

Demethylchlorotetracycline hydrochloride-nystatin capsules; certification; tests and methods of assay.....	6967	Public facility loans.....	7004	Land Management Bureau
General Services Administration		Public works planning.....	7004	NOTICES:
RULES AND REGULATIONS:		Indian Affairs Bureau		Arkansas; proposed withdrawal and reservation of land.....
Federal procurement regulations; contract cost principles and procedures.....	6947	PROPOSED RULE MAKING:		6990
Health, Education, and Welfare Department		Agua Caliente (Palm Springs) Reservation, California; equalization of allotments.....	6981	RULES AND REGULATIONS:
See Food and Drug Administration.		Interior Department		Public land orders:
Housing and Home Finance Agency		See Indian Affairs Bureau; Land Management Bureau.		Alaska (2 documents).....
See also Federal Housing Administration; Public Housing Administration.		Internal Revenue Service		California and Oregon.....
NOTICES:		PROPOSED RULE MAKING:		Post Office Department
Regional Director of Community Facilities Activities, Region V, Fort Worth; delegations of authority with respect to:		Retailers excise taxes.....	6974	RULES AND REGULATIONS:
Housing for educational institutions.....	7004	Interstate Commerce Commission		Directory of International Mail; individual country regulations.....
		NOTICES:		Highway transportation; powerboat service.....
		Motor carrier transfer proceedings.....	7004	Public Housing Administration
		Labor Department		NOTICES:
		See Wage and Hour Division.		Delegations of final authority.....
				7004
				Treasury Department
				See Internal Revenue Service.
				Wage and Hour Division
				NOTICES:
				Learner employment certificates; issuance to various industries..
				7006

Codification Guide

The following numerical guide is a list of the parts of each title of the Code of Federal Regulations affected by documents published in today's issue. A cumulative list of parts affected, covering the current month to date, appears at the end of each issue beginning with the second issue of the month.

Monthly, quarterly, and annual cumulative guides, published separately from the daily issues, include the section numbers as well as the part numbers affected.

3 CFR	120.....	6967	43 CFR	
PROCLAMATIONS:	141c.....	6967	PUBLIC LAND ORDERS:	
3357.....	146c (2 documents).....	6967	616 (revoked in part by PLO 2163) ..	6973
3358.....	PROPOSED RULES:		894 (revoked by PLO 2162).....	6972
EXECUTIVE ORDERS:	1.....	6985	2162.....	6972
2141 (see PLO 2162).....	120.....	6987	2163.....	6973
8872 (revoked by PLO 2162).....	130.....	6985	2164.....	6973
9035 (revoked in part by PLO 2163).....	24 CFR			
10127 (revoked in part by F.R. Doc. 60-6825).....	201.....	6968	47 CFR	
5 CFR	25 CFR		PROPOSED RULES:	
2.....	PROPOSED RULES:		3.....	6989
6.....	124.....	6981	<hr/>	
7 CFR	26 (1954) CFR		Now Available	
728.....	PROPOSED RULES:		UNITED STATES GOVERNMENT ORGANIZATION MANUAL	
PROPOSED RULES:	48.....	6974	1960-61 Edition	
963.....	30 CFR		(Revised through June 1)	
975.....	401.....	6968	Published by the Office of the Federal Register, the National Archives and Records Service, General Services Administration	
14 CFR	33 CFR		817 pages—\$1.50 a copy	
608 (2 documents).....	303.....	6969	Order from Superintendent of Documents, United States Government Printing Office, Washington 25, D.C.	
PROPOSED RULES:	39 CFR			
507.....	94.....	6970		
608.....	168.....	6970		
21 CFR	41 CFR			
27.....	1-15.....	6947		

Presidential Documents

Title 3—THE PRESIDENT

Proclamation 3357

CAPTIVE NATIONS WEEK, 1960

By the President of the United States
of America

A Proclamation

WHEREAS many nations throughout the world have been made captive by the imperialistic and aggressive policies of Soviet communism; and

WHEREAS the peoples of the Soviet-dominated nations have been deprived of their national independence and their individual liberties; and

WHEREAS the citizens of the United States are linked by bonds of family and principle to those who love freedom and justice on every continent; and

WHEREAS it is appropriate and proper to manifest to the peoples of the captive nations the support of the Government and the people of the United States of America for their just aspirations for freedom and national independence; and

WHEREAS by a joint resolution approved July 17, 1959 (73 Stat. 212), the Congress has authorized and requested the President of the United States of America to issue a proclamation designating the third week in July 1959 as "Captive Nations Week," and to issue a similar proclamation each year until such time as freedom and independence shall have been achieved for all the captive nations of the world:

NOW, THEREFORE, I, DWIGHT D. EISENHOWER, President of the United States of America, do hereby designate the week beginning July 17, 1960, as Captive Nations Week.

I invite the people of the United States of America to observe such week with appropriate ceremonies and activities, and I urge them to study the plight of the Soviet-dominated nations and to recommit themselves to the support of the just aspirations of the peoples of those captive nations.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this eighteenth day of July in the year of our Lord nineteen hundred and [SEAL] sixty, and of the Independence of the United States of America the one hundred and eighty-fifth.

DWIGHT D. EISENHOWER

By the President:

CHRISTIAN A. HERTER,
Secretary of State.

[F.R. Doc. 60-6892; Filed, July 20, 1960;
2:40 p.m.]

Proclamation 3358

DETERMINING ETHYL 1-(3-CYANO-3,3-DIPHENYLPROPYL)-4-PHENYL-4-PIPERIDINECARBOXYLATE TO BE AN OPIATE

By the President of the United States
of America

A Proclamation

WHEREAS section 4731(g) of the Internal Revenue Code of 1954 provides in part as follows:

OPIATE.—The word "opiate", as used in this part shall mean any drug (as defined in the Federal Food, Drug, and Cosmetic Act; 52

Stat. 1041, section 201(g); 21 U.S.C. 321) found by the Secretary or his delegate, after due notice and opportunity for public hearing, to have an addiction-forming or addiction-sustaining liability similar to morphine or cocaine, and proclaimed by the President to have been so found by the Secretary or his delegate. * * *;

AND WHEREAS the Secretary of the Treasury, after due notice and opportunity for public hearing, has found that the following-named drug has an addiction-forming or addiction-sustaining liability similar to morphine, and that in the public interest this finding should be effective immediately:

Ethyl 1-(3-cyano-3,3-diphenylpropyl)-4-phenyl-4-piperidinecarboxylate.

NOW, THEREFORE, I, DWIGHT D. EISENHOWER, President of the United States of America, do hereby proclaim that the Secretary of the Treasury has found that the aforementioned drug has an addiction-forming or addiction-sustaining liability similar to morphine and that in the public interest this finding should be effective immediately.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States to be affixed.

DONE at the City of Washington this eighteenth day of July in the year of our Lord nineteen hundred and [SEAL] sixty, and of the Independence of the United States of America the one hundred and eighty-fifth.

DWIGHT D. EISENHOWER

By the President:

CHRISTIAN A. HERTER,
Secretary of State.

[F.R. Doc. 60-6893; Filed, July 20, 1960;
2:40 p.m.]

Rules and Regulations

Title 7—AGRICULTURE

Chapter VII—Commodity Stabilization Service (Farm Marketing Quotas and Acreage Allotments), Department of Agriculture

PART 728—WHEAT

Subpart—1961-62 Marketing Year

COUNTY ACREAGE ALLOTMENTS FOR 1961 CROP

Correction

In F.R. Doc. 60-6045, appearing at page 6236 of the issue for Saturday, July 2, 1960, the following corrections are made in the tabular material under § 728.1107:

1. Under California, the total in the "Apportionment from the national reserve: Acreage apportioned" column should read "414" instead of "441".

2. Under Mississippi, the figures in the "Apportionment from the national reserve: Acreage apportioned" column for Humphreys and Issaquena counties should read "211" and "152" respectively, instead of "21" and "15". In the same column, the figures "2", "1", "3", and "2" should be entered for Itawamba, Jackson, Jefferson, and Jefferson Davis counties, respectively.

3. Under Pennsylvania, the figure in the "County reserve for appeals and corrections" column for Westmoreland county should read "25" instead of "35".

Title 14—AERONAUTICS AND SPACE

Chapter III—Federal Aviation Agency

SUBCHAPTER E—AIR NAVIGATION REGULATIONS

[Airspace Docket No. 60-KC-7]

PART 608—RESTRICTED AREAS

Modification

The purpose of this amendment to § 608.30 of the regulations of the Administrator is to modify the Sturgeon Bay, Mich., Restricted Area (R-502) (Green Bay Chart).

The present time of designation of Restricted Area R-502 is from 0800 to 1800 c.s.t. The Department of the Air Force has reviewed the activities, aerial rocketing and gunnery, within this area and determined that the time of designation can be reduced to 0900 to 1600 c.s.t. Therefore, the Federal Aviation Agency is reducing the time of designation from "0800 to 1800 c.s.t." to "0900 to 1600 c.s.t."

Since this amendment reduces a burden on the public, compliance with the

notice, public procedure and effective date requirements of section 4 of the Administrative Procedure Act is unnecessary.

In consideration of the foregoing, the following action is taken:

In § 608.30, the Sturgeon Bay, Mich., Restricted Area (R-502) (Green Bay Chart) (23 F.R. 8583, 24 F.R. 1079) is amended by deleting "0800-1800C, Monday-Friday" and substituting therefor "0900-1600 c.s.t., Monday-Friday".

This amendment shall become effective upon the date of publication in the FEDERAL REGISTER.

(Secs. 307(a), 313(a), 72 Stat. 749, 752; 49 U.S.C. 1348, 1354)

Issued in Washington, D.C., on July 18, 1960.

E. R. QUESADA,
Administrator.

[F.R. Doc. 60-6824; Filed, July 21, 1960; 8:45 a.m.]

[Airspace Docket No. 60-WA-88]

PART 608—RESTRICTED AREAS

Revocation of Prohibited Area and Designation of Restricted Areas

The purpose of these amendments is to modify Executive Order 10127 by revoking the airspace reservation, hereinafter referred to as Prohibited Area (P-207), established over the Los Alamos Project, Santa Fe, N. Mex., and to amend Part 608 of the regulations of the Administrator by designating Los Alamos, N. Mex., Restricted Areas (R-5A and R-5B) (Albuquerque Chart).

The Los Alamos Prohibited Area (P-207) was established by Presidential Executive Order 10127 (paragraph 3 thereof) dated May 23, 1950 (15 F.R. 3171) at the request of the Atomic Energy Commission for national defense and other government purposes. The prohibited area is in effect continuously from the surface to an unlimited altitude and encompasses the area beginning at latitude 36°00'00" N., longitude 106°04'00" W.; thence along the Rio Grande River to latitude 35°45'00" N., longitude 106°15'00" W.; thence to latitude 35°45'00" N., longitude 106°30'00" W.; thence to latitude 36°00'00" N., longitude 106°30'00" W.; thence to the point of beginning.

The Federal Aviation Agency has received information from the Atomic Energy Commission which indicates there is no longer a requirement for this prohibited area. However, it does appear that a limited restricted area is justified in the interest of public safety. Therefore, the retention of Prohibited Area (P-207) is no longer justified as an assignment of Airspace and its revocation

is in the public interest. Concurrently, two small portions of this area are being designated as restricted areas with a ceiling of 12,000 feet MSL on a continuous basis for the purpose of protecting aircraft from possible exposure to harmful radiations emitted as a result of development work pertaining to the Atomic Energy Program and related fields.

Since the changes effected by these amendments are less restrictive in nature than the present requirements, and impose no additional burden on any person, notice and public procedure thereon are unnecessary and they may be made effective immediately.

In consideration of the foregoing, the following actions are taken:

1. In Executive Order 10127 (15 F.R. 3171; 25 F.R. 5925), the Los Alamos Project, Santa Fe, N. Mex., Prohibited Area (P-207) (Albuquerque Chart) is revoked.

2. In § 608.39 *New Mexico* (23 F.R. 8584) the following is added:

(a) Los Alamos, N. Mex., Restricted Area (R-5A) (Albuquerque Chart).

Description of geographical coordinates. Beginning at latitude 35°45'15" N., longitude 106°15'12" W.; thence to latitude 35°50'03" N., longitude 106°21'36" W.; thence to latitude 35°52'22" N., longitude 106°20'42" W.; thence to latitude 35°52'52" N., longitude 106°16'48" W.; thence to latitude 35°52'30" N., longitude 106°14'48" W.; thence to latitude 35°48'35" N., longitude 106°14'48" W.; thence to latitude 35°47'05" N., longitude 106°12'08" W.; thence to the point of beginning.

Designated altitudes. Surface to 12,000 feet MSL.

Time of designation. Continuous.

Controlling agency. U.S. Atomic Energy Commission, Los Alamos, N. Mex.

(b) Los Alamos, N. Mex., Restricted Area (R-5B) (Albuquerque Chart).

Description of geographical coordinates. Beginning at latitude 35°52'53" N., longitude 106°14'06" W.; thence to latitude 35°53'08" N., longitude 106°16'09" W.; thence to latitude 35°54'45" N., longitude 106°16'09" W.; thence on the arc of a circle with a radius of 10,000 feet, centered at latitude 35°53'03" N., longitude 106°16'09" W., to the point of beginning.

Designated altitudes. Surface to 12,000 feet MSL.

Time of designation. Continuous.

Controlling agency. U.S. Atomic Energy Commission, Los Alamos, N. Mex.

These amendments shall become effective upon the date of publication in the FEDERAL REGISTER.

(Secs. 307(a), 313(a), 1501(a), 72 Stat. 749, 752, 809; 49 U.S.C. 1348, 1354, 1301 Note)

Issued in Washington, D.C., on July 18, 1960.

E. R. QUESADA,
Administrator.

[F.R. Doc. 60-6825; Filed, July 21, 1960; 8:45 a.m.]

Title 41—PUBLIC CONTRACTS

Chapter 1—Federal Procurement Regulations

PART 1-15—CONTRACT COST PRINCIPLES AND PROCEDURES

Part 1-15 is added to the part table of contents to read as set forth below:

1-15 Contract cost principles and procedures.

New Part 1-15 is added to read as follows:

Sec.	
1-15.000	Scope of part.
Subpart 1-15.1—Applicability	
1-15.101	Scope of subpart.
1-15.102	Cost-reimbursement supply and research contracts with concerns other than educational institutions.
1-15.103	Cost-reimbursement research contracts with educational institutions.
1-15.104	Cost-reimbursement construction contracts.
1-15.105	[Reserved.]
1-15.106	Use of cost principles for fixed-price type contracts.
1-15.107	Advance understandings on particular cost items.
Subpart 1-15.2—Principles and Procedures for Use in Cost-Reimbursement Type Supply and Research Contracts With Commercial Organizations	
1-15.201	Basic considerations.
1-15.201-1	Composition of total cost.
1-15.201-2	Factors affecting allowability of costs.
1-15.201-3	Definition of reasonableness.
1-15.201-4	Definition of allocability.
1-15.201-5	Credits.
1-15.202	Direct costs.
1-15.203	Indirect costs.
1-15.204	Application of principles and procedures.
1-15.205	Selected costs.
1-15.205-1	Advertising costs.
1-15.205-2	Bad debts.
1-15.205-3	Bidding costs.
1-15.205-4	Bonding costs.
1-15.205-5	Civil defense costs.
1-15.205-6	Compensation for personal services.
1-15.205-7	Contingencies.
1-15.205-8	Contributions and donations.
1-15.205-9	Depreciation.
1-15.205-10	Employee morale, health, and welfare costs and credits.
1-15.205-11	Entertainment costs.
1-15.205-12	Excess facility costs.
1-15.205-13	Fines and penalties.
1-15.205-14	Food service and dormitory costs and credits.
1-15.205-15	Fringe benefits.
1-15.205-16	Insurance and indemnification.
1-15.205-17	Interest and other financial costs.
1-15.205-18	Labor relations costs.
1-15.205-19	Losses on other contracts.
1-15.205-20	Maintenance and repair costs.
1-15.205-21	Manufacturing and production engineering costs.
1-15.205-22	Material costs.
1-15.205-23	Organization costs.
1-15.205-24	Other business expenses.
1-15.205-25	Overtime, extra-pay shift and multi-shift premiums.
1-15.205-26	Patent costs.
1-15.205-27	Pension plans.
1-15.205-28	Plant protection costs.
1-15.205-29	Plant reconversion costs.
1-15.205-30	Precontract costs.

Sec.	
1-15.205-31	Professional service costs—legal, accounting, engineering, and other.
1-15.205-32	Profits and losses on disposition of plant, equipment, or other capital assets.
1-15.205-33	Recruiting costs.
1-15.205-34	Rental costs (including sale and leaseback of facilities).
1-15.205-35	Research and development costs.
1-15.205-36	Royalties and other costs for use of patents.
1-15.205-37	Selling costs.
1-15.205-38	Service and warranty costs.
1-15.205-39	Severance pay.
1-15.205-40	Special tooling costs.
1-15.205-41	Taxes.
1-15.205-42	Termination costs.
1-15.205-43	Trade, business, technical, and professional activity costs.
1-15.205-44	Training and educational costs.
1-15.205-45	Transportation costs.
1-15.205-46	Travel costs.

Subpart 1-15.3—Principles for Determining Applicable Costs Under Research Contracts With Educational Institutions

1-15.301	General.
1-15.302	Definitions.
1-15.303	Direct costs.
1-15.304	Indirect costs.
1-15.305	Applicable costs.
1-15.306	Determination of indirect costs.
1-15.306-1	General.
1-15.306-2	Apportionment.
1-15.306-3	Allocation.
1-15.306-4	Overhead determinations acceptable under special circumstances.
1-15.307	General standards for selected items of cost.
1-15.307-1	Purpose and applicability.
1-15.307-2	Costs applicable to instruction.
1-15.307-3	Allowable and unallowable costs.

Subpart 1-15.4—Construction Contracts

1-15.401	Definition of construction contract.
1-15.402	General basis for determination of costs.
1-15.403	Examples of items of allowable costs.
1-15.404	Examples of items of unallowable costs.
1-15.405	Examples of subjects requiring special considerations.
1-15.406	Cost interpretation of pension and retirement plans.

Subpart 1-15.5—[Reserved]

Subpart 1-15.6—Guidelines for Application in the Negotiation and Administration of Fixed-Price Type Contracts and in the Negotiation of Termination Settlements

1-15.600	Scope of subpart.
1-15.601	Definition of fixed-price type contracts.
1-15.602	Basic considerations.
1-15.603	Cost principles and their use.

AUTHORITY: §§ 1-15.000 to 1-15.603 issued under sec. 205(c), 63 Stat. 390; 40 U.S.C. 486(c).

§ 1-15.000 Scope of part.

This part contains general cost principles and procedures for the determination and allowance of costs in connection with the negotiation and administration of cost-reimbursement type contracts and contains guidelines for use, where appropriate, in the evaluation of costs in connection with certain negotiated fixed-price type contracts and contracts terminated for the convenience of the Government.

Subpart 1-15.1—Applicability

§ 1-15.101 Scope of subpart.

This subpart describes the applicability of succeeding subparts of this part to the various types of contracts in connection with which cost principles and procedures are used, and the need for advance understandings.

§ 1-15.102 Cost-reimbursement supply and research contracts with concerns other than educational institutions.

This category includes all cost-reimbursement type contracts (see § 1-3.404) for supplies, services, or experimental, developmental, or research work (other than with educational institutions, as to which § 1-15.103 applies), except that it does not include construction contracts (see § 1-15.104) or facilities contracts. The cost principles and procedures set forth in Subpart 1-15.2 may be incorporated by reference in cost-reimbursement supply and research contracts with other than educational institutions as the basis—

(a) For determination of reimbursable costs under such contracts, including cost-reimbursement type subcontracts thereunder, and the cost-reimbursement portion of time-and-materials contracts (§ 1-3.405-1);

(b) For the negotiation of overhead rates; and

(c) For the determination of costs of terminated cost-reimbursement type contracts, and for settlement of such contracts by determination.

§ 1-15.103 Cost-reimbursement research contracts with educational institutions.

(a) This category includes all cost-reimbursement type contracts (see § 1-3.404) for experimental, developmental, or research work with educational institutions. The cost principles and procedures set forth in Subpart 1-15.3 are the same as those provided, together with related policy guides, for Government-wide use by Circular No. A-21, September 10, 1958, issued by the Bureau of the Budget, and accordingly shall be incorporated (by reference, if desired) in cost-reimbursement research contracts with educational institutions as the basis—

(1) For determination of reimbursable costs under cost-reimbursement type contracts, including cost-reimbursement type subcontracts thereunder;

(2) For the negotiation of overhead rates; and

(3) For the determination of costs of terminated cost-reimbursement type contracts, and for settlement of such contracts by determination.

(b) In addition, Subpart 1-15.3 is to be used in determining allowable costs of research and development performed by educational institutions under grants.

§ 1-15.104 Cost-reimbursement construction contracts.

This category includes all cost-reimbursement type contracts for the construction, alteration, or repair of buildings, bridges, roads, or other kinds of real property. It also includes cost-reimbursement type contracts for archi-

tect-engineer services related to such construction. It does not include contracts for vessels, aircraft, or other kinds of personal property. The cost principles and procedures set forth in Subpart 1-15.4 may be incorporated by reference in cost-reimbursement construction contracts as the basis—

(a) For determination of reimbursable costs under cost-reimbursement type contracts, including cost-reimbursement type subcontracts thereunder;

(b) For the negotiation of overhead rates; and

(c) For the determination of costs of terminated cost-reimbursement type contracts, and for settlement of such contracts by determination.

§ 1-15.105 [Reserved]

§ 1-15.106 Use of cost principles for fixed-price type contracts.

Subpart 1-15.6 provides guidance for the use of Subparts 1-15.2, 1-15.3, and 1-15.4 where appropriate, in the evaluation of costs in connection with the negotiation of certain fixed-price type contracts and termination settlements.

§ 1-15.107 Advance understandings on particular cost items.

The extent of allowability of the selected items of cost covered in Subparts 1-15.2, 1-15.3, and 1-15.4 has been stated to apply broadly to many accounting systems in varying contract situations. Thus, as to any given contract, the reasonableness and allocability of certain items of cost may be difficult to determine, particularly in connection with firms or separate divisions thereof which may not be subject to effective competitive restraints. In order to avoid possible subsequent disallowance or dispute based on unreasonableness or nonallocability, it is important that prospective contractors, particularly those whose work is predominantly or substantially with the Government, seek agreement with the Government in advance of the incurrence of special or unusual costs in categories where reasonableness or allocability are difficult to determine. Such agreement may also be initiated by contracting officers when appropriate. Any such agreement should be incorporated in cost-reimbursement type contracts, or made a part of the contract file in the case of negotiated fixed-price type contracts, and should govern the cost treatment covered thereby throughout the performance of the contract. But the absence of such an advance agreement on any element of cost will not, in itself, serve to make that element either allowable or unallowable. Examples of costs on which advance agreements may be particularly important are:

(a) Compensation for personal services;

(b) Use charge for fully depreciated assets;

(c) Deferred maintenance costs;

(d) Pre-contract costs;

(e) Research and development costs;

(f) Royalties;

(g) Selling and distribution costs; and

(h) Travel costs, as related to special or mass personnel movement.

Subpart 1-15.2—Principles and Procedures for Use in Cost-Reimbursement Type Supply and Research Contracts With Commercial Organizations

§ 1-15.201 Basic considerations.

§ 1-15.201-1 Composition of total cost.

The total cost of a contract is the sum of the allowable direct and indirect costs allocable to the contract, incurred or to be incurred, less any allocable credits. In ascertaining what constitutes costs, any generally accepted method of determining or estimating costs that is equitable under the circumstances may be used, including standard costs properly adjusted for applicable variances.

§ 1-15.201-2 Factors affecting allowability of costs.

Factors to be considered in determining the allowability of individual items of cost include (a) reasonableness, (b) allocability, (c) application of those generally accepted accounting principles and practices appropriate to the particular circumstances, and (d) any limitations or exclusions set forth in this Subpart 1-15.2, or otherwise included in the contract as to types or amounts of cost items.

§ 1-15.201-3 Definition of reasonableness.

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by an ordinarily prudent person in the conduct of competitive business. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with firms or separate divisions thereof which may not be subject to effective competitive restraints. What is reasonable depends upon a variety of considerations and circumstances involving both the nature and amount of the cost in question. In determining the reasonableness of a given cost, consideration shall be given to:

(a) Whether the cost is of a type generally recognized as ordinary and necessary for the conduct of the contractor's business or the performance of the contract;

(b) The restraints or requirements imposed by such factors as generally accepted sound business practices, arm's length bargaining, Federal and State laws and regulations, and contract terms and specifications;

(c) The action that a prudent business man would take in the circumstances, considering his responsibilities to the owners of the business, his employees, his customers, the Government, and the public at large; and

(d) Significant deviations from the established practices of the contractor which may unjustifiably increase the contract costs.

§ 1-15.201-4 Definition of allocability.

A cost is allocable if it is assignable or chargeable to a particular cost objective, such as a contract, product, product line, process, or class of customer or activity, in accordance with the relative benefits received or other equi-

table relationship. Subject to the foregoing, a cost is allocable to a Government contract if it:

(a) Is incurred specifically for the contract;

(b) Benefits both the contract and other work, or both Government work and other work, and can be distributed to them in reasonable proportion to the benefits received; or

(c) Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

§ 1-15.201-5 Credits.

The applicable portion of any income, rebate, allowance, and other credit relating to any allowable cost, received by or accruing to the contractor, shall be credited to the Government either as a cost reduction or by cash refund, as appropriate.

§ 1-15.202 Direct costs.

(a) A direct cost is any cost which can be identified specifically with a particular cost objective. Direct costs are not limited to items which are incorporated in the end product as material or labor. Costs identified specifically with the contract are direct costs of the contract and are to be charged directly thereto. Costs identified specifically with other work of the contractor are direct costs of that work and are not to be charged to the contract directly or indirectly. When items ordinarily chargeable as indirect costs are charged to Government work as direct costs, the cost of like items applicable to other work of the contractor must be eliminated from indirect costs allocated to Government work.

(b) This definition shall be applied to all items of cost of significant amount unless the contractor demonstrates that the application of any different current practice achieves substantially the same results. Direct cost items of minor amount may be distributed as indirect costs as provided in § 1-15.203.

§ 1-15.203 Indirect costs.

(a) An indirect cost is one which, because of its incurrence for common or joint objectives, is not readily subject to treatment as a direct cost. Minor direct cost items may be considered to be indirect costs for reasons of practicality. After direct costs have been determined and charged directly to the contract or other work as appropriate, indirect costs are those remaining to be allocated to the several classes of work.

(b) Indirect costs shall be accumulated by logical cost groupings with due consideration of the reasons for incurring the costs. Each grouping should be determined so as to permit distribution of the grouping on the basis of the benefits accruing to the several cost objectives. Commonly, manufacturing overhead, selling expenses, and general and administrative expenses, are separately grouped. Similarly, the particular case may require subdivisions of these groupings, e.g., building occupancy costs might be separable from those of personnel administration within the manufacturing overhead group. The number and composition of the groupings should be gov-

erned by practical considerations and should be such as not to complicate unduly the allocation where substantially the same results are achieved through less precise methods.

(c) Each cost grouping shall be distributed to the appropriate cost objectives. This necessitates the selection of a distribution base common to all cost objectives to which the grouping is to be allocated. The base should be selected so as to permit allocation of the grouping on the basis of the benefits accruing to the several cost objectives. This principle for selection is not to be applied so rigidly as to complicate unduly the allocation where substantially the same results are achieved through less precise methods.

(d) The method of allocation of indirect costs must be based on the particular circumstances involved. The method shall be in accord with those generally accepted accounting principles which are applicable in the circumstances. The contractor's established practices, if in accord with such accounting principles, shall generally be acceptable. However, the methods used by the contractor may require reexamination when:

(1) Any substantial difference occurs between the cost patterns of work under the contract and other work of the contractor; or

(2) Any significant change occurs in the nature of the business, the extent of subcontracting, fixed asset improvement programs, the inventories, the volume of sales and production, manufacturing processes, the contractor's products, or other relevant circumstances.

(e) A base period for allocation of indirect costs is the period during which such costs are incurred and accumulated for distribution to work performed in that period. Normally, the base period will be the contractor's fiscal year; however, use of a shorter period may be appropriate in case of (1) contracts whose performance involves only a minor portion of the fiscal year, or (2) where it is general practice in the industry to use a shorter period. In any event the base period or periods shall be so selected as to avoid inequities in the allocation of costs. When the contract is performed over an extended period of time, as many such base periods will be used as will be required to represent the period of contract performance.

§ 1-15.204 Application of principles and procedures.

(a) Costs shall be allowed to the extent that they are reasonable (see § 1-15.201-3), allocable (see § 1-15.201-4), and determined to be allowable in view of the other factors set forth in §§ 1-15.201-2 and 1-15.205. These criteria apply to all of the selected items of cost which follow, notwithstanding that particular guidance is provided in connection with certain specific items for emphasis or clarity.

(b) Costs incurred as reimbursements to a subcontractor under a cost-reimbursement type subcontract of any tier above the first fixed-price subcontract are allowable to the extent that allow-

ance is consistent with the subpart of this Part 1-15 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 1-15.2 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 1-15.4 were incorporated in the subcontract.

(c) Selected items of cost are treated in § 1-15.205. However, § 1-15.205 does not cover every element of cost and every situation that might arise in a particular case. Failure to treat any item of cost in § 1-15.205 is not intended to imply that it is either allowable or unallowable. With respect to all items, whether or not specifically covered, determination of allowability shall be based on the principles and standards set forth in this subpart and, where appropriate, the treatment of similar or related selected items.

§ 1-15.205 Selected costs.

§ 1-15.205-1 Advertising costs.

(a) Advertising costs mean the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, trade papers, outdoor advertising, dealer cards and window displays, conventions, exhibits, free goods and samples, and the like. The following advertising costs are allowable:

(1) Advertising in trade and technical journals, provided such advertising does not offer specific products or services for sale but is placed in journals which are valuable for dissemination of technical information within the contractor's industry;

(2) Help-wanted advertising, as set forth in § 1-15.205-33, when considered in conjunction with all other recruitment costs;

(3) Costs of participation in exhibits—

(i) Upon invitation of the Government, or

(ii) Which exhibits are for the purpose of disseminating technical information within the contractor's industry; however, such costs are not allowable under this (ii) if the exhibit offers specific products or services for sale;

(4) Advertising for the exclusive purpose of obtaining scarce materials, plant, or equipment, or disposing of scrap or surplus materials, in connection with the contract.

(b) Except as provided above, all other advertising costs are unallowable.

§ 1-15.205-2 Bad debts.

Bad debts, including losses (whether actual or estimated) arising from uncollectible customers' accounts and other claims, related collection costs, and related legal costs, are unallowable.

§ 1-15.205-3 Bidding costs.

Bidding costs are the costs of preparing bids or proposals on potential Government and non-Government contracts

or projects, including the development of engineering data and cost data necessary to support the contractor's bids or proposals. Bidding costs of the current accounting period of both successful and unsuccessful bids and proposals normally will be treated as allowable indirect costs, in which event no bidding costs of past accounting periods shall be allowable in the current period to the Government contract. However, if the contractor's established practice is to treat bidding costs by some other method, the results obtained may be accepted only if found to be reasonable and equitable.

§ 1-15.205-4 Bonding costs.

(a) Bonding costs arise when the Government requires assurance against financial loss to itself or others by reason of the act or default of the contractor. They arise also in instances where the contractor requires similar assurance. Included are such bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds.

(b) Costs of bonding required pursuant to the terms of the contract are allowable.

(c) Costs of bonding required by the contractor in the general conduct of his business are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

§ 1-15.205-5 Civil defense costs.

(a) Civil defense costs are those incurred in planning for, and the protection of life and property against, the possible effects of enemy attack. Reasonable costs of civil defense measures (including costs in excess of normal plant protection costs, first-aid training and supplies, fire fighting training and equipment, posting of additional exit notices and directions, and other approved civil defense measures) undertaken on the contractor's premises pursuant to suggestions or requirements of civil defense authorities are allowable when allocated to all work of the contractor.

(b) Costs of capital assets under (a) above are allowable through depreciation in accordance with § 1-15.205-9.

(c) Contributions to local civil defense funds and projects are unallowable.

§ 1-15.205-6 Compensation for personal services.

(a) General.

(1) Compensation for personal services includes all remuneration paid currently or accrued, in whatever form and whether paid immediately or deferred, for services rendered by employees to the contractor during the period of contract performance. It includes, but is not limited to, salaries, wages, directors' and executive committee members' fees, bonuses (including stock bonuses), incentive awards, employee stock options, employee insurance, fringe benefits, and contributions to pension, annuity, and management employee incentive compensation plans. Except as otherwise specifically provided in this § 1-15.205-6, such costs are allowable to the extent

that the total compensation of individual employees is reasonable for the services rendered and they are not in excess of those costs which are allowable by the Internal Revenue Code and regulations thereunder.

(2) Compensation is reasonable to the extent that the total amount paid or accrued is commensurate with compensation paid under the contractor's established policy and conforms generally to compensation paid by other firms of the same size, in the same industry, or in the same geographic area, for similar services. In the administration of this principle, it is recognized that not every compensation case need be subjected in detail to the above tests. Such tests need be applied only to those cases in which a general review reveals amounts or types of compensation which appear unreasonable or otherwise out of line. However, certain conditions give rise to the need for special consideration and possible limitation as to allowability for contract cost purposes where amounts appear excessive. Among such conditions are the following:

(i) Compensation to owners of closely held corporations, partners, sole proprietors, or members of the immediate families thereof, or to persons who are contractually committed to acquire a substantial financial interest in the contractor's enterprise. Determination should be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of profits.

(ii) Any change in a contractor's compensation policy resulting in a substantial increase in the contractor's level of compensation, particularly when it was concurrent with an increase in the ratio of Government contracts to other business, or any change in the treatment of allowability of specific types of compensation due to changes in Government policy.

(iii) The contractor's business is such that his compensation levels are not subject to the restraints normally occurring in the conduct of competitive business.

(3) Compensation in lieu of salary for services rendered by partners and sole proprietors will be allowed to the extent that it is reasonable and does not constitute a distribution of profits.

(4) In addition to the general requirements set forth in (1) through (3) above, certain forms of compensation are subject to further requirements as specified in (b) through (i) below.

(b) *Salaries and wages.* Salaries and wages for current services include gross compensation paid to employees in the form of cash, products, or services, and are allowable. However, premiums for overtime, extra-pay shifts, and multi-shift work are allowable to the extent approved pursuant to § 1-12.102-4 or permitted pursuant to § 1-12.102-5.

(c) *Cash bonuses and incentive compensation.* Incentive compensation for management employees, cash bonuses, suggestion awards, safety awards, and incentive compensation based on production, cost reduction, or efficient performance, are allowable to the extent

that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the contractor and the employees before the services were rendered, or pursuant to an established plan followed by the contractor so consistently as to imply, in effect, an agreement to make such payment. (But see § 1-15.107.) Bonuses, awards, and incentive compensation when any of them are deferred are allowable to the extent provided in (f) below.

(d) *Bonuses and incentive compensation paid in stock.* Costs of bonuses and incentive compensation paid in the stock of the contractor or of an affiliate are allowable to the extent set forth in (c) above (including the incorporation of the principles of (f) below for deferred bonuses and incentive compensation), subject to the following additional requirements:

(1) Valuation placed on the stock transferred shall be the fair market value at the time of transfer, determined upon the most objective basis available; and

(2) Accruals for the cost of stock prior to the issuance of such stock to the employees shall be subject to adjustment according to the possibilities that the employees will not receive such stock and their interest in the accruals will be forfeited.

