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Correction

In F.R. Doc. 72–8082 appearing at page 10709 of the issue for Saturday, May 27, 1972, the second line of § 728.42 (h)(1), now reading "crops and castor beans, crambe, guar,", should read "crops are castor beans, crambe, guar".

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

[Peach Reg. 9]

PART 921—FRESH PEACHES GROWN IN DESIGNATED COUNTIES IN WASHINGTON

Grades and Sizes

Notice was published in the FEDERAL REGISTER issue of June 9, 1972 (37 F.R. 11586), that the Department was giving consideration to a proposal which would limit the handling of fresh peaches grown in designated counties in Washington by establishing regulations, pursuant to the applicable provisions of the marketing agreement, as amended, and Order No. 921, as amended (7 CFR Part 921) regulating the handling of fresh peaches grown in designated counties in Washington. This regulatory program is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674).

The proposal was submitted by the Washington Fresh Peach Marketing Committee, established pursuant to said amended marketing agreement and order. Such recommendation by said committee reflects its appraisal of the 1972 Washington peach crop and the current and prospective market conditions. Said regulation, consisting of grade (including uniform firmness), size, maturity and pack requirements provided herein, is necessary to prevent the handling, on and after July 1, 1972, of any peaches which do not comply with such requirements, so as to provide consumers with good quality fruit, consistent with (1) the overall quality of the crop, and (2) to increase returns to producers pursuant to the declared policy of the act. Individual shipments, not exceeding 500 pounds, of peaches sold for home use and not for resale, subject to necessary safeguards, are excepted from said requirements in that the quantity of peaches so handled has been relatively inconsequential when compared with the total quantity handled.

The grade, size, and pack requirements for peaches in the specified containers are designed to provide identifiable packs of peaches which meet trade preferences. For example, it has been found that peaches of the Washington Fancy Grade, packed in Western lug boxes or standard peach boxes, compete successfully in distant markets with peaches of similar grade in such containers from other production areas. Washington peaches, except Elberta varieties, packed in standard peach boxes may be of a slightly smaller minimum size than such peaches shipped in other containers because market prices reflect the levels established by peaches (mainly Elberta varieties) of the smaller size from competing production areas packed in standard peach boxes. Washington peaches, except Elberta varieties, smaller than the largest minimum diameter (2⅜ inches) are much less desirable in nearby markets and are permitted to be shipped at a minimum diameter of 2¼ inches only if packed in standard peach boxes which are the containers commonly shipped to distant markets. Furthermore, Washington Elberta varieties would have to compete in distant markets with Elberta varieties produced elsewhere. The requirement that loose or jumble packed Washington peaches be in containers of a capacity at least equal to the Western lug box and not less than 26 pounds net weight prevents unfair competition through the marketing of such peaches packed in containers of smaller capacity. The proviso that said loose or jumble packs weighing less than 26 pounds are acceptable if the containers are "well filled" reflects the fact that the larger sizes of such peaches will not always weigh 26 pounds, hence, the substitution of the "well filled" container requirement.

After consideration of all relevant matters presented, including the proposal set forth in the aforesaid notice, the recommendation and information submitted by the committee, and upon other available information, it is hereby found that the limitation of handling of such peaches, as hereinafter provided, will tend to effectuate the declared policy of the act.

It is hereby further found that good cause exists for not postponing the effective date of this regulation until 30 days after publication in the FEDERAL REGISTER (5 U.S.C. 553) in that (1) shipments of such peaches are expected to begin on or about the effective date hereof and this regulation should be applicable to all such shipments in order to effectuate the declared policy of the act; (2) notice of proposed rule making concerning this regulation, with an effective date as hereinafter specified, was published in the FEDERAL REGISTER (37 F.R. 11586), and no objection to this regulation or such effective date was received; and (3) compliance with this regulation will not require any special preparation on the part of the persons subject thereto which cannot be completed by the effective time hereof.

§ 921.309 Peach Regulation 9.

(a) Order: During the period July 1, 1972, through July 31, 1973, no handler shall handle any lot of peaches unless such peaches meet the following applicable requirements, or are handled in accordance with subparagraph (6) of this paragraph:

(1) *Minimum grade.* Such peaches shall grade at least Washington Extra Fancy Grade: *Provided,* That peaches which grade Washington Fancy Grade, or better may be handled if they are packed in the Western lug box or the standard peach box.

(2) *Minimum size.* (i) Such peaches of any variety, except peaches of the Elberta varieties, packed in any container except the standard peach box, shall measure not less than 2⅜ inches in diameter;

(ii) Such peaches of any variety when packed in a standard peach box shall measure not less than 2¼ inches in diameter; and

(iii) Such peaches of the Elberta varieties, packed in any container shall measure not less than 2¼ inches in diameter.

(3) *Minimum maturity.* Such peaches shall be well matured, except that any lot of peaches shall be deemed to have met such minimum maturity requirement if not more than 25 percent, by count, of the peaches in such lot are mature.

(4) *Uniform firmness.* Such peaches in individual containers shall have a reasonably uniform degree of firmness.

(5) *Pack.* (i) Such peaches in loose or jumble packs shall be in containers of a capacity equal to or greater than that of a Western lug box and shall contain not less than 26 pounds net weight of peaches: *Provided,* That such containers of peaches having less than 26 pounds net weight may be handled if such containers are well filled; and

(ii) Such peaches other than peaches in loose or jumble packs in any container shall meet the standard pack requirements as set forth in the Washington Standards for Peaches (Order No. 1203), or the U.S. Standards for peaches (7 CFR 51.210 et seq.).

(6) Notwithstanding any other provision of this section, any individual shipment of peaches sold by the producer or

at an established packinghouse which meets each of the following requirements may be handled without regard to the provisions of this paragraph, of § 921.41 (Assessments), and of § 921.55 (Inspection and certification) if:

(i) The shipment consists of peaches sold for home use and not for resale;

(ii) The shipment does not, in the aggregate, exceed 500 pounds, net weight, of peaches; and

(iii) Each container is stamped or marked with the handler's name and address and with the words "not for resale" in letters at least one-half inch in height.

(b) The terms "Washington Extra Fancy Grade," "Washington Fancy Grade," and "mature" shall have the same meaning as when used in the Washington Standards for Peaches (effective June 14, 1971), issued by the State of Washington Department of Agriculture; the term "well matured" shall mean peaches which will yield very slightly to moderate pressure at the suture or blossom end, have shoulders and sutures that are well filled out, and have skin and flesh colored sufficiently that it will show characteristic varietal color when ripe; the term "loose or jumble pack" shall mean that the peaches are not placed in the container in rows, cups, compartments, or otherwise are not placed in the container in symmetrical order; the term "standard peach box" shall mean a container with inside dimensions of 4¼ to 6 by 11½ by 16 inches; the term "Western lug box" shall mean any container with inside dimensions of 7 by 11½ by 18 inches; the term "well filled" shall mean that the level of fruit is filled at least to the top edge of the container; the term "diameter" shall mean the greatest distance, measured through the center of the peach at right angles to a line running from the stem to the blossom end; and terms used in the marketing agreement and order shall, when used herein, have the same meaning as is given to the respective term in the marketing agreement and order.

Dated: June 21, 1972.

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

[FR Doc.72-9656 Filed 6-26-72;8:48 am]

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

[Milk Orders Nos. 30, 49; Dockets Nos. AO-361-A5, AO-319-A18]

PART 1030—MILK IN CHICAGO REGIONAL MARKETING AREA

PART 1049—MILK IN INDIANA REGIONAL MARKETING AREA

Order Amending Orders

FINDINGS AND DETERMINATIONS

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

The following findings are hereby made with respect to each of the aforesaid orders:

(a) *Findings.* A public hearing was held upon certain proposed amendments to the tentative marketing agreements and to the orders regulating the handling of milk in the aforesaid specified marketing areas.

The hearing was held pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure (7 CFR Part 900).

Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

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

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

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

(b) *Additional findings.* It is necessary in the public interest to make this order amending each of the aforesaid orders effective not later than July 1, 1972. Any delay beyond that date would tend to disrupt the orderly marketing of milk in the marketing area.

The provisions of this order are known to handlers. The recommended decision of the Deputy Administrator, Regulatory Programs, was issued February 24, 1972, and the decision of the Assistant Secretary containing all amendment provisions of this order was issued April 7, 1972. The changes effected by this order will not require extensive preparation or substantial alteration in method of operation for handlers. In view of the foregoing, it is hereby found and determined that good cause exists for making this order amending each of the aforesaid orders effective July 1, 1972, and that it would be contrary to the public interest to delay the effective date of this amendment for 30 days after its publication in the FEDERAL REGISTER (sec. 553(d), Administrative Procedure Act, 5 U.S.C. 551-559).

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

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

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

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

ORDER RELATIVE TO HANDLING

It is therefore ordered, That on and after the effective date hereof, the handling of milk in each of the respective marketing areas shall be in conformity to and in compliance with the terms and conditions of each of the aforesaid orders, as amended, and as hereby further amended, as follows:

1. In § 1030.60, paragraph (b)(5) is revised as follows:

§ 1030.60 Obligation of handler operating a partially regulated distributing plant.

* * * * *

(b) * * *

(5) From the value of such milk at the Class I milk price (after deducting the location adjustment rate for the zone in which the nonpool plant is located) substract its value at the uniform price at the same location plus 5 cents or at the Class II price, whichever is higher and add for the quantity of reconstituted skim milk specified in subparagraph (3) of this paragraph its value computed at the Class I price applicable at the location of the nonpool plant less the value of such skim milk at the Class II price.

2. In § 1030.71, a new paragraph (d) is added as follows:

§ 1030.71 Computation of uniform price.

* * * * *

(d) Subtract an amount computed by multiplying the total hundredweight of producer milk included pursuant to paragraph (a) of this section by 5 cents;

3. In § 1030.84, paragraph (b)(2) is revised as follows:

§ 1030.84 Payments to the producer-settlement fund.

* * * * *

(b) * * *

(2) The value at the uniform price applicable at the location of the plant from which received plus 5 cents (not to be less than the value at the Class II price) with respect to other source milk for which a

value is computed pursuant to § 1030.70 (e).

4. Immediately following § 1030.88, a new centerhead and new §§ 1030.100 through 1030.112 are added as follows:

ADVERTISING AND PROMOTION PROGRAM

§ 1030.100 Agency.

"Agency" means an agency organized by producers and producers' cooperative associations, in such form and with methods of operation specified in this part, which is authorized to expend funds made available pursuant to § 1030.111 (b) (1), on approval by the Secretary, for the purposes of establishing or providing for establishment of research and development projects, advertising (excluding brand advertising), sales promotion, educational, and other programs, designed to improve or promote the domestic marketing and consumption of milk and its products. Members of the Agency shall serve without compensation but shall be reimbursed for reasonable expenses incurred in the performance of duties as members of the Agency.

§ 1030.101 Composition of the Agency.

Each cooperative association or combination of cooperative associations as provided for under § 1030.103(b) with 1.5 percent or more of the total participating producers (producers who have not requested refunds for the most recent quarter) is authorized one Agency representative plus one additional Agency representative for each additional full 5 percent of the participating member producers it represents. Cooperative associations with less than 1.5 percent of the total participating producers that have elected not to combine pursuant to § 1030.103(b), and participating producers who are not members of cooperatives are authorized to select from such group, in total, one Agency representative for the first full 1.5 percent plus one additional Agency representative for each additional full 5 percent that such producers constitute of the total participating producers. For the purpose of the Agency's initial organization, all persons defined as producers shall be considered as participating producers.

§ 1030.102 Term of office.

The term of office of each member of the Agency shall be 1 year, or until a replacement is designated by the cooperative association or is otherwise appropriately elected.

§ 1030.103 Selection of Agency members.

The selection of Agency members shall be made pursuant to paragraphs (a), (b), and (c) of this section. Each person selected shall qualify by filing with the market administrator a written acceptance promptly after being notified of such selection.

(a) Each cooperative association authorized one or more representatives to the Agency shall notify the market administrator of the name and address of each representative who shall serve at the pleasure of the cooperative.

(b) For purposes of this program, cooperative associations may elect to combine their participating memberships and, if the combined total of participating producers of such cooperatives is 1.5 percent or more of the total participating producers, such cooperatives shall be eligible to select a representative(s) to the Agency under the rules of § 1030.101 and paragraph (a) of this section.

(c) Selection of Agency members to represent participating nonmember producers and participating producer members of a cooperative association(s) having less than the required 1.5 percent of the producers participating in the advertising and promotion program and who have not elected to combine memberships as provided in paragraph (b) of this section, shall be supervised by the market administrator in the following manner:

(1) Promptly after the effective date of this amending order, and annually thereafter, the market administrator shall give notice to participating producer members of such cooperatives and participating nonmember producers of their opportunity to nominate one or more Agency representatives, as the case may be, and also shall specify the number of representatives to be selected.

(2) Following the closing date for nominations, the market administrator shall announce the nominees who are eligible for Agency membership and shall conduct a referendum among the individual producers eligible to vote. Election to membership shall be determined on the basis of the nominee (or nominees) receiving the largest number of eligible votes. If an elected representative subsequently discontinues producer status or is otherwise unable to complete his term of office, the market administrator shall appoint as his replacement the participating producer who received the next highest number of eligible votes.

§ 1030.104 Agency operating procedure.

A majority of the Agency members shall constitute a quorum and any action of the Agency shall require a majority of concurring votes of those present and voting unless the Agency determines that more than a simple majority shall be required.

§ 1030.105 Powers of the Agency.

The Agency is empowered to:

(a) Administer the terms and provisions within the scope of Agency authority pursuant to § 1030.100;

(b) Make rules and regulations to effectuate the purposes of Public Law 91-670;

(c) Recommend amendments to the Secretary; and

(d) With the approval of the Secretary, enter into contracts and agreements with persons or organizations as deemed necessary to carry out advertising and promotion programs and projects specified in §§ 1030.100 and 1030.107.

§ 1030.106 Duties of the Agency.

The Agency shall perform all duties necessary to carry out the terms and provisions of this program including, but not limited to, the following:

(a) Meet, organize, and select from among its members a chairman and such other officers and committees as may be necessary, and adopt and make public such rules as may be necessary for the conduct of its business;

(b) Develop programs and projects pursuant to §§ 1030.100 and 1030.107 of this part;

(c) Keep minutes, books, and records and submit books and records for examination by the Secretary and furnish any information and reports requested by the Secretary;

(d) Prepare and submit to the Secretary for approval prior to each quarterly period a budget showing the projected amounts to be collected during the quarter and how such funds are to be disbursed by the Agency;

(e) When desirable, establish an advisory committee(s) of persons other than Agency members;

(f) Employ and fix the compensation of any person deemed to be necessary to its exercise of powers and performance of duties;

(g) Establish the rate of reimbursement to the members of the Agency for expenses in attending meetings, and pay the expenses of administering the Agency; and

(h) Provide for the bonding of all persons handling Agency funds in an amount and with surety thereon satisfactory to the Secretary.

§ 1030.107 Advertising, research, education, and promotion program.

The Agency shall develop and submit to the Secretary for approval all programs or projects undertaken under the authority of this part. Such programs or projects may provide for:

(a) The establishment, issuance, effectuation, and administration of appropriate programs or projects for the advertising and promotion of milk and milk products on a nonbrand basis;

(b) The utilization of the services of other organizations to carry out Agency programs and projects if the Agency finds that such activities will benefit producers under this part; and

(c) The establishment, support, and conduct of research and development projects and studies that the Agency finds will benefit all producers under this part.

§ 1030.108 Limitation of expenditures by the Agency.

(a) Not more than 5 percent of the funds received by the Agency pursuant to § 1030.111(b) (1) shall be utilized for administrative expense of the Agency.

(b) Agency funds shall not, in any manner, be used for political activity or for the purpose of influencing governmental policy or action, except in recommending to the Secretary amendments to the advertising and promotion program provisions of this part.

(c) Agency funds may not be expended to solicit producer participation.

(d) Agency funds may be used only for programs and projects promoting the domestic marketing and consumption of milk and its products.

§ 1030.109 Personal liability.

No member of the Agency shall be held personally responsible, either individually or jointly with others, in any way whatsoever to any person for errors in judgment, mistakes, or other acts, either of commission or omission, of such member in performance of his duties, except for acts of willful misconduct, gross negligence, or those which are criminal in nature.

§ 1030.110 Procedure for requesting refunds.

Any producer may apply for refund under the procedure set forth under paragraphs (a) through (c) of this section.

(a) Refund shall be accomplished only through application filed with the market administrator in the form prescribed by the market administrator and signed by the producer. Only that information necessary to identify the producer and the records relevant to the refund may be required of such producer.

(b) Except as provided in paragraph (c) of this section, the request shall be submitted within the first 15 days of December, March, June, or September for milk to be marketed during the ensuing calendar quarter beginning on the first day of January, April, July, and October, respectively.

(c) A dairy farmer who first acquires producer status under this part after the 15th day of December, March, June, or September, as the case may be, and prior to the start of the next refund notification period as specified in paragraph (b) of this section, may, upon application filed with the market administrator pursuant to paragraph (a) of this section, be eligible for refund on all marketings against which an assessment is withheld during such period and including the remainder of the calendar quarter involved. This paragraph also shall be applicable to all producers during the period following the effective date of this amending order to the beginning of the first full calendar quarter for which the opportunity exists for such producers to request refunds pursuant to paragraph (b) of this section.

§ 1030.111 Duties of the market administrator.

Except as specified in § 1030.106, the market administrator, in addition to other duties specified by this part, shall perform all the duties necessary to administer the terms and provisions of the advertising and promotion program including, but not limited to, the following:

(a) Within 30 days after the effective date of this amending order, and annually thereafter, conduct a referendum to determine representation on the Agency pursuant to § 1030.103(c);

(b) Set aside the amounts subtracted under § 1030.71(d) into an advertising and promotion fund, separately accounted for, from which shall be disbursed:

(1) To the Agency each month, all such funds less any necessary amount held in reserve to cover refunds pursuant to subparagraphs (2) and (3) of this paragraph, and payments to cover expenses of the market administrator incurred in the administration of the advertising and promotion program (including audit).

(2) Refund to producers the amounts of mandatory checkoff for advertising and promotion programs required under authority of State law applicable to such producers, but not in amounts that exceed a rate of 5 cents per hundredweight on the volume of milk pooled by any such producer for which deductions were made pursuant to § 1030.71(d).

(3) After the end of each calendar quarter, make a refund to each producer who has made application for such refund pursuant to § 1030.110. Such refund shall be computed at the rate of 5 cents per hundredweight of such producer's milk pooled for which deductions were made pursuant to § 1030.71(d) for such calendar quarter, less the amount of any refund otherwise made to the producer pursuant to subparagraph (2) of this paragraph.

(c) Promptly after the effective date of this amending order, and thereafter with respect to new producers, forward to each producer a copy of the provisions of the advertising and promotion program (§§ 1030.100 through 1030.112).

(d) Audit the Agency's records of receipts and disbursements.

§ 1030.112 Liquidation.

In the event that the provisions of this advertising and promotion program are terminated, any remaining uncommitted funds applicable thereto shall revert to the producer-settlement fund of § 1030.83.

PART 1049—MILK IN THE INDIANA MARKETING AREA

1. In § 1049.62, paragraph (a)(5) is revised as follows:

§ 1049.62 Obligations of a handler operating a partially regulated distributing plant.

* * * * *

(a) * * *

(5) From the value of such milk at the Class I price applicable at the location of the nonpool plant, subtract its value at the weighted average price applicable at such location plus 5 cents or the Class II price, whichever is greater, and add for the quantity of reconstituted skim milk specified in subparagraph (3) of this paragraph its value computed at the Class I price applicable at the location of the nonpool plant less the value of such skim milk at the Class II price;

* * * * *

2. In § 1049.71, a new paragraph (c–1) is added as follows:

§ 1049.71 Computation of uniform prices.

* * * * *

(c–1) Subtract an amount computed by multiplying the total hundredweight of producer milk included pursuant to paragraph (a) of this section by 5 cents;

3. In § 1049.82, paragraph (b)(2) is revised as follows:

§ 1049.82 Payments to the producer-settlement fund.

* * * * *

(b) * * *

(2) The value at the weighted average price(s) applicable at the location of the plant(s) from which received plus 5 cents (not to be less than the value at the Class II price) with respect to other source milk for which a value is computed pursuant to § 1049.70(e).

4. Immediately following § 1049.88, a new centerhead and new §§ 1049.100 through 1049.112 are added as follows:

ADVERTISING AND PROMOTION PROGRAM

§ 1049.100 Agency.

"Agency" means an agency organized by producers and producers' cooperative associations, in such form and with methods of operation specified in this part, which is authorized to expend funds made available pursuant to § 1049.111(b)(1), on approval by the Secretary, for the purposes of establishing or providing for establishment of research and development projects, advertising (excluding brand advertising), sales promotion, educational, and other programs, designed to improve or promote the domestic marketing and consumption of milk and its products. Members of the Agency shall serve without compensation but shall be reimbursed for reasonable expenses incurred in the performance of duties as members of the Agency.

§ 1049.101 Composition of the Agency.

Each cooperative association or combination of cooperative associations as provided for under § 1049.103(b) with 3 percent or more of the total participating producers (producers who have not requested refunds for the most recent quarter) is authorized one Agency representative plus one additional Agency representative for each additional full 10 percent of the participating member producers it represents. Cooperative associations with less than 3 percent of the total participating producers that have elected not to combine pursuant to § 1049.103(b), and participating producers who are not members of cooperatives are authorized to select from such group, in total, one Agency representative for the first full 3 percent plus one additional Agency representative for each additional full 10 percent that such producers constitute of the total participating producers. For the purpose of the Agency's initial organization, all persons defined as producers shall be considered as participating producers.

§ 1049.102 Term of office.

The term of office of each member of the Agency shall be 1 year, or until a replacement is designated by the cooperative association or is otherwise appropriately elected.

§ 1049.103 Selection of Agency members.

The selection of Agency members shall be made pursuant to paragraphs (a),

(b), and (c) of this section. Each person selected shall qualify by filing with the market administrator a written acceptance promptly after being notified of such selection.

(a) Each cooperative association authorized one or more representatives to the Agency shall notify the market administrator of the name and address of each representative who shall serve at the pleasure of the cooperative.

(b) For purposes of this program, cooperative associations may elect to combine their participating memberships and, if the combined total of participating producers of such cooperatives is 3 percent or more of the total participating producers, such cooperatives shall be eligible to select a representative(s) to the Agency under the rules of § 1049.101 and paragraph (a) of this section.

(c) Selection of Agency members to represent participating nonmember producers and participating producer members of a cooperative association(s) having less than the required 3 percent of the producers participating in the advertising and promotion program and who have not elected to combine memberships as provided in paragraph (b) of this section, shall be supervised by the market administrator in the following manner:

(1) Promptly after the effective date of this amending order, and annually thereafter, the market administrator shall give notice to participating producer members of such cooperatives and participating nonmember producers of their opportunity to nominate one or more Agency representatives, as the case may be, and also shall specify the number of representatives to be selected.

(2) Following the closing date for nominations, the market administrator shall announce the nominees who are eligible for Agency membership and shall conduct a referendum among the individual producers eligible to vote. Election to membership shall be determined on the basis of the nominee (or nominees) receiving the largest number of eligible votes. If an elected representative subsequently discontinues producer status or is otherwise unable to complete his term of office, the market administrator shall appoint as his replacement the participating producer who received the next highest number of eligible votes.

§ 1049.104 Agency operating procedure.

A majority of the Agency members shall constitute a quorum and any action of the Agency shall require a majority of concurring votes of those present and voting, unless the Agency determines that more than a simple majority shall be required.

§ 1049.105 Powers of the Agency.

The Agency is empowered to:

(a) Administer the terms and provisions within the scope of Agency authority pursuant to § 1049.100;

(b) Make rules and regulations to effectuate the purposes of Public Law 91-670;

(c) Recommend amendments to the Secretary; and

(d) With the approval of the Secretary, enter into contracts and agreements with persons or organizations as deemed necessary to carry out advertising and promotion programs and projects specified in §§ 1049.100 and 1049.107.

§ 1049.106 Duties of the Agency.

The Agency shall perform all duties necessary to carry out the terms and provisions of this program including, but not limited to, the following:

(a) Meet, organize, and select from among its members a chairman and such other officers and committees as may be necessary, and adopt and make public such rules as may be necessary for the conduct of its business;

(b) Develop programs and projects pursuant to §§ 1049.100 and 1049.107;

(c) Keep minutes, books, and records, and submit books and records for examination by the Secretary and furnish any information and reports requested by the Secretary;

(d) Prepare and submit to the Secretary for approval prior to each quarterly period a budget showing the projected amounts to be collected during the quarter and how such funds are to be disbursed by the Agency;

(e) When desirable, establish an advisory committee(s) of persons other than Agency members;

(f) Employ and fix the compensation of any person deemed to be necessary to its exercise of powers and performance of duties;

(g) Establish the rate of reimbursement to the members of the Agency for expenses in attending meetings, and pay the expenses of administering the Agency; and

(h) Provide for the bonding of all persons handling Agency funds in an amount and with surety thereon satisfactory to the Secretary.

§ 1049.107 Advertising, research, education, and promotion program.

The Agency shall develop and submit to the Secretary for approval all programs or projects undertaken under the authority of this part. Such programs or projects may provide for:

(a) The establishment, issuance, effectuation, and administration of appropriate programs or projects for the advertising and promotion of milk and milk products on a nonbrand basis;

(b) The utilization of the services of other organizations to carry out Agency programs and projects if the Agency finds that such activities will benefit producers under this part; and

(c) The establishment, support, and conduct of research and development projects and studies that the Agency finds will benefit all producers under this part.

§ 1049.108 Limitation of expenditures by the Agency.

(a) Not more than 5 percent of the funds received by the Agency pursuant to § 1049.111(b)(1) shall be utilized for administrative expense of the Agency.

(b) Agency funds shall not, in any manner, be used for political activity or for the purpose of influencing governmental policy or action, except in recommending to the Secretary amendments to the advertising and promotion program provisions of this part.

(c) Agency funds may not be expended to solicit producer participation.

(d) Agency funds may be used only for programs and projects promoting the domestic marketing and consumption of milk and its products.

§ 1049.109 Personal liability.

No member of the Agency shall be held personally responsible, either individually or jointly with others, in any way whatsoever to any person for errors in judgment, mistakes, or other acts, either of commission or omission, of such member in performance of his duties, except for acts of willful misconduct, gross negligence, or those which are criminal in nature.

§ 1049.110 Procedure for requesting refunds.

Any producer may apply for refund under the procedure set forth under paragraphs (a) through (c) of this section.

(a) Refund shall be accomplished only through application filed with the market administrator in the form prescribed by the market administrator and signed by the producer. Only that information necessary to identify the producer and the records relevant to the refund may be required of such producer.

(b) Except as provided in paragraph (c) of this section, the request shall be submitted within the first 15 days of December, March, June, or September for milk to be marketed during the ensuing calendar quarter beginning on the first day of January, April, July, and October, respectively.

(c) A dairy farmer who first acquires producer status under this part after the 15th day of December, March, June, or September, as the case may be, and prior to the start of the next refund notification period as specified in paragraph (b) of this section, may, upon application filed with the market administrator pursuant to paragraph (a) of this section, be eligible for refund on all marketings against which an assessment is withheld during such period and including the remainder of the calendar quarter involved. This paragraph also shall be applicable to all producers during the period following the effective date of this amending order to the beginning of the first full calendar quarter for which the opportunity exists for such producers to request refunds pursuant to paragraph (b) of this section.

§ 1049.111 Duties of the market administrator.

Except as specified in § 1049.106, the market administrator, in addition to other duties specified by this part, shall perform all the duties necessary to administer the terms and provisions of the advertising and promotion program including, but not limited to, the following:

(a) Within 30 days after the effective date of this amending order, and annually thereafter, conduct a referendum to determine representation on the Agency pursuant to § 1049.103(c);

(b) Set aside the amounts subtracted under § 1049.71(c–1) into an advertising and promotion fund, separately accounted for, from which shall be disbursed:

(1) To the Agency each month, all such funds less any necessary amount held in reserve to cover refunds pursuant to subparagraphs (2) and (3) of this paragraph, and payments to cover expenses of the market administrator incurred in the adminstration of the advertising and promotion program (including audit).

(2) Refund to producers the amounts of mandatory checkoff for advertising and promotion programs required under authority of State law applicable to such producers, but not in amounts that exceed a rate of 5 cents per hundredweight on the volume of milk pooled by any such producer for which deductions were made pursuant to § 1049.71(c–1).

(3) After the end of each calendar quarter, make a refund to each producer who has made application for such refund pursuant to § 1049.110. Such refund shall be computed at the rate of 5 cents per hundredweight of such producer's milk pooled for which deductions were made pursuant to § 1049.71(c–1) for such calendar quarter, less the amount of any refund otherwise made to the producer pursuant to subparagraph (2) of this paragraph.

(c) Promptly after the effective date of this amending order, and thereafter with respect to new producers, forward to each producer a copy of the provisions of the advertising and promotion program (§§ 1049.100 through 1049.112).

(d) Audit the Agency's records of receipts and disbursements.

§ 1049.112 Liquidation.

In the event that the provisions of this advertising and promotion program are terminated, any remaining uncommitted funds applicable thereto shall revert to the producer-settlement fund of § 1049.81.

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

Effective date: July 1, 1972, with respect to marketings on and after October 1, 1972.

Signed at Washington, D.C., on: June 21, 1972.

RICHARD E. LYNG,
Assistant Secretary.

[FR Doc.72–9682 Filed 6–26–72 8:49 am]

[Milk Order No. 40]

PART 1040—MILK IN THE SOUTHERN MICHIGAN MARKETING AREA

Order Suspending a Certain Provision

This suspension order is issued pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and of the order regulating the handling of milk in the Southern Michigan marketing area.

It is hereby found and determined that for the months of July through December 1972, the provision "yogurt" contained in § 1040.12, the fluid milk product definition under this order, does not tend to effectuate the declared policy of the Act.

STATEMENT OF CONSIDERATION

This suspension order will continue the effect of a current suspension which results in milk used to produce yogurt being classified and priced as Class III milk rather than as Class I milk. The current suspension expires June 30, 1972.

At a public hearing held in Lansing, Mich., on May 4–5, 1972, producers requested that the current suspension order classifying milk used in yogurt as Class III milk be continued during the interim period pending amendatory procedures. Producer and handler proposals would amend the order to classify milk used to produce yogurt in either Class II or Class III use. There is no indication of any opposition to this suspension action.

The continuation of marketing conditions which supported the previous suspension warrant suspension pending amendatory procedures. Southern Michigan handlers compete for yogurt sales with handlers in neighboring Federal order markets who pay a minimum price for milk in such use that is substantially less than the Southern Michigan Class I price. Without this suspension, Southern Michigan handlers will be unable to compete on a reasonable basis for yogurt sales.

It is hereby found and determined that notice of proposed rule making, public procedure thereon, and 30 days' notice of the effective date hereof are impractical, unnecessary and contrary to the public interest in that:

(a) This suspension is necessary to reflect current marketing conditions and to maintain orderly marketing conditions in the marketing area in that without this action Southern Michigan handlers will be unable to compete on a reasonable basis for yogurt sales with handlers in neighboring markets who pay a minimum price for milk in such use that is substantially less than the Southern Michigan order Class I price;

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

(c) This suspension continues the effect of a previous suspension of the same provision. Producers requested continuation of such suspension at a public hearing held in Lansing, Mich., on May 4–5, 1972. There is no indication of any opposition to this suspension action providing additional time to complete pending amendatory procedures.

Therefore, good cause exists for making this order effective July 1, 1972.

It is hereby ordered, That the aforesaid provision of the order is hereby suspended for the months of July through December 1972.

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

Effective date: July 1, 1972.

Signed at Washington, D.C., on June 21, 1972.

RICHARD E. LYNG,
Assistant Secretary.

[FR Doc.72–9683 Filed 6–26–72;8:49 am]

[Milk Order No. 65; Docket No. AO–86–A27]

PART 1065—MILK IN THE NEBRASKA-WESTERN IOWA MARKETING AREA

Order Amending Order

FINDINGS AND DETERMINATIONS

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

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure govering the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon certain proposed amendments to the tentative marketing agreement and to the order regulating the handling of milk in the Nebraska-Western Iowa marketing area.

Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

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

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

(3) The said order as hereby amended, regulates the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial or commercial activity specified

in, a marketing agreement upon which a hearing has been held.

(b) *Additional findings.* It is necessary in the public interest to make this order amending the order effective not later than July 1, 1972. Any delay beyond that date would tend to disrupt the orderly marketing of milk in the marketing area.

The provisions of this order are known to handlers. A partial recommended decision of the Deputy Administrator, Regulatory Programs, was issued May 9, 1972 (37 F.R. 9634), and the decision of the Assistant Secretary containing all amendment provisions of this order was issued June 5, 1972 (37 F.R. 11482). The changes effected by this order will not require extensive preparation or substantial alteration in method of operation for handlers. In view of the foregoing, it is hereby found and determined that good cause exists for making this order amending the order effective July 1, 1972, and that it would be contrary to the public interest to delay the effective date of this amendment for 30 days after its publication in the FEDERAL REGISTER (sec. 553(d), Administrative Procedure Act, 5 U.S.C. 551–559).

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

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

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

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

ORDER RELATIVE TO HANDLING

It is therefore ordered, That on and after the effective date hereof, the handling of milk in the Nebraska-Western Iowa marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as amended, and as hereby further amended, as follows:

1. In § 1065.14, paragraphs (c)(1), (2), and (3) are revised. Section 1065.14 as amended reads:

§ 1065.14 Producer milk.

"Producer milk" of each handler means all skim milk and butterfat contained in milk from producers that is:

(a) Received from producers at a pool plant;

(b) Received from producers by a cooperative association that is a handler described in § 1065.8(d);

(c) Diverted from a pool plant to a nonpool plant (other than a plant of a producer-handler or an other order plant) pursuant to subparagraph (1) or (2) of this paragraph, subject to the conditions set forth in subparagraphs (3) and (4) of this paragraph:

(1) A cooperative association handler described in § 1065.8(c) may divert for its account the milk of any member-producer if at least 2 days' production of such producer is received at a pool plant(s) during the month. The total quantity of milk so diverted by the cooperative association shall not exceed, in each of the months of January, February, March, September, October, and November, 30 percent, and in any other month 40 percent, of the larger of:

(i) The total quantity of milk of member-producers received at all pool plants during the current month; or

(ii) The average daily quantity of milk of member-producers received at all pool plants during the immediately preceding month, multiplied by the number of days in the current month.

(2) A handler, other than a cooperative association, in his capacity as the operator of a pool plant, may divert for his account the milk of any producer other than a member of a cooperative association, if at least 2 days' production of such producer is received at the handler's pool plant(s) during the month. The total quantity of milk so diverted by the handler shall not exceed, in each of the months of January, February, March, September, October, and November, 30 percent, and in any other month 40 percent, of the larger of:

(i) The total quantity of milk of producers received at his pool plant(s) during the current month exclusive of milk received from producers who are members of a cooperative association; or

(ii) The average daily quantity of milk of producers received at his pool plant(s) during the immediately preceding month, exclusive of milk received from producers who are members of a cooperative association, multiplied by the number of days in the current month.

(3) In the event the quantity of milk diverted is in excess of the applicable quantity specified in subparagraphs (1) and (2) of this paragraph, the diverting handler shall designate the dairy farmers whose milk was overdiverted. If the handler fails to make such designation, no milk diverted by him shall be producer milk for such month; and

(4) For the purposes of location adjustments pursuant to §§ 1065.53 and 1065.73, milk so diverted shall be priced at the location of the plant to which diverted.

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

Effective date: July 1, 1972.

Signed at Washington, D.C., on June 21, 1972.

RICHARD E. LYNG,
Assistant Secretary.

[FR Doc.72-9684 Filed 6-26-72;8:49 am]

Title 12—BANKS AND BANKING

Chapter V—Federal Home Loan Bank Board

SUBCHAPTER B—FEDERAL HOME LOAN BANK SYSTEM

[72-706]

PART 527—HOUSING OPPORTUNITY ALLOWANCE PROGRAM

JUNE 20, 1972.

Resolved that the Federal Home Loan Bank Board considers it advisable to amend Part 527 of the Regulations for the Federal Home Loan Bank System (12 CFR Part 527) for the purpose of restructuring the Housing Opportunity Allowance Program to provide increased assistance to low-income families in the purchase of single-family dwellings. Accordingly, on the basis of such consideration and for such purpose, the Federal Home Loan Bank Board hereby amends said Part 527 as follows, effective June 24, 1972:

Subpart A—Middle Income Families

1. By designating §§ 527.1–527.6, inclusive, as "Subpart A—Middle-Income Families."

2. By revising § 527.1 thereof to read as follows:

§ 527.1 General.

Title I of the Emergency Home Finance Act of 1970, Public Law 91-351, provides for the Board to make disbursement of appropriated funds to the Banks for the purpose of adjusting the effective interest rate charged by such Banks on advances. Said title authorizes the Board to prescribe terms and conditions to assure that the sums disbursed are used to assist in the provision of housing for low- and middle-income families and that such families share fully in the benefits resulting from such disbursements. This Subpart A applies to loans for the purchase of single-family dwellings by middle-income families.

3. By revising the undesignated first line of § 527.2 thereof to read "As used in this Subpart A—".

4. By adding a new Subpart B, to read as follows:

Subpart B—Low-Income Families

Sec.
527.11 Scope of subpart.
527.12 Definitions.
527.13 Housing opportunity allowance.
527.14 Credits to member institutions.
527.15 Allocation and disbursement of funds to banks.
527.16 Closing documents.
527.17 Recertification of borrower's income category.

AUTHORITY: The provisions of this Subpart B are issued under Title I, Public Law 91-351, 84 Stat. 450; sec. 17, 47 Stat. 736, as

amended; 12 U.S.C. 1437. Reorg. Plan No. 3 of 1947, 12 F.R. 4981, 3 CFR, 1943–48 Comp., p. 1071.

§ 527.11 Scope of subpart.

This Subpart B applies to loans for the purchase of single-family dwellings by low-income families.

§ 527.12 Definitions.

As used in this Subpart B:

(a) *Allowance.* The term "allowance" means a Housing Opportunity Allowance to be credited against interest due on loans and Bank advances as provided in §§ 527.13 and 527.14.

(b) *Borrower.* The term "borrower" has the meaning given to it in paragraph (b) of § 527.2.

(c) *Effective rate of interest.* The term "effective rate of interest" has the meaning given to it in paragraph (c) of § 527.2.

(d) *Eligible borrower.* The term "eligible borrower" means a borrower who, at the time of making application for an allowance:

(1) Is one of the following:

(i) Either spouse of a married couple living together, or both such spouses; or (ii) A head of household with one or more dependent children;

(2) Has a current adjusted annual income (including income of both spouses) not in excess of the applicable maximum limits prescribed by the Board from time to time;

(3) Has need of a Housing Opportunity Allowance to warrant the making of a qualifying loan by a member institution; and

(4) Does not include any person who is a "student" as defined in section 151 (e) (4) of the Internal Revenue Code.

(e) *Adjusted annual income.* The term "adjusted annual income" has the meaning given to it in paragraph (e) of § 527.2.

(f) *Guaranteed loan.* The term "guaranteed loan" has the meaning given to it in paragraph (f) of § 527.2.

(g) *Insured loan.* The term "insured loan" has the meaning given to it in paragraph (g) of § 527.2.

(h) *Member institution.* The term "member institution" has the meaning given to it in paragraph (h) of § 527.2.

(i) *Monthly installment loan.* The term "monthly installment loan" has the meaning given to it in paragraph (i) of § 527.2.

(j) *Qualified appraiser.* The term "qualified appraiser" has the meaning given to it in paragraph (j) of § 527.2.

(k) *Qualifying loan.* The term "qualifying loan" means a loan which—

(1) Is for the purpose of financing the purchase of a single-family dwelling, with a purchase price not in excess of $25,000, to be owned and occupied by an eligible borrower as a primary residence;

(2) Is secured or is to be secured by a first lien on such single-family dwelling;

(3) Is not an insured loan or a guaranteed loan;

(4) Is in a principal amount not less than 70 percent of, nor more than 100 percent of, the lesser of the value or the purchase price of the security property.

(5) Bears an effective rate of interest which does not (and will not, during the period in which allowances are being credited) exceed the effective rate of interest on long-term, fixed-rate advances offered by the member institution's Bank, at the time the qualifying loan is approved, by more than such percentile amount (not in excess of 150 basis points) as the Board has determined to be appropriate, at the time of such approval, for member institutions of such Bank;

(6) Is a monthly installment loan repayable over a period of not less than 20 years nor more than 30 years;

(7) Requires the borrower to pay, monthly, in advance, to the member institution, the equivalent of one-twelfth of the estimated annual taxes, assessments, and insurance premiums on the security property; and

(8) Permits the borrower to prepay the loan in full or in part at any time with no prepayment privilege fee in excess of 6 month's advance interest on that part of the aggregate amount of all prepayments made on such loan in any 12-month period which exceeds 20 percent of the original principal amount of the loan.

(l) *Single-family dwelling.* The term "single-family dwelling" has the meaning given to it in paragraph (l) of § 527.2.

(m) *Value.* The term "value" has the meaning given to it in paragraph (m) of § 527.2.

§ 527.13 Housing opportunity allowance.

(a) *General.* Subject to the provisions of this part, any eligible borrower who has obtained a qualifying loan from a member institution and a Housing Opportunity Allowance Commitment from such member institution, as provided in paragraph (c) of this section, will receive from such member institution certain allowances to be credited against the interest to be charged on a certain number of monthly installments paid on such qualifying loan, as provided in such commitment. Subject to recertification of income category as provided in § 527.17, the amounts of such allowances and the number of monthly installment payments against which such allowances will be credited shall be based upon the current adjusted annual income of the eligible borrower, expressed as a percentage of the applicable maximum HOAP limits prescribed by the Board, as determined at the time of approval of such borrower's application or at the time of recertification, pursuant to the following table:

Adjusted annual income as percentage of maximum HOAP limits	Allowance for each of first 60 payments [1]	Allowance for each of second 60 payments [1]	Total allowances
65 to 66.7	$25	0	$1,500
63 to 64.9	30	0	1,800
61 to 62.9	35	0	2,100
59 to 60.9	40	20	3,600
57 to 58.9	45	25	4,200
54 to 56.9	50	30	4,800
52 to 53.9	55	35	5,400
50 to 51.9	60	40	6,000
40 to 49.9	65	45	6,600
39.9 and under	70	50	7,200

[1] The amount of the allowance may not exceed 75 percent of the principal and interest portion of a monthly installment payment.

(b) *Application.* (1) *Form.* The application for an allowance shall be on a form prescribed by the Board, copies of which form shall be furnished upon request by the Banks. Such application shall be made in triplicate: One copy is to be furnished to the borrower, one copy is to be retained by the member institution, and one copy is to be submitted to the member institution's Bank as provided in paragraph (b) of § 527.16. Such application, together with the loan application, shall provide the information necessary to enable the member institution to determine whether the applicant is an eligible borrower and, if so, which income category the borrower is in, and whether the loan applied for will be a qualifying loan. Each copy of such application shall be signed by each applicant who is to be a borrower.

(2) *Statement of intention.* In making such application, each applicant shall sign a statement of intention that, if the qualifying loan is made, the borrower:

(i) Will be the title owner of the real estate securing the loan;

(ii) Will occupy the single-family dwelling comprising such real estate as a primary residence; and

(iii) Will not give or execute any secondary lien or charge upon such real estate in connection with the purchase thereof.

(c) *Commitment to be furnished to* borrower shall acknowledge receipt of, a qualifying loan, the member institution shall furnish to the borrower, and the borrower shall acknowledge receipt of a commitment, signed by an officer of the member institution, stating the terms and conditions under which the borrower shall be entitled to receive an allowance from the member institution. Such commitment, which shall be printed on or attached to the reverse side of the application prescribed pursuant to paragraph (b) of this section, shall be in the following form:

HOUSING OPPORTUNITY ALLOWANCE COMMITMENT

Pursuant to regulations of the Federal Home Loan Bank Board, the undersigned institution will make Housing Opportunity Allowance credits to you in connection with

your loan for the purchase of the property described on the reverse side of this commitment, subject to the following terms and conditions:

1. *Allowance of credit.* Based upon your income category as indicated on the reverse side of this commitment, $------ will be credited to your loan account at the time each of the first 60 monthly installments required under the loan contract is accepted from you, and, subject to change upon recertification of your income category, $------ will be credited at the time each of the next 60 monthly installments is accepted from you, except when any such credit is required to be withheld as provided in Item 2 below.

(NOTE: Each of your monthly installment payments should be in the amount required by your loan contract, less the applicable credit provided for above. However, the monthly installment payment should be in the full amount required by your loan contract if any of the exceptions in Item 2 below are applicable.)

2. *Exceptions to allowance of credit.* No credit will be made—

(a) As to any monthly installment which is accepted more than 6 months before or more than 6 months after the date such installment is due;

(b) After a sale or transfer of the property except a transfer by reason of death to a surviving tenant by the entirety or joint tenant or to your heirs or devisees;

(c) As to any monthly installment which is accepted at a time when the property is rented;

(d) If you have knowingly made a false statement in order to obtain your loan.

3. *Charge for disallowable credit.* Your loan account will be charged for any credit previously made but which should have been withheld under an exception set forth in Item 2 above.

4. *Dispute as to allowable credit.* In the event of any dispute as to allowance of any credit under this commitment, the undersigned institution will rely on a determination by an Agent of the Federal Home Loan Bank Board as to whether the credit should be allowed or disallowed, and such determination will be final as to you and the undersigned institution.

Date: ----------

(Name of member institution)

Member, Federal Home Loan Bank of----------

By: ----------

(Signature and title of officer)

(I) (We) acknowledge receipt of a copy of this commitment:

(Borrower)

(Borrower)

(d) *Crediting of allowance to borrower.* The Board hereby prescribes the terms and conditions contained in the commitment set forth in paragraph (c) of this section as terms and conditions applicable to the crediting of allowances on qualifying loans.

§ 527.14 Credits to member institutions.

(a) *General.* Each member institution will receive from the Bank of which it is a member a credit against interest due on advances in an amount equal to the total amount of allowances which the member institution has properly credited on qualifying loans as provided in § 527.13.

(b) *Commitments for allowance funds.* Commitments for allowance funds will be granted to member institutions by each Bank, on such terms and conditions and for such time periods as the Bank may deem advisable, subject to such guidelines as may from time to time be prescribed by the Board.

(c) *Procedure.* Each member institution which has credited one or more allowances during a month shall, by the 20th day of the succeeding month, submit a report of allowances credited during the preceding month to the Bank of which it is a member, pursuant to paragraph (d) of this section. Such member shall deduct, from any subsequent bill for interest due on outstanding advances from the Bank, an amount equal to the allowances so reported, remitting only the net amount to the Bank.

(d) *Form of report.* The report required by paragraph (c) of this section shall be made on a form prescribed by the Board, copies of which form shall be furnished upon request by the Banks. Such report shall be signed by an officer of the member institution.

§ 527.15 Allocation and disbursement of funds to Banks.

(a) *Allocation of funds.* Allocation of allowance funds to the Banks will be made by the Board on such bases and at such times as it may deem desirable. Any allowance funds allocated to a Bank but not committed by the Bank to member institutions within a reasonable time may be subsequently reallocated by the Board on such bases and at such times as it may deem desirable. However, no Bank will receive an allocation of allowance funds in an amount exceeding 20 percent of the total amount of sums appropriated pursuant to subsection (a) of section 101 of the Emergency Home Finance Act of 1970.

(b) *Disbursement of funds.* Each bank shall from time to time submit to the Board vouchers certifying the amount of credits made by the Bank against interest due on advances, pursuant to § 527.14, during a certain time period. The Board shall process such vouchers and shall cause a disbursement to be made to each Bank in an amount equal to the total amount of such credits properly made by the Bank during the time period covered by the voucher.

§ 527.16 Closing documents.

(a) *Required certifications.* At the time of closing of a qualifying loan with respect to which an allowance will be credited, the following written certifications, each of which shall contain a reference to the penal provisions of section 1014 of title 18 of the United States Code, shall be required as closing documents:

(1) By seller and borrower. (i) A certification jointly executed by the borrower and seller or sellers of the security property stating the purchase price thereof and the items comprising such price;

(ii) A certification executed by the seller or sellers of the security property stating that no lien or charge upon such property, other than the lien of the association or liens or charges which will be discharged from the proceeds of the loan, has been given or executed by the borrower to the seller or sellers or has been contracted or agreed to be so given or executed; and

(iii) A certification executed by the borrower stating that no lien or charge upon such property, other than the lien of the association or liens or charges which will be discharged from the proceeds of the loan, has been given or executed by the borrower or has been contracted or agreed to be so given or executed.

(2) *By appraiser.* A certification by a qualified appraiser that (i) in the case of an existing structure, he has personally inspected both the interior and exterior of such structure; or (ii) in the case of new construction, he has examined the plans and specifications for such structure; and that he has determined the value thereof in accordance with paragraph (m) of § 527.12.

(3) *By member institution.* A certification by the member institution, that—

(i) At the time the borrower's application was approved, such borrower, in the determination of the member institution based upon the information furnished by the borrower, was an eligible borrower, was in the income category indicated on the application, and did have need of a Housing Opportunity Allowance to warrant the making of a qualifying loan to such borrower;

(ii) The loan is, in the determination of the member institution, a qualifying loan; and

(iii) All certifications required by this paragraph have been obtained and are in the possession of the member institution.

(b) *Required submission to Bank.* Promptly after the closing of such qualifying loan, the member institution shall transmit to the Bank of which it is a member the Bank's copy of the borrower's application, containing the certification required to be made by the member institution pursuant to subparagraph (3) of paragraph (a) of this section, signed by an officer of the member institution, and containing the borrower's acknowledgement of receipt of the commitment respecting his allowance as required by paragraph (c) of § 527.13.

(c) *Retention of documents.* The member institution shall retain its copy of the borrower's application and the original copies of all other closing documents required by paragraph (a) of this section and shall include such documents with its records as required by applicable law or regulation.

§ 527.17 Recertification of borrower's income category.

With respect to any borrower who, at the time of approval of the Housing Opportunity Allowance application, had a current adjusted annual income not in excess of 60.9 percent of the applicable maximum HOAP limit, there shall be a recertification of such borrower's income category, after such borrower has received allowance credits on the first 60

monthly installment payments accepted by the member institution. Such borrower shall provide current information necessary to enable the member institution to determine whether such borrower is still an eligible borrower, and, if so, which income category the borrower is currently in. If, at the time of such recertification, such borrower still has a current adjusted annual income not in excess of 60.9 percent of the applicable maximum HOAP limits, such borrower shall be entitled to receive allowance credits on each of the second 60 monthly installment payments accepted by the member institution. Such allowance credits shall be in the amount corresponding to the borrower's income category in the table set forth in paragraph (a) of § 527.13, as of either the time of approval of the application for the allowance or the time of such recertification, whichever is lower. A copy of such recertification, signed by an officer of the member institution, shall be promptly submitted to such member institution's Bank.

Resolved further that, since affording notice and public procedure on the above amendment would delay it from becoming effective for a period of time and since the amendment effects a restructuring of the Housing Opportunity Allowance Program which must be implemented prior to June 30, 1972, to prevent lapse of funding therefor, the Board hereby finds that notice and public procedure thereon are impracticable under the provisions of 12 CFR 508.11 and 5 U.S.C. 553(b); and, for the same reason, the Board hereby finds that the requirement regarding the publication of such amendment for the minimum 30-day period specified in 12 CFR 508.14 and 5 U.S.C. 553(d) prior to the effective date thereof shall not apply to the above amendment; and the Board hereby provides that such amendment shall become effective as hereinbefore set forth.

By the Federal Home Loan Bank Board.

[SEAL] EUGENE M. HERRIN,
Assistant Secretary.

[FR Doc.72-9597 Filed 6-26-72;8:45 am]

Title 14—AERONAUTICS AND SPACE

Chapter I—Federal Aviation Administration, Department of Transportation

[Docket No. 12025; Amdt. 39-1477]

PART 39—AIRWORTHINESS DIRECTIVES

SIAI Marchetti Models S.205 and S.208 Airplanes

There have been reports of corrosion in the recessed fuel transmitter scuppers and of failures of the scupper drain tubes on certain SIAI Marchetti Models S.205 and S.208 airplanes that could result in fuel or fumes entering the cabin or wing areas not occupied by fuel tanks. That condition could result in an inflight fire or explosion. Since this condition is likely to exist or develop in other airplanes of the same type design, an airworthiness directive is being issued to require repetitive inspections of fuel level transmitter scuppers for water deposits or corrosion on SIAI Marchetti Models S.205 airplanes, Serials Nos. 001 through 003 and 101 through 384, and repetitive inspections of the welds between the tubes and fuel level transmitter scupper recessed areas for cracks or signs of fuel seepage on SIAI Marchetti Models S.205 airplanes, Serials Nos. 385 through 4-255 and Model S.208 airplanes, Serials Nos. 001 through 003, 1-03 through 2-19, 369, 3-100, 4-231, 4-233, and 4-256 through 4-258. The AD also provides for corrective modifications.

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

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

SIAI-MARCHETTI. Applies to SIAI Marchetti Model S.205 airplanes, Serials Nos. 001 through 003, 101 through 384, 385 through 4-255, and Model S.208 airplanes, Serials Nos. 001 through 003, 1-03 through 2-19, 369, 3-100, 4-231, 4-233, 4-256 through 4-258.

Compliance is required as indicated.

To prevent the entrance of fuel or fumes into areas of the wing external to the fuel tanks or into the cabin, accomplish the following:

(a) Within the next 10 hours' time in service after the effective date of this AD, unless already accomplished within the last 40 hours' time in service, and thereafter at intervals not to exceed 50 hours' time in service from the last inspection until the modification specified in paragraph (c) is accomplished—

(1) On Model S.205 airplanes, Serials Nos. 001 through 003 and 101 through 384, which do not incorporate scupper drains, remove the right-hand and left-hand wing tank fuel level transmitter access covers and visually inspect the fuel level transmitter scupper recessed areas for water deposits or corrosion.

(2) On Model S.205 airplanes, Serials Nos. 385 through 4-255, and Model S.208 airplanes, Serials Nos. 001 through 003, 1-03 through 2-19, 369, 3-100, 4-231, 4-233, and 4-256 through 4-258, which incorporate straight scupper drain tubes, remove the right-hand and left-hand wing tank fuel level transmitter access covers and visually inspect the welding areas between the tubes and fuel level transmitter scupper recessed areas for cracks or signs of fuel seepage into the recessed areas.

(b) If water deposits or corrosion are found during an inspection required by subparagraph (a)(1) or cracks or signs of fuel seepage are found during an inspection required by subparagraph (a)(2), comply with paragraph (c) before further flight, except that the airplane may be flown in accordance with § 21.197 of the Federal Aviation Regulations to a base where the repair can be made.

(c) For all Models S.205 and S.208 airplanes, within the next 500 hours' time in service after the effective date of this AD, unless already accomplished, install new right hand and left hand wing tank fuel transmitter scupper drain tubes, P/N 205-8-112-37 and P/N 205-8-112-38, and reinforcing washers, P/N 205-8-112-27, in accordance with SIAI Marchetti Service Bulletin No. 205B29A dated December 15, 1971, or an FAA-approved equivalent. Identify the new scupper drain tubes by painting a ring of white paint approximately one-eighth of an inch wide on the recessed area of the scupper around the new drain tube where it extends through the scupper.

This amendment becomes effective July 3, 1972.

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

Issued in Washington, D.C., on June 19, 1972.

J. A. FERRARESE,
Acting Director,
Flight Standards Service.

[FR Doc.72-9631 Filed 6-26-72;8:45 am]

[Airspace Docket No. 72-SW-29]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, 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 Pampa, Tex., transition area.

On May 11, 1972, a notice of proposed rule making was published in the FEDERAL REGISTER (37 F.R. 9495) stating the Federal Aviation Administration proposed to alter the Pampa, Tex., transition area.

Interested persons were afforded an opportunity to participate in the rule making through submission of comments. All comments received were favorable.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended, effective 0901 G.m.t., August 17, 1972, as hereinafter set forth.

In § 71.181 (37 F.R. 2143), the Pampa, Tex., transition area is amended to read:

PAMPA, TEX.

That airspace extending upward from 700 feet above the surface within a 7-mile radius of Perry Le Fors Airport (latitude 35°36'25" N., longitude 100°59'55" W.), and within 3½ miles each side of the 001° bearing from the Pampa RBN (latitude 35°36'40" N., longitude 100°59'45" W.) extending from the 7-mile-radius area to 11.5 miles north of the RBN.

(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 Fort Worth, Tex., on June 15, 1972.

R. V. REYNOLDS,
Acting Director, Southwest Region.

[FR Doc.72-9632 Filed 6-26-72;8:45 am]

Title 32—NATIONAL DEFENSE

Chapter I—Office of the Secretary of Defense

SUBCHAPTER A—ARMED SERVICES PROCUREMENT REGULATIONS

MISCELLANEOUS AMENDMENTS TO SUBCHAPTER

The following amendments to this subchapter are issued by direction of the Assistant Secretary of Defense (Installations and Logistics) pursuant to authority contained in Department of Defense Directive No. 4104.30, dated March 11, 1959 (24 F.R. 2260), as amended, and 10 U.S.C. 2202.

PART 1—GENERAL PROVISIONS

1. In § 1.102 the last sentence is amended; in § 1.103–5 the first sentence in amended; § 1.201–5 is amended; in § 1.201–14 the reference to "Defense Atomic Support Agency: Headquarters, Defense Atomic Support Agency," is changed to read "Defense Nuclear Agency: Headquarters, Defense Nuclear Agency."; in § 1.201–15 the reference to "Director, Defense Atomic Support Agency," is changed to read "Director, Defense Nuclear Agency,"; § 1.305–3(a)(1) is amended; § 1.315 the title is revised; §§ 1.315–1 through 1.315–4 are added; §§ 1.318(a) and 1.322–7(e) are amended; § 1.328 is added; in § 1.329–4 (b) the abbreviation and address of the "DASA: HQ, Defense Atomic Support Agency, Washington, D.C. 20305" is changed to read "DNA: HQ, Defense Nuclear Agency, Washington, D.C. 20305"; § 1.331 is revised; and §§ 1.332 through 1.332–3 are added, as follows:

§ 1.102 Applicability of subchapter.

* * * * *

(Procurement of these excepted transportation services shall be in accordance with specific regulations and instructions issued by the Military Traffic Management and Terminal Service (MTMTS), Military Sealift Command (MSC), Military Airlift Command (MAC), and the Departments.)

§ 1.103–5 Dating contract clauses.

Contract clauses in this subchapter are identified by showing the year and month of issuance of the clause, as most recently revised, in parentheses immediately after the title, e.g., Incentive Price Revision (Firm Target) (November 1971). * * *

§ 1.201–5 Department and Military Department.

Department and Military Department include the Department of the Army, the Department of the Navy, the Department of the Air Force, the Defense Supply Agency, the Defense Communications Agency, and the Defense Nuclear Agency.

§ 1.201–14 Procuring activity.

Procuring activity includes for the Army: Directorate of Requirements and Procurement, Headquarters, U.S. Army Materiel Command; the U.S. Army Munitions Command; the U.S. Army Missile Command; the U.S. Army Electronics Command; the U.S. Army Mobility Equipment Command; the U.S. Army Tank-Automotive Command; the U.S. Army Aviation Systems Command; the U.S. Army Weapons Command; the U.S. Army Test and Evaluation Command; U.S. Continental Army Command and its subordinate commands consisting of Zone of Interior Armies and Military District of Washington, U.S. Army; U.S. Army, Alaska; U.S. Forces Southern Command, U.S. Army; U.S. Theater Army Support Command, Europe; U.S. Army, Pacific; National Guard Bureau; Office of the Chief of Engineers; Strategic Communications Command; Office of the Chief of Support Services; Office of The Surgeon General; U.S. Army Security Agency; Military Traffic Management and Terminal Service; and the Safeguard System Organization; for the Navy: Each Bureau, the Headquarters, Naval Material Command, the Office of the Deputy Chief of Naval Material (Procurement and Production), the Naval Air Systems Command, the Naval Electronic System Command, the Naval Facilities Engineering Command, the Naval Ordnance Systems Command, the Naval Ship Systems Command, the Naval Supply Systems Command, the Office of Naval Research, the Navy Aviation Supply Office, the Military Sealift Command, and the United States Marine Corps; for the Air Force: Hq., USAF (AFSPP); the Air Force Logistics Command; the Air Force Systems Command; the Strategic Air Command; the Tactical Air Command; the Aerospace Defense Command; the Military Airlift Command; the Air Training Command; the Pacific Air Forces, the United States Air Forces in Europe; the Alaskan Air Command; for the Defense Supply Agency: The Office of the Deputy Director for Contract Administration Services; the Office of the Executive Director, Procurement and Production; the Defense Supply Centers; and the Defense Personnel Support Center; for the Defense Communications Agency: The Headquarters, Defense Communications Agency; and the Defense Commercial Communications Office; for the Defense Nuclear Agency: Headquarters, Defense Nuclear Agency. It also includes any other procuring activity hereafter established. The number and designation of particular procuring activities of any Military Department may be changed by directive of the Secretary.

§ 1.201–15 Secretary.

"Secretary" means the Secretary, the Under Secretary, or any Assistant Secretary of any Military Department. Secretary shall also include the Director and Deputy Director of the Defense Supply Agency, the Director of the Defense Communications Agency, and the Director, Defense Nuclear Agency, except to the extent that any law or executive order limits the exercise of authority to persons at the Secretarial level. In the latter situation, such authority shall be exercised by the Assistant Secretary of Defense (Installations and Logistics).

§ 1.305–3 Terms.

(a) * * *

(1) Specific calendar dates (e.g., on or before July 1, 1968).

* * * * *

§ 1.315 Mobilization base preparedness.

§ 1.315–1 General policy.

To insure the continued existence of an industrial mobilization base necessary for National Defense and in the public interest, it has been determined to restrict purchases of the following items to United States or United States and Canadian manufactured products.

§ 1.315–2 Jewel bearings and related items.

(a) *Definitions.* As used in this section:

(1) "Jewel bearings" means a piece of synthetic sapphire or ruby of any shape, except a phonograph needle, which has one or more polished surfaces and which is suitable for use in an instrument, mechanism, subassembly or part without any additional processing to the synthetic sapphire or ruby. A jewel bearing may be either unmounted, or mounted into a ring or bushing. Examples of types of jewel bearings are: watch hole—olive, watch hole—straight, pallet stones, roller jewels (jewel pins), end stones (caps), vee (cone) jewels, instrument rings, cups, double cups and orifice jewels.

(2) "Price List" is the official U.S. Government Jewel Bearing Price List for jewel bearings produced by the William Langer Jewel Bearing Plant in Rolla, N. Dak., which is issued periodically by the General Services Administration.

(3) "Plant" means the Government-owned William Langer Jewel Bearing Plant, Rolla, N. Dak.

(b) *Policy.* It has been determined that Defense requirements for jewel bearings must, to the maximum extent practicable, be procured from the Government-owned William Langer Jewel Bearing Plant, Rolla, N. Dak., which is operated through a contractor by the General Services Administration.

(c) *Procedures.* (1) All direct Government purchases of jewel bearings shall be made from the plant where it can meet the requirements.

(2) All procurements of items in the Federal Supply Classes and Groups listed in paragraph (d) of this section, or any subassembly, component or part thereof, shall provide that jewel bearings, in the quantities and of the types and sizes (including tolerances) required to produce the end items to be supplied, be purchased from the plant and incorporated in the items delivered by contractor and subcontractor at every tier. To accomplish this, the clause in § 7.104–37 of this chapter shall be inserted in all contracts for items in paragraph (d) of this section except:

(i) In small purchases using small purchase procedures;

(ii) When the procuring contracting officer knows that the item being procured does not contain jewel bearings;

(iii) When quantity requirements, quality standards, or delivery requirements cannot be satisfied by bearings manufactured by the plant;

(iv) For jewel bearings used in items that are to be procured by a DOD activity outside the United States and the procured items are intended for use outside the United States, its possessions, and Puerto Rico; or

(v) When the urgency of the military requirement for all or part of a procurement of a jeweled item is such that delivery of prefabricated end items offers the best possible solution. The required source provision will apply to any quantity in excess of the prefabricated items specified for immediate delivery.

(3) Whenever it is necessary to redesign or re-engineer jeweled items in the Federal Supply Classes and Groups cited in paragraph (d) of this section to satisfy military performance requirements, the contractors or subcontractors who manufacture the jeweled items shall be required to use military standard jewel bearings in the redesign. The only exception to this requirement will be when the dimensional tolerances or configurations of military standard jewel bearings are such that their use in the product would prevent attainment of the required level of performance specified for the item. When one or more nonstandard bearings must be used to satisfy performance requirements of the jeweled product but military standard bearings will function satisfactorily for other applications within the same item, the item will be required to be redesigned to provide for the use of military standard bearings in such "other" applications. However, in no case shall a contractor or subcontractor be required to redesign a jeweled item solely for the purpose of converting from the use of nonstandard to military standard jewel bearings. This is not intended to prevent any military contractor or subcontractor from voluntarily redesigning a jeweled item solely to accommodate the use of military standard bearings. Such voluntary redesign may be economically advantageous due to the lower unit price of military standard bearings from the plant.

(4) The plant may reject a contractor's or subcontractor's purchase order due to currently outstanding, excessive and overdue indebtedness to the plant by such customer. The plant is required to refuse shipments against purchase orders whenever shipments would increase the indebtedness of a customer beyond a credit limit which may have been set by the General Services Administration. Rejection by the plant of a contractor's or subcontractor's purchase order, or refusal to ship against an accepted purchase order under these circumstances will not be considered justification for a waiver of the purchase requirement and adjustment in the contract price as specified in paragraph (b) of the contract clause in § 7.104–37 of this chapter. In the event the contractor or subcontractor whose purchase order is rejected or to whom shipments are refused for the foregoing reasons, and the customer and the management of the plant are in disagreement on whether such indebtedness actually exists or the amount of such indebtedness, the Government will require the plant to accept the contractor's purchase order and to make shipments against such purchase order on a "cash-on-delivery" (c.o.d.) basis for each lot shipped. If necessary, arrangements can be made with the PCO for "progress payments" by the Government to finance the c.o.d. requirements. Such measures will be independent of and have no effect on the final disposition of the alleged indebtedness or controversy between the contractor and management of the Langer plant.

(5) The cost differential between Langer-made bearings and imported bearings shall not be used as justification to avoid the purchase and use of bearings from the plant.

(6) Subsequent to award of a contract which includes the clause, the ACO will waive the "use" requirement of the clause, when the prime contractor or his subcontractor, whichever is required to place a purchase order on the plant pursuant to the contract or the subcontract, submits a written request for waiver and the ACO determines that the contractor or subcontractor has on hand jeweled subassemblies or jeweled end items such as required to be delivered under the contract; and either:

(i) The production of such subassemblies or end items, specifically in performance of all or a part of the contract using Langer bearings would increase his costs or interfere with economical or normal production scheduling of the military product under contract or with the production of another item (military or commercial); or

(ii) The delivery schedule under the military contract or subcontract is such that the use of on-hand jewel bearings or jeweled subassemblies or parts is necessary.

Upon granting a waiver, the ACO shall promptly notify the PCO.

(7) A contractor (or subcontractor) will not be authorized to purchase from the plant a quantity of jewel bearings which exceeds the quantity required to satisfy the contract.

(8) An ACO having the cognizance of a particular contractor facility will upon request, conduct a special review of the extent of the contractor's compliance with the "purchase" requirements of the clause as evidenced by examination of appropriate contractor records.

(d) *Federal supply classes and groups.* Procurement of items in the following Federal Supply Classes and Groups are subject to the prescribed policy and procedures:

FS class	*Description*
6605	Navigational instruments.
6610	Flight instruments.
6615	Auto pilot mechanisms and airborne gyro components.
6620	Engine instruments.
6625	Electrical and electronic properties measuring and testing instruments.
6630	Chemical analysis instruments.
6635	Physical properties testing equipment.
6636	Environmental chambers and related equipment.
6640	Laboratory equipment and supplies.
6645	Time measuring instruments.
6650	Optical instruments.
6655	Geophysical and astronomical instruments.
6660	Meteorological instruments and apparatus.
6665	Hazard detecting instruments and apparatus.
6670	Scales and balances.
6675	Drafting, surveying, and mapping instruments.
6680	Liquid and gas flow, liquid level, and mechanical motion measuring instruments.
6685	Pressure, temperature and humidity measuring and controlling instruments.
6695	Combination and miscellaneous instruments.
12	Fire control equipment.
14	Guided missiles.
15	Aircraft, airframe structural comps.
16	Aircraft components and accessories.
18	Space vehicles.
23	Motor vehicles and cycles.
25	Vehicular equipment components.
42	Fire fighting, rescue and safety equipment.
52	Measuring tools.
58	Communications equipment.
59	Electrical and electronic equipment components.
63	Alarm and signal systems.
65	Medical, dental, and veterinary equipment and supplies.
67	Photographic equipment.
69	Training aids and devices.

§ 1.315–3 Miniature and instrument ball bearings.

(a) *Definitions.* As used in this section:

(1) "Miniature and instrument ball bearings" are all rolling contact ball bearings with a basic outside diameter (exclusive of flange diameters) of 30 millimeters or less, irrespective of material, tolerance, performance or quality characteristics.

(2) "Domestic manufacture" means miniature and instrument ball bearings manufactured in the United States or Canada. When a ball bearing assembly is involved, all components of the bearing must also have been manufactured in the United States or Canada.

(b) *Policy.* It has been determined that Defense requirements for miniature and instrument ball bearings must be procured from domestic manufacturing sources to the maximum extent practicable. Accordingly, all procurements of miniature and instrument ball bearings and all procurements of items containing miniature and instrument ball bearings shall include, except as provided in paragraph (c) of this section, a requirement that such ball bearings delivered under the contract be of domestic manufacture only.

(c) *Procedures.* (1) The clause set forth in § 7.104–38 of this chapter shall be inserted in all contracts except:

(i) When the procuring contracting officer knows that the item being procured does not contain miniature or instrument ball bearings;

(ii) When the urgency of the military requirement necessitates delivery of an end item containing other than domestically manufactured miniature or instrument ball bearings;

(iii) In small purchases using small purchase procedures, other than in purchase of bearings as the end item;

(iv) Purchases of standard commercial items, other than—

(*a*) Those which are intended for use as components or subassemblies of defense equipments or systems (e.g., repair parts) or

(*b*) Purchases of bearings as the end item; or

(v) Purchases made overseas for overseas use.

(2) Subsequent to the award of a contract which includes the clause required by subparagraph (1) of this paragraph, the contracting officer may waive the "use" but not the acquisition requirements of the clause. Such waiver may be granted upon submission of a written request by the contractor if the contractor or subcontractor has on hand subassemblies or end items containing nondomestic ball bearings, and either:

(i) The production of such subassemblies or end items in the performance of all or a part of the contract using ball bearings of domestic manufacture would interfere with economical or normal production scheduling of the military product under contract or with production of another item (military or commercial); or

(ii) The delivery schedule under the contract or subcontract is such that use of other than domestic ball bearings or subassemblies or parts is necessary.

The contracting officer should grant waivers only to the extent and for the period of time necessary to permit the contractor to acquire and use domestic bearings.

§ 1.315–4 Precision components for mechanical time devices.

(a) *Definitions.* As used in this section:

(1) "Precision" components for mechanical time devices are parts which closely relate so that precise control and selection of working production tolerances can be maintained to accomplish the desired function and reliability. In terms of accuracy, such precision components have total tolerances under 0.003 inch, eccentricities less than 0.0015 inch and surface finishes better than 64 rms. Examples of such precision components include: gears, pinions, posts, and plates. Precision components subject to the provisions of this § 1.315–4 are those which are included in fuzes, boosters, and aircraft clocks in the following Federal Supply Classes:

FS class	*Description*
1305	Ammunition through 30 mm.
1310	Ammunition, over 30 mm. up to 75 mm.
1315	Ammunition, 75 mm. through 125 mm.
1320	Ammunition, over 125 mm.
1325	Bombs.
1330	Grenades.
1340	Rockets and rocket ammunition.
1345	Land mines.
1390	Fuzes and primers.
6645	Time measuring instruments (aircraft clocks only).

(2) "Domestic manufacture" means precision components for mechanical time devices manufactured in the United States or Canada. When a mechanical timing assembly is involved, all components of the assembly must also have been manufactured in the United States or Canada.

(b) *Policy.* It has been determined that Defense requirements for precision components for mechanical time devices must be procured from domestic manufacturing sources to the maximum extent practicable. Accordingly, all procurements of precision components for mechanical time devices and all procurements of items containing precision components for mechanical time devices shall include, except as provided in paragraph (c) of this section, a requirement that such components delivered under the contract be of domestic manufacture only.

(c) *Procedures.* (1) All procurements of items in the Federal Supply Classes listed in paragraph (a)(1) of this section or any subassembly, component, or part thereof shall provide that precision components for mechanical time devices, in the quantities and of the type and sizes (including tolerances) required to produce the end item being supplied, be of domestic manufacture and incorporated into the items delivered by the contractor and subcontractor at every tier. To accomplish this, the clause set forth in § 7.104–46 of this chapter shall be inserted in all contracts except:

(i) When the procuring contracting officer knows that the item being procured does not contain precision components for mechanical time devices;

(ii) When the urgency of the military requirement necessitates delivery of an end item containing other than domestically manufactured precision components for mechanical time devices;

(iii) In small purchases using small purchase procedures, other than in purchase of precision components for mechanical time devices as the end item;

(iv) Purchases of standard commercial items, other than—

(*a*) Those which are intended for use as components or subassemblies or defense equipment or systems (e.g., repair parts) or

(*b*) Purchases of precision components for mechanical time devices as the end item; or

(v) Purchases made overseas for overseas use.

(2) Subsequent to the award of a contract which includes the clause required by subparagraph (1) of this paragraph, the contracting officer may waive the "use" but not the acquisition requirements of the clause. Such waiver may be granted upon submission of a written request by the contractor if the contractor or subcontractor has on hand subassemblies or end items containing nondomestic precision components for mechanical time devices and either:

(i) The production of such subassemblies or end items in the performance of all or a part of the contract using precision components for mechanical time devices of domestic manufacture would interfere with economical or normal production scheduling of the military product under contract or with production of another item (military or commercial); or

(ii) The delivery schedule under the contract or subcontract is such that use of other than domestic precision components for mechanical time devices or subassemblies or parts is necessary.

The contracting officer should grant waivers only to the extent and for the period of time necessary to permit the contractor to acquire and use domestic components.

§ 1.318 Contracts conditioned upon the availability of funds.

(a) To effect procurements promptly upon the beginning of a new fiscal year, it may at times be necessary to initiate a procurement properly chargeable to funds of the new fiscal year prior to the availability of such funds. In such instances, the following provision shall be included in the invitation for bids or other solicitation and the resultant contract.

AVAILABILITY OF FUNDS (SEPTEMBER 1962)

Funds are not presently available for this procurement. The Government's obligation hereunder is contingent upon the availability of appropriated funds from which payment for the contract purposes can be made.

No legal liability on the part of the Government for payment of any money shall arise unless and until funds are made available to the Contracting Officer for this procurement and notice of such availability, to be confirmed in writing by the Contracting Officer, is given to the Contractor.

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§ 1.322–7 Procedures for service contracts.

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(e) Escalation: When labor escalation provisions are considered appropriate, the clause in § 7.1905(b) of this chapter may be used. That clause may be modified in overseas contracts to allow escalation when laws, regulations, or international agreements require contractors to pay higher wage rates.

* * * * *

§ 1.323 Procurement of publications.

(a) Subscriptions to newspapers, magazines, or other publications may be entered for periods longer than 1 year when it is advantageous to the Government for the purpose of economy or otherwise. Payment therefor may be

made from current appropriations otherwise available for such purpose.

(b) Advance payments may be made for publications purchased for official use. Publications include books, pamphlets, newspapers, periodicals, and prints.

§ 1.329–4 Requests for procurement records.

* * * * *

(b) * * *

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DNA: HQ, Defense Nuclear Agency, Washington, D.C. 20305.

§ 1.331 Management systems.

(a) A management system is a documented method for assisting managers in defining or stating policy, objectives or requirements; assigning responsibility; controlling utilization of resources; periodically measuring performance; comparing that performance against stated objectives and requirements; and taking appropriate action. A management system may encompass part or all of the foregoing areas and will require the generation, preparation, maintenance, and/or dissemination of information by a contractor.

(b) The responsibility for determining management systems requirements and for completion of the DD Form 1660, Management Systems Summary List, is vested in the project officer, program manager, commodity manager, or other requiring office. Procedures for review of the DD Form 1660 by the contracting officer are specified in § 16.827–3 of this chapter.

(c) Although the judicious application of management systems on all contracts regardless of size is important, use of the DD Form 1660 is only required on those contracts exceeding $1 million.

(d) Pursuant to the above, appropriate management systems shall be contractually applied only if they are:

(1) Required by a standard ASPR clause;

(2) Listed in DOD Manual 7000.6–M, Acquisition Management Systems List (AMSL); or

(3) Approved for a specific application by the Secretary of the Department concerned or his designee.

(e) Approved management systems, except those specified in this Regulation, shall be listed on a DD Form 1660. An approved DD Form 1660 and the contract clause titled "Management Systems Requirements" (see § 7.104–50 of this chapter) shall be included in all contracts when applicable.

(f) The DD Form 1660 procedures help to achieve the following objectives with respect to the management of programs and the acquisition of management data:

(1) Management systems selected for use in managing the contract/program should be limited to those that are essential to the fulfillment of the responsibilities of the Department of Defense and contractor.

(2) More than one management system satisfying the same requirement should not be specified on a single contract.

(3) The management data requirements in a contract should be formally approved, should not exceed the needs of the planned program management approach, and should be specifically identified on an individual item basis.

(g) Instructions for the preparation, review and use of DD Form 1660 are in § 16.827 of this chapter.

§ 1.332 Minority business enterprises.

§ 1.332–1 General.

(a) In connection with Executive Order 11458, March 6, 1969 (34 F.R. 9347, March 7, 1969), it has been determined that the national interest requires increased involvement of minority business enterprises in Federal procurement programs. In support of this policy, continuing efforts will be made (1) to facilitate the placement of minority individuals and minority-owned firms on source lists to assure that they are appropriately solicited, (2) to counsel such individuals and firms with respect to procurement cluding identification of major Defense business opportunities so as to enhance their potential participation, and (3) to inform such individuals and firms concerning subcontracting opportunities, including dentilcation of major Defense programs and current or prospective prime contractors that might offer opportunity for participation. The small business/labor surplus area specialist in each principal purchasing and contract administration office (or in such other offices as the Military Departments may consider appropriate) is assigned primary responsibility for this effort.

(b) The implementation of this policy involves other types of assistance such as contracting with the Small Business Administration under section 8(a) of the Small Business Act (see § 1.705–5). Additionally, to further the opportunities of minority business enterprises to participate in the performance of Government contracts, maximum practicable opportunity should be provided for these firms to participate as subcontractors and suppliers to prime contractors and subcontractors under Government contracts.

(c) Accordingly, effort should be put forth to provide to minority business enterprises counseling services with respect to procurement policy and procedures and information covering DOD business opportunities, and to have the names of such firms included on source lists at the various purchasing offices. Also, the Minority Business Subcontracting Program (§ 1.332–2) shall be effectively implemented.

(d) Definition: A minority business enterprise is defined in paragraph (b) of the clause in § 1.332–3(a).

§ 1.332–2 Minority business enterprises subcontracting program.

The Government's minority business enterprises subcontracting program requires Government contractors to assume affirmative obligations with respect to subcontracting with minority business enterprises. These obligations are in addition to those required under the small business subcontracting program (§ 1.707) and under the labor surplus area subcontracting program (§ 1.805). In contracts which range from $5,000 to $500,000, the contractor undertakes the accomplishment of a maximum amount of subcontracting with minority business enterprises, consistent with efficient performance of the contract. This is set forth in the clause in § 1.332–3(a). For contracts which may exceed $500,000 the clause set forth in § 1.332–3(b) requires that the contractor undertake a number of specific responsibilities designed to assure that minority business enterprises are given all possible consideration in the placement of subcontracts and to impose similar responsibilities on major subcontractors.

§ 1.332–3 Required clauses.

(a) The following clause shall be included in all contracts in amounts which may exceed $5,000 except (1) contracts which, including all subcontracts thereunder, are to be performed entirely outside the United States, its possessions, Puerto Rico and the Trust Territory of the Pacific Islands and (2) contracts for services which are personal in nature.

UTILIZATION OF MINORITY BUSINESS ENTERPRISES (NOVEMBER 1971)

(a) It is the policy of the Government that Minority Business Enterprises shall have the maximum practicable opportunity to participate in the performance of Government contracts.

(b) The Contractor agrees to use his best efforts to carry out this policy in the award of his subcontracts to the fullest extent consistent with the efficient performance of this contract. As used in this contract, the term "minority business enterprise" means a business, at least 50 percent of which is owned by minority group members or, in case of publicly owned businesses, at least 51 percent of the stock of which is owned by minority group members. For the purposes of this definition, minority group members are Negroes, Spanish-speaking American persons, American-Orientals, American-Indians, American Eskimos, and American Aleuts. Contracts may rely on written representations by subcontractors regarding their status as minority business enterprises in lieu of an independent investigation.

(b) The following clause shall be included in all contracts (except maintenance, repair, and construction contracts) which may exceed $500,000, which require the clause in paragraph (a) of this section and which, in the opinion of the contracting officer, offer substantial subcontracting possibilities. Furthermore, prime contractors who are to be awarded contracts which may not exceed $500,000 but which, in the opinion of the contracting officer, offer substantial subcontracting possibilities, shall be urged to accept the clause.

MINORITY BUSINESS ENTERPRISES SUBCONTRACTING PROGRAM (NOVEMBER 1971)

(a) The Contractor agrees to establish and conduct a program which will enable minority business enterprises (as defined in the clause, entitled, "Utilization of Minority Business Enterprises") to be considered fairly as subcontractors and suppliers under this contract. In this connection, the Contractor shall:

(1) Designate a liaison officer who will administer the Contractor's "Minority Business Enterprises Program."

(2) Provide adequate and timely consideration of the potentialities of known minority business enterprises in all "make-or-buy" decisions.

(3) Assure that known minority business enterprises will have an equitable opportunity to compete for subcontracts, particularly by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation of minority business enterprises.

(4) Maintain records showing (i) procedures which have been adopted to comply with the policies set forth in this clause, including the establishment of a source list of minority business enterprises, (ii) awards to minority business enterprises on the source list, and (iii) specific efforts to identify and award contracts to minority business enterprises.

(5) Include the "Utilization of Minority Business Enterprises" clause in subcontracts which offer substantial minority business enterprise subcontracting opportunities.

(6) Cooperate with the Contracting Officer in any studies and surveys of the Contractor's minority business enterprises procedures and practices that the Contracting Officer may from time to time conduct.

(7) Submit periodic reports of subcontracting to known minority business enterprises with respect to the records referred to in subparagraph (4) above, in such form and manner and at such time (not more often than quarterly) as the Contracting Officer may prescribe.

(b) The Contractor further agrees to insert, in any subcontract hereunder which may exceed $500,000 provisions which shall conform substantially to the language of this clause, including this paragraph (b), and to notify the Contracting Officer of the names of such subcontractors.

2. The subject of Subpart F is revised; in § 1.601–3 the parenthetical phrase in the first sentence is amended; §§ 1.601–6 (b), 1.701–1(a)(2)(v)(b), and 1.703 are amended; § 1.705–2(c) is added; § 1.705–4 (c)(2) and (3), and (f)(2) and (3) are amended; §§ 1.707–2 and 1.707–4 are revised; §§ 1.804–2(c)(2) and 1.805–2 are amended; in § 1.908–1 the last sentence is amended; §§ 1.908–3 through 1.908–5 are revised; § 1.908–6 is revoked; §§ 1.1203–1 through 1.1203–3, 1.1204(b), 1.1206–2(b), and 1.1702–3 (a)(5) and (b)(1)(i) are amended; § 1.1703–2(g) is revised; §§ 1.1707–1 and 1.1707–2 are amended; and § 1.1707–3 is revised, as follows:

Subpart F—Debarment, Ineligibility, and Suspension

§ 1.601–3 Joint Consolidated List.

The Department of the Army is responsible for the issuance of a Joint Consolidated List (DA Circular 715–1; NAVEXOS P–1205; AF Regulation 70–23; DSA Regulation 4105.3; DCAI 5104.5) of firms and individuals debarred, declared ineligible, or suspended under § 1.603.

* * *

§ 1.601–6 Inquiries from debarred, ineligible, or suspended individuals and firms.

* * * * *

(b) *Ineligible or disqualified firms or individuals.* Inquiries from contractors or individuals listed as ineligible or disqualified by the Comptroller General and the Department of Labor under the Walsh-Healey or Davis-Bacon Acts shall be answered by indicating the nature of the prohibition, as shown on the consolidated list, and requesting that the inquirer communicate with the Wage and Hour Division, Department of Labor, 14th Street and Constitution Avenue NW., Washington, D.C. 20210.

§ 1.701–1 Small business concern.

(a) * * *

(2) * * *

(v) * * *

(*b*) *Air transportation.* For air transportation, the number of employees of the concern and its affiliates must not exceed 1,500 persons.

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§ 1.703 Determination of status as small business concern.

(a) *General*—(1) *Prior to solicitation.* If a contracting officer or a small business specialist requires information from SBA concerning the size status of a concern in order to make a determination concerning (i) the initiation of a small business set-aside, or (ii) the forwarding of a small business restricted solicitation to such concern but time considerations preclude obtaining a formal SBA small business size determination, he may request informal advice on the matter from the SBA district office having jurisdiction of the geographical area in which the contracting officer is located. While a contracting officer or a small business specialist may take action on the basis of such informal advice, such advice shall not be binding with respect to the final establishment of the eligibility of a concern as a small business for the purpose of a particular procurement; nor shall it be considered a formal SBA small business size determination (see paragraph (b)(3) and (4) of this section).

(2) *Subsequent to solicitation.* Except as provided in paragraph (b) of this section the contracting officer shall accept at face value for the particular procurement involved, a representation by the bidder or offeror that it is a small business concern.

(b) *Representation by a bidder or offeror.* Representation by a bidder or offeror that it is a small business concern shall be effective, even though questioned in accordance with the terms of this paragraph, unless the SBA, in response to such question and pursuant to the procedures in subparagraph (3) of this paragraph, determines that the bidder or offeror in question is not a small business concern. If a procurement calls for more than one item and the solicitation permits bids on any item, all items, or all or none, the offeror must meet the small business size standard for each item it is awarded. If the procurement calls for more than one item and the solicitation requires bid on an all or none basis, the offeror can qualify as small business for such procurement if it meets the size standard for the item accounting for the greatest percentage of the total contract value. The controlling point in time for a determination concerning the size status of a questioned bidder or offeror shall be the date of award, except that no bidder or offeror shall be eligible for award as a small business concern unless he has, or unless he could have (in those cases where a representation as to size of business has not been made), in good faith represented himself as small business prior to the opening of bids or closing date for submission of offers (see § 2.405(b) of this chapter with respect to minor informalities and irregularities in bids). A representation by a bidder or offeror that it is a small business concern will not be accepted by the contracting officer if it is known that (1) such concern has previously been finally determined by SBA to be ineligible as a small business for the item or service being procured, and (2) such concern has not subsequently been certified by SBA as being a small business. If SBA has determined that a concern is ineligible as a small business for the purpose of a particular procurement, it cannot thereafter become eligible for the purpose of such procurement by taking affirmative action to constitute itself as small business.

(1) *Protest of small business status.* Any bidder, offeror, or any other interested party may, in connection with a contract involving a small business set aside or otherwise involving small business preferential consideration, question the small business status of any apparently successful bidder or offeror by sending a written protest to the contracting officer responsible for the particular procurement. The protest shall contain the basis for the protest together with specific detailed evidence supporting the protestant's claim that such bidder or offeror is not a small business. Such protest must be received by the contracting officer prior to the close of business on the fifth working day exclusive of Saturday, Sunday, and Federal Legal Holidays (hereinafter referred to as working day) after bid opening date for formally advertised and small business restricted advertised procurements. In procurements requiring submission of proposals, the contracting officer shall, except under the circumstances specified in § 3.508–2(b) of this chapter, notify the apparently unsuccessful offerors in writing of the name and location of the apparently successful offeror(s) and establish a deadline (at least 5 working days plus a reasonable time for the notice to reach the unsuccessful offerors) by which any size protest on the instant procurement must be received. A protest received after the appropriate time indicated herein shall be considered timely, if in the case of (i) a mailed protest, it is sent by registered or certified mail and the postmark thereon indicates that it would have been delivered within the time limit except for delays beyond the control of the protestant, or (ii) a telegraphic protest, the telegram date and time line indicates that it would have been delivered within the time limit except for delays beyond the control of the

protestant. The following procedures shall apply:

(a) *Timely protest received prior to award.* When the contracting officer receives a timely protest prior to award, he shall forward the protest record to the Small Business Administration district office serving the area in which the protested concern is located. The Small Business Administration will promptly notify the contracting officer and the protestant of the date of its receipt of any such protest and will advise the bidder or offeror in question that his small business status is under review.

(b) *Untimely protests received prior to award.* A protest which is not timely, even though received before award, shall be forwarded to the Small Business Administration district office serving the area in which the protested concern is located, with a notation thereon that the protest is not timely. The protestant shall be notified that his protest cannot be considered on the instant procurement but has been referred to SBA for its consideration in any future actions; however, see subparagraph (2) of this paragraph for authority of contracting officer to question small business status of an apparently successful offeror at any time prior to award.

(c) *Action on protests received after award.* A protest received by a contracting officer after award of a contract shall be forwarded to the Small Business Administration district office serving the area in which the protested concern is located with a notation thereon that award has been made. The protestant shall be notified that award has been made and that his protest has been forwarded to SBA for its consideration in future actions.

(2) *Questioning of status by contracting officer.* A contracting officer may, any time after bid opening, protest the small business status of any bidder or offeror on the instant procurement by sending a written notice to the SBA district office of the district in which the bidder or offeror has his principal place of business. Such notice shall contain a statement of the basis for the protest, together with available supporting facts. SBA will advise the bidder or offeror in question that his small business status is under review.

(3) *Determination by SBA District Director.* The SBA District Director will determine the small business status of the questioned bidder or offeror and notify the contracting officer and the bidder or offeror of his determination, and award may be made on the basis of that determination. This determination is final unless it is appealed in accordance with subparagraph (4) of this paragraph, and the contracting officer is notified of the appeal prior to award. If an award was made prior to the time the contracting officer received notice of the appeal, the contract shall be presumed to be valid. Action to be taken on SBA determinations shall be as follows:

(i) If the SBA District Director's determination is not received by the contracting officer 10 working days after SBA's initial receipt of a protest or notice questioning the Small Business status of a bidder or offeror, it shall be presumed that the questioned bidder or offeror is a small business concern. This presumption will not be used as a basis for making an award to the questioned bidder or offeror without first ascertaining when a size determination can be expected from SBA, and where practicable, waiting for such determination, unless further delay in award would be disadvantageous to the Government.

(ii) If an appeal from the SBA District Director's determination is made, pursuant to subparagraph (4) of this paragraph, to the Chairman, Size Appeals Board, Small Business Administration, Washington, D.C. 20416, and the contracting officer is notified prior to award, an additional 20 working days (i.e., 30 working days inclusive from the time of initial receipt of the case in the SBA District Office) shall be allowed for receipt of the SBA size determination.

(iii) If the determination of the Chairman, Size Appeals Board, Small Business Administration, on the appeal is not received by the contracting officer within the 30 working day period, it shall be presumed that the SBA District Director's size determination has been sustained.

(iv) Until receipt of the SBA determination of the size status, or expiration of the 10-day period (30 days in case of an appeal to the Chairman, Size Appeals Board), whichever occurs first, procurement action shall be suspended; however, this suspension shall not apply to any urgent procurement action which the contracting officer determines in writing must be awarded without delay to protect the public interest. The contracting officer's determination shall be placed in the contract file.

(4) *Appeal from size determination.* An appeal from a size determination made by an SBA District Director may be taken before the close of business on the fifth working day after the receipt of such decision. Unless such written notice of appeal is received by the SBA Size Appeals Board, Washington, D.C., within this time and the contracting officer has been notified of such appeal prior to award, the appellant will be deemed to have waived its rights of appeal insofar as the pending procurement is concerned.

(5) *Award of set-aside procurements.* Except as provided in § 3-508.1 of this chapter or when the contracting officer determines in writing that award must be made without delay to protect the public interest, award will not be made prior to (i) 5 working days after the bid opening date for procurements placed through small business restricted advertising, or (ii) the deadline date for submitting a protest set forth in the notification to the apparently unsuccessful offeror(s) for small business set-aside procurements placed through conventional negotiation.

(c) *Product classification*—(1) *Determination by contracting officer.* The contracting officer shall determine the appropriate classification of a product or service establishing the small business definition to be used in a specific procurement. If different products or services are being procured on the same solicitation, an appropriate small business size standard shall be established for each product or service. Both the classification and the applicable size standard (number of employees, average annual receipts, etc.), pursuant to § 1.701, shall be set forth in the Schedule of each solicitation which anticipates an expenditure in excess of $2,500. The contracting officer's determination shall be final unless appealed in accordance with subparagraph (2) of this paragraph.

(2) *Appeal from classification.* An appeal from a product or service classification determination by a contracting officer must be taken:

(i) Not less than 10 working days before the bid opening date or the deadline for submitting proposals or quotations where this date or deadline is more than 30 days after the issuance of the invitation for bids or request for proposals or quotations; or

(ii) Not less than 5 working days before the bid opening date or the deadline for submitting proposals or quotations where this date or deadline is 30 or less days after the issuance of the invitation for bids or request for proposals or quotations.

Such appeals shall be directed to the Chairman, Size Appeals Board, Small Business Administration, Washington, D.C. 20416.

(3) *Action of Size Appeals Board.* The Size Appeals Board will promptly notify the contracting officer of the receipt of a valid appeal and, if possible, will inform the contracting officer prior to the date set for opening of the solicitation of its ruling on the appeal. The SBA decision, if received prior to the opening date, shall be considered final, and solicitations will be modified to reflect such decision, if necessary. Where appropriate, opening dates may be extended. SBA rulings received after the opening date shall not apply to the current procurement but shall apply in future procurements of the product or service.

§ 1.705-2 SBA representatives.

* * * * *

(c) If the contracting officer determines not to solicit a firm recommended by SBA in a particular procurement, and, as a result no small business firm will be solicited, SBA may appeal such determination to the Chief of the Purchasing Office.

§ 1.705-4 Certificates of competency.

* * * * *

(c) * * *

(2) The activity performing the preaward survey shall furnish such survey to the procuring contracting officer. If the procuring contracting officer determines, in accordance with § 1.904, that the small business concern is not responsible solely by reason of a lack of capacity or credit, he will refer the matter direct to the SBA, or he may notify the

preaward survey activity to refer the matter to the SBA, whichever is the more expeditious (e.g., where the surveying activity is substantially closer to the cognizant SBA office than the procuring office, it may be more expeditious to have the surveying activity refer the matter to the SBA).

(3) Upon making a determination to refer the matter to the SBA, the procuring contracting officer shall furnish to the SBA, or to the surveying activity, whichever is consistent with the action taken under subparagraph (2) of this paragraph the data prescribed in paragraph (d) of this section. The activity that refers the matter to the SBA shall maintain close liaison with the SBA to assure compliance with paragraph (e) of this section. If such activity does not hear from the cognizant SBA district office within 5 working days after the matter has been referred, the activity will contact the SBA office to which the matter was referred to determine whether a Certificate of Competency (COC) is being processed. When, in accordance with subparagraph (2) of this paragraph the procuring contracting officer has requested the preaward survey activity to refer the matter to SBA, that activity shall keep the procuring contracting officer advised of significant developments, including the results of any inquiry to the SBA at the end of the 5-working-day period, and any new or additional facts, learned from the SBA, that warrant reversal of the preaward survey activity's negative finding. The Departmental Small Business Advisor identified in § 1.704–2 shall be informed by the procuring activity Small Business Specialist, in writing, on a quarterly basis, of all certificate of competency cases initiated during a particular quarter and of the final disposition made on cases during the quarter, including the number and dollar value of COC's issued during the period. The information shall include company name, item being procured, solicitation number, dollar value of the procurement, and the date the case was submitted to SBA. In addition, advice and data will be furnished for all cases where (i) the small business concern elects not to file an application for a COC, or (ii) SBA declines to issue a COC, or (iii) the purchasing activity reverses the preaward survey activity's negative finding concerning capacity or credit, withdraws the request for the COC, and makes the award.

* * * * *

(f) * * *

(2) If agreement cannot be reached between the SBA field office and the procuring contracting officer and substantial doubt still exists as to the ability of the contractor to perform, the contracting officer shall request the SBA field office to suspend action and to forward the case to SBA, Washington, D.C. (HQ SBA), for review. If HQ SBA does not concur with the proposed affirmative action of its field office, it will so inform the contracting officer by telephone followed by written confirmation. If HQ SBA concurs with the affirmative action proposed by its action proposed by its field office, it will so inform the Departmental Small Business Advisor identified in § 1.704–2, providing a brief written statement of reasons for the proposed affirmative action. Within 10 working days after receipt of written confirmation, or such longer periods as may be agreed upon between them, the Departmental Small Business Advisor will inform HQ SBA whether his Department will present a formal appeal to HQ SBA for its consideration prior to its reaching a final decision on the issuance of a COC. Such appeal will be presented to HQ SBA within a maximum of 10 working days after HQ SBA is informed that an appeal will be taken, or at such longer period as may be agreed upon by the Departmental Small Business Advisor and HQ SBA. The 15-day period referred to in paragraph (c) of this section shall be automatically suspended when the contracting officer requests SBA to suspend actior. and forward the request to HQ SBA, for review in accordance with this paragraph. If the Department elects to present a formal appeal to HQ SBA, a factual case shall be prepared as expeditiously as possible and processed through Departmental channels for approval at the Assistant Secretary (Installations and Logistics) level or at the level of the Director, DSA, prior to presenting the matter to HQ SBA. Any competent level of review within the Departments may conclude that a formal appeal should not be made and that the contract should be awarded without a COC or that a COC should be accepted and the award made. If such action is taken, the contracting officer and HQ SBA shall be advised accordingly. OASD (I&L) will be informed by the Departmental Small Business Advisor of proposed appeals to HQ SBA and a representative of OASD (I&L) may join with a Departmental team on each formal appeal made to HQ SBA. Following an appeal, the determination made by the SBA Associate Administrator relative to certificate of competency action small be considered final and not subject to further appeal by the Department.

