANSPORTATION COMPANY, Umatilla, Oreg. ASBURY TRANSPORTATION CO., Umatilla, Oreg. CONSOLIDATED FREIGHTWAYS CORPORATION OF DELAWARE, Umatilla, Oreg. PACIFIC INTERMOUNTAIN EXPRESS CO., Umatilla, Oreg. INLAND TRANSPORTATION CO., INC., Umatilla, Oreg. JAMES J. WILLIAMS, INC., Umatilla, Oreg. Petitioner's representative: William B. Adams, 624 Pacific Building, Portland, Oreg. 97204. The above-named petitioners petition the Commission to modify and extend their

respective authorities to operate out of Umatilla, Oreg., in the transportation of petroleum products in bulk so as to embrace the new and changed location of the bulk petroleum products shipment point near Umatilla, Oreg. The authorities as here pertinent read as follows: *Arrow Transportation Co.:* From Seattle, Richmond Beach, Tacoma, and Attalia, Wash., and Umatilla, Portland, Linnton, Willbridge, and The Dalles, Oreg., to points in Idaho, except those in Lemhi, Custer, Blaine, Minidoka, and Cassia Counties, and east thereof, and to points in Oregon and Washington, east of the summit of the Cascade Mountains. From Portland, Linnton, Willbridge, The Dalles, and Umatilla, Oreg., and Seattle, Richmond Beach, Tacoma, Attalia, and Spokane, Wash., to points in Lemhi County, Idaho.

Asbury Transportation Co.: I.C.C. CERT. MC–23939, Sub 1 Irregular Routes: Liquid Petroleum Products, in bulk from The Dalles, Oreg., to points and places in Lewis, Cowlitz, Clark, and Skamania Counties, Wash., and from Portland, Linnton, and Willbridge, Oreg., to points and places in Washington, those in Malheur County, Oreg., and those in Idaho except those in Lemhi, Blaine, Minidoka, and Cassia Counties, Idaho, and east thereof, and, from The Dalles and Umatilla, Oreg., and Attalia, Wash., to points and places in Oregon and Washington east of the summit of the Cascade Mountains, and those in Idaho as specified above. I.C.C. CERT. MC–23939, Sub 3, Irregular Routes: Liquid Petroleum Products, in bulk, from Portland, Linnton, Willbridge, The Dalles, and Umatilla, Oreg., and Attalia and Vancouver, Wash., to points and places in Lemhi, Blaine, Minidoka, Cassia, Clark, Butte, Power, Oneida, Fremont, Jefferson, Madison, Teton, Bonneville, Bingham, Bannock, Caribou, Franklin, Bear Lake, and Custer Counties, Idaho. *Consolidated Freightways Corporation of Delaware:* From Umatilla, Oreg., to points in Ada, Benewah, Bonner, Boundary, Canyon, Clearwater, Gem, Idaho, Kootenai, Latah, Nez Perce, Payette, Shoshone, Washington, and Lewis Counties, Idaho, and those in Washington east of summit of the Cascade Mountains, with no transportation for compensation on return except as otherwise authorized. From Attalia, Wash., and Umatilla and The Dalles, Oreg., to points in Washington east of the summit of the Cascade Mountains, and those in Idaho north of a line beginning at the Idaho-Oregon State line west of Grangeville, Idaho, and extending eastward through Grangeville, Idaho, to the Idaho-Montana State line, with no transportation for compensation on return except as otherwise authorized.

Pacific Intermountain Express Co.: From Umatilla, Oreg., to points in Adams, Asotin, Benton, Columbia, Franklin, Garfield, Grant, Klickitat, Lincoln, Spokane, Walla Walla, Whitman, and Yakima Counties, Wash., and Boundary, Bonner, Kootenai, Benewah, Shoshone, Latah, Clearwater, Nez Perce, Lewis, Idaho, Adams, Valley, Washington, Payette, Gem, Boise, Ada, Elmore, Camas, Gooding, Twin Falls, Owyhee, and Canyon Counties, Idaho, with no transportation for compensation on return except as otherwise authorized. *Inland Transportation Co., Inc.:* From The Dalles and Umatilla, Oreg., to points and places in Washington east of the summit of the Cascade Mountains. From Umatilla, Oreg., to Nez Perce, Latah, Idaho, Lewis, Clearwater, Ada, Canyon, Elmore, Gem, Owyhee, Payette, and Twin Falls Counties, Idaho. *James J. Williams, Inc.:* I.C.C. Certificate MC–110252 Irregular Routes, Liquid Petroleum Products, in tank vehicles, from Umatilla, Oreg., to Spokane, Wash. From Umatilla, Oreg., to points in Washington east of Cascade Mountains, except Spokane, Wash. I.C.C. Certificate MC–110252, Sub 12. From Attalia and Pasco, Wash., and Umatilla, Oreg., to points in Boundary, Bonner, Kootenai, Shoshone, Benewah, Latah, Clearwater, Nez Perce, Lewis, and Idaho Counties, Idaho. By the instant petition, petitioners request that their Certificates be modified so as to read: "liquid petroleum products, in bulk, from Umatilla, Oreg., and points within 5 miles thereof" to the areas respectively served by them under their existing authorities from Umatilla, Oreg. Any interested person desiring to participate, may file an original and six copies of his written representations, views, or argument in support of, or against the petition within 30 days from the date of publication in the FEDERAL REGISTER.

No. MC 98572 (Sub-No. 3) (Notice of Filing of Petition Seeking Modification of Certificate), filed April 3, 1969. Petitioner: FILM TRANSFER COMPANY, INC., Dallas, Tex. Petitioner's representative: Austin L. Hatchell, 1102 Perry-Brooks Building, Austin, Tex. 78701. Petitioner states that it is authorized in MC 98572 (Sub-No. 3) to transport, over irregular routes, "General Commodities (except household goods), having an immediately prior or an immediately subsequent movement by air," Between the Houston, Tex., International Airport, and the Jefferson County, Tex., Airport, on the one hand, and, on the other, points in Angelina, Austin, Brazoria, Brazos, Burleson, Chambers, Colorado, Fayette, Fort Bend, Galveston, Grimes, Hardin, Harris, Houston, Jackson, Jasper, Jefferson, Lavaca, Leon, Liberty, Madison, Matagorda, Montgomery, Newton, Orange, Polk, San Jacinto, Trinity, Tyler, Walker, Waller, Washington, and Wharton Counties, Tex. "Restriction: The authority granted herein, to the extent it authorizes the transportation of Classes A and B explosives, shall be limited, in point of time, to a period expiring April 8, 1970." As indicated above, origin points in Harris County are limited to the "Houston Texas International Airport." The city of Houston is presently in process of constructing a new airport to be known as the Houston Intercontinental Airport. The name of the present airport has been changed from "Houston Texas International Airport" to "William P. Hobby Airport". When the new airport has been activated only limited operations will be conducted from William P. Hobby Airport. By the instant petition, petitioner requests the Certificate be modified to read as follows: "IRREGULAR ROUTES: *General commodities* (except household goods), having an immediately prior or an immediately subsequent movement by air, Between airports in Houston, Texas and the Jefferson County, Tex., Airport, on the one hand, and, on the other, points in Angelina, Austin, Brazoria, Brazos, Burleson, Chambers, Colorado, Fayette, Fort Bend, Galveston, Grimes, Hardin, Harris, Houston, Jackson, Jasper, Jefferson, Lavaca, Leon, Liberty, Madison, Matagorda, Montgomery, Newton, Orange, Polk, San Jacinto, Trinity, Tyler, Walker, Waller, Washington, and Wharton Counties, Tex. Restriction: The authority granted herein, to the extent it authorizes the transportation of Classes A and B explosives, shall be limited, in point of time, to a period expiring April 8, 1970." Any interested person desiring to participate, may file an original and six copies of his written representations, views or argument in support of, or against the petition within 30 days from the date of publication in the FEDERAL REGISTER.

No. MC 119988 (Sub-No. 6) (Notice of Filing of Petition for Modification of Certificate), filed April 18, 1969. Petitioner: GREAT WESTERN TRUCKING CO., INC., Lufkin, Tex. Petitioner's representatives: Mert Starnes and Pat H. Robertson, 904 Lavaca Building, Austin, Tex. 78701. Petitioner holds a certificate of public convenience and necessity in MC 119988 (Sub-No. 6), to transport, over irregular routes, dry animal and poultry feed and feed ingredients, in bulk, in vehicles other than tank or hopper vehicles, from Memphis, Tenn., and Hugo, Okla., and points in Otero, Bent, Prowers, Crowley, Cheyenne, and Kiowa Counties, Colo. that part of Arkansas on and east of a line beginning at the Arkansas-Louisiana State line and extending along U.S. Highway 65 to Little Rock, thence along U.S. Highway 67 to junction Arkansas Highway 25, and thence along Arkansas Highway 25 to the Arkansas-Missouri State line, and that part of Mississippi on, west, and north, of a line beginning at the Mississippi-Tennessee State line and extending along U.S. Highway 51 to Jackson, and thence along U.S. Highway 80 to the Mississippi-Louisiana State line, to points in Brazos, Nacogdoches, and Rusk Counties, Tex., with no transportation for compensation on return except as otherwise authorized. By the instant petition, petitioner requests the Commission to modify its certificate so as to remove the restriction in said certificate restricting it from the transportation of dry animal and poultry feed and feed ingredients in "hopper vehicles". Any interested person desiring to participate, may file an original and six copies of his written representations, views, or arguments in support of, or against the petition within 30 days from the date of publication in the FEDERAL REGISTER.

APPLICATIONS FOR CERTIFICATES OR PERMITS WHICH ARE TO BE PROCESSED CONCURRENTLY WITH APPLICATIONS UNDER SECTION 5 GOVERNED BY SPECIAL RULE 1.240 TO THE EXTENT APPLICABLE

No. MC 8515 (Sub-No. 10), filed April 10, 1969. Applicant: H. J. TOBLER TRANSFER, INC., 1012 Peoria Street, Peru, Ill. 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: *General commodities* (except those of unusual value, high explosives, livestock, household goods, commodities in bulk, commodities requiring special equipment, and those injurious or contaminating to other lading); (1) between the following points in Illinois; all points in Henry, Bureau, Knox, Peoria, Stark, Marshall, and Woodford Counties; that part of Rock Island County on and east of U.S. Highway 67; that part of Whiteside County on and north of Illinois Highway 2; that part of Lee County bounded by U.S. Highway 30 on the north and U.S. Highway 52 on the east, including all points on said highways; that part of La Salle County bounded by U.S. Highway 34 on the north and Illinois Highway 23 on the east, serving all points on said highways, but excluding Ottawa, Ill., and points in its commercial zone; those parts of Mercer and Warren Counties on and east of U.S. Highway 67; all points in Tazewell County on and north of Illinois Highway 122; and that part of Fulton County located on and north of a line beginning at the McDonough-Fulton County line, thence extending in an easterly direction over Illinois Highway 9 to junction with Illinois Highway 97, thence southerly over Illinois Highway 97 to junction with U.S. Highway 24, thence northeasterly over U.S. Highway 24 to the Fulton-Tazewell County line, serving all points on said highways; (2) between points in the Illinois territory described in (1) above, on the one hand, and, on the other, points in Illinois, restricted to traffic originating at or destined to points in Illinois within the area described in (1) above. NOTE: Applicant states it does not intend to tack, and is apparently willing to accept a restriction against tacking if warranted. This application is a matter directly related to MC-F-10449, published in the FEDERAL REGISTER issue of April 23, 1969. Applicant seeks to convert the certificate of registration of Graves Transfer Co., Inc., under MC 99710 (Sub-No. 1) into a certificate of public convenience and necessity. If a hearing is deemed necessary, applicant requests it be held at Chicago, Ill.

No. MC 36364 (Sub-No. 15), filed April 18, 1969. Applicant: MISSOURI, KANSAS AND OKLAHOMA COACH LINES, INC., doing business as M. K. & O. LINES, 321 South Cincinnati, Tulsa, Okla. 74103. Applicant's representatives: John L. Arrington, Jr., 510 Oklahoma Natural Building, Tulsa, Okla., and J. G. Dail, Jr., 1111 E Street NW., Washington, D.C. 20004. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Passengers and their baggage* in the same vehicle with passengers, in one-way and roundtrip charter operations, beginning and ending at East St. Louis, Ill., St. Louis and Fort Leonard Wood, Mo., points in St. Louis County, Mo., and points on and within 5 miles of the following routes between Tulsa, Okla., and St. Louis, Mo., including Tulsa and St. Louis: From St. Louis over U.S. Highway 66 and Interstate Highway 44 to Springfield, Mo., thence over Interstate Highway 44 (formerly U.S. Highway 166) to Joplin, Mo., thence over U.S. Highway 66 to Tulsa, and extending to points in the United States (except Hawaii). NOTE: Applicant states that it now holds incidental charter authority under section 208(c) of the Act from the points named and all points on the above-described highways to all points in the United States in connection with its existing regular-route authority over those highways, and that the purpose of this application is not to obtain additional authority but is to convert its existing incidental rights into certificated rights. This application is directly related to MC-F-10455 published FEDERAL REGISTER issue of April 30, 1969. If a hearing is deemed necessary, applicant requests it be held at St. Louis, Mo.

APPLICATIONS UNDER SECTIONS 5 AND 210a(b)

The following applications are governed by the Interstate Commerce Commission's special rules governing notice of filing of applications by motor carriers of property or passengers under sections 5(a) and 210a(b) of the Interstate Commerce Act and certain other proceedings with respect thereto. (49 CFR 1.240)

MOTOR CARRIERS OF PROPERTY

Finance Docket No. 25637. (Supplement) (DILLINGHAM CORPORATION and FOSS L&T CO.), filed April 14, 1969. This notice to show Applicants seek to include the acquisition of FOSS LAUNCH & TUG CO., No. MC-126249 Sub 1. Operating rights sought to be controlled: *General commodities*, in seasonal operations extending from April 1 to November 30, both dates inclusive, of each year, as a *common carrier*, over irregular routes, between beachlanding sites in Alaska, on the one hand, and, on the other, certain specified points in Alaska, with restriction.

No. MC-F-10464. Authority sought for purchase by CROUSE CARTAGE COMPANY, Post Office Box 151, Carroll, Iowa 51401, of a portion of the operating rights of BOS LINES, INC., 408 South 12th Avenue, Marshalltown, Iowa 50158, and for acquisition by PAUL CROUSE, also of Carroll, Iowa, of control of such rights through the purchase. Applicants' attorney: William S. Rosen, 630 Osborn Building, St. Paul, Minn. 55102. Operating rights sought to be transferred: *General commodities*, except those of unusual value, classes A and B explosives, commodities in bulk, commodities requiring special equipment (not including those requiring refrigeration), and commodities injurious or contaminating to other lading, as a *common carrier*, over regular routes, between Chicago, Ill., and Hastings, Nebr., serving all intermediate points, and the off-route points of Ferguson, Mitchellville, and Kellogg, Iowa; *general commodities*, except those of unusual value, classes A and B explosives, commodities in bulk, and those requiring special equipment (other than those requiring refrigeration), minimum 20,000 pounds, between Des Moines, Iowa, and the U.S. Ordnance Plant, near Ankeny, Iowa, serving no intermediate points; *groceries, canned goods, petroleum products, and paint*, between Marshalltown, Iowa, and Chicago, Ill., serving no intermediate points. Vendee is authorized to operate as a *common carrier* in Iowa and Nebraska. Application has been filed for temporary authority under section 210a(b). NOTE: See also MC-F-10199 (CEDAR RAPIDS STEEL TRANSPORTATION INC.—Control and Merger—BOS LINES, INC.), published in the July 31, 1968, issue of the FEDERAL REGISTER, on page 10910.

No. MC-F-10465. Authority sought for control by ASSOCIATED FREIGHT LINES, 1700 24th Street, Oakland, Calif. 94607, of LAS VEGAS TANK LINES, INC., doing business as LAS VEGAS TRUCK LINE, 1901 Industrial Road, Las Vegas, Nev. 89102, and for acquisition by JOHN A. PIFER, also of Oakland, Calif., of control of LAS VEGAS TANK LINES, doing business as LAS VEGAS TRUCK LINES, through the acquisition by ASSOCIATED FREIGHT LINES. Applicants' attorney and representative: Marvin Handler, 405 Montgomery Street, Suite 1401, San Francisco, Calif. 94104, and Ernest Salm, 3846 Evans Street, Los Angeles, Calif. 90027. Operating rights sought to be controlled: *General commodities*, accepting, among others, household goods and commodities in bulk, as a *common carrier* over regular routes, between Lakeview, Calif., and junction unnumbered highway and Interstate Highway 15, near Nipton, Calif., between Los Angeles, Calif., and Las Vegas, Nev., serving all intermediate points, serving the intermediate and certain off-route points; *ore and ore concentrates, machinery, supplies, and equipment used or useful in mining, including particularly petroleum products in containers, coal, and lumber*, between Searchlight, Nev., and Nipton, Calif., between Searchlight, Nev., and Oatman, Ariz., between Searchlight, Nev., and Boulder City, Nev., serving the intermediate and off-route points in Nevada within 25 miles of Searchlight, Nev.; mines ores, from Searchlight, Nev., to Chloride, Ariz., serving the intermediate point of Nelson, Nev., and the off-route points, *petroleum and petroleum products*, as described in appendix XIII to the report in *Descriptions in Motor Carrier Certificates*, 61 M.C.C. 209, in bulk, in tank vehicles, over irregular routes, between Las Vegas, Nev., and the Nevada Test Site near Mercury, Nev., and *petroleum products*, as described in appendix XIII to the report in Descriptions in Motor Carrier Certificates, 61 M.C.C. 209,

in bulk, in tank vehicles, from Las Vegas, Nev., and points within 10 miles thereof, to points in Arizona and Utah. ASSOCIATED FREIGHT LINES is authorized to operate as a *common carrier* in California. Application has been filed for temporary authority under section 210a(b). NOTE: MC-57254 Sub-No. 11 is a matter directly related.

No. MC-F-10466. Authority sought for control and merger by OLD DOMINION FREIGHT LINE, Post Office Box 1189, High Point, N.C. 27261, of the operating rights and property of WHITE TRANSPORT CORP., Post Office Box 1447, Greenville, S.C. 29602, and for acquisition by L. C. CROWDER, E. E. CONGDON, but also of High Point, N.C. 27261 and J. R. Congdon, of 109 Walsing Road, Richmond, Va., of control of such rights and property through the transaction. Applicants' attorney: Thomas F. Kilroy, 2111 Jefferson Davis Highway, Arlington, Va. 22202. Operating rights sought to be controlled and merged: Under certificates of registration, in Docket No. MC-97766 Sub-1, covering the transportation of property as a *common carrier*, in intrastate commerce, within the State of South Carolina. OLD DOMINION FREIGHT LINE is authorized to operate as a *common carrier* in Virginia, North Carolina, and South Carolina. Application has been filed for temporary authority under section 210a(b). NOTE: No. MC-107478 Sub-11, is a matter directly related.

No. MC-F-10467. Authority sought for control and merger by PITTSBURGH & NEW ENGLAND TRUCKING CO., 211 Washington Avenue, Dravosburg, Pa. 15034, of the operating rights and property of TRIPLE-M-TRANSPORTATION CORP., 234 Depot Road, Post Office Box 422, Milford, Conn. 16460, and for acquisition by F. T. HILLER, also of Dravosburg, Pa. 15034, of control of such rights and property through the transaction. Applicants' attorneys: Henry M. Wick, Jr., 2310 Grant Building, Pittsburgh, Pa. 15219, and William D. Traub, 10 East 40th Street, New York, N.Y. 10016. Operating rights sought to be controlled and merged: *Machinery and such commodities* as require special equipment and handling by reason of size or weight, and *office furniture, fixtures, equipment, and supplies* when handled in connection with the removal of an industrial establishment and as a part of such removal, as a *common carrier*, over irregular routes between New York, N.Y., and points in New Jersey, New York, and Connecticut within 35 miles of Columbus Circle, New York, N.Y., on the one hand, and, on the other, points in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, and the District of Columbia. PITTSBURGH & NEW ENGLAND TRUCKING CO. is authorized to operate as a *common carrier* in New York, Massachusetts, New Jersey, Connecticut, Pennsylvania, Ohio, Rhode Island, West Virginia, Maine, New Hampshire, Vermont, Delaware, Maryland, Michigan, Virginia, North Carolina, South Carolina, District of Columbia, Florida, and Georgia. Application has been filed for temporary authority under section 210a(b).

No. MC-F-10468. Authority sought for control by SCHWERMAN TRUCKING CO., 611 South 28th Street, Milwaukee, Wis. 53246, of LES JOHNSON CARTAGE, Post Office Box 305, Denmark, Wis. 54208, and for acquisition by FRED J. SCHWERMAN and CARL L. SCHWERMAN, both also of Milwaukee, Wis., of control of LES JOHNSON CARTAGE, through the acquisition by SCHWERMAN TRUCKING CO. Applicants' attorneys and representative: James R. Ziperski, 611 South 28th Street, Milwaukee, Wis. 53246, Nancy J. Johnson and Les Johnson, both of 111 South Fairchild Street, Madison, Wis. 53703. Operating rights sought to be controlled: *General commodities*, excepting, among others, household goods and commodities in bulk, as a *common carrier*, over irregular routes, between points in Denmark, Wis., on the one hand, and, on the other, those in the town of New Denmark, Brown County, Wis.; *machinery, materials, supplies, and equipment* used in connection with highway construction, between points in Wisconsin, on the one hand, and, on the other, those in that part of Michigan known as the Upper Peninsula of Michigan; *boilers, motors, portable mills and equipment* used in connection with logging operations, between points in that part of Wisconsin east and north of a line beginning at Ashland and extending along Wisconsin Highway 13 to Abbotsford, Wis., thence along Wisconsin Highway 29 to Green Bay, Wis., including points on the indicated portions of the highways specified, on the one hand, and, on the other, points in the Upper Peninsula of Michigan; *machinery*, between points within 15 miles of Denmark, Wis., including Denmark; *cement*, from Green Bay and Manitowoc, Wis., to points in the Upper Peninsula of Michigan, from Manitowoc, Wis., to points in Illinois, Indiana, Iowa, North Dakota, South Dakota, Minnesota, and the Lower Peninsula of Michigan, from Madison, Wis., to points in Illinois, from Green Bay, Wis., to points in Minnesota; *such commodities* which, by reason of size or weight require the use of special equipment or special handling, between points in Wisconsin, except those on and south of Wisconsin Highway 33, and, on and east of U.S. Highway 51, on the one hand, and, on the other, points in the Upper Peninsula of Michigan; and *salt*, in bulk, from Green Bay, Wis., to points in the Upper Peninsula of Michigan. SCHWERMAN TRUCKING CO., is authorized to operate as a *common carrier*, in Kentucky, Tennessee, Iowa, Illinois, Wisconsin, Minnesota, Missouri, Indiana, Georgia, Alabama, South Carolina, Florida, North Carolina, Mississippi, Kansas, West Virginia, Nebraska, North Dakota, Oklahoma, Texas, Ohio, Michigan, South Dakota, Louisiana, Pennsylvania, Maryland, Virginia, Colorado, Montana, New Mexico, Vermont, Wyoming, Massachusetts, Connecticut, New Hampshire, Rhode Island, New Jersey, Delaware, California, and the District of Columbia. Application has not been filed for temporary authority under section 210a(b).