Such costs otherwise allowable are subject to adjustment according to the principles set forth in (f)(3) below. (But see § 1-15.107.)

(e) *Stock options.* The cost of options to employees to purchase stock of the contractor or of an affiliate is unallowable.

(f) *Deferred compensation.*

(1) As used herein, deferred compensation includes all remuneration, in whatever form, for which the employee is not paid until after the lapse of a stated period of years or the occurrence of other events as provided in the plans, except that it does not include normal end of accounting period accruals. It includes (i) contributions to pension, annuity, stock bonus, and profit sharing plans, (ii) contributions to disability, withdrawal, insurance, survivorship, and similar benefit plans, and (iii) other deferred compensation, whether paid in cash or in stock.

(2) Deferred compensation is allowable to the extent that (i) except for past service pension and retirement costs, it is for services rendered during the contract period; (ii) it is, together with all other compensation paid to the employee, reasonable in amount; (iii) it is paid pursuant to an agreement entered into in good faith between the contractor and employees before the services are rendered, or pursuant to an established plan followed by the contractor so consistently as to imply, in effect, an agreement to make such payments; and (iv) for a plan which is subject to approval by the Internal Revenue Service, it falls within the criteria and standards of the Internal Revenue Code and the regulations of the Internal Revenue Service. (But see § 1-15.107.)

(3) In determining the cost of deferred compensation allowable under the contract, appropriate adjustments shall be made for credits or gains, including those arising out of both normal and abnormal employee turnover, or any other contingencies that can result in a forfeiture by employees of such deferred compensation. Adjustments shall be made only for forfeitures which directly or indirectly inure to the benefit of the contractor; forfeitures which inure to the benefit of other employees covered by a deferred compensation plan with no reduction in the contractor's costs will not normally give rise to adjustment in contract costs. Adjustments for normal employee turnover shall be based on the contractor's experience and on foreseeable prospects, and shall be reflected in the amount of cost currently allowable. Such adjustments will be unnecessary to the extent that the contractor can demonstrate that its contributions take into account normal forfeitures. Adjustments for possible future abnormal forfeitures shall be effected according to the following rules:

(i) Abnormal forfeitures that are foreseeable and which can be currently evaluated with reasonable accuracy, by actuarial or other sound computation, shall be reflected by an adjustment of current costs otherwise allowable; and

(ii) Abnormal forfeitures, not within (i) above, may be made the subject of agreement between the Government and the contractor either as to an equitable adjustment or a method of determining such adjustment.

(4) In determining whether deferred compensation is for services rendered during the contract period or is for future services, consideration shall be given to conditions imposed upon eventual payment, such as, requirements of continued employment, consultation after retirement, and covenants not to compete.

(g) *Fringe benefits.* Fringe benefits are allowances and services provided by the contractor to its employees as compensation in addition to regular wages and salaries. Costs of fringe benefits, such as pay for vacations, holidays, sick leave, military leave, employee insurance, and supplemental employment benefit plans are allowable to the extent required by law, employer-employee agreement, or an established policy of the contractor.

(h) *Severance pay.* See § 1-15.205-39.

(i) *Training and education expenses.* See § 1-15.205-44.

§ 1-15.205-7 Contingencies.

(a) A contingency is a possible future event or condition arising from presently known or unknown causes, the outcome of which is indeterminable at a present time.

(b) In historical costing, contingencies are not normally present since such costing deals with costs which have been incurred and recorded on the contractor's books. Accordingly, contingencies are generally unallowable for historical costing purposes. However, in some cases, as for example, terminations, a contingency factor may be recognized which is

applicable to a past period to give recognition to minor unsettled factors in the interest of expeditious settlement.

(c) In connection with estimates of future costs, contingencies fall into two categories:

(1) Those which may arise from presently known and existing conditions, the effects of which are foreseeable within reasonable limits of accuracy; e.g., anticipated costs of rejects and defective work; in such situations where they exist, contingencies of this category are to be included in the estimates of future cost so as to provide the best estimate of performance costs; and

(2) Those which may arise from presently known or unknown conditions, the effect of which cannot be measured so precisely as to provide equitable results to the contractor and to the Government; i.e., results of pending litigation, and other general business risks. Contingencies of this category are to be excluded from cost estimates under the several items of cost, but should be disclosed separately, including the basis upon which the contingency is computed in order to facilitate the negotiation of appropriate contractual coverage (see, for example, §§ 1-15.205-16, 1-15.205-20, and 1-15.205-39).

§ 1-15.205-8 Contributions and donations.

Contributions and donations are unallowable.

§ 1-15.205-9 Depreciation.

(a) Depreciation is a charge to current operations which distributes the cost of a tangible capital asset, less estimated residual value, over the estimated useful life of the asset in a systematic and logical manner. It does not involve a process of valuation. Useful life has reference to the prospective period of economic usefulness in the particular contractor's operations as distinguished from physical life.

(b) Normal depreciation on a contractor's plant, equipment, and other capital facilities is an allowable element of contract cost; provided that the amount thereof is computed:

(1) Upon the property cost basis used by the contractor for Federal income tax purposes (see section 167 of the Internal Revenue Code of 1954); or

(2) In the case of nonprofit or tax-exempt organizations, upon a property cost basis which could have been used by the contractor for Federal income tax purposes, had such organizations been subject to the payment of income tax; and in either case

(3) By the consistent application to the assets concerned of any generally accepted accounting method, and subject to the limitations of the Internal Revenue Code of 1954, as amended, including—

- (i) The straight line method;
- (ii) The declining balance method, using a rate not exceeding twice the rate which would have been used had the annual allowance been computed under the method described in (i) above;
- (iii) The sum of the years-digits method; and

(iv) Any other consistent method productive of an annual allowance which, when added to all allowances for the period commencing with the use of the property and including the current year, does not, during the first two-thirds of the useful life of the property, exceed the total of such allowances which would have been used had such allowances been computed under the method described in (ii) above.

(c) Depreciation should usually be allocated to the contract and other work as an indirect cost. The amount of depreciation allowed in any accounting period may, consistent with the basic objectives set forth in (a) above, vary with volume of production or use of multi-shift operations.

(d) Depreciation on idle or excess facilities shall not be allowed except on such facilities as are reasonably necessary for standby purposes.

(e) No depreciation, rental, or use charge shall be allowed on the contractor's assets which have been fully depreciated when a substantial portion of such depreciation was on a basis that represented, in effect, a recovery thereof as a charge against Government contracts or subcontracts. Otherwise, a reasonable use charge may be agreed upon and allowed. (But see § 1-15.107.) In determining this charge, consideration should be given to cost, total estimated useful life at time of negotiation, and effect of any increased maintenance charges or decreased efficiency due to age.

§ 1-15.205-10 Employee morale, health, and welfare costs and credits.

Reasonable costs of health and welfare activities, such as house publications, health or first-aid clinics, recreational activities, and employee counseling services, incurred, in accordance with the contractor's established practice or custom in the industry or area, for the improvement of working conditions, employer-employee relations, employee morale, and employee performance, are allowable. Income generated from any of these activities shall be credited to the costs thereof unless such income has been irrevocably set over to employee welfare organizations.

§ 1-15.205-11 Entertainment costs.

Costs of amusement, diversion, social activities and incidental costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities, are unallowable (but see §§ 1-15.205-10 and 1-15.205-42).

§ 1-15.205-12 Excess facility costs.

Costs of maintaining, repairing, and housing idle and excess contractor-owned facilities, except those reasonably necessary for standby purposes, are unallowable. Any costs of excess plant capacity reserved for defense mobilization production which are to be paid for by the Government should be the subject of a separate contract.

§ 1-15.205-13 Fines and penalties.

Costs of fines and penalties resulting from violations of, or failure of the contractor to comply with, Federal, State, and local laws and regulations are un-

allowable except when incurred as a result of compliance with specific provisions of the contract, or instructions in writing from the contracting officer.

§ 1-15.205-14 Food service and dormitory costs and credits.

Food and dormitory services include operating or furnishing facilities for cafeterias, dining rooms, canteens, lunch wagons, vending machines, living accommodations or similar types of services for the contractor's employees at or near the contractor's facilities. Reasonable losses from the operation of such services are allowable if they are allocated to all activities served. Profits (except profits irrevocably set over to an employee welfare organization of the contractor in amounts reasonably useful for the benefit of the employees at the site or sites of contract performance) accruing to the contractor from the operation of these services, whether operated by the contractor or by a concessionaire, shall be treated as a credit, and allocated to all activities served.

§ 1-15.205-15 Fringe benefits.

(See § 1-15.205-6(g)).

§ 1-15.205-16 Insurance and indemnification.

(a) Insurance includes insurance which the contractor is required to carry, or which is approved, under the terms of the contract, and any other insurance which the contractor maintains in connection with the general conduct of his business.

(1) Costs of insurance required or approved, and maintained, pursuant to the contract, are allowable.

(2) Costs of other insurance maintained by the contractor in connection with the general conduct of his business are allowable subject to the following limitations:

(i) Types and extent of coverage shall be in accordance with sound business practice and the rates and premiums shall be reasonable under the circumstances;

(ii) Costs allowed for business interruption or other similar insurance shall be limited to exclude coverage of profit;

(iii) Costs of insurance or of any provision for a reserve covering the risk of loss of or damage to Government property are allowable only to the extent that the contractor is liable for such loss or damage and such insurance or reserve does not cover loss or damage which results from willful misconduct or lack of good faith on the part of any of the contractor's directors or officers, or other equivalent representatives, who has supervision or direction of (A) all or substantially all of the contractor's business, or (B) all or substantially all of the contractor's operations at any one plant or separate location in which the contract is being performed, or (C) a separate and complete industrial operation in connection with the performance of the contract;

(iv) Provisions for a reserve under an approved self-insurance program are allowable to the extent that the types of coverage, extent of coverage,

and the rates and premiums would have been allowed had insurance been purchased to cover the risks; and

(v) Costs of insurance on the lives of officers, partners, or proprietors are allowable only to the extent that the insurance represents additional compensation (see § 1-15.205-6).

(3) Actual losses which could have been covered by permissible insurance (through an approved self-insurance program or otherwise) are unallowable unless expressly provided for in the contract, except:

(i) Costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound business practice, are allowable; and

(ii) Minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary course of doing business, are allowable.

(b) Indemnification includes securing the contractor against liabilities to third persons and any other loss or damage, not compensated by insurance or otherwise. The Government is obligated to indemnify the contractor only to the extent expressly provided for in the contract, except as provided in (a) (3) above.

§ 1-15.205-17 Interest and other financial costs.

Interest on borrowings (however represented), bond discounts, costs of financing and refinancing operations, legal and professional fees paid in connection with the preparation of prospectuses, costs of preparation and issuance of stock rights, and costs related thereto, are unallowable except for interest assessed by State or local taxing authorities under the conditions set forth in § 1-15.205-41. (But see § 1-15.205-24.)

§ 1-15.205-18 Labor relations costs.

Costs incurred in maintaining satisfactory relations between the contractor and its employees, including costs of shop stewards, labor management committees, employee publications, and other related activities, are allowable.

§ 1-15.205-19 Losses on other contracts.

An excess of costs over income under any other contract (including the contractor's contributed portion under cost-sharing contracts), whether such other contract is of a supply, research and development, or other nature, is unallowable.

§ 1-15.205-20 Maintenance and repair costs.

(a) Costs necessary for the upkeep of property (including Government property unless otherwise provided for), which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are to be treated as follows (but see § 1-15.205-9):

(1) Normal maintenance and repair costs are allowable;

(2) Extraordinary maintenance and repair costs are allowable, provided such are allocated to the periods to which

applicable for purposes of determining contract costs. (But see § 1-15.107.)

(b) Expenditures for plant and equipment, including rehabilitation thereof, which, according to generally accepted accounting principles as applied under the contractor's established policy, should be capitalized and subjected to depreciation, are allowable only on a depreciation basis.

§ 1-15.205-21 Manufacturing and production engineering costs.

Costs of manufacturing and production engineering, including engineering activities in connection with the following, are allowable:

(a) Current manufacturing processes such as motion and time study, methods analysis, job analysis, and tool design and improvement; and

(b) Current production problems, such as materials analysis for production suitability and component design for purposes of simplifying production.

§ 1-15.205-22 Material costs.

(a) Material costs include the costs of such items as raw materials, parts, subassemblies, components, and manufacturing supplies, whether purchased outside or manufactured by the contractor, and may include such collateral items as inbound transportation and intransit insurance. In computing material costs consideration will be given to reasonable overruns, spoilage, or defective work (concerning correction of defective work, see the provisions of the contract relating to inspection and correction of defective work). These costs are allowable subject, however, to the provisions of (b) through (e) below.

(b) Costs of material shall be suitably adjusted for applicable portions of income and other credits, including available trade discounts, refunds, rebates, allowances, and cash discounts; and credits for scrap and salvage and material returned to vendors. Such income and other credits shall either be credited directly to the cost of the material involved or be allocated (as credits) to indirect costs. However, where the contractor can demonstrate that failure to take cash discounts was due to reasonable circumstances, such lost discounts need not be so credited.

(c) Reasonable adjustments arising from differences between periodic physical inventories and book inventories may be included in arriving at costs, provided such adjustments relate to the period of performance of the contract.

(d) When the materials are purchased specifically for and identifiable solely with performance under a contract, the actual purchase cost thereof should be charged to the contract. If material is issued from stores, any generally recognized method of pricing such material is acceptable if that method is consistently applied and the results are equitable. When estimates of material costs to be incurred in the future are required, either current market price or anticipated acquisition cost may be used, but the basis of pricing must be disclosed.

(e) Charges for materials, services, and supplies sold or transferred between

plants, divisions, or organizations, under a common control, ordinarily shall be allowable to the extent of the lower of cost to the transferor or current market price. However, a departure from this basis is permissible where (1) the item is regularly manufactured and sold by the contractor through commercial channels, and (2) it is the contractor's long-established practice to price inter-organization transfers at other than cost for commercial work; provided that the charge to the contract is not in excess of the transferor's sales price to its most favored customer for the same item in like quantity, or the current market price, whichever is lower.

§ 1-15.205-23 Organization costs.

Expenditures, such as incorporation fees, attorneys' fees, accountants' fees, brokers' fees, fees to promoters and organizers, in connection with (1) organization or reorganization of a business, or (2) raising capital, are unallowable.

§ 1-15.205-24 Other business expenses.

Included in this item are such recurring expenses as registry and transfer charges resulting from changes in ownership of securities issued by the contractor, cost of shareholders' meetings, normal proxy solicitations, preparation and publication of reports to shareholders, preparation and submission of required reports and forms to taxing and other regulatory bodies; and incidental costs of directors and committee meetings. The above and similar costs are allowable when allocated on an equitable basis.

§ 1-15.205-25 Overtime, extra-pay shift and multi-shift premiums.

Premiums for overtime, extra-pay shift, and multi-shift work are allowable to the extent approved pursuant to § 1-12.102-4, or permitted pursuant to § 1-12.102-5.

§ 1-15.205-26 Patent costs.

Costs of preparing disclosures, reports, and other documents required by the contract and of searching the art to the extent necessary to make such invention disclosures, are allowable. In accordance with the clauses of the contract relating to patents, costs of preparing documents and any other patent costs, in connection with the filing of a patent application where title is conveyed to the Government, are allowable. (See § 1-15.205-36.)

§ 1-15.205-27 Pension plans.

(See § 1-15.205-6.)

§ 1-15.205-28 Plant protection costs.

Costs of items such as (a) wages, uniforms, and equipment of personnel engaged in plant protection, (b) depreciation on plant protection capital assets, and (c) necessary expenses to comply with security requirements, are allowable.

§ 1-15.205-29 Plant reconversion costs.

Plant reconversion costs are those incurred in the restoration or rehabilitation of the contractor's facilities to approximately the same condition existing immediately prior to the commencement

of the contract work, fair wear and tear excepted. Reconversion costs are unallowable except for the cost of removing Government property and the restoration or rehabilitation costs caused by such removal. However, in special circumstances where equity so dictates, additional costs may be allowed to the extent agreed upon before the costs are incurred. Whenever such costs are given consideration, care should be exercised to avoid duplication through allowance as contingencies, as additional profit or fee, or in other contracts.

§ 1-15.205-30 Precontract costs.

Precontract costs are those incurred prior to the effective date of the contract directly pursuant to the negotiation and in anticipation of the award of the contract where such incurrence is necessary to comply with the proposed contract delivery schedule. Such costs are allowable to the extent that they would have been allowable if incurred after the date of the contract (but see § 1-15.107).

§ 1-15.205-31 Professional service costs—legal, accounting, engineering, and other.

(a) Costs of professional services rendered by the members of a particular profession who are not employees of the contractor are allowable, subject to (b) and (c) below, when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Government (but see § 1-15.205-23).

(b) Factors to be considered in determining the allowability of costs in a particular case include:

(1) The past pattern of such costs, particularly in the years prior to the award of Government contracts;

(2) The impact of Government contracts on the contractor's business (i.e., what new problems have arisen);

(3) The nature and scope of managerial services expected of the contractor's own organizations;

(4) Whether the proportion of Government work to the contractor's total business is such as to influence the contractor in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Government contracts; and

(5) Whether retainer fees are reasonably supported by evidence of bona fide services available or rendered.

(c) Costs of legal, accounting, and consulting services, and related costs, incurred in connection with organization and reorganization, defense of antitrust suits, and the prosecution of claims against the Government, are unallowable. Costs of legal, accounting, and consulting services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the contract.

§ 1-15.205-32 Profits and losses on disposition of plant, equipment, or other capital assets.

Profits or losses of any nature arising from the sale or exchange of plant, equipment, or other capital assets, in-

cluding sale or exchange of either short or long term investments, shall be excluded in computing contract costs (but see § 1-15.205-9(b) as to basis for depreciation).

§ 1-15.205-33 Recruiting costs.

Costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate labor force, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, and travel costs of applicants for interviews for prospective employment are allowable. Where the contractor uses employment agencies, costs not in excess of standard commercial rates for such services are also allowable. Costs of special benefits or emoluments offered to prospective employees beyond the standard practices in the industry are unallowable.

§ 1-15.205-34 Rental costs (including sale and leaseback of facilities).

(a) Rental costs of land, building, and equipment and other personal property are allowable if the rates are reasonable in light of such factors as rental costs of comparable facilities and market conditions in the area, the type, life expectancy, condition, and value of the facilities leased, options available, and other provisions of the rental agreement. Application of these factors, in situations where rentals are extensively used, may involve among other considerations, comparison of rental costs with the amount which the contractor would have received had it owned the facilities.

(b) Charges in the nature of rent between plants, divisions, or organizations under common control are allowable to the extent such charges do not exceed the normal costs of ownership, such as depreciation, taxes, insurance, and maintenance; provided that no part of such costs shall duplicate any other allowed costs.

(c) Unless otherwise specifically provided in the contract, rental costs specified in sale and leaseback agreements, incurred by contractors through selling plant facilities to investment organizations, such as insurance companies, or to private investors, and concurrently leasing back the same facilities, are allowable only to the extent that such rentals do not exceed the amount which the contractor would have received had it retained legal title to the facilities.

(d) The allowability of rental costs under unexpired leases in connection with terminations is treated in § 1-15.205-42(e).

§ 1-15.205-35 Research and development costs.

(a) Basic research, for the purpose of this Subpart 1-15.2, is that type of research which is directed toward increase of knowledge in science. In such research, the primary aim of the investigator is a fuller knowledge or understanding of the subject under study, rather than any practical application thereof. Applied research, for the purpose of this Subpart 1-15.2, consists of that type of effort which (1) normally

follows basic research, but may not be severable from the related basic research, (2) attempts to determine and expand the potentialities of new scientific discoveries or improvements in technology, materials, processes, methods, devices, and techniques, and (3) attempts to "advance the state of the art." Applied research does not include any such efforts when their principal aim is the design, development, or test of specific articles or services to be offered for sale, which are within the definition of the term development as hereinafter provided.

(b) "Development" is the systematic use of scientific knowledge which is directed toward the production of, or improvements in, useful products to meet specific performance requirements, but exclusive of manufacturing and production engineering.

(c) A contractor's independent research and development which is not sponsored by a contract, grant, or other arrangement by a.

(d) A contractor's costs of independent research as defined in (a) and (c) above shall be allowable as indirect costs (subject to (h) below), provided they are allocated to all work of the contractor.

(e) Costs of contractor's independent development, as defined in (b) and (c) above (subject to (h) below), are allowable to the extent that such development is related to the product lines for which the Government has contracts, provided the costs are reasonable in amount and are allocated as indirect costs to all work of the contractor on such product lines. In cases where a contractor's normal course of business does not involve production work, the cost of independent development is allowable to the extent that such development is related and allocated as an indirect cost to the field of effort of Government research and development contracts.

(f) Independent research and development costs shall include an amount for the absorption of their appropriate share of indirect and administrative costs, unless the contractor, in accordance with its accounting practices consistently applied, treats such costs otherwise.

(g) Research and development costs (including amounts capitalized), regardless of their nature, which were incurred in accounting periods prior to the award of a particular contract, are unallowable except where allowable as precontract costs (see § 1-15.205-30).

(h) The reasonableness of expenditures for independent research and development should be determined in light of all pertinent considerations such as previous contractor research and development activity, cost of past programs and changes in science and technology. Such expenditures should be pursuant to a broad planned program, which is reasonable in scope and well managed. Such expenditures (especially for development) should be scrutinized with great care in connection with contractors whose work is predominantly or substantially with the Government. Advance agreements as described in § 1-15.107 are

particularly important in this situation. In recognition that cost sharing of the contractor's independent research and development program may provide motivation for more efficient accomplishment of such program, it is desirable in some cases that the Government bear less than an allocable share of the total cost of the program. Under these circumstances, the following are among the approaches which may be used as the basis for agreement: (1) Review of the contractor's proposed independent research and development program and agreement to accept the allocable costs of specific projects; (2) agreement on a maximum dollar limitation of costs, an allocable portion of which will be accepted by the Government; (3) an agreement to accept the allocable share of a percentage of the contractor's planned research and development program.

§ 1-15.205-36 Royalties and other costs for use of patents.

(a) Royalties on a patent or amortization of the cost of acquiring by purchase a patent or rights thereto, necessary for the proper performance of the contract and applicable to contract products or processes, are allowable unless:

- (1) The Government has a license or the right to free use of the patent;
- (2) The patent has been adjudicated to be invalid, or has been administratively determined to be invalid;
- (3) The patent is considered to be unenforceable; or
- (4) The patent is expired.

(b) Special care should be exercised in determining reasonableness where the royalties may have been arrived at as a result of less than arm's length bargaining; e.g.:

- (1) Royalties paid to persons, including corporations, affiliated with the contractor;
- (2) Royalties paid to unaffiliated parties, including corporations, under an agreement entered into in contemplation that a Government contract would be awarded; or
- (3) Royalties paid under an agreement entered into after the award of the contract.

(c) In any case involving a patent formerly owned by the contractor, the amount of royalty allowed should not exceed the cost which would have been allowed had the contractor retained title thereto.

(d) See § 1-15.107, regarding advance understandings.

§ 1-15.205-37 Selling costs.

(a) Selling costs arise in the marketing of the contractor's products and include costs of sales promotions, negotiation, liaison between Government representatives and contractor's personnel, and other related activities.

(b) Selling costs are allowable to the extent they are reasonable and are allocable to Government business (but see §§ 1-15.107 and 1-15.205-1). Allocability of selling costs will be determined in the light of reasonable benefit to the Government arising from such activities as technical, consulting, demonstration, and other services which are for pur-

poses such as application or adaptation of the contractor's products to Government use.

(c) Notwithstanding (b) above, salesmen's, or agents' compensation, fees, commissions, percentages, or brokerage fees, which are contingent upon the award of contracts, are allowable only when paid to bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

§ 1-15.205-38 Service and warranty costs.

Such costs include those arising from fulfillment of any contractual obligation of a contractor to provide services, such as installation, training, correcting defects in the products, replacing defective parts, making refunds in the case of inadequate performance, etc. When not inconsistent with the terms of the contract, such service and warranty costs are allowable. However, care should be exercised to avoid duplication of the allowance as an element of both estimated product cost and risk.

§ 1-15.205-39 Severance pay.

(a) Severance pay, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by contractors to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that, in each case, it is required by (1) law, (2) employer-employee agreement, (3) established policy that constitutes, in effect, an implied agreement on the contractor's part, or (4) circumstance of the particular employment.

(b) Costs of severance payments are divided into two categories as follows:

(1) Actual normal turnover severance payments shall be allocated to all work performed in the contractor's plant; or, where the contractor provides for accrual of pay for normal severances such method will be acceptable if the amount of the accrual is reasonable in light of payments actually made for normal severances over a representative past period, and if amounts accrued are allocated to all work performed in the contractor's plant; and

(2) Abnormal or mass severance pay is of such a conjectural nature that measurement of costs by means of an accrual will not achieve equity to both parties. Thus accruals for this purpose are not allowable. However, the Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Thus, allowability will be considered on a case-by-case basis in the event of occurrence.

§ 1-15.205-40 Special tooling costs.

The term "special tooling" means all jigs, dies, fixtures, molds, patterns, special taps, special gauges, special test equipment, other special equipment and manufacturing aids, and replacements thereof, acquired or manufactured by the contractor for use in the performance of a contract, which are of such a specialized nature that, without substantial modification or alteration, their use is limited to the production of

such supplies or parts thereof, or the performance of such services, as are peculiar to the needs of the Government. The term does not include: (a) Items of tooling or equipment acquired by the contractor prior to the contract, or replacements thereof, whether or not altered or adapted for use in the performance of the contract, (b) consumable small tools, or (c) general or special machine tools, or similar capital items. The cost of special tooling, when acquired for and its usefulness is limited to one or more Government contracts, is allowable and shall be allocated to the specific Government contract or contracts for which acquired.

§ 1-15.205-41 Taxes.

(a) Taxes are certain charges levied by Federal, State, or local governments. They do not include fines and penalties except as otherwise provided herein. In general, taxes (including State and local income taxes) which the contractor is required to pay and which are paid or accrued in accordance with generally accepted accounting principles are allowable, except for:

(1) Federal income and excess profits taxes;

(2) Taxes in connection with financing, refinancing, or refunding operations (see § 1-15.205-17);

(3) Taxes from which exemptions are available to the contractor directly or available to the contractor based on an exemption afforded the Government except when the contracting officer determines that the administrative burden incident to obtaining the exemption outweighs the corresponding benefits accruing to the Government; and

(4) Special assessments on land which represent capital improvements.

(b) Taxes otherwise allowable under (a) above, but upon which a claim of illegality or erroneous assessment exists, are allowable; *Provided*, That the contractor prior to payment of such taxes:

(1) Promptly requests instructions from the contracting officer concerning such taxes; and

(2) Takes all action directed by the contracting officer arising out of (b) (1) above or an independent decision of the Government as to the existence of a claim of illegality or erroneous assessment, including cooperation with and for the benefit of the Government to (i) determine the legality of such assessment or, (ii), secure a refund of such taxes.

Reasonable costs of any such action undertaken by the contractor at the direction or with the concurrence of the contracting officer are allowable. Interest and penalties incurred by a contractor by reason of the nonpayment of any tax at the direction of the contracting officer or by reason of the failure of the contracting officer to assure timely direction after prompt request therefor, are also allowable.

(c) Any refund of taxes, interest, or penalties, and any payment to the contractor of interest thereon, attributable to taxes, interest, or penalties which were allowed as contract costs, shall be credited or paid to the Government in the manner directed by the Government,

provided any interest actually paid or credited to a contractor incident to a refund of tax, interest, or penalty shall be paid or credited to the Government only to the extent that such interest accrued over the period during which the contractor had been reimbursed by the Government for the taxes, interest, or penalties.

§ 1-15.205-42 Termination costs.

Contract terminations generally give rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the contract not been terminated. Cost principles covering these items are set forth below. They are to be used in conjunction with the remainder of this subpart in termination situations.

(a) **Common items:** The cost of items reasonably usable on the contractor's other work shall not be allowable unless the contractor submits evidence that it could not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the contractor, the contracting officer should consider the contractor's plans and orders for current and scheduled production. Contemporaneous purchases of common items by the contractor shall be regarded as evidence that such items are reasonably usable on the contractor's other work. Any acceptance of common items as allocable to the terminated portion of the contract should be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

(b) **Costs continuing after termination:** If, in a particular case, despite all reasonable efforts by the contractor, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this subpart, except that any such costs continuing after termination due to the negligent or willful failure of the contractor to discontinue such costs shall be considered unallowable.

(c) **Initial costs, including starting load and preparatory costs,** are allowable, subject to the following:

(1) **Starting load costs** are costs of a non-recurring nature arising in the early stages of production and not fully absorbed because of the termination. Such costs may include the cost of labor and material, and related overhead attributable to such factors as:

- (i) Excessive spoilage resulting from inexperienced labor,
- (ii) Idle time and subnormal production occasioned by testing and changing methods of processing,
- (iii) Employee training, and
- (iv) Unfamiliarity or lack of experience with the product, materials, manufacturing processes and techniques.

(2) **Preparatory costs** are costs incurred in preparing to perform the terminated contract, including costs of initial plant rearrangement and alterations, management and personnel organization, production planning and similar activities, but excluding special

machinery and equipment and starting load costs.

(3) If initial costs are claimed and have not been segregated on the contractor's books, segregation for settlement purposes shall be made from cost reports and schedules which reflect the high unit cost incurred during the early stages of the contract.

(4) When the settlement proposal is on the inventory basis, initial costs should normally be allocated on the basis of total end items called for by the contract immediately prior to termination; however, if the contract includes end items of a diverse nature, some other equitable basis may be used, such as machine or labor hours.

(5) When initial costs are included in the settlement proposal as a direct charge, such costs shall not also be included in overhead.

(6) Initial costs attributable to only one contract shall not be allocated to other contracts.

(d) **Loss of useful value of special tooling, special machinery and equipment** is generally allowable: *Provided*—

(1) Such special tooling, machinery or equipment is not reasonably capable of use in the other work of the contractor;

(2) The interest of the Government is protected by transfer of title or by other means deemed appropriate by the contracting officer; and

(3) The loss of useful value as to any one terminated contract is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the contract bears to the entire terminated contract and other Government contracts for which the special tooling, special machinery and equipment was acquired.

(e) **Rental costs under unexpired leases** are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated contract, less the residual value of such leases, if—

(1) The amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the contract and such further period as may be reasonable; and

(2) The contractor makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. There also may be included the cost of alterations of such leased property, provided, such alterations were necessary for the performance of the contract, and of reasonable restoration required by the provisions of the lease.

(f) **Settlement expenses** including the following are generally allowable:

(1) Accounting, legal, clerical, and similar costs reasonably necessary for—

(i) The preparation and presentation to contracting officers of settlement claims and supporting data with respect to the terminated portion of the contract, and

(ii) The termination and settlement of subcontracts; and

(2) Reasonable costs for the storage, transportation, protection, and disposition of property acquired or produced for the contract.

(g) **Subcontractor claims, including the allocable portion of claims which are common to the contract and to other work of the contractor,** are generally allowable.

§ 1-15.205-43 Trade, business, technical, and professional activity costs.

(a) **Membership.** This category includes costs of memberships in trade, business, technical, and professional organizations. Such costs are allowable.

(b) **Subscriptions.** This item includes cost of subscriptions to trade, business, professional, or technical periodicals. Such costs are allowable.

(c) **Meetings and conferences.** This item includes cost of meals, transportation, rental of facilities for meetings, and costs incidental thereto, when the primary purpose of the incurrence of such costs is the dissemination of technical information or stimulation of production. Such costs are allowable.

§ 1-15.205-44 Training and educational costs.

(a) **Costs of preparation and maintenance of a program of instruction at noncollege level, designed to increase the vocational effectiveness of bona fide employees, including training materials, textbooks, salaries or wages of trainees (excluding overtime compensation which might arise therefrom), and**

(1) Salaries of the director of training and staff when the training program is conducted by the contractor; or

(2) Tuition and fees when the training is in an institution not operated by the contractor;

are allowable.

(b) **Costs of part-time education, at an under-graduate or post-graduate college level, related to the job requirements of bona fide employees, including only:**

(1) Training materials;

(2) Textbooks;

(3) Fees charged by the educational institution;

(4) Tuition charged by the educational institution, or in lieu of tuition, instructors' salaries and the related share of indirect cost of the educational institution to the extent that the sum thereof is not in excess of the tuition which would have been paid to the participating educational institution; and

(5) Straight-time compensation of each employee for time spent attending classes during working hours not in excess of 156 hours per year where circumstances do not permit the operation of classes or attendance at classes after regular working hours;

are allowable.

(c) **Costs of tuition, fees, training materials and textbooks (but not subsistence, salary, or any other emoluments) in connection with fulltime scientific and engineering education at a postgraduate (but not undergraduate) college level related to the job requirements of bona fide employees for a total period not to exceed one school year for each employee so trained, are allowable. In unusual cases where required by military technology, the period may be extended.**

(d) Maintenance expense, and normal depreciation or fair rental, on facilities owned or leased by the contractor for training purposes are allowable to the extent set forth in §§ 1-15.205-20, 1-15.205-9, and 1-15.205-34, respectively.

(e) Grants to educational or training institutions, including the donation of facilities or other properties, scholarships, or fellowships, are considered contributions and are unallowable.

§ 1-15.205-45 Transportation costs.

Transportation costs include freight, express, cartage, and postage charges relating either to goods purchased, in process, or delivered. These costs are allowable. When such costs can readily be identified with the items involved, they may be directly costed as transportation costs or added to the cost of such items (see § 1-15.205-22). Where identification with the materials received cannot readily be made, inbound transportation costs may be charged to the appropriate indirect cost accounts if the contractor follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the contract, shall be treated as a direct cost.

§ 1-15.205-46 Travel costs.

(a) Travel costs include costs of transportation, lodging, subsistence, and incidental expenses, incurred by contractor personnel in a travel status while on official company business.

(b) Travel costs may be based upon actual costs incurred, or on a per diem or mileage basis in lieu of actual costs, or on a combination of the two, provided the method used does not result in an unreasonable charge.

(c) Travel costs incurred in the normal course of over-all administration of the business are allowable and shall be treated as indirect costs.

(d) Travel costs directly attributable to specific contract performance are allowable and may be charged to the contract in accordance with the principle of direct costing (see § 1-15.202).

(e) Necessary, reasonable costs of family movements and personnel movements of a special or mass nature are allowable, subject to allocation on the basis of work or time period benefited when appropriate. (But see § 1-15.107.)

Subpart 1-15.3—Principles for Determining Applicable Costs Under Research Contracts With Educational Institutions

§ 1-15.301 General.

(a) It is the intent of these principles to provide executive agencies and educational institutions with a common basis for determining the allowable costs of research sponsored by the Federal Government. Application of these principles should enable such agencies and institutions to identify the allowable direct costs of such research, plus the allocable portion of the allowable indirect costs, less applicable credits. The tests of allowability of costs applied in these principles are reasonableness and allocability under consistently applied generally accepted cost accounting principles and practices;

however, these provisions are subject to any limitations as to types or amounts of costs set forth in the research agreement.

(b) These principles do not attempt to identify the circumstances or dictate the extent of agency and institution participation in the financing of a particular research and development project, but rather are confined to the subject of cost determination. Arrangements concerning financial participation are properly the subject of negotiation between the contracting officer and the educational institution concerned.

(c) These principles should be applied to all Government sponsored research at an educational institution, including research conducted at locations other than the main campus of the institution.