(3) If agreement cannot be reached between the contracting officer and the SBA field office, the contracting officer may conclude it would not be practicable to appeal the case to the HQ SBA nor would it be appropriate to withdraw his request for certificate of competency action. In that case, the contracting officer shall inform the SBA field office that it must issue a COC as a prerequisite to contract award. However, such action shall not be taken by the contracting officer without prior approval at a level above the contracting officer.

§ 1.707–2 Small Business Subcontracting Program.

The Government's small business subcontracting program requires Government prime contractors to assume an affirmative obligation with respect to subcontracting with small business concerns. These obligations are in addition to those required by the minority business enterprise subcontracting program (§ 1.332) and the labor surplus area subcontracting program (§ 1.805). In contracts which range from $5,000 to $500,000, the contractor undertakes the obligation of accomplishing the maximum amount of small business subcontracting which is consistent with the efficient performance of the contract. This undertaking is set forth in the contract clause prescribed in § 1.707–3(a). In contracts which may exceed $500,000 the contractor is required pursuant to the clause set forth in § 1.707–3(b) to undertake a number of specific responsibilities designed to assure that small business concerns are considered fairly in the subcontracting role and to impose similar responsibilities on major subcontractors. (The liaison officer required by the latter clause may also serve as liaison officer for labor surplus area matters.)

§ 1.707–4 Responsibility for reviewing the Subcontracting Program.

(a) *Prime Contractor's Program.* The contract administration office responsible shall have sole responsibility for reviewing a contractor's Small Business Subcontracting Program. Small Business Administration representatives shall be invited to participate in these reviews.

(b) *Subcontractor's Program.* Promptly upon notification by the prime contractor of the placement of a subcontract requiring the subcontractor to establish such a program in accordance with the clause in § 1.707–3(b), the administrative contracting officer (ACO) shall either assume responsibility for review of the subcontractor's program or request the cognizant Department of Defense component responsible for contract administration of the subcontractor to assume this responsibility in accordance with 20–704 of the ASPR.

(c) *Procedures for conducting reviews*—(1) *Periodic reviews.* The contract administration office will establish the date for a periodic review by consulting with the contractor or subcontractor and the SBA. Such consultation shall precede the review by a reasonable period of time. Normally, surveillance reviews will be accomplished in accordance with time schedules to be established by the reviewing activity.

(2) *SBA participation.* The DOD reviewing official shall invite a representative of the appropriate SBA district office to participate in all periodic reviews and will make all appropriate records available for the information of that representative. The SBA representative wil be provided an opportunity to comment on and make recommendations concerning the review. (See paragraph (d) of this section.) The review shall include evaluation of the extent of compliance with both the mandatory program and the SBA Voluntary Referral Program; but, the requirements of the Voluntary Program shall not be used as a basis for determining the adequacy or inadequacy of a contractor's performance under the mandatory program. Should the SBA desire information on the contractor's program prior to the meeting, such request will be coordinated prior to the program review.

(3) *Evaluation of contractor's Small Business Subcontracting Program.* The following factors and areas shall be considered in the evaluation of a contractor's small business subcontracting program:

(i) Has a Liaison Officer and/or Administrator been appointed?

(*a*) Is liaison maintained with concerned Government agencies?

(*b*) Is supervision maintained in accordance with the Small Business Subcontracting Program clause?

(ii) Are the contractor's small business subcontracting polices and procedures current and consistent with applicable regulations?

(iii) Does the contractor hold small business program training meetings or otherwise orient concerned personnel to explain polices, procedures, problems, attitudes, and accomplishments?

(iv) How does the contractor's management provide appropriate support and surveillance to assure effectiveness of his small business program? Is the corrective action taken when deficiencies are observed?

(v) What are the principal Government programs and subprograms subject to the small business contracting clause?

(vi) Does the contractor maintain records consistent with procuring agency regulations?

(*a*) On business sizes of subcontractors?

(*b*) On solicitation of, and awards to, small business?

(*c*) Of reasons small business did not receive awards?

(vii) Analyze statistical data maintained by the contractor as required in applicable small business subcontracting procurement regulations. If statistical data warrant, review sample procurements and comment on the findings.

(viii) How do changes in the ratio of small to large business participation in subcontracting reflect current changes in procurement volume and product mix?

(ix) Does the contractor evidence consideration of small business potentials in manufacture or purchase decisions? Does it include a formal breakout program? If so, where located? Is it effective?

(x) What is the extent of the contractor's efforts to place with small business concerns developmental work likely to result in later production opportunities?

(xi) Is there evidence that the contractor affords equitable opportunities for small business to compete?

(xii) When no small business was to be solicited on bids expected to exceed $10,000 and there was a requirement for contracting officer's consent to the subsequent order, was he notified prior to solicitation of bids?

(xiii) Is the appropriate small business subcontracting program flowdown clause included in subcontracts offering substantial small business subcontracting opportunity?

(xiv) What is the policy concerning advance and progress payments? Does it extend the same benefits to its small subcontractors as it receives from the purchasing agency?

(xv) Does the contractor cooperate with the contract administration office in studies and surveys of his small business subcontracting policies and procedures?

(xvi) Does the contractor furnish the contracting officer with notification of awards of subcontracts which contain the requirement for establishing a small business subcontracting program?

(xvii) How is small business considered and made a part of proposals for Government prime contracts?

(xviii) What information media does the contractor utilize for the promotion of interest in small business subcontracting?

(xix) What provisions has the contractor made to:

(*a*) Encourage small business participation in his programs?

(*b*) Facilitate introduction and establishment of additional small firms?

(xx) What other uncommon or unique efforts does the contractor make to:

(*a*) Implement the small business subcontracting program?

(*b*) Participate in or support local, area or national activities concerning the small business community?

(*c*) Assist small subcontractors by offering, within reason, procurement, technical, or managerial counseling to small firms?

(*d*) Inform the small business community of opportunities to compete for the award of business?

(xxi) Does the contractor submit the appropriate reports?

(*a*) Are they on schedule?

(*b*) Are they accurate?

(xxii) Review past deficiencies brought to the attention of the contractor and determine if corrective action has been taken. List the deficiencies along with the corrective action.

(d) *Reports.* (1) Reports resulting from the stated DOD/SBA review are intended to reflect a coordinated view of the contractor's program and that no additional reports will be required for either the Mandatory Subcontracting Program or the Voluntary Referral Program. Within 10 days after receipt of comments and recommendations from SBA, or as soon thereafter as possible, a detailed report evaluating the contractor's small business subcontracting program and a narrative summary thereof, will be prepared by the reviewer. The SBA participant normally is expected to provide his observations, comments and recommendations, in writing, to the reviewing official, within 10 days after completion of the review, or at such other time as may be agreed upon. In preparing the report, the reviewing official shall take the cognizance of such observations, recommendations and comments by the SBA participant. The report will indicate the extent of contractor compliance with all contractual provisions pertaining to the assistance rendered to small business firms. Areas of deficiency or superior performance of the contractor will be noted in the narrative summary; and when improvement is necessary, the reviewer will make appropriate recommendations to the Administrative Contracting Officer (ACO) and to the company. The preparation of an objective and current evaluation report which precisely describes the effectiveness of a contractor's program requires continuous and intensive surveillance. Factors and areas to be considered in the evaluation of a contractor's small business and labor surplus area subcontracting programs are set forth above. Additional factors and areas may be considered by the reviewer, as appropriate.

(2) Distribution of copies of the review report prepared by the reviewing official will be as follows:

(i) The narrative summary of the findings or recommendations will be sent to the contractor's small business liaison officer.

(ii) Copies of the narrative summary and the detailed evaluation report will be provided to the SBA participant.

(iii) One copy of the detailed report, and narrative summary, for these cases where major deficiencies are noted will be forwarded to the appropriate Departmental Small Business Advisor's office, as indicated in § 1.704–2, for review and appropriate action.

(iv) Copies of the detailed report and narrative summary will be made available to procuring contracting officers and small business specialists, upon request, for utilization in making profit determinations as required under the weighted guidelines method of determining profit (see § 3.808 of this chapter) or for any other purpose.

(v) The original of all detailed reports and narrative summaries will be maintained in the office of the appropriate reviewing official.

(3) A Reports Control Symbol (RCS) DD–DSA (AR) 1396(A) has been assigned to cover requests, or on as required basis, from the Military Departments and DSA for reports of prime contractor's past performance in their small business and labor surplus area subcontracting programs.

(4) The program clause prescribed in § 1.707–3(b) requires submission of DD Form 1140–1 by the contractor as directed on the form. Pursuant to this section and the terms of the subcontracts, the subcontractor will submit the original form directly to the Office of the Assistant Secretary of Defense (Installations and Logistics) and the four copies to the small business/labor surplus area specialist cognizant of this plant. It should be noted that the specific instructions on DD Form 1140–1 require the reporting organization to report statistics on the net dollar amount of subcontracting commitments to both small and large businesses for military contracts and purchases. This reporting requirement is not to be confused with the recordkeeping requirement for quarterly review purposes contained in the § 1.707–3(b) clause which establishes an over $10,000 cutoff for maintaining records by the prime contractor.

§ 1.804–2 Set-aside procedures.

• • • • •

(c) • • •

(2) When the award price for a non-set-aside portion has been determined and where an award will be made to a labor surplus area concern and the same labor surplus area concern is entitled to receive a set-aside portion of the solicitation, the set-aside portion may be added to the basic contract by supplemental agreement. The supplemental agreement shall include the Examination of Records by Comptroller General clause, applicable to the set-aside portion only.

§ 1.805–2 Labor Surplus Area Subcontracting Program.

The Government's labor surplus area subcontracting program requires Government prime contractors to assume an affirmative obligation with respect to subcontracting with labor surplus area concerns. These obligations are in addition to those required by the minority business enterprise subcontracting program (§ 1.332) and the small business subcontracting program (§ 1.707). In contracts which range from $5,000 to $500,000, the contractor undertakes the simple obligation of using his best efforts to place his subcontracts with concerns which will perform such subcontracts substantially in labor surplus areas where this can be done, consistent with the efficient performance of the contract, at prices no higher than are obtainable elsewhere. This undertaking is set forth in the contract clause prescribed in § 1.805–3(a). In contracts which may exceed $500,000, the contractor is required, pursuant to the clause set forth in § 1.805–3(b), to undertake a number of specific responsibilities designed to insure achievement of the objectives referred to above and to imposed similar responsibilities on major subcontractors.

§ 1.908–1 General.

• • • The evaluation of development contracts is specified by § 1.908–2; architect-engineer contracts, by § 1.908–3; and construction contracts, by § 1.908–4.

§ 1.908–3 Architect-Engineer Contractor Performance Data.

For each contract over $10,000 awarded, a performance evaluation report shall be prepared by the cognizant construction activity, utilizing DD Form 1413, "Performance Evaluation—Architect-Engineer Professional Services Contractor". Such reports may also be prepared for contracts of lesser amounts. For contracts of over $10,000, DD Form 1413 shall be distributed, filed, and utilized in a manner similar to qualifications data (GSA Standard Forms 251), above, except that distribution also shall be made to the Washington headquarters of the respective construction activities.

§ 1.908–4 Performance evaluation of construction contractors.

(a) *Preparation of performance reports.* Performance evaluations of construction contractors shall be made and distributed in accordance with the following procedures and shall be used in making contractor responsibility determinations. (See §§ 18.106 and 1.900 of this chapter.)

(1) For each construction contract of $200,000 or more and each construction contract of $10,000 or more where any element of performance was either unsatisfactory or outstanding, a performance evaluation report shall be prepared, by the cognizant construction activity, at the time of final acceptance of the work, utilizing DD Form 1596, "Construction Contractor Performance Evaluation Report."

(2) Performance evaluation reports will also be prepared, at the time of termination, for every construction contract over $2,000 that is terminated for default and for every construction contract of $100,000 or more that is terminated for the convenience of the Government.

(3) The head of each procuring activity that awards construction contracts shall establish procedures within his command to assure that fully qualified personnel prepare and review these reports. Normally, the evaluating official should be the officer or civilian who is responsible for supervising the work. The reviewing official should have knowledge of the contractor's performance and normally will be an officer or civilian at a higher organizational level than the evaluating official.

(4) Prior to forwarding an overall unsatisfactory performance report, the evaluating or reviewing official will advise a responsible official of the contractor's organization that an unsatisfactory report is being prepared and the facts on which it is based. Any written comments made by the contractor shall be included in the report and mistakes of fact alleged shall be resolved and made a part of the report.

(b) *Distribution of performance reports.* The original of the performance evaluation report for every contract will be retained by the activity preparing the report for a minimum of 6 years after date of the report. In addition, the reviewing official will forward a copy of the following reports:

(1) Reports with an overall unsatisfactory evaluation,

(2) Reports which cite outstanding performance, and

(3) Reports for all contracts in excess of $200,000 to the:

Office of the Chief of Engineers, Attention: ENGMC–KC, Forrestal Building, Washington, D.C. 20314.

This Office is responsible for establishing procedures and practices which will assure appropriate distribution and utilization of performance evaluation data within the Departments.

(c) *Utilization of performance reports.* In the selection of fully qualified responsible contractors for future awards or negotiations of construction contracts above $1 million, the contracting officer shall obtain from the central data bank listed in paragraph (b) of this section the following:

(1) A record of the number of contracts and the total dollar amount for all satisfactory evaluations; and

(2) Complete transcripts of all performance evaluations showing unsatisfactory performance either on individual elements or overall evaluation, or remarks on outstanding performance. These transcript(s) or statement(s) may be obtained for smaller awards.

§ 1.908–5 Disclosure of contractor performance evaluation reports and records.

Contractor performance evaluation reports and records shall be classified in accordance with their content but, if not classified, shall be marked "For Official Use Only."

§ 1.908–6 [Revoked]

§ 1.1203–1 General.

Each solicitation shall be accompanied with the applicable specifications, standards, plans, drawings, descriptions, and any other pertinent documents, or shall state where such documents may be obtained or examined, in accordance with this paragraph.

§ 1.1203–2 Specifications and standards listed in the Department of Defense Index of Specifications and Standards (DODISS) and data item description listed in the Department of Defense Index of Data Item Descriptions (TD–3).

(a) A Department of Defense Single Stock Point (DODSSP) has been established at the Naval Publications and Forms Center in Philadelphia for unclassified Federal, Military, and other specifications and standards (including commercial) listed in the DODISS and data item descriptions listed in the TD–3. Except as provided in paragraph (b) of this section, such specifications, standards and descriptions normally will not be furnished with the solicitation; but, the solicitation shall contain a provision substantially as set forth below. Only that portion of the provision applicable to the particular solicitation should be used.

AVAILABILITY OF SPECIFICATIONS, STANDARDS AND DESCRIPTIONS

Specifications, standards, and descriptions cited in this solicitation are available as indicated below:

(a) *Unclassified Federal, military, and other specifications and standards (excluding commercial), and data item descriptions.* Submit request on DD Form 1425 (Specifications and Standards Requisition) to:

Commanding Officer, U.S. Naval Publications and Forms Center, 5801 Tabor Avenue, Philadelphia, PA 19120.

The Department of Defense Index of Specifications and Standards (DODISS), and the Department of Defense Index of Data Item Descriptions (TD–3) may be ordered on the DD Form 1425. When requesting a specification or standard, the request shall indicate the title, number, date, and any applicable amendment thereto by number and date.

When requesting a data item description, the request shall cite the applicable data item number set forth in the solicitation. When DD Form 1425 is not available, the request may be submitted in letter form, giving the same information as listed above, and the solicitation or contract number involved.

(b) *Commercial specifications, standards, and descriptions.* These specifications, standards, and descriptions are not available from Government sources. They may be obtained from the publishers.

(b) Specifications and standards listed in the DODISS (excluding commercial) and data items listed in the TD–3 may be furnished with the solicitation where:

(1) The nature and complexity of the item are such that furnishing with the solicitation is necessary to enable prospective contractors to make a competent initial evaluation of the solicitation;

(2) In the judgment of the contracting officer, it would be impracticable for prospective contractors to obtain the specifications, standards and descriptions from the DODSSP in time to respond to the solicitation; e.g., urgency of the procurement, isolated geographical area, or other cogent reason; or

(3) A prospective contractor who has not previously bid on the item requests a copy of the solicitation.

(c) Purchasing activities may obtain copies of the DODISS and the TD–3, as well as all unclassified specifications and standards (including commercial) listed in the DODISS, and data item descriptions listed in the TD–3 by sending DD Form 1425 to the DODSSP.

§ 1.1203–3 Specifications and standards not listed in DODISS, data item descriptions not listed in the TD–3 and plans, drawings, and other pertinent documents.

Specifications and standards not listed in the DODISS, and plans, drawings, and other pertinent documents (including new or revised Federal or Military specifications and standards not yet listed in the DODISS) and data item descriptions not listed in the TD–3 normally shall be furnished with the solicitation. When this is not feasible because of the bulk of the documents, the limited number of copies available, or for some other good reason, the solicitation shall include a provision substantially similar to (a) or (b) below, as appropriate.

(a) *Availability of specifications, standards, plans, drawings, data item descriptions, and other pertinent documents.* The specifications, standards, plans, drawings, descriptions and other pertinent documents cited in this solicitation may be obtained by submitting requests to:

(Activity)

(Complete address)

Requests should give the number of the solicitation and the title and number of the specification, standard, plan, drawing or other pertinent document requested, exactly as cited in this solicitation.

(b) *Availability of specifications, standards, plans, drawings, data item descriptions, and other pertinent documents.* The specifications, standards, plans, drawings, description, and other pertinent documents cited in this solicitation may be examined at the following locations:

(Insert complete addresses)

§ 1.1204 Preservation, packaging, packing, and marking policies.

* * * * *

(b) Appropriate preparation for delivery requirements, preservation, packaging, packing, and marking shall be included in procurement documents. Requirements for preservation, packaging and packing shall be stated in terms of DOD levels; e.g., Level A, Level B, etc.; marking requirements shall be as provided in paragraph (d) of this section. (See § 19.204 of this chapter.) In purchases of $2,500 or less, the exception in § 1.1202(b)(3) to the use of mandatory specifications may also apply to the use of specifications for preservation, packaging, packing and marking. When a commodity specification is used for procurement, the required levels of preservation, packaging and packing contained in that specification shall also be stated in the procurement document. A specimen clause for preservation, packaging, and packing for specification items is set forth in § 7.104–67(a) of this chapter. When a commodity specification is not used, the procurement document shall include (contain or refer to) detailed preservation, packaging, packing, and marking requirements for each applicable level. A specimen clause for preservation, packaging and packing for non-specification items is set forth in § 7.104–67(b) of this chapter.

* * * * *

§ 1.1206–2 Brand name or equal purchase descriptions.

* * * * *

(b) "Brand name or equal" purchase descriptions should set forth those salient physical, functional, or other characteristics of the referenced products which are essential to the needs of the Government. For example, where interchangeability of parts is required, such requirement should be specified. Purchase descriptions shall contain the following information to the extent available, and include such other information as is necessary to describe the item required:

* * * * *

§ 1.1702–3 Use of incentive and program clauses.

(a) * * *

(5) In (i) contracts for architect-engineering, engineering services, research, or exploratory development, (ii) contracts containing provisions for product or component improvement, or (iii) contracts for the production of items with respect to which there is a concurrent contract for product or component improvement—unless, in any of these cases, the contracting officer affirmatively determines that the contract has a clear potential for value engineering cost reductions and that a Value Engineering Incentive clause will provide an effective stimulus to the contractor; or

* * * * *

(b) (1) * * *

(i) Cost-plus-a-fixed-fee and cost-plus-award-fee contracts;

* * * * *

§ 1.1703–2 Instant contract savings.

* * * * *

(g) Where the contract involved is a service contract, contractor proposals which eliminate, modify, or substitute new procedures for, contractually required work procedures shall qualify for instant contract savings sharing. Where the service contract is a time and material or labor-hour contract, the "effect of the proposal on the contractor's cost of performance," for purposes of the instant contract sharing paragraph (d) of the clause, shall be determined by (1) multiplying the time per item saved by the elimination, modification, or substitution by the labor hour rate agreed upon for the workers involved, and then (2) multiplying the result by the number of items over which the task has been deleted, and (3) taking into account in the usual manner the contractor's cost of developing the proposal and of implementing the change. (The result under subparagraph (1) of this paragraph would be the unit cost reduction for purposes of determining future acquisition savings.) The multiplier to be used for future acquisition savings, paragraph (j) of the clause, on overhaul and maintenance contracts, will be determined by the number of items which incorporate the proposal. This will include future work to be placed on contract or to be performed by a Defense facility for the time period specified in the VE clause.

§ 1.1707–1 The basic clause.

(a) *Value Engineering Incentive.*

VALUE ENGINEERING INCENTIVE (MAY 1971)

(a) (1) This clause applies to those cost reduction proposals initiated and developed by the Contractor for changing the drawings, designs, specifications, or other requirements of this contract. This clause does not, however, apply to any such proposal unless it is identified by the Contractor, at the time of its submission to the Contracting Officer, as a proposal submitted pursuant to this clause. Furthermore, if this contract also contains a "Value Engineering Program Requirement" clause, this clause applies to any given value engineering change proposal only to the extent the Contracting Officer affirmatively determines that it resulted from value engineering efforts clearly outside the scope of the program requirement; to the extent the Contracting Officer does not affirmatively so determine, the proposal shall be considered for all purposes as having been submitted pursuant to the Value Engineering Program Requirement clause, even if it was purportedly submitted pursuant to this clause.

(2) The cost reduction proposals contemplated are those that:

(i) Would require, in order to be applied to this contract, a change to this contract; and

(ii) Would result in savings to the Government by providing—

(A) A decrease in the cost of performance of this contract, without impairing any of

the items' essential functions and characteristics such as service life, reliability, economy of operation, ease of maintenance, and necessary standardized features, or

(B) Items, regardless of the acquisition cost, producting a net reduction in the cost of Government-furnished property, operations, maintenance, or other areas which exceeds any increased acquisition cost, without impairing any of the items' essential functions and characteristics.

(b) As a minimum, the following information shall be submitted by the Contractor with each proposal:

(i) A description of the difference between the existing contract requirement and the proposed change, and the comparative advantages and disadvantages of each;

(ii) An itemization of the requirements of the contract which must be changed if the proposal is adopted, and a recommendation as to how to make each such change (e.g., a suggested revision);

(iii) An estimate of the reduction in performance costs, if any, that will result from adoption of the proposal, taking into account the costs of development and implementation by the Contractor (including any amount attributable to subcontracts in accordance with paragraph (e) below) and the basis for the estimate;

(iv) A prediction of any effects the proposed change would have on collateral costs to the Government such as Government-furnished property costs, costs of related items, and costs of maintenance and operation;

(v) A statement of the time by which a change order adopting the proposal must be issued so as to obtain the maximum cost reduction during the remainder of this contract, noting any effect on the contract completion time or delivery schedule; and

(vi) The dates of any previous submissions of the proposal, the numbers of the Government contracts under which submitted, and the previous actions by the Government, if known.

(c) (1) Cost reduction proposals shall be submitted to the Procuring Contracting Officer (PCO). When the contract is administered by other than the procuring activity, a copy of the proposal shall also be submitted to the Administrative Contracting Officer (ACO). Cost reduction proposals shall be processed expeditiously; however, the Government shall not be liable for any delay in acting upon any proposal submitted pursuant to this clause. The Contractor does have the right to withdraw, in whole or in part, any value engineering change proposal not accepted by the Government within the period specified in the proposal. The decision of the Contracting Officer as to the acceptance of any such proposal under this contract (including the decision as to which clause is applicable to the proposal if this contract contains both a "Value Engineering Incentive" and a "Value Engineering Program Requirement" clause) shall be final and shall not be subject to the "Disputes" clause of this contract.

(2) The Contracting Officer may accept, in whole or in part, either before or within a reasonable time after performance has been completed under this contract, any cost reduction proposal submitted pursuant to this clause by giving the Contractor written notice thereof reciting acceptance under this clause. Where performance under this contract has not yet been completed, this written notice may be given by issuance of a change order to this contract. Unless and until a change order applies a value engineering change proposal to this contract, the Contractor shall remain obligated to perform in accordance with the terms of the existing contract. If a proposal is accepted after performance under this contract has been completed, the adjustment required shall be effected by contract modification in accordance with this clause.

(3) If a cost reduction proposal submitted pursuant to this clause is accepted by the Government, the Contractor is entitled to share in instant contract savings, collateral savings, and future acquisition savings not as alternatives, but rather to the full extent provided for in this clause.

(4) Contract modifications made as a result of this clause will state that they are made pursuant to it.

(d) [*Insert the appropriate instant contract sharing provision from § 1.1707–2.*]

(e) The Contractor will use his best efforts to include appropriate value engineering arrangements in any subcontract which, in the judgment of the Contractor, is of such a size and nature as to offer reasonable likelihood of value engineering cost reductions. For the purpose of computing any equitable adjustment in the contract price under paragraph (d) above, the Contractor's cost of development and implementation of a cost reduction proposal which is accepted under this contract shall be deemed to include any development and implementation costs of a subcontractor and any value engineering incentive payments to a subcontractor, or cost reduction shares accruing to a subcontractor, which clearly pertain to such proposal and which are incurred, paid, or accrued in the performance of a subcontract under this contract. However, no such payment or accrual to a subcontractor will be permitted, either as a part of the Contractor's development or implementation costs or otherwise, to reduce the Government's share on additional purchases as contemplated by paragraph (j) (if included) of this clause.

(f) (1) In the event that an accepted cost reduction proposal results in a projected net reduction in ascertainable costs in such areas as Government-furnished property (other than Government-furnished material under this contract), operations, or logistic support which exceeds any increase in acquisition cost, the contract price or fee, as applicable, shall be increased by ten percent (10%) of the projected net reduction in ascertainable collateral costs, i.e., collateral savings, estimated to accrue to the Government during an average or typical year of use of the item in which the change is incorporated. The determination of the amount of collateral savings, if any, will be made solely by the Government and shall not be subject to the "Disputes" clause of this contract.

(2) In the event that an accepted cost reduction proposal results in a net reduction in the amount of Government-furnished material under this contract, involving savings to the Government in excess of any increase in cost of performance of this contract, then in addition to any adjustment made pursuant to the "Changes" clause by reason of such increase, the contract price or fee, as applicable, shall be increased by ------ percent (--%)* of the net savings estimated to accrue to the Government in the acquisition of the items under this contract. If the proposal results in a decrease in the cost of performance as well as a net reduction in the amount of Government-furnished material under this contract, an appropriate adjustment in the contract price shall be made pursuant to paragraph (d) in addition to the adjustment provided for by this paragraph (f).

(g) (1) A cost reduction proposal identical to one submitted under any other contract with the Contractor or another contractor may also be submitted under this contract.

(2) If the Contractor submits under this clause a proposal which is identical to one previously received by the Contracting Officer under a different contract with the Contractor or another contractor for substantially the same items and both proposals are accepted by the Government, the Contractor shall share instant contract savings realized under this contract, pursuant to paragraph (d) of this clause, but he shall not share collateral or future savings pursuant to paragraphs (f) and (j) (if included) of this clause.

(h) The Contractor may restrict the Government's right to use any sheet of a value engineering proposal or of the supporting data, submitted pursuant to this clause, in accordance with the terms of the following legend if it is marked on such sheet:

"This data furnished pursuant to the Value Engineering clause of contract ---------- shall not be disclosed outside the Government, or duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate a value engineering proposal submitted under said clause. This restriction does not limit the Government's right to use information contained in this data if it is or has been obtained, or is otherwise available, from the Contractor or from another source, without limitations. If such a proposal is accepted by the Government under said contract after the use of this data in such an evaluation, the Government shall have the right to duplicate, use, and disclose any data reasonably necessary to the full utilization of such proposal as accepted, in any manner and for any purpose whatsoever, and have others so do."

In the event of acceptance of a value engineering proposal, the Contractor hereby grants to the Government all rights to use, duplicate or disclose, in whole or in part, in any manner and for any purpose whatsoever, and to have or permit others to do so, any data reasonably necessary to fully utilize such proposal.

(i) (1) For purposes of sharing under paragraph (d) above, the term "instant contract" shall not include any supplemental agreements to or other modifications of the instant contract, executed subsequent to acceptance of the particular value engineering change proposal, by which the Government increases the quantity of any item or adds any item, nor shall it include any extension of the instant contract through exercise of an option (if any) provided under this contract after acceptance of the proposal. Such supplemental agreements, modifications, and extensions shall be considered "future contracts" within paragraph (j) (if included) of this clause.

(2) If this contract is an estimated requirements or other indefinite quantity type contract, the term "instant contract" for purposes of sharing under paragraph (d) above shall include only those orders actually placed by the Government up to the time the particular value engineering change proposal is accepted. All orders placed subsequent to the acceptance of the particular change proposal shall be considered "future contracts" within paragraph (j) (if included) of this clause.

(3) If this clause is included in a basic ordering agreement, the "instant contract" for purposes of sharing under paragraph (d) above shall be the order under which the particular value engineering change proposal is submitted. Other orders under the same agreement shall be considered either "existing contracts" (if awarded prior to acceptance of the proposal) or "future contracts" (if awarded after acceptance of the proposal), within paragraph (j) (if included) of this clause.

* Insert the appropriate percentage, i.e., the Contractor's share, as determined for instant contract sharing under paragraph (d).

(4) If this contract is a multiyear contract, the "instant contract" shall be the entire contract for the total multiyear quantity.

(j) [*Where future acquisition savings are to be shared with the contractor, insert the appropriate future acquisition sharing provision from § 1.1707–3.*]

(b) *Value Engineering Program Requirement.*

VALUE ENGINEERING PROGRAM REQUIREMENT (MAY 1971)

(a) (1) The Contractor shall engage in a value engineering program in accordance with MIL–V–38352, shall submit progress reports thereon as specified in the schedule, and shall submit to the Contracting Officer any cost reduction change proposals resulting from the required program. This clause applies to all cost reduction proposals initiated and developed by the Contractor for changing the drawings, designs, specifications, or other requirements of this contract, whether or not such proposals result from the value engineering program requirement. This clause does not, however, apply to any such proposal unless it is identified by the Contractor, at the time of its submission to the Contracting Officer, as a Value Engineering change proposal, nor to any given value engineering change proposal to the extent the Contracting Officer determines the proposal to be rewardable under the "Value Engineering Incentive" clause (if any) of this contract.

(a) (2) through (j) [*Same as (a)(2) through (j) of Value Engineering Incentive clause in § 1.1707–1(a) above.*]

§ 1.1707–2 Instant contract sharing provisions (clause paragraph (d)).

The appropriate one of the instant contract sharing provisions in (a) through (f) of this section shall be inserted as paragraph (d) of the Value Engineering Incentive clause or Value Engineering Program requirement clause in § 1.1707–1.

(a) *Firm fixed-price contracts and fixed-price contracts providing for escalation.* Insert the following as paragraph (d) of the Value Engineering Incentive clause or Value Engineering Program Requirement clause in § 1.1707–1.

(d) If a cost reduction proposal submitted pursuant to this clause is accepted and applied to this contract, an equitable adjustment in the contract price and in any other affected provisions of this contract shall be made in accordance with this clause and the "Termination for Convenience," "Changes," or other applicable clause of this contract. The equitable adjustment shall be established by determining the effect of the proposal on the Contractor's cost of performance, taking into account the Contractor's cost of developing the proposal, insofar as such is properly a direct charge not otherwise reimbursed under this contract, and the Contractor's cost of implementing the change (including any amount attributable to subcontracts in accordance with paragraph (e) below). When the cost of performance of this contract is decreased as a result of the change, the contract price shall be reduced by ------ percent (--%)* of the total estimated decrease in the Contractor's cost of performance. When the cost of performance of this contract is increased as a result of the change, the equitable adjustment increasing the contract price shall be in accordance with the "Changes" clause rather than under this clause, but the resulting contract modification shall state that it is made pursuant to this clause.

(b) *Fixed-price contracts providing for prospective price redetermination.* Insert the following as paragraph (d) of the Value Engineering Incentive clause or Value Engineering Program Requirement clause in § 1.1707–1.

(d) If a cost reduction proposal submitted pursuant to this clause is accepted and applied to this contract, an equitable adjustment in the contract price and in any other affected provisions of this contract shall be made in accordance with this clause and the "Termination for Convenience," "Changes," or other applicable clause of this contract. The equitable adjustment shall be established by determining the effect of the proposal on the Contractor's cost of performance, taking into account the Contractor's cost of developing the proposal, insofar as such is properly a direct charge not otherwise reimbursed under this contract and the Contractor's cost of implementing the change (including any amount attributable to subcontracts in accordance with paragraph (e) below). When the cost of performance of this contract is decreased as a result of the change, the contract price shall be reduced by ------ percent (--%)* of the total estimated decrease in the Contractor's cost of performance attributable to the period for which the price has been established; then in any redetermination of price, under the "Price Redetermination" clause of this contract, having an effective date subsequent to the effective date of any change order or notice of partial termination issued pursuant to this clause, the redetermined price shall not be reduced as a consequence of such change order or notice of partial termination by more than ------ percent (--%)* of the estimated decrease in that part of the Contractor's cost of performance which is attributable to the pertinent price redetermination period. When the cost of performance of this contract is increased as a result of the change, the equitable adjustment increasing the contract price shall be in accordance with the "Changes" clause rather than under this clause, but the resulting contract modification shall state that it is made pursuant to this clause.

(c) *Fixed-price incentive (firm target) contracts.* Insert the following as paragraph (d) of the Value Engineering Incentive clause or Value Engineering Program Requirement clause in § 1.1707–1.

(d) If a cost reduction proposal submitted pursuant to this clause and affecting any of the items described in paragraph (a) of the "Incentive Price Revision (Firm Target)" clause of this contract is accepted and applied to this contract, an equitable adjustment in the total target price of such items and in any other affected provisions of this contract shall be made in accordance with this clause and the "Termination for Convenience," "Changes," or other applicable clause of this contract. The equitable adjustment in such total target price shall be established by determining the effect of the proposal on the Contractor's cost of performance, taking into account the Contractor's cost of developing the proposal, insofar as such is properly a direct charge not otherwise reimbursed under this contract, and the Contractor's cost of implementing the change (including any amount attributable to subcontracts in accordance with paragraph (e) below). When the cost of performance of this contract is decreased as a result of the change, (i) the total target cost of the affected items shall be reduced by the full amount of the total estimated decrease in the Contractor's cost of performance, (ii) the total target profit relating to such items shall be increased by ------ percent (--%)** of the total estimated decrease, and (iii) the maximum dollar limit on the total final price of such items shall be decreased by ------ percent (--%)* of the total estimated decrease. When the cost of performance of this contract is increased as a result of the change, the equitable adjustment increasing the contract price shall be in accordance with the "Changes" clause rather than under this clause, but the resulting contract modification will state that it is made pursuant to this clause.

(d) *Fixed price incentive (successive targets) contracts.* Insert the following as paragraph (d) of the Value Engineering Incentive clause or Value Engineering Program Requirement clause in § 1.1707–1.

(d) If a cost reduction proposal submitted pursuant to this clause and affecting any of the items described in paragraph (a) of the "Incentive Price Revision (Successive Targets)" clause of this contract is accepted and applied to this contract, an equitable adjustment in the total initial or firm target price of such items and in any other affected provisions of this contract shall be made in accordance with this clause and the "Termination for Convenience," "Changes," or other applicable clause of this contract. The equitable adjustment shall be established by determining the effect of the proposal on the Contractor's cost of performance, taking into account the Contractor's cost of developing the proposal, insofar as such is properly a direct charge not otherwise reimbursed under this contract, and the Contractor's cost of implementing the change (including any amount attributable to subcontracts in accordance with paragraph (e) below).

(1) When the cost of performance of this contract decreased as a result of the change, then:

(i) If the proposal is accepted and applied to this contract before the establishment of a firm fixed price in accordance with paragraph (c) of the "Incentive Price Revision (Successive Targets)" clause of this contract, (A) the initial or firm total target cost of the affected items (whichever is in effect at the time of adjustment) shall be reduced by the full amount of the total estimated decrease in the Contractor's cost of performance, (B) the initial or firm total target profit relating to such items (whichever is in effect at the time of adjustment) shall be increased by ------ percent (--%)* of the total estimated decrease (if a firm profit adjustment formula is established in accordance with paragraph (c) of the "Incentive Price Revision (Successive Targets)" clause of this contract, the above percentage may be modified for application to cost reduction proposals, submitted pursuant to this clause which are accepted under this contract after the establishment of said formula), and (C) the maximum dollar limit on the total final price of such items shall be

*Insert the appropriate percentage, i.e., the Government's share (see § 1.1704).

*Insert the appropriate percentage, i.e., the Contractor's share (see § 1.1704).

*Insert the appropriate percentage, i.e., the Government's share (see § 1.1704).

**Insert the appropriate percentage, i.e., the Contractor's share (see § 1.1704).

reduced by ------ percent (--%)** of the total estimated decrease; but

(ii) If the proposal is accepted and applied to this contract after the establishment of a firm fixed price in accordance with paragraph (c) of the "Incentive Price Revision (Successive Targets)" clause of this contract, the contract price shall be reduced by ------ percent (--%)** of the total estimated decrease in the Contractor's cost of performance.

(2) When the cost of performance of this contract is increased as a result of the change, the equitable adjustment shall be in accordance with the "Changes" clause rather than under this clause, but the resulting contract modification shall state that it is made pursuant to this clause.

(e) *Cost-plus-incentive-fee contracts.* Insert the following as paragraph (d) of the Value Engineering Incentive clause or Value Engineering Program Requirement clause in § 1.1707–1.

(d) If a cost reduction proposal submitted pursuant to this clause is accepted and applied to this contract, an equitable adjustment in target cost and fee and in any other affected provisions of this contract shall be made in accordance with this clause and the "Termination," "Changes," or other applicable clause of this contract. The equitable adjustment shall be established by determining the effect of the proposal on the Contractor's cost of performance, taking into account the Contractor's cost of developing the proposal, insofar as such is properly a direct charge not otherwise reimbursed under this contract, and the Contractor's cost of implementing the change (including any amount attributable to subcontracts in accordance with paragraph (e) below). When the cost of performance of this contract is decreased as a result of the change, the target cost shall be reduced by the full amount of the total estimated decrease in the Contractor's cost of performance, and the minimum, target, maximum fees shall be increased by ------ percent (--%)* of the total estimated decrease. When the cost of performance of the contract is increased as a result of the change, the equitable adjustment shall be in accordance with the "Changes" clause rather than under this clause, but the resulting contract modification shall state that it is made pursuant to this clause.

(f) *Cost-plus-a-fixed-fee contracts.* Insert the following as paragraph (d) of the Value Engineering Program Requirement clause in § 1.1707–1.

(d) If a cost reduction proposal submitted pursuant to this clause is accepted and applied to this contract, an equitable adjustment in the fixed fee and in any other affected provisions of this contract shall be made in accordance with this clause and the "Termination," "Changes," or other applicable clause of this contract. The equitable adjustment shall be established by determining the effect of the proposal on the Contractor's cost of performance, taking into account the Contractor's cost of developing the proposal, insofar as such is properly a direct charge not otherwise reimbursed under this contract, and the Contractor's cost of implementing the change (including any amount attributable to subcontracts in accordance with paragraph (e) below). When the cost of performance of this contract is decreased as a result of the change, the fixed fee shall be increased by ------ percent (-- %) * of the total estimated decrease in the Contractor's cost of performance. When the cost of performance of this contract is increased as a result of the change, the equitable adjustment shall be in accordance with the "Changes" clause rather than under this clause, but the resulting contract modification shall state that it is made pursuant to this clause.

* Insert the appropriate percentage, i.e., contractor's share (see § 1.1704).

** Insert the appropriate percentage, i.e., the Government's share (see § 1.1704).

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

The appropriate one of the future acquisition sharing provisions in (a) or (b) of this section shall be inserted as paragraph (j) of the Value Engineering Incentive clause or Value Engineering Program Requirement clause in § 1.1707–1.

(a) *Estimated requirements ("lump sum") sharing provision.* Where the estimated requirements ("lump sum") sharing method is to be used, insert the following provision as paragraph (j) of the Value Engineering Incentive clause or Value Engineering Program Requirement clause in § 1.1707–1.

(j) (1) If a cost reduction proposal is accepted under this clause, the Contractor will be paid (in addition to any adjustment under (d) and (f) (if included) above) a reward share of estimated savings to the Government to be realized on additional Government purchases of items utilizing the cost reduction proposal. The number of such items which the Government foresees it will purchase under other contracts is ------ (--).** The Contractor's reward share will be ------ percent (--%) *** of the estimated savings to the Government. The estimated savings will be arrived at by:

(i) Multiplying (A) the unit cost reduction under this contract **** (without deducting any cost of implementation) by (B) the aforesaid number of items which the Government foresees it will purchase under other contracts, and then

(ii) Subtracting the sum of—

(A) The net increases in ascertainable collateral costs to the Government which the Contracting Officer estimates must reasonably be incurred as a result of application of the cost reduction proposal to this and other contracts, plus

(B) Any predictable costs of implementing the cost reduction proposal which the Contracting Officer estimates must reasonably be incurred in its application to other contracts with the Contractor or other contractors, plus

(C) The amount of any increase in the contract price under (d) above which results from application of the cost reduction proposal to this contract.

(2) For the purpose of this paragraph (j), the unit cost reduction **** under this contract shall be Contracting Officer's estimate of the effect which the value engineering change would have had on the Contractor's cost of performance (as well as on the cost of the items to the Government, where the change involves reduction in the amount of Government-furnished material under this contract) if the change had been included in the original specifications under this contract (this estimate should not take into account any costs of developing the proposal or implementing the change), divided by the number of units called for under this contract.

(3) The Contractor's reward share, if any, will be determined promptly after acceptance of each cost reduction proposal and the contract price will be increased accordingly.

(4) If this is a contract for overhaul or maintenance (including the repair, alteration, modification, or modernization), the number of items set forth in subparagraph (j)(1) above includes those items which the Government foresees will utilize the cost reduction proposal if the overhaul and maintenance of such items is accomplished within its own resources as well as by purchase under contract. The Contractor's reward share under this subparagragh (j)(4) will be determined in the same manner and to the same extent as though such work were performed by purchase under contract: *Provided,* That no savings for which a reward share is payable under paragraph (f) hereof shall be included in any payment under this paragraph (j).

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

(j) (1) If a cost reduction proposal is accepted under this clause, the Contractor will be paid (in addition to any adjustment under paragraphs (d) and (f) (if included) above) a royalty share of savings realized by the Government on future purchases, if any, of items utilizing the cost reduction proposal. The Contractor's royalty share will be ------ percent (--%)* of the unit cost reductive of the unit costs to be expected under future contracts (as will generally be the case with developmental contracts and may be the case with initial production contracts), this paragraph should be modified by deleting "under this contract" in (j)(1)(A) and by changing the text of (j)(2) to read as follows:

(2) For the purpose of this paragraph (j), the unit cost reduction will be the average amount of the decrease in unit cost of performance (as well as in unit cost to the Government, where the change involves a reduction in Government-furnished material) which the Contracting Officer estimates will result from the utilization of the cost reduction proposal on future purchases of the item.

* Insert the appropriate percentage, i.e., the Contractor's proportion of savings on additional purchases, in accordance with § 1.1704.

* Insert the appropriate percentage, i.e., the contractor's share (see § 1.1704).

** Insert the number of of units that it is estimated will be purchased during the sharing period (see § 1.1703–3(c)).

*** Insert the appropriate percentage, i.e., the Contractor's proportion of estimated savings on additional purchases, in accordance with § 1.1704.

**** Whenever, in the judgment of the Contracting Officer, the unit costs under the instant contract will not be fairly representa-

duction under this contract** (without deducting any cost of development or implementation) multiplied by the quantity of _____*** which

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

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

(iii) Are accepted by the Government under such other contracts.

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

(2) For purposes of determining the Contractor's royalty share under (1) above, the "unit cost reduction" under this contract is the Contracting Officer's estimate of the effect which the value engineering change would have had on the Contractor's cost of performance (as well as on the cost of the items to the Government, where the change involves reduction in the amount of Government-furnished material under this contract) if the change had been included in the original specifications under this contract (this estimate shall not take into account any costs of developing or implementing the change), divided by the number of units called for under this contract.

(3) If a cost reduction proposal is accepted under this clause, the Contractor will also be paid a royalty share of savings realized by the Government on existing contracts, if any, utilizing the cost reduction proposal. This royalty share will be _____ percent (__%)** of the unit cost reduction under each contract of the _____ *** which is in existence at the time of acceptance of the cost reduction proposal, multiplied by the quantity of _____ **** which

(i) Utilize the cost reduction proposal pursuant to the specifications or other provisions of such existing contracts, and

(ii) Are accepted by the Government under such existing contracts.

(4) For purposes of determining the Contractor's royalty share under (3) above, the "unit cost reduction" under each existing contract is the total amount of the decrease in cost of performance of that contract (as well as in the cost of the items to the Government, where the change involves a reduction in Government-furnished material under that contract) which the Contracting Officer estimates will actually result from utilization of the cost reduction proposal on that contract, divided by the total number of items on which the cost reduction proposal is actually utilized under that contract.

(5) The amount of the unit cost reduction will be determined promptly after acceptance of each cost reduction proposal.

(6) The royalty shares to which the Contractor is entitled under (1) above shall be paid by the Government to the Contractor at the time the future contract is awarded, on the express condition that to the extent that the Government does not, in fact, receive delivery of and accept all items on which the royalty share is paid, the Contractor warrants that he will reimburse the Government the proportionate share of his royalty payment.* The royalty shares to which the Contractor is entitled under (3) above shall be paid by the Government to the Contractor from time to time and in reasonable increments as they accumulate and no payable amount will remain unpaid for more than six (6) months.

(7) Notwithstanding any other provision of this paragraph (j), the Contractor shall not be paid a royalty share of savings realized on those future or existing contracts for substantially the same items under which an identical cost reduction proposal is submitted by this Contractor or another contractor and accepted by the Government.

(8) If this is a contract for overhaul or maintenance (including repair, alteration, modification or modernization), the Contractor will be paid a royalty share of savings realized by the Government if _____ _____,** hereinafter referred to as the "activity," accomplishes the overhaul or maintenance of such items within DOD resources. Such savings and royalty share shall be determined in the same manner, to the same extent and for the same period of time as though such overhaul or maintenance were performed by purchase under contract: *Provided*, That no savings for which a reward share is payable under paragraph (f) hereof shall be considered for payment under this subparagraph (j)(8). For the purpose of this subparagraph (j)(8), whenever reference is made elsewhere in this paragraph (j) to the following concepts, they shall have the meanings indicated: any reference to the award of a contract shall mean the final written direction of the activity to proceed with the overhaul or maintenance of such items within its own resources; any reference to the scheduled delivery of items utilizing the cost reduction proposal shall mean the completion dates prescribed for each item in the written plan, program or directive finally approved by the activity for the overhaul or maintenance of such items within its own resources; and any reference to the acceptance of such items by the Government shall mean the final written recognition of the activity that such overhaul or maintenance has been satisfactorily completed.

** Whenever, in the judgment of the Contracting Officer, the unit costs under the instant contract will not be fairly representative of the unit costs to be expected under future contracts (as will generally be the case with developmental contracts and may be the case with initial production contracts), this paragraph should be modified by deleting "under this contract" from the second sentence of paragraph (j)(1) and by changing the first sentence of (j)(2) to read as follows:

For purposes of determining the Contractor's royalty share under (1) above, the unit cost reduction will be the average amount of the decrease in unit cost of performance (as well as in unit cost to the Government, where the change involves a reduction in Government-furnished material) which the Contracting Officer estimates will result from the utilization of the cost reduction proposal on future purchases of the item.

*** Insert the types of items considered by the Government to be substantially the same end items as those purchased under this contract.

**** Insert the appropriate contracting Department or procuring activity (or activities).

***** Insert the length of time of the royalty period, e.g., the appropriate number of years, in accordance with § 1.1703.3(b).

****** Where the contract is for items which characteristically require an unusually extended period of time for production (e.g., ship construction), it may be necessary, in order to provide sufficient incentive under the royalty sharing provision, to provide for a royalty on items accepted under all contracts awarded within the sharing period, even if the scheduled delivery date is outside the sharing period. Accordingly, if the contracting officer determines this to be the case, he may delete the following words from (i) and (ii)—"after acceptance of the cost reduction proposal, and (ii) are originally scheduled for delivery"—and renumber (iii) as (ii).

** Insert the appropriate percentage, i.e., the contractor's proportion of savings on additional purchases, in accordance with § 1.1704.

*** Insert the appropriate contracting Department or procuring activity (or activities).

**** Insert the types of items considered by the Government to be substantially the same end items as those purchased under this contract.

*When the contracting officer, in his discretion, believes it preferable in order best to protect the interests of the Government, he may delete this sentence and add "(1) and" before "(3)" in the next sentence.

PART 2—PROCUREMENT BY FORMAL ADVERTISING

3. Section 2.201(a)(3)(xxiv) is added, (b)(43) is revoked but the subparagraph is reserved, (b)(44) is amended and (47) is added; § 2.407-6(a) is amended, as follows:

§ 2.201 Preparation of invitation for bids.

(a) * * *

(3) Section C—Instructions, Conditions and Notices to Bidders.

* * * * *

(xxxiv) In accordance with § 1.332 of this chapter, the appropriate clause(s) on Minority Business Enterprises (see § 1.332-3 of this chapter).

(b) * * *

(43) [Reserved]

(44) When DD Form 1660, Management Systems Summary List (see § 1.331 and § 16.827-4 of this chapter), and the clause in § 7.104-50 of this chapter are to be included in the solicitation, the following:

**Insert the name of the organizational component or subcomponent responsible for the ordering and funding of the overhaul or maintenance on this contract.

MANAGEMENT SYSTEMS SUMMARY LIST
(NOVEMBER 1971)

Note the attachment to this solicitation of DD Form 1660, Management Systems Summary List, and the contract clause entitled "Management Systems Requirements."

* * * * *

(47) In accordance with § 1.332 of this chapter, the appropriate clause(s) on Minority Business Enterprises (see § 1.332–2 of this chapter).

§ 2.407–6 Equal low bids.

(a) (1) Where two or more low bids are equal in all respects, considering all factors except the priorities set forth in subparagraph (2) of this paragraph, award shall be made in accordance with the order of priorities therein. Where two or more low bids are equal in all respects, considering all factors including the priorities set forth in subparagraph (2) of this paragraph, award shall be made by a drawing by lot which shall be witnessed by at least three persons and which may be attended by the bidders or their representatives.

(2) For the purposes of subparagraph (1) of this paragraph, preference shall be given in the following order of priority:

(i) Certified-eligible concerns with a first preference (§ 1.801 of this chapter) that are also small business concerns (§ 1.701 of this chapter),

(ii) Other certified-eligible concerns with a first preference,

(iii) Certified-eligible concerns with a second preference (§ 1.801 of this chapter) that are also small business concerns (§ 1.701 of this chapter),

(iv) Other certified-eligible concerns with a second preference,

(v) Persistent or substantial labor surplus area concerns (§ 1.801 of this chapter) that are also small business concerns (§ 1.701 of this chapter),

(vi) Other persistent or substantial labor surplus area concerns, and

(vii) Other small business concerns.

If two or more bidders still remain eligible for award, the award shall be made by a drawing by lot limited to such bidders.

* * * * *

PART 3—PROCUREMENT BY NEGOTIATION

4. Section 3.101(h) is added; § 3.404–4(b)(1) is amended; in § 3.501 paragraph (b)(3)(xxxviii) is amended and (xliii) is added, and in paragraph (c) of this section (40) is added and (49) is amended; §§ 3.604, 3.604–1, and 3.604–2 are revised; § 3.604–3 is revoked; §§ 3.605–2 and 3.605–3 (e) and (f)(6) are amended; § 3.605–3(f)(7)(iv) is added; §§ 3.607–2(c)(1), 3.607–3 (b), (c), and (d) and 3.607–4 (a) and (c)(1) are amended; § 3.607–4(g) is revised; § 3.608–2(b)(1)(i), (ii), (x), (xii), (3) (vi), (d) (7) and (9) are amended; §§ 3.608–3(c), 3.608–6 (b), and 3.608–8 (a) and (b) are revised; in § 3.608–8(c) under "Title and Instructions for Entries" blocks 3 and 9 are revised; and §§ 3.808–5(d)(2), 3.902–3(d), and 3.1100–2(a)(5) are revised, as follows:

§ 3.101 Negotiation as distinguished from formal advertising.

* * * * *

(h) Consideration as to whether the prospective supplier is a minority business firm (see § 1.332 of this chapter).

* * * * *

§ 3.404–4 Fixed-price incentive contracts.

* * * * *

(b) *Application.* (1) Fixed-price incentive contracts are appropriate when use of the firm fixed-price contract is inappropriate, and the supplies or services being procured are of such a nature that assumption of a degree of cost responsibility by the contractor is likely to provide him with a positive profit incentive for effective cost control and contract performance. It may also be appropriate to negotiate additional incentive provisions covering performance levels and more timely delivery (see § 3.407–2). Contract performance requirements must be such that there is reasonable opportunity for the incentive provisions to have a meaningful impact on the manner in which the contractor manages the work. Separate incentive provisions may be made applicable to individual line items of a contract, e.g., when dissimilar work is best incentivized by use of separate formulas.

* * * * *

§ 3.501 Preparation of request for proposals or request for quotations.

* * * * *

(b) * * *

(3) * * *

(xxxviii) When DD Form 1660, Management Systems Summary List (see §§ 1.331 and 16.827–4 of this chapter), and the clause in § 7.104–50 of this chapter are to be included in the solicitation, the following:

MANAGEMENT SYSTEMS SUMMARY LIST
(NOVEMBER 1971)

Note the attachment to this solicitation of DD Form 1660, Management Systems Summary List, and the contract clause entitled "Management Systems Requirements."

* * * * *

(xliii) In accordance with § 1.332 of this chapter, the appropriate clause(s) on Minority Business Enterprises (see § 1.332–3 of this chapter).

* * * * *

(c) * * *

(40) In accordance with § 1.332 of this chapter, the appropriate clause(s) on Minority Business Enterprises (see § 1.332–3 of this chapter).

* * * * *

(49) When DD Form 1660, Management Systems Summary List (see §§ 1.331 and 16.827.4 of this chapter), and the clause in § 7–104.50 are to be included in the solicitation, the following:

MANAGEMENT SYSTEMS SUMMARY LIST
(NOVEMBER 1971)

Note the attachment to this solicitation of DD Form 1660, Management Systems Summary List, and the contract clause entitled "Management Systems Requirements."

* * * * *

§ 3.604 Competition and price reasonableness.

§ 3.604–1 Purchases not in excess of $250.

Small purchases not exceeding $250 may be accomplished without securing competitive quotations if the prices are considered to be reasonable. Such purchases shall be distributed equitably among qualified suppliers. When practical, a quotation will be solicited from other than the previous supplier prior to placing a repeat order. The administrative cost of verifying the reasonableness of the price of purchases not in excess of $250 may more than offset potential savings in detecting instances of overpricing; therefore, action to verify the reasonableness of the price need be taken only when the buyer or contracting officer suspects that, or has information to indicate that, the price may not be reasonable, e.g., comparison to previous price paid, personal knowledge of the item involved.

§ 3.604–2 Purchases in excess of $250.

(a) Solicitation of quotations from a reasonable number of qualified sources of supply shall be made to assure that the procurement is to the advantage of the Government, price and other factors considered, including the administrative cost of the purchase. Generally, solicitation shall be limited to three suppliers and, to the maximum extent possible, shall be restricted to the local trade area of either the purchasing or the receiving activity. If practicable, two sources not included in the previous solicitation should be requested to furnish quotations. Quotations should generally be solicited orally. Written solicitations should be used when (1) the suppliers are located outside the local area, (2) special specifications are involved, (3) a large number of line items are included in a single proposed procurement, or (4) obtaining oral quotations is not considered economical or possible.

(b) Reasonableness of a proposed price should be based on competitive quotations. If only one response is received, or the price variance between multiple responses reflects lack of adequate competition, a statement shall be included in the contract file setting forth the basis of the determination of fair and reasonable price. This determination may be based on a comparison of the proposed price with prices found reasonable on previous purchases, current price lists, catalogs, advertisements, similar items in a related industry, value analysis, the contracting officer's personal knowledge of the item being procured, or any other means. Written records of solicitation may be limited to notes or abstracts to show vendor or vendors contacted, prices, delivery, and any other informal historical data. If a separate form is used for documentation of price reasonableness, DD Form 1784, Small Purchase Pricing Memorandum, shall be used (see § 16.813 of this chapter). If this form is not used, the price reasonableness statement shall be based on one or more of the criteria set forth on the form. In any case, the contracting officer

should gain as much knowledge as practicable of the physical and material characteristics and intended use of the item to be purchased. When only one source is solicited, an additional notation must be made to explain the absence of competition, except for procurement of utility services available only from one source or of educational services from nonprofit institutions. Notification to unsuccessful suppliers shall be given only if requested.

(c) Occasionally an item can be obtained only from a supplier who quotes a minimum order price or quantity, which either unreasonably exceeds stated quantity requirements, or results in an unreasonable price for the quantities required. If practicable before placing the order the requiring activity should be informed in such cases of all facts regarding the quotation and requested to confirm or alter its requirement for the item or items under consideration. The file shall be documented to support the final action taken.

§ 3.605–2 Limitation on use.

A blanket purchase agreement may not be used when a call exceeds $2,500 except for subsistence items, in which case the Examination of Records by Comptroller General clause in § 7.104–15 of this chapter shall be included in the agreement.

§ 3.605–3 Establishment of blanket purchase agreements.

* * * * *

(e) *Negotiation authority.* The schedule of each agreement shall be annotated as follows:

The issuance of individual calls under this blanket purchase agreement will be made under the authority of 10 U.S.C. 2304(a)(3) or 10 U.S.C. 2304(a)(6).

If for the purchase of subsistence:

The issuance of individual calls under this blanket purchase agreement will be made under the authority of 10 U.S.C. 2304(a)(3), 10 U.S.C. 2304(a)(6), or 10 U.S.C. 2304(a)(9).

This annotation shall not be duplicated on forms used to document individual calls, although the specific authority for the call may be cited therein.

(f) * * *

(6) Delivery tickets—a requirement that all shipments under the agreement, except subscriptions and other charges for newspapers, magazines, or other periodicals shall be accompanied by delivery tickets or sales slips which shall contain the following minimum information—

(7) * * *

(iv) An invoice for subscriptions or other charges for newspapers, magazines, or other periodicals shall show the starting and ending dates and shall state either that orders have been placed in effect or will be placed in effect upon receipt of payment.

* * * * *

§ 3.607–2 Establishment of imprest funds.

* * * * *

(c) *Imprest fund cashiers.* (1) Imprest fund cashiers must be appointed by the head of an installation or activity to make authorized cash payments for materials and nonpersonal services, maintain custody of funds, and file periodic vouchers to account for and replenish the imprest fund. An imprest fund cashier should be established at a convenient location on the installation or activity for the purpose of making payments to vendors or carriers, e.g., in "Central Receiving." Disbursing officers and individuals responsible for originating, approving, and processing requirements are not eligible for appointment as imprest fund cashiers. Exceptions to this rule may be granted by the major headquarters exercising control over the installation or activity. In no event shall an imprest fund cashier have access to or control of more than one imprest fund. Imprest fund cashiers shall be covered by appropriate position schedule bonds.

* * * * *

§ 3.607–3 Conditions for use.

* * * * *

(b) Imprest funds may also be used for payment of:

(1) Charges for local delivery, parcel post (including c.o.d. postal charges) and line haul or intercity transporation charges of $25 or less for supplies ordered for payment from imprest funds when the vendor is requested to arrange for delivery;

(2) C.o.d. charges for supplies ordered for payment from imprest funds; and

(3) Civilian volunteers for participation in approved medical research projects.

(c) The conditions for use specified in paragraphs (a) and (b) of this section do not preclude the use of imprest funds for other expenditures not related to small purchases (for example, travel advances, travel expenses, transportation charges, and purchases of postage stamps and transportation tokens or passes), when such expenditures are authorized by other regulations governing the use of imprest funds.

(d) Imprest funds shall not be used for:

(1) Payments of salaries and wages;

(2) Advances, other than those authorized in § 3.607–4; or

(3) Cashing of checks or other negotiable instruments.

§ 3.607–4 Procedures.

(a) *Procurement.* Purchases from the imprest fund shall be based upon an authorized purchase request and shall be made only by personnel authorized by the contracting officer. Orders may be placed orally or by use of Standard Form 1165 (Receipt for Cash—Subvoucher) without soliciting competition when prices are considered to be reasonable, but shall be distributed equitably among qualified suppliers. Prompt payment discounts shall be solicited, and a sales document shall be obtained to support the cash payment. An authorized purchase order form endorsed "Payment to be made from Imprest Fund" may be used when required by supplier for granting Government discounts, or tax exemptions. (Since purchases through the use of imprest funds are of relatively small value, Government tax exemption certificates generally will not be required (see § 11.500(b) of this chapter)). When the proposed purchase price will exceed any stated monetary restrictions on the purchase request, additional authorization shall be obtained prior to making the purchase. Copies of the purchase request document shall be marked to show:

* * * * *

(c) *Receipt if material.* (1) All material purchased through the imprest fund shall be delivered to a designated receiving activity. The receiver shall examine the material to ascertain that the quantities and items described on the purchase request document and the supplier's sales document are present and in satisfactory condition. If the material is acceptable, the receiver shall stamp the supplier's sales document "Received and Accepted," date and sign the document, and pass it to the imprest fund cashier for payment. In the absence of a supplier's sales document, a receipted Standard Form 1165 (Receipt for Cash—Subvoucher), DD Form 1155 (Order for Supplies or Services/Request for Quotations), or DD Form 1348–1 (DOD Single Line Item Release/Receipt Document) may be used to record the receipt of purchases made from the imprest fund and shall be processed in the same manner. The minimum information specified in paragraph (b) of this section shall be included in the document used to record the receipt of purchases.

* * * * *

(g) *Payments*—(1) *Money orders.* When advance payments are to be made for publications as authorized in § 1.328 of this chapter, the imprest fund cashier or other authorized individual may purchase money orders for mailing with Standard Form 1165 (Receipt for Cash—Subvoucher).

(2) *C.o.d.* Upon presentation of an authorized document with the necessary certification of receipt for supplies or services, the imprest fund cashier or other authorized individual shall pay the supplier or his agent and obtain the certification of cash payment as set forth in § 3.607–4(e).

(3) *Receipt from common carrier or post office.* When c.o.d. shipments are received or picked up from a common carrier or post office, the certification of cash payment may be accomplished on a list of the packages provided by the post office or common carrier. Such receipt will be supported by copies of the applicable sales documents if available.

(4) *Periodic payments.* When a blanket purchase agreement is not suitable and it is administratively convenient and agreeable to the supplier, periodic payments from the imprest fund may be made for supplies delivered on a repetitive basis, provided that the accumulated amount of the deliveries for the specified period does not exceed the dollar limitation imposed on the imprest fund method by §3.607–3.

(5) *Failure to ship c.o.d.* When material is ordered c.o.d. but is shipped by the supplier subject to payment by check, Standard Form 1034 (Public Voucher for Purchases and Services Other than Personal), may be used to make payment. Under these circumstances, the receiver shall prepare the necessary certification of receipt and forward the receipted document through the imprest fund cashier, for attachment of the supporting documents which authorized the shipment and submission to the disbursing officer for payment.

* * * * *

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

* * * * *

(b) * * *

(1) * * *

(i) The procurement is unclassified, except that DD Form 1155 may be used for classified procurements if:

(*a*) The Military Security Requirements clause in § 7.104–12 of this chapter is inserted in the schedule;

(*b*) DD Form 254 (Contract Security Classification Specification) (see § 16.811 of this chapter) is incorporated in the purchase order; and

(*c*) The contractor's acceptance of the purchase order is obtained by use of DD Form 1155r at the time of issuance of the order.

(ii) No clause covering the subject matter of any clause set forth in this subchapter, other than clauses set forth on DD Form 1155r and clauses referred to in subdivisions (iii) through (xvii) of this subparagraph, or in §§ 3.608–3, 3.608–4, 14.302, 14.303, and 14.304 of this chapter are to be used.

* * * * *

(x) When more than standard commercial preservation, packaging, packing and marking is required, the appropriate clause in § 7.104–67 of this chapter may be used.

* * * * *

(xii) When the contract is for mortuary services:

(*a*) The following clauses shall be inserted in the schedule—

(*1*) The Specification clause in § 7.201–4 of this chapter;

(*2*) The Delivery and Performance clause in § 7.1201–7 of this chapter;

(*3*) The Subcontracting clause in § 7.1201–8 of this chapter;

(*4*) The Inspection clause in § 7.1902–4 of this chapter;

(*5*) The Professional Requirements clause in § 7.1201–11 of this chapter;

(*6*) The Facility Requirements clause in § 7.1201–12 of this chapter; and

(*7*) The Preparation History clause in § 7.1201–13 of this chapter;

(*b*) The Additional Default Provision clause in § 7.1201–9 of this chapter shall be inserted in the Schedule, with the following substitution for paragraph (a) and the first sentence of paragraph (b) of that clause:

(a) This clause supplements the "Termination for Default" clause of this contract.

(b) This contract may be terminated for default by written notice if during the performance of this contract:

(*c*) The Changes clause in § 7.1902–2 of this chapter shall be substituted for paragraph 17 of the Additional General Provisions on DD Form 1155r.

* * * * *

(3) *Use as a purchase order in excess of $2,500 by deployed units.* * * *

(vi) When required by § 7.104–15 of this chapter, the Examination of Records by Comptroller General Clause shall be added.

* * * * *

(d) *Preparation and issuance of priced purchase orders.* * * *

(7) The contracting officer's signature on purchase order shall be in accordance with ASPR procedure. Facsimile signatures may be used in the production of purchase orders by automated methods.

* * * * *

(9) Purchase orders for subscriptions or other charges for newspapers, magazines, or other periodicals, or for other publications, for which advance payment is authorized shall contain a statement substantially as follows:

Contractor's invoices must be submitted before payment can be made. Contractor will be paid on the basis of his invoice which must state (1) the starting and ending dates and (2) that orders have been placed in effect for the addressees required, or (3) that the orders will be placed in effect upon receipt of payment.

§ 3.608–3 Unpriced purchase order.

* * * * *

(c) Unpriced purchase orders may be issued by using DD Form 1155 or written telecommunications media (see § 3.608–10). A realistic monetary limitation, either for each line item or for the total order, shall be placed on the unpriced purchase order which shall be an obligation subject to adjustment when the firm price is established. Each unpriced purchase order shall contain the following provision:

NOTICE TO SUPPLIER (NOVEMBER 1971)

This is a firm order "Only" if your price does not exceed the maximum line item or total price in the schedule. Submit invoices to the Procuring Contracting Officer. If you cannot perform in exact accordance with this order "Withhold performance" and notify the Contracting Officer immediately, giving your quotation.

The contracting officer or his designated representative shall review the invoice price and, if reasonable (see § 3.604–2(b)), process it for payment. Controls of outstanding unpriced purchase orders shall be maintained to assure regular followup with suppliers until the order is priced.

§ 3.608–6 Use of DD Form 1155 as a delivery order.

* * * * *

(b) All delivery orders shall contain the typewritten name of the contracting officer or ordering officer and the original thereof shall be manually signed; when reproductible masters are used, only the masters need be manually signed; when interleaved carbon forms are used, manual signature on the original shall suffice. Facsimile signatures may be used in the production of delivery orders by automated methods.

* * * * *

§ 3.608–8 Instructions for entries on DD Form 1155 and Standard Form 36.

(a) The instructions herein are mandatory for the preparation of all orders forwarded to the Defense Contract Administration Services (DCAS) or the Plant Cognizance Representatives of the Military Departments for administration.

(b) The organizational entity codes (address codes) referenced throughout § 3.608–6 are as follows:

(*1*) *Codes published in DOD Activity Address Directory (DODAAD), DOD 4000.25D.* These codes will be used for Government entities in Blocks 6, 7, 9, 14, 15, and 19. However, the "Ship To" (Block 14) and "Ship To"/"Mark For" (Block 19 (viii) and (xi)) shall use a DODAAD code for nongovernment entities for shipments to satisfy MILSTRIP requisitions for that nongovernment entity.

(*2*) *Codes published in Handbook of Nongovernment Organizations for MILSCAP H8–1/H8–2 Handbooks.* These codes will be used for nongovernment entities in Blocks 9, 14, and 19, except for the condition as noted in subparagraph (1) of this paragraph.

(c) * * *

TITLE & INSTRUCTIONS FOR ENTRIES

Block No.		Applicable to— RFQ	PO	DO
* * *	* * *	* * *	* * *	* * *
3	Date of order—Enter the date of the order, i.e., 2 position numeric year. 3 position alpha month and 2 position numeric day. For example: 71 Sep 30.		P	P
* * *	* * *	* * *	* * *	* * *
9	Contractor/Quoter—(i) Enter the full business name and address of the contractor or quoter. Enter in the first code block the organizational entity code (address code) of the contractor. (ii) If it is known that all the work covered by the order is to be performed at an address different than the address represented by the contractor's code, and any contract administration function will be required at that facility, enter in the facility code block the appropriate address code for that facility, i.e., H8–1/H8–2 code for a nongovernment entity or DODAAD code for a government entity (DODAAD codes shall be used only to indicate "performed at" locations for orders specifying services at a government location.) If it known that multiple facilities are involved, i.e., when the work covered by the order is performed both at the contractor's address and one or more other facilities, or when all the work is to be performed at two or more facilities other than the contractor's address), indicate the codes for all facilities at which work is to be performed, including the contractor's code if work is performed at that address, in the Standard Form 36 Continuation Sheet and mark the facility code block with "See Schedule." For orders specifying services which will be performed at locations other than the contractor's address, the locations shall be indicated as required above.	P	P	P

* * * * * * *

§ 3.808–5 Assignment of values to specific factors.

* * * * *

(d) *Record of contract performance.*

* * *

(2) Contracting officers should insure that an adequate review is made of contractor's past performance in order that an objective evaluation may be accomplished. For assistance in determining fee or profit for an advanced-development, engineering-development, or operational-systems-development contract between $100,000 and $2,000,000, the contracting officer may obtain from the Defense Documentation Center, Attention: DDC–TSR, Cameron Station, Alexandria, Va. 22314 (see § 1.908–2 of this chapter), a summary of the performance evaluations of the contractor with whom negotiations are being conducted. This information or a statement that there is no record on file shall be furnished within 2 working days from receipt of the request by the Defense Documentation Center. Reports of cost reduction monitors, small business, labor surplus, and other specialists involved in the evaluation of the various aspects of contractor performance shall be obtained.

* * * * *

§ 3.902–3 Procedure.

* * * * *

(d) Before agreeing to a "make-or-buy" program to be incorporated into the contract (or, when the program is included in a contract, consenting to a change therein), the contracting officer shall invite the advice and counsel of the activity's small business and labor surplus area specialist by permitting him to review all pertinent facts and make recommendations thereon. The proposed program shall also be made available to the SBA representative for his review and recommendations. Reviews by the small business and labor surplus area specialist and the SBA representative should be scheduled to support the negotiations to be conducted by the contracting officer.

§ 3.1100–2 Review of decision to lease.

(a) * * *

(5) Obtain approval of the ADPE leasing arrangement from the Senior ADPE policy official of the Department or Agency which generated the requirement for the contract end item; if the ADPE is to be leased on a noncompetitive basis, the request for approval shall be forwarded to the Assistant Secretary of Defense (Comptroller) through the Senior ADPE policy official. ASD(C) approval is not required when the annual lease cost is equal to or less than $100,000. A Senior ADPE official may delegate his approval authority except in situations which include noncompetitive procurement of a central processing unit.

* * * * *

PART 4—SPECIAL TYPES AND METHODS OF PROCUREMENT

5. In this part a new Subpart D is added to the Table of Contents; §§ 4.400 through 4.403 are added; § 4.501 is amended; §§ 4.503–1 and 4.503–2 are revised; §§ 4.503–3, 4.503–4, 4.503–5 and 4.503–8 are amended; § 4.505 is revised; § 4.506 is amended; §§ 4.507–1, 4.507–2, and 4.507–3 are revised; § 4.507–4 is added; §§ 4.507–5 and 4.507–6 are revised; § 4.507–7 is added; in § 4.802–1 the first sentence is amended, as follows:

Subpart D—Rental of Motor Vehicles

Sec.

4.400 Scope of subpart.
4.401 Type of contract.
4.402 Limitation on use.
4.402–1 Prestige motor vehicles.
4.402–2 Authority to rent motor vehicles.
4.402–3 Age of vehicles.
4.403 Schedule provisions.

§ 4.400 Scope of subpart.

Procurement procedures peculiar to contracts for the rental of limousines, sedans, and station wagons from commercial concerns, with the driver provided by the Department of Defense, are set forth in this Subpart. Detailed procedures concerning the rental of motor vehicles are contained in "Joint Procedures for Management of Administrative Use Motor Vehicles" (AR 58–1; OP NAV P 44–2; AFM 77–1; MCO P11240.46; DSAR 4510.5). Contract clauses for the rental of motor vehicles are prescribed in Subpart O, Part 7 of this chapter.

§ 4.401 Type of contract.

Contracts for the rental of motor vehicles shall be of either a definite quantity or an indefinite quantity type, providing for payment on a flat rate basis or a combination of flat rate and mileage basis.

§ 4.402 Limitation on use.

Contracts for the rental of vehicles are subject to the following limitations.

§ 4.402–1 Prestige motor vehicles.

Prestige motor vehicles (limousines, heavy sedans, and medium sedans) may be rented only for use in accordance with and subject to the approval required in the Joint Procedures for Management of Administrative Use Motor Vehicles.

§ 4.402–2 Authority to rent motor vehicles.

(a) Contracts for the rental of motor vehicles may be entered into by the contracting officer:

(1) For periods not exceeding 30 days without regard to established allowances, when required to satisfy peak load, unusual, or emergency requirements. This authority shall not be used, however, to provide transportation for normal, routine requirements for which allowances have been established and vehicles provided;

(2) For periods not exceeding 90 days, within any 12 consecutive months to provide transportation for normal, routine purposes to the extent Department of Defense owned vehicles have not been supplied to fill established allowances; and

(3) After prior approval as required in accordance with the Joint Procedures for Management of Administrative Use Motor Vehicles—

(i) For periods in excess of those specified in subparagraphs (1) and (2) of this paragraph; requests for approval shall include justification, number of vehicles by type, the total estimated contract cost, and the anticipated period of use; and

(ii) For the rental of vehicles not in conformance with the body design, weight, equipment, accessories, or other features which would have been authorized if Department of Defense owned vehicles had been provided.

§ 4.402–3 Age of vehicles.

Generally, solicitations shall not be limited to the current year's production models. However, with the prior approval of the Head of the Procuring Activity concerned or his designee, such solicitations may be limited to current models on the basis of overall economy.

§ 4.403 Schedule provisions.

The schedule of each solicitation or resulting contract shall set forth:

(a) Contract period;

(b) Scope of contract;

(c) Special payment provisions;

(d) A listing of the number and types of vehicles being rented;

(e) Rates applicable to each type of vehicle;

(f) Equipment and accessories to be provided with each vehicle;

(g) A provision as to the furnishing of gasoline, motor oils, antifreeze, etc.;

(h) Unless a prior determination has been made that it will be more economical for the Department of Defense to perform the work, a statement that the contractor shall perform all maintenance on the vehicles;

(i) A statement as to pertinent State and local laws and regulations;

(j) The responsibilities of the parties in the event of the malfunctioning of the vehicles;

(k) The responsibilities of the parties for emergency repairs and services; and

(l) Performance bonds, if required.

§ 4.501 General.

The purpose of this subpart is to establish procedures by which the Department of Defense will continue to cooperate with the Commodity Credit Corporation, Department of Agriculture, to find and properly utilize opportunities for barter of U.S. agricultural commodities. This subpart has been developed in conjunction with the Commodity Credit Corporation (CCC).

§ 4.503–1 General.

Procedures for procurement by barter are set forth below. These procedures are also authorized for use when a purchasing office elects to utilize barter in connection with procurement of a foreign end product (see §§ 6.001(a) and 6.101 (a) and (c) of this chapter) from sources (contractors) within the United States for use outside the United States in anticipation of or in connection with authorization for foreign end product purchase under applicable balance of

payment directives. In such instances, these procedures shall be used as a guide, adapted to the extent appropriate for the particular procurement. In addition, when there is only one potential defense supplier eligible to submit bids, e.g., by virtue of being the sole exporter licensed by his government to sell merchandise to the U.S. Armed Forces overseas, the step-by-step provisions of these procedures may be used as a guide and adapted to the extent appropriate for the particular contract or agreement.

§ 4.503–2 Step one—susceptibility to barter.

Procurement by barter shall be sought to the maximum practicable extent when the established amount of the proposed procurement under one contract is $1 million or more and the contract period is at least 12 months but no longer than 18 months (but, see § 4.507). Procurement of supplies or services for the Ryukyu Islands shall not be made by barter.

§ 4.503–3 Step two—information to CCC.

(a) *General.* If the proposed procurement initially appears to be susceptible to barter, the information contained in the sample message in paragraph (b) of this section shall be cabled to CCC prior to issuance of solicitations. Such cable and other communications to CCC concerning barter shall be addressed to:

Assistant Sales Manager, Barter, Export Marketing Service, U.S. Department of Agriculture, Washington, D.C. 20250.

The AUTODIN–ARS routing "RUEV DFL" should be used on all wire communications addressed to this office.

(b) *Sample cable.*

Have requirements appearing susceptible to barter. 1. Description ----------. 2. Proposals will be requested in the following countries ----------. 3. Estimated total dollar value ----------. 4. Performance period: (date) to (date). 5. No requirement exists for restriction to United States end products, services or sources. Advise whether susceptible to barter.

§ 4.503–4 Step three—determination by CCC.

The CCC will determine whether the procurement is susceptible to barter and will reply promptly, normally within 5 working days after receipt of the inquiry. If timely reply is not received from the CCC, the purchasing office may make further inquiry of the CCC or proceed with cash (nonbarter) procurement. When the CCC finds that a procurement is susceptible to barter, it will distribute to U.S. firms who are barter contractors (i.e., firms which have had barter contracts with the CCC for the export of agricultural commodities) a notice entitled "Proposed Offshore Military Procurements Approved by the CCC as Susceptible to Barter." This notice will contain (a) the information furnished the CCC in step two, (b) the name and address of the cognizant purchasing office, and (c) an invitation to contact potential military suppliers through the purchasing office, so as to negotiate the necessary private arrangements between barter contractors and potential military suppliers. Notwithstanding the provisions of § 2.205–5 of this chapter, upon request of a barter contractor, the interested purchasing office will furnish to him a list of the names and addresses of those potential suppliers to whom an invitation for bids or request for proposal has been sent.

§ 4.503–5 Step four—invitations for bids and requests for proposals.

Upon receipt of approval from the CCC, the purchasing office shall issue an invitation for bids or a request for proposals, furnishing telegraphic notice thereof to the CCC. The solicitation shall contain appropriate spaces for prospective contractors to indicate alternate prices, one designated for barter and one designated for nonbarter prices. The solicitation should include the following:

BARTER (MARCH 1971)

(1) If you submit a bid or proposal on a barter basis which is accepted, the mechanism of barter herein contemplated does not require an exchange of your product or service for agricultural commodities of the United States to be delivered to you. Payments by the United States on contracts awarded pursuant to this solicitation will be assigned by you to the Commodity Credit Corporation (CCC) and paid to the CCC as earned under your contract. Provision for payments to you will be made by separate agreement between you and a barter contractor who will have informed the CCC of its willingness to enter into a barter contract with the CCC for the export of U.S. agricultural commodities.

(2) Enclosed for your information is a list from the CCC entitled "U.S. Firms Which Have Been Barter Contractors."

(3) To make a bid or proposal involving barter, you will need to have a private agreement with a U.S. firm of your choice to act as barter contractor, specifying the terms, conditions and amounts of payments to you, and identifying the barter contractor's disposal fee, stated as a percentage of the total price of your barter proposal responding to this solicitation. You will need to obtain competitive proposals from at least two barter contractors, since the CCC requires assurance that a barter contractor's disposal fee has been arrived at on a competitive basis. The CCC will not recognize any fee or other charge to be paid to intermediaries between you and a barter contractor, such as brokers or agents. It is obviously in your interest to negotiate a low disposal fee. It should be noted that CCC will enter into barter contracts only with U.S. firms which have satisfactorily performed under previous contracts with CCC or which can furnish to CCC satisfactory evidence of their financial condition.

(4) A barter bid or proposal offers a possible advantage to you as a U.S. Government Contractor, in that you may receive the benefit of a preference for barter under the circumstances described in (7) below.

(5) It is desired that your bid or proposal be submitted in the alternative, with one price on a barter basis and an alternative price on a nonbarter basis. However, alternate bids or proposals are not required, and consideration will be given to bids or proposals limited to either cash or barter.

(6) All bids or proposals shall be submitted directly to the purchasing office which has issued the invitation for bids or request for proposals. All proposed prices shall be stated in dollars and not in terms of quantities of agricultural commodities.

(7) The lowest bid or proposal on a barter basis acceptable to the CCC will be considered and evaluated by the purchasing office in connection with the evaluation of nonbarter bids or proposals received hereunder. For the purpose of evaluating prices, the total price on a barter basis, excluding any amount in excess of the nonbarter price which is attributable to the barter arrangement and is to be absorbed by the CCC, shall be compared with the lowest total price on a nonbarter basis. Where the net barter price is equal to or less than the nonbarter price, and all other terms are deemed equally advantageous to the United States, preference shall be given to the barter bid or proposal; except that when the nonbarter price offered by a supplier located in the United States is equal to or less than the unadjusted barter price, preference shall be given to the nonbarter bid or proposal (such preference to U.S. suppliers extends only to U.S. supplies and services).

(8) As a condition of award to you on a barter basis, you will be required to assign irrevocably to the CCC the right to receive all moneys due and to become due under the contract, and to furnish a copy of such assignment to the Contracting Officer. This assignment is to be made pursuant to the clause of the contract entitled "Assignment of Claims" and notwithstanding any language to the contrary contained therein. The contract awarded on a barter basis will contain a provision reciting the irrevocable assignment to the CCC of the Contractor's claims for payment. Pursuant to that assignment, amounts earned and billed by you under the contract will be paid to the CCC. Assignments must be duly authorized and executed, in form and substance acceptable to the CCC. The assignment is to be in connection with arrangements between the CCC and a responsible barter contractor, for delivery and disposal of U.S. agricultural commodities, and in consideration of the private arr .ngements between that barter contractor and your firm regarding payments to you. However, if this solicitation specifies that only a portion of the items or services will be on a barter basis, the assignment of amounts earned under the contract will be limited to that part of the contract which is on a barter basis.

§ 4.503–8 Step seven—the CCC action.

Within 5 working days after receipt of the message in Step Six, the CCC will reply, indicating approval or rejection of the barter bid or proposal. Approval reply will indicate:

(a) The amount of barter cost, if any, to be absorbed by CCC; and

(b) The designated barter contractor to act as principal in executing the agricultural commodity contract with CCC.

If the CCC does not make timely reply, or if the CCC rejects the barter proposal, or if the CCC reply does not agree that CCC will absorb the price differential by which the low barter bid or proposal exceeds the low nonbarter bid or proposal, the contracting officer may award on a cash (nonbarter) basis. However, if the contracting officer considers that time permits further effort to procure on a barter basis, he may ask the CCC to seek other competitive disposal fee offers from barter contractors. The CCC then may issue solicitations for competitive disposal fee offers, with the understanding that approval by the CCC will be subject to the making of a private agreement between the supplier named in § 4.503–7 and the U.S. barter contractor

concerning assignment and payment arrangement.

§ 4.505 Postaward action(s).

(a) Immediately after award of a contract on a barter basis, the following information shall be cabled to the CCC:

(1) Number and effective date of contract, and date for final delivery under contract; and

(2) Complete name and address of supplier, his legal identity, e.g., corporation, partnership, individual; and name of country of incorporation or organization, if applicable.

(b) A certified copy of the executed contract will be sent to the CCC at the earliest possible date.

(c) The purchasing office shall notify CCC by cable when final payment is made against a barter contract, specifying the contract number. If an unused balance remains under a barter contract, CCC will direct the barter contractor to transmit the balance to the central finance office designated in accordance with § 4.507–5(a).

§ 4.506 Conversion to barter.

Situations may occur in which it is advantageous or desirable to convert an existing nonbarter contract to a barter arrangement. In these situations, conversion to barter may be accomplished whether or not the supplies, services, or work involved are for use outside the United States, if the balance remaining to be earned and billed under the contract is at least $2 million and the remaining period for completion of performance is at least 12 months. Contracting officers shall furnish to the CCC such information as may be requested by it concerning the contract, and, when appropriate, shall supply an interested barter dealer with similar information to the extent authorized by the contractor. If an agreement is reached for such a conversion to a barter basis, the contract may be suitably amended. If an assignment is in effect, and the entire remaining balance of the contract is to be converted to barter, it will be necessary for the assignment to be released, effective at an agreed date or stage of contract performance, with accompanying assignment to the CCC, and contract amendment to include the CCC assignment clause in § 4.504–2, to be made effective at the agreed date or stage of performance. If only a portion of the contract is being converted to barter, and another portion (identified) is to continue on a cash basis, the clause in § 4.504–3 shall be used.

§ 4.507–1 General.

The special barter payment arrangement procedures set forth below foster the use of barter in situations which would not otherwise satisfy the provisions of §§ 4.503 through 4.506. Under these arrangements, barter contract proceeds are used to offset defense expenditures which would otherwise be made abroad with U.S. dollars in accordance with applicable DOD Balance of Payments directives. This includes the myriad of relatively small expenditures for supplies, equipment, repairs, maintenance, construction, personnel services, etc.

§ 4.507–2 Description.

The principal distinguishing features of these special barter payment arrangements are:

(a) Contracting for supplies and services is effected by purchasing offices in the same manner as if there were no special barter arrangements;

(b) Defense suppliers have no payment arrangements with barter contractors;

(c) Defense suppliers will not assign to the CCC monies due or to become due under contracts;

(d) Barter contractors are selected by the CCC;

(e) Barter transaction proceeds are paid by the barter contractor to a central finance office designated by the Department of the Navy, Office of the Comptroller;

(f) As barter transaction proceeds are paid to the designated central finance office, equivalent amounts are immediately remitted by this office to the CCC.

§ 4.507–3 Other requirements.

At the beginning of each fiscal year, each Department will submit to CCC a schedule of any estimated dollar expenditures that are considered to be susceptible to barter in accordance with the provisions of these special barter payment arrangements. This schedule will be prepared delineating each country and will further state:

(a) That the contemplated procurement of supplies and services appear susceptible to barter;

(b) That it has been or will be properly determined that all supplies or services to be procured under separate agreement are not returnable to the United States for procurement under applicable balance of payments directives; and

(c) That CCC approval of the stated requirements as to susceptibility to barter is requested.

§ 4.507–4 Action by CCC.

(a) CCC will reply to the Department concerned within 5 working days from receipt of each projection. CCC approval as to susceptibility to barter does not constitute a commitment on the part of CCC to generate all or any part of projected requirements of barter funds.

(b) CCC will from time to time invite competitive offers of lowest barter cost on stated dollar amounts against projected and approved fiscal year requirements of barter funds of each of the military services, in rotation. The frequency, timing and individual dollar amounts of invitations depend on commodity export possibilities under the barter programs at any given time and the related barter cost to be absorbed by CCC, and are therefore determined at the sole discretion of CCC.

(c) CCC will, through the Office of the Comptroller of the Navy, the executive agent appointed by the Office of the Secretary of Defense, notify the military service concerned regarding details of any barter contracts resulting from acceptable offers received by CCC.

§ 4.507–5 Payment of barter funds and reimbursement to CCC.

(a) Barter contractors will make monthly payments under their contracts with CCC to the central finance office designated by the Department of the Navy, Office of the Comptroller.

(b) Promptly upon receipt of payments of barter funds, the designated central finance office will transfer to the Treasurer of the Commodity Credit Corporation by check (or as otherwise mutually agreed) an amount equal to the sum of barter funds so received.

§ 4.507–6 Special clearance.

If any special barter payment arrangements other than those herein authorized are deemed necessary, the proposed payment arrangements shall be submitted for joint consideration and decision by the Department of the Navy, Office of the Comptroller, and CCC before the payment arrangements are made.

§ 4.507–7 Fees and charges.

No office of the Department of Defense shall pay or absorb any fees or charges in connection with these special barter payment arrangements.

Subpart H—Paid Advertisements in Newspapers, Magazines, Trade Journals, and Any Other Media (Including Radio and Television)

§ 4.802–1 Authority and delegation.

Authority to approve the publication of paid advertisements in newspapers is vested by statute (44 U.S.C. 3702) in the Secretary of each Department. * * *

PART 5—INTERDEPARTMENTAL AND COORDINATED PROCUREMENT

6. Sections 5.102–2(b)(1), 5.204, 5.406–2, 5.504–2, 5.1106–3(b) and 5.1108 are amended; § 5.1108–1(a)(1) is revised; and the title of § 5.1201–7 is changed, as follows:

§ 5.102–2 Exceptions to mandatory use.

* * * * *

(b) * * *

(1) *Nonemergency requirements.* When supplies or services are to be procured from other sources to satisfy a nonurgent requirement, the head of the office initiating the purchase request or his designated representative shall furnish to the purchasing office a signed statement identifying the supplies or services to be purchased. This statement shall include an explanation of why similar items listed in the applicable Federal Supply Schedule will not meet the specific requirement. The purchasing office prior to initiating purchase action shall furnish such statement to the Commissioner, Federal Supply Service, General Services Administration, with a request that the requirement for using

the Federal Supply Schedule item be waived. If such waiver is not granted, the case will be referred to the Head of the Procuring Activity or his Deputy or to such higher authority as may be required by the Departments, and in the case of the Air Force, Commanders of AFLC Air Material Areas who shall make the final decision as to whether the nonscheduled item will be purchased and shall promptly notify the Commander, Federal Supply Service, and the Purchasing Office of the decision reached.

* * * * *

§ 5.204 Order for supplies.

The DD Form 1348 series shall be used to obtain supplies from General Services Administration Stores Depots.

§ 5.406–2 Procurement from General Services Administration Stores Depots.

The DD Form 1348 series shall be used to obtain prison-made supplies from General Services Administration Stores Depots.

§ 5.504–2 From General Services Administration Stores Depots.

The DD Form 1348 series shall be used to obtain blind-made supplies from General Services Administration Stores Depots.

§ 5.1106–3 Determinations and findings.

* * * * *

(b) *Foreign end products.* Where a foreign end product is specified by the requiring department, that department is responsible for determining that a domestic source end product is not available as required by § 6.102–3(b) or § 6.805–2(a)(5) of this chapter. Two copies of the determination that a domestic source end product is not available shall be furnished to the procuring department with the MIPR.

§ 5.1108 Preparation and use of DD Form 448 (MIPR).

DD Form 448 is substantially self-explanatory. Information provided in MIPR's shall be arranged in Uniform Contract Format (see §§ 2.200 and 3.500 of this chapter) to the extent feasible. If desired, each Department may overprint fixed repetitive information.

§ 5.1108–1 Special instructions.

(a) * * *

(1) The requiring agency identification code as prescribed in the DOD Activity Address Directory (DODAAD), DOD 4000.25D;

* * * * *

§ 5.1201–7 Defense Nuclear Agency.[1]

* * * * *

PART 6—FOREIGN PURCHASES

7. Section 6.102–3 is revised; §§ 6.104–4(d)(3) and 6.402 are amended; § 6.804 is revised; §§ 6.804–1 and 6.804–2 are revoked; § 6.805–2 (a) (4), (5), (b)(1) and (d)(1)(iv)(*b*) are amended; the title of Subpart J is revised; §§ 6.1000, 6.1001(b), 6.1002, and the introductory text of 6.1004 is amended, as follows:

§ 6.102–3 Procurement from or through other Government agencies.

In procurements from or through other Government agencies, responsibility for compliance with the Buy American Act and Balance of Payment evaluation procedures (see § 6.104–4) is as follows:

(a) The General Services Administration has responsibility for compliance with the Buy American Act for foreign end items acquired by Defense activities from GSA stores depots or purchased from a mandatory single-source Federal Supply Schedule. Balance of Payment evaluation procedures are not applicable to these transactions.

(b) Defense activities have the responsibility for compliance with the Buy American Act and Balance of Payment evaluation procedures when they purchase a foreign end item from a mandatory multiple source Federal Supply Schedule or a nonmandatory Federal Supply Schedule.

(c) In the case of coordinated procurement under Subpart K, Part 5 of this chapter, compliance with the Buy American Act and Balance of Payment evaluation procedures is the responsibility of the Procuring Department except when the Requiring Department specifies a foreign end product; in which case, the determination that a domestic source end product is not available, including consideration of foregoing the procurement or providing a U.S. substitute, shall be the responsibility of the Requiring Department (see § 5.1106–3(b) of this chapter).

§ 6.104–4 Evaluation of bids and proposals.

* * * * *

(d) * * *

(3) Proposed awards shall be submitted, in accordance with Departmental procedures, to the Secretary concerned for decision where:

(i) Rejection of an acceptable low foreign bid is considered necessary to protect essential national security interests, such as maintenance of a mobilization base; or

(ii) Rejection of any bid or proposal for other reasons of the national interest is considered necessary.

* * * * *

§ 6.402 Exceptions.

(a) Exceptions from the general policy will be made only pursuant to paragraph (b) of this section. Such exceptions shall be made only in ususual situations, for example, in case of emergency or where supplies are not available from any other source and a substitute supply is not acceptable.

(b) Supplies, originating from sources within communist areas (see § 6.401–2) may be procured only when—

(1) The purchase is for $2,500 or less and the contracting officer determines there is need for an exception in accordance with Departmental procedures; or

(2) The purchase is for more than $2,500 and an exception is approved by the Secretary of the Department concerned.

Before granting an exception under subparagraph (2) of paragraph (b) of this section, the Secretary concerned shall obtain the advice of the Assistant Secretary of Defense (International Security Affairs): *Provided*, That such advice is not required in the case of emergency purchases or where supplies are not available from any other source and substitute supplies are not acceptable.

(c) See Subpart K of this part, for procedures for using U.S.-owned foreign currency for payment of contracts for foreign-end products.

§ 6.804 Real property construction, repair and maintenance.

All projects for construction, repair, and maintenance of real property outside the United States must be approved in accordance with DOD Directive 7060.4 (AR–37–43; AFR–85–6/AFM 86–1; NAVFACINST 7020.6). Contracts for such projects will require that specified U.S. materials will be used or that Government materials and equipment will be furnished, only when the cost of the U.S. items (including transportation and handling costs) does not exceed the cost of foreign items plus 50 percent. A differential greater than 50 percent may be used when specifically authorized in the project approval.

§§ 6.804–1 and 6.804–2 [Revoked]

§ 6.805–2 Procurement limitations.

(a) * * *

(4) *Perishable subsistence.* Procurements of perishable subsistence items where it is determined that delivery from the United States would destroy or significantly impair their quality at the point of consumption. Such determination shall be made prior to procurement by the individuals designated in paragraph (b)(1) of this section or their immediate deputies, except that this authority may be redelegated for procurements estimated not to exceed $100,000 in foreign cost.

(5) *Nonavailability in the United States.* Procurements as to which it is determined in advance by the individuals designated in paragraph (b) of this section that (i) the requirements can only be filled by foreign end products or services, because U.S. end products or services are not available per se, or are not available within the time required to meet urgent military requirements directly related to maintaining combat capability, the health and safety of DOD personnel, or to protect property, and (ii) that it is not feasible to forego filling the requirements or to provide a U.S. substitute for it. This authority is not intended for use in making repetitive supply procurements or procurements of total annual supply requirements of items available in the United States but not available within

[1] In addition to the above, assignments to DNA include all items for which DNA has integrated management responsibility in accordance with DOD Directive 5105.31.

the time required (for coordinated procurement specifying a foreign end product, see § 5.1106–3(b) of this chapter).