No. MC-F-10469. Authority sought for purchase by ADVANCE-UNITED EXPRESSWAYS, INC., 2601 Broadway Road NE., Minneapolis, Minn. 55413, of the operating rights and property of WIDHOLM FREIGHTWAYS, INC., 1015 North Third Street, Minneapolis, Minn. 55401 and for acquisition by FRED J. WINES, Executor of the Estate of FRED B. WINES, DECEASED, also of Minneapolis, Minn., of control of such rights and property through the purchase. Applicants' attorney: Axelrod, Goodman and Steiner, 39 South La Salle Street, Chicago, Ill. 60603. Operating rights sought to be transferred: *General commodities*, excepting, among others, household goods and commodities in bulk, as a *common carrier* over regular routes, between Stillwater, Minn., and St. Paul, Minn., serving the intermediate point of Lake Elmo, Minn., and certain off-route points, between St. Paul, Minn., and Mora, Minn., serving all intermediate points, between Minneapolis, Minn., and Savage, Minn., serving intermediate points, but serving the off-route point of St. Paul, Minn., from and to Minneapolis, Minn., serving all intermediate points and certain off-route points in Minnesota, over a circular route, between Minneapolis, Minn., and Stillwater, Minn., between Stillwater, Minn., and Lakeland, Minn., serving all intermediate points, between junction U.S. Highway 65 and Minnesota Highway 13, and Nichols, Minn., between Savage, Minn., and Valley Industrial Park, Minn. (located at a point approximately 6 miles west of Savage, on Minnesota Highway 101), serving no intermediate points, between Minneapolis, Minn., and Durand, Wis., serving all intermediate points in Wisconsin, and certain intermediate and off-route points in Minnesota, and Eau Galle, Wis., between Ellsworth, Wis., and Spring Valley, Wis., serving all intermediate points, and the off-route points of Olivet and El Paso, Wis., between Elmwood, Wis., and junction unnumbered highway and U.S. Highway 10 near Durand, Wis., serving the intermediate point of Eau Galle, Wis., between Minneapolis, Minn., and Ellsworth, Wis., serving certain intermediate points and certain off-route point of East Ellsworth, Wis., over one alternate route for operating convenience only;

General commodities, excepting among others, household goods and commodities, in bulk, over irregular routes between certain specified points in Wisconsin, on the one hand, and, on the other, certain points in Minnesota; *general commodities*, except commodities in bulk, to Burkhardt, Wis., from certain specified points in Minnesota; *feed*, from certain specified points in Minnesota to Burkhardt, Wis., and points within 10 miles; *livestock*, from Burkhardt, Wis., and points within 10 miles thereof, to South St. Paul, Minn.; *household goods, emigrant movables, and store stock, furniture, and fixtures*, between Hudson, Wis., and points in Wisconsin within 20 miles thereof, on the one hand, and, on

the other points in Iowa and Minnesota; and *ensilage cutters, hammer mills, portable feed grinders and coal stokers*, between West Bend, Wis., on the one hand, and, on the other, points in that part of Minnesota south of a line beginning at Duluth, Minn., and extending along U.S. Highway 210 to Motley, Minn., and thence along U.S. Highway 10 to the Minnesota-North Dakota State line, including points on the indicated portions of the highways specified, between Chippewa Falls, Wis., on the one hand, and, on the other, points in that part of Minnesota south of a line beginning at Duluth, Minn., and extending along U.S. Highway 210 to Motley, Minn., and thence along U.S. Highway 10 to the Minnesota-North Dakota State line, including points on the indicated portions of the highways specified (except points in Hennepin and Ramsey Counties, Minn.). Vendee is authorized to operate as a *common carrier* in Illinois, Minnesota, Wisconsin, and North Dakota. Application has not been filed for temporary authority under section 210a(b).

No. MC-F-10470. Authority sought for control by CLARK TRANSFER, INC., 829 North 29th Street, Philadelphia, Pa. 19130, of RED LINE TRANSFER CO., INC., 2320 Monumental Road, Baltimore, Md. 21227 (This authority was granted pursuant to order in MC-FC-71016, consummated February 24, 1969, and certificate not yet issued), and for acquisition by SYLVIA MOLITCH and MATTHEW MOLITCH, both also of Philadelphia, Pa., of control of RED LINE TRANSFER CO., INC., through the acquisition by CLARK TRANSFER, INC. Applicants' attorney: V. Baker Smith, 2107 The Fidelity Building, 123 South Broad Street, Philadelphia, Pa. 19109. Operating rights sought to be controlled: (Presently in the name of Philip S. Zanghi, doing business as Red Line Transfer Co.) *Bananas*, as a *common carrier*, over irregular routes, from Baltimore, Md., to Washington, D.C., and points in Maryland, Virginia, Pennsylvania, and New York, from Baltimore, Md., to Philadelphia, Pa., and Camden and Bridgeton, N.J., from ports in the New York, N.Y., commercial zone as defined by the Commission, to Baltimore, Md., Philadelphia and Easton, Pa., certain specified points in New Jersey and New York; and *fresh pineapples*, in mixed loads with bananas (otherwise authorized), from Baltimore, Md., to Washington, D.C., and to points in Maryland, Virginia, Pennsylvania, and New York, and Camden and Bridgeton, N.J., from points in that part of the New York, N.Y., commercial zone, as defined by the Commission, within which local operations may be conducted pursuant to the partial exemption of section 203(b)(8) of the Act (the "exempt" zone), to Baltimore, Md., Philadelphia and Easton, Pa., certain specified points in New Jersey and New York, with restriction. CLARK TRANSFER, INC., is authorized to operate as a *common carrier* in all points in the United States (except Alaska and Hawaii). Application has not been filed for temporary authority under section 210a(b).

No. MC-F-10471. Authority sought for purchase by AERO MAYFLOWER TRANSIT COMPANY, INC., 863 Massachusetts Avenue, Indianapolis, Ind. 46206, of a portion of the operating rights of PARCEL DELIVERY & TRANSFER, INC., Post Office Box 3-126, Anchorage, Alaska 99501. Applicant's attorney: James L. Beattey, 130 East Washington Street No. 1021, Indianapolis, Ind. 46204. Operating rights sought to be transferred: *Household goods*, as defined by the Interstate Commerce Commission, as a *common carrier*, over regular routes, between Anchorage, Alaska, and Tok Junction, Alaska, between Valdez, Alaska, and Delta Junction, Alaska, between Big Delta, Alaska, and Northway, Alaska, between junction Alaska Highways 4 and 10, and Cordova, Alaska, serving all intermediate points, and certain off-route points. Vendee is authorized to operate as a *common carrier* in all points in the United States. Application has not been filed for temporary authority under section 210a(b).

By the Commission.

[SEAL] H. NEIL GARSON, *Secretary.*

[F.R. Doc. 69-5438; Filed, May 6, 1969; 8:47 a.m.]

[Notice 826]

MOTOR CARRIER TEMPORARY AUTHORITY APPLICATIONS

MAY 2, 1969.

The following are notices of filing of applications for temporary authority under section 210a(a) of the Interstate Commerce Act provided for under the new rules of Ex Parte No. MC-67 (49 CFR Part 340), published in the FEDERAL REGISTER, issue of April 27, 1965, effective July 1, 1965. These rules provide that protests to the granting of an application must be filed with the field official named in the FEDERAL REGISTER publication, within 15 calendar days after the date of notice of the filing of the application is published in the FEDERAL REGISTER. One copy of such protest must be served on the applicant, or its authorized representative, if any, and the protests must certify that such service has been made. The protests must be specific as to the service which such protestant can and will offer, and must consist of a signed original and six copies.

A copy of the application is on file, and can be examined at the Office of the Secretary, Interstate Commerce Commission, Washington, D.C., and also in the field office to which protests are to be transmitted.

MOTOR CARRIERS OF PROPERTY

No. MC 14552 (Sub-No. 31 TA), filed April 23, 1969. Applicant: J. V. McNICHOLAS TRANSFER COMPANY, 555 West Federal Street, Youngstown, Ohio 44502. Applicant's representative: James W. Muldoon, 88 East Broad Street, Columbus, Ohio 43215. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: (1) *Fabricated steel*, from Bellefontaine, Ohio, to points in Illinois, Indiana, Kentucky, Michigan, Pennsylvania, and West Virginia; and (2) *materials and supplies* used in the fabricating of steel, from the destination States named above to Bellefontaine, Ohio; restricted to traffic originating at or destined to plantsites of Carter Steel and Fabricating Co. at Bellefontaine, Ohio, for 150 days. Supporting shipper: Carter Steel and Fabricating Co., Carlisle Avenue, Bellefontaine, Ohio 43311. Send protests to: G. J. Baccel, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 181 Federal Office Building, 1240 East Ninth Street, Cleveland, Ohio 44199.

No. MC 89523 (Sub-No. 15 TA), filed April 25, 1969. Applicant: MID-STATES TRUCKING CO., a corporation, 2517 North Grand, Enid, Okla. 73701. Applicant's representative: R. F. Hayes (same address as above). Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Glass beverage containers*, from Waxahachie and Palestine, Tex., to Golden, Colo., for 180 days. Supporting shipper: Adolph Coors Co., Golden, Colo. 80401. Send protests to: C. L. Phillips, District Supervisor, Interstate Commerce Commission, Bureau of Operations, Room 240, Old Post Office Building, 215 Northwest Third, Oklahoma City, Okla. 73102.

No. MC 107496 (Sub-No. 732 TA), filed April 29, 1969. Applicant: RUAN TRANSPORT CORPORATION, Third and Keosauqua Way, Des Moines, Iowa 50309. Applicant's representative: H. L. Fabritz (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Silica sand*, in bulk, in pneumatic tank vehicles, from Clayton, Iowa, to Winona, Minn., for 150 days. Supporting shipper: Clayton Silica Division, Martin Marietta Corp., 4096 First Avenue NE., Cedar Rapids, Iowa 52406. Send protests to: Ellis L. Annett, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 677 Federal Building, Des Moines, Iowa 50309.

No. MC 110420 (Sub-No. 586 TA), filed April 28, 1969. Applicant: QUALITY CARRIERS, INC., 100 South Calumet Street, Post Office Box 339, Burlington, Wis. 53105. Applicant's representative: A. Bryant Torhorst (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Corn syrup*, in bulk, from Lincoln, Nebr., to Fort Dodge, Iowa, for 180 days. Supporting shipper: Union Starch & Refining Co., 900 19th Street, Granite City, Ill. (R. L. Rahlfs, Traffic Manager). Send protests to: District Supervisor Lyle D. Helfer, Interstate Commerce Commission, Bureau of Operations, 135 West Wells Street, Room 807, Milwaukee, Wis. 53203.

No. MC 116073 (Sub-No. 96 TA), filed April 28, 1969. Applicant: BARRETT MOBILE HOME TRANSPORT, INC.,

1825 Main Avenue, Post Office Box 601, Moorhead, Minn. 56560. Applicant's representative: John C. Barrett (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Trailers*, designed to be drawn by passenger automobiles, in initial movement, from LaGrande, Oreg., to points in Washington, Montana, South Dakota, Wyoming, and Idaho, for 180 days. Supporting shipper: Terry Industries of Oregon, Inc., Post Office Box 789, LaGrande, Oreg. 97850. Send protests to: J. H. Ambs, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 1621 South University Drive, Room 213, Fargo, N. Dak. 58102.

No. MC 119934 (Sub-No. 156 TA), filed April 29, 1969. Applicant: ECOFF TRUCKING, INC., 625 East Broadway, Fortville, Ind. 46040. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Sodium silicate*, in bulk, in tank vehicles, from Fortville, Ind., to Mexico, Mo., for 180 days. Supporting shipper: E. I. duPont de Nemours & Co., 10th and Market Streets, Wilmington, Del. 19898. Send protests to: James W. Habermehl, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 802 Century Building, 36 South Pennsylvania Street, Indianapolis, Ind. 46204.

No. MC 123814 (Sub-No. 4 TA) (Correction), filed April 16, 1969, published FEDERAL REGISTER issue of April 25, 1969, and republished as corrected this issue. Applicant: GEORGE A. HALL CARTAGE CO., LTD., 1281 Conde Street, Montreal, Province of Quebec, Canada. Applicant's representative: Adrien R. Paquette, 10ieme Etage, 200, rue St-Jacques, Montreal 126, Province of Quebec, Canada. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Cement*, in bulk, in tank vehicles, and *cement*, in bags, from ports of entry on the international boundary line between the United States and Canada located in Maine, New Hampshire, Vermont, and New York, to points in Maine, New Hampshire, Vermont, and New York, for 180 days. NOTE: The purpose of this republication is to add cement in bags, proposed to be transported, inadvertently omitted from previous publication. Supporting shipper: Ciments Lafarge Quebec Ltee, St. Constant, Province of Quebec, Canada. Send protests to: District Supervisor Martin P. Monaghan, Jr., Interstate Commerce Commission, Bureau of Operations, 52 State Street, Room 5, Montpelier, Vt. 05602.

No. MC 124658 (Sub-No. 3 TA), filed April 28, 1969. Applicant: BRADER HAULING SERVICE, INC., Post Office Box 655, Zillah, Wash. 98953. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Empty metal cans*, from Portland, Oreg., to Yakima, Wash., and *carbonated beverages*, from Yakima, Wash., to points in Sherman, Hood River, Multnomah, Clatsop, Clackamas, Marion, Linn, Lane, Benton, Washington, and Tillamook Counties, Oreg., limited to service under a continuing contract or contracts with Pepsi-Cola Bottling Co. of Yakima, Wash., and return of *damaged or rejected shipments*, for 180 days. Supporting shipper: Pepsi-Cola Bottling Co., Yakima, Wash. 98901. Send protests to: District Supervisor W. J. Huetig, Interstate Commerce Commission, Bureau of Operations, 450 Multnomah Building, 120 Southwest Fourth Avenue, Portland, Oreg. 97204.

No. MC 124988 (Sub-No. 2 TA) (Correction), filed April 14, 1969, published FEDERAL REGISTER, issue of April 23, 1969, and republished as corrected this issue. junction U.S. Highway 9W, thence over Applicant: H. H. HOCKER, doing business as TRUCK SERVICE COMPANY, 2111 Southwest Boulevard, Tulsa, Okla. 74107. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Charcoal, charcoal briquettes, vermiculite* other than crude, *wood chips* not charred, *naphtha (distillate) lighter fluid*, in containers, *spices and sauces*, from Kingsford Co. plant and warehouse sites near Belle, Mo., and Ellis Spur, near Bland, Mo., to points in Arkansas and Oklahoma (except Tulsa and Oklahoma City), New Mexico, and Texas, for 180 days. NOTE: The purpose of this republication is to add certain commodities proposed to be transported, inadvertently omitted from previous publication. Support shippers: Kingsford Co. (Levern N. Forseth), 1122 Commonwealth Building, Post Office Box 1033, Louisville 1, Ky., and Rogers & Shirley Brokerage Co., Carl Rogers, General Manager, 2525 East 21st Street, Tulsa, Okla. 74152. Send protests to: C. L. Phillips, District Supervisor, Interstate Commerce Commission, Bureau of Operations, Room 240, Old Post Office Building, 215 Northwest Third, Oklahoma City, Okla. 73102.

No. MC 127964 (Sub-No. 3 TA) (Correction), filed April 14, 1969, published FEDERAL REGISTER, issue of April 23, 1969, and republished as corrected this issue. Applicant: JOHN H. OSBORNE, doing business as OSBORNE TRUCKING CO., 1008 Sierra Drive, Riverton, Wyo. 82501. Applicant's representative: Robert S. Stauffer, 3539 Boston Road, Cheyenne, Wyo. 82001. Authority sought to operate as a *contract carrier* by motor vehicle, over irregular routes, transporting: *Lumber*, from Afton, Wyo., to points in South Dakota and to those points in Nebraska, lying on and west of U.S. Highway 83, for 180 days. NOTE: The purpose of this republication is to show the correct origin point and to show that commodity is destined to points in Nebraska lying on and west of U.S. Highway 83, and not U.S. Highway 33. Supporting shipper: Star Studs, Inc., Post Office Box 517, Afton, Wyo. 83110. Send protests to: Paul A. Naughton, District Supervisor, Interstate Commerce Commission, Room 304, Lierd Building, 259 South Center Street, Casper, Wyo. 82601.

No. MC 127964 (Sub-No. 4 TA), filed April 28, 1969. Applicant: JOHN H. OSBORNE, doing business as OSBORNE TRUCKING CO., 1008 Sierra Drive, Riverton, Wyo. 82501. Applicant's representative: Robert S. Stauffer, 3439 Boston Road, Cheyenne, Wyo. 82001. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Lumber*, from Afton, Wyo., to points in Colorado, for 180 days. Supporting shipper: Star Studs, Inc., Post Office Box 517, Afton, Wyo. 83110. Send protests to: Paul A. Naughton, District Supervisor, Interstate Commerce Commission, Bureau of Operations, Room 304, Lierd Building, 259 South Center Street, Casper, Wyo. 82601.

No. MC 133154 (Sub-No. 1 TA), filed April 28, 1969. Applicant: DICK BELL TRUCKING, INC., 16036 Valley Boulevard, Fontana, Calif. 92335. Applicant's representative: Fred D. Preston, 5820 Wilshire Boulevard, Suite 605, Los Angeles, Calif. 90036. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Mineral wool insulation including batts, batting, blankets, fill, reinforced or not reinforced*, from Fontana, Calif., to points in Arizona and Nevada; (2) *expanded plastic articles*, from Napa, Calif., to points in Arizona and Nevada, for 180 days. Supporting shippers: American Flotation Corp., 2006 Solano Avenue, Napa, Calif. 94558; Mineral Wool Insulations, 13361 San Bernardino Avenue, Post Office Box 990, Fontana, Calif. 92335. Send protests to: District Supervisor Robert G. Harrison, Interstate Commerce Commission, Bureau of Operations, Room 7708, Federal Building, 300 North Los Angeles Street, Los Angeles, Calif. 90012.

No. MC 133587 (Sub-No. 1 TA), filed April 28, 1969. Applicant: DOMINIC A. MARCHESE, 217 Fourth Street, Troy, N.Y. 12180. Applicant's representative: John J. Brady, Jr., 75 State Street, Albany, N.Y. 12207. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Scrap iron and scrap steel*, in bulk, in dump trailers, from Waterbury, Conn., to Watervliet and Troy, N.Y., for 120 days. Supporting shipper: Anchor Fasteners, Post Office Box 2029, Waterbury, Conn. 06720. Send protests to: Charles F. Jacobs, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 518 Federal Building, Albany, N.Y. 12207.

No. MC 133635 (Sub-No. 1 TA), filed April 29, 1969. Applicant: MARVIN W. LEPPER, Radcliffe, Iowa 50230. Applicant's representative: William A. Landau, 1451 East Grand Avenue, Des Moines, Iowa 50306. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Tractor wheels, wheel rims, and related mounting hardware, hubs, and clamps*, from Plainfield, Ill., to points in Iowa, Minnesota, Missouri, North Dakota, and South Dakota, for 150 days. Supporting shipper: Peterson Manufacturing Co., 213 Main Street, Plainfield, Ill. 60544. Send protests to: Ellis L. Annett, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 677 Federal Building, Des Moines, Iowa 50309.

No. MC 133639 (Sub-No. 1 TA), filed April 29, 1969. Applicant: ARROW TRANSPORTATION, 831 East Broadway, Des Moines, Iowa 50313. Applicant's representative: William A. Landau, 1451 East Grand Avenue, Des Moines, Iowa 50306. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Brick and drain tile*, from Kalo, Iowa, to Fort Dodge, Iowa, for 150 days. Supporting shipper: Kalo Brick & Tile Co., 1230 First Avenue, South Fort Dodge, Iowa 50501. Send protests to: Ellis L. Annett, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 677 Federal Building, Des Moines, Iowa 50309.

No. MC 133657 (Sub-No. 1 TA), filed April 29, 1969. Applicant: H. MONROE, INC., 736 Ann Street, Adams, Wis. 53910. Applicant's representative: Robert J. Kay, 433 West Washington Avenue, Madison, Wis. 53703. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Lumber and lumber products*, from the town of Quincy, Adams County, Wis., to points in Illinois, Indiana, Iowa, Michigan, and Minnesota; (2) *Machinery equipment and supplies* used in lumber mill operations, from points in Illinois, Indiana, Iowa, Michigan, and Minnesota to the town of Quincy, Adams County, Wis., for 150 days. Supporting shipper: Townsend Co., 2767 North Main Street, Decatur, Ill. 62526. Send protests to: Barney L. Hardin, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 444 West Main Street, Room 11, Madison, Wis. 53703.

No. MC 133659 TA, filed April 25, 1969. Applicant: CLIFF O. LIVINGSTON, SR., doing business as LIVINGSTON STORAGE & TRANSFER COMPANY, 4301 Allied Drive, Columbus, Ga. 31902. Applicant's representative: Monty Schumacher, Suite 310, 2045 Peachtree Road NE., Atlanta, Ga. 30309. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Used household goods*, as described by the Commission, restricted to traffic having a prior or subsequent movement in containers beyond the points authorized, and confined to the performance of pickup and delivery service in connection with packing, crating, and containerization or unpacking, uncrating, and decontainerization of such traffic, between points in Early, Clay, Quitman, Stewart, Chattahoochee, Muscogee, Harris, Troup, Heard, Carroll, Coweta, Meriwether, Talbot, Marion, Webster, Terrell, Calhoun, Dougherty, Lee, Sumter, Schley, Taylor, Upson, Pike, Fayette, Spalding, Lamar, Monroe, Crawford, Macon, Dooly, Crisp, Houston, Peach, Bibb, Butts, Clayton, Fulton, Douglas, Randolph, Decatur, Miller, Baker, Seminole, Mitchell, and Grady Counties, Ga.; and Randolph, Chambers, Lee, Russell, Barbour, Henry, Dale, Clay, Tallapoosa, Coosa, Elmore, Macon, Montgomery, Bullock, Butler, Crenshaw, Coffee, Covington, Conecuh, Geneva, Pike, Houston, Escambia, and Lowndes Counties, Ala., and Okaloosa, Walton, Holmes, Jackson, Calhoun, Washington, Bay, Liberty, Leon, Franklin, Gadsden, Wakulla, and Santa Rosa Counties, Fla., for 180 days. Supporting shippers: Four Winds Forwarding, Inc., 4600 Wheeler Avenue, Post Office Box 9056, Alexandria, Va. 22304; Asiatic Forwarders, Inc., 335 Valencia Street, San Francisco, Calif. 94103; Imperial Household Shipping Co. Inc., 9674 Fourth Street North, Post Office Box 20124, St. Petersburg, Fla. 33702. Send protests to: William L. Scroggs, District Supervisor, Interstate Commerce Commission, Bureau of Operations, Room 309, 1252 West Peachtree Street NW., Atlanta, Ga. 30309. NOTE: Traffic handled will be moving in freight forwarder service.

By the Commission.

[SEAL] H. NEIL GARSON, *Secretary*.

[F.R. Doc. 69-5439; Filed, May 6, 1969; 8:48 a.m.]

[Notice 340]

MOTOR CARRIER TRANSFER PROCEEDINGS

MAY 2, 1969.

Synopses of orders entered pursuant to section 212(b) of the Interstate Commerce Act, and rules and regulations prescribed thereunder (49 CFR Part 1132), appear below:

As provided in the Commission's special rules of practice any interested person may file a petition seeking reconsideration of the following numbered proceedings within 20 days from the date of publication of this notice. Pursuant to section 17(8) of the Interstate Commerce Act, the filing of such a petition will postpone the effective date of the order in that proceeding pending its disposition. The matters relied upon by petitioners must be specified in their petitions with particularity.

No. MC-FC-71060. By order of April 16, 1969, the Motor Carrier Board, on reconsideration, approved the transfer to Winkoma, Inc., Hospers, Iowa, of a portion of certificate No. MC-84511 (Sub No. 27) issued September 27, 1966, to Commercial Freight Lines, Inc., Kansas City, Mo., authorizing the transportation of: Meat, meat products, and articles distributed by meat packinghouses and dairy products, from points in Wisconsin and Minneapolis, Minn., to points in Kansas, Missouri, Iowa, Nebraska, Oklahoma, and Arkansas, and to East St. Louis, Ill. Charles J. Kimball, Post Office Box 2028, Lincoln, Nebr. 68501, attorney for applicants.

No. MC-FC-71354. By order of April 30, 1969, the Motor Carrier Board approved the transfer to Delbert L. McVay, Henderson, Iowa, of certificate No. MC-25614, issued July 14, 1952, to Howard Allensworth, doing business as Allensworth Transfer, Henderson, Iowa, authorizing the transportation of: Feed, building material, hardware, machinery, molasses, tankage, and general farm supplies, from Omaha, Nebr., to Macedonia, Iowa, and points in Pottawattamie, Mills, and Montgomery Counties, Iowa, within 15 miles of Macedonia; and feed and farm implements, from Omaha, Nebr., to Henderson, Iowa, and points within 20 miles thereof.

[SEAL] H. NEIL GARSON, *Secretary*.

[F.R. Doc. 69-5440; Filed, May 6, 1969; 8:48 a.m.]