(d) A negotiated fixed amount in lieu of indirect costs may be appropriate in certain instances for off-campus or segregated research projects where (1) research agreements are charged directly for the cost of many of their administrative or housekeeping services, or (2) the cost of benefits derived from an institution's indirect services cannot be readily determined by use of apportionment or allocation bases normally employed, or (3) the costs of apportioning and allocating expenses to research agreements are excessive. The negotiated amount should not exceed a conservative estimate of anticipation indirect costs.

§ 1-15.302 Definitions.

As used in this subpart, the following terms have the meanings stated below:

(a) "Research agreements" are agreements to perform Federally sponsored research through grants, cost-reimbursement type contracts, cost-reimbursement type subcontracts, and fixed-price contracts and subcontracts for research.

(b) "Apportionment" is the process by which the indirect costs of the institution are assigned to (1) instruction and research, and (2) other institutional activities.

(c) "Allocation" is the process by which the indirect costs apportioned to instruction and research are distributed to research agreements.

(d) "Sponsoring agency" means the Federal agency for which the institution is performing research. Its use in this document does not imply a change in concept or intent for those agencies that have traditionally used a grant rather than a contractual instrument.

(e) "Original complement" means the complement of equipment initially placed in buildings to perform the functions currently being performed in such buildings. If a permanent change in the function of a building takes place, a re-determination of the original complement of equipment may be made at that time to establish a new original complement.

(f) "Other institutional activities" means all organized activities of an institution not directly related to the instruction and research functions, such as residence halls, dining halls, student hospitals, student unions, intercollegiate athletics, book stores, faculty housing,

student apartments, guest houses, chapels, theaters, public museums, financial campaigns, and other similar activities or auxiliary enterprises. Also included under this definition is any category of cost treated as "unallowable." *Provided*, Such category of cost identifies a function or activity to which a portion of the institution's general overhead expenses are properly allocable.

§ 1-15.303 Direct costs.

Direct costs are those identified as having been specifically incurred to perform a particular research agreement. The general types of direct costs are:

(a) Direct salaries and wages, including employee benefit expenses and pension plan costs (see § 1-15.307) to the extent that they are consistently treated by the educational institution as a direct rather than an indirect cost, are those applicable directly to the performance of a research agreement. Such salaries and wages should be charged at the actual rates paid by the institution. Where professional staff paid on a salary basis work directly part time on a research agreement, current and reasonable estimates of time spent may be used in the absence of actual time records;

(b) Direct material costs, including raw materials, purchased or supplied from stock, which are directly consumed or expended in the performance of a research agreement, or are otherwise applicable directly to a research agreement; and

(c) Other direct costs, including other expenses related directly to a particular research agreement or project, including abnormal utility consumption. This may include services purchased from institution service operations, *Provided*, Such are consistently treated as direct rather than indirect costs and are priced under a recognized method of costing or pricing designed to recover only actual costs and conforming to generally accepted cost accounting practices consistently followed by the institution. Purchases of equipment will be included under this heading only to the extent expressly provided for in the research agreement or approved pursuant to such agreement.

§ 1-15.304 Indirect costs.

Indirect costs are those which, because of their incurrence for common or joint objectives, are not readily subject to treatment as direct costs of research agreements or other activities. The general types of indirect costs are:

(a) General administration and general expenses are those incurred for the general executive and administrative offices of educational institutions and other expenses of a general character which do not relate solely to any specific division of the institution. Employee benefit expenses and pension plan costs may be included in this category to the extent that they are consistently treated by the educational institution as an indirect rather than a direct cost;

(b) Research administration expenses are those which apply to research administered in whole or in part by a separate organization or an identifiable administrative unit. Examples of work

relating to research which is sometimes performed under such organizational arrangements are: contract administration, security, purchasing, personnel administration, and editing and publishing of research data;

(c) Operation and maintenance expenses are those incurred for operating and maintaining the institution's physical plant. They include expenses normally incurred by the institution for administration or supervision of the physical plant; janitorial service; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care and maintenance of grounds; utilities; and other expenses customarily associated with the operation, maintenance, preservation, and protection of the physical plant;

(d) Library expenses are those incurred for direct operation of the library plus a use allowance for library books. The use allowance shall not exceed eight cents per volume per year;

(e) Use allowance is a means of compensation for the use of buildings, capital improvements, and equipment over and above the expenses for operation and maintenance when depreciation or other equivalent costs are not considered. The use allowance for buildings and improvements shall be computed at an annual rate not to exceed 2 percent of acquisition cost. The use allowance for equipment shall be computed at an annual rate not exceeding 6 $\frac{2}{3}$ percent of acquisition cost of usable equipment in those cases where the institution maintains current records with respect to such equipment on hand. Where the institution's records reflect only the cost (actual or estimated) of the original complement of equipment, the use allowance shall be computed at an annual rate not exceeding 10 percent of such cost. In those cases where no equipment records are maintained, the institution will justify a reasonable estimate of the acquisition cost of usable equipment which may be used to compute the use allowance at an annual rate not exceeding 6 $\frac{2}{3}$ percent of such estimate. Computation of the use allowance shall exclude the portion of the cost of buildings and equipment paid for out of Federal funds and the cost of grounds; and

(f) Indirect department expenses are those incurred for departmental administration, such as salaries of deans or heads of colleges; schools, departments or divisions, and related secretarial and other administrative expenses.

§ 1-15.305 Applicable costs.

(a) The cost of a research agreement is comprised of the allowable direct costs incident to its performance, plus the allocable portion of the allowable indirect costs of the institution, less applicable credits.

(b) When any types of expense ordinarily treated as indirect costs are charged to a research agreement as direct costs, the costs of similar items applicable to other activities of the institution must be eliminated from indirect costs allocable to the research agreement.

(c) Where a particular understanding has been reached regarding specific items of cost to be reimbursed, the research agreement should clearly state such understanding.

(d) Section 1-15.307 provides standards to be applied in determining the allowability of certain items of cost and also identifies certain types of expenditures which relate solely to instruction and therefore do not enter into the costs of research agreements, either as direct costs or indirect costs; such costs of instruction shall be excluded from the computations provided herein.

§ 1-15.306 Determination of indirect costs.

§ 1-15.306-1 General.

(a) In determining the indirect costs applicable to Federally sponsored research agreements, the allowable indirect costs should first be apportioned equitably between (1) instruction and research activity and (2) other institutional activities, as provided in § 1-15.306-2.

(b) The amounts of indirect costs apportioned to instruction and research should then be allocated in an equitable manner to research agreements, as provided in § 1-15.306-3.

(c) Actual conditions must be taken into account in determining the most suitable method or methods to be used in the apportionment and allocation of indirect costs. The objective should be the selection of a method or methods which will distribute the indirect costs in a fair and equitable manner to the Government research and development work and other work of the institution, giving due consideration to the nature and extent of the use of the institution's facilities by research personnel, academic staff, students and other personnel or activities, and to the materiality of the amounts involved. The methods used should conform with generally accepted cost accounting practices, provide uniformity of treatment for like cost elements, be applied consistently, and produce equitable results. Any significant change, such as in the nature or extent of Government work or other activities sponsored or conducted by the institution, may require reconsideration of the methods previously in use to determine whether they continue to be equitable.

§ 1-15.306-2 Apportionment.

Where indirect costs relate to research, instruction, and other activities, such indirect costs shall be apportioned as between instruction and research activities, and other institutional activities as defined in § 1-15.302(f). The apportionment shall be made as follows:

(a) General administration and general expenses, on the basis of total expenditures; if more appropriate in the circumstances, however, other bases may be used;

(b) Operation and maintenance of the physical plant, if not separately costed, on the basis of total square or cubic footage of the buildings; and

(c) Other types of indirect costs normally do not require apportionment; where they do, an equitable basis for

making the apportionment should be selected.

§ 1-15.306-3 Allocation.

(a) After determination of the total amount of indirect costs applicable to instruction and research activities, such indirect costs shall in turn be allocated between instruction activities and research agreements as described in (b), (c), (d), and (e) below.

(b) The following criteria should be used with such appropriate modifications as will under the circumstances produce reasonably equitable allocation of the indirect costs associated with research agreements:

(1) General administration and general expenses should normally be allocated on the basis of total expenditures (exclusive of capital expenditures and use allowances) if equitable, direct salaries and wages, or other bases appropriate in the circumstances;

(2) Research administration expenses should be allocated to (i) applicable research agreements and (ii) other research benefiting therefrom on the basis of records reflecting the proportion fairly applicable to each or, in the absence of such records, on the basis of a reasonable estimate;

(3) Operation and maintenance expenses should be allocated on a basis that gives primary emphasis to space utilization. The amount allocated may be developed as follows:

(i) Where actual space and related cost records are or can readily be maintained without significant change in the accounting practices, the amount allocated to research agreements should be based on such data;

(ii) Where the space and related cost records maintained are not sufficient for purposes of (i) above, a reasonable estimate of the proportion of total space assigned to research agreements normally will suffice, and this proportion of operation and maintenance expense should be allocated to research agreements. Where it can be established that the cost of maintaining space assigned to research varies significantly from the cost of maintaining other space, appropriate weighting factors may be used to give effect to such variations;

(iii) Where more definitive information is not available, either of the following simplified techniques for determining space may be used, as most appropriate—

(A) Reduce the total space identified with instruction and research by the amount of space occupied by undergraduate students, including appropriate portions of classrooms and access and related space. Reduce by the same proportion the amount of maintenance and operation expense that has been apportioned to instruction and research, and then allocate to research agreements on the basis of the relationship that direct salaries and wages of research agreements bears to direct salaries and wages of instruction and research; or

(B) Prepare a reasonable estimate of the average gross space assigned per research worker, and extend to the

RULES AND REGULATIONS

equivalent annual number of research workers under research agreements. The resulting product should then be related to total space assigned to instruction and research in order to obtain the proportion of space utilized for research agreements. The resulting proportion should then be applied to operation and maintenance expense to obtain the amount allocable to research agreements; or

(C) Where it can be demonstrated that an area or volume of space basis of allocation is impractical or inequitable, other bases may be used provided consideration is given to the use of facilities by research personnel and others, including students;

(4) Library expenses should normally be allocated to research agreements on the basis of population including students and other users. Where appropriate, consideration may be given to weighting segments of the population figures as necessary to produce equitable results;

(5) Use allowance for buildings and equipment should, if depreciation or other equivalent costs are not considered, be computed in accordance with § 1.15.-304(e). The cost of buildings and equipment used by "other institutional activities" (as defined in § 1-15.302(f)) should be excluded from any computation of use allowances. If available records permit, use allowances may be specifically allocated in whole or in part to research agreements. In the absence of such usable records, use allowance may be allocated to research agreements on the same basis as that used for allocating operation and maintenance expenses; and

(6) Indirect departmental expenses; the salaries and wages of departmental heads and their offices, including the allocated portion of deans of schools and their offices, which jointly benefit both research agreements and other activities should be allocated between research agreements administered or supervised by the department and other work of the department on any equitable basis, possibly direct salaries and wages, total direct expenditures, or approximate time so devoted. Where equitable results would be obtained, the distribution may be made on a composite base which would include all schools and departments.

(c) Indirect costs allocated to research agreements normally should be treated as a common pool. The costs in such common pool should then be distributed to individual research agreements benefiting therefrom on a single rate basis. This rate will be the percentage which the indirect cost pool is of direct salaries and wages of the applicable research agreements. If appropriate, total direct expenditures may be used rather than salaries and wages.

(d) It is recognized that in certain cases, due to the nature of the work, the facilities or personnel involved, or other considerations, the application of a single indirect expense rate on research agreements may produce inequitable results to the institution or to the Government. In such cases, it may be necessary to develop two or more indirect expense rates

by means of: (1) Appropriate adjustment to the basic indirect expense rate developed through use of the common pool, or (2) segregation of the indirect expenses allocated to research agreements into two or more indirect expense pools. In the latter case, the costs in each such pool will be distributed to the specific research agreements benefiting therefrom on the basis of direct wages and salaries or total direct expenditures, as appropriate. Examples of conditions which may justify the development of two or more pools of indirect expense are:

(-1) Where the nature of a particular type of overhead cost requires a different basis of allocation to produce equitable results;

(2) Where a research agreement or group of agreements or the facility in which such agreement(s) is performed provides its own services to a significant degree, as may be in the case of a hospital or a segregated or off-campus facility;

(3) Where a research agreement requires significantly different degrees of indirect services from the institution. For example, such conditions may exist where: (i) Significant amounts of Government-owned facilities or equipment are provided in lieu of that normally furnished by the institution, (ii) a research agreement requires an unusual amount of power or other utilities, (iii) the cost of a special library provided in lieu of regular library services is reimbursed by the Government, or (iv) construction constitutes a significant portion of the work; and

(4) Where it is appropriate to associate certain costs more directly with the activities benefited, such as where the research work is performed on one campus of a multicampus university.

(e) Where research is separately administered, in whole or in part, or separate services are provided in lieu of those services normally provided by the institution, the cost of the normal institutional administration or other services replaced thereby shall be excluded from allocation to such research.

§ 1-15.306-4 Overhead determinations acceptable under special circumstances.

(a) Indirect costs may be claimed at a rate which is anticipated to be less than that which would otherwise be allowable with provisions made in the research agreement for adjustment if actual costs subsequently proved to be less than the claimed rate.

(b) The degree of preciseness required in the computation of indirect costs will be influenced by considerations such as the materiality of the amounts involved, the size of the educational institution, and the aggregate dollar volume of Government-sponsored research at the institution. Generally, where the total direct cost of Government-sponsored research and development work at an institution does not exceed \$250,000 in a year, the use of abbreviated procedures in the determination of allowable indirect costs may be acceptable when the results obtained are equitable. For ex-

ample, educational institutions which have a relatively small dollar volume of Government-sponsored research may compute allowable indirect expenses on the basis of data available in the institution's financial reports. One permissible method in such cases would contemplate the use of a single indirect expense pool composed of:

(1) General and administrative expenses, exclusive of unallowable costs (see § 1-15.307), but inclusive of allocable salaries and expenses of deans of schools and department heads;

(2) Operation and maintenance expenses; and

(3) Library expenses.

The indirect expense pool should then be allocated to research agreements and other activities of the institution on any equitable basis, possibly total expenditures (exclusive of capital expenditures).

§ 1-15.307 General standards for selected items of cost.

§ 1-15.307-1 Purpose and applicability.

(a) This § 1-15.307 provides standards to be applied to the extent deemed practicable in determining the allowability of certain items of cost. These standards should apply irrespective of whether a particular item of cost is properly treated as direct cost or indirect cost. Failure to mention a particular item of cost in the standards should not imply that it is either allowable or unallowable; rather, determination as to allowability in such case should be based on the treatment or standards provided for similar or related items of cost.

(b) In case of discrepancy between the provisions of a specific research agreement and the applicable standards, the provisions of the research agreement should govern.

§ 1-15.307-2 Costs applicable to instruction.

Except as specifically noted, the following types of costs apply only to instruction and therefore do not enter into the costs of research agreements, either as direct costs or indirect costs, unless specific provision is made therefor in the research agreement:

(a) Commencement and convocation costs;

(b) Sabbatical leave costs, including leave of absence to employees for performance of graduate work or sabbatical study, travel, or research;

(c) Scholarships, fellowships, tuition, and other forms of student aid costs. However, in certain cases such costs may be allocable in part to research agreements under the conditions set forth in § 1-15.307-3(ii); and

(d) Student services costs, including such activities as deans of students, administration of student affairs, registrar, placement offices, student advisers, student health and infirmary services, and such other activities as are identifiable with student services. However, in the case of students actually engaged in work under research agreements, a proportion of student service costs measured by the relationship between hours of work by students on such research work and total student hours including all research time

may be allowed as a part of research administration expenses.

§ 1-15.307-3 Allowable and unallowable costs.

(a) Advertising costs include the cost of advertising media and related technical and administrative costs. Only the following advertising costs are allowable: (1) Help wanted advertising, and (2) other advertising necessary for the performance of the research agreement to the extent authorized.

(b) Bad debts including losses (whether actual or estimated) arising from uncollectible accounts and other claims, related collection costs, and related legal costs are unallowable.

(c) Capital expenditures are unallowable except as provided for in the research agreement. This includes costs of books, equipment and buildings, as well as repairs which materially increase the value or useful life of such equipment or buildings.

(d) Civil defense costs are those incurred in planning for, and the protection of life and property against, the possible effects of enemy attack. Reasonable costs of civil defense measures (including costs in excess of normal plant protection costs, first aid training and supplies, fire-fighting training, posting of additional exit notices and directions, and other approved civil defense measures) undertaken on the institution's premises pursuant to suggestions or requirements of civil defense authorities are allowable when apportioned to all activities of the institution. Capital expenditures for civil defense purposes shall not be allowed, but a use allowance may be permitted in accordance with provisions set forth elsewhere. Costs of local civil defense projects not on the institution's premises are unallowable.

(e) Communication costs including telephone services, local and long distance telephone calls, telegrams, radiograms, postage, and the like are allowable.

(f) Compensation for personal services: Each institution shall maintain control over its salary and wage rates according to its established policy consistently applied: *Provided, however*, That the excess of salary and wage rates paid to personnel working on Government research agreements over salary and wage rates paid to personnel working on the institution's departmental research or other research will not be allowed unless specifically provided in the agreement or approved by the contracting officer. This principle does not prohibit the charging of the full salary of any temporary employee in whose favor a salary differential exists solely by virtue of the nature of his employment in accordance with the regular practice of the institution concerned. Faculty members shall be considered as employed for the period represented by the sum of all semesters and other periods during which they are required to work under the practice of the institution concerned. (Example: Professor of X institution is required to work two semesters of 4½ months each, or a total of nine months out of the academic year.

His compensation is \$5,400.00. During the summer months, July, August, and September, he works full time on Government research projects in the institution laboratory. Unless the established practice of the institution relating to summer compensation, not based on Government contract experience, would result in a different computation, his compensation for that period, chargeable by the institution to the Government research agreement, will be \$1,800.00, computed as follows: (\$5,400.00 ÷ 9 = \$600.00; \$600.00 multiplied by 3 = \$1,800.00).

(g) Contingency provisions to provide for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable.

(h) Deans of faculty and graduate schools, or their equivalents, including their staffs and related expenses are allowable.

(i) Employee morale, health, and welfare costs and credits, such as house publications, health or first aid clinics and/or infirmaries, recreational activities, and employees' counseling services, incurred in accordance with the institution's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance, are allowable. Such costs shall be equitably apportioned to all activities of the institution. Income generated from any of these activities shall be credited to the cost thereof unless such income has been irrevocably set over to employee welfare organization.

(j) Entertainment costs including costs of amusement, social activities, entertainment, and incidental costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities, are unallowable.

(k) Equipment and other facilities: The cost of equipment or other facilities, including books purchased specifically for use on the project, are allowable where such purchases are approved by the sponsoring agency concerned or provided for by the terms of the research agreement.

(l) Fines and penalties: Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the research agreement, or instructions in writing from the contracting officer.

(m) Insurance and indemnification:

(1) Insurance includes those types of insurance which the institution is required to carry, or which is approved, under the terms of the research agreement, and any other insurance which the institution maintains in the general conduct of its activities. Indemnification includes securing the institution against liabilities to third persons and other losses not compensated by insurance or otherwise.

(2) Costs of insurance required or approved, and maintained, pursuant to the research agreement, are allowable.

(3) Costs of other insurance maintained by the institution in connection with the general conduct of its activities,

are allowable subject to the following limitations:

(i) Types and extent and cost of coverage shall be in accordance with sound institutional practice;

(ii) Costs of insurance or of any contributions to any reserve covering the risk of loss of or damage to Government-owned property are unallowable except to the extent that the Government shall have required or approved such costs;

(iii) Contributions to a reserve for an approved self-insurance program are allowable to the extent that the types of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks;

(iv) Costs of insurance on the lives of officers or trustees are unallowable except where such insurance is part of an employee plan which is not unduly restricted; and

(v) Actual losses which could have been covered by permissible insurance (through an approved self-insurance program or otherwise) are unallowable unless expressly provided for in the research agreement except: (A) Costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound business practice are allowable; and (B) minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary course of doing business, are allowable.

(n) Interest costs for interest on borrowed capital or temporary use of endowment funds, however represented, are unallowable.

(o) Investment counsel and staff costs are unallowable.

(p) Labor relations costs incurred in maintaining satisfactory relations between the institution and its employees, including costs of labor management committees, employees' publications, and other related activities are allowable.

(q) Losses on other research agreements or contracts: Any excess of costs over income under any other research agreement or contract of any nature is unallowable. This includes, but is not limited to, the institution's contributed portion by reason of cost-sharing agreements or any under-recoveries through negotiation of flat amounts for overhead.

(r) Maintenance and repair costs necessary for the upkeep of property (including Government property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life but keep it in an efficient operation condition, are allowable.

(s) Material costs of purchased materials, supplies, and fabricated parts directly or indirectly related to the research agreement are allowable. Purchases made specifically for the research agreement should be charged thereto at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the institution. Withdrawals from general stores or stockrooms should be charged at their cost under any recognized method of pricing stores withdrawals conforming to sound accounting practices consist-

ently followed by the institution. Incoming transportation charges are a proper part of material cost. Direct material cost should include only the materials and supplies actually used for the performance of the research agreement, and due credit should be given for any excess materials retained, or returned to vendors. Due credit should be given for all proceeds or value received for any scrap resulting from work under the research agreement. Where Government-donated or furnished material is used in performing the research agreement, such material will be used without charge.

(b) Memberships, subscriptions, and professional activity costs:

(1) Membership costs of the institution's membership in civic, business, technical, and professional organizations are allowable.

(2) Subscription costs of the institution's subscriptions to civic, business, professional, and technical periodicals are allowable, excepting those obtained for the library for which a use allowance is made.

(3) Meetings and conferences: This item includes cost of meals, transportation, rental of facilities for meetings, and costs incidental thereto, when the primary purpose of the incurrence of such costs is the dissemination of technical information. Such costs are allowable.

(u) Patent costs: Costs of preparing disclosures, reports, and other documents required by the research agreement and of searching the art to the extent necessary to make such invention disclosures, are allowable. In accordance with the clauses of the research agreement relating to patents, costs of preparing documents and any other patent costs, in connection with the filing of a patent application where title is conveyed to the Government, are allowable. (See also (ff) below.)

(v) Pension plan costs are allowable if in accordance with the established policies of the institution, provided such policies meet the test of reasonableness and the methods of cost allocation are not discriminatory, and provided appropriate adjustments are made for credits or gains arising out of normal and abnormal employee turnover or any other contingencies that can result in forfeitures by employees which inure to the benefit of the institution.

(w) Plant security costs including wages, uniforms, and equipment of personnel engaged in plant protection, and necessary expenses to comply with Government security requirements, are allowable.

(x) Preresearch agreement costs are those which are incurred prior to the effective date of the research agreement whether or not they would have been allowable thereunder if incurred after such date. Such costs are unallowable unless specifically set forth and identified in the research agreement.

(y) Professional service costs—legal, accounting, engineering, and other.

(1) Costs of professional services rendered by the members of a particular profession who are not employees of the institution are allowable, subject to (2)

and (3) below, when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Government. Retainer fees to be allowable must be reasonably supported by evidence of services rendered.

(2) Factors to be considered in determining the allowability of costs in a particular case include:

(i) The past pattern of such costs, particularly in the years prior to the award of Government research agreements;

(ii) The impact of Government research agreements on the institution's total activity;

(iii) The nature and scope of managerial services expected of the institution's own organization; and

(iv) Whether the proportion of Government work to the institution's total activity is such as to influence the institution in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Government research agreements.

(3) Costs of legal, accounting, and consulting services, and related costs, incurred in connection with organization and reorganization, and the prosecution of claims against the Government, are unallowable. Costs of legal, accounting, and consulting services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the research agreement.

(z) Profits and losses on disposition of plant, equipment, or capital assets: Profits or losses of any nature arising from the sale or exchange of plant, equipment, or other capital assets, including sale or exchange of either short- or long-term investments, shall be excluded in computing research agreement costs.

(aa) Proposal costs are the costs of preparing bids or proposals on potential Government and non-Government research agreements or projects, including the development of engineering data and cost data necessary to support the institution's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect costs and allocated currently to all activities of the institution, and no proposal costs of past accounting periods shall be allocable in the current period to the Government research agreement. However, the institution's established practices may be to treat proposal costs by some other recognized method. Regardless of the method used, the results obtained may be accepted only if found to be reasonable and equitable.

(bb) Public information services costs such as news releases pertaining to specific research or scientific accomplishment are unallowable unless specifically authorized by the sponsoring agency.

(cc) Rearrangement and alteration costs: Ordinary or normal rearrangement and alteration costs are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable when such work has been approved in advance by the sponsoring agency concerned.

(dd) Reconversion costs are those incurred in the restoration or rehabilitation of the institution's facilities to approximately the same condition existing immediately prior to commencement of Government research agreement work, fair wear and tear excepted. Reconversion costs are allowable, only to the extent of the cost of removing Government property and the restoration or rehabilitation costs caused by such removal.

(ee) Recruiting costs such as "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, travel costs of employees while engaged in recruiting personnel, and travel costs of applicants for interviews for prospective employment, are allowable. Where the institution uses employment agencies, costs not in excess of standard commercial rates for such services are also allowable. Costs of special benefits or emoluments offered to prospective employees beyond recognized practices for recruiting such personnel are unallowable.

(ff) Royalties and other costs for use of patents: Royalties on a patent or amortization of the cost of acquiring a patent or invention or rights thereto, necessary for the proper performance of the research agreement and applicable to tasks or processes thereunder, are allowable unless:

(1) The Government has a license or the right to free use of the patent;

(2) The patent has been adjudicated to be invalid or has been administratively determined to be invalid;

(3) The patent is considered to be unenforceable; or

(4) The patent has expired.

(gg) Severance pay is a payment, in addition to regular salaries and wages, by institutions to employees whose services have been terminated. Severance pay is allowable as a cost only to the extent that it is required by law, employer-employee agreement, established policy that constitutes in effect an implied agreement on the institution's part, or circumstances of the particular employment. Severance payments are divided into two categories as follows:

(1) Those due to normal, recurring turnover: The actual costs of such severance payments shall be regarded as expense applicable to the current fiscal year and equitably apportioned to the institution's activities during that period; and

(2) Those due to abnormal or mass terminations: Abnormal or mass severance pay is of such a conjectural nature that measurement of cost by means of an accrual will not achieve equity to both parties. Thus accruals for this purpose are not allowable. However, the Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Thus, allowability will be considered on a case-by-case basis.

(hh) Special services costs, such as general public relations activities, catalogs, and alumni activities, are unallowable.

(ii) Staff benefits are allowances and services provided by the institution to its employees as compensation in addition

to regular wages and salaries. Costs of such staff benefits are allowable and include vacations, holidays, sick leave, military leave, employee insurance, social security taxes, and workmen's compensation insurance. The payment of tuition or remission of tuition for employees and their families are allowable to the extent that such payments or remissions are made under established policies consistently applied.

(jj) Taxes: In general, taxes which the institution is required to pay and which are paid or accrued in accordance with generally accepted accounting principles, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for:

(1) Taxes from which exemptions are available to the institution directly or which are available to the institution based on an exemption afforded the Government and in the latter case when the sponsoring agency makes available the necessary exemption certificates; and

(2) Special assessments on land which represent capital improvements.

Any refund of taxes, interest, or penalties, and any payment to the institution of interest thereon, attributable to taxes, interest, or penalties which were allowed as research agreement costs, shall be credited or paid to the Government in the manner directed by the Government provided any interest actually paid or credited to an institution incident to a refund of tax, interest, and penalty shall be paid or credited to the Government only to the extent that such interest accrued over the period during which the institution had been reimbursed by the Government for the taxes, interest, and penalties.

(kk) Transportation costs: Transportation costs include freight, express, cartage, and postage charges relating either to goods purchased, in process, or delivered. These costs are allowable. When such costs can readily be identified with the items involved, they may be direct costed as transportation costs or added to the cost of such items. Where identification with the materials received cannot readily be made, inbound transportation costs may be charged to the appropriate indirect cost accounts if the institution follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the research agreement, should be treated as a direct cost.

(ll) Travel costs:

(1) Travel costs consist of transportation, lodging subsistence, and incidental expenses.

(2) Travel costs incurred by institution personnel in a travel status while on specific research business are allowable.

(3) Travel costs incurred in the normal course of over-all administration of the institution and applicable to the entire institution are allowable. Such costs shall be equitably apportioned to all work of the institution.

(4) Subsistence and lodging, including tips or similar incidental costs, are allowable either on an actual or per diem

basis. The basis selected shall apply to an entire trip and not selected days of the trip.

(5) Costs of personnel movement of a special or mass nature are allowable only when authorized or approved in writing by the sponsoring agency or its authorized representative.

(mm) Termination costs:

(1) Contract termination generally gives rise to the incurrence of costs or to the need for special treatment of costs, which would not have arisen had the contract not been terminated. Items peculiar to termination are set forth below. They are to be used in conjunction with all other provisions of this subpart in the case of contract termination.

(2) The cost of common items of material reasonably usable on the institution's other work shall not be allowable unless the institution submits evidence that it could not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the institution, consideration should be given to the institution's plans and orders for current and scheduled work. Contemporaneous purchases of common items by the institution shall be regarded as evidence that such items are reasonably usable on the institution's other work. Any acceptance of common items as allowable to the terminated portion of the contract should be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

(3) If in a particular case, despite all reasonable efforts by the institution, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this part, except that any such costs continuing after termination due to the negligent or willful failure of the institution to discontinue such costs shall be considered unacceptable.

(4) Loss of useful value of special tooling, and special machinery and equipment is generally allowable, *Provided*,

(i) Such special tooling, machinery, or equipment is not reasonably capable of use in the other work of the institution;

(ii) The interest of the Government is protected by transfer of title or by other means deemed appropriate by the contracting officer; and

(iii) The loss of useful value as to any one terminated contract is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the contract bears the entire terminated contract and other Government contracts for which the special tooling, special machinery, and equipment was acquired.

(5) Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated cost, less the residual value of such leases, if:

(i) The amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the contract and such further period as may be reasonable, and

(ii) The institution makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. There also may be included the cost of alterations of such leased property, *Provided*, Such alterations were necessary for the performance of the contract, and of reasonable restoration required by the provisions of the lease.

(6) Settlement expenses including the following are generally allowable:

(i) Accounting, legal, clerical, and similar costs reasonably necessary for—

(A) The preparation and presentation to contracting officers of settlement claims and supporting data with respect to the terminated portion of the contract; and

(B) The termination and settlement of subcontracts; and

(ii) Reasonable costs for the storage, transportation, protection, and disposition of property acquired or produced for the contract.

(7) Subcontractor claims, including the allocable portion of claims which are common to the contract and to other work of the contractor, are generally allowable.

Subpart 1-15.4—Construction Contracts

§ 1-15.401 Definition of construction contract.

The term "construction contract" as used in this subpart means any contract for the construction, alteration, or repair of buildings, bridges, roads, or other kinds of real property. It does not include a contract for the manufacturing, producing, furnishing, construction, alteration, repair, processing or assembling of vessels, aircraft, or other kinds of personal property, regardless of the terms of any such contract as to payment or title.

§ 1-15.402 General basis for determination of costs.

The total cost of a cost-reimbursement type contract for construction or for architect-engineer services related to construction is the sum of the allowable costs incident to the performance of the contract, less applicable income and other credits. The tests used in determining the allowability of costs also include (a) reasonableness and (b) any limitations as to types or amounts of cost items set forth in this Subpart 1-15.4 or otherwise included in the contract. Failure to mention any item of cost in this subpart is not intended to imply that it is either allowable or not allowable. Income and other credits arising out of operations under the contract, where the related cost was reimbursed or accepted as an allowable cost, will be credited to the Government.

§ 1-15.403 Examples of items of allowable costs.

Subject to the requirements of § 1-15.402 with respect to the general basis for determining allowability of

costs, the following items of cost are considered allowable within the limitations indicated:

- (a) Bonds and insurance, including self-insurance, to the extent authorized by the contracting officer;
- (b) Camp operations (but see § 1-15.404(h));
- (c) Freight, transportation, and material handling;
- (d) Land and structures, temporary use thereof;
- (e) Materials and supplies, including inspection, storage, salvage, and other usual expenses incident to the procurement and use thereof;
- (f) Patents, purchased designs, and royalty payments, to the extent authorized by the contracting officer;
- (g) Plant and equipment, purchase or rental thereof;
- (h) Recruiting of personnel (including "help wanted" advertising);
- (i) Restoration and cleanup of site and facilities, as directed by the contracting officer;
- (j) Structures and facilities of a temporary nature;
- (k) Subcontracts;
- (l) Taxes, fees or charges, except those imposed upon, by reason of, or measured by the contractor's fee;
- (m) Traveling expenses, to the extent authorized by the contracting officer;
- (n) Utility services, such as communication, power, gas, and water;
- (o) Vacation, holiday and severance pay, sick leave and military leave, to the extent required by law or specifically provided for elsewhere in the contract;
- (p) Wages and salaries; and
- (q) Pension and retirement plans in accordance with the interpretation set forth in § 1-15.406 and group health, accident and life insurance plans (but see § 1-15.404 (b), (d) and (m)).

§ 1-15.404 Examples of items of unallowable costs.

The following items of costs are considered unallowable, except as indicated and then only subject to the requirements of § 1-15.402:

- (a) Advertising (including advertising in trade or technical journals), except "help wanted" advertising;
- (b) Central office expenses of the contractor, such as supplies, equipment, rent, or any other expenses incident to its maintenance and operation, except to the extent authorized by the contracting officer;
- (c) Commissions and bonuses (under whatever name) in connection with obtaining or negotiating for a Government contract;
- (d) Compensation and traveling expenses of any officer or employee in the central office organization of the contractor, except to the extent authorized by the contracting officer;
- (e) Contingency reserves;
- (f) Contributions and donations;
- (g) Dividend payments;
- (h) Entertainment, except for on-site recreational activities for the contractor's employees as authorized by the contracting officer;
- (i) Interest on borrowings (however represented), bond discount and expense, and financial charges;

(j) Legal, accounting and consulting fees and related expenses, except to the extent authorized by the contracting officer;

- (k) Losses on other contracts;
- (l) Memberships in trade, business, and professional organizations;
- (m) Premiums for insurance on the lives of directors, officers, proprietors, or other persons, where the contractor is the beneficiary directly or indirectly;
- (n) Storage of contract records after completion of contract operations, irrespective of contractual or statutory requirements regarding the preservation of records; and
- (o) Taxes, fees, or charges imposed upon, by reason of, or measured by the contractor's fee.

§ 1-15.405 Examples of subjects requiring special considerations.

The following examples are illustrative of subjects affecting cost which may require special consideration:

- (a) Costs incurred incidental to work covered by the contract but prior to the execution of the contract, with specific identification of the types thereof and the period involved;
- (b) Government-furnished property, general nature and extent;
- (c) Indirect cost basis (1) actual, (2) negotiated rate or amount, or (3) other;
- (d) Insurance;
- (e) Intracompany and intercompany transactions;
- (f) Liability to third persons;
- (g) Operation of restaurants and cafeterias;
- (h) Overtime compensation (see § 1-12.102);
- (i) Patents, purchased designs, and royalty payments;
- (j) Personnel movement of a special or mass nature;
- (k) Plant facilities fully depreciated or amortized on the contractor's books of account or acquired without cost (possible compensation for utilization in the form of a use or rental charge);
- (l) Rearrangement or relocation of facilities or plant sites;
- (m) Research programs of a general nature;
- (n) Security measures of a special nature;
- (o) Sharing of cost of research projects of the type which an educational or other nonprofit institution might undertake as a part of its own educational or research program;
- (p) Subcontracting, nature and extent thereof and relation to fee or profit;
- (q) Subsistence and housing of employees;
- (r) Termination expenses;
- (s) Tooling and equipment;
- (t) Traveling expenses of a special or unusual nature; and
- (u) Wages or salaries of partners or sole proprietors.