* * * * *

(b) * * *

(1) Procurements estimated not to exceed $1 million in foreign cost, except that this authority may be redelegated to other individuals specifically designated for this purpose for procurements estimated not to exceed $100,000:

(i) Department of the Army:

(*a*) Commanding General, U.S. Theater Army Support Command, Europe;

(*b*) Commander in Chief, U.S. Army, Pacific, and DCSLOG, U.S. Army Pacific;

(*c*) Commanding General, U.S. Army Forces, Southern Command;

(*d*) Chief, U.S. Army Security Agency;

(*e*) Chief of Engineers;

(*f*) Commanding General, the Chief of Staff, and the Deputy Commanding General Logistics, U.S. Army, Vietnam;

(ii) Department of the Navy:

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

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

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

(*d*) Chief of Naval Material;

(*e*) Commander in Chief, U.S. Atlantic Fleet;

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

(*g*) Commander, Military Sealift Command (MSC);

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

(*i*) Commander, Naval Facilities Engineering Command;

(*j*) Commander, U.S. Naval Forces, Vietnam;

(*k*) Commanding General, III Marine Amphibious Force;

(iii) Department of the Air Force:

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

(*b*) Commander, USAF Southern Command;

(*c*) Commander, Pacific Air Force;

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

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

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

(*g*) Commander, Strategic Air Command;

(*h*) Commander, Tactical Air Command;

(*i*) Commander, Aerospace Defense Command;

(*j*) Commander, Air Force Communications Service;

(iv) Defense Supply Agency—Executive Director, Procurement and Production;

(v) Defense Communications Agency—Director;

(vi) Authority to approve individual urgent foreign procurements estimated not to exceed $100,000 in foreign cost on the basis of nonavailability of U.S. end products or services to meet urgent military requirements for use in Vietnam may be redelegated by the Commanding General, U.S. Army, Vietnam; Commander, U.S. Naval Forces, Vietnam; Commanding General, III Marine Amphibious Force; and Commanding General, U.S. Air Force, Vietnam, to their procurement directors or to a comparable authority.

* * * * *

(d) * * *

(1) * * *

(iv) * * *

(*b*) Director, Defense Nuclear Agency;

* * * * *

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

§ 6.1000 Scope of subpart.

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

§ 6.1001 Statutory requirements.

* * * * *

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

§ 6.1002 Policy.

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

§ 6.1004 Determination and findings.

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

* * * * *

PART 7—CONTRACT CLAUSES

8. The table of contents to Part 7 is amended by adding new Subparts R and S; § 7.103–16 is revised; § 7.103–21 (b) and (c) are amended and paragraph (d) is revoked; § 7.104–8 (a) and (b) are amended and paragraph (c) is revoked; § 7.104–9(k) is added; §§ 7.104–15 and 7.104–22 are revised; in § 7.104–24(f) the introductory text is revised and paragraph (g) is amended; § 7.104–27(c) is amended and paragraph (d) is revoked; §§ 7.104–36 and 7.104–37 are revised; § 7.104–38 is added; § 7.104–44 is revised; § 7.104–46 is added; §§ 7.104–50, 7.104–75, 7.105–7, and 7.107(c) are revised; in § 7.108–1 the title of the clause is amended and paragraph (f) in the clause is revised; in § 7.109–2(b) the title of the clause is amended and paragraph (f) in the clause is revised; in § 7.109–3(b) the title of the clause is amended and paragraph (e) in the clause is revised, as follows:

§ 7.103–16 Contract Work Hours and Safety Standards Act—Overtime compensation.

In accordance with §§ 12.301 and 12.302 of this chapter, insert the following clause.

CONTRACT WORK HOURS AND SAFETY STANDARDS ACT—OVERTIME COMPENSATION (NOVEMBER 1969)

This contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327–333), is subject to the following provisions and to all other applicable provisions and exceptions of such Act and the regulations of the Secretary of Labor thereunder.

(a) *Overtime requirements.* No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek in which he is employed on such work to work in excess of 8 hours in any calendar day or in excess of 40 hours in such workweek on work subject to the provisions of the Contract Work Hours and Safety Standards Act unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of 8 hours in any calendar day or in excess of 40 hours in such workweek, whichever is the greater number of overtime hours.

(b) *Violation; liability for unpaid wages; liquidated damages.* In the event of any violation of the provisions of paragraph (a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for h unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph (a) in the sum of $10 for each calendar day on which such employee was required or permitted to be employed on such work in excess of 8 hours or in excess of his standard workweek of 40 hours without payment of the overtime wages required by paragraph (a).

(c) *Withholding for unpaid wages and liquidated damages.* The Contracting Officer may withhold from the Government Prime Contractor, from any moneys payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions of paragraph (b).

(d) *Subcontracts.* The Contractor shall insert paragraphs (a) through (d) of this clause in all subcontracts, and shall require their inclusion in all subcontracts of any tier.

(e) *Records.* The Contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records shall be preserved for 3 years from the completion of the contract.

§ 7.103–21 Termination for convenience of the Government.

* * * * *

(b) In accordance with § 8.701(a) of this chapter, insert the clause set forth therein.

(c) The clause contained in § 8.706 of this chapter may be suggested for use in subcontracts.

(d) [Revoked]

§ 7.104–8 Reporting and refund of royalties.

(a) In accordance with § 9.110(d) of this chapter, insert the clause set forth therein.

(b) In accordance with § 9.111 of this chapter, insert the clause set forth therein.

(c) [Revoked]

§ 7.104–9 Rights in data.

* * * * *

(k) *Rights in technical data—major systems and subsystems contracts.* In accordance with § 9.202–2(g)(3), of this chapter, the following clause may be inserted.

RIGHTS IN TECHNICAL DATA—MAJOR SYSTEM AND SUBSYSTEM CONTRACTS (NOVEMBER 1971)

The Contractor agrees that he will neither incorporate any provision in his subcontracts nor enter into any agreement, written or oral, either directly or indirectly, with subcontractors which has or may have the effect of prohibiting subcontractor sales directly to the Government of any supplies, like those manufactured or services like those furnished by such subcontractor under this contract or any follow-on production contract, or under any contract for parts or components of supplies furnished under this or any follow-on production contract. The Contractor further agrees that all data, including data in which the Government may not have unlimited rights, furnished or otherwise made available by the Contractor for use by subcontractors in furnishing such supplies or services, will be furnished to such subcontractors without payment to the Contractor of any fee, royalty or other charge by the subcontractors or the Government for use by such subcontractors in furnishing such supplies or services for sale directly to the Government. For the purpose of this paragraph, the term "fee, royalty or other charge" shall not include within its meaning fees, royalties or charges for reasonable returns on use of patents.

§ 7.104–5 Omnibus GAO audit clause.

Insert the clause set forth below in all contracts except contracts for public utility services at rates not in excess of those established for uniform applicability to the general public, or at such rates plus reasonable connection charges incident to such services, or unless exempted under § 6.704 or § 6.1001 of this chapter.

EXAMINATION OF RECORDS BY COMPTROLLER GENERAL (MARCH 1971)

(a) This clause is applicable if the amount of this contract exceeds $2,500 and was entered into by means of negotiation, including small business restricted advertising, but is not applicable if this contract was entered into by means of formal advertising.

(b) The Contractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of 3 years after final payment under this contract or such lesser time specified in either Appendix M of the Armed Services Procurement Regulation or the Federal Procurement Regulations Part 1–20, as appropriate, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Contractor involving transactions related to this contract.

(c) The Contractor further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of 3 years after final payment under the subcontract or such lesser time specified in either Appendix M of the Armed Services Procurement Regulation or the Federal Procurement Regulations Part 1–20, as appropriate, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor, involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (i) purchase orders not exceeding $2,500 (ii) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

(d) The periods of access and examination described in (b) and (c) above for records which relate to (i) appeals under the "Disputes" clause of this contract, (ii) litigation or the settlement of claims arising out of the performance of this contract, or (iii) costs and expenses of this contract as to which exception has been taken by the Comptroller General or any of his duly authorized representatives, shall continue until such appeals, litigation, claims or exceptions have been disposed of.

§ 7.104–22 Equal opportunity preaward clearance of subcontracts.

Insert the following clause in all contracts containing a "Subcontracts" clause prescribed by § 23.201 of this chapter.

EQUAL OPPORTUNITY PREAWARD CLEARANCE OF SUBCONTRACTS (OCTOBER 1971)

Notwithstanding the clause of this contract entitled "Subcontracts," the Contractor shall not enter into a first-tier subcontract for an estimated or actual amount of $1 million or more without obtaining in writing from the Contracting Officer a clearance that the proposed subcontractor is in compliance with equal opportunity requirements and therefore is eligible for award.

§ 7.104–24 Government property.

* * * * *

(f) *Short form clause.* Instead of the clause in paragraph (a) of this section, the following short form clause may be used when the Government is to furnish to the contractor Government property having an acquisition cost of $25,000 or less or when property is furnished to a contractor for use on a Government installation: *Provided,* That contract administration is retained by the purchasing office. In this latter case, the second sentence of paragraph (b) of the clause shall be deleted in its entirety when inserting the Property Records clause in paragraph (g) of this section. In overseas contracts, insert the words "United States" before the words "Government furnished" in the clause below.

* * * * *

(g) *Records of Government property.* In accordance with § 13.803 of this chapter, insert the following clause in addition to the clause in paragraph (a) or (f) of this section.

PROPERTY RECORDS (AUGUST 1967)

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

§ 7.104–27 Options.

* * * * *

(c) In accordance with § 1.1506(d) of this chapter, insert a clause substantially as set forth therein.

(d) [Revoked]

§ 7.104–36 Minority business enterprises.

In accordance with § 1.332–3 of this chapter insert the clause or clauses, as applicable, in paragraph (a) and (b) of this section.

(a) The clause in § 1.332–3(a) of this chapter shall be included in all contracts in amounts which may exceed $5,000 except (1) contracts which, including all subcontracts thereunder, are to be performed entirely outside the United States, its possessions, Puerto Rico and the Trust Territory of the Pacific Islands, and (2) contracts for services which are personal in nature.

(b) The clause in § 1.332–3(b) of this chapter shall be included in all contracts (except maintenance, repair and construction contracts) which may exceed $500,000, which require the clause in paragraph (a) of this section and which, in the opinion of the contracting officer, offer substantial subcontracting possibilities. Furthermore, prime contractors who are to be awarded contracts which may not exceed $500,000 but which, in the opinion of the contracting officer, offer substantial subcontracting possibilities, shall be urged to accept the clause.

§ 7.104–37 Required source for jewel bearings.

In accordance with § 1.315–2 of this chapter, insert the following clause:

REQUIRED SOURCE FOR JEWEL BEARINGS (JULY 1971)

(a) For the purpose of this clause:

(1) *"Jewel bearings"* means a piece of synthetic sapphire or ruby of any shape, except a phonograph needle, which is suitable for use in an instrument, mechanism, subassembly or part without any additional processing to the synthetic sapphire or ruby. A jewel bearing may be either unmounted, or mounted into a ring or bushing. Examples of types of jewel bearings are: watch hole—olive, watch hole—straight, pallet stones

(caps), vee (cone) jewels, instrument rings, cups, double cups and orifice jewels.

(2) *"Price List"* means the official U.S. Government Jewel Bearing Price List for jewel bearings which are produced by the William Langer Jewel Bearing Plant in Rolla, N. Dak., published periodically by the General Services Administration.

(3) *"Plant"* means the Government-owned William Langer Jewel Bearing Plant, Rolla, N. Dak.

(b) Jewel bearings required in the performance of this contract shall be procured from the Plant at prices established in the Price List dated March 25, 1971. Each purchase order issued to the Plant under this contract shall include the prime contract number and date of the Price List cited above. The Contractor agrees that the quantities, types and sizes (including tolerances) of jewel bearings so ordered will be those required for the performance of this contract. The Contractor agrees to notify the Contracting Officer promptly of the rejection of his (or any subcontractor's) purchase order in whole or in part by the Plant. The requirement for purchase and use of jewel bearings from the Plant will be waived to the extent of such rejected orders. If such a waiver is granted, an equitable adjustment shall be made in the contract price or delivery schedule, or both, in accordance with the "Changes" clause of this contract. Further, the requirement for use (but not the requirement for purchase from the Plant) of jewel bearings may be waived by the Contracting Officer when such waiver is determined by him to be consistent with established policy.

(c) Whenever it is necessary for the Contractor or any subcontractor to redesign or reengineer jeweled items in order to satisfy military performance requirements, the Contractor or subcontractor shall provide in such redesign for the use of military standard jewel bearings as described in MS-27041 through MS-27049. This requirement does not apply when the dimensional tolerances or configurations of military standard jewel bearings are such that their use in the product would prevent attainment of the required level of performance specified for the item. However, when one or more nonstandard bearings must be used to satisfy performance requirements of the jeweled product but military standard bearings will function satisfactorily for other applications within the same item, the item will be required to be redesigned to provide for the use of military standard bearings in such other applications. The Contractor or subcontractor is not required to redesign a jeweled item solely for the purpose of converting from the use of nonstandard to the use of military standard jewel bearings. Nothing in this contract shall prevent any Contractor or subcontractor from voluntarily redesigning a jeweled item solely to accommodate the use of military standard bearings.

(d) The Contractor agrees to retain until the expiration of 3 years from the date of final payment under this contract and to make available during such period, upon request of the Contracting Officer, records showing compliance with this clause.

(e) The Contractor agrees to insert this clause, including this paragraph (e), in every subcontract and purchase order issued in performance of this contract unless he knows that the subassembly, component or part being purchased does not contain jewel bearings.

§ 7.104–38 Required sources for miniature and instrument ball bearings.

In accordance with § 1.315–3 of this chapter, insert the following clause:

REQUIRED SOURCES FOR MINIATURE AND INSTRUMENT BALL BEARINGS (JULY 1971)

(a) For the purpose of this clause:

(i) *"Miniature and instrument ball bearings"* are all rolling contact ball bearings with a basic outside diameter (exclusive of flange diameters) of 30 millimeters or less, irrespective of material, tolerance, performance or quality characteristics; and

(ii) *"Domestic manufacture"* means manufacture in the United States or Canada and, when ball bearing assembly is involved, all components of the bearing must also have been manufactured in the United States or Canada.

(b) The Contractor agrees that end items and components thereof delivered under this contract shall contain miniature and instrument ball bearings that are of domestic manufacture only.

(c) The requirement for delivery in (b) above may be waived in whole or in part by the Contracting Officer when such waiver is determined to be in the Government's interest. In the event a waiver is granted, the Contractor agrees to acquire for non-Government use, domestically manufactured miniature and instrument ball bearings of a like quantity and type.

(d) The Contractor agrees to retain until the expiration of 3 years from the date of final payment under this contract and to make available during such period, upon request of the Contracting Officer, records showing compliance with this clause.

(e) The Contractor agrees to insert this clause, including this paragraph (e), in every subcontract and purchase order issued in performance of this contract unless he knows that the item being purchased contains no miniature or instrument ball bearings.

§ 7.104–44 Value engineering incentive.

(a) *Value engineering basic clause.* In accordance with § 1.1702–3, of this chapter, insert the following clause.

VALUE ENGINEERING INCENTIVE (MAY 1971)

(a) (1) This clause applies to those cost reduction proposals initiated and developed by the Contractor for changing the drawings, designs, specifications, or other requirements of this contract. This clause does not, however, apply to any such proposal unless it is identified by the Contractor, at the time of its submission to the Contracting Officer, as a proposal submitted pursuant to this clause. Furthermore, if this contract also contains a "Value Engineering Program Requirement" clause, this clause applies to any given value engineering change proposal only to the extent the Contracting Officer affirmatively determines that it resulted from value engineering efforts clearly outside the scope of the program requirement; to the extent the Contracting Officer does not affirmatively so determine, the proposal shall be considered for all purposes as having been submitted pursuant to the Value Engineering Program Requirement clause, even if it was purportedly submitted pursuant to this clause.

(2) The cost reduction proposals contemplated are those that:

(i) Would require, in order to be applied to this contract, a change to this contract; and

(ii) Would result in savings to the Government by providing—

(A) A decrease in the cost of performance of this contract, without impairing any of the items' essential functions and characteristics such as service life, reliability, economy of operation, ease of maintenance, and necessary standardized features, or

(B) Items, regardless of the acquisition cost, producing a net reduction in the cost of Government-furnished property, operations, maintenance, or other areas which exceeds any increased acquisition costs, without impairing any of the items' essential functions and characteristics.

(b) As a minimum, the following information shall be submitted by the Contractor with each proposal:

(i) A description of the difference between the existing contract requirement and the proposed change, and the comparative advantages and disadvantages of each;

(ii) An itemization of the requirements of the contract which must be changed if the proposal is adopted, and a recommendation as to how to make each such change (e.g., a suggested revision);

(iii) An estimate of the reduction in performance costs, if any, that will result from adoption of the proposal, taking into account the costs of development and implementation by the Contractor (including any amount attributable to subcontracts in accordance with paragraph (e) below) and the basis for the estimate;

(iv) A prediction of any effects the proposed change would have on collateral costs to the Government such as Government-furnished property costs, costs of related items, and costs of maintenance and operation;

(v) A statement of the time by which a change order adopting the proposal must be issued so as to obtain the maximum cost reduction during the remainder of this contract, noting any effect on the contract completion time or delivery schedule; and

(vi) The dates of any previous submissions of the proposal, the numbers of the Government contracts under which submitted, and the previous actions by the Government, if known.

(c) (1) Cost reduction proposals shall be submitted to the Procuring Contracting Officer (PCO). When the contract is administered by other than the procuring activity, a copy of the proposal shall also be submitted to the Administrative Contracting Officer (ACO). Cost reduction proposals shall be processed expeditiously; however, the Government shall not be liable for any delay in acting upon any proposal submitted pursuant to this clause. The Contractor does have the right to withdraw, in whole or in part, any value engineering change proposal not accepted by the Government within the period specified in the proposal. The decision of the Contracting Officer as to the acceptance of any such proposal under this contract (including the decision as to which clause is applicable to the proposal if this contract contains both a "Value Engineering Incentive" and a "Value Engineering Program Requirement" clause) shall be final and shall not be subject to the "Disputes" clause of this contract.

(2) The Contracting Officer may accept, in whole or in part, either before or within a reasonable time after performance has been completed under this contract, any cost reduction proposal submitted pursuant to this clause by giving the Contractor written notice thereof reciting acceptance under this clause. Where performance under this contract has not yet been completed, this written notice may be given by issuance of a change order to this contract. Unless and until a change order applies a value engineering change proposal to this contract, the Contractor shall remain obligated to perform in accordance with the terms of the existing contract. If a proposal is accepted after performance under this contract has been completed, the adjustment required shall be effected by contract modification in accordance with this clause.

(3) If a cost reduction proposal submitted pursuant to this clause is accepted by the Government, the Contractor is entitled to

share in instant contract savings, collateral savings, and future acquisition savings not as alternatives, but rather to the full extent provided for in this clause.

(4) Contract modification made as a result of this clause will state that they are made pursuant to it.

(d) [*Insert the appropriate instant contract sharing provision from § 7.104–44 (c), (d), or (*).*]

(e) The Contractor will use his best efforts to include appropriate value engineering arrangements in any subcontract which, in the judgment of the Contractor, is of such a size and nature as to offer reasonable likelihood of value engineering cost reductions. For the purpose of computing any equitable adjustment in the contract price under paragraph (d) above, the Contractor's cost of development and implementation of a cost reduction proposal which is accepted under this contract shall be deemed to include any development and implementation costs of a subcontractor and any value engineering incentive payments to a subcontractor, or cost reduction shares accruing to a subcontractor, which clearly pertain to such proposal and which are incurred, paid, or accrued in the performance of a subcontact under this contract. However, no such payment or accrual to a subcontractor will be permitted, either as a part of the Contractor's development or implementation costs or otherwise, to reduce the Government's share on additional purchases as contemplated by paragraph (j) (if included) of this clause.

(f) (1) In the event that an accepted cost reduction proposal results in a projected net reduction in ascertainable costs in such areas as Government-furnished property (other than Government-furnished material under this contract), operations, or logistic support which exceeds any increase in acquisition cost, the contract price or fee, as applicable, shall be increased by ten percent (10%) of the projected net reduction in ascertainable collateral costs, i.e., collateral savings, estimated to accrue to the Government during an average or typical year of use of the item in which the change is incorporated. The determination of the amount of collateral savings, if any, will be made solely by the Government and shall not be subject to the "Disputes" clause of this contract.

(2) In the event that an accepted cost reduction proposal results in a net reduction in the amount of Government-furnished material under this contract, involving savings to the Government in excess of any increase in cost of performance of this contract, then in addition to any adjustment made pursuant to the "Changes" clause by reason of such increase, the contract price or fee, as applicable, shall be increased by _____ percent (__%)* of the net savings estimated to accrue to the Government in the acquisition of the items under this contract. If the proposal results in a decrease in the cost of performance as well as a net reduction in the amount of Government-furnished material under this contract, an appropriate adjustment in the contract price shall be made pursuant to paragraph (d) in addition to the adjustment provided for by this paragraph (f).

(g) (1) A cost reduction proposal identical to one submitted under any other contract with the Contractor or another contractor may also be submitted under this contract.

(2) If the Contractor submits under this clause a proposal which is identical to one previously received by the Contracting Officer under a different contract with the Contractor or another contractor for substantially the same items and both proposals are accepted by the Government, the Contractor shall share instant contract savings realized under this contract, pursuant to paragraph (d) of this clause, but he shall not share collateral or future savings pursuant to paragraphs (f) and (j) (if included) of this clause.

(h) The Contractor may restrict the Government's right to use any sheet of a value engineering proposal or of the supporting data, submitted pursuant to this clause, in accordance with the terms of the following legend if it is marked on such sheet:

"This data furnished pursuant to the Value Engineering clause of contract _____ shall not be disclosed outside the Government, or duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate a value engineering proposal submitted under said clause. This restriction does not limit the Government's right to use information contained in this data if it is or has been obtained, or is otherwise available, from the Contractor or from another source, without limitations. If such a proposal is accepted by the Government under said contract after the use of this data in such an evaluation, the Government shall have the right to duplicate, use, and disclose any data reasonably necessary to the full utilization of such proposal as accepted, in any manner and for any purpose whatsoever, and have others so do."

In the event of acceptance of a value engineering proposal, the Contractor hereby grants to the Government all rights to use, duplicate, or disclose, in whole or in part, in any manner and for any purpose whatsoever, and to have or permit others to do so, any data reasonably necessary to fully utilize such proposal.

(i) (1) For purposes of sharing under paragraph (d) above, the term "instant contract" shall not include any supplemental agreements to or other modifications of the instant contract, executed subsequent to acceptance of the particular value engineering change proposal, by which the Government increases the quantity of any item or adds any item, nor shall it include any extension of the instant contract through exercise of an option (if any) provided under this contract after acceptance of the proposal. Such supplemental agreements, modifications, and extensions shall be considered "future contracts" within paragraph (j) (if included) of this clause.

(2) If this contract is an estimated requirement or other indefinite quantity type contract, the term "instant contract" for purposes of sharing under paragraph (d) above shall include only those orders actually placed by the Government up to the time the particular value engineering change proposal is accepted. All orders placed subsequent to the acceptance of the particular change proposal shall be considered "future contracts" within paragraph (j) (if included) of this clause.

(3) If this clause is included in a basic ordering agreement, the "instant contract" for purposes of sharing under paragraph (d) above shall be the order under which the particular value engineering change proposal is submitted. Other orders under the same agreement shall be considered either "existing contracts" (if awarded prior to acceptance of the proposal), or "future contracts" (if awarded after acceptance of the proposal), within paragraph (j) (if included) of this clause.

(4) If this contract is a multiyear contract, the "instant contract" shall be the entire contract for the total multiyear quantity.

(j) [Where future acquisition savings are to be shared with the contractor, insert the appropriate future acquisition sharing provision from § 7.104–44(d).]

* Insert the appropriate percentage, i.e., the Contractor's share, as determined for instant contract sharing under paragraph (d).

(b) *Value engineering program requirement.* In accordance with § 1.1702–3 (b) of this chapter, insert the following clause.

VALUE ENGINEERING PROGRAM REQUIREMENT (MAY 1971)

(a) (1) The Contractor shall engage in a value engineering program in accordance with MIL–V–38352, shall submit progress reports thereon as specified in the schedule, and shall submit to the Contracting Officer any cost reduction change proposals resulting from the required program. This clause applies to all cost reduction proposals initiated and developed by the Contractor for changing the drawings, designs, specifications, or other requirements of this contract, whether or not such proposals result from the value engineering program requirement. This clause does not, however, apply to any such proposal unless it is identified by the Contractor, at the time of its submission to the Contracting Officer, as a Value Engineering change proposal, nor to any given value engineering change proposal to the extent the Contracting Officer determines the proposal to be rewardable under the "Value Engineering Incentive" clause (if any) of this contract.

(a)(2) through (j) [Same as (a)(2) through (j) of Value Engineering Incentive clause in § 7.104–44(a) above.]

(c) *Instant contract sharing provisions.* (1) In accordance with § 1.1707–2 (a) of this chapter, insert the following provisions as paragraph (d) of the Incentive clause in paragraph (a) of this section or the Program Requirement clause in paragraph (b) of this section.

(d) If a cost reduction proposal submitted pursuant to this clause is accepted and applied to this contract, an equitable adjustment in the contract price and in any other affected provisions of this contract shall be made in accordance with this clause and the "Termination for Convenience," "Changes," or other applicable clause of this contract. The equitable adjustment shall be established by determining the effect of the proposal on the Contractor's cost of performance, taking into account the Contractor's cost of developing the proposal, insofar as such is properly a direct charge not otherwise reimbursed under this contract, and the Contractor's cost of implementing the change (including any amount attributable to subcontracts in accordance with paragraph (e) below). When the cost of performance of this contract is decreased as a result of the change, the contract price shall be reduced by _____ percent (__%)* of the total estimated decrease in the Contractor's cost of performance. When the cost of performance of this contract is increased as a result of the change, the equitable adjustment increasing the contract price shall be in accordance with the "Changes" clause rather than under this clause, but the resulting contract modification shall state that it is made pursuant to this clause.

(2) In accordance with § 1.1707–2(b) of this chapter, insert the following provision as paragraph (d) of the Incentive clause in paragraph (a) of this section or the Program Requirement clause in paragraph (b) of this section.

(d) If a cost reduction proposal submitted pursuant to this clause is accepted and applied to this contract, an equitable adjustment in the contract price and in any other affected provisions of this contract shall be

* Insert the appropriate percentage, i.e., the Government's share (see § 1.1704 of this chapter).

made in accordance with this clause and the "Termination for Convenience," "Changes," or other applicable clause of this contract. The equitable adjustment shall be established by determining the effect of the proposal on the Contractor's cost of performance, taking into account the Contractor's cost of developing the proposal, insofar as such is properly a direct charge not otherwise reimbursed under this contract and the Contractor's cost of implementing the change (including any amount attributable to subcontracts in accordance with paragraph (e) below). When the cost of performance of this contract is decreased as a result of the change, the contract price shall be reduced by ------ percent (--%)* of the total estimated decrease in the Contractor's cost of performance attributable to the period for which the price has been established; then in any redetermination of price under the "Price Redetermination" clause of this contract, having an effective date subsequent to the effective date of any change order or notice of partial termination issued pursuant to this clause, the redetermined price shall not be reduced as a consequence of such change order or notice of partial termination by more than ------ percent (--%)* of the estimated decrease in that part of the Contractor's cost of performance which is attributable to the pertinent price redetermination period. When the cost of performance of this contract is increased as a result of the change, the equitable adjustment increasing the contract price shall be in accordance with the "Changes" clause rather than under this clause, but the resulting contract modification shall state that it is made pursuant to this clause.

(3) In accordance with § 1.1707-2(c) of this chapter, insert the following provision as paragraph (d) of the Incentive clause in paragraph (a) of this section or the Program Requirement clause in paragraph (b) of this section.

(d) If a cost reduction proposal submitted pursuant to this clause and affecting any of the items described in paragraph (a) of the "Incentive Price Revision (Firm Target)" clause of this contract is accepted and applied to this contract, an equitable adjustment in the total target price of such items and in any other affected provisions of this contract shall be made in accordance with this clause and the "Termination for Convenience," "Changes," or other applicable clause of this contract. The equitable adjustment in such total target price shall be established by determining the effect of the proposal on the Contractor's cost of performance, taking into account the Contractor's cost of developing the proposal, insofar as such is properly a direct charge not otherwise reimbursed under this contract, and the Contractor's cost of implementing the change (including any amount attributable to subcontracts in accordance with paragraph (e) below). When the cost of performance of this contract is decreased as a result of the change, (i) the total target cost of the affected items shall be reduced by the full amount of the total estimated decrease in the Contractor's cost of performance, (ii) the total target profit relating to such items shall be increased by ------ percent (--%)** of the total estimated decrease, and (iii) the maximum dollar limit on the total final prioe of such items shall be decreased by ------ percent (--%)* of the total estimated decrease. When the cost of performance of this contract is increased as a result of the change, the equitable adjustment increasing the contract price shall be in accordance with the "Changes" clause rather than under this clause, but the resulting contract modification will state that it is made pursuant to this clause.

(4) In accordance with § 1.1707-2(d) of this chapter, insert the following provisions as paragraph (d) of the Incentive clause in paragraph (a) of this section or the Program Requirement clause in paragraph (b) of this section.

(d) If a cost reduction proposal submitted pursuant to this clause and affecting any of the items described in paragraph (a) of the "Incentive Price Revision (Successive Targets)" clause of this contract is accepted and applied to this contract, an equitable adjustment in the total initial or firm target price of such items and in any other affected provisions of this contract shall be made in accordance with this clause and the "Termination for Convenience," "Changes," or other applicable clause of this contract. The equitable adjustment shall be established by determining the effect of the proposal on the Contractor's cost of performance, taking into account the Contractor's cost of developing the proposal, insofar as such is properly a direct charge not otherwise reimbursed under this contract, and the Contractor's cost of implementing the change (including any amount attributable to subcontracts in accordance with paragraph (e) below).

(1) When the cost of performance of this contract decreased as a result of the change, then:

(i) If the proposal is accepted and applied to this contract before the establishment of a firm fixed price in accordance with paragraph (c) of the "Incentive Price Revision (Successive Targets)" clause of this contract, (A) the initial or firm total target cost of the affected items (whichever is in effect at the time of adjustment) shall be reduced by the full amount of the total estimated decrease in the Contractor's cost of performance, (B) the initial or firm total target profit relating to such items (whichever is in effect at the time of adjustment) shall be increased by ------ percent (--%)* of the total estimated decrease (if a firm profit adjustment formula is established in accordance with paragraph (c) of the "Incentive Price Revision (Successive Targets)" clause of this contract, the above percentage may be modified for application to cost reduction proposals, submitted pursuant to this clause which are accepted under this contract after the establishment of said formula), and (C) the maximum dollar limit on the total final price of such items shall be reduced by ------ percent (--%)** of the total estimated decrease; but

(ii) If the proposal is accepted and applied to this contract after the establishment of a firm fixed price in accordance with paragraph (c) of the "Incentive Price Revision (Successive Targets)" clause of this contract, the contract price shall be reduced by ------ percent (--%)** of the total estimated decrease in the Contractor's cost of performance.

(2) When the cost of performance of this contract is increased as a result of the change, the equitable adjustment shall be in accordance with the "Changes" clause rather than under this clause, but the resulting contract modification shall state that it is made pursuant to this clause.

(d) *Future acquisition sharing provisions.* (1) In accordance with § 1.1707-3 (a) of this chapter, insert the following provisions as paragraph (j) of the Incentive clause in paragraph (a) of this section or of the Program Requirement clause in paragraph (b) of this section.

(j) (1) If a cost reduction proposal is accepted under this clause, the Contractor will be paid (in addition to any adjustment under (d) and (f) (if included) above) a reward share of estimated savings to the Government to be realized on additional Government purchases of items utilizing the cost reduction proposal. The number of such items which the Government foresees it will purchase under other contracts is ------ (--).* The Contractor's reward share will be ------ percent (--%)** of the estimated savings to the Government. The estimated savings will be arrived at by:

(i) Multiplying (A) the unit cost reduction under this contract*** (without deducting any cost of implementation) by (B) the aforesaid number of items which the Government foresees it will purchase under other contracts, and then

(ii) Subtracting the sum of—

(A) The net increases in ascertainable collateral costs to the Government which the Contracting Officer estimates must reasonably be incurred as a result of application of the cost reduction proposal to this and other contracts, plus

(B) Any predictable costs of implementing the cost reduction proposal which the Contracting Officer estimates must reasonably be incurred in its application to other contracts with the Contractor or other contractors, plus

(C) The amount of any increase in the contract price under (d) above which results from application of the cost reduction proposal to this contract.

(2) For the purpose of this paragraph (j), the unit cost reduction*** under this contract shall be the Contracting Officer's estimate of the effect which the value engineering change would have had on the Contractor's cost of performance (as well as on the cost of the items to the Government, where the change involves reduction in the amount of Government-furnished material under this contract) if the change had been

*Insert the appropriate percentage, i.e., the Government's share (see § 1.1704 of this chapter).

** Insert the appropriate percentage, i.e., the Government's share (see § 1.1704 of this chapter).

* Insert the appropriate percentage, i.e., the Government's share (see § 1.1704 of this chapter).

** Insert the appropriate percentage, i.e., the Contractor's share (see § 1.1704 of this chapter).

*Insert the number of units that it is estimated will be purchased during the sharing period (see § 1.1703-3(c) of this chapter).

**Insert the appropriate percentage, i.e., the Contractor's proportion of estimated savings on additional purchases in accordance with § 1.1704 of this chapter.

***Whenever, in the judgment of the Contracting Officer, the unit costs under the instant contract will not be fairly representative of the unit costs to be expected under future contracts (as will generally be the case with developmental contracts and may be the case with initial production contracts), this paragraph should be modified by deleting "under this contract" in (j)(1)(A) and by changing the text of (j)(2) to read as follows:

(2) For the purpose of this paragraph (j), the unit cost reduction will be the average amount of the decrease in unit cost of performance (as well as in unit cost to the Government, where the change involves a reduction in Government-furnished material) which the Contracting Officer estimates will result from the utilization of the cost reduction proposal on future purchases of the item.

included in the original specifications under this contract (this estimate should not take into account any costs of developing the proposal or implementing the change), divided by the number of units called for under this contract.

(3) The Contractor's reward share, if any, will be determined promptly after acceptance of each cost reduction proposal and the contract price will be increased accordingly.

(4) If this is a contract for overhaul or maintenance (including the repair, alteration, modification, or modernization), the number of items set forth in subparagraph (j)(1) above includes those items which the Government foresees will utilize the cost reduction proposal if the overhaul and maintenance of such items is accomplished within its own resources as well as by purchase under contract. The Contractor's reward share under this subparagraph (j)(4) will be determined in the same manner and to the same extent as though such work were performed by purchase under contract: *Provided*, That no savings for which a reward share is payable under paragraph (f) hereof shall be included in any payment under this paragraph (j).

(2) In accordance with § 1.1707–3(b) of this chapter, insert the following provision as paragraph (j) of the Incentive clause in paragraph (a) of this section or the Program Requirement clause in paragraph (b) of this section.

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

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

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

(iii) Are accepted by the Government under such other contracts.

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

(2) For purposes of determining the Contractor's royalty share under (1) above, the "unit cost reduction"* under this contract is the Contracting Officer's estimate of the effect which the value engineering change would have had on the Contractor's cost of performance (as well as on the cost of the items to the Government, where the change involves reduction in the amount of Government-furnished material under this contract) if the change had been included in the original specifications under this contract (this estimate shall not take into account any costs of developing or implementing the change), divided by the number of units called for under this contract.

(3) If a cost reduction proposal is accepted under this clause, the Contractor will also be paid a royalty share of savings realized by the Government on existing contracts, if any, utilizing the cost reduction proposal. This royalty share will be _____ percent (__%)** of the unit cost reduction under each contract of the _____*** which is in existence at the time of acceptance of the cost reduction proposal, multiplied by the quantity of _____**** which

(i) Utilize the cost reduction proposal pursuant to the specifications or other provisions of such existing contracts, and

(ii) Are accepted by the Government under such existing contracts.

(4) For purposes of determining the Contractor's royalty share under (3) above, the "unit cost reduction" under each existing contract is the total amount of the decrease in cost of performance of that contract (as well as in the cost of the items to the Government, where the change involves a reduction in Government-furnished material under that contract) which the Contracting Officer estimates will actually result from utilization of the cost reduction proposal on that contract, divided by the total number of items on which the cost reduction proposal is actually utilized under that contract.

(5) The amount of the unit cost reduction will be determined promptly after acceptance of each cost reduction proposal.

(6) The royalty shares to which the Contractor is entitled under (1) above shall be paid by the Government to the Contractor at the time the future contract is awarded, on the express condition that to the extent that the Government does not, in fact, receive delivery of and accept all items on which the royalty share is paid, the Contractor warrants that he will reimburse the Government the proportionate share of his royalty payment.***** The royalty shares to which the Contractor is entitled under (3) above shall be paid by the Government to the Contractor from time to time and in reasonable increments as they accumulate and no payable amount will remain unpaid for more than 6 months.

(7) Notwithstanding any other provision of this paragraph (j), the Contractor shall not be paid a royalty share of savings realized on those future or existing contracts for substantially the same items under which an identical cost reduction proposal is submitted by this Contractor or another contractor and accepted by the Government.

(8) If this is a contract for overhaul or maintenance (including repair, alteration, modification, or modernization), the Contractor will be paid a royalty share of savings

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*Insert the appropriate percentage, i.e., the Contractor's proportion of savings on additional purchases, in accordance with § 1.1704 of this chapter.

**Whenever, in the judgment of the Contracting Officer, the unit costs under the instant contract will not be fairly representative of the unit costs to be expected under future contracts (as will generally be the case with developmental contracts and may be the case with initial production contracts), this paragraph should be modified by deleting "under this contract" from the second sentence of paragraph (j)(1) and by changing the first sentence of (j)(2) to read as follows:

For purposes of determining the Contractor's royalty share under (1) above, the unit cost reduction will be the average amount of the decrease in unit cost of performance (as well as in unit cost to the Government, where the change involves a reduction in Government-furnished material) which the Contracting Officer estimates will result from the utilization of the cost reduction proposal on future purchases of the item.

***Insert the types of items considered by the Government to be substantially the same end items as those purchased under this contract.

****Insert the appropriate contracting Department or procuring activity (or activities).

*****Insert the length of time of the royalty period, e.g., the appropriate number of years, in accordance with § 1.1703–3(b) of this chapter.

******Where the contract is for items which characteristically require an unusually extended period of time for production (e.g., ship construction), it may be necessary, in order to provide sufficient incentive under the royalty sharing provision, to provide for a royalty on items accepted under all contracts awarded within the sharing period, even if the scheduled delivery date is outside the sharing period. Accordingly, if the contracting officer determines this to be the case, he may delete the following words from (i) and (ii)—"after acceptance of the cost reduction proposal, and (ii) are originally scheduled for delivery"—and renumber (iii) as (ii).

*Whenever, in the judgment of the Contracting Officer, the unit costs under the instant contract will not be fairly representative of the unit costs to be expected under future contracts (as will generally be the case with developmental contracts and may be the case with initial production contracts), this paragraph should be modified by deleting "under this contract" from the second sentence of paragraph (j)(1) and by changing the first sentence of (j)(2) to read as follows:

For purposes of determining the Contractor's royalty share under (1) above, the unit cost reduction will be the average amount of the decrease in unit cost of performance (as well as in unit cost to the Government, where the change involves a reduction in Government-furnished material) which the Contracting Officer estimates will result from the utilization of the cost reduction proposal on future purchases of the item.

**Insert the appropriate percentage, i.e., the contractor's proportion of savings on additional purchases, in accordance with § 1.1704 of this chapter.

***Insert the appropriate contracting Department or procuring activity (or activities).

****Insert the types of items considered by the Government to be substantially the same end items as those purchased under this contract.

*****When the contracting officer, in his discretion, believes it preferable in order best to protect the interests of the Government, he may delete this sentence and add "(1) and" before "(3)" in the next sentence.

realized by the Government if _____,* hereinafter referred to as the "activity," accomplishes the overhaul or maintenance of such items within DOD resources. Such savings and royalty share shall be determined in the same manner, to the same extent and for the same period of time as though such overhaul or maintenance were performed by purchase under contract: *Provided*, That no savings for which a reward share is payable under paragraph (f) hereof shall be considered for payment under this subparagraph (j)(8). For the purposes of this subparagraph (j)(8), whenever reference is made elsewhere in this paragraph (j) to the following concepts, they shall have the meanings indicated; any reference to the award of a contract shall mean the final written direction of the activity to proceed with the overhaul or maintenance of such items within its own resources; any reference to the scheduled delivery of items utilizing the cost reduction proposal shall mean the completion dates prescribed for each item in the written plan, program or directive finally approved by the activity for the overhaul or maintenance of such items within its own resources; and any reference to the acceptance of such items by the Government shall mean the final written recognition of the activity that such overhaul or maintenance has been satisfactorily completed.

(e) *Instant contract only sharing provisions.* When contractor participation in cost savings is to be limited to savings under the instant contract only, delete the last sentence of paragraph (e) of the Value Incentive clause in paragraph (a) of this section or of the Value Engineering Program Requirement clause in paragraph (b) of this section. Then modify paragraph (d) of the clause to provide that contractor's share in savings resulting from decreases in the contractor's cost of performance shall be computed on the total estimated decrease in the cost of performance after deducting any net increase in ascertainable collateral costs to the Government which must reasonably be incurred as a result of application of the cost reduction proposal to this contract. See § 1.1708(a) of this chapter.

(1) Example: When the paragraph (d) from paragraph (c)(1) of this section is used (firm fixed-price contracts and fixed-price contracts providing for escalation), language such as the following shall be substituted for the third sentence of that paragraph (d). See § 1.1708 (b) of this chapter.

When the cost of performance of this contract is decreased as a result of the change, the contract price shall be reduced by the following amount: the total estimated decrease in the Contractor's cost of performance less _____ percent (__%)** of the difference between the amount of such total estimated decrease and any net increase in ascertainable collateral costs to the Government which must reasonably be incurred as a result of application of the cost reduction proposal to this contract.

(2) Example: When the paragraph (d) from paragraph (c)(3) of this section is used (fixed-price incentive, firm target contracts), language such as the following shall be substituted for the third sentence of that paragraph (d). See § 1.1708 (c) of this chapter.

When the cost of performance of this contract is decreased as a result of the change, (i) the total target cost of the affected items shall be reduced by the full amount of the total estimated decrease in the Contractor's cost of performance, (ii) the total target profit relating to such items shall be increased by _____ percent (__%)* of the difference between the total estimated decrease and any net increase in ascertainable collateral costs to the Government which must reasonably be incurred as a result of application of the cost reduction proposal to this contract, and (iii) the maximum dollar limit on the total final price of such items shall be decreased by _____ percent (__%)** of the total estimated decrease.

(f) *Exclusion of collateral savings provision.* When the Head of the Procuring Activity or his designee has determined that the procurement offers no reasonable potential for significant collateral savings, delete subparagraph (a)(2)(ii)(B) and paragraph (f) of the Value Engineering Incentive clause or the Value Engineering Program Requirement clause. See § 1.1709 of this chapter.

§ 7.104–46 Required sources for precision components for mechanical time devices.

In accordance with § 1.315–4 of this chapter, insert the following clause:

REQUIRED SOURCES FOR PRECISION COMPONENTS FOR MECHANICAL TIME DEVICES (AUGUST 1971)

(a) For the purpose of this clause:

(i) *Precision components for mechanical time devices* are parts which closely relate so that precise control and selection of working production tolerances can be maintained to accomplish the desired function and reliability. In terms of accuracy, such precision components have total tolerances under 0.003 inch, eccentricities less than 0.0015 inch, and surface finishes better than 65 r.m.s. Examples of such precision components include: gears, pinions, posts, and plates.

(ii) "Domestic manufacture" means manufacture in the United States or Canada, and, when mechanical timing assembly is involved, all precision components of the assembly must also have been manufactured in the United States or Canada.

(b) The Contractor agrees that end items and components thereof delivered under this contract shall contain precision components for mechanical time devices that are of domestic manufacture only.

(c) The requirement for delivery in (b) above may be waived in whole or in part by the Contracting Officer when such waiver is determined to be in the Government's interest. In the event a waiver is granted, the Contractor agrees to acquire, for non-Government use, domestically manufactured precision components for mechanical time devices of a like quantity and type.

(d) The Contractor agrees to retain until the expiration of 3 years from the date of final payment under this contract and to make available during such period, upon request of the Contracting Officer, records showing compliance with this clause.

(e) The Contractor agrees to insert this clause, including this paragraph (e), in every subcontract and purchase order issued in performance of this contract unless he knows that the item being purchased contains no precision components for mechanical time devices.

§ 7.104–50 Management systems.

In accordance with § 1.331(e) of this chapter, insert the following clause.

MANAGEMENT SYSTEMS REQUIREMENTS (NOVEMBER 1971)

The Contractor shall utilize the management systems listed on the DD Form 1660, Management Systems Summary List, attached hereto and made a part hereof. Compliance with this clause shall not relieve the Contractor from complying with any other provision of this contract.

§ 7.104–75 Diversion of shipment under f.o.b. destination contracts.

In accordance with § 19–215 of this chapter, insert the following clause.

DIVERSION OF SHIPMENT UNDER F.O.B. DESTINATION CONTRACTS (NOVEMBER 1971)

(a) When a place of delivery is changed in accordance with the "Changes" clause of this contract, the contract price shall be adjusted pursuant to that clause for any resulting increase or decrease in the cost of performance. No adjustment shall be made for changes in transportation costs when supplies are identically priced for delivery regionally or nationally and the place of delivery is changed within the area to which the identical price applies. In all other cases, price adjustments due to changes in transportation costs shall be determined by comparing the cost of:

(i) Shipment(s) to the new destination(s) as evidenced by copy of the paid freight bill to be supplied by the Contractor with his invoice; and

(ii) Shipment(s) to the original or old destination as evidenced by copy of the appropriate paid freight bill(s) to be supplied by the Contractor, or, in the event no shipments were made, as evidenced by the applicable rate of a common or contract carrier.

(b) If shipments to the new destination are made by the Contractor owned or leased truck(s) and/or shipments to the original destination were made or would have been made by Contractor owned or leased truck(s), the Contractor shall so certify and, in making an appropriate adjustment in contract prices for payment purposes, a rate equal to 70 percent of the lowest applicable rate published in common carrier tariffs as of the date of shipment shall be substituted by the Government for the Contractor's actual rate or contemplated transportation costs.

(c) If any or all of the following data are not clearly shown on or available from copies of paid freight bills on each diverted shipment, the Contractor shall supply a statement showing:

(i) Full name of the carrier or carriers in the routing,

(ii) Number of containers,

(iii) Gross shipping weight,

(iv) Actual date of shipment, and

(v) Freight description for the supplies as indicated in the "National Motor Freight

* Insert the name of the organizational component or subcomponent responsible for the ordering and funding of the overhaul or maintenance on this contract.

** Insert the appropriate percentage, i.e., the contractor's share (see § 1.1704 of this chapter).

* Insert the appropriate percentage, i.e., the Contractor's share (see § 1–1704 of this chapter).

** Insert the appropriate percentage, i.e., the Government's share (see § 1–1704 of this chapter).

Classification" or the "Uniform Freight Classification" (Rail).

§ 7.105–7 Supply and commercial warranties.

* * * * *

§ 7.107 Price escalation clause (labor and material).

* * * * *

(c) In negotiating adjustments under the clause, the contracting officers shall consider work in process and materials on hand at the time of changes in labor rates or material prices since these elements may have a significant impact on equitable price adjustments.

PRICE ESCALATION (NOVEMBER 1971)

(a) If at any time during the performance of this contract there is an increase or decrease in the rates of pay for labor or unit prices for materials set forth in the schedule, the Contractor shall notify the Contracting Officer thereof within 60 days of such increase or decrease or within such further period as may be approved in writing by the Contracting Officer, but in any event not later than final payment under the contract. Such notice shall include the Contractor's proposal for an equitable adjustment in the contract unit prices to be negotiated in accordance with paragraph (b) below and shall be accompanied by data, in such form as the Contracting Officer may require, explaining (i) the causes, (ii) the effective date, and (iii) the amount, both of the increase or decrease and of the Contractor's proposal for an equitable adjustment.

(b) Promptly upon receipt of any notice and data described in (a) above, the Contractor and the Contracting Officer shall negotiate an equitable adjustment, and the effective date thereof, in the contract unit prices to reflect any change in the cost of performance of this contract due to the increase or decrease in rates of pay for labor or unit prices for materials set forth in the Schedule: *Provided, however,* That such negotiations may be postponed by the Contracting Officer until an accumulation of such increases and decreases results in an adjustment allowable under (c)(v). The equitable adjustment, and the effective date thereof, shall be set forth in an amendment to this contract. Such amendment shall also revise the rates of pay for labor or unit prices for materials set forth in the schedule to reflect the increase or decrease therein. Pending agreement on, or determination of, any such adjustment and its effective date, the Contractor shall continue performance.

(c) Notwithstanding any other provision of this clause, any price adjustments under this clause shall be subject to the following limitations:

(i) There shall be no adjustment for supplies or services whose production cost is not affected by a change in the rates of pay for labor or unit prices for materials set forth in the schedule;

(ii) There shall be no adjustment other than for increases or decreases in the rates of pay for labor or unit prices of materials set forth in the schedule;

(iii) There shall be no adjustment for any increase or decrease in the quantities of labor or materials set forth in the schedule for each item to be delivered hereunder.

(iv) No upward adjustment shall apply to supplies or services which are required by the contract delivery schedule to be delivered or performed prior to the effective date of the adjustment unless the Contractor's failure to deliver or perform in accordance with the delivery schedules results from causes beyond the control and without the fault or negligence of the Contractor within the meaning of the clause of this contract entitled "Default," in which case the contract shall be amended to make an equitable extension of the delivery or performance schedule;

(v) Except as provided in (d) below, there shall be no adjustment for any change in rates of pay for labor or unit prices for materials which would not result in a net change of at least three percent of the then current total contract price; and

(vi) There shall be no adjustment upward which would cause any adjusted rate of pay for labor or contract unit price for material to exceed _____ percent of the corresponding original contract unit price.

(d) If, after delivery of the last unit called for by this contract, either party requests negotiation pursuant to (b) above, the limitations of (c)(v) shall not apply.

(e) The final invoice submitted under this contract shall include a certification that the Contractor has not experienced a decrease in rates of pay for labor or unit prices for materials set forth in the schedule or that he has given notice of all such decreases in compliance with (a) above.

(f) The Contracting Officer may examine the Contractor's books, records, and other supporting data relevant to the cost of labor and materials during all reasonable times until the expiration of three years from the date of final payment under this contract or for the time periods specified in Appendix M of the Armed Services Procurement Regulations, whichever expires earlier.

§ 7.108–1 Firm targets.

* * * * *

INCENTIVE PRICE REVISION (FIRM TARGET) (NOVEMBER 1971)

* * * * *

(f) *Adjustment of payments.* Pending execution of the contract modification referred to in subparagraph (d)(3) above, the Contractor shall submit invoices or vouchers in accordance with billing prices as provided in this paragraph. The billing prices shall be the target prices set forth in this contract: *Provided,* That if at any time it appears that the then current billing prices will be substantially greater than the estimated final price in light of information provided by the Contractor in accordance with the provisions of subparagraph (g)(2) below, a reduction in the billing prices shall be negotiated. Similarly, the parties may negotiate an increase in billing prices by any or all of the difference between the target price and the ceiling price upon submission of factual data from the Contractor showing that final costs under this contract will be substantially greater than target cost. Any adjustment of billing prices shall be reflected in a modification to this contract, and shall not affect the determination of the total final price under paragraph (d) above. After execution of the contract modification referred to in subparagraph (d)(3) above, the total amount paid or to be paid on all invoices or vouchers shall be adjusted to reflect the total final price and any additional payments, refunds, or credits, resulting therefrom shall be promptly made.

* * * * *

§ 7.109–2 Prospective periodic price redetermination at stated intervals.

* * * * *

(b) *Clause.*

PRICE REDETERMINATION (TYPE A) (NOVEMBER 1971)

* * * * *

(f) *Adjustment of payments.* Pending execution of the contract modification referred to in paragraph (e) above, the Contractor shall submit invoices or vouchers in accordance with billing prices as provided in this paragraph. The billing prices shall be the prices set forth in this contract: *Provided,* That, if at any time it appears that the then current billing prices will be substantially greater than the estimated final price in light of information provided by the Contractor in accordance with the provisions of subparagraph (g)(3) below, a reduction in the billing prices shall be negotiated. Similarly, the parties may negotiate an increase in billing prices upon submission of factual data from the Contractor showing that the redetermined price will be substantially greater than the current billing price. Any adjustment of billing prices shall be reflected in a modification to this contract, and shall not affect the redetermination of prices under this clause. After execution of the contract modification referred to in paragraph (e) above, the total amount paid or to be paid on all invoices or vouchers shall be adjusted to reflect the agreed prices, and any additional payments, refunds, or credits, resulting therefrom shall be promptly made.

* * * * *

§ 7.109–3 Retroactive price redetermination after completion.

* * * * *

(b) *Clause.*

PRICE REDETERMINATION (TYPE E) (NOVEMBER 1971)

* * * * *

(e) *Adjustment of payments.* Pending execution of the contract modification referred to in paragraph (d) above, the Contractor shall submit invoices or vouchers in accordance with billing prices as provided in this paragraph. The billing prices shall be the prices set forth in this contract: *Provided,* That, if at any time it appears that the then current billing prices will be substantially greater than the estimated final price in light of information provided by the Contractor in accordance with the provisions of subparagraph (f)(3) below, a reduction in the billing prices shall be negotiated. Similarly, the parties may negotiate an increase in billing prices upon submission of factual data from the Contractor showing that the redetermined price will be substantially greater than the current billing price. Any adjustment of billing prices shall be reflected in a modification to this contract, and shall not affect the redetermination of prices under this clause. After execution of the contract modification referred to in paragraph (d) above, the total amount paid or to be paid on all invoices or vouchers shall be adjusted to reflect the agreed prices, and any additional payments, refunds, or credits, resulting therefrom shall be promptly made.

* * * * *

9. In § 7.203–4(b) the clause title is amended, paragraphs (b) and (k) of the clause are revised and a new paragraph (l) to the clause is added; the subject of § 7.203–7 is amended; § 7.203–8(a) is amended and a new paragraph (c) is added; in § 7.203–10 the clause title is amended and paragraph (e)(i)(D)(II) of the clause is revised; § 7.203–16 is revised; § 7.204–8 is amended; the subject of § 7.204–19 is revised; § 7.204–27 is amended; §§ 7.204–37, 7.204–48 and 7.204–51 are added; the subject of § 7.302–6 is revised; § 7.302–10(a) is amended and in paragraph (b) the title of the cause is amended; § 7.302–16 is revised; § 7.302–24 is revised; §§ 7.303–3 and 7.303–24 are amended; the subject of § 7.303–32 is amended; §§ 7.303–49 through 7.303–52 are added; in § 7.402–8

paragraph (a) is amended and a new paragraph (d) is added; § 7.402–16 is revised; § 7.402–33 is added; §§ 7.403–3 and 7.403–22 are amended; the subject of § 7.403–32 is amended; §§ 7.403–46 and 7.403–47 are added, as follows:

§ 7.203–4 Allowable cost, fee, and payment.

* * * * *

(b) * * *

ALLOWABLE COST, INCENTIVE FEE, AND PAYMENT (JANUARY 1972)

* * * * *

(b) Payments shall be made to the Contractor when requested as work progresses, but not more frequently than biweekly, in amounts approved by the Contracting Officer. The Contractor may submit to an authorized representative of the Contracting Officer, in such form and reasonable detail as such representative may require, an invoice or public voucher supported by a statement of cost for the performance of this contract and claimed to constitute allowable cost. For this purpose, the term costs shall include only those recorded costs which result, at the time of the request for reimbursement, from payment by cash, check, interdivisional notices of payments, or other form of actual payment for items or services purchased directly for the contract, together with (when the Contractor is not delinquent in payment of costs of contract performance in the ordinary course of business) costs incurred, but not necessarily paid, for materials which have been issued from the Contractor's stores inventory and placed in the production process for use on the contract, for direct labor, for direct travel, for other direct inhouse costs, and for properly allocated and allowable indirect costs, as is shown by records maintained by the Contractor for purposes of obtaining reimbursement under Government contracts plus the amount of progress payments which have been paid to Contractor's subcontractors under similar cost standards. The requirement of prior payment for items or services purchased directly for the contract shall not apply where the Contractor is a small business concern.

* * * * *

(k) The total allowable cost and the adjusted fee determined as provided in this clause shall be evidenced by a modification to this contract signed by the Contractor and the Contracting Officer.

In the event the contracts call for spare parts or other supplies and services which are to be ordered under a provisioning document or Government option, the following provision (l) shall be included:

(l) Compensation for supplies (including spare parts) and services which are to be furnished under this contract pursuant to a provisioning document or Government option shall be determined in accordance with the provisions of this clause notwithstanding any inconsistent provision in such provisioning document or Government option.

* * * * *

§ 7.203–7 Examination of records by Comptroller General.

* * * * *

§ 7.203–8 Subcontracts.

(a) In accordance with § 23.201–3 of this chapter, and subject to the instructions in paragraphs (b) and (c) of this section, insert the following clause.

* * * * *

(c) In accordance with § 23.201–4 of this chapter, insert the Equal Opportunity Preaward Clearance of Subcontracts clause set forth in § 7.104–22.

§ 7.203–10 Termination.

In accordance with § 8.702(a) of this chapter, insert the following clause.

TERMINATION (NOVEMBER 1971)

* * * * *

(e) * * *
(i) * * *
(D) * * *

* * * * *

(II) In the event of the termination of this contract for the default of the Contractor, the total fee payable shall be such proportionate part of the fee (or, if this contract calls for articles or services of different types, of such part of the fee as is reasonably allocable to the type of article or services under consideration) as the total number of articles or amount of services delivered to and accepted by the Government bears to the total number of articles or amount of services of a like kind called for by this contract;

* * * * *

§ 7.203–16 Contract Work Hours and Safety Standards Act—overtime compensation.

In accordance with §§ 12.301 and 12.302 of this chapter, insert the clause set forth in § 7.103–16.

§ 7.204–8 Reporting of royalties.

In accordance with § 9.110(d) of this chapter, insert the clause set forth in § 7.104–8(a).

§ 7.204–19 Management systems requirements.

* * * * *

§ 7.204–27 Required source for jewel bearings.

In accordance with § 1.315–2 of this chapter, insert the clause set forth in § 7.104–37.

§ 7.204–37 Minority business enterprises.

In accordance with § 1.332–3 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–26.

§ 7.204–48 Procurement of miniature and instrument ball bearings.

In accordance with § 1.315–3 of this chapter, insert the clause set forth in § 7.104–38.

§ 7.204–51 Procurement of precision components for mechanical time devices.

In accordance with § 1.315–4 of this chapter, insert the clause set forth in § 7.104–46.

§ 7.302–6 Examination of records by Comptroller General.

* * * * *

§ 7.302–10 Termination for convenience of the Government.

(a) In accordance with § 8.701 of this chapter, insert the clause set forth in § 7.103–21(b).

(b) * * *

TERMINATION FOR THE CONVENIENCE OF THE GOVERNMENT (SEPTEMBER 1970)

* * * * *

§ 7.302–16 Contract Work Hours and Safety Standards Act—Overtime compensation.

In accordance with §§ 12.301 and 12.302 of this chapter, insert the clause set forth in § 7.103–16.

§ 7.302–24 Rights in Data.

(a) *Basic Data Clause.* In accordance with § 9.203, of this chapter, insert the clause set forth in § 7.104–9(a).

(b) *Technical Data Clause—specific acquisition.* In accordance with § 9.203 (d) of this chapter, insert the clause set forth in § 7.104–9(c).

(c) *Deferred ordering of technical data.* In accordance with § 9.203(e) of this chapter, insert the clause set forth in § 7.104–9(d).

(d) *Limitation on Government's right of publication for sale to the general public.* In accordance with § 9.204–1 of this chapter, add the following paragraph to the clause set forth in § 7.104–9(a).

( ) *Publication for sale.* If, within the period designated in the Schedule*, but in no event later than twenty-four (24) months after final settlement of this contract, the Contractor publishes for sale any Technical Data which are (i) designated in the schedule as being subject to this paragraph and (ii) delivered under this contract, and promptly notifies the Contracting Officer of these publications, the Government shall not publish such data for sale or authorize others so to do. This limitation on the Government's right to publish for sale any such data so published by the Contractor shall continue as long as the data are protected by copyright and are reasonably available to the public for purchase. As to all such data not so published by the Contractor, this paragraph shall be of no force or effect.

(e) *Technical data—withholding of payment.* In accordance with § 9.207 of this chapter, insert the clause set forth in § 7.104–9(b).

(f) *Contracts to be performed outside the United States and Canada.* In accordance with § 9.206 and § 6.501 of this chapter, insert the clause set forth in § 7.104–9(g).

(g) *Rights in technical data—major systems and subsystems contracts.* In accordance with § 9.202–2(g)(3) of this chapter, insert the clause set forth in § 7.104–9(k).

§ 7.303–3 Reporting and refund of royalties.

In accordance with §§ 9.110(d) and 9.111 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–8.

§ 7.303–24 Required source for jewel bearings.

In accordance with § 1.315–2 of this chapter, insert the clause set forth in § 7.104–37.

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* The word "Schedule" in the first line of the paragraph may be replaced by the words "Task Order" or another appropriate reference.

§ 7.303–32 Management systems requirements.

* * * * *

§ 7.303–49 Procurement of miniature and instrument ball bearings.

In accordance with § 1.315–3 of this chapter, insert the clause set forth in § 7.104–38.

§ 7.303–50 Equal opportunity preaward clearance of subcontracts.

In accordance with § 23.201–4 of this chapter, insert the clause set forth in § 7.104–22.

§ 7.303–51 Minority business enterprises.

In accordance with § 1.332 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–36.

§ 7.303–52 Procurement of precision components for mechanical time devices.

In accordance with § 1.315–4 of this chapter, insert the clause set forth in § 7.104–46.

§ 7.402–8 Subcontracts.

(a) In accordance with the requirements in § 23.201–2 of this chapter, and subject to the instructions in paragraphs (b), (c), and (d) of this section, insert the following clause.

* * * * *

(d) In accordance with § 23.201–4 of this chapter, insert the Equal Opportunity Preaward Clearance of Subcontracts clause set forth in § 7.104–22.

§ 7.402–16 Contract Work Hours and Safety Standards Act—Overtime compensation.

In accordance with § 12.303 of this chapter, insert the clause set forth in § 7.103–16.

§ 7.402–33 Minority business enterprises.

In accordance with § 1.332 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–36.

§ 7.403–3 Reporting and refund of royalties.

In accordance with § 9.110(d) of this chapter, insert the clause set forth in § 7.104–8(a).

§ 7.403–22 Required source for jewel bearings.

In accordance with § 1.315–2 of this chapter, insert the clause set forth in § 7.104–37.

§ 7.403–32 Management systems requirements.

* * * * *

§ 7.403–46 Procurement of miniature and instrument ball bearings.

In accordance with § 1.315–3 of this chapter, insert the clause set forth in § 7.104–38.

§ 7.403–47 Procurement of precision components for mechanical time devices.

In accordance with § 1.315–3 of this chapter, insert the clause set forth in § 7.104–46.

10. Section 7.504–10 is revised; the subject of § 7.504–11 is amended; § 7.602–29(a) is amended; § 7.602–48 is added; § 7.603–4 is amended; the subjects of §§ 7.603–7 and 7.603–20 are amended; § 7.603–27 is amended; §§ 7.603–31 and 7.603–46 are added; § 7.603–40 is amended; the subject of § 7.605–41 is amended; §§ 7.605–43 and 7.605–44 are added; § 7.607–7(a) is amended; the subjects of §§ 7.607–14, 7.607–18, 7.608–2, and 7.702–46 are amended; §§ 7.702–51 and 7.702–52 are added; the subjects of §§ 7.703–11 and 7.703.38 are amended; §§ 7.703–45 and 7.703–46 are added; the subjects of §§ 7.704–5, 7.704–30, and 7.705–6 are amended; §§ 7.705–9 and 7.705–12 are amended; § 7.705–26 is added; § 7.706–6 is amended; the subjects of §§ 7.706–24, 7.802–6, 7.901–11, and 7.901–17 are amended; §§ 7.901–27 and 7.901–28 are added, as follows:

§ 7.504–10 Examination of records by Comptroller General.

In accordance with § 7.104–15, insert the clause set forth therein.

§ 7.504–11 Management systems requirements.

* * * * *

§ 7.602–29 Termination for convenience of the Government.

(a) *Contracts over $10,000.* In accordance with § 8.701 (a) and (b) of this chapter, insert the clause set forth in § 7.103–21(b) substituting paragraph (e) below for paragraph (e) of the clause in § 7.103–21(b).

* * * * *

§ 7.602–48 Minority business enterprises.

In accordance with § 1.332 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–36.

§ 7.603–4 Reporting of royalties.

In accordance with § 9.110(d) of this chapter, insert the appropriate clause or clauses set forth in § 7.104–8.

§ 7.603–7 Examination of records by Comptroller General.

In accordance with § 7.104–15. insert the clause set forth therein.

§ 7.603–20 Audit by Department of Defense.

* * * * *

§ 7.603–27 Variations in estimated quantities.

Insert the following clause in contracts containing estimated quantity items (not required for indefinite delivery type contracts).

* * * * *

§ 7.603–31 Management systems requirements.

In accordance with § 16.827–1 of this chapter, insert the clause set forth in § 7.104–50.

§ 7.603–40 Required source for jewel bearings.

In accordance with § 1.315–2 of this chapter, insert the clause set forth in § 7.104–37.

§ 7.603–46 Equal opportunity pre-award clearance of subcontracts.

In accordance with § 23.201–4 of this chapter, insert the clause set forth in § 7.104–22.

§ 7.605–41 Management systems requirements.

* * * * *

§ 7.605–43 Equal opportunity preaward clearance of subcontracts.

In accordance with § 23.201–4 of this chapter, insert the clause set forth in § 7.104–22.

§ 7.605–44 Minority business enterprises.

In accordance with § 1.332 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–36.

§ 7.607–7 Termination for convenience of the Government.

(a) *Contracts over $10,000.* In accordance with § 8.701 of this chapter, insert the clause set forth in § 7.103–21(b) deleting paragraph (e) and substituting therefor paragraph (e) below.

* * * * *

§ 7.607–14 Contract Work Hours and Safety Standards Act—overtime compensation.

* * * * *

§ 7.607–18 Examination of records by Comptroller General.

* * * * *

§ 7.608–2 Management systems requirements.

* * * * *

§ 7.702–46 Contract Work Hours and Safety Standards Act—overtime compensation.

* * * * *

§ 7.702–51 Equal opportunity preaward clearance of subcontracts.

In accordance with § 23.201–4 of this chapter, insert the clause set forth in § 7.104–22.

§ 7.702–52 Minority business enterprises.

In accordance with § 1.332 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–36.

§ 7.703–11 Examination of records by Comptroller General.

* * * * *

§ 7.703–38 Contract Work Hours and Safety Standards Act—overtime compensation.

* * * * *

§ 7.703–45 Equal opportunity preaward clearance of subcontracts.

In accordance with § 23.201–4 of this chapter, insert the clause set forth in § 7.104–22.

§ 7.703–46 Minority business enterprises.

In accordance with § 1.332 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–36.

§ 7.704–5 Examination of records by Comptroller General.

* * * * *

§ 7.704–30 Contract Work Hours and Safety Standards Act—overtime compensation.

* * * * *

§ 7.705–6 Management systems requirements.

* * * * *

§ 7.705–9 Required source for jewel bearings.

In accordance with § 1.315–2 of this chapter, insert the clause set forth in § 7.104–37.

§ 7.705–12 Negotiated overhead rates.

When negotiated overhead rates are to be used in contracts with concerns other than educational institutions pursuant to Subpart G, Part 3 of this chapter, insert the clause set forth in § 7.204–16(a) changing "Part 2 of Section XV" in paragraph (c) of the clause to "Part 5 of Section XV." When negotiated overhead rates (postdetermined or predetermined) are to be used in contracts with educational institutions, pursuant to that Subpart, insert the appropriate clause set forth in § 7.204–16(b) or § 7.403–9 changing "Section XV, Part 3" in paragraph (c) of the clause to "Section XV, Part 5." See §§ 3.704–1 and 3.704–2 of this chapter.

§ 7.705–26 Procurement of miniature and instrument ball bearings.

In accordance with § 1.315–3 of this chapter, insert the clause set forth in § 7.104–38.

§ 7.706–6 Examination of records by Comptroller General.

Insert the clause set forth in § 7.104–15.

§ 7.706–24 Contract Work Hours and Safety Standards Act—overtime compensation.

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§ 7.802–6 Management systems requirements.

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§ 7.901–11 Contract Work Hours and Safety Standards Act—overtime compensation.

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§ 7.901–17 Examination of records by Comptroller General.

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§ 7.901–27 Equal opportunity preaward clearance of subcontracts.

In accordance with § 23.201–4 of this chapter, insert the clause set forth in § 7.104–22.

§ 7.901–28 Minority business enterprises.

In accordance with § 1.332 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–36.

11. Section 7.902–15 is amended; § 7.902–31 is revised; the subject of § 7.902–32 is amended; § 7.1000 is revised; §§ 7.1002–1 through 7.1004–2 are revoked and new §§ 7.1002–1 through 7.1002–7 are inserted in lieu thereof; § 7.1102–3(c) is revoked; § 7.1200 is revised; §§7.1201–10 through 7.1203 are revoked and new §§ 7.1201–10 through 7.1202 are inserted in lieu thereof; § 7.1400 is revised; §§ 7.1401–13, 7.1402 and 7.1402–1 are revoked; § 7.1500 is amended; § 7.1501 is revised; § 7.1703–7 is added; and new Subparts R and S are added, as follows:

§ 7.902–15 Royalty information.

In accordance with § 9.110–(d) of this chapter, insert the clause set forth in § 7.104–8(a).

§ 7.902–31 Procurement of miniature and instrument ball bearings.

In accordance with § 1.315–3 of this chapter, insert the clause set forth in § 7.104–38.

§ 7.902–32 Management systems requirements.

* * * * *

§ 7.1000 Scope of subpart.

This subpart sets forth uniform contract clauses for use in stevedoring contracts as defined in § 22.401 of this chapter. These clauses are to be used in addition to other required or applicable clauses set forth in subpart S of this part.

§ 7.1002–1 Price escalation and price revision.

(a) The following clause shall be inserted in formally advertised stevedoring contracts.

PRICE ESCALATION (AUGUST 1964)

(a) The Contractor warrants that the prices set forth in this contract are based upon the wage rates, allowances, and conditions as set forth in the collective bargaining agreements between him and his direct labor employees which are in effect as of _____ and which are generally applicable to the port where work under this contract is performed and are applicable to operations by the Contractor on non-Government work as well as work under this contract. The Contractor further warrants that the prices herein do not include any allowance for any increase to his costs to perform the contract that may thereafter become effective pursuant to the terms of said collective bargaining agreements or that may result from the modification(s) of said collective bargaining agreements thereafter made effective.

(b) If, during the performance of this contract, there are from time to time increases or decreases in the wage rates, allowances, fringe benefits, and conditions pertaining to its direct labor employees pursuant to the provisions of the aforesaid collective bargaining agreements or as a result of effective modifications thereto which increases or decreases his costs to perform this contract, the Contractor shall notify the Contracting Officer thereof within sixty (60) days of receipt of notice of such increase or decrease. Such notice shall include the Contractor's proposal for an adjustment in the contract commodity, activity, or man-hour prices to be negotiated in accordance with paragraph (c) below, and shall be accompanied by data, in such form as the Contracting Officer may require, explaining (i) the causes, (ii) the effective date, and (iii) the amount of the increase or decrease of the Contractor's proposal for such adjustment.

(c) Promptly upon receipt of any notice and data described in (b) above, the Contractor and the Contracting Officer shall negotiate an adjustment, and the effective date thereof, in the contract commodity, activity, or man-hour prices: *Provided, however,* No adjustment upward in excess of _____ percent per annum of the existing commodity, activity, or man-hour prices will be allowed, except as provided in the "Changes" clause of this contract. Increases or decreases in the contract prices shall reflect, in addition to the direct labor costs and variable indirect labor costs, the concomitant increases or decreases in the following costs: Social security and unemployment compensation taxes and workmen's compensation insurance. No adjustment may be made to increase the dollar amount allowances of the Contractor's profit. The agreed-upon adjustment, the effective date thereof, and the appropriately revised commodity, activity, or man-hour prices for services set forth in the schedule of rates, shall be set forth in a supplemental agreement to this contract. Failure of the parties to agree to an adjustment under this clause shall be deemed to be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract. Pending agreement on, or determination of, any such adjustment and its effective date, the Contractor shall continue performance.

(d) Notwithstanding the foregoing, there shall be no adjustment for any increase or decrease in the quantities of labor that the Contractor contemplated for each specific commodity except as may result from modifications of the collective bargaining agreements. For the purpose of administering this clause, the Contractor shall submit to the Contracting Officer, within five (5) days after award, the accounting data and computations used by the Contractor to determine his estimated efficiency rate in the performance of this contract, to include the Contractor's computation of the costs apportioned for each rate set forth in the schedule of rates.

(e) The final invoice submitted under this contract shall include a certification that the Contractor has not experienced a decrease in rates of pay for labor or that he has given notice of all such decreases in compliance with (b) above.

(b) The following clause shall be inserted in negotiated stevedoring contracts.

REVISION OF PRICES (AUGUST 1964)

(a) *General.* The prices fixed in this contract are based on wages and working conditions established by collective bargaining agreements and on other conditions in effect on the date of this contract. Such prices may be increased or decreased in accordance with this clause.

(b) *Demand for negotiation.* At any time, and from time to time, subject to the limitations specified in this clause, either the Government or the Contractor may deliver to the other a written demand that the parties negotiate to revise the prices under this contract. No such demand shall be made before ninety (90) days after the date of this contract, and thereafter neither party shall make a demand having an effective date within ninety (90) days of the effective date of any prior demand; *Provided, however,* That this limitation shall not be applicable in the event that during any ninety (90) day period there is a "wage adjustment" as hereinafter defined. The term "wage adjustment," as used in this clause, means a change in the wages, salaries, or other terms or conditions of employment which shall substantially affect the cost of performing this contract and which shall be generally applicable to the port where work under this contract is performed and shall be applicable to operations by the Contractor on non-Government work as well as to work under this contract. Each demand shall specify a date (identical with or subsequent to the date of the delivery of the

demand) as to which the revised prices shall be effected as to services performed thereon and thereafter. This date is hereinafter referred to as the "effective date of the price revision." Any demand under this clause, if made by the Contractor shall state briefly the ground or grounds therefor and shall be accompanied by the statements and data referred to in paragraph (c) of this clause. If the demand is made by the Government, such statements and data will be furnished by the Contractor within thirty (30) days of the delivery of the demand.

(c) *Submission of data.* At the time or each of the times specified or provided for in paragraph (b) of this clause, the Contractor shall submit:

(i) A new estimate and breakdown of the unit cost and the proposed prices for the services to be performed under the contract after the effective date of the price revision, itemized so far as is practicable in the manner in which the cost estimates were itemized in connection with the original negotiation of the contract;

(ii) An explanation of the difference between the original (or last preceding) estimate and the new estimate;

(iii) Such relevant operating data, cost records, overhead absorption reports, and accounting statements as may be of assistance in determining the accuracy and reliability of the new estimate;

(iv) A statement of the experienced costs of performance hereunder to the extent that they are available at the time or times of the negotiation of the revision of prices hereunder; and

(v) Any other relevant data usually furnished in the case of negotiation of prices under a new contract.

The Government may make such examination of the Contractor's accounts, records, and books as the Contracting Officer may require and may make such audit thereof as the Contracting Officer may deem necessary.

(d) *Negotiations.*

(1) Upon the filing of the statements and data required by (c) of this clause, the Contractor and the Contracting Officer will negotiate promptly in good faith to agree upon prices for services to be rendered on and after the effective date of the price revision. Negotiations for price revisions under this clause shall be conducted on the same basis, employing the same types of data, including, without limitation, comparative prices, comparative costs, and trends thereof, as in the negotiation of prices under a new contract; *Provided, however,* That if the prices in the contract were arrived at as a result of competitive negotiation, the contract prices shall not be revised upward except upon the basis of, and as justified by changes in conditions occurring after the contract was entered into.

(2) After each negotiation the agreement reached will be evidenced by a supplemental agreement stating the revised price to be effective with respect to services rendered on and after the effective date of the price revision (or such other later date as the parties may fix in such supplemental agreement).

(e) *Disagreements.* If, within thirty (30) days after the date on which the statements and data are required pursuant to paragraph (b) of this clause to be filed (or such further period as may be fixed by written agreement), the Contracting Officer and the Contractor fail to agree to revised prices, the failure to agree shall be deemed to be a disagreement as to a question of fact which shall be disposed of in accordance with the "Disputes" clause of this contract, and the prices so fixed shall remain in effect for the balance of the contract notwithstanding any other provision of this clause.

(f) *Payments.* Until new prices shall become effective in accordance with this clause, the prices in force at the effective date of the price revision shall be paid upon all services performed, subject to appropriate later revisions made pursuant to (d) or (e) of this clause.

(g) *Retroactive changes in wages or working conditions.* In the event of a retroactive wage adjustment the Contractor or the Contracting Officer may request an adjustment in the prices fixed in this contract, and such adjustment will be made to the extent equitable: *Provided, however,* That the prices applicable to services performed subsequent to the date of the request for price adjustment shall not be adjusted under this paragraph, it being the intent that any price adjustment under this paragraph shall cover the period prior to such request. Such request by the Contractor shall be made within thirty (30) days of such retroactive wage adjustment and shall be supported by:

(i) an estimate of the changes in cost occasioned by the retroactive wage adjustment:

(ii) Complete information upon which such estimate is based; and

(iii) A certified copy of the collective bargaining agreement, arbitration award, or other document evidencing the retroactive wage adjustment.

Subject to the foregoing limitation as to the time of making a request hereunder, completion or termination of this contract shall not affect or impair the Contractor's right under this paragraph. Such adjustment shall be by mutual agreement between the Contracting Officer and the Contractor. The adjusted prices, and the manner of making adjustments with respect to services theretofore paid for, shall be incorporated in an amendment to this contract to be executed by the Contractor and the Contracting Officer. In case of disagreement concerning any question of fact, including whether any adjustment should be made, or the amount of such adjustment, such disagreement will be resolved in accordance with the "Disputes" clause of this contract. The Contractor shall give written notice to the Contracting Officer of any request by or on behalf of the employees of the Contractor which may result in a retroactive wage adjustment. Such notice shall be given within twenty (20) days after such request, or if request has occurred prior to execution of this contract, at the time of execution of this contract.

§ 7.1002–2 Changes.

Insert the following clause in formally advertised stevedoring contracts in lieu of the clause set forth in § 7.1902–2.

CHANGES (AUGUST 1964)

The Contracting Officer may, at any time by a written order, and without notice to the sureties, make changes within the general scope of this contract. If any such change causes an increase or decrease in the cost of the performance of any part of the work under this contract, an equitable adjustment shall be made in the contract price or in the applicable schedule or rates and the contract shall be modified in writing accordingly. Any claims by the Contractor for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by the Contractor of the notification of change: *Provided, however,* That the Contracting Officer, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract. However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

§ 7.1002–3 Termination.

TERMINATION (OCTOBER 1965)

(a) This contract may be terminated at any time by either party hereto upon sixty (60) days' notice in writing to the other. Termination under this clause shall not affect, or relieve any party of, any obligation or liability that may have accrued prior to such termination.

(b) Upon termination of the contract under (a) above, or as provided in the "Default" clause of this contract, the Contractor shall be paid any sum due the Contractor for services performed under this contract to the date of such termination, and in the event of partial termination shall be paid in accordance with the terms of this contract for any services furnished under the portion of the contract that is not terminated: *Provided, however,* Any such payments shall be without prejudice to any claim which the Government may have against the Contractor under the "Default" clause of this contract or otherwise, and the Government shall have the right to offset any such claims against such payment.

§ 7.1002–4 Indefinite quantities.

(a) When the contract will provide for the payment of "Fixed Charges," insert the following clause.

INDEFINITE QUANTITIES—FIXED CHARGES (AUGUST 1964)

The amount of work and services which the Contractor may be ordered to furnish and the Government to accept hereunder, shall be the amount which shall from time to time be ordered hereunder by the Contracting Officer. In any event, however, the Government is obligated to compensate the Contractor the monthly lump sum specified in Schedule entitled "Fixed Charges," for each month or portion thereof the contract remains in effect.

(b) When the contract will not provide for the payment of "Fixed Charges," insert the following clause.

INDEFINITE QUANTITIES—NO FIXED CHARGES (AUGUST 1964)

The amount of work and services which the Contractor may be ordered to furnish and the Government to accept hereunder, shall be the amount which shall from time to time be ordered hereunder by the Contracting Officer. In any event, however, the Government shall order, during the term of this contract, work or services having an aggregate value at the prices listed in the schedules made a part hereof of not less than one hundred dollars ($100.00).

§ 7.1002–5 Employees of contractor.

EMPLOYEES OF CONTRACTOR (AUGUST 1964)

All employees of the Contractor employed in performance of work under this contract shall be employees of the Contractor at all times and not of the Government. The Contractor shall comply with the Social Security Act, the Longshoremen's and Harbor Workers' Compensation Act, and such Workmen's Compensation Laws and Unemployment Insurance Laws of the State where the work is performed as shall be applicable to work performed hereunder and the Contractor shall comply with all other relevant legislation, State, and Federal.

§ 7.1002–6 Removal of contractor's employees.

REMOVAL OF CONTRACTOR'S EMPLOYEES (OCTOBER 1965)

The Contractor agrees to utilize only experienced, responsible, and capable people in the performance of the work. The Contracting Officer may require that the Contractor

remove from the Government job employees who endanger persons or property, or whose continued employment under this contract is inconsistent with the interests of military security.

§ 7.1002–7 Liability and insurance.

LIABILITY AND INSURANCE (OCTOBER 1967)

(a) The Contractor shall be:

(i) Liable to the Government for loss of or damage to property, real and personal, owned by the Government or for which the Government is liable;

(ii) Responsible for, and hold the Government harmless from, loss of or damage to property not included in (i) above; and

(iii) Responsible for, and hold the Government harmless from, bodily injury and death of persons,

occasioned either in whole or in part by the negligence or fault of the Contractor, his officers, agents, or employees in the performance of work under this contract. For the purpose of this clause, all cargo loaded or unloaded under this contract is agreed to be property owned by the Government or property for which the Government is liable. The amount of the loss or damage as determined by the Contracting Officer will be withheld from payments otherwise due the Contractor. Determination of liability and responsibility by the Contracting Officer will constitute questions of fact within the meaning of the "Disputes" clause of this contract. The general liability and responsibility of the Contractor under this clause are subject only to the following specific limitations.

(b) The Contractor shall not be responsible to the Government for and does not agree to hold the Government harmless from loss or damage to property or bodily injury to or death of persons if:

(i) The unseaworthiness of the vessel or failure or defect of the gear or equipment furnished by the Government contributed jointly with the fault or negligence of the Contractor in causing such damage, injury or death, and the Contractor, his officers, agents, and employees, by the exercise of due diligence, could not have discovered such unseaworthiness or defect of gear or equipment, or through the exercise of due diligence could not otherwise have avoided such damage, injury, or death; or

(ii) The damage, injury, or death resulted solely from an act or omission of the Government or its employees or resulted solely from proper compliance by officers, agents, or employees of the Contractor with specific directions of the Contracting Officer.

(c) The Contractor shall at his own expense procure and maintain insurance during the term of this contract, as follows:

(i) Standard Workmen's Compensation and Employer's Liability Insurance and Longshoremen's and Harbor Workers' Compensation Insurance, or such of these as may be proper under applicable State or Federal statutes. The Contractor may however, be self-insurer against the risk in this subparagraph (i), if he has obtained the prior approval of the Contracting Officer. This approval will be given upon receipt of satisfactory evidence that the Contractor has qualified as such self-insurer under applicable provision of law.

(ii) Bodily Injury Liability Insurance in an amount of not less than $50,000 any one person and $250,000 any one accident or occurrence.

(iii) Property Damage Liability Insurance (which shall include any and all property, whether or not in the care, custody, or control of the Contractor) in an amount of not less than $250,000 on account of any one accident.

(d) All policies of insurance required under the terms of this contract shall, by appropriate endorsement or otherwise, provide that no cancellation thereof shall be effected unless thirty (30) days' prior written notice thereof has been given to the Contracting Officer.

(e) Satisfactory evidence of the required insurance endorsed as required in (d) above, shall be filed with the Contracting Officer prior to the performance of any work under this contract.

(f) The Contractor shall, at his own cost and expense, defend any suits, demands, claims, or actions, in which the United States might be named as a codefendant of the Contractor, arising out of or as a result of the Contractor's performance of work under this contract, whether or not such suit, demand, claim, or action arose out of or was the result of the Contractor's negligence. This shall not prejudice the right of the Government to appear in such suit, participate in defense, and take such actions as may be necessary to protect the interests of the United States.

(g) It is expressly agreed that the provisions contained in (c) through (f) of this clause shall not in any manner limit the liability or extent of liability of the Contractor as provided in (a) and (b) of this clause.

(h) In the event that the Contractor is indemnified, reimbursed, or relieved for any loss or damage to Government property, he shall equitably reimburse the Government. The Contractor shall do nothing to prevent the Government's right to recover against third parties for any such loss, or damage, and, upon the request of the Contracting Officer, shall at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favor of the Government) in obtaining recovery.

§ 7.1102–3 Indefinite quantity contract.

* * * * *

(c) [Revoked]

§ 7.1200 Scope of subpart.

This subpart set forth uniform contract clauses for mortuary services (care of remains) contracts (see Subpart E, Part 22 of this chapter). These clauses are to be used in addition to other required or applicable clauses set forth in subpart S of this part.

§ 7.1201–10 Group interment.

GROUP INTERMENT (OCTOBER 1965)

Payments to the Contractor for supplies and services provided for remains to be interred as a group shall be made on the basis of the number of caskets furnished rather than on the basis of the number of persons in the group.

§ 7.1201–11 Professional requirements.

PROFESSIONAL REQUIREMENTS (OCTOBER 1965)

The Contractor shall meet all State and local licensing requirements and shall furnish the highest quality of professional services. Preparation and transportation of remains shall be performed in accordance with all applicable Federal, State, and local health laws, statutes, and regulations. The Contractor shall obtain and furnish all necessary health department and shipping permits at no additional cost to the Government and shall insure that all necessary health department permits are in order for disposition of the remains.

§ 7.1201–12 Facility requirements.

FACILITY REQUIREMENTS (OCTOBER 1965)

The Contractor's building shall have complete facilities for maintaining the highest standards of solemnity, reverence, and assistance to the family, and for prescribed ceremonial services. The preparation room shall be clean, sanitary, and adequately equipped. The Contractor shall have, or be able to obtain, catafalques, church trucks and equipment for Protestant, Catholic, and Jewish services. The funeral home, furnishings, grounds, and surrounding area shall be carefully maintained so as to present a clean and well-kept appearance.

§ 7.1201–13 Preparation history.

PREPARATION HISTORY (OCTOBER 1965)

For each body prepared, or in the case of group interment for each casket handled, the Contractor shall state briefly the results of the embalming process on a certificate furnished by the Contracting Officer.

§ 7.1202 Clauses for port of entry requirements contracts.

In addition to clauses prescribed by Subpart S of this part, the clauses prescribed in § 7.1201, except the Area of Performance clause in § 7.1201–3 and the Facility Requirements clause in § 7.1201–12, shall be inserted in all care of remains contracts for port of entry requirements. In addition, insert the Government-Furnished Property (Short Form) clause set forth in § 7.104–24(f).

§ 7.1400 Scope of subpart.

This subpart set forth special uniform contract clauses for laundry and dry cleaning contracts (see Subpart G, Part 22 of this chapter). These clauses are to be used in addition to other required or applicable clauses prescribed by Subpart S of this part.

§ 7.1401–13 [Revoked]
§ 7.1402 [Revoked]
§ 7.1402–1 [Revoked]
§ 7.1500 Scope of subpart.

This subpart set forth uniform contract clauses for the rental of motor vehicles as described in § 4.400 of this chapter.

§ 7.1501 Required clauses.

In addition to the clauses set forth in Subpart A, of this part, the following clauses shall be inserted in all contracts for the rental of motor vehicles.

§ 7.1703–7 Minority business enterprises.

In accordance with § 1.332 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–36.

Subpart R—Clauses for Refuse Service Contracts

Sec.

7.1800 Scope of subpart.
7.1801 Required clauses.
7.1801–1 Refuse service definitions.
7.1801–2 Subcontracting.
7.1802 Clause to be used when applicable.
7.1802–1 Scope of contract—refuse services.

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

Subpart R—Clauses for Refuse Service Contracts

§ 7.1800 Scope of subpart.

This subpart sets forth uniform clauses for refuse service contracts (see Subpart H of Part 22 of this chapter). These clauses are to be used in addition to other required or applicable clauses set forth in subpart S of this part.

§ 7.1801 Required clauses.

The following clauses shall be inserted in all refuse services contracts.

§ 7.1801–1 Refuse services definitions.

REFUSE SERVICES DEFINITIONS (NOVEMBER 1971)

As used throughout this contract, the following terms shall have the meanings set forth below.

(a) "Refuse" includes all garbage, ashes, debris, rubbish, and other similar waste material. Not included are explosive and incendiary waste and contaminated waste from medical and radiological processes.

(1) "Garbage" means animal and vegetable waste (and containers thereof) resulting from the handling, preparation, cooking, and consumption of foods. Edible, or hogfood, garbage is the portion of waste food which has been segregated for salvage.

(2) "Ashes" means the residue from burned wood, coal, coke, and other combustible material.

(3) "Debris" means grass cuttings, tree trimmings, stumps, street sweepings, roofing, and construction wastes, and similar waste material.

(4) "Rubbish" means a variety of unsalvable waste material such as metal, glass, crockery, floor sweepings, paper, wrappings, containers, cartons, and similar articles not used in preparing or dispensing food. Rubbish is further subdivided into:

(i) "Combustible rubbish" which can be burned readily in an incinerator or burning pit; and

(ii) "Noncombustible rubbish," which cannot be burned at ordinary incinerator temperatures (800° to 1,800° F.).

(b) "Receptacles" or "containers" means cans, drums, bins, or similar receptacles which can be handled easily, and multiple containers which are handled by mechanical truck-mounted hoists.

(c) "Refuse collection" means a system of transporting refuse, including nonaccountable salvage, from pickup stations to points of disposal. It includes hauling garbage to the transfer station when required by the terms of a salvage contract.

(1) "Collection" means the accumulated refuse from any one unit at any one time, regardless of the number of cartons or bundles.

(2) "Pickup stations" means designated locations where refuse may be conveniently and efficiently assembled and stored in containers for collection.

§ 7.1801–2 Subcontracting.

Insert the clause set forth in § 7.1201–8.

§ 7.1802 Clause to be used when applicable.

§ 7.1802–1 Scope of contract—refuse services.

(a) Insert the following clause when applicable in refuse services contracts. The clause may be modified to meet local conditions and requirements.

SCOPE OF CONTRACT (NOVEMBER 1971)

(a) The Contractor shall furnish all labor, tools, materials, equipment, and supervision necessary for the performance of all operations incidental to the collection and disposal of refuse generated at the installation or area defined in the schedule.

(b) The Contractor's duties and responsibilities, in addition to those specified in the schedule, are as follows:

(1) *Removal and disposal.* All refuse in the containers shall be collected on those days as indicated in the schedule. All other loose refuse, such as cardboard boxes, cartons, bundled and tied newspapers and magazines, tree branches and packing containers, etc., which are placed adjacent to the containers, shall be picked up by the Contractor. Any spillage of refuse in course of the handling operation shall be cleaned up immediately by the Contractor. Refuse containers when emptied shall be returned to their original position with the lids replaced thereon. All refuse collected shall be hauled in suitable vehicles and disposed of in the manner elsewhere provided herein.

(2) *Compliance with laws and regulations.* The Contractor shall comply with all laws, ordinances, statutes, and regulations pertaining to the collection, transportation, and disposal of refuse and shall obtain such permits, licenses, or other authorizations as may be required.

(b) The following paragraph shall be added as paragraph (c) to the clause in paragraph (a) of this section for requirements contracts.

(c) (1) Accurate operating records shall be kept for each truck or other vehicle on such forms as may be provided by the Contracting Officer and the records shall show total collections in terms of either cubic yards, tons, or receptacles as may be determined by the Contracting Officer.

(2) The reports shall show the number of loads, the number of cubic yards per load, tons of refuse per load, or receptacles per load on the truck prior to final disposal. The report shall be certified by the _____* and the authorized representative of the Contractor. If the unit of measure for payment is expressed in tons, each daily report shall be accompanied by a certified weight certificate for each truck load, indicating both the weight of the vehicle empty and the weight of the vehicle loaded. One copy of each report shall be retained by the Contractor and the original shall be retained by the Contracting Officer.

(3) The Contractor shall furnish such reports relating to labor statistics as the Contracting Officer may direct. (November 1971.)

Subpart S—Clauses for Service Contracts

Sec.	
7.1900	Scope of subpart.
7.1901	Applicability.
7.1902	Required clauses for fixed price service contracts.
7.1902–1	Definitions.
7.1902–2	Changes.
7.1902–3	Extras.
7.1902–4	Inspection of services.
7.1902–5	Payments.
7.1902–6	Assignment of claims.
7.1902–7	Federal, State, local, and foreign taxes.
7.1902–8	Default.
7.1902–9	Disputes.
7.1902–10	Renegotiation.
7.1902–11	Discounts.
7.1902–12	Contract Work Hours and Safety Standards Act.
7.1902–13	Equal opportunity.
7.1902–14	Officials not to benefit.
7.1902–15	Covenant against contingent fees.
7.1902–16	Termination for convenience of the Government.
7.1902–17	Authorization and consent.
7.1902–18	Notice and assistance regarding patent and copyright infringement.
7.1902–19	Minority business enterprises.
7.1902–20	Equal opportunity preaward clearance of subcontracts.
7.1903	Clauses to be used when applicable in fixed price service contracts.
7.1903–1	Clauses for fixed price service Contracts involving construction.
7.1903–2	Workmen's compensation and war hazard insurance overseas.
7.1903–3	Notice to the Government of labor disputes.
7.1903–4	Notice of radioactive materials.
7.1903–5	Filing of patent applications.
7.1903–6	Additional bond security.
7.1903–7	Reporting and refund of royalties.
7.1903–8	Rights in data.
7.1903–9	Ground and flight risk.
7.1903–10	Military security requirements.
7.1903–11	Utilization of small business concerns.
7.1903–12	Examination of records by Comptroller General.
7.1903–13	Gratuities.
7.1903–14	Convict labor.
7.1903–15	Ocean transport of Government-owned supplies.
7.1903–16	Utilization of labor surplus area concerns.
7.1903–17	Limitation on withholding of payments.
7.1903–18	Subcontracts.
7.1903–19	Government property.
7.1903–20	Special tooling.
7.1903–21	Special test equipment.
7.1903–22	Options.
7.1903–23	Quality program.
7.1903–24	Price reduction for defective cost or pricing data.
7.1903–25	Advance payments.
7.1903–26	Progress payments.
7.1903–27	Interest.
7.1903–28	Competition in subcontracting.
7.1903–29	Audit by Department of Defense.
7.1903–30	Subcontractor cost and pricing data.
7.1903–31	Value engineering incentive, value engineering program requirement, and sharing provisions.
7.1903–32	Communist areas.
7.1903–33	Multiyear procurement.
7.1903–34	Order of precedence.
7.1903–35	U.S. products and services (balance of payments program).
7.1903–36	Identification of expenditures in the United States.
7.1903–37	Frequency authorization.
7.1903–38	Protection of Government buildings, equipment, and vegetation.
7.1903–39	Insurance.
7.1903–40	Acquisition and use of excess and near excess currency.
7.1903–41	Service Contracts Act of 1965.
7.1903–42	Patent rights.
7.1903–43	Government delay of work.
7.1903–44	Safety precautions for ammunition and explosives.
7.1903–45	Accident reporting and investigation involving aircraft, missiles, and space launch vehicles.
7.1903–46	Management systems requirements.
7.1904	Additional clauses for use in fixed price service contracts.
7.1904–1	Alterations in contract.
7.1904–2	Approval of contract.
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7.1905	Price determination clauses.
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7.1907	Price determination clauses.
7.1908	Clauses for contracts involving furnishing of supplies.
7.1909	Required clauses for cost reimbursement type service contracts.
7.1909–1	Definitions.
7.1909–2	Changes.

*Identify the Government representative who will be responsible for certifying as to the accuracy of the report.

Sec.
7.1909–3 Limitation of cost or funds.
7.1909–4 Allowable cost, fee and payment.
7.1909–5 Inspection of service (cost reimbursement).
7.1909–6 Assignment of claims.
7.1909–7 Subcontracts.
7.1909–8 Utilization of small business concerns.
7.1909–9 Termination.
7.1909–10 Excusable delays.
7.1909–11 Disputes.
7.1909–12 Renegotiation.
7.1909–13 Contract Work Hours and Safety Standards Act.
7.1909–14 Equal opportunity.
7.1909–15 Officials not to benefit.
7.1909–16 Covenant against contingent fees.
7.1909–17 Government property (cost reimbursement).
7.1909–18 Insurance—liability to third persons.
7.1909–19 Authorization and consent.
7.1909–20 Notice and assistant regarding patent infringement.
7.1909–21 Utilization of labor surplus area concerns.
7.1909–22 Payment for overtime premiums.
7.1909–23 Competition in subcontracting.
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7.1909–25 Minority business enterprises.
7.1909–26 Equal opportunity preaward clearance of subcontracts.
7.1910 Clauses to be used when applicable in cost reimbursement service contracts.
7.1910–1 Clauses for cost reimbursement service contracts involving construction work.
7.1910–2 Workmen's compensation and war hazard insurance overseas.
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7.1910–5 [Reserved]
7.1910–6 Filing of patent applications.
7.1910–7 Patent rights.
7.1910–8 Communist areas.
7.1910–9 Reporting of royalties.
7.1910–10 Rights in data.
7.1910–11 Quality program.
7.1910–12 Military security requirements.
7.1910–13 Gratuities.
7.1910–14 Negotiation overhead rates.
7.1910–15 Ocean transport of Government-owned supplies.
7.1910–16 Limitation on withholding of payments.
7.1910–17 Flight risks.
7.1910–18 Taxes.
7.1910–19 Advance payments.
7.1910–20 Frequency authorization.
7.1910–21 Interest.
7.1910–22 Value engineering.
7.1910–23 Price reduction for defective cost or pricing data.
7.1910–24 Subcontractor cost and pricing data.
7.1910–25 Examination of records by Comptroller General.
7.1910–26 Special test equipment.
7.1910–27 Order of precedence.
7.1910–28 U.S. products and services (balance of payments).
7.1910–29 Identification of expenditures in the United States.
7.1910–30 Use of excess and near excess currency.
7.1910–31 Service Contract Act of 1965.
7.1910–32 Convict labor.
7.1910–33 Safety precautions for ammunition and explosives.
7.1910–34 Management systems requirements.
7.1911 Additional clauses for use in cost reimbursement service contracts.
7.1911–1 Alterations in contract.
7.1911–2 Approval of contract.
7.1911–3 Options.
7.1911–4 Stop work orders.
7.1911–5 Clauses for contracts involving furnishing of supplies.