CUMULATIVE LIST OF PARTS AFFECTED—MAY

The following numerical guide is a list of parts of each title of the Code of Federal Regulations affected by documents published to date during May

FEDERAL REGISTER

VOLUME 34 • NUMBER 87
Wednesday, May 7, 1969 • Washington, D.C.
PART II

RENEGOTIATION BOARD

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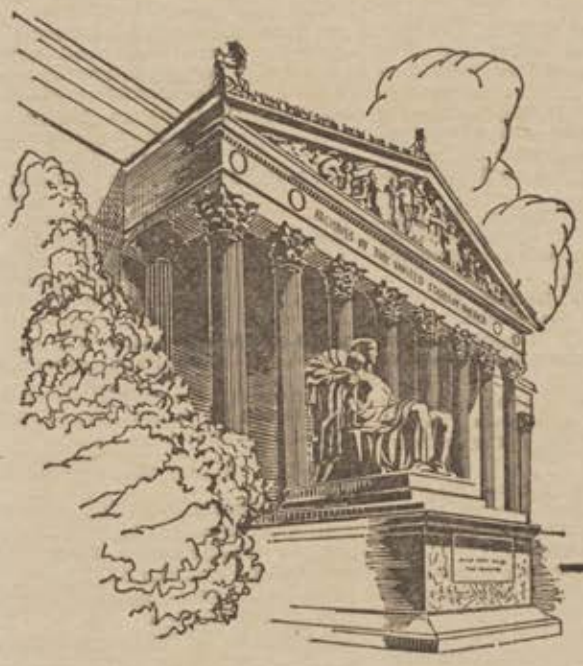
Renegotiation Rulings and Bulletins



Title 32—NATIONAL DEFENSE

Chapter XIV—The Renegotiation Board

SUBCHAPTER B—THE RENEGOTIATION BOARD REGULATIONS UNDER THE 1951 ACT

PART 1499—RENEGOTIATION RULINGS AND BULLETINS

A new Part 1499 *Renegotiation Rulings and Bulletins* is hereby added to read as set forth below.

LAWRENCE E. HARTWIG,
Chairman.

APRIL 16, 1969.

Sec.

AUTHORITY: The provisions of this Part 1499 issued under sec. 109, 65 Stat. 22; 50 U.S.C., App. 1219.

§ 1499.1 Renegotiation Rulings.

This section contains Renegotiation Rulings, consisting of interpretations of general applicability formulated and adopted by the Board. The rulings explain or construe specific provisions of the Renegotiation Act of 1951, as amended, or of these regulations. They may be cited by section number (e.g., RBR 1499.1–12) or by ruling number (e.g., R. Rul. No. 12).

§ 1499.1–1 Renegotiation Ruling No. 1: Receipts or accruals; contract consideration partly paid by Government; extent renegotiable (interprets act sections 101 and 102(a); § 1452.2 of this chapter).

(a) This section prescribes the extent of renegotiability of a contract entered into by a shipbuilder with a private customer and the Government, with the Government paying only a part of the total contract price.

(b) The contract calls for the construction of certain vessels by the shipbuilder for the ultimate owner. Under the authority of the Merchant Marine Act of 1936, the Maritime Administration becomes a party to the contract and agrees to share the cost of the vessels to the extent of a construction-differential subsidy and the cost of national defense features to be built into the vessels. The agreement provides that Maritime will pay a stated percentage of the purchase price of the vessels, plus the cost of the defense features. The remainder of the contract price is to be paid by the shipowner, and the vessels are to become the property of the shipowner. The question is whether all the receipts or accruals of the shipbuilder under the contract are subject to renegotiation, or only the portion resulting from payments by Maritime.

(c) Section 102(a) of the Renegotiation Act of 1951 subjects to renegotiation receipts or accruals under contracts with the named Departments, and related subcontracts. The fact that amounts are received or accrued by the shipbuilder from the ultimate shipowner under the same contract that provides the shipbuilder with receipts or accruals from the Government does not make the receipts or accruals from the shipowner renegotiable. If the two sets of obligations to pay the shipbuilder were set forth in two separate instruments, the receipts or accruals under the contract between the shipbuilder and the shipowner would not be subject to renegotiation, and those resulting from the contract between the shipbuilder and Maritime would be subject. The obligations of the two payers are clearly separable, and for renegotiation purposes they are separated.

(d) It follows that the Renegotiation Act applies only to the receipts or accruals of the shipbuilder from Maritime under the contract in question, and that the receipts or accruals of the shipbuilder from the shipowner are not subject to renegotiation.

§ 1499.1–2 Renegotiation Ruling No. 2: Receipts or accruals; recovery for breach of contract (interprets act section 102(a); § 1452.2 of this chapter).

(a) This section concerns the question whether an amount recovered in an action for damages for breach of a renegotiable contract or subcontract is subject to renegotiation.

(b) Section 102(a) of the act provides in part as follows:

> The provisions of this title shall be applicable (1) to all contracts with the Departments specifically named in section 103(a), and related subcontracts, to the extent of the amounts received or accrued by a contractor or subcontractor on or after the first day of January 1951, * * *.

(c) The question, therefore, is whether an amount recovered as damages for breach of a contract is an amount received or accrued within the meaning of section 102(a) of the act.

(d) In an action based upon the breach of a contract, it is customary in legal practice to allege that the plaintiff has been "damaged" by the failure or refusal of the defendant to pay, in whole or in part, the amount for which the suit has been brought. If the amount recovered, however, is only what the plaintiff was entitled to receive by the terms of the contract, ascribing the word "damages" to the recovery does not alter the nature of the recovery; nor does the fact that the result may be described in another way: "* * * Where the defendant is under * * * [an] obligation to pay a liquidated sum of money, the ordinary measure of damages for nonperformance is the sum of money itself with interest at the legal rate from the time when it was due." (Williston on Contracts, Rev. Ed., Vol. V, section 1410, p. 3925.)

(e) The distinction between an obligation to pay money and an obligation to do other things has always been recognized in the law. The same author points out that—

> * * * the common law in enforcing an obligation to pay an agreed sum of money conceived that the promise itself continued in effect after the time fixed for its performance had elapsed. On the other hand, when a promise to deliver goods or do anything other than pay money is broken, the law substitutes for the obligation a right of action for damages. (Id. § 1288, p. 3673.)

(f) In the light of these principles, section 102(a) of the act is interpreted as follows:

(1) If a contractor has fully performed his obligations under a renegotiable contract, but his customer refuses to pay the agreed contract price, a recovery of that amount by suit is merely a recovery of the amount to which the contractor is entitled under the contract. An amount so recovered is considered a receipt or accrual attributable to performance under the contract. So, too, if a Government contracting officer refuses a price increase under the "Changes" articles of a contract, and the contractor obtains by suit an increase in the contract price, the amount of the recovery is considered a receipt or accrual attributable to performance under the contract.

(2) If a contractor performs additional work not required by the terms of the contract, and the "extras" are accepted by his customer, the law implies from these acts a contract for the payment of the fair value of the services so performed. If the contractor sues and recovers judgment, the amount recovered is a receipt or accrual under the implied contract, although the contractor might assert that he has been "damaged" by the failure or refusal of his customer to pay. Such receipts or accruals are subject to renegotiation. So, too, are amounts received in settlement of such suits, or without suit.

(g) A somewhat similar problem may arise when a contract provides that certain materials will be furnished to the contractor within a stated time. Assume that defective materials are furnished, or that the materials are furnished late. As a result, the contractor incurs unanticipated additional costs for which he is refused compensation; he sues and recovers judgment. The amount recovered, since it is attributable to performance under the contract, is subject to renegotiation.

(h) To be distinguished from the foregoing are recoveries of consequential damages, or of punitive or exemplary damages. These are not receipts or accruals attributable to performance under a contract; accordingly, they are not renegotiable.

§ 1499.1–3 Renegotiation Ruling No. 3: Receipts or accruals; value engineering incentive awards (interprets act section 102(a); § 1452.2 of this chapter).

(a) The question is whether a value engineering incentive award received from a procurement Department is an amount "received or accrued" within the meaning of section 102(a) of the act.

(b) When a value engineering recommendation made by a contractor is adopted, the contract price is adjusted upward to allow the contractor a greater profit than he would otherwise have realized. The amount of the award thus becomes a receipt or accrual to the contractor pursuant to the terms of the contract, and, if the contract itself is subject to the act, the amount of the award is a renegotiable receipt or accrual. The efforts and accomplishments of the contractor underlying the value engineering award are appropriate subjects for consideration under the applicable statutory factors for determining excessive profits.

§ 1499.1–4 Renegotiation Ruling No. 4: Prime contracts and subcontracts within scope of act; consignment sales (interprets act section 102(a), and §§ 1452.2 and 1452.4 of this chapter).

(a) When a manufacturer consigns goods to another for sale or return, the terms of the arrangement between the manufacturer and the consignee will determine whether the transaction between them is a sale or a transfer of possession to an agent for the purpose of sale.

(b) If the ultimate sale to a third-party customer is accomplished by the consignee as agent of the manufacturer, and if the goods are sold for renegotiable use, the manufacturer is the principal and the proceeds of the sale are renegotiable receipts or accruals to him. The commission received by the consignee for his services is a renegotiable receipt or accrual to the consignee, whether such commission is deducted from the proceeds transmitted to the manufacturer or paid separately by him. In these circumstances, the amount received or accrued by the manufacturer is subject to

the $1 million "floor" prescribed in section 105(f)(1) of the act, and the commission received by the consignee is subject to the $25,000 floor provided in section 105(f)(2).

(c) Not infrequently, however, the transaction between the manufacturer and the consignee is itself a sale, in which title to the goods is transferred to the consignee. In such case, in the sale to the ultimate customer, the consignee is himself the principal, and the proceeds of the sale are renegotiable receipts or accruals to him. Thus, in instances of this type, the amount received by the consignee from the customer, and the amount received by the manufacturer from the consignee, are both subject to the $1 million floor.

(d) Whether a consignment amounts in law to a sale will be determined, not by the parties' own characterization of the transaction, but by the substantive attributes of the transaction. Important considerations include, among others, the following: The nature and extent of the consignee's authority to sell the goods (i.e., whether in his own or the manufacturer's name, whether at prices and on terms set by himself or prescribed by the manufacturer, etc.); the consignee's assumption or lack of assumption of the risk of the customer's credit and the risk of loss of the goods prior to their sale to the customer; the method adopted by the manufacturer and the consignee for the payment to each.

§ 1499.1–5 Renegotiation Ruling No. 5: Subcontracts within the scope of the act; sales and other transfers of patents (interprets act section 103(g)(1) and (2), 103(k); § 1452.6 of this chapter).

(a) Agreements between private persons for the sale or licensing of a patent are subject to the following rules:

(1)(i) Section 103(g)(2) of the act defines the term "subcontract" as including "any contract or arrangement covering the right to use any patented or secret method, formula, or device for the performance of a contract or subcontract; * * *." There is absent any reference to a transaction in which the owner by a present transfer divests himself of his title to the patented method, formula, or device. All that is dealt with is an arrangement under which the owner of the patent grants the contractor or subcontractor permission to use the method, formula, or device, retaining in himself the title thereto. In § 1452.6 (b) and (c) of this chapter the Board interprets section 103(g)(2) of the act to include only licenses and other similar arrangements involving royalty payments.

(ii) Section 103(g)(1) includes in the definition of a subcontract "any purchase order or agreement * * * to * * * furnish any materials, required for the performance of any other contract or subcontract, * * *." While the term "materials," as defined in section 103(k) of the act, may be broad enough to include patents, the Board is of the opinion that, by dealing specially with patents in section 103(g)(2), Congress thereby limited the renegotiable scope of transactions involving patents to licenses for the use thereof. Plainly, Congress did not intend that sales of patents, providing for the present unconditional transfer of title from the owner to the purchaser, should be subject to renegotiation.

(2) A present unconditional transfer by the holder of a patent of all his right, title and interest therein for its remaining life is one in which the transferee immediately acquires full rights of ownership, including the right to license others to use such patent, or to sell it and convey all his right, title and interests therein. The failure of a transfer to include either of these rights disqualifies the transaction as a present unconditional transfer. Accordingly, a transaction involving the retention of a security title to insure the vendor against loss upon a default in payment, or of a right of recapture upon default, would fall short of a present unconditional transfer of title to the patent, and would amount to no more than a "contract or arrangement covering the right to use" as described in section 103(g)(2) of the act. The fact that the payment is to be made by the transferee on the installment basis, or on the basis of a percentage of sales or profits from the sale of articles or services covered by the patent, does not affect the question. See § 1452.6 of this chapter.

(3) A licensing arrangement which qualifies under the capital gain and loss provisions of section 1235 of the Internal Revenue Code of 1954 may nonetheless be subject to renegotiation. Section 1235 covers the treatment to be accorded for tax purposes to the transfer of "all substantial rights to a patent, or an undivided interest therein which includes a part of all such rights." Section 1.1235–2(b)(2) of the regulations under the 1954 Code (26 CFR 1.1235–2(b)(2)) includes within the meaning of rights which are not substantial, retention by the transferor of (i) legal title for the purpose of securing performance or payment by the transferee; and (ii) rights in the property which are not inconsistent with the passage of ownership, such as retention of a security interest (vendor's lien), or a reservation in the nature of a condition subsequent (provision for forfeiture on account of nonperformance).

(b) For renegotiation purposes, different rules prevail. The renegotiability of transactions involving patents is determined exclusively by the provisions of section 103(g)(2) of the act. As indicated in paragraph (a)(2) of this section, retention of legal title or of a right of recapture causes the transaction to fall short of a present unconditional transfer of title, and such a transaction is subject to renegotiation. On the other hand, retention of a vendor's lien is not inconsistent with an absolute sale and will not of itself subject the transaction to renegotiation.

§ 1499.1–6 Renegotiation Ruling No. 6: Raw materials cost allowance for unconsolidated affiliate (interprets act section 106(b); § 1453.2(c)(2) of this chapter).

(a) This section concerns the propriety of a cost allowance for pig iron purchased by members of a consolidated group from an affiliate not included as a member. The affiliate produces and sells pig iron to members of the consolidated group at a price less than the quoted market. The question is whether the group is entitled to a cost allowance as provided in section 106(b) of the act, in lieu of the actual cost of the pig iron.

(b) The statutory cost allowance is available to a contractor only if he produces or acquires the product of a mine and processes, treats, or refines such product "to" the first form or state suitable for industrial use, as well as "beyond" such first form or state. Pig iron is the first form or state of iron ore suitable for industrial use. If the affiliate were included in the consolidated proceeding, the group could claim that it had processed the iron ore to pig iron and beyond that state, thus complying with the requirements of section 106(b) of the act. But if the affiliate is not so included, there is no authority for attributing its activities to the members of the consolidated group. Accordingly, since the group does not produce or acquire the product of a mine and process such product to and beyond the first form or state suitable for industrial use, the group is not entitled to the statutory cost allowance.

§ 1499.1–7 Renegotiation Ruling No. 7: Competitively bid construction contracts; scope of exemption; nonapplicability to negotiated contracts (interprets act section 106(a)(7) and (9); §§ 1453.6 and 1453.7 of this chapter).

(a) Section 106(a)(9) of the act exempts:

(9) Any contract, awarded as a result of competitive bidding, for the construction of any building, structure, improvement, or facility, other than a contract for the construction of housing financed with a mortgage or mortgages insured under the provisions of title VIII of the National Housing Act, as now or hereafter amended.

(b) In accordance with the apparent legislative intent, the term "awarded as a result of competitive bidding" as used in the above exemption is interpreted in § 1453.7(b)(1)(iii) of this chapter to mean "awarded in conformity with the requirements for procurement by formal advertising set forth in section 3 of the Armed Services Procurement Act of 1947." (See S. Rept. 582, 84th Cong., first sess. 3 (1955).)

(c) Procurement by negotiation is to be distinguished from the formal advertising procedure contemplated by section 3 of the Armed Services Procurement Act of 1947 (now 10 U.S.C. 2305). In negotiated procurement, price quotations or proposals are commonly solicited from a number of potential sources. The negotiations that follow the submission of proposals are conducted without reference to the requirements of section 3 of the Armed Services Procurement Act. The authority for procurement in this manner is derived rather from exceptions (1) through (17) of section 2(c) of that act (now set forth as exceptions (1) through (17) of 10 U.S.C. 2304(a)).

(d) It follows that a negotiated contract is not a contract "awarded as a result of competitive bidding" within the meaning of paragraph (9) of section 106 (a) of the Renegotiation Act, and therefore is not within the exemption provided in such paragraph (9).

(e) Generally, in considering whether a contract was let in conformity with the requirements for formal advertising, if the contract states that it was negotiated pursuant to one of the exceptions set forth in 10 U.S.C. 2304(a), the Board will accept and adhere to that determination for purposes of renegotiation; likewise, if the contract states or otherwise indicates that it was awarded pursuant to formal advertising in accordance with 10 U.S.C. 2304(a), the Board will accept and adhere to that determination for purposes of renegotiation.

(f) This exemption is limited to prime contracts for construction. Related subcontracts for construction are not within the exemption provided in section 106 (a)(9) of the act. However, such a subcontract is exempt under section 106(a)(7) of the act (see § 1453.6 of this chapter); except that, if the prime contract is exempt only in part under section 106 (a)(9) by reason of the provisions of § 1453.7 (c) or (d) of this chapter, the subcontract is exempt only if and to the extent that it relates to the exempt portion of the prime contract.

§ 1499.1–8 Renegotiation Ruling No. 8: Competitively bid construction contracts; small business restricted advertising ("set-asides") (interprets act section 106(a)(9); § 1453.7(b)(1)(iii) of this chapter).

(a) The exemption provided in section 106(a)(9) of the act is confined to prime contracts, awarded as a result of competitive bidding, for the construction of any building, structure, improvement, or facility (other than so-called Capehart housing). Under § 1453.7(b)(1)(iii) of this chapter, a contract is considered to have been awarded as a result of competitive bidding if it was awarded in conformity with the unrestricted formal advertising procedures prescribed in section 3 of the Armed Services Procurement Act of 1947 (now 10 U.S.C. 2305). This limitation was prescribed by the Congress at the time of the enactment of the exemption (see S. Rept. 582, 84th Cong., first session 3 (1955)).

(b) Section 1–706.5(b) of the Armed Services Procurement Regulation (32 CFR 1–706.5(b)) restricts invitations for bids and requests for proposals, under the small business set-aside program, to small business concerns. For purposes of renegotiation, the Board considers that contracts for total or partial small business set-asides, awarded as a result of small business restricted advertising, are negotiated procurements, rather than procurements by formal advertising. The same classification is provided in § 1–706.2 of the Armed Services Procurement Regulation (32 CFR 1–706.2), § 1.706–8 of the NASA Procurement Regulation (41 CFR 18–1.706–8), and §§ 1–1.701–9 and 1–1.706–8 of the Federal Procurement Regulations (41 CFR 1–1.701–9, 1–1.706–8).

(c) It follows that construction contracts entered into as a result of small business restricted advertising, under the set-aside program, are not within the exemption provided in section 106(a)(9) of the act.

§ 1499.1–9 Renegotiation Ruling No. 9: Federal Supply Schedule contracts; applicability of 30-day, $1,000 exemption (interprets act section 106(d)(2); §§ 1453.5(b)(8), 1455.3(b)(5) of this chapter).

(a) This section concerns the question whether individual orders, rather than Federal Supply Schedule contracts pursuant to which they are issued, should be scrutinized in determining the applicability of the "30-day, $1,000" exemption provided in § 1455.3(b)(5) of this chapter. The question arises under the type of Federal Supply Schedule contract which obligates the holder to deliver materials and services under the supply schedule, and obligates certain agencies of the Government to purchase all or some of their requirements of the listed materials or services from the contractors for a stated period.

(b) This type of procurement instrument is recognized as a contract under the renegotiation statute, and thus the "30-day, $1,000" exemption is not applicable to it. It is for this reason that § 1453.5(b)(8) of this chapter takes the form of an exemption of Federal Supply Schedule contracts to the extent that deliveries thereunder are made to agencies other than those named in the act, instead of exempting individual orders issued under such contracts.

(c) To be distinguished from the foregoing is the type of master instrument under which the contractor is not obligated to furnish any services or materials until he has agreed to specific job orders. In such a case, the master instrument is not a contract of which the renegotiation statute takes cognizance, but each job order issued pursuant thereto is considered a separate contract. Consequently, for purposes of the "30-day, $1,000" exemption, each such job order is considered separately.

§ 1499.1–10 Renegotiation Ruling No. 10: Exemption, performance outside U.S.A.; effect of control over foreign corporation (interprets act section 106(d)(1); § 1455.2(c–1) of this chapter).

(a)(1) Example (1):

X is a domestic corporation engaged in the manufacture of aircraft components which are sold in the United States under prime contracts with the Department of the Air Force. X also sells components to Y, a nonresident corporation incorporated under the laws of a foreign country, doing business there and reselling X's products in Europe. Y is entirely owned by individuals who are not nationals of the United States. A portion of Y's sales are to the Department of the Air Force in Europe. Some of these sales are from stock maintained in Europe by Y and some sales are by direct order from Y to X with instructions to ship to military bases in Europe. Y is not engaged in trade or business in the United States.

(2) With respect to Example (1), the sales of X under its prime contracts are subject to renegotiation, whether or not delivery is made abroad. The prime contract sales of Y are exempt from renegotiation under the "offshore" exemption provided in § 1455.2(c–1) of this chapter. The sales of X to Y of items resold by Y to the Department of the Air Force are renegotiable subcontracts, since the exemption available to Y under § 1455.2 of this chapter does not extend to related subcontracts (see § 1455.7 of this chapter).

(b) (1) Example (2):

X owns 60 percent of the voting stock of Y. Except for this difference in the stock ownership of Y, the facts are the same as in Example (1) (paragraph (a) of this section).

(2) In Example (2), the sales of X under both its prime contracts and its subcontracts are renegotiable. However, because X owns 60 percent of the voting stock of Y, the prime contract sales of that company are not exempt. The control of Y by X, a domestic corporation, removes one of the principal conditions required for exemption, namely, that prescribed by § 1455.2(c–1)(1)(iii) of this chapter.

§ 1499.1–11 Renegotiation Ruling No. 11: New durable productive equipment exemption; determination of average useful life (interprets act section 106(c)(1); § 1454.23 of this chapter).

(a) This section concerns the effect of the withdrawal of Bulletin F as a guide for determining depreciable lives for Federal income tax purposes, upon the partial mandatory exemption provided in section 106(c) of the Renegotiation Act of 1951.

(b) Section 106(c)(1) of the act prescribes that, in applying the exemption provided in the section, the average useful life of equipment shall be "as set forth in Bulletin F of the Bureau of Internal Revenue (1942 edition) or, if an average useful life is not so set forth, then as estimated by the Board * * *."

(c) Revenue Procedure 62–21 (Treasury Department, Internal Revenue Service Publication No. 456 (7–62)), establishing depreciation guidelines and rules for Federal income tax purposes, includes in Part II, section 1, at page 22, the statement that "Bulletin F is withdrawn as a guide to examining officers for the determination of depreciable lives."

(d) The statutory adoption of the average useful life of equipment as set forth in Bulletin F, for purposes of partial mandatory exemption, is not affected by the action of the Treasury Department in withdrawing Bulletin F as a guide for determining depreciable lives for Federal income tax purposes. Accordingly, pursuant to this express statutory requirement, when the average useful life of equipment is set forth in Bulletin F, the Board will continue to use such life for the purposes of the partial mandatory exemption provided in section 106(c). In all other cases, the Board will estimate the average useful life of the equipment.

§ 1499.1–12 Renegotiation Ruling No. 12: Exemption of contracts where period of performance does not exceed 30 days; nonseparability of contract price or performance period (interprets act section 106(d)(2); § 1455.3(b)(5) of this chapter).

(a) Pursuant to the authority conferred by section 106(d)(2)(C) of the act, the Board in § 1455.3(b)(5) of this chapter has exempted—

> Any prime contract in which the aggregate amount involved does not exceed $1,000 and the period of performance will not be in excess of 30 days, such period to be measured from the date of such contract to the date of delivery specified in such contract.

In measuring the period of performance for the purposes of this exemption, it is the performance period specified in the contract that governs, without regard to the length of time actually consumed in performance. For example, if a contract for less than $1,000 calls for delivery in less than 30 days, but delivery actually does not occur until 35 days after the date of the contract, the contract is exempt. Conversely, if the agreed delivery date is 45 days from the date of the contract, the contract is not exempt, even if delivery is in fact made in less than 30 days.