§ 1-15.406 Cost interpretation of pension and retirement plans.

(See § 1-15.403(q).)

(a) Costs of pension and retirement plans, including reasonable incidental benefits, such as disability, withdrawal, insurance or survivorship allowances which are deductible from taxable in-

come in accordance with the Internal Revenue Code and the regulations of the Internal Revenue Service, are allowable except to the extent they are determined to be unreasonable or unallowable under any other provision of this cost interpretation. Costs of such plans established by nonprofit or other organizations not subject to payment of Federal income taxes are also allowable except to the extent they are determined to be unreasonable or unallowable under any other provision of this cost interpretation.

(b) Pension or retirement plans of a contractor which are subject to approval of the Internal Revenue Service must have been so approved before costs under the plans may be accepted as charges to Government contracts. Many plans of nonprofit or other tax exempt organizations are also reviewed and approved by the Internal Revenue Service—when not so reviewed and approved, each such plan will be reviewed, and approved or disapproved, by the procuring activity concerned, using, insofar as applicable, the criteria and standards of the Internal Revenue Code and the regulations of the Internal Revenue Service. In any case where the Internal Revenue Service withdraws approval of a plan, approval of amounts allocated to contract costs will be withdrawn accordingly.

(c) The approval of a pension or retirement plan by the Internal Revenue Service will, as a general rule, be the only approval required by the procuring activity; however, the right is reserved to require submission of any plan for consideration by the procuring activity and to disapprove such plan in its entirety or any feature thereof whenever the circumstances in a particular case are deemed to warrant such action.

(d) Approval of a pension or retirement plan by the Internal Revenue Service or by the procuring activity does not imply that the cost thereof for any particular year will be allowable for apportionment to contract costs, except to the extent costs for that year meet all other requirements of the Internal Revenue Service as a deduction for income tax purposes, and are acceptable under the provisions of this cost interpretation and other provisions of this Part 1-15.

(e) Pension and retirement costs constitute a part of the total compensation by a contractor to any individual covered by the plan, and accordingly, are subject to the provisions of this Part 1-15 with respect to reasonableness of the total compensation paid to the individual for the services rendered.

(f) Where contributions to pension or retirement plans are based on profits, *Providing*, That provisions of the Internal Revenue Code and regulations of the Internal Revenue Service have been met, the amount allowable for apportionment to contracts in any one year shall be the amount contributed to the pension trust(s) for that year, but not to exceed 15 percent of the total compensation otherwise paid or accrued in that year to the individuals covered under the plan(s).

(g) The allowability of costs of lump sum purchases of annuities or of peri-

odic cash payments made to provide pension or retirement benefits for retiring or retired employees, other than incurred under approved pension or retirement plans, will be subject to consideration on an individual case basis.

(h) Credits which became available or are foreseeable must be taken into account in an equitable manner in determining pension and retirement costs subject to apportionment to a particular contract. In some instances, this may require adjustments to costs in anticipation of the realization of credits. For example, such action would normally be appropriate where contractors' organizations are substantially expanded for the performance of Government contracts and there is a reasonable expectation that, upon completion of the contracts, the services of practically all or a large number of the additional employees will be terminated with the result that contractors will benefit from contributions made on behalf of these employees, because such personnel will not acquire vested rights under the terms of the plan.

(i) In any current or future contract no cost allowance will be made which would duplicate, in whole or in part, an allowance previously made under a prior contract.

Subpart 1-15.5—[Reserved]

Subpart 1-15.6—Guidelines for Application in the Negotiation and Administration of Fixed-Price Type Contracts and in the Negotiation of Termination Settlements

§ 1-15.600 Scope of subpart.

This subpart provides guidance for the use of Subparts 1-15.2, 1-15.3, and 1-15.4 in (a) the evaluation of costs in pricing of negotiated fixed-price type contracts and subcontracts in those instances where such evaluation is required to establish prices for such contracts and (b) the negotiation of termination settlements.

§ 1-15.601 Definition of fixed-price type contracts.

"Fixed-price type" contracts include, for purpose of this subpart, the following:

- (a) Firm fixed-price contracts;
- (b) Fixed-price contracts with escalation;
- (c) Fixed-price contracts providing for the redetermination of price;
- (d) Fixed-price incentive contracts;
- (e) Non-cost-reimbursable portion of time and materials contracts;
- (f) Labor-hour contracts.

§ 1-15.602 Basic considerations.

(a) Under fixed-price type contracts, the negotiated price is the basis for payment to a contractor whereas allowable costs are the basis for reimbursement under cost-reimbursement type contracts. Accordingly, the policies and procedures of Subpart 1-3.8 are applicable in the negotiation of fixed-price type contracts. Cost and accounting data may provide guides for ascertaining fair compensation but are not rigid measures of it. Other types of data, criteria, or standards may furnish reliable guides to fair compensation. The ability

to apply standards of business judgment as distinct from strict accounting principles is at the heart of a negotiated price or settlement.

(b) Among the different types of fixed-price type contracts, the need for consideration of costs varies considerably as indicated below:

(1) *Retrospective pricing and settlements.* In negotiating firm fixed prices or settlements for work which has been completed at the time of negotiation (e.g., final negotiations under fixed-price incentive contracts, redetermination of price after completion of the work, or negotiation of a settlement agreement under a contract terminated for the convenience of the Government), the treatment of costs is a major factor in arriving at the amount of the price or settlement. However, even in these situations, the finally agreed price or settlement may represent something other than the sum total of acceptable costs plus profit, since the final price accepted by each party does not necessarily reflect agreement on the evaluation of each element of cost, but rather a final resolution of all issues in the negotiation process.

(2) *Forward pricing.* The extent to which costs influence forward pricing varies greatly from case to case. In negotiations covering future work, actual costs cannot be known and the importance of cost estimates depends on the circumstances. The contracting officer must consider all the factors affecting the reasonableness of the total proposed price, such as the technical, production, or financial risk assumed, the complexity of work, the extent of competitive pricing, and the contractor's record for efficiency, economy, and ingenuity, as well as available cost estimates. He must be free to bargain for a total price which equitably distributes the risks between the contractor and the Government and provides incentives for efficiency and cost reduction. In negotiating such a price, it is not possible to identify the treatment of specific cost elements since the bargaining is on a total price basis. Thus, while cost data is often a valuable aid, it will not control negotiation of prices for work to be performed, or a target price under an incentive contract.

§ 1-15.603 Cost principles and their use.

(a) When, pursuant to § 1-15.602, costs are to be considered in the negotiation of fixed-price type contracts, the appropriate subpart of this Part 1-15 may be used as a guide in the evaluation of cost data required to establish a fair and reasonable price in conjunction with other pertinent considerations as set forth more fully in Subpart 1-3.8.

(b) In retrospective pricing, whenever an occasion arises in which acceptability of a specific item of cost becomes an issue, the appropriate part of this Part 1-15 will serve as a guide for the contracting officer in his conduct of negotiations.

(c) In applying this Part 1-15 to fixed-price contracts, contracting officers will (1) not be expected to negotiate agreement on every individual element of cost; and (2) be expected to use their judgment as to the degree of detail in which they consider the individual ele-

ments of cost in arriving at their evaluation of total cost, where such evaluation is appropriate. However, the negotiation record should fully substantiate and justify the reasoning leading to any negotiated price.

(d) In order to permit the proper evaluation of cost data submitted by contractors for use in negotiating prices, it may be necessary to obtain breakdowns or account analyses in respect to some cost items, particularly those whose treatment may be dependent upon special circumstances as stated in these principles. Contractors will be expected to be responsive to reasonable requests for data of this kind.

Effective date. These regulations are effective August 15, 1960, but may be observed earlier.

Dated: July 15, 1960.

FRANKLIN FLOETE,
Administrator of General Services.

[F.R. Doc. 60-6799; Filed, July 21, 1960;
8:45 a.m.]

Title 21—FOOD AND DRUGS

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

SUBCHAPTER B—FOOD AND FOOD PRODUCTS

PART 27—CANNED FRUITS AND CANNED FRUIT JUICES; DEFINITIONS AND STANDARDS OF IDENTITY; QUALITY; AND FILL OF CONTAINER

Canned Prunes, Canned Seedless Grapes, Canned Berries, Canned Plums; Order Establishing Standards of Identity¹

In the matter of establishing definitions and standards of identity for canned prunes, canned seedless grapes, canned berries, and canned plums:

A notice of proposed rule making was published in the FEDERAL REGISTER of March 25, 1960 (25 F.R. 2545), setting forth proposals by the National Cannery Association, 1133 Twentieth Street N.W., Washington, D.C., to establish definitions and standards of identity for canned prunes, canned seedless grapes, canned berries, and canned plums. Each proposal contained definitions of the optional saccharine ingredients to be used in preparing the packing media for these canned fruits. Since the definitions of such optional saccharine ingredients in § 27.1 apply to all the identity standards for food in this chapter, they need not be repeated in the identity standards established by this order.

¹ Statement of policy § 3.13 Notice to canners and distributors of canned prunes, canned seedless grapes, canned berries, and canned plums, published March 25, 1960 (25 F.R. 2516) exempted the listed canned fruits from certain requirements for labeling pending rulings on the proposed standards. It is intended that an announcement shall be published rescinding § 3.13 when the notice confirming the effective date of the identity standards for these canned fruits is published.

Interested persons were invited to submit views and comments on the proposals. The only comment filed was an objection to these standards submitted by a manufacturer of lactose, whose comment was that no standards for these canned fruits should be established unless they are changed to include lactose. No data concerning canned fruits with added lactose was submitted.

Upon consideration of the proposals, the comment submitted, and other relevant information, it is concluded that to promote honesty and fair dealing in the interest of consumers definitions and standards of identity for canned prunes, canned seedless grapes, canned berries, and canned plums should be adopted as hereinafter set forth. Therefore, pursuant to the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (secs. 401, 701 52 Stat. 1046, 1055, as amended 70 Stat. 919, 72 Stat. 948; 21 U.S.C. 341, 371) and delegated to the Commissioner of Food and Drugs by the Secretary (22 F.R. 1045, 23 F.R. 9500, 25 F.R. 5611): *It is ordered*, That Part 27 be amended by adding thereto the following new sections:

§ 27.15 Canned prunes; identity; label statement of optional ingredients.

(a) Canned prunes is the food prepared from dried prunes, with or without one of the optional packing media specified in paragraph (b) of this section. Such food may be seasoned with one or more of the following optional ingredients:

- (1) Spice.
- (2) Flavoring, other than artificial flavoring.
- (3) A vinegar.
- (4) Citric acid.
- (5) Lemon juice.
- (6) Unpeeled pieces of citrus fruits.

Such food is sealed in a container. It is so processed by heat as to prevent spoilage.

(b) (1) The optional packing media referred to in paragraph (a) of this section are:

- (i) Water.
- (ii) Light sirup.
- (iii) Heavy sirup.
- (iv) Extra heavy sirup.

(2) Each of packing media in subparagraph (1) (ii) to (iv), inclusive, of this paragraph is prepared with water and one of the optional saccharine ingredients specified in paragraph (c) of this section.

(3) The respective densities of packing media in subparagraph (1) (ii) to (iv), inclusive, of this paragraph as measured on the Brix hydrometer 15 days or more after the prunes are canned, are within the range set out after the name of each in the following list:

Name of packing medium	Brix measurement
Light sirup-----	20° or more but less than 24°.
Heavy sirup-----	24° or more but less than 30°.
Extra heavy sirup-----	30° or more but not more than 45°.

(c) The optional saccharine ingredients referred to in paragraph (b) of this section are:

- (1) Sugar.
- (2) Invert sugar sirup.
- (3) Any mixture of sugar and invert sugar sirup.
- (4) Any of the optional saccharine ingredients in subparagraphs (1), (2), and (3) of this paragraph with dextrose, provided the weight of the solids of the dextrose does not exceed one-third of the total weight of the solids of the combined saccharine ingredients.

(5) Any of the optional saccharine ingredients in subparagraphs (1), (2), and (3) of this paragraph with corn sirup or glucose sirup or such sirups in dried form, or any two or more of such sirups or dried sirups, provided the weight of the solids of such sirups or dried sirups used does not exceed one-fourth of the total weight of the solids of the combined saccharine ingredients.

(6) Any mixture of the optional saccharine ingredients in subparagraphs (4) and (5) of this paragraph.

(d) Wherever the word "prunes" appears on the label in the name of the food prepared with a packing medium it shall be preceded by one of the words "cooked," "stewed," or "prepared," and shall be followed by the name whereby the optional packing medium used is designated in paragraph (b) of this section, preceded by "in" or "packed in." Wherever the word "prunes" appears on the label in the name of the food prepared without added packing medium it shall be preceded by the word "moistened" or the words "moist pack," and shall be followed by the words "without sirup." The statement "prepared from dried prunes," which is a part of the name of the food, shall immediately follow the name of the optional packing medium or the words "without sirup," as the case may be, without intervening written, printed, or graphic matter. The type used for the words "prepared from dried prunes" shall be of the same style and not less than one-half of the point size of the type used for the word "prunes."

(e) When any of the optional ingredients permitted by one of the following specified subparagraphs of paragraph (a) of this section is used, the label shall bear the words set forth after the number of such subparagraph:

(a) (1) "Spiced" or "spice added" or "with added spice" or, in lieu of the word "spice," the common name of the spice.

(a) (2) "Flavoring added" or "with added flavoring" or, in lieu of the word "flavoring," the common name of the flavoring.

(a) (3) "Seasoned with vinegar" or "seasoned with _____ vinegar," the blank being filled in with the name of the vinegar used.

(a) (4) "Citric acid added" or "with added citric acid."

(a) (5) "Lemon juice added" or "with added lemon juice."

(a) (6) "_____ added" or "with added _____," the blank being filled in with the name of the citrus pieces used.

When two or more of the optional ingredients specified in paragraph (a) of this

section are used, such words may be combined, as for example, "with added spices, lemon slices, and lemon juice."

(f) Wherever the name of the food and the other labeling prescribed by paragraph (d) of this section appear on the label so conspicuously as to be easily seen under customary conditions of purchase, the words specified in paragraph (e) of this section, showing the optional ingredients used, shall immediately and conspicuously precede or follow such name without intervening written, printed, or graphic matter, except that the specific varietal name of the prunes may so intervene or may immediately precede the word "prunes" in the name.

§ 27.25 Canned seedless grapes; identity; label statement of optional ingredients.

(a) Canned seedless grapes is the food prepared from one of the optional grape ingredients specified in paragraph (b) of this section and one of the optional packing media specified in paragraph (c) of this section. Such food may also contain one or more of the following optional ingredients:

- (1) Spice.
- (2) Flavoring, other than artificial flavoring.
- (3) A vinegar.

Such food is sealed in a container. It is so processed by heat as to prevent spoilage.

(b) The optional grape ingredients referred to in paragraph (a) of this section are prepared from stemmed grapes of the light or dark seedless varieties or from unstemmed clusters of such grapes. For the purposes of paragraph (e) of this section, the names of such optional grape ingredients are "light seedless grapes" or "dark seedless grapes," as the case may be, preceded by the words "unstemmed clusters" where appropriate.

(c) (1) The optional packing media referred to in paragraph (a) of this section are:

- (i) Water.
- (ii) Grape juice.
- (iii) Slightly sweetened water.
- (iv) Light sirup.
- (v) Heavy sirup.
- (vi) Extra heavy sirup.

As used in this section, the term "grape juice" means the fresh or canned expressed juice of mature grapes of the same variety as the optional fruit ingredient, and the term "water" means, in addition to water, any mixture of water and grape juice.

(2) Each of packing media in subparagraph (1) (iii) to (vi), inclusive, of this paragraph is prepared with water and one of the optional saccharine ingredients specified in paragraph (d) of this section.

(3) The respective densities of packing media in subparagraph (1) (iii) to (vi), inclusive, of this paragraph as measured on the Brix hydrometer 15 days or more after the grapes are canned, are within the range prescribed after the name of each in the following list:

Name of packing medium	Brix measurement
Slightly sweetened water.	Less than 14°.
Light sirup-----	14° or more but less than 18°.
Heavy sirup-----	18° or more but less than 22°.
Extra heavy sirup-----	22° or more but not more than 35°.

(d) The optional saccharine ingredients referred to in paragraph (c) of this section are:

- (1) Sugar.
- (2) Invert sugar sirup.
- (3) Any mixture of sugar and invert sugar sirup.

(4) Any of the optional saccharine ingredients in subparagraphs (1), (2), and (3) of this paragraph with dextrose, provided that the weight of the solids of the dextrose does not exceed one-third of the total weight of the solids of the combined saccharine ingredients.

(5) Any of the optional saccharine ingredients in subparagraphs (1), (2), and (3) of this paragraph with corn sirup or glucose sirup or such sirups in dried form, or any two or more of such sirups or dried sirups, provided the weight of the solids of such sirups or dried sirups used does not exceed one-fourth of the total weight of the solids of the combined saccharine ingredients.

(6) Any mixture of the optional saccharine ingredients in subparagraphs (4) and (5) of this paragraph.

(e) The label shall bear the name of the optional grape ingredient used, as specified in paragraph (b) of this section, and the name whereby the optional packing medium used is designated in paragraph (c) of this section, preceded by "in" or "packed in." When any of the optional ingredients permitted by one of the following specified subparagraphs of paragraph (a) of this section is used, the label shall bear the words set forth after the number of such subparagraph:

(a) (1) "Spiced" or "spice added" or "with added spice," or, in lieu of the word "spice," the common name of the spice.

(a) (2) "Flavoring added" or "with added flavoring," or, in lieu of the word "flavoring," the common name of the flavoring.

(a) (3) "Seasoned with vinegar" or "seasoned with _____ vinegar," the blank being filled in with the name of the vinegar used.

When two or all of the optional ingredients specified in paragraph (a) (1), (2), and (3) of this section are used, such words may be combined, as for example, "seasoned with cidervinegar, cloves, and cinnamon oil."

(f) Wherever the name of the food appears on the label so conspicuously as to be easily seen under customary conditions of purchase, the words specified in this section, showing the optional ingredients used, shall immediately and conspicuously precede or follow such name without intervening written, printed, or graphic matter, except that the varietal name of the grapes may so intervene.

§ 27.35 Canned berries; identity; label statement of optional ingredients.

(a) The canned berries for which definitions and standards of identity are prescribed by this section are the foods

each of which is prepared from one of the optional berry ingredients specified in paragraph (b) of this section and one of the optional packing media specified in paragraph (c) of this section. Such food is sealed in a container. It is so processed by heat as to prevent spoilage.

(b) The optional berry ingredients referred to in paragraph (a) of this section are prepared from stemmed fruit of the following varieties:

- Blackberries.
- Blueberries.
- Boysenberries.
- Dewberries.
- Gooseberries.
- Huckleberries.
- Loganberries.
- Black raspberries.
- Red raspberries.
- Strawberries.
- Youngberries.

The fruit of each such variety is an optional berry ingredient.

(c) (1) The optional packing media referred to in paragraph (a) of this section are as follows:

- (i) Water.
- (ii) Berry juice.
- (iii) Slightly sweetened water.
- (iv) Light sirup.
- (v) Heavy sirup.
- (vi) Extra heavy sirup.
- (vii) Slightly sweetened berry juice.
- (viii) Light berry juice sirup.
- (ix) Heavy berry juice sirup.
- (x) Extra heavy berry juice sirup.

As used in this section, the term "berry juice" means the fresh or canned ex-

pressed juice of berries of the same variety as the optional berry ingredient, and the term "water" means, in addition to water, any mixture of water and berry juice.

(2) Each of packing media in subparagraph (1) (iii) to (x), inclusive, of this paragraph is prepared with a liquid ingredient and a saccharine ingredient. Water is the liquid ingredient from which packing media in subparagraph (1) (iii) to (vi) of this paragraph, inclusive, are prepared, and berry juice is the liquid ingredient from which packing media in subparagraph (1) (vii) to (x) of this paragraph, inclusive, are prepared. The saccharine ingredient from which packing media in subparagraph (1) (iii) to (x) of this paragraph, inclusive, are prepared is one of the optional saccharine ingredients specified in paragraph (d) of this section. Where the saccharine ingredient used adds water to the packing medium, as it will if it includes invert sugar sirup, corn sirup, or glucose sirup other than such sirups in dried form, the packing medium shall be considered to be one of those designated in subparagraph (1) (iii) to (vi) of this paragraph and not a berry juice packing medium as designated in subparagraph (1) (vii) to (x) of this paragraph.

(3) The respective densities of packing media in subparagraph (1) (iii) to (x), inclusive, of this paragraph as measured on the Brix hydrometer 15 days or more after the berries are canned, fall within the range prescribed for each in the following table of optional packing media:

OPTIONAL PACKING MEDIA

Optional berry ingredient	(c) (1) (iii) and (vii): Slightly sweetened water and slightly sweetened berry juice		(c) (1) (iv) and (viii): Light sirup and light berry juice sirup		(c) (1) (v) and (ix): Heavy sirup and heavy berry juice sirup		(c) (1) (vi) and (x): Extra heavy sirup and extra heavy berry juice sirup	
	Minimum Brix	Maximum Brix less than—	Minimum Brix	Maximum Brix less than—	Minimum Brix	Maximum Brix less than—	Minimum Brix	Maximum Brix not more than—
	Degrees	Degrees	Degrees	Degrees	Degrees	Degrees	Degrees	Degrees
Blackberries-----	14	14	14	19	19	24	24	35
Blueberries-----	15	15	15	20	20	25	25	35
Boysenberries-----	14	14	14	19	19	24	24	35
Dewberries-----	14	14	14	19	19	24	24	35
Gooseberries-----	14	14	14	20	20	26	26	35
Huckleberries-----	15	15	15	20	20	25	25	35
Loganberries-----	14	14	14	19	19	24	24	35
Black raspberries-----	14	14	14	20	20	27	27	35
Red raspberries-----	14	14	14	22	22	28	28	35
Strawberries-----	14	14	14	19	19	27	27	35
Youngberries-----	14	14	14	19	19	24	24	35

(d) The optional saccharine ingredients referred to in paragraph (c) of this section are:

- (1) Sugar.
- (2) Invert sugar sirup.
- (3) Any mixture of sugar and invert sugar sirup.

(4) Any of the optional saccharine ingredients in subparagraphs (1), (2), and (3) of this paragraph with dextrose, provided that the weight of the solids of the dextrose does not exceed one-third of the total weight of the solids of the combined saccharine ingredients.

(5) Any of the optional saccharine ingredients in subparagraphs (1), (2), and (3) of this paragraph with corn sirup or glucose sirup or such sirups in dried form, or any two or more of such sirups or dried sirups, provided the weight of

the solids of such sirups or dried sirups used does not exceed one-fourth of the total weight of the solids of the combined saccharine ingredients.

(6) Any mixture of the optional saccharine ingredients in subparagraphs (4) and (5) of this paragraph.

(e) The label shall bear the name of the optional berry ingredient used, as specified in paragraph (b) of this section, and the name whereby the optional packing medium used is designated in paragraph (c) of this section, preceded by "in" or "packed in."

(f) Wherever the name of the food appears on the label so conspicuously as to be easily seen under customary conditions of purchase, the statements specified in this section, showing the optional ingredients used, shall immedi-

ately and conspicuously precede or follow such name, without intervening written, printed, or graphic matter, except that the specific varietal name of the berries may so intervene.

§ 27.45 Canned plums; identity; label statement of optional ingredients.

(a) Canned plums is the food prepared from one of the optional plum ingredients specified in paragraph (b) of this section and one of the optional packing media specified in paragraph (c) of this section. Such food may be seasoned with one or more of the following optional ingredients:

- (1) Spice.
- (2) Flavoring, other than artificial flavoring.
- (3) A vinegar.

Such food is sealed in a container. It is so processed by heat as to prevent spoilage.

(b) The optional plum ingredients referred to in paragraph (a) of this section are prepared from mature plums of the domestic (*Prunus domestica* L.) varietal groups, and are in the following forms of units: Unpeeled whole, peeled whole, unpeeled halves, peeled halves. In the case of halves, the plums are pitted, and in the case of whole plums they may be pitted or unpitted. For the purposes of paragraph (e) of this section, the names of such optional plum ingredients are "----- plums," the blank being filled in with the name of the variety or varietal type of the plums, for example, "purple," "greengage," etc., preceded or followed by the word "whole," "halves," or "halved," as the case may be. The name of the optional plum ingredient shall include the word "peeled" when appropriate, and in the case of whole plums the word "pitted" if such ingredient is pitted as, for example, "pitted whole purple plums," "whole pitted purple plums," "peeled halves-purple plums," "peeled purple plums halved."

(c) (1) The optional packing media referred to in paragraph (a) of this section are as follows:

- (i) Water.
- (ii) Plum juice.
- (iii) Slightly sweetened water.
- (iv) Light sirup.
- (v) Heavy sirup.
- (vi) Extra heavy sirup.
- (vii) Slightly sweetened plum juice.
- (viii) Light plum juice sirup.
- (ix) Heavy plum juice sirup.
- (x) Extra heavy plum juice sirup.

As used in this section, the term "plum juice" means the fresh or canned expressed juice of mature plums of the same varietal group as the optional plum ingredient, and the term "water" means, in addition to water, any mixture of water and plum juice.

(2) Each of packing media in subparagraph (1) (iii) to (x), inclusive, of this paragraph is prepared with a liquid ingredient and a saccharine ingredient. Water is the liquid ingredient from which packing media in subparagraph

(1) (iii) to (vi) of this paragraph, inclusive, are prepared and plum juice is the liquid ingredient from which packing media in subparagraph (1) (vii) to (x) of this paragraph, inclusive, are prepared. The saccharine ingredient from which packing media in subparagraph (1) (iii) to (x) of this paragraph, inclusive, are prepared is one of the optional saccharine ingredients specified in paragraph (d) of this section. Where the saccharine ingredient used adds water to the packing medium, as it will if it includes invert sugar sirup, corn sirup, or glucose sirup other than such sirups in dried form, the packing medium shall be considered to be one designated in subparagraph (1) (iii) to (vi), inclusive, of this paragraph and not a plum juice packing medium as designated in subparagraph (1) (vii) to (x), inclusive, of this paragraph.

(3) The respective densities of packing media in subparagraph (1) (iii) to (x), inclusive, of this paragraph as measured on the Brix hydrometer 15 days or more after canning, are within the range prescribed for each in the following list:

<i>Number of packing medium in the case of purple plums</i>	<i>Brix measurement</i>
(1) (iii) and (vii)-----	Less than 18°.
(1) (iv) and (viii)-----	18° or more but less than 21°.
(1) (v) and (ix)-----	21° or more but less than 26°.
(1) (vi) and (x)-----	26° or more but not more than 35°.

<i>Number of packing medium in the case of all other varieties</i>	<i>Brix measurement</i>
(1) (iii) and (vii)-----	Less than 16°.
(1) (iv) and (viii)-----	16° or more but less than 19°.
(1) (v) and (ix)-----	19° or more but less than 24°.
(1) (vi) and (x)-----	24° or more but not more than 35°.

(d) The optional saccharine ingredients referred to in paragraph (c) of this section are:

- (1) Sugar.
- (2) Invert sugar sirup.
- (3) Any mixture of sugar and invert sugar sirup.

(4) Any of the optional saccharine ingredients in subparagraphs (1), (2), and (3) of this paragraph with dextrose, provided that the weight of the solids of dextrose does not exceed one-third of the total weight of the solids of the combined saccharine ingredients.

(5) Any of the optional saccharine ingredients in subparagraphs (1), (2), and (3) of this paragraph with corn sirup or glucose sirup or such sirups in dried form, or any two or more of such sirups or dried sirups, provided the weight of the solids of such sirups or dried sirups used does not exceed one-fourth of the weight of the solids of the combined saccharine ingredients.

(6) Any mixture of the optional saccharine ingredients in subparagraphs (4) and (5) of this paragraph.

(e) The label shall bear the name of the optional plum ingredient used, as specified in paragraph (b) of this section, and the name whereby the optional packing medium used is designated in paragraph (c) of this section, preceded by "in" or "packed in." When any of the optional ingredients permitted by one of the following specified subparagraphs of paragraph (a) of this section is used the label shall bear the words set forth after the number of such subparagraph:

(a) (1) "Spiced" or "spice added" or "with added spice" or, in lieu of the word "spice," the common name of the spice.

(a) (2) "Flavoring added" or "with added flavoring" or, in lieu of the word "flavoring," the common name of the flavoring.

(a) (3) "Seasoned with vinegar" or "seasoned with ----- vinegar," the blank being filled in with the name of the vinegar.

When two or more of the optional ingredients specified in paragraph (a) (1), (2), and (3) of this section are used, such words may be combined, as, for example, "with added spices and vinegar."

(f) Wherever the name of the food appears on the label so conspicuously as to be easily seen under customary conditions of purchase, the words specified in this section, showing the optional ingredients used, shall immediately and conspicuously precede or follow such name, without intervening written, printed, or graphic matter.

Any person who will be adversely affected by the foregoing order may at any time prior to the thirtieth day from the date of its publication in the FEDERAL REGISTER file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D.C., written objections thereto. Objections shall show wherein the person filing will be adversely affected by 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. All documents shall be filed in quintuplicate.

Effective date. This order shall become effective 60 days from the date of its publication in the FEDERAL REGISTER, except as to any provisions that may be stayed by the filing of proper objections. Notice of the filing of objections or lack thereof will be announced by publication in the FEDERAL REGISTER.

(Sec. 701, 52 Stat. 1055, as amended; 21 U.S.C. 971. Interpret or apply sec. 401, 52 Stat. 1046; 21 U.S.C. 341)

Dated: July 18, 1960.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 60-6860; Filed, July 21, 1960; 8:49 a.m.]

PART 120—TOLERANCES AND EXEMPTIONS FROM TOLERANCES FOR PESTICIDE CHEMICALS IN OR ON RAW AGRICULTURAL COMMODITIES

Tolerance for Residues of CIPC

A petition was filed with the Food and Drug Administration by Columbia Southern Chemical Corporation, a subsidiary of Pittsburgh Plate Glass Company, 1 Gateway Center, Pittsburgh 22, Pennsylvania, requesting the establishment of a tolerance for residues of CIPC (isopropyl N(3-chlorophenyl) carbamate) at 50 parts per million in or on potatoes to permit its postharvest use to inhibit sprouting.

The Secretary of Agriculture has certified that this pesticide chemical is useful for the purposes for which a tolerance is being established.

After consideration of the data submitted in the petition and other relevant material which show that the tolerance established in this order will protect the public health, and by virtue of the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (sec. 408 (d) (2), 68 Stat. 512; 21 U.S.C. 346a(d) (2)) and delegated to the Commissioner of Food and Drugs by the Secretary (21 CFR 120.7(g)), the regulations for tolerances for pesticide chemicals in or on raw agricultural commodities (21 CFR Part 120) are amended by adding the following new section.

§ 120.181 Tolerances for residues of CIPC.

A tolerance of 50 parts per million is established for residues of CIPC (isopropyl N(3-chlorophenyl) carbamate) in or on potatoes from postharvest application.

Any person who will be adversely affected by the foregoing order may at any time prior to the thirtieth day from the date of its publication in the FEDERAL REGISTER file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D.C., written objections thereto. 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. All documents shall be filed in quintuplicate.

Effective date. This order shall be effective upon publication in the FEDERAL REGISTER.

(Sec. 408(d) (2), 68 Stat. 512; 21 U.S.C. 346a (d) (2))

Dated: July 18, 1960.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 60-6861; Filed, July 21, 1960; 8:49 a.m.]

SUBCHAPTER C—DRUGS

PART 141c—CHLORTETRACYCLINE (OR TETRACYCLINE) AND CHLORTETRACYCLINE- (OR TETRACYCLINE-) CONTAINING DRUGS; TESTS AND METHODS OF ASSAY

PART 146c—CERTIFICATION OF CHLORTETRACYCLINE (OR TETRACYCLINE) AND CHLORTETRACYCLINE- (OR TETRACYCLINE-) CONTAINING DRUGS

Demethylchlortetracycline Hydrochloride-Nystatin Capsules

Under the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (sec. 507, 59 Stat. 463, as amended; sec. 701, 52 Stat. 1055, as amended; 21 U.S.C. 357, 371) and delegated to the Commissioner of Food and Drugs by the Secretary (22 F.R. 1045, 23 F.R. 9500), the regulations for tests and methods of assay and certification of antibiotic and antibiotic-containing drugs (21 CFR Parts 141c, 146c) are amended as follows:

1. Part 141c is amended by adding the following new section:

§ 141c.259 Demethylchlortetracycline hydrochloride-nystatin capsules.

(a) **Potency**—(1) *Demethylchlortetracycline hydrochloride content.* Using a high-speed blender, prepare an appropriate number of capsules in 500 milliliters of 0.1 N HCl and proceed as directed in § 141c.251(a). The average potency is satisfactory if it contains not less than 85 percent of the number of milligrams of demethylchlortetracycline hydrochloride that it is represented to contain.

(2) **Nystatin content.** Proceed as directed in § 141c.224(a) (1) (ii). Its content of nystatin is satisfactory if it contains not less than 85 percent of the number of units that it is represented to contain.

(b) **Moisture.** Proceed as directed in § 141a.5(a) of this chapter.

2. Part 146c is amended by adding the following new section:

§ 146c.259 Demethylchlortetracycline hydrochloride-nystatin capsules.

Demethylchlortetracycline hydrochloride-nystatin capsules are capsules that conform to all requirements and are subject to all procedures prescribed by § 146c.252 for capsules demethylchlortetracycline hydrochloride, except that:

(a) Each capsule contains not less than 250,000 units of nystatin. The nystatin used conforms to the requirements prescribed therefor by § 146c.222 (a).

(b) The average moisture content of the capsules is not more than 5.0 percent.

(c) In addition to the labeling prescribed by § 146c.252(c), each package shall bear on its label or labeling the number of units of nystatin in each capsule of the batch. Its expiration date shall be the date that is 18 months after the month during which the batch was certified.

(d) In addition to complying with the requirements of § 146c.252(d), a person who requests certification of a batch shall submit with his request a statement showing the batch mark and (unless they were previously submitted) the results and the date of the latest tests and assays of the nystatin used in making the batch for potency, toxicity, pH, moisture, and specific rotation. He shall also submit in connection with his request (unless it was previously submitted) a sample consisting of 10 packages, each containing approximately equal portions of not less than 300 milligrams of the nystatin used in making the batch.

(e) The fees for the services rendered with respect to the samples submitted in accordance with the requirements of paragraph (c) of this section shall be:

(1) \$1.00 for each capsule.

(2) \$4.00 for each immediate container of nystatin.

Notice and public procedure are not necessary prerequisites to the promulgation of this order, and I so find, since it was drawn in collaboration with interested members of the affected industry and since it would be against public interest to delay providing for tests and methods of assay and certification of this new antibiotic drug.

Effective date. This order shall become effective upon publication in the FEDERAL REGISTER, since both the public and the affected industry will benefit by the earliest effective date, and I so find.

(Sec. 701, 52 Stat. 1055, as amended; 21 U.S.C. 371. Interpret or apply sec. 507, 59 Stat. 463, as amended; 21 U.S.C. 357)

Dated: July 18, 1960.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 60-6859; Filed, July 21, 1960; 8:48 a.m.]