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

Subpart S—Clauses for Service Contracts

§ 7.1900 Scope of subpart.

This subpart sets forth uniform contract clauses for service contracts as defined in § 7.1901.

§ 7.1901 Applicability.

(a) As used throughout this subpart, the term "service contract" means any contract entered into either by formal advertising or negotiation which calls directly for a contractor's time and effort rather than for a concrete end product.

(b) Service contracts are generally found in areas involving the following:

(1) Maintenance, overhaul, repair, servicing, rehabilitation, salvage, and modernization or modification of supplies, systems and equipment;

(2) Maintenance, repair, rehabilitation, and modification of real property;

(3) Installation of equipment obtained under separate contract;

(4) Operation of Government-owned equipment, facilities, and systems;

(5) Engineering and technical services;

(6) Housekeeping and base services;

(7) Transportation and related services;

(8) Training and education;

(9) Photographic, printing, and publication services;

(10) Mortuary services;

(11) Test services;

(12) Data processing;

(13) Warehousing; and

(14) Stevedoring.

(c) Clauses applicable to service contracts in general appear in this subpart. Additional clauses for special types of service contracts appear in other subparts of this part. "Service contracts," as used herein, does not include purchase orders (but see §§ 7.1903–12 and 7.1903–13), short form negotiated supply and service contracts (see § 16.102–2(c) of this chapter), letter contracts (but see §§ 7.802 and 3.408(a) of this chapter), notices of award, or supplemental agreements which do not effect new procurement. This term does not include contracts for construction of buildings, bridges, roads, or other kinds of real property, contracts for architect or engineer services, contracts for experimental, developmental or research work, contracts for facilities provided by the Government under facilities contracts as defined in § 7.701 and part 8 of this chapter, or any other contracts for which these clauses are not appropriate. However, there are service contracts in which performance involves construction, research and development, or other specified factors. In such cases, see the particular subpart of this part containing additional applicable clauses. When a contract is partly a firm fixed price contract and partly a fixed price incentive contract, the clauses required for both types of contracts shall be included. When any provision is applicable only to firm fixed price items, or only to items subject to incentive price revision, such provision shall be so labeled.

§ 7.1902 Required clauses for fixed price service contracts.

The following clauses shall be inserted in all fixed price service contracts, unless otherwise provided elsewhere in this part for specific types of services.

§ 7.1902–1 Definitions.

In accordance with § 7.103–1, insert the clause set forth therein.

§ 7.1902–2 Changes.

Insert the following clause in all fixed price service contracts except stevedoring contracts. (See Subpart J of this part).

CHANGES (NOVEMBER 1971)

The Contracting Officer may at any time, by a written order, and without notice to the sureties, make changes, within the general scope of this contract, in the definition of services to be performed, and the time (i.e., hours of the day, days of the week, etc.) and place of performance thereof. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any part of the work under this contract, whether changed or not changed by any such order, an equitable adjustment shall be made in the contract price or delivery schedule, or both, and the contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within 30 days from the date of receipt by the Contractor of the notification of change, *Provided, however,* That the Contracting Officer, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Where the cost of property made obsolete or excess as result of a change is included in the Contractor's claim for adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of such property. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

In the foregoing clause, the period of "30 days" within which any claim for adjustment must be asserted may be varied in accordance with Departmental procedures. In accordance with 10 U.S.C. 2306(f), prior to the pricing of any change order that is expected to exceed $100,000, except where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation, the contracting officer shall require the contractor to furnish a Certificate of Current Cost or Pricing Data (see § 3.807–4 of this chapter) and shall assure that the contract includes or is modified to include a defective pricing data clause (see § 7.104–29) and the audit clause required by § 7.104–41.

§ 7.1902–3 Extras.

Insert the clause in § 7.103–3.

§ 7.1902–4 Inspection of services.

INSPECTION OF SERVICES (NOVEMBER 1971)

(a) All services (which term throughout this clause includes services performed, material furnished or utilized in the performance of services, and workmanship in the performance of services) shall be subject to inspection and test by the Government, to the extent practicable at all times and places during the term of the contract. All inspections by the Government shall be made in such a manner as not to unduly delay the work.

(b) If any services performed hereunder are not in conformity with the requirements of this contract, the Government shall have the right to require the Contractor to perform the services again in conformity with the requirements of the contract, at no additional increase in total contract amount. When the services to be performed are of such a nature that the defect cannot be corrected by reperformance of the services, the Government shall have the right to (i) require the Contractor to immediately take all necessary steps to ensure future performance of the services in conformity with the requirements of the contract; and (ii) reduce the contract price to reflect the reduced value of the services performed. In the event the Contractor fails promptly to perform the services again or to take necessary steps to insure future performance of the services in conformity with the requirements of the contract, the Government shall have the right to either (i) by contract or otherwise have the services performed in conformity with the contract requirements and charge to the Contractor any cost occasioned to the Government that is directly related to the performance of such services; or (ii) terminate this contract for default as provided in the clause of this contract entitled "Default."

(c) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the services to be performed hereunder. Records of all inspection work by the Contractor shall be kept complete and available to the Government during the term of this contract and for such longer period as may be specified elsewhere in this contract.

§ 7.1902–5 Payments.

In accordance with § 7.103–7, insert the clause set forth therein.

§ 7.1902–6 Assignment of claims.

In accordance with § 7.103–8, insert the clause set forth therein.

§ 7.1902–7 Federal, State, local and foreign taxes.

In accordance with § 7.103–10, insert the appropriate clause set forth therein.

§ 7.1902–8 Default.

In accordance with § 7.103–11, insert the appropriate clause set forth therein.

§ 7.1902–9 Disputes.

In accordance with § 7.103–12, insert the clause set forth therein.

§ 7.1902–10 Renegotiation.

In accordance with § 7.103–13, insert the appropriate clause set forth therein.

§ 7.1902–11 Discounts.

DISCOUNTS (NOVEMBER 1971)

In connection with any discount offered, time will be computed from the date of completion of performance of the services or from the date correct invoice or voucher is received in the office specified by the Government, if the latter is later than date of completion of performance. Payment is deemed to be made for the purpose of earning the discount on the date of mailing of the Government check.

§ 7.1902–12 Contract Work Hours and Safety Standards Act—overtime compensation.

In accordance with § 7.103–16, insert the clause set forth therein.

§ 7.1902–13 Equal opportunity.

In accordance with § 7.103–18, insert the clause set forth therein.

§ 7.1902–14 Officials not to benefit.

Insert the clause set forth in § 7.103–19.

§ 7.1902–15 Covenant against contingent fees.

Insert the clause set forth in § 7.103–20

§ 7.1902–16 Termination for convenience of the government.

(a) Except in stevedoring contracts and except as provided in paragraph (b) of this section, insert the appropriate clause set forth in § 7.103–21.

(b) If it has been reasonably determined that termination for convenience would not result in a claim for anything but the services rendered, the following clause may be used, regardless of contract amount, in lieu of any other termination for convenience clause. See § 8.705–1(b) of this chapter.

TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FEBRUARY 1968)

The Contracting Officer, by written notice may terminate this contract, in whole or in part, when it is in the best interests of the Government. If this contract is so terminated, the Government shall be liable only for payment in accordance with the payment provisions of this contract for services rendered prior to the effective date of termination.

§ 7.1902–17 Authorization and consent.

Except in contracts for stevedoring services and in accordance with § 7.103–22, insert the clause set forth therein.

§ 7.1902–18 Notice and assistance regarding patent and copyright infringement.

Except in contracts for stevedoring services and in accordance with § 7.103–23, insert the clause set forth therein.

§ 7.1902–19 Minority business enterprises.

In accordance with § 1.332 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–36.

§ 7.1902–20 Equal opportunity preaward clearance of subcontracts.

In accordance with § 23.201–4 of this chapter, insert the clause set forth in § 7.104–22.

§ 7.1903 Clauses to be used when applicable in fixed price service contracts.

§ 7.1903–1 Clauses for fixed price service contracts involving construction work.

(a) In accordance with §§ 12.106 and 18.703 of this chapter, insert the clauses set forth in § 7.602–23.

(b) In accordance with § 18.509–5 of this chapter, insert the clause set forth in § 7.602–20 in lieu of that set forth in § 7.104–3.

§ 7.1903–2 Workmen's compensation and war hazard insurance overseas.

In accordance with § 10.403 of this chapter, insert the clause set forth in § 7.104–2(b).

§ 7.1903–3 Notice to the government of labor disputes.

In accordance with § 7.104–4, insert the clause set forth therein.

§ 7.1903–4 Notice of radioactive materials.

In accordance with § 7.104–80, insert the clause set forth therein.

§ 7.1903–5 Filing of patent applications.

In accordance with § 9.106 insert the clause set forth in § 7.104–6.

§ 7.1903–6 Additional bond security.

If the contract will require the contractor to furnish a bond in connection therewith, insert the clause set forth in § 7.103–9.

§ 7.1903–7 Reporting and refund of royalties.

In accordance with § 7.104–8, insert the appropriate clause or clauses set forth therein.

§ 7.1903–8 Rights in data.

In accordance with Subpart B, Part 9 of this chapter insert the appropriate clause set forth in § 7.104–9.

§ 7.1903–9 Ground and flight risk.

In accordance with § 10.404 of this chapter, insert the clause set forth in § 7.104–10.

§ 7.1903–10 Military security requirements.

In accordance with § 7.104–12, insert the clause set forth therein.

§ 7.1903–11 Utilization of small business concerns.

In accordance with § 1.707–3 (a) and (b) of this chapter, insert one or both of the clauses set forth in § 7.104–14.

§ 7.1903–12 Examination of records by Comptroller General.

Pursuant to 10 U.S.C. 2313(b), the clause set forth in § 7.104–15 shall be inserted in all negotiated contracts in excess of $2,500 including contracts awarded under a total (Small Business Restricted Advertising) or partial set aside, except (1) as provided in §§ 6.704 and 6.1001 of this chapter; and (2) in contracts or purchase orders for public utility services at rates not in excess of those established for uniform applicability to the general public or at such rates plus reasonable connection charges incident to such services.

§ 7.1903–13 Gratuities.

Insert the clause set forth in § 7.104–16 except in contracts and purchase orders with foreign governments obligating solely funds other than those contained in Department of Defense Appropriation Acts.

§ 7.1903–14 Convict labor.

In accordance with § 7.104–17, insert the clause set forth therein.

§ 7.1903–15 Ocean transport of government owned supplies.

In accordance with § 7.104–19(a), insert the clause set forth therein.

§ 7.1903–16 Utilization of labor surplus area concerns.

In accordance with § 7.104–20, insert the appropriate clause or clauses set forth therein.

§ 7.1903–17 Limitation on withholding of payments.

In accordance with § 7.104–21, insert the clause set forth therein.

§ 7.1903–18 Subcontracts.

In accordance with § 23.201–1 of this chapter, insert the appropriate clause set forth in § 7.104–23.

§ 7.1903–19 Government property.

In accordance with § 7.104–24, insert the appropriate clause set forth therein.

§ 7.1903–20 Special tooling.

In accordance with § 7.104–25, insert the clause set forth therein.

§ 7.1903–21 Special test equipment.

In accordance with § 7.104–26, insert the clause set forth therein.

§ 7.1903–22 Options.

Where it is intended to extend the services described in the schedule, insert a clause substantially as follows.

OPTION TO EXTEND SERVICES (JANUARY 1961)

The Government may require the Contractor to continue to perform any or all items of services under this contract within the limits stated in the schedule. The Contracting Officer may exercise this option, at any time within the period specified in the schedule, by giving written notice to the Contractor. The rates set forth in the schedule shall apply to any extension made persuant to this option provision.

Other examples of option clauses appear in § 7.104–27. See Subpart O, Part 1 of this chapter, for specific instructions, prohibitions and procedures.

§ 7.1903–23 Quality program.

In accordance with § 7.104–28, insert the clause set forth therein.

§ 7.1903–24 Price reduction for defective cost or pricing data.

In accordance with § 7.104–29, insert the appropriate clause set forth therein.

§ 7.1903–25 Advance payments.

In accordance with Subpart D, Part 163 of this chapter, insert the appropriate clause set forth in § 7.104–34.

§ 7.1903–26 Progress payments.

In accordance with § 163.79–1 of this chapter, insert the appropriate clause set forth in § 7.104–35.

§ 7.1903–27 Interest.

In accordance with § 163.118 of this chapter, insert the clause set forth in § 7.104–39.

§ 7.1903–28 Competition in subcontracting.

In accordance with § 7.104–40, insert the clause set forth therein.

§ 7.1903–29 Audit by Department of Defense.

In accordance with § 7.104–41, insert the clause set forth therein.

§ 7.1903–30 Subcontractor cost and pricing data.

In accordance with § 7.104–42, insert the appropriate clause set forth therein.

§ 7.1903–31 Value engineering incentive, value engineering program requirement, and sharing provisions.

In accordance with § 7.104–44, insert the appropriate clause set forth therein, modified, as required, to suit the particular procurement involved.

§ 7.1903–32 Communist areas.

In accordance with § 7.103–15, insert the clause set forth therein.

§ 7.1903–33 Multiyear procurement.

In accordance with § 1.322–7(m) of this chapter, insert the following clauses:

(a) *Limitation of price and contractor obligations.*

Insert the clause set forth in § 7.104–47(a).

(b) *Cancellation of items—Service Contracts.*

Insert the following clause.

CANCELLATION OF ITEMS—SERVICE CONTRACTS (DECEMBER 1969)

(a) This clause applies only in the event this contract is awarded on the alternative basis for award described in the Schedule as "Multi-Year Procurement."

(b) As used herein, the term "cancellation" means that the Government is canceling, pursuant to this clause, its program year requirements for items as set forth in the schedule for all program years subsequent to that in which notice of cancellation is provided. Such cancellation shall occur only if, by the date or within the time period specified in the schedule, or such further time as may be agreed to, the Contracting Officer (i) notifies the Contractor that funds will not be available for contract performance for any subsequent program year; or (ii) fails to notify the Contractor that funds have been made available for performance of the program year requirement for the succeeding program year.

(c) Except for cancellation pursuant to this clause or for termination pursuant to the "Default" clause, any reduction by the Contracting Officer in the quantities called for under this contract shall be considered a termination in accordance with the "Termination for Convenience of the Government" clause of this contract.

(d) In the event of cancellation pursuant to this clause, the Contractor will be paid, as consideration therefor, a cancellation charge not to exceed the cancellation ceiling described and separately set forth in the schedule as being applicable at the time of cancellation.

(e) The cancellation charge is intended to cover only expenses incurred by the Prime Contractor or his subcontractor which would have been equitably amortized in the unit prices for the entire multiyear contract period, but which, because of the cancellation are not so amortized. The cancellation charge shall be computed and the claim therefor made as would be applicable under the "Termination for Convenience of the Government" clause of this contract. The Contractor shall submit the claim promptly but in no event later than 1 year (i) from the date of notification of the nonavailability of funds, if issued pursuant to paragraph (b)(i), or (ii) from the date specified in the schedule by which notification of the availability of additional funds for the next succeeding program year is required to be issued, whichever is earlier, unless one or more extensions in writing are granted by the Contracting Officer, upon request of the Contractor made in writing within such 1-year period or authorized extension thereof. The claim may include reasonable startup and other nonrecurring costs such as plant or equipment relocation costs; the costs of special tooling and special equipment; allocable portions of the costs of facilities acquired or established for the conduct of the work: *Provided*, Such costs have not been charged to the contract through overhead, or otherwise depreciated, and to the extent that it is impracticable for the Contractor to utilize such facilities in the conduct of his commercial work; costs incurred for the assembly training and transportation of a specialized work force to and from the job site; and costs not amortized by the level contract unit price solely because the cancellation had precluded anticipated benefits of Contractor or subcontractor learning. The claim shall not include any amount for:

(i) labor, material, or other expenses incurred by the Contractor or its subcontractor for performance of the canceled work;

(ii) any item of cost for which payment has already been made to the Contractor;

(iii) anticipated profit on the canceled work;

(iv) the remaining useful commercial life of facilities. Useful commercial life, for this purpose, means the commercial utility of the facilities rather than the physical life thereof, with due consideration given to such factors as location of facilities, specialized nature thereof, and obsolescence.

§ 7.1903–34 Order of precedence.

In accordance with § 7.104–56, insert the clause set forth therein.

§ 7.1903–35 U.S. products and services (balance of payments program).

In accordance with § 7.104–57, insert the clause set forth therein.

§ 7.1903–36 Identification of expenditures in the United States.

In accordance with § 7.104–58, insert the clause set forth therein.

§ 7.1903–37 Frequency authorization.

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

§ 7.1903–38 Protection of Government buildings, equipment and vegetation.

In accordance with § 7.104–63, insert the clause set forth therein.

§ 7.1903–39 Insurance.

In accordance with § 10.405 of this chapter, insert the clause set forth in § 7.104–65.

§ 7.1903–40 Acquisition and use of excess and near excess currency.

In accordance with § 6.1110 of this chapter, insert the clause set forth in § 7.104–66.

§ 7.1903–41 Service Contract Act of 1965.

(a) *Service contracts in excess of $2,500.* The following clause shall be included in each contract in excess of $2,500 the principal purpose of which is to furnish services in the United States through the use of service employees and which is not otherwise exempted by the provisions of Subpart J of Part 12 of this chapter.

SERVICE CONTRACT ACT OF 1965
(SEPTEMBER 1968)

This contract, to the extent that it is of the character to which the Service Contract Act of 1965 (Public Law 89–286) applies, is subject to the following provisions and to all other applicable provisions of the Act and the regulations of the Secretary of Labor thereunder (29 CFR Parts 4 and 1516).

(a) *Compensation.* Each service employee employed in the performance of this contract by the Contractor or any subcontractor shall be paid not less than the minimum monetary wage and shall be furnished fringe benefits in accordance with the wages and fringe benefits determined by the Secretary of Labor or his authorized representative, as specified in any attachment to this contract. If there is such an attachment, any class of service employees which is not listed therein, but which is to be employed under this contract, shall be classified by the Contractor so as to provide a reasonable relationship between such classifications and those listed in the attachment, and shall be paid such monetary wages and furnished such fringe benefits as are determined by agreement of the interested parties, who shall be deemed to be the contracting agency, the Contractor, and the employees who will perform on the contract or their representatives. If the interested parties do not agree on a classification or reclassification which is, in fact, conformable, the Contracting Officer shall submit the question, together with his recommendation, to the Administrator of the Wage and Hour and Public Contracts Divisions, Department of Labor, or his authorized representative for final determination. Failure to pay such employees the compensation agreed upon by the interested parties or finally determined by the Administrator or his authorized representative shall be a violation of this contract. No employee engaged in performing work on this contract shall in any event be paid less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended ($1.60 per hour).

(b) *Obligation to furnish fringe benefits.* The Contractor or subcontractor may discharge the obligation to furnish fringe benefits specified in the attachment or determined conformably thereto by furnishing any equivalent combinations of fringe benefits, or by making equivalent or differential payments in cash, pursuant to applicable rules of the Administrator of the Wage and Hour and Public Contracts Divisions, Department of Labor (Subpart B of Part 4 (29 CFR)).

(c) *Minimum wage.* In the absence of a minimum wage attachment for this contract, neither the Contractor nor any subcontractor under this contract shall pay any of his employees performing work under the contract (regardless of whether they are service employees) less than the minimum wage specified by section 6(a)(1) of the Fair Labor Standards Act of 1938 ($1.60 per hour). However, in cases where section 6(e)(2) of the Fair Labor Standards Act of 1938 is applicable, the rates specified therein will apply. Nothing in this provision shall relieve the Contractor or any subcontractor of any other obligation under law or contract for the payment of a higher wage to any employee.

(d) *Notification to employees.* The Contractor and any subcontractor under this contract shall notify each service employee commencing work on this contract of the minimum monetary wage and any fringe benefits required to be paid pursuant to this contract, or shall post a notice of such wages and benefits in a prominent and accessible place at the worksite, using such poster as may be provided by the Department of Labor.

(e) *Safe and sanitary working conditions.* The Contractor or subcontractor shall not permit any part of the services called for by this contract to be performed in buildings or surroundings or under working conditions provided by or under the control or supervision of the Contractor or subcontractor which are unsanitary or hazardous or dangerous to the health or safety of service employees engaged to furnish these services. Except insofar as a noncompliance can be justified as provided in section 1516.1(c) of Title 29 CFR, this will require compliance with the applicable standards, specifications, and codes developed and published by the U.S. Department of Labor, any other agency of the United States, and any nationally recognized professional organization such as, without limitation, the following:

National Bureau of Standards, U.S. Department of Commerce.
Public Health Service, U.S. Department of Health, Education, and Welfare.
Bureau of Mines, U.S. Department of the Interior.
United States of America Standards Institute (American Standards Association).
National Fire Protection Association.
American Society of Mechanical Engineers.
American Society for Testing and Materials.
American Conference of Governmental Industrial Hygienists.

Information as to the latest standards, specifications, and codes applicable to the contract is available at the office of the Director of the Bureau of Labor Standards, U.S. Department of Labor, Railway Labor Building, 400 First Street NW., Washington, DC 20212, or at any of the regional offices of the Bureau of Labor Standards as follows:

(1) North Atlantic Region, 341 Ninth Avenue, Room 920, New York, NY 10001 (Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont, New Jersey, and Puerto Rico).

(2) Middle Atlantic Region, 1110–B Federal Building, Charles Center, 31 Hopkins Plaza, Baltimore, MD 21201 (Delaware, District of Columbia, Maryland, North Carolina, Pennsylvania, Virginia, and West Virginia).

(3) South Atlantic Region, 1371 Peachtree Street NE., Suite 723, Atlanta, GA 30309 (Alabama, Florida, Georgia Mississippi, South Carolina, and Tennessee).

(4) Great Lake Region, 848 Federal Office Building, 219 South Dearborn Street, Chicago, IL 60604 (Illinois, Indiana, Kentucky, Michigan, Minnesota, Ohio, and Wisconsin).

(5) Mid-Western Region, 2100 Federal Office Building, 911 Walnut Street, Kansas City, MO 64106 (Colorado, Idaho, Iowa, Kansas, Missouri, Montana, Nebraska, North Dakota, South Dakota, Utah, and Wyoming).

(6) Western Gulf Region, 411 North Akard Street, Room 601, Dallas, TX 75201 (Arkansas, Louisiana, New Mexico, Oklahoma, and Texas).

(7) Pacific Region, 10353 Federal Building, 450 Golden Gate Avenue, Box 36017, San Francisco, CA 94102 (Alaska, Arizona, California, Hawaii, Nevada, Oregon, Washington, and Guam).

(f) *Records.* The Contractor and each subcontractor performing work subject to the Act shall make and maintain for 3 years from the completion of the work records containing the information specified below for each employee subject to the Act and shall make them available for inspection and transcription by authorized representatives of the Administrator of the Wage and Hour and Public Contracts Divisions, U.S. Department of Labor.

(1) His name and address.

(2) His work classification or classifications, rate or rates of monetary wages and fringe benefits provided, rate or rates of fringe benefit payments in lieu thereof, and total daily and weekly compensation.

(3) His daily and weekly hours so worked.

(4) Any deductions, rebates, or refunds from his total daily or weekly compensation.

(5) A list of monetary wages and fringe benefits for those classes of service employees not included in the minimum wage attachment to this contract, but for which such wage rates or fringe benefits have been determined by the interested parties or by the Administrator of the Wage and Hour and Public Contracts Divisions, Department of Labor, or his authorized representative pursuant to the labor standards in paragraph (a) of this clause. A copy of the report required by paragraph (j) of this clause shall be deemed to be such a list.

(g) *Withholding of payments and termination of contract.* The Contracting Officer shall withhold or cause to be withheld from the Government Prime Contractor under this or any other Government contract with the Prime Contractor such sums as he, or an appropriate officer of the Labor Department, decides may be necessary to pay underpaid employees. Additionally, any failure to comply with the requirements of this clause relating to the Service Contract Act of 1965 may be grounds for termination of the right to proceed with the contract work. In such event, the Government may enter into other contracts or arrangements for completion of the work, charging the Contractor in default with any additional cost.

(h) *Subcontractors.* The Contractor agrees to insert the paragraphs of this clause relating to the Service Contract Act of 1965 in all subcontracts. The term "Contractor" as used in these paragraphs in any subcontract, shall be deemed to refer to the subcontractor, except in the term "Government Prime Contractor."

(i) *Service employee.* As used in this clause relating to the Service Contract Act of 1965, the term "service employee" means guards, watchmen, and any person engaged in a recognized trade or craft, or other skilled mechanical craft, or in unskilled, semiskilled, or skilled manual labor occupations; and any other employee including a foreman or supervisor in a position having trade, craft, or laboring experience as the paramount requirement; and shall include all such persons regardless of any contractual relationship that may be alleged to exist between a Contractor or subcontractor and such persons.

(j) *Contractor's report.* If there is a wage determination attachment to this contract and one or more classes of service employees which are not listed thereon are to be employed under the contract, the Contractor shall report to the Contracting Officer the monetary wages to be paid and the fringe benefits to be provided each such class of service employee. Such report shall be made promptly as soon as such compensation has been determined as provided in paragraph (a) of this clause.

(k) *Regulations incorporated by reference.* All interpretations of the Service Contract Act of 1965 expressed in Subpart C of Part 4 (29 CFR) are hereby incorporated by reference in this contract.

(l) These clauses relating to the Service Contract Act of 1965 shall not apply to the following:

(1) Any contract of the United States or District of Columbia for construction, alteration, and/or repair, including painting and decorating of public buildings or public works;

(2) Any work required to be done in accordance with the provisions of the Walsh-Healey Public Contracts Act (49 Stat. 2036);

(3) Any contract for the carriage of freight or personnel by vessel, airplane, bus, truck, express, railway line, or oil or gas pipeline where published tariff rates are in effect, or where such carriage is subject to rates covered by section 22 of the Interstate Commerce Act;

(4) Any contract for the furnishing of services by radio, telephone, telegraph, or cable companies, subject to the Communications Act of 1934;

(5) Any contract for public utility services, including electric light and power, water, steam, and gas;

(6) Any employment contract providing for direct services to a Federal agency by an individual or individuals;

(7) Any contract with the Post Office Department, the principal purpose of which is the operation of postal contract stations;

(8) Any services to be furnished outside the United States. For geographic purposes, the "United States" is defined in section 8(d) of the Service Contract Act to include any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Outer Continental Shelf Lands, as defined in the Outer Continental Shelf Lands Act, American Samoa, Guam, Wake Island, Eniwetok Atoll, Kwajalein Atoll, Johnston Island. It does not include any other territory under the jurisdiction of the United States or any U.S. base or possession within a foreign country.

(9) Any of the following contracts exempted from all provisions of the Service Contract Act of 1965, pursuant to section 4(b) of the Act, which exemptions the Secretary of Labor hereby finds necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business: Contracts entered into by the United States with common carriers for the carriage of mail by rail, air (except air star routes), bus, and ocean vessel, where such carriage is performed on regularly scheduled runs of the trains, airplanes, buses, and vessels over regularly established routes and accounts for an insubstantial portion of the revenue therefrom.

(m) Notwithstanding any of the provisions in paragraphs (a) through (k) of this clause, relating to the Service Contract Act of 1965, the following employees may be employed in accordance with the following variations, tolerances, and exemptions, which the Secretary of Labor hereby finds pursuant to section 4(b) of the Act to be necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business:

(1) (i) Apprentices, student-learners, and workers whose earning capacity is impaired by age, physical, or mental deficiency or injury may be employed at wages lower than the minimum wages otherwise required by section 2(a)(1) or 2(b)(1) of the Service Contract Act of 1965, without diminishing any fringe benefits or cash payments in lieu thereof required under section 2(a)(2) of that Act, in accordance with the procedures prescribed for the employment of apprentices, student-learners, handicapped persons, and handicapped clients of sheltered workshops under section 14 of the Fair Labor Standards Act of 1938, in the regulations issued by the Administrator of the Wage and Hour and Public Contracts Divisions of the Department of Labor (Parts 520, 521, 524, and 525 of 29 CFR).

(ii) The Administrator will issue certificates under the Service Contract Act of 1965 for the employment of apprentices, student-learners, handicapped persons, or handicapped clients of sheltered workshops not subject to the Fair Labor Standards Act of 1938, or subject to different minimum rates of pay under the two acts, authorizing appropriate rates of minimum wages (but without changing requirements concerning fringe benefits or supplementary case payments in lieu thereof), applying procedures prescribed by the applicable regulations issued under the Fair Labor Standards Act of 1938 (Parts 520, 521, 524, and 525 of 29 CFR).

(iii) The Administrator will also withdraw, annul, or cancel such certificates in accordance with the regulations in Parts 525 and 528 of Title 29 of the Code of Federal Regulations.

(2) An employee engaged in an occupation in which he customarily and regularly receives more than $20 a month in tips may have the amount of his tips credited by his employer against the minimum wage required by section 2(a)(1) or section 2(b)(1) of the Act, in accordance with the regulations in Part 531 of 29 CFR: *Provided, however,* That the amount of such credit may not exceed 80 cents per hour.

(b) *Service contracts not in excess of $2,500.* Insert the following clause in every contract not in excess of $2,500 which has as its principal purpose the furnishing of services through the use of service employees, except:

(1) Those transactions identified in paragraph (1) of the clause in paragraph (a) of this section.

(2) A contract for services to be furnished outside the United States (see § 12.1002–2 of this chapter); or

(3) A contract exempted by the Secretary of Labor under section 4(b) of the Act (see paragraph (m) of the clause in paragraph (a) of this section).

SERVICE CONTRACT OF 1965
(SEPTEMBER 1968)

Except to the extent that an exemption, variation, or tolerance would apply pursuant to 29 CFR 4.6 if this were a contract in excess of $2,500, the Contractor and any subcontractor hereunder shall pay all of his employees engaged in performing work on the contract not less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended ($1.60 per hour). However, in cases where section 6(e)(2) of the Fair Labor Standards Act of 1938 is applicable, the rates specified therein will apply. All regulations and interpretations of the Service Contract Act of 1965 expressed in 29 CFR Part 4 are hereby incorporated by reference in this contract.

(c) *Basic ordering agreements and blanket purchase agreements.* In the case of the basic ordering agreement or blanket purchase agreement, the amount thereof for purposes of paragraphs (a) and (b) of this section shall be the aggregate amount of all orders estimated to be placed thereunder for 1 year after the effective date of the agreement. If a basic ordering agreement or blanket purchase agreement continues or is extended, such estimate shall be made annually for each year after the first and the agreement modified accordingly.

(d) *Linen supply services.* (1) In contracts for linen supply services containing the clause in paragraph (a) of this section (i.e., contracts in excess of $2,500), insert the following clause.

LINEN SUPPLY SERVICE CONTRACTS
(SEPTEMBER 1968)

In the absence of a wage determination issued under the McNamara-O'Hara Service Contract Act specifying a higher rate, the special minimum wage provisions of section 6(e)(2) of the Fair Labor Standards Act for linen supply service contracts entered into with the U.S. Government on or after February 1, 1967, shall apply to all employees (except those qualifying for the minimum wage and overtime exemption under section 13(a)(1) of the Fair Labor Standards Act) in an establishment providing such linen supply services. Such employees must be paid not less than $1.15 per hour as of February 1, 1968, with annual increments of 15 cents per hour, as of February 1 each year, increasing to a minimum rate of $1.60 per hour as of February 1, 1971. However, if more than 50 per centum of the gross annual dollar volume of sales made or business done by an establishment is derived from providing linen supply services under contracts or subcontracts with the United States, all employees in the establishment (other than employees qualifying for the minimum wage and overtime exemption under section 13(a)(1) of the Fair Labor Standards Act) must be paid at least $1.60 per hour as of February 1, 1968.

(2) In contracts for linen supply services containing the clause in paragraph (b) of this section (i.e., contracts for $2,500 or less), insert the following.

LINEN SUPPLY SERVICE CONTRACTS
(SEPTEMBER 1968)

The special minimum wage provisions of section 6(e)(2) of the Fair Labor Standards Act for linen supply service contracts entered into with the U.S. Government on or after February 1, 1967, shall apply to all employees (except those qualifying for the minimum wage and overtime exemption under section 13(a)(1) of the Fair Labor Standards Act) in an establishment providing such linen supply services. Such employees must be paid not less than $1.15 per hour as of February 1, 1968, with annual increments of 15 cents per hour, as of February 1, each year, increasing to a minimum rate of $1.60 per hour as of February 1, 1971. However, if more than 50 per centum of the gross annual dollar volume of sales made or business done by an establishment is derived from providing linen supply services under contracts or subcontracts with the United States, all employees in the establishment (other than employees qualifying for the minimum wage and overtime exemption under section 13(a)(1) of the Fair Labor Standards Act) must be paid at least $1.60 per hour as of February 1, 1968.

§ 7.1903–42 Patent rights.

When experimental, developmental, or research work may be performed under the contract, insert the appropriate clause set forth in § 7.302–23.

§ 7.1903–43 Government delay of work.

The clause set forth in § 1.104–77 may be inserted.

§ 7.1903–44 Safety precautions for ammunition and explosives.

In accordance with § 7.104–79, insert the clause set forth therein.

§ 7.1903–45 Accident reporting and investigation involving aircraft, missiles, and space launch vehicles.

In accordance with § 7.104–81, insert the clause set forth therein.

§ 7.1903–46 Management systems requirements.

In accordance with § 16.827–1 of this chapter, insert the clause in § 7.104–50.

§ 7.1904 Additional clauses for use in fixed price service contracts.

The following clauses may be inserted in fixed price service contracts in accordance with departmental procedures when it is appropriate to do so.

§ 7.1904–1 Alterations in contract.

The clause set forth in § 7.105–1 may be inserted.

§ 7.1904–2 Approval of contract.

The clause set forth in § 7.105–2 may be inserted

§ 7.1904–3 Stop work orders.

In accordance with § 7.105–3, the clause set forth therein may be inserted.

§ 7.1904–4 Liquidated damages.

In accordance with § 1.310 of this chapter, where a liquidated damages provision is to be used in a service contract, the provision set forth in § 7.105–5 shall be inserted as paragraph (f) of the Default clause (see § 7.1902–8) and the present paragraph (f) of that clause shall be redesignated (g).

§ 7.1904–5 Warranties.

(a) *Use of clauses.* A decision on whether to include a warranty clause shall be made after careful consideration of the policy in § 1.324–2 and the factors in § 1.324–3 of this chapter.

(b) *Commercial warranties.* In accordance with § 7.105–7(b), a commercial warranty clause may be inserted.

(c) *Service contract warranty.* The following clause is an example authorized to be included in fixed price service contracts. See § 1.324–8 of this chapter.

WARRANTY OF SERVICES

Notwithstanding inspection and acceptance by the Government or any provision concerning the conclusiveness thereof, the Contractor warrants that all services performed under this contract will be free from defects in workmanship and will conform to the requirements of this contract at time of acceptance. The Contracting Officer shall give written notice of any such defect or nonconformance to the Contractor _____.* Such notice shall state either (i) that the Contractor shall correct or reperform any defective or nonconforming services, or (ii) that the Government does not require correction or replacement. If the Contractor is required to correct or reperform, it shall be at no cost to the Government, and any services corrected or reperformed by the Contractor pursuant to this clause shall be subject to all provisions of this clause to the same extent as work initially performed. If the Contractor fails or refuses to correct or reperform, the Contracting Officer may, by contract or otherwise, correct or replace with similar services and charge to the Contractor the cost occasioned to the Government thereby or obtain an equitable adjustment in the contract price. If the Government does not require correction or reperformance, the Contracting Officer shall make an equitable adjustment in the contract price. Failure to agree upon any determination to be made under this clause shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract.

(d) *Correction of deficiencies.* An example of a Correction of Deficiencies clause authorized to be included in fixed price service contracts is set forth in § 7.105–7(c).

*Insert in the blank the specific period of time in which notice shall be given to the contractor, e.g., "within (insert period of time) from the date of acceptance by the Government"; "within (insert number of hours) of use by the Government"; or other specified event whose occurrence will terminate the period of notice, or combination of any applicable events or periods of time, as appropriate.

§ 7.1905 Price escalation clauses.

(a) In accordance with § 7.107, the clause set forth therein is authorized for use in fixed price service contracts.

(b) The following clause shall be inserted in fixed price type multiyear service contracts (see § 1.322 of this chapter) and fixed price type service contracts with options to renew which contain the clause in § 7.1903–41(a).

FAIR LABOR STANDARDS ACT AND SERVICE CONTRACT ACT—PRICE ADJUSTMENT (SEPTEMBER 1968)

(a) The Contractor warrants that the prices set forth in this contract do not include any allowance for any contingency to cover increased costs for which adjustment is provided under this clause.

(b) The minimum prevailing wage determination, including fringe benefits, issued pursuant to the Service Contract Act of 1965 (Public Law 89–286; 79 Stat. 1034), by the Administrator, Wage and Hour and Public Contract Divisions, U.S. Department of Labor, current at the beginning of each renewal option period shall apply to any renewal of this contract. Where no such determination has been made as applied to this contract, then the Federal minimum wage as established by section 6(a)(1) of the Fair Labor Standards Act (29 U.S.C. § 201–219) and amendments thereto current at the beginning of each renewal option period, shall apply to any renewal of this contract.

(c) Where, as a result of the Department of Labor determination of minimum prevailing wages and fringe benefits applicable at the beginning of the renewal option period, or when an increased or decreased wage determination is otherwise applied to the contract, or where as a result of any amendment to the Fair Labor Standards Act enacted subsequent to award of this contract, affecting minimum wage, and whenever such shall become applicable to this contract under law, the Contractor increases or decreases wages or fringe benefits of employees working on this contract to comply with such legislation, the contract price or contract unit price labor rates will be adjusted to reflect such increases or decreases. Any such adjustment will be limited to increases or decreases in wages or fringe benefits as described above, and the concomitant increases or decreases in social security and unemployment taxes and workmen's compensation insurance, but shall not otherwise include any amount for general and administrative costs, overhead, or profits.

(d) The Contractor shall notify the Contracting Officer of any increases claimed under this clause within thirty (30) days after the effective date of the wage change, unless this period is extended by the Contracting Officer in writing. In the case of any decrease under this clause, the Contractor shall promptly notify the Contracting Officer of such decrease but nothing herein shall preclude the Government from asserting a claim within the period permitted by law. The notice shall contain a statement of the amount claimed and any other relevant data in support thereof, which may reasonably be required by the Contracting Officer. Upon agreement of the parties, the contract price or contract unit price labor rates shall be modified in writing. Pending agreement on or determination of, any such adjustment and its effective date, the Contractor shall continue performance.

(e) The Contracting Officer or his authorized representative shall, until the expiration of three (3) years after final payment under the contract, have access to and the right to examine any directly pertinent books, documents, papers and records of the Contractor.

§ 7.1906 Incentive price revision clauses.

When it is determined in accordance with Subpart D, Part 3 of this chapter, to provide for incentive price revision, the applicable clause in § 7.108 may be included.

§ 7.1907 Price redetermination clauses.

When it is determined in accordance with § 3.403 of this chapter to use a fixed price contract providing for redetermination of price, the applicable clause in § 7.109 may be included.

§ 7.1908 Clauses for contracts involving furnishing of supplies.

In service contracts which involve the furnishing of supplies, the following clauses shall be included in addition to those prescribed in § 7.1902. In addition, applicable clauses in §§ 7.104, 7.105 and 7.106 shall be included. Any clause applicable only to services or only to supplies shall be so labeled.

Changes	§ 7.103–2
Variation of quantity	§ 7.103–4
Inspection	§ 7.103–5
Title and risk of loss	§ 7.103–6
Discounts	§ 7.103–14
Walsh-Healey Public Contracts Act	§ 7.103–17

§ 7.1909 Required clauses for cost reimbursement type service contracts.

The following clauses shall be included in all cost reimbursement type service contracts unless otherwise provided elsewhere in this part for specific types of services.

§ 7.1909–1 Definitions.

In accordance with § 7.103–1, insert the clause set forth therein.

§ 7.1909–2 Changes.

CHANGES (NOVEMBER 1971)

(a) The Contracting Officer may at any time, by a written order, and without notice to the sureties, if any, make changes, within the general scope of this contract, in the definition of services and tasks to be performed, and the time (i.e., hours of the day, days of the week, etc.) and place of performance thereof.

(b) If any such changes cause an increase or decrease in the estimated cost of, or the time required for, the performance of any part of the work under this contract, whether changed or not changed by any such order, or otherwise affects any other provision of this contract, an equitable adjustment shall be made:

(i) In the estimated cost or delivery schedule, or both;

(ii) In the amount of any fixed fee to be paid to the Contractor; and

(iii) In such other provisions of the contract as may be so affected, and the contract shall be modified in writing accordingly.

Any claim by the Contractor for adjustment under this clause must be asserted within

thirty (30) days from the date of receipt by the Contractor of the notification of change: *Provided, however,* That the Contracting Officer, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." However, except as provided in paragraph (c) below, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, the estimated cost of this contract and, if this contract is incrementally funded, the funds allotted for the performance thereof, shall not be increased or deemed to be increased except by specific written modification of the contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract. Until such modification is made, the Contractor shall not be obligated to continue performance or incur costs beyond the point established in the clause of this contract entitled "Limitation of Cost" or "Limitation of Funds."

In the foregoing clause, the period of "thirty (30) days" within which any claim for adjustment must be asserted may be varied in accordance with Departmental procedures. In accordance with 10 U.S.C. 2306(f), prior to the pricing of any change order that is expected to exceed $100,000, except when the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation, the contracting officer shall require the contractor to furnish a Certificate of Current Cost or Pricing Data (see § 3.807–4 of this chapter) and shall assure that the contract includes or is modified to include a defective pricing data clause (see § 7.104–29).

§ 7.1909–3 Limitation of cost or funds.

In accordance with § 7.203–3, insert the appropriate clause set forth therein.

§ 7.1909–4 Allowable cost, fee and payment.

(a) Except as provided in paragraph (b) of this section, insert the clause set forth in § 7.203–4(a). See additional instructions in § 7.203–4(c).

(b) When, pursuant to § 3.405–4 of this chapter, incentive revision of the fee in a cost reimbursement service contract is to be provided, insert the clause set forth in § 7.203–4(b). See additional instructions in § 7.203–4(c).

§ 7.1909–5 Inspection of services (cost reimbursement).

INSPECTION OF SERVICES-COST REIMBURSEMENT (NOVEMBER 1971)

(a) All services (which term throughout this clause includes services performed, material furnished or utilized in the performance of services, and workmanship in the performance of services) shall be subject to inspection and test by the Government, to the extent practicable at all times and places during the term of the contract. All inspections by the Government shall be made in such a manner as not to unduly delay the work.

(b) If any services performed hereunder are not in conformity with the requirements of this contract, the Government shall have the right to require the Contractor to perform the services again, in conformity with the requirements of the contract, without payment of additional fee. When the services to be performed are of such a nature that the defect cannot be corrected by reperformance of the services, the Government shall have the right to (i) require the Contractor to immediately take all necessary steps to insure future performance of the services in conformity with the requirements of the contract, and (ii) reduce any fee payable under the contract to reflect the reduced value of the services performed. In the event the Contractor fails promptly to perform the services again or to take the necessary steps to ensure future performance of the services in conformity with the requirements of the contract, the Government shall have the right either to (1) by contract or otherwise have the services reperformed in a manner in conformity with the contract requirements and reduce any fee payable under the contract by an amount which is equitable under the circumstances or (ii) terminate this contract for default as provided in the clause of this contract entitled "Termination."

(c) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the services to be performed hereunder. Records of all inspection work by the Contractor shall be kept complete and available to the Government during the performance of this contract and for such longer period as may be specified elsewhere in this contract.

§ 7.1909–6 Assignment of claims.

In accordance with § 7.103–8, insert the clause set forth therein.

§ 7.1909–7 Subcontracts.

In accordance with § 7.203–8, insert the clause set forth therein.

§ 7.1909–8 Utilization of small business concerns.

In accordance with § 1.707–3 (a) and (b) of this chapter and § 7.104–14, insert one or both of the clauses set forth in § 7.104–14.

§ 7.1909–9 Termination.

Insert the clause set forth in § 7.203–10.

§ 7.1909–10 Excusable delays.

Insert the clause set forth in § 7.203–11.

§ 7.1909–11 Disputes.

Insert the clause set forth in § 7.103–12.

§ 7.1909–12 Renegotiation.

In accordance with § 7.103–13, insert the appropriate clause set forth therein.

§ 7.1909–13 Contract Work Hours and Safety Standards Act—overtime compensation.

In accordance with §§ 12.301 and 12.302 of this chapter, insert the clause set forth in § 7.103–16.

§ 7.1909–14 Equal opportunity.

In accordance with § 12.804 of this chapter, insert the clause set forth in § 7.103–18.

§ 7.1909–15 Officials not to benefit.

Insert the clause set forth in § 7.103–19.

§ 7.1909–16 Covenant against contingent fees.

Insert the clause set forth in § 7.103–20.

§ 7.1909–17 Government property (cost reimbursement).

In accordance with § 7.203–21, insert the clause set forth therein.

§ 7.1909–18 Insurance—liability to third persons.

Insert the clause set forth in § 7.203–22.

§ 7.1909–19 Authorization and consent.

In accordance with § 9.102–1 of this chapter, insert the clause set forth in § 7.103–22.

§ 7.1909–20 Notice and assistance regarding patent infringement.

In accordance with § 9.104 of this chapter, insert the clause set forth in § 7.103–23.

§ 7.1909–21 Utilization of labor surplus area concerns.

In accordance with § 1.805–3 of this chapter, insert one or both of the clauses set forth in § 7.104–20.

§ 7.1909–22 Payment for overtime premiums.

In accordance with § 12.102–6 of this chapter, insert the clause set forth in § 7.203–27.

§ 7.1909–23 Competition in subcontracting.

In accordance with § 7.104–40, insert the clause set forth therein.

§ 7.1909–24 Audit by Department of Defense.

In accordance with § 7.104–41, insert the clause set forth therein.

§ 7.1909–25 Minority business enterprises.

In accordance with § 1.332 of this chapter, insert the appropriate clause or clauses set forth in § 7.104–36.

§ 7.1909–26 Equal opportunity preaward clearance of subcontracts.

In accordance with § 23.201–4 of this chapter, insert the clause set forth in § 7.104–22.

§ 7.1910 Clauses to be used when applicable in cost reimbursement service contracts.

§ 7.1910–1 Clauses for cost reimbursement service contracts involving construction work.

(a) In accordance with §§ 12.106 and 18.703 of this chapter, insert the clauses set forth in § 7.602–23.

(b) In accordance with § 18.509–5 of this chapter, insert the clause set forth in § 7.602–20.

§ 7.1910–2 Workmen's compensation and war hazard insurance overseas.

In accordance with § 10.403 of this chapter, insert one or both of the clauses depending on whether all contract employees are subject to the Defense Base Act or whether the Act has been waived

as to all or part of the contract employees. Also insert the clause Reimbursement for War Hazard Losses and the schedule language at § 10.502 (b) and (c) of this chapter according to the instructions stated in those paragraphs.

§ 7.1910–3 Continuity of services.

When difficulties are anticipated on either the part of the Government or contractors during the transition period from one service contractor to its successor, a clause substantially as follows may be included.

CONTINUITY OF SERVICES

The Contractor recognizes that the services provided by this contract are vital to the Government's overall effort, that continuity thereof must be maintained at a consistently high level without interruption, that upon expiration of this contract a successor—either the Government or another Contractor—may continue these services, that the successor, be it the Government or another Contractor, will need phasein training, and that the Contractor must give his best efforts and cooperation in order to effect an orderly and efficient transition to a successor.

In view of the above, the Contractor agrees, upon written notification by the Contracting Officer, to provide phasein, phaseout (PIPO) services for up to sixty (60)* days after this contract expires. After notification, the Contractor agrees to negotiate in good faith with a successor in determining the nature and extent of the PIPO services, including a mutually acceptable detailed plan for PIPO operations. The plan shall design a training program and specify a date for shifting the responsibility to the successor for each division of work set forth in the plan, and shall be subject to the approval of the Contracting Officer. The Contractor shall provide sufficient experienced personnel during the PIPO period to insure that the services called for by this contract are maintained at a high level of proficiency.

The Contractor shall be reimbursed for all reasonable PIPO costs—those costs accruing within the agreed period after contract expiration which result from PIPO operations—and will receive a fee (profit) not to exceed a pro rata portion of the fee (profit) under this contract.

The Contractor agrees to cooperate with the successor, whether it be the Government or another Contractor, in allowing as many personnel as practicable to remain on the job in order to enhance the continuity and consistency of the services called for by this contract. Toward that end the Contractor agrees to disclose necessary personnel records and to allow its successor to conduct on-site interviews with its employees. If said employees are agreeable to the change and are accepted by the successor, then the Contractor shall release them at a mutually acceptable date and shall negotiate the transfer of their earned fringe benefits to the successor.

§ 7.1910–4 Notice to the government of labor disputes.

In accordance with § 7.104–4, insert the clause set forth therein.

§ 7.1910–5 [Reserved]

§ 7.1910–6 Filing of patent applications.

In accordance with § 9.106 of this chapter, insert the clause set forth in § 7.104–6.

*This limitation may be varied from 30 to 90 days.

§ 7.1910–7 Patent rights.

When experimental, developmental, or research work may be performed under the contract, insert the appropriate clause set forth in § 7.302–23.

§ 7.1910–8 Communist areas.

In accordance with § 6.403 of this chapter, insert the clause set forth in § 7.103–15.

§ 7.1910–9 Reporting of royalties.

In accordance with § 9.110 of this chapter, insert the appropriate clause set forth in § 7.104–8(a).

§ 7.1910–10 Rights in data.

(a) *Basic data clause.* In accordance with § 9.203 of this chapter, insert the clause set forth in § 7.104–9(a).

(b) *Notice of certain limited rights.* In accordance with § 9.203(c) of this chapter, add the clause set forth in § 7.104–9(b) to the Basic Data clause set forth in § 7.104–9(a).

(c) *Technical data specific acquisition.* In accordance with § 9.203(d) of this chapter, insert the clause set forth in § 7.104–9(c).

(d) *Deferred ordering of technical data.* In accordance with § 9.203(c) of this chapter, insert the clause set forth in § 7.104–9(d).

(e) *Production of motion pictures, histories and other works.* In accordance with § 9.204–2 of this chapter, insert the clause set forth in § 7.104–9(e).

(f) *Contracts to be performed outside the United States.* In accordance with § 9.206 of this chapter, insert the clause set forth in § 7.104–9(g).

(g) *Technical data—withholding of payment.* In accordance with § 9.207–2 (b) of this chapter, insert the clause in § 7.204–9(h).

(h) *Limitation on Government's right of publication for sale to the general public.* In accordance with § 9.204–1 of this chapter, the clause set forth in § 7.104–9(i) may be added to the clause set forth in § 7.104–9(b).

§ 7.1910–11 Quality program.

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

§ 7.1910–12 Military security requirements.

In accordance with § 7.104–12(a), insert the clause set forth therein with the modification specified in § 7.204–12.

§ 7.1910–13 Gratuities.

Insert the clause set forth in § 7.104–16, except in contracts and purchase orders with foreign governments obligating solely funds other than those contained in Department of Defense Appropriation Acts.

§ 7.1910–14 Negotiation overhead rates.

In accordance with § 7.204–16, insert the appropriate clause set forth therein.

§ 7.1910–15 Ocean transport of government owned supplies.

In accordance with § 1.1404(a) of this chapter, insert the clause set forth in § 7.104–19(a).

§ 7.1910–16 Limitation on withholding of payments.

In accordance with § 7.104–21, insert the clause set forth therein.

§ 7.1910–17 Flight risks.

In accordance with § 10.504 of this chapter, insert the clause set forth in § 7.204–21.

§ 7.1910–18 Taxes.

In accordance with § 11.403–2 of this chapter, insert the appropriate clause set forth in § 7.204–24.

§ 7.1910–19 Advance payments.

When advance payments are to be made in accordance with Subpart D, Part 163 of this chapter, insert the appropriate clauses set forth in § 7.104–34.

§ 7.1910–20 Frequency authorization.

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

§ 7.1910–21 Interest.

In accordance with § 163.118 of this chapter, insert the clause set forth in § 7.104–39.

§ 7.1910–22 Value engineering.

In accordance with § 7.204–32, insert the appropriate clause set forth in § 7.104–44 with the modifications set forth in § 7.204–32.

§ 7.1910–23 Price reduction for defective cost or pricing data.

In accordance with § 7.104–29, insert the appropriate clause set forth therein.

§ 7.1910–24 Subcontractor cost and pricing data.

In accordance with § 7.104–42, insert the appropriate clause set forth therein.

§ 7.1910–25 Examination of records by Comptroller General.

In accordance with § 7.104–15, insert the clause set forth therein.

§ 7.1910–26 Special test equipment.

Insert the clause set forth in § 7.104–26 in negotiated contracts which provide that the contractor will acquire special test equipment for the Government but do not specify the items to be acquired (see § 13.305–3(c) of this chapter).

§ 7.1910–27 Order of precedence.

In accordance with § 7.104–56, insert the clause set forth therein.

§ 7.1910–28 U.S. products and services (balance of payments).

In accordance with § 6.806–4 of this chapter, insert the clause set forth in § 7.104–57.

§ 7.1910–29 Identification of expenditures in the United States.

In accordance with § 6.807 of this chapter, insert the clause set forth in § 7.104–58.

§ 7.1910–30 Use of excess and near excess currency.

In accordance with § 6.1110 of this chapter, insert the clause set forth in § 7.104–66.

§ 7.1910–31 Service Contract Act of 1965.

In accordance with § 7.1903–41, insert the appropriate clause set forth therein.

§ 7.1910–32 Convict labor.

In accordance with Subpart B, Part 163 of this chapter, insert the clause set forth in § 7.104–17.

§ 7.1910–33 Safety precautions for ammunition and explosives.

In accordance with § 7.104–79, insert the clause set forth therein.

§ 7.1910–34 Management systems requirements.

In accordance with § 16.827–1 of this chapter, insert the clause set forth in § 7.104–50.

§ 7.1911 Additional clauses for use in cost reimbursement service contracts.

The following clauses may be included in cost reimbursement service contracts in accordance with Departmental procedures when it is appropriate to do so.

§ 7.1911–1 Alterations in contract.

The clause set forth in § 7.105–1 may be inserted.

§ 7.1911–2 Approval of contract.

The clause set forth in § 7.105–2 may be inserted.

§ 7.1911–3 Options.

Examples of option clauses appear in § 7.104–27 and § 7.1903–22. See Subpart O, Part 1 of this chapter, for specific instructions, prohibitions and procedures.

§ 7.1911–4 Stop work orders.

In accordance with § 7.205–6, the clause prescribed therein may be inserted.

§ 7.1911–5 Clauses for contracts involving furnishing of supplies.

In cost reimbursement service contracts which involve the furnishing of supplies, the following clauses shall be included in addition to those prescribed by § 7.1909.

(a) Changes	§ 7.203–2
(b) Inspection of Supplies and Correction of Defects	§ 7.203–5
(c) Walsh-Healey Public Contracts Act	§ 7.103–17

In addition, applicable clauses in § 7.1910 shall be included. Any clause applicable only to supplies or only to services shall be so labeled.

PART 8—TERMINATION OF CONTRACTS

12. Section 8.201(c) is added; § 8.217 (a), (a)(1) and (b)(1) are amended; § 8.307–1(d) is amended; in § 8.701(a) the title of the clause is amended and paragraphs (e)(i), (ii)(A), and (k) of the clause are amended; in § 8.706 the title of the clause is amended and paragraphs (e)(i), (ii)(A), and (i) are amended, as follows:

§ 8.201 Authority of contracting officers.

* * * * *

(c) Special consideration will be given to small business over large business concerns when terminating contracts for the convenience of the Government. When the same item is under contract with both large and small business concerns and it is necessary to terminate for convenience part, but not all, of the units still to be delivered, the decision as to which contract or contracts to terminate shall be made by the Chief of the Purchasing Office.

§ 8.217 Settlement of terminated contracts with incentive provisions.

(a) *FPI contracts.* The settlement of terminated contracts containing an incentive clause shall be in accordance with the provisions of paragraph (i) of the clause in § 7.108–1 of this chapter and § 8.701.

(1) *Partial termination.* Under a partial termination of a FPI contract, the TCO shall negotiate a settlement pursuant to the termination for convenience clause, as provided in paragraph (i) of the clause in § 7.108–1 of this chapter and paragraph (k) of the clause in § 7.108–2 of this chapter. The application of the incentive price revision provisions to completed items accepted by the Government, including any for which reimbursement may be claimed in the settlement proposal, shall be accomplished by the procuring contracting officer (PCO). Reimbursement for completed articles included in the settlement proposal for which a final price has not been established shall be at target price. An appropriate reservation as to final price with respect to such completed articles shall be incorporated in the supplemental agreement.

* * * * *

(b) *CPIF contracts.* * * *

(1) *Partial termination.* Under a partial termination of a CPIF contract, settlement by the TCO shall be limited to an adjustment of target fee as provided in paragraph (i) of the clause in § 7.203–4(b) of this chapter. The supplemental agreement shall include a reservation with respect to any adjustment of target cost resulting from the partial termination. Adjustment of target cost, if required, shall be accomplished by the PCO.

* * * * *

§ 8.307–1 Submission of settlement proposals.

* * * * *

(d) DD Form 831 (see §§ 8.802–3 and 16.702–4 of this chapter) may be used when the total claim is less than $10,000 unless otherwise instructed by the TCO. Claims which would normally be included in a single settlement proposal, such as those based on a series of separate orders for the same item under one contract, must be consolidated wherever possible and must not be divided in such a way as to bring them below $10,000.

* * * * *

§ 8.701 Termination clause for fixed-price contracts.

(a) * * *

TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (NOVEMBER 1971)

* * * * *

(e) * * *

(i) For completed supplies or services accepted by the Government (or sold or acquired as provided in paragraph (b)(vii) above) and not theretofore paid for, a sum equivalent to the aggregate price for such supplies or services computed in accordance with the price or prices specified in the contract, appropriately adjusted for any saving of freight or other charges;

(ii) The total of—

(A) The costs incurred in the performance of the work terminated, including initial costs and preparatory expense allocable thereto, but exclusive of any costs attributable to supplies or services paid or to be paid for under paragraph (e)(i) hereof;

* * * * *

(k) Unless otherwise provided for in this contract, or by applicable statute, the Contractor shall—from the effective date of termination until the expiration of 3 years after final settlement under this contract—preserve and make available to the Government at all reasonable times at the office of the Contractor but without direct charge to the Government, all his books, records, documents, and other evidence bearing on the costs and expenses of the Contractor under this contract and relating to the work terminated hereunder, or, to the extent approved by the Contracting Officer, photographs, microphotographs, or other authentic reproductions thereof.

* * * * *

§ 8.706 Subcontract termination clause.

* * * * *

TERMINATION (NOVEMBER 1971)

* * * * *

(e) * * *

(i) For completed supplies or services accepted by the buyer (or sold or acquired as provided in paragraph (b)(vii) above) and not theretofore paid for, forthwith a sum equivalent to the aggregate price for such supplies or services computed in accordance with the price or prices specified in the contract, appropriately adjusted for any saving of freight or other charges;

(ii) The total of—

(A) The cost of such work, including initial costs and preparatory expenses allocable thereto, exclusive of any costs attributable to supplies or services paid or to be paid for under (i) above; and

* * * * *

(i) For the purpose of paragraphs (c) and (e) above, the amounts of the payments to be made by the buyer to the seller shall be determined in conformity with the policies and principles set forth in section VIII of the Armed Services Procurement Regulation in effect at the date of this contract. Unless otherwise provided for in this contract, or by applicable statute, the seller shall—from the effective date of termination until the expiration of 3 years after final settlement under the contract—preserve and make available to the buyer and to the Government at all reasonable times at the office of the seller, all his books, records, documents, and other evidence bearing on the costs and expenses of the seller under the contract and relating to the work terminated hereunder, or, to the extent approved by the Government, photographs, microphotographs, or other authentic reproductions thereof.

* * * * *

PART 9—PATENTS, DATA, AND COPYRIGHTS

13. In § 9.104 the last sentence of the introductory statement is amended, and § 9.202–2(g)(3) is added, as follows:

§ 9.104 Notice and assistance.

* * * Accordingly, the clause set forth below shall be included in all contracts in excess of $10,000 for supplies, services, construction, or experimental, developmental, or research work: *Provided*, That the clause set forth below shall not be included in contracts:

* * * * *

§ 9.202–2 Policy.

* * * * *

(g) *Specific acquisition of data and rights.* * * * (3)(i) In addition to the acquisition of unlimited rights in data as authorized in subparagraph (1) of this paragraph, there will be situations when it is in the best interests of the Government to acquire from subcontractors repair parts or components by direct sale to the Government.

(ii) The clause set forth in § 7.104–9(k) of this chapter may be used in contracts for major systems or major subsystems involving estimated program expenditures in excess of $25 million of RDT&E funds or in excess of $100 million of production funds. When this clause is used, any compensation the contractor requires for the right the subcontractor will have to use his limited rights data shall be included in the price of the prime contract. Also, the Government shall have the right to purchase such items direct from manufacturing subcontractors without the payment, either directly of any fee or royalty to the prime contractor, or as part of the purchase price, for use of the prime contractor's data.

(iii) For the purpose of applying the foregoing policy, the following definitions shall be utilized: A major system is a composite of equipment, skills, and techniques capable of performing and/or supporting an operational role which required or will require research, development, test, and evaluation investment or design, development, test, and evaluation investment estimated in excess of $25 million or total production investment estimated in excess of $100 million. A major subsystem is a major functional part of a major system (as defined above) which is essential to operational completeness. Examples are: Airframe, propulsion, armament, guidance, and communication. A major system or major subsystem contractor includes an associate contractor defined as a prime contractor to the Government for developing and/or producing subsystems, equipment, or components meeting specifications prepared by a contractor performing one or more of the functions of systems engineering for a major system (as defined above).

* * * * *

PART 10—BONDS, INSURANCE, AND INDEMNIFICATION

14. Section 10.104–2(b) is amended, as follows:

§ 10.104–2 Performance bonds.

* * * * *

(b) Subject to the general policy stated in paragraph (a) of this section, determinations that performance bonds will be required in specified classes of cases (e.g., for particular types of supplies or services) may be made (1) for the Army, by the Director and Deputy Director of Requirements and Procurement, Army Materiel Command, and by all Heads of Procuring Activities not subordinate to that command; (2) for the Navy, by the Chief of Naval Materiel; (3) for the Air Force, by the Deputy Chief of Staff, Systems and Logistics; (4) for the Defense Supply Agency, by the Executive Director, Procurement and Production; and (5) for the Defense Nuclear Agency, by the Director. A copy of each such determination covering a class of cases shall be forwarded to the Office of Assistant Secretary of Defense (Installations and Logistics) for information.

* * * * *

PART 11—FEDERAL, STATE, AND LOCAL TAXES

15. Section 11.401–1(b) is revised and (c) is revoked, as follows:

§ 11.401–1 Advertised and certain negotiated contracts.

* * * * *

(b) *Description.* The clause provides that the contract price includes all applicable taxes. It provides for an increase or decrease in the contract price to compensate for changes in applicable Federal excise taxes or duties, except for social security or other employment taxes. It does not provide for any adjustment in the contract price to compensate for changes in State or local taxes.

FEDERAL, STATE, AND LOCAL TAXES
(NOVEMBER 1971)

(a) Except as may be otherwise provided in this contract, the contract price includes all applicable Federal, State, and local taxes and duties.

(b) Nevertheless, with respect to any Federal excise tax or duty on the transactions or property covered by this contract, if a statute, court decision, written ruling, or regulation takes effect after the contract date, and—

(1) Results in the Contractor being required to pay or bear the burden of any such Federal excise tax or duty or increase in the rate thereof which would not otherwise have been payable on such transactions or property, the contract price shall be increased by the amount of such tax or duty or rate increase: *Provided*, The Contractor warrants in writing that no amount for such newly imposed Federal excise tax or duty or rate increase was included in the contract price as a contingency reserve or otherwise; or

(2) Results in the Contractor not being required to pay or bear the burden of, or in his obtaining a refund or drawback of, any such Federal excise tax or duty which would otherwise have been payable on such transactions or property or which was the basis of an increase in the contract price, the contract price shall be decreased by the amount of the relief, refund, or drawback, or that amount shall be paid to the Government, as directed by the Contracting Officer. The contract price shall be similarly decreased if the Contractor, through his fault or negligence or his failure to follow instructions of the Contracting Officer, is required to pay or bear the burden of, or does not obtain a refund or drawback of, any such Federal excise tax or duty.

(c) Paragraph (b) above shall not be applicable to social security taxes or to any other employment tax.

(d) No adjustment of less than $100 shall be made in the contract price pursuant to paragraph (b) above.

(e) As used in paragraph (b) above, the term "contract date" means the date set for bid opening, or if this is a negotiated contract, the contract date. As to additional supplies or services procured by modification to this contract, the term "contract date" means the date of such modification.

(f) Unless there does not exist any reasonable basis to sustain an exemption, the Government upon the request of the Contractor shall, without further liability, furnish evidence appropriate to establish exemption from any Federal, State, or local tax; *Provided*, That, evidence appropriate to establish exemption from any Federal excise tax or duty which may give rise to either an increase or decrease in the contract price will be furnished only at the discretion of the Government.

(g) The Contractor shall promptly notify the Contracting Officer of matters which will result in either an increase or decrease in the contract price, and shall take action with respect thereto as directed by the Contracting Officer.

(c) [Revoked]

PART 12—LABOR

16. In the table of contents to this part the title of Subpart C is revised; §§ 12.300 and 12.301 are amended; in § 13.303 the title, introductory statement and paragraph (a) of the clause are amended; in § 12.306 the subject and introductory statement are amended and paragraph (b) is revoked; § 12.604 is amended; §§ 12.607, 12.806, and 12.808 subjects are amended; § 12.808–2(a) is revised; § 12.812(a) is amended; § 12.1004 (d)(1) and (e) are amended; and § 12.1005–6 is revised, as follows:

Subpart C—Contract Work Hours and Safety Standards Act (Other Than Construction Contracts)

§ 12.300 Scope of subpart.

This subpart deals with the requirements of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327–333) applicable to contracts other than construction contracts as defined and covered in Subpart G, Part 18 of this chapter.

§ 12.301 Statutory requirement.

In accordance with the requirement of the Contract Work Hours and Safety Standards Act (40 U.S.C. Code 327–333), certain contracts entered into by any Department shall contain a clause to the effect that no laborer or mechanic doing any part of the work contemplated by the contract shall be required or permitted to work more than 8 hours in any 1 calendar day or 40 hours in any workweek unless such laborer or mechanic is compensated for all hours worked in excess of 8 hours in any 1 calendar day or 40 hours in any workweek at not less than one and one-half times the basic rate of pay.

§ 12.303 Contract clause.

* * * * *

CONTRACT WORK HOURS AND SAFETY STANDARDS ACT—OVERTIME COMPENSATION (NOVEMBER 1969)

This contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327–333), is subject to the following provisions and to all other applicable provisions and exceptions of such Act and the regulations of the Secretary of Labor thereunder.

(a) *Overtime requirements.* No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek in which he is employed on such work to work in excess of 8 hours in any calendar day or in excess of 40 hours in such workweek on work subject to the provisions of the Contract Work Hours and Safety Standards Act unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of 8 hours in any calendar day or in excess of 40 hours in such workweek, whichever is the greater number of overtime hours.

* * * * *

§ 12.306 Variation—firefighters and fireguards.

The following variation in the application of the Contract Work Hours and Safety Standards Act to firefighters and fireguards has been authorized by the Solicitor of Labor (see 29 C.F.R. 5.14 (d)):

* * * * *

(b) [Revoked]

§ 12.604 Eligibility of a bidder or offeror.

(a) *Determination of eligibility and protests concerning.* (1) The initial responsibility for applying the eligibility requirements set forth in §§ 12.601 and 12.603 rests with the procuring contracting officer. The Department of Labor does not conduct preaward investigations or render final determinations until the procuring contracting officer has initially determined whether the eligibility requirements have been met.

(2) When the procuring contracting officer has determined that an apparently successful bidder or offeror is ineligible, he shall notify him promptly in writing and inform him:

(i) That he does not meet the eligibility requirements, and the reason therefor;

(ii) That if he wishes to protest such determination, he may submit evidence concerning his eligibility to the contracting officer;

(iii) That if, after review of the evidence submitted by the bidder or offeror, the contracting officer has not changed his position, he will forward the bidder or offeror's protest, together with all pertinent material, to the Administrator of the Wage and Hour Division of the Department of Labor for a final determination, and so notify the bidder or offeror.

(3) When another bidder or offeror challenges the eligibility of the apparently successful bidder or offeror prior to award:

(i) The contracting officer shall notify the protester promptly in writing:

(*a*) That he may submit evidence concerning the noneligibility to the contracting officer;

(*b*) That after review of such evidence, the contracting officer will make a decision thereon and if the decision is unfavorable to the protester forward the protest, together with all pertinent material, to the Administrator of the Wage and Hour Division for a final determination;

(ii) The contracting officer shall notify the apparently successful bidder or offeror promptly in writing that his eligibility under the Walsh-Healey Act has been challenged and:

(*a*) That he may submit evidence concerning the matter to the contracting officer;

(b) That after review of such evidence, the contracting officer will make a decision thereon and if adverse to the protester, forward the protest, together with all pertinent material, to the Administrator of the Wage and Hour Division for a final determination.

(4) Notification to other bidders or offerors: Bidders or offerors whose bids or offers might become eligible for award should be notified of the protest when an award is to be held up under subparagraph (2) or (3) of this paragraph and requested to extend their acceptance period, if needed.

(5) If the contracting officer forwards the case to the Department of Labor for review of eligibility under the Walsh-Healey Act, award will be held in abeyance until the contracting officer receives a final determination from the Department of Labor or the contracting officer determines that award should be made because:

(i) The items to be procured are urgently required; or

(ii) Delivery or performance will be unduly delayed by failure to make award promptly; or

(iii) A prompt award will otherwise be advantageous to the Government.

If the contracting officer decides to proceed with the award, he shall give written notice of the decision to proceed to the protester and as appropriate to others concerned.

(6) If an award is made under subparagraph (5) of this paragraph, the contracting officer shall document the file to explain the need for making an award prior to the receipt of a determination from the Department of Labor.

(7) Protests after award. A protest received after award shall be forwarded to the Department of Labor if the contract has not been completed, and the protester so notified. If the contract has been completed, the protester shall be notified that no action will be taken in the protest.

(b) *Additional responsibilities of contracting officers.* When the Walsh-Healey Public Contracts Act is applicable, and pursuant to regulations or instructions issued by the Secretary of Labor and in accordance with procedures prescribed by each respective Military Department:

(1) The procuring contracting officer shall:

(i) Inform prospective contractors of the applicability of minimum wage determinations; and

(ii) Report promptly to the ACO any violation of the representation or stipulation required by the Walsh-Healey Act that he becomes aware of.

(2) The administrative contracting officer shall:

(i) Furnish to the contractor Department of Labor WH Publication 1313, Notice to Employees Working on Government Contracts, and a form letter (Form PC–12) explaining the Walsh-Healey Act (forms are available through normal publication supply channels); and

(ii) Report to the Department of Labor any violation of the representations or stipulations required by the Walsh-Healey Act.

§ 12.607 Wage and Hour Division of the U.S. Department of Labor Regional Offices—Geographical Jurisdictions and Addresses of Regional Directors.

* * * * *

§ 12.806 Equal opportunity notices and certification provisions.

* * * * *

§ 12.808 Compliance reviews and clearances.

§ 12.808–2 Contracting Officer, responsibility for clearance.

(a) *Procurement actions of $1 million or more*—(1) *Prime contract clearance.* Except as provided in paragraph (d)(2) of this section, the contracting officer shall request the appropriate compliance agency to determine whether a company is in compliance and the company therefore is eligible for award prior to effecting any procurement action (including awards and modifications of indefinite quantity and requirements type contracts or execution, extension, or continuation of basic ordering agreements) which obligates $1 million or more, or is expected to result in an aggregate obligation of $1 million or more.

(2) *Subcontract clearance.* Clearance shall be obtained prior to the award of any first-tier subcontract in an estimated or actual amount of $1 million or more when such subcontract requires the contracting officer's consent or would require such consent were it not for an approved purchasing system (see § 23.201 of this chapter).

* * * * *

§ 12.812 Reports and other required information.

(a) Title 41, section 60–1.7 of the CFR prescribes the annual filing of required forms by prime and subcontractors.

* * * * *

§ 12.1004 Contract clauses.

* * * * *

(d) *Linen supply service clauses.*

(1) In contracts for linen supply services containing the clause in paragraph (a) of this section (i.e., contracts in excess of $2,500), insert the Linen Supply

Services clause set forth in § 7.1903.41 (d)(1) of this chapter.

* * * * *

(e) *Price adjustment clause.* In a fixed price type service contract with an option to renew or in a fixed price type multiyear service contract which contains the clause in paragraph (a) of this section, insert the Fair Labor Standards Act and Service Contract Act—Price Adjustment clause set forth in § 7.1905(b) of this chapter.

§ 12.1005–6 Department of Labor WH Publication 1313.

The contracting officer shall furnish to the contractor Department of Labor WH Publication 1313, Notice to Employees Working on Government Contracts, at the time of contract award and shall insure that the form is in the possession of the contractor for appropriate posting prior to performance of the contract. The form advises employees of their benefits under the Act and satisfies the notice requirements in paragraph (d) of the contract clause prescribed in § 12.1004(a). Contractors are required to post the form at a prominent and accessible place at the worksite. Supplies of the form may be obtained from normal supply channels or from the Workplace Standards Administration, U.S. Department of Labor, Washington, D.C. 20210.

PART 13—GOVERNMENT PROPERTY

17. In § 13.301 paragraphs (a) and (g) are amended and (h)(2) is revised; § 13.803 is revised, as follows:

§ 13.301 Providing facilities.

(a) It is the policy of the Department of Defense that contractors will furnish all facilities required for the performance of Government contracts. Facilities will not be provided to contractors for expansion, replacement, modernization or other purpose except as follows:

(1) For use in a Government-owned contractor operated plant operated on a cost-plus-fixed-fee basis;

(2) For mobilization production of items being procured in accordance with an approved mobilization plan (ASOD) package; or

(3) When—

(i) The Secretary of the Department or his designee, in the case of new facilities, or an authorized official of the Department in the case of existing Government-owned facilities, determines that: (*a*) The Defense contract cannot be fulfilled by any other practical means, or (*b*) it is in the public interest; and

(ii) The contractor, represented by an executive corporate official, or his equivalent in noncorporate entities, either expresses in writing his unwillingness or financial inability to acquire the necessary facilities with his resources, or explains in writing that time will not permit him to make the necessary arrangements to obtain timely delivery of such facilities to meet defense requirements even though he is willing and financially able to acquire the facilities. In this latter case, existing Government-owned facilities (not new purchases) may be provided until the contrator purchased facilities are delivered and installed.

New facilities shall not be furnished unless existing Government-owned facilities are either inadequate or cannot be economically furnished.

* * * * *

(g) Prior to acquiring new facilities listed in the joint DOD handbooks reference in § 13.312 and having an item acquisition cost of $1,000 or more, DOD Industrial Plant Equipment Requisition (DD Form 1419) shall be submitted to the Defense Industrial Plant Equipment Center, Memphis, Tenn. 38102, to ascertain whether existing Government-owned facilities can be utilized. No acquisition of any listed item shall be made until a certificate of nonavailability is received from the Defense Industrial Plant Equipment Center. However, prior to issuing a certificate of nonavailability, DIPEC shall determine if technical data (e.g., parts listings, maintenance, overhaul, and repair manuals, wiring diagrams, etc.) required for use in the maintenance and repair of the new facilities, are available. If it is determined that such data is not available at the time of issuance of the nonavailability certificate for equipment, DIPEC may request, by an appropriate instruction in block 51 of DD Form 1419, that an additional set of the technical (maintenance) data be acquired with the new facilities when they are procured. This additional set of data shall be delivered to the repository address specified by DIPEC in block 51 of DD Form 1419. When warranted by the urgency of the situation, requests for screening may be submitted to DIPEC by whatever means determined expedient. When submitting urgent screening requirements other than on a DD Form 1419, the following elements of information must be furnished for each item of equipment:

* * * * *

(h) * * *

* * * * *

(2) Approved by the Senior ADPE policy official of the Department or Agency which generated the requirement for the contract end item; in the case of ADPE to be acquired on a noncompetitive basis, the request for approval shall be forwarded to the Assistant Secretary of Defense (Comptroller) through the Senior ADPE policy official. Such requests for approval need not be forwarded to the ASD(C) when the total equipment acquisition is equal to or less than $100,000 annual lease cost or $400,000 purchase cost.

§ 13.803 Records of Government property.

Records of Government property established and maintained by the contractor pursuant to the terms of the contract shall be designated and utilized as the official contract records. Duplicate records shall not be furnished to nor be maintained by the Government personnel other than as provided for in this subchapter. Exceptions to this policy may be authorized by the procuring contracting officer for those contracts in which contract administration is retained by the purchasing office involving Government property (a) furnished to a contractor for repair or servicing and return to the shipping organization or (b) furnished to a contractor for use on a Government installation. In such cases, the property will be accounted for as a suspense item within the military account designated by the purchasing activity. The applicable Government property clause shall be modified by insertion of the Property Records clause in § 7.104–24(g) of this chapter.

PART 14—PROCUREMENT QUALITY ASSURANCE

18. Section 14.302(1) is revised, as follows:

§ 14.302 Standard inspection clauses.

* * * * *

(1) Section 7.1902–4 or 7.1909–5.

PART 15—CONTRACT COST PRINCIPLES AND PROCEDURES

19. Section 15.204(b) is revised; § 15.205–6(j) is added, §§ 15.205–26(b), 15.309–3, and 15.309–13 are revised; § 15.309–44(b) is amended and paragraphs (e) and (f) are added, as follows:

§ 15.204 Application of principles and procedures.

* * * * *

(b) Costs incurred as reimbursements or payments to a subcontractor under a cost-reimbursement, fixed-price incentive, or price redeterminable type subcontract of any tier above the first firm fixed-price or fixed price escalation subcontract are allowable to the extent that allowance is consistent with the subpart of this part which is appropriate to the subcontract involved. Thus, if the subcontract is for supplies, such costs are allowable to the extent that the subcontractor's costs would be allowable if this subpart were incorporated in the subcontract; if the subcontract is for construction, such costs are allowable to the extent that the subcontractor's costs would be allowable if Subpart D of this part were incorporated in the subcontract. Similarly, costs incurred as payments under firm fixed-price or fixed price escalation subcontracts or modifications thereto, when cost analysis was performed pursuant to § 3.807–10(b) of this chapter, shall be allowable only to the extent that the price was negotiated in accordance with the principles in § 15.106.

§ 15.205–6 Compensation for personal services.

* * * * *

(j) Costs which are unallowable under other paragraphs of this subpart shall not be allowable under § 15.205–6 solely on the basis that they constitute personal compensation.

§ 15.205–26 Patent costs.

* * * * *

(b) (CWAS–NA) Costs of preparing disclosures, reports, and other documents and of searching the art to the extent necessary to make invention disclosures, if not required by the contract, are unallowable. Costs in connection with (1) filing and prosecuting any foreign patent application, or (2) any U.S. patent application with respect to which the contract does not require conveying title or a royalty free license to the Government, are unallowable. (Also see § 15.205–36.)

§ 15.309–3 Capital expenditures.

The costs of equipment, buildings, and repairs which materially increase the value or useful life of buildings or equipment, are unallowable except as provided for in the research agreement. Government funds shall not be used for the acquisition of land, or any interest therein, except with the specific prior approval of the sponsoring agency.

§ 15.309–13 Equipment and other facilities.

The cost of permanent equipment or other facilities are allowable when such purchases are approved by the sponsoring agency concerned or provided for by the terms of the research agreement. Total expenditures for permanent equipment may not exceed 125 percent of the amount allotted for the permanent equipment category by the sponsoring agency (through an approved budget or other document) except with approval. The term "permanent equipment" shall mean an item of property which has an acquisition cost of $200 or more and has an expected service life of 1 year or more.

(a) *General purpose equipment.* Approval must be obtained to acquire with Government funds any general purpose permanent equipment, i.e., any items which are usable for activities of the institution other than research, such as office equipment and furnishings, air conditioning, reproduction or printing equipment, motor vehicles, etc., or any automatic data processing equipment.

(b) *Research equipment.* Approval must be obtained to acquire with Government funds any item of permanent research equipment costing $1,000 or more.

§ 15.309–44 Travel costs.

* * * * *

(b) Travel costs are allowable subject to paragraphs (c), (d), (e), and (f) of this section, when they are directly attributable to specific work under a research agreement or are incurred in the normal course of administration of the institution or a department or research program thereof.

* * * * *

(e) Foreign travel costs are allowable only when the travel has received specific prior approval. Each separate foreign trip must be specifically approved. For purposes of this provision, foreign travel is defined as "any travel outside of Canada and the United States and its territories and possessions."

(f) Expenditures for domestic travel may not exceed $500, or 125 percent of the amount allotted for such travel by the sponsoring agency, whichever is greater, except with approval.

PART 16—PROCUREMENT FORMS

20. Section 16.101–1 (b), (c), and (d) are revised; § 16.104–1(a) is revised; in § 16.104–2 the instructions for block 17 are added; in § 16.104–3 the instructions for block 8 are added and block 11 is amended; § 16.104–4 the instructions for block 7 are added; § 16.401–1 (a), (f), and (h) are revised; §§ 16.405–1, 16.405–2, 16.601, and 16.702–4 are amended; § 16.803–1(d) is added; § 16.803–2 is revised; § 16.813 is added; § 16.825 is revoked; and §§ 16.827 through 16.827–3 are revised, as follows:

§ 16.101–1 General.

* * * * *

(b) Solicitation Instructions and Conditions (Standard Form 33A) (March 1969 edition), in supply contracts substituting the clause in § 7.103–14 of this chapter and in service contracts substituting the clause in § 7.1902–11 of this chapter for paragraph 9(b).

(c) General Provisions (Supply Contract), Standard Form 32, November 1969 edition (to be used only when procuring supplies). When using this form, the following clause shall be added.

ALTERATIONS IN CONTRACT
(NOVEMBER 1971)

Standard Form 32, General Provisions (Supply Contract) is hereby altered by substituting the following ASPR clauses in effect on the date of this solicitation:

a. Title and Risk of Loss (ASPR 7–103.6) for Clause 6.

b. Examination of Records by Comptroller General (ASPR 7–104.15) for Clause 10.

c. Notice and Assistance Regarding Patent and Copyright Infringement (ASPR 7–103.23) for Clause 13.

d. Buy American Act (ASPR 7–104.3) for Clause 14.

e. Utilization of Labor Surplus Area Concerns (ASPR 7–104.20(a)) for Clause 22.

(d) Any other special terms for the solicitation or additional contract provisions which are prescribed by this subchapter or Departmental procedures (see § 1.108 of this chapter).

§ 16.104–1 General.

The following information is applicable to all of the forms discussed in this section.

(a) *Codes.* Entries in the code blocks provided on the forms are required if the contract is assigned to an office listed in the DOD Directory of Contract Administration Services Components. The organizational entity address codes to be entered on contracts are as follows:

(1) *Codes published in the DOD Activity Address Directory (DODAAD), DOD 4000.25D.* These codes are to be used for government entities. However, the "Ship To/Mark For" block shall use a DODAAD code for nongovernment entities for shipments to satisfy MILSTRIP requisitions for that nongovernment entity.

(2) *Codes published in Handbook of Nongovernment Organizations for MILSCAP, H8–1/H8–2 Handbooks.* These codes will be used for all nongovernment entities, except for the condition as noted in subparagraph (1) of this paragraph.

* * * * *

§ 16.104–2 Solicitation, offer, and award (Standard Form 33).

* * * * *

Block No.	*Title and/or instructions*
17-----	*Offeror name and address*—(i) If not entered by the offeror, enter in the first code block the code for the offeror. (ii) If it is known that all the work covered by the contract is to be performed at an address different than the address represented by the offeror's code, and any contract administration function will be required at that facility, enter in the facility code block the code for that facility, i.e., H8–1/H8–2 code for a nongovernment entity or DODAAD code for a government entity (DODAAD codes shall be used only to indicate "performed at" locations for contracts specifying services at a government location). If it is known that multiple facilities are involved (i.e., when the work covered by the contract is performed both at the offeror's address and one or more other facilities or when all the work is to be performed at two or more facilities other than the offeror's address), indicate the codes for all facilities at which work is to be performed, including the offeror's code if work is to be performed at that address, in section K (Contract Administration Data) and mark the facility code block with "See Schedule." For contracts specifying services which will be performed at a location other than the offeror's address, the locations shall be indicated as required above.

* * *

§ 16.104–3 Award/contract (Standard Form 26).

* * * * *

Block No.	*Title and/or instructions*
8------	*Contractor name and address*—(i) Enter the full business name and address of the contractor. Enter in the first code block the code of the contractor. (ii) If it is known that all the work covered by the contract will be performed at an address different than the address represented by the contractor's code, and any contract administration function will be required at that facility, enter in the facility code block the code for that facility, i.e., H8–1/H8–2 code for a nongovernment entity or DODAAD code for a government entity (DODAAD codes shall be used only to indicate "performed at" locations for contracts specifying services at a government location). If it is known that multiple facilities are involved (i.e., when the work covered by the contract is performed both at the contractor's address and one or more other facilities, or when all the work is to be performed at two or more facilities other than the

Block No.	*Title and/or instructions*
	contractor's address), indicate the codes for all facilities at which work is to be performed, including the contractor's code if work is to be performed at that address, in section K (Contract Administration Data) and mark the facility code block with "See Schedule." For contracts specifying services which will be performed at a location other than the contractor's address, the locations shall be indicated as required above.
11-----	*Ship to/mark for*—Multiple delivery points shall be shown in Section H of the UCF and this block annotated to that effect. Any "Mark For" in-the-clear and DODAAD or H8-1/H8-2 coded address for ultimate consignee shall be entered in this block.

§ 16.104–4 **Amendment of solicitation/modification of contract (Standard Form 30).**

Block No.	*Title and/or instructions*
7-----	*Contractor name and address*—For modifications to a contract or order, enter the contractor's name, address, and code as shown in the original contract or order, unless changed by this or a prior modification. An entry shall not be made in the facility code block unless the facilities reflected in the contract or prior modification have changed since award or prior modification, or unless this modification authorizes the change in facilities. The entry shall be made in accordance with § 3.608–8 of this chapter, §§ 16.104–2, or 16.104–3. Except when required by the terms or conditions of the contract or order, a modification need not be issued solely to reflect changes in facilities or facility codes; however, these changes shall be reflected in the first modification otherwise issued after the change in facilities has occurred.

§ 16.401–1 **General.**

(a) Standard Form 19—Invitation, Bid, and Award (Construction, Alteration or Repair). (Pending revision of the October 1969 edition, delete Clause 12, Examination of Records, and substitute the Examination of Records by Comptroller General clause in § 7.104–15 of this chapter.)

(f) Standard Form 22—Instructions to Bidders (Construction Contract).

(h) Standard Form 23–A—General Provisions (Construction Contract).

§ 16.405–1 **Performance evaluation-architect-engineer professional services contractor (DD Form 1413).**

DD Form 1413 is prescribed for use in accordance with § 1.908–3 of this chapter to provide an orderly and uniform method of determining and recording how effectively architect-engineer professional services contractors meet their contractual commitments. It shall be completed by the cognizant construction activity upon the completion or termination of architect-engineer professional services contracts of $10,000 or more.

§ 16.405–2 **Construction contractor performance evaluation report (DD Form 1596).**

DD Form 1596 is prescribed for use in accordance with § 1.908–4 of this chapter to provide an orderly and uniform method of determining and recording how effectively construction contractors meet their contractual commitments.

§ 16.601 **Military interdepartmental purchase request (MIPR) (DD Form 448) and Standard Form 36.**

DD Form 448 shall be used by the requiring Military Departments to—

(a) Request the procurement of supplies or nonpersonal services by the procuring department or agency, and

(b) Permit the procuring department or agency to authorize manufacture of the necessary supplies.

DD Form 448 is authorized for use in effecting other types of coordinated procurement pursuant to Subpart K, Part 5 of this chapter. When a continuation sheet is necessary, Standard Form 36 shall be used.

§ 16.702–4 **Settlement proposal (short form) (DD Form 831).**

DD Form 831 is authorized for use by contractors in submitting claims resulting from the termination of fixed price contracts when the total claim is less than $10,000.

§ 16.803–1 **Construction contracts.**

(d) Department of Labor Form WH 1321, Notice to Employees Working on Federal or Federally Financed Construction Projects, shall be furnished to the contractor in accordance with § 18.704–2(j) of this chapter.

§ 16.803–2 **Supply contracts.**

Department of Labor WH Publication 1313, Notice to Employees Working on Government Contracts, shall be furnished to the contractor in accordance with the provisions of § 12.604 of this chapter.

§ 16.813 **Small purchase pricing memorandum.**

Small Purchase Pricing Memorandum, DD Form 1784, shall be used to document purchase order files as to reasonableness of price when a separate form is used for that purpose (see § 3.604–2 of this chapter). Local reproduction of DD Form 1784 is authorized.

§ 16.825 **[Revoked]**

§ 16.827 **Management Systems Summary List (DD Form 1660).**

§ 16.827–1 **General.**

A DD Form 1660 and the clause set forth in § 7.104–50 of this chapter shall be included in all solicitations and contracts which are estimated to exceed $1 million and use managements systems other than those required by ASPR (see § 1.331 of this chapter). The DD Form 1660 shall list each management system required by the contract except those required by a clause set forth in this chapter.

§ 16.827–2 **Preparation of DD Form 1660.**

The DD Form 1660 shall be prepared and used in accordance with the following:

(a) Each entry shall be selected from the Acquisition Management Systems List (AMSL), DOD Manual 7000.6–M, or have been specifically approved for use in the contract by the Secretary of the Department concerned or his designee.

(b) Entries on the DD Form 1660 shall be made as follows:

Item 1. Number the entries sequentially.

Item 2. Transcribe the document numbers from the AMSL (DODM 7000.6–M).

Item 3. Transcribe the document date from the AMSL.

Item 4. Transcribe the document title from the AMSL.

Item 5. Enter the DD Form 1423 sequence numbers for all data requirements derived from the AMSL. Enter any exceptions made to the reporting and control requirements of the management system or state where the exceptions are contained in the contract.

Item 6. Enter the AMSL number and contractual application code, or cite authority to use management system not authorized.

Item 7. Transcribe from the AMSL the functional classification(s) which serve as the basis for selection of that particular system.

Item 8. Enter the DD Form 1423 sequence numbers for all data requirements to be derived from the management system. Show, where applicable, the data item description number from the DD Form 1664, Data Item Description, or equivalent Departmental document.

Item 9. State the contract location(s) where the management system is imposed and exceptions (tailoring) are defined. Contractor management systems accepted in lieu of an authorized management system should be identified along with the contract references, and a statement that the contractor system will satisfy the requirement.

§ 16.827–3 **Contracting Officer's Responsibiity.**

Upon receipt of a DD Form 1660, the contracting officer shall:

(a) Verify that the DD Form 1660 has been properly prepared by the requiring office and approved by responsible authority (the head of the Government activity charged with immediate management of the program), and

(b) Verify that the listed systems appear as contractually applicable in the AMSL or that approval for a specific application has been obtained from the Secretary of the Department concerned or his designee.

PART 17—EXTRAORDINARY CONTRACTUAL ACTION TO FACILITATE THE NATIONAL DEFENSE

21. In § 17.201 the subject and paragraph (b) are amended; §§ 17.203(b)(2), 17.207–1(f), 17.207–3(f), 17.208–3(c)(5),

17.208–5, and 17.304 are amended, as follows:

§ 17.201 Authority of the Secretaries and the Directors of DSA, DCA, and DNA.

* * * * *

(b) The Directors of the Defense Supply Agency, the Defense Communications Agency, and the Defense Nuclear Agency may exercise authority under the Act and the Executive order in all cases obligating the United States in the amount of $50,000 or less, and in disapproving proposed actions in any amount. This authority may be redelegated, consistent with the provisions of this section. Recommendations for payments in excess of $50,000 will be submitted by the Directors to the Assistant Secretary of Defense for Installations and Logistics for approval.

* * * * *

§ 17.203 Authority of other officers and officials.

* * * * *

(b) * * *

(2) The Navy:

Chief of each Bureau;
Commander of each of the six Systems Commands in the Naval Material Command;
Chief of Naval Research;
Aviation Supply Officer, Philadelphia;
Commander, Military Sealift Command; and
Commandant of the U.S. Marine Corps;

* * * * *

§ 17.207–1 Filing requests.

* * * * *

(f) In the Defense Nuclear Agency:

Director, DNA, Attention: J–4CM.

§ 17.207–3 Records.

* * * * *

(f) Defense Nuclear Agency activities, to Headquarters, DNA.

§ 17.208–3 Submission of cases to the Contract Adjustment Board.

* * * * *

(c) * * *

(5) In the Defense Nuclear Agency, each case shall be sent to the Headquarters, DNA, Attention: J–4CM, for further processing.

§ 17.208–5 Maintenance of records.

The records required by §§ 17.207–3, 17.208–2(b), and 17.208–4(a) and (b) shall be maintained in the Army, Navy, and Air Force, by the respective Boards; and in the Defense Supply Agency, Defense Communications Agency, and Defense Nuclear Agency by the respective Headquarters.

§ 17.304 Records.

The respective Contract Adjustment Boards in the Army, Navy, and Air Force; and the Headquarters, Defense Supply Agency, Defense Communications Agency, and the Defense Nuclear Agency, shall be responsible for maintaining two copies of each Memorandum of Approval required by § 17.303(b).

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

22. Sections 18.703–4 and 18.704–2(j) are amended, as follows:

§ 18.703–4 Overseas contracts.

Every construction contract in excess of $2,000 for work in Puerto Rico, the Virgin Islands, Outer Continental Shelf Lands defined in the Outer Continental Shelf Lands Act, American Samoa, Guam, Wake Island, Eniwetok Atoll, Kwajalein Atoll, Johnston Island or the Canal Zone shall include (a) the clause entitled Contract Work Hours and Safety Standards Act—Overtime Compensation, set forth in § 18.703–1(b); (b) the Subcontracts clause set forth in § 18.703–1(g), except that the first sentence thereof shall be modified to refer only to the clauses entitled Contract Work Hours and Safety Standards Act—Overtime Compensation, Subcontracts, and Contract Termination—Debarment, and (c) the clause entitled Contract Termination—Debarment set forth in § 18.703–1(h), except that the clause shall be modified to refer only to the clauses entitled Contract Work Hours and Safety Standards Act—Overtime Compensation and Subcontracts.

§ 18.704–2 Wage determinations.

* * * * *

(j) *Posting.* The contractor must keep a copy of the wage determination and of any approved additional classifications posted at the site of the work in a prominent place where they can be seen easily by the workers. The Department of Labor Form WH 1321, Notice to Employees Working on Federal or Federally Financed Construction Projects, shall be furnished to the contractor for posting with wage rates. The name and address of the officer responsible for the administration of the contract shall be inserted in the blank box in the middle of the poster to inform workers where complaints or questions concerning labor standards may be made.

* * * * *

PART 19—TRANSPORTATION

23. Sections 19.104–1(c) and 19.104–2 are revised; § 19.202 (a) and (c) are amended and paragraph (d) is added, §§ 19.204(a)(1) (i) and (iii) and 19.301–2 (a) and (b) are revised; and § 19.401 (n) is added, as follows:

§ 19.104–1 General.

* * * * *

(c) The place of performance of Government procurement quality assurance actions and place of acceptance shall not control the transportation term, except that where acceptance is at destination, transportation shall be f.o.b. destination (see § 19.104–2(d)(2). The fact that transportation is to be f.o.b. destination does not alone necessitate changing the place of acceptance from origin to destination; and the fact that acceptance is at origin does not necessitate an f.o.b. origin transportation term. Providing for inspection and acceptance at origin (when appropriate under part 14 of this chapter), in conjunction with an f.o.b. destination transportation term, may be advantageous to both the Government and the contractor. Acceptance of title at origin by the Government permits payment of the contractor: *Provided,* His invoice is supported either by a copy of the signed commercial bill of lading (indicating the carrier's receipt of the supplies covered by the invoice for transportation to the particular destination specified in the contract) or by other appropriate evidence of shipment to the particular destination for the contractor's account. See § 14.306(a) of this chapter.

§ 19.104–2 Determination of f.o.b. terms of procurement of items originating in the continental United States.

(a) Determination of f.o.b. terms will be made generally on the basis of overall costs, with due consideration of the criteria specified in paragraphs (c) and (d) of this section.