(b) When a series of deliveries is to be made by the contractor, some within 30 days and some later, the contract is not partially exempt. Thus, if an $800 contract calls for the delivery of $200 of materials every 10 days, the contract is not exempt to the extent of $600; the exemption is not applicable at all, because the total period of performance exceeds 30 days. If a $1,400 contract calls for the delivery of $700 of materials in 20 days and $700 in 40 days, the exemption is wholly inapplicable, since the performance period exceeds 30 days and the contract price exceeds $1,000.

(c) Section 1455.3(b)(5) of this chapter is not applicable to subcontracts; the exemption provided therein is limited to prime contracts exclusively.

§ 1499.1–13 Renegotiation Ruling No. 13: Treatment of receipts or accruals under termination claims; year of accrual (interprets § 1457.6(b) of this chapter).

(a) It is necessary to determine whether, in the case of a contractor employing the accrual method of accounting, the income resulting from the termination of a defense contract should be included in the fiscal year in which the contract is terminated, or in the year in which the exact amount to be paid as a result of the termination is determined.

(b) The proper year for inclusion of such income is an important consideration for Federal tax purposes. Regulation § 1.451–1, issued under the Internal Revenue Code of 1954 (26 CFR 1.451–1), provides in pertinent part as follows:

> Under an accrual method of accounting, income is includible in gross income when all the events have occurred which fix the right to receive such income and the amount thereof can be determined with reasonable accuracy.

(c) Pursuant to this provision, when a Government contract containing a standard termination article prescribed in the Armed Services Procurement Regulation (32 CFR Ch. I) is terminated for convenience of the Government, the Internal Revenue Service considers that the contractor's right to compensation is definitely fixed and the measure thereof is determinable with reasonable accuracy. Accordingly, for Federal income tax purposes, compensation for the termination constitutes income under the accrual method of accounting for the taxable year in which falls the effective date of the termination.

(d) The rule for renegotiation is the same as the tax rule. See § 1457.6(b) of this chapter.

§ 1499.1–14 Renegotiation Ruling No. 14: Renegotiation loss carryforward; effect of completion of renegotiation of expiration of period of limitations on examination of loss in later year (interprets act section 105(c); §§ 1465.2, 1465.3, 1498.6 of this chapter).

(a) This section considers whether the completion of renegotiation for a loss year, or the running of the period of limitations for such year, bars a subsequent decision by the Board that the loss, for carryforward purposes, was different from the amount shown in the contractor's filing for the loss year.

(b) The act itself, by providing that a renegotiation loss carryforward "shall be allowed as an item of cost" in the year in which it is claimed, makes the loss carryforward a part of the renegotiation of the year in which it is claimed as a cost. It follows that this, like other claimed costs, is subject to examination by the Board in connection with the year in which it is claimed.

(c) Nor does the Board, by its action in disposing of a loss year filing, commit itself to the amount of loss shown in such filing. There is nothing in the act, the regulations, or the clearance notice sent to a loss contractor, from which it may be inferred that the Board, by sending such an instrument, has accepted the amount of the loss shown in the contractor's filing. Indeed, the concluding provision of the notice itself completely negates any commitment on the part of the Board with respect to the amount of a loss, saying (see § 1498.6 (a) and (c) of this chapter):

> This notice does not necessarily constitute an approval or disapproval of all the methods used by the Contractor in determining renegotiable sales and profits or losses, for the purpose of any subsequent fiscal year.

(d) With respect to the effect of the expiration of the periods of limitations prescribed in section 105(c), the language of the act is clear. The only effect is that the liability of the contractor to refund excessive profits realized in the year in question is discharged (see §§ 1465.2 and 1465.3 of this chapter). The expiration of the periods does not affect the right of the Board, for carryforward purposes in a later year, to call upon the contractor to substantiate the amount of a loss that occurred in such earlier year, and to limit the carryforward to the amount thus established.

§ 1499.1–15 Renegotiation Ruling No. 15: Relationship of $1 million and $25,000 statutory "floors," and of gains or losses on sales under one floor to profits on sales above other floor (interprets act section 105(f)(1) and (2); §§ 1458.2, 1490.2 of this chapter).

(a) This section concerns contractors who perform contracts or subcontracts subject to the $1 million "floor" provided in section 105(f)(1) of the act, and also perform contracts of a type described in section 103(g)(3), which are subject to the $25,000 minimum prescribed in section 105(f)(2). The question is whether profits realized on sales above the floor on either type of business may be augmented by profits realized, or offset by losses sustained, on sales below the floor on the other type of business.

(b) With respect to those sales which are below the applicable statutory minimum, the receipts or accruals derived therefrom may not "be renegotiated" (see section 105(f)(1) and (2)). If the contractor realizes excessive profits on such business, the excessive profits may not be recaptured by the Government. By the same token, when a loss is realized thereon, the loss may not be offset by the contractor against profits on his other renegotiable business. Under the act, the two floors are separate. Neither gains nor losses on business below either floor may be used to augment or offset profits realized on business above the other floor.

(c) This conclusion is equally applicable in the case of two affiliated or related contractors—one, for example, a manufacturing entity performing prime contracts or section 103(g)(1) subcontracts, the other an owned selling subsidiary performing section 103(g)(3) subcontracts. If the receipts or accruals of either of such corporations aggregate less than the applicable statutory minimum, such business may not be renegotiated. Accordingly, neither a consolidated nor a concurrent renegotiation would be appropriate; each corporation would be considered independently of the other.

§ 1499.1–16 Renegotiation Ruling No. 16: Scope of term "fiscal year" (interprets act sections 103(h), 105(a); §§ 1451.19, 1457.1 of this chapter).

The term "fiscal year" (except in the case of a partnership with a readjustment of interests, for which see § 1457.7 of this chapter) is defined in section 103(h) of the act to mean the "taxable year" of the contractor, as that term is used in the Internal Revenue Code. Under section 441(b) of the Internal Revenue Code of 1954, the term "taxable year" means the calendar year or the fiscal year of the taxpayer, as those terms are defined in the Code, or, in the case of a return for a fractional part of the year (less than 12 months), the period for which such return is made. Thus, the

term "fiscal year" is not limited to accounting periods of 12 months, but includes accounting periods of less than 12 months whenever such a period comprises a taxable year under the Internal Revenue Code. The term "fiscal period" does not appear in either the act or the Internal Revenue Code and should not be used to designate or identify any renegotiation proceedings under the act.

§ 1499.1–17 Renegotiation Ruling No. 17: Fiscal year, termination of; stock acquisition by another corporation (interprets act section 103(h); § 1451.19 of this chapter).

(a) This section concerns the propriety of a filing made under the following circumstances: A Corporation and B Corporation both report for Federal income tax purposes on the calendar year basis. On July 15, the capital stock of A Corporation was wholly acquired by B Corporation. The two corporations thereafter filed a Federal income tax return on a consolidated basis for the taxable year ended December 31. A similar consolidated filing of the Standard Form of Contractor's Report was made for renegotiation purposes for the fiscal year ended December 31. In addition, A Corporation made a renegotiation filing for a stated fiscal year ended July 15. It is this filing that is here considered.

(b) Under section 103(h) of the Act, the fiscal year of a contract is its taxable year under the Internal Revenue Code. Accordingly, the filing of a A Corporation for the fiscal year ended July 15 is proper only if that is its taxable year for Federal income tax purposes. (See § 1451.19 of this chapter.)

(c) Section 1.1502–13(g) of the regulations under the Internal Revenue Code of 1954 (26 CFR 1.1502–13(g)) provides, in pertinent part, as follows:

Separate returns for periods not included in consolidated returns. If a corporation during its taxable year * * * becomes a member of an affiliated group, its income for the portion of such taxable year not included in the consolidated return of such group must be included in a separate return * * *.

(d) Section 1.1502–31(e) of such regulations (26 CFR 1.1502–31(e)) provides as follows:

Taxable year of less than 12 months. Any period of less than 12 months for which either a separate return or a consolidated return is filed under the provision of § 1.1502–13 shall be considered as a taxable year.

(e) Under the cited regulations, A Corporation was required to file a separate return for the period from January 1 to July 15, a period of less than 12 months; and such period is a taxable year. It is therefore a fiscal year for renegotiation purposes, and the filing in question is proper.

§ 1499.1–18 Renegotiation Ruling No. 18: Joint venture; separate renegotiation status; subcontracts or assignments to or from members (interprets act sections 103(j), 105(e); § 1457.4 of this chapter).

(a) This section concerns the necessity, for renegotiation purposes, of separating a joint venture from its component members.

(b) Section 105(e) of the Renegotiation Act of 1951 provides that every person having renegotiable business in excess of the prescribed minimum amount in a fiscal year must file a report with the Board. The term "person" as defined in section 103(j) includes a joint venture. Thus, receipts or accruals under renegotiable contracts and subcontracts held by a joint venture must be reported by the venture; receipts or accruals under contracts and subcontracts held by a member of the venture must be reported by the member in its own individual filing. In the determination and elimination of excessive profits, the joint venture is an entity separate and distinct from its members (see § 1457.4 of this chapter; Bass v. Stimson, 20 T.C. 428, 434 (1953)).

(c) In a typical case, two or more firms enter into a joint venture agreement to procure and perform a renegotiable contract or subcontract. Each member agrees to contribute working capital, or to perform a specified portion of the contract, or otherwise to further the object of the venture. The joint venture itself may or may not establish a central office and hire its own employees.

(d) For renegotiation, the joint venture is the contractor. It files the Standard Form of Contractor's Report with The Renegotiation Board. The report shows the aggregate amounts received or accrued by the venture under the contract. It shows the aggregate costs paid or incurred by the venture, including amounts paid to individual members in reimbursement of labor or material costs or other expenses incurred by any member for the venture. Costs incurred for materials supplied or work done by such member are costs of the venture, not of the member.

(e) It is improper in such a case for the joint venture to omit filing a report with the Board. It is equally improper for any member of the venture, in filing its own separate renegotiation report, to include as a renegotiable cost the amount of any expense reimbursed by the venture, or to include as a renegotiable receipt the amount of such reimbursement or the amount received from the joint venture as its distributive share of the profits of the joint venture.

(f) It is recognized that a joint venture may contract with one or more of its members individually. For example, it may lease equipment from a member when the furnishing of such equipment is no part of the member's capital contribution or other obligation as a participant in the venture. If a genuine subcontract is shown to exist between a joint venture and one of its members, the operations of the member under such subcontract must be included in its own separate renegotiation report.

(g) If a corporation (or any other contractor) obtains a renegotiable contract which thereafter is subcontracted to and performed by a joint venture of which it is a member, the joint venture must make a filing. But the corporation must file, too, even though its report may show a complete "wash" of its sales and costs on the contract, with zero profits.

(h) The assignment of a Government contract is prohibited by law (41 U.S.C. 15). However, in certain limited circumstances the Government will recognize a third party as the successor in interest to a Government contract (see, for example, Armed Services Procurement Regulation, § 1–1602(a) (32 CFR 1–1602(a)). Except when a third party has been so recognized by the contracting Department, a purported "assignment" of a Government contract will not be recognized by the Board.

§ 1499.1–19 Renegotiation Ruling No. 19: Renegotiation loss carryforward; effect on, when loss sustained on sales below the floor (interprets act sections 102(a), 103(m), 105(f) (1) and (2); § 1457.9 of this chapter).

(a) This section concerns the propriety of carrying forward a renegotiation loss sustained in a fiscal year, when the aggregate renegotiable sales of the contractor in such year are below the minimum amount or "floor" prescribed for renegotiation in section 105(f) (1) or (2) of the Renegotiation Act of 1951, as amended.

(b) The term "renegotiation loss" is defined in section 103(m) of the act as meaning, for any fiscal year, "the excess, if any, of costs * * * paid or incurred in such fiscal year with respect to receipts or accruals subject to the provisions of this title over the amount of receipts or accruals subject to the provisions of this title which were received or accrued in such fiscal year * * *." Receipts or accruals are subject to the provisions of the act whenever they are derived from contracts with any of the Departments named in or designated under section 102(a), or related subcontracts. Pursuant to section 105(f) (1) and (2), receipts or accruals may not "be renegotiated" when they do not exceed the applicable minimum amount provided in such section, but this involves the jurisdiction of the Board, not the coverage of the act.

(c) It follows that the right to carry forward a renegotiation loss is not affected by the fact that the loss is sustained in a fiscal year in which the renegotiable receipts or accruals of the contractor aggregate less than the minimum amount prescribed for renegotiation in section 105(f) (1) or (2) of the act.

§ 1499.1–20 Renegotiation Ruling No. 20: Common control; consolidated renegotiation of related contractors; effect of voting trusts (interprets act section 105 (a) and (f); §§ 1458.6 and 1464.4(c) of this chapter).

(a) This section involves two questions relating to trusts: (i) The qualification of contractors for consolidated renegotiation under section 105(a) of the act and § 1464.4 of this chapter, and (ii) the existence of common control for the purposes of the floor provisions of section 105(f).

(1) *Consolidation.* Consolidated renegotiation of related contractors pursuant to § 1464.4 of this chapter permits commonly owned economic interests to be treated as a unit. Consolidation is allowed when at least 80 percent of the stock of each of two or more corporations is owned by the same person or group of persons. The trustee's interest in stock held in a voting trust is limited to legal title, coupled with voting power. The economic interest is in the depositing shareholders, not the trustee. Accordingly, under § 1464.4(c) of this chapter, in determining the ownership of stock for purposes of consolidation, the Board recognizes the depositing shareholders as the owners of stock held in a voting trust.

(2) *Control.* Different principles apply in determining control of a corporation under § 1458.6 of this chapter, when shares of corporate stock held in a voting trust are sufficient for control, either alone or with other shares. Such a determination may be necessary in order to decide whether the corporation is under common control with another contractor for purposes of the floor.

(b) Generally, if the voting trust is revocable by the shareholders, or if the trustee is governed by their instructions, control of the stock will rest in the shareholders. When the trust is irrevocable and it is evident that the trustee acts independently of the shareholders, the trustee generally will be found to control the stock. The Board will decide each case on the facts of that case. Among the matters that may be relevant in a given case are the terms of the trust agreement and the purposes of the trust; whether the trust is coupled with an interest (as when a bank requires a voting trust, to protect a loan); revocability; the powers granted to the trustee and those reserved by the depositing shareholders; the family relationships, if any, between the depositing shareholders or between any of them and the trustee; and the manner in which the trust is operated, including written or unwritten instructions to or understandings with the trustee.

§ 1499.1–21 Renegotiation Ruling No. 21: Accounting methods; completed contract basis; time of accrual (interprets act 103(f); §§ 1458.2(c) and 1459.1(b) of this chapter).

(a) This section concerns the time when the amount payable under a contract is an accrual to a contractor employing the completed contract method of accounting for renegotiation under the following circumstances: The A Company, a partnership, in its fiscal year ended December 31, 1959, had renegotiable sales aggregating only $123,456, all made to B Corporation, a commonly controlled company. During the calendar year 1959 B Corporation, which uses the completed contract method of accounting for renegotiation purposes, received or accrued $654,321 on renegotiable contracts. In November 1958, B completed a long-term shipbuilding contract at a total contract price in excess of $22 million. The fiscal year of B Corporation ends on September 30.

(b) The question is whether the $22 million shall be deemed to have been received or accrued by B at the time of the contract completion in November 1958, or whether such amount should be evenly distributed throughout the entire fiscal year of B in which such completion date fell, i.e., the fiscal year ended September 30, 1959. If the amount is to be prorated over B's entire 1959 fiscal year, a substantial portion thereof would fall within the same 12 months which comprised A's 1959 fiscal year and A would be subject to renegotiation (see § 1458.2(c)). Otherwise, after eliminating intercompany sales, the renegotiable receipts or accruals of A and B during A's 1959 fiscal year aggregated only $654,321 and A would not be subject to renegotiation for that period.

(c) The completed contract method of accounting is a method of deferred accounting of profits pursuant to which all amounts received or accrued under a contract are deemed to have been received or accrued during the fiscal year of the contractor in which such contract is completed. This does not mean that the total receipts or accruals under the contract are to be distributed over the fiscal year of completion; the definition merely prescribes the fiscal year in which the receipts or accruals are reportable for tax and renegotiation purposes.

(d) It follows that no portion of the contract price may be deemed to have been accrued by B at any time other than on the date of the completion of the contract. Therefore, no portion of the contract price may be deemed to have been accrued during A's fiscal year ended December 31, 1959, and that company is not subject to renegotiation for such fiscal year.

§ 1499.1–22 Renegotiation Ruling No. 22: Final completion and acceptance; completed contract method of accounting; long-term contracts (interprets act section 103(i); § 1459.1(b)(2)(iii) of this chapter).

(a) This section concerns the time when a long-term contract will be deemed "finally completed and accepted" for the purpose of applying the completed contract method of accounting in renegotiation proceedings before the Renegotiation Board.

(b) A diversity of opinion exists on this subject. Section 1.451–3, Income Tax Regulations, provides that, under the completed contract method of accounting, gross income derived from long-term contracts "may be reported for the taxable year in which the contract is finally completed and accepted." The regulation does not define "finally completed and accepted." The term is given literal application by the courts of appeals for the Sixth and Ninth Circuits (see E. E. Black, Limited v. Alsup, 211 F. 2d 879 (9th Cir. 1954), and Thompson-King-Tate, Inc. v. United States, 296 F. 2d 290 (6th Cir. 1961)). However, in the Tax Court of the United States a rule of substantial performance is employed. Thus, in the case of Hooper Construction Company v. The Renegotiation Board, 35 T.C. 837 (1961), the Tax Court said at page 847:

> * * * Finally completed and accepted means when the contractor has substantially performed his contract even though some minor particulars such as remedying defects may yet remain to be done. Ehret-Day Co., 2 T.C. 25 (1943); Standard Paving Co., 13 T.C. 425 (1949), aff'd. F. 2d 330 (C.A. 10, 1951), certiorari denied 342 U.S. 860 A. D. Irwin, 24 T.C. 722 (1955), aff'd. 238 F. 2d 874 (C.A. 3, 1956).

See also Luther G. Turner, 17 CCH Tax Ct. Mem. 914 (1958); N. Wohlfeld, 17 CCH Tax Ct. Mem. 677 (1958); Ben C. Gerwick, Inc., 13 P-H Tax Ct. Mem. 314 (1954); Mesta Machine Co., 12 B.T.A. 523 (1928).

(c) It will be noted that the prior decisions of the Tax Court relied upon by that court to support its holding in the Hooper case included two decisions which had been affirmed by the Courts of Appeals for the Third and Tenth Circuits, respectively.

(d) The Board adheres to the principles of substantial performance prevailing in the Tax Court, where a contractor aggrieved by a decision of the Board may petition for a redetermination of excessive profits. Thus, for the purposes of the completed contract method of accounting, the Board considers a long-term contract to be finally completed and accepted when it has been substantially performed, even though minor work of repair, cleanup, or rearrangement remains to be done, or minor defects remain to be remedied. In determining whether a contract or subcontract has been substantially performed, an important consideration will be whether the building, installation or other subject-matter of the contract or subcontract is capable of the use intended.

§ 1499.1–23 Renegotiation Ruling No. 23: Special accounting agreement; status of agreement with merged contractor or predecessor partnership (interprets act section 103(f); § 1459.1(b)(2)(i)(b) of this chapter).

(a) If a special accounting agreement is made under section 103(f) of the act and § 1459.1(b)(2)(i)(*b*) of this chapter between X Corporation and the Government, and thereafter merges into Y Corporation and becomes the X Division of Y Corporation, the special accounting agreement still applies to all renegotiation proceedings conducted with respect to receipts or accurals of the former X Corporation. However, the agreement does not apply to business performed by the X Division of Y Corporation.

(b) Similarly, a special accounting agreement with a partnership is not applicable to the business of a corporation which the partners thereafter form to incorporate the business.

§ 1499.1–24 Renegotiation Ruling No. 24: Government-furnished materials (interprets act sections 102(a) and 103(f)).

(a) This section pertains to the treatment of Government-furnished materials in renegotiation proceedings.

(b) Section 102(a) of the act subjects to renegotiation contracts with named Departments and related subcontracts "to the extent of the amounts received or accrued by a contractor or subcontractor" from such contracts and subcontracts.

(c) Section 103(f) of the act defines profits under renegotiable contracts and subcontracts as "the excess of the amount received or accrued under such contracts and subcontracts over the costs paid or incurred with respect thereto and determined to be allocable thereto."

(d) When a contractor receives materials from the Government for his use in performing a renegotiable contract, the contractor generally does not become the owner of the furnished materials. His acquisition of the materials is not a purchase, and he does not incur a cost in the amount of their value; and since his return of the materials in the form of a finished product is not a sale of the materials, the return transaction does not result in a receipt or accrual in the amount of their value.

(e) It follows that a contractor is not entitled to include the value of Government-furnished materials in renegotiable sales or costs. Ellis Coat Co. v. Secretary of War, 9 T.C. 1004 (1947); Stoner Manufacturing Corp. v. Secretary of War, 21 T.C. 200, 209 (1953). Further, a contractor may not use the value thereof for the purpose of overall allocation of overhead and other expenses between renegotiable and nonrenegotiable business. See Ellis Coat Co., supra. However, costs incurred by the contractor which are directly chargeable to the furnished materials, and items of indirect costs which are properly allocable thereto, are allowable.

(f) Under certain procurement practices, the contractor includes in his bid the value of the furnished materials he estimates he will need, and such amount is deducted in his invoices; final adjustment is made at the end of the contract, with the contractor realizing an increased profit for materials saved or a decreased profit for excess materials consumed. The contractor may be required to pay charges arising from the shipment of the Government materials, and he may be held liable for any loss or damage thereto from the time the materials are delivered to the carrier at the point of origin until they are returned to the Government. However, the contractor does not invest capital in the materials; he does not expend effort in finding and purchasing the materials; and legal title remains in the Government. Since the contractor does not purchase, and at no time owns, the Government-furnished materials, his return of the finished product does not constitute a sale of such materials. Therefore, the value of the furnished materials may not be included in renegotiable sales or costs.

(g) The Board will, however, give appropriate consideration in each case to the method of procurement employed, in evaluating the contractor's performance under the statutory factors. See Part 1460 of this chapter.

§ 1499.1–25 Renegotiation Ruling No. 25: Accounting method, change in; distinguished from change in rate of depreciation (interprets I.R.C. section 446(e) and regulation thereunder, 26 CFR 1.446–1(e) (2) and (3); § 1459.1(b)(4) of this chapter).

(a) This section concerns the acceptability, for renegotiation purposes, of certain changes made by a contractor in the rate and method of computing deductions for depreciation of machinery and equipment.

(b) In the case of certain equipment, which had been depreciated on the basis of 5- to 8-year lives, the change was to a straight 5-year life. With respect to other equipment, the change was from straight-line depreciation to declining-balance depreciation.

(c) Section 446(e) of the Internal Revenue Code of 1954 requires that "a change in the method of accounting on the basis of which a taxpayer regularly computes his income in keeping his books, shall, before computing taxable income under the new method, be approved by the Secretary of the Treasury or his delegate." Section 1.446–1(e)(3) (26 CFR 1.446–1(e)(3)) of the regulations under said code requires a taxpayer proposing to change its method of accounting to file an application therefor with the Commissioner of Internal Revenue within 90 days after the beginning of the taxable year in which the change is to be made.

(d) Under 26 CFR 1.446–1(e)(2)(i), a change in the method of accounting includes a change in the treatment of a material item. As an example of a change requiring the Commissioner's consent, subdivision (ii) of 26 CFR 1.446–1(e)(2) lists a change involving the method or basis used in the evaluation of inventories.

(e) Applying the foregoing provisions of the code and regulations, it is clear that a change in computing depreciation, from the straight-line method to the declining-balance method, would be a change in the method of accounting requiring the consent of the Commissioner. It follows that, unless an application for such change is made within the 90-day period referred to above, a change by a later amended return would be improper. Under § 1459.1(b)(4) of this chapter, costs not allowable under the Internal Revenue Code are not allowable in renegotiation. Accordingly, the change, since it results in costs not allowable under the code, is not acceptable for renegotiation.

(f) On the other hand, a change to a straight 5-year life from a 5- to 8-year life is a change in the rate of depreciation and not a change in the treatment of the item of equipment depreciation, however material the life of the equipment may be. Such a change does not require the approval of the Commissioner within the 90-day period. Thus, if the change in rate is allowable under the Internal Revenue Code, it will be acceptable for renegotiation purposes.