PART 146c—CERTIFICATION OF CHLORTETRACYCLINE (OR TETRACYCLINE) AND CHLORTETRACYCLINE- (OR TETRACYCLINE-) CONTAINING DRUGS

Change in Expiration Date

Under the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (sec. 507, 59 Stat. 463, as amended; sec. 701, 52 Stat. 1055, as amended; 21 U.S.C. 357, 371) and delegated to the Commissioner of Food and Drugs by the Secretary (22 F.R. 1045, 23 F.R. 9500), the regulations for the certification of antibiotic and antibiotic-containing drugs (21 CFR 146c.204) are amended as indicated below:

In § 146c.204 *Chlortetracycline hydrochloride capsules*; * * *, paragraph (c) (1) (iv) (d) is amended by changing the words "36 months" to read "36 months or 48 months".

Notice and public procedure are not necessary prerequisites to the promulgation of this order, and I so find, since the nature of the change is such that it cannot be applied to any specific product unless and until the manufacturer there-

RULES AND REGULATIONS

of has supplied adequate data regarding that article.

Effective date. This order shall become effective 30 days after the date of publication in the FEDERAL REGISTER.

(Sec. 701, 52 Stat. 1055, as amended; 21 U.S.C. 371. Interpret or apply sec. 507, 59 Stat. 463, as amended; 21 U.S.C. 357)

Dated: July 18, 1960.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 60-6858; Filed, July 21, 1960; 8:48 a.m.]

Title 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 2—FILLING COMPETITIVE POSITIONS

Promotion of Substitutes in the Postal Service

Section 2.504 is amended as set out below.

§ 2.504 Promotion of substitutes in the Postal Service.

Substitutes shall be promoted to the first vacancy occurring in regular positions in the order of their original appointment, whenever there are substitutes of the required sex who are eligible and will accept, unless such vacancies are filled by position change, reinstatement, or transfer of persons with competitive status in accordance with the regulations in this chapter. When corrective action on an appointment is taken to comply with the requirements of § 2.205, "order of original appointment" means the order in which appointment would have taken place, had the correct action been taken originally. Whenever two (2) or more substitutes are appointed on the same day, the order of promotion shall be the order in which their names appeared on the register from which they were originally appointed.

(Sec. 8, 58 Stat. 389, as amended; 5 U.S.C. 857)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] MARY V. WENZEL,
Executive Assistant to
the Commissioners.

[F.R. Doc. 60-6847; Filed, July 21, 1960; 8:47 a.m.]

PART 6—EXCEPTIONS FROM THE COMPETITIVE SERVICE

Post Office Department

Effective upon publication in the FEDERAL REGISTER, paragraph (f) (2) of § 6.309 is amended as set out below.

§ 6.309 Post Office Department.

(f) *Bureau of Operations.* * * *

(2) Two Special Assistants to the Assistant Postmaster General.

(R.S. 1753, sec. 2, 22 Stat. 403, as amended; 5 U.S.C. 631, 639)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] MARY V. WENZEL,
Executive Assistant to
the Commissioners.

[F.R. Doc. 60-6846; Filed, July 21, 1960; 8:47 a.m.]

Title 24—HOUSING AND HOUSING CREDIT

Chapter II—Federal Housing Administration, Housing and Home Finance Agency

SUBCHAPTER B—PROPERTY IMPROVEMENT LOANS

PART 201—CLASS 1 AND CLASS 2 PROPERTY IMPROVEMENT LOANS

Section 201.1 is amended by adding new paragraphs (f-1) and (f-2) as follows:

§ 201.1 Definitions.

(f-1) "Direct loan" means a loan applied for by and disbursed directly to the borrower or borrowers where:

(1) The credit application, signed by the borrower or borrowers, is filled out by:

(i) The borrower or borrowers; or
(ii) A maker of the note other than a borrower; or

(iii) A person acting at the direction of a borrower who has no financial interest, directly or indirectly, in the contract for the repair, alteration or improvement of the borrower's property; and

(2) The proceeds are delivered directly to such borrower or borrowers without the intervention or participation of an intermediary in any manner in such disbursement other than a maker of the note.

(f-2) "Dealer loan" means a loan where an intermediary, having a financial interest in the contract for the repair, alteration, or improvement of the borrower's property, intervenes or participates in the application for or disbursement of the loan.

In § 201.8 subparagraphs (1) and (2) of paragraph (a) and paragraph (c) are amended to read as follows:

§ 201.8 Dealer investigation, approval and control.

(a) *Procedure before disbursement.*

(1) *Dealer investigation and approval.* Have approved as "dealer" any applicant who, after such investigation as the insured considers necessary, is found to be reliable, financially responsible and qualified to perform satisfactorily the work to be financed and to extend proper services to the customer. This approval shall be evidenced by an application, on a form approved by the Commissioner, dated and signed by the person requesting approval as dealer and dated and signed by the insured to signify such approval. The dealer application, the

approval by the insured, together with supporting information and a record of the insured's experience with the loans originated by such dealer, shall be maintained in the insured's file.

(2) *Completion certificates.* Obtain a completion certificate on a form approved by the Commissioner, signed by the borrower and by the person approved by the insured as dealer. An insured shall not disburse the proceeds of a loan, if, as an inducement for the consummation of the transaction, the borrower has been given or promised a cash payment or rebate or it has been represented to the borrower that he will receive a cash bonus or commissions on future sales. In the absence of information to the contrary, the insured may rely upon the dealer's statement in his completion certificate as to such bonus selling. If there are two or more eligible borrowers involved in a transaction, only one signature is required on the borrower's certificate.

(c) *Exceptions.* The provisions of paragraphs (a) and (b) of this section shall not apply to direct loans.

(Sec. 2, 48 Stat. 1246, as amended; 12 U.S.C. 1703. Interpret or apply sec. 8, 64 Stat. 48, as amended; 12 U.S.C. 1706c)

Issued at Washington, D.C., July 19, 1960.

JULIAN H. ZIMMERMAN,
Federal Housing Commissioner.

[F.R. Doc. 60-6865; Filed, July 21, 1960; 8:50 a.m.]

Title 30—MINERAL RESOURCES

Chapter IV—Federal Coal Mine Safety Board of Review

PART 401—RULES OF PROCEDURE

Use of Certified Mail

Pursuant to section 1 (22) and (23) of Public Law 86-507, 86th Congress (74 Stat. 201), relating to the use of certified mail, sections 401.7(a) (1), 401.7(a) (2), and 401.28(b) of the Rules of Procedure (18 F.R. 3017) are amended by inserting the words "or by certified mail" immediately following the words "by registered mail," when used in those sections of the rules of procedure. As so amended, §§ 401.7(a) (1) and (2), and 401.28(b) read as follows:

§ 401.7 Service on Director: manner and proof.

(a) * * *

(1) The applicant shall send a copy of the application by registered mail or by certified mail to the Director at Washington, D.C.

(2) A copy of any request for temporary relief shall also be sent by registered mail or by certified mail to the Director at Washington, D.C.

§ 401.28 Certification and filing by officer.

(b) If any of the requirements specified in paragraph (a) (1) to (6) of this

section are waived, the certificate shall so state. The officer shall sign the certificate and affix thereto his seal of office, if he has such seal. Unless waived on the record by agreement, he shall then, without delay, securely seal in an envelope all the evidence, notices, and paper exhibits, inscribe upon the envelope a certificate giving the number and title of the case, the name of each witness, and the date of sealing, and deliver the envelope, in person or by registered mail or by certified mail, to the Secretary of the Board. If the weight or bulk of an exhibit shall exclude it from the envelope it shall, unless waived on the record by agreement of all parties, be authenticated by the officer and transmitted in a separate package, marked and forwarded to the Secretary of the Board by suitable means.

(Sec. 205(h), 66 Stat. 698; 30 U.S.C. 475(h))

Adopted by the Federal Coal Mine Safety Board of Review at its office in Washington, D.C., on the 18th day of July 1960.

TROY L. BACK,
Executive Secretary of the Board.

[F.R. Doc. 60-6860; Filed, July 21, 1960; 8:47 a.m.]

Title 33—NAVIGATION AND NAVIGABLE WATERS

Chapter III—Coast and Geodetic Survey, Department of Commerce

PART 303—CHARGES FOR CERTIFYING, SEARCHING, AND COPYING SERVICES

Insofar as the Administrative Procedures Act may be applicable: Because of the nature of this notice, I find, for good cause shown, that it would be impracticable and unnecessary, and no good reason would be served to give preliminary notice, engage in public rule-making procedure, or postpone the effective date thereof.

Part 303 of Chapter III, Title 33, is revised as follows:

- Sec.
- 303.1 Certification and validation.
- 303.2 Reproductions of geophysical records.
- 303.3 Reproductions of oceanographic records.
- 303.4 Reproductions of maps.
- 303.5 Aerial photographic reproductions.
- 303.6 Mailing costs.
- 303.7 Special items.
- 303.8 Large orders.
- 303.9 Prices.

AUTHORITY: §§ 303.1 to 303.9 issued under sec. 501, 65 Stat. 290; 5 U.S.C. 140.

§ 303.1 Certification and validation.

Certification and validation of reports, documents, maps, charts, photographs, etc., with or without the Department of Commerce Seal—50 cents each.

§ 303.2 Reproductions of geophysical records.

Charges for reproductions of geophysical records:

Form of record	Copies available	Unit cost	Group cost	Minimum charges	
Film: 35 mm.....	35-mm film ¹	\$0.12/ft.....		² \$3.00	
	Continuous paper ³	\$0.10/ft.....		² 15.00	
	Paper prints of individual frames:				
	7 x 9 inches.....	\$0.42 ea.....		2.50	
	8 x 10 inches.....	\$0.48 ea.....		2.50	
	11 x 14 inches.....	\$0.60 ea.....		2.50	
	17 x 21 inches.....	\$1.65 ea.....		2.50	
	16 mm.....	35-mm film ¹	\$0.12/ft.....		² 3.00
	Continuous paper ³	\$0.10/ft.....		² 15.00	
	Paper prints of individual frames:				
	7 x 9 inches.....	\$0.42 ea.....		2.50	
	8 x 10 inches.....	\$0.48 ea.....		2.50	
11 x 14 inches.....	\$0.60 ea.....		2.50		
17 x 21 inches.....	\$1.65 ea.....		2.50		
Paper: Rapid-run magnetograms. ⁴	Photostats:				
	Full size.....	\$1.25 ea.....	\$31.00/mo.....	1.25	
	Half size.....	\$1.35/6.....	\$5.50/mo.....	1.35	
	Positive photostats: full size.....	\$2.25 ea.....		2.25	
	35-mm film.....	\$0.12/ft.....		² 3.00	
	Continuous paper ³	\$0.10/ft.....		² 15.00	
	Paper prints of individual frames:				
	7 x 9 inches.....	\$0.42 ea.....		2.50	
	8 x 10 inches.....	\$0.48 ea.....		2.50	
	11 x 14 inches.....	\$0.60 ea.....		2.50	
	17 x 21 inches.....	\$1.65 ea.....		2.50	
	Standard magnetograms.....	Photostats:			
Full size.....		\$1.25/2.....	\$15.50/mo.....	1.25	
Half size.....		\$1.35/8.....	\$4.50/mo.....	1.35	
Positive photostats: Full size.....		\$2.25/2.....	\$30.50/mo.....	2.25	
35 mm film.....		\$0.12/ft.....		² 3.00	
Continuous paper ³		\$0.10/ft.....		² 15.00	
Paper prints of individual frames:					
7 x 9 inches.....		\$0.42 ea.....		2.50	
8 x 10 inches.....		\$0.48 ea.....		2.50	
11 x 14 inches.....		\$0.60 ea.....		2.50	
17 x 21 inches.....		\$1.65 ea.....		2.50	
Millimeter hourly scalings ⁵		Photostats:			
	Full size.....	\$1.25/4.....	\$3.25/mo.....	\$1.25	
	Half size.....	\$1.35/8.....	\$1.25/mo.....	1.25	
	Positive photostats.....	\$2.25/4.....	\$6.25/mo.....	2.25	
	35-mm film.....	\$0.12/ft.....		² 3.00	
	Continuous paper ³	\$0.10/ft.....		² 15.00	
	Paper prints of individual frames:				
	7 x 9 inches.....	\$0.42 ea.....		2.50	
	8 x 10 inches.....	\$0.48 ea.....		2.50	
	11 x 14 inches.....	\$0.60 ea.....		2.50	
	17 x 21 inches.....	\$1.65 ea.....		2.50	
	Varlograms ⁶	Photostats:			
Full size.....		\$1.25/3.....	\$11.00/mo.....	1.25	
Half size.....		\$1.35/12.....	\$3.50/mo.....	1.35	
K-Indices.....	Photostats:				
	do.....	(?).....			
Quarterly storm reports.....	do.....	(?).....			
Seismograms.....	Photocopies: Full size.....	\$2.25 ea.....			

¹ Contact prints.

² For each roll.

³ Positive photos in strip form. 7X to 15X available. 13X will give original record size.

⁴ One element, one day on each gram; 30 x 50 cm.

⁵ Each sheet (8 x 10 1/2 inches) contains scalings for 3 days, 3 elements.

⁶ Askania. 12 cm. wide.

⁷ Prices for particular quarter available on request.

§ 303.3 Reproductions of oceanographic records.

Charges for reproductions of oceanographic records:

Ozald prints of shoreline surveys: each—\$1.00.

Bromide prints of hydrographic survey sheets: each—\$7.00 first copy and \$4.50 each additional copy of same sheet.

Photostats of portions of hydrographic survey sheets, up to 18" x 24": each—\$2.50 for negative, \$3.50 for positive, and \$1.50 for each additional positive from same negative.

Photostats of tide predictions: \$2.50 per station year.

Photostats of tidal current predictions: \$3.50 per station year.

Photostats of high and low water observations: \$1.50 in units of 3 months or \$3.50 per station year.

Photostats of hourly height observations: \$1.50 in units of 4 months or \$3.50 per station year.

Photostats of sea water temperature and density: \$1.50 in units of 4 months or \$3.50 per station year.

§ 303.4 Reproductions of maps.

Ozald prints of planimetric maps: each—\$1.00.

§ 303.5 Aerial photographic reproductions.

Charges for aerial photographic reproductions:

Ozald prints of indexes of aerial photography: each—50 cents.

Single-lens aerial photographs: Contact prints, 9" x 9", untrimmed: each—50 cents. Ratio prints (enlargements of whole negative), untrimmed:

Ratio	Approximate size	1 to 5		Over 5
		Each	Each	
2X.....	18 x 18	\$2.10	\$1.80	
3X.....	27 x 27	2.50	2.20	
4X.....	36 x 36	5.50	4.40	

Enlargements of part of negative (any size up to 36" x 36"), untrimmed:

1 to 5—\$5.50 each.

Over 5—\$4.40 each.

NOTE: Trimmed prints—5 cents extra per print. Waterproof (low shrinkage) paper—20 cents extra per print.

Contact or reduction diapositives (on glass for first and second order plotting instruments):
1 to 5—\$5.50 each.

Over 5—\$5.00 each.

Multiplex diapositives (reductions on glass): \$3.00 each.

Nine-lens aerial photograph prints (size approximately 36" x 36"):

Each—\$12.00
Additional prints from the same negative—\$6.00 each.

§ 303.6 Mailing costs.

Shipment by first-class mail or parcel post is prepaid. Shipment by express, airmail, or involving any special handling will be paid by purchaser.

§ 303.7 Special items.

Charges for special items not included in this part will be based on labor, material, reproduction, handling, mailing, and overhead costs.

§ 303.8 Large orders.

Special arrangements must be made with the Coast and Geodetic Survey for orders in excess of \$50.00 in cost, or when a purchaser expects to place repeated small orders over a period of several months when the aggregate value will be in excess of \$50.00.

§ 303.9 Prices.

All prices in this part are based on a single order and are not to be considered subscription prices.

The effective date of this revision is July 1, 1960.

JAMES C. TISON, Jr.,
Captain, C&GS,
Acting Director.

Approved: July 15, 1960.

FREDERICK H. MUELLER,
Secretary of Commerce.

[F.R. Doc. 60-6848; Filed, July 21, 1960;
8:47 a.m.]

Title 39—POSTAL SERVICE

Chapter I—Post Office Department

PART 94—HIGHWAY TRANSPORTATION

Powerboat Service

The regulations of the Post Office Department in Part 94—Highway Transportation—are revised by amending §§ 94.24 and 94.25 for purpose of clarification. As so amended §§ 94.24 and 94.25, under Subpart D—Powerboat Service, read as follows:

§ 94.24 Description.

Powerboat service is a contract service established by the Post Office Department to provide for the transportation of mail between post offices, or other designated points, via steamboats, or other powerboats, when land transport is unavailable or impracticable. It is operated under formal contracts, awarded after competitive bidding. In addition to transportation of mail, contracts may require:

(a) Box delivery and collection service.

(b) Sale of stamp stock.

(c) Delivery of registered, insured, certified and COD matter.

(d) Acceptance of matter presented for registration, certification, or insurance, or to be sent COD, and money with applications for money orders.

(e) Facilities for distribution of mail en route by postal transportation clerks.

§ 94.25 Postal services provided.

(a) *Exchange of mail.* The contractor must exchange mail with:

(1) All intermediate post offices and non-post office points on the route, as stated in the advertisement, on both outward and return trips, unless otherwise instructed.

(2) Post offices established after the advertisement is issued. No additional pay is made in such instances if the distance is not increased.

(3) Post offices at each end of the route, unless the Post Office Department has otherwise provided for such terminal service.

(4) Mail carriers on connecting routes, if necessary.

(b) *Box delivery and collection service.* Advertisements and contracts state whether box delivery and collection service is required. They also state the scope of such service. The instructions contained in Part 49 of this chapter are applicable to powerboat service, so far as practicable. See also § 94.2 (b) and (c).

(c) *Acceptance of mail en route.* Every mail carrier must receive any mail presented to him, if it is properly prepaid by stamps, and deliver it at the next post office at which he arrives. No fees are allowed for this service.

(d) *Other postal services.* On routes where the provisions of the contract require, the carrier must sell stamp stock and transact money-order and registry business in accordance with the instructions contained in the advertisement.

NOTE: The corresponding Postal Manual sections are 524.1 and 524.2.

(R.S. 161, as amended, 396, as amended, 3964, as amended, 3965, sec. 2, 72 Stat. 103; 5 U.S.C. 22, 369, 39 U.S.C. 422a, 481, 483)

[SEAL] HERBERT B. WARBURTON,
General Counsel.

[F.R. Doc. 60-6838; Filed, July 21, 1960;
8:46 a.m.]

PART 168—DIRECTORY OF INTERNATIONAL MAIL

Individual Country Regulations

The regulations of the Post Office Department in Part 168—Directory of International Mail, are amended by making the following changes in § 168.5 *Individual country regulations*:

I. In country "Finland," as amended by Federal Register Document 60-2068, 25 F.R. 1948-1949, under Postal Union Mail, the item *Small packets* is amended by striking out "not accepted" and inserting in lieu thereof "Accepted."

II. In country "Great Britain and Northern Ireland (England, Scotland, Wales and Channel Islands, and Northern Ireland)," as amended by Federal Register Document 60-2068, 25 F.R. 1948-1949; Federal Register Document 60-3356, 25 F.R. 3174-3175; the item

Prohibitions is amended by adding the following sentence to the second paragraph therein: "The foregoing are admitted, however, if the addressee possesses an import license issued by the competent British authorities." As so amended, the second paragraph of the item *Prohibitions* read as follows:

Prohibitions. * * *

Arms, etc.: Firearms (except shot-guns with barrels at least 20 inches long) and other deadly weapons and parts thereof, including guns for throwing liquid or gas and munitions therefor; accessories for reducing the sound or flash of firearms. The foregoing are admitted, however, if the addressee possesses an import license issued by the competent British authorities.

III. In country "Greece (Including Crete and Dodecanese Islands (Astypalaia, Chalki, Kalymnos, Karpathos, Kassos, Kastellorizon, Kos, Leipsoi, Leros, Nissiros, Patmos, Rodos, Symi, and Tilos))", as amended by Federal Register Document 60-2068, 25 F.R. 1948-1949, under Parcel Post, make the following changes as a result of the health authorities of Greece issuing new regulations concerning the importation of medicines.

A. In the item *Observations*, delete the second and third sentences therein. As so amended, the item reads as follows:

Observations. Many types of merchandise are subject to import quotas and are not delivered without permission of the Greek authorities. Senders should assure themselves by inquiry of the addressee in advance of mailing that their shipments will be delivered.

Senders must enclose a copy of commercial invoices in parcels. The absence of the invoice may result in delay in delivery of parcels, difficulties in customs treatment, or even prejudice against the addressees.

B. In the item *Prohibitions*, amend the first paragraph to read as follows:

Prohibitions. For Sanitary Reasons: medicines except in the manufacturer's container bearing his distinctive marks. Drugstore prescriptions. Proprietary medicines unless licensed by the Greek Supreme Board of Hygiene or specially authorized by the Minister of Social Welfare.

C. In the item *Import restrictions*, amend the second paragraph to read as follows:

Import restrictions. * * *

See *Prohibitions* with respect to the requirements for licensing of medicines.

IV. In country "Israel, State of", as amended by Federal Register Document 60-1207, 25 F.R. 1076; Federal Register Document 60-2068, 25 F.R. 1948-1949; under Parcel Post the item *Prohibitions* is amended by deleting "Israeli independence bonds" where it appears in the last paragraph headed "For other reasons."

V. In country "Malaya", as amended by Federal Register Document 60-1207, 25 F.R. 1076; Federal Register Document 60-2068, 25 F.R. 1948-1949; make the following changes:

A. Amend the territorial definition which immediately follows the country heading by deleting "(including Province Wellesley)" where it appears immediately following "Penang" therein.

B. Under Parcel Post, the item *Prohibitions* is amended by inserting "Butane gas lighters and refills therefor" immediately following the first paragraph therein.

C. Under Parcel Post, the item *Import restrictions* is amended by deleting the first paragraph therein as result of removal of the requirement for import licenses. As so amended, the item reads as follows:

Import restrictions. Hypodermic syringes require authorization of the medical authorities at Singapore or Penang.

VI. In country "Peru", as amended by Federal Register Document 60-2068, 25 F.R. 1948-1949 under Parcel Post, the item *Observations* is amended as result of the modification of commercial invoice requirements; and to include new Peruvian consuls. As so amended, the item reads as follows:

Observations. Each parcel valued at \$50 or over must be accompanied by a consular invoice if there is a Peruvian consulate located at the place of mailing. If there is none, a commercial invoice must be furnished instead. The commercial invoice must be legalized by a Peruvian consulate or countersigned by a chamber of commerce, or if neither is available, it may bear the notarized signatures of two well-known local merchants. If the value is under \$50, a commercial invoice must be furnished but need not be legalized. The consular or commercial invoice may be either enclosed in the parcel or sent separately to the addressee so as to arrive before the parcel, but the legalization must not be dated later than the day of the mailing.

Parcels containing used clothing must be accompanied by a certificate of disinfection issued by a competent authority (for example, local Board of Health) or by a firm with facilities for disinfecting the articles involved. The certificate must be legalized by a Peruvian consulate. Senders shall endorse the wrappers of parcels containing used clothing to allow that the certificate of disinfection is enclosed.

Peruvian consuls are located in the following cities:

Aberdeen, Wash.	New Orleans, La.
Atlanta, Ga.	New York, N.Y.
Birmingham, Ala.	Oakland, Calif.
Boston, Mass.	Philadelphia, Pa.
Caguas, P.R.	Portland, Oreg.
Chicago, Ill.	Rolla, Mo.
Dallas, Tex.	Saint Louis, Mo.
Detroit, Mich.	Salt Lake City, Utah.
Honolulu, Hawaii.	San Diego, Calif.
Houston, Tex.	San Francisco, Calif.
Indianapolis, Ind.	San Juan, P.R.
Kansas City, Mo.	Seattle, Wash.
Los Angeles, Calif.	Tampa, Fla.
Mayaguez, P.R.	Washington, D.C.
Miami, Fla.	

Parcels may be addressed to banks or other organizations for ultimate delivery to second addressees. The latter, how-

ever, may not take delivery without written authority from the first addressee, unless the sender arranges for change of address as provided in Part 137 of this Chapter.

VII. In country "Philippines (Republic of)," as amended by Federal Register document 60-2068, 25 F.R. 1948-1949, under Parcel Post, make the following changes:

A. The lists of post offices accepting parcels of restricted weight limits, which immediately follow the item *Air Parcel rates*, are amended to read as follows:

Parcels for the following offices are limited to 22 pounds in weight:

Post Office and Province	
Agutaya	Palawan.
Alabat	Quezon.
Allacapan	Cagayan.
Almagro	Samar.
Amadeo	Cavite.
Anao	Tarlac.
Anda	Pangasinan.
Arteche	Samar.
Aurora	Quezon.
Baao	Camarines Sur.
Baleno	Masbate.
Baganga	Davao.
Banayoyo	Ilocos Sur.
Bantay	Do.
Bato	Camarines Sur.
Blgaa	Bulacan.
Bocau	Do.
Bongao	Sulu.
Buenavista	Iloilo.
Buhl	Camarines Sur.
Bulacan	Bulacan.
Bulalacao	Or. Mindoro.
Burdeos	Quezon.
Burgos	Ilocos Sur.
Caba	La Union.
Cabuyao	Laguna.
Cagayan de Sulu	Sulu.
Cajidlocan	Romblon.
Calayan	Cagayan.
Calumpit	Bulacan.
Caluya	Antique.
Candaba	Pampanga.
Caoayan	Ilocos Sur.
Capul	Samar.
Caraga	Davao.
Caramay	Palawan.
Caramoan	Camarines Sur.
Caramoran	Catanduanes.
Carmona	Cavite.
Casiguran	Quezon.
Cateel	Davao.
Catubig	Samar.
Concepcion	Iloilo.
Concepcion	Romblon.
Concepcion	Tarlac.
Corcuera	Romblon.
Cuartero	Capiz.
Dao	Do.
Daram	Samar.
Del Gallego	Camarines Sur.
Dinagat	Surigao.
Dinaig	Cotabato.
Dumalag	Capiz.
Dumarao	Do.
Enrique Villanueva	Negros Oriental.
Gainza	Camarines Sur.
Gamay	Samar.
Garchitorena	Camarines Sur.
Glan	Cotabato.
Governor Generoso	Davao.
Guiguinto	Bulacan.
Hinoba-an	Negros Occ.
Ipil	Zamboanga del Sur.
Isabel	Leyte.
Jones	Romblon.
Jordan	Iloilo.

Post Office and Province	
Kabugao	Mt. Province.
Kauayan	Leyte.
Kiamba	Cotabato.
Labason	Zamboanga del Norte.
Langiden	Abra.
Lapinig	Samar.
Larena	Negros Oriental.
Lasam	Cagayan.
Las Navas	Samar.
Lazi	Negros Oriental.
Lebak	Cotabato.
Lemery	Iloilo.
Libon	Albay.
Lingig	Surigao.
Looc	Occ. Mindoro.
Loreto	Surigao.
Luba	Abra.
Lubang	Occ. Mindoro.
Lumbatan	Lanao del Sur.
Lupon	Davao.
Maddela	Nueva Vizcaya.
Magalang	Pampanga.
Magdiwang	Romblon.
Malangas	Zamboanga del Sur.
Malita	Davao.
Mamburao	Occ. Mindoro.
Manay	Davao.
Manito	Albay.
Mapandan	Pangasinan.
Marabut	Samar.
Margosatubig	Zamboanga del Sur.
Maria	Negros Oriental.
Maria Aurora	Quezon.
Marilao	Bulacan.
Mataasnakahoy	Batangas.
Mati	Davao.
Minalin	Pampanga.
Mulanay	Quezon.
Nagbukel	Ilocos Sur.
Nampicuan	Nueva Ecija.
Natividad	Pangasinan.
New Lucena	Iloilo.
Novalches	Rizal.
Nueva Era	Ilocos Norte.
Nueva Valencia	Iloilo.
Palapag	Samar.
Paluan	Occ. Mindoro.
Pamplona	Camarines Sur.
Pandan	Catanduanes.
Panitan	Capiz.
Passi	Iloilo.
Pavia	Do.
Peñablanca	Cagayan.
Perez	Quezon.
Pilar	Surigao.
Pili	Camarines Sur.
Plaridel	Bulacan.
Polillo	Quezon.
Porac	Pampanga.
Pullilan	Bulacan.
Quezon	Quezon.
Ragay	Camarines Sur.
Ramos	Tarlac.
Sablayan	Occ. Mindoro.
Sagbayan	Bohol.
Sallapadan	Abra.
Samal	Davao.
San Andres, Barrio of (San Narciso).	Quezon.
San Antonio	Samar.
San Antonio	Quezon.
San Juan	Negros Oriental.
San Fernando	Romblon.
San Francisco	Cebu.
San Leonardo	Nueva Ecija.
San Luis	Batangas.
San Luis	Pampanga.
San Manuel	Tarlac.
San Narciso	Quezon.
San Nicolas	Pangasinan.
San Pedro	Laguna.
San Simon	Pampanga.
San Vicente	Ilocos Sur.
Santa Catalina	Do.

Title 43—PUBLIC LANDS: INTERIOR

Chapter I—Bureau of Land Management, Department of the Interior

APPENDIX—PUBLIC LAND ORDERS

[Public Land Order 2162]

[1761619]

ALASKA

Revoking Executive Order No. 8872 of August 27, 1941 and Public Land Order No. 894 of May 19, 1953 (Cook Inlet Bombing and Gunnery Range)

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952, it is ordered as follows:

1. Executive Order No. 8872 of August 27, 1941, withdrawing the public lands in the following-described area (excepting fishing villages and the area withdrawn by Executive Order No. 2141 of February 27, 1915), for use of the War Department as an aerial gunnery and bombing range, is hereby revoked:

Beginning at corner No. 1, not monumented, at the line of mean high tide on the most easterly part of Harriet Point on the west shore of Cook Inlet, approximate latitude 60°23'30" N., longitude 152°14'30" W.

From said initial point, by metes and bounds, N. 70° W., 18 miles, to highest point on Mt. Redoubt;
N. 16° E., 58 miles, to highest point on Mt. Spurr;
N. 68° E., 25 miles, to foot of Triumvirate Glacier;
S. 55° E., 27 miles, to west shore of Cook Inlet, at a point 1½ miles east of the light at the mouth of Beluga River; Southwesterly, along line of mean high tide to the point of beginning.

The area described, including both public and non-public lands, aggregates 1,210,000 acres.

2. Public Land Order No. 894 of May 19, 1953, reserving the public lands in the following-described area as an addition to the range described in paragraph 1, is hereby revoked:

Tract No. 1

Beginning at the southwest corner of area withdrawn by Executive Order 8872 of August 27, 1941, which corner is located at the highest point on Redoubt Volcano, latitude 60°29'08.04" N., longitude 152°44'29.29" W.; thence

Northerly 61.4 miles approximately, to intersection of latitude 61°20' N., longitude 152°20' W.

Northeasterly 18.7 miles approximately, to northwest corner of area withdrawn by Executive Order 8872, latitude 61°24'30" N., longitude 151°48'00" W.

S. 63°05'00.10" W., 16.77 miles along west boundary of area withdrawn by Executive Order 8872 to Mt. Spurr.

S. 16°10'04.84" W., 58.74 miles along west boundary of area withdrawn by Executive Order 8872 to point of beginning.

The tract described contains approximately 86,085 acres.

3. Public Land Order No. 894 also restored 74,530 acres from the withdrawal made by Executive Order No. 8872. Reference is made to the public land order for the description of the released lands, which in general parallel the shore of Cook Inlet.

4. Until 10:00 a.m. on October 15, 1960, the State of Alaska shall be entitled to apply to select the lands or portions thereof in accordance with and subject to the provisions of the act of July 28, 1956 (70 Stat. 709; 48 U.S.C. 46-3b), and section 6g of the Alaska Statehood Act of July 7, 1958 (72 Stat. 339).

5. None of the released lands shall become subject to oil and gas leasing until such time as a notice or notices shall be issued by an authorized officer of the Bureau of Land Management, which notice or notices shall be published in the FEDERAL REGISTER, describing the unselected lands subject to noncompetitive lease and providing for a simultaneous filing period of offers to lease. Such notices shall also include provisions opening the unselected lands to location under the United States mining laws, and to other forms of use and disposal under the public land laws, subject to valid existing rights.

6. Leases will be issued pursuant to the provisions of the 1920 Mineral Leasing Act in accordance with the regulations in 43 CFR Part 192, and the provisions of this order and of the published notices of the availability of the lands for leasing.

7. All offers to lease any portion of the released lands prior to the publication of the notices above referred to will be rejected.

8. The area released from withdrawal by this order is topographically very rugged, varying in elevation from sea level to 11,000 feet. Most of the higher elevations are perpetually covered with ice and snow. Access by foot is along stream beds and game trails.

9. The area has been utilized by the Department of the Air Force as a bombing, gunnery and rocketry range. That Department has completed explosive contamination surveys of all areas traversable by foot, without locating unexploded ordnance. However, the United States cannot and does not give any assurance that contamination does not exist in any part of the area.

10. All locations and settlements shall be made and leases under the mineral leasing laws shall be issued with the understanding that the United States neither warrants nor represents that the lands are safe or suitable for such use. All leases shall contain provisions absolving and releasing the United States from any and all liability of whatever nature for damages for personal injury, death or damage to property arising out of operations under such lease, which may be suffered by the lessee, his successors and

Post Office and Province

Santa Fe	Romblon.
Santa Rita	Pampanga.
Santa Rita	Samar.
Santa Rosa	Laguna.
Santol	La Union.
Santo Nifio	Samar.
Santo Tomas	Isabela.
Santo Tomas	La Union.
Sexmoan	Rampanga.
Slasi	Sulu.
Sloccon	Zamboanga del Norte.
Sipocot	Camarines Sur.
Siquijor	Negros Oriental.
Siruma	Camarines Sur.
Sitangkai	Sulu.
Suyo	Ilocos Sur.
Tagig	Rizal.
Talacogon	Agusan.
Talalora	Samar.
Talisay	Cebu.
Tamparan	Lanao del Sur.
Tarangnan	Samar.
Taytay	Palawan.
Tilik	Occ. Mindoro.
Tubay	Agusan.
Tudela	Cebu.
Tumbao	Cotabato.
Upi	Cotabato.
Uripitondo	Pangasinan.
Valderrama	Antique.
Villareal	Samar.
Wao	Lanao del Sur.

Parcels for the following offices are limited to 11 pounds in weight:

Post Office and Province

Allilem	Ilocos Sur.
Angaki	Do.
Bagulin	La Union.
Bakun	Mt. Province.
Barlig	Do.
Buguias	Do.
Cabatuan	Isabela.
Cagayancillo	Palawan.
Camaligan	Camarines Sur.
Famy	Laguna.
General Nakar	Quezon.
Ivana	Batanes.
Kabayan	Mt. Province.
Kibungan	Do.
Llanera	Nueva Ecija.
Lupi	Camarines Sur.
Lidlidda	Ilocos Sur.
Mahatao	Batanes.
Mayoyao	Mt. Province.
Natonin	Do.
Palanan	Isabela.
Pantabangan	Nueva Ecija.
Pinukpuk	Mt. Province.
San Emilio	Ilocos Sur.
San Policarpo	Samar.
Sigay	Ilocos Sur.
Tanudan	Mt. Province.
Tuba	Do.
Upi Agricultural High School	Cotabato.
Uyugan	Batanes.