(b) Solicitations shall specify whether offerors must submit offers on subparagraph (1) or (2) of this paragraph or both, or may allow offerors to choose the basis on which they will make an offer. (See § 19.208.) Procurement shall be on the basis of whichever of the following is more advantageous to the Government:

(1) F.o.b. carrier's equipment, wharf, or freight station (at the Government's option) at a specified city or shipping point at or near contractor's plant (f.o.b. origin); or

(2) F.o.b. destination. (When the supplies are destined for ultimate delivery overseas, the destination shall be a CONUS port area or temporary storage or holding area (see § 19.213).)

(c) (1) In determining whether f.o.b. origin or destination is more advantageous to the Government, consideration should be given to the fact that economies in transportation within the United States are often available when contracts are awarded on an f.o.b. origin basis due to lower freight rates available to the Government. F.o.b. origin contracts also present other traffic management features, in that they:

(i) Permit utilization of transit privileges (see § 19.206);

(ii) Are suitable when destinations are tentative or unknown in which case the solicitation shall be f.o.b. origin only (see § 19.208–4);

(iii) Permit diversions to new destinations without price adjustment for transportation (see § 19.215);

(iv) Facilitate use of special routings or types of equipment (see § 19.207);

(v) Facilitate, when necessary, use of premium cost transportation and permit Government controlled transportation;

(vi) Make possible negotiation for reduced freight rates (see § 19.402); and

(vii) Permit utilization of the small shipment consolidation stations when this method is advantageous to the Government.

(2) Generally, procurements with a security classification of confidential or higher shall be purchased f.o.b. origin when the size, bulk, or quantity to be transported will require the employment of commercial transportation services. When required, routing instructions, as well as advice and assistance relative to the particular mode of transportation to be employed, shall be obtained from the appropriate Area Command of the Military Traffic Management and Terminal Service.

(d) (1) On the other hand, f.o.b. destination is more advantageous under certain circumstances. The following are examples of situations when f.o.b. destination is normally more advantageous and the solicitation shall normally be on an f.o.b. destination only basis (see § 19.208–3):

(i) When supplies are priced the same for delivery throughout the continental United States (nationally priced) or a specified region (regionally priced), regardless of the point at which the Government accepts delivery;

(ii) In the case of bulk supplies, such as coal, which require other than Government-owned or operated handling, storage, and loading facilities, and shipment is destined outside the continental United States;

(iii) When the supplies consist of steel, or other bulk construction products, for shipment destined outside the continental United States;

(iv) When the supplies consist of forest products, such as lumber;

(v) When the supplies consist of perishable subsistence or medical supplies subject to in-transit deterioration; and

(vi) When evaluation of offers on an f.o.b. origin basis is anticipated to result in increased administrative leadtime or administrative costs which outweigh the potential advantages of an f.o.b. origin determination.

(2) When acceptance must be at destination, the solicitation shall be on an f.o.b. destination only basis.

§ 19.202 Commodity description—freight classification.

(a) Generally, the freight rate for supplies is based upon the rating applicable to the freight classification description published in tariffs filed with Federal and State regulatory bodies. Therefore, a complete description of the commodity to be procured and of required packing and packaging is necessary to determine proper transportation charges for the evaluation of f.o.b. origin bids or proposals for shipments moving under Government bills of lading. When supplies cannot be properly classified through reference to freight classification tariffs or when doubt exists, the applicable freight classification shall be secured from the appropriate area headquarters of the Military Traffic Management and Terminal Service through the transportation office supporting the purchasing office.

* * * * *

(c) Explosives and other dangerous supplies must be adequately described in the solicitation for both safety and transportation purposes. The description shall show the Department of Transportation shipping name and classification (see Title 49, Code of Federal Regulations, Parts 170–189), the freight classification, military explosive class, and other data necessary for proper identification of the material.

(d) In f.o.b. origin contracts when transportation costs have been considered in the offer/evaluation process, the PCO shall furnish the freight classification information developed in accordance with paragraphs (a), (b), and (c) of this section to the CAO. (See AR 55–355/NAVSUP 444 (REV)/AFM 75–2/MCO P4600.14A/DSAR 4500.3.) This information will be in the format shown below.

NOTICE TO TRANSPORTATION OFFICER OF THE CAO

The commodity descriptions used in the evaluation of freight costs for this award are:

(List applicable commodity descriptions for each contract line item.)

Examples:

CLIN 1. *Motor*—Electrical Instruments, NOI, NMFC 61700.
Rail —Electrical Instruments, NOIBN, UFC 34580.
CLIN 2. *Motor*—Aircraft Wings, NMFC 11760.
Rail —Aircraft Wings, UFC 4705.

§ 19.204 Consignment and marking instructions.

(a) (1) * * *

(i) Department of Defense Activity Address Directory (DODAAD) or H8–1/H8–2 code of consignee and clear text identification of consignee and destination.

* * * * *

(iii) Project code, when applicable;

* * * * *

§ 19.301–2 Sources of transportation rates and related costs.

(a) Land and air rates; inland, coastwise, and intercoastal water rates; ocean rates, and costs; port handling charges; and related information pertaining to supplies moving to or from either overseas points or points within the continental United States shall be obtained from the appropriate area headquarters of MTMTS by the transportation or traffic management office which supports the contracting officer. However, rates and costs applicable to shipments of bulk petroleum via ocean tanker transportation should be obtained from the Military Sealift Command.

(b) Rates and related costs for all supplies to be shipped between points outside of the continental United States, including Alaska and Hawaii, shall be obtained from the Headquarters of the Military Service which sponsors the cargo. Requests should be directed as follows:

Army—Deputy Chief of Staff for Logistics, Department of the Army, Attention: LOG/MM–SSB, Washington, D.C. 20310.
Navy—Naval Supply Systems Command, Code 05, Washington, D.C. 20390.
Air Force—Applicable overseas Air Force Command.
Marine Corps—Director, Transportation Division, HQ. U.S. Marine Corps, COS, Washington, D.C. 20380.

* * * * *

§ 19.401 Traffic management for contract administration.

* * * * *

(n) Utilizing routings through established consolidation stations when it is in the best interest of the Government.

PART 22—SERVICE CONTRACTS

24. In the table of contents to this part, Subpart H is revised; § 22.107 is revised; Subpart H is revised; § 22.900 is revised; and § 22.106(b)(3) is amended and subparagraphs (5) and (6) are added, as follows:

§ 22.107 Contract term.

The term of a service contract that is funded by annual appropriations shall not extend beyond the end of the fiscal year current at the beginning of the contract term, unless the contract falls into one of the following categories:

(a) A 1-year contract for maintenance of tools or facilities if authorized under the current Department of Defense Appropriations Act;

(b) A multiyear service contract within the coverage of § 1.322–8 of this chapter;

(c) A 1-year requirements or indefinite quantity contract, as defined in §§ 3.409–2 and 3.409–3 of this chapter, in which any specified minimum quantities are certain to be ordered in the fiscal year current at the beginning of the contract term (see § 1.318 of this chapter); or

(d) A contract for expert or consultant services entered into in accordance with § 22.204–2 and calling for an end product which cannot feasibly be subdivided for separate performance in each fiscal year.

Subpart H—Procurement of Refuse Service

Sec.
22.800 Scope of subpart.
22.801 Definition of refuse service.
22.802 Method of procurement.

§ 22.800 Scope of subpart.

Procurement procedures peculiar to contracts for refuse service within the United States are set forth in this subpart. This subpart does not apply to utility service contracts for refuse service entered into with a city or other local government organization. These procedures may be used as guidance in procuring such services outside the United States. Clauses for refuse service contracts are set forth or referenced in subpart R, part 7 of this chapter.

§ 22.801 Definition of refuse service.

Refuse service is the removal of garbage, ashes, debris, rubbish, and other similar waste material. See § 7.1801–1 of this chapter.

§ 22.802 Method of procurement.

Refuse service shall be procured by a firm fixed-price contract, which shall be either (a) at a total contract price when a single price for contract performance is appropriate or (b) a requirements type contract specifying a firm unit price when anticipated abnormal fluctuations in requirements makes that type more advantageous to the Government.

§ 22.900 Scope of subpart.

This subpart prescribes procurement procedures for agreements with established schools, colleges, or universities, or other educational institutions for educational services using the institution's facilities, standard courses, and prevailing tuition and fees applicable to the general public. As used in this subpart, "facilities" does not include the institution's dining rooms or dormitories. Also, as used in this subpart, "fees" does not include charges for meals or lodging. Tuition assistance agreements, i.e., payment by the Government of partial tuition under the off-duty educational program, are not included under this subpart. No agreement shall be made under this subpart which will provide for, or result in, payment of Government funds for tuition or other expenses in connection with training in any legal profession. The format and clauses for educational service agreements are set forth in § 16.501 of this chapter.

§ 22.1006 Who may procure communication services.

* * * * *

(b) * * *

(3) For the Department of the Air Force: The Deputy Chief of Staff, Systems and Logistics; and the Director of Procurement Policy, DCS/S&L, Hq. USAF;

* * * * *

(5) For the Defense Supply Agency: For the leasing of local telecommunications facilities and services, Commanders of DSA centers, depots, and DCAS regions; and

(6) For the Defense Nuclear Agency: For contracts not in excess of $1 million, the Commander, Field Command, DNA.

* * * * *

PART 25—PRODUCTION SURVEILLANCE AND REPORTING

25. The title of this part is revised; §§ 25.000 and 25.001 are amended; §§ 25.103, 25.104–3, and 25.104–4 are revised, as follows:

§ 25.000 Scope of part.

This part establishes the policies and procedures for production surveillance and production progress reporting.

§ 25.001 Applicability.

The part applies to contracts for supplies and services, including research and development and overhaul and repair contracts. When a contract is retained for administration by the purchasing office, the contracting officer will determine the extent to which this part applies. Facilities contracts (see Subpart C, Part 13 of this chapter) and construction contracts (see Part 18 of this chapter) are excluded from this part.

§ 25.103 Assignment of criticality designator by purchasing office.

Purchasing offices shall assign Criticality Designator A, B, or C to each contract in accordance with the criteria given below and, if Designator A or B is assigned, shall include such designator on each contract in the space for designating the contract administration office. The assigned designator may be changed only by the purchasing office. The lowest designator consistent with the Government requirements shall be assigned. This will permit the contract administration office to apply its resources most effectively toward meeting the Government's priorities.

Criticality Designator	*Criterion*
A	DX-rated contracts; contracts under a Department of Defense or service-directed critical program; contracts negotiated under public exigency (see § 3.202 of this chapter) or small purchases otherwise meeting the requirements of public exigency (see § 3.202 of this chapter).
B	If not Designator A, contracts for items required to maintain a Government or contractor production or repair line.
C	All contracts other than Designator A and B.

§ 25.104–3 Assignment of production surveillance categories.

(a) The contract administration office shall assign contracts to production surveillance or review categories as follows:

(1) *Category 1.* This is conducted by an industrial specialist or other person qualified to assess the contractor's plan for production and evaluate progress toward the successful accomplishment of that plan. This type of effort is adaptable to contracts which have a production/performance leadtime of at least several months, and which entail identifiable milestone or pacing events against which progress may be measured. Contracts assigned this category should include those contracts which are of the complexity described above, and have a Criticality Designator A or are with a contractor which has either a history of generally poor production performance or a poor performance history on the same or similar supplies or services as those on the current contract.

(2) *Category 2.* This is conducted by personnel qualified to assess information provided by the contractor in terms of delivery probability. They may be assisted by industrial specialists or other technically qualified personnel who will visit the production facility when there is probability of failure by the contractor to deliver or perform according to schedule, or when contractor furnished information is questionable, or on other occasions when the assistance of technical personnel may contribute to the avoidance or minimizing of a delinquency. This category of surveillance entails, as a minimum, a written or telephonic reminder to the contractor in advance of the required delivery or performance date(s) including inquiry as to whether he will perform on schedule or as to the cause and duration of any anticipated delay, and periodic followup and expediting of supplies or services not delivered or performed on time. This category is adaptable to contracts which warrant surveillance effort by the Government in advance of the required due date. Any contract with a Criticality Designator A not assigned to Category 1 shall be assigned to Category 2. All Criticality Designator B contracts and those Criticality Designator C contracts placed with contractors having a history of generally poor production performance also shall be assigned to this category.

(3) *Category 3.* This is conducted by the same personnel assigned Category 2 contracts. This category of surveillance entails inquiry and expediting effort after a failure to deliver or perform within the contract schedule has occurred, and periodic followup. It may involve assistance by technical personnel.

(b) Regardless of assigned category, if a contract is reported by DD Form 375, Production Progress Report, as delinquent or anticipated to become delinquent, the surveillance efforts will provide continuous knowledge of the status of the problems causing the delinquency and of the corrective efforts being taken.

§ 25.104–4 Initial contract review.

If Category 1 is assigned to a contract, the contract administration service office shall:

(a) Review the contract in conjunction with any preaward survey (see § 1.900 of this chapter) to ascertain what contract performance difficulties may be expected;

(b) Determine the extent of postaward orientation required in the production area (see Subpart R, Part 1 of this chapter); and

(c) Determine any special procedures to be followed.

PART 30—APPENDIXES TO ARMED SERVICES PROCUREMENT REGULATIONS

26. In § 30.6, part 2, Items H–203 and H–204 are revised, Items H–206 and H–210 are amended, in part 3 of this section, Item H–302.2, block 3, (b) Alpha Series: O is revoked and R is inserted, and Block 20 is amended, Item H–302.4, the introductory statement is designated as (a) and new (b) and (c) are added,

Item H-303.1(b), (b) Alpha Series, O is revoked and R is inserted and card columns 60–61 is amended, Item H-303.2(b) is amended as are subparagraph (ii) and the closing sentence of this paragraph, Item H-303.2 paragraphs (c) and (d) are added, Item H-304.4 is amended, Item H-307(d) is amended, Item H-308 is amended, Item H-309 is added, in part 6 Item H-602.1 is amended, Item H-602.2 is revised, Item H-604-3(d) is revised, Items H-607.2(a) and H-607.3 are revised, Item H-610 codes I, Z, and 9 are revised, Items H-613(i) and H-614(i) are revised, as follows:

§ 30.6 Appendix H—Manual for Military Standard Requisitioning and Issue Procedure (MILSTRIP) for Defense Contractors.

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PART 2—GENERAL POLICIES

* * * * *

H-203 *Priority designators on requisitions for Government-furnished materiel.* When a Military Department executes a contract which provides that a contractor will requisition Government-furnished materiel, the contracting officer will advise the contractor of the Priority Designators to be shown in such contractor-prepared requisitions. The advice will take cognizance of the Force Activity Designator of the National priority, program or force/activity for which the contract is executed, and potential urgencies of need in accordance with DOD Directive 4410.6 (Uniform Materiel Movement and Issue Priority System).

H-204 *Time-frames.* Time-frames have been established for furnishing supply status and for delivery of material as follows:

(i) Supply status—

Priority designator	*Dispatched after receipt of requisition or followup*
1 through 08	Within 2 days.
09 through 15	Within 5 days.

(ii) Delivery of Materiel CONUS (includes Canada)—

Priority designator	*From requisition date to receipt of material by consignee*
1 through 03	6 days.*
04 through 08	10 days.**
09 through 15	26 days.***

*Based on 24-hour work schedule, 7 days per week. Time in days includes Saturdays, Sundays, and holidays.

**Based on 24-hour work schedule, 6 days per week.

***Based on a normal work week as a minimum.

(iii) Delivery of Materiel Overseas—

Priority designator	From requisition date to receipt of materiel by consignee		
	Area 1	Area 2	Area 3
01 through 03	10 days*	10 days*	11 days*.
04 through 08	14 days**	14 days**	15 days**.
09 through 15	64 days***	69 days***	79 days***.

NOTE: Area 1 includes Alaska, Hawaii, South America, Caribbean and North Atlantic. Area 2 includes Northern Europe, Mediterranean, and Africa. Area 3 is Western Pacific.

* Based on 24 hour work schedule, 7 days per week; Time in days includes Saturdays, Sundays, and holidays.

** Based on 24 hour work schedule, 6 days per week;

*** Based on a normal work week as a minimum.

Time standards for delivery of materiel (CONUS and Overseas) are extended 1 day for Priority Designator 01–08 requisitions and 2 days for Priority Designator 09–15 requisitions when the initial supply source passes the requisition to another supply source for action. Passing actions are identified by Supply Status documents containing Supply Code BK or BM in columns 65–66.

* * * * *

H-206 *Followups.* The MILSTRIP system provides for followups. A followup may be submitted by the requisitioner or supplementary addressee provided that status data is not on hand and the time-frame for receiving such data has elapsed, or the time-frame for the receipt of material has elapsed.

* * * * *

H-210 *Addresses.* Contractors shall use their activity address codes, as assigned by the Military Departments, on MILSTRIP documents. These identifying codes are published for the Departments in the DOD Activity Address Directory (DODAAD), DOD 4000.25D.

PART 3—REQUISITIONS, FOLLOWUPS, CANCELLATIONS AND REQUISITION MODIFIERS

* * * * *

H-302.2 *Use of DD Form 1348 as a requisition.* * * *

Item	*Explanation & Instructions*
Block 3—Media and status code.	Enter one of the following codes indicating the type of status required, the activity to receive status, and the communication method by which status is to be transmitted:
* * *	* * *
	(b) Alpha Series:
* * *	* * *
	O [Revoked]
* * *	* * *
	R Exception status plus shipment status to requisitioner by message.
* * *	* * *
Block 20—Priority -----	Enter appropriate priority designator in accordance with H-203.

* * * * * *

H-302.4 *Use of DD Form 1348 as a cancellation.* (a) A cancellation, in whole or in part, shall be initiated only by the requisitioner or the supplementary addressee. When cancellation is necessary, DD Form 1348 shall be prepared as follows:

Item	*Explanation and instructions*
Block A—Send to:	Enter "in the clear" address shown on the original requisition or the "in the clear" address of the last known source as indicated on the latest status document.
Block B—Requisition is from:	Enter "in the clear" address of the activity requesting cancellation.
Block 1—Document identifier.	Cancellation will be initiated by the originator (Code AC1) or the supplementary addressee (Code AC2).
Block 2—Routing identifier.	Enter the appropriate code for the last known source of supply.
Blocks 4, 5, and 6—Stock number.	Enter stock number shown on requisition or supply status card.
Block 7—Unit of issue.	Enter the suffix code as shown on the requisition or status card.
Block 8—Quantity.	Enter the quantity for which cancellation is requested.
Block 13—Demand.	Enter the suffix code as shown in the supply status card, when applicable. Otherwise, enter demand code from requisition.
All other blocks.	Enter identical information in other blocks as shown on original requisition or supply status card.

(b) Cancellation requests shall not be submitted for requisitioned materiel destined for CONUS contractor activities after receipt of shipment status information advising that shipment has occurred.

(c) Cancellation requests shall not be submitted for requisitioned materiel destined for overseas contractor activities after receipt of shipment status or lift information advising that:

(i) The materiel has been shipped by air or parcel post,

(ii) The total value of the materiel is less than $200,

(iii) The materiel has been lifted from a CONUS port, and

(iv) The materiel was shipped 45 or more days prior.

H-303.1 *Use of DD Form 1348m as a requisition.* * * *

(b) * * *

Card columns	Field/ Legend	Explanation and instructions
* * *	* * *	* * *
7	Media and status—	(b) Alpha Series:
* * *	* * *	* * *
		0 [Revoked]
* * *	* * *	* * *
		R Exception status plus shipment status to requisitioner by message.
* * *	* * *	* * *
60–61	Priority	Enter appropriate priority designator in accordance with H-203.
* * *	* * *	* * *

H-303.2 *Use of DD Form 138m as a followup.* * * *

(b) Followups for requisitions with Priority Designators 09 through 15 may be submitted only after expiration of at least 10 days from the date of requisition or previous followup submission date. Followups for requisitions with Priority Designators 01 through 08 may be submitted only after expiration of 48 hours from the requisition submission date or previous followup submission date. Submission of followups under these criteria will be accomplished only after activities insure that:

* * * * *

(ii) Status data are not on hand to indicate a delay in receipt of material beyond the Standard Delivery Date or Required Delivery Date; or

* * * * *

Activities following up on overseas requisitions, prior to submission of followups will insure that 48 hours have elapsed since the Required Delivery Date or the Standard Delivery Date expressed on the requisition, or that 48 hours have elapsed since expira-

tion of the established time frame for receipt of status.

* * * * *

H–303.3 *Use of DD Form 1348m as a cancellation.* * * *

(c) Cancellation requests shall not be submitted for requisitioned materiel destined for CONUS contractor activities after receipt of shipment status information advising that shipment has occurred.

(d) Cancellation requests shall not be submitted for requisition materiel destined for overseas contractor activities after receipt of shipment status or lift information advising that:

(i) The materiel has been shipped by air or parcel post,

(ii) The total value of the materiel is less than $200,

(iii) The materiel has been lifted from a CONUS port, and

(iv) The materiel was shipped 45 or more days prior.

H–304.4 *Use of messages as cancellations, followups and requisition modifiers.* Cancellations, followups and requisition modifiers by message shall be in the same format as that shown for a sample requisition, except that the first line in the body of the message shall be shown as "MILSTRIP Cancellation(s)," "MILSTRIP Followup(s)" or "MILSTRIP Requisition Modifier(s)," as appropriate. Data shown on cancellations and followups, except the first element of data which will show the correct document identifier, shall be a repeat of the original requisition. An entry in a requisition modifier document may differ from that in the original requisition only to reflect an increase or decrease in the Priority Designator or Required Delivery Date. When the priority of an item ordered changes but the quantity required is different from the quantity previously requisitioned, a new requisition shall be submitted for the quantity required under the new priority.

H–307 *Submission and use of requisition modifier documents.* * * *

(d) Supply sources will process requisition modifier documents to provide for modification of requisitions on back-order or modification of requisitions for which materiel release orders or DD Forms 1348–1 have not been processed to storage activities. Requisitions which have been submitted to procurement sources for direct delivery of required items at the time of receipt of requisition modifier documents are not required to be modified. These requisitions will be considered as requisitions for which materiel release orders or DD Forms 1348–1 have been processed at the time of receipt of requisition modifier documents. When requisition modifier documents are processed, the original requisitions identified by document numbers of the modifier documents, will be suspended from processing. Should the original requisitions be held on back-order, upon receipt of the requisition modifier document, the priority designators and/or required delivery dates will be amended in accordance with the requisition modifier documents. Procurement sources will be advised of the priority designator and/or required delivery date amendments. Modification of materiel release orders or DD Forms 1348–1 is at the discretion of the Military Services and Agencies. Supply sources will furnish requiring activities with the latest supply or shipment status information when modification of materiel release orders or DD Forms 1348–1 will not be accomplished. In those instances where the Services or Agencies elect to modify materiel release orders or DD Forms 1348–1, a materiel release order or DD Form 1348–1 modifier document will be prepared and transmitted to the applicable storage activity. The materiel release order or DD Form 1348–1 modifier documents will be prepared as a result of processing requisition modifier documents as new requisitions.

* * * * *

H–308 *Submission and use of followup (request for improved ESD).* (a) A followup requesting improvement of Estimated Shipping Dates (ESDs) contained in previously furnished supply status documents may be initiated by prime contractors. These followup inquiries will contain Document Identifier Code AFC in card columns 1–3 and the data from the previously received supply status document in card columns 4–66. The AFC documents will be prepared only for transactions applicable to Priority Designators 01–08. The necessity for such inquiries will generally result from such conditions which necessitate receipt of materiel prior to expiration of certain dates.

(b) When determination is made that improvement in ESDs can be accomplished, supply status documents, containing the revised ESD in columns 62–64, will be transmitted to status recipients designated in the original requisitions. When actions taken by management do not result in improved ESDs, status recipients designated in the original requisitions will be provided the latest status applicable to the requisitions concerned with the requests for ESD improvement.

H–309 *Submission and use of followup on cancellation request document.* (a) A followup to obtain the status on a previously submitted cancellation request may be submitted by the requisitioner or the supplementary addressee. The followup will be processed as a cancellation request by the supply source provided that the original cancellation request was not received.

(b) The followup on a cancellation request will be prepared by originating activities completing all prescribed data elements for cancellation requests. (See H–302.4 and H–303.3.) Document Identifier AK1 or AK2, as appropriate, will be entered in Block 1 or Card Columns 1 through 3. Followups on cancellation requests will be transmitted to the last known source of supply.

PART 6—CODES AND OTHER DATA

H–602.1 *General.* The document identified code provides a means of identifying a given product (i.e., requisition, cancellation, followup, supply status, etc.) to the system to which it pertains and further identifies such data as to its intended purpose and usage. This code will furnish personnel with the ability to recognize the data and thence to perform the operation dictated. When used in conjunction with electronic computers, it will enable the equipment to select the appropriate programs and mechanically assimilate and/or react to the data.

H–602.2 *Entry.* The document identifier is a mandatory entry on all requisitions and related products entering the supply distribution systems under MILSTRIP. Document identifier codes are as follows:

Columns 1	2	3		
A	Ø	1	Requisition	For overseas shipment with Federal Stock No. (FSN).
A	Ø	2	do	For overseas shipment with part number.
A	Ø	3	do	For overseas shipment with NATO stock number.
A	Ø	4	do	For overseas shipment with other.**
A	Ø	5*	do	For overseas shipment with exception data.
A	Ø	A	do	For domestic shipment with FSN.
A	Ø	B	do	For domestic shipment with part number.
A	Ø	C	do	For overseas shipment with NATO stock number.
A	Ø	D	do	For domestic shipment with other.**
A	Ø	E*	do	For domestic shipment with exception data.
A	C	1	Cancellation	By requisitioner (cols. 30–35).
A	C	2	do	By supplementary addressee (cols. 45–50).
A	F	1	Followup	By requisitioner (cols. 30–35).
A	F	2	do	By supplementary addressee (cols. 45–50).
A	F	C	Followup (Request for Improved ESD).	Furnished by prime contractors as requests to supply sources to initiate actions which will improve estimated shipping dates provided in supply status transactions.
A	E	1	Supply status	For requisitioner (cols. 30–35).
A	E	2	do	For supplementary addressee (cols. 45–50).
A	S	1	Shipment status.	For requisitioner (cols. 30–35).
A	S	2	do	For supplementary addressee (cols. 45–50).
A	K	1	Followup on cancellation request.	By requisitioner (cols. 30–35).
A	K	2	do	By supplementary addressee (cols. 45–50).
A	M	1	Requisition modifier.	For overseas shipment/ with FSN.
A	M	2	do	For overseas shipment/ with part number.
A	M	3	do	For overseas shipment/ with NATO number.
A	M	4	do	For overseas shipment/ with other.**
A	M	5	do	For overseas shipment/ with exception data.
A	M	A	do	For domestic shipment/ with FSN.
A	M	B	do	For domestic shipment/ with part number.
A	M	C	do	For domestic shipment/ NATO number.
A	M	D	do	For domestic shipment/ with other.**
A	M	E	do	For domestic shipment/ with exception data.
A	U	1	Reply to cancellation request—shipment status.	To requisitioner (cols. 30–35.)
A	U	2	do	To supplementary addressee (cols. 45–50).

**For use when requisition or related document contains other than a Federal stock number, part number, or NATO stock number (i.e., Production Equipment Code (PEC) No., DOD Ammunition Number, etc.).

H–604.3 *Entries.* * * *

(d) Entries in block 12 or columns 40 through 43 may be numeric or alphabetic characters to indicate the serial number of the document and may be assigned at the discretion of the document originator. The serial number shall not be duplicated on the same day. The use of alphabetic characters can serve to provide for block assignment by Service/Agency designated activities. The following alphabetic codes have been reserved for use in column 40 as indicated:

Code	*Explanation*
J	To identify Interservice Supply Support Procedures (ISSP) requisitions resulting form interrogation and offer procedures.

*Processing activity will, by screening of documents' ascertain whether requisition or passing action contains a Federal stock number or other part number or NATO stock number. If data can be acted upon without need for further passing actions, the digit in column 3 shall be changed to correspond with correct Federal stock number, part number or NATO stock number.

Code	Explanation
K	To identify ISSP requisitions and follow-on documents resulting from Defense Logistics Services Center (DLSC) mechanized screening procedures. Code "K" will be entered in column 40 of requisition documents prepared for materiel requirements upon receipt of offer notifications from DLSC. Code "K" will be perpetuated in all follow-on documents resulting from the requisitions processing transactions.
L	To identify requisitions and other Redistribution Documents resulting from screening DLSC excess listings, flyers, brochures, contractor excess inventory listings, Property Disposal Officer and GSA excess bulletins and other special offers of DOD potential excess and declared excess personal property. Code "L" will be entered in column 40 of requisitions and other redistribution documents prepared by ICPs, Research and Development Activities, Schools, bases, posts, camps, and stations for materiel requirements determined to be available from screening DLSC excess listings, flyers, brochures, contractor excess inventory listings, PDO and GSA excess bulletins and other special offers of DOD potential excess and declared excess personal property.
M	(Reserved for future assignment.)
N	To identify ISSP requisitions for conventional ammunition and follow-on documents resulting from DLSC mechanized screening procedures. Code "N" will be entered in Card Column 40 of requisition documents prepared for materiel requirements for conventional ammunition upon receipt of offer notification from DLSC. Code "N" will be perpetuated in all follow-on documents resulting from the requisition processing transactions.
O	Not to be used.
P	Industrial Plant Equipment requisition coded P in Card Column 40 denotes that the requisitioner intends to purchase the item if it is not supplied from IPE assets. This demand, if the item is supplied from IPE assets, denotes hard savings under the Cost Reduction subgroup area, "Reutilization of Idle Production Equipment."
Q	Industrial Plant Equipment requisition coded Q in Card Column 40 denotes that the requisitioner does not intend to purchase the item if it is not available from IPE assets. This demand, if the item is supplied from IPE assets, denotes a Cost Avoidance under the Cost Reduction subgroup area, "Reutilization of Idle Production Equipment."
U	To identify shelf-life items which are invoiced to Property Disposal Officers for utilization screening and/or disposal in accordance with DOD 4140.34–M (Defense Utilization Manual) and DOD 4160.21–M (Defense Disposal Manual).
Y	To identify Marine Corps ownership of materiel applicable to Contractor Inventory Utilization Group (CIUG) Procedures.

* * * * *

H–607.2 *Advice codes—Numeric/Alphabetic (From requisitioner to initial processing point).*

(a) *General codes.*

Columns 65	66	
2	A	Item is not locally obtainable through manufacture, fabrication, or procurement.
2	B	Requested item only will suffice. Do not substitute.
2	C	Do not back-order. Reject unfilled quantity not available to meet standard delivery date/required delivery date. Suitable substitute acceptable.
2	D	Furnish exact quantity requested (i.e., do not adjust to unit pack quantity).
2	J	Do not substitute or back-order any unfilled quantities.
2*	L	Quantity reflected in quantity field exceeds normal demands; however, this is a confirmed valid requirement.
2	T	Deliver to the ultimate consignee by the SDD or RDD entered hereon or cancel requirement.

* * * * * * * * *

H–607.3 *Status codes—Alphabetic/Alphabetic and Alphabetic/Numeric (from processing point to authorized activity).*

(a) *Supply status.* Supply status (except "rejection" status, code "C") predicts shipment on time as specified by the standard delivery date or the required delivery date unless specific supply status is received advising of an anticipated delay or an estimated shipping date. Latest status can be determined by "transactions dates" entered in columns 71 through 73. Supply status codes are as follows:

Columns 65	66	
B	A	Item being processed for release and shipment.
B	B	Item backordered. The estimated shipping date is entered in columns 62 through 64.
B	C	Item on original requisition containing this document number has been backordered. Long delay is anticipated and estimated shipping date is in columns 62–64. Item in stock number field (or "Remarks" field if stock number field cannot accommodate the item number) can be furnished as a substitute. The price for the substitute item is in columns 74–80. If desired, submit cancellation of original requisition and requisition the offered substitute.
B	D	Requisition is under review or otherwise delayed. Upon completion of actions, additional status will be provided to indicate action taken.
B	F	No record of your document for which your Document Identifier AF followup or cancellation request submitted. For requisitioners, if appropriate, deobligate funds and if item is still required, submit requisition using new document numbr.
B	G	Stock number changed or stock number now assigned to part number submitted. Examine also unit of issue and quantity field for possible changes.
B	H	Substitute/interchangeable item being supplied. See substitute/interchanged stock or part number in stock number field. Examine unit of issue and quantity fields for possible changes.
B	J	Unit of issue and/or quantity changed.
B	K	Your document erroneously addressed and has been rerouted. Forward subsequent followups or cancellation requests to activity indicated in colums 67–69.
B	M	Requisition referred to activity indicated in columns 67 through 69. Forward all future transactions to that activity.
B	N	Requisition being processed as free issue. Signal and fund code fields corrected as noted. Adjust local fund obligation records.
B	P	Item is on backorder or procurement for direct delivery. Shipping action will be delayed. Revised estimated shipping date is CC 62–64.
B	Q	Canceled. Results from receipt of cancellation request from requisitioner, consignee, manager, or other authorized activity.
B	T	Requisition in process of technical edit and identification. Additional status will be furnished upon completion of the review and item identification.
B	V	Item being procured for direct shipment to consignee. The estimated shipping date is entered in columns 62 through 64.
B	6	The materiel applicable to the requisition requested for cancellation has been diverted to an alternate consignee.
B	7	Unit price change. The latest unit price for the item, identified by the stock or part number in columns 8–22, is reflected in columns 74–80.
B	8	Quantity requested for cancellation not accomplished.
B	9	The activity identified by the code in columns 4–6 is in receipt of your cancellation request. Action to cancel the demand or to divert the applicable shipment is being attempted. Do not deobligate funds or delete due-in. Advice of final action will be furnished in subsequent status transactions.

(b) *Rejection codes.* All inter-service rejections shall contain "C" in column 65 followed by an alphabetic or numeric character in column 66 which shall furnish the appropriate "reason for rejection". Items rejected, if still required, shall be rerequisitioned using new document numbers. To preclude similar rejection, the requisitioner shall consider the reason for the previous rejection and correct or adequately elaborate on the new requisition. Rejection codes are as follows:

Columns 65	66	
C	A	Rejected. (1) Explanation for rejection is stated in the remarks field (continued on reverse side of card as necessary). In this case, the status card will be mailed, not transceived. This code will not be used when other status codes have been established to convey a specific condition. (2) When due to security reasons, or space limitation, explanation for rejection will be furnished by separate media referring to pertinent document numbers. In this case, the remarks block will be left blank and CA status cards may be transceived.
C	B	Rejected. Initial requisition requested rejection of that quantity not available for immediate release or not available by the SDD or RDD. Quantity field indicates quantity not filled. This code is specifically applicable in responding to Advice Codes 2C, 2J, and 2T.
C	D	Rejected. Unable to process because of errors in the quantity, date, serial number and/or signal code fields.
C	F	Rejected. This requisition is an exact duplicate of a previously received requisition presently in process.
C	G	Rejected. Unable to identify requested item. Rerequisition and furnish correct Federal stock number or part number (including reference to appropriate publication or drawing), or end-item identification and item manager, if known.
C	H	Rejected. Requisition submitted to incorrect single-manager/inventory manager/technical service/distribution depot/or GSA. Research for correct source and submit new requisition.

*Requisitioners desiring to advise the supply source that the quantity requested exceeds the requisitioner's normal demand, will enter Advice Code 2L in block 22 or columns 65 and 66 of requisitions.

Columns 65	66	
C	J	Rejected. Item coded (or being coded) "obsolete" in latest stock lists/catalogs and not available for issue.
C	K	Rejected. Item not available. Returned for supply by local issue of next higher assembly, component or kit, or submit requisition for next higher assembly.
C	L	Rejected. Item not available. Requisition component parts if practicable.
C	M	Rejected. Fund obligation not cited and/or item is not or no longer free issue. If still required, submit new requisition with appropriate fund code other than D or M.
C	N	Rejected. Source of supply is local manufacture or fabrication.
C	P	Rejected. Source of supply is local procurement. If not available locally, submit a new requisition with Advice Code 2A citing appropriate funds.
C	Q	Rejected. Item requested is command or department regulated or controlled. Requisition through appropriate channels.
C	S	Rejected. Quantity requisitioned is suspect of error or indicates excessive quantity. Partial quantity being supplied. Quantity field in this transaction reflects quantity rejected. If requirement still exists, submit a new requisition for the required quantity using Advice Code 2L.
C	T	Rejected. Make, model, series, serial number, and/or end item usage or publication reference as applicable, is necessary in order to determine item required. Submit new requisition (by mail or message if necessary) and furnish required information.
C	U	Rejected. Item requested is procured only in a repair kit. Requisition appropriate kit.
C	V	Rejected. Item prematurely requisitioned. The effective date for requisitioning is contained in Card Columns 62–64.
C	W	Rejected. Item not available. Local procurement is authorized for this requisition only. If item cannot be locally procured, submit new requisition using Advice Code 2A.
C	X	Rejected. Unable to identify the "bill to" and/or "ship to" address as designated by the signal code.
C	Z	Rejected. Item not available for resale. Reserved for troop issue only.
C	1	Rejected. (1) Item requisitioned on MILSTRIP is excluded from provisions of the MILSTRIP Manual. Rerequisition using prescribed format. (2) MILSTRIP followup submitted for item excluded from provisions of the MILSTRIP Manual.

H–610 *Mode of shipment codes.*

Code	Description
* * *	* * *
I -------	Government truck, including common service, except as qualifying for local delivery.
* * *	* * *
Z -------	MSC (controlled/contract/arranged space).
* * *	* * *
9 -------	Local delivery, including deliveries between air or water terminals and adjacent activities. Within CONUS, the local delivery area is defined in tariffs governing local application of carrier service as filed with appropriate authority.

H–613 *Reply to followup.* The reply to a followup will contain the most current information available regarding the status of a requisition and may be as follows:

(1) A supply status card which may contain a change in the estimated shipping date. The transaction date will correspond to the date of reply. (See H–611 for entries.)

* * * * *

H–614 *Replies of cancellation requests.* The reply to a cancellation request may be as follows:

(1) A supply status card prepared as shown in H–611. The supply status code in Card Column 65–66 will indicate the status of cancellation action.

* * * * *

27. In § 30.7, part 3, Item K–302(a) is amended, as follows:

§ 30.7 Appendix K—Preaward survey procedures.

PART 3—SURVEY

K–302 *Development of information*—(a) *Review of available data.* The information already available in the contract administration office pertaining to the prospective contractor and his past performance shall be reviewed. Prior preaward survey reports shall be examined and considered in support of preaward survey recommendations. If the prospective contractor has current or contemplated Government contracts, the files should be checked for information regarding similarity of product, current status of contracts, quality control experience, and financial status.

* * * * *

28. In § 30.8, part 2, Item I–201 is revised; in part 3 of this section, Item I–301(a)(iii) and Block 11 are revised, in Block 21 under (c) "A. Origin", (1)(d) is amended and paragraphs (2) and (4) are revised; in part 4 of this section, Item I–401, Table 1, Payment Office is revised, as follows:

§ 30.8 Appendix I—Material inspection and receiving report (DD Forms 250, 250c, and 250–1).

PART 2—PQA ON SHIPMENTS BETWEEN CONTRACTORS

I–201 *Instructions.* The suppliers' commercial shipping document/packing list shall be used to indicate performance of required PQA actions at subcontract level. The following entries shall be made on the supplier's commercial shipping document/packing list.

Required PQA of listed items has been performed.

---------- ----------
(Date) (Signature of Auth Govt Rep, or DOD stamp)

Typed Name and Office ----------

Distribution for Government purposes shall be one copy:

(i) With shipment;

(ii) For the Government representative at consignee (via mail); and

(iii) For the Government representative at consignor.

PART 3—PREPARATION OF THE DD FORM 250 AND DD FORM 250c

I–301 *Prepartion instructions.* * * *

(a) *General:*

* * * * *

(iii) The Handbook of Nongovernment Organizations for MILSCAP (H8–1/H8–2) code or Department of Defense Activity Address Directory (DODAAD) code, when contained in the contract, shall be entered to the right of and on the same line as the work "CODE" in Blocks 9 through 14;

* * * * *

Block 11—Shipped from/Code/F.O.B.

(a) Enter the code and address of the "Shipped From" location. If identical to Block 9, enter "See Block 9."

(b) For performance of services line items which do not require delivery of items upon completion of services, enter the code and address of the location at which the services were performed. If the DD Form 250 covers performance at multiple locations, or if identical to Block 9, enter "See Block 9."

(c) Enter on the same line and to the right of "F.O.B." an "S" for Origin or "D" for Destination as specified in the contract. Enter an alphabetic "O" if the "F.O.B." point cited in the contract is other than origin or destination.

* * * * *

Block 21—Procurement Quality Assurance.

(c) * * *

"A. Origin"

(1) * * *

d. Enter the type, stamped, or printed name and office DODAAD code.

(2) When alternative release procedures apply, the contractor or subcontractor shall complete the entries required under (1) a and d above and enter in capital letters "Alternative Release Procedure" on the next line following the printed PQA/Acceptance statement. When acceptance is at origin, the contractor shall furnish the four payment office copies of the MIRR to the Authorized Government Representative for dating and signing of one copy and forwarding of all copies to the payment office.

* * * * *

(4) When Certificate of Conformance procedures apply, acceptance is at source, and the Contractor's Certificate of Conformance is used as additional assurance that supplies conform to contract requirements, the Authorized Government Representative shall place an "X" in the acceptance block, and make entries required by "A. Origin" (1) b, c, and d above. When the Contractor's Certificate of Conformance is used as the sole basis for acceptance in accordance with 14-306(b), and acceptance is at source, the contractor shall complete the entries required by "A. Origin" (1) a and d above, and furnish the four payment office copies of the MIRR to the Authorized Government Representative for dating and signing of one copy, and forwarding of all copies to the payment office. When acceptance is at destination, no entry shall be made other than "Certificate of Conformance."

* * * * *

PART 4—DISTRIBUTION OF DD FORM 250 AND DD FORM 250c

I–401 *Distribution.*

* * * * *

TABLE 1—STANDARD DISTRIBUTION

	Number of copies
* * *	* * *
Payment Office (Forward to addressee entered in Block 12 except (1) when acceptance is at destination and a Navy Finance Office will make payment, forward to destination; and (ii) when a Certificate of Conformance or the Alternative Release Procedures is involved and acceptance is at origin, forward the payment office copies through the Authorized Government Representative (see I–301, Block 21 (c)A(2) and A(4)).	4
* * *	* * *

[Rev. 10, ASPR, Nov. 30, 1971; DPC 72, Item IV; DPC 73, Item X; DPC 78, Item III; DPC 85, Item I; DPC 88, Items I and II; DPC 89, Item III; and DPC 92, Items, II, III, and IV] (Secs. 2202, 2301–2314, 70A Stat. 120, 127–133; 10 U.S.C. 2202, 2301–2314)

For the Adjutant General.

R. B. BELNAP,
Special Advisor to TAG.

[FR Doc.72-9645 Filed 6-26-72;8:46 am]

Chapter VII—Department of the Air Force

SUBCHAPTER A—ADMINISTRATION

PART 809—ISSUE AND CONTROL OF IDENTIFICATION CARDS

Miscellaneous Amendments

Part 809 of Title 32 of the Code of Federal Regulations is amended as follows:

§ 809.2 [Amended]

1. The introductory text of § 809.2 is amended by adding the following sentence to the end of the paragraph: "DOD Forms 2AF will be issued to Air Force members only."

2. Section 809.3 is amended by revising paragraphs (b), (e), (f), (g), (h), and (j) to read as follows:

§ 809.3 Definitions.

* * * * *

(b) *Uniformed Services.* The Armed Forces, the Commissioned Corps of the National Oceanic and Atmospheric Administration, and the Commissioned Corps of the Public Health Service.

* * * * *

(e) *Deceased member.* A member who died while serving on active duty or who died while in a retired status, or a member of the Reserve component who died in line of duty while in an active status for less than 30 days whose survivors are paid the death gratuity under DODPM part 4, chapter 5. (Active status is further defined in AFM 35–3.)

(f) *Dependent.* A person who bears any of the following relationships to an active duty or retired member of a Uniformed Service or to a person who at the time of his death was on active duty or was a retired member of a Uniformed Service:

(1) The lawful wife.

(2) The unremarried widow.

(3) The lawful husband.

(4) The unremarried widower.

(5) Child:

(i) A legitimate child, adopted child, or legitimate stepchild:

(*a*) Who is unmarried and under 21 years of age whether or not dependent on the active duty or retired member; or

(*b*) Who is unmarried and 21 years of age or older, but is incapable of self-support because of a mental or physical incapacity that existed before his 21st birthday and is, or was at the time of death of the active duty or retired member, dependent on the member for over half of his support; or

(*c*) Who is unmarried and 21 or 22 years of age and pursuing a full-time course of education approved by the Secretary of Defense or the Secretary of Health, Education, and Welfare (as applicable), or is approved by a State agency under title 38, U.S.C., chapters 34 (Veterans' Educational Assistance) and 35 (War Orphans' and Widows' Educational Assistance) for the purposes of those chapters, and is, or was at the time of death and the active duty or retired member dependent on him for over half of his support.

(ii) An unmarried child or stepchild who was illegitimate at the time of birth, and who is, or was at the time of death of the active duty or retired member, dependent on the member for more than half of his support; residing in the member's household or in a dwelling provided or maintained by the member, and is:

(*a*) Under 21 years of age; or

(*b*) Twenty-one years of age or older, but incapable of self-support because of a mental or physical incapacity that existed before his 21st birthday; or

(*c*) Twenty-one or 22 years of age and pursuing a full-time course of education approved by the Secretary of Defense or the Secretary of Health, Education, and Welfare (as applicable), or that is approved by a State agency under title 38, U.S.C., chapters 34 (Veterans' Educational Assistance) and 35 (War Orphans' and Widows' Educational Assistance) for the purposes of those chapters.

NOTE: Courses of education offered by institutions listed in "Education Directory, Part 3, Higher Education" and/or "Accredited Higher Institutions" issued periodically by the Office of Education, Department of Health, Education, and Welfare meet the criteria approved by the Secretary of Defense or Secretary of Health, Education, and Welfare. To determine approval of courses offered by a foreign institution, by an institution not listed in either of the above directories, or by an institution not approved by a State agency under title 38, U.S.C., chapters 34 and 35, a statement may be obtained from the Office of Education, Department of Health, Education, and Welfare, Washington, D.C. 20202.

(6) A parent or parent-in-law who either:

(i) Is dependent on the active duty or retired member for over half of his support and is residing in a dwelling provided or maintained by the member; or

(ii) Was at the time of death of the member dependent on him for over half of his support and is residing in a dwelling provided or maintained by the member.

NOTE: For the purpose of commissary and theater, eligibility is determined on actual residence in the household of the military sponsor. For the purpose of exchange, the condition of residence is not essential in defining a parent/parent-in-law.

(g) *Eligible recipient.* Section 809.23 is a guide for designating the extent of benefits and privileges for entitled recipients. The pertinent directive will take precedence in conflicting situations, as follows:

(1) Medical care: Part 815 of this chapter, AFR 168–3, and AFR 168–9.

(2) Commissary privileges: Part 823 of this chapter.

(3) Exchange patronage: AFR 147–14.

(4) Admission to military theaters: AFR 34–32.

(h) *Issuing activity.* An agency or person authorized, upon receipt of a properly certified application, to issue one of the ID cards listed in this part. (This activity must have the necessary photographing and laminating facilities.) Commissioned officers, warrant officers, noncommissioned officers (grades E–7 through E–9), and civilians, GS–5 and above may be authorized to authenticate ID cards. An NCO in grade E–5 or E–6 who is NCOIC of the pass issuing facility may be authorized to authenticate ID cards.

* * * * *

(j) *Verifying activity.* An agency or person designated to certify to the eligibility of individuals to receive ID cards. Normally, the consolidated base personnel office (CBPO) is the responsible agency. The responsible person may be a commissioned officer, warrant officer, noncommissioned officer (grades E–7 through E–9), or civilian employees GS–5 and above. An NCO in grades of E–5 or E–6 who is NCOIC of the verifying activity may be authorized to certify to the eligibility of ID card recipients.

* * * * *

3. Section 809.4 is amended by revising paragraphs (a), (b), (c), and (e) to read as follows:

§ 809.4 Change in status of member or dependent.

(a) *Legal separation, interlocutory divorce, final divorce decree.* A wife or a dependent husband divorced from a service member (active duty, retired with pay) loses eligibility for DD Form 1173 (USIP Card) on the date the divorce becomes final. A spouse does not lose eligibility through issuance of an interlocutory decree of divorce even when the court has approved a property settlement releasing the service member from responsibility for support. (However, the service member may revoke his designation of agent's privileges for commissary if he desires.) A spouse remains eligible for DD Form 1173 so long as the relationship of husband and wife is not terminated by a final divorce decree. (The eligibility of unmarried children is not affected by the divorce, except a stepchild relationship ceases upon divorce of parent and step-parent.) The fact that the divorced wife of a member remarries does not necessarily terminate a child's eligibility for medical care, exchange, and theater privileges. A child of an active duty or retired member adopted after the member's death retains eligibility for health benefits; however, the adoption of a child of a living member by another person (other than by a person whose dependents are eligible for health benefits) terminates the child's eligibility.

(b) *Marriage and final divorce decree of dependent child.* Children lose eligibility upon reaching age 21, except children mentally or physically incapacitated and those enrolled in an approved institution of higher learning. If a child is married, eligibility ceases on the date of marriage. However, should the marriage terminate by "final" divorce decree, annulment, or any other reason, the child may again be entitled to DD

Form 1173 (USIP Card) as the child of a service member if the eligibility requirements of a dependent child are met. An "interlocutory decree" would entitle the child to commissary and theater privileges if, in fact, residing in the member's household.

(c) *Dependent's eligibility terminated.* Member's release from active duty, discharge, official placement of the member in a desertion status, or divorce (except as provided in paragraphs (a) and (b) of this section) terminate the eligibility for a dependent's DD Form 1173 (USIP Card).

* * * * *

(e) *Stepchildren.* Although an unmarried legitimate stepchild at the time of the member's or retired member's death is and continues to be an eligible dependent for the purpose of this part, such child loses eligibility for DD Form 1173 (USIP Card) as a stepchild of a deceased member or retired member when the child's natural mother remarries or the child is adopted by a third party.

4. Section 809.5 is revised to read as follows:

§ 809.5 Accredited/approved institutions of higher learning.

Institutions meeting the criteria are listed in the "Education Directory, Higher Education": issued periodically by the Office of Education, Department of Health, Education, and Welfare. (It may be requested through supply channels.) Accredited Business Schools are listed in the Directory of Accredited Institutions published by the Accrediting Commission for Business Schools and may be obtained upon written request to the commission, 1730 M Street NW., Washington, DC 20036. Institutions accredited by a State agency pursuant to title 38 U.S.C., chapters 34, 35, and 36 must be verified by the institution concerned. To determine approval of courses offered by a foreign institution, by an institution not listed in either of the above directories, or by an institution not approved by a State agency, a statement may be obtained from the Office of Education, Department of Health, Education, and Welfare, Washington, D.C. 20202.

5. Section 809.6 is amended by revising the note in this section to read as follows:

§ 809.6 Action by Air Force Accounting and Finance Center (AFAFC).

* * * * *

NOTE: A dependent parent or parent-in-law, or any other person for whom a current determination of dependency is not in effect, must complete a questionnaire on residency and financial affairs which AFAFC sends to the person upon receipt of DD Form 1172. Dependency determination is based on the income, expense, and residency data the claimed dependent reports on these forms. This determination is valid until superseded, terminated, or voided by a change in the dependent's status; subsequent applications may be verified without submission to AFAFC if the sponsor certifies in writing in item 18, DD Form 1172, that the dependency status previously established by AFAFC has not changed. Sponsor should be cautioned that such certification means that the dependent has not received an initial payment or an increase in social security payment, VA compensation, or other income; has not inherited or otherwise acquired anything of monetary value, including cash, stock, or real property, etc.; has not changed residence; has had no change in expense—household or personal; or has not had a change in marital status since dependency was last determined by AFAFC.

6. Section 809.7 is revised to read as follows:

§ 809.7 Retrieval, confiscation, and appeal procedures.

ID cards are Government property. Any commissioned or noncommissioned officer or security policeman, in performing his duties may confiscate an ID card that has expired, is being fraudulently used, or is presented by a person not entitled to it. When any CBPO activity learns of a change in dependency status affecting entitlement to DD Form 1173, that is divorce, marriage of children, overage, etc., that activity will send complete information to the Personal Affairs Section (Officer/Airman Record Unit for non-Base-Level Military Personnel System (BLMPS) CBPO's). The Personal Affairs Section or OR/AR Unit will act to recover the dependent's card through the sponsor or his commander. If such action is unsuccessful, they will comply with paragraph (a) of this section. File evidence of such interim and final actions with the DD Form 1172. If the DD Form 1173 is retrieved, DD Form 1172 will be destroyed or appropriately annotated. A suspense period of 30 days from date of notice to the sponsor will be established for completing CBPO action.

(a) *Retrieval.* Although authorities will make every effort to retrieve cards on a voluntary basis, they do not have the authority to seize ID cards by force from persons not subject to military law. If a person not subject to military law refuses to surrender an ID card on demand, recourse may be a suit to recover the property. If a card cannot be retrieved voluntarily, the circumstances will be reported to the nearest chief, security police. If all attempts fail, refer information to HQ USAF/JACL, Washington, D.C. 20330, for possible transmittal to the Department of Justice. Send an information copy of referral action to USAFMPC/DPMDRM, Randolph Air Force Base, Tex. 78148.

(b) *Confiscation.* Any officer, noncommissioned officer, or security policeman who confiscates an ID card will report the circumstances to the nearest Air Force installation chief, security police, who will initiate appropriate investigative action. Refer completed reports of investigation to the installation staff judge advocate, who will determine if judicial or administrative action is appropriate. In all cases involving the misuse of a card, send a copy of the completed report of investigation to USAF MPC/DPMDRM, Randolph Air Force Base, Tex. 78148.

NOTE: Any DD Form 1173 previously issued to retired members remains valid; however, the DD Form 2AF (Ret) (gray) is presently the only card authorized for issuance to Air Force retirees entitled to retired, retainer, or equivalent pay.

(c) *Reissue.* If it becomes necessary to confiscate an ID card for misuse, abuse, or control of access to a privilege facility:

(1) For DD Form 1173, reissue the card immediately and obliterate those privileges withdrawn; that is, commissary, exchange, and theater. Annotations by overstamping that are required to add prominence to withdrawal of a privilege are authorized. Do not withdraw medical care benefits or change expiration date of card.

(2) For DD Form 2AF (Active), 2AF (Retired), and 2AF (Reserve), reissue the card immediately, prominently annotating the card to show privileges withheld; that is, "Exchange Not Authorized." Do not change other data on card unless incorrect.

(d) *Appeal.* Individuals whose privileges are withdrawn may submit to the installation commander a written appeal for restoring privileges.

§ 809.9 [Amended]

7. Section 809.9 is amended by adding "(USIP Card)" to the end of the section title.

Section 809.10 is revised to read as follows:

§ 809.10 Issuing by other services.

(a) The Uniformed Services have agreed to assist each other in issuing DD Form 1173 (USIP Card). This agreement does not include issuance of DD Forms 2. Any application for DD Form 1173, including totally (100 percent) disabled veterans, will obtain verification of entitlement from his or sponsor's parent service before actual issuance of the DD Form 1173 (USIP Card).

(b) The parent service will complete section IV and the applicable items in section II, DD Form 1172, and return it to the applicant/sponsor for presentation to any service installation having the proper facility for issuing the card. Every effort will be made to help persons of other services in obtaining proper identification credentials by assisting in the preparation of the application and directing the applicant to the nearest parent service installation.

9. Section 809.11 is amended by revising paragraphs (c), (d), (e), and (f), and by adding new paragraphs (g), (h), and (i) to read as follows:

§ 809.11 Persons entitled to USIP Card.

* * * * *

(c) Honorably discharged veterans of the Armed Forces who are totally (100 percent) disabled as a result of a service-connected disability as certified by the Veterans Administration, their eligible dependents, and surviving dependents.

(d) Military personnel assigned as OSI special agents.

(e) U.S. civilians employed by or affiliated with the Air Force (Item 11, § 809.23, for restrictions):

(1) U.S. citizen employees of the Air Force and their dependents residing together on a military installation in CONUS.

(2) U.S. citizen employees of the Air Force and their dependents stationed outside CONUS.

(3) Uniformed, full-time, paid personnel of American Red Cross assigned to duty within an activity of the Armed Forces and their dependents.

(4) Non-U.S. citizen employees and their dependents under private or Government contract with the Air Force.

(5) U.S. citizen employees and their dependents of other U.S. Government agencies.

NOTE: Personnel on TDY will not be issued DD Form 1173. Travel orders are sufficient to establishment entitlement for privileges and benefits.

(f) Foreign military personnel subject to NATO/SOFA (Status of Forces Agreement) and their dependents when serving in the United States under the sponsorship of the Air Force.

(g) Foreign military personnel other than NATO and their dependents when serving in the United States under the sponsorship of the Air Force.

(h) Foreign military personnel and dependents under U.S. sponsorship at an oversea Air Force installation outside their own country.

(i) Foreign civilian personnel and dependents serving in an official status at an Air Force installation under Air Force sponsorship.

§ 809.13 [Amended]

10. Section 809.13 is amended by adding to the end of subparagraph (5) of paragraph (b) the sentence, "New expiration date will be established according to § 809.22."; and by adding to the end of paragraph (c) "(See § 809.21, note 4.)".

11. Section 809.14 is revised to read as follows:

§ 809.14 When to surrender USIP Card.

DD Form 1173 will be surrendered:

(a) When a new card is issued, except to replace loss or theft.

(b) Upon expiration date.

(c) When the cardholder becomes ineligible by reason of age, divorce, attainment of self-support, or other reasons.

(d) Upon death, retirement, discharge, or release of sponsor to inactive duty. Sponsor will notify the appropriate authority (CBPO for active duty personnel, and USAFMPC/DPMDRM for all others). Sponsors being processed for separation or release from active duty are required to complete DD Form 1407, "Dependent Medical Care and DD Form 1173 Statement," indicating whether they have a dependent receiving medical care under the dependent's Medical Care Program. (See AFR 168-9.)

(e) When the sponsor is officially placed in deserter status.

(f) Upon demand of the verifying activity, the issuing activity, the base commander, or other authoritative activity. (See § 809.7.)

(g) Immediately upon a change in status of sponsor that would terminate or modify the right to any benefit for which the card may be used. Survivors of deceased personnel will likewise be so directed.

12. Section 809.15 is amended by revising the note in parens following the title, by revising paragraph (d), and by adding paragraph (e) to read as follows:

§ 809.15 Entitlement to benefits and privileges.

(If the benefit and privilege source directive and § 809.23 are in conflict, the source directive takes precedence.)

* * * * *

(d) If dependents are in a foreign country unaccompanied (where sponsor is not assigned), benefits and privileges will vary from country to country according to the SOFA. In some countries benefits and privileges are nil (AFR 211-9).

(e) DD Forms 1173 issued in a foreign country will indicate only those privileges authorized in the country of issue in accordance with pertinent international agreements and local regulations.

13. Section 809.19 is revised to read as follows:

§ 809.19 Application procedures—totally disabled veterans and their dependents.

Rule	If applicant is—	Go to § 809.21 and comply with rule—
1	Applying in person or by mail	10

14. Section 809.21 is amended by revising the heading of the table, lines B, D, E, F, G, I, L, M, and S, and Notes (a), (c), and (e) as indicated below:

§ 809.21 Applicants' requirements as to DD Form 1172 and supporting documents.

Line	Actions required by applicant or agent acting in his behalf are	Rule 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

Under Line B (first column) add an "X" under Rule 15.

Under Line D (first column) add an "X" under Rule 10.

Under Line E (first column) add an "X" under Rule 9.

Under Line F (first column) add an "X" under Rule 10.

Under Line G (first column) add an "X" under Rule 10.

Under Line I (first column) correct the first line under the second column to read "must furnish a copy of retirement order if not."

Under Line L (first column) change the second column to read "must forward to USAFMPC/DPMDR if unable to resolve as outline."

Under Lines M and S (first column) please note that the "X" that appears in Rule 21 should be deleted as per the new heading shown for this table (there are now only 20 rules).

NOTE: * * *

(a) If there is an unmarried child (children) over age 21, but under 23, enrolled in an institution of higher learning, applicant will certify to the dependent's full-time participation (12 semester hours), date of enrollment, and planned graduation date. (Enter in remarks section, DD Form 1172.)

* * * * *

(c) If there is an unmarried adopted child for whom there are no properly certified adoption papers, a common-law spouse, an illegitimate child, a dependent parent or parent-in-law, a female member's dependent husband, or if either spouse's previous marriage ended in divorce granted by a foreign country, attach a separate DD Form 1172 requesting a dependency determination by AFAFC/MPED. If applicable, attach a certificate or photostatic copy of the divorce decree. If the foregoing information has been previously furnished to the AFAFC in connection with a claim for quarters allowances, reference to the date and place of submission may be made in item 18, DD Form 1172.

* * * * *

(e) For benefits and privileges other than medical care, eligibility for commissary and theater is determined on the basis of residency in the household of the sponsor. (Chart of Entitlement, § 809.23, shows exceptions and exchange privileges.) Residence requirement does not apply to children of deceased (active or retired) military personnel. Adopted child, stepchild, parent, parent-in-law must be dependment on the member for over half of his support.

15. Former § 809.22 is redesignated, and revised, to § 809.23 and a new § 809.22 is added to read as follows:

§ 809.22 Expiration date to enter in item 3, DD Form 1173 (see notes).

Line	If cardholder is—	then enter date—
1	spouse of member serving on specific tour of enlistment	of sponsor's expiration of enlistment, or extension, or 6 years, whichever is earliest.
2	spouse of member serving on contracted or specified period of duty	sponsor's tour of duty will be completed.
3	spouse of regular AF officer or Reserve officer serving indefinite tour	6 years from date of card issuance.
4	spouse of member placed on TDRL	5 years from date member went on TDRL.
5	spouse of member entitled to retired pay	6 years from date of issuance or date preceding 65th birthday, whichever comes first. (Card issued or reissued after age 65 showing appropriate civilian medical care entry will expire 6 years from date of issuance.)
6	dependent child under 21 years of age	6 years from date of issuance, or the day before child's 21st birthday, or service expiration date of sponsor, whichever is earliest.
7	dependent child over 21, but under 23 years of age, attending school	of day before child's 23d birthday, service expiration date of sponsor, or disenrollment date, whichever is earliest.
8	dependent child over 21 years of age who is incompetent	6 years from date of issuance or service expiration date of sponsor, whichever is earliest.
9	unremarried widow or widower of a deceased member	6 years from date of issuance.
10	parent/parent-in-law	4 years from date of issuance, unless eligibility is otherwise terminated, whichever is earliest.

Line	If cardholder is—	then enter date—
11	foreign military member, civilain employee, or dependent(s)	4 years from date of issuance, expiration of sponsor's tour of duty date dependent child who will become ineligible because of age, before sponsor's duty is terminated, whichever is earliest.
12	military member assigned as OSI Special Agent	6 years from date of issuance, unless earlier expiration date is appropriate.
13	totally (100%) disabled veterans, his dependent(s) or surviving dependent(s)	3 years from date of issuance, unless earlier expiration date is appropriate.
14	Red Cross or U.S. citizen AAFES employee	2 years from date of issuance unless earlier expiration date is appropriate.

NOTES

(a) Cards will not be issued to person when eligibility for or use of the card for 30 days or less is indicated or for use in conjunction with TDY.
(b) No card will be issued having an expiration date beyond 6 years from date of issuance.
(c) Never use "indefinite" in item 3.

§ 809.23 Chart of entitlement to benefits and privileges.

Establish eligibility as a dependent/eligible recipient according to the appropriate paragraph. Numbers in parenthesis refer to explanatory notes at the end of the chart.

Eligible Recipients	Medical Care		Commissary	Exchange	Theater
	Civilian facility	Service facility			
1. Dependents of active duty or retired member (eligible for retired pay) of uniformed services:					
a. Lawful wife	Yes	Yes	Yes	Yes	Yes.
b. Lawful husband	(1)	(1)	Yes	Yes	Yes.
c. Unmarried legitimate children, including adopted and stepchildren:					
(1) Under 21 years of age	Yes	Yes	(3)	(1)	Yes.
(2) Over 21 years of age	(4)	(4)	(3)	(4)	(2).
d. Unmarried illegitimate children:					
(1) Under 21 years of age	(19)	(19)	(3)	No	Yes.
(2) Over 21 years of age	(4)	(4)	(3)	No	(2).
e. Parents	No	(5)	(3)	(1)	(2).
f. Parents-in-law	No	(5)	(3)	(1)	(2).
2. Surviving dependents of member of uniformed services who died while on active duty or in a paid retired status:					
a. Unremarried widow	Yes	Yes	Yes	Yes	Yes.
b. Unremarried widower	(6)	(6)	No	No	No.
c. Unmarried legitimate children, including adopted and stepchildren:					
(1) Under 21 years of age	Yes	Yes	(3)	(7)	Yes.
(2) Over 21 years of age	(8)	(8)	(3)	(7)	(2).
d. Unmarried illegitimate children:					
(1) Under 21 years of age	(9)	(19)	(3)	No	Yes.
(2) Over 21 years of age	(9)	(19)	(3)	No	(2).
e. Parents	No	(19)	(3)	No	No.
f. Parents-in-law	No	(19)	(3)	No	No.
3. Other members of household of active duty, retired member or widow, such as brothers, sisters, nephews, nieces, grandparents, foster children, "in loco parentis," any blood or affinitive type relative.	No	No	(3)	No	(2).
4. Honorably discharged veteran of armed forces, totally (100%) disabled as result of service-connected disability and so certified by the Veterans Administration	No	No	Yes	Yes	Yes.
a. Lawful wife	No	No	Yes	Yes	Yes.
b. Lawful husband	No	No	Yes	Yes	Yes.
c. Unmarried legitimate children, including adopted and stepchildren:					
(1) Under 21 years of age	No	No	(3)	Yes	Yes.
(2) Over 21 years of age	No	No	(3)	(4)	(2).
d. Parents	No	No	(3)	(1)	(2).
e. Parents-in-law	No	No	(3)	(1)	(2).
5. Surviving dependents of honorably discharged veteran of armed forces who died while certified by the Veterans Administration as being totally (100%) disabled as result of service-connected disability:					
a. Unremarried widow	No	No	Yes	Yes	Yes.
b. Unremarried widower	No	No	No	No	No.
c. Unmarried legitimate children, including adopted and stepchildren:					
(1) Under 21 years of age	No	No	(3)	(7)	(7).
(2) Over 21 years of age	No	No	(3)	(7)	(7).
d. Parents	No	No	(3)	No	No.
e. Parents-in-law	No	No	(3)	No	No.
6. Unremarried widow of member of Reserve component of armed forces who died in line of duty co nplying with order that specified active status for a period of 30 days or less.	No	No	Yes	Yes	Yes.
a. Unmarried legitimate children, including adopted and stepchildren:					
(1) Under 21 years of age	No	No	(3)	(7)	(7).
(2) Over 21 years of age	No	No	(3)	(7)	(7).
7. Unmarried widow of member of reserve component of armed forces who died in line of duty with order that specified active duty status for a period of more than 30 days.	Yes	Yes	Yes	Yes	Yes.
a. Unmarried legitimate children, including adopted and stepchildren:					
(1) Under 21 years of age	Yes	Yes	(3)	(7)	(7).
(2) Over 21 years of age	(8)	(8)	(3)	(7)	(7).
8. Court-approved separation or interlocutory divorce between service member and spouse:					
a. Lawful wife	Yes	Yes	Yes	Yes	Yes.
b. Lawful husband	(1)	(1)	No	Yes	Yes.
c. Unmarried legitimate children, including adopted and stepchildren:					
(1) Under 21 years of age	Yes	Yes	(3)	(1)	(2).
(2) Over 21 years of age	(4)	(4)	(3)	(4)	(2).
d. Parents	No	(5)	(3)	(1)	(2).
e. Parents-in-law	No	(5)	(3)	(1)	(2).
9. Court-approved final divorce decree between service member and spouse:					
a. Ex-wife	No	No	No	No	No.
b. Ex-husband	No	No	No	No	No.
c. Unmarried legitimate children, including children adopted by service member resi ing with person not eligible for ID card:					
(1) Under 21 years of age	Yes	Yes	No	(1)	(2).
(2) Over 21 years of age	(4)	(4)	No	(4)	(2).
d. Parents of service member	No	(5)	(3)	(1)	(2).
10. Final divorce decree between deceased service member and spouse:					
a. Ex-wife	No	No	No	No	No.
b. Ex-husband	No	No	No	No	No.
c. Unmarried legitimate children, including children adopted by service member residing with person not eligible for ID card:					
(1) Under 21 years of age	Yes	Yes	No	(1)	(2).
(2) Over 21 years of age	(8)	(8)	No	(4)	(2).
d. Parents of service member	No	(9)	No	(1)	(2).
11. Civilian employed by or affiliated with USAF. (For purposes of this item only, CONUS means for: Exchange and Medical care—50 States and D.C. (excluding Alaska and Hawaii); Commissary and Theater—50 States and D.C.					
a. USAF employee and dependents residing on military installation within CONUS.	No	No	(11)	(13)	Yes.
b. U.S. citizen employee of Department of Defense, including person paid from nonappropriated funds and his dependents stationed outside CONUS.	No	(10)	(12)	(14)	(15).

See footnotes at end of table.

Eligible Recipients	Medical Care		Commissary	Exchange	Theater
	Civilian facility	Service facility			
c. Uniformed, full-time, paid employee of American Red Cross assigned to duty with activity of armed forces:					
(1) CONUS	No	(10)	(11)	Yes	(15).
(2) Outside CONUS	No	(10)	(22)	(15)	Yes.
d. Civilian employee under private or Government contract with USAF and his dependents:					
(1) CONUS	No	No	No	(13)	(14).
(2) Outside CONUS	No	(10)	(12)	(13)	(15).
e. U.S. citizen employee of other U.S. Government department or agency, and his dependents:					
(1) CONUS	No	No	(11)	(13)	(15).
(2) Outside CONUS	No	(10)	(22)	(15)	Yes.
f. Exchange service employee:					
(1) CONUS (including Alaska and Hawaii)	No	No	(11)	(14)	No.
(2) Outside CONUS (U.S. citizen)	No	(10)	(12)	(14)	Yes.
12. Foreign military member of NATO in United States and his dependents in United States.	Yes	Yes	Yes	Yes	Yes.
a. Lawful wife	Yes	Yes	Yes	(20)	(2).
b. Lawful husband	(1)	(1)	Yes	(20)	(2).
c. Unmarried legitimate children, including adopted and stepchildren:					
(1) Under 21 years of age	Yes	Yes	(3)	(20)	(2).
(2) Over 21 years of age	(4)	(4)	(3)	(20)	(2).
d. Parents	No	No	(3)	(20)	(2).
e. Parents-in-law	No	No	(3)	(20)	(2).
13. Foreign military member in United States other than NATO and his dependents in United States.	No	Yes	Yes	(15)	Yes.
a. Lawful wife	No	Yes	Yes	(15)	Yes.
b. Lawful husband	No	(1)	Yes	(15)	Yes.
c. Unmarried legitimate children, including adopted and stepchildren:					
(1) Under 21 years of age	No	(1)	(3)	(15)	(2).
(2) Over 21 years of age	No	(4)	(3)	(15)	(2).
d. Parents	No	No	(3)	(15)	(2).
e. Parents-in-law	No	No	(3)	(15)	(2).
14. Foreign military member training under U.S. sponsorship at oversea Air Force installation outside his own country.	(10)	(10)	(17)	(15)	(15).
a. Lawful wife	No	(10)	(3)	(15)	(15).
b. Lawful husband	No	(10)	(3)	(15)	(15).
c. Unmarried legitmate children, including adopted and stepchildren:					
(1) Under 21 years of age	No	(10)	(3)	(15)	(15).
(2) Over 21 years of age	No	(10)	(3)	(15)	(15).
d. Parents	No	No	(3)	(15)	(15).
e. Parents-in-law	No	No	(3)	(15)	(15).
15. Foreign trainee under the Military Assistance Program, other than NATO, military or civilian, in United States or stationed at armed forces installations.	Yes	(10)	(3)	No	(15).
a. Dependents	No	(10)	(3)	No	(15).
16. Civilian of foreign nation on duty in United States at invitation of Department of Defense agency.	No	(10)	(11)	(21)	(15).
a. Dependents	No	No	No	No	No.

NOTES:

[1] Adopted children, stepchild, parent, parent-in-law, and husband must be dependent upon the member for over half of his support. Unmarried legitimate children under age 21 are not subject to dependency provisions. Husbands are not subject to dependency provisions for exchange privileges.

[2] Yes, if actually residing in the military sponsor's household. For purposes of theater entitlement, a "military sponsor's household" is also interpreted to include the domicile of dependent children under 21 years of age with either legally separated or divorced parent, domicile at a school, or domicile at any other place designated by the military sponsor. Parent/parent-in-law and dependent children 21 years of age and older if in fact dependent upon the military sponsor for over half of his support and residing in domicile provided or maintained by the military sponsor.

[3] If he is actually residing full-time in the sponsor's household, designated his agent, and making purchases in his behalf. A sponsor's children residing in the household of a divorced spouse, or other noneligible recipient who is not a sponsor, may not be designated as agents. A relative (excluding wife and children or other full-time household member) must be dependent on the member for over half of his support to be designated as agent.

[4] If the child is incapable of self-support because of a mental or physical incapacity that existed before his reaching age 21 and is in fact dependent on the member for over half of his support; or has not passed his 23d birthday and is enrolled in a full-time course of study in an institution of higher learning as approved by the Secretary of Defense or the Secretary of Health, Education, and Welfare and is in fact dependent on the member for over half of his support. For exchange purposes, the mental or physical incapacity need not have arisen prior to age 21.

[5] If in fact dependent on the member/retiree for over half of his support and resides in a dwelling place provided or maintained by the member/retiree.

[6] If in fact dependent on member at the time of her death for over half of his support because of a mental or physical incapacity.

[7] If designated by the unremarried widow and approved by the installation commander. Children over age 21 must be more than 50 percent dependent on the widow and physically incapable of self-support, or under age 23 and enrolled in a full-time course of study in an accredited educational institution of higher learning above high school level. Unmarried children under age 21 are not subject to dependency factor. Unmarried, orphaned (both parents) children under age 21 will be granted unlimited exchange privileges.

[8] If the child is incapable of self-support because of a mental or physical incapacity that existed before his reaching age 21 and was at the time of the member's death in fact dependent on him for over half of his support; or has not reached his 23d birthday and is enrolled in a full-time course of study in an institution of higher learning as approved by the Secretary of Defense or the Secretary of Health, Education, and Welfare, and was at the time of the member's death in fact dependent on him for over half of his support. Note 7 also applies where appropriate.

[9] If at the time of the member's death was in fact dependent on the member for over half of his support and residing in a dwelling provided and maintained by the member.

[10] Only to the extent prescribed by part 815 of this chapter, Cognizant Air Force commander should authorize medical care.

[11] Major commanders may extend commissary privileges to civilian officers and employees residing on CONUS military installation when subsistence procurement from civilian agencies would impair the operating efficiency of the military activity.

[12] Major commanders may extend privileges to civilian officers and employees of the U.S. Government.

[13] Limited exchange privileges to employees residing on military installation upon approval of the installation commander and the Secretary of the Air Force. Dependents are not entitled to exchange privileges.

[14] Within CONUS—limited exchange privileges to employee only. Outside CONUS, upon approval of major commander, dependents may be afforded exchange privileges.

[15] Within CONUS—theater privileges may be authorized by the military installation commander if the employee is in TDY status, upon presentation of his official travel orders or evidence of temporary occupancy of Government quarters, or is occupying permanent Government quarters on military installation. TDY status per se does not entitle civilian personnel to theater privileges. Dependents of such personnel will not be afforded theater privileges. Allied nationals working for the U.S. Government may not be granted theater privileges within the country of their nationality.

[16] Only during occupancy of temporary or permanent quarters on a military installation.

[17] Only to the extent prescribed in part 823 of this chapter.

[18] Only to the extent consistent with applicable international agreements and subject to such limitations and restrictions as the oversea commander may consider necessary to impose.

[19] If an unmarried child or stepchild under 21 years of age who was illegitimate at the time of birth, was at the time of death of the active duty or retired member dependent on the member for more than half of his support, and was residing in the member's household or dwelling provided or maintained by the member. If 21 years of age or older, but incapable of self-support because of a mental or physical incapacity existing before his 21st birthday; or 21 years of age, but not over 23, pursuing a full-time course of education approved by the Secretary of Defense or the Secretary of Health, Education, and Welfare, as applicable, or approved by a State agency under title 38, U.S.C., chapters 34 (Veterans' Educational Assistance) and 35 (War Orphans' and Widows' Educational Assistance) for the purposes of those chapters.

[20] Officers and enlisted men of the armed forces of foreign nations, when on duty with the U.S. armed forces under competent orders issued by the Army, Navy, Air Force, or Marine Corps and their dependents, as defined in AFR 147-14, are authorized unlimited exchange privileges. Purchases of items of the uniform is limited by the provisions of AFR 50-29. When visiting U.S. installation, officers and enlisted men of the armed forces of foreign nations are authorized unlimited exchange privileges, except that merchandise sold to them is restricted to quantities required for their personal use and the sale of items of the uniform is governed by AFM 50-29 and AFR 147-14.

[21] Foreign military personnel will be granted the privileges indicated in note 20. Civilian employees of foreign governments on duty under competent orders and residing within the limits of U.S. installation for the U.S. Government will be granted limited exchange privileges upon determination by the responsible commander that comparable commercial facilities are not conveniently available and upon authorization by the secretary of the department concerned. See AFR 147-14.

[22] Installation commanders may extend commissary privileges to Uniformed Red Cross Professional Staff personnel who reside on base when it is impractical for them to purchase subsistence from civilian sources.

(Sec. 8012, 70A Stat. 488; 10 U.S.C. 8012)

By order of the Secretary of the Air Force.

JOHN W. FAHRNEY,
Colonel, USAF, Chief, Legislative Division,
Office of the Judge Advocate General.

[FR Doc.72-9651 Filed 6-26-72;8:46 am]

SUBCHAPTER F—AIRCRAFT

PART 855—USE OF AIR FORCE INSTALLATION BY OTHER THAN UNITED STATES DEPARTMENT OF DEFENSE AIRCRAFT

Miscellaneous Amendments

Part 855 of Title 32 of the Code of Federal Regulations is amended as follows:

1. Section 855.8 is amended by revising paragraphs (e) and (f), by adding a new subparagraph (6) to paragraph (f), and a new paragraph (g), to read as follows:

§ 855.8 Who has approving authority.

* * * * *

(e) *Air Force installation commander.* The installation commander may act on requests for civil aircraft to use only his installation for the same uses that may be approved by a major commander. The flights covered by AF Form 181 approved by an installation commander must be domestic flights performed entirely within the airspace of the country where the Air Force installation is located and must not involve flights through international airspace: *Provided further,* That the type of use requested is not specifically reserved to HQ USAF for approval. A request for a foreign civil aircraft to use his installation, where the installation is located in a country other than that of aircraft registry, will be forwarded to HQ USAF/PRPO, Washington, D.C. 20330.

(f) *USAF air attache.* The air attache must refer all requests direct to HQ USAF/PRPO, Washington, D.C. 20330, except that he may act on a request for a civil aircraft one-time operation at an Air Force installation located within the country to which he is accredited: *Provided,* That:

* * * * *

(6) The base commander concurs.

(g) *Military Airlift Command (MAC).* In addition to the uses that may be approved by each major commander, the Commander MAC, is the approving authority for MAC contract flights worldwide. AF Forms 181 issued for such use by MAC will have "MAC Contract Flight" entered in item 6, and cannot be used in conjunction with any other U.S. Government contract operation. The contract air carriers will submit their completed AF Forms 180, 181, and 203 for MAC contract flights to MAC/DMPA, Scott Air Force Base, Ill. 62225.

(1) MAC will enter the "Authorized Buyer Letter" information on the AF Form 181 in item 20, if appropriate.

(2) MAC will distribute the AF Form 181 approved for MAC contract flights in the same manner as HQ USAF (see § 855.9(f)).

2. Section 855.9 is amended by revising subparagraphs (1), (3), and (6) of paragraph (c), paragraph (e), and subparagraph (1) of paragraph (f) to read as follows:

§ 855.9 Processing procedures of the approving authority.

* * * * *

(c) * * *

(1) "Period of Use," "Thru" and Landing Permit expiration dates indicated on AF Form 181 must agree. (An "Indefinite" period of use as an expiration date is not acceptable.)

* * * * *

(3) Type of use.

* * * * *

(6) If approving action is by an installation commander, item 20 of AF Form 181 is to be X-ed out.

* * * * *

(e) HQ USAF/CVFB will assign an aircraft landing number (ALAN) to each request approved for foreign government aircraft, and will notify Air Force installations, major commands, Air Staff offices, and HQ USAF/PRPO by message.

(f) * * *

(1) Original to HQ USAF/PRPO, Washington, D.C. 20330.

* * * * *

3. Section 855.11 is amended by revising paragraphs (a) and (c) to read as follows:

§ 855.11 Aviation fuel and oil purchases.

(a) Civil aircraft operators may purchase fuel and oil according to AFR 144–9 and AFM 67–1, volume I, part three. Civil aircraft operators wishing to purchase fuel and oil on credit must submit:

(1) Three copies of the "Authorized Buyer Letter" (see AFR 144–9).

(2) Two completed copies of AF Form 181 (if current AF Forms 180 and 203 are on file) to HQ USAF/PRPO, Washington, D.C. 20330. Only HQ USAF/PRPO is authorized to accept the "Authorized Buyer Letter."

* * * * *

(c) Aero Club aircraft may purchase fuel and oil accordance with AFR 144–12.

4. Section 855.13 is revised to read as follows:

§ 855.13 Insurance requirements.

Except for aircraft specified in paragraph (h) of this section, each civil aircraft that is permitted to use an Air Force installation is required to carry the minimum coverage prescribed in this section. All coverages on AF Form 203 must be stated in U.S. dollars. The policy must be carried at the expense of the civil aircraft owner or operator and with an insurer acceptable to the Air Force.

(a) Any commercially operated aircraft of 12,500 pounds or more maximum gross takeoff weight being used for cargo carrying only or being flight-tested or ferried without passengers will be insured for:

(1) *Bodily injury liability (excluding passengers).* At least $100,000 for each person in any one accident with at least $1 million for each accident.

(2) *Property damage liability.* At least $1 million for each accident.

(b) Any commercially operated aircraft of less than 12,500 pounds maximum gross takeoff weight being used for cargo carrying only or being flight-tested or ferried without passengers will be insured for:

(1) *Bodily injury liability (excluding passengers).* At least $100,000 for each person in any one accident with at least $300,000 for each accident.

(2) *Property damage liability.* At least $100,000 for each accident.

(c) Any commercially operated aircraft of $12,500 pounds or more maximum gross takeoff weight being used for passenger-carrying or any privately owned noncommercially operated aircraft of 12,500 pounds or more maximum gross takeoff weight will be insured for:

(1) *Bodily injury liability (excluding passengers).* At least $100,000 for each person in any one accident with at least $1 million for each accident.

(2) *Property damage liability.* At least $1 million for each accident.

(3) *Passenger liability.* At least $100,000 for each passenger, with a minimum for each accident determined by the application of the following formula: Multiply the minimum of each passenger, $100,000, by the next highest whole number resulting from taking 75 percent of the total number of passenger seats (exclusive of crew seats). For example, the minimum passenger liability coverage for each accident for an aircraft with 94 passenger seats would be computed as follows: $94 \times 0.75 = 70.5$. The next highest whole number resulting from the application of this formula is 71. Therefore, $71 \times \$100,000 = \$7,100,000$.

(d) Any commercially operated aircraft of less than 12,500 pounds maximum gross takeoff weight being used for passenger-carrying or any privately owned noncommercially operated aircraft of less than 12,500 pounds maximum gross takeoff weight will be insured for:

(1) *Bodily injury liability (excluding passengers).* At least $100,000 for each person in any one accident with at least $300,000 for each accident.

(2) *Property damage liability.* At least $100,000 for each accident.

(3) *Passenger liability.* At least $100,000 for each passenger, with a minimum for each accident determined by multiplying the minimum for each passenger, $100,000, by the total number of passenger seats (exclusive of crew seats).

(e) Aircraft insured for a single limit of liability must have coverage equal to or greater than the combined required minimums for bodily injury liability, property damage liability, and passenger liability applicable for the type of use requested, the maximum gross takeoff weight of the aircraft concerned, and the passenger capacity of the aircraft. For example, the minimum single limit of liability coverage that would be acceptable for the aircraft described in the example in paragraph (c) of this section would be: $\$1,000,000 + \$1,000,000 + \$7,100,000 = \$9,100,000$.

(f) Aircraft insured by a combination of primary and excess policies must have combined coverage equal to or greater than the required minimum for bodily injury liability, property damage liability, and passenger liability applicable for the type of use requested, the maximum gross takeoff weight of the aircraft concerned, and the passenger capacity of the aircraft.

(g) Each policy must specifically provide that:

(1) The insurer waivers any right of subrogation the insurer may have against the United States by reason of any payment made under the policy for injury, death, or property damage that might arise out of or in connection with the insured's use of any Air Force installation or facility.

(2) The insurance afforded by the policy applies to the liability assumed by the insured under AF Form 180, "Hold Harmless Agreement."

(3) If the insurer cancels or reduces the amount of insurance afforded under the listed policy, the insurer will send written notice of the cancellation or reduction to HQ USAF/PRPO, Washington, D.C. 20330, by registered mail, at least 30 days in advance of the effective date of the cancellation or reduction. The policy must state that any cancellation or reduction will not be effective until at least 30 days after such notice is sent, regardless of the effective date specified therein.

(4) If the insured requests cancellation or reduction of the insurance coverage, the insurer will notify HQ USAF/PRPO, immediately upon the receipt of such request.

(h) The following aircraft are exempt from the insurance coverage requirements specified herein:

(1) Aircraft owned and operated by foreign governments.

(2) Aircraft owned and operated by States, commonwealths, counties, or municipalities.

(3) Aircraft owned and operated by Air Force Aero Clubs established in accordance with Part 861 of this subchapter.

(4) Aircraft owned and operated by Aero Clubs of other branches of the U.S. Armed Forces which are organized as sundry fund activities and operated as Federal instrumentalities.

(5) Bailed aircraft provided the contract under which the aircraft is bailed specifies that insurance is not required.

5. Section 855.14 is amended by revising paragraph (a) and the note immediately following that paragraph to read as follows:

§ 855.14 Cancellation or suspension of the landing period (AF Form 181).

(a) *Cancellation.* If HQ USAF/PRPO received a cancellation notice of either the user's insurance or an authorized supplier letter of credit guarantee, or if the user fails to comply with the terms of the AF Form 181 or of any applicable regulations, all current AF Forms 181 for that user will be canceled. A canceled AF Form 181 cannot be reinstated; a new request must be submitted for approval (as explained in § 855.7).

NOTE: If an installation commander has reason to believe that the use of a landing permit is not in connection with official Government business or in consonance with the reasons given on the AF Form 181 to justify the use of his installation, he should immediately notify HQ USAF/PRPO, giving the name of the user and the identification number of the permit, and citing the circumstances of the use.

* * * * *

6. Section 855.15 is amended by revising the introductory text, subparagraphs (1), (2), and (3) of paragraph (a), paragraph (b), and subparagraphs (1) and (2) of paragraph (c) to read as follows:

§ 855.15 Landing, parking and storage fees.

The base operations officer, acting for the installation commander, will collect fees from all users (see exemptions in paragraph (d) of this section) and will remit all fees, with supporting documentation, to the base accounting and finance officer each workday. All fees due will be collected at the time of use unless a prior agreement between the user and the installation commander specifies otherwise. Fees collected in accordance with paragraph (a) of this section will be deposited into the Treasury as miscellaneous receipts. All other fees collected in accordance with this part will be deposited into the Treasury as miscellaneous receipts.

(a) * * *

(1) For aircraft weighing 12,499 pounds maximum gross takeoff weight or less: $100.

(2) For aircraft weighing 12,500 pounds but less than 40,000 pounds maximum gross takeoff weight: $300.

(3) For aircraft weighing 40,000 pounds maximum gross takeoff weight and above: $600.

(b) *Normal landing fee.* The normal landing fee is based on the aircraft maximum authorized gross takeoff weight, to the nearest 1,000 pounds. The maximum gross takeoff weight may be determined either from item 11E of AF Form 181 or from the "Airplane Flight Manual" carried aboard each aircraft. If the weight cannot be determined, it should be estimated. All active and inactive Air Force installations will charge the following normal landing fees:

(1) Inside CONUS .20/1,000 pounds MGTOW or any portion thereof with a minimum charge of $5.

(2) Outside CONUS .30/1,000 pounds MGTOW or any portion thereof with a minimum charge of $7.50.

(c) * * *

(1) *Outside a hangar.* Charges begin 6 hours after the aircraft lands. The rate is 10 cents per 1,000 pounds for each 24-hour period or fraction thereof, with a minimum charge of $1.50 per aircraft.

(2) *Inside a hangar.* Charges begin as soon as the aircraft is placed inside the hangar. The rate is 20 cents per 1,000 pounds for each 24-hour period or fraction thereof, with a minimum charge of $5 per aircraft.

* * * * *

7. Section 855.16 is amended by revising the introductory text, the note immediately following subparagraph (3) of paragraph (b), and paragraph (c) to read as follows:

§ 855.16 Joint civil use of an Air Force installation by a community.

Requests for joint civil use of an Air Force installation by commercial or general aviation activities on a continuing basis (including scheduled commercial use) are accepted only from authorized governmental representatives (for example: mayor, city council, airport authority, etc.) and are considered and evaluated on an individual basis. Such requests should be submitted to the installation commander concerned. The installation commander will send the request to the Air Force representative at the FAA regional office within the geographical area of the requesting installation. The Air Force representative at the FAA regional office will comment on the request regarding airspace, air traffic control, and other related areas. He will return the request and appropriate comments to the installation commander. The installation commander is not authorized to make even a tentative decision on such a request; however, he will forward the request with his comments, and the comments of the Air Force representative at the FAA regional office, through military channels to HQ USAF/PRPO, Washington, D.C. 20330. Approval of a joint use request can be granted only by HQ USAF.

* * * * *

(b) * * *

(3) * * *

NOTE: If the community does not already own the land that is excess to Air Force needs. The availability of excess Air Force installation land may be requested through the Federal Aviation Administration and the General Services Administration (see 50 App. U.S.C. 1622(g)).

* * * * *

(c) If the request for joint use seems sufficiently meritorious to warrant such action, the Air Force will forward request to the Federal Aviation Administration for appropriate review. In addition, when a scheduled commercial air carrier use is involved, the Air Force will forward the request to the Civil Aeronautics Board for review.

* * * * *

(Sec. 8012, 70 A Stat. 488, secs. 1107, 1108, 72 Stat. 798; 10 U.S.C. 8012, 49 U.S.C. 1507, 1508)

By order of the Secretary of the Air Force.

JOHN W. FAHRNEY,
Colonel, USAF, Chief, Legislative Division, Office of The Judge Advocate General.

[FR Doc.72-9652 Filed 6-26-72;8:46 am]

SUBCHAPTER W—AIR FORCE PROCUREMENT

PART 1001—GENERAL PROVISIONS

Notification of Government Security Activity

Part 1001, Subchapter W of Title 32 of the Code of Federal Regulations is amended as follows: The introductory text of § 1001.320 is amended by deleting the first nine words and starting the text with "30".

(10 U.S.C., Ch. 137, 10 U.S.C. 8012)

By order of the Secretary of the Air Force:

JOHN W. FAHRNEY,
Colonel, USAF, Chief, Legislative Division, Office of The Judge Advocate General.

[FR Doc.72-9650 Filed 6-26-72;8:46 am]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket No. C-2219]

PART 13—PROHIBITED TRADE PRACTICES

Associated Claims, Inc., et al.

Subpart—Misrepresenting oneself and goods—Business status, advantages or connections: § 13.1370 *Business methods, policies, and practice:* Misrepresenting oneself and goods—Goods: § 13.1760 *Terms and conditions:* 13.1760–50 Sales contract. Subpart—Simulating another or product thereof: § 13.2208 *Court documents.* Subpart—Threatening suits, not in good faith: § 13.2264 *Delinquent debt collection.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Associated Claims, Inc., et al., Silver Spring, Md., Docket No. C-2219, May 16, 1972]

In the Matter of Associated Claims, Inc., a Corporation, and Carl I. Morris and Mrs. Carl I. (Gloria) Morris, Individually and as Officers of Said Corporation

Consent order requiring a Silver Spring, Md., collection agency to cease misrepresenting that respondents have instructed attorneys to begin legal proceedings against alleged debtors, implying that legal action has actually taken place, misrepresenting the legal rights of alleged debtors, using fictitious job titles or organizational designations, and using unofficial or unauthorized documents.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Associated Claims, Inc., a corporation, its successors and assigns and its officers, and Carl I. Morris and Mrs. Carl I. (Gloria) Morris, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the collection of, or attempt to collect, accounts in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, or causing to be represented by any means, directly or by implication, that respondents have instructed, are instructing, or will instruct an attorney to file suit against an alleged debtor unless the alleged debt is immediately paid in full or a specified amount is paid thereon unless the respondents have already instituted the aforesaid suit.

2. Representing by any means, directly or by implication, that:

(a) Legal action has been taken against the debtor; or

(b) Legal action is being taken against the debtor; or

(c) Legal action will be taken against the debtor unless the respondents have already instituted said legal action.

3. Representing by any means, directly or by implication that the post judgment rights of a creditor to attach property or garnish wages of a debtor are as specifically represented unless such is the fact in the jurisdiction in which collection is sought.

4. Informing a debtor of a creditor's right after judgment without disclosing at the same time that no judgment may be entered against the debtor unless the debtor has first been given notice and an opportunity to appear and defend himself in a court of law.

5. Representing, directly or by implication, by any means to a debtor that it is impossible to escape a judgment.

6. Using fictitious job titles or organizational designations or descriptions by any means in connection with respondents' business or misrepresenting in any manner any departmentalization of respondents' business.

7. Using any unofficial or unauthorized document which simulates or is represented by any means to be a document authorized, issued, or approved by a court of law or any other official or legally constituted or authorized authority, or misrepresenting, in any manner, the source, authorization, or approval of any document.

It is further ordered, That:

a. The respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

b. Respondents deliver a copy of this order to all of their present and future personnel and that respondents secure a signed statement acknowledging receipt of said order from each such person.

c. Respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of this order.

d. Respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form of their compliance with this order.

Issued: May 16, 1972.

By the Commission.

[SEAL] CHARLES A. TOBIN,
Secretary.

[FR Doc.72-9659 Filed 6-26-72;8:46 am]

[Docket No. C-2217]

PART 13—PROHIBITED TRADE PRACTICES

Brolan Manufacturing Co. et al.

Subpart—Advertising falsely or misleadingly: § 13.15 *Business status, advantages, or connections:* 13.15–30 Connections or arrangements with others; 13.15–235 Producer status of dealer or seller: 13.15–235(m) Manufacturer; § 13.70 *Fictitious or misleading guarantees;* § 13.75 *Free goods or services;* § 13.170 *Qualities or properties of product or service:* 13.170–30 Durability or permanence; § 13.260 *Terms and conditions.* Subpart—Misrepresenting oneself and goods—Business status, advantages or connections: § 13.1395 *Connections and arrangements with others;* § 13.1530 *Producer status of dealer;* Misrepresenting oneself and goods—Goods: § 13.1625 *Free goods or services;* § 13.1647 *Guarantees;* § 13.1710 *Qualities or properties;* § 13.1760 *Terms and conditions:* 13.1760–50 Sales contract. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1905 *Terms and conditions:* 13.1905–50 Sales contract. Subpart—Using misleading name—Vendor: § 13.2370 *Connections and arrangements with others.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Brolan Manufacturing Co. et al., Chicago, Ill., Docket No. C-2217, May 12, 1972]

In the Matter of Brolan Manufacturing Co., a Corporation, and American Veneer, Inc., a Corporation, and American Home Exteriors, Inc., a Corporation, and Lawrence S. Brown, Individually and as an Officer of Said Corporations

Consent order requiring three Chicago, Ill., sellers and distributors of residential applied vinyl siding to cease misrepresenting that their vinyl siding will keep its freshly painted look permanently, that it will protect the home against such things as insects, hail, moisture, heat, etc., that the siding will save customers on their painting, repair, and maintenance bills, deceptively guaranteeing their products, misrepresenting that they have research relations with the B. F. Goodrich Co., misusing the term "mfg." or any term implying they are manufacturers, misusing the term "free," offering gift merchandise to certain persons, transferring customers' notes to

other parties without also transferring the defenses, and failing to include on the face of each contract a notice that holders of the instrument take it subject to all conditions of the contract.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Brolan Manufacturing Co., a corporation, American Veneer, Inc., a corporation, American Home Exteriors, Inc., a corporation, their successors and assigns, and Lawrence S. Brown, individually and as an officer of said corporations, and respondents' officers, agents, representatives, and employees directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, offering for sale, sale, or distribution of residential siding, or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or indirectly, that vinyl siding sold by respondents will keep its freshly painted look forever without requiring painting or maintenance, or misrepresenting the efficacy, durability or efficiency of respondents' products.

2. Representing, directly or indirectly, that vinyl siding sold by respondents contains woodgrain or any other ingredients that are not actually used in the manufacture of respondents' products.

3. Representing, directly or indirectly, that vinyl siding sold by respondents will eliminate such forces against the home as insects, rain, hail, moisture, dirt, heat dryness, or denting by other objects or misrepresenting the properties, qualities and merits of respondents' products.

4. Representing, directly or indirectly, that purchasers of respondents' residential siding materials will realize a substantial savings on their painting, repair and maintenance bills; or misrepresenting, in any manner, the savings available to purchasers of respondents' merchandise.