§ 1499.1–26 Renegotiation Ruling No. 26: Advertising expense; allocability to renegotiable business (interprets act section 103(f); § 1459.7(c)(1) of this chapter).

(a) Section 1459.7(c)(1) of this chapter reads as follows:

(1) Items of advertising expense incurred solely for (i) the recruitment by the contractor of personnel required for the performance by the contractor of obligations arising under a renegotiable contract or subcontract, (ii) the procurement of scarce items required by the contractor for the performance of a renegotiable contract or subcontract, or (iii) the disposal of scrap or surplus materials acquired by the contractor in the performance of a renegotiable contract or subcontract, are recognized as costs allocable to renegotiable business in accordance with the method of accounting found by the Board to be acceptable under § 1459.1(b). The costs of publishing catalogues, technical pamphlets, house organs and other similar publications are not, for the purposes of this paragraph, considered advertising expenses; for the treatment of such expenses, see § 1459.8(f).

(b) In administering this regulation, the Board does not recognize advertising expenses of the types described as costs of renegotiable business unless, as the language itself indicates, a reasonable relationship is shown to exist between such expenses and such business.

(c) When, for example, "help wanted" advertisements are published in order to recruit employees solely for the manufacture of nonrenegotiable products of a contractor, no part of the expense of such advertising is allocable to renegotiable business. Similarly, advertising expense incurred in procuring scarce items relating solely to nonrenegotiable products of a contractor is allocable in its entirety to nonrenegotiable business; so, too, is the cost of disposing of scrap or surplus materials acquired by a contractor in connection with his nonrenegotiable business only.

(d) When advertising expense of a type described in the regulation is shown to relate to both the renegotiable and nonrenegotiable business of the contractor, an allocation of the amount is made in accordance with the method of accounting found by the Board to be acceptable under § 1459.1(b) of this chapter.

§ 1499.1–27 Renegotiation Ruling No. 27: Computation of State tax credit for consolidated group; amount attributable to a member when no excessive profits are allocated to such member (interprets act section 103(f); § 1459.9(a) of this chapter).

(a) This section concerns the proper method of computing the State tax credit attributable to a member of a consolidated group when no part of the excessive profits to be eliminated is allocated to such member.

(b) Section 103(f) of the act and § 1459.9(a) of this chapter provide that the credit for taxes measured by income, other than Federal taxes, shall be computed on that portion of the renegotiable profits which is determined to be nonexcessive. Assuming that the member of the affiliated group referred to had renegotiable profits, the fact that no part of the excessive profits to be eliminated is allocated to such member indicates that the profits of such member were found to be nonexcessive. That being so, in determining the State tax credit of the consolidated group, there should be included in the aggregate amount thereof the tax credit attributable to all the renegotiable profits of the member to which no part of the excessive profits has been allocated.

§ 1499.1–28 Renegotiation Ruling No. 28: Costs allocable to and allowable against renegotiable business; costs of conversion and reconversion (interprets act section 103(f); §§ 1459.1(b)(3), 1459.10(e) of this chapter).

(a) The question is whether a loss in value of tooling abandoned during a contractor's fiscal year, and a writeoff of raw materials, purchased parts, work in process and finished goods during the year, may be allowed as costs of renegotiable business in such year, where the expenses were incurred in connection with business abandoned to make plant space available for the performance of renegotiable contracts.

(b) That the inventory losses might not have occurred but for the acceptance of the renegotiable contracts is too tenuous a basis on which to hold that such losses are costs of converting a plant to production for renegotiable business or are otherwise allocable to the performance of renegotiable contracts within the contemplation of section 103(f) of the act and § 1459.1(b)(3) of this chapter.

(c) There likewise seems to be no basis for concluding that any of the losses due to the abandonment of tooling are allocable to renegotiable business. Such losses are too remotely related to the performance of the renegotiable contracts to be deemed renegotiation costs.

(d) The regulations on reconversion provide something in the way of a guide for allocating conversion costs. See § 1459.10(e) of this chapter. The principle upon which reconversion costs are allocated can be stated as follows: Costs necessary to get the contractor out of renegotiable business will be deemed renegotiable costs in the year of discontinuance, but no part of the cost of getting the contractor back into civilian production will be allowed as a cost of renegotiable business. By the same token, costs necessary to get the contractor into renegotiable production will be allowed as renegotiable, but no part of the costs incurred for the sole purpose of getting the contractor out of civilian production, will be allocated to renegotiable business.

§ 1499.1–29 Renegotiation Ruling No. 29: Consolidated renegotiation of partnership and successor corporation (interprets act sections 103(h), 105 (a) and (e)(1); § 1451.19 and Part 1464 of this chapter).

(a) A business is operated as a partnership until November 1, at which time it is incorporated, the ownership interests remaining the same. The partnership and the corporation file a single Standard Form of Contractor's Report for the calendar year.

(b) Section 105(a) of the act and Part 1464 of this chapter do not authorize consolidated renegotiation in these circumstances unless the partnership continued in existence for the balance of the calendar year. Otherwise, the two entities did not exist concurrently at any time. A fiscal year is defined in section 103(h) of the act and § 1451.19 of this chapter to be the taxable year of the contractor under the Internal Revenue Code. Assuming the partnership did not continue for the balance of the calendar year, its taxable year was the period January 1 to October 31, and the act requires a report to be filed for that period of the partnership. Similarly, the taxable year of the corporation was the 2-month period ended December 31, and the act requires the corporation to file a report for that period.

(c) Thus, a single report covering the operations of both the partnership and the corporation is not authorized. Similarly, consolidated renegotiation of the partnership and the corporation is not authorized.

§ 1499.1–30 Renegotiation Ruling No. 30: Tax credit, Federal; allocation of excessive profits when tax basis of accounting not used for renegotiation (interprets act section 105(b)(8); § 1462.8(a) of this chapter).

(a) This section prescribes the taxable year or years to which excessive profits are to be allocated under the following circumstances: The contractor performed a long-term contract extending over several years. In its Federal income tax returns, filed on the accrual basis of accounting, the contractor reported most of its accruals under the contract as income in Year 4 when large claims in dispute were settled, and lesser amounts in Years 1, 2, and 3. For renegotiation purposes, the contractor used the completed contract method of accounting, under which the entire contract price was accrued in Year 3, the year of contract completion. The renegotiation is for Year 3.

(b) Section 1462.8(a) of this chapter provides as follows:

> When the contractor has reported earnings for Federal tax purposes on a basis different from the basis upon which renegotiation is conducted, the excessive profits to be eliminated will, for purposes of computing the allowable tax credit section 1481 of the Internal Revenue Code, be allocated to the contractor's taxable year or years in which the Board determines that such excessive profits were reported as income in the tax returns. This procedure is applicable, for example, when renegotiation has been conducted on a completed contract basis although the contractor has used some other method of accounting for Federal tax purposes in reporting income from some or all of the contracts covered by the renegotiation.

(c) The allocation required by § 1462.8(a) of this chapter is not made by prorating the contractor's sales after renegotiation to the years involved on the basis of receipts or accruals reported for tax purposes for such years, respectively, but is made by prorating the excessive profits to the taxable year or years for which the profits reported for tax purposes exceeded nonexcessive profits, as measured by the level of profits allowed in the renegotiation determination. After such allocation, the ratio of retained renegotiable profits to adjusted sales for each year to which excessive profits are allocated should be the same.

(d) This allocation method has been the established practice in renegotiation since it was first adopted by the War Contracts Price Adjustment Board under the Renegotiation Act of 1943 and published in section 444 of the regulations under that Act. It is not an allocation on a sales ratio basis or on a profit ratio basis, but on an excessive profits ratio basis. It is designed to avoid injustice to the contractor.

§ 1499.1–31 Renegotiation Ruling No. 31: Consolidated renegotiation; elimination of intercompany transactions (interprets act section 105(a); §§ 1464.6 and 1470.3(h) of this chapter).

(a) This section considers the propriety of eliminating, in consolidated renegotiation proceedings, intercompany commissions applicable to exempt sales of standard commercial articles. The commissions are paid by a manufacturing corporation to its own sales affiliate for selling such articles. Such subcontract commissions are subject to renegotiation because the exemption of contracts for standard commercial articles does not extend to related subcontracts.

(b) Section 105(a) of the act authorizes renegotiation "on a consolidated basis." Consolidated renegotiation proceeds upon the theory that the consolidated entities are to be treated as one. It follows that the income of the group is the income received or accrued from outside sources only, and does not include amounts received or accrued by any member of the group from any other member. By the same token, the costs incurred by the group are the amounts paid or payable to outside sources only (including salaries and wages to employees), and does not include amounts paid or payable by any member of the group to any other member. In short, consolidated renegotiation necessarily requires the elimination of intercompany transactions.

(c) Consistently with these principles, § 1470.3(h) of this chapter, provides in part as follows:

> * * * A consolidated Standard Form of Contractor's Report shall include (1) a statement of the consolidated financial information of the group made in the same manner *as if the*

group were a single contractor, and (2) * * *. [Italics added]

(d) If a manufacturing company were to do its own selling—i.e., if the two companies were in fact a single entity—the standard commercial article sales of that entity would be exempt. These two companies have chosen, for renegotiation purposes, to be treated as one by consolidation. Once consolidation is approved, § 1464.6 of this chapter prescribes that the proceeding shall "remain consolidated for all purposes" connected with the renegotiation. Accordingly, the Board will give effect to all the proper attributes of consolidation, including the total elimination of intercompany transactions.

§ 1499.1–32 Renegotiation Ruling No. 32: Standard commercial article exemption; composition of standard commercial class of articles (interprets act section 106(c) (2) and (4)(f); §§ 1467.47, 1467.48, and 1467.51 of this chapter).

(a) This section explains the proper composition of a standard commercial class of articles (section 106(c)(2) of the act), in the following circumstances: The contractor files an Application for Commercial Exemption of its Group 3 fasteners. The contractor manufactures six basic groups of fasteners. Each group consists of fasteners of various sizes. All are offered for sale at stated list prices. The contractor is unable to supply sales data on individual articles.

(b) The questions presented by this application are these:

(1) May the contractor select as a class any limited group of articles meeting the statutory requirements of kind, content and price, or must he include in such class all articles that he sells which meet those requirements?

(2) Contrariwise, may the Board limit the class to a certain of such articles?

(3) May the Board deny an application for the class exemption whenever it appears that the contractor is able, either with or without undue effort or expense, to isolate and submit separate sales figures for each article in the class?

(c) Clearly, the Group 3 fasteners constitute more than a single "article." Each is a separate article (see § 1467.4 of this chapter). Since the contractor is unable to supply sales data on each article separately, he cannot self-apply the exemption for standard commercial articles (see § 1467.48 of this chapter).

(d) But the contractor can supply sales figures on the entire assortment of fasteners comprising Group 3. When, in assembling a group of articles for purposes of this exemption, the contractor reaches the first point at which his accounting records will yield sales data on a collective group basis, he has established a "class of articles" within the meaning and purpose of the act. More precisely, he has reached the first point at which he can apply the requirement of the statute that at least 55 percent of his sales of all articles in the class in the fiscal year be nonrenegotiable. To obtain the exemption, he must also demonstrate that at least one of the articles in the group is customarily maintained in stock or offered for sale in accordance with a price schedule regularly maintained; that all are of the same kind, are made of the same or substitute materials, and are sold at reasonably comparable prices; and that all were sold at a price or prices not in excess of the contractor's lowest commercial price for a similar quantity. With such proof, he has established a standard commercial class of articles, and is entitled to the exemption (see § 1467.51 of this chapter). It does not matter that he may make and sell other articles which are similar in kind and content and comparable in price to the articles in that class.

(e) Specifically, in the case at hand, it does not matter that the Group 1 fasteners might be shown to be similar in kind and content and comparable in price to those in Group 3. The statute does not require the contractor to claim the exemption for such other articles—his right to waive the exemption to any desired extent established the opposite. Nor does the statute compel him to include such other articles in the class for the purposes of the 55 percent computation. Finally, the statute does not require the Board to explore the entire roster of a contractor's products and to compress into a single class all such products which are found to possess the statutory similarity.

(f) On the other hand, if instead of limiting the class to Group 3 fasteners the contractor claimed exemption for a larger class consisting of Group 3 and one or more other groups, and submitted sales figures for such enlarged class, the Board would not reject his application merely on the ground that he had gone beyond the first point at which group figures were available. The Board would proceed to determine whether the added types were articles which met the statutory criteria of kind, content and price. When articles in a submitted class range widely in price, the Board may find not only that the prices are not all reasonably comparable, but also that the articles are not all of the same kind.

(g) Finally, if individual article sales figures are available, but will not all pass the 55 percent test separately, the contractor may assemble two or more such articles and apply for the class exemption. Although the primary purpose of the class exemption was to relieve the contractor who does not maintain sales records of individual articles, the statutory provision is not limited to such a person, and no such limitation can properly be read into it under any accepted rule of statutory construction. The class exemption is available to any contractor, regardless of his accounting system, who sells two or more articles which satisfy the several requirements prescribed in section 106(e)(4)(F). These criteria furnish adequate assurance against unreasonable classification.

§ 1499.1–33 Renegotiation Ruling No. 33: Standard commercial service exemption; scope of term "service" (interprets act section 106(e)(4)(C); § 1467.52 of this chapter).

(a) This section considers the applicability of the standard commercial service exemption provided in section 106(e) of the act under the following circumstances:

(1) The services performed by the contractor consist of maintenance, reconditioning and incidental repair of typewriters, under GSA Federal Supply Schedule contracts. The maintenance and reconditioning work, referred to generally as servicing consists of cleaning, oiling, adjusting, and otherwise keeping the machines in first-class operating condition. The incidental repair work consists of fixing or replacing worn, defective or missing parts where needed. Under certain contract items, replacement parts are billed separately; under others, they are included in the flat price, which is considerably higher.

(2) More than 55 percent of the contractor's receipts or accruals under these contracts are nonrenegotiable. Therefore, if the work performed by the contractor is a "service" as that term is defined in the act, it is a "standard commercial service."

(b) The term "service" is defined in the act to mean "any processing or other operation performed by chemical, electrical, physical, or mechanical methods directly on materials owned by another person." The exemption of standard commercial services was first enacted when the act was extended through December 31, 1956. In reporting the provision, the Senate Committee on Finance said in part (S. Rep. No. 582, 84th Cong., first session 3): "It was brought to the attention of the committee that the standard commercial article exemption was limited to the sale of goods and thus excluded contractors or subcontractors who performed processing services of a standard commercial character upon goods belonging to other persons. Examples of this are textile finishing, heat treating, and plating."

(c) The term "processing" denotes a progressive action or a series of acts or steps in the regular course of making or performing something. The servicing of typewriters at a preestablished contract rate per machine involves such a series of steps, and is therefore a processing. Generally, typewriter overhaul is accomplished manually; the contractor does not execute identical actions with every machine in turn, as in the case of a mechanical manufacturing service performed by machinery. But there is nothing in the statute that restricts the exemption to operations characterized by a rigid and unvarying sequence of actions. The examples given by the Finance Committee do not involve such uniformity. The statutory definition of "service" embraces any systematic, repetitive action performed by chemical, electrical, physical,

or mechanical methods directly on materials owned by another person.

(d) It is important to distinguish between servicing, including incidental repairs, and "primary" repair work. Maintenance or reconditioning is a regular service which comprises a routine series of steps and can be contracted for in advance at fixed rates or charges; it is often accomplished with a check list. Primary repairs, on the other hand, whether of a typewriter or of any other article, are irregular and unique, following no pattern or check list. They differ necessarily from case to case, and so cannot be considered a processing or other similar operation.

§ 1499.1–34 Renegotiation Ruling No. 34: Standard commercial service exemption; application to leased equipment (interprets act section 106 (e) (1) (B) and (e) (4) (C); § 1467.52 of this chapter).

(a) This section concerns the applicability of the exemption of standard commercial services to leases of copying equipment.

(b) In a typical case, the contractor manufactures and leases the copying equipment. The equipment is used by the lessee on his own premises for the reproduction of anything written, printed, typed, or drawn onto offset masters. The material to be copied is, in each instance, the property of the lessee.

(c) Under these circumstances, the rental receipts are not exempt under section 106(e) (1) (B) of the act, which provides exemption for "a service which is a standard commercial service."

(d) The term "service" is defined in section 106(e) (4) (C) of the act to mean "any processing or other operation performed by chemical, electrical, physical, or mechanical methods directly on materials owned by another person." Although the leased equipment processes materials owned by another person, the lease is not an agreement for the processing of such materials. The processing is, in fact, performed by the lessee, not by the contractor.

(e) This conclusion does not rest upon the fact that the operation of the equipment occurs generally on the premises of the lessee rather than in the plant of the contractor. Also, it is immaterial whether the lease rental is a flat sum or a sum computed on a unit basis. The lease provides only for the furnishing of equipment, and that is not a processing, any more than the leasing of a machine tool or machinery.

§ 1499.1–35 Renegotiation Ruling No. 35: Filing of financial statement by sole proprietor of two businesses (interprets act sections 103(j) and 105 (e) (1); § 1470.2 of this chapter).

(a) Does the sole owner of two unincorporated companies make a single renegotiation filing, or a separate filing for each company?

(b) Under section 105(e) (1) of the act, every person who holds renegotiable contracts or subcontracts in excess of the stated minimum amount is required to file a financial statement. Most jurisdictions permit an individual to do business under a name other than his own if he chooses to do so, or under more than one name, but that does not make each such business a separate "person", as that term is defined in section 103(j) and § 1451.21 of this chapter. A natural person doing business under two names is thus not only permitted but required to report all his renegotiable business in a single filing.

§ 1499.1–36 Renegotiation Ruling No. 36: Standard Form of Contractor's Report; subcontract classification (interprets act section 105(e) (1); §§ 1470.3 and 1470.90 of this chapter).

(a) This section concerns the classification of subcontracts for the purpose of properly reporting renegotiable receipts or accruals.

(b) Receipts or accruals are to be classified for reporting purposes on the basis of the type of subcontract performed by the subcontractor making the report, not the type of contract held by his customer. Thus, if a contractor, holding a fixed-price contract, awards a subcontract on a cost-plus-a-fixed-fee basis, the subcontractor reporting receipts or accruals under that subcontract should report them as cost-plus-a-fixed-fee receipts or accruals. Conversely, a subcontractor, awarded a contract on a fixed-price basis by a cost-plus-a-fixed-fee prime contractor or higher-tier subcontractor, should report receipts or accruals under its subcontract as fixed-price receipts or accruals.

§ 1499.1–37 Renegotiation Ruling No. 37: Brokers and manufacturers' agents; full-time employee defined (interprets act section 103(g) (3) and § 1490.2(a) of this chapter).

(a) This section concerns the meaning to be assigned to the term "full-time employee" for the purposes of section 103(g) (3) of the act.

(b) The term "employee" for the purposes of renegotiation has the same meaning as "employee" under common law principles. This question was settled in the case of A. P. Dowell, Jr. v. Forrestal, 13 T.C. 845 (1949), a case dealing with the meaning of "full-time employee" under the Renegotiation Act of 1943, wherein the Tax Court said, at page 849:

> * * * We think the purposes of the statute will be served if the term "employee" is given its ordinary and usual interpretation as comprising one who meets the test of the generally established concept of legal relationship of employer and employee. Such a relationship exists where the employer retains the right to direct the manner in which the business is to be done, as well as the result to be accomplished. Singer Manufacturing Co. v. Rahn, 132 U.S. 518, 523. An "independent contractor" is most frequently defined as one who contracts to do certain work according to his own methods and without being subject to the control of his employer, except as to the product or result of his work. 27 Am. Jur., Independent Contractor, § 2, p. 481.

(c) Often the employment contract will aid in establishing whether a person is an employee or an independent agent or contractor. The fact that compensation is paid wholly on a commission basis is not decisive either way.

§ 1499.1–38 Renegotiation Ruling No. 38: Brokers and manufacturers' agents; commission sales (interprets act section 103(g) (1) and (3) and § 1490.6 of this chapter).

(a) This section concerns the manner in which receipts or accruals of a manufacturer's agent are classified for purposes of renegotiation.

(b) A sales agent for a manuafcturer of precision equipment is paid a commission on his sales of the manufacturer's products, some of which sales are renegotiable. Commissions paid to an agent for his services in obtaining contracts are subject to renegotiation under section 103(g) (3) of the act, in the same proportion as the sales of the manufacturer on which the commissions are paid. This is the case where the manufacturer receives the proceeds of the sales and remits the commissions to the agent. To the agent, it is only the commissions that constitute renegotiable receipts or accruals.

(c) On the other hand, if the agent acquires title to the products he sells, and thus assumes the risk of buying and reselling them, then he is a principal and his sales of such products to other contractors are subcontracts within the scope of section 103(g) (1) of the act to the extent that the products are applied to renegotiable use by such other contractors.

§ 1499.2 Renegotiation Bulletins.

This section contains Renegotiation Bulletins, consisting of statements of general policy formulated and adopted by the Board. The bulletins state Board policy with respect to specific provisions of the Renegotiation Act of 1951, as amended, or of these regulations, or other matters related to the conduct of renegotiation; some include interpretations of general applicability. They may be cited by section number (e.g., RBR 1499.2–12) or by bulletin number (e.g., R. Bull. No. 12).

§ 1499.2–1 Renegotiation Bulletin No. 1: Advertising.

This section explains how § 1459.7(b) (2) (ii) of this chapter will be applied in renegotiation proceedings.

(a) *Regulation.* Section 1459.7(b) (2) (ii) provides as follows:

> (ii) In cases in which it can be demonstrated that a prime contractor or subcontractor engaged in renegotiable business to the detriment of its normal commercial business in the year under review, and thereby incurred the risk of loss of its competitive position in the industry concerned, the Board will allocate to renegotiable business that portion of the prime contractor's or subcontractor's normal advertising expense which the Board deems properly attributable to the effort by the prime contractor or subcontractor to forestall such loss of competitive position.

(b) *Application.* (1) A contractor will be regarded as having engaged in renegotiable business to the detriment of its normal commercial business when and to the extent that the volume of its

normal commercial business decreases or is otherwise adversely affected as a direct result of its having accepted renegotiable prime contracts or subcontracts.

(2) Such a contractor will be regarded as having incurred the risk of loss of its competitive position in the industry concerned when any competitor during the same period continues to manufacture products which fill the same need as those of the contractor.

(3) However, a contractor who sells all or some of its normal commercial production to the Government under renegotiable prime contracts and subcontracts instead of to its customary civilian market will not be considered to have engaged in renegotiable business to the detriment of its normal commercial business, or to have incurred the risk of loss of its competitive position, if all other companies in the same industry have, to substantially the same extent, devoted their facilities to renegotiable business.

(c) *Examples.* The following are examples of situations in which the Board will allocate to renegotiable business a portion of the contractor's normal advertising expense:

1. A contractor who manufactures Product X has seriously curtailed its normal production in order to perform renegotiable contracts. Other manufacturers manufacturing Product X are not engaged in renegotiable business and continue to serve the civilian market.

2. All domestic manufacturers of Product Y are unable to produce sufficient amounts of Product Y for the civilian market because each one has diverted productive capacity to renegotiable business. Foreign manufacturers of Product Y, however, continue to supply the domestic civilian market.

3. A contractor who manufactures metal Product Z is unable to maintain its normal production thereof because it has devoted its facilities to renegotiable business. Manufacturers of wooden Product Z serving the same civilian market continue to produce their product, and their volume is not affected by the defense effort.

4. A contractor who manufactures a branded line of high quality kitchenware is unable to maintain its previous high standards and the special features of its normal product because it has devoted its facilities to renegotiable contracts, although it is able to produce as a substitute a lower quality product which partially meets the consumer demand.

§ 1499.2–2 Renegotiation Bulletin No. 2: Use of defense materials system program identification symbols in segregating renegotiable and nonrenegotiable subcontracts.

(a) Section 1456.3(b)(3) of this chapter indicates that subcontract may be identified as renegotiable if it contains a reference to "an allotment number under the Defense Materials System which can be identified from the symbols used as having been issued by a Department listed in § 1452.2 of this subchapter." This bulletin sets forth such identification symbols and suggests the manner in which they may be used as an aid to the segregation of subcontract sales.