B. In the item *Observations*, the fourth paragraph is amended by inserting "San Juan, P.R." in the proper alphabetical order of cities where Philippine consular offices are located.

(R.S. 161, as amended, 396, as amended, 398, as amended; 5 U.S.C. 22, 369, 372)

[SEAL] HERBERT B. WARBURTON,
General Counsel.

[F.R. Doc. 60-6839; Filed, July 21, 1960; 8:46 a.m.]

assigns, and the agents, servants and employees of either.

11. In an area located about three miles inland from the mouth of the Beluga River are located two buildings and an oil storage tank which have been sold for off site removal. Any entry upon or selection or location of such land, or use or disposal thereof, shall be subject to the rights and interest of the United States and its transferees in such improvements, until such time as they have been removed or officially abandoned in place.

Inquiries concerning the lands shall be addressed to the Manager, Land Office, Bureau of Land Management, Anchorage, Alaska.

ROGER ERNST,
Assistant Secretary of the Interior.

JULY 15, 1960.

[F.R. Doc. 60-6835; Filed, July 21, 1960; 8:46 a.m.]

[Public Land Order 2163]

[Anchorage 039164]

ALASKA

Reserving Lands for Use of the Bureau of Sport Fisheries and Wildlife; Partly Revoking Executive Order No. 9035 of January 21, 1942, and Public Land Order No. 616 of November 15, 1949

By virtue of the authority vested in the President by section 1 of the act of June 25, 1910 (36 Stat. 847; 43 U.S.C. 141), and pursuant to Executive Order No. 10355 of May 26, 1952, it is ordered as follows:

Subject to valid existing rights, the following-described public lands in Alaska are hereby withdrawn from all forms of appropriation under the public land laws, including the mining but not the mineral leasing laws, nor disposals of materials under the act of July 31, 1947 (61 Stat. 681; 30 U.S.C. 601-604), as amended, and reserved for use of the Bureau of Sport Fisheries and Wildlife, as an administrative site:

GLENALLEN AREA COPPER RIVER MERIDIAN

T. 4 N., R. 2 W.,
Sec. 23, W $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$;
NE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$; E $\frac{1}{2}$ NW $\frac{1}{4}$
SW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$; and those parts
of the following subdivisions lying south
of the center line of Glen Highway:
SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$
NW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$; E $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$
NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$.

Containing 1.89 acres.

Executive Order No. 9035 of January 21, 1942, reserving lands as an administrative site for use of the Alaska Road Commission, now Bureau of Public Roads, and Public Land Order No. 616 of November 15, 1949, reserving lands for classification, are hereby revoked so far as they affect the lands described in this order.

ROGER ERNST,
Assistant Secretary of the Interior.

JULY 15, 1960.

[F.R. Doc. 60-6836; Filed, July 21, 1960; 8:46 a.m.]

[Public Land Order 2164]

CALIFORNIA AND OREGON

Revoking in Whole or in Part Certain Departmental Orders Which Withdrew Lands in National Forests for Ranger Station Sites

By virtue of the authority vested in the President by the act of June 4, 1897 (30 Stat. 34, 36; 16 U.S.C. 473), and otherwise, and pursuant to Executive Order No. 10355 of May 26, 1952, it is ordered as follows:

1. The departmental orders of May 16, 1907, February 29, 1908; March 9, 1908, May 29, 1908, and January 16, 1909, which withdrew lands in national forests in California and Oregon for use of the Forest Service for ranger station sites, are hereby revoked so far as they affect the following-described lands:

[85044]

California

MOUNT DIABLO MERIDIAN

KLAMATH NATIONAL FOREST

Departmental Order of May 16, 1907

Doggett Creek Ranger Station

T. 46 N., R. 9 W.,

Sec. 4, E $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$
SE $\frac{1}{4}$, and E $\frac{1}{2}$ SE $\frac{1}{4}$.
(160 acres).

[84907]

Oregon

WILLAMETTE MERIDIAN

FREMONT NATIONAL FOREST

Departmental Order of February 29, 1908

Elder Ranger Station Site

T. 33 S., R. 18 E.,

Sec. 30, S $\frac{1}{2}$ of lot 1, and lot 2.
(59.22 acres).

Departmental Order of May 29, 1908

Bend Ranger Station Site

T. 40 S., R. 18 E.,

Sec. 14, E $\frac{1}{2}$ NE $\frac{1}{4}$.
(80 acres).

Departmental Order of March 9, 1908

Dry Creek Ranger Station Site

T. 41 S., R. 18 E.,

Sec. 7, lot 4, SE $\frac{1}{4}$ SW $\frac{1}{4}$, and W $\frac{1}{2}$ SE $\frac{1}{4}$.
(160.52 acres).

[85005]

Oregon

UMATILLA NATIONAL FOREST

Departmental Order of January 16, 1909

French Prairie Ranger Station

T. 8 S., R. 32 E.,

Sec. 2, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, and W $\frac{1}{2}$
SE $\frac{1}{4}$.
(160 acres).

The areas described total in the aggregate 619.74 acres.

At 10:00 a.m. on August 20, 1960, the lands shall be open to such forms of disposition as may by law be made of national forest lands.

ROGER ERNST,
Assistant Secretary of the Interior.

JULY 15, 1960.

[F.R. Doc. 60-6837; Filed, July 21, 1960; 8:46 a.m.]

Proposed Rule Making

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[26 CFR (1954) Part 48]

MANUFACTURERS AND RETAILERS EXCISE TAXES

Tax on Sale of Jewelry and Related Items, Furs, Toilet Preparations, and Luggage, Handbags, Etc.

Notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury or his delegate. Prior to the final adoption of such regulations, consideration will be given to any comments or suggestions pertaining thereto which are submitted in writing, in duplicate, to the Commissioner of Internal Revenue, Attention: T.P., Washington 25, D.C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. Any person submitting written comments or suggestions who desires an opportunity to comment orally at a public hearing on these proposed regulations should submit his request, in writing, to the Commissioner within the 30-day period. In such a case, a public hearing will be held and notice of the time, place, and date will be published in a subsequent issue of the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in section 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805).

DANA LATHAM,
Commissioner of Internal Revenue.

Subparts B, C, D, and E of the Manufacturers and Retailers Excise Tax Regulations (26 CFR Part 48) set forth below are hereby prescribed under Subchapters A, B, C, and D of Chapter 31 of the Internal Revenue Code of 1954, as amended, relating to retailers excise taxes on jewelry and related items, furs, toilet preparations, and luggage, handbags, etc., effective January 1, 1959, except as otherwise provided:

Subpart B—Jewelry and Related Items

Sec.	Statutory provisions; imposition of tax.
48.4001	Statutory provisions; imposition of tax.
48.4001-1	Imposition of tax.
48.4001-2	Jewelry.
48.4001-3	Certain real or synthetic stones.
48.4001-4	Articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof.
48.4001-5	Watches and clocks.
48.4001-6	Gold, gold-plated, silver, or sterling flatware, or hollow ware, and silver-plated hollow ware.
48.4001-7	Opera glasses, lorgnettes, marine glasses, etc.
48.4001-8	Repairs.

Sec.	Statutory provisions; definition of sale includes auctions.
48.4002	Statutory provisions; definition of sale includes auctions.
48.4002-1	Definition of sale includes auctions.
48.4003	Statutory provisions; exemptions.
48.4003-1	Exemptions; certain articles.
48.4003-2	Exemptions; certain auction sales.
48.4003-3	Exemptions; certain clocks.
48.4003-4	Other tax-free sales.

Subpart C—Furs

48.4011	Statutory provisions; imposition of tax.
48.4011-1	Imposition of tax.
48.4011-2	Repairing, remodeling, and restyling.
48.4012	Statutory provisions; definitions.
48.4012-1	Manufacture from customer's material.
48.4012-2	Definition of sale includes auctions.
48.4013	Statutory provisions; exemption of certain auction sales.
48.4013-1	Exemption of certain auction sales.
48.4013-2	Other tax-free sales.

Subpart D—Toilet Preparations

48.4021	Statutory provisions; imposition of tax.
48.4021-1	Imposition of tax.
48.4022	Statutory provisions; exemptions.
48.4022-1	Exemptions.
48.4022-2	Other tax-free sales.

Subpart E—Luggage, Handbags, Etc.

48.4031	Statutory provisions; imposition of tax.
48.4031-1	Imposition of tax.

Subpart B—Jewelry and Related Items

§ 48.4001 Statutory provisions; imposition of tax.

SEC. 4001. *Imposition of tax.* There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 percent of the price for which so sold:

All articles commonly or commercially known as jewelry, whether real or imitation.

The following stones, by whatever name called, whether real or synthetic:

Amber.
Beryl of the following types: Aquamarine, emerald, golden beryl, heliodor, morganite.
Chrysoberyl of the following types: Alexandrite, cat's eye, chrysolite.
Corundum of the following types: Ruby, sapphire.
Diamond.
Feldspar of the following type: Moonstone.
Garnet.
Jadeite (jade).
Jet.
Lapis lazuli.
Nephrite (jade).
Opal.
Pearls (natural and cultured).
Peridot.
Quartz of the following types: Amethyst, bloodstone, citrine, moss agate, onyx, sardonyx, tiger-eye.
Spinel.
Topaz.
Tourmaline.
Turquoise.
Zircon.

Articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof.

Watches.
Clocks.
Cases and movements for watches and clocks.
Gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware.
Opera glasses.
Lorgnettes.
Marine glasses.
Field glasses.
Binoculars.

[Sec. 4001 as amended and in effect Jan. 1, 1959, and as amended by sec. 1, Act of Sept. 21, 1959 (Pub. Law 86-344, 73 Stat. 617)]

§ 48.4001-1 Imposition of tax.

(a) *In general.* Section 4001 imposes a tax upon the following articles sold at retail:

(1) Articles commonly or commercially known as jewelry, whether real or imitation;

(2) Certain real or synthetic stones listed in § 48.4001-3(a);

(3) Articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof; and

(4) Watches and clocks and cases and movements therefor; gold, gold-plated, silver, or sterling flatware or hollow ware; silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses; and binoculars.

(b) *Cross references.* For provisions relating to the specific articles taxable under section 4001, see the following regulations in this subpart:

- (1) Section 48.4001-2 for jewelry;
- (2) Section 48.4001-3 for certain real or synthetic stones;
- (3) Section 48.4001-4 for articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof;
- (4) Section 48.4001-5 for watches and clocks, etc.;
- (5) Section 48.4001-6 for gold, gold-plated, silver, or sterling flatware or hollow ware, and silver-plated hollow ware; and
- (6) Section 48.4001-7 for opera glasses, lorgnettes, marine glasses, field glasses, and binoculars.

(c) *Rate of tax.* The tax is imposed at the rate of 10 percent of the price for which the taxable article is sold at retail. For definition of the term "price", see section 4051 and the regulations thereunder contained in Subpart G.

(d) *Liability for tax.* The tax is payable by the person who sells at retail any article subject to tax under section 4001. For tax applicable to leases, see section 4052 and the regulations thereunder contained in Subpart G.

(e) *Sales by United States.* For provisions relating to sales at retail made by the United States, its agencies or instrumentalities, see section 4054 and the regulations thereunder contained in Subpart G.

§ 48.4001-2 Jewelry.

(a) *Generally.* Jewelry in general includes articles designed to be worn on the person or on apparel for the purpose of adornment and which in accordance with custom or ordinary usage are worn so as to be displayed, such as rings, chains, brooches, bracelets, cuff buttons, necklaces, earrings, beads, charms, pendants, etc. The tax is imposed on the sale of any of such articles at retail, regardless of the substance of which made and without reference to their utilitarian value or purpose, unless for a purpose specifically exempted by law. It is immaterial whether the articles taxable under this paragraph are real or imitation jewelry. Thus, articles constituting costume jewelry are subject to tax regardless of the material of which they are made.

(b) *Articles made of, or ornamented with, certain stones.* Jewelry also includes articles to be carried in the hand, or hung on the arm, or carried or worn on the person, whether in pocket or bag or under the outer garments, such as cigarette cases, pocket mechanical lighters for cigarettes, cigars, and pipes, eyeglass cases, pencils, powder boxes, garter buckles, canes, purses or handbags, if made of, or ornamented, mounted or fitted with, any of the stones enumerated in section 4001 whether such stones are real or synthetic. Such articles are likewise subject to tax without regard to their utilitarian value or purpose. Mother-of-pearl is not a real or synthetic pearl; therefore, articles not otherwise subject to the tax are not made taxable by reason of their ornamentation with mother-of-pearl. See also § 48.4001-4 as to the taxability of the sale at retail of articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof, and section 4031, and the regulations thereunder contained in Subpart E, relating to the taxability of the sale at retail of purses, handbags, pocketbooks, etc.

(c) *Credit or refund of manufacturers excise tax.* See section 6416 (d) and the regulations thereunder contained in Subpart O for credit or refund of the manufacturers excise tax paid under section 4201 on mechanical pencils, fountain and ball point pens, and mechanical lighters for cigarettes, cigars, and pipes, in the case where because of further manufacture the tax imposed by section 4001 applies to the sale of such articles at retail.

§ 48.4001-3 Certain real or synthetic stones.

(a) *Real stones—(1) In general.* The tax imposed by section 4001 applies to sales at retail of the following stones, by whatever name called:

Amber.
Beryl of the following types: Aquamarine, emerald, golden beryl, heliodor, morganite.
Crysoberyl of the following types: Alexandrite, cat's eye, chrysolite.
Coral.
Corundum of the following types: Ruby, sapphire.
Diamond.
Feldspar of the following type: Moonstone.
Garnet.
Jadelite (jade).
Jet.

Lapis lazuli.
Nephrite (jade).
Opal.
Pearls (natural and cultured).
Peridot.
Quartz of the following types: Amethyst, bloodstone, citrine, moss agate, onyx, sardonyx, tiger-eye.
Spinel.
Topaz.
Tourmaline.
Turquoise.
Zircon.

In the case of articles not otherwise taxable under chapter 31 which are ornamented, mounted or fitted with, any of the stones enumerated in section 4001, the tax shall apply to that portion of the retail selling price attributable to such stones.

(2) *Coral.* The tax on sales at retail of coral does not apply to sales after October 31, 1959.

(b) *Synthetic stones.* The tax imposed by section 4001 also applies to the sale at retail of any synthetic stone which has a molecular composition similar to a natural stone listed in paragraph (a) of this section.

(c) *Condition of stones.* The tax applies to sales at retail of the stones referred to in paragraphs (a) and (b) of this section whether they are in rough or natural state, whether cut or uncut, whether drilled, mounted or matched, whether or not strung, and if strung whether with or without clasps.

(d) *Stones used exclusively for industrial, scientific, or educational purposes, or as part of mechanical devices.* (1) For purposes of section 4001, the stones enumerated in such section do not include stones which are sold to be used exclusively as—

(i) A tool or material for industrial, scientific, research, or educational purposes (including mineral hardness testing, polishing, cutting, and grinding); or

(ii) A part of the mechanism of a mechanical device (for example, a bearing in a watch).

(2) The person making the sale at retail for a purpose indicated in subparagraph (1) of this paragraph shall keep adequate records in the nature of invoices or other documents identifying the stones, the person to whom sold, the date of sale, and the purpose for which the stones are to be used.

§ 48.4001-4 Articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof.

(a) *In general.* The tax imposed by section 4001 applies to the sale at retail of articles (as distinguished from those articles commonly or commercially known as jewelry as described in § 48.4001-2) which are made of, or ornamented, mounted or fitted with, precious metals or imitations thereof. Examples of articles which become subject to the tax when made of, or ornamented, mounted or fitted with, precious metals or imitations thereof are as follows: photograph frames, book ends, ash trays, vanity cases, mesh bags, cigarette cases and lighters, glassware, china, pottery, umbrellas, walking sticks, and shoe buckles. Buttons, belts, and belt buckles, made of, or ornamented, mounted or fitted with, imitations of precious metals

are in the nature of dress findings and are not subject to the tax. For exemption from tax of sales at retail of certain pens, pencils, and smokers' pipes, see section 4003 and paragraph (a) of § 48.4003-1.

(b) *Definitions.* For purposes of section 4001—

(1) The term "precious metals" includes platinum, gold, silver, and other metals of similar or greater value.

(2) The term "imitations thereof" includes (i) alloys of precious metals, and (ii) platings of precious metals and platings of alloys of precious metals, provided such platings are one one-hundred-thousandths of an inch or more in thickness. Substances such as metal alloys which resemble but do not contain precious metals (for example, "nickel silver" (sometimes known as "German silver") or polished brass) are not included in the term.

(c) *Credit or refund of manufacturers excise tax.* See section 6416 (d) and the regulations thereunder contained in Subpart O for credit or refund of the manufacturers excise tax paid under section 4201 on mechanical pencils, fountain and ball point pens, and mechanical lighters for cigarettes, cigars, and pipes, in the case where because of further manufacture the tax imposed by section 4001 applies to the sale of such articles at retail.

§ 48.4001-5 Watches and clocks.

(a) *In general.* Section 4001 imposes a tax on the sale at retail of watches and clocks and cases and movements therefor. The tax applies to such articles sold at retail regardless of whether they are new, secondhand, or antique, or whether they are in working condition. The term "watches and clocks" includes all time-measuring devices which when in operation indicate the time of day, whether activated by weights, springs, or electrical energy. Any instrument the sole function of which is to indicate elapsed time and which is incapable of being used to tell the time of day at all times, such as a stop watch, is not considered to be a watch or clock within the meaning of section 4001.

(b) *Combined with nontaxable articles—(1) Generally.* Except as provided in subparagraph (2) of this paragraph, if a watch or clock and one or more articles not subject to the tax imposed by section 4001 (for example, a barometer, lamp, or an advertising device) are combined in a single unit, the tax shall apply to that portion of the retail sales price charged for the combination which is attributable to such watch or clock. For the method of computing the tax in such cases, see section 4051 and the regulations thereunder contained in Subpart G.

(2) *Exemptions:* See section 4003 (a) and paragraph (a) of § 48.4003-1 for exemption for watches designed especially for use by the blind. See also section 4003 (c) and (d) and § 48.4003-3 for the exemption provided for certain clocks, watches, and cases and movements therefor, which are taxed under chapter 32 (relating to manufacturers excise taxes), or which are part of a control or regulatory device not taxable under chapter 32.

§ 48.4001-6 Gold, gold-plated, silver, or sterling flatware or hollow ware, and silver-plated hollow ware.

(a) *In general.* Section 4001 imposes a tax on the sale at retail of any article which is commonly or commercially known and sold as gold, gold-plated, silver, or sterling flatware or hollow ware, or as silver-plated hollow ware. However, a gold, gold-plated, silver, silver-plated, or sterling article which is neither commonly nor commercially known or sold in the trade as flatware or hollow ware, may be subject to the tax as an article made of, or ornamented, mounted or fitted with, precious metals or imitations thereof (see § 48.4001-4).

(b) *Silver-plated flatware.* No tax attaches to the sale at retail of any article commonly or commercially known or sold in the trade as "silver-plated flatware".

§ 48.4001-7 Opera glasses, lorgnettes, marine glasses, etc.

(a) *In general.* Section 4001 imposes a tax on the sale at retail of opera glasses, lorgnettes, marine glasses, field glasses, and binoculars.

(b) *Definitions.* The terms "opera glasses", "lorgnettes", "marine glasses", "field glasses", and "binoculars" generally include all instruments known as such. However, the terms do not include:

- (1) Optical instruments which by reason of their size or weight are ordinarily mounted upon tripods or other bases; or
- (2) Telescopes and sextants.

§ 48.4001-8 Repairs.

(a) *Taxable operations.* If an item is repaired and in connection therewith the person making the repair furnishes an article which would be taxable under section 4001 if sold separately at retail, the tax applies to the charge made for the article so furnished. In such case, the total charge made for the repair shall be deemed to be the price charged for the taxable article used in the repair, unless the portion of the total charge attributable to labor and to the use of any nontaxable materials is billed as a separate item. The following are examples of articles which are taxable under section 4001 when furnished in connection with the repair of other articles: (1) Articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof, such as a ring mounting or setting, a bracelet link or safety chain, a complete shank of a ring (extending from one side of the head of the ring to the other side), a spring ring or swivel, catch, earring back or screw; and (2) a stone enumerated in section 4001.

(b) *Nontaxable operations.* If an article referred to in section 4001 is repaired and the repair operation consists of labor only, the repair operation is not subject to the tax. Also, the tax does not apply to repair operations (1) in which the person making the repair furnishes only materials such as unfabricated metal, wire, solder, etc., or (2) where he furnishes only a portion of an article made of, or ornamented, mounted or fitted with, a precious metal or imita-

tion thereof, such as a section of a shank of a ring.

(c) *Watches and clocks.* The tax imposed by section 4001 with respect to watches and clocks is limited to watches and clocks as such and cases and movements therefor. Accordingly, the tax imposed by section 4001 attaches to the repair of a watch or clock only if a case or movement is furnished in connection with the repair.

§ 48.4002 Statutory provisions; definition of sale includes auctions.

SEC. 4002. *Definition of sale includes auctions.* For the purposes of section 4001, the term "articles sold at retail" includes an article sold at retail by an auctioneer or other agent in the course of his business on behalf of (1) a person who is not engaged in the business of selling like articles, or (2) the legal representative of the estate of a decedent who was not engaged in the business of selling like articles. In the case of articles so sold, the auctioneer or other agent shall be considered the "person who sells at retail."

[Sec. 4002 as originally enacted and in effect Jan. 1, 1959]

§ 48.4002-1 Definition of sale includes auctions.

(a) *In general.* Section 4002 provides that for purposes of section 4001, the term "articles sold at retail" includes articles sold at retail by an auctioneer or other agent in the course of his business on behalf of (1) a person who is not engaged in the business of selling like articles, or his legal representative, or (2) the legal representative of the estate of a decedent who was not engaged in the business of selling like articles. Section 4002 also provides that in the case of articles so sold, the auctioneer or other agent shall be considered the "person who sells at retail". Thus, such auctioneer or agent shall be liable for payment of the tax imposed by section 4001 and the filing of returns.

(b) *Sales not at auction.* The provisions of section 4002 and paragraph (a) of this section are not limited to auction sales but are applicable to all sales at retail of articles enumerated in section 4001 by an auctioneer or other agent in the course of his business.

(c) *Exemption.* See section 4003(b) and § 48.4003-2 for the limited exemption which applies to certain auction sales.

§ 48.4003 Statutory provisions; exemptions.

SEC. 4003. *Exemptions—(a) Specific articles.* The tax imposed by section 4001 shall not apply to any article used for religious purposes, to surgical instruments, to watches designed especially for use by the blind, to frames or mountings for spectacles or eye-glasses, to a fountain pen, mechanical pencil, or smokers' pipe if the only parts of the pen, the pencil, or the pipe which consist of precious metals are essential parts not used for ornamental purposes, or to buttons, insignia, cap devices, chin straps, and other devices prescribed for use in connection with the uniforms of the armed forces of the United States.

(b) *Certain auction sales.* (1) In the case of an auction sale held at the home of a person whose articles are being sold, any taxable article (as defined in paragraph (2)) of such person sold by the auctioneer shall be exempt from the tax imposed by section

4001 except to the extent that the price for which such article is sold, when added to the sum of the sale prices of all other taxable articles of such person previously sold at the same auction, exceeds \$100.

(2) For the purposes of this subsection—

(A) The term "taxable article" means an article which, by reason of section 4002 and without regard to the exemption provided in paragraph (1), is taxable under section 4001 when sold at auction; and

(B) In the case of articles of a decedent sold on behalf of the legal representative of his estate, an auction sale held at the home of such decedent shall be considered as "held at the home of a person whose articles are being sold".

(c) *Clocks subject to manufacturers tax.* The tax imposed by section 4001 shall not apply to a clock or watch, or to a case or movement for a clock or watch, if a tax in respect of such clock, watch, case, or movement was imposed under chapter 32 by reason of its sale (1) as a part or accessory, or (2) on or in connection with or with the sale of any article.

(d) *Certain parts of control or regulatory devices.* The tax imposed by section 4001 shall not apply to a clock or watch, or to a case or movement for a clock or watch, if such clock, watch, case, or movement is (1) a part of a control or regulatory device which is an article (or part thereof) not taxable under chapter 32, or (2) sold as a repair or replacement part for such a device.

[Sec. 4003 as amended and in effect Jan. 1, 1959]

§ 48.4003-1 Exemptions; certain articles.

(a) *In general.* Section 4003 specifically provides that the tax imposed by section 4001 shall not apply to: Any article used for religious purposes; surgical instruments; watches designed especially for use by the blind; frames or mountings for spectacles or eye-glasses; fountain pens, mechanical pencils, or smokers' pipes, if the only parts thereof which consist of precious metals are essential parts not used for ornamental purposes; and buttons, insignia, cap devices, chin straps, and other devices prescribed for use in connection with the uniforms of the armed forces of the United States. See section 7701(a)(15) and the regulations thereunder contained in part 301, for meaning of the term "Armed Forces of the United States".

(b) *Articles used for religious purposes.* (1) The tax imposed by section 4001 does not apply to articles of such nature as to be intended for use only for religious purposes (for example, a crucifix, rosary, chalice, etc.). Such articles may be sold tax free without a statement from the purchaser as to the purpose for which the article is to be used.

(2) The tax imposed by section 4001 also does not apply to articles of such nature as to be usable for nonreligious purposes as well as for religious purposes if such articles are purchased by a church or other religious organization and if—

(i) The articles (such as Cross and Crown pins, medals, or buttons) are to be used by a religious organization as an award in connection with a religious program, or

(ii) The articles (such as crosses, candlesticks, vases, etc.) are used in connection with religious services by a religious organization.

With respect to these articles the retailer must have in his possession a statement from a representative of the religious organization certifying that the articles were purchased solely for religious purposes in order to establish the right to exemption from the tax on the sale.

(c) *Fountain pens, mechanical pencils, smokers' pipes*—(1) *Essential parts defined.* For purposes of the exemption from tax provided by section 4003 applicable to fountain pens, mechanical pencils, and smokers' pipes, the term "essential parts" shall include:

(i) *Fountain pen.* In the case of a fountain pen—the pen point, lever, clip, and the plain narrow band or bands placed on the cap for the purpose of preventing the cap from splitting or expanding.

(ii) *Mechanical pencil.* In the case of a mechanical pencil—the tapered point holding the lead for writing, the clip, and the plain narrow band or bands placed on the barrel or cap, or both, for the purpose of preventing such part or parts from splitting or expanding.

(iii) *Smoker's pipe.* In the case of a smoker's pipe—the plain narrow band or bands placed on the shank of the pipe to prevent the shank from splitting.

All other parts of such pens, pencils, or pipes consisting of precious metals or imitations thereof shall be deemed to be ornamentations unless it is established that a particular part is an essential part not used for ornamental purposes. Furthermore, the tax imposed by section 4001 shall attach if the aforementioned essential band or bands on a fountain pen, mechanical pencil, or smoker's pipe consist of precious metals or imitations thereof and have a combined width of more than $\frac{3}{8}$ of an inch.

(2) *Credit or refund of manufacturers excise tax.* See section 6416(d) and the regulations thereunder contained in Subpart O of this part for credit or refund of the manufacturer's excise tax paid under section 4201 on mechanical pencils, fountain and ball point pens, and mechanical lighters for cigarettes, cigars, and pipes, in the case where because of further manufacture the tax imposed by section 4001 applies to the sale of such articles at retail.

§ 48.4003-2 Exemptions; certain auction sales.

A limited exemption in the amount of \$100 of the sale price is provided by section 4003(b) in the case of an auction sale held at the home of the owner of an article or articles taxable under section 4001. Thus, for example, if a pearl necklace was first sold by an auctioneer at the owner's home for \$40 and a diamond pin was next sold at the same sale for \$150, the sale of the necklace would be tax free and the remaining \$60 of the \$100 exemption would be applied against the sale price of the pin, \$90 of such sale price being subject to tax. Sales of articles not taxable under section 4001 shall not be considered in applying the \$100 exemption. Only one exemption shall be allowed regardless of the period of time during which the auction sale

takes place. This exemption also applies to an auction sale of articles of a decedent held at the home of such decedent. See section 4013 and § 48.4013-1 for \$100 exemption in the case of furs sold at certain auction sales.

§ 48.4003-3 Exemptions; certain clocks.

(a) *Clocks subject to manufacturers excise tax.* Section 4003(c) provides that a clock or watch (or a case or movement for a clock or watch) shall be exempt from the tax imposed by section 4001 if a tax was imposed in respect of such clock, watch, case, or movement under chapter 32 (relating to manufacturers excise taxes) by reason of its sale as a part or accessory (for example, an automobile clock) or by reason of its sale on or in connection with or with the sale of any article (for example, a stove). The exemption is limited to clocks, watches, and cases and movements in respect of which tax under chapter 32 was imposed. Thus, for example, the exemption does not apply where a clock or watch (or a case or movement therefor) in respect of which tax was not imposed under chapter 32 is (1) sold at retail in conjunction with the sale of another article which is subject to a manufacturer's excise tax imposed by chapter 32, or (2) sold separately at retail to replace a clock, watch, case, or movement in an article subject to a manufacturer's excise tax imposed by chapter 32.

(b) *Clocks in control or regulatory devices*—(1) *In general.* Section 4003(d) provides that sales at retail of a clock or watch (or a case or movement for a clock or watch) shall be exempt from the tax imposed by section 4001 if such clock, watch, case, or movement is—

(i) A part of a control or regulatory device (for example, a thermostat) which is an article, or part thereof, not taxable under chapter 32 (relating to manufacturers excise taxes), or

(ii) Sold as a repair or replacement part for such a device.

(2) *Control or regulatory device defined.* For purposes of this paragraph, the term "control or regulatory device" does not include clocks which in themselves have control or regulatory features, such as electric clocks that can be used to turn on radios, coffeemakers, etc., or defrost refrigerators. To qualify for the exemption, the control or regulatory device must be the major item of the combination and the clock a subsidiary item.

§ 48.4003-4 Other tax-free sales.

For provisions relating to other tax-free sales of articles referred to in section 4001, see—

(a) Section 4055, relating to the exemption of sales for the exclusive use of any State or political subdivision thereof, or the District of Columbia,

(b) Section 4056, relating to the exemption of sales for export, and

(c) Section 4057, relating to the exemption of sales to nonprofit educational organizations, and the regulations thereunder contained in Subpart G.

Subpart C—Furs

§ 48.4011 Statutory provisions; imposition of tax.

SEC. 4011. *Imposition of tax.* There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 percent of the price for which so sold: Articles made of fur on the hide or pelt, and articles of which such fur is the component material of chief value, but only if such value is more than three times the value of the next most valuable component material.

[Sec. 4011 as originally enacted and in effect Jan. 1, 1959]

§ 48.4011-1 Imposition of tax.

(a) *In general.* (1) Section 4011 imposes a tax upon the following articles sold at retail:

(i) Articles made of fur on the hide or pelt; and

(ii) Articles of which fur on the hide or pelt is the component material of chief value, but only if such value is more than three times the value of the next most valuable component material.

(2) The tax imposed by section 4011 is not limited to wearing apparel, but applies to sales of an article suitable for any use, such as a rug, robe, toy, novelty, etc.

(3) The tax does not apply to the sale of raw fur.

(4) For tax applicable in respect of fur articles manufactured from a customer's materials, see section 4012(a) and § 48.4012-1.

(5) For provisions relating to sales by an auctioneer or other agent, see section 4012(b) and § 48.4012-2.

(b) *Fur on hide or pelt.* For purposes of section 4011 and the regulations in this subpart, the term "fur on the hide or pelt" means animal hides or pelts with hair wholly or partially intact. However, the term does not include hides or pelts with hair which does not have the appearance of fur and is not used as fur. For example, certain sheep have hair so fine that its natural tendency is to become matted or felted, and, therefore, in its natural condition it neither resembles fur nor is used as fur. But if such hides or pelts are processed so that the hair loses its matted or felted appearance and takes on the appearance of fur, they will be deemed to be "fur on the hide or pelt".

(c) *Articles made of fur.* The term "articles made of fur on the hide or pelt", as used in section 4011 and this section, includes all articles made of such fur as distinguished from fur-trimmed or fur-lined articles. For example, fur coats, capes, stoles, hats, etc., shall be subject to the tax referred to in paragraph (a) (1) (i) of this section without regard to the relative values of the component parts. Fur-trimmed or fur-lined articles shall be subject to the tax referred to in paragraph (a) (1) (ii) of this section if the value of the fur is more than three times the value of the next most valuable component material.

(d) *Articles of which fur is a component material*—(1) *Valuation.* In determining, for the purposes of paragraph (a) (1) (ii) of this section, whether the

sale of an article of which fur is a component material is subject to tax, the value of such fur at the time of assemblage of the article must be compared to the value of each other single component at such time. In comparing the value of the fur to the other components, all costs (including labor) of making or preparing a complete component shall be considered. However, the cost of assembling the components into the finished article shall not be considered.

(2) *Records.* Where fur is a component material of an article and exemption with respect to the sale of such article is claimed on the ground that the value of the fur as compared with that of the most valuable of the other component materials is not such as to render the sale taxable under paragraph (a) (1) (ii) of this section, the retailer must maintain adequate records or have in his possession proper documentary evidence to establish that fact to the satisfaction of the Commissioner. An example of documentary evidence which will be acceptable is a written statement from the manufacturer or producer of the article stating that the value of the fur at the time of assemblage of the article was not more than three times the value at such time of the next most valuable component material. In the absence of such records or documentary evidence, the tax must be paid with respect to the sale of such article at retail.

(e) *Rate of tax.* The tax is imposed at the rate of 10 percent of the price for which the taxable article is sold at retail. For definition of the term "price", see section 4051 and the regulations thereunder contained in Subpart G.

(f) *Liability for tax.* The tax is payable by the person who sells at retail any article subject to tax under section 4011. For tax applicable to leases, see section 4052 and the regulations thereunder contained in Subpart G.

(g) *Sales by United States.* For provisions relating to sales at retail made by the United States, its agencies or instrumentalities, see section 4054 and the regulations thereunder contained in Subpart G of this part.

§ 48.4011-2 Repairing, remodeling, and restyling.

(a) *Fur furnished by furrier.* If a furrier uses fur on the hide or pelt which he furnishes to repair, remodel, or restyle a fur article owned by a customer, the tax imposed by section 4011 shall apply if a garment or an article such as a collar, cuff, sleeve, lapel, button, border, etc., is produced from the fur furnished by the furrier. The tax shall not apply if, for example, the fur furnished by the furrier is used merely to replace a worn section of a sleeve or cuff. If a taxable garment or article is produced, the tax shall attach to that portion of the price charged for the entire repairing, remodeling, or restyling operation which is attributable to the garment or article so produced, and the person repairing, remodeling, or restyling shall be deemed to be the person selling such garment or article at retail for the purposes of the tax imposed by section 4011. For purposes of this paragraph, the term "furrier" includes a person in the business

of repairing, remodeling, or restyling fur articles.

(b) *Fur furnished by customer.* The tax shall not apply in the case where the fur furnished by the customer is used merely to replace a section of a garment or other article, such as a worn section of a sleeve or cuff. For tax applicable in respect of repairing, remodeling, or restyling of fur articles where an article is produced from fur furnished by the customer, see § 48.4012-1.

§ 48.4012 Statutory provisions; definitions.

