

*Example 3.* A owns 80 percent of the stock of T and none of the stock of P. T merges into P. In the merger, A receives stock of P. In addition, A arranges with an independent investment banker to hedge the risk of loss on the P stock received in the merger. Neither P nor a party related to P enters directly or indirectly into the hedging transaction. The transaction satisfies the continuity of shareholder interest requirement.

*Example 4.* A owns 80 percent of the stock of T and none of the stock of P. T merges into P. In the merger, A receives stock of P but with an agreement that it will be redeemed shortly by P. Pursuant to the agreement, shortly after the merger P redeems all of the stock of P received by A in the merger for cash. Under all of the facts and circumstances, the cash is treated as furnished by P in the merger, so that the merger does not satisfy the continuity of shareholder interest requirement. The result is the same if S, P's wholly owned subsidiary, buys all of the stock of P received by A in the merger for cash. The result is also the same if pursuant to a plan between P, its investment banker, and A, P's investment banker buys all of the stock of P received by A in the merger for cash and, shortly thereafter, P redeems the stock held by the investment banker for cash.

(4) *Effective date.* Paragraph (e) applies to transactions occurring after these regulations are published as final regulations in the Federal Register, except that it shall not apply to any transactions occurring pursuant to a written agreement which is (subject to customary conditions) binding on or before these regulations are published as final regulations in the Federal Register.

Par. 3. In § 1.368-2, paragraph (a) is amended by removing the second sentence and adding two new sentences in its place to read as follows:

**§ 1.368-2 Definition of terms.**

(a) \* \* \* The term does not embrace the mere purchase by one corporation of the properties of another corporation. The preceding sentence applies to transactions occurring after these regulations are published as final regulations in the Federal Register, except that it shall not apply to any transactions occurring pursuant to a written agreement which is (subject to customary conditions) binding on or before these regulations are published as final regulations in the Federal Register.

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\* \* \* \* \*  
Margaret Milner Richardson,  
*Commissioner of Internal Revenue.*

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**DEPARTMENT OF THE INTERIOR**

**Minerals Management Service**

**30 CFR Part 290**

**RIN 1010-AC21**

**Administrative Appeals Process**

**AGENCY:** Mineral Management Service (MMS), Interior.

**ACTION:** Proposed rule; notice of extension of public comment period.

**SUMMARY:** MMS hereby gives notice that it is extending the public comment period on a Notice of proposed rule which was published in the Federal Register on October 28, 1996 (61 FR 55607). The proposed rule would amend the regulations governing MMS' administrative appeals process. In response to a request for additional time from the Subcommittee on Appeals and Alternative Dispute Resolution of the Royalty Policy Committee, MMS will extend the comment period from December 27, 1996, to March 27, 1997. This extension should provide sufficient time for the Subcommittee to submit to the full Royalty Policy Committee its report on improving the appeals process, and for the Royalty Policy Committee to provide advice to the Department of the Interior within the comment period.

**DATES:** Comments must be submitted on or before March 27, 1997.

**ADDRESSES:** Comments should be sent to: Bettine Montgomery, Office of Policy and Management Improvement, Minerals Management Service, 1848 C Street, N.W., MS 4230, Washington, D.C. 20240; courier delivery to Department of the Interior, 1849 C Street, N.W., Washington, D.C. 20240; telephone (202) 208-3976; fax (202) 208-3118; e-Mail Elizabeth.Montgomery@smtp.mms.gov.

**FOR FURTHER INFORMATION CONTACT:** Hugh Hilliard, Office of Policy and Management Improvement, Minerals Management Service, 1849 C Street, N.W., MS 4230, Washington, D.C. 20240; telephone (202) 208-3398; fax (202) 208-4891; e-Mail Hugh.Hilliard@smtp.mms.gov.

Dated: December 17, 1996.

Lucy R. Querques,

*Associate Director for Policy and Management Improvement.*

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**ENVIRONMENTAL PROTECTION AGENCY**

**40 CFR Part 52**

[CO24-1-5701b, CO25-1-5700b, CO26-1-5702b; FRL-5664-2]

**Approval and Promulgation of Air Quality Implementation Plans; Colorado; 1990 Base Year Carbon Monoxide Emission Inventories for Colorado**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** EPA is proposing approval of the 1990 base year carbon monoxide (CO) emission inventories for Colorado Springs, Denver/Longmont, and Fort Collins that were submitted by the State to satisfy certain requirements of the Clean Air Act (CAA), as amended in 1990. In the Final Rules Section of this Federal Register, EPA is approving the State's State Implementation Plan (SIP) revision as a direct final rule without prior proposal because the Agency views this as a noncontroversial revision amendment and anticipates no adverse comments. A detailed rationale for the approval is set forth in the direct final rule. If no adverse comments are received in response to this proposed rule, no further activity is contemplated in relation to this rule. If EPA receives adverse comments, the direct final rule will be withdrawn and all public comments received will be addressed in a subsequent final rule based on this proposed rule. EPA will not institute a second comment period on this action. Any parties interested in commenting on this action should do so at this time.

**DATES:** Comments on this proposed rule must be received in writing by January 22, 1997.

**ADDRESSES:** Written comments should be addressed to: Richard R. Long, Director, Air Program (8P2-A), United States Environmental Protection Agency, Region 8, 999 18th Street, Suite 500, Denver, Colorado 80202-2466

Copies of the documents relevant to this action are available for public inspection between 8:00 a.m. and 4:00 p.m., Monday through Friday at the following office: United States Environmental Protection Agency, Region 8, Air Program, 999 18th Street, Suite 500, Denver, Colorado 80202-2466.

**FOR FURTHER INFORMATION CONTACT:** Tim Russ, Air Program (8P2-A), United States Environmental Protection Agency, Region 8, 999 18th Street, Suite 500, Denver, Colorado 80202-2466 ph. (303) 312-6479.