(b) Program identification symbols under the Defense Materials System are issued by the Business and Defense Services Administration of the Department of Commerce. These symbols are set forth in Schedule II to DMS Reg. 1, as follows:

SCHEDULE II TO DMS REG. 1—AUTHORIZED PROGRAM IDENTIFICATIONS AND ALLOTTING AGENCIES

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The program identification symbols listed in this schedule are the only ones authorized for use under the Defense Materials System and must be used in accordance with this regulation and other applicable regulations and orders of BDSA.

The symbols are not listed in alphabetical or numerical sequence but are grouped by Allotting Agencies. Within each group, the Allotting Agencies listed in Column 3 are authorized to make allotments under one or more of the programs listed in Column 2 and to assign allotment numbers and ratings containing one or more of the program identifications listed in Column 1. Communications concerning rating, self-authorization and allotment authority should be addressed to the named agency, its procuring element, or as directed by the procuring element. The full names of the Allotting Agencies shown by initials in the following list are:

AEC—Atomic Energy Commission.
BDSA—Business and Defense Services Administration.
CIA—Central Intelligence Agency.
FAA—Federal Aviation Agency.
NASA—National Aeronautics and Space Administration.

Column 1 Program identification	Column 2 Program	Column 3 Allotting agency
	For Department of Defense and associated programs	
A–1	Aircraft	Department of Defense: Army. Navy (including Coast Guard). Air Force.
A–2	Missiles	
A–3	Ships	
A–4	Tank-Automotive	
A–5	Weapons	
A–6	Ammunition	
A–7	Electronic and Communications Equipment	
B–1	Military Building Supplies	
B–8	Production Equipment (for defense contractor's account)	Associated Agencies of Department of Defense: CIA. FAA. NASA.
B–9	Production Equipment (Government-owned)	
C–2	Department of Defense Construction	
C–3	Maintenance, Repair and Operating Supplies (MRO) for Department of Defense Facilities.	
C–8	Controlled Materials for Naval Stock Account.	
C–9	Miscellaneous.	
	For Atomic Energy Commission programs	
E–1	Construction	AEC.
E–2	Operations—including Maintenance, Repair and Operating Supplies (MRO).	
E–3	Privately Owned Facilities	
	For other Defense, Atomic Energy and related programs	
B–5	Certain self-authorizing consumers (see sec. 9(d) of DMS Reg. 1)	BDSA.
C–4	Certain munitions items purchased by friendly foreign governments through domestic commercial channels for export.	
C–5	Canadian Military Programs	
C–6	Certain direct defense needs of friendly foreign governments other than Canada.	
D–1	Controlled Materials Producers	
D–2 [1]	Approved state and local civil defense programs	
D–3	Further Converters (Steel)	
D–4	Private domestic production	
D–5	Private domestic construction	
D–6	Canadian production and construction	
D–7	Friendly foreign nations (other than Canada) production and construction.	
D–8	Distributors of controlled materials	
D–9	Maintenance, Repair and Operating Supplies (MRO) (see Dir. 1 to DMS Reg. 1).	
E–4	Canadian Atomic Energy Program	
K–1	General Services Administration's Stores Depot Program	
AM	Aluminum Controlled Materials Producers	
AM–9000	Aluminum Controlled Materials Distributors	
FC	Further Converters (steel and nickel alloys)	

[1] State and local governments will be authorized to use the program identification symbol D–2 only upon application to the Office of Civil Defense of the Department of Defense, sponsorship by the Office of Assistant Secretary of Defense (Installations and Logistics) and specific approval by BDSA.

(c) Program identification symbols, in some cases, are indicative of renegotiability, but in no case is such a symbol conclusive evidence of renegotiability. To illustrate: Program identification symbol A–7 is for the electronic and communications equipment program; but if used by CIA, for example, for the acquisition of such equipment, it would not indicate renegotiability. Other symbols, for example, D–2, D–4, D–5, and K–1, ordinarily denote nonrenegotiable programs. The absence of a symbol on an order does not necessarily mean that the order is nonrenegotiable.

§ 1499.2–3 Renegotiation Bulletin No. 3: Letter not to proceed.

An assigned case will be concluded by a letter from the Regional Board notifying the contractor that the Regional Board will not proceed further with the case (see § 1498.8 of this chapter) when it has been determined that:

(a) The renegotiable sales of the contractor and all related contractors, if any, were below the statutory minimum for the year under review. This may result from the making of a special accounting agreement, as well as from the correction of errors.

(b) The contractor had no renegotiable sales in the year under review, irrespective of the amount of renegotiable sales of related contractors. If a contractor having no renegotiable sales is a member of a consolidated group, it will be separated from the consolidated proceeding in accordance with § 1464.6 of this chapter. The foregoing shall not apply to the common parent corporation in a consolidated affiliated group.

§ 1499.2–4 Renegotiation Bulletin No. 4: the stock item exemption.

(a) *Amounts received or accrued on or before October 31, 1968.* Section 105(d)(5) of the Act authorizes the Board to exempt any subcontract or group of subcontracts if, in the opinion of the Board, it is not administratively feasible to determine and segregate the profits therefrom between renegotiable and nonrenegotiable business. Pursuant to this authority, in the early days of the act, the Board made a finding that sales segregation was not administratively feasible with respect to the following, which the Board therefore exempted (see § 1455.6(b) of this chapter):

* * * all subcontracts subject to the act which are for materials (including maintenance, repair and operating supplies) customarily purchased for stock in the normal course of the purchaser's business, except when such materials are specially purchased for use in performing one or more prime contracts or higher-tier subcontracts subject to the act.

By periodic extensions, this exemption has been made applicable to amounts received or accrued on or before October 31, 1968. The exemption requirements are explained below.

(1) *Subcontracts only.* The exemption is limited to subcontracts. It does not apply to prime contract sales, even though the procuring Department may place the materials in stock.

(2) *Materials only.* The exemption is limited to tangible materials. The materials may be of any kind, including maintenance, repair, and operating supplies. The exemption has no application to subcontracts for services.

(3) *Materials must be customarily purchased for stock.* (i) Normally, stock items are those customarily purchased for stock on a maximum-minimum inventory basis, and not those purchased on the basis of requirements to perform a particular order.

(ii) The exemption relates to stock of the purchaser, not of the seller; it is immaterial that the materials may be carried in stock by the seller. Also, if the purchaser does not maintain the materials in stock, it is immaterial that he may maintain an inventory of products manufactured from such materials; a sale of the materials to him under such circumstances is not exempt.

(iii) Sales to dealers and distributors of materials customarily maintained in stock by them are within the exemption; but in the case of drop shipments, the exemption applies only if the customer to whom the materials are shipped customarily places them in stock, and then only if they are not specially purchased.

(4) *Special purchases not exempt.* (i) A purchase of materials required in whole or in part for a particular renegotiable order is a special purchase. The sale of such materials is not exempt even though the purchaser places them in stock until he needs to use them. On the other hand, if materials are customarily acquired for stock and are not specially purchased for renegotiable use, exemption is not precluded by the fact that some portion of the materials is ultimately used by the purchaser on a renegotiable order.

(ii) Paragraph (c)(2) of § 1455.6 of this chapter sets forth certain common indications of a special purchase; other indicia may be found in the circumstances of the particular transaction. Among other things, a special purchase is indicated when all or substantially all the business in the purchaser's plant or facility is subject to renegotiation. By the term "substantially all" is meant such a preponderance of renegotiable business in a plant that only a negligible amount of purchased materials is used to fill nonrenegotiable orders. In applying this provision of the regulations, the Board employs the following working rule, subject to variation in special circumstances: If 90 percent or more of the business in a plant is subject to renegotiation, it will be considered, for purposes of the stock item exemption only, that all or substantially all the business in that plant is subject to renegotiation, and sales to that plant will not be allowed the exemption.

(iii) Generally, the fact that a purchase order includes an allotment symbol indicates that the transaction is a special purchase, but this is not so if the purchaser has used the allotment symbol, as he is entitled to do, to replenish his customary stock after withdrawing materials therefrom to fill a renegotiable order.

(5) *Customer information.* To determine whether sales under a subcontract are within the exemption, the contractor must obtain the necessary information from his customer, either through the order received from him or by direct inquiry. The Board will scrutinize with particular care representations by a contractor with respect to the purchasing practices of a customer in the same corporate family or other related group.

(b) *Amounts received or accurred after October 31, 1968.* With respect to amounts received or accurred after October 31, 1968, the Board has changed the rules governing the stock item exemption in several important respects. The new rules are set forth in paragraph (d) of § 1455.6 of this chapter, and are as follows:

(1) The provisions of paragraphs (b) and (c) of § 1455.6 do not apply to receipts or accruals after October 31, 1968.

(2) A contractor claiming the exemption must file with the Board an Application For Stock Item Exemption.

(3) The Board has removed its prior blanket finding that it is not administratively feasible to segregate the sales of a stock item. The Board will determine on the facts of the particular case whether segregation is feasible or not. Generally, circumstances formerly denoting a special purchase will indicate that sales segregation is feasible.

(4) Exemption will not be granted unless:

(i) In the opinion of the Board, based upon the circumstances of the particular case, the materials are customarily purchased for stock in the normal course of the purchaser's business; and

(ii) In the opinion of the Board, based upon the circumstances of the particular case, it is not administratively feasible to segregate the contractor's sales of such materials between renegotiable and nonrenegotiable sales.

§ 1499.2–5 Renegotiation Bulletin No. 5: Entertainment expenses, gratuities, and sales commissions.

(a) It is the purpose of the Board in issuing this section to insure that entertainment, gratuities, sales commissions, or other expenses which are not proper deductions for tax purposes or are not properly allocable to renegotiable business are not allowed in renegotiation. In the renegotiation process, careful scrutiny is given to such expenses to avoid improper allowances. Adjustments will be made for those items of a significant amount which are deemed to be unallowable.

(b) Entertainment, gratuities, and similar expenses, unless incurred for business purposes, are not allowable deductions for tax purposes, and therefore are not allowable under section 103(f) of the Renegotiation Act of 1951, as amended. For example, expenses incurred in the operation of a yacht for the contractor's personal enjoyment are not allowable in renegotiation. Of importance is the fact that even though an expense is deductible under the Internal Revenue Code, it may not be properly allocable to renegotiable business. Therefore, it is essential that the details of entertainment, gratuities, and similar expenses be made known to the Board so that proper allocation may be made. The contractor must demonstrate that the expenses were required for obtaining or performing renegotiable business and must establish the reasonableness of the amount allocated to renegotiable business.

(c) In renegotiation proceedings, Board personnel will endeavor to eliminate any improper charges for entertainment, gratuities, and similar expenses included in selling, general and administrative expenses, or otherwise charged in whole or in part to renegotiable business. Section 1459.7(a) of this chapter provides that selling expense will be allocated to renegotiable business only to the extent that it relates to certain specified purposes, none of which includes entertainment of or gratuities to persons acting on behalf of the Government. Irrespective of the classification, the allocation of entertainment expenses or gratuities to renegotiable business is subject to the limitations set forth herein.

(d) Section 1459.2(c) of this chapter provides that commissions paid or payable to brokers or agents, if estimated to be deductible under the Internal Revenue Code, will be allowed as a cost in renegotiation to the extent allocable to renegotiable business. Particular attention will be given to the specific tests prescribed in § 1459.2(c). If a commission arrangement violates the "covenant against contingent fees" required in practically all Government contracts, it must be disallowed as a charge against renegotiable business.

(e) The commissions received by an agent or broker are also subject to renegotiation. In renegotiating an agent or broker, any improper selling expenses incurred by him may be disallowed, as in the case of his principal.

(f) Pursuant to the Renegotiation Act and regulations, the Board considers available information concerning pertinent actions by the Internal Revenue Service, as well as allowances and disallowances of costs under other applicable governmental regulations. Thus, the Board endeavors to ascertain whether or not audits or examinations of the contractor's records have been made for the period under review by the Internal Revenue Service, the General Accounting Office, or other Government agencies. Necessary information in this connection may also be requested of the contractor, and copies of audit reports and other available data will be obtained for review in appropriate cases. The accounting section of the Report of Renegotiation generally will include a brief statement of any pertinent information obtained.

§ 1499.2–6 Renegotiation Bulletin No. 6: Cost allowances and disallowances.

(a) Section 103(f) of the Renegotiation Act of 1951 provides that all items estimated to be allowable as deductions and exclusions for Federal income tax purposes (excluding taxes measured by income) shall be allowed as items of cost in renegotiation to the extent allocable to renegotiable business. This principle is further developed in § 1459.1(b)(4) of this chapter, as follows:

> When an item of cost is allocable in whole or in part to renegotiable business, the Board will estimate the amount allowable as a deduction or exclusion under chapter 1 of the Internal Revenue Code, and such estimated amount will be allowed as a cost of renegotiable business in the fiscal year under review to the extent that it is allocable to such business and such year in accordance with the principles set forth in this paragraph (b). No such item of cost will be allowed in an amount less than or in excess of that estimated to be deductible or excludable from income under the Internal Revenue Code, and all items of cost will be allocated to the fiscal year in which they are allowable in the determination of taxable income under said Code, except as otherwise provided in this paragraph (b).

(b) The two basic questions on the allowability of any item of cost are, therefore: (1) Is the cost a good income tax deduction? (2) Is the cost allocable to renegotiable business? For convenience of discussion, this section will be addressed particularly to problems of salary allowances and disallowances, but the principles expressed herein are intended to be applicable and adaptable to the allowance and disallowance of other items of cost as well. This section does not deal with the allocation of allowable costs, which is to be accomplished in accordance with the general principles set forth in § 1459.1(b) of this chapter.

(c) Section 1459.2(b) of this chapter states the rule to be applied in the treatment of salaries, bonuses, or other compensation for personal services paid by a contractor to its officers or employees. The key word is "reasonable"—the term which is also used in section 162(a)(1) of the Internal Revenue Code. The regulation clearly indicates that the Board is not to act arbitrarily, but also that it is not required to accept the contractor's determination of what is reasonable compensation.

(d) This rule is applicable equally to both publicly held and closely held corporations. As a practical matter, however, more careful scrutiny should be given to closely held corporations, in which the officers or employees may be the stockholders or relatives of stockholders, in order that it may be determined whether the compensation paid to such persons is an indirect method of distributing profits or making gifts rather than a fair measure of the worth of the recipients.

(e) On matters of general application, the cited regulation provides that published rulings of the Internal Revenue Service will be adhered to in estimating the deductibility or excludability of cost items under the Code. The Board is not bound, however, by the actual or anticipated allowance or disallowance of particular cost items or amounts by particular revenue agents. Especially is this true in a field such as compensation where the test is whether the amount paid is "reasonable." Therefore, although obviously it is desirable for the IRS and the Board, both acting for the Government, to reach the same result, it is possible that they may reach different results.

(f) In estimating the allowability of compensation paid, consideration will be given to the matters set forth in § 1459.2(b) of this chapter. In addition to such considerations, there might be added the relationship existing between the officer or employee and the stockholders (or other owners) of the contractor, the method of compensation (i.e., whether on a straight salary basis, a percentage of profits or sales, or other basis), the size of the contractor, the amount of its profits, and any other factors which might apply in a particular case.

(g) In the normal course of events, renegotiation occurs before the IRS audits the income tax return of the contractor for the year under review, and the Board is faced with the problem as a matter of first impression. The independent judgment thus required must be based upon an estimate of what the courts would do if the deductibility or excludability of the item were the subject of litigation.

(h) When both a cost item and the amount thereof are estimated to be deductible under the Internal Revenue Code, the Board is required by the renegotiation statute to allow such amount to the extent allocable to renegotiable business. When either an item or a portion of an item is estimated to be not deductible under the Internal Revenue Code, the Board is required by § 1459.1(b)(4) of this chapter to disallow such item either in whole or in part, as the case may be.

(i) A disallowance should not, in effect, be made by allocating to renegotiable business a lesser portion of a cost than would be allocated pursuant to established principles of allocation. For example, suppose that a particular executive's salary of $30,000 is estimated to be not allowable under the Internal Revenue Code to the extent of $10,000 and that one-half of his compensation is properly allocable to renegotiable business. His salary should be disallowed to the extent of $10,000 and the remaining $20,000 allocated one-half to renegotiable business and one-half to nonrenegotiable business. This result should not be achieved by allowing the salary in full and then allocating only $10,000 to renegotiable business.

(j) What effect such allowance will have in the renegotiation proceeding will depend upon the effect of the allowance upon the total comparative costs of the contractor. Section 1459.1(b)(4) of this chapter provides in this connection as follows:

> * * * When it is clear that a contractor's deductions and exclusions under the Internal Revenue Code result in allowable costs of renegotiable business which are in the aggregate either high or low on a comparative basis, this circumstance will be considered in connection with the factor of the "reasonableness of costs" of the contractor and the determination of the amount of any profit adjustment to be required of the contractor. * * *

See also § 1460.10(b)(1) of this chapter.

§ 1499.2–7 Renegotiation Bulletin No. 7: Renegotiation of construction and architect-engineer contracts.

(a) *Scope of act and exemptions*—(1) *Scope.* (i) The Renegotiation Act of 1951 applies to contracts with the Government agencies named in or designated pursuant to the Act, and to related subcontracts.

(ii) Renegotiation is conducted on an overall basis with respect to the amounts received or accrued under all renegotiable contracts and subcontracts of a contractor in his fiscal year. Determinations of excessive profits are made by the application of judgment to the facts of specific cases in the light of certain factors prescribed in the Act.

(iii) The statutory definition of the term "subcontract" is interpreted generally in § 1452.4 of this chapter. The specific application of the term to contracts for fixtures or improvements to or construction of real property is explained in § 1452.5 of this chapter.

(2) *Exemptions.* (i) By virtue of exemptions granted in or pursuant to the Act, certain classes of contracts are excluded from renegotiation. Exemptions

pertinent to construction and architect-engineer cases are included among those set forth in Parts 1453 and 1455 of this chapter.

(ii) Particular attention is directed to the exemption of prime contracts for construction awarded as a result of competitive bidding. This exemption, provided in section 106(a)(9) of the act, applies to "any contract awarded as a result of competitive bidding, for the construction of any building, structure, improvement, or facility, other than a contract for the construction of housing financed with a mortgage or mortgages insured under the provisions of title VIII of the National Housing Act, as now or hereafter amended." The limitations of this exemption, as well as the meaning of the term "competitive bidding" as used therein, are explained in § 1453.7 of this chapter.

(b) *Consideration of construction cases—(1) Efficiency of contractor (§ 1460.9 of this chapter).* (i) The organization and equipment for a job will be considered in the light of the nature, location and magnitude of the work.

(ii) Compliance with the plans and specifications generally is indicated by acceptance of the completed work by the Government or the prime contractor. Occasionally, however, the using agency will report defects which were not apparent at the time of acceptance and which may require corrective measures.

(iii) If a contractor fails to meet requirements, or appreciably exceeds minimum requirements without additional cost to the Government, the facts relating to such deficiencies or accomplishments will be considered in appraising the contractor's efficiency and the reasonableness of his costs.

(iv) Speed of construction is affected by weather, location, site conditions, availability of labor, material and equipment, and the provisions of the contract. Viewed in relation to such facts, the speed of construction may be indicative of the contractor's efficiency, risk assumed, and contribution to the defense effort, and may have a bearing on the reasonableness of costs and profits. Delays beyond the control of the contractor do not warrant unfavorable consideration, but the action taken to overcome such delays will be considered.

(2) *Reasonableness of costs and profits (§ 1460.10 of this chapter).* (i) Comparisons are made of: (*a*) Contractor's costs and profits on renegotiable business in the review year with those of previous years, noting significant changes in salaries or bonuses or other variations in costs; (*b*) contractor's contract price with other contract prices or bids for like work; and (*c*) contractor's costs and profits with those of other contractors for like work.

(ii) Location of the work may be significant in evaluating reasonableness of costs. Work may be carried on at sites miles apart under common supervision. If a separate organization is required at each location and equipment must be duplicated or hauled back and forth, higher direct and indirect costs may properly be incurred. Difficulty of access and distance from the sources of supply may properly give rise to additional expenditures for the transportation of employees, equipment, and materials, and for housing, subsistence, and recreation facilities.

(iii) Changes in plans and specifications may cause abandonment of work partially completed or create difficulties in scheduling labor, equipment, and materials procurement. Such difficulties may affect not only the cost of the work involved in a change order, but also the cost of other work on the project.

(3) *Capital employed (§ 1460.11 of this chapter).* Construction contractors usually have less net worth in relation to volume of business than manufacturers generally. Net worth, however, is not the only measure of the financial requirements of construction work since the owners of construction companies often use their credit standing, private funds or other investments to obtain performance and payment bonds, and bank credit. Thus, in the construction industry profits in relation to net worth are often high.

(4) *Extent of risk assumed (§ 1460.12 of this chapter).* (i) The hazards of abnormal weather and unfavorable site conditions are risks peculiar to the construction industry. These risks include loss of time, causing increased labor and overhead costs and possibly liquidated damages; damage to or loss of equipment or materials; abnormal depreciation of equipment; and damage to completed work.

(ii) With respect to fixed-price contracts, the relation of price to particular hazards is analyzed. For example, unanticipated subsurface conditions; or unfavorable weather might affect costs materially.

(iii) With respect to cost-reimbursement type contracts, consideration is given to nonreimbursable costs and the extent to which the fee may be reduced thereby. For example, delays beyond the control of the contractor may increase such costs and reduce the margin of profit contemplated.

(iv) Consideration is given to contract terms, or changes in contract terms, affecting risk, such as the presence or absence of provisions for price escalation or liquidated damages.

(5) *Contribution to the defense effort (§ 1460.13 of this chapter).* (i) Construction offers little opportunity for inventive or developmental contributions to the defense effort in comparison with other types of business.

(ii) When the contractor has been unusually cooperative in completing high priority and urgently needed work ahead of contract requirements at little or no additional cost to the Government, favorable consideration may be given under this factor.

(iii) If the contractor exceeds contract specifications in respects that are of exceptional value at little or no additional cost to the Government, the contractor may likewise be given favorable consideration.

(iv) With respect to contributions claimed under this factor, the Board will usually seek the comments of the contracting agency.

(6) *Character of business (§ 1460.14 of this chapter).* Construction generally involves custom work, each job differing as to plans and specifications, site, physical conditions encountered, and skills required. As a rule, construction contractors maintain a relatively small permanent organization. Usually, labor available in the area of operations is employed, and at least some of the work, such as specialty work, is subcontracted. Because of the relatively small permanant organization and capital investment, fixed overhead costs and expenses are usually much less in relation to the volume of business in the construction industry than in most other industries. Important considerations are the nature and extent of subcontracting, know-how and skill required, and the relative complexity of the work.

(i) *Subcontracting.* The amount and type of work subcontracted vary principally with the nature of the construction involved. In considering the effect of subcontracting on the evaluation of efficiency, reasonableness of costs and profits, risk, and character of the business, recognition must be given to variances in subcontracting practices because of local rules or other reasons beyond the contractor's control. When subcontracting costs are significant, consideration is given to their reasonableness, especially where there is a relationship between the contractor and the subcontractor. See § 1460.14(b)(3) of this chapter for full discussion.

(ii) *Classification of construction.* It is reasonable that profits should increase as the complexity of the work increases, other conditions being similar. The following table classifies construction according to complexity. However, these classifications may not apply in the special circumstances of an individual case.

BUILDINGS	UTILITIES
SIMPLE	
Temporary—	Surface—
Housing.	Fencing runways.
Hospitals.	Clearing roads.
Warehouses.	Grading railroads.
Magazines.	Highway culverts.
Administration.	Parking areas.
Subsistence.	Simple bridges.
Shops.	Target ranges.
Fire stations.	Above ground—
	Electrical distribution.
	Telephone distribution.
	Steam distribution.
	Air distribution.
	Alarm systems.

SEMICOMPLEX

Semipermanent or permanent—	Under ground—
Housing.	Sewers:
Hospitals.	Sanitary.
Warehouses.	Industrial.
Magazines.	Storm.
Administration.	Waterlines.
Subsistence.	Gaslines.
Shops.	Air lines.
Fire stations.	Powerlines.
Hangars.	Oil lines.
Laboratories.	
Manufacturing plants—	
Shell loading.	
Bag loading.	
Small arms.	
Armor plate.	
Tanks.	
Aircraft assembly.	
Truck assembly.	
Missile assembly.	

COMPLEX

Processing, including installation of processing equipment—	Plant and structures—
TNT.	Sewage disposal.
Smokeless powder.	Water treatment.
Chlorine.	Steam.
Cast double base propellant.	Power.
Hydrogen peroxide.	Pumping stations.
Nuclear physical.	Complicated bridges.
Special chemical and biological.	Deep-cut utility lines.
Large and highly technical test facilities with equipment.	Tunnels.