SEC. 4012. *Definitions.*—(a) *Manufacture from customer's material.* Where a person, who is engaged in the business of dressing or dyeing fur skins or of manufacturing, selling, or repairing fur articles, produces an article of the kind described in section 4011 from fur on the hide or pelt furnished, directly or indirectly, by a customer and the article is for the use of, and not for resale by, such customer, the transaction shall be deemed to be a sale at retail and the person producing the article shall be deemed to be the person selling such article at retail for the purposes of such section. The tax on such a transaction shall be computed and paid by such person upon the fair retail market value, as determined by the Secretary or his delegate, of the finished article.

(b) *Sale includes auctions.* For the purposes of section 4011, the term "articles sold at retail" includes an article sold at retail by an auctioneer or other agent in the course of his business on behalf of—

(1) A person who is not engaged in the business of selling like articles, or

(2) The legal representative of the estate of a decedent who was not engaged in the business of selling like articles. In the case of articles so sold, the auctioneer or other agent shall be considered the "person who sells at retail."

[Sec. 4012 as originally enacted and in effect Jan. 1, 1959]

§ 48.4012-1 Manufacture from customer's fur.

The tax imposed by section 4011 applies where a person, who is engaged in the business of dressing or dyeing fur skins or of manufacturing, selling, or repairing fur articles, produces a garment, or article such as a muff, collar, cuff, sleeve, lapel, button, border, or other article of the kind described in section 4011 and paragraph (a)(1) of § 48.4011-1, from unused fur on the hide or pelt furnished directly or indirectly by a customer and the article is for the use of, and not for resale by, such customer. The transaction shall be deemed to be a sale at retail and the person producing the article shall be deemed to be the person selling such article for purposes of section 4011. The tax applicable to such transaction shall be computed upon the fair retail market value of the finished article as determined by the district director of internal revenue for the district in which the principal place of business of the taxpayer is located, and shall be determined without regard to the fact that the fur was furnished by the customer. In general, the fair retail market value may be considered as the retail sale price for which the same or a similar finished article is sold by retailers generally in the ordinary course of the retail trade.

§ 48.4012-2 Definition of sale includes auctions.

(a) *In general.* Section 4012(b) provides that for purposes of section 4011, the term "articles sold at retail" includes an article sold at retail by an auctioneer or other agent in the course of his business on behalf of (1) a person who is not engaged in the business of selling like articles or his legal representative, or (2) the legal representative of the estate of a decedent who was not engaged in the business of selling like articles. Section 4012(b) also provides that in the case of articles so sold, the auctioneer or other agent shall be considered the "person who sells at retail". Thus, such auctioneer or agent shall be liable for payment of the tax imposed by section 4011 and the filing of returns.

(b) *Sales not at auction.* The provisions of section 4012(b) and paragraph (a) of this section are not limited to auction sales but are applicable to all sales at retail of articles enumerated in section 4011 by an auctioneer or other agent in the course of his business.

(c) *Exemption.* See section 4013 and § 48.4013-1 for the limited exemption which applies to certain auction sales.

§ 48.4013 Statutory provisions; exemption of certain auction sales.

SEC. 4013. *Exemption of certain auction sales.* (a) In the case of an auction sale held at the home of a person whose articles are being sold, any taxable article (as defined in subsection (b)) of such person sold by the auctioneer shall be exempt from the tax imposed by section 4011 except to the extent that the price for which such article is sold, when added to the sum of the sale prices of all other taxable articles of such person previously sold at the same auction, exceeds \$100.

(b) For the purposes of this section—

(1) The term "taxable article" means an article which, by reason of section 4012(b) and without regard to the exemption provided in subsection (a), is taxable under section 4011 when sold at auction; and

(2) In the case of articles of a decedent sold on behalf of the legal representative of his estate, an auction sale held at the home of such decedent shall be considered as "held at the home of a person whose articles are being sold".

[Sec. 4013 as originally enacted and in effect Jan. 1, 1959]

§ 48.4013-1 Exemption of certain auction sales.

Section 4013 provides a limited exemption in the amount of \$100 of the sale price in the case of an auction sale held at the home of the owner of an article or articles taxable under section 4011. Thus, for example, if a fur neck piece was first sold by an auctioneer at the owner's home for \$80 and a fur coat was next sold at the same sale for \$200, the sale of the fur neck piece would be tax free and the remaining \$20 of the \$100 exemption would be applied against the sale price of the fur coat, \$180 of such sale price being subject to tax. Sales of articles not taxable under section 4011 shall not be considered in applying the \$100 exemption. Only one exemption shall be allowed regardless of the period of time during which the auction sale takes place. This exemption also applies to an auction sale of

articles of a decedent held at the home of such decedent. See section 4003(b) and § 48.4003-2 for \$100 exemption in the case of certain auction sales of jewelry and other articles taxable under section 4001.

§ 48.4013-2 Other tax-free sales.

For provisions relating to other tax-free sales of articles referred to in section 4011, see—

(a) Section 4055, relating to the exemption of sales for the exclusive use of any State or political subdivision thereof, or the District of Columbia,

(b) Section 4056, relating to the exemption of sales for export, and

(c) Section 4057, relating to the exemption of sales to nonprofit educational organizations,

and the regulations thereunder contained in Subpart G.

Subpart D—Toilet Preparations

§ 48.4021 Statutory provisions; imposition of tax.

SEC. 4021. *Imposition of tax.* There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 percent of the price for which so sold—

Perfume.	Hair oils.
Essences.	Pomades.
Extracts.	Hair dressings.
Toilet waters.	Hair restoratives.
Cosmetics.	Hair dyes.
Petroleum jellies.	Toilet powders.

Any other similar substance, article, or preparation, by whatsoever name known or distinguished; any of the above which are used or applied or intended to be used or applied for toilet purposes.

[Sec. 4021 as originally enacted and in effect Jan. 1, 1959, and as amended by sec. 1, Act of April 8, 1960 (Pub. Law 86-413, 74 Stat. 31)]

§ 48.4021-1 Imposition of tax.

(a) *In general*—(1) *Articles subject to tax.* The tax attaches to the sale by the retailer of the following articles specifically enumerated in section 4021—

Perfume.	Pomades.
Essences.	Hair dressings.
Extracts.	Hair restoratives.
Toilet waters.	Hair dyes.
Cosmetics.	Aromatic cachous.
Petroleum jellies.	Toilet powders.
Hair oils.	

and similar articles commonly or commercially known as toilet articles, which are used or applied, or intended to be used or applied, for toilet purposes. Any article advertised or held out for toilet purposes, or for any purpose for which the articles enumerated in section 4021 are customarily used, shall be subject to the tax regardless of the name by which it may be known or distinguished. The tax attaches to the sale by the retailer of any preparation which is used or applied or intended to be used or applied for toilet purposes or used in connection with the bath or care of the body, or applied to the clothing as a perfume or to the body as a toilet article.

(2) *Articles not subject to tax.* A substance, article, or preparation which is medicated and is held out for use only for the relief, remedy, or cure of conditions of the skin, such as those caused

by acne, "athlete's foot", dandruff, or burns (including sunburn), shall not be subject to the tax imposed by section 4021. Also, a medicated substance, article, or preparation which is held out only for medicinal purposes, such as for use as an antiseptic or for the relief of muscular aches, shall not be subject to the tax imposed by section 4021. However, the fact that any particular product, preparation, or substance coming within the scope of section 4021 may have, or may be held out to have, a medicinal, stimulating, remedial, or curative value does not exempt it from the tax, if it is used, or held out for use, as an adjunct to the toilet or for toilet purposes. Thus, for example, lotions, creams, oils, salves, etc., for such toilet purposes as the treatment of chapped condition of the skin, the treatment of dry, oily, or falling hair, or the prevention of sunburn, are subject to the tax even though they have, or are held out to have, a medicinal, stimulating, remedial, or curative value.

(3) *Aromatic cachous.* The tax on sales at retail of aromatic cachous does not apply to sales after April 30, 1960.

(b) *Certain products for care of the skin.* Except as provided in paragraph (a) (2) of this section, relating to medicated products, the following rules shall apply with respect to substances, articles, or preparations used or held out for use for the care of the skin because of exposure to certain irritants.

(1) *Exposure to weather irritants.* Any substance, article, or preparation which is advertised or held out for use either before or after exposure to sun, wind, cold, or other weather conditions shall be deemed to be intended for use for toilet purposes and shall be subject to tax.

(2) *Exposure to non-weather irritants*—(i) *Industrial or commercial use before exposure.* Any substance, article, or preparation which is advertised or held out only for industrial or commercial use as a protection of the skin before exposure to industrial or commercial irritants such as grease, paint, printing ink, acids, dyes, etc., shall not be subject to tax.

(ii) *General public use before exposure*—(a) *General rule.* Any substance, article, or preparation which is advertised or held out for general public use as a protection of the skin before exposure to irritants such as dirt, grime, household cleaning products, etc., shall be deemed to be intended for use for toilet purposes and shall be subject to tax.

(b) *Effective date.* The provisions of subdivision (ii) (a) of this subparagraph shall, under authority of section 7805(b), apply to the sale at retail of any substance, article, or preparation referred to in such subdivision made on or after the first day of the first calendar month which begins more than 30 days after the date of publication of the regulations in this subpart in the FEDERAL REGISTER.

(iii) *Use after exposure.* Any substance, article, or preparation which is advertised or held out for use after exposure to any non-weather irritants shall be deemed to be intended for use

for toilet purposes and shall be subject to tax.

(c) *Rate of tax.* The tax is imposed at the rate of 10 percent of the price for which the taxable article is sold at retail. For definition of the term "price", see section 4051 and the regulations thereunder contained in Subpart G.

(d) *Liability for tax.* The tax is payable by the person who sells at retail any article subject to tax under section 4021.

(e) *Sales by United States.* For provisions relating to sales at retail made by the United States, its agencies or instrumentalities, see section 4054 and the regulations thereunder contained in Subpart G.

§ 48.4022 Statutory provisions; exemptions.

SEC. 4022. *Exemptions*—(a) *Items for babies.* The tax imposed by section 4021 shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the care of babies.

(b) *Barber shops and beauty parlors.* For the purposes of section 4021, the sale of any article described in such section to any person operating a barber shop, beauty parlor, or similar establishment for use in the operation thereof, or for resale, shall not be considered as a sale at retail. The resale of such article at retail by such person shall be subject to the provisions of section 4021.

(c) *Miniature samples.* For the purposes of section 4021, the sale of miniature samples of any article described in such section for demonstration use only to a house-to-house salesman by the manufacturer or distributor, shall not be considered as a sale at retail. The resale of such sample at retail by such house-to-house salesman shall be subject to the provisions of section 4021.

[Sec. 4022 as originally enacted and in effect Jan. 1, 1959]

§ 48.4022-1 Exemptions.

(a) *Items for babies.* Section 4022 provides that the tax imposed by section 4021 does not apply to the sale of lotions, oils, powders, or other articles intended to be used or applied only in the care of babies. The determination of whether toilet articles are intended to be used or applied only in the care of babies will be made only by reference to the advertising with respect to, and the labeling contained on, the article. If an article is advertised and labeled as being for use in the care of babies and is not advertised or labeled as usable by persons other than babies, the sale of the article is exempt from tax even though the particular purchaser buys it for adult use. On the other hand, the sale of an article which is represented by advertising or labeling as fit for adult use, in addition to use in the care of babies, shall not be exempt from tax even though sold to a purchaser who intends to use the article only in the care of babies.

(b) *Barber shops and beauty parlors.* (1) The sale of any article taxable under section 4021 to a person operating a barber shop, beauty parlor, or similar establishment, whether for use in the operation thereof or for resale purposes, shall not be considered as a sale at retail and the tax imposed by section 4021 shall not be applicable to such sale.

(2) In any case where the operator of a barber shop, beauty parlor, or similar establishment sells at retail an article

taxable under section 4021, he is liable for the tax imposed by such section.

(c) *Miniature samples.* The sale by the manufacturer or distributor of miniature samples of any article taxable under section 4021 to a house-to-house salesman for demonstration use only shall not be considered as a sale at retail and the tax imposed by section 4021 shall not be applicable to such sale. In any case where the house-to-house salesman sells at retail any of the miniature samples purchased from the manufacturer or distributor for demonstration use, he is liable for the tax imposed by section 4021.

§ 48.4022-2 Other tax-free sales.

For provisions relating to other tax-free sales of articles referred to in section 4021, see—

(a) Section 4055, relating to the exemption of sales for the exclusive use of any State or political subdivision thereof, or the District of Columbia,

(b) Section 4056, relating to the exemption of sales for export, and

(c) Section 4057, relating to the exemption of sales to nonprofit educational organizations,

and the regulations thereunder contained in Subpart G.

Subpart E—Luggage, Handbags, Etc.

§ 48.4031 Statutory provisions; imposition of tax.

Sec. 4031. *Imposition of tax.* There is hereby imposed upon the following articles, by whatever name called, sold at retail (including in each case fittings or accessories therefor sold on or in connection with the sale thereof) a tax equivalent to 10 percent of the price for which so sold—

Bathing suit bags.
Beach bags or kits.
Billfolds.
Briefcases.
Brief bags.
Camping bags.
Card and pass cases.
Collar cases.
Cosmetic bags and kits.
Dressing cases.
Duffel bags.
Furlough bags.
Garment bags designed for use by travelers.
Hatboxes designed for use by travelers.
Haversacks.
Key cases or containers.
Knapsacks.
Knitting or shopping bags (suitable for use as purses or handbags).
Makeup boxes.
Manicure set cases.
Memorandum pad cases (suitable for use as card or pass cases, billfolds, purses, or wallets).
Musette bags.
Overnight bags.
Pocketbooks.
Purses and handbags.
Ring binders, capable of closure on all sides.
Salesmen's sample or display cases, bags, or trunks.
Satchels.
Shoe and slipper bags.
Suitcases.
Tie cases.
Toilet kits and cases.
Traveling bags.
Trunks.
Vanity bags or cases.

Valises.
Wallets.
Wardrobe cases.

[Sec. 4031 as amended and in effect Jan. 1, 1959]

§ 48.4031-1 Imposition of tax.

(a) *In general.* Section 4031 imposes a tax on:

(1) The following articles, by whatever name called, sold at retail—

Bathing suit bags.
Beach bags or kits.
Billfolds.
Briefcases.
Brief bags.
Camping bags.
Card and pass cases.
Collar cases.
Cosmetic bags and kits.
Dressing cases.
Duffel bags.
Furlough bags.
Garment bags designed for use by travelers.
Hatboxes designed for use by travelers.
Haversacks.
Key cases or containers.
Knapsacks.
Knitting or shopping bags (suitable for use as purses or handbags).
Makeup boxes.
Manicure set cases.
Memorandum pad cases (suitable for use as card or pass cases, billfolds, purses, or wallets).
Musette bags.
Overnight bags.
Pocketbooks.
Purses and handbags.
Ring binders, capable of closure on all sides.
Salesmen's sample or display cases, bags, or trunks.
Satchels.
Shoe and slipper bags.
Suit cases.
Tie cases.
Toilet kits and cases.
Traveling bags.
Trunks.
Vanity bags or cases.
Valises.
Wallets.
Wardrobe cases.

(2) Fittings or accessories for any article enumerated in subparagraph (1) of this paragraph sold on or in connection with the sale at retail of such article.

(b) *Meaning of terms.*—(1) *In general.* For purposes of the tax imposed by section 4031, the articles listed in such section include all receptacles commonly or commercially known and sold as such regardless of design, size, or materials from which made or the purpose for which they are to be used. If there is doubt as to whether an article is taxable, the manner in which the article is advertised or otherwise held out for sale shall be considered. The articles listed in section 4031 include any such articles regardless of the name attached to, or associated with, the articles for merchandising or other reasons. For example, an article marketed as a "money holder" is taxable if in fact it is a "billfold" or "wallet".

(2) *Briefcases.* The term "briefcases" includes, for purposes of the tax imposed by section 4031, articles commonly or commercially known and sold as such regardless of materials from which made

or the purpose for which they are to be used. The term also includes so-called "portfolios", "envelopes", etc., capable of being closed on all four sides which are designed and constructed for carrying or conveying unfolded legal-size or letter-size papers, documents, etc. The term does not include "portfolios", "envelopes", etc., designed and constructed primarily for storage purposes.

(3) *Knitting or shopping bags.* A knitting or shopping bag shall be considered suitable for use as a purse or handbag, for purposes of the tax imposed by section 4031, if it is capable of being carried in the hand, or hung on the arm or across the shoulder, and if—

(i) The bag has a secure closure, or

(ii) The bag has a built-in purse, side pocket, or compartment closed by a zipper, snap fastener, or other secure closure,

provided the bag, or the built-in purse, side pocket, or compartment, is capable, when open, of holding the normal contents of a purse or handbag.

(c) *Children's luggage and toy luggage.* The tax applies to the sale at retail of articles listed in section 4031 which are designed and constructed for use as such by a child (for example, a child's purse, handbag, or suitcase). However, the tax does not attach to the sale at retail of articles which simulate articles of the type referred to in section 4031 but which are toys, that is, articles designed, constructed, and advertised or otherwise held out for sale for the amusement of a child or for use in a child's play. For example, the tax shall not apply to the sale at retail of a trunk designed, constructed, and held out for sale solely to hold clothing for a doll.

(d) *Rate of tax.* The tax is imposed at the rate of 10 percent of the price for which the taxable article is sold at retail. For definition of the term "price", see section 4051 and the regulations thereunder contained in Subpart G.

(e) *Liability for tax.* The tax is payable by the person who sells at retail any article subject to tax under section 4031. For tax applicable to leases, see section 4052 and the regulations thereunder contained in Subpart G.

(f) *Sales by United States.* For provisions relating to sales at retail made by the United States, its agencies or instrumentalities, see section 4054 and the regulations thereunder contained in Subpart G.

(g) *Tax-free sales.* For provisions relating to tax-free sales of articles referred to in section 4031, see—

(1) Section 4055, relating to the exemption of sales for the exclusive use of any State or political subdivision thereof, or the District of Columbia,

(2) Section 4056, relating to the exemption of sales for export, and

(3) Section 4057, relating to the exemption of sales to nonprofit educational organizations,

and the regulations thereunder contained in Subpart G of this part.

[F.R. Doc. 60-6855; Filed, July 21, 1960; 8:48 a.m.]

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[25 CFR Part 124]

EQUALIZATION OF ALLOTMENTS,
AGUA CALIENTE (PALM SPRINGS)
RESERVATION, CALIFORNIA

Disposition of Income

Notice is hereby given that pursuant to the authority vested in the Secretary of the Interior by section 161 of the Revised Statutes (5 U.S.C. 22), it is proposed to amend 25 CFR § 124.9 as set forth below. The amendment is necessary to restate the purposes for which the fund referred to in the first sentence of the section may be used. The present language places restrictions on the use of the fund which are not intended.

It is the policy of the Department of the Interior whenever practicable, to afford the public an opportunity to participate in the rule making process. Accordingly, interested persons may submit written comments, suggestions, or objections with respect to the proposed amendment to the Bureau of Indian Affairs, Washington 25, D.C., within thirty days of the date of publication of this notice in the FEDERAL REGISTER.

Section 124.9 is amended to read as follows:

§ 124.9 Disposition of income from
Parcel B, Spa Lease.

Any net rents, profits, and other revenues derived from that portion of the Mineral Springs tribal reserve as provided for in § 124.3, which is designated as Parcel B in the supplement dated September 8, 1958, to the lease by and between the Agua Caliente Band of Mission Indians and Palm Springs Spa, or the net income derived from the investment of such net rents, profits, and other revenues from the sale of said lands or assets purchased from the net rents, profits, and other revenues aforesaid or the net income from the investment thereof, shall be deposited in the Treasury of the United States to the credit of the Agua Caliente Band. Such fund may be used for such purposes as may be designated by the governing body of the Band and approved by the Secretary, except that such fund may be distributed only to those enrolled members who are entitled to an equalization allotment or to a cash payment in satisfaction thereof under the Act of September 21, 1959 (73 Stat. 602), or in the case of such a member who dies after that date, to those entitled to participate in his estate. Such distribution shall be per capita to living enrolled members and per stirpes to participants in the estate of a deceased member.

ROGER ERNST,
Assistant Secretary of the Interior.

JULY 15, 1960.

[F.R. Doc. 60-6833; Filed, July 21, 1960;
8:46 a.m.]

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Part 963]

[Docket No. AO-309-A2]

MILK IN GREAT BASIN MARKETING
AREANotice of Recommended Decision and
Opportunity To File Written Ex-
ceptions to Proposed Amendments
to Tentative Marketing Agreement
and to Order

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), notice is hereby given of the filing with the Hearing Clerk of this recommended decision of the Deputy Administrator, Agricultural Marketing Service, United States Department of Agriculture, with respect to proposed amendments to the tentative marketing agreement, and order regulating the handling of milk in the Great Basin marketing area. Interested parties may file written exceptions to this decision with the Hearing Clerk, United States Department of Agriculture, Washington, D.C., not later than the close of business the 10th day after publication of this decision in the FEDERAL REGISTER. The exceptions should be filed in quadruplicate.

Preliminary statement. The hearing on the record of which the proposed amendments, as hereinafter set forth, to the tentative marketing agreement and to the order, were formulated, was conducted at South Salt Lake City, Utah on May 10-12, 1960, pursuant to notice thereof which was issued April 15, 1960 (25 F.R. 3420).

The material issues on the record of the hearing relate to:

1. Extension of the marketing area;
2. Limitation of diversion to nonpool plants by a cooperative association;
3. Requirements for producer-handler status;
4. Base-excess payments to producers;
5. Classification of transfers to nonpool plants;
6. Pool plant requirements;
7. Accounting for frozen cream;
8. Shrinkage allowance on milk received in bulk tanks for which a cooperative association is the handler;
9. Advance payments to producers; and
10. Allocation provisions applicable to receipts of packaged sour cream priced under another order.

No evidence was offered with respect to a proposal in the hearing notice to modify the provisions applicable to plants regulated under other orders operating routes in the marketing area. The record presents no issue with respect to this proposal.

This decision is concerned with issues number 4 and 10 and that portion of issue number 5 related to the distance that bulk cream may be moved for manufacturing use as Class II milk. Decision with respect to all other issues is reserved for future decision.

Findings and conclusions. The following findings and conclusions on the material issues are based on evidence presented at the hearing and the record thereof:

1. *Base-excess payments.* A base and excess plan should be used in this market as a method of distributing returns to producers.

About 90 percent of the producers on the market are presently receiving payment for milk on a base and excess plan. Each of the three proponent cooperative associations has used this system of distributing payments among its members for a number of years to provide the incentive needed to induce local dairymen to strive for more even milk production throughout the year.

During the period of order operation greater seasonality of production has been shown by producers not operating under a base plan than by the members of the proponent cooperatives. Base and excess plans have proved an effective means of improving the seasonal pattern of milk deliveries and such a plan applied to all producers, by being incorporated in the attached order, will play an essential part in encouraging the trend toward more even production seasonally.

The base-excess plan proposed by the producers is modeled after a similar plan used by Order 25, for the Puget Sound marketing area, and includes provision for a twelve-month base paying period. The plans used by proponent cooperative associations have included base-excess payments in all months of the year.

The type of base plan recommended herein will adopt, with minor exceptions, most of the features of the plan proposed by the producers. The base-forming period proposed at the hearing differed only with respect to the inclusion of January. Producer proponents of the base-excess plan would include the months of August through January of each year as the base-forming period with the base to become effective for the 12-month period beginning with February next following and ending January 31 of the next succeeding year. Bases so computed would be recomputed each year.

The base-excess plan recommended herein would provide that the base-forming period shall be the months of August through December with the base to be effective for the 12-month period beginning with the following February 1.

The exclusion of January from the proposed base-earning period will result in the continuation of the use of the old base for one month after the new base-forming period to permit the market administrator time in which to compute the bases and make the required notices of such new bases prior to February 1, the effective date of the new bases.

There is no evidence in the record to show that the exclusion of January from the base-forming period will materially alter the effectiveness of the plan recommended.

For each month separate uniform prices would be computed for base milk and for excess milk for the purpose of allocating Class I sales first to base milk. Base milk would be that quantity of milk delivered by a producer each month up to his average daily base multiplied by the number of days in the month for which his milk is delivered to any pool plant or is diverted as producer milk. Any milk delivered by such producer in excess of the base is excess milk. The excess price would be the Class II price except in any month when total Class I sales exceed the total quantity of base milk. During such a month, the excess price would be a blend of the actual Class I and Class II utilization of excess milk. Producer location adjustments, where applicable would affect only base milk and adjustments to maintain a producer-settlement fund reserve would be made in the computation of the base milk price only. In view of the lesser volume to which the reserve adjustment applies, the rate, presently 4 to 5 cents, is increased 1 cent so that it will be 5 to 6 cents.

Plants may become newly qualified as pool plants in any month of the year. In such event the producers supplying the new plant should have their bases computed from their deliveries to such plant during the previous base-making period rather than being paid base price for a percentage of monthly deliveries as provided for producers entering the market individually. The essential difference is that the shippers to the new pool plant would have become Great Basin producers by handler action whereas single new shippers at established pool plants become producers by their own choice. It would be necessary in such cases that the plant furnish a record of deliveries during the preceding base-earning period. This provision is also extended to include a producer who has relinquished his status as producer-handler.

Provision should be made for new producers entering the market to be paid for a portion of their deliveries at the base milk price without waiting until they have delivered milk during an entire base-earning period. Such a provision should also be consistent with the primary purpose of the base plan which is to encourage an even seasonal flow of milk to the market.

Since new producers have no prior fall deliveries from which the seasonality of their deliveries may be measured it is necessary that their base payments be determined somewhat arbitrarily as contrasted with producers with established bases who are paid on the basis of their individual performance. Producer proponents have proposed a seasonally varied schedule of percentages for each month which would allot a new producer a certain percentage of his production each month as base milk until such time as the producer has established an earned base. The percentage option would also be applicable to any regular

baseholder who might elect to relinquish his earned base in favor of a base computed from such percentages. It is desirable therefore, that the base provisions for new producers be such as to encourage them to enter the market when their supplies will not increase seasonal variation and likewise will not be such as to invite substantial numbers of old producers to relinquish their bases.

In view of the lack of evidence in the record as to the operation of the various base plans in the market the percentages proposed by the producers and modified somewhat to include the considerations set forth above are considered to be reasonable and equitable, at least at the outset of the plan. The recommended percentages are: January, 70; February, 65; March, 60; April, 55; May, 45; June, 50; July, 55; August, 65; and 80 September through December.

Certain rules regulating the transfer of established bases were proposed and are adopted herein. The order should permit the producers to transfer an earned base with the sale or lease of the herd to a producer who continues to produce milk on the same farm. It is reasonable to assume that a herd so obtained and kept normally would continue to produce for a period of several months following the transfer in close alignment with the production pattern already established by the transferor.

Provision is also made that when a base is transferred subsequent to August 1 of any year all of the milk produced on the farm whether by the transferor or the transferee during the base-earning period, will be used in allotting a new base for the succeeding year. The burden of proof would be upon the transferor and transferee to establish to the satisfaction of the market administrator that the transfer was bona fide and not for the purpose of evading any provision of the order. It should be provided that a base may be transferred to a member of a baseholder's immediate family and in case of a baseholder's death the base may be transferred to another person upon transfer of the herd, even though production is not continued on the same farm. Only one base may be established with respect to milk produced by one or more persons where the land, buildings, and equipment are jointly owned and operated and if a producer operates more than one farm he shall establish separate bases with respect to producer milk delivered from each such farm.

2. Cream transfers. Some revision should be made in the transfer provisions of the order.

The present provisions of the order classify as Class I, any skim milk or butterfat moved in bulk in the form of skim milk or cream to a nonpool plant located 225 miles or more from the City Hall in Salt Lake City, Utah. Producers proposed changing the mileage limitation, with respect to bulk cream of 30 percent or more butterfat, to 525 miles and proposed to continue using the 225 mile limitation as it may apply to bulk shipments of whole milk or skim milk.

Substantial cream sales for manufacturing use have been made in the past from this market to Denver, Colorado;

Las Vegas, Nevada; Grand Junction, Colorado; and Rawlins and Riverton, Wyoming, all of which are included in the proposed 525 mile area. Due to its concentrated nature, cream can move longer distances for manufacturing use than can milk or skim milk.

For the purpose of effective administration of the order some limitations must be set on the requirements upon the market administration to determine final disposition of producer milk in other than Class I use. The mileage limitation of the transfer provision was adopted to cut the costs of administrative expenses in verifying the utilization of milk shipped beyond the limits within which one might reasonably be expected to ship milk for manufacturing. Since the proposed 525 mile area limitation for cream sales includes markets (enumerated above) which are and have been regular manufacturing cream sales outlets for the Great Basin market. It is concluded that this limitation should apply uniformly to all bulk movements of milk, skim milk, and cream, it is probable that shipments of milk and skim milk to the expanded area will be limited in number because of the transportation costs involved. It will be administratively feasible to verify the end use of the milk within this radius.

Other proposals to modify the rules for classification of milk transferred to nonpool plants will be considered in a future decision.

3. Packaged sour cream. Sour cream manufactured from milk subject to the pricing and pooling provisions of Order No. 41 for the Chicago marketing area should be allocated directly to Class I at pool plants under the Great Basin order when such cream is received, handled and distributed in the same consumer or institutional size packages in which it was received.

A proposal to this effect was presented by a handler regulated under the Chicago Order No. 41 who has been engaged in the movement of packaged sour cream from the Chicago market to a handler in Salt Lake City area on a regular weekly or bi-weekly basis since November 1957.

Present provisions of the Great Basin order give priority of all Class I utilization to producer milk. Receipts of sour cream priced and pooled under Order No. 41 are allocated to Class II to the extent possible while all cream products under the Chicago order are classified as Class II, under the accounting and pricing system of the Chicago order this class is the equivalent of the Class I classification and pricing under the accounting system of the Great Basin order. With allowance for transportation cost from Chicago raw material cost equals or exceeds that under the Great Basin order. Inasmuch as the Class I price in the Great Basin marketing area will be generally aligned with prices under other Federal orders, there is little chance that handlers in the Chicago market can achieve a substantial competitive advantage with respect to sales of packaged sour cream in this area over handlers under this order.

The movement of packaged sour cream from the Chicago sources to the Salt

Lake City handler is of sufficiently long standing to establish that the seasonal and daily reserves necessary to supply the exact quantities so moving were carried by the Chicago producers. Yet under current provisions of the Great Basin order the seasonal and daily excess of producer milk in the market is assigned to Class I to the extent of receipts of packaged sour cream from the Chicago market.

The handler receiving the packaged sour cream went on record as supporting in part the proposal made by the Chicago handler to the extent that such packaged sour cream should be permitted direct assignment to Class I utilization under the Great Basin order.

It is accordingly concluded that receipt of sour cream priced as Class II under Order No. 41 and disposed of in the same consumer or institutional size packages as received should be allocated to the Class I utilization of the receiving handler. Such allocation should be provided only when sour cream is not processed or packaged in the plant during the month. While the Great Basin handler proposed a provision applicable to all packaged Class I products and all orders, all testimony was directed to the allocation of packaged sour cream priced under Order No. 41. No basis exists on the record to provide for movement of other products or from other orders.

In opposing the proposed allocation it was the suggestion of the three producer associations that it would be preferable for sour cream to be classified under the order as a Class II product. The health regulations of the Great Basin market require the same Grade A health standards for sour cream as is required for fluid milk. It is appropriate, therefore, that all the products required to be made from Grade A milk be included in a single class so that all milk required to make such products may contribute uniformly to the cost of supplying the market needs for Grade A milk. The suggested change is therefore not adopted on the basis of this record.

Rulings on proposed findings and conclusions. Briefs and proposed findings and conclusions were filed on behalf of certain interested parties. These briefs, proposed findings and conclusions and the evidence in the record were considered in making the findings and conclusions set forth above. To the extent that the suggested findings and conclusions filed by interested parties are inconsistent with the findings and conclusions set forth herein, the request to make such findings or reach such conclusions are denied for the reasons previously stated in this decision.

General findings. 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 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) The tentative marketing agreement and the order, as hereby proposed to be amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the Act;

(b) 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 marketing area, and the minimum prices specified in the proposed marketing agreement and the order, as hereby proposed to be 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

(c) The tentative marketing agreement and the order, as hereby proposed to be amended, will regulate the handling of milk in the same manner as, and will be applicable only to persons in the respective classes of industrial and commercial activity specified in, a marketing agreement upon which a hearing has been held.

Recommended marketing agreement and order amending the order. The following order amending the order regulating the handling of milk in the Great Basin marketing area is recommended as the detailed and appropriate means by which the foregoing conclusions may be carried out. The recommended marketing agreement is not included in this decision because the regulatory provisions thereof would be the same as those contained in the order, as hereby proposed to be amended:

1. Add the following as § 963.18 (to be effective 2-1-61):

§ 963.18 Base milk.

"Base milk" means the quantity of producer milk delivered by a producer each month which is not in excess of his daily base computed pursuant to § 963.65 multiplied by the number of days for which his milk production is delivered during the month.

2. Add the following as § 963.19 (to be effective 2-1-61):

§ 963.19 Excess milk.

"Excess milk" means producer milk delivered by a producer in excess of base milk.

§ 963.22 [Amendment]

3. In § 963.22(k)(3) (to be effective 2-1-61) delete the phrase "uniform price for producer milk" and substitute therefor the following "uniform prices for base milk and excess milk".

§ 963.30 [Amendment]

4. Delete § 963.30(a)(1)(i) (to be effective 2-1-61) and substitute therefor the following:

(i) Producer milk received at the plant or diverted therefrom by the handler and the aggregate quantities of base milk and excess milk, respectively:

§ 963.30 [Amendment]

5. Change the period at the end of § 963.30(b)(2) to a semicolon (;), insert "and" and add the following as § 963.30(b)(3) (to be effective 2-1-61):

(3) The aggregate quantities of base milk and excess milk involved.

§ 963.42 [Amendment]

6. Delete § 963.42(c)(1) and substitute therefor the following:

(1) The transferee plant is located less than 525 miles from the City Hall in Salt Lake City, Utah, by the shortest hard-surfaced highway distance as determined by the market administrator.

§ 963.44 [Amendment]

7. Delete § 963.44(a)(4) and substitute therefor the following:

(4) Subtract the pounds of skim milk in fluid milk products received from plants regulated under another order issued pursuant to the Act, as specified:

(i) Subtract, if sour cream was not processed or packaged in the pool plant during the month, from the pounds of skim milk in Class I milk the pounds of skim milk in sour cream packaged in consumer or institutional size packages, classified and priced as Class II milk pursuant to Order No. 41 regulating the handling of milk in the Chicago, Illinois, marketing area (Part 941 of this chapter), and disposed of in the same packages in which it is received;

(ii) Subtract from the pounds of skim milk remaining in each class, in series beginning with Class II; the pounds of skim milk in fluid milk products received from plants regulated under another order(s) issued pursuant to the Act, and classified and priced as Class I milk pursuant to such other order(s).

8. Following § 963.63 add the following:

DETERMINATION OF BASE

§ 963.65 Computation of producer bases.

Subject to the rules set forth in § 963.66 the market administrator shall compute bases for producers as follows:

(a) (1) A daily base shall be computed for each producer delivering 90 days or more milk production during the months of August through December of each year by dividing the total producer milk delivered during this period by such producer by the number of days' production delivered, the number of days from the date of first delivery during the period through December 31, or 120, whichever is greatest. Such base shall be effective for the 12-month period beginning the following February 1.

(2) Any dairy farmer for whom information concerning deliveries during the base earning period is available to the market administrator and who becomes a producer as a result of (i) the plant to which his milk was delivered during the base earning period subsequently qualifying as a pool plant, or (ii) relinquishment of status as a producer-handler, shall have a daily base computed pursuant to this paragraph.