5. Representing, directly or indirectly, that respondents' vinyl siding materials are intirely new or revolutionary or differ substantially from other siding materials available on the market.

6. Representing, directly or indirectly, that respondents' method of application of siding materials to homes of customers is unique or differs substantially from the methods of application employed by respondents' competitors.

7. Representing, directly or indirectly, that any of respondents' products and installations are guaranteed unless the nature and extent of the guarantee, the identity of the guarantor, and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed; and unless respondents promptly and fully perform all of their obligations and requirements, directly or impliedly represented, under the terms of each such guarantee.

8. Representing, directly or indirectly, that respondents' vinyl siding materials were the result of extensive research and development by the combined efforts of respondents and the B. F. Goodrich Co.

9. Representing, directly or indirectly, that B. F. Goodrich Co. was making a special offer to the public by introducing respondents' products into the market.

10. Representing, directly or indirectly, that the claims of quality and durability of respondents' products were made with the approval of the B. F. Goodrich Co. or any other supplier; or misrepresenting, in any manner, the B. F. Goodrich trademark or company name or the trademark and company name of any other supplier.

11. Using the term "Manufacturer," "manufacturing," or "mfg." in their trade name; or otherwise representing, directly or indirectly, that respondents own, operate, or control a factory or other manufacturing facility or facilities in connection with the sale of products which are not manufactured by respondents.

12. Using the word "free" or any other word or words of similar import or meaning in connection with the sale, offering for sale, or distribution of respondents' products or services, in advertisements or other offers to the public, as descriptive of an article of merchandise or service:

(a) When all the conditions, obligations, or other prerequisites to the receipt and retention of the "free" article of merchandise or service offered are not clearly and conspicuously set forth at the outset so as to leave no reasonable probability that the terms of the offer might be misunderstood.

(b) When, with respect to any article of merchandise or service required to be purchased in order to obtain the "free" article or service, the offerer either (i) increases the ordinary and usual price of such merchandise or service, or (ii) reduces the quality or size thereof.

13. Using, in any manner a sales plan, scheme, or device wherein false, misleading, or deceptive statements or representations are made in order to obtain leads or prospects for the sale of other merchandise or services.

14. Offering gift merchandise to persons complying with certain conditions unless, in every instance, such merchandise is given to the persons complying with such conditions.

15. Assigning, selling, or otherwise transferring respondents' notes, contracts, or other documents evidencing a purchaser's indebtedness, unless any rights or defenses which the purchaser has and may assert against respondents are preserved and may be asserted against any assignee or subsequent holder of such note, contract or other documents evidencing the indebtedness.

16. Failing to include the following statement clearly and conspicuously on the face of any note, contract, or other instrument of indebtedness executed by or on behalf of respondents' customers:

NOTICE

Any holder takes this instrument subject to the terms and conditions of the contract which gave rise to the debt evidenced hereby, any contractual provision or other agreement to the contrary notwithstanding.

It is further ordered, That respondents shall forthwith deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the offering for sale or sale of respondents' products or services, in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging the receipt of said order from each such person.

It is further ordered, That respondents shall forthwith distribute a copy of this order to each of their operating divisions and employees.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of the order.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, signed by such respondents, setting forth in detail the manner and form of their compliance with this order.

Issued: May 12, 1972.

By the Commission.

[SEAL] CHARLES A. TOBIN, *Secretary.*

[FR Doc.72-9660 Filed 6-26-72;8:46 am]

[Docket No. C-2228]

PART 13—PROHIBITED TRADE PRACTICES

Carlson Originals, Inc., et al.

Subpart—Misbranding or mislabeling: § 13.1185 *Composition:* 13.1185-90 Wool Products Labeling Act; § 13.1212 *Formal regulatory and statutory requirements:* 13.1212-90 Wool Products Labeling Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1852 *Formal regulatory and statutory requirements:* 13.1852-80 Wool Products Labeling Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, secs. 2-5, 54 Stat. 1128-1130; 15 U.S.C. 45, 68) [Cease and desist order, Carlson Originals, Inc., et al., New York, N.Y., Docket No. C-2228, June 1, 1972]

In the Matter of Carlson Originals, Inc., a Corporation, and Harvey Axelrod and Stanley Axelrod, Individually and as Officers of Said Corporation

Consent order requiring a New York City manufacturer of ladies' apparel to cease misbranding its wool products.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Carlson Originals, Inc., a corporation, its successors and assigns, and its officers, and Harvey Axelrod and Stanley Axelrod, individually and as officers of said corporation, and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the introduction, manufacture for introduction into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment in commerce, of wool products, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from misbranding such products by:

1. Falsely and deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers contained therein.

2. Failing to securely affix to, or place on, each such product a stamp, tag, label, or other means of identification showing in a clear and conspicuous manner each element of information required to be disclosed by section 4(a)(2) of the Wool Products Labeling Act of 1939.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: June 1, 1972.

By the Commission.

[SEAL] CHARLES A. TOBIN, *Secretary.*

[FR Doc.72-9661 Filed 6-26-72;8:47 am]

[Docket No. C-2224]

PART 13—PROHIBITED TRADE PRACTICES

Carolina Manufacturing Co., Inc., et al.

Subpart—Importing, selling, or transporting flammable wear: § 13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, Carolina Manufacturing Co., Inc., et al., New York, N.Y., Docket No. C-2224, May 19, 1972]

In the Matter of Carolina Manufacturing Co., Inc., a Corporation, and Sam E. Haddad, Robert Haddad, and Hiram Haddad, Individually and as Officers of Said Corporation

Consent order requiring a New York City importer and seller of textile fiber products, including scarves, to cease importing, distributing, and selling fabrics so highly flammable as to be dangerous when worn.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That the respondents Carolina Manufacturing Co., Inc., a corporation, its successors and assigns, and its officers, and Sam E. Haddad, Robert Haddad, and Hiram Haddad, individually and as officers of said corporation, and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or manufacturing for sale, selling or offering for sale, any product made of fabric or related material which has been shipped or received in commerce as "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric, or related material fails to conform to an applicable standard or regulation issued, amended or continued in effect, under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the scarves which gave rise to the complaint, of the flammable nature of said scarves and effect the recall of said scarves from such customers.

It is further ordered, That the respondents herein either process the scarves which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said scarves.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the scarves which gave rise to the complaint, (2) the number of said scarves in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said scarves and effect the recall of said scarves from customers, and of the results thereof, (4) any disposition of said scarves since March 25, 1971, and (5) any action taken or proposed to be taken to bring said scarves into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said scarves, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton, or any other material or combinations thereof in a weight of 2 ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than 1 square yard in size of any such product, fabric, or related material with this report.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of this order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

Issued: May 19, 1972.

By the Commission.

[SEAL] CHARLES A. TOBIN, *Secretary.*

[FR Doc.72-9662 Filed 6-26-72;8:47 am]

[Docket No. 2222]

PART 13—PROHIBITED TRADE PRACTICES

Charlie's Mobile Living, Inc., et al.

Subpart—Advertising falsely or misleadingly: § 13.73 *Formal regulatory and statutory requirements:* 13.73-92 Truth in Lending Act. Subpart—Misrepresenting oneself and goods—Goods: § 13.1623 *Formal regulatory and statutory requirements:* 13.1623-95 Truth in Lending Act; Misrepresenting oneself and goods—Prices § 13.1823 *Terms: and conditions:* 13.1823-20 Truth in Lending Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1852 *Formal regulatory and statutory requirements:* 13.1852-75 Truth in Lending Act; § 13.1905 *Terms and conditions:* 13.1905-60 Truth in Lending Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 82 Stat. 146, 147; 15 U.S.C. 45, 1601-1605) [Cease and desist order, Charlie's Mobile Living, Inc.,

et al., Louisville, Ky., Docket No. C-2222, May 16, 1972]

In the Matter of Charlie's Mobile Living, Inc., a Corporation, and Charles T. Meredith and Willard Keehn, Individually and as Officers of Said Corporation

Consent order requiring a Louisville, Ky., mobile home dealer to cease violating the Truth in Lending Act by failing to disclose to customers the amount and method of computing penalty charges, identification of collateral required, finance charges, the annual percentage rate, and other disclosures required by Regulation Z of the said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Charlie's Mobile Living, Inc., a corporation, and Charles T. Meredith and Willard Keehn, individually and as officers of said corporation, its successors and assigns, and respondents' officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote or assist, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR Part 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 et seq.), do forthwith cease and desist from:

(1) Failing to disclose, before the transaction is consummated, as required by § 226.8(a), the following:

(a) The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by § 226.8(b)(4) of Regulation Z.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, as required by § 226.8(b)(5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by § 226.8(b)(7) of Regulation Z.

(d) The amount of the finance charge, as required by § 226.8(c)(8)(i) of Regulation Z.

(e) The annual percentage rate, computed in accordance with § 226.5 of Regulation Z, as required by § 226.8(b)(2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by § 226.8(b)(3) of Regulation Z.

(g) The deferred payment price: The sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by § 226.8(c)(8)(ii) of Regulation Z.

(2) Failing to use the term "deferred payment price" to describe the sum determined according to (1)(g) above as required by § 226.8(c)(8)(ii) of the regulation.

(3) Failing to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, as required by § 226.8(c)(2) of Regulation Z.

(4) Failing, in any consumer credit transaction or advertising, to make all disclosures determined in accordance with § 226.4 and § 226.5 of Regulation Z, at the time and in the manner, form and amount required by §§ 226.6, 226.7, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents, for purposes of notification only, notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale, resultant in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth, in detail, the manner and form in which they have complied with the order to cease and desist contained therein.

Issued: May 16, 1972.

By the Commission.

[SEAL] CHARLES A. TOBIN, *Secretary.*

[FR Doc.72-9663 Filed 6-26-72;8:47 am]

[Docket No. C-2220]

PART 13—PROHIBITED TRADE PRACTICES

Cox Mobile Homes, Inc., and Walter C. Cox

Subpart—Advertising falsely or misleadingly: § 13.73 *Formal regulatory and statutory requirements:* 13.73-92 Truth in Lending Act. Subpart—Misrepresenting oneself and goods—Goods: § 13.1623 *Formal regulatory and statutory requirements:* 13.1623-95 Truth in Lending Act; Misrepresenting oneself and goods—Prices: § 13.1823 *Terms and conditions:* 13.1823-20 Truth in Lending Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1852 *Formal regulatory and statutory requirements:* 13.1852-75 Truth in Lending Act; § 13.1905 *Terms and conditions:* 13.1905-60 Truth in Lending Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 82 Stat. 146, 147; 15 U.S.C. 45, 1601-1605) [Cease and desist order, Cox Mobile Homes, Inc., et al., Louisville, Ky., Docket No. C-2220, May 16, 1972]

In the Matter of Cox Mobile Homes, Inc., a Corporation, and Walter C. Cox, Individually and as an Officer of Said Corporation

Consent order requiring a Louisville, Ky., seller of mobile homes to cease violating the Truth in Lending Act by failing to disclose to customers the amount and method of computing penalty charges, identification of collateral required, finance charges, the annual percentage rate, and other disclosures required by Regulation Z of the said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Cox Mobile Homes, Inc., a corporation, and Walter C. Cox, individually and as an officer of said corporation, its successors and assigns, and respondents' officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote or assist, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR Part 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 et seq.), do forthwith cease and desist from:

(1) Failing to disclose, before the transaction is consummated, as required by § 226.8(a), the following:

(a) The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by § 226.8(b)(4) of Regulation Z.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, as required by § 226.8(b)(5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by § 226.8(b)(7) of Regulation Z.

(d) The amount of the finance charge, as required by § 226.8(c)(8)(i) of Regulation Z.

(e) The annual percentage rate, computed in accordance with § 226.5 of Regulation Z, as required by § 226.8(b)(2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by § 226.8(b)(3) of Regulation Z.

(g) The deferred payment price: the sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by § 226.8(c)(8)(ii) of Regulation Z.

(2) Failing to use the term "deferred payment price" to describe the sum determined according to (1)(g) above as required by § 226.8(c)(8)(ii) of the regulation.

(3) Failing to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, as required by § 226.8(c)(2) of Regulation Z.

(4) Failing to include in the finance charge any charges or premiums for credit life, accident, health, or loss of income insurance, written in connection with any credit transaction when the customer has signed a written indication of desire for insurance prior to receiving written disclosure to him of the cost of such insurance, as prescribed by § 226.4(a)(5)(ii) of Regulation Z.

(5) Failing, in any consumer credit transaction or advertising, to make all disclosures determined in accordance with § 226.4 and § 226.5 of Regulation Z, at the time and in the manner, form and amount required by §§ 226.6, 226.7, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents, for purposes of notification only, notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale, resultant in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth, in detail, the manner and form in which they have complied with the order to cease and desist contained therein.

Issued: May 16, 1972.

By the Commission.

[SEAL] CHARLES A. TOBIN, *Secretary.*

[FR Doc.72-9664 Filed 6-26-72;8:47 am]

[Docket No. C-2218]

PART 13—PROHIBITED TRADE PRACTICES

Four States Enterprises, Inc., et al.

Subpart—Advertising falsely or misleadingly: § 13.15 *Business status, advantages, or connections:* 13.15-225 Personnel or staff; § 13.73 *Formal regulatory and statutory requirements:* 13.73-92 Truth in Lending Act; § 13.75 *Free goods or services;* § 13.155 *Prices;* 13.155-10 Bait: 13.155-33 Demonstration reduction: 13.155-95 Terms and conditions: 13.155-95(a) Truth in Lending Act: 13.155-100 Usual as reduced, special, etc.; § 13.170 *Qualities or properties of product or service:* 13.170-30 Durability or permanence. Subpart—Misrepresenting oneself and goods—Business status, advantages or connections: § 13.1520 *Personnel or staff;* Misrepresenting oneself and goods—Goods: § 13.1623 *Formal regulatory and statutory requirements:* 13.1623-95 Truth in Lending Act; § 13.1625 *Free goods or services;* § 13.-1710 *Qualities or properties;* Misrepresenting oneself and goods—Prices: § 13.-1779 *Bait;* § 13.1800 *Demonstration reductions;* § 13.1823 *Terms and conditions:* 13.1823-20 Truth in Lending Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.-1852 *Formal regulatory and statutory requirements:* 13.1852-75 Truth in Lending Act; § 13.1882 *Prices;* § 13.1905 *Terms and conditions:* 13.1905-60 Truth in Lending Act. Subpart—Securing signatures wrongfully: § 13.2175 *Securing signatures wrongfully.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 82 Stat. 146, 147; 15 U.S.C. 45, 1601-1605) [Cease and desist order, Four States Enterprises, Inc., et al., Camden, N.J., Docket No. C-2218, May 15, 1972]

In the Matter of Four States Enterprises, Inc., Four State Enterprises, Inc., Regency Builders, Inc., Corporations, and Jack Scolnick and Ellis Myers, Individually and as Officers of Said Corporations

Consent order requiring three affiliated Camden, N.J., home improvement firms to cease representing their products or services were for sale, when in fact they were not; representing prices as being "sale prices" when in fact they were not; misrepresenting products as being everlasting or indestructible; failing to furnish free merchandise as advertised; misrepresenting company personnel as being specially trained; and to cease violating the Truth in Lending Act by failing to disclose the annual percentage rate, the total payments required and other disclosures required by Regulation Z of the said Act.

It is ordered, That the respondents Four States Enterprises, Inc., Four State Enterprises, Inc., Regency Builders, Inc., corporations, their successors and assigns and their officers, and Jack Scolnick and Ellis Myers, individually and as officers of said corporations, and respondents' agents, representatives, and employees directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, offering for sale, sale, or distribution of siding or any other article of merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. (a) Representing, directly or by implication, that any product or service is offered for sale when such offer is not a good faith offer to sell said product or service.

(b) Using any advertising, sales plan, or promotional scheme involving the use of false, misleading, or deceptive statements or representations to obtain leads or prospects for the sale of any product.

(c) Making representations purporting to offer merchandise for sale when the purpose of the representation is not to sell the offered merchandise, but to obtain leads or prospects for the sale of other merchandise.

(d) Disparaging, in any manner, or discouraging the purchase of any product advertised.

2. (a) Representing, directly or by implication, that any price for respondents' products and/or services is a special or reduced price, unless such price constitutes a significant reduction from an established selling price at which such products and/or services have been sold in substantial quantities by respondents in the recent, regular course of their business; or misrepresenting, in any manner, the savings available to purchasers.

(b) Failing to maintain adequate records (1) which disclose the facts upon which any savings claims, including special, reduced, or former pricing claims and comparative value claims, and similar representations of the type described in paragraph 2(a) of this order are based, and (2) from which the validity of any savings claims, including special, reduced, or former pricing claims and comparative value claims and similar representations of the type described in paragraph 2(a) of this order can be determined.

3. Representing, directly or by implication, that respondents products are everlasting, indestructible, or will not be damaged by storms, hail, fire, or other elements.

4. Representing, directly or by implication, that any offer to sell any product or service is limited as to time, or is limited in any other manner unless respondents, in good faith, impose and adhere to such limitations.

5. Failing or refusing to furnish free merchandise to purchasers, irrespective of a prior request therefor, upon fulfillment of the terms and conditions of any advertised offer.

6. (a) Representing, directly or by implication, that the home of any of respondents' customers, or prospective customers, has been selected to be used or will be used as a model home, or otherwise, for advertising or sales purposes.

(b) Representing, directly or by implication, that any allowance, discount, or commission is granted by respondents to purchasers in return for permitting the premises on which respondents' products are installed or services performed to be used for model homes or demonstration purposes.

7. Representing, directly or by implication, that respondents' officers, agents, representatives, or employees are factory trained or have any other training, qualification, or affiliation when, in fact, they do not have such training, qualification, or affiliation.

8. Accepting certificates or other writings to the effect that contracted details of home improvement had been completed, if such writings were false when accepted; or otherwise misrepresenting, in any manner, the true nature and effect of any document.

9. Inducing or causing purchasers or prospective purchasers of respondents' merchandise to sign blank or partially completed promissory notes or any other contractual instruments.

10. Assigning, selling, or otherwise transferring respondents' notes, contracts, or other documents evidencing a purchaser's indebtedness, unless any rights or defenses which the purchaser has and may assert against respondents are preserved and may be asserted against any assignee or subsequent holder of such note, contract or other documents evidencing the indebtedness.

11. Failing to include the following statement clearly and conspicuously on the face of any note, contract or other instrument of indebtedness executed by or on behalf of respondents' customers:

NOTICE

Any holder takes this instrument subject to the terms and conditions of the contract which gave rise to the debt evidenced hereby, any contractual provision or other agreement to the contrary notwithstanding.

12. (a) Failing to maintain for a period of five (5) years, invoices, notices for payment, and all similar documents which respondents receive in the conduct of their business from suppliers, subcontractors, and other persons, and failing to maintain, for a period of five (5) years, copies of all contracts entered into between respondents and their customers.

(b) Failing to maintain, for a period of five (5) years, with regard to each and every contract hereafter entered into between respondents and their customers, adequate records which disclose, in itemized form, what each customer was charged, exclusive of interest or finance charges for material and labor. And failing to maintain for the same period with regard to each contract hereafter entered into between respondents and their customers involving siding, or the installation of siding, or both, additional records which further disclose the quantity of siding and other materials installed or delivered to the customer; the type and grade of said siding and other material; a description of the installation performed; the total amount of money paid to salesmen, agents or representatives for the solicitation of the said contract, and what each customer was charged, exclusive of interest or finance charges, per square foot for the performance of the said contract.

II. *It is further ordered,* That the respondents Four States Enterprises, Inc., Four State Enterprises, Inc., Regency Builders, Inc., corporations, their successors and assigns, and their officers, and Jack Scolnick and Ellis Myers, individually and as officers of said corporations, and respondents' agents, representatives, and employees directly or through any corporation, subsidiary, division, or other device, in connection with any consumer credit sale as "credit sale" is defined in Regulation Z (15 U.S.C. 1601 et seq.), or in connection with any advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit as "advertisement" and "consumer credit" are defined in Regulation Z, do forthwith cease and desist from:

1. Failing to disclose the annual percentage rate, where and when required by Regulation Z to be used, to the nearest quarter of 1 percent, in accordance with § 226.5(b)(1) of Regulation Z.

2. Failing to disclose the sum of the payments scheduled to repay the indebtedness, and to designate it as "total of payments" in accordance with § 226.8 (b)(3) of Regulation Z.

3. Failing to make all of the disclosures required by § 226.8 of Regulation Z before consummation of the credit transaction in accordance with § 226.8 (a) of Regulation Z.

4. Failing to make all the disclosures required by Regulation Z to be made in connection with any consumer credit transaction or advertisement, in accordance with §§ 226.5, 226.6, 226.8, 226.9, and 226.10 of Regulation Z.

III. *It is further ordered,* That the respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the offering for sale, or sale of any product or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail, the manner and form in which they have complied with this order.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents, such as dissolution assignment or sale, resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of this order.

Issued: May 15, 1972.

By the Commission.

[SEAL] CHARLES A. TOBIN, *Secretary.*

[FR Doc.72-9665 Filed 6-26-72;8:47 am]

[Docket No. C-2221]

PART 13—PROHIBITED TRADE PRACTICES

Jefferson Mobile Homes et al.

Subpart—Advertising falsely or misleadingly: § 13.73 *Formal regulatory and statutory requirements:* 13.73-92 Truth in Lending Act. Subpart—Misrepresenting oneself and goods—Goods: § 13.1623 *Formal regulatory and statutory requirements:* 13.1623-95 Truth in Lending Act; Misrepresenting oneself and goods—Prices: § 13.1823 *Terms and conditions:* 13.1823-20 Truth in Lending Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1852 *Formal regulatory and statory requirements:* 13.1852-75 Truth in Lending Act; § 13.1905 *Terms and conditions:* 13.1905-60 Truth in Lending Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 82 Stat. 146, 147; 15 U.S.C. 45, 1601-1605) [Cease and desist order, Jefferson Mobile Homes, etc., Louisville, Ky., Docket No. C-2221, May 16, 1972]

In the Matter of Jefferson Mobile Homes, Inc., a Corporation, Trading and Doing Business as Jefferson Mobile Homes, Mark Mobile Homes, Jo-Mar Mobile Homes, and Trailer City USA, and Terry Goff, Individually and as an Officer of Said Corporation

Consent order requiring a Louisville, Ky., mobile home dealer to cease violating the Truth in Lending Act by failing to disclose to customers the annual percentage rate, the deferred payment price, using the term "total downpayment" and other disclosures required by Regulation Z of the said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Jefferson Mobile Homes, Inc., a corporation, and Terry W. Goff, individually and as an officer of said corporation, its successors and assigns, and respondents' officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote or assist, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR Part 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 et seq.), do forthwith cease and desist from:

(1) Failing to disclose, before the transaction is consummated, as required by § 226.8(a), the following:

(a) The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by § 226.8(b)(4) of Regulation Z.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, as required by § 226.8(b)(5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by § 226.8(b)(7) of Regulation Z.

(d) The amount of the finance charge as required by § 226.8(c)(8)(i) of Regulation Z.

(e) The annual percentage rate, computed in accordance with § 226.5 of Regulation Z, as required by § 226.8(b)(2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by § 226.8(b)(3) of Regulation Z.

(g) The deferred payment price: the sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by § 226.8(c)(8)(ii) of Regulation Z.

(2) Failing to use the term "deferred payment price" to describe the sum determined according to (1)(g) above as required by § 226.8(c)(8)(ii) of the regulation.

(3) Failing to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, as required by § 226.8(c)(2) of Regulation Z.

(4) Failing, in any consumer credit transaction or advertising, to make all disclosures determined in accordance with §§ 226.4 and 226.5 of Regulation Z, at the time and in the manner, form and amount required by §§ 226.6, 226.7, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents, for purposes of notification only, notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale, resultant in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth, in detail, the manner and form in which they have complied with the order to cease and desist contained therein.

Issued: May 16, 1972.

By the Commission.

[SEAL] CHARLES A. TOBIN, *Secretary.*

[FR Doc.72-9666 Filed 6-26-72;8:47 am]

[Docket No. C-2223]

PART 13—PROHIBITED TRADE PRACTICES

Morsly, Inc., et al.

Subpart—Importing, selling, or transporting flammable wear: § 13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, Morsly, Inc., et al., New York, N.Y., Docket C-2223, May 19, 1972]

In the Matter of Morsly, Inc., a Corporation, and Stephen M. Levy and David M. Levy, Individually and as Officers of Said Corporation

Consent order requiring a New York City importer and distributor of women's apparel, including scarfs, to cease importing or selling fabrics so highly flammable as to be dangerous when worn.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That the respondents Morsly, Inc., a corporation, its successors and assigns, and its officers, and Stephen M. Levy, and David M. Levy, individually and as officers of said corporation, and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or other device, do forthwith cease and desist from selling, offering for sale, in commerce or importing into the United States, or introducing, delivering for introduction, transporting, or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or manufacturing for sale, selling or offering for sale, any product made of fabric or related material which has been shipped or received in commerce as "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to an applicable standard or regulation issued, amended or continued in effect, under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the scarfs which gave rise to the complaint, of the flammable nature of said scarfs and effect the recall of said scarfs from such customers.

It is further ordered, That the respondents herein either process the scarfs which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said scarfs.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) The identity of the scarfs which gave rise to the complaint, (2) the number of said scarfs in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said scarfs and effect the recall of said scarfs from customers, and of the results thereof, (4) any disposition of said scarfs since November 27, 1970, and (5) any action taken or proposed to be taken to bring said scarfs into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said scarfs, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton, or any other material or combinations thereof in a weight of 2 ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than 1 square yard in size of any such product, fabric, or related material with this report.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any change in the corporation which may affect compliance obligations arising out of this order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Issued: May 19, 1972.

By the Commission.

[SEAL] CHARLES A. TOBIN, *Secretary.*

[FR Doc.72-9667 Filed 6-26-72;8:47 am]

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

COMPONENTS OF PAPER AND PAPERBOARD IN CONTACT WITH AQUEOUS AND FATTY FOODS

The Commissioner of Food and Drugs, having evaluated the data in a petition (FAP 1B2571) filed by E. I. du Pont de Nemours & Co., Inc., Wilmington, Del. 19898, and other relevant material, concludes that the food additive regulations should be amended to expand the permitted conditions of food-contact use for paper and paperboard containing diethanolamine salts of mono- and bis(1*H*,1*H*,2*H*,2*H*-perfluoroalkyl) phosphates to the conditions as set forth below.

The Commissioner further concludes that Table 2 of § 121.2526(c) should be amended to include test procedures for determining the amount of extractives from the food-contact surface of paperboard intended for use in contact with foods identified as dry solids with the surface containing free fat or oil (table 1, food type IX) under conditions where such foods are ready-prepared, and are stored, refrigerated, or frozen and are reheated in the container at time of use (table 2, condition of use H).

Therefore, pursuant to 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 authority delegated to the Commissioner (21 CFR 2.120), Part 121 is amended in § 121.2526 as follows:

1. In paragraph (a)(5) by revising the limitations for the item "Diethanolamine salts * * *," as follows:

§ 121.2526 Components of paper and paperboard in contact with aqueous and fatty foods.

* * * * *

(a) * * *

(5) * * *

List of substances	*Limitations*
Diethanolamine salts of mono- and bis(1*H*,1*H*,2*H*,2*H*-perfluoroalkyl) phosphates where the alkyl group is even-numbered in the range C_8–C_{18} and the salts have a fluorine content of 52.4 percent to 54.4 percent as determined on a solids basis.	For use only as an oil and water repellant at a level not to exceed 0.17 pound (0.09 pound of fluorine) per 1,000 square feet of treated paper or paperboard as determined by analysis for total fluorine in the treated paper or paperboard without correction for any fluorine which might be present in the untreated paper or paperboard, when such paper or paperboard is used in contact with nonalcoholic foods under the conditions of use described in paragraph (c) of this section, table 2, conditions of use (B) through (H).

* * *

2. In paragraph (c), Table 2, in item H2, by adding to food types "III, IV–A, VII–A," the additional food type "IX."

Any person who will be adversely affected by the foregoing order may at any time within 30 days after its date of publication in the FEDERAL REGISTER file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 6–88, 5600 Fishers Lane, Rockville, Md. 20852, written objections thereto 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. Received objections may be seen in the above office during working hours, Monday through Friday.

Effective date. This order shall become effective on its date of publication in the FEDERAL REGISTER (6–27–72).

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

Dated: June 15, 1972.

SAM D. FINE,
Associate Commissioner for Compliance.

[FR Doc.72-9637 Filed 6-26-72;8:45 am]

SUBCHAPTER C—DRUGS

PART 135c—NEW ANIMAL DRUGS IN ORAL DOSAGE FORMS

Dichlorvos

The Commissioner of Food and Drugs has evaluated a supplemental new animal drug application (33–803V) filed by Shell Chemical Co., proposing the safe and effective use of dichlorvos as an anthelmintic in dogs. The supplemental application is approved.

Therefore, pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (sec. 512(i), 82 Stat. 347; 21 U.S.C. 360b(i)) and under authority delegated to the Commissioner (21 CFR 2.120), Part 135c is amended in section 135c.50 by revising the heading of paragraph (e) and adding a new paragraph (f), as follows:

§ 135c.50 Dichlorvos.

* * * * *

(e) *Conditions of use in swine.* * * *

(f) *Conditions of use in dogs.* (1) It is recommended for removing *Toxocara canis* (roundworm), *Ancylostoma caninum* (hookworm), and *Trichuris vulpis* (whipworm) residing in the lumen of the gastrointestinal tract of dogs.

(2) The drug is in capsule form for direct administration and in pellet form for administration in about one-third of the regular canned dog food ration or in ground meat. Dogs may be treated with any combination of capsules and/or pellets so that the animal receives a single dose equaling 12 to 15 milligrams of the active ingredient per pound of body weight. One-half of the single recommended dosage may be given, and the other half may be administered 8 to 24 hours later. This split dosage schedule should be used in animals which are very old, heavily parasitized, anemic, or otherwise debilitated. The drug should not be used in dogs weighing less than 2 pounds.

(3) Do not administer this drug in conjunction with other anthelmintics, teniacides, antifilarial agents, muscle relaxants, tranquilizers, or modified live-virus vaccines. The drug is a cholinesterase inhibitor and should not be used simultaneously or within a few days before or after treatment with or exposure to cholinesterase-inhibiting drugs, pesticides, or chemicals.

(4) Federal law restricts this drug to use by or on the order of a licensed veterinarian.

Effective date. This order shall be effective upon publication in the FEDERAL REGISTER (6–27–72).

(Sec. 512(i), 82 Stat. 347; 21 U.S.C. 360b(i))

Dated: June 15, 1972.

C. D. VAN HOUWELING,
Director,
Bureau of Veterinary Medicine.

[FR Doc.72-9638 Filed 6-26-72;8:45 am]

PART 135c—NEW ANIMAL DRUGS IN ORAL DOSAGE FORMS

Griseofulvin

The Commissioner of Food and Drugs has evaluated a supplemental new animal drug application (31–447V) filed by Schering Corp., 86 Orange Street, Bloomfield, N.J. 07003, proposing revised labeling for the safe and effective use of griseofulvin boluses in horses. The supplemental application is approved.

For consistency within the regulations, § 135c.21(c)(2) is being editorially amended.

Therefore, pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (sec. 512(i), 82 Stat. 347; 21 U.S.C. 360b(i)) and under authority delegated to the Commissioner (21 CFR 2.120), Part 135c is amended in § 135c.21 by revising paragraph (c) and by adding a new subparagraph (3) to paragraph (d), as follows:

§ 135c.21 Griseofulvin.

* * * * *

(c) *Sponsor.* (1) See code No. 032 in § 135.501(c) of this chapter for the sponsor of the usages provided by paragraph (d) (1) and (3) of this section.

(2) See code No. 046 in § 135.501(c) of this chapter for the sponsor of the usage provided by paragraph (d) (2) of this section.

(d) * * *

(3) (i) Boluses containing 2.5 grams of griseofulvin are used in horses for treating ringworm infection caused by *Trichophyton equinum.* It is administered to adult horses at a level of one bolus per day, to yearlings at one-half to one bolus per day, and to foals at one-half bolus per day. All three dosage levels should be administered for a period of note less than 10 days. In responsive cases, treatment should be continued until all infected areas are proven negative by appropriate culture. Not for use in horses intended for food.

(ii) Federal law restricts this drug to use by or on the order of a licensed veterinarian.

Effective date. This order shall be effective upon publication in the FEDERAL REGISTER (6-27-72).

(Sec. 512(i), 82 Stat. 347; 21 U.S.C. 360b(i))

Dated: June 19, 1972.

C. D. VAN HOUWELING,
Director,
Bureau of Veterinary Medicine.

[FR Doc.72-9636 Filed 6-26-72;8:45 am]

Title 30—MINERAL RESOURCES

Chapter I—Bureau of Mines, Department of the Interior

SUBCHAPTER N—METAL AND NONMETALLIC MINE SAFETY

PART 57—HEALTH AND SAFETY STANDARDS—METAL AND NONMETALLIC UNDERGROUND MINES

Procedures for Obtaining Variances to Radon Daughter Exposure Standards

On Saturday, July 3, 1971, there was published in the FEDERAL REGISTER (36 F.R. 12693) a notice of proposed rule making setting forth proposals to amend § 57.24, and to add a new § 57.25 entitled "Variance: mandatory standards relating to exposure to concentrations of radon daughters" to Part 57, Subchapter N, Chapter I, Title 30, Code of Federal Regulations. The amendments were proposed in view of the guidance furnished by the Administrator of the Environmental Protection Agency in a document entitled "Radiation Protection Guidance for Federal Agencies" published in the FEDERAL REGISTER on May 25, 1971 (36 F.R. 9480).

Interested persons were afforded a period of 15 days from the date of publication of the proposed amendments in which to submit comments, suggestions, and objections regarding the proposed amendments. The period of time was subsequently extended to August 2, 1971, by a notice published in the FEDERAL REGISTER for July 23, 1971 (36 F.R. 13689).

In view of the comments, objections, and requests for a public hearing which were received, the Department decided to hold a public hearing on the proposed amendments. A notice to this effect was published in the FEDERAL REGISTER for December 9, 1971 (36 F.R. 23392), and the hearing was subsequently held on January 7, 1972, at the Hilton Inn, Albuquerque, N. Mex. The hearing was attended by representatives of labor, management, and States, and by individual miners and other persons. Oral testimony was received from 17 individuals many of whom represented a large number of miners or operators. Additional written comments, suggestions, and objections were submitted for inclusion in the record by various interested persons. Copies of the verbatim transcript may be purchased from Riche H. Emmons & Associates, Post Office Box 1773, Albuquerque, NM 87103. The comments, suggestions, and objections which were received and the transcript of the hearing are available for examination in the office of the Deputy Director—Health and Safety, Bureau of Mines, Department of the Interior, Washington, D.C.

As a result of the materials, comments, and suggestions received before, during, and after the hearing a number of changes have been made in the regulations as originally proposed. The major changes which have been made are explained below with references to the original proposals published in the FEDERAL REGISTER for July 3, 1971 (36 F.R. 12693).

A. The proposed revision of § 57.24-7 has been modified for clarification that variances from mandatory standards relating to exposure to radon daughters will be granted under the provisions of the new § 57.25.

B. The proposed § 57.25-1 has been extensively revised for the following reasons:

(a) The regulations as promulgated will not permit a variance from the 4 WLM standard. As proposed the 4 WLM maximum exposure limit could have been exceeded under a variance.

(b) The variance procedures will apply to all mines, therefore, the reference to "underground uranium mines" has been deleted.

(c) The restriction of the variance granting authority to the Director and the Deputy Director—Health and Safety would be impractical since it cannot be determined at this time the number of variances which will be requested. The authority of the Director to delegate has been expanded to include the Assistant Director, Metal and Nonmetal Mine Health and Safety, and the Metal and Nonmetal Mine Health and Safety District Managers.

C. The proposed § 57.25-2 has been revised as described below and by revising and moving certain paragraphs to other sections of the regulations as described in item D.

(a) A new paragraph (a) has been added to make it clear that no variance will be granted which will permit any person to receive a cumulative exposure in excess of 4 WLM per year, and that the 4 WLM standard applies to the cumulative exposures of a person and not to a condition at any point in time in the mine.

(b) The proposed paragraph (a) did not limit the number of extensions of a variance which might be granted. As revised, paragraph (b) of § 57.25-2 limits the number of extensions of a variance to two. The purpose of a variance procedure of this nature is only to allow time to make changes necessary to obviate the variance, therefore, there must be a definite point in time at which a variance should no longer be permitted.

(c) A new paragraph (c) has been added to require that notice of an application for an extension must be given and filed in the same manner as the original application for a variance.

D. The proposed § 57.25-2 has been further revised as follows:

(a) The proposed paragraph (b) has been moved and redesignated as paragraph (e) of § 57.25-5 and has been revised to prohibit the cumulative exposure of men to more than 4 WLM per year. This paragraph previously provided that miners would be permitted to be exposed in excess of 4 WLM if a respirator was worn. As revised no miner shall be exposed in excess of 4 WLM even though a respirator is worn. This will be accomplished by requiring men likely to be overexposed to wear appropriate protective equipment to prevent exposure in excess of 4 WLM, taking into consideration the protection factor of the respirator, and the concentrations of radon daughters to which the miner has been, and is, exposed. As orginally proposed § 57.25(f) would have permitted exposures up to 12 WLM per year under a variance. It has been determined that with the use of proper respiratory protective equipment overexposure is unnecessary.

(b) The proposed paragraph (c) has been moved and redesignated as paragraph (d) of § 57.25-5 and has been revised to make it clear that the operator's plan must specify how overexposure will be prevented. Upon approval the plan shall become a condition of the variance, and failure of the plan to accomplish the required objective or failure of the operator to observe and follow the plan shall be cause for immediate cancellation of the variance.

(c) The proposed paragraph (d) has been moved and redesignated as § 57.25-6 and has been revised to provide for more specific sampling requirements. The sampling requirements of Standard 57.5-37 are too general to be effective under variance conditions, and further, revision of that standard is under consideration.

(d) Paragraph (e) has been deleted, however, additional recordkeeping requirements have been provided for in the new § 57.25-6.

(e) Paragraph (f) has been deleted because as promulgated the variance procedure will not permit exposures in excess of 4 WLM.

E. Section 57.25–5 has been revised to conform to the new concept of the variance procedures in allowing the use of respirators to prevent overexposure in contrast to the proposed concept of allowing the use of respirators after overexposure had occurred. As revised § 57.25–5 requires specific information be submitted with an application regarding the types of respiratory protective equipment to be used, maintenance, fitting, and cleaning of such equipment and other information relating to the use of equipment to ensure that the protection provided the miners will be adequate and that the plan is practical.

F. Section 57.25–6 has been renumbered § 57.25–7 and has been revised to delete the requirement that comments regarding the application for the variance or extension submitted by interested persons shall also be sent to the applicant requesting the variance. As revised § 57.25–7 provides that the Director may forward copies of such comments to the applicant after removing any identification of the source of such comments, if requested to do so by the person filing such comments and such person is an employee in the mine for which the variance or extension is requested.

Revised § 57.25–7 also provides that a public hearing shall be held by the Director upon the written request of any affected person. The proposed § 57.25–6 provided that a hearing would be held only when the Director determined that a hearing would contribute to his consideration of the application. Requests for hearing shall be addressed to the Director, with copies to the District Manager of the Bureau of Mines, to the appropriate State agency, and to the applicant and shall include a concise statement of facts showing how the person requesting the hearing would be affected by the variance or extension, if granted. The request for hearing shall also specify any statement or representation in the application for variance or extension which is denied or contested, and a concise summary of the evidence that will be adduced in support of each denial or contest, and any views or arguments on any issue of fact or law presented. The information required to be submitted with the request for hearing is necessary to enable all parties to adequately prepare for the hearing and to assure that the issues are in fact heard at the hearing. Due to the highly technical nature of matters which would come under consideration at such hearings, to encourage participation by all affected parties, and to expedite the consideration of an application for a variance or extension, the hearings will be informal and open to the public and will be held by the Director or his delegate. A notice of the time and place of the hearing will be published in the FEDERAL REGISTER as soon as practicable after receipt of the request for hearing.

G. Section 57.25–7 has been redesignated § 57.25–8 and has been revised to restrict the temporary relief which may be granted by the Director while a variance request is under consideration to the granting of a temporary variance for a period not to exceed 60 days.

The important differences in the variance procedures proposed on July 3, 1971, and those which are promulgated below should be noted. The proposed procedures would have permitted a variance to the 4 WLM standard in a manner which would allow a miner to receive a cumulative exposure in excess of the 4 WLM (up to 12 WLM per year) while the procedure as promulgated only permits for a limited time, a variance to Standard 57.5–5 which prohibits the use of respirators in lieu of environmental controls. The proposed procedures did not specify the maximum number of extensions of a variance which could be obtained while the revised procedures limit the number of extensions to two. The variance if granted is a temporary measure which does not increase the maximum exposure which may be received but merely allows a different method of protection.

The comments, suggestions, and objections which were received and the testimony presented at the public hearing held in Albuquerque on January 7, 1972, concern several general categories which have been considered and which are discussed below.

1. *Need for variance.* A number of operators presented evidence and testimony that a variance procedure is essential to allow a mine time to comply while remaining in operation. Labor representatives opposed any variance which would permit an employee's annual exposure to exceed 4 WLM.

The Department believes that a variance procedure is desirable and necessary in order to allow certain mines time to make modifications in ventilation and environmental control systems which will bring the concentration of radon daughters in the mine atmosphere to a level which will not permit any worker to receive an exposure in excess of 4 WLM per year. Additional substantiation of the need is expressed in the conclusion of the Administrator of the Environmental Protection Agency that: "A standard of 4 WLM per year would not have a severe impact on the underground uranium mining community, provided additional time is allowed for compliance in certain instances." It is emphasized that the variance procedure as promulgated does not permit a miner to receive an exposure in excess of 4 WLM. Rather, the procedure permits the use of respirators in certain circumstances in lieu of immediate environmental controls to prevent overexposure.

2. *Use of sputum tests.* Conflicting testimony was presented from medical experts and others as to the value of sputum tests for miners working under a variance. Although the value of sputum tests in the early detection of a proclivity toward lung cancer is not questioned, the Department is of the opinion that sputum tests would be of little value in the assignment of miners to various areas of the mine under the variance procedures as promulgated for the following reasons:

(a) Under the variance procedures no worker will be permitted to receive an exposure in excess of 4 WLM, which is the maximum exposure permissible without a variance regardless of the area of the mine in which he works.

(b) A variance will be permitted for only 6 months with two possible 6-month extensions, and detectable changes in sputum occur over very long periods and thus are unlikely to be detected within the maximum period of variance.

3. *Public hearings on application for variance.* Section 57.25–6 as proposed provided that the Director might hold a public hearing if he determined that a hearing would contribute to his consideration of the application for a variance.

Comments and testimony were presented objecting to this provision and suggesting that procedures relating to hearings on variances be similar to those provided by the Department of Labor under the Occupational Safety and Health Act of 1970 (Public Law 91–596), in Title 29, Code of Federal Regulations, Part 1905. Those regulations provide in essence that a public hearing shall be held by a hearing examiner whenever such a hearing is requested by any employer or employee who would be affected by a variance, or on the initiative of the Assistant Secretary of Labor. Such hearings are quasijudicial in nature and procedure.

As proposed, § 57.25–6 did not require a public hearing to be held in every case where one was requested, and the public hearing would be presided over by the Director or his delegate. It was argued that such a procedure does not provide equivalent due process to the procedures provided under OSHA. However, it is noted that the procedures for temporary variances provided under OSHA (29 CFR Part 1905) do not require that equivalent protection be provided under the temporary variance if granted. Under the variance procedures adopted here the protection provided the miner is equivalent. The variance is not to the protection provided but only to the means of achieving such protection. Thus, the issue to be decided is only whether the facts alleged in the application are true, and not whether the alternative method provides equivalent protection since that issue has been decided inasmuch as it has been concluded that, when worn in accordance with an approved plan, approved respirators do provide equivalent protection. A public hearing before the Director or his delegate would provide an open forum to present evidence to determine the issue.

Section 57.25–6 has been revised to permit any affected party to request a hearing. It has also been determined that such a hearing should be public and should be conducted by the Director or his delegate and not by a hearing examiner. The issues which might be brought to light at such a hearing are limited in scope since the variance, if

granted, would not increase health or safety hazards. A hearing conducted by a hearing examiner in accordance with all of the requisite procedural rules would be time consuming and expensive for all parties concerned and would not enhance or expedite consideration of the issues involved.

4. *Requiring the use of respirators in lieu of environmental controls.* Several miners objected to being required to wear respirators continuously, stating as the main reasons for their objections discomfort and hampered efficiency.

The Department is of the opinion that employees will not be required to wear a respirator continuously for the following reasons;

(a) Only respirators which remove 80 percent or more of the radon daughters will be approved.

(b) About 50 percent of uranium miners were exposed to less than 4 WLM during 1970.

(c) About 72 percent of the remaining miners were exposed to between 4 and 8 WLM during 1970. These individuals would be required to wear respirators less than 50 percent of the time in order to avoid overexposure.

(d) The remaining affected miners would have to wear respirators more than 50 percent of the time assuming conditions in the particular mine remained the same. However, it is contemplated that any approved variance plan would require a schedule of substantial improvement in radon concentrations before the variance would be approved.

(e) There has been substantial improvement since 1970 in the control of radon concentrations and it is expected that the number of affected miners will be less than the above percentages indicate.

(f) Miners will be required to wear respirators only when their work cycle is such that overexposure would occur without the use of a respirator and then only to the extent necessary to prevent cumulative exposure greater than 4 WLM.

5. *Area of mine to be affected by a variance.* The question was raised as to whether a variance would cover an entire mine or only that portion of a mine which "could not comply with the standards." As stated previously, the variance is not to the exposure standard (57.5–42), but to the standard which states that respirators shall not be used in lieu of environmental controls (57.5–5). Due to the nature of mining it would be difficult to limit a variance to any particular part of a mine since the workmen must move as the mine progresses or as the mining plan changes due to unforeseen circumstances. Further, since the 4 WLM maximum exposure standard is a cumulative standard and not a "condition standard" at any particular time or place in the mine, it would not be appropriate to limit the variance to any part or parts of the mine since the "condition" at any one time or place in the mine can vary. The "condition" may vary from 0.0 to 2.0 WL and yet not exceed the limits set by standard 57.5–39, or necessarily expose the miners to more than 4 WLM per year, because the exposure limit is a combination of time and condition. Accordingly a variance will be granted for the entire mine.

Part 57, Subchapter N, Chapter I, Title 30 of the Code of Federal Regulations is amended and revised by amending § 57.24 and by adding a new § 57.25 as set forth below.

Effective date. The amendments and revisions shall be effective on the date of publication in the FEDERAL REGISTER (6–27–72).

JOHN B. RIGG,
Deputy Assistant Secretary of the Interior.

JUNE 20, 1972.

Part 57, Title 30, Code of Federal Regulations, is amended and revised as follows:

1. The heading of § 57.24 is revised to read as follows:

§ 57.24 Variances: Mandatory standards other than those relating to exposure to concentrations of radon daughters.

2. The first sentence of § 57.24–1 is amended to read as follows:

57.24–1. Except as provided in § 57.24–7, the Director, Bureau of Mines, may, in accordance with the provisions of this § 57.24, to permit a variance from a mandatory standard in this part other than those relating to exposure to concentrations of radon daughters. * * *"

3. Section 57.24–7 is amended to read as follows:

57.24–7 This § 57.24 does not authorize the Director to permit a variance from any mandatory standard relating to exposure to airborne contaminants. A variance from mandatory standards relating to exposure to radon daughters may be granted in accordance with the provisions of § 57.25.

4. A new § 57.25 relating to the granting of a variance to permit the use of respirators in lieu of environmental controls to protect miners from overexposure to radon daughters is added as follows:

§ 57.25 Variance: Mandatory standards relating to exposure to radon daughters.

57.25–1 The Director, Bureau of Mines, in accordance with the provisions of this § 57.25 is authorized to permit a variance from standard 57.5–5 in this Part 57 relating to the use of respirators in lieu of environmental controls in mines subject to standards relating to exposures to radon daughters. The Director may permit such a variance only by means of a written decision specifically describing the variance permitted and the restrictions and conditions to be observed. The Director may, in writing, delegate the authority conferred by this § 57.25 to the Deputy Director—Health and Safety, the Assistant Director, Metal and Nonmetal Mine Health and Safety, and the Metal and Nonmetal Mine Health and Safety District Managers.

57.25–2 (a) No variance shall be granted to the provisions of § 57.5–5 which permits any person to receive a cumulative exposure in excess of 4 WLM per year.

(b) No variance shall be granted for a period of time longer than that necessary for the operator to establish environmental controls and to achieve conditions in the mine which will assure that individuals employed in any capacity in such mine will not receive an exposure in excess of 4 WLM per year. The period of time for which a variance may be permitted shall not exceed six (6) months: *Provided, however,* That two extensions, not to exceed 6 months each, may be granted if the terms, conditions, and other provisions of the variance as approved have been met and the holder of the variance establishes that he has exercised his best efforts to achieve conditions which will make respiratory protection unnecessary to avoid overexposure.

(c) A written application for an extension of a variance must be received by the Director at least 30 days prior to the expiration or termination of the existing variance. The applicant for an extension of a variance shall comply with the filing and notice requirements provided in §§ 57.25–3 and 57.25–4.

57.25–3 An application for a variance or an extension of a variance must be in writing and filed with the Director, Bureau of Mines, Department of the Interior, Washington, D.C. 20240. A copy of the application must be mailed or otherwise delivered to the District Manager of the Metal and Nonmetal Mine Health and Safety District of the Bureau of Mines in which the mine is located and a copy must be mailed or otherwise delivered to the State agency responsible for health and safety in the mine.

57.25–4 Before an application for a variance or an extension of a variance is filed, the person making such application shall give notice of the contents of the application to all persons employed in the mine that would be affected by the variance if granted. Such notice may be given by the delivery of a copy to each such employee individually; or by the delivery of a copy of the application to an organization, agency, or individual authorized by the employees to represent them; or by posting a copy on a bulletin board at the mine office; or in some other appropriate place at the mine adequate to give notice to the employees. An application will be rejected if it does not show that such notice has been given.

57.25–5 An application for a variance shall include:

(a) The name and address of the applicant and of the mine for which the variance is requested.

(b) A statement that the application is a request for a variance from mandatory standard 57.5–5.

(c) A statement that the applicant is unable to establish environmental controls and achieve conditions in the mine which will make respiratory protection unnecessary to avoid overexposure and shall set forth the reasons therefor.

(d) A plan which, on approval, shall become a condition of the variance if granted which specifies the actions to be taken which will assure that when the plan has been completed no employee in the mine will receive an exposure in excess of 4 WLM per year.

(e) A program for respiratory protection of all employees likely to receive exposure to radon daughters in excess of 4 WLM per year based on current measurements of radon daughter concentrations and prior recordkeeping. In order to receive approval the program shall meet the following conditions and requirements:

(1) The program shall provide that employees shall wear protective equipment which has been approved by the Bureau of Mines under Bureau of Mines Schedule 21B, "Filter-type Dust, Fume, and Mist Respirators" (see 30 CFR Part 14, revised edition January 1, 1972; 30 F.R. 616, January 19, 1965, as amended at 34 F.R. 9617, June 19, 1969);

or approved under Title 30, Code of Federal Regulations, Part 11—"Respiratory Protective Devices; Tests for Permissibility; Fees", promulgated in 37 F.R. 6244, March 25, 1972, and employees shall be protected by the use of such equipment so that their annual exposure shall not exceed 4 WLM.

(2) The program shall describe the protective equipment to be employed, including the efficiency of the equipment for radon daughters. Approved respirators of the types described as follows may be used in the manner and circumstances as follows:

(i) Approved dust respirators may be used for protection in radon daughter concentrations up to 1 WL. The protection factor for approved dust respirators shall be 0.2, that is, such respirators shall be capable of removing 80 percent of the radon daughters from the respired air.

(ii) Respirators approved for protection against radon daughters and those approved for protection against radioactive aerosols up to 10 times the MPC may be used for protection in radon daughter concentrations up to 3 WL. The protection factor for such approved respirators shall be 0.1, that is, the respirator shall be capable of removing 90 percent of the radon daughters from the respired air.

(iii) Approved powered air-purifying respirators when equipped with a high efficiency filter or with a filter approved for use with radon daughters may be used for protection in radon daughter concentrations up to 10 WL. The protection factor for such approved respirators shall be 0.03, that is, the respirator shall be capable of removing 97 percent of the radon daughters from the respired air.

(iv) Approved continuous flow air line respirators or pressure demand type self-contained breathing apparatus shall be used for protection in radon daughter concentrations above 10 WL.

(3) The program shall provide that respirators shall be selected, fitted, used, and maintained in accordance with the provisions of the American National Standard Z88.1 "Safety Guide for Respiratory Protection against Radon Daughters," or Z88.2 "Practices for Respiratory Protection," obtainable from American National Standards Institute, Inc., 1430 Broadway, New York, NY 10018.

(4) The program shall prescribe procedures governing the use of protective equipment, including supervisory procedures, and the approximate length of time the equipment will be used by individuals in each work week. The proposed periods of use of such equipment by an individual should not be of such duration as will discourage observance by the individual of the established procedures, nor should respirators be used under conditions where they may otherwise be detrimental to safety and health of employees.

(5) Filters on reusable respirators shall not be used longer than one shift (8 hours) before changing, and filters shall be changed at the beginning of each shift regardless of the length of time used on the previous shift.

(6) The program may consist of the use or respirators in combination with work rotation procedures or other methods of protection.

(7) The program shall set forth average concentration of radon daughters present in the areas of the mine occupied by the affected employees.

(8) The program shall contain a summarization of the exposure of affected employees for the 12-month period preceding the application by showing on a quarterly basis the number of workers exceeding 1, 2, 3, etc., working level months.

(9) The program shall contain a description of the work assignments of affected employees, specifying the number of persons having each work assignment.

(f) Specify the time period for which the variance is requested.

(g) Indicate the authority of the person signing the application.

(h) A statement describing how, and on what dates, the notice required by § 57.25–4 was given.

57.25–6 While a variance is in effect, in addition to any other requirements of this part and as a condition of the variance the operator shall comply with the following:

(a) Mine atmospheres shall be sampled to determine the concentrations of radon daughters.

(1) Sampling shall be in accordance with the procedures contained in American National Standards Institute N 7.1a–1969, "Supplement to radiation protection in uranium mines and mills (concentrators)," except that the sampling frequency for primary air courses not using vent tubing shall be at least monthly and the sampling frequency for areas ventilated by secondary systems or through vent tubing shall be at least weekly. Where samples are required to be taken weekly, such samples shall be taken randomly throughout the week in any given work place, for example, if a work place is sampled on Thursday at 10 a.m. 1 week, it shall not be sampled on Thursday at 10 a.m. the following week, but rather it shall be sampled on another day at another time of the day.

(2) Samples used for exposure determinations shall be taken as near as possible to the breathing zone of workers in each work place.

(3) Sampling shall be done during the course of a regular work shift.

(b) Exposure records for each employee exposed to radon daughters shall be kept in accordance with American National Standards Institute N 7.1a–1969, "Supplement to radiation protection in uranium mines and mills (concentrators)," except that the interval for calculating cumulative exposure shall be monthly.

(c) Clear and legible forms containing the same information as given in Appendix C of American National Standards Institute N 7.1a–1969 shall be used for recordkeeping. Occupancy time shall be recorded to the nearest half-hour. Periods of respirator use shall be clearly indicated on the form including the protection factor for each respirator used. Annual exposure shall be kept on a calendar year basis. The annual period shall start on the first Sunday of the year and end on the Saturday preceding the first Sunday of the following year. If existing timekeeping or recordkeeping procedures make this impractical, another period may be used that starts as soon after the first day of the calendar year as practical and that continues to an equivalent day of the succeeding year so that all days are covered.

(d) All sampling and exposure records required to be kept by this § 57.25–6, or any provision of the variance, shall be open for inspection by all affected employees, representatives of employees, State agencies, and authorized representatives of the Secretary of the Interior.

(e) American National Standards Institute N 7.1a–1969, "Supplement to radiation protection in uranium mines and mills (concentrators)", is obtainable from American National Standards Institute, Inc., 1430 Broadway, New York, NY 10018.

57.25–7 (a) For a period of 15 days following the date on which an application for a variance or extension is filed, any interested person may submit to the Director, Bureau of Mines, written data, views, objections, or arguments respecting the application. Copies of such comments shall be mailed or otherwise delivered to the District Manager of the Metal and Nonmetal Mine Health and Safety District of the Bureau of Mines in which the mine is located, and to the State agency responsible for health and safety in the mine. The Director may forward copies of such data, views, objections, or arguments to the applicant after removing any identification of the source of such comments, if requested to do so by the person filing such comments and such person is an employee in the mine for which the variance or extension is requested.

(b) Upon the written request of any affected party, made and filed with the Director within 15 days following the date on which an application for a variance or extension is filed, the Director shall hold a public hearing to consider the application. The Director on his own initiative may hold a public hearing on the application. A notice of the time and place of such hearing shall be published in the FEDERAL REGISTER as soon as practicable after receipt of the request.

Requests for hearings shall be addressed to the Director, and copies shall be mailed or otherwise delivered to the District Manager, the State agency responsible for health and safety in the mine, and the applicant. The request for hearing shall include a concise statement of facts showing how the person requesting the hearing would be affected by the variance or extension, if granted, and shall also specify any statement or representation in the application for variance or extension which is denied or contested, and a concise summary of the evidence that will be adduced in support of such denial or contest, and any views or arguments on any issue of fact or law presented.

(c) The Director may cause radiation surveys to be made at the mine when he deems such necessary to assist him in his consideration of the application for a variance or extension.

(d) The Director shall issue a decision on the application as soon as practicable following the expiration of the period of 15 days, or the conclusion of any hearing held, or completion of radiation surveys which may be conducted.

57.25–8 Notwithstanding the provisions of § 57.25–7, the Director may issue a temporary variance, specifying the conditions thereof, for a period of time, not to exceed 60 days, necessary to permit his full consideration of an application made under the provisions of § 57.25.

57.25–9 (a) The Director may make such changes and impose such conditions in the applicant's plans for establishment of environmental controls, program of respiratory protection, sampling procedures and recordkeeping, and other matters, as he may deem appropriate before granting a variance.

(b) The Director may at any time while a variance is in effect cancel, revoke, or make revisions in the terms and conditions of the variance if he finds that the plans or programs which have been instituted are not accomplishing the expected results, or changed mine conditions prevent the plans and programs from functioning as intended, or the operator fails to observe the terms and conditions of the variance.

[FR Doc.72–9674 Filed 6–26–72;8:50 am]

Title 40—PROTECTION OF ENVIRONMENT

Chapter I—Environmental Protection Agency

SUBCHAPTER B—GRANTS

PART 30—GENERAL GRANT REGULATIONS AND PROCEDURES

Correction

In F.R. Doc. 72-8683 appearing at page 11650 of the issue for Friday, June 9, 1972, the amendatory language under § 30.300-1 should be deleted and the following language substituted:

Section 30.300-1. Delete "the requirements of this regulation" from the first sentence and substitute "the application requirements of this Subchapter".

§ 30.301-1 [Amended]

Section 30.301-1. Delete the last seven words in the first sentence "such forms as the Administrator shall prescribe" and substitute "EPA Form 5700-12."

Title 42—PUBLIC HEALTH

Chapter I—Public Health Service, Department of Health, Education, and Welfare

SUBCHAPTER D—GRANTS

PART 57—GRANTS FOR CONSTRUCTION OF HEALTH RESEARCH FACILITIES (INCLUDING MENTAL RETARDATION RESEARCH FACILITIES), TEACHING FACILITIES, STUDENT LOANS, EDUCATIONAL IMPROVEMENT AND SCHOLARSHIPS

Special Project Grants to Schools of Medicine, Dentistry, Osteopathy, Optometry, Podiatry, Pharmacy, and Veterinary Medicine

Notice of proposed rule making, public rule making procedures and postponement of effective date have been omitted in the issuance of the following new Subpart L of Part 57, which relates to the awarding of special project grants to schools of medicine, dentistry, osteopathy, optometry, podiatry, pharmacy and veterinary medicine pursuant to section 772 of the Public Health Service Act (42 U.S.C. 295f-2), and the deletion of Subpart F, because for good cause it has been found that such procedures would be contrary to the public interest in light of the delay in the passage of the amending legislation (Comprehensive Health Manpower Training Act of 1971, Public Law 92-157), the need to provide adequate leadtime for the development of proposals and the necessity for early allocation of grant funds. The major revision of the institutional grant program and the expansion of the special project program authority made by the Comprehensive Health Manpower Training Act of 1971, as well as the necessity to make several technical and clarifying changes has necessitated this regulation which deletes Subpart F of Part 57, relating to both institutional and special project grants to health professions schools, and adds a new Subpart L relating solely to special project grants. A new Subpart F relating to the capitation grant program (formerly institutional grants) will be promulgated in the near future.

Written comments concerning the regulations are invited from interested persons. Inquiries may be addressed, and data, views, and arguments relating to the regulations may be presented in writing, in triplicate, to Associate Director (Program Implementation), Bureau of Health Manpower Education, National Institutes of Health, 9000 Rockville Pike, Building 31, Room 5 C 12, Bethesda, MD 20014. All comments received in response to this regulation will be available for public inspection at the above referred to address on weekdays (Federal holidays excepted) between the hours of 8:30 a.m. and 5 p.m. All relevant material received not later than 30 days after publication of these regulations in the FEDERAL REGISTER will be considered.

The regulations set forth below shall become effective on the date of publication in the FEDERAL REGISTER (6-27-72).

Dated: May 23, 1972.

ROBERT Q. MARSTON,
Director,
National Institutes of Health.

Approved: June 21, 1972.

ELLIOT L. RICHARDSON,
Secretary.

§§ 57.501-57.512 [Deleted]

1. Subpart F of Part 57 containing §§ 57.501 through 57.512 is hereby deleted and reserved.

2. The table of contents of Part 57 is hereby amended as follows: the entry for Subpart F is deleted, and a new entry is added after "57.1012 Termination of grants or withholding of payments." as follows:

Subpart L—Special Project Grants to Schools of Medicine, Dentistry, Osteopathy, Optometry, Podiatry, Pharmacy and Veterinary Medicine

Sec.
57.1101 Applicability.
57.1102 Definitions.
57.1103 Eligibility.
57.1104 Application.
57.1105 Grant awards.
57.1106 Payments.
57.1107 Expenditure of grant funds.
57.1108 Nondiscrimination.
57.1109 Accountability.
57.1110 Publications and copyright.
57.1111 Inventions or discoveries.
57.1112 Records, reports, inspection and audit.
57.1113 Additional conditions.
57.1114 Early termination and withholding of payments.

AUTHORITY: The provisions of this Subpart L issued under sec. 215, 58 Stat. 690, as amended; 42 U.S.C. 216. Sec. 772, 85 Stat. 444; 42 U.S.C. 293f-2.

3. A new Subpart L is hereby added to Part 57 immediately after § 57.1012 as follows:

Subpart L—Special Project Grants to Schools of Medicine, Dentistry, Osteopathy, Optometry, Podiatry, Pharmacy and Veterinary Medicine

§ 57.1101 Applicability.

The regulations in this subpart are applicable to the award of grants to schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy and podiatry under section 772 of the Act (42 U.S.C. 295f-2) to assist in meeting the costs of special projects.

§ 57.1102 Definitions.

As used in this subpart, the following items shall have the following meanings:

(a) "Act" means the Public Health Service Act, as amended.

(b) "Secretary" means the Secretary of Health, Education, and Welfare and any other officer or employee of the Department of Health, Education, and Welfare to whom the authority involved has been delegated.

(c) "School" means a public or other non-profit school of medicine, dentistry, osteopathy, optometry, podiatry, pharmacy, or veterinary medicine which provides a course of study or a portion thereof which leads respectively to a degree of doctor of medicine, doctor of dental surgery or an equivalent degree, doctor of osteopathy, doctor of optometry or an equivalent degree, doctor of podiatry or an equivalent degree, bachelor of science in pharmacy or equivalent degree, or doctor of veterinary medicine or an equivalent degree and which is accredited as provided in section 775(b)(2) of the Act.

(d) "Council" means the National Advisory Council on Health Professions Education (established by section 725 of the Act).

(e) "Budget period" means the interval of time into which an approved activity is divided for budgetary purposes, as specified in the grant award document.

(f) "Project period" means the time for which support for a special project has been approved, as specified in the grant award document.

§ 57.1103 Eligibility.

(a) To be eligible for a special project grant under section 772 of the Act, the applicant shall:

(1) Meet the applicable requirements of section 775(b) of the Act;

(2) File an application as required by § 57.1104; and

(3) Be located in a State, the District of Columbia, Puerto Rico, the Virgin Islands, the Canal Zone, Guam, American Samoa, or the Trust Territory of the Pacific Islands.

§ 57.1104 Application.

(a) Each school desiring a special project grant shall submit an application in such form and at such time as the Sec-

retary may require.[1] Such application shall be executed by an individual authorized to act for the applicant and to assume on behalf of the applicant the obligations imposed by the terms and conditions of any award, including the regulations of this subpart.

(b) The application shall specify the purposes for which the application is made and shall include a plan describing the manner and method by which all funds granted will be utilized to carry out the specified purposes.

§ 57.1105 Grant awards.

(a) Within the limits of funds available for such purpose, the Secretary, after consultation with the Council, may fund those projects which will in his judgment best promote the purposes of section 772 of the Act taking into consideration among other pertinent factors: (1) The effectiveness of the proposed project in carrying out such purposes (2) the national need which the particular project proposes to serve; and (3) the capability of the applicant to carry out the proposed project.

(b) The amount of any award shall be determined by the Secretary on the basis of his estimate of the sum necessary for the cost of the applicant's approved project.

(c) All grant awards shall be in writing, shall set forth the amount of funds granted and the period for which such funds will be available for obligation by the grantee.

(d) Neither the approval of any project nor the award of any grant shall commit or obligate the United States in any way to make any addiitonal supplemental, continuation or other award with respect to any approved project or portion thereof. For continuation support, grantees must make separate application annually and at such times and in such forms as the Secretary may dictate.

§ 57.1106 Payments.

The Secretary shall from time to time make payments to a grantee of all or a portion of any grant award, either in advance or by way of reimbursement.

§ 57.1107 Expenditure of grant funds.

Any funds granted pursuant to this subpart shall be expended solely for carrying out the approved project in accordance with the applicable provisions of the Act, the regulations of this subpart and the terms and conditions of the award. Any unobligated special project funds remaining in the grant account at the close of a budget period may be carried forward and will be available for obligation during subsequent budget periods of the project period. The amount of any subsequent award will take into consideration the amount remaining in the grant account. At the end of the last budget period of the project period any unobligated special project funds remaining in the grant account must be refunded to the Federal government.

§ 57.1108 Nondiscrimination.

(a) Attention is called to the requirements of section 799A of the Act, which provides that the Secretary may not make a grant, loan guarantee, or interest subsidy payment under title VII of the Act to, or for the benefit of, any school of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, or public health or any training center for allied health personnel unless the application for the grant, loan guarantee, or interest subsidy payment contains assurances satisfactory to the Secretary that the school or training center will not discriminate on the basis of sex in the admission of individuals to its training programs.

(b) Attention is called to the requirements of title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. 2000d et seq.) which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. A regulation implementing such title VI, which is applicable to grants made under this subpart, has been issued by the Secretary with the approval of the President (45 CFR Part 80).

(c) Grant funds used for remodeling, alterations, or repairs shall be subject to the condition that the grantee shall comply with the requirements of Executive Order 11246, 30 F.R. 12319 (September 24, 1965), as amended, and with the applicable rules, regulations, and procedures prescribed pursuant thereto.

§ 57.1109 Accountability.

(a) *Accounting for grant award payments.* All payments made by the Secretary shall be recorded by the grantee in accounting records separate from the records of all other grant funds, including funds derived from other grant awards. With respect to each approved project the grantee shall account for the sum total of all amounts paid by presenting or otherwise making available evidence satisfactory to the Secretary of expenditures for costs meeting the requirements of this subpart.

(b) *Accounting for equipment.* As used in this paragraph the term "equipment" means an article of property procured or fabricated which is complete in itself, is of a durable nature, and has an expected service life of more than 1 year. Equipment on hand on the date of termination for which accounting is required in accordance with the procedures set forth in chapter 1–410–50 of the Department of Health, Education, and Welfare Grants Administration Manual[2] shall be identified and reported by the grantee in accordance with such procedures and be accounted for by one or a combination of the following methods, as determined by the Secretary:

(1) *Retention of equipment for other health projects.* Equipment may be used, without adjustment of accounts, on other grant supported projects (whether or not federally supported) within the scope of section 772 of the Act, and no other accounting for such equipment shall be required; provided, however, (i) that during such period of use no charge for depreciation, amortization or for other use of the equipment shall be made against any existing or future Federal grant or contract, and (ii) if within the period of their useful life, the equipment is transferred by sale or otherwise for use outside the scope of section 772 of the Act, the Federal portion of the fair market value at the time of transfer shall be refunded to the Federal Government.

(2) *Sale or other disposition of equipment, crediting of proceeds or value.* The equipment may be sold by the grantee and the net proceeds of sale credited to the grant account for project use, or they may be used or disposed of in any manner by the grantee by crediting to the grant account the Federal share of the fair market value on the termination date. To the extent equipment purchased from grant funds is used for credit or trade-in on the purchase of new equipment, the accounting obligation shall apply to the same extent to such new equipment.

(3) *Return or transfer of equipment.* The equipment may be returned to the Federal Government by the grantee or, in accordance with the provisions of chapter 1–410–50B of the Department of Health, Education, and Welfare Grants Administration Manual, may be transferred to another grantee for the purpose of continuing the project for which the equipment was purchased.

(c) *Accounting for grant related income*—(1) *Royalties.* Royalties earned from publications or similar material produced from a grant must first be used to reduce the Federal share of the grant to cover the costs of publishing or producing the materials. Royalties in excess of the costs of publishing or producing the materials shall be distributed as provided in subparagraph (2) of this paragraph.

(2) *Other income.* Other income earned by the grantee shall be disposed of in accordance with one of the alternatives specified in chapter 1–420 of the Department of Health, Education, and

[1] Applications and instructions may be obtained from the Director, Division of Physician and Health Professions Education, Bureau of Health Manpower Education, National Institutes of Health, 9000 Rockville Pike, Building 31, Room 4 C 02, Bethesda, MD 20014.

[2] The Department of Health, Education, and Welfare Grants Administration Manual is available for public inspection and copying at the Department's and Regional Offices' information centers listed in 45 CFR 5.31 and may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Welfare Grants Administration Manual as determined by the Secretary in the grant award.

(d) *Grant closeout*—(1) *Date of final accounting.* A grantee shall render, with respect to each approved project, a full account, as provided herein, as of date of the termination of grant support. The Secretary may require other special and periodic accounting.

(2) *Final settlement.* There shall be payable to the Federal Government as final settlement with respect to each approved project the total sum of (1) any amount not accounted for pursuant to paragraph (a) of this section; (ii) any credits for equipment on hand as provided in paragraph (b) of this section; (iii) any other settlements required pursuant to paragraph (c) (1) and (2) of this section. Such total sum shall constitute a debt owed by the grantee to the Federal Government and shall be recovered from the grantee or its successors or assignees by set off or other action as provided by law.

§ 57.1110 Publications and copyright.

Except as may otherwise be provided under the terms and conditions of the award, the grantee may copyright without prior approval any publications, films or similar materials developed or resulting from a project supported by a grant under this subpart, subject, however, to a royalty free, nonexclusive, and irrevocable license or right in the Government to reproduce, translate, publish, use, disseminate, and dispose of such materials and to authorize others to so so.

§ 57.1111 Inventions or discoveries.

Any grant award pursuant to § 57.1105 is subject to the regulations of the Department of Health, Education, and Welfare as set forth in 45 CFR Parts 6 and 8, as amended. Such regulations shall apply to any activity for which grant funds are in fact used whether within the scope of the project as approved or otherwise. Appropriate measures shall be taken by the grantee and by the Secretary to assure that no contracts, assignments, or other arrangements inconsistent with the grant obligation are continued or entered into and that all personnel involved in the supported activity are aware of and comply with such obligations. Laboratory notes, related technical data, and information pertaining to inventions and discoveries shall be maintained for such periods, and filed with or otherwise made available to the Secretary, or those he may designate at such times and in such manner, as he may determine necessary to carry out such Department regulations.

§ 57.1112 Records, reports, inspection, and audit.

(a) *Records and reports.* Each grant awarded pursuant to this subpart shall be subject to the condition that the grantee shall maintain such operational and accounting records, identifiable by grant number, and file with the Secretary such operational and fiscal reports relating to the use of grant funds, as the Secretary may find necessary to carry out the purposes of section 772 of the Act and the regulations. All records shall be retained for 3 years after the close of the budget period. Such records may be destroyed at the end of such 3-year period if the applicant has been notified of the completion of the Federal audit by such time. If the applicant has not been so notified, such records shall be retained (1) for 5 years after the close of the budget period, or (2) until the grantee is notified of the completion of the Federal audit, whichever comes first. In all cases where audit questions have arisen before the expiration of such 5-year period, records shall be retained until resolution of all such questions.

(b) *Inspection and audit.* Any application for a grant award under this subpart shall constitute the consent of the applicant to inspections of the facilities, equipment and other resources of the applicant at reasonable times by persons designated by the Secretary and to interviews with the principal staff members and students to the extent that such resources, personnel, and students are, or will be involved in the project. In addition, the acceptance of any grant award under this subpart shall constitute the consent of the grantee to inspections and fiscal audits by such persons of the supported activity and of progress and fiscal records relating to the use of grant funds.

§ 57.1113 Additional conditions.

The Secretary may with respect to any grant award impose additional conditions prior to or at the time of any award when in his judgment such conditions are necessary to assure or protect advancement of the approved project, the interests of the public health or the conservation of grant funds.

§ 57.1114 Early termination and withholding of payments.

Whenever the Secretary finds that a grantee has failed in a material respect to comply with the applicable provisions of the Act, the regulations of this subpart, or the terms of the grant, he may, on reasonable notice to the grantee, withhold further payments, and take such other action, including the termination of the grant, as he finds appropriate to carry out the purposes of the applicable provisions of the Act and regulations. Noncancellable obligations of the grantee properly incurred prior to the receipt of the notice of termination will be honored. The grantee shall be promptly notified of such termination in writing and given the reasons therefor.

[FR Doc.72-9672 Filed 6-26-72;8:50 am]

Title 46—SHIPPING

Chapter II—Maritime Administration, Department of Commerce

SUBCHAPTER H—TRAINING

[General Order 87, Rev., Amdt. 6]

PART 310—MERCHANT MARINE TRAINING

Subpart A—Regulations and Minimum Standards for State Maritime Academies and Colleges

ENTRANCE REQUIREMENTS

Effective upon the date of publication in the FEDERAL REGISTER Subpart A of this part is amended as follows:

1. Amend subparagraph (4) of § 310.6 (a) to read as follows:

§ 310.6 Entrance requirements.

(a) * * *

(4) Be not less than 17 years of age and not have reached his 22d birthday in the year appointed to the school. The schools may admit students outside these age limits but such students will not be entitled to consideration for the Federal subsistence, uniform, and textbook allowance. However, a waiver may be granted for veterans of the armed services on the basis of 1 month for every month in the service up to age 24.

* * * * *

(Sec. 101, 49 Stat. 1985, 46 U.S.C. 1101; Public Law 85-672, 72 Stat. 622, 46 U.S.C. 1381)

Dated: June 22, 1972.

By order of the Assistant Secretary for Maritime Affairs.

AARON SILVERMAN,
Assistant Secretary.

[FR Doc.72-9685 Filed 6-26-72;8:49 am]

Title 49—TRANSPORTATION

Chapter III—Federal Highway Administration, Department of Transportation

SUBCHAPTER B—MOTOR CARRIER SAFETY REGULATIONS

[Docket No. MC-12; Notice 72-7]

PART 392—DRIVING OF MOTOR VEHICLES

PART 393—PARTS AND ACCESSORIES NECESSARY FOR SAFE OPERATION

Safe Loading of Motor Vehicles; Reconsideration

On September 13, 1971, following notice and public procedure, the Director of the Bureau of Motor Carrier Safety issued a complete revision of the rules on safe loading of commercial motor vehicles found in §§ 392.9 and 393.85 of the

Motor Carrier Safety Regulations (36 F.R. 18862). Thereafter, several interested persons filed petitions for reconsideration of the revised rules. The Director is acting upon the petitions as follows:

1. Section 392.9(b) provides that the driver of a vehicle is responsible for insuring that cargo is adequately loaded and secured when he begins a trip and thereafter until he reaches his destination. In situations where the driver cannot inspect the cargo, either because he has been ordered not to open a sealed vehicle or because it is loaded in a manner that makes inspection impracticable, the rule relieves the driver of his duty to inspect, provided he obtains a written certificate from the carrier or the shipper, stating that the cargo is properly loaded and secured. The American Trucking Associations, Inc., has petitioned for elimination of the certificate requirement in cases where the driver cannot inspect the cargo. The petition is granted. It appears that there are situations in which it would be unnecessarily difficult for a carrier to secure the required certificate.

2. The American Trucking Associations, Inc., has also petitioned for a change in § 393.85(b)(1), which specifies that the sides, sideboards, or stakes of a property-carrying vehicle, and its endgate, endboard, or rear stakes must be at least as high as the height of the cargo the vehicle carries. Petitioner says that numerous tall boxes and fabricated products can be safely shipped in vehicles having sides lower than the height of the cargo. As it stands, the rule would permit transportation of those articles in a vehicle having lower sides; § 393.85 (b)(3) permits the use of alternative means of protection against shifting cargo if they are at least as effective as those specified in subparagraph (1) or (2) of § 393.85(b). Petitioner's comment does, however, indicate that the rule is susceptible of a different, erroneous construction. Therefore, the Director is making a change in the language of § 393.85 (b)(1) to eliminate any possible source of confusion.

3. Section 393.85(c)(1) established minimum strength requirements for tiedown assemblies in terms of the static breaking strength of the assembly. In a number of petitions, it was pointed out that the reference to static breaking strength is inapposite when applied to chain. Chain is sold on the basis of working load limits. The working load limit is approximately one-fourth of the minimum breaking strength and one-half of the Proof Test, thereby providing a safety factor of 4 to 1 for most grades and types of chain. Petitioners also objected to the requirement for chain used in tiedown assemblies to be marked with its maximum breaking strength. To so mark the chain, they say, would require the chain to be tested to destruction. It would also tend to encourage the user to believe that the chain could be subjected to higher stresses than it was designed to stand. The Director is substituting the term "working load" for the reference to aggregate static breaking strength. The substitution affects all tiedown assemblies and is not restricted to chain. The term "working load" refers to the loading at which the manufacturer concludes a tiedown assembly can safely be operated during its useful life. In the case of chain, the "working load" is approximately 25 percent of the minimum breaking strength. In the case of other types of tiedown assemblies, the working load may be a greater or lesser percentage of the minimum breaking strength, as dictated by sound engineering judgment of the capabilities of the material. This change eliminates the need to refer to type 1001 or type 2001 chain. As a result of these changes, a carrier may use any chain of the proper strength, so long as it conforms to the welded chain specifications of the National Association of Chain Manufacturers. As noted in item 5, below, the marking requirement for tiedown assemblies has been rescinded.

4. The Department of the Army has filed a petition dealing with the use of seals and crimps to secure steel strapping. It contends that a single sealed joint at an anchor point with two crimps is sufficient to hold steel strapping. The Army recommends that two seals with two crimps each are needed where end-over-end lap joints are used. The Director agrees. Section 393.85(c)(1) is being revised to accommodate the Army's view.

5. Several petitioners requested deletion of the requirement (found in § 393.85(c)(1)) that tiedown assemblies be permanently identified with the manufacturer's name or mark and with its maximum breaking strength. It appears to be impracticable permanently to mark wire rope, steel strapping, organic fiber rope, and all necessary attachment hardware. Accordingly, the Director has granted the petitions in this respect and has deleted the marking requirement.

6. Section 393.85(c)(4) requires winches or other fastening devices to have a combined tensile strength of at least twice the minimum breaking strength of the tiedown assemblies with which they are used. It appears to be unnecessary for those devices to have a strength which exceeds that of the tiedown assemblies. Therefore, the Director has amended the requirement so that winches or other fastening devices will be required to be at least as strong as tiedown assemblies.

7. Sea Land Service, Inc., and the Truck Trailer Manufacturers Association have petitioned for the addition of special rules for containers moving in intermodal service, arguing that the pending rules are unsuitable for intermodal containers. The Director notes that, until these petitions were received, no participant in the rule making proceeding mentioned the special problems of securing intermodal containers. As a general rule, the interests of orderly procedure would require that petitions for reconsideration raising new issues should be treated as petitions for rule making, and the petitioners should be required to abide the outcome of further rule making proceedings dealing with their special problems. Because of the traditional interest of the Department in facilitation of intermodal transportation, however, the Director has decided to make an exception to this general rule in this instance. A special provision dealing with securement of intermodal containers has been added to § 393.85 and will be found in paragraph (c)(6) of that section.

8. Section 393.85(d) is being amended to make it clear that it does not require all cargo to be wedged immovably in the vehicle. Several petitions indicated that the provisions were susceptible of that interpretation. The intent of the rule was not to impose that severe a requirement, and its language is being altered to make this clear.

9. The provisions of § 393.85(e)(4), relating to strength of front-end structures, are being revised in light of petitions which pointed out that alternative criteria for van-type vehicles and containers have been developed by the American National Standards Institute, the International Standards Organization, the Department of Defense, and the Association of American Railroads. These criteria call for a front-end structure that will withstand a load equal to 40 percent of the payload distributed equally over the entire front wall of closed van containers. The Bureau's analysis of the data submitted indicates that this test imposes virtually the same performance level for van-type vehicles or containers as the test specified in the rule as originally issued. It is, therefore, being added as an alternative measure of adequacy of the strength of front-end structures that are 6 feet or more in height.

10. Several editorial changes for the purpose of improving clarity and eliminating inadvertent errors are being made.

In view of the extensive changes made in § 393.85, its effective date is being extended for 6 months. The revised § 393.85 is effective on July 1, 1973, except for paragraph (e), which is effective on the dates specified in § 393.85(e)(7)(ii) as amended by this action. No change is made in the July 1, 1972, effective date of § 392.9.

In consideration of the foregoing, §§ 392.9(b)(4) and 393.85 of the Motor Carrier Safety Regulations (Subchapter B in Chapter III of title 49, CFR) are amended as set forth below.

(Sec. 204, Interstate Commerce Act, as amended, 49 U.S.C. 304; sec. 6, Department of Transportation Act, 49 U.S.C. 1655, and delegations of authority by the Secretary of Transportation and the Federal Highway Administrator at 49 CFR 1.48, 49 CFR 389.4)

Issued on June 20, 1972.

ROBERT A. KAYE,
Director,
Bureau of Motor Carrier Safety.

I. Paragraph (b)(4) of § 392.9 is revised to read as follows:

§ 392.9 Safe loading.

* * * * *

(b) *Drivers of trucks and truck tractors.* * * *

(4) The rules in this paragraph do not apply to the driver of a sealed vehicle who has been ordered not to open it to inspect its cargo or to the driver of a vehicle that has been loaded in a manner that makes inspection of its cargo impracticable.

* * * * *

II. Section 393.85 is amended as follows:

1. By revising paragraph (b)(1).

2. In paragraph (c) by revising subparagraphs (1), (2), and (4), and by adding a new subparagraph (6).

3. Paragraph (d) is revised.

4. In paragraph (e), subparagraphs (1) and (4) and subdivision (ii) of subparagraph (7) are revised.

§ 393.85 Protection against shifting or falling cargo.

* * * * *

(b) *Basic protection components.* Each cargo-carrying vehicle must be equipped with devices providing protection against shifting or falling cargo that meet the requirements of either subparagraph (1), (2), or (3) of this paragraph.

(1) The vehicle must have sides, sideboards, or stakes, and a rear endgate, endboard, or stakes. Those devices must be strong enough and high enough to assure protection against shifting cargo. They must have no aperture large enough to permit cargo in contact with one or more of the devices to pass through it.

* * * * *

(c) *Securement systems.* Tiedown assemblies (including chains, cables, steel straps, and fiber webbing), other securement devices, and attachment or fastening devices used in conjunction therewith, which are used to secure cargo under the rules in this section must conform to the following requirements.

(1) *Tiedown assemblies.* Except as provided in subparagraph (6) of this paragraph (relating to containers designed to transport containerized, intermodal cargo), the aggregate rated working load of the tiedown assemblies used to secure an article against movement in any direction, as specified by the manufacturer or manufacturers of the assemblies, must equal or exceed the weight of that article. Chain used as a component of a tiedown assembly must conform to the requirements of the August 1961 edition of the National Association of Chain Manufacturers' Welded Chain Specifications [2] applicable to all types of chain. Steel strapping used as a component of a tiedown assembly must conform to the requirements of Federal Specification No. QQ-S-781 (1969).[3] Steel strapping that is 1 inch wide or wider must have at least two pairs of crimps in each seal and, when end-over-end lap joints are formed, must be sealed with at least two seals.

(2) *Load binders and hardware.* The strength of load binders and hardware that are part of, or used in conjunction with, a tiedown assembly must be equal to, or greater than, the minimum strength specified for that tiedown assembly in subparagraph (1) of this paragraph.

* * * * *

(4) *Winches or other fastenings.* The anchorages of a winch or other fastening device mounted on a vehicle and used in conjunction with a tiedown assembly must have a combined tensile strength equal to, or greater than, the strength of the tiedown assembly.

* * * * *

(6) *Intermodal cargo containers.* Containers designed for the transportation of containerized, intermodal cargo and having integral securement devices must be fastened to the chassis of the motor vehicle with securement devices that prevent them from being unintentionally unfastened. The securement devices must restrain the container from moving horizontally or vertically more than one-half inch when the container is subjected to the following accelerations relative to the vehicle:

Direction of force relative to longitudinal axis of vehicle	*Acceleration in G's*
Downward	1.70
Upward	0.50
Lateral	0.30
Longitudinal	1.80

(d) *Blocking and bracing.* (1) When a vehicle carries cargo that is not firmly braced against a front-end structure that conforms to the requirements of paragraph (e) of this section, the cargo must be secured so that, when the vehicle decelerates at a rate of 20 feet per second per second, the cargo will remain on the vehicle and will not penetrate the vehicle's frontend structure.

(2) When a vehicle carries cargo that may shift sideways in transit, the cargo must either be securely blocked or braced against the sides, sideboards, or stakes of the vehicle or be secured by devices that conform to the requirements of paragraph (b)(2) or (b)(3) of this section.

(e) *Front-end structure*—(1) *General.* Except as provided in subparagraph (7) of this paragraph, vehicles must be equipped with headerboards or similar devices of sufficient strength to prevent load shifting and penetration or crushing of the driver's compartment. On and after the effective dates specified in subparagraph (7) of this paragraph every cargo-carrying vehicle must have a front-end structure that conforms to the requirements of this paragraph.

* * * * *

(4) *Strength.* The front-end structure must be capable of withstanding the horizontal forward static load specified in either subdivision (i) or (ii) of this subparagraph.

(i) For a front-end structure less than 6 feet in height, a horizontal forward static load equal to one-half (½) of the weight of the cargo being transported on the vehicle uniformly distributed over the entire portion of the front-end structure that is within 4 feet above the vehicle's floor or that is at or below a height above the vehicle's floor at which it blocks forward movement of any item of the vehicle's cargo, whichever is less.

(ii) For a front-end structure 6 feet in height or higher, a horizontal forward static load equal to four-tenths (0.4) of the weight of the cargo being transported on the vehicle uniformly distributed over the entire front-end structure.

* * * * *

(7) *Exemptions, application, and effective dates.* * * *

(ii) This paragraph applies to cargo-carrying vehicles which are not exempted by subdivision (i) of this subparagraph and which are manufactured on and after January 1, 1974. On and after January 1, 1975, subparagraphs (1), (2), (3), and (6) of this paragraph apply to cargo-carrying vehicles which are not exempted by subparagraph (7)(i) of this paragraph and which were manufactured before January 1, 1974. Subparagraphs (4) and (5) of this paragraph do not apply to vehicles manufactured before January 1, 1974.

* * * * *

[FR Doc.72-9671 Filed 6-26-72;8:48 am]

[2] Copies of these specifications may be secured by writing to the National Association of Chain Manufacturers, 111 West Washington Street, Chicago, IL 60602.

[3] Copies of these specifications may be secured from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Title 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[Docket No. 18944; FCC 72-448]

PART 81—STATIONS ON LAND IN THE MARITIME SERVICES AND ALASKA—PUBLIC FIXED

Technical Standards for Computation of Service Area for Public Coast III-B Stations

Correction

In F.R. Doc.72-8406 appearing at page 11328 of the issue for Wednesday, June 7, 1972, the formula in the fourth line of the second note to § 81.808, now reading "$F=F_o+P_x$" should read "$F=F_o-P_x$".

Proposed Rule Making

DEPARTMENT OF THE INTERIOR

Bureau of Mines

[30 CFR Part 75]

ELECTRIC FACE EQUIPMENT

Proposed Requirements for the Installation of Canopies or Cabs; Notice of Public Hearing

In accordance with the provisions of section 317(j) of the Federal Coal Mine Health and Safety Act of 1969 (83 Stat. 789; 30 U.S.C. 877(j)), and pursuant to the authority vested in the Secretary of the Interior under section 101(a) of the Act (83 Stat. 745; 30 U.S.C. 811(a)), there was published, as proposed rulemaking, in the FEDERAL REGISTER for March 18, 1971 (36 F.R. 5244), § 75.1710–1 of Part 75, Subchapter O, Chapter I, Title 30, Code of Federal Regulations, entitled "Canopies or cabs; electric face equipment; installation requirements."

Interested persons were afforded a period of 30 days following publication within which to submit to the Director, Bureau of Mines, written comments, suggestions, or objections to this proposed mandatory safety standard, stating the grounds therefor, and to request a public hearing on such objections.

Written objections were timely filed with the Director, Bureau of Mines, stating the grounds for objections and requesting a hearing on proposed § 75.1710–1. In accordance with section 101(f) of the Act, a notice of objections filed and hearing requested was published in the FEDERAL REGISTER for June 14, 1972 (37 F.R. 11779).

Pursuant to section 101(g) of the Act, notice is hereby given that a public hearing will be held on July 31, 1972, beginning at 9 a.m., e.d.t., in the House of Delegates Chambers, Main Unit, Building 1, State Capitol Building, 1900 Washington Street East, Charleston, WV, for the purpose of receiving relevant evidence on the issue that all electric face equipment be equipped with substantial cabs or canopies to protect the operator of such equipment from falls of roof, face, and ribs.

In view of the comments, suggestions, and objections received, the Bureau of Mines is tentatively considering that canopies or cabs only be required on self-propelled electric face equipment, with a staggered installation schedule for equipment presently in use, dependent upon the mining height of the particular coal mine. These tentative requirements are set forth below. Comments, suggestions, objections, data, and testimony concerning these tentative requirements are invited and will also be received at the public hearing.

Donald P. Schlick, Deputy Director—Health and Safety is designated as the Chairman of the Hearing.

The hearing shall be conducted in an informal, orderly manner and a verbatim transcript of the hearing will be maintained. All writtten statements, charts, tabulations, and other data will be received in the record. Within 60 days after the completion of the hearing, findings of fact concerning the issues presented at the hearing shall be made public.

Persons who desire to testify at the hearing should notify the Director, Bureau of Mines, Department of the Interior, Washington, D.C. 20240, not later than July 25, 1972.

HOLLIS M. DOLE,
Assistant Secretary of the Interior.

JUNE 22, 1972.

§ 75.1710 Canopies or cabs; electric face equipment.

An authorized representative of the Secretary may require in any coal mine where the height of the coalbed permits that electric face equipment, including shuttle cars, be provided with substantially constructed canopies, or cabs, to protect the miners operating such equipment from roof falls and from rib and face rolls.

§ 75.1710–1 Canopies or cabs; electric face equipment; installation requirements.

(a) On and after (*1 year from the effective date of this amendment*), all new, replacement, used, and additional electric face equipment, including shuttle cars, acquired for use in a coal mine, shall be equipped with substantially constructed canopies or cabs, located and installed in such a manner that when the operator is at the operating controls of such equipment he shall be protected from falls of roof, face, or rib, or from rib and face rolls.

(b) Electric face equipment, including shuttle cars, in use in a coal mine on (*the effective date of this amendment*), shall, in accordance with the schedule of time specified in subparagraphs (1), (2), (3), (4), (5), and (6) of this paragraph, be equipped with substantially constructed canopies or cabs, located and installed in such a manner that when the operator is at the operating controls of such equipment he shall be protected from falls of roof, face, or rib, or from rib and face rolls. The requirements of this paragraph (b) shall be met as follows:

(1) On and after (*1 year from the effective date of this amendment*), in coal mines having mining heights of 72 inches or more;

(2) On and after (*18 months from the effective date of this amendment*), in coal mines having mining heights of 60 inches or more, but less than 72 inches;

(3) On and after (*2 years from the effective date of this amendment*), in coal mines having mining heights of 48 inches or more, but less than 60 inches;

(4) On and after (*30 months from the effective date of this amendment*), in coal mines having mining heights of 36 inches or more, but less than 48 inches;

(5) On and after (*3 years from the effective date of this amendment*), in coal mines having mining heights of 24 inches or more, but less than 36 inches; and,

(6) On and after (*42 months from the effective date of this amendment*), in coal mines having mining heights of less than 24 inches.

(c) (1) For purposes of this section, a canopy means a structure which provides overhead protection against falls of roof.

(2) For purposes of this section, a cab means a structure which provides overhead and lateral protection against falls of roof, rib, and face, or rib and face rolls.

(d) In installing substantially constructed canopies or cabs, the operator shall consider and take into account the following factors:

(1) The mining method used;

(2) Physical limitaions, including but not limited to the dip of the coalbed, and roof, rib, and face conditions;

(3) Previous accident experience, if any, caused by falls of roof, rib, and face, or rib and face rolls;

(4) Overhead protection, such as that afforded by a substantially constructed canopy, against falls of roof will always be required; and,

(5) Lateral protection, such as that afforded by a substantially constructed cab, may also be necessary where the occurance of falls of rib and face, or rib and face rolls is likely.

(e) For purposes of this section, a canopy or cab will be considered to be substantially constructed if a registered engineer certifies, in writing, that such canopy or cab has the structural capacity to support: (1) A dead weight load of 18,000 pounds, or (2) 15 p.s.i. distributed uniformly over the plane area of the structure. Each certification, accompanied by any engineering drawings or specifications, shall be retained on file by the operator, and shall be made available to an authorized representative of the Secretary upon request.

[FR Doc.72-9725 Filed 6-26-72;8:50 am]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

[21 CFR Part 3]

OZONE GENERATORS AND OTHER DEVICES EMITTING OZONE

Proposed Statement of Policy

Accumulation of ozone above certain levels can be injurious to health. Undesirable physiological effects on the central nervous system, heart, and vision have been reported. The predominant physiological effect of ozone is primary irritation of the mucous membranes with sufficient irritation to the lungs to result in pulmonary edema.

In 1956, the American Conference of Governmental Industrial Hygienists established 0.1 part per million by volume of air as the maximum allowable concentration of ozone for an 8-hour industrial exposure. More recently the American Society of Heating, Refrigerating and Air Conditioning Engineers recommended that the maximum concentration in an air conditioning and ventilating system be 0.05 part per million in occupied areas, such as homes and hospitals, where people may be exposed continuously for up to 24 hours a day.

The variety and number of devices which emit ozone is on the increase. Such devices include ozone generators which are designed to produce and emit ozone and other generators which produce and emit ozone as a byproduct that is incidental to their intended function.

Data available to the Food and Drug Administration indicate that ozone has no useful medical application and that, in tests conducted to study the bactericidal properties of ozone, test animals have died before the bacteria were completely destroyed. The odor of ozone is not a reliable indication of its concentration since olfactory fatigue develops readily; moreover the onset of symptoms of over exposure to ozone may not take place until well after the time exposure has occurred.

Therefore in the interest of keeping the concentration of ozone in the atmosphere of living and working space within safe limits, pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (secs. 501(c), 502(j), 701(a), 52 Stat. 1050, 1051, 1055; 21 U.S.C. 351(c), 352(j), 371(a)), and under authority delegated to him (21 CFR 2.120), the Commissioner of Food and Drugs proposes to amend Part 3 by adding the following new section:

§ 3._____ **Maximum acceptable level of ozone.**

(a) Ozone is a toxic gas with no known useful medical application in specific, adjunctive, or preventive therapy. In order for it to be effective as a germicide, ozone must be present in a concentration far greater than that which can be safely tolerated by man and animals.

(b) Although undesirable physiological effects on the central nervous system, heart, and vision have been reported, the predominant physiological effect of ozone is primary irritation of the mucous membranes. Inhalation of ozone can cause sufficient irritation to the lungs to result in pulmonary edema. The onset of pulmonary edema is usually delayed for some hours after exposure; thus, symptomatic response is not a reliable warning of exposure to toxic concentrations of ozone. Since ol factory fatigue develops readily, the odor of ozone is not a reliable index of atmospheric ozone concentration.

(c) A number of devices currently on the market emit ozone by design or as an incidental byproduct. Since exposure to ozone above a certain concentration can be injurious to health, any such device will be considered adulterated and/or misbranded within the meaning of sections 501 and 502 of the Federal Food, Drug, and Cosmetic Act under the following conditions:

(1) It is used or intended for use in such a manner that it emits ozone at a level in excess of 0.05 part per million by volume of air circulating through the device or causes an accumulation of ozone in excess of 0.05 part per million by volume of air in the atmosphere of enclosed living space or space intended to be occupied by people for extended periods of time (e.g., houses, apartments, hospitals, and offices). This applies to any such device, whether a portable or permanent system or part thereof, which generates ozone by design or as an inadvertent or incidental byproduct including electrostatic precipitators, home water purifiers, ultra-violet lamps used for germicidal or other medical purposes, etc. However, it does not include industrial type generators intended for occasional use in unoccupied living quarters (e.g., those used in postfire smoke odor removal).