SIMPLE, SEMICOMPLEX, OR COMPLEX

Heavy construction—
Dredging.
Piers.
Docks.
Wharves.
Jetties.
Dams.
Floodwalls.
Levees.
Locks.
Graving basins.

(c) *Consideration of architect-engineer cases*—(1) *Efficiency of contractor (§ 1460.9 of this chapter)*. Favorable consideration will be given for the following:

(i) Completion of plans and specifications in advance of the specified completion date.

(ii) Quality of plans and specifications as indicated by clearance and adequacy of details and plans; by coordination of plans; by economy of design and suitability of the facility for intended use; by feasibility of design for construction by practical and economical construction methods, and by a minimum of corrections or changes in plans and specifications required during construction.

(iii) Reduction of costs as indicated by reliable comparisons, if available, with similar work in the same or prior years or with similar work of other firms, under comparable conditions.

(iv) Full use of suitable equipment (electronic computers, aerial surveys, etc.) with resulting savings.

(2) *Reasonableness of costs and profits (§ 1460.10 of this chapter)*. Comparisons are made of: (i) Contractor's costs and profits on renegotiable business in the review year with those of previous years, noting significant changes in salaries or bonuses or other variations in costs; (ii) contractor's fees with the fees of other contractors for like work, and (iii) contractor's costs and profits with those of other contractors for like work.

(3) *Capital employed (§ 1460.11 of this chapter)*. Generally, relatively little invested capital is required by architect-engineer firms.

(4) *Extent of risk assumed (§ 1460.12 of this chapter)*. The risk factor is generally of little importance in architect-engineer cases.

(5) *Contribution to the defense effort (§ 1460.13 of this chapter)*. Favorable consideration will be given for the following:

(i) The extent to which the designs include or represent new techniques or processes of unusual merit.

(ii) The extent to which the designs provide for use of noncritical materials so that critical materials are made available for more urgent uses.

(6) *Character of business (§ 1460.14 of this chapter)*. Particular attention will be given to:

(i) The nature and extent of consultation services employed.

(ii) The class or classes of design services performed and the services required of architects and engineers according to complexity. However, these classifications may not apply in the special circumstances of an individual case.

SIMPLE

Requiring minimum time, involving minimum trained personnel, minimum risk, and generally repetitive in character; for example:

a. Temporary buildings and structures.

b. Above ground and surface utility construction.

SEMICOMPLEX

Requiring somewhat longer time and generally more and higher trained personnel and involving greater risk; for example:

a. Semipermanent and permanent buildings and structures.

b. Underground pipe work, plants, and structures.

c. Surface construction such as highways, roads, railroads, and bridges.

COMPLEX

Requiring longer time for design and generally highly trained specialists, and involving greater risk; for example, construction of chemical process plants such as TNT, smokeless powder, and highly specialized manufacturing.

It is stressed, however, that these examples may not apply under the special circumstances of an individual case.

§ 1499.2–8 Renegotiation Bulletin No. 8: Renegotiation shipping operations.

(a) *Purpose.* The purpose of this section is to assist contractors engaged in shipping and related services to prepare renegotiation reports.

(b) *Form of report.* (1) The Board's instructions for preparing the Standard Form of Contractor's Report (RB Form 1) are contained in the booklet, "Forms and Instructions for Filing Renegotiation Reports." However, section I, Income Statement for Renegotiation, of RB Form 1, ordinarily is not suitable for reporting shipping operations or related activities.

(2) Accordingly, Exhibit I, attached hereto,[1] should be used as a guide in reporting income for renegotiation purposes in lieu of section I of RB Form 1. This exhibit or information in similar form should accompany a filing on RB Form 1, which must be completed in all other respects.

(c) *Renegotiable receipts or accruals.* All amounts received or accrued under prime contracts with the Departments and related subcontracts for the transportation of cargo and passengers by water, or for related activities, are subject to renegotiation, except to the extent that such prime contracts or subcontracts are exempt.

(d) *Exemptions.* (1) Applicable exemptions are set forth in Parts 1453 and 1455 of this chapter, particularly §§ 1453.3 and 1455.3(b)(5).

(2) The following are exempt:

(i) Prime contracts and subcontracts for domestic and intercoastal transportation by water.

(ii) Prime contracts not exceeding $1,000 when the period of performance is not in excess of 30 days.

The following are exempt only if the Board has granted the exemption with respect to a particular period:

(iii) Prime contracts with the Military Sea Transportation Service for transportation of cargo at rates or charges based upon the manifest measurement or the manifest weight of such cargo.

(iv) Prime contracts for transportation by common carriers by water at, or at rates below, rates or charges filed with, fixed, approved or regulated by the Federal Maritime Commission.

It should be noted that the exemptions listed above do not apply to voyage, time, or bareboat charters.

(e) *Renegotiable subcontracts.* Agreements or orders relating to shipping operations are within the definition of "subcontract" contained in section 103 (g)(1) of the Act if they are agreements or orders to perform services required for the performance of renegotiable prime contracts or subcontracts.

EXAMPLES: 1. Company A charters a vessel, either on a time or bareboat basis, to company B. During the period of the charter, B furnishes the vessel to MSTS on a voyage charter. A thus becomes a subcontractor to B. The charter hire received by A from B, to the extent that the vessel is used in renegotiable service, is subject to renegotiation even though A's charter to B is of long duration and antedates B's charter to MSTS.

In determining the extent of the renegotiable use of the vessel, it should be recognized that such use is not necessarily restricted to the period within which the renegotiable cargo is loaded and discharged. Assume that B under its charter with MSTS loads the Government cargo at the beginning of 1 month and discharges the same cargo at a foreign port at the beginning of the next month. It does not necessarily follow that

[1] Filed as part of the original document with the Office of the Federal Register.

only one-twelfth of the annual charter hire paid to A is renegotiable; if the return of the vessel in ballast to the United States is a necessary incident to the performance of B's charter, the number of voyage days required for the return voyage is included in determining the extent of renegotiable use.

2. Company C manages and operates vessels owned by company D under a long term managing agent agreement and such vessels are intermittently in the service of MSTS under renegotiable voyage or time charters. The fees received by C under the managing agent agreement, to the extent the vessels are used in renegotiable service, are renegotiable irrespective of the date of or the period covered by such agreement.

3. Company E regularly performs stevedoring, cargo handling, towing or other services for company F. To the extent that such services are required for the renegotiable business of F, the compensation to E is renegotiable.

4. Brokerage received or accrued in connection with renegotiable charters or the transporting of renegotiable cargo, and brokerage received from general agents for the account of the National Shipping Authority in connection with the operations of its vessels, is subject to renegotiation. (Brokerage agreements of this nature are subcontracts as defined in section 103(g)(3) of the Act, and are subject to the statutory minimum of $25,000 prescribed in section 105(f)(2) of the Act.)

(f) *Reporting of renegotiable receipts and accruals.* (1) In reporting renegotiable receipts or accruals from contracts for shipping operations and related services, a breakdown should be made for each type of service rendered. Thus, receipts and accruals derived from charter operations should be reported separately from receipts and accruals derived from stevedoring, cargo handling, towing, lighterage, tug, wharfage, terminaling and any other services rendered.

(2) Receipts or accruals representing reimbursement to the contractor by the Government for expenses incurred on behalf of the latter, may be reported separately or included with other receipts or accruals from renegotiable contracts. In the latter event, a footnote to the statement of income should state the estimated amount of such reimbursed costs.

(3) Agency, commission and brokerage fees received from other contractors in connection with vessel operations should be shown separately, together with a statement of the estimated costs and expenses deemed allocable to such revenue.

(g) *Costs and expenses allocable to renegotiable business*—(1) *In general.* Costs and expenses relating to vessel operations should be allocated to renegotiable and nonrenegotiable business in accordance with the contractor's established cost accounting method (§ 1459.1(b)(3) of this chapter). If, in accordance with such method, the contractor records direct vessel operating costs on the terminated voyage basis, they should be so reported for renegotiation. All other expenses, including general and administrative expenses, interest, and vessel depreciation, should be accounted for as period costs and allocated on an appropriate basis.

(2) *Inactive vessel expenses.* Inactive vessel expenses may be allocated to renegotiable business to the extent that they are incurred in connection with the performance of such business.

(3) *Branch office, traffic solicitation, entertainment and advertising expenses.* The extent to which branch office, traffic solicitation, entertainment, and advertising expenses may be allocated to renegotiable business should be determined in accordance with the provisions of § 1459.7 of this chapter.

(4) *Vessel repairs.* Included in direct expenses are costs of vessel repairs not covered by insurance. Except in cases where the practice of equalizing repair costs is followed, such costs are charged directly to a particular voyage of a vessel. Under this method of accounting, the cost of repairs may exceed or be less than the amount properly allocable to the voyage for renegotiation purposes. In such case there should be allocated to renegotiable charter operations reasonable repair costs, based on experience for the particular type of vessel used in such service.

(5) *General and administrative expenses.* (i) General and administrative expenses should be allocated to vessel and other operations, such as cargo handling, tug and lighterage, agency services, and terminal and nonshipping operations, on a basis most nearly reflecting the costs attributable to such operations.

(ii) General and administrative expenses applicable to vessel operations should be allocated to renegotiable and nonrenegotiable business on the basis of voyages terminated during the period. A method commonly employed for this purpose is based on weighted vessel days. This method is predicated on the assumption that overhead expenses accrue on a time basis to each vessel. In cases involving operations of owned or bareboat chartered vessels, each such ship is assigned a value of 1 for each vessel day. Vessels time chartered from others, where the operating functions are performed by the owner, are assigned a value of one-third for each vessel day. Vessels time chartered to others, where the owner is relieved of the functions of traffic solicitation and cargo handling, are assigned a value of two-thirds for each vessel day.

(6) *Interest expense.* Interest expense is allowed in accordance with the provisions of § 1459.6 of this chapter and generally should be allocated to voyages on the same basis as general and administrative expenses, except that interest on vessel mortgages may be allocated on the basis of accrual to the operations of each vessel subject to a mortgage. Interest on vessel mortgages should be shown separately from other interest.

(7) *Depreciation.* Vessel depreciation should be allocated to renegotiable and nonrenegotiable voyages on the basis of the number of terminated voyage days multiplied by the effective daily rate of depreciation for each vessel. The difference between the aggregate amount thus determined and the total amount of vessel depreciation recorded on the annual basis for the vessels involved should be assigned to nonrenegotiable business. Vessel depreciation applicable to idle status periods should be allocated to renegotiable and nonrenegotiable business on the same basis as other inactive vessel expenses.

§ 1499.2–9 Renegotiation Bulletin No. 9: Deferred payment of excessive profits pursuant to agreement.

(a) Section 1461.2(a) of this chapter states that a refund of excessive profits pursuant to an agreement may be made by the contractor in a single payment or in installments, as the agreement may provide. Deferred single payment or payment in installments will be permitted, upon request of the contractor, only when such terms are necessary to avoid undue hardship on the contractor and will not affect adversely the interests of the Government.

(b) Normally, an agreement will require the repayment of excessive profits in a single lump sum. The payment normally will be required within 40 days after the date of the agreement (i.e., the date upon which the agreement is executed on behalf of the Government), except that if the contractor makes prompt application, within the time stipulated in the agreement, for a computation from the Internal Revenue Service of the tax credit to which the contractor is entitled under section 1481 of the Internal Revenue Code, the payment will be due within 40 days after the date of the agreement or within 30 days after the contractor receives such tax credit computation, whichever is later. It will be only in the exceptional case that any further grace will be allowed to the contractor by the Board or by the Regional Board to which the case has been assigned.

(c) A contractor believing itself in need of installment or other deferred terms of payment should request such relief and must be prepared to establish to the Board or the cognizant Regional Board that payment in accordance with the provision customarily included in agreements would impose undue hardship upon the contractor. In order that the existence and extent of the claimed need may be properly evaluated and the risks to the Government carefully weighed, the contractor will be expected to furnish upon request current financial and other information pertaining to its ability to pay.

(d) Contractors requesting provision for deferred payments should note that they may be required to pay interest thereon. Normally, under § 1461.2 of this chapter interest will not accrue on excessive profits to be refunded by agreement unless and until a default occurs in the payment of the refund. However, when the refund is to be made in installments, interest is required upon each such installment (other than the first installment payable under the agreement) which is provided to be paid more than 2 years after the close of the fiscal year to which the agreement relates. In such case, interest will begin to accrue on the first day of the third year following

the close of the fiscal year to which the agreement relates, or on the due date of the first installment, whichever is later. Similarly, when a contractor requests postponement of its entire refund obligation to a date beyond such 2-year period, the contractor may be required to pay interest as a condition to the granting of such extended terms.

§ 1499.2–10 Renegotiation Bulletin No. 10: Treatment of shorts and seconds in segregation of subcontractors' sales in the textile industry.

(a) It is the practice in the textile industry for manufacturers to purchase fabrics in excess of amounts needed to perform specific Government contracts, due to the fact that during the course of manufacture some of the purchased fabrics are, or will become unsuitable for incorporation in end products delivered under renegotiable contracts. Such unsuitable fabrics are described as "shorts" if they are not of sufficient length to meet Government specifications, and, as "seconds" if they fail to meet Government specifications for any other reason than for length.

(b) Generally, shorts and seconds, while not accepted by the Government, have a commercial value substantially equivalent to the value of fabrics which are not defective in any respect. Therefore, even though they are originally purchased to perform defense contracts, they represent no loss to the purchaser of the type which he would charge against such defense contracts if they were of no use other than as scrap or waste.

(c) The Board has decided that, until further notice, it will permit contractors who make renegotiable sales of any of the fabrics specified below, to deduct from the receipts or accruals derived from such sales any amounts referable to fabrics which are diverted from the renegotiable contracts of their purchasers because the fabrics proved to be shorts or seconds.

(d) Since the computations necessary to determine the proper amount of such deductions would be complex in many cases, due to the fact that many sellers of fabrics have a substantial number of customers, the Board has also decided, at the request of representatives of the textile cotton industry, to permit any contractor selling cotton yarns to reduce its receipts or accruals by the percentage factors listed in the column headed "Grey" and to permit any contractor selling cotton grey goods to reduce its receipts and accruals by the percentage factors listed in the column headed "Mill finish." These factors have been developed on the basis of a survey made by representatives of the cotton textile industry and have been approved by the Board with respect to fiscal years ending on or after December 31, 1953.

	Grey (percent)	Mill finish (percent)
Cotton duck and allied fabrics	5.94	3.65
Sheetings and allied fabrics	5.64	4.66
Print cloth yarn fabrics (excluding bandage cloth, tobacco, and cheese cloth)	6.38	4.23
Bandage cloth, tobacco, and cheese cloth	.53	
Colored yarn fabrics	11.92	1.81
Napped fabrics	8.29	8.46
Fine cotton goods	6.29	5.49
Bed sheetings	6.06	2.41
Bedspread fabrics	7.30	
Corduroys	7.90	4.68

§ 1499.2–11 Renegotiation Bulletin No. 11: Computation of cost allowance for pig iron.

(a) *Scope.* Pursuant to section 106(b) of the act, § 1453.2(c) of this chapter provides a cost allowance for a contractor which, in the performance of renegotiable business, is engaged in an integrated process treating the product of a mine, oil or gas well, etc., to and beyond the last form or state in which the product is exempt as a raw material. This bulletin explains how an integrated steel producer should compute its cost allowance for pig iron and how the Board will apply the statutory factors to a contractor which is permitted such a cost allowance. However, the same principles may be applied to computation of an integrated steel producer's cost allowance for ferro-alloys such as ferromanganese, ferrosilicon, etc.

(b) *Segregation of materials to which cost allowance is applicable.* The cost allowance is computed separately with respect to each exempt material going into an end product, taking into consideration the fair market value of each. It is necessary, therefore, to determine the total quantity of each kind of material used in performing renegotiable business, with respect to which the cost allowance will be computed. Segregation of total quantity of a material according to the ratios of sales, between renegotiable and nonrenegotiable end products, is *not* acceptable for this purpose unless products and prices are the same. Normally, the cost allowance for pig iron must be based on the best separate estimate of the pig iron content of each of the contractor's renegotiable products. To this end, variations in the iron content of different renegotiable products must be taken into account. Where the contractor uses one of the general methods of segregating its renegotiable sales in accordance with § 1456.3 of this chapter, the quantity of iron contained in different kinds of steel products will be estimated necessarily on a composite basis. If, for example, the sales of a group of products are segregated according to an overall renegotiable percentage for such group, the contractor should estimate the quantities of steel products included in renegotiable sales of such group, and then estimate the iron content of such products on a composite basis.

(c) *Computation of cost allowance.* No form is prescribed for reporting to the Board the computation of a cost allowance with respect to exempt raw materials and agricultural commodities. A steel producer claiming such an allowance with respect to pig iron should furnish the Board with a detailed statement showing both the computation of the quantity of iron for which a cost allowance is claimed and the computation of the dollar amount of the allowance. The following form of computation of the amount of the allowance may be used as a guide with appropriate adaptation to the circumstances of each case:

COST ALLOWANCE ON PIG IRON

Fiscal year ending .....

NOTE.—A separate statement should be submitted for each blast furnace plant, and the quantity of iron going into renegotiable products from each plant should be estimated.

Net tons produced in plant .....
Net tons for cost allowance .....[a]

	Total for plant	Amount for cost allowance	Amount per ton
Manufacturing cost (exclusive of adjustments shown below)	$	$	$
Adjustments (add appropriate amounts for following):			
Depreciation			
Amortization (indicate basis)			
Depletion (indicate basis)			
Provision for relining			
Pensions and group insurance			
Social security and property taxes			
Rentals of facilities			
Handling and selling expense (indicate basis of distribution)			
General and administrative expense (indicate basis of distribution)			
Interest (if allocable to operation of this plant)			
Cash discount			
By-product adjustments [b]			
Others: [c]			
.....			
.....			
.....			
Pigging cost for ..... gross tons: [d]			
Labor			
Indirect labor			
Materials			
Utilities			
Other:			
.....			
.....			
Total adjustments			
Total costs			
Market value of pig iron (@ ..... per ton) [e]			
Cost allowance (market value less total costs)			

[a] Submit separately a brief summary of the computation of the estimate of net tonnage from this plant upon which cost allowance is claimed. (See par. 2 of this bulletin.)

[b] By-product sales which have been credited to costs should be shown, and a corresponding adjustment should be noted on any profit and loss statement submitted for purposes of renegotiation.

[c] Show as other adjustments any costs or expenses from the profit and loss statement, as adjusted to the Federal income tax basis, which are necessary to reflect fully all costs (not otherwise shown on this computation) allocable to the cost of pig iron.

[d] To the extent that cost allowance is claimed for iron which has not been pigged, show estimated costs of pigging. Include all allocable supplies, repairs, railroad transfer to pig machine, and other direct or indirect expenses. Estimates should be made on the basis of all metal to be cast. The amounts of metal upon which estimates are based should include allowance for pigging loss, estimated to be 0.5 percent.

[e] Market value should be based on the published market price of pig iron at nearest point to the plant, exclusive of transportation charges. Explain separately the basis used for computing market value, taking into consideration any fluctuation of prices during the period involved. Set forth and justify any adjustments in the published market prices if higher prices are used because of the chemical characteristics of the metal produced.

(d) *Costs in excess of fair market value.* A contractor whose total costs, as shown above, exceed the fair market value of pig iron will be allowed to charge its costs to renegotiable business in accordance with Part 1459 of this chapter without limitation with respect to fair market value. The cost allowance benefits conferred by section 106(b) of the act would not be applicable in such a case. Where the contractor is engaged in processing iron ore in several plants, any excess of costs over fair market value ascertained with respect to one or more plants will, in the absence of unusual circumstances, be offset against the allowable amounts ascertained with respect to other plants in determining the net amount of the cost allowance for pig iron.

(e) *Application of statutory factors.* Generally, if a contractor's allowable costs are enhanced by the integrated producer's cost allowance, all processing up to the exemption line is regarded, in application of the statutory factors, as if it were nonrenegotiable business.

§ 1499.2–12 Renegotiation Bulletin No. 12: Guide to the partial mandatory exemption for new durable productive equipment.

(a) This section states certain principles adopted by the Renegotiation Board in connection with the partial mandatory exemption of prime contracts and subcontracts for new durable productive equipment (section 106(c) of the Renegotiation Act of 1951, as amended). In addition to the regulations set forth in Part 1454 and § 1456.4 of this chapter, this section may be used as a guide to the application of the exemption.

(1) "New". The term "new," as used in the Act, does not refer to the age of the equipment, but only to its use. For the purposes of this exemption, equipment is new when it is unused, without regard to the date when it was manufactured.

(2) "Durable". (i) Under the act, equipment is durable when it "has an average useful life of more than 5 years." The act provides that the average useful life of equipment is as set forth in Bulletin F of the Internal Revenue Service (1942 edition) or, if not so set forth, then as estimated by the Board.

(ii) In making such estimates, the Board considers all available evidence bearing upon the usable life of the equipment to users, including evidence of actual length of use, physical deterioration and economic obsolescence. The accounting practices of users in depreciating the equipment are also taken into consideration.

(3) "Productive". (i) For the purposes of this exemption, equipment sold under either a prime contract or a subcontract will be deemed productive if:

(*a*) It is used or designed to be used by the purchaser to manufacture tangible materials; or

(*b*) It has substantial industrial use and its principal industrial use is to manufacture tangible materials; or

(*c*) It is used or designed to be used to supply motive power directly to equipment which qualifies under either (*a*) or (*b*) above.

(ii) In determining whether equipment is productive, it is the equipment as sold that will be considered. For the purposes of (*b*) of subdivision (i) of this subparagraph, minor differences between the equipment as sold and other equipment with which it is compared will be disregarded.

(iii) The industry use test referred to in (*b*) of subdivision (i) of this subparagraph does not apply to any equipment with respect to which, at the time the seller is required to file its Standard Form of Contractor's Report for the fiscal year in which it has received or accrued payment for the equipment, the seller knows that the equipment has been or is intended to be used by the purchaser for purposes other than to manufacture tangible materials and in such a manner as to render the equipment incapable of being used thereafter to manufacture tangible materials.

(iv) An equipment part (see subparagraph (4) of this paragraph) is deemed productive if the equipment into which it is to be incorporated is productive under the principles stated above.

(4) *"Equipment".* (i) The term "equipment" includes not only machines fully equipped for actual operation, but all the parts of a machine as well. For reasons of adminstrative feasibility, standard materials (such as nuts, bolts, screws, etc.) having uses other than as parts of productive equipment, are excluded.

(ii) The rule of the Board with respect to the exemption of equipment parts is as follows:

> A new durable accessory, component, subassembly or other portion of an item of productive equipment will qualify for the partial mandatory exemption if:
>
> (a) It is to be physically incorporated in or attached to such other item, it is necessary to or customarily employed in the operation of such other item, and it has no other commercial or industrial use; or
>
> (b) It is to be used to supply motive power to such other item.

It will be noted that an equipment part, to qualify for exemption, must, among other requirements, be durable. Section 1454.27 provides that the extent to which the act applies to a part "will be determined by reference to the average useful life of the equipment in question and not by reference to the life of the equipment of which it becomes a part."

(5) *"Convertible" to commercial use.* (i) Section 106(c) of the act and § 1454.28 of this chapter, read together, provide that prime contracts for new

durable productive equipment are excluded from the exemption when the Board finds that the equipment cannot practicably be adapted, converted, or retooled for commercial use. This limitation does not apply to subcontracts.

(ii) The practicability of conversion to commercial use includes, in the opinion of the Board, both economic and engineering feasibility, as well as a willingness on the part of buyers generally to acquire the equipment. The Board has therefore adopted the following principles:

(a) When equipment can be applied to commercial use in its existing form or can be adapted to such use with only minor modifications, the Board will not make a finding that the equipment cannot practicably be adapted, converted, or retooled for commercial use unless the facts show that the equipment could not reasonably be expected to be used commercially in substantial quantity.

(b) When equipment cannot be applied to commercial use either in its existing form or with only minor modifications, the Board will not make a finding that the equipment cannot practicably be adapted, converted, or retooled for commercial use unless the facts show:

(1) That the engineering or other changes required to convert the equipment to commercial use are not feasible; or

(2) That the cost of making such changes would be unreasonable in relation to the cost of similar new equipment; or

(3) That the equipment in its converted state could not reasonably be expected to be used commercially in substantial quantity.