(2) It is used or intended for use to produce and emit ozone into the atmosphere for deodorizing or for other purposes in hospitals or other establishments occupied by the ill or infirm.

(3) It is used or intended for use to produce and emit ozone into the atmosphere and does not indicate in its labeling the maximum acceptable concentration of ozone which may be emitted (not to exceed 0.05 part per million by volume of air circulating through the device) as established herein and the smallest area in which such device can be used so as not to produce an ozone accumulation in excess of 0.05 part per million.

(4) It is used or intended for use in any medical condition for which there is no proof of safety and efficacy.

(5) It is used or intended for use to produce a concentration of less than 0.05 part per million and it is labeled for use as a germicide or deodorizer.

(d) This statement does not alter the present threshold limit value of 0.10 part per million (0.2 mg./m.^{3}) for an 8-hour-day exposure of industrial workers as recommended by the American Conference of Governmental Industrial Hygienists.

Interested persons may, within 60 days after publication hereof in the FEDERAL REGISTER, file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 6–88, 5600 Fishers Lane, Rockville, Md. 20852, written comments (preferably in quintuplicate) regarding this proposal. Comments may be accompained by a memorandum or brief in support thereof.

Dated: June 15, 1972.

SAM D. FINE,
Associate Commissioner for Compliance.

[FR Doc.72-9639 Filed 6-26-72;8:45 am]

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[14 CFR Part 71]

[Airspace Docket No. 72-SO-63]

CONTROL ZONE AND TRANSITION AREA

Proposed Designation and Alteration

The Federal Aviation Administration is considering an amendment to Part 71 of the Federal Aviation Regulations that would designate the Rocky Mount, N.C. (Rocky Mount-Wilson Airport), control zone and alter the Rocky Mount, N.C., transition area.

Interested persons may submit such written data, views, or arguments as they may desire. Communications should be submitted in triplicate to the Federal Aviation Administration, Southern Region, Air Traffic Division, Post Office Box 20636, Atlanta, GA 30320. All communications received within 30 days after publication of this notice in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Administration officials may be made by contacting the Chief, Airspace and Procedures Branch. Any data, views, or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in light of comments received.

The official docket will be available for examination by interested persons at the Federal Aviation Administration, Southern Region, Room 724, 3400 Whipple Street, East Point, GA.

The Rocky Mount (Rocky Mount-Wilson Airport) control zone would be designated as:

Within a 5-mile radius of Rocky Mount-Wilson Airport (lat. 35°51'17" N., long. 77°53'34" W.); excluding the portion within the Rocky Mount, N.C., control zone. This control zone is effective from 0700 to 2030 hours, local time, daily, Monday through Friday, and 0700 to 2000 hours, local time, Saturday and Sunday.

The Rocky Mount transition area described in § 71.181 (37 F.R. 2143 and 10661) would be amended as follows: "* * * (lat. 35°58'00" N., long. 77°-47'35" W.) * * *" would be deleted and "* * * (lat. 35°58'01" N., long. 77°47'-33" W.) * * *" would be substituted therefor, and "* * * (lat. 35°51'15" N., long. 77°53'40" W.) * * *" would be deleted and "* * * (lat. 35°51'17" N., long. 77°53'34" W.) * * *" would be substituted therefor.

The proposed control zone designation is required to provide controlled airspace protection for IFR aircraft in climb to 700 feet above the surface and in descent below 1,000 feet above the surface. The proposed transition area alteration is required because of the refined plotting by National Ocean Survey of the airport geographic coordinates.

This amendment is proposed under the authority of section 307(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1348 (a)) and of section 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)).

Issued in East Point, Ga., on June 16, 1972.

DUANE W. FREER,
Acting Director, Southern Region.

[FR Doc.72-9633 Filed 6-26-72;8:45 am]

Hazardous Materials Regulations Board

[49 CFR Parts 173, 178]

[Docket No. HM-74; Notice 71-16]

TRANSPORTATION OF HAZARDOUS MATERIALS

Cylinders Manufactured Outside United States; Notice of Extension of Time to File Comments

In response to requests for additional time to comment on the proposals made and additional information requested, the Board has extended the closing date for comments and information addressed to Docket No. HM-74; Notice No. 71-16 from June 1, 1972, to October 3, 1972.

This extension is made under the authority of sections 831-835 of title 18, United States Code, and section 9 of the Department of Transportation Act (49 U.S.C. 1657).

Issued in Washington, D.C., on June 21, 1972.

ALAN I. ROBERTS,
Secretary, Hazardous Materials Regulations Board.

[FR Doc.72-9676 Filed 6-26-72;8:48 am]

VETERANS ADMINISTRATION

[38 CFR Part 13]

PROTECTION OF VETERANS ADMINISTRATION BENEFITS

Notice of Proposed Rule Making

In implementation of section 3202 of Title 38, United States Code, § 13.103 of Title 38 of the Code of Federal Regulations sets forth the types of investments a legal custodian may make on behalf of the beneficiary and shows the manner in which U.S. savings bonds will be registered by the legal custodian.

It is proposed to amend § 13.103 of Title 38 of the Code of Federal Regulations to show the manner in which interest or dividend-paying accounts in State or federally insured institutions are to be registered by the legal custodian. The purpose of the proposed amendment is to establish a uniform method of registering investments by legal custodians.

Section 3202 of title 38, United States Code is further implemented by § 13.105 of Title 38 of the Code of Federal Regulations which states the policy of the Veterans Administration as regards surety bonds for fiduciaries.

It is further proposed to amend § 13.-105 of Title 38 of the Code of Federal Regulations by authorizing that in lieu of a surety bond or additional surety bond, a legal custodian may furnish an agreement between himself and a State or federally insured depository stipulating that all funds derived from the Veterans Administration and deposited with such an institution will be withdrawn only with the written consent of the Chief Attorney on behalf of the Veterans Administration. This type of agreement will minimize the cost of estate administration.

Interested persons are invited to submit written comments, suggestions, or objections regarding the proposal to the Administrator of Veterans Affairs (232H), Veterans Administration, 810 Vermont Avenue NW., Washington, DC 20420. All relevant material received not later than 30 days after publication of this notice in the FEDERAL REGISTER will be considered. All written comments received will be available for public inspection at the above address only between the hours of 8 a.m. and 4:30 p.m. Monday through Friday (except holidays), during the mentioned 30-day period and for 10 days thereafter. Any person visiting Central Office for the purpose of inspecting any such comments will be received by the Central Office Veterans Assistance Unit in Room 132. Such visitors to any VA field station will be informed that the records are available for inspection only in Central Office and furnished the address and the above room number.

Notice is also given that it is proposed to make any regulations that are adopted effective the date of approval.

It is proposed to amend §§ 13.103 and 13.105 of Title 38, of the Code of Federal Regulations, to read as follows:

§ 13.103 Investments by legal custodians.

(a) Veterans Administration benefits paid a legal custodian in a beneficiary's behalf may be invested only in U.S. savings bonds, or in interest or dividend-paying accounts in State or federally insured institutions, whichever is to the beneficiary's advantage.

(b) When funds are invested in bonds, they will be registered in this form:

_____, under custodianship
(Beneficiary's name)
by designation of the Veterans Administration. _____
(Beneficiary's address)

(c) When funds are invested in interest or dividend-paying accounts in State or federally insured institutions, the account will be registered in this form:

_____, as legal custodian
(Legal custodian's name)
of _____
(Beneficiary's name)

§ 13.105 Surety bonds.

* * * * *

(b) *Federal fiduciary.* (1) The Chief Attorney may require a legal custodian, custodian-in-fact or chief officer of a private institution recognized to administer Veterans Administration benefits on behalf of a beneficiary, to furnish a corporate surety bond in an amount determined to be sufficient to protect the interest of the beneficiary. Such bond shall run to the Administrator of Veterans Affairs for the use and benefit of the beneficiary.

(2) The Chief Attorney may require a legal custodian to furnish an agreement in lieu of a surety bond or additional surety bond when funds are deposited in an interest or dividend-paying account in a State or federally insured institution. The agreement will provide that the legal custodian and institution agree that all funds received from the Veterans Administration on behalf of the beneficiary, which have been or will be deposited by the legal custodian in the account, will be withdrawn only with the written consent of the Chief Attorney or his designee.

* * * * *

Approved: June 20, 1972.

By direction of the Administrator.

[SEAL] RUFUS H. WILSON,
Associate Deputy Administrator.

[FR Doc.72-9677 Filed 6-26-72;8:50 am]

Notices

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[Wyoming 35483]

WYOMING

Notice of Proposed Withdrawal and Reservation of Lands

JUNE 20, 1972.

The Bureau of Reclamation, U.S. Department of the Interior, has filed an application, Serial No. Wyoming 35483, for the withdrawal of lands described below, from all forms of appropriation under the public land laws, including the mining laws but not the mineral leasing laws, subject to valid existing rights.

The applicant wishes to assure tenure of the land as it is required for reclamation purposes in connection with the development of the Heart Mountain division, Shoshone Project.

For a period of 30 days from the date of publication of this notice, all persons who wish to submit comments, suggestions, or objections in connection with the proposed withdrawal, may present their views in writing to the undersigned officer of the Bureau of Land Management, Department of the Interior, 2120 Capitol Avenue, Cheyenne, WY 82001.

The Department's regulations 43 CFR 2351.4(c) provide that the authorized officer of the Bureau of Land Management will undertake such investigations as are necessary to determine the existing and potential demand for the lands and their resources. He will also undertake negotiations with the applicant agency with the view of adjusting the application to reduce the area to the minimum essential to meet the applicant's needs, to provide for maximum concurrent utilization of the lands for purposes other than the applicant's, to eliminate lands needed for purposes more essential than the applicant's, and to reach agreement on the concurrent management of the lands and their resources.

The authorized officer will also prepare a report for consideration by the Secretary of the Interior who will determine whether or not the lands will be withdrawn as requested by the applicant agency.

The determination of the Secretary on the application will be published in the FEDERAL REGISTER. A separate notice will be sent to each interested party of record.

If circumstances warrant, a public hearing will be held at a convenient time and place, which will be announced.

The lands involved in the application are:

SIXTH PRINCIPLE MERIDIAN, WYOMING

T. 53 N., R. 101 W.,
Sec. 6, lots 13, 14, and E½SW¼.

The area described contains 160.41 acres.

JESSE R. LOWE,
Acting State Director.

[FR Doc.72-9673 Filed 6-26-72;8:48 am]

Office of the Secretary

OCALA NATIONAL FOREST, FLA.

Suspension of Operations and Production on Oil and Gas Leases

Published in the FEDERAL REGISTER of July 15, 1971 (36 F.R. 13168) was a notice dated July 7, 1971, signed by the Secretary of the Interior, as follows:

In accordance with the provisions of section 39 of the Mineral Leasing Act of 1920, as amended (30 U.S.C. section 209) and 43 CFR 3103.3-8(a), I hereby direct that all operations and production be suspended in the interest of conservation on all Federal oil and gas leases issued under the Mineral Leasing Act of 1920, as amended (30 U.S.C. sections 181-263), or the Mineral Leasing Act for Acquired Lands (30 U.S.C. sections 351-359) and Lying, in whole or in part, within the outer boundaries of the Ocala National Forest, Fla.

This suspension shall be effective on July 7, 1971, and shall terminate at midnight July 6, 1972. In accordance with the provisions of section 39, supra, and 43 CFR 3103.3-8, no payment or rental will be required during the period of suspension and the term of each lease subject to this order will be extended by a period equal to the period during which the suspension is in effect.

The July 6, 1972, termination date specified in the above notice is hereby changed to July 6, 1973, and the notice is further modified by the addition of a paragraph as follows:

If the Secretary of the Interior terminates the suspension prior to July 6, 1973, for any or all of the leases involved, the termination of the suspension will be made effective as of the first day of the second month following the month in which the termination order is issued: *Provided, however,* That an earlier effective date may be used with the prior concurrence of the lessee.

ROGERS C. B. MORTON,
Secretary of the Interior.

JUNE 21, 1972.

[FR Doc.72-9668 Filed 6-26-72;8:47 am]

DEPARTMENT OF COMMERCE

Maritime Administration

[Docket No. 285]

TYLER TANKER CORP. ET AL.

Notice of Application

Notice is hereby given that Tyler Tanker Corp., Polk Tanker Corp. Fillmore Tanker Corp., Pierce Tanker Corp., Buchanan Tanker Corp., and Langfitt Shipping Corp. have proposed six new tankers of 225,000 deadweight tons each to be operated in the carriage of liquid bulk cargoes in worldwide service in the foreign commerce of the United States.

Any party having an interest in such application and who would contest a finding of the Board that the service now provided by vessels of U.S. registry for the worldwide carriage of liquid cargo moving in the foreign commerce of the United States or in any particular trade in the foreign commerce of the United States is inadequate, must, on or before July 3, 1972, notify the Secretary in writing of his interest and of his position and file a petition for leave to intervene in accordance with the Board's rules of practice and procedure (46 CFR Part 201). Each such statement of interest and petition to intervene shall state whether a hearing is requested under section 605(c) of the Merchant Marine Act, 1936, as amended, and with as much specificity as possible the facts that the intervenor would undertake to prove at such hearing.

In the event that a section 605(c) hearing is ordered to be held, the purpose of such hearing will be to receive evidence relevant to whether the service already provided by vessels of U.S. registry for the worldwide movement of liquid cargoes in the foreign oceanborne commerce of the United States is inadequate and whether in the accomplishment of the purposes and policy of the Act addition vessels should be operated thereon.

If no request for hearing and petition for leave to intervene is received within the specified time, or if the Maritime Subsidy Board determines that petitions for leave to intervene filed within the specified time do not demonstrate sufficient interest to warrant a hearing, the Maritime Subsidy Board will take such action as may be deemed appropriate.

Dated: June 22, 1972.

By order of the Maritime Subsidy Board.

AARON SILVERMAN,
Assistant Secretary.

[FR Doc.72-9686 Filed 6-26-72;8:49 am]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

[DESI 7501]

CERTAIN POLYMYXIN B SULFATE PREPARATIONS

Drugs for Human Use; Drug Efficacy Study Implementation

In a notice (DESI 7501) published in the FEDERAL REGISTER of August 26, 1970

(35 F.R. 13602), and amended in the FEDERAL REGISTER of April 2, 1971 (36 F.R. 6118), the Commissioner of Food and Drugs announced his conclusions pursuant to evaluation of reports received from the National Academy of Sciences-National Research Council, Drug Efficacy Study Group on the following polymyxin B Sulfate preparations, stating that these drugs are regarded as effective and possibly effective for their various labeled indications.

1. Aerosporin Sterile Powder for preparation of solutions (NDA 60-757); Burroughs Wellcome & Co., Inc., Research Triangle Park, N.C. 27709.

2. Polymyxin B Sulfate Sterile Powder for preparation of solutions (NDA 60-716); Pfizer Inc., 235 East 42d Street, New York, NY 10017.

The previously announced possibly effective indications have been reclassified as lacking substantial evidence of effectiveness in that no new evidence of effectiveness of these drugs has been submitted pursuant to the notices of August 26, 1970, and April 2, 1971.

Consequently, these drugs lack substantial evidence of effectiveness for labeled indications other than those appearing below. The above-listed firms have satisfactorily amended their antibiotic applications to be in accord with the indications which follow:

INDICATIONS

Acute infections caused by susceptible strains of *Pseudomonas aeruginosa*. Polymyxin B sulfate is a drug of choice in the treatment of infections of the urinary tract, meninges, and blood stream caused by susceptible strains of *Ps. aeruginosa*. It may also be used topically and subconjunctivally in the treatment of infections of the eye caused by susceptible strains of *Ps. aeruginosa*.

It may be indicated in serious infections caused by susceptible strains of the following organisms, when less potentially toxic drugs are ineffective or contraindicated:

H. influenzae, specifically meningeal infections.

Escherichia coli, specifically urinary tract infections.

Aerobacter aerogenes, specifically bacteremia.

Klebsiella pneumoniae, specifically bacteremia.

NOTE: In meningeal infections, Polymyxin B sulfate should be administered only by the intrathecal route.

Batches of drugs with labeling bearing indications for which substantial evidence of effectiveness is lacking are no longer acceptable for certification or release.

Any person who will be adversely affected by the deletion from labeling of the indications for which the drug has been reclassified from possibly effective to lacking substantial evidence of effectiveness may within 30 days after the date of publication of this notice in the FEDERAL REGISTER, petition for the issuance of a regulation providing for other certification of the drug for such indications. The petition must be supported by a full factual and well documented medical analysis which shows reasonable grounds for the issuance of such regulation.

The petition for issuance of said regulation should be filed (preferably in quintuplicate) with the Hearing Clerk, Department of Health, Education, and Welfare, Room 6-88, 5600 Fishers Lane, Rockville, Md. 20852.

This notice is issued pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (secs. 502, 507, 52 Stat. 1050-51, as amended, 59 Stat. 463, as amended; 21 U.S.C. 352, 357) and under the authority delegated to the Commissioner of Food and Drugs (21 CFR 2.120).

Dated: June 15, 1972.

SAM D. FINE,
Associate Commissioner for Compliance.

[FR Doc.72-9640 Filed 6-26-72;8:45 am]

[Docket No. FDC-D-412; NDA No. 8-836 etc.]

GEIGY PHARMACEUTICALS AND ROCHE LABORATORIES

Notice of Withdrawal of Approval of New Drug Applications

A notice was published in the FEDERAL REGISTER of February 12, 1972 (37 F.R. 3198) extending to each holder of a new drug application listed below, and to any interested person who may be adversely affected, an opportunity for hearing on the proposal of the Commissioner of Food and Drugs to issue an order under section 505(e) of the Federal Food, Drug, and Cosmetic Act, withdrawing approval of each listed application and all amendments and supplements thereto. The basis of the proposed action was the lack of substantial evidence that the drugs are effective for their labeled indications.

NDA No.	Drug	NDA holder
NDA 8-836...	Sterosan Cream and Ointment containing chlorquinaldol.	Geigy Pharmaceuticals, Division of Ciba-Geigy Corp., Saw Mill River Rd., Ardsley, NY 10502.
NDA 11-675...	Triburon Ointment containing triclobisonium chloride.	Roche Laboratories, Division of Hoffmann-LaRoche, Inc., 340 Kingsland Ave., Nutley, NJ 07110.
NDA 11-925...	Triburon Cream containing triclobisonium chloride.	Roche Laboratories.

Hoffmann-LaRoche has waived opportunity for hearing stating that marketing of the above drugs (NDAs 11-675 and 11-925) has been discontinued. Neither Geigy Pharmaceuticals, the holder of NDA 8-836, nor any other interested persons have filed a written appearance of election as provided by said notice. The failure to file such an appearance is construed as an election by such persons not to avail themselves of an opportunity for hearing.

The Commissioner of Food and Drugs pursuant to provisions of the Federal Food, Drug, and Cosmetic Act 505(e), 52 Stat. 1053, as amended; 21 U.S.C. 355(e) and under authority delegated to him (21 CFR 2.120), finds that on the basis of new information before him with respect to each of said drugs, evaluated together with the evidence available to him when each application was approved, there is a lack of substantial evidence that each of the drugs will have the effect it purports or is represented to have under the conditions of use prescribed, recommended, or suggested in the labeling thereof.

Therefore, pursuant to the foregoing findings, approval of the above-listed new drug applications and all amendments and supplements thereto is withdrawn effective on the date of publication hereof in the FEDERAL REGISTER (6-26-72).

Dated: June 15, 1972.

SAM D. FINE,
Associate Commissioner for Compliance.

[FR Doc.72-9641 Filed 6-26-72;8:46 am]

[Docket No. FDC-D-360; NADA 33-803V]

SHELL CHEMICAL CO.

Task; Order Vacating Notice of Opportunity for Hearing

A notice of opportunity for hearing on a proposal by the Commissioner of Food and Drugs to withdraw approval of the new animal drug application for Task (NADA No. 33-803V) was published in the FEDERAL REGISTER of October 14, 1971 (36 F.R. 19996).

In response to this notice, Shell Chemical Co., Division of Shell Oil Co., 3401 Crow Canyon Road, San Ramon, CA 94583, holder of new animal drug application No. 33-803V, has submitted a supplemental new animal drug application containing new information and revised labeling with respect to Task. The Commissioner concludes that the new information submitted evaluated together with the evidence available when the application was approved shows that this drug is safe and effective for the treatment of dogs under the conditions of use prescribed, recommended, or suggested in the revised labeling.

Therefore, pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (sec. 512, 82 Stat. 343-51; 21 U.S.C. 360b) and under authority delegated to the Commissioner (21 CFR 2.120), said notice of opportunity for hearing is vacated.

Dated: June 15, 1972.

SAM D. FINE,
Associate Commissioner for Compliance.

[FR Doc.72-9642 Filed 6-26-72;8:46 am]

[Docket No. FDC-D-360; NADA 33-803V]

SCHERING CORP.

Sulfacetamide for Oral Administration; Notice of Withdrawal of Approval of New-Drug Application

A notice was published in the FEDERAL REGISTER of February 11, 1972 (37 F.R. 3079), extending to Schering Corp., 60 Orange Street, Bloomfield, NJ 07003, and

to any interested person who may be adversely affected, an opportunity for hearing on the proposal of the Commissioner of Food and Drugs to issue an order under section 505(e) of the Federal Food, Drug, and Cosmetic Act withdrawing approval of NDA 3–726 for Sulamyd Tablets (sulfacetamide). The basis of the proposed action was the lack of substantial evidence that the drug is effective for its labeled indications.

Neither the holder of the application nor any other person filed a written appearance of election within the 30 days provided by said notice. The failure to file such an appearance is construed as an election by such persons not to avail themselves of an opportunity for hearing.

The Commissioner of Food and Drugs pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (sec. 505 (e), 52 Stat. 1053, as amended; 21 U.S.C. 355(e)) and under authority delegated to him (21 CFR 2.120), finds that on the basis of new information before him with respect to the drug, evaluated together with the evidence available to him when the application was approved, there is a lack of substantial evidence that the drug will have the effect it purports or is represented to have under the conditions of use prescribed, recommended, or suggested in the labeling thereof.

Therefore, pursuant to the foregoing finding, approval of new-drug application No. 3–726 and all amendments and supplements thereto is withdrawn effective on the date of publication hereof in the FEDERAL REGISTER (6–26–72).

Dated: June 15, 1972.

SAM D. FINE,
Associate Commissioner for Compliance.

[FR Doc.72–9643 Filed 6–26–72;8:46 am]

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

PROPOSED NEW AIRPORT FOR ST. LOUIS METROPOLITAN AREA

Notice of Public Hearing

The Federal Aviation Administration (FAA) will hold a public hearing at the Marriott Motor Hotel, I–70 at Lambert Field, St. Louis, Mo., beginning at 9 a.m., August 1, 1972, to receive the comments of interested persons concerning a request for Federal aid to develop an additional airport to serve the St. Louis Metropolitan area. The proposed airport would be developed by the St. Louis Metropolitan Area Airport Authority at a site in the Columbia-Waterloo area near East St. Louis, Ill.

The FAA hearing is being held in response to a petition from the State of Missouri, the Missouri-St. Louis Metropolitan Airport Authority and St. Louis County, Mo. Hearings were held in November 1971 by the St. Louis Metropolitan Area Airport Authority. The FAA hearing will provide further opportunity to the public for comment on any matters relevant to the pending request for aid.

The hearing, which will be conducted by the FAA Regional Director for the Central Region or a person designated by him, is being held pursuant to section 27 of the Airport and Airway Development Act (49 U.S.C. 1727). It is not an adjudicatory hearing within the purview of section 554 of title 5, United States Code. The hearing will be informal; witnesses will not be sworn; and cross-examination will not be permitted.

Written statements concerning the subject of the hearing and stating the substance of the submitters' views with respect to those matters must be filed, in triplicate. with the Regional Director, at the address shown below, not later than July 21, 1972. Written statements received by the Regional Director will be available for examination and copying at the office of the Regional Director.

Oral statements at the hearing will be received only from or on behalf of those persons who have filed a written statement. Any person desiring to present an oral statement must submit with the written statement a written request to the Regional Director indicating the speaker's interest in the proposed airport development, or the interest of the person being represented, the aspects or issues to be discussed, and the amount of time requested for the oral statement. Request to present oral statements may be denied in the discretion of the Hearing Officer where it appears that the testimony would be repetitive or could be consolidated and presented through a designated spokesman. A time limit will be set by the Regional Director for any oral presentation, generally not in excess of 30 minutes. On or before July 27, 1972, the Regional Director will announce and mail or deliver a copy of the schedule for oral presentations to each person who has requested time to present an oral statement at the hearing.

There will be a verbatim record of the oral statements which, with the written statements, will comprise the record of the hearing. A transcript of the oral statements may be purchased from the reporter. The record will be kept open until the close of business August 7, 1972, to permit submission of additional written comments or rebuttals.

A draft environmental impact statement pertaining to the proposed airport development project by the St. Louis Metropolitan Area Airport Authority, which was prepared and previously circulated for comment, together with the comments received thereon, is available for inspection at the office of the Regional Director. A copy of the draft environmental impact statement may be purchased from the National Technical Information Service (NTIS), U.S. Department of Commerce, 5282 Port Royal Road, Springfield, VA 22151 (Ref: NTIS Order Nos. PB–207–589–D–1 and PB–207–589–D–2 (2 volumes).

Inquiries concerning the hearing may be directed to the Regional Director, Central Region, Federal Aviation Administration, 601 East 12th Street, Kansas City, MO 64106; telephone: (Area Code 816) 374–5626.

Issued in Kansas City, Mo., on June 21, 1972.

JOHN M. CYROCKI,
Director, Central Region.

[FR Doc.72–9735 Filed 6–26–72;8:50 am]

Office of Hazardous Materials

REQUEST FOR PUBLIC PARTICIPATION

Exemptions

On January 6, 1972, I published a request for public participation entitled "Exemptions," in the FEDERAL REGISTER (37 F.R. 149). Much interest was expressed in the project identified as OHM 176–71. Participants were requested to indicate the amount of time necessary to provide complete input into the project. Based on replies received, September 14, 1972 is designated as the termination date for input into the project. It is again stressed that this project is only for the solicitation of information and is not a rule-making action.

Issued in Washington, D.C., on June 21, 1972.

W. J. BURNS,
Director,
Office of Hazardous Materials.

[FR Doc.72–9675 Filed 6–26–72;8:48 am]

FEDERAL POWER COMMISSION

[Docket No. CI72–845]

EMERALD PETROLEUM CORP. ET AL.

Notice of Application

JUNE 22, 1972.

Take notice that on June 19, 1972, Emerald Petroleum Corp. (applicant), Post Office Box 51325, Lafayette, La. 70501, filed in Docket No. CI72–845 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the sale for resale and delivery of natural gas in interstate commerce to Transcontinental Gas Pipe Line Corp. (Transco) from the Southwest Lake Boeuf Field, Lafourche Parish, La., all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Applicant states that it commenced the sale of natural gas to Transco on June 11, 1972, within the contemplation of § 157.29 of the regulations under the Natural Gas Act (18 CFR 157.29) and that it proposes to continue said sale for 1 year from the end of the 60-day emergency period within the contemplation of § 2.70 of the Commission's general policy and interpretations (18 CFR 2.70). Applicant proposes to deliver approximately 2,000 Mcf of gas per day at 35 cents per Mcf at 15.025 p.s.i.a.

It appears reasonable and consistent with the public interest in this case to

prescribe a period shorter than 15 days for the filing of protests and petitions to intervene. Therefore, any person desiring to be heard or to make any protest with reference to said application should on or before July 5, 1972, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). 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. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a petition 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 to be represented at the hearing.

KENNETH F. PLUMB,
Secretary.

[FR Doc.72-9678 Filed 6-26-72;8:49 am]

[Docket No. CI72-846]

PETROLEUM MANAGEMENT, INC.

Notice of Application

JUNE 22, 1972.

Take notice that on June 19, 1972, Petroleum Management, Inc. (applicant), 1902 The 600 Building, Corpus Christi, Tex. 78401, filed in Docket No. CI72-846 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the sale of natural gas in interstate commerce to Texas Eastern Transmission Corp. (Texas Eastern) from production in Wallacy County, Tex., and the delivery of said gas to Hydrocarbon Development Corp. for transportation and redelivery to Texas Eastern in Hidalgo County, Tex., for the account of applicant, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Applicant states that it commenced the sale of gas to Texas Eastern on June 12, 1972, within the contemplation of § 157.29 of the regulations under the Natural Gas Act (18 CFR 157.29) and that it proposes to continue said sale for 1 year from the end of the 60-day emergency period within the contemplation of § 2.70 of the Commission's general policy and interpretations (18 CFR 2.70). Applicant proposes to deliver up to 6,000 Mcf of gas per day at 35 cents per Mcf at 14.65 p.s.i.a.

It appears reasonable and consistent with the public interest in this case to prescribe a period shorter than 15 days for the filing of protests and petitions to intervene. Therefore, any person desiring to be heard or to make any protest with reference to said application should on or before July 5, 1972, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). 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. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a petition 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.

KENNETH F. PLUMB,
Secretary.

[FR Doc.72-9679 Filed 6-26-72;8:49 am]

[Docket No. CI72-831]

SUN OIL CO. ET AL.

Notice of Application

JUNE 22, 1972.

Take notice that on June 13, 1972, Sun Oil Co. (applicant), Post Office Box 2880, Dallas, TX 75221 filed in Docket No. CI72-831 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the sale for resale and delivery of natural gas in interstate commerce to United Gas Pipe Line Co. (United) from the Grand Bayou Field, Assumption Parish, La., all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Applicant states that it commenced the sale of natural gas to United on June 1, 1972, within the contemplation of § 157.29 of the regulations under the Natural Gas Act (18 CFR 157.29) and that it proposes to continue said sale for 1 year from the end of the 60-day emergency period within the contemplation of § 2.70 of the Commission's general policy and interpretations (18 CFR 2.70). Applicant proposes to deliver up to 10,000 Mcf of gas per day at 35 cents per Mcf at 15.025 p.s.i.a.

It appears reasonable and consistent with the public interest in this case to prescribe a period shorter than 15 days for the filing of the protests and petitions to intervene. Therefore, any person desiring to be heard or to make any protest with reference to said application should on or before July 5, 1972, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). 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. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a petition 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.

KENNETH F. PLUMB,
Secretary.

[FR Doc.72-9680 Filed 6-26-72;8:49 am]

[Docket No. CI71-882]

WENERT TRICH ET AL.

Notice of Petition To Amend

JUNE 22, 1972.

Take notice that on June 20, 1972, Wenert Trich et al. (applicants), Post Office Box 1408, Longview, TX 75601, filed in Docket No. CI71-882 a petition to amend the order issued in said docket pursuant to section 7(c) of the Natural

Gas Act and § 2.70 of the Commission's general policy and interpretations (18 CFR 2.70) by authorizing applicants to continue the sale of natural gas in interstate commerce for an additional year to Texas Eastern Transmission Corp. from the Woodlawn Field, Harrison County, Tex., all as more fully set forth in the petition to amend which is on file with the Commission and open to public inspection.

Applicants propose to continue the sale of natural gas for an additional year commencing August 12, 1972, within the contemplation of § 2.70 at the rate of 35 cents per Mcf at 14.65 p.s.i.a. Estimated daily deliveries are 3,000 Mcf of gas.

It appears reasonable and consistent with the public interest in this case to prescribe a period shorter than 15 days for the filing of protests and petitions to intervene. Therefore, any person desiring to be heard or to make any protest with reference to said petition to amend should on or before July 5, 1972, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). 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. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a petition to intervene in accordance with the Commission's rules.

KENNETH F. PLUMB,
Secretary.

[FR Doc.72-9681 Filed 6-26-72;8:49 am]

[Docket No. E-7643]

UPPER PENINSULA POWER CO.

Notice of Application

JUNE 23, 1972.

Take notice that on April 24, 1972, Upper Peninsula Power Co. (applicant), filed a supplement and amendment to its application in Docket No. E-7643 with the Federal Power Commission seeking authority pursuant to section 204 of the Federal Power Act to issue unsecured promissory notes not to exceed $9 million face value at any one time outstanding.

The applicant is incorporated under the laws of the State of Michigan with its principal business office at Houghton, Mich., and and is engaged in the electric utility business in a 4,460-square-mile area in the Upper Peninsula of Michigan with a population of approximately 140,000.

The applicant proposes to issue unsecured promissory notes, payable to such bank or banks from which the applicant may borrow funds for periods not exceeding 12 months from the date of original issue or renewal thereof, as the case may be, such notes, issued either originally or upon renewal from time to time, to have maturity dates not later than June 30, 1974.

The interest rate on the notes to be issued to commercial banks not for resale to the public will be a rate not exceeding one-half of 1 percent over the floating prime rate in effect from time to time, meaning by "prime rate" the lowest rate at which the banks to whom the notes are payable are then making short-term commercial loans to depositors.

The proceeds from the sale of the notes will be used, pending permanent financing, to finance a portion of the applicant's construction program. Applicant's 1972 construction program has an estimated cost of $3,192,400.

Any person desiring to be heard or to make protest with reference to said application should on or before July 3, 1972, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). 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. The application is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.72-9724 Filed 6-26-72;8:50 am]

PRICE COMMISSION

PROCESSORS OF FLAXSEED

Notice of Exemption of Base Price Level Requirement

The Price Commission has determined that, while the current prices of linseed meal are not below base price levels, the combined prices for the two products of flaxseed (linseed oil and linseed meal) are below their combined base price level. Thus the total product value derived from processing flaxseed is at its lowest level in the past 10 years. For this reason, flaxseed processors are experiencing serious hardship since they cannot increase (under current Price Commission regulations) the prices of linseed meal.

Therefore, under the authority of § 300.60 of the regulations of the Price Commission (6 CFR § 300.60), the Price Commission hereby authorizes processors of flaxseed, with respect to the pricing of linseed oil and flaxseed meal, to sell the joint products at prevailing market prices, without regard to base price or other price limitations, except that the resulting total price for the joint products (based on yield per bushel) may not exceed the combined base price of those products, except on the basis of increased allowable costs.

Issued in Washington, D.C., on June 22, 1972.

C. JACKSON GRAYSON, Jr.,
Chairman, Price Commission.

[FR Doc.72-9749 Filed 6-26-72;8:50 am]

SELECTIVE SERVICE SYSTEM

ENLISTMENT OF REGISTRANTS ORDERED FOR INDUCTION

Temporary Instructions

The Registrants Processing Manual is an internal manual of the Selective Service System. Temporary Instructions constitute Appendix 2 of that Manual. The material contained in Temporary Instruction 632-7 is considered to be of sufficient interest to warrant publication in the FEDERAL REGISTER. Therefore Temporary Instruction 632-7 is set forth in full as follows:

1. Whenever a local board receives a Notification of Entry Into Active Military Service (DD Form 53) or a Record of Military Status of Registrant (DD Form 44) evidencing that one of its registrants to whom an induction order has been issued, has been enlisted or appointed after June 30, 1972, in the Armed Forces of the United States, including the reserve components thereof, and the date of enlistment or appointment is at least 10 days prior to his scheduled reporting date for induction, it shall reopen his classification and consider him anew. (SSR 1632.12, effective June 22, 1972.)

2. In the case of a registrant whose induction reporting date has been postponed in accord with SSR 1632.2, the enlistment or appointment will be valid if it is accomplished at least 10 days prior to the rescheduled reporting date.

3. The local board is authorized to exercise the Director's authority in SSR 1632.2(b) to postpone the induction reporting date for not more than 15 days for any registrant, upon his request, who has an induction reporting date on one of the first 15 days in July 1972 to permit his enlistment or appointment in any regular or reserve component of the Armed Forces of the United States in accordance with SSR 1632.12.

4. This temporary instruction will terminate on July 16, 1972.

Issued: June 22, 1972.

BYRON V. PEPITONE,
Acting Director.

[FR Doc.72-9670 Filed 6-26-72;8:47 am]

SMALL BUSINESS ADMINISTRATION

[License 05/06-0030]

UNION COMMERCE CAPITAL, INC.

Notice of License Surrender

Notice is hereby given that Union Commerce Capital, Inc., Euclid Avenue at

East Ninth Street, Cleveland, Ohio 44101, has surrendered its license to operate as a small business investment company pursuant to § 107.105 of the Small Business Administration rules and regulations governing small business investment companies (13 CFR § 107.105 (1971)).

Union Commerce Capital, Inc., was licensed as a small business investment company on January 14, 1964, to operate solely under the Small Business Investment Act of 1958 (the Act), as amended (15 U.S.C. 661 et seq.), and the regulations promulgated thereunder.

Under the authority vested by the Act, and pursuant to the cited regulation, the surrender of the license is hereby accepted and all rights, privileges and franchises therefrom are canceled.

Dated: June 15, 1972.

CLAUDE ALEXANDER,
Associate Administrator for Operations and Investment.

[FR Doc.72-9669 Filed 6-26-72;8:47 am]

[Delegation of Authority 30-A]

DISTRICT AND REGIONAL CLAIMS REVIEW COMMITTEES

Delegation of Authority

I. Pursuant to authority vested in me by the Small Business Act, 72 Stat. 384, as amended, authority to compromise on indebtedness owed to SBA is hereby redelegated as follows:

A. *District Claims Review Committee.* This committee shall consist of the supervisor, Loan Administration Division; the district counsel; and the supervisor, Financing Division, in the district offices where these positions exist. Final action on compromise proposals of indebtedness owed to the Agency shall be taken as follows:

1. Claims not in excess of $25,000 (including CPC advances but excluding interest) upon unanimous vote of the committee.

2. "Splits" shall be forwarded to the Regional Claims Review Committee.

3. Where all three designated positions do not exist in a district office compromise proposals of indebtedness owed to the Agency shall be referred to the Regional Claims Review Committee for decision.

B. *Regional Claims Review Committee.* With the exception of Region V, this committee shall consist of the regional chief, Loan Administration Division, acting as chairman; regional counsel; and regional chief, Finance Division. In Region V, this committee shall consist of the Chief, Borrower Services Branch, acting as chairman; Regional Counsel; and Chief, Financing Branch. Final action on compromise proposals of indebtedness shall be taken as follows:

1. Claims not in excess of $5,000 (including CPC advances but excluding interest) upon majority vote of the committee.

2. Claims in excess of $5,000 but not exceeding $100,000 (including CPC advances but excluding interest) upon unanimous vote of the committee.

Effective date: July 1, 1972.

THOMAS S. KLEPPE,
Administrator.

[FR Doc.72-9761 Filed 6-26-72;8:51 am]

[Delegation of Authority 30; Rev. 14]

REGIONAL DIRECTORS

Delegation of Authority To Conduct Program Activities in Field Offices

Pursuant to authority vested in me by the Small Business Act, 72 Stat., 384 as amended; the Small Business Investment Act of 1958, 72 Stat. 689, as amended; and title IV of the Economic Opportunity Act of 1964, 78 Stat. 526, as amended, the following authority is hereby redelegated to all Regional Directors:

PART I—FINANCING PROGRAM

SECTION A. *Loan approval authority—1. Small business act section 7(a) loans.* To approve or decline business loans not exceeding $350,000 (SBA share).

2. *Economic opportunity (EO) loans.* To approve or decline economic opportunity loans not exceeding $25,000 (SBA share).

3. *Displaced business and other economic injury loans.* To decline displaced business loans, coal mine health and safety loans, consumer protection loans (meat, egg, poultry), occupational safety and health loans and economic injury disaster loans in connection with declarations made by the Secretary of Agriculture for natural disasters in any amount and to approve such loans up to $1,000,000 (SBA share).

4. *Disaster loans—Class B disasters.* See Part II, section A, paragraphs 1 and 2.

SEC. B. *Other financing authority—1. Loan participation agreements.* To enter into business, economic opportunity, disaster, displaced business, consumer protection (meat, egg, poultry), coal mine health and safety, and occupational health and safety loan participation agreements with banks.

2. *Execution of all loan authorizations.* To execute loan authorizations for loans approved by higher authority and for loans personally approved under delegated authority.

3. *Cancel, reinstate, modify, and amend authorizations.* To cancel, reinstate, modify, and amend authorizations for all loans, i.e., business, economic opportunity, disaster, displaced business, consumer protection (meat, egg, poultry), coal mine health and safety loans, and occupational health and safety loans.

4. *Extension of disbursement period.* To extend disbursement period on all loan authorizations.

5. *Service charges.* To approve service charges by participating banks not to exceed 2 percent per annum on the outstanding principal balance of construction loans and loans involving accounts receivable and inventory financing.

PART II—DISASTER PROGRAM—CLASS B DISASTERS

SECTION A. *Disaster loan approval authority—Class B disasters only.* 1. To decline direct disaster and immediate participation disaster loans in any amount and to approve such loans up to the total SBA funds of (1) $50,000 per household for repairs or replacement of the home and/or not to exceed an additional $10,000 allowable for household goods and personal items, but in no event may the money loaned for physical loss or damage exceed $55,000 for a single disaster on home loans, except for funds to refinance prior liens or mortgages, which may be approved in addition to the foregoing limits for amounts up to $50,000; and (2) $500,000 on disaster business loans (excluding displaced business loans, coal mine health and safety loans, occupational safety and health loans, and economic injury disaster loans in connection with declarations made by the Secretary of Agriculture for natural disasters) except to the extent of refinancing of a previous SBA disaster loan.

2. To decline disaster guaranteed loans in any amount and to approve such loans up to an SBA guarantee of $1,000,000.

SEC. B. *Establishment of field offices.* 1. To establish disaster field offices upon receipt of advice of the designation of a disaster area and to obligate Small Business Administration to reimburse General Services Administration for the rental of office space; to advise on the making of disaster loans; to appoint as processing representative any bank in the disaster area; and to close disaster field offices when no longer advisable to maintain such offices.

SEC. C. *Filing after period for acceptance.* 1. To approve or reject the request of an applicant to file for a disaster loan after the period for acceptance under the original disaster declaration, or extension thereof has expired.

SEC. D. *Contractual authority.* 1. *Contractual authority.* To contract for supplies, materials, and equipment, printing (Government sources only), transportation, communications, and special services, and to authorize GSA to acquire space for the Agency.

2. *Contracts under delegation.* To enter into contracts for supplies and services pursuant to chapter 4, of title 41, United States Codes, as amended, subject to limitations contained in section 257 (a) and (b) of that chapter.

PART III—COMMUNITY ECONOMIC DEVELOPMENT (CED) PROGRAM

SECTION A. *Sections 501 and 502 loan approval authority—1. Section 501 loans.* To approve or decline section 501 State development company loans without dollar limitations as to project cost.

2. *Section 502 loans.* To approve or decline section 502 local development

company loans with dollar limitation of $350,000 (SBA share) for each such identifiable small-business concern.

SEC. B. *Other 501 and 502 authority*—1. *Extension of disbursement period.* To extend the disbursement period on sections 501 and 502 loan authorizations.

2. *Execution of 501 and 502 loan authorizations.* To execute sections 501 and 502 loan authorizations for loans approved by higher authority and for loans personally approved under delegated authority.

3. *Cancel, reinstate, modify, and amend authorizations.* To cancel, reinstate, modify, and amend authorizations for sections 501 and 502 loans.

4. *Participation agreements.* To enter into section 502 loan participation agreements with banks.

SEC. C. *Lease and surety guarantee approval authority*—1. *Lease Guarantee.* To approve or decline applications for the direct guarantee of payment of rent not to exceed $1 million.

2. *Surety Guarantee.* To guarantee sureties of small businesses against portions of losses resulting from the breach of bid, payment, or performance bonds on contracts not to exceed $500,000. Regional Director, Region III is excluded from exercising this authority within the Metropolitan Washington Area.

SEC. D. *Other lease guaranty authority*—1. *Commitment letter.* To issue and modify commitment letters.

SEC. E. *EDA loan disbursement authority.* 1. To disburse approved EDA loans, as authorized.

PART IV—LOAN ADMINISTRATION (LA) PROGRAM

SECTION A. *Loan administration, servicing, collection, and liquidation authority.* 1. To take all necessary actions in connection with the administration, servicing, collection, and liquidation of all loans, exclusive of matters in litigation, and to do and perform and to assent to the doing and performance of, all and every act and thing requisite and proper to effectuate the granted powers, including without limiting the generality of the foregoing, the assignment, endorsement, transfer, and delivery (but in all cases without representation, recourse, or warranty) of notes, claims, bonds, debentures, mortgages, deeds of trust, contracts, patents, and applications therefor, licenses, certificates of stock and of deposit, and any other liens, powers, rights, charges on and interests in or to property of any kind, legal and equitable, now or hereafter held by the Small Business Administration or its Administrator; the execution and delivery of contracts of sale or of lease or sublease, quitclaim, bargain and sale of special warranty deeds, bills of sale, leases, subleases, assignments, subordinations, release (in whole or part) of liens, satisfaction pieces, affidavits, and such other instruments in writing as may be appropriate and necessary to effectuate the foregoing; the approval of bank applications for use of liquidity privilege under loan guaranty plan; and to advertise regarding the public sale of collateral in connection with the liquidation of loans, and acquired property,

a. Except: To compromise or sell any primary obligation or other evidence of indebtedness owed to the Agency for a sum less than the total amount due thereon; and to deny liability of the Small Business Administration under the terms of a participation or guaranty agreement, or the assertion of a claim for recovery from a participating bank under any alleged violation of a participation or guaranty agreement.

2. *Services of Fee Appraisers, etc.* To contract for the services of fee appraisers, engineering, marketing and feasibility studies, and other required services, in conjunction with loan processing, servicing, and loan liquidation.

SEC. B. *EDA loan liquidation authority*—1. *All actions as authorized.* To take all necessary action in liquidating Economic Development Administration (EDA) loans, exclusive of matters in litigation, and acquired collateral, when and as authorized by EDA.

SEC. C. *Lease guarantee administration and servicing authority*—1. *Service claims.* To service claims arising under all lease insurance policies issued in the region, approving the payment, or recommending denial of such claims.

2. *Actions to mitigate losses.* To take all actions necessary to mitigate losses from lease guarantees.

SEC. D. *Section 406 contract management authority*—1. *Management authority.* To take all necessary actions in connection with the administration and management of contracts, executed by the Associate Administrator for Financial Assistance under the authority granted in section 406 of the Economic Opportunity Act of 1964, as amended, except changes, amendments, modifications, or termination of the original contract.

PART V—PROCUREMENT AND MANAGEMENT ASSISTANCE

SECTION A. *Certificates of competency.*—1. *Approval authority.* With the exception of rereferred cases, to approve applications for certificates of competency up to but not exceeding $250,000 bid value received from small business concerns located within the respective region.

2. *Denial authority.* To deny an application for a certificate of competency when an adverse determination as to capacity or credit is concurred in.

SEC. B. *Section 8(a) contracts.*—1. *Contracting authority.* To enter into contracts, on behalf of the Small Business Administration with the U.S. Government and any department, agency, or officer thereof having procurement powers, obligating the Small Business Administration to furnish articles, equipment, supplies, or materials to the Government and agreeing as to the terms and conditions of such contracts.

2. *Subcontracting authority.* To arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small business concerns or others, for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Small Business Administration to perform such contracts.

3. *Certifying authority.* To certify to any officer of the Government having procurement powers that the Small Business Administration is competent to perform any specific Government procurement contract to be let by any such officer.

PART VI—LEGAL SERVICES

SECTION A. *Authority to conduct litigation activities.* 1. To conduct all litigation activities, including SBIC matters, as assigned, and to take all action necessary in connection with matters in litigation; and to do and perform and to assent to the doing and performance of, all and every act and thing requisite and proper to effectuate the granted powers, including without limiting the generality of the foregoing:

a. The assignment, endorsement, transfer and delivery (but in all cases without representation, recourse, or warranty) of notes, claims, bonds, debentures, mortgages, deeds of trust, contracts, patents and applications therefor, licenses, certificates of stock and of deposit, and any other liens, powers, rights, charges on and interest in or to property of any kind, legal and equitable, now or hereafter held by the Small Business Administration or its Administrator, as to all matters in litigation.

b. The execution and delivery of contracts of sale or of lease or sublease, quitclaim, bargain and sale of special warranty deeds, bills of sale, leases, subleases, assignments, subordinations, releases (in whole or part) of liens, satisfaction pieces, affidavits, proofs of claims in bankruptcy or other estates, and such other instruments in writing as may be appropriate and necessary to effectuate the foregoing, as to all matters in litigation.

Except: To compromise or sell any primary obligation or other evidence of indebtedness owed to the Agency for a sum less than the total amount due thereon; and to deny liability of the Small Business Administration under the terms of a participation or guaranty agreement, or the assertion of a claim for recovery from a participating bank under any alleged violation of a participation or guaranty agreement.

2. *EDA loans—litigation activities.* To take all necessary action in liquidating Economic Development Administration (EDA) loans having litigative aspects, when and as authorized by EDA.

SEC. B. *Loan closing authority*—1. *Close and disburse*—a. *SBA and HUD loans.* To close and disburse approved SBA loans and rehabilitation loans for Department of Housing and Urban Development.

b. *EDA loans.* To close approved EDA loans, as authorized.

2. *Approval and certification of closing documents.* To approve when re-

quested, in advance of disbursement, conformed copies of notes and other closing documents; and certify to the participating bank that such documents are in compliance with the participation authorization.

PART VII—ELIGIBILITY AND SIZE DETERMINATIONS

SECTION A. *Eligibility determinations—1. Eligibility determination authority.* In accordance with Small Business Administration standards and policies, to determine eligibility of applicants for assistance under any program of the Agency, Except the SBIC program.

SEC. B. *Size determinations—1. Size determination authority.* To make initial size determinations in all cases within the meaning of the Small Business Size Standards Regulations, as amended, and further, to make product classification decisions for financial assistance purposes only.

PART VIII—ADMINISTRATIVE

SECTION A. *Authority to purchase, rent, or contract for equipment, services, and supplies*—1. To purchase reproductions of loan documents, chargeable to the revolving fund, requested by U.S. attorneys in foreclosure cases.

2. *Purchases and contract authority.* To purchase office supplies and equipment, including office machines and rent regular office equipment and furnishings; contract for repair and maintenance of equipment and furnishings; contract for services required in setting up and dismantling and moving SBA exhibits; and issue Government bills of lading.

3. To rent motor vehicles from the General Services Administration and to rent garage space for the storage of such vehicles when not furnished by this Administration.

4. To rent temporarily SBA conference space located within the respective geographical jurisdiction. Except Regional Director, Region III whose jurisdiction excludes the Metropolitan Washington Area.

PART IX—REDELEGATION AUTHORITY AND RESCISSION OF AUTHORITY

SECTION A. *Redelegation.* 1. Specific authority as prescribed herein may be redelegated to a specific position within the respective regional geographical jurisdiction.

2. The authority delegated herein may be exercised by an SBA employee designated as Acting Regional Director.

SEC. B. *Rescission of authority.* All previous authority delegated by the Administrator to the Regional Directors in Delegation of Authority No. 30 (Revision 13), as amended, is hereby rescinded. Regional Directors upon redelegating authority under this Delegation of Authority No. 30 (Revision 14) are hereby authorized to rescind previous delegations of authority under Delegation of Authority No. 30 (Revision 13), as amended, within their regions.

Effective date: July 1, 1972.

THOMAS S. KLEPPE,
Administrator.

[FR Doc.72-9760 Filed 6-26-72;8:51 am]

CIVIL SERVICE COMMISSION

CONSUMER SAFETY SERIES

Notice of Establishment of Prescribed Minimum Educational Requirements

In accordance with section 3308 of title 5, United States Code, the Civil Service Commission has decided that minimum educational requirements should be established for positions in the Consumer Safety Series, GS-696 (formerly in the Food and Drug Inspection Series, GS-696, and the Food and Drug Officer Series, GS-695). The requirements, the duties of the positions, and the reasons for the Commission's decision that the requirements are necessary are set forth below.

THE CONSUMER SAFETY SERIES, GS-696

(GRADES GS-5/15)

Minimum educational requirements. Candidates must have successfully completed one of the following requirements:

A. A full course of study at an accredited college or university leading to a bachelor's or higher degree including 30 semester hours in any combination of courses in the following fields: Biological sciences, chemistry, pharmacy, physical sciences, food technology, nutrition, home economics, epidemiology, and engineering. To be qualifying, coursework must be in subjects that provide basic scientific knowledges that will be useful in and can be applied to consumer safety work.

B. Thirty semester hours of coursework, as described in paragraph A, plus additional appropriate experience and/or education that, combined with the specified coursework, total 4 years of experience and education. This education and experience must demonstrate that the candidate has acquired a technical and professional competence comparable in scope and intensity to that which would have been acquired through the successful completion of a college or university curriculum as in paragraph A above.

Duties. Consumer safety officers perform professional work concerned with enforcing the laws and regulations protecting consumers from foods, drugs, cosmetics, fabrics, toys, and household products and equipment that are impure, unwholesome, ineffective, improperly labeled, or dangerous. They apply scientific knowledges to perform a variety of functions such as:

Inspecting food and drug manufacturing establishments;

Investigating complaints of violations, and injuries and illnesses caused by regulated products;

Planning and directing regulatory programs;

Initiating actions against violators and coordinating activities associated with their prosecution;

Developing inspectional and laboratory analytical methods, procedures, and techniques; and

Advising industry, State, and local officials and consumers on enforcement policies and methods and on interpretation of regulations.

Reasons for establishing requirements. The duties of these positions cannot be performed without a sound basic knowledge of the scientific principles, theories, and concepts that have application to the professional evaluations and investigations performed by consumer safety officers. The duties of the positions require the application of highly technical scientific information and skills which can only be acquired through the successful completion of a course of study in an accredited college or university which has scientific libraries, well-equipped laboratories, and thoroughly trained instructors; gives expert guidance; and evaluates progress competently.

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] JAMES C. SPRY,
Executive Assistant to the Commissioners.

[FR Doc.72-9653 Filed 6-26-72;8:46 am]

COST OF LIVING COUNCIL

STEVEDORING AND PORT TERMINAL CHARGES

Price Adjustments

The Cost of Living Council, after consultation with the Price Commission, has adopted a special rule for price adjustments for stevedoring and port terminal rates. A firm may make price adjustments for stevedoring and port terminal rates which reflect increases in labor costs legally incurred and, with respect to those costs, base period profit margin as determined under Part 300 of Title 6, Code of Federal Regulations, without regard to allowable labor cost pass-through limitations imposed pursuant to part 300 of that title. Firms making price adjustments pursuant to this rule remain subject to all rules and regulations issued pursuant to Title 6, Code of Federal Regulations, except the limitations on allowable labor cost pass-through imposed pursuant to part 300.

The Cost of Living Council in adopting this special rule took into account a number of factors. Stevedoring and port terminal rates are closely related to international ocean shipping rates and the prices of imports and exports, all of

which are exempt. Additionally, the special rule will eliminate an inequity to independent stevedoring companies and port terminals inherent in the fact that some ocean carriers provide stevedoring and port terminal services which are reflected in exempt international ocean shipping rates. Further, the special rule for stevedoring and port terminal charges should not have a significant inflationary impact. Under this special rule a firm making price adjustments for stevedoring and port terminal rates remains subject to all other stabilization program regulations, including the profit margin limitations which will serve to moderate price increases and to prevent windfall profits.

Appropriate action under the stabilization program will be taken to prevent windfall profits in those instances where the profit margin constraint does not achieve this purpose.

The Council takes this action under authority of the Economic Stabilization Act of 1970, as amended (Public Law 92-210, 85 Stat. 743) and Executive Order No. 11640, as amended (37 F.R. 1213, January 27, 1972).

Because the purpose of this notice is to provide immediate guidance and information as to a decision under the stabilization program, it is found that publication in accordance with usual rule making procedures is impracticable and that good cause exists for making this notice effective in less than 30 days. Interested persons may submit written comments regarding the above notice. Communications should be addressed to the Office of General Counsel, Cost of Living Council, New Executive Office Building, Washington, D.C. 20507.

This notice shall become effective when filed with the Office of the Federal Register.

Dated at Washington, D.C., June 26, 1972.

DONALD RUMSFELD,
Director, Cost of Living Council.

[FR Doc.72-9864 Filed 6-26-72;11:02 am]

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TUESDAY, JUNE 27, 1972
WASHINGTON, D.C.

Volume 37 ■ Number 124

PART II

DEPARTMENT OF TRANSPORTATION

Hazardous Materials Regulations Board

■

Hazard Information System

Advanced Notice of Proposed Rule Making

DEPARTMENT OF TRANSPORTATION

Hazardous Materials Regulations Board

[49 CFR Part 172]

[Docket No. HM-103]

HAZARD INFORMATION SYSTEM

Advance Notice of Proposed Rule Making

The Hazardous Materials Regulations Board is considering the adoption of regulations that would provide for more complete identification of the hazards of materials in transportation. Included in this consideration is some modification of the present hazard communications requirements and their relocation in one part of the regulations.

The need for improved hazard communications has been the subject of considerable controversy and debate during recent years. It has been pointed out that the communications requirements of the regulations (1) generally are not addressed to more than one hazard; (2) do not in all instances require disclosure of the presence of hazardous materials in transport vehicles; (3) are not addressed to the different hazard characteristics of a mixed load of hazardous materials; (4) do not provide sufficient information whereby fire fighting and other emergency response personnel can acquire adequate immediate information to handle emergency situations; and (5) are inconsistent in their application to the different modes of transport. The Board believes there are deficiencies in this area and that certain changes are necessary to provide for the adequate communication of hazards for materials in transportation. However, the Board also believes that it must consider the complexity of any regulations it adopts in this area and what is to be imposed on the personnel who will be required to follow them.

Considerable time has been spent on the development of this proposed system thereby causing a delay of final rules resulting from the proposals in Docket No. HM-8. The Board believes that it is time to place this proposal before the public for consideration and constructive comment in advance of a complete notice of proposed rule making. The complete notice would encompass all of the proposed changes and modifications necessary to implement this system which the Board has identified as the Department of Transportation Hazard Information System.

The Hazard Information System encompasses all hazardous materials regulated by the Department of Transportation except those specifically exempted, such as small quantities of certain classes of materials. Each shipping paper, label, and placard would, in addition to the classification identification bear a hazard information number consisting of two digits. The first digit represents a base hazard and, with few exceptions. would be the same as the United Nations class number. The second digit will convey (1) there are no additional significant hazards, or (2) that a material has one or more additional significant hazards. Associated with each of the 59 hazard information numbers designated so far is a hazard information action "card." Each card contains information on potential hazards of a material and, in the event of an incident, recommended action for the handling of the material. With certain exceptions, the cards have been developed on a generic basis so that different materials having similar characteristics would be covered by one set of instructions. The system is designed so that, in most instances, shippers may determine the hazard information numbers of their materials without "preclearance" by the Department. It is estimated that the exceptions to this procedure will involve only a small percentage of the different materials offered for transportation.

The Board is proposing to consolidate all of the hazard communications regulations into Part 172 except those requirements peculiar to a mode of transportation. Significant changes being proposed are as follows:

1. Assignment of hazard information number, where possible, to each hazardous material listed in a new § 172.101 (not contained herein);

2. Designation of each label by class wording, rather than color, in the list of hazardous materials and elsewhere in the regulations;

3. A requirement that the description of a hazardous material be readily identifiable on shipping papers;

4. A requirement that hazardous materials be listed first when other materials not subject to the regulations are described on the same shipping paper;

5. A requirement that the hazard information number for a material be placed immediately after the classification identification on a shipping paper;

6. A proviso that the class name need not be reentered when it is the same as the shipping name, except for the entry "n.o.s.";

7. A clarification of the requirements relating to the signing of certificates;

8. A requirement that a hazard information number be placed on labels in the hazard information block specified;

9. A table specifying the placarding requirements for highway and rail transport vehicles, based on hazard information numbers;

10. A provision for "Dangerous" placards in place of specific identification placards for not more than 1,000 pounds of certain materials;

11. Requirements pertaining to the giving and affixing of placards with alternatives provided to allow flexibility in the arrangements made between shippers and carriers;

12. A distinction between large packages and small packages to provide a break point where labeling stops and placarding begins;

13. A clarification of the placarding requirements for "Empty" cargo tank motor vehicles and a special proviso for gasoline and fuel oil;

14. Detailed requirements and provisions for the attaching of placards to transport vehicles;

15. Specifications for new placards;

16. Specifications for new labels;

17. The method for derivation of a hazard information number when it is not assigned in the list of hazardous materials; and

18. Proposed definitions for hazard characteristics of materials to be used for derivation of hazard information numbers.

Aside from the basic concept of the use of a two-digit number to convey information on one or more hazards of a material, the Board believes the most significant concern of persons who would be affected by these proposed requirements in placarding. Except for those materials which would be exempt from these requirements, this proposal is designed to provide for the disclosure of the presence of a hazardous material in a transport vehicle regardless of quantity. Specific placards identifying certain types of hazardous materials would be required regardless of quantity. For other materials, specific identification of hazards would not be required until a single consignor offers for transportation (or transports as a private carrier) more than 1,000 pounds of a material bearing the same hazard information number in one vehicle.

Subpart F of Part 172 contains the proposed revisions pertaining to placarding. A placarding table is specified in § 172.502. Column A of the table specifies the list of hazard information numbers, column B, specifies the placard for each hazard information number, and column C contains the exceptions to specific placarding when another required placard would bear a number that would provide the same hazard information for that material as for another material having similar but also additional and more significant characteristics. Paragraph (b) of that section provides for an optional "Dangerous" placard for certain materials bearing the same hazard information number received from one consignor and not exceeding 1,000 pounds. There is no requirement that a driver must add up the amount of material bearing the same hazard information number when received from different consignors in LTL motor carrier operations. This will substantially reduce the burden on pickup and delivery drivers. Subparagraph (2) of that paragraph lists hazard information numbers that would require specific placards regardless of the amount of material offered for transportation unless excepted by other placards in accordance with column C of the placarding table. This would include certain highly or extremely toxic compressed gases, water reactive materials, organic peroxides of high sensitivity or requiring refrigeration, and certain radioactive materials, extremely toxic liquids or solids and such materials that are highly toxic by skin absorption. The Board believes that the hazards of these materials are of such significance as to require

specific identification regardless of the quantity contained in a transport vehicle.

Section 172.503 contains proposed requirements applicable to the giving and affixing of placards. This section is designed to set forth the prime responsibility for the giving of placards while providing for flexibility in the arrangements made between shippers and carriers. No distinction is made between rail and highway vehicles in these proposed requirements. The Board believes that the only practicable method to accomplish the specific placarding in this proposal is for the shipper to supply the four placards pertaining to his material. The shipper either knows the characteristics of the material he offers for transportation or has access to the person who manufactured it to obtain information concerning its characteristics. It does not appear appropriate to require rail and highway carriers to carry 59 different sets of placards in anticipation of receiving a hazardous materials shipment. However, in the case of dedicated equipment used repeatedly for the same service, such as a cargo tank used to transport gasoline, it would not be necessary for the shipper to provide placards for each trip. The proposal also recognizes the optional "Dangerous" placard which could be provided as a permanent type of device by motor carriers and which could be used for many LTL shipments of less than 1,000 pounds both prior to and following terminal transfer operations.

A new series of placards is being proposed which will be the same in their application for shipments by rail and highway. They also would be affixed to portable tanks, large packages, and reusable transport containers, Each placard would communicate through its color, shape, symbol, keyword, and hazard information number. While the letters on the placards are smaller than those presently prescribed for motor vehicles, the placards will be visible from a greater distance due to their form and presentation and could eventually become a "trademark" identifying vehicles containing hazardous materials much the same as the diamond shaped label is for smaller packages today.

A number of different methods for attachment of placards to vehicles are set forth in this proposal. These methods were drawn mainly from the existing regulations for the attachment of placards to rail cars. The Board is particularly interested in comments addressed to these various methods and in any alternative suggestions. The placard holder specified in Appendix A to Subpart F appears to be a practical means for affixing placards to vehicles, particularly vehicles frequently used to transport different materials. The proposal requires placards to be affixed to each end and side of a rail or highway transport vehicle as is required at present. A semitrailer by definition is a transport vehicle and no provision has been made in this proposal to permit the attachment of placards to truck tractors. Since it is proposed to require that placards be maintained on semitrailers at all times they contain hazardous materials subject to placarding, the Board believes the four placards should be displayed on them to preclude violation of the regulations when they are dropped at pickup or delivery points. Also, it is contemplated that a placarded semitrailer will be considered sufficient for the placarding of a railcar when trailer-on-flatcar operations are involved. The Board is aware that the effectiveness of a placard could be somewhat reduced when it is affixed to the front end of a semitrailer and partially obscured by the towing vehicle. Specific comments concerning the merits of one method over the other are requested.

The labels proposed in Subpart E are essentially those proposed in Docket No. HM-8 with the exception that a hazard information block, which would contain the hazard information number pertaining to the material in the package, has been added at the bottom of the label. Also, it is proposed to identify all labels by key words rather than colors to prevent confusion.

The Board is proposing to specify the colors to be used on labels and placards. Color specifications are proposed in Appendix A to Part 172 of this proposal. Each color and tolerance is identified in the Munsell Notation System. This will permit a label and placard manufacturer to use any suitable color base to make the colors for the labels and placards providing the resulting colors match the specified standard or are within the tolerances specified for each standard. Color standards have been identified in Munsell notations for several years in such standards as:

1. USAS Z53.1, "USA Standard Safety Color Code for Marking Physical Hazards,"
2. USAS Z35.1, "USA Standard Specifications for Accident Prevention Signs," and
3. USAS Z35.2, "USA Standard Specifications for Accident Prevention Tags."

In addition to the Munsell notations, chips for each color standard and allowable tolerances will be made available to facilitate production of labels and placards with specified colors.

Subpart G to Part 172 of this proposal covers the procedure for derivation of hazard information numbers. A step-by-step approach is set forth in § 172.602 which will provide for derivation of hazard information numbers for most materials shipped. The exceptions to the derivation procedure involve those materials that the Board believes should be reviewed by the Department prior to designation of their hazard information numbers. As mentioned earlier, the hazard information numbers will be designated in the list of hazardous materials for those materials listed by name. Many mixtures and "n.o.s." materials will not have hazard information numbers assigned them in the list.

Concerning the proposed definitions in Appendices A and B to Subpart G, the Board was faced with setting forth either specific definition criteria for the characteristics of materials, knowing that some of the proposed definitions could be controversial, or setting forth criteria lacking in sufficiently specific definition that could lead to inconsistent derivation of hazard information numbers. Since classification projects are in progress concerning these definitions and will be handled by separate rule making, the Board believes the better course is to propose, so far as practicable, tentative definitions for derivation purposes during the interim. Also, consideration is being given to a requirement (not proposed herein) that shippers notify the Department of their assignment of a hazard information number to a material on an after-the-fact basis in order to maintain an overview of consistency in the derivation of hazard information numbers. It is not contemplated that such a requirement would be on a preshipment basis.

The 59 hazard information cards presented at the end of this publication were developed with the assistance of knowledgeable persons both within and outside of the Department. The Board wishes to express its appreciation to those persons who expended time and effort in this endeavor. The cards are not presented in their final form, but are presented to indicate the style of their presentation and the kind of information that would be provided in relation to the hazard information numbers assigned different materials. It is planned to combine the cards into a booklet or manual that would be distributed through the Government Printing Office and possibly by any interested organization. It has been decided that the cards presented with this publication would not be suitable for use in the marine environment and that a separate publication would have to be prepared for use aboard vessels. The Board is interested in receiving comments concerning the content and format of the cards that will lead to their improvement. One factor that must be recognized is that a card must contain information that is applicable to all materials assigned the same number as that of the card. This is the principal difficulty with this system or any system that is generic in nature and addressed to thousands of different materials.

The information and instructions given on the hazard information cards should be considered advisory in nature. The intent of the cards is to give firefighters and other emergency personnel sufficient information to enable them to make informed judgments in the handling of emergency situations during their initial phases. The cards are not intended to perform the same service that could be provided by a centralized information agency having ready access to large amounts of data. The Board wishes to emphasize that, by implementation of this system, it does not intend to usurp the prerogatives of any jurisdiction in its handling of emergency situations.

This proposal does not include Subparts A, B, or D to Part 172. They will be included in a future notice of proposed rule making under this docket. Subpart A will contain general regulations pertaining to the application of Part 172; Subpart B, the list of hazardous materials; and Subpart D, the package marking

requirements. To permit a review of contemplated assignments of hazard information numbers to materials, a sample list illustrating the use of the definitions in Appendices A and B to Subpart G of Part 172 in assigning numbers is provided as follows:

30—Acetone.
67—Acetone cyanohydrin.
36—Acrolein, inhibited.
60—Aldrin mixtures, liquid, with more than 60 percent aldrin.
32—Allyl alcohol.
21—Ammonia, anhydrous.
54—Ammonium perchlorate.
85—Aniline oil, liquid.
20—Argon.
62—Arsenic chloride (arsenous), liquid.
60—Arsenic pentoxide, solid.
30—Benzene (benzol).
59—Benzoyl peroxide.
60—Calcium arsenate, solid.
26—Chlorine.
53—Chlorine trifluoride.
05—Chloroacetophenone, gas, liquid or solid.
82—Chlorosulfonic acid.
20—Dichlorodifluoromethane.
57—Dicumyl peroxide, solid.
83—Diethyl dichlorosilane.
67—Dimethyl sulfate.
23—Ethylene.
35—Ethylene oxide.
19—Explosive mine.
15—Explosive power device, class B.
11—Explosive rivets.
19—Explosive torpedo.
27—Fluorine.
80—Formic acid.
30—Gasoline (including casing head and natural).
64—Hexaethyl tetraphosphate, liquid.
32—Hydrazine, anhydrous.
29—Hydrocyanic acid, liquefied.
29—Hydrogen sulfide.
23—Liquefied petroleum gas.
53—Nitrogen tetroxide, liquid.
22—Oxygen, liquefied.
64—Parathion, liquid.
57—Peracetic acid.
54—Potassium perchlorate.
50—Potassium permanganate.
46—Sodium aluminum hydride.
60—Sodium cyanide, solid.
46—Sodium, metallic.
26—Sulfur dioxide.
84—Sulfuric acid (oil of vitriol).
64—Tetraethyl dithio pyrophosphate, liquid.
64—Tetraethyl lead, liquid.
81—Thionyl chloride.
23—Trifluorochloroethylene.
23—Vinyl chloride.

The list above also will permit association of the proposed hazard information cards with different hazardous materials, and serves to point out one other advantage of the system. Note that Acetone has the hazard information number 30, and Acetone cyanohydrin, 67. Here we have two materials that would require different kinds of response if spilled in an accident. It is not difficult to visualize that the word cyanohydrin could be lost in communications; however, incomplete communications of this type could be discovered if hazard information numbers are communicated with the names of materials. When verbal communications via radio, telephone, or other means are necessary to obtain further assistance beyond that provided by a hazard information card, the number will serve as an authenticator of the word being transmitted.

In considertion of the foregoing, the Hazardous Materials Regulations Board is considering a complete revision of Part 172, portions of which are proposed as follows:

PART 172—LIST OF HAZARDOUS MATERIALS AND HAZARDOUS MATERIALS COMMUNICATIONS REGULATIONS

Subpart C—Shipping Papers

§ 172.200 General requirements.

(a) A person who offers for transportation or a private carrier who transports a hazardous material shall describe the material on a shipping paper in the manner prescribed in this subpart.

(b) When a hazardous material and a material not classed as a hazardous material are described on the same shipping paper, the hazardous material must be described first.

(c) The shipping paper may contain other shipping information not inconsistent with the required description for a hazardous material. The required description must be readily identifiable and must be emphasized when other shipping information is included. Three recommended methods of making the description of the hazardous material identifiable and giving it emphasis are:

(1) Placing other descriptions and information within parenthesis (see Uniform Freight Classification Rule 2),

(2) Use of capital letters, and

(3) Underscoring.

(d) The required shipping description may not contain any abbreviation unless it is specifically authorized in this subpart.

§ 172.201 Description of hazardous materials on shipping papers.

(a) The description of a hazardous material on the shipping paper must include:

(1) The shipping name prescribed for the material in column (1) of § 172.101.

(2) The classification prescribed for the material in column (2) of § 172.101 except when the words of the shipping name are identical with the words of the classification (excluding the entry "n.o.s.").

(3) The hazard information number prescribed for the material in column (2) of § 172.101 or derived in accordance with § 172.602.

(4) The total quantity (by weight, volume, or as otherwise appropriate) of hazardous material covered by the description.

(b) The terms of the description specified in paragraphs (a) (1), (2), and (3) of this section must be shown in this sequence and may not be abbreviated. For example: Gasoline, Flammable Liquid 30, or Flammable Liquid, n.o.s. 30.

(c) The total quantity of material covered by one description must appear immediately before or after, or both before and after, the description. Abbreviations may be used to specify the type of container and weight or volume. For example: 40 Cyl. Nitrogen, Nonflammable Gas 20—8000#.

(d) The hazard information number must be clearly separated from any other numbers adjacent to it by either a dash, a vertical (column) line, or other effective means.

§ 172.202 Shipper's certificate.

(a) A person who offers a hazardous material for transportation shall certify in writing on the shipping paper containing the required shipping description that the material has been presented for transportation in accordance with regulations in this subchapter. A certification is not required—

(1) For a shipment in a cargo tank supplied by the carrier, or

(2) For a shipment transported by the shipper of the materials in his vehicle.

(b) The certification must read as follows:

This is to certify that the above-named materials are properly classified, described, packaged, marked, and labeled, and are in proper condition for transportation according to the applicable regulations of the Department of Transportation.

(1) The words "* * * and to the IATA Restricted Articles Regulations" may be added to the certification when appropriate.

(c) In addition, a person who offers a hazardous material for transportation aboard a passenger-carrying aircraft shall also certify as follows:

This shipment is within the limitations prescribed for passenger-carrying aircraft.

(d) The certification required by this section must be signed by the person who offers the hazardous material for transportation. His signature must be placed immediately following the certificate unless the format or language of the shipping paper clearly shows that a signature elsewhere also is a signature to the certification.

§ 172.203 Additional description requirements.

(a) *Special permits.* A shipping paper issued in connection with a shipment made under a special permit must bear the notation "DOT Special Permit No." and the number assigned. The notation must appear after the entries required by § 172.201.

(b) *Label exemptions.* If packages in a shipment covered by one description are exempt from labeling under the rules in Part 173 of this subchapter, the words "No Label Required" must appear on the shipping paper following the description of the hazardous material.

(c) *Blasting caps.* The shipping paper for a shipment containing blasting caps must state the number of caps in the shipment immediately before or after the description required by § 172.201.

(d) *Anhydrous ammonia.* A person offering anhydrous ammonia for transportation in a specification MC 330 or MC 331 cargo tank constructed of quenched and tempered steel, shall state "(0.2% water)" or "(99.995%)," as appropriate, on the shipping paper. By so stating, he indicates the suitability of the material for shipment in a tank authorized by

§ 173.315(a)(1) Note 14 of this subchapter.

(e) *Liquefied petroleum gas.* A person offering "noncorrosive" liquefied petroleum gas for transportation in a specification MC 330 or MC 331 cargo tank constructed of quenched and tempered steel shall state "Noncorrosive" or "Noncor" on the shipping paper for each shipment. By so stating, he indicates the suitability of the material for shipment in a tank authorized by § 173.315(a)(1) Table, Note 15 of this subchapter.

(f) *Radioactive materials.* A person offering a radioactive material for transportation shall include the following additional information in the description required by § 172.201:

(1) The name of each radionuclide in the radioactive material, as listed in § 173.390 of this subchapter. Abbreviations (e.g., Mo–99) are authorized.

(2) A description of the physical and chemical form of the material, if the material is not in special form.

(3) The activity contained in each package of the shipment in terms of curies, millicuries, or microcuries. Abbreviations are authorized.

(4) The category of label applied to each package in the shipment, i.e., "Radioactive-White I," or the words "No Label Required," if applicable.

(5) The transport index assigned to each package in the shipment (for Category Yellow II or III packages only).

(6) For a shipment of fissile radioactive material:

(i) The words "Fissile Exempt," if the package is exempt pursuant to § 173.396 (a) of this subchapter, or

(ii) If not exempt, the fissile class of each package in the shipment, pursuant to § 173.389(a) of this subchapter, and

(iii) For a fissile class III shipment, the additional notation: "WARNING—Fissile Class III Shipment. Do Not Load More Than * * * Packages per Vehicle." (Stars to be replaced by appropriate number.) "In Loading and Storage Areas, Keep at Least 20 Feet (6 Meters) From Other Packages Bearing Radioactive Labels."

(iv) If a fissile class III is to be transported by water the supplementary notation must also include the following statement: "For shipment by water only one fissle class III shipment is permitted in a hold."

(7) For a package approved pursuant to § 173.393a of this subchapter, a notation of the package identification marking as prescribed in the applicable USAEC approval. (See § 173.393a of this subchapter.)

(8) For an export shipment or a shipment in a foreign-made package (see § 173.393b of this subchapter), a notation of the package identification marking as prescribed in the applicable IAEA Certificate of Competent Authority which has been issued for the package. (See § 173.393b(a)(3) of this subchapter.)

(g) *Etiologic agent.* For a shipment containing any etiologic agent, the following must be shown on the shipping paper:

If damaged, immediately call: (to be provided later)

(h) *Shipment by cargo aircraft.* A person who offers a hazardous material in a package required to bear the "Cargo Aircraft Only" label for transportation via aircraft shall also mark the shipping paper "Cargo Aircraft Only."

(i) *Export shipment by water.* A person who offers a hazardous material for export by water that is described by an "n.o.s." entry in the List of Hazardous Materials § 172.101 shall add the chemical name of the material in parentheses immediately following the required Hazard Information Number.

Subpart E—Labeling

§ 172.400 General requirements.

(a) A person who offers for transportation a package containing a hazardous material shall conspicuously label it in compliance with the requirements of this part except that a label is not required on a—

(1) Package exempt from labeling under conditions set forth in Part 173 of this subchapter.

(2) Portable tank or multiunit tankcar tank.

(3) Packaging or reusable transport container having a capacity of 64 cubic feet or more.

(4) Package that is—

(i) Loaded and unloaded under the supervision of Department of Defense personnel, and

(ii) Escorted by Department of Defense personnel in a separate vehicle; or

(5) A cylinder containing a nonpoisonous compressed gas classed as flammable or nonflammable that—

(i) Is carried only by a private or contract motor carrier;

(ii) Is not overpacked, and that

(iii) Is durably and legibly marked in accordance with CGA Pamphlet C–7, Appendix A, dated (date to be provided later) entitled "A Guide for the Preparation of Precautionary Markings for Compressed Gas Containers."

§ 172.401 Prohibited labeling.

(a) No person may ship, offer for transportation, or transport any package bearing a label specified in this subpart when the material in the package is not subject to the regulations in Parts 170–189 of this subchapter.

(b) No person may ship, offer for transportation, or transport a package bearing any marking or labeling that, by its color, design, shape, or information content, could be readily confused or be in conflict with a label prescribed in this part.

(c) A label applied to a package in conformance with any of the United Nations recommendations (including the entry of the class number below the hazard information number block) in the document entitled, "Transport of Dangerous Goods (1970)" is excepted from the prohibitions set forth in paragraphs (a) and (b) of this section.

§ 172.402 Required labeling.

(a) Unless exempted by Part 172 or 173 of this subchapter, a package containing hazardous material must bear the label that is—

(1) Specified in column 3 for the material listed in column 1 of the List of Hazardous Materials in § 172.101 of this part, or

(2) Specified in the following table for each hazard information number that is assigned in accordance with § 172.602.

LABELING TABLE

Hazard information No.	Label(s) required	Hazard information No.	Label(s) required
01	Dangerous.	44	Flammable solid and dangerous when wet.
05	Irritant.	45	Do.
11	Explosives C.	46	Do.
15	Explosives B.	47	Do.
19	Explosives A.	50	Oxidizer.
20	Nonflammable gas.	51	Do.
21	Do.	53	Do.
22	Oxidizer.	54	Do.
23	Flammable gas.	55	Do.
24	Do.	56	Do.
26	Poison and nonflammable gas.	57	Organic peroxide.
27	Poison and oxidizer.	58	Do.
28	Poison and flammable gas.	59	Do.
29	[1].	60	Poison.
30	Flammable liquid.[2]	61	Do.
31	Flammable liquid.	62	Do.
32	Do.	64	Do.
34	Do.	65	Do.
35	Do.	67	Do.
36	Do.	70–79	See §§ 173.399.
38	Do.	80	Corrosive.
40	Flammable solid.	81	Do.
41	Do.	82	Do.
42	Do.	83	Do.
43	Do.	84	Do.
		85	Do.
		86	Do.
		87	Do.

[1] Will be designated by the Department if not specified in § 172.101.
[2] Does not include combustible liquids.

§ 172.403 Radioactive materials.

(a) Each package of radioactive materials, unless exempted by § 173.392 of this subchapter, must be labeled as provided in this section. (See §§ 172.437, 172.438, and 173.439 for description of labels.) The label to be used must be determined by the transport index or other considerations as follows:

(1) *Radioactive White-I label.* Each package not exceeding 0.5 millirem per hour at any point on the external surface of the package, and which:

(i) Does not contain more than a Type A quantity of radioactivity, as defined in § 173.349 of this subchapter;

(ii) Is not a Fissile Class II package; and

(iii) Does not come under the provisions of subparagraph (2) or (3) of this paragraph.

(2) *Radioactive Yellow-II label.* For each package when the limits in subparagraph (1) of this paragraph are exceeded, but the provisions of subparagraph (3) of this paragraph are not met, and

(i) Each package does not exceed 10 millirems per hour at any point on the external surface of the package and does

not exceed 0.5 millirems per hour at 3 feet from the external surface of the package; or

(ii) Each package with a transport index that does not exceed 0.5 at any time during transportation.

(3) *Radioactive Yellow-III label.* For—

(i) Each package when either of the limits in subparagraphs (2) of this paragraph is exceeded,

(ii) Each Fissile Class III package, and

(iii) Each package containing a large quantity of radioactive materials as defined in § 173.389.

§ 172.404 Labels for mixed packaging.

When materials having different hazard information numbers are packaged in separate packagings within the same outside package, as permitted by Part 173 of this subchapter, the shipper shall appropriately label the package for each material it contains.

§ 172.405 Placement of labels on a package.

(a) A label must be printed on or affixed to the surface of a package in close proximity to the marked name of contents except that, for a package having dimensions less than those of the required label, or a compressed gas cylinder. A label may be printed on or affixed to a tag attached securely to the package or cylinder if it is displayed on each side of the tag.

(1) If two or more labels are required, they must be displayed next to each other on each side of the same tag.

§ 172.406 Hazard information numbers required on a label.

(a) The hazard information number specified for the material in a package must be entered in the block identified "DOT hazard information number" of each label containing such a block. The numbers must be—

(1) At least one-half of an inch high (48 points) Gothic style;

(2) Black and moisture resistant.

§ 172.407 Label specifications.

(a) Each label must be durable and weather resistant, whether affixed to or preprinted on a package.

(b) Each diamond label prescribed in this subpart must be at least 4 inches (100 mm.) on each side with the solid line border at least 3½ inches (89 mm.) on each side.

(c) A label may contain form identification information, including the name of its maker, if printed outside the solid line border in no larger than 10-point type.

(d) Black and the colors for labels must be as specified in Appendix A of this part.

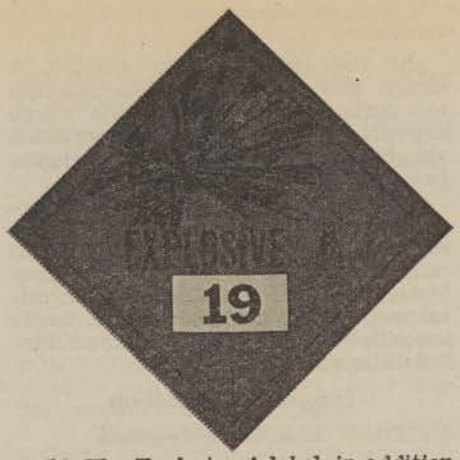
§ 172.408 [Reserved]

§ 172.409 [Reserved]

§ 172.410 [Reserved]

§ 172.411 Explosive A label.

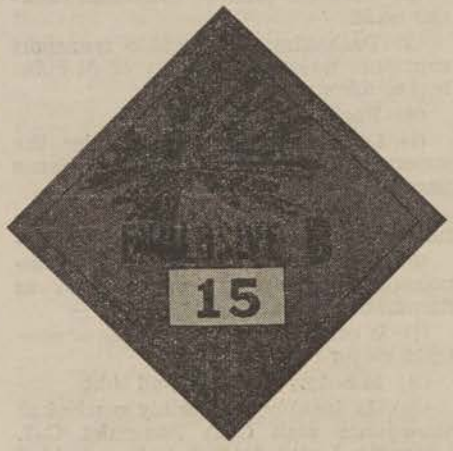
(a) The Explosive A label, except for size and color, must be as shown



(b) The Explosive A label, in addition to the requirements specified in §§ 172.406 and 172.407, must be orange with the block for the hazard information number white. Printing, border, and symbol must be black.

§ 172.412 Explosive B label.

(a) The Explosive B label, except for size and color, must be as shown:



(b) The Explosive B label, in addition to the requirements specified in §§ 172.406 and 172.407, must be orange with the block for the hazard information number white. Printing, border, and symbol must be black.

§ 172.413 Explosive C label.

(a) The Explosive C label, except for size and color, is as shown:



(b) The Explosive C label, in addition to the requirements specified in §§ 172.406 and 172.407, must be orange with the block for the hazard information number white. Printing, border, and symbol must be black.

§ 172.414 [Reserved]

§ 172.415 [Reserved]

§ 172.416 Nonflammable Gas label.

(a) The Nonflammable Gas label, except for size and color, must be as shown:



(b) The Nonflammable Gas label, in addition to the requirements specified in §§ 172.406 and 172.407, must be green with the block for the hazard information number white. Printing, border, and symbol must be black except for the words "Nonflammable Gas" which must be white.

§ 172.417 Flammable Gas label.

(a) The Flammable Gas label, except for size and color, must be as shown:



(b) The Flammable Gas label, in addition to the requirements specified in §§ 172.406 and 172.407, must be red with the block for the hazard information number white. Printing, border, and symbol must be black except for the words "Flammable Gas" which must be white.

§ 172.418 Flammable Liquid label.

(a) The Flammable Liquid label, except for size and color, must be shown:



(b) The Flammable Liquid label, in addition to the requirements specified in §§ 172.406 and 172.407, must be red with the block for the hazard information number white. Printing, border, and symbol must be black except for the words "Flammable Liquid" which must be white.

§ 172.419 Flammable Solid label.

(a) The Flammable Solid label, except for size and color, must be as shown:



(b) The Flammable Solid label, in addition to the requirements specified in §§ 172.406 and 172.407, must be white with vertical red stripes except for the hazard information number block which must be white. Printing, border, and symbol must be black. The words "Flammable Solid" must not contact any red stripe.

§ 172.420 [Reserved]

§ 172.421 [Reserved]

§ 172.422 Spontaneously Combustible label.[1]

(a) The Spontaneously Combustible label, except for size and color, must be as shown:

[1] For use on import and export shipment only.



(b) The Spontaneously Combustible label, in addition to the requirements specified in §§ 172.406 and 172.407, must be red in the lower half and white in the upper half. The border and symbol must be black. The words "Spontaneously Combustible" must be white.

§ 172.423 Dangerous When Wet label.

(a) The Dangerous When Wet label, except for size and color, must be as shown:



(b) The Dangerous When Wet label, in addition to the requirements specified in §§ 172.406 and 172.407, must be predominately blue with white printing. The border and symbol must be black.

(1) The –W– in the lower half must be white with a black border on the crossbar.

§ 172.424 [Reserved]

§ 172.425 [Reserved]

§ 172.426 Oxidizer label.

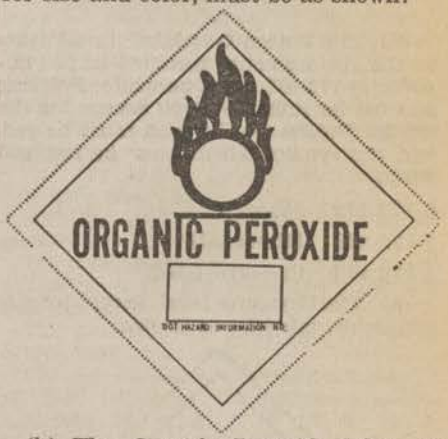
(a) The Oxidizer label, except for size and color, must be as shown:



(b) The Oxidizer label, in addition to the requirements specified in §§ 172.406 and 172.407, must be yellow except for the hazard information number block which must be white. Printing, border, and symbol must be black.

§ 172.427 Organic Peroxide label.

(a) The Organic Peroxide label, except for size and color, must be as shown:



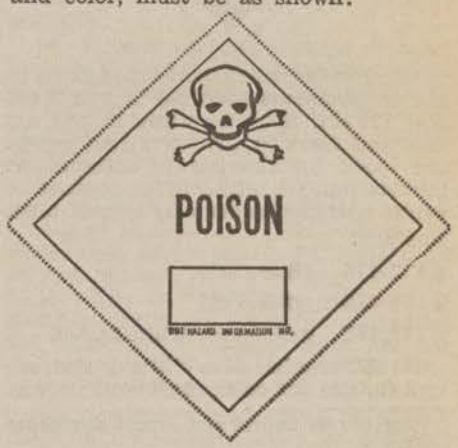
(b) The Organic Peroxide label, in addition to the requirements specified in §§ 172.406 and 172.407, must be yellow except for the hazard information number block which must be white. Printing, border, and symbol must be black.

§ 172.428 [Reserved]

§ 172.429 [Reserved]

§ 172.430 Poison label.

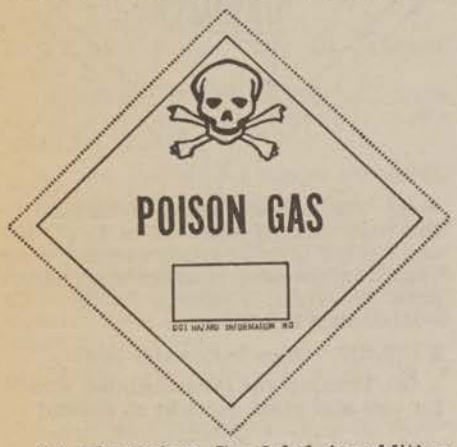
(a) The Poison label, except for size and color, must be as shown:



(b) The Poison label, in addition to the requirements specified in §§ 172.406 and 172.407, must be white. Printing and border must be black except for the word "Poison" which must be red, and the symbol which must be red and white.

§ 172.431 Poison Gas label.[1]

(a) The Poison Gas label, except for size and color, must be as shown:



(b) The Poison Gas label, in addition to the requirements specified in §§ 172.406 and 172.407, must be white. Printing and border must be black except for the words "Poison Gas" which must be red, and the symbol which must be red and white.

§ 172.432 [Reserved]

§ 172.433 [Reserved]

§ 172.434 Corrosive label.

(a) The Corrosive label, except for size and color, must be as shown:



(b) The Corrosive label, in addition to the requirements specified in §§ 172.406 and 172.407, must be white in the top half and black in the lower half except the block for the hazard information number must be white. Printing must be white, and the border and symbol must be black.

§ 172.435 [Reserved]

§ 172.436 [Reserved]

§ 172.437 Radioactive White-I label.

(a) The Radioactive White-I label, except for size and color, must be as shown:

[1] For use on import and export shipments only.



(b) The Radioactive White-I label, in addition to the requirements specified in §§ 172.406 and 172.407, must be white. Printing, border, and symbol must be black except for the "I" in which must be a red overprint.

§ 172.438 Radioactive Yellow-II label.

(a) The Radioactive Yellow-II label, except for size and color, must be as shown:



(b) The Radioactive Yellow-II label, in addition to the requirements specified in §§ 172.406 and 172.407, must be yellow in the top half and white in the lower half. Printing, border, and symbol must be black except for the "II" which must be a red overprint.

§ 172.439 Radioactive Yellow-III label.

(a) The Radioactive Yellow-III label, except for size and color, must be as shown:



(b) The Radioactive Yellow-III label, in addition to the requirements specified in §§ 172.406 and 172.407, must be yellow in the top half and white in the lower half. Printing, border, and symbol must be black except for the "III" which must be a red overprint.

§ 172.440 [Reserved]

§ 172.441 [Reserved]

§ 172.442 Irritant label.

(a) Irritant label, except for size and color, must be as shown:



(b) The Irritant label, in addition to the requirements specified in §§ 172.406 and 172.407, must be white. Printing, border, and symbol must be black except for the word "Irritant" which must be red.

§ 172.443 [Reserved]

§ 172.444 [Reserved]

§ 172.445 [Reserved]

§ 172.446 [Reserved]

§ 172.447 [Reserved]

§ 172.448 Magnetized Material label.

(a) The Magnetized Material label, except for size and color, must be as shown:



(b) The Magnetized Material label, in addition to the requirements specified in §§ 172.406 and 172.407, must be blue in the top half and white in the lower half. The printing and border must be blue, and the symbol must be white and blue.

§ 172.449 [Reserved]

§ 172.450 [Reserved]

§ 172.451 Danger—Peligro label.

(a) The Danger—Peligro label, except for size and color, must be as shown:



(b) The Danger—Peligro label, in addition to the requirements specified in §§ 172.406 and 172.407, must be orange. The printing and border must be black and the symbol must be orange and black.

§ 172.452 [Reserved]

§ 172.453 [Reserved]

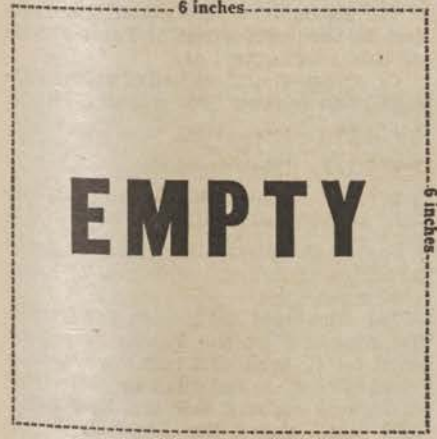
§ 172.454 [Reserved]

§ 172.455 [Reserved]

§ 172.456 [Reserved]

§ 172.457 Empty label.

(a) The Empty label, except for size and color must be as shown:



(b) The Empty label must be a square not less than 6 inches (153 mm.) on each side, white. Printing and border must be black, and the letters in the word "Empty" must be at least 1 inch (25 mm.) high.

§§ 172.458–172.499 [Reserved]

Subpart F—Placarding

§ 172.500 General requirements.

A person who offers for transportation or transports any hazardous material subject to the requirements of this subchapter shall comply with the requirements of this subpart pertaining to the placarding of transport vehicles, portable tanks, large packages, and reusable transport containers at all times during the course of transportation.

§ 172.501 Prohibited placarding.

(a) No person may place or keep a placard on a transport vehicle, portable tank, large package, or reusable transport container if such a placard—

(1) Is specified in this subpart and is not required or permitted for the material it contains, or

(2) Is not required or permitted by this subpart for the material it contains and which, by its color, design, shape, or information content, could be in conflict or readily confused with the placards prescribed in this subpart.

§ 172.502 Placarding table.

(a) Except as provided in paragraph (b) of this section, each highway and rail transport vehicle containing a hazardous material must be placarded in accordance with the following table:

A	B	C
If in accordance with § 172.101 or § 172.602, a material is assigned a hazard information number	The highway or rail transport vehicle must be placarded on each side and each end	Unless the same transport vehicle is placarded with required placards bearing the hazard information number.[1]
05	Dangerous	Any number.[2]
11	Flammable	15, 19, 23, 24, 34, 35, 36.
15	Explosives B	19.
19	Explosives A	No exception.
20	Nonflammable gas.	21, 22, 23, 24, 26, 27, 28, 29, 30, 31, 32, 34, 35, 36, 38, 50, 51, 53, 54, 55, 56, 57, 58, 59, 61, 65, 67, 83, 85, 86, 87.
21	do	24, 26, 27, 28, 29, 31, 32, 35, 36, 51, 53, 55, 56, 61, 65, 67, 83, 85, 86, 87.
22	Oxidizer	23, 24.
23	Flammable gas	24.
24	do	No exception.
26	Poison	27, 28, 29.
27	do	No exception.
28	do	29.
29	Poison 29	No exception.
30	Flammable [3]	23, 24, 31, 32, 34, 35, 36, 38.
31	Flammable	32, 34, 35, 36, 38.
32	do	36.
34	Flammable [3]	35, 36, 38.
35	do	36, 38.
36	do [3]	No exception.
38	Flammable	Do.
40	do	11, 15, 23, 24, 30, 31, 32, 34, 35, 36, 38, 41, 42, 43, 44, 45, 46, 47.
41	do	32, 35, 36, 43, 45, 47.
42	do	36, 38, 43, 46, 47.
43	do	45, 47.
44	Flammable W	45, 46, 47.
45	do	47.
46	do	47.
47	do	No exception.
50	Oxidizer	34, 35, 36, 51, 53, 54, 55, 56, 57, 59.
51	do	35, 36, 53, 55, 56.
53	do	36, 55, 56.
54	do	34, 35, 36, 55, 56.
55	do	35, 36, 56.
56	do	36.
57	do	59.
58	do	No exception.
59	do	Do.
60	Poison	61, 62, 64, 65, 67.
61	do	65, 67.
62	do	64, 65, 67.
64	do	67.
65	do	67.
67	do	No exception.
70	Dangerous	71, 72, 73, 74.
71	Radioactive	No exception.
72	do	Do.
73	do	Do.
74	do	Do.
78	do	Do.
79	do	Do.
80	Corrosive	31, 32, 35, 36, 41, 43, 45, 47, 51, 53, 55, 56, 60, 61, 81, 82, 83, 84, 85, 86, 87.
81	do	32, 36, 41, 43, 45, 47, 53, 56, 60, 61, 84, 85, 87.
82	do	44, 45, 46, 47, 84, 85, 87.
83	do	31, 32, 35, 36, 41, 43, 45, 47, 61, 85, 86, 87.
84	do	45, 47, 87.
85	do	32, 36, 43, 45, 47, 87.
86	do	45, 47, 87.
87	do	45, 47.

See footnotes at end of table.

[1] The purpose of column C is to list permitted exceptions to the required placards listed in column B. Its application is not mandatory.

[2] Any other required placard may replace the Dangerous placard for Irritants.

[3] Flammable or combustible, as appropriate.

(b) Except as specified in paragraph (c) of this section, a Dangerous placard may be used in place of the placard specified in paragraph (a) of this section for hazardous materials that—

(1) Do not exceed an aggregate gross weight of more than 1,000 pounds;

(2) Bear the same hazard information number;

(3) Are offered by and received from one consignor; and

(4) Are loaded into or on one transport vehicle.

(c) The placard specified in paragraph (a) of this section is required for any quantity of—

(1) A hazardous material in a cargo tank or tank car; and

(2) A hazardous material assigned one of the following hazard information numbers: 15, 19, 26, 27, 28, 29, 44, 45, 46, 58, 59, 62, 64, 65, 67, 71, 72, 73, 74, 78, and 79.

§ 172.503 Giving and affixing placards—transport vehicles.

(a) A person who gives a hazardous material to another person for transportation by highway or rail shall, at the same time, give him the placards that pertain to the material as specified in § 172.502, by prior arrangement, the person accepting the material for transportation has agreed to provide the required placards.

(1) A prior arrangement, as referred to in this section, may be accomplished by publication in a tariff or schedule, or at any time up to the commencement of the loading of a hazardous material into or on a transport vehicle.

(b) A person who loads a hazardous material into or on a highway or rail transport vehicle shall affix placards to the vehicle, as specified in § 172.502, if he retains possession or control of the vehicle while the hazardous material is being loaded unless the person accepting the material for transportation has affixed or agreed to affix the required placards to the vehicle.

(c) A person who accepts a hazardous material for transportation by highway

or rail shall affix placards to his transport vehicle, as specified in § 172.502, if he retains possession or control of his vehicle at the time the hazardous material is loaded unless the required placards have been affixed to the vehicle by another person.

§ 172.504 Large packages and containers.

(a) A person who loads or places a hazardous material into—

(1) An outside packaging or reusable transport container having a capacity of more than 64 cubic feet, shall affix to it a placard that is specified for the material in § 172.502.

(2) A reusable transport container having a capacity of 640 cubic feet or more shall affix placards to it in the same manner specified in this subpart for transport vehicles.

§ 172.505 Cargo tanks and portable tanks.

(a) A person who loads a hazardous material into a portable tank having a capacity of less than 1,000 gallons, or a multiunit tank-car tank, shall affix to it a placard that is specified for the material in § 172.502.

(b) A cargo tank, or a portable tank of 1,000 gallons capacity or more, must be placarded in accordance with the requirements of § 172.502 whether loaded or empty unless, following transportation of a hazardous material—

(1) It has been reloaded with a material not subject to the regulations of Parts 170–189 of this subchapter, or

(2) It has been cleaned and purged of vapors sufficiently to remove any potential hazard.

(c) The word "Gasoline" may be used in place of the word "Flammable" on the placard, specified in § 172.533, that is affixed to a cargo tank being used to transport gasoline, whether empty or loaded. The word "Gasoline" must have letters of the same size as those in the word "Flammable."

(d) The words "Fuel Oil" may be used in place of the word "Combustible" on the placard specified in § 172.535, that is affixed to a cargo tank being used to transport a fuel oil that is not classed as flammable, whether empty or loaded. The words "Fuel Oil" must have letters of the same size as those in the words "Combustible."

§ 172.506 Placing, attaching, and maintenance of placards.

(a) Any placard on a highway or rail transport vehicle—

(1) Must be readily visible from the direction it faces;

(2) Must not be obscured by appurtenances and devices, such as ladders, pipes, doors, and tarpaulins,

(3) Must not, so far as practicable, have dirt and water directed to it from the wheels of the vehicle;

(4) Must not be near marking that could substantially reduce its effectiveness, and

(5) Must have the words printed on it displayed horizontally, reading from left to right.

(b) Each diamond placard must be placed, by attachment either to the surface of a transport vehicle, a placard board, or mounted in a holder by one of the following methods:

(1) Insertion in a placard holder meeting the specifications set forth in Appendix A of this subpart.

(2) Attachment of an adhesive backed placard to a surface compatible with the adhesive;

(3) Attachment to a placard board, of sufficient size for the purpose, using tacks or staples in the following manner:

(i) No less than five tacks having ¼ inch (6.3 mm.) heads may be used—one at each corner and one in the middle of the placard, or

(ii) Staples may be used if made of not less than 19-gage metal having at least ¾ inch (19 mm.) between legs of not less than ¼ inch (6.3 mm.) in length. No less than nine staples must be used with one at each corner, one at midlength of each side, and one at the center of the placard.

(iii) A placard board must be free of protruding tacks and staples prior to attachment of a new or replacement placard.

(4) Attachment to a metal surface by application of adhesive tape no less than 1¼ inches (31 mm.) wide applied around the entire perimeter of the placard.

(i) No more than ⅝ inch (15.9 mm.) inside the prescribed border of a placard may be covered by adhesive tape.

(ii) The adhesive must be compatible with the metal surface to which it is applied.

(5) By a permanent placard if intended to be used more than once and designed for such a purpose.

(c) Each rectangular placard must be placed by attachment either to the surface of a transport vehicle or a placard board by one of the following methods:

(1) In the same manner specified in paragraphs (b) (2), (4), and (5) of this section; or

(2) In the same manner as specified in paragraph (b) (3) of this section except that—

(i) At least nine tacks must be used—one at each corner, one at midlength of each side, and one in the middle of the placard, or

(ii) At least 14 staples must be used—one at each corner, two distributed evenly along each side, three distributed evenly along the top and along the bottom, and two spaced 6 inches (152 mm.) apart near the middle of the placard.

(d) Each placard must be maintained in good condition so that its effectiveness will not be substantially reduced due to damage, deterioration, or obscurement, as could be caused by dirt.

§ 172.507 Placard specifications.

(a) A placard made of tagboard must be of material—

(1) Not less than that designated commercially as 100 percent sulfate,

(2) Not less than 125 pounds per ream of 24- by 36-inch sheets,

(3) Capable of passing no less than a 60 p.s.i. Mullen test, and

(4) Capable of withstanding open weather exposure for no less than 30 days without a substantial reduction in effectiveness.

(b) A placard may be constructed of plastic, metal, or other material if equivalent to or better than the tagboard specified in paragraph (a) of this section.

(c) A permanent placard intended for reuse may be hinged horigontally above, below, or between the words. For example: The Dangerous placard may have a hinge located horizontally below the word "Dangerous" so that when the vehicle does not contain any hazardous material covered by the placard, the placard may be folded and considered "removed" or "not displayed."

(d) The color(s) of each placard must be as specified in this subpart for the particular placard described.

(e) Black and the colors for each placard must be as specified in Appendix A to this part.

§ 172.508 Hazardous information numbers on placards.

(a) The hazard information number assigned to a hazardous material must be printed on each placard required in § 172.502.

(b) If more than one placard is required for the same material, the same hazard information number must be printed on each placard.

§ 172.509 Empty tank cars.

(a) An empty tank car must be placarded with an Empty placard that corresponds to the placard that is required for the material the tank last contained unless the tank has been—

(1) Reloaded with a material not subject to the regulations of Parts 170–189 of this subchapter, or

(2) Cleaned and purged of vapors sufficiently to remove any potential hazard.

§ 172.510 [Reserved]

§ 172.511 [Reserved]

§ 172.512 Standard requirements for rectangular placards.

(a) Each rectangular placard must be 23 inches (584 mm.) wide and 16 inches (406 mm.) high.

(b) The solid red line border forming the diamond on the Poison 29 placard must be ⅛ inch (3.2 mm.) wide.

(c) The diamond must be 10¾ inches (273 mm.) on each side and 15$\frac{7}{32}$ inches (387 mm.) across the diagonal.

(d) The diamond must be centered on a 9½ inch (241 mm.) radius white circle which must be centered on the placard.

(e) The area outside the circle to the edges of the placard must be black.

(f) The hazard information number block must be 3⅝ inches (92 mm.) wide and 3 inches (76 mm.) high.

(g) The size of the printing and numbers on the rectangular placard:

(1) Must be 15-Line Poster Gothic Condensed for hazard information numbers and letters on the "Explosives A" and "Explosives B" placards.

(2) Must be 20-Line Poster Gothic Condensed for the hazard information number and letters on the Poison 29 placard.

(h) The words "Explosives A" and "Explosives B" must be on a white background across the center of the orange diamond. The resulting two orange triangles, one at the top and one at the bottom of the diamond must have the right and left sides measure 8½ inches (216 mm.). The base of the upper triangle and the top horizontal side of the lower triangle must each measure 12 inches (305 mm.).

(i) Each letter and number must be black, except the letters in the word "Poison" which must be red.

(j) The spacing between the letters in each placard name must be such that the terminal letters on the—

(i) Poison placard are 2 inches (51 mm.) from the respective edge of the circle, and

(ii) Explosives A and Explosives B placards are ⅝ inch (15.9 mm.) from the edge of the circle.

(k) The spacing between the digits in the hazard information number must be such that the space between the sides of the hazard information block and the edges of the number—

(i) In the Poison placard is ⅜ inch (9.5 mm.), and

(ii) In the Explosives A and Explosives B placards is ½ inch (12.7 mm.).

(l) If a rectangular placard is made larger than specified in this section it must be increased proportionately in each specified measurement.

§ 172.513 [Reserved]

§ 172.514 Explosives A placard.

(a) The Explosives A placard, except for size and color, must be as shown:



(b) The background color except for the orange triangles must be white surrounded with black at the ends of the rectangle.

(c) The symbol must be black, and measure 2⅛ inches (54 mm.) across the longest vertical dimension and 2¼ inches (57 mm.) across the longest horizontal dimension.

§ 172.515 [Reserved]

§ 172.516 Explosives B placard.

(a) The Explosives B placard, except for size and color, must be as shown:



(b) The background color, except for the orange triangles must be white surrounded with black at the ends of the rectangle.

(c) The symbol must be black, and measure 2⅛ inches (54 mm.) across the longest vertical dimension and 2¼ inches (56 mm.) across the longest horizontal dimension.

§ 172.517 [Reserved]

§ 172.518 Poison 29 placard.

(a) The Poison 29 placard, except for size and color, must be shown:



(b) The background color must be white surrounded at the ends of the rectangle with black.

(c) The symbol must be red with the skull measuring 3¾ inches (70 mm.) high and the crossbones measuring 4 inches (102 mm.) long.

§ 172.519 [Reserved]

§ 172.520 Specifications for diamond placards.

(a) The black border of each placard must be one-eighth inch (3.2 mm.) wide.

(b) Each placard must be 10¾ inches (273 mm.) on each side 15$^{7}/_{32}$ inches (387 mm.) across the horizontal diagonal.

(c) The hazard information number block of each placard must be 3½ inches (89 mm.) wide and 2¼ inches (57 mm.) high. The top of the hazard information number block must be 3¾ inches (95 mm.) from the lower white tip of the diamond.

(d) The words "DOT Hazard Information Number" must be in letters one-eighth inch (3.2 mm.) high.

(e) The digit size in the hazard information number must be 12-Line Poster Gothic Condensed.

(f) Each letter and number must be black on white background except—

(1) The letters in the "Corrosive" must be white, and

(2) The letters in the word "Poison" must be red.

(g) Each diamond placard, except the Dangerous and the Poison placards must have a white triangle in the lower point of the diamond with left and right sides measuring 5¾ inches (146 mm.) and a top horizontal side 8$^{1}/_{16}$ inches (205 mm.).

(h) The letter size in the placard name must be 12-Line Poster Gothic Condensed in each diamond placard, except the Non-Flammable Gas and Poison placards.

(1) The letter size in the word "Non-Flammable" must be 10-Line Gothic Extra Condensed, and in the word "Gas", 12-Line Poster Gothic Condensed.

(2) The letter size in the word "Poison" must be 20-Line Poster Gothic Condensed.

(i) The spacing between the digits in the hazard information number must be such that the space between the sides of the hazard information block and the edge of the number is $^{7}/_{16}$ inch (11.1 mm.) on each diamond placard.

(j) The placard name must be centered across the horizontal diagonal of each placard except the Non-Flammable Gas and Flammable Gas placards.

(i) The lower edge of the words "Non-Flammable" in the Non-Flammable Gas placard must be ¼ inch (6.3 mm.) above the horizontal diagonal; and the letters must be so spaced that the top outer edges of the terminal letters are ½ inch (12.7 mm.) from the border.

(ii) The word "Gas" in the Non-Flammable Gas and Flammable Gas placard must be centered on the respective placard and be ¼ inch (6.3 mm.) below the base of the words Non-Flammable and Flammable as appropriate.

(iii) The spacing between the letters in the word "Gas" must be ½ inch (12.7 mm.) at the closest point.

(iv) The lower edge of the word "Flammable" in the Flammable Gas placard must be $^{9}/_{32}$ inch (7.1 mm.) below the horizontal diagonal, and the letters must be so spaced that the top outer edges of the terminal letters are ½ inch (12.7 mm.) from the border.

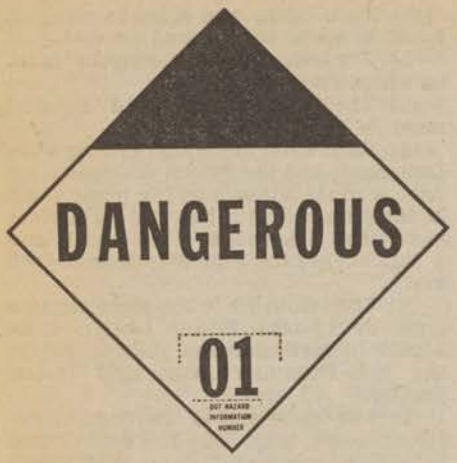
(k) The spacing between the letters must be such that the outer extremity of the terminal letters are ½ inch (12.7 mm.) from the outside edge of the placard in the Flammable, Combustible, Corrosive, Radioactive, Poison, and Dangerous placards, and 1¼ inches (31 mm.) from the outside edge of the Oxidizer placard.

(l) If a diamond placard is made larger than specified in this section it must be increased proportionally in each specified measurement.

§ 172.521 [Reserved]

§ 172.522 Dangerous placard.

(a) The Dangerous placard, except for size and color, must be as shown:



(b) The Dangerous placard specifications, in addition to the requirements specified in § 172.520, are:

(1) The triangle at the top must be red with the left and right sides measuring 6½ inches (165 mm.) and the base 9¼ inches (235 mm.).

(2) The letter size in the word "Dangerous" must be 12-Line Poster Gothic Condensed.

(3) The background of the placard, except for the red triangle, must be white.

§ 172.523 [Reserved]

§ 172.524 [Reserved]

§ 172.525 [Reserved]

§ 172.526 [Reserved]

§ 172.527 Standard requirements for diamond Empty placards.

(a) In addition to the specifications in § 172.520, the following apply to each diamond Empty placard:

(1) The triangle at the top of the placard must be black with the word "Empty" in white letters.

(i) The letter size in the word "Empty" must be 96-point Gothic Extra Condensed.

(ii) The left and right sides of the black triangle must be 7¾ inches (197 mm.) and the base 11 inches (279 mm.) in each Empty placard except the Non-Flammable Gas—Empty and the Corrosive—Empty placards.

(iii) The left and right sides of the black triangle at the top of the Non-Flammable Gas—Empty placard must be 7⅜ inches (187 mm.) and the base 10$^{7}/_{16}$ inches (265 mm.).

(iv) The area above the lower white triangle must be black in the Corrosive—Empty placard except for the words "Corrosive" and "Empty" which must be white.

(v) The lower ends of the letters in the word "Empty" must be 2⅜ inches (60 mm.) above the word "Corrosive."

(vi) The midsection and lower triangle on the Empty placard must be as specified in §§ 172.520, 172.528, 172.531, 172.533, 172.535, 172.538, 172.541, 172.544, and 172.547 as appropriate for the residue of the commodity being transported.

(b) The top part of each Empty placard must be as illustrated on the Flammable-Empty placard which, except for size and color, is as shown:



§ 172.528 Non-Flammable Gas placard.

(a) The Non-Flammable Gas placard, except for size and color, must be as shown:



(b) The Non-Flammable Gas placard specifications, in addition to the requirements specified in § 172.520 are:

(1) The triangle at the top of the placard must be green with the left and right sides measuring 7⅜ inches (187 mm.) and the base 10$^{7}/_{16}$ inches (265 mm.).

(2) The lower area of the diamond must be green, except for the background for the words "Non-Flammable Gas" and the lower triangle which must be white.

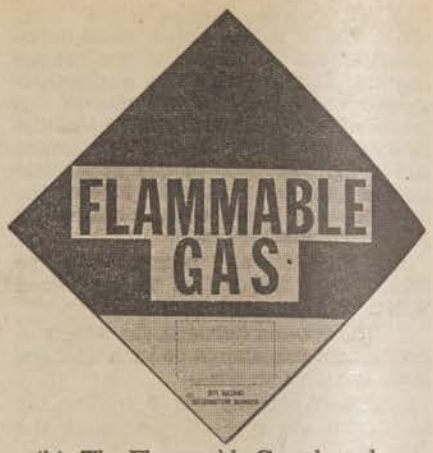
(3) The symbol must be white and its lower extremity must be 1¼ inches (31 mm.) above the base of the green triangle.

§ 172.529 [Reserved]

§ 172.530 [Reserved]

§ 172.530 Flammable Gas placard.

(a) The Flammable Gas placard, except for size and color, must be as shown:



(b) The Flammable Gas placard specifications, in addition to the requirements specified in § 172.520 are:

(1) The triangle at the top of the placard must be red with the left and right sides measuring 7¾ inches (197 mm.) and the base 10⅞ inches (276 mm.).

(2) The lower area of the diamond must be red, except the background for the word "Flammable Gas" and the lower triangle which must be white.

(3) The symbol must be black, and the lower part of the bar in the symbol must be 1¼ inches (31 mm.) above the base of the red triangle.

§ 172.532 [Reserved]

§ 172.533 Flammable and –W– placards.

(a) The Flammable placard, except for size and color, must be as shown:



(b) The Flammable placard specifications, in addition to the requirements specified in § 172.520, are:

(1) The triangle at the top of the placard must be red with the left and right sides measuring 9 inches (229 mm.) and the base 13$^{7}/_{16}$ inches (341 mm.).

(2) The lower area of the diamond must be red except the background for the word "Flammable" and the lower triangle which must be white.

(3) The symbol must be black, and the lower part of the bar in the symbol must be 2⅛ inches (54 mm.) above the base of the red triangle.

(e) The –W– placard, except for size and color must be as shown:



(d) The –W– placard specifications are the same as the specifications for the Flammable placard, except—

(1) A blue triangle with a black border measuring ⅛ inch (3.2 mm.) must be located in the top triangle of the placard.

(i) The left and right sides of the –W– blue triangle must measure 7¾ inches (197 mm.) and the base, 11 inches (279 mm.).

(ii) The –W– symbol must be white, and the lower part of the symbol must be ⅝ inch (15.9 mm.) above the base of the blue triangle.

(iii) The measurements of the white symbol must be 1¾ inches (44 mm.) wide at the base, 2¾ inches (70 mm.) wide at the top with the right and left sides 2⁵⁄₁₆ inches (58.9 mm.) high.

§ 172.534 [Reserved]

§ 172.535 Combustible placard.

(a) The Combustible placard, except for size and color, must be as shown:



(b) The Combustible placard specifications, in addition to the requirements specified in § 172.520, are:

(1) The triangle at the top of the placard must be red with the left and right sides measuring 8⁷⁄₁₆ inches (214 mm.) and with the base 13³⁄₁₆ inches (335 mm.).

(2) The lower area of the diamond must be red, except the background of the word "Combustible" and the lower triangle which must be white.

(3) The symbol must be black and the lower part of the bar of the symbol must be 2½ inches (64 mm.) above the base of the red triangle.

§ 172.536 [Reserved]

§ 172.537 [Reserved]

§ 172.538 Oxidizer placard.

(a) The Oxidizer placard, except for size and color, must be as shown:



(b) The Oxidizer placard specifications, in addition to the requirement specified in § 172.520, are:

(1) The background of the placard must be yellow except the lower triangle and the 2½ inches (64 mm.) high by 10¼ inches (260 mm.) long white rectangle in which the word "Oxidizer" must be centered must be white.

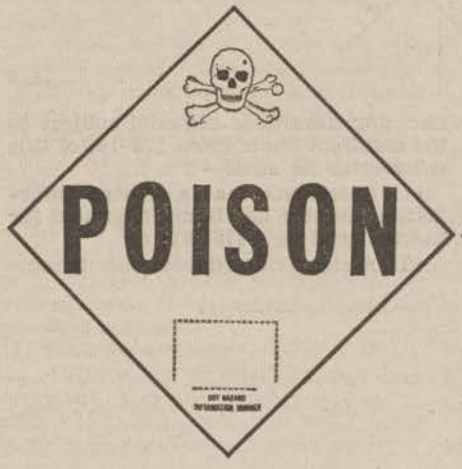
(2) The symbol must be black, and the lower part of the bar of the symbol must be 2¼ inches (57 mm.) above the top of the white block for the word "Oxidizer."

§ 172.539 [Reserved]

§ 172.540 [Reserved]

§ 172.541 Poison placard.

(a) The poison placard, except for size and color, must be as shown:



(b) The poison placard specifications, in addition to the requirements specified in § 172.520, are:

(1) The background space of the diamond must be white.

(2) The symbol must be red and white with its lower extremity 2 inches (51 mm.) above the letters in the word "Poison".

§ 172.542 [Reserved]

§ 172.543 [Reserved]

§ 172.544 Corrosive placard.

(a) The "Corrosive" placard, except for the size and color, must be as shown:



(b) The Corrosive placard specifications, in addition to the requirements specified in § 172.520, are:

(1) The triangle at the top of the placard must be white with the left and right sides measuring 6¼ inches (159 mm.) and the base 9 inches (229 mm.).

(2) The center area of the placard between the upper and lower white triangles must be black, except for the letters in the word "Corrosive" which must be white.

(3) The symbol must be black and its lower extremity must be ¾ inch (19 mm.) above the base of the top triangle.

§ 172.545 [Reserved]

§ 172.546 [Reserved]

§ 172.547 Radioactive placard.

(a) The Radioactive placard, except for size and color, must be as shown:



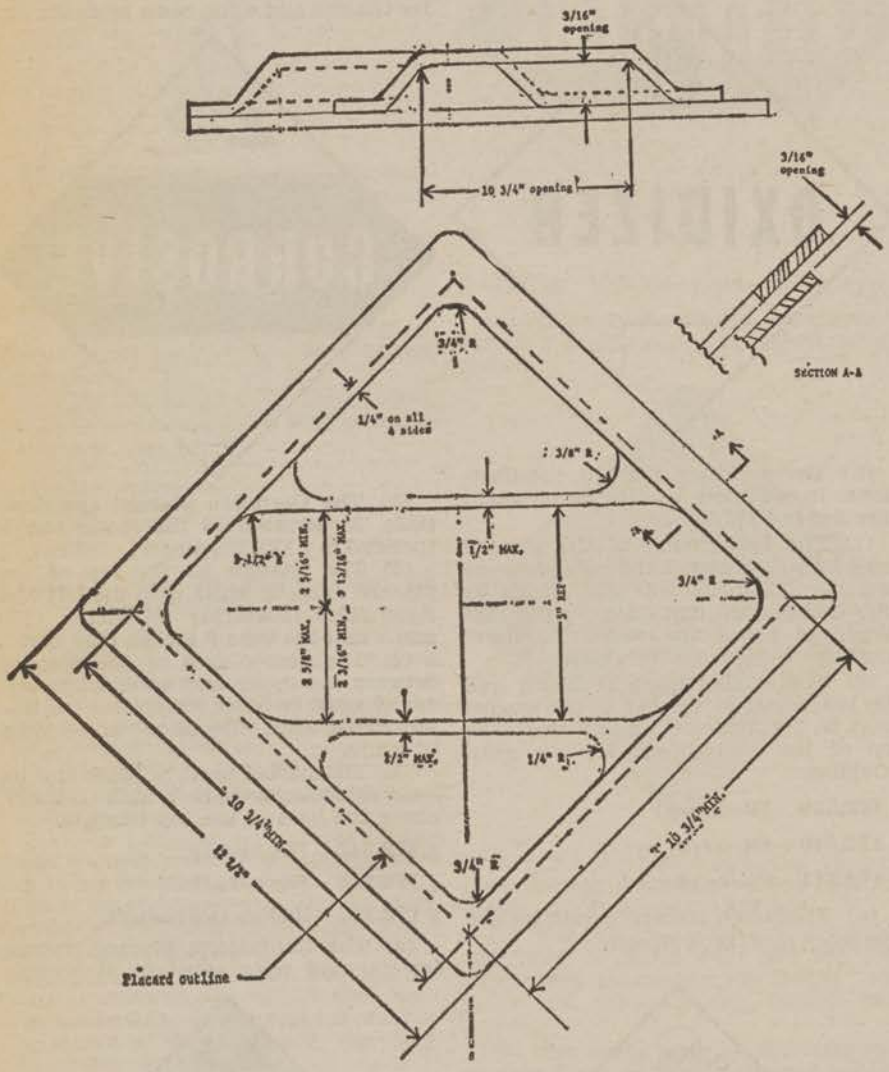
(b) The Radioactive placard specifications, in addition to the requirements specified in § 172.520, are:

(1) The triangle at the top of the placard must be yellow with the left and right sides measuring 6½ inches (165 mm.) and with the base 9¼ inches (235 mm.).

(2) The center area between the top and bottom triangles must be purple except for the 2½ inches (64 mm.) high by 11¼ inches (286 mm.) long block for the word "Radioactive" which must be white.

(3) The symbol must be purple and overprinted on the yellow. The lower extremity of the symbol must be 1 inch (25.4 mm.) above the base of the top triangle. (The overprinting may cause the color of the symbol to be magenta.)

Appendix to Subpart F
Appendix A - Dimensional Specifications for Placard Holder



Subpart G—Hazard Information Numbers

§ 172.600 Hazard information number required.

(a) Before a person offers for transportation, or transports as a private carrier, any hazardous material subject to the requirements of Parts 170–189 of this subchapter he shall—

(1) Determine that a hazard information number has been designated for the material in § 172.101; or

(2) Assign a hazard information number to the material in accordance with the requirements of this subpart; or

(3) Determine that the material is not required to have a hazard information number according to the regulations in Parts 170–189 of this subchapter.

§ 172.601 Origin of the hazard information number.

(a) A hazard information number is either designated for a material listed in § 172.101, is derived by the person who offers a hazardous material for shipment in accordance with § 177.602 of this subchapter, or is designated by the Department.

(b) If a hazard information number has been assigned to a material, and the material has not been mixed with another material or otherwise changed, a subsequent shipper is not required to rederive the hazard information number.

§ 172.602 Derivation of the hazard information number.

(a) When a hazard information number is not designated for a hazardous material listed in § 172.101, the shipper shall assign it a hazard information number in accordance with the following procedure:

(1) He shall determine from Appendices A and B of this subpart the definitions that apply to the material;

(i) If any definition in Appendix B applies to the material, he may not assign a hazard information number to the material (see paragraph (d) of this section).

(2) If only one definition in Appendix A of this subpart applies to the material, he shall assign a hazard information number to the material in accordance with the following table:

TABLE I

hazard information number	*Type of material as defined in Appendix A*
20----	Nonflammable gas, compressed or liquefied.
23----	Flammable gas, compressed or liquefied.
30----	Flammable or combustible liquid.
38----	Pyroforic liquid.
40----	Flammable solid.
42----	Pyroforic solid.
50----	Oxidizer, liquid or solid.
60----	Highly toxic liquid or solid by ingestion or inhalation.
62----	Extremely toxic liquid or solid by ingestion or inhalation.
64----	Extremely or highly toxic liquid or solid by skin absorption.
80----	Corrosive, liquid or solid.

(3) If more than one definition in Appendix A of this subpart applies to the material, he shall determine the first digit of the hazard information number from the first entry in the following table (reading from the top) that applies to the material:

TABLE II

First	*Type of material as defined in Appendix A*
2	Flammable or nonflammable gas.
6	Extremely toxic liquid or solid.
6	Highly toxic by skin absorption, liquid or solid.
3	Flammable liquid.
5	Oxidizing material, liquid or solid.
4	Flammable solid.
8	Corrosive liquid or solid.
6	Highly toxic by ingestion or inhalation, liquid or solid.
3	Combustible liquid.

For example, if a material is a "Flammable liquid" and a "Corrosive liquid," the first digit of its hazard information number is 3 because 3 (flammable) comes before 8 (corrosive) when reading from the top downward in Table II.

(4) He shall then determine the complete hazard information number for the material where—

(i) The first digit of the number is the number derived in accordance with paragraph (a)(3) of this section, and

(ii) The complete number is the number in Table III below that corresponds to the adjacent "Hazards" entry that applies to the material.

GASES, COMPRESSED OR LIQUEFIED

TABLE III

Hazard information number	*Hazards*
21	Nonflammable and corrosive.
24	Flammable and corrosive.
	LIQUIDS
31	Flammable and corrosive.
32	Flammable and highly toxic by ingestion or inhalation.[1]
	SOLIDS
41	Flammable and highly toxic by ingestion or inhalation (corrosive).[1]
43	Flammable, pyroforic, and highly toxic by ingestion or inhalation (corrosive).[1]
	LIQUIDS OR SOLIDS
51	Oxidizer and corrosive.
53	Oxidizer and highly toxic by inhalation or ingestion (corrosive).[1]
	LIQUIDS OR SOLIDS
61	Highly toxic by ingestion or inhalation and combustible.
64	Extremely or highly toxic by skin absorption and corrosive.
65	Extremely toxic by ingestion or inhalation and flammable or combustible (corrosive).[1]
67	Extremely or highly toxic by skin absorption and flammable or combustible (corrosive).[1]
	LIQUIDS OR SOLIDS
81	Corrosive and highly toxic by ingestion or inhalation.
82	Corrosive and HOD.[2]
83	Corrosive and combustible.
84	Corrosive, HOD,[2] and highly toxic by ingestion or inhalation.
85	Corrosive, combustible, and highly toxic by ingestion or inhalation.
86	Corrosive, combustible, and HOD.[2]
87	Corrosive, combustible, HOD,[2] and highly toxic by ingestion or inhalation.

[1] Means that material also may be corrosive.
[2] Means heat of dilution as defined in Appendix A to this subpart.

(b) *Low specific activity radioactive materials.* Unless a hazard information number is assigned to a low specific activity radioactive material that is listed by name in § 172.101, the number 71 shall be assigned when the material is offered for transportation under the conditions set forth in § 173.392(b) of this subchapter.

(c) *Explosives.* Hazard information numbers may not be assigned to new explosives and explosive devices until they have been classified in accordance with the requirements of § 173.86 of this subchapter.

(d) The Department will provide a written designation of the hazard information number to be assigned to a material if—

(1) A hazard information number is not assigned § 172.101.

(2) A hazard information number may not be assigned in accordance with paragraph (a) of this section.

APPENDICES—SUBPART G

APPENDIX A—DEFINITIONS

I—Non-Flammable gas, compressed or liquefied.
II—Flammable gas, compressed or liquefied.
III—Flammable liquid.
IV—Combustible liquid.
V—Flammable solid.
VI—Oxidizing material.
VII—Highly toxic liquid or solid by ingestion or inhalation.
VIII—Highly toxic liquid or solid by skin absorption.
IX—Extremely toxic liquid or solid by ingestion or inhalation.
X—Extremely toxic liquid or solid by skin absorption.
XI—Corrosive liquid or solid.
XII—Corrosive gas.
XIII—HOD (heat of dilution).
XIV—Pyroforic liquid.
XV—Pyroforic solid.

APPENDIX B—DEFINITIONS

I—Highly or extremely toxic gas—compressed or liquefied.
II—Organic peroxide.
III—Thermally unstable material.
IV—Water reactive material.

APPENDIX A—DEFINITIONS

I *Non-Flammable gas, compressed or liquefied.* As defined in § 173.300 of this subchapter..

II *Flammable gas, compressed or liquefied.* As defined in § 173.300 of this subchapter.

III *Flammable liquid.* (Docket HM-102) Any liquid having a flash point below 100° F. (37.8° C.) excluding any mixture having components with flash points of 100° F. (37.8° C.) or higher, the total of which make up 99 percent or more of the total volume of the mixture.

(a) "Flash point" means the minimum temperature at which a liquid gives off vapor within a test vessel in sufficient concentration to form an ignitable mixture with air near the surface of the liquid and shall be determined as follows:

(1) For a liquid having a viscosity of less than 45 SUS at 100° F. (37.8° C.), that does not contain suspended solids, or have a tendency to form a surface film while under test, the procedure specified in the Standard Method of Test for Flash Point by Tag (Tagliabue) Closed Tester (ASTM D56-70) shall be used.

(2) For a liquid having a viscosity of 45 SUS or more at 100° F. (37.8° C.), or that contains suspended solids, or has a tendency to form a surface film while under test, the procedures specified in the Standard Method of Test for Flash Point by Pensky-Martens Closed Tester (ASTM D93-71) shall be used.

(3) For a liquid that is a mixture of compounds that have different volatility and flash points, the flash point shall be determined as specified in subparagraphs (1) or (2) of this paragraph on the material in the form in which it is to be shipped and on a partially evaporated sample obtained by placing a measured volume of the liquid in an open vessel at room temperature between 70-80° F. (21.1° C.-26.7° C.) until 10 to 15 percent of the material by volume is evaporated. The lower value of the two tests shall be the flash point of the material.

IV *Combustible liquid.* (Docket HM-102) Any liquid having a flash point at or above 100° F. (37.8° C.) and below 200° F. (93.4° C.) excluding any mixture having components with flash points of 200° F. (93.4° C.) or higher, the total of which make up 99 percent or more of the total volume of the mixture.

(a) "Flash point" shall be determined in accordance with section III(a) of this Appendix.

V *Flammable solids.* (See note) Any material, other than an explosive that is liable to cause fires through friction, absorption of moisture, spontaneous chemical changes, retained heat from manufacturing or processing, or that can be ignited readily and when ignited burns so vigorously and persistently as to create a serious transportation hazard.

NOTE: The above is a partial definition that is not fully defined at this time. A complete definition will be proposed in a separate rulemaking action.

VI *Oxidizing materials.* (See note) Any material, other than an explosive, that—

(a) Although themselves not necessarily combustible may initiate and promote combustion in other materials causing fires themselves or through the release of oxygen or of other strong oxidizing gases.

(b) When mixed with dry or wet red oak sawdust and heated at below 200° F. in an open container, ignites spontaneously.

(c) When by themselves or mixed with a combustible may react violently when heated under confinement or subjected to shock.

NOTE: The above is a partial definition that is not fully defined at this time. The complete definition will be proposed in a separate rulemaking action.

VII *Highly toxic liquid or solid by ingestion or inhalation.* (Docket HM-51) (a) *Ingestion (oral).* Any material that has a single dose LD_{50} or more than 5 milligrams but not more than 50 milligrams per kilogram of body weight when orally administered to both male and female white rats (young adults).

(b) *Inhalation.* Any material that when administered by continuous inhalation for 1 hour or less to both male and female white rats (young adults) has an LC_{50} of:

(1) More than 50 but not more than 200 parts per million by volume of gas or vapor, or

(2) More than 0.50 but not more than 2 milligrams of mist or dust per liter or air.

If the product is administered to the animals as a dust or mist, more than 90 percent of the particles available for inhalation in the test must have a diameter of 10 microns or less provided it is reasonable foreseeable that such concentrations could be encountered by man.

VIII *Highly toxic liquid or solid by skin absorption.* (Docket HM-51) Any material

that has an LD_{50} of greater than 20 milligrams but not more than 200 milligrams per kilogram of body weight when administered by continuous contact for 24 hours with the bare skin of rabbits, according to the test procedures described in Title 21, § 191.10 of the Code of Federal Regulations.

IX *Extremely toxic liquid or solid by ingestion or inhalation.* (Docket HM–51) (a) *Ingestion (oral).* Any material that has a single dose LD_{50} of 5 milligrams or less per kilogram of body weight when administered orally to both male and female rats (young adults).

(b) *Inhalation.* Any material that when administered by continuous inhalation for 1 hour or less to both male and female white rats (young adults) has an LC_{50} or less parts per million by volume of gas or vapor, or 0.50 or less milligrams of mist or dust per liter of air. If the material is administered to the animals as a dust or mist, more than 90 percent of the particles available for inhalation in the test must have a diameter of 10 microns or less, provided it is reasonably foreseeable that such concentrations could be encountered by man.

X *Extremely toxic liquid or solid by skin absorption.* (Docket HM–51) Any material that has an LD_{50} of 20 milligrams or less per kilogram of body weight when administered by continuous contact for 24 hours with the bare skin of rabbits, according to test procedures described in Title 21, § 191.10 of the Code of Federal Regulations.

XI *Corrosive liquid or solid.* Any liquid or solid material that—

(a) Causes irreversible change or destruction to the intact skin of an albino rabbit after an exposure period of 4 hours or less when tested in accordance with the technique described in 21 CFR 191.11.

(b) Has a corrosion rate exceeding 0.250 inch per year (IPY) on steel (SAE 1020) or aluminum (nonclad 7075–T6) at a test temperature of 130° F. An acceptable test is described in NACE Standard TM–01–69.

XII *Corrosive gas.* Any gas as defined in section I or II of this Appendix and when tested as a saturated aqueous solution meets the definition in section XI above.

XIII *HOD (heat of dilution).* Any material that when diluted at a weight ratio of 1:1 with water exhibits a temperature rise of more than 80° F.

XIV *Pyroforic liquid.* Any liquid that will ignite spontaneously in dry or moist air at temperatures at or below 130° F. (54.4° C).

XV *Pyroforic solid.* Any solid material that will ignite spontaneously in dry or moist air at temperatures at or below 130° F. (54.4° C).

Appendix B—Definitions

I *Highly or extremely toxic gas—compressed or liquefied.* (Docket HM–51) As defined in § 173.300 of this subchapter and having a LC_{50} value of 200 parts per million or less by volume of gas or vapor when administered to both male and female white rats (young adults) by continuous inhalation for 1 hour or less.

II *Organic peroxide.* Any organic compound containing the bivalent -O-O- structure and may be considered as a derivative or hydrogen peroxide where one or more of the hydrogen atoms have been replaced by organic radicals.

III *Self-reactive or thermally unstable material.* Any material that as shipped in its packaging which by itself (i.e., without the utilization of any additional material) is thermodynamically able to undergo a violent and destructive exothermic chemical reaction (e.g., decomposition, polymerization, etc.) for which the reaction rate is accelerated by the thermal energy released.

Note: Quantitative testing criteria for this group of materials are presently under development and will be proposed in a separate rulemaking action.

IV *Water reactive material.* Any material that can undergo a chemical reaction with water to produce a flammable gas.

Appendix to Part 172

Appendix A—Specifications for Colors

Specifications for colors (in Munsell notations) on labels and placards are as follows:

Color	Paint, lacquer, enamel and plastic: Centroid or standard	Tolerances: Hue +	Hue −	Value +	Value −	Chroma +	Chroma −	Printing ink: Centroid or standard
Red	7.5R 4.0/13	8.5R	6.5R	4.5/	3.5/	/15	/12	6.7R 3.54/13.1
Orange	5.0YR 6.0/14	6.25YR	3.75YR	6.5/	5.5/	/15	/12	2.2YR 5.76/15.7
Yellow	5.0Y 8.0/12	7.5Y	3.5Y	8.5/	7.0/	/14	/10	5.5Y 8.48/14.2
Green	7.5G 4.0/9	0.5BG	5.0G	4.5/	3.5/	/11	/7	7.0G 3.83/11.1
Blue	2.5PB 3.5/10	5.0PB	10.0B	4.0/	3.0/	/12	/8	1.2PB 3.10/10.2
Purple	10.0P 4.5/10	2.5RP	7.5P	5.0/	4.0/	/12	/8	10P 5.0/14.

Note 1: Black and colors on labels and placards must be capable of withstanding a 72 hour fadeometer test, and withstanding open weather exposure for no less than 30 days without a substantial reduction in effectiveness.

Note 2: The maximum chroma is not limited. Colors within the specified hue and value limits may have any saturation above that specified for the chroma minimum, however, chroma at least as strong as the centroid is desired.

Note 3: Color chips will be available from the National Technical Information Service (NTIS), Springfield, Va. 22151, as a set of the six colors and prescribed tolerances for (price to be announced later) per set after ..... date.

List of hazard information cards:

Hazard Information

No.	Card
01	Dangerous.
02	
03	
04	
05	Irritant.
07	
08	
09	
10	
11	Explosives Class "C."
12	
13	
14	
15	Explosives Class "B."
16	
17	
18	
19	Explosives Class "A."
20	Non-flammable gas.
21	Non-flammable gas—corrosive.
22	Oxygen.
23	Flammable gas.
24	Flammable gas—corrosive.
25	
26	Non-flammable gas—poison.
27	Oxidizer gas—poison.
28	Flammable gas—poison.
29	Flammable gas—poison—extremely hazardous.
30	Combustible or flammable liquid.
31	Flammable liquid—corrosive.
32	Flammable liquid—poison.
33	
34	Combustible or flammable liquid—self-reactive or thermally unstable.
35	Combustible or flammable liquid—corrosive—self-reactive or thermally unstable.
36	Combustible or flammable liquid—poison—self-reactive or thermally unstable.
37	
38	Pyroforic liquid.
39	
40	Flammable solid.
41	Flammable solid—poison.
42	Flammable solid—pyroforic.
43	Flammable solid—pyroforic—poison.
44	Flammable solid—water reactive.
45	Flammable solid—poison—water reactive.
46	Flammable solid—pyroforic—water reactive.
47	Flammable solid—pyroforic—poison—water reactive.
48	
49	
50	Oxidizer.
51	Oxidizer—corrosive.
52	
53	Oxidizer—poison—corrosive.
54	Oxidizer—thermally unstable.
55	Oxidizer—thermally unstable—corrosive.
56	Oxidizer—thermally unstable—poison.
57	Organic peroxide.
58	Organic peroxide — refrigerated, highly sensitive.
59	Organic peroxide—extremely sensitive.
60	Poison—highly toxic.
61	Poison—highly toxic—combustible.
62	Extremely toxic.
63	
64	Extremely or highly toxic by skin absorption.
65	Extremely toxic—flammable or combustible.
66	
67	Extremely or highly toxic by skin absorption, flammable or combustible.
68	
69	
70	Radioactive—low hazard.
71	Radioactive.
72	Radioactive—oxidizer.
73	Radioactive—corrosive.
74	Radioactive—pyroforic.
75	
76	
77	
78	Radioactive—poison—corrosive.
79	Radioactive—plutonium nitrate acid.
80	Corrosive.
81	Corrosive—poison.
82	Corrosive—HOD.[1]
83	Corrosive—combustible.
84	Corrosive—poison—HOD.[1]
85	Corrosive—combustible—poison.
86	Corrosive—combustible—HOD.[1]
87	Corrosive — combustible—poison—HOD.[1]
88	
89	

[1] HOD = Heat of dilution.

01

DANGEROUS

CONTAINS HAZARDOUS MATERIAL

Get the shipping papers.

They should contain a hazard information number for each listed hazardous material in the vehicle or container.

If shipping papers are not available, use the following for minimum guidance.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use standard firefighting agents. Cool containers with water from maximum distance. Continue cooling after fires have been extinguished. Move exposed containers from fire area, if without risk.
Spill or Leak	Within hazard area: Eliminate ignition sources. No flares, no smoking, no open flames. Stop leak, if without risk. Use water spray to reduce vapors. Use noncombustible absorbent material (sand, etc.) to collect small spills. Dike large spills for later disposal.
First Aid	Remove to fresh air. Call physician. If not breathing, give artifical respiration. If breathing is difficult, give oxygen. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest.

FOR ADDITIONAL INFORMATION, DISPOSAL AND CLEANUP INSTRUCTIONS, CALL: (800) 424-9300.
IMMEDIATELY REPORT POLLUTION OR CONTAMINATION TO PROPER AUTHORITIES.

05

IRRITANT

POTENTIAL HAZARDS

Health	Gas very irritating, if breathed. May cause extreme burning of the eyes resulting in a copious flow of tears. May also cause coughing, difficult breathing and nausea. If exposure is brief, effects last only a few minutes. Effects may be serious if exposed to product in an enclosed unventilated area.

IMMEDIATE ACTION INFORMATION

First Aid	Remove to fresh air. Remove contaminated clothing. In case of contact with material, immediately flush skin or eyes with running water for at least 15 minutes. Effects should disappear after individual has been exposed to fresh air for 5 - 10 minutes.

OBTAIN SHIPPING PAPERS.
FOR ADDITIONAL INFORMATION OR DISPOSAL AND CLEANUP INSTRUCTIONS CALL: (800) 424-9300
IMMEDIATELY REPORT POLLUTION OR CONTAMINATION TO PROPER AUTHORITIES.

EXPLOSIVES CLASS "C"

POTENTIAL HAZARDS

Fire	May burn very rapidly.
Explosion	Individual items may explode when subjected to heat or fire.
Health	Fire may produce irritating gases.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Identify and isolate hazard area. Self-contained breathing apparatus should be available. Except under emergency conditions, explosives should be handled only under the supervision of an expert.
Fire	If fire not in cargo area, extinguish by conventional methods. If fire in cargo area, use unmanned hose holder or monitor nozzles from maximum distance or behind barrier. Withdraw from hazard area if fire advanced or massive in cargo area.
Spill or Leak	Within hazard area: Eliminate ignition sources. No flares, no open flames, no smoking.
First Aid	Use standard first aid procedures.

OBTAIN SHIPPING PAPERS.
FOR ADDITIONAL INFORMATION OR DISPOSAL AND CLEANUP INSTRUCTIONS CALL: (800) 424-9300
IMMEDIATELY REPORT POLLUTION OR CONTAMINATION TO PROPER AUTHORITIES.

EXPLOSIVES CLASS "B"

POTENTIAL HAZARDS

Fire	May burn very rapidly. Fire very difficult to extinguish by conventional methods.
Explosion	May explode if confined when fire is massive or advanced in cargo area.
Health	Fire may produce irritating gases.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Self-contained breathing apparatus should be available. Wear full protective clothing. Except under emergency conditions, explosives should be handled only under the supervision of an expert.
Fire	If fire not in cargo area, extinguish by conventional methods. If fire in cargo area, use unmanned hose holder or monitor nozzles from maximum distance or behind barrier. Continue cooling after flames have been extinguished. If cargo must be moved, use extreme care in handling and evacuate unnecessary personnel from area. Withdraw from hazard area if fire advanced or massive in cargo area.
Spill or Leak	Within hazard area: Eliminate ignition sources. No flares, no open flames, no smoking. Avoid contact with spilled material.
First Aid	Use standard first aid procedures.

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IMMEDIATELY REPORT POLLUTION OR CONTAMINATION TO PROPER AUTHORITIES.

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EXPLOSIVES CLASS "A"

POTENTIAL HAZARDS

Explosion	May detonate violently if subjected to heat, flame or shock. Probability of explosion increases when heated.
Health	Fire may produce irritating gases.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Identify and isolate hazard area. (Recommended minimum radius 1/2 mile.) Except under emergency conditions, explosives should be handled only under the supervision of an expert.
Fire	If fire or heat from fire not in cargo area, use unmanned hose holder or monitor nozzle from maximum distance or behind barrier, or if without risk, use conventional methods. Do not move cargo or vehicle if cargo has been exposed to fire or heat. If cargo must be moved, use extreme care in handling to avoid shocks, and evacuate unnecessary personnel from area. Continue cooling after flames have been extinguished. Do not fight fire in cargo area, and withdraw from hazard area.
Spill or Leak	Within immediate area: Eliminate ignition sources. No flares, no open flames, no smoking. Avoid contact with spilled material.
First Aid	Use standard first aid procedures.

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NON FLAMMABLE GAS

POTENTIAL HAZARDS

Fire	Some material in this group cannot catch fire, others can catch fire but do not ignite readily. Heated container may rupture violently and produce flying missiles.
Health	Little or no hazard except in confined areas. Vapors may cause dizziness or suffocation, if breathed.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Identify and isolate hazard area. Self-contained breathing apparatus should be available.
Fire	Move exposed containers from fire area, if without risk. Cool containers with water. Do not approach ends of horizontal tanks. Use standard firefighting agents.
Spill or Leak	Avoid contact with liquefied gas. Stop leak if without risk.
First Aid	Remove to fresh air. Use standard first aid procedures.

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NON-FLAMMABLE GAS

CORROSIVE

POTENTIAL HAZARDS

Fire	Some material in this group cannot catch fire, others can catch fire but do not ignite readily. Heated container may rupture violently and produce flying missiles.
Health	Gas very irritating, if breathed. Contact with material may cause severe burns to skin and eyes.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	Move exposed containers from fire area, if without risk. Cool containers with water. Do not approach ends of horizontal tanks. Use standard firefighting agents.
Spill or Leak	Stop leak if without risk. Use water spray to reduce vapors. Keep area isolated until gas has dispersed.
First Aid	Remove to fresh air. Call physician. If not breathing give artificial respiration. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest.

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OXYGEN

FOR USE ON OXYGEN ONLY

POTENTIAL HAZARDS

Fire	Materials that do not burn in air may be ignited in oxygen vapor Reaction with fuel may be violent. Heated container may rupture violently and produce flying missiles. Internal combustion engine may catch fire in oxygen enriched air.
Explosion	Mixture with fuels may explode. Vapor entering sewers or other closed spaces may create explosion hazard.
Health	Contact with liquid or cold gas may cause severe skin and eye injury similar to a burn.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Identify and isolate hazard area. Wear fire fighters full protective clothing.
Fire	Move exposed containers from fire area, if without risk. Use standard fire fighting agent. Cool containers with water from maximum distance. Use water from maximum distance to protect surrounding property. Withdraw from hazard area, if fire in cargo area is massive or advanced.
Spill or Leak	Within Hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Avoid contact with spilled material. Keep spilled material away from combustibles. Keep area isolated until gas has dispersed.
First Aid	Remove to fresh air. Call physician. Remove contaminated clothing and shoes. Thaw frosted parts with water. Use standard first aid procedures.

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IMMEDIATELY REPORT POLLUTION OR CONTAMINATION TO PROPER AUTHORITIES.

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FLAMMABLE GAS

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks or open flame. Ignition of vapor may occur at some distance from leaking container. Heated container may rupture violently and produce flying missiles. Vapor entering sewers or other closed spaces may create fire or explosion hazard.
Explosion	May form explosive mixtures with air.
Health	Vapors may cause dizziness or suffocation, if breathed.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Self-contained breathing apparatus should be available.
Fire	Do not approach ends of horizontal tanks. Do not extinguish fire unless leak can be stopped. Use standard firefighting agents. Cool containers with water. Move exposed containers from fire area, if without risk. If fire in cargo area is massive or advanced, use unmanned hose holder or monitor nozzles. If this is impossible, withdraw from area and let fire burn.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Use water spray to reduce vapors. Keep area isolated until gas has dispersed.
First Aid	Remove to fresh air. Use standard first aid procedures.

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FLAMMABLE GAS

CORROSIVE

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks or open flames. Ignition of vapor may occur at some distance from leaking container Heated container may rupture violently and produce flying missiles. Vapor entering sewers or other closed spaces may create fire or explosion hazard.
Explosion	May form explosive mixtures with air.
Health	Gas very irritating, if breathed. Contact with material may cause severe burns to skin and eyes.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	Do not extinugish fire unless leak can be stopped. Use standard firefighting agents. Do not approach ends of horizontal tanks. Cool containers with water. Move exposed containers from fire area, if without risk. If fire in cargo area is massive or advanced, use unmanned hose holder or monitor nozzles. If this is impossible, withdraw from area and let fire burn.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Use water spray to reduce vapors. Keep area isolated until gas has dispersed.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Use standard first air procedures. Keep patient at rest.

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NON-FLAMMABLE GAS

POISON

POTENTIAL HAZARDS

Fire	Heated container may rupture violently and produce flying missiles. Some material in this group cannot catch fire, others can catch fire but do not ignite readily.
Health	Vapor is poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	Evacuate where poison gas may endanger inhabited area. Do not approach ends of horizontal tanks. Cool containers with water. Move exposed containers from fire area, if without risk. Use standard firefighting agents.
Spill or Leak	Evacuate where poison gas may endanger inhabited area. Stop leak if without risk. Use water spray to reduce vapors. Keep area isolated until gas has dispersed.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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OXIDIZER

POISON, OXIDIZER

POTENTIAL HAZARDS

Fire	May cause fire on contact with combustibles. Reaction with fuels may be violent. Vapors entering sewers of other closed spaces may create fire or explosion hazard. Heated container may rupture violently and produce flying missiles.
Explosion	Mixture with fuels may explode.
Health	Vapor is poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	Evacuate where poison gas may endanger inhabited area. Cool containers with water. On small fires, use dry chemical. On large fires, use water spray or fog. Use water spray to protect surrounding area.
Spill or Leak	Evacuate where poison gas may endanger inhabited area. Stop leak if without risk. Avoid contact with spilled material. Keep spilled material away from combustibles. Use water spray to reduce vapors. Dilute spill with large amounts of water. Dike for later disposal. Keep area isolated until gas has dispersed.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest.

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FLAMMABLE GAS

POISON

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks or open flames. Ignition of vapor may occur at some distance from leaking container. Heated container may rupture violently and produce flying missiles. Vapor entering sewers or other closed spaces may create fire, explosion or poison hazard.
Explosion	May form explosive mixtures with air.
Health	Vapor is poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	Evacuate where poison gas may endanger inhabited area. Do not extinguish fire unless leak can be stopped. Do not approach ends of horizontal tanks. Cool containers with water. Move exposed containers from fire area, if without risk. Use standard firefighting agents.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Evacuate where poison gas may endanger inhabited area Stop leak if without risk. Use water spray to reduce vapors. Keep area isolated until gas has dispersed.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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FLAMMABLE GAS

POISON - EXTREMELY HAZARDOUS

POTENTIAL HAZARDS

Fire	Some gases in this group are easily ignited by heat, sparks or open flame, others can catch fire but do not ignite readily, or may react violently with combustibles. Heated container may rupture violently and produce flying missiles. Vapor entering sewers or closed spaces may create poison, explosion or fire hazard.
Health	Vapor very poisonous. Breathing of vapor causes little irritation. Fatal concentrations can be readily inhaled without noticing. Runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	Use water spray or fog. Fight fire from maximum distance and from behind barrier. Use water from maximum distance and from behind barrier. Evacuate where poison gas may endanger inhabited area. Do not extinguish fire unless gas flow can be stopped.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Evacuate where poison gas may endanger inhabited area. Stop leak if without risk. Use water spray to reduce vapors. Keep area isolated until gas has dispersed.
First Aid	Remove to fresh air. Call physician. If not breathing give artificial respiration. If breathing is difficult give oxygen. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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COMBUSTIBLE OR FLAMMABLE LIQUID

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flames. Heated container may rupture violently and produce flying missiles. Ignition of vapor may occur at some distance from leaking container. Vapor entering sewer or other closed spaces may create explosion hazard.
Health	Fire may produce irritating gases. Vapors may cause dizziness or suffocation, if breathed.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Self-contained breathing apparatus should be available.
Fire	On small fire use dry chemical or carbon dioxide. On large fires use standard firefighting agents. Do not approach ends of horizontal tanks. Move exposed containers from fire area, if without risk. Cool containers with water. Continue cooling after fires have been extinguished.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Use water spray to reduce vapors. Dike large spills for later disposal. Use noncombustible absorbent material (sand,etc.) to collect small spills.
First Aid	Remove to fresh air. Use standard first aid procedures.

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FLAMMABLE LIQUID
CORROSIVE

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flames. Heated container may rupture violently and produce flying missiles. Ignition of vapor may occur at some distance from leaking container. Vapor entering sewers or other closed spaces may create fire or explosion hazards.
Health	Fire may produce irritating gases. Vapor may be irritating, if breathed. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Self-contained breathing apparatus should be available.
Fire	On small fire use dry chemical or carbon dioxide. On large fires use standard firefighting agents. Do not approach ends of horizontal tanks. Cool containers with water. Continue cooling after fires have been extinguished. Move exposed containers from fire area, if without risk.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Use water spray to reduce vapors. Dike large spills for later disposal. Use noncombustible absorbent material (sand,etc.) to collect small spills.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest.

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FLAMMABLE LIQUID

POISON

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flames. Heated container may rupture violently and produce flying missiles. Ignition of vapor may occur at some distance from leaking container. Vapor entering sewers or other closed spaces may create fire or explosion hazard.
Health	Vapor is poisonous if breathed. Contact with material may cause severe burns to skin and eyes. Liquid may cause death, if consumed. Runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires use dry chemical or carbon dioxide. On large fires use standard firefighting agents. Cool containers with water from maximum distance. Continue cooling after fires have been extinguished. Do not approach ends of horizontal tanks. Move exposed containers from fire area, if without risk.
Spill or Leak	Within hazard area: Eliminate ignition sources. No flares, no smoking, no open flames. Stop leak, if without risk. Use water spray to reduce vapors. Use noncombustible absorbent material (sand, etc.) to collect small spills. Dike large spills for later disposal.
First Aid	Remove to fresh air. Call physician. If not breathing, give artifical respiration. If breathing is difficult, give oxygen. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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FLAMMABLE LIQUID

SELF REACTIVE OR THERMALLY UNSTABLE

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flame. Ignition of vapor may occur at some distance from leaking container. Heated container may rupture violently and produce flying missiles even if water applied for cooling. Vapor entering sewers or other closed spaces may create fire or explosion hazard.
Health	Contact with material may cause severe burns to skin and eyes. Fire may produce poisoning gases. Contaminated water or material runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	Cool containers with water from maximum distance. Continue cooling after fires have been extinguished. Do not approach ends of horizontal tanks. On small fires use dry chemical or carbon dioxide. On large fires use standard firefighting agents. Move exposed containers from fire area, if without risk. Withdraw from hazard area in case of rising sound from venting safety device. If fire in cargo area is massive or advanced, withdraw from hazard area and use unmanned hoseholder or monitor nozzles.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Use water spray to reduce vapors. Dike large spills for later disposal.
First Aid	Remove to fresh air. Use standard first air procedures.

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FLAMMABLE LIQUID

CORROSIVE, SELF REACTIVE, OR THERMALLY UNSTABLE

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flame. Ignition of vapor may occur at some distance from leaking container. Heated container may rupture violently and produce flying missiles even if water applied for cooling. Vapor entering sewers or other closed spaces may create fire or explosion hazard.
Health	Contact with material may cause severe burns to skin and eyes. Fire may produce poisoning gases. Contaminated water or material runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	Cool containers with water from maximum distance. Continue cooling after fires have been extinguished. Do not approach ends of horizontal tanks. On small fires use dry chemical or carbon dioxide. On large fires use standard firefighting agents. Move exposed containers from fire area, if without risk. Withdraw from hazard area in case of rising sound from venting safety device. If fire in cargo area is massive or advanced, withdraw from hazard area and use unmanned hoseholder or monitor nozzles.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Use water spray to reduce vapors; Dike large spills or later disposal.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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FLAMMABLE LIQUID

POISON, SELF REACTIVE, OR THERMALLY UNSTABLE

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flame. Ignition of vapor may occur at some distance from leaking container. Heated container may rupture violently and produce flying missiles even if water applied for cooling. Vapor entering sewers or other closed spaces may create fire or explosion hazard.
Health	Vapor is poisonous, if breathed. Liquid or solid may cause death, if consumed. Fire may produce poisonous gases. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	Cool containers with water from maximum distance. Continue cooling after fires have been extinguished. Do not approach ends of horizontal tanks. On small fires use dry chemical or carbon dioxide. On large fires use standard firefighting agents. Move exposed containers from fire area, if without risk. Withdraw from hazard area in case of rising sound from venting safety device. If fire in cargo area is massive or advanced, withdraw from hazard area and use unmanned hoseholder or monitor nozzles.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Use water spray to reduce vapors. Dike large spills for later disposal.
First Aid	Remove to fresh air. Call physician. If not breathing give artificial respiration. If breathing is difficult give oxygen. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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PYROFORIC LIQUIDS

POTENTIAL HAZARDS

Fire	Burns very rapidly and intensely, sometimes with flare-burning effect. May re-ignite after fire is extinguished. May catch fire spontaneously in air. May react with water to release flammable gas. Runoff to sewer may create fire or explosion hazard.
Health	Contact with material may cause severe burns to skin and eyes. Vapor may be irritating, if breathed. Some material in this group may be poisonous.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Self-contained breathing apparatus should be available.
Fire	On small fires use dry chemical or carbon dioxide. On large fires use flooding amounts of water. Move exposed containers from fire area, if without risk. Continue cooling after fires have been extinguished. Use water from maximum distance to protect surrounding property. If fire in cargo area is massive or advanced, withdraw from hazard area and use unmanned hoseholder or monitor nozzles.
Spill or Leak	Stop leak if without risk. Cover small spills with dry sand or similar inert absorbent. Collect into clean, dry metal container and keep tightly covered. Dilute spill with large amounts of water. Dike for later disposal.
First Aid	Remove to fresh air. Call physician. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest.

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FLAMMABLE SOLID

POTENTIAL HAZARDS

Fire	Burns very rapidly and intensely, sometimes with flare-burning effect. May be ignited by heat, sparks or open flame.
Health	Contact with material may cause severe burns to skin and eyes.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing.
Fire	On small fires, use dry chemical. On large fires, use standard firefighting agents. Move exposed containers from fire area, if without risk. Cool containers with water from maximum distance. If fire in cargo area is massive or advanced, withdraw from hazard area and use unmanned hoseholder or monitor nozzles.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Collect into clean, dry metal container and keep tightly covered. Flush small spill area with water spray.
First Aid	Call physician. Use standard first aid procedures. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes.

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FLAMMABLE SOLID

POISON

POTENTIAL HAZARDS

Fire	Burns very rapidly and intensely, sometimes with flare-burning effect. May be ignited by heat, sparks, or open flame.
Health	Vapor, mist, or dust is poisonous, if breathed. Contact with material may cause severe burns. Fire may produce poisoning gases.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus.
Fire	On small fires use dry chemical. On large fires use standard firefighting agents. Move exposed containers from fire area, if without risk. Cool containers with water from maximum distance. If fire in cargo area is massive or advanced, withdraw from hazard area and use unmanned hoseholder or monitor nozzles.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Collect small spills with dry sand or similar inert absorbent. Flush small spill area with water spray.
First Aid	Remove to fresh air. Call physician. If not breathing give artificial respiration. If breathing is difficult give oxygen. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest.

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FLAMMABLE SOLID

PYROFORIC

POTENTIAL HAZARDS

Fire	May catch fire spontaneously in air. May re-ignite after fire is extinguished.
Health	Materials have little health hazard. Contact with material may cause severe burns to skin and eyes.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Self-contained breathing apparatus should be available.
Fire	On small fires use dry chemical, sand or earth. On large fires use flooding amounts of water. Move exposed containers from fire area, if without risk. Cool containers with water from maximum distance. Continue cooling after fires have been extinguished. If fire in cargo area is massive or advanced, withdraw from hazard area and use unmanned hoseholder or monitor nozzles.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Cover small spills with dry sand or similar inert absorbent. Collect into clean, dry metal container and keep tightly covered. Flush small spill area with water spray.
First Aid	Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes.

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FLAMMABLE SOLID

PYROFORIC, POISON

POTENTIAL HAZARDS

Fire	May catch fire spontaneously in air. May re-ignite after fire is extinguished.
Health	Vapor, mist or dust is poisonous, if breathed. Contact with material may cause severe burns. Fire may produce poisoning gases.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus.
Fire	On small fires use dry chemical, sand or earth. On large fires use flooding amounts of water. Move exposed containers from fire area, if without risk. Cool containers with water from maximum distance. Continue cooling after fires have been extinguished. If fire in cargo area is massive or advanced, withdraw from hazard area and use unmanned hoseholder or monitor nozzles.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Cover small spills with dry sand or similar inert absorbent. Collect into clean, dry metal container and keep tightly covered. Flush small spill area with water spray.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Speed in removing material from skin is of extreme importance. Keep patient at rest. Effects of contact or inhalation may be delayed.

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FLAMMABLE SOLID

WATER REACTIVE

POTENTIAL HAZARDS

Fire	Burns very rapidly and intensely, sometimes with flare-burning effect. May catch fire spontaneously in air. May react with water to release flammable gas.
Health	Contact with material may cause severe burns.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Self-contained breathing apparatus should be available.
Fire	On small fires use dry chemical, sand or earth. DO NOT USE WATER. Move exposed containers from fire area, if without risk. Let large fire burn. Use water from maximum distance to protect surrounding property. Do not get water inside containers. Withdraw from hazard area, if fire in cargo area is massive or advanced
Spill or Leak	With hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Collect into clean, dry metal container and keep tightly covered.
First Aid	Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes.

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FLAMMABLE SOLID

POISON, WATER REACTIVE

POTENTIAL HAZARDS

Fire	Burns very rapidly and intensely, sometimes with flare-burning effect. May catch fire spontaneously in air. May react with water to release flammable gas.
Health	Vapor, mist or dust is poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns. Fire may produce poisoning gases.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus.
Fire	On small fire use dry chemical, sand or earth. Move exposed containers from fire area, if without risk. DO NOT USE WATER. Let large fire burn. Use water from maximum distance to protect surrounding property. Withdraw from hazard area, if fire in cargo area is massive or advanced
Spill or Leak	Stop leak if without risk. Collect into clean, dry metal container and keep tightly covered.
First Aid	Remove to fresh air. Call physician. If not breathing give artificial respiration. If breathing is difficult, give oxygen. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest.

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FLAMMABLE SOLID

PYROPHORIC, WATER REACTIVE

POTENTIAL HAZARDS

Fire	May catch fire spontaneously in air. May react with water to release flammable gas. May re-ignite after fire is extinguished. Burns very rapidly and intensely, sometimes with flare-burning effect.
Health	Contact with material may cause severe burns.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Self-contained breathing apparatus should be available.
Fire	On small fires, use dry chemical, sand or earth. Move exposed containers from fire area, if without risk. DO NOT USE WATER. Let large fire burn. Use water from maximum distance to protect surrounding property. Cool containers with water from maximum distance. Continue cooling after fires have been extinguished. Withdraw from hazard area, if fire in cargo area is massive or advanced.
Spill or Leak	Stop leak if without risk. Cover small spills with dry sand or similar inert absorbent. Collect into clean, dry metal container and keep tightly covered.
First Aid	Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes.

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IMMEDIATELY REPORT POLLUTION OR CONTAMINATION TO PROPER AUTHORITIES.

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FLAMMABLE SOLID

PYROFORIC, POISON, WATER REACTIVE

POTENTIAL HAZARDS

Fire	May catch fire spontaneously in air. May react with water to release flammable gas. May re-ignite after fire is extinguished. Burns very rapidly and intensely, sometimes with flare-burning effect.
Health	Vapor, mist or dust is poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns. Fire may produce poisoning gases.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus.
Fire	On small fire use dry chemical, sand or earth. Move exposed containers from fire area, if without risk. DO NOT USE WATER. Let large fire burn. Use water from maximum distance to protect surrounding property. Cool containers with water from maximum distance. Continue cooling after fires have been extinguished.
Spill or Leak	Wear self-contained breathing apparatus. Stop leak if without risk. Cover small spills with dry sand or similar inert absorbent. Collect into clean, dry metal container and keep tightly covered.
First Aid	Remove to fresh air. Call physician. If not breathing give artificial respiration. If breathing is difficult give oxygen. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest.

OBTAIN SHIPPING PAPERS.
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IMMEDIATELY REPORT POLLUTION OR CONTAMINATION TO PROPER AUTHORITIES.

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OXIDIZER

POTENTIAL HAZARDS

Fire	May cause fire and react violently on contact with combustible. Reaction with fuels may be violent.
Explosion	Mixture with fuels may explode.
Health	Materials have little health hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Self-contained breathing apparatus should be available.
Fire	On small fires use dry chemical or carbon dioxide. On large fires use water spray or fog. Move exposed containers from fire area, if without risk. Cool containers with water from maximum distance. Fight fire from maximum distance and from behind barrier. Use water spray to protect surrounding area.
Spill or Leak	Avoid contact with spilled material. Stop leak if without risk. Keep spilled material away from combustibles. Dike large spills for later disposal. Collect small dry spills into clean, dry metal container and keep tightly covered. Use noncombustible absorbent material (sand, etc.) to collect small spills. Dilute liquid spill with large amounts of water. Dike for later disposal.
First Aid	Remove contaminated clothing and shoes. Use standard first aid precedures.

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IMMEDIATELY REPORT POLLUTION OR CONTAMINATION TO PROPER AUTHORITIES.

OXIDIZER
CORROSIVE

POTENTIAL HAZARDS

Fire	May cause fire and react violently on contact with combustibles. Reactions with fuels may be violent.
Explosion	Mixture with fuels may explode.
Health	Contact with material may cause severe burns to skin and eyes.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use water spray or fog. Move exposed containers from fire area, if without risk. Cool containers with water from maximum distance. Fight fire from maximum distance and from behind barrier. Use water spray to protect surrounding area.
Spill or Leak	Stop leak if without risk. Keep spilled material away from combustibles. Dike large spills for later disposal. Collect small, dry spills into clean, dry metal container and keep tightly covered. Use noncombustible absorbent material (sand,etc.) to collect small spills. Dilute liquid spill with large amounts of water. Dike for later disposal.
First Aid	Remove to fresh air. Call physician. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes.

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OXIDIZER
POISON-CORROSIVE

POTENTIAL HAZARDS

Fire	May cause fire and react violently on contact with combustibles. Reaction with fuels may be violent.
Explosion	Mixture with fuels may explode.
Health	Vapor, mist or dust in poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns to skin and eyes. Contaminated water or material run off may pollute water supply. Runoff to sewer may create poison and explosion hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use water spray or fog. Move exposed containers from fire area, if without risk. Cool containers with water from maximum distance. Fight fire from maximum distance and from behind barrier. Use water spray to protect surrounding area.
Spill or Leak	Stop leak if without risk. Keep spilled material away from combustibles. Collect small solid spills into clean, dry metal container and keep tightly covered. Use noncombustible absorbent material (sand,etc.) to collect small spills. Dilute liquid spill with large amounts of water using spray or fog nozzle. Dike for later disposal.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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IMMEDIATELY REPORT POLLUTION OR CONTAMINATION TO PROPER AUTHORITIES.

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OXIDIZER

SELF REACTIVE, THERMALLY UNSTABLE

POTENTIAL HAZARDS

Fire	May cause fire and react violently on contact with combustibles. Reaction with fuels may be violent. Heated container may rupture violently and produce flying missiles.
Explosion	Mixture with fuels may explode. Decomposition with explosive violence may be caused by friction, shock, heat or contamination. Runoff to sewer may create explosion hazards.
Health	Contact with material may cause severe burns to skin and eyes.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use flooding amounts of water. Cool containers with water from maximum distance. Withdraw from hazard area, if fire in cargo area is massive or advanced, and if firefighting is necessary, use unmanned hose holder or monitor from maximum distance or behind barrier. Use water spray to protect surrounding area.
Spill or Leak	Stop leak if without risk. Keep spilled material away from combustibles. Use noncombustible absorbent material (sand,etc.) to collect small spills. Dilute large liquid spills with large amounts of water, dike for later disposal.
First Aid	Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Use standard first aid procedures.

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OXIDIZER

CORROSIVE, SELF REACTIVE OR THERMALLY UNSTABLE

POTENTIAL HAZARDS

Fire	May cause fire and react violently on contact with combustibles. Reaction with fuels may be violent. Heated container may rupture violently and produce flying missiles. Runoff to sewer may create fire or explosion hazard.
Explosion	Mixture with fuels may explode. Decomposition with explosive violence may be cause by friction, shock, heat or contamination.
Health	Contact with material may cause severe burns to skin and eyes.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use flooding amounts of water. In early stages cool containers with water from maximum distance. Withdraw from hazard area, if fire in cargo area is massive or advanced, and if firefighting is necessary, use unmanned hose holder or monitor from maximum distance behind barrier. Use water spray to protect surrounding area.
Spill or Leak	Stop leak if without risk. Keep spilled material away from combustibles. Use noncombustible absorbent material (sand,etc.) to collect small spills. Dilute liquid spill with large amounts of water. Dike for later disposal.
First Aid	Remove to fresh air. Call physician. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes.

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OXIDIZER

POISON, SELF REACTIVE OR THERMALLY UNSTABLE

POTENTIAL HAZARDS

Fire	May cause fire and react violently on contact with combustibles. Reaction with fuels may be violent. Heated container may rupture violently and produce flying missiles.
Explosion	Mixture with fuels may explode. Decomposition with explosive violence may be caused by friction, shock, heat or contamination.
Health	Vapor, mist or dust is poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns to skin and eyes. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use flooding amounts of water. Cool containers with water from maximum distance. Withdraw from hazard area, if fire in cargo area is massive or advanced, and if firefighting is necessary, use unmanned hose or monitor from maximum distance behind barrier. Use water spray to protect surrounding area.
Spill or Leak	Stop leak if without risk. Keep spilled material away from combustibles. Use water spray to reduce vapors. Use noncombustible absorbent material (sand,etc.) to collect small spills. Dilute liquid spill with large amounts of water. Dike for later disposal.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin and eyes with running water for at least 15 minutes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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ORGANIC PEROXIDE

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flame. May cause fire on contact with combustibles. Reaction with fuels may be violent. Heated container may rupture violently and produce flying missiles even if water applied for cooling.
Explosion	Decomposition with explosive violence may be caused by friction, shock, heat or contamination.
Health	Contact with material may cause severe burns to skin and eyes.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	In early stages cool containers with water from maximum distance. On small fires, use dry chemical or carbon dioxide. On large fires, use flooding amounts of water. Withdraw from hazard area if fire in cargo area is massive or advanced, and if firefighting is necessary use unmanned hoseholder or monitor nozzles.
Spill or Leak	Stop leak if without risk. Keep spilled material away from combustibles. Dilute large liquid spills with large amounts of water, dike for later disposal.
First Aid	Remove to fresh air. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest.

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ORGANIC PEROXIDE

HIGHLY SENSITIVE, NEED REFRIGERATION

POTENTIAL HAZARDS

Fire	Auto ignition may occur. May be ignited by heat, sparks or open flames. Burns very rapidly and intensely, sometimes with flare-burning effect. May cause fire on contact with combustibles. Heated container may rupture violently and produce flying missiles.
Explosion	Decomposition with explosive violence may be caused by loss of refrigeration, friction, shock or contamination.
Health	Contact with material may cause severe burns to skin and eyes.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing. Self-contained breathing apparatus should be available.
Loss of Cooling	Specified temperature of material must be maintained to prevent explosion or dangerous decomposition. Obtain emergency source of cooling such as dry ice, or liquid nitrogen. If no source of cooling can be obtained, evacuate area.
Fire	In confined space such as refrigerator, use liquid nitrogen or carbon dioxide if available to cool material and exclude air. Water will extinguish flames but may also raise material temperature above decomposition point. Withdraw from hazard area if fire in cargo area is massive or advanced.
Spill or Leak	In case of small spill, deposit material in a shallow trench and ignite with torch from a safe distance. Flush area of spill with water.
First Aid	Remove to fresh air. Call physician. Use standard first aid procedures.

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ORGANIC PEROXIDE

EXTREMELY SENSITIVE

POTENTIAL HAZARDS

Fire	Auto ignition may occur. May be ignited by heat, sparks or open flames. Burns very rapidly and intensely, sometimes with flare-burning effect. May cause fire on contact with combustibles. Reaction with fuels may be violent. Heated container may rupture violently and produce flying missiles.
Explosion	Decomposition with explosive violence may be caused by: friction, shock, heat or contamination.
Health	Contact with material may cause severe burns to skin and eyes.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	On small fires, use dry chemical or carbon dioxide. Withdraw from hazard area, if fire in cargo area is massive or advanced, and use unmanned hose holder or monitor from maximum distance or behind barrier to protect surrounding area.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Keep spilled material away from combustibles. Flush area of spill with water.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest.

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POISON

HIGHLY TOXIC

POTENTIAL HAZARDS

Fire	Some material in this group cannot catch fire, others can catch fire but do not ignite readily.
Health	Vapor, mist, or dust is poisonous, if breathed. Liquid or solid may cause death, if consumed. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires use dry chemical or carbon dioxide. On large fires use standard firefighting agents. Move exposed containers from fire area, if without risk.
Spill or Leak	Avoid contact with spilled material. Stop leak if without risk. Dike large spills for later disposal. Use water spray to reduce vapors.
First Aid	Remove to fresh air. Call physician. If not breathing, give artifical respiration. If breathing is difficult, give oxygen. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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POISON

HIGHLY TOXIC, COMBUSTIBLE

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flames. Heated container may rupture violently and produce flying missiles. Ignition of vapor may occur at some distance from leaking container. Vapor entering sewer or other closed spaces may create fire or explosion hazard.
Health	Vapor, mist, or dust is poisonous, if breathed. Liquid or solid may cause death, if consumed. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use standard firefighting agents. Do not approach ends of horizontal tanks. Move exposed containers from fire area, if without risk. Cool containers with water. Continue cooling after fires have been extinguished.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Dike large spills for later disposal. Use water spray to reduce vapors. Use noncombustible absorbent material (sand, etc.) to collect small spills.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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POISON

EXTREMELY TOXIC

POTENTIAL HAZARDS

Fire	Some material in this group cannot catch fire, others can catch fire but do not ignite readily.
Health	Vapor, mist, or dust is poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns to skin and eyes. Small amounts of liquid or solid may cause death, if consumed. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use standard firefighting agents. Move exposed containers from fire area, if without risk.
Spill or Leak	Avoid contact with spilled material. Stop leak if without risk. Dike large spills for later disposal. Use water spray to reduce vapors.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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POISON

POISONOUS THROUGH SKIN ABSORPTION

EXTREMELY OR HIGHLY TOXIC

POTENTIAL HAZARDS

Fire	Some material in this group cannot catch fire, others can catch fire but do not ignite readily.
Health	Vapor, mist, or dust is poisonous, can be fatal if breathed in high concentrations. Poisonous by skin absorption. Contact with material may cause severe burns to skin and eyes. Small amounts of liquid or solid may cause death, if consumed. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use standard firefighting agents. Move exposed containers from fire area, if without risk.
Spill or Leak	Do not come into contact with spilled material. Stop leak if without risk. Dike large spills for later disposal.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Remove contaminated clothing and shoes. Speed in removing liquid from skin is of extreme importance. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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POISON

EXTREMELY TOXIC, FLAMMABLE

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flames. Heated container may rupture violently and produce flying missiles. Ignition of vapor may occur at some distance from leaking container. Vapor entering sewer or other closed spaces may create fire or explosion hazard.
Health	Vapor, mist, or dust is poisonous, can be fatal if breathed in high concentration. Contact with material may cause severe burns to skin and eyes. Small amounts of liquid or solid may cause death, if consumed. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use standard firefighting agents. Do not approach ends of horizontal tanks. Move exposed containers from fire area, if without risk. Cool containers with water. Continue cooling after fires have been extinguished.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Avoid contact with spilled material. Stop leak if without risk. Dike large spills for later disposal. Use water spray to reduce vapors. Use noncombustible absorbent material (sand,etc.) to collect small spills.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Remove contaminated clothing and shoes. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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POISON

FLAMMABLE, POISONOUS THROUGH SKIN ABSORPTION
EXTREMELY TOXIC

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flames. Heated container may rupture violently and produce flying missiles. Ignition of vapor may occur at some distance from leaking container. Vapor entering sewer or other closed spaces may create fire or explosion hazard.
Health	Vapor, mist, or dust is poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns to skin and eyes. Poisonous by skin absorption. Small amounts of liquid or solid may cause death, if consumed. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires use dry chemical or carbon dioxide. On large fires, use standard firefighting agents. Do not approach ends of horizontal tanks. Move exposed containers from fire area, if without risk. Cool containers with water. Continue cooling after fires have been extinguished.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Do not come into contact with spilled material. Stop leak if without risk. Dike large spills for later disposal. Use water spray to reduce vapors. Use noncombustible absorbent material (sand,etc.) to collect small spills.
First Aid	Remove to fresh air. Call physician. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Remove contaminated clothing and shoes. Speed in removing liquid from skin is of extreme importance. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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RADIOACTIVE

LOW HAZARD

POTENTIAL HAZARDS

Health	Degree of hazard due to radioactivity will vary depending upon type, quantity and form of the material. Hazard may be from internal radiation from breathing gases, vapor, or dust from airborne material or contamination of skin, open cuts, sores; or external radiation (as from X-rays) from contamination on skin or from exposure to unshielded radioactive material. Radiation hazard will generally be of low order and does not pose an immediate or serious threat to life or health.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	Use standard firefighting agents. Avoid contact with leaking or damaged packages. Move undamaged packages out of fire zone if without risk. Delay clean up until arrival of qualified radiation monitoring assistance.
Spill or Leak	Avoid contact with leaking or damaged packages. If damaged packages must be moved, use gloves to place damaged packages in metal containers if available. Shutoff liquid leak or dike flow or use absorbent materials to contain leakage. Move undamaged packages from spill area. Delay cleanup until arrival of qualified radiation monitoring assistance.
First Aid	Call physician. Use standard first aid procedures. Assume radioactive contamination on persons and equipment close to damaged packages or spilled material. Remove contaminated clothing and wash or shower with soap and water, if possible. Advise rescue personnel and physicians that injured persons may be radioactively contaminated.

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IMMEDIATELY REPORT POLLUTION OR CONTAMINATION TO PROPER AUTHORITIES.
[illegible] OFFICE OF USAEC
[illegible]

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RADIOACTIVE

POTENTIAL HAZARDS

Health	Degree of hazard due to radioactivity will vary depending upon type, quantity, and form of the material. Hazard may be from internal radiation from breathing gases, vapors, or dust from airborne material or contamination of skin, open cuts, sores; or external radiation (as from X-rays) from contamination on skin or from exposure to unshielded radioactive material. Prolonged exposure may be threat to health or life.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	Use standard firefighting agents. Fight fire from maximum distance. Avoid contact with leaking or damaged packages. Do not move damaged packages. Move undamaged packages out of fire zone if without risk. Delay cleanup until arrival of qualified radiation monitoring assistance.
Spill or Leak	Avoid contact with leaking or damaged packages. Prevent spread of loose material by diking or other suitable means. Limit entries to hazard area to shortest possible time. Alternate persons used for entries if possible. Do not enter hazard area unless necessary to rescue injured persons or retard flow of material from massive spills or leaks. Delay cleanup until arrival of qualified radiation monitoring assistance.
First Aid	Call physician. Use standard first aid procedures. Assume radioactive contamination on persons or equipment close to damaged packages or spilled material. Remove contaminated clothing and wash or shower with soap and water, if possible. Observable effects of serious radiation exposure may be delayed. Advise rescue personnel and physicians that injured persons may be radioactively contaminated.

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RADIOLOGICAL EMERGENCY ASSISTANCE PLAN (SEE MAP PAGE___).

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RADIOACTIVE
OXIDIZER

POTENTIAL HAZARDS

Fire	May cause fire on contact with combustibles. Reaction with fuels may be violent.
Health	Material is of relatively low order of hazard due to external radiation (as from X-rays). Primary radiation hazard is internal, due to breathing gases, vapors, dust from airborne material; or contamination of skin, open cuts, sores. Fire may produce poisonous gases.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use flooding amounts of water. Move exposed packages from hazard area. Large volumes of burning material may cause scattering of molten material when water is applied. Delay cleanup until arrival of qualified radiation monitoring assistance.
Spill or Leak	Gather spilled material and place in closed metal containers as soon as possible to prevent combustion. Move undamaged packages away from spill area. Delay cleanup until arrival of qualified radiation monitoring assistance.
First Aid	Call physician. Use standard first aid procedures. Assume radioactive contamination on persons or equipment close to damaged packages or spilled material. Wash hands and exposed parts of the body with soap and water, and shower, if available. Advise rescue personnel and physicians of possibility of radioactive contamination.

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RADIOLOGICAL EMERGENCY ASSISTANCE PLAN (SEE MAP PAGE___).

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RADIOACTIVE
CORROSIVE

POTENTIAL HAZARDS

Health	Material is of a relatively low order of hazard due to external radiation (as from X-rays). Primary radiation hazard is internal, due to breathing gases or vapor or from contamination of skin, open cuts, sores. Vapor, dust or mist is poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns to skin and eyes. Fire may produce poisoning gases.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use flooding amounts of water. Cool coantainers with water from maximum distance. Delay cleanup until arrival of qualified radiation monitoring assistance.
Spill or Leak	Stop leak if without risk. Dilute spill with large amounts of water. Dike for later disposal. Delay cleanup until arrival of qualified radiation monitoring assistance.
First Aid	Call physician. Use standard first air procedures. Assume radioactive contamination on persons or equipment close to spill area. Wash all exposed parts of body with soap and water, and shower if available. Advise personnel and physicians of possibility of radioactive contamination.

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RADIOLOGICAL EMERGENCY ASSISTANCE PLAN (SEE MAP PAGE___).

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RADIOACTIVE

PYROFORIC

POTENTIAL HAZARDS

Fire	May catch fire spontaneously in air. Burns very rapidly and intensely, sometimes with flare-burning effect. May reignite after fire is extinguished.
Health	Material is of relatively low order of hazard due to external radiation (as from X-rays). Primary radiation hazard is internal due to breathing vapors or dusts from airborne material or contamination of skin, open cuts, sores, etc.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or sand. If fire cannot be controlled, use flooding amounts of water. Delay cleanup until arrival of qualified radiation monitoring assistance.
Spill or Leak	Gather spilled material using shovel and place under water or mineral oil in metal container as soon as possible to prevent self-ignition. Move undamaged packages from spill area. Delay cleanup until arrival of qualified radiation monitoring assistance.
First Aid	Call physician. Use standard first air procedures. Assume radioactive contamination on persons or equipment close to damaged packages or spilled material. All exposed persons should wash hands and exposed parts of body with soap and water, and shower, if available. Advise rescue personnel and physicians of possibility of radioactive contamination.

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RADIOLOGICAL EMERGENCY ASSISTANCE PLAN (SEE MAP PAGE __).

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RADIOACTIVE

POISON, CORROSIVE
(FOR USE ON URANIUM HEXAFLUORIDE (UF6) ONLY)

POTENTIAL HAZARDS

Health	Material is of a relatively low order of hazard due to external radiation (as from X-rays). Vapor, dust or mist is poisonous, can be fatal if breathed in high concentrations. Contact with material may cause severe burns to skin and eyes. The reaction product with air is readily visible as a white cloud, settling as a dust on surfaces.

IMMEDIATE ACTION INFORMATION

Fire	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
General	On small fires, use dry chemical or carbon dioxide. On large fires, use water spray or fog. Move exposed containers from fire area, if without risk. Keep undamaged packages cool with large volumes of water. Delay cleanup until arrival of qualified radiation monitoring assistance.
Spill or Leak	Attempt to plug releases from container openings using wooden plugs or "freeze" leakage by cooling with water stream at point of opening. Use water spray to reduce vapors. Pressurized CO_2 may also be effective in "freezing" leakage. Dilute spill with large amounts of water, dike for later disposal. Delay cleanup until arrival of qualified radiation monitoring assistance.
First Aid	Call physician. Use standard first aid procedures. Assume radioactive contamination on persons or equipment close to damaged packages in spill area. All exposed persons should wash hands and exposed parts of the body with soap and water, and shower, if available. Advise rescue personnel and physicians of possibility of radioactive contamination, chemical burns from exposure to spilled material.

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RADIOLOGICAL EMERGENCY ASSISTANCE PLAN (SEE MAP PAGE___).

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RADIOACTIVE

(FOR USE ON ACID SOLUTIONS OF PLUTONIUM NITRATE)

POTENTIAL HAZARDS

Health	Direct external radiation (as from X-rays) is relatively low. Spilled material is extremely hazardous due to internal radiation from contact with skin, cuts, wounds, or breathing airborne dusts, fumes, etc. An extremely radiotoxic material when taken into the body.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	Use standard firefighting agents. Fight fire from maximum distance. Do not come into contact with leaking or damaged packages. Do not move damaged packages. Move undamaged packages from fire zone, if without risk. Delay cleanup until arrival of qualified radiation monitoring assistance.
Spill or Leak	Do not come into contact with leaking or damaged packages or enter spill area unless absolutely necessary to save life. Delay any actions until arrival of qualified radiation monitoring assistance unless action is needed to rescue injured person.
First Aid	Call physician. Use standard first aid procedures. Assume highly radioactive contamination on persons or equipment close to damaged packages or spilled material. Remove contaminated clothing and shower thoroughly with soap and water. Observable effects of serious inhalation or absorption of spilled material may be delayed. Advise rescue personnel and physicians that injured persons, clothing, etc., may be contaminated with highly radioactive material (plutonium).

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CORROSIVE

POTENTIAL HAZARDS

Fire	Some material in this group cannot catch fire, others can catch fire but do not ignite readily.
Health	Vapor may be irritating, if breathed. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing.
Fire	On small fires use dry chemical or carbon dioxide. On large fires use standard firefighting agents. Move exposed containers from fire area, if without risk. Cool containers with water.
Spill or Leak	Stop leak if without risk. Dilute spill with large amounts of water. Dike for later disposal.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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CORROSIVE
POISON

POTENTIAL HAZARDS

Fire	Some material in this group cannot catch fire, others can catch fire but do not ignite readily.
Health	Vapor, mist or dust is poisonous if breathed. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires use dry chemical or carbon dioxide. On large fires use standard firefighting agents. Move exposed containers from fire area, if without risk. Cool containers with water.
Spill or Leak	Stop leak if without risk. Dilute spill with large amounts of water. Dike for later disposal.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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CORROSIVE
HOD (HEAT OF DILUTION)

POTENTIAL HAZARDS

Fire	Some material in this group cannot catch fire, others can catch fire but do not ignite readily.
Explosion	Explosive concentrations of gas may accumulate in tanks containing acid.
Health	Vapor may be irritating, if breathed. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear firefighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use water spray or fog. Move exposed containers from fire area, if without risk. Do not get water inside containers.
Spill or Leak	Stop leak if without risk. Dilute spill with large amounts of water. Dike for later disposal. Do not get water inside containers.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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CORROSIVE

COMBUSTIBLE

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flames. Heated container may rupture violently and produce flying missiles. Ignition of vapor may occur at some distance from leaking container. Vapor entering sewer or other closed spaces may create fire or explosion hazard.
Health	Vapor may be irritating, if breathed. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear fire fighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use standard firefighting agents. Do not approach ends of horizontal tanks. Move exposed containers from fire area, if without risk. Cool containers with water. Continue cooling after fires have been extinguished.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Use water spray to reduce vapors. Dike large spills for later disposal. Use noncombustible absorbent material (sand, etc.) to collect small spills.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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CORROSIVE

POISON, MOD. (HEAT OF DILUTION)

POTENTIAL HAZARDS

Fire	Some material in this group cannot catch fire, others can catch fire but do not ignite readily.
Explosion	Explosive concentrations of gas may accumulate in tanks containing acids.
Health	Vapor, mist or dust is poisonous, if breathed. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use water spray or fog. Move exposed containers from fire area, if without risk. Do not get water inside containers.
Spill or Leak	Stop leak if without risk. Dilute spill with large amounts of water. Dike for later disposal. Do not get water inside containers.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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CORROSIVE

COMBUSTIBLE, POISON

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flames. Heated container may rupture violently and produce flying missiles. Ignition of vapor may occur at some distance from leaking container. Vapor entering sewer or other closed spaces may create fire or explosion hazard.
Health	Vapor, mist, or dust is poisonous, if breathed. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use standard firefighting agents. Do not approach ends of horizontal tanks. Move exposed containers from fire area, if without risk. Cool containers with water. Continue cooling after fires have been extinguished.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Avoid contact with spilled material. Stop leak if wothout risk. Dilute spill with large amounts of water. Dike for later disposal.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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CORROSIVE

COMBUSTIBLE, HOD (HEAT OF DILUTION)

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flames. Heated container may rupture violently and produce flying missiles. Ignition of vapor may occur at some distance from leaking container. Vapor entering sewer or other closed spaces may create fire or explosion hazard.
Explosion	Explosive concentrations of gas may accumulate in tanks containing acid.
Health	Vapor, or mist may be irritating, if breathed. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear firefighters full protective clothing. Self-contained breathing apparatus should be available.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use water spray or fog. Move exposed containers from fire area, if without risk. Cool containers with water. Do not get water inside containers.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Dilute spill with large amounts of water. Dike for later disposal. Do not get water inside containers.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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CORROSIVE

COMBUSTIBLE, POISON ROD (HEAT OF DILUTION)

POTENTIAL HAZARDS

Fire	May be ignited by heat, sparks, or open flames. Heated container may rupture violently and produce flying missiles. Ignition of vapor may occur at some distance from leaking container. Vapor entering sewer or other closed spaces may create fire or explosion hazard.
Explosion	Explosive concentrations of gas may accumulate in tanks containing acid.
Health	Vapor or mist is poisonous if breathed. Contact with material may cause severe burns to skin and eyes. Contaminated water or material runoff may pollute water supply. Runoff to sewer may create poison hazard.

IMMEDIATE ACTION INFORMATION

General	No unnecessary personnel. Keep upwind. Identify and isolate hazard area. Wear self-contained breathing apparatus and full protective clothing.
Fire	On small fires, use dry chemical or carbon dioxide. On large fires, use water spray or fog. Move exposed containers from fire area, if without risk. In early stages cool containers with water. Do not get water inside containers.
Spill or Leak	Within hazard area: Eliminate ignition source. No flares, no smoking, no open flames. Stop leak if without risk. Dilute spill with large amounts of water. Dike for later disposal. Do not get water inside containers.
First Aid	Remove to fresh air. Call physician. In case of contact with material or water solution, immediately flush skin or eyes with running water for at least 15 minutes. Remove contaminated clothing and shoes. Keep patient at rest. Effects of contact or inhalation may be delayed.

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Interested persons are invited to comment on the proposals made in this advance notice of proposed rule making. Communications should identify the docket number and be submitted in duplicate to the Secretary, Hazardous Materials Regulations Board, Department of Transportation, 400 Sixth Street SW., Washington, DC 20590. Communications received on or before October 9, 1972, will be considered before publication of a notice of proposed rulemaking or before final action is taken following its publication. All comments received will be available for examination by interested persons at the Office of the Secretary, Hazardous Materials Regulations Board, both before and after the closing date for comments.

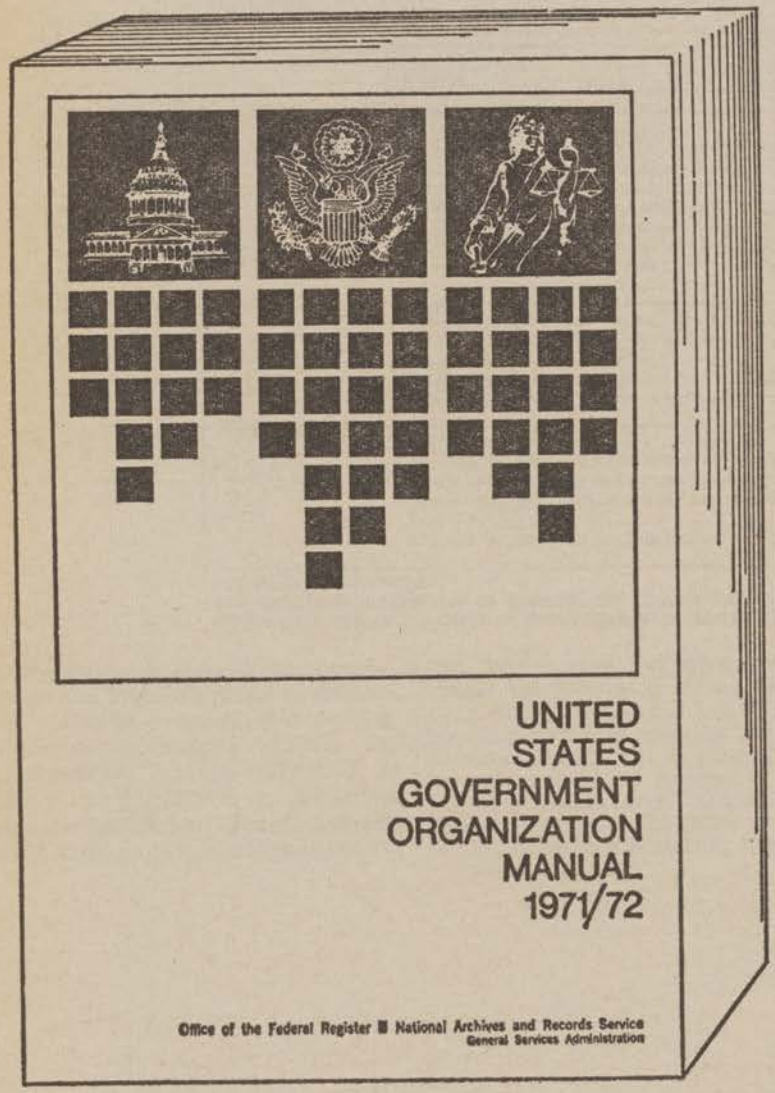
Issued in Washington, D.C., on June 16, 1972.

W. J. BURNS,
Director,
Office of Hazardous Materials.

[FR Doc.72-9364 Filed 6-26-72;8:45 am]



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