(iii) Important: Whenever a contractor believes that the partial mandatory exemption is applicable to any of its prime contracts or subcontracts for a fiscal year, the contractor is requested to submit to the Board, with its filing for such year, sufficient information and data to support its claim for exemption under the principles set forth in this bulletin. This will help the Board to make a proper and expeditious decision on the applicability of the exemption. The cooperation of contractors in this respect is solicited in their own interest.

§ 1499.2–13 Renegotiation Bulletin No. 13: Voluntary refunds and interim prepayments.

This section sets forth the rules adopted by the Board for determining when voluntary refunds by contractors and subcontractors shall be treated as reductions of renegotiable sales. Each type of voluntary refund is dealt with separately below. For convenience, the year in which the amount represented by a voluntary refund was originally received or accrued by the contractor will be referred to herein as "the related year." A voluntary refund made during such year, or at any time before the filing of the contractor's Federal income tax return for such year, will be referred to herein as a "current refund"; if made after the close of such year, and after the filing of the contractor's Federal income tax return for such year, it will be referred to herein as a "post-year refund."

(a) *Interim prepayment by prime contractor or subcontractor to The Renegotiation Board.* (1) A voluntary refund allocable to a given fiscal year, made by either a prime contractor or a subcontractor to The Renegotiation Board in the manner prescribed in Part 1463 of this chapter, is an interim prepayment of excessive profits for such fiscal year. When the prepayment is made during the related year, the amount is not included in income in the computation of the taxable income of the contractor for such fiscal year, and accordingly no tax credit is allowable thereon (see § 1463.90 of this chapter). When the prepayment is made after the close of the related year, by the use of the letter agreement set forth in § 1463.91 of this chapter, the contractor obtains a tax credit computation from the Internal Revenue Service and the prepayment made is the gross amount, less the amount of the tax credit so computed.

(2) In either case, if renegotiation is thereafter conducted with the contractor for the related year, the amount of the gross prepayment is included in renegotiable sales; upon such basis, excessive profits, if any, are determined; and upon such determination, the gross prepayment is applied in the elimination of the excessive profits so determined. The tax credit allowed to the contractor who made a prepayment after the close of the related year is, of course, the aggregate of the credit applicable to the prepayment and the credit applicable to the balance of the excessive profits so determined.

(b) *Refund by prime contractor or subcontractor to the procuring Department.* (1) When a prime contractor makes a voluntary refund to a Department, the payment is usually accomplished either by modification of the prime contract or contracts to which the refund relates, or (see I.T. 3671, set forth in 1944 C.B. 456 of the Bureau of Internal Revenue) by an exchange of correspondence between the contractor and the Department. Of course, in the case of a refund by a subcontractor direct to a Department, only the latter method is available. Either of these transactions, whether current or postyear, is a "renegotiation" as that term is used in section 1481 of the Internal Revenue Code of 1954. The contractor is, accordingly, entitled to a tax benefit on the amount so refunded. To obtain this benefit, in the case of a refund made after the related year, the contractor either obtains a tax credit computation in advance of the payment and then pays only the net amount after application of that credit, or pays the gross amount and then applies under section 1481(c) of the Internal Revenue Code of 1954 for a refund of taxes paid thereon. The amount of a current refund is excluded from taxable income.

(2) Such refunds are not interim prepayments of excessive profits. Thus, § 1463.2 of this chapter provides that no refund paid as a result of an amendment of a specific prime contract or subcontract will be treated as a payment or prepayment of excessive profits. A refund made by an exchange of correspondence, since not made in the manner prescribed in § 1463.3 of this chapter, is likewise not an interim prepayment (see § 1463.1 of this chapter). The renegotiation treatment is as follows:

(3) When a refund to a Department is made pursuant to a specific contract amendment, the gross amount before tax credit, if any, is treated in renegotiation as a reduction of sales for the related year. If the contractor is thereafter renegotiated for that year, the renegotiation is conducted on such reduced sales basis and the contractor is allowed a tax credit against any amount of excessive profits determined in the proceeding. No tax credit is allowable in the renegotiation on any amount voluntarily refunded during the related year, such amount having been excluded from taxable income. In the case of a postyear refund, the contractor is entitled to a tax credit, as indicated above.

(4) When a current or postyear voluntary refund to a Department is effected by a mere exchange of correspondence, without contract modification, here too the amount refunded will be treated in renegotiation as a reduction of renegotiable sales for the related year. As with refunds reflected by specific contract amendments, the contractor is entitled to a tax credit for a postyear refund (see subparagraph (3) of this paragraph (b)). In the case of a current refund, no tax credit is involved, the amount having been excluded from taxable income and no tax having been paid thereon.

(5) When, in accordance with the foregoing, renegotiable sales for the related year are reduced by the amount of a refund made to a procuring Department, the record will clearly reflect such action. This will preclude the amount being allowed a second time as a reduction of sales, or otherwise, for the fiscal year in which the amount was actually paid to the Department.

(c) *Refund by subcontractor to customer.* (1) When a refund is made by a subcontractor to a prime contractor or a higher tier subcontractor before the close of the related year, the amount is excluded in computing the taxable income of the subcontractor for the related year. Renegotiable sales for the related year are similarly reduced. The rule is the same whether or not the refund is made in connection with the amendment of a specific subcontract. No tax credit is involved, since no tax is paid on the amount refunded.

(2) When a refund is made by a subcontractor after the close of the related year, the subcontractor is entitled to a tax credit for such year under section 1481 only if the payment is made to the prime contractor as an agent of the subcontractor to transmit the payment to the Government and the payment is actually transmitted to the Government by the prime contractor, or if the payment is made under circumstances which make the prime contractor a trustee for the benefit of the Government (Rev. Rul. 54–82). When a refund is so made, the

taxable income of the subcontractor for the related year is reduced. Likewise, its renegotiable sales for that year are reduced. No special accounting agreement is needed.

(3) When a refund by a subcontractor to its customer after the close of the related year is not made under the conditions prescribed in Rev. Rul. 54–82, the subcontractor is not entitled to a tax credit in the related year. The Board will follow the tax treatment and allow the refund as a reduction of renegotiable sales for the year in which it is made, unless the circumstances warrant a special accounting agreement for other treatment.

§ 1499.2–14 Renegotiation Bulletin No. 14: The commercial exemption as applied to aluminum and steel standard mill products.

(a) Aluminum and steel standard mill products, as identified below, are frequently claimed by contractors to comprise standard commercial classes of articles within the exemption provided in section 106(e)(2) and (4)(F) of the Renegotiation Act of 1951, as amended. Because of the wide variety of such articles, the Board suggests to contractors for their use in filing applications for exemption certain classifications of these articles.

(b) The Board recognizes that a contractor may wish to propose, as a basis for exemption, a different classification from that set forth herein. Therefore, although the classifications specified below are considered acceptable, and their use is encouraged, they are not mandatory.

(c) In selecting these classifications, the Board has adopted the principle that aluminum and steel standard mill products should be classified according to their principal alloying element or elements, in conformity with well-established usage in the respective metal industries. It is the principal alloying element or elements in an aluminum or steel standard mill product that give the product its distinctive attributes and performance characteristics. Therefore, for the purposes of section 106(e)(4)(F) and § 1467.51 of this chapter, the Board considers that all standard mill products of the respective metals which contain the same principal alloying element or elements are articles of the same kind, are manufactured of the same or substitute materials, and are sold at reasonably comparable prices.

(d) A contractor may include in a single class all standard mill products in any alloy classification listed below, such as: ingots, billets, plates, strips, bars, and rods; and sheets, tubes, and wires of standard dimension. Extremely thin sheets (foils), tubes of very small diameters, and extremely fine wires are not deemed to be standard mill products for the purpose of this section. Accordingly, such sheets, tubes, and wires must be put in separate classes. Armor plate, and other products such as rings, discs, cups, receptacles, or forgings must also be separately classified.

(e) Following are the classifications:

Aluminum:

Major Alloying Element	*A.A. designation (Aluminum Association)*
Aluminum (pure)	1 XXX
Copper	2 XXX
Manganese	3 XXX
Silicon	4 XXX
Magnesium	5 XXX
Magnesium and silicon	6 XXX
Zinc	7 XXX
Other element	8 XXX

Steel:

Carbon and Alloy Types	*A.I.S.I. designation (American Iron and Steel Institute)*
Carbon	10 XX–11 XX
Manganese	13 XX
Nickel	23 XX–25 XX
Nickel-Chromium	31 XX–32 XX–33 XX
Manganese-Molybdenum	40 XX
Chromium-Molybdenum	41 XX
Chromium-Nickel-Molybdenum	43 XX
Nickel-Molybdenum	46 XX–48 XX
Chromium	50 XX–51 XX
Chromium-Vanadium	61 XX
Low Alloy: Chromium-Nickel-Molybdenum	86 XX–87 XX
Silicon-Manganese	92 XX
Boron	50 B XX–51 B XX

Stainless Steels:

Type Name	
Chromium-Nickel	201 to 299, inclusive.
Chromium-Nickel	301 to 308, inclusive.
Chromium-Nickel	309 to 399, inclusive.
Chromium	403 to 446, inclusive.
Chromium	501 and 502.

Tool Steels:

Type Name
Relatively Low Alloy.
Intermediate Alloy.
High-Speed Alloy.

(f) Copper alloy classifications are not included in this revised bulletin. It is suggested that contractors furnish the Board with the Copper Development Association, Inc. designations of the copper alloys in any products for which exemption is sought. Upon receipt of such information, the Board will indicate those alloys which may be combined for the purpose of the exemption.

§ 1499.2–15 Renegotiation Bulletin No. 15: Assignment or withholding of contractors' filings.

(a) Section 1471.1 of this chapter sets forth the Board's general policy governing the conditions under which, after a Standard Form of Contractor's Report has been received from a contractor, a case will be withheld from assignment to a regional board or will be assigned to such a board for further proceedings. This section provides in part as follows:

> No assignment will be made when the Board can readily decide on the basis of the information contained in the Standard Form of Contractor's Report that the contractor has not realized excessive profits for the fiscal year and that no purpose would be served by making an assignment to a Regional Board.

(b) The purpose of this § 1499.2–15 is to explain this general policy and the similarity in nature and effect between a withholding from assignment and a determination after assignment that no excessive profits were realized.

(c) Many filings are made with the Board by contractors whose renegotiable receipts or accruals for the fiscal year are below the statutory minimum or "floor." These filings of the Statement of Non-Applicability are optional (see section 105(a) of the act) and if not questioned, are set aside; a contractor who is under the floor may not be renegotiated (see section 105(f)). All contractors whose renegotiable sales for the fiscal year exceed the floor are required to file the Standard Form of Contractor's Report. These are either withheld from assignment or assigned to a regional board.

(d) The withholding of a filing signifies that the Board is satisfied that the contractor did not realize any excessive profits for the fiscal year represented by such filing, and that further proceedings are unnecessary. However, the assignment of a filing to a regional board does not necessarily mean that a finding of excessive profits will be made for the fiscal year.

(e) A filing is not withheld unless the Board can readily decide, on the basis of the information furnished by the contractor, that the contractor did not realize excessive profits for the fiscal year. If such a decision can be made without assignment of the case, and without the detailed proceedings that may follow upon an assignment, it is obvious that the Government and the contractor have been spared much time, effort and expense, and yet that the interests of the Government have been protected. Contractors, therefore, in their own interest, may wish to include in their initial filings for a fiscal year information and data tending to demonstrate that their profits are obviously not excessive.

(f) Whether a filing is withheld from assignment or a clearance is issued after assignment, the result is essentially the same. Both actions import that the Board is satisfied that the contractor did not realize any excessive profits for the fiscal year involved. In the one case, this conclusion is so obvious, in the opinion of the Board, from the information submitted by the contractor at headquarters, that further proceedings in a regional board are considered unnecessary; in the other, the conclusion is not arrived at until after an examination has been made by a regional board; but in neither case is the contractor called upon to refund any of his profits. In short, in the one case the contractor is cleared without assignment; in the other, after assignment.

(g) When the applicable period of limitations has expired, the legal effect is the same in either type of case. That is, if the Board, having withheld from assignment, fails to commence renegotiation within 1 year after a filing for a fiscal year, or, having commenced renegotiation after assignment, fails within 2 years after commencement to make an agreement or order determining excessive profits, then, in the absence of fraud or

malfeasance or willful misrepresentation of a material fact, all liabilities of the contractor for excessive profits for such fiscal year are thereupon discharged (see section 105(c)).

(h) In order to make clear the essential similarity between a clearance determination without assignment and a clearance determination after assignment, the Board has decided to employ a similar instrument to formalize an action of either type. The form of Clearance Notice Without Assignment and the forms of Clearance Notice After Assignment are set forth in § 1498.6 of this chapter, October 3, 1961.

§ 1499.2–16 Renegotiation Bulletin No. 16: Allowance and allocation of advertising expenses.

(a) As a result of legislation limiting allowable advertising costs of defense contractors (Department of Defense Appropriation Act, 1962; section 636, Public Law 87–144, approved Aug. 17, 1961), the Board has amended its regulations to reflect the changes effected by Congress.

(b) By amendments published in the FEDERAL REGISTER on March 21, 1962, the Board limited the application of § 1459.7 (b) of this chapter to fiscal years ended on or before March 31, 1962, and added a new paragraph (c) applicable to fiscal years ending after March 31, 1962. The new provision is set forth in subparagraph (1) of paragraph (c). It provides for the allowance in renegotiation of advertising expenses incurred solely for (1) the recruitment by the contractor of personnel required to perform a renegotiable contract or subcontract, (2) the procurement of scarce items required for the performance of such a contract or subcontract, or (3) the disposal of scrap or surplus materials acquired by the contractor in the performance of such a contract or subcontract. These expenses are allocable to renegotiable business in accordance with the method of accounting found by the Board to be acceptable under § 1459.1(b) of this chapter.

(c) The new provision does not, of course, prohibit advertising, nor does it affect the deductibility of the cost of advertising for Federal income tax purposes. The new regulation precludes only the allocation of any part of such expenses to renegotiable business for purposes of renegotiation. This is consistent with the command of section 636 of Public Law 87–144 that the expense of advertising for which reimbursement is prohibited by the section "shall not be considered a part of any defense contract cost."

(d) It will be noted that the limitations of the new regulation are not confined to cost-reimbursement contracts, but apply to contracts and subcontracts of all types, including fixed-price. Although for procurement purposes the literal application of section 636 is necessarily limited to cost-reimbursement contracts, the policy reflected in that enactment is clear and broad. In the judgment of the Board, for purposes of renegotiation, this policy is equally applicable to all other contracts and subcontracts. By incorporating this principle, and not prescribing different rules for different types of contracts and subcontracts, the new regulation also avoids obvious inequities and administrative difficulties.

(e) The most significant change made by the Board's amendment concerns the expense of advertising in trade publications. Under the former regulation, now limited to fiscal years ended on or before March 31, 1962, such expense is allowed and allocated in renegotiation if incurred for advertising in trade publications "which are primarily directed to the dissemination of technical information within the contractor's industry." Paragraph (c)(1) of the new regulation, drawn to reflect the new congressional policy, makes no provision for such expense, and by such exclusion disallows it, even when it is incurred specifically in the hope of obtaining renegotiable business. For fiscal years ending after March 31, 1962, except for the additional advertising expenses described in paragraph (c)(2), only the three items of advertising expense sanctioned by the Congress will be considered allocable to renegotiable business.

(f) As indicated above, for fiscal years ending after March 31, 1962, additional allowable and allocable advertising expenses are set forth in paragraph (c)(2). These provisions for additional allowances are the same as those for fiscal years ending on or before March 31, 1962. Subdivisions (i) and (ii) of paragraph (c)(2) repeat without change the provisions already contained in subdivisions (i) and (ii) of paragraph (b)(2).

(g) Thus, no change has been made in subdivision (i), relating to the allowance of advertising costs of subcontractors whose renegotiable and nonrenegotiable products are substantially the same. Such products are often sold on purchase orders, which are expressly included in the statutory definition of the term "subcontract" (see act, section 103 (g)(1); § 1452.4 of this chapter). It is assumed that subcontract sales of such renegotiable products are affected by the extent of the subcontractor's advertising. It is therefore considered appropriate that such sales should bear an allocable portion of such expense.

(h) No change has been made in subdivision (ii), authorizing allocation of a portion of advertising expense incurred by either a prime contractor or a subcontractor to forestall a loss of competitive position. The Board has retained the provision for the allowance of such costs when it can be demonstrated that the contractor engaged in renegotiable business to the detriment of his normal commercial business in the fiscal year under review. On this subject, see Renegotiation Bulletin No. 1 (§ 1499.2–1).

(i) Subdivision (iii) of paragraph (b)(2) has not been carried over into paragraph (c)(2). This provision pertains to the allowance to prime contractors of the expense of advertising brand name products purchased by a Department for free issue to Government personnel. Such expense is no longer allowable under Public Law 87–144.

(j) One further change was effected by the amendments of March 21, 1962. Section 1459.7(b)(1) of this chapter provides for the allocation of the expense of catalogues and technical pamphlets designed to aid users of the contractor's products, and house organs and other publications directed to labor and personnel management and relations. Although many contractors record such expenses as advertising expenses, they are not generally considered to be such. Accordingly, these items have not been included in the new paragraph (c)(1) but now appear in § 1459.8(f) of this chapter, where provision is made for their allowance and allocation to renegotiable business.

§ 1499.2–17 Renegotiation Bulletin No. 17: Procedure for exemption of contracts with Military Airlift Command under § 106(a)(4) of the act.

(a) This section describes the procedure for the exemption of contracts with the Military Airlift Command (MAC) of the Department of the Air Force for air transportation of military cargo or personnel.

(b) Section 106(a)(4) of the Renegotiation Act of 1951, as amended, exempts "any contract or subcontract with a common carrier for transportation, * * * when made * * * at rates not in excess of published rates or charges filed with, fixed, approved, or regulated by a public regulatory body, State, Federal, or local * * *." Implementing regulations under this section are set forth in § 1453.3 of this chapter.

(c) Under its statutory authority and the authority of its regulations, the Civil Aeronautics Board has established minimum rates for certain military traffic. In establishing such minimum rates, the Civil Aeronautics Board takes into consideration the use by the carriers of certain military facilities, services, and personnel, and the fact that the carriers are thereby relieved, in whole or in part, from incurring certain expenses incident to ordinary commercial transportation.

(d) The fixing of such rates represents an exercise of the regulatory authority of the Civil Aeronautics Board under the Federal Aviation Act of 1958. As such, they are regulated rates within the meaning of section 106(a)(4) of the Renegotiation Act of 1951.

(e) Accordingly:

(1) In any case in which the Department of the Air Force has advised the Board that a contract was awarded at minimum rates established by the Civil Aeronautics Board, such contract will be considered exempt under § 1453.3(e)(1) of this chapter to the extent of performance at such minimum rates.

(2) In any case in which the Air Force has not advised the Board that a contract was awarded at minimum rates established by CAB, but the contractor claims that it was so awarded, the contractor will be asked to furnish the number and date of the contract, the type of load involved (cargo or personnel, or both), and the flight destination; to certify that the rate provided in the contract is the minimum rate authorized

to be charged; and to furnish evidence of the authority upon which such certification is based. If the contractor's certification is corroborated by the Air Force, the contract will be considered exempt under § 1453.3(e)(1) of this chapter to the extent of performance at such minimum rates.

(3) In any case in which a contract is performed in part at minimum rates established by the Civil Aeronautics Board, and in part at rates in excess of such minimum rates, the portion of the contract which is performed at rates in excess of such minimum rates will not be considered exempt under subparagraph (1) or (2) of this paragraph. Exemption of any such portion will be determined in accordance with the procedures described in subparagraph (4) of this paragraph.

(4) In any case in which the Air Force has not advised the Board that a contract was awarded at minimum rates established by CAB, and the contractor has not furnished a certification to that effect but claims an exemption of a contract for air transportation, the contractor will be asked to furnish a copy of the contract involved, a copy of the tariff with which the contract rate is to be compared, and an evaluation of any benefits available to the contractor under the contract. When received, such evaluation will be transmitted to the appropriate Air Force authority, to determine whether the contractor has evaluated all benefits under the contract, and, if so, whether such evaluation is fair and reasonable. If the Board concludes that the contract rate, aggregated with the prorated fair value of any Government-furnished benefits or other advantages, does not exceed the comparable regulated rate, the contract will be considered exempt under § 1453.3(e)(2)(ii) of this chapter.

(f) In order that exemption claims may be processed expeditiously, contractors are urged to observe the foregoing procedures and to avoid delay in furnishing required information.

§ 1499.2–18 Renegotiation Bulletin No. 18: Concurrent renegotiation.

(a) Section 105(a) of the act requires consolidated renegotiation upon the request of an affiliated group of contractors who consent to the Board's regulations, and authorizes it in the case of a related group. The Board has also authorized, in certain circumstances, consideration of commonly-owned contractors on a group basis without the formalities of consolidation. This is the procedure known as "concurrent renegotiation." In concurrent renegotiation, a loss or profit deficiency of one member of a group can be offset against excessive profits of any other member or members.

(b) The allowance and conduct of concurrent renegotiation will be subject to the following rules and conditions:

(1) Contractors desiring concurrent renegotiation for a fiscal year shall file a request therefor with the Board on or before the first date on which any member of the group files the Standard Form of Contractor's Report for such fiscal year. The Board may grant requests filed after that date if no inconvenience to the Board will result (*cf.* § 1464.7(a) of this chapter). The Board may conduct concurrent renegotiation of contractors upon its own motion if, in the opinion of the Board, such treatment is necessary or appropriate, but the Board will not do so in any case in which any member of the group sustained a renegotiation loss unless such member files a Waiver of Loss Carryforward as provided in subparagraph (5) below.

(2) Notwithstanding any other provisions of this section, the allowance of concurrent renegotiation to any group of contractors is subject to the discretion of the Board. Thus, even if the conditions prescribed in subparagraph (3) below exist, the Board in its discretion may deny concurrent renegotiation in a particular case.

(3) Concurrent renegotiation will not be allowed unless (i) all members of the group have the same fiscal year and were members of the group for such entire fiscal year, except that any differences resulting from the organization or dissolution of a member during such fiscal year will be disregarded; and (ii) all members of the group would, upon their request, be allowed consolidated renegotiation as a group for such fiscal year (see §§ 1464.2 and 1464.4 of this chapter).

(4) A renegotiation loss sustained in a prior fiscal year by a member of the group will be allowed as a carryforward to the concurrent renegotiation of the group for the fiscal year under review only if the members of the group would have qualified for consolidated renegotiation in the loss year; and the aggregate amount so allowed will be limited to the amount, if any, which would have been the consolidated renegotiation loss of the group in the loss year (*cf.* § 1464.12(d)(2) of this chapter).

(5) With the request for concurrent renegotiation, each loss member of the group shall file, in form acceptable to the Board, a waiver of any right to carry forward its loss, except to the same extent as that provided in § 1464.12(c) of this chapter for a contractor who was a loss member of a consolidated group in the loss year. The Board will not permit a loss to be used once in offsetting profits within the group for the year in which the loss was sustained, and then used a second time as a carryforward to the years following the loss year. Thus, as in consolidated renegotiation, both the profit deficiency of a loss member, as well as the loss of such member, will be included in the concurrent renegotiation for the loss year. The waiver shall be in substantially the following form:

Waiver of Loss Carryforward

A. The undersigned is a member of a group of contractors requesting concurrent renegotiation for the fiscal year of the group ended _____

B. The undersigned sustained a renegotiation loss, as that term is defined in section 103(m)(2)(B) of the Renegotiation Act of 1951, as amended, for its fiscal year ended _____

C. The undersigned hereby waives any and all rights that it has or may have to carry forward the amount of such renegotiation loss pursuant to section 103(m) of the act, except as provided in § 1464.12(c) of this chapter, if applicable, and agrees that the amount of loss carryforward so waived will not be claimed or included as a cost for renegotiation purposes in any fiscal year subsequent to the fiscal year ended _____

(Insert year shown in paragraph B above)

Dated _____ _____

(Name of Contractor)

Attest: By _____

_____ _____

Secretary (Title of Officer)

(Corporate Seal)

[F.R. Doc. 69-5341; Filed, May 6, 1969; 8:45 a.m.]