(b) Any producer for whom no base can be computed pursuant to paragraph (a) of this section, or any producer who chooses to relinquish such base pursuant to § 963.66(b) shall have a monthly base computed by multiplying his deliveries to handlers during the month by the appropriate monthly percentage in the following table, except that no such

monthly base shall be computed if such producer or a member of his immediate family has transferred a base pursuant to § 963.66(a) (1) or (2) within the preceding twelve months:

January -----	70	July -----	55
February -----	65	August -----	65
March -----	60	September -----	80
April -----	55	October -----	80
May -----	45	November -----	80
June -----	50	December -----	80

§ 963.66 Base rules.

The following rules shall be observed in determination of base:

(a) A base may be transferred upon written notice to the market administrator on or before the last day of the month of transfer but under the following circumstances only: If a producer who earned a base pursuant to § 963.65(a) sells, leases, or otherwise conveys his herd to another person who is or becomes a producer, the latter may receive the transferor's base, pursuant to the conveyance and utilize such base for the remainder of the period for which such base is effective pursuant to § 963.65(a), subject to the following conditions:

(1) Such base shall apply to deliveries of milk by the transferee-producer from the same farm only;

(2) If such conveyance takes place subsequent to August 1 of any year, all producer milk delivered to a handler(s) between August 1 and the last day of the period as specified in § 963.65(a), inclusive, from the same farm (whether by the transferor or transferee-producer) shall be utilized in computing the base of the transferee-producer pursuant to § 963.65(a).

(3) The burden shall be upon the transferee and transferor to establish to the satisfaction of the market administrator that the conveyance of the herd was bona fide and not for the purpose of evading any provision of this order; and

(4) Notwithstanding subparagraph (1) of this paragraph but in compliance with subparagraphs (2) and (3) of this paragraph;

(i) A base, whether earned pursuant to § 963.65(a) or received by transfer, may be transferred to a member of a baseholder's immediate family; and

(ii) In the case of a baseholder's death, a base earned pursuant to § 963.65(a) by the baseholder or by a member of his immediate family may be further transferred to another person: *Provided*, That for purposes of this subparagraph a transfer to an estate shall not be considered as a transfer to another person.

(b) By notifying the market administrator in writing on or before the 15th day of any month, a producer holding a base established pursuant to § 963.65(a) may relinquish such base by cancellation. Such producer's base shall be computed in the manner provided by § 963.65(b) and shall be effective from the first day of the month in which notice is received by the market administrator until the close of the period, pursuant to § 963.65(a), for which such base was computed.

(c) As soon as bases computed by the market administrator are allotted notice of the amount of each producers' base shall be given by the market administra-

tor to the handler receiving such producer's milk and the producer or the cooperative association of which the producer is a member.

(d) If a producer operates more than one farm he shall establish a separate base with respect to producer milk delivered from each such farm.

(e) Only producers as defined in § 963.7 may establish or earn a base pursuant to the provisions of § 963.65 and only one base shall be allotted with respect to milk produced by one or more persons where the land, buildings, and/or equipment used are jointly owned or operated.

9. Delete § 963.71 and substitute therefor the following (to be effective 2-1-61):

§ 963.71 Computation of uniform prices.

The market administrator shall compute the uniform price per hundredweight of base milk and of excess milk, each of 3.5 percent butterfat content, as follows:

(a) Combine into one total the values computed pursuant to § 963.70 for the producer milk of all handlers who submitted reports prescribed in § 963.30 and who are not in default of payments pursuant to § 963.82;

(b) Subtract, if the average butterfat content of the producer milk included under paragraph (a) of this section is greater than 3.5 percent, or add, if such average butterfat content is less than 3.5 percent, an amount computed as follows: Multiply the amount by which the average butterfat content of such milk varies from 3.5 percent by the butterfat differential pursuant to § 963.72 and multiply the result by the total hundredweight of such milk;

(c) Add an amount equal to the sum of the deduction to be made from producer payments for location differentials pursuant to § 963.73;

(d) Add an amount equal to one-half of the unobligated balance on hand in the producer-settlement fund from prior periods;

(e) Compute the total value of excess milk included in these computations by multiplying the hundredweight of such milk not in excess of the total quantity of Class II milk included in these computations by the price for Class II milk of 3.5 percent butterfat content, multiplying the hundredweight of such milk in excess of the total hundredweight of such Class II milk by the price for Class I milk of 3.5 percent butterfat content, and adding together the resulting amounts;

(f) Divide the total value of excess milk obtained in paragraph (e) of this section by the total hundredweight of such milk, and adjust to the nearest cent. The resulting figure shall be the uniform price for excess milk received from producers;

(g) Subtract the value of excess milk obtained in paragraph (e) of this section from the aggregate value of milk obtained in paragraph (d) of this section and adjust by any amount involved in adjusting the uniform price of excess milk to the nearest cent;

(h) Divide the amount obtained in paragraph (g) of this section by the

total hundredweight of base milk included in these computations; and

(i) Subtract not less than 5 cents nor more than 6 cents from the rate pursuant to paragraph (h) of this section. The resulting figure shall be the uniform price for base milk.

§ 963.72 [Amendment]

10. In § 963.72 (to be effective 2-1-61) delete "price" and substitute therefor "prices".

§ 963.73 [Amendment]

11. In § 963.73 (to be effective 2-1-61) delete the term "prices to be paid for producer milk" and substitute therefor the term "prices to be paid for base milk".

§ 963.74(b) [Amendment]

12. In § 963.74(b) (to be effective 2-1-61) delete "price" and substitute therefor "prices".

§ 963.80(a) (1) [Amendment]

13. In § 963.80(a) (1) (to be effective 2-1-61) delete "price" and substitute therefor "prices".

Issued at Washington, D.C., this 19th day of July 1960.

F. R. BURKE,

Acting Deputy Administrator.

[F.R. Doc. 60-6877; Filed, July 21, 1960; 8:50 a.m.]

[7 CFR Part 975]

MILK IN NORTHEASTERN OHIO MARKETING AREA

Notice of Proposed Termination of Certain Provisions of the Order

Notice is hereby given that, pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), the termination of certain provisions of the order regulating the handling of milk in the Northeastern Ohio marketing area is being considered.

The provisions proposed to be terminated are §§ 975.16, 975.17, 975.22(k), 975.60, 975.61, 975.72, 975.73; in §§ 975.22 (j) (2) the provision "and for April, May, and June the price for ineligible milk and the price for eligible milk, computed pursuant to §§ 975.72, and 975.73, respectively," in 975.30(a) (1) the provision "and for the months specified in § 975.60 the aggregate quantities of eligible milk", in 975.32(a) the provisions "for the months of July-through March," and "and for the months of April through June, the pounds of eligible milk, and the percentage of butterfat contained therein, received from each producer;" in 975.74(b) the provision "975.72, and 975.73", in 975.80(a) the provisions "(s)" and "or §§ 975.72 and 975.73" and in 975.81 the provision "with respect to eligible milk received from producers during the months specified in § 975.60 and" relating to establishment of producer quotas and payments to producers for eligible milk and ineligible milk in certain months.

The Milk Producers Federation of Cleveland, Wayne Cooperative Milk Pro-

ducers, Inc., Akron Milk Producers, Inc., Stark County Cooperative Sales Association, Northwestern Cooperative Sales Association, Constantine Cooperative Creamery Company, and Tri-County Producers Cooperative have requested that the eligible-ineligible plan of the order be terminated at the earliest possible date in order that producers may be aware that their milk deliveries during the months of October through December 1960 will not be used as a basis of computing payments during the months of April through June 1961. Termination of the plan will have no effect on costs of milk to handlers, but will affect distribution of returns among producers with different seasonal patterns of production. Timely action on the request can best be accomplished through termination of the provisions cited. Opportunity is hereby afforded all interested parties to submit written data, views and arguments with respect to the proposed termination.

All persons who desire to submit written data, views, or arguments in connection with the proposed termination should file the same with the Hearing Clerk, Room 112, Administration Building, United States Department of Agriculture, Washington 25, D.C., not later than 10 days from the date of publication of this notice in the FEDERAL REGISTER. All documents filed should be in quadruplicate.

Issued at Washington, D.C., this 19th day of July 1960.

CLARENCE L. MILLER,
Assistant Secretary.

[F.R. Doc. 60-6878; Filed, July 21, 1960;
8:50 a.m.]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

[21 CFR Parts 1, 130]

ENFORCEMENT REGULATIONS DRUGS AND DEVICES, NEW DRUGS

Notice of Proposal to Amend Labeling Requirements

The Commissioner of Food and Drugs, pursuant to the provisions of the Federal Food, Drug, and Cosmetic Act (sec. 701 (a), 52 Stat. 1055; 21 U.S.C. 371(a)) and under the authority delegated to him by the Secretary of Health, Education, and Welfare (22 F.R. 1045, 23 F.R. 9500, 25 F.R. 5611) proposes to amend the regulations for the enforcement of the drug and device sections and the new-drug section (21 CFR 1.106, 130.4, 130.5, 130.9, 130.13) as hereinafter set forth. The Commissioner hereby offers an opportunity to all interested persons to submit their views in writing with reference to this proposal to the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D.C., within 60 days from the date of publication of this notice in the FEDERAL REGISTER.

Views and comments should be submitted in quintuplicate.

1. It is proposed to amend § 1.106 in the following respects:

a. By changing paragraphs (b), (c), and (d) to read as follows:

§ 1.106 Drugs and devices; directions for use.

(b) *Exemption for prescription drugs.* A drug subject to the requirements of section 503(b)(1) of the act shall be exempt from section 502(f)(1) if all the following conditions are met:

(1) The drug is:

(i) (a) In the possession of a person (or his agents or employees) regularly and lawfully engaged in the manufacture, transportation, storage, or wholesale distribution of prescription drugs; or

(b) In the possession of a retail, hospital, or clinic pharmacy, or a public health agency, regularly and lawfully engaged in dispensing prescription drugs; or

(c) In the possession of a practitioner licensed by law to administer or prescribe such drugs; and

(ii) It is to be dispensed in accordance with section 503(b).

(2) The label of the drug bears:

(i) The statement "Caution: Federal law prohibits dispensing without prescription"; and

(ii) The recommended or usual dosage; and

(iii) The route of administration, if it is not for oral use; and

(iv) If it is fabricated from two or more ingredients and is not designated solely by a name recognized in an official compendium, the quantity or proportion of each active ingredient, as well as the information required by section 502 (d) and (e); and

(v) If it is intended for ophthalmic use or for administration by parenteral injection, the quantity or proportion of all inactive ingredients; and

(vi) An identifying lot or control number from which it is possible to determine the complete manufacturing history of the package of the drug;

Provided, however, That in the case of containers too small or otherwise unable to accommodate a label with sufficient space to bear all such information, but which are packaged within an outer container from which they are removed for dispensing or use, the information required by subdivisions (ii), (iii) and (v) of this subparagraph may be contained in other labeling on or within the package from which it is to be dispensed, and the information referred to in subdivision (i) of this subparagraph may be placed on such outer container only.

(3) Labeling on or within the package from which the drug is to be dispensed bears adequate information for its use, including indications, effects, dosages, routes, methods, and frequency and duration of administration, and any relevant hazards, contraindications, side effects, and precautions under which practitioners licensed by law to administer the drug can use the drug safely and for the purposes for which it is

intended, including all purposes for which it is advertised or represented; and, if the article is subject to section 505, 506, or 507 of the act, the labeling bearing such information is the labeling authorized by the effective new-drug application or required as a condition for the certification or the exemption from certification requirements applicable to preparations of insulin or antibiotic drugs: *Provided, however,* That in the case of drugs not subject to section 505, 506, or 507, such information may be omitted from the dispensing package if, but only if, the article is a drug for which directions, hazards, warnings, and use information are commonly known to the ordinary practitioner. Upon written request, stating reasonable grounds therefor, the Commissioner will offer an opinion on a proposal to omit such information from the dispensing package under this proviso.

(4) Any labeling, whether or not it is on or within a package from which the drug is to be dispensed, distributed by or on behalf of the manufacturer, packer, or distributor of the drug, that furnishes or purports to furnish information for use or which prescribes, recommends, or suggests a dosage for the use of the drug contains:

(i) Adequate information for its use, including indications, effects, dosages, routes, methods, and frequency and duration of administration and any relevant hazards, contraindications, side effects, and precautions, under which practitioners licensed by law to administer the drug can use the drug safely and for the purposes for which it is intended, including all conditions for which it is advertised or represented; and if the article is subject to section 505, 506, or 507 of the act, the labeling providing such information is the labeling authorized by the effective new-drug application or required as a condition for its certification or exemption from certification; and

(ii) The same information concerning the ingredients of the drug as appears on the label and labeling on or within the package from which the drug is to be dispensed.

(5) All labeling bearing information for use of the drug also bears the date of the issuance of such labeling.

(c) *Exemption for veterinary drugs.* A drug intended solely for veterinary use which, because of toxicity or other potentiality for harmful effect, or the method of its use, is not safe for animal use except under the supervision of a licensed veterinarian, and hence for which "adequate directions for use" cannot be prepared, shall be exempt from section 502(f)(1) of the act if all the following conditions are met:

(1) The drug is:

(i) In the possession of a person (or his agents or employees) regularly and lawfully engaged in the manufacture, transportation, storage, or wholesale or retail distribution of veterinary drugs and is to be sold only to or on the prescription or other order of a licensed veterinarian for use in the course of his professional practice; or

(ii) In the possession of a licensed veterinarian for use in the course of his professional practice.

(2) The label of the drug bears:

(i) The statement "Caution: Federal law restricts this drug to sale by or on the order of a licensed veterinarian"; and

(ii) The recommended or usual dosage; and

(iii) The route of administration, if it is not for oral use; and

(iv) If it is fabricated from two or more ingredients and is not designated solely by a name recognized in an official compendium, the quantity or proportion of each active ingredient as well as the information required by section 502(e) of the act; and

(v) If it is intended for ophthalmic use or for administration by parenteral injection, the quantity or proportion of all inactive ingredients; and

(vi) An identifying lot or control number from which it is possible to determine the complete manufacturing history of the package of the drug:

Provided, however, That in the case of containers too small or otherwise unable to accommodate a label with sufficient space to bear all such information, but which are packaged within an outer container from which they are removed for dispensing or use, the information required by subdivisions (ii), (iii), and (v) of this subparagraph may be contained in other labeling on or within the package from which it is to be dispensed, and the information referred to in subdivision (i) of this subparagraph may be placed on such outer container only.

(3) Labeling on or within the package from which the drug is to be dispensed bears adequate information for its use, including indications, effects, dosages, routes, methods, and frequency and duration of administration, and any relevant hazards, contraindications, side effects, and precautions under which veterinarians licensed by law to administer the drug can use the drug safely and for the purposes for which it is intended, including all purposes for which it is advertised or represented; and if the article is subject to section 505, or 507 of the act, the labeling bearing such information is the labeling authorized by the effective new-drug application, or required as a condition for the certification or the exemption from certification requirements applicable to preparations of antibiotic drugs: *Provided, however,* That in the case of drugs not subject to sections 505 or 507, such information may be omitted from the dispensing package if, but only if, the article is a drug for which directions, hazards, warnings, and other information are commonly known to the ordinary veterinarian. Upon written request, stating reasonable grounds therefor, the Commissioner will offer an opinion on a proposal to omit such information from the dispensing package under this proviso.

(4) Any labeling, whether or not it is on or within a package from which the drug is to be dispensed, distributed by or on behalf of the manufacturer, packer, or distributor of the drug, that furnishes

or purports to furnish information for use or which prescribes, recommends, or suggests a dosage for the use of the drug contains:

(i) Adequate information for its use, including indications, effects, dosages, routes, methods, and frequency and duration of administration, and any relevant hazards, contraindications, side effects, and precautions, under which veterinarians licensed by law to administer the drug can use the drug safely and for the purposes for which it is intended, including all conditions for which it is advertised or represented; and if the article is subject to section 505 or 507 of the act, the labeling providing such information is the labeling authorized by the effective new-drug application or required as a condition for its certification or exemption from certification; and

(ii) The same information concerning the ingredients of the drug as appears on the label and labeling on or within the package from which the drug is to be dispensed.

(5) All labeling bearing information for use of the drug also bears the date of the issuance of such labeling.

(d) *Exemption for prescription devices.* A device, which, because of any potentiality for harmful effect, or the method of its uses, or the collateral measures necessary to its use, is not safe except under the supervision of a practitioner licensed by law to direct the use of such device, and hence for which "adequate directions for use" cannot be prepared, shall be exempt from section 502(f) (1) of the act if all the following conditions are met:

(1) The device is:

(i) (a) In the possession of a person (or his agents or employees) regularly and lawfully engaged in the manufacture, transportation, storage, or wholesale or retail distribution of such device; or

(b) In the possession of a practitioner, such as physicians, dentists, and veterinarians, licensed by law to use or order the use of such device; and

(ii) Is to be sold only to or on the prescription or other order of such practitioner for use in the course of his professional practice.

(2) The label of the device (other than surgical instruments) bears:

(i) The statement "Caution: Federal law restricts this device to sale by or on the order of a _____," the blank to be filled with the word "physician," "dentist," "veterinarian," or with the descriptive designation of any other practitioner licensed by the laws of the State in which he practices, to use or order the use of the device; and

(ii) The method of its application or use.

(3) Labeling on or within the package from which the device is to be dispensed bears information for use, including indications, effects, routes, methods, and frequency and duration of administration, and any relevant hazards, contraindications, side effects, and precautions under which practitioners licensed by law to administer the device can use the device safely and for the purpose for

which it is intended, including all purposes for which it is advertised or represented: *Provided, however,* That such information may be omitted from the dispensing package if, but only if, the article is a device for which directions, hazards, warnings, and other information are commonly known to the ordinary practitioner. Upon written request, stating reasonable grounds therefor, the Commissioner will offer an opinion on a proposal to omit such information from the dispensing package under this proviso.

(4) Any labeling, whether or not it is on or within a package from which the device is to be dispensed, distributed by or on behalf of the manufacturer, packer, or distributor of the device, that furnishes or purports to furnish information for use of the device contains adequate information for its use, including indications, effects, routes, methods, and frequency and duration of administration and any relevant hazards, contraindications, side effects, and precautions, under which practitioners licensed by law to employ the device can use the device safely and for the purposes for which it is intended, including all purposes for which it is advertised or represented.

(5) All labeling bearing information for use of the device also bears the date of the issuance of such labeling.

b. By revoking § 1.106(e).

2. It is proposed to amend § 130.4 *Applications* by changing items (6) (c), (d), and (e) and (9) in the new-drug application form set out in paragraph (c) to read as set forth below and by adding to § 130.4 a new paragraph (e), reading as indicated:

§ 130.4 Applications.

(c) * * *

(6) * * *

(c) If the drug is limited in its labeling to use under the professional supervision of a practitioner licensed by law to administer it, labeling on or within the package from which the drug is to be dispensed should bear information for use under which such practitioners can use the drug for the purposes for which it is intended, including all the purposes for which it is to be advertised or represented.

(d) Typewritten or other draft labeling copy may be accepted for conditional consideration of an application with the understanding that final printed labeling identical in content to the draft copy will be submitted as soon as available and prior to the marketing of the drug.

(9) It is agreed that the labeling and advertising for the drug will prescribe, recommend, or suggest its use only under the conditions stated in the labeling which is part of this application; and if the article is a prescription drug, it is agreed that any labeling which furnishes or purports to furnish information for use or which prescribes, recommends, or suggests a dosage for use of the drug will also contain adequate information for its use, including indications, effects, dosages, routes, methods, and frequency and duration of administration, any relevant hazards, contraindications, side effects, and precautions, which is contained in the labeling on or within the package from which the drug is to be dispensed.

It is understood that all representations in this application regarding the components,

composition, manufacturing methods, facilities, controls, and labeling apply to the drug produced until an effective supplement to the application provides for a change or the applicant is notified in writing by the Food and Drug Administration that a supplemental application is not required for the change, or the article is no longer a new drug. It is further understood that a new drug for which an application is conditionally effective may not be marketed until the stated conditions have been met, including when such is a condition, notification of the New Drug Branch when the first production batch of the drug will be prepared, so that an inspection may be conducted to verify the adequacy of the manufacturing methods, facilities, and controls.

(e) When in the judgment of the New Drug Branch, the description of the methods used in and the facilities and controls used for the manufacture, processing, and packaging of such drug appears adequate on its face, but it is not feasible to reach a conclusion as to the safety of the drug solely from consideration of this description, the New Drug Branch will notify the applicant that an inspection is required and the application will be made conditionally effective until such time that it is notified that the applicant is prepared to produce the first production batch, and the Administration is given an adequate opportunity to inspect the manufacturing methods, facilities, and controls to verify their adequacy. When an application is made conditionally effective under the conditions prescribed in this paragraph, the production and marketing of the drug without notification of the New Drug Branch or without offering an opportunity for an inspection to verify the adequacy of the manufacturing methods, facilities, and controls shall be regarded as the production and marketing of a drug for which no new-drug application is effective.

3. It is proposed to amend the first sentence of § 130.5(a)(3) to read as follows:

§ 130.5 Reasons for refusing to file applications.

(a) * * *

(3) The specimens of labeling proposed for use upon or within the retail package do not expressly prescribe, recommend, or suggest the use of such drug under such conditions. * * *

4. It is proposed to amend § 130.9 to read as follows:

§ 130.9 Supplemental applications.

(a) After an application is effective, a supplemental application may propose changes. The supplemental application may omit statements made in the effective application concerning which no change is proposed. A supplemental application should be submitted for any change beyond the variations provided for in the application, that may alter the conditions of use, the labeling, the safety, identity, strength, quality, or purity of the drug or the adequacy of manufacturing methods, facilities, or controls to preserve them. Labeling changes include deviations from the authorized

brochure in any mailing or promotional piece used after the drug is placed on the market. When necessary for the safety of the drug, a supplemental application may be required to specify a period of time within which the proposed change will be made; and in such case the distribution of the drug after such time without such change constitutes distribution without an effective new-drug application. If a material change is made in labeling or advertising from the representations in an effective application for a new drug before a supplement is effective for such change, the application may be suspended under § 130.27, because the authorized labeling does not truly represent the intended uses of the drug.

(b) The submission of a supplemental new-drug application is not required for changes made in the new drug, or in its labeling, or in the manufacturing facilities or controls under which it is produced, that are not significant from the standpoint of the safety of the new drug as established by the original new-drug application. The holder of an effective new-drug application should submit to the New Drug Branch, in writing, full details of any proposed change or changes, and he will be notified in writing whether, in the Food and Drug Administration's opinion, the submission of a supplemental application is required for such change or changes. This includes all mailing and promotional pieces that are to be used after the new drug has been placed on the market.

(c) A supplemental application is not required when the article is no longer a new drug, under the labeling submitted in the new-drug application, unless the proposed change itself causes it to become a new drug.

5. It is proposed to amend § 130.13 to read as follows:

§ 130.13 Insufficient information in application.

The information contained in an application may be insufficient for the New Drug Branch to determine whether a drug is safe for use if it fails to include (among other things) a statement showing whether the drug is to be limited to prescription sale and exempt under section 502(f)(1) of the act, from the requirement that its labeling bear adequate directions for use. If the drug is to be exempt, the information may also be insufficient if:

(a) The specimen labeling proposed for use on or within the package from which the drug is to be dispensed fails to bear adequate information for use, including indications, effects, dosages, routes, methods, and frequency and duration of administration, and any relevant hazards, contraindications, side effects, and precautions under which practitioners licensed by law to administer the drug can use the drug for the purposes for which it is intended, including all purposes for which it is to be advertised or represented.

(b) The application fails to show that the labeling and advertising of the drug will offer the drug for use only under those conditions for which it is offered

in the labeling on or within the package from which the drug is to be dispensed.

(c) The application fails to show that all labeling which furnishes or purports to furnish information for use of the drug will contain adequate information for use, including indications, effects, dosages, routes, methods, and frequency and duration of administration, and any relevant hazards, contraindications, side effects, and precautions which is contained in the labeling on or within the package from which the drug is to be dispensed.

Dated: July 18, 1960.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 60-6857; Filed, July 21, 1960;
8:48 a.m.]

[21 CFR Part 120]

SULFUR DIOXIDE AND SODIUM METABISULFITE USED IN FUMIGATION OF STORED GRAINS

Notice of Proposal To Exempt From Requirement of Tolerances

Data in possession of the Food and Drug Administration indicate that the pesticide chemical sulfur dioxide has been used in the fumigation of stored grains to combat insect infestation, to combat deterioration caused by fungi, and to serve as a warning indicator of less odoriferous fumigants used with it. The sulfur dioxide may be used directly as a gas in combination with other fumigants or it may be released from sodium metabisulfite. When sulfur dioxide is used in the fumigation of grains, it has no adverse effect on thiamine of cereal grains and it does not constitute a hazard to the public health.

Accordingly, the Commissioner of Food and Drugs, on his own initiative and under the authority of the Federal Food, Drug, and Cosmetic Act (sec. 408 (e), 68 Stat. 514; 21 U.S.C. 346a(e)), vested in the Secretary of Health, Education, and Welfare and delegated to the Commissioner (25 F.R. 5611), proposes that the regulations for tolerances for pesticide chemicals in or on raw agricultural commodities (21 CFR Part 120) be amended by adding the following new section:

§ 120.180 Exemption from the requirement of a tolerance for residues of sulfur dioxide from direct application or from sodium metabisulfite.

Sulfur dioxide from direct application or from sodium metabisulfite is exempted from the requirement of a tolerance for residues, when used in the fumigation of barley, buckwheat, corn, oats, popcorn, rice, rye, sorghum (milo), wheat.

A person who has registered or who has submitted an application for the registration of an economic poison under the Federal Insecticide, Fungicide, and Rodenticide Act containing sulfur dioxide or sodium metabisulfite may request, within 30 days from the date of publication of this proposal in the FEDERAL REGISTER, that the proposal be referred to an advisory committee in accordance with,

PROPOSED RULE MAKING

section 408(e) of the Federal Food, Drug, and Cosmetic Act.

Any interested person is invited at any time prior to the thirtieth day from the date of publication of this notice in the FEDERAL REGISTER to file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D.C., written comments on the proposal. Comments may be accompanied by a memorandum or brief in support thereof. All documents shall be filed in quintuplicate.

Dated: July 18, 1960.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 60-6856; Filed, July 21, 1960;
8:48 a.m.]

FEDERAL AVIATION AGENCY

[14 CFR Part 507]

[Reg. Docket No. 450]

AIRWORTHINESS DIRECTIVES

Boeing 707-100 Series Aircraft

Pursuant to the authority delegated to me by the Administrator, (§ 405.27, 24 F.R. 2196), notice is hereby given that the Federal Aviation Agency has under consideration to a proposal to amend Part 507 of the regulations of the Administrator to include an airworthiness directive requiring modifications to Boeing 707-100 Series aircraft engine start levers. This proposal requires an additional start lever detent modification to prevent the lever slipping to the "off" position thereby cutting off the fuel supply, and provides a more adequate engine ignition circuitry modification.

Interested persons may participate in the making of the proposed rule by submitting such written data, views or arguments as they may desire. Communications should be submitted in duplicate to the Docket Section of the Federal Aviation Agency, Room B-316, 1711 New York Avenue NW., Washington 25, D.C. All communications received on or before August 23, 1960, will be considered by the Administrator before taking action on the proposed rule. The proposals contained in this notice may be changed in light of comments received. All comments submitted will be available, in the Docket Section, for examination by interested persons when the prescribed date for return of comments has expired. This proposal will not be given further distribution as a draft release.

This amendment is proposed under the authority of sections 313(a), 601 and 603 of the Federal Aviation Act of 1958 (72 Stat. 752, 775, 776; 49 U.S.C. 1354(a), 1421, 1423).

In consideration of the foregoing, it is proposed to amend § 507.10(a), (14 CFR Part 507), by adding the following airworthiness directive:

BOEING. Applies to the following 707-100 Series aircraft:

Serial Numbers 17586 through 17591, 17628 through 17651, 17658 through 17672, 17696 through 17702, and 17925 through 17927.

Compliance required by 90 days after publication in the FEDERAL REGISTER as an adopted rule.

Incidents have occurred of the engine start lever slipping to the "OFF" position causing engine flame-out. One such incident occurred during take-off. These incidents were caused by insecure placement of the start lever in the "idle" position. In addition, inspections have disclosed the presence of incorrect parts and improper installations on some airplanes.

Also, in the present starting ignition system, on some airplanes, the igniter plug fires during initial engine rotation. This has caused combustion chamber explosions when fuel vapors were present.

To correct the above unsatisfactory conditions, the following modifications and inspections are required:

I. Modify and inspect the start lever system as follows:

a. Machine an additional slot at the start position of the start lever latch in each of the start lever guides as shown in Fig. 1 of Boeing Service Bulletin 369 dated April 15, 1959.

b. Ascertain that the control stand start lever spacers, P/N 66-19067-1 and -2, and lever guide fillers P/N 66-9256-3, are correctly installed as follows:

(1) The two outboard spacers must be P/N 66-19067-1 and -2 and installed in accordance with Boeing Drawing 65-1795. (Boeing 707 Parts Catalog Fig. 25-2-11 is in error in calling for P/N 66-9256-1 and -2 for Items 28 and 33. Correct P/N's are 19067-1 and -2 as indicated above.)

(2) The middle lever guide filler, P/N 66-9256-3, must be installed with the wide section at the top and not at the bottom. (Item 17 in Fig. 75-2-11 of Boeing 707 Parts Catalog is incorrect in that it shows the wide section at the bottom.)

c. Ascertain that the start lever detents have a minimum distance of .53 inches between the stop strap and the idle detents in accordance with Bulletin 369.

d. After reinstallation of the start levers, ascertain that the start lever system is properly rigged as covered in Chapter 76 of Boeing 707-100 Series Maintenance Manual. This applies only to airplanes which require removal of the start lever detents for machining the slot.

II. Modify the starting ignition system as follows:

a. Remove the jumper wire between the "COMMON" terminal and "NO" terminal of each engine start lever switch (S192, S193, S194, S195).

b. Install a wire from the "ON" contact flight start and control switches (S188, S189, S190 and S191) on the pilot's overhead panel to the corresponding engine ignition circuit breaker bus on the P6 circuit breaker panel. Remove the No. 18 jumper wire between the flight start and ground start terminals of the engine start and control switch. Boeing Service Bulletin No. 195 (R-1) dated July 8, 1959, and Supplement No. 195 (R-1) A dated August 4, 1959, covers these changes.

Issued in Washington, D.C., on July 15, 1960.

B. PUTNAM,
Acting Director, Bureau of
Flight Standards.

[F.R. Doc. 60-6822; Filed, July 21, 1960;
8:45 a.m.]

[14 CFR Part 608]

[Airspace Docket No. 60-NY-29]

RESTRICTED AREAS

Modification of Restricted Area/Military Climb Corridor

Pursuant to the authority delegated to me by the Administrator (§ 409.13, 24 F.R. 3499), notice is hereby given that the Federal Aviation Agency is considering an amendment to § 608.40 of the regulations of the Administrator, the substance of which is stated below.

The Federal Aviation Agency has under consideration a proposal by the Department of the Air Force for modification of the Rome, N.Y., Restricted Area/Military Climb Corridor (R-544). The present climb corridor extends from a point 5 statute miles from the airbase on the 138° and 318° True radials of the Griffiss TVOR, to a point 32 statute miles northwest. The lower altitude limits extend in graduated steps from 2,500 feet MSL to 19,500 feet MSL. It is proposed to modify the lateral dimensions of the climb corridor by designating it on the 138° and 318° True radials of the Griffiss TVOR and the 318° True radial of the Griffiss TACAN, extending from 5 statute miles northwest of the airbase to 32 statute miles northwest of the airbase having a width at the beginning extending from 1 statute mile southwest of the TVOR 138° True radial to 1 statute mile northeast of the TACAN 318° True radial, expanding uniformly to a width extending from 2.3 statute miles southwest of the TVOR 318° True radial to 2.3 statute miles northeast of the TACAN 318° True radial at the outer extremity. This modification would provide protection for TACAN or VOR equipped air defense aircraft while operating within the Restricted Area/Military Climb Corridor.

If this action is taken, the Rome, N.Y., (Griffiss AFB), Restricted Area/Military Climb Corridor (R-544) (Albany Chart) would be designated as follows:

Description. That area based on the 138° and the 318° True radials of the Griffiss TVOR and the 318° True radial of the Griffiss TACAN, extending from 5 statute miles northwest of the airbase to 32 statute miles northwest of the airbase, having a width from 1 statute mile southwest of the 138° True radial of the TVOR to 1 statute mile northeast of the 318° True radial of the TACAN at the point of beginning, expanding uniformly to a width of 2.3 statute miles southwest of the 318° True radial of the TVOR to 2.3 statute miles northeast of the 318° True radial of the TACAN at the outer extremity.

Designated altitudes.

2,500' MSL to 15,500' MSL from 5 statute miles northwest of the airbase to 6 statute miles northwest of the airbase.
2,500' MSL to 24,500' MSL from 6 to 7 statute miles northwest of the airbase.
2,500' MSL to 27,000' MSL from 7 to 10 statute miles northwest of the airbase.
6,500' MSL to 27,000' MSL from 10 to 15 statute miles northwest of the airbase.
10,500' MSL to 27,000' MSL from 15 to 20 statute miles northwest of the airbase.

15,500' MSL to 27,000' MSL from 20 to 25 statute miles northwest of the airbase.

19,500' MSL to 27,000' MSL from 25 to 32 statute miles northwest of the airbase.

Time of designation. Continuous.

Controlling agency. Griffiss Approach Control.

Interested persons may submit such written data, views or arguments as they may desire. Communications should be submitted in triplicate to the Chief, Air Traffic Management Division, Federal Aviation Agency, Federal Building, New York International Airport, Jamaica 30, N.Y. All communications received within forty-five days after publication of this notice in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No public hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Agency officials may be made by contacting the Regional Air Traffic Management Division Chief, or the Chief, Airspace Utilization Division, Federal Aviation Agency, Washington 25, D.C. Any data, views or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official Docket will be available for examination by interested persons at the Docket Section, Federal Aviation Agency, Room B-316, 1711 New York Avenue NW., Washington 25, D.C. An informal Docket will also be available

for examination at the office of the Regional Air Traffic Management Division Chief.

This amendment is proposed under sections 307(a) and 313(a) of the Federal Aviation Act of 1958 (72 Stat. 749, 752; 49 U.S.C. 1348, 1354).

Issued in Washington, D.C., on July 18, 1960.

CHARLES W. CARMODY,
Chief, Airspace Utilization Division.

[F.R. Doc. 60-6823; Filed, July 21, 1960;
8:45 a.m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket No. 13506]

[47 CFR Part 3]

FM BROADCAST STATIONS; PER- MISSION TO TRANSMIT STEREO- PHONIC PROGRAMS ON A MUL- TIPLEX BASIS

Order Extending Time for Filing Comments

On May 9, 1960, the Commission issued a Notice of Proposed Rule Making in the above-entitled matter (FCC 60-498) inviting comments and technical data on several systems of stereophonic program transmissions by FM broadcast stations. The time for filing comments was specified as July 29, 1960, and the time for filing replies was specified as August 8,

1960. On July 12, 1960, the Electronics Industries Association, in behalf of the National Stereophonic Radio Committee (NSRC) filed a Request for Extension of Time in this proceeding from July 29, 1960, until October 29, 1960.

NSRC states that it has undertaken to test the FM stereophonic radio systems and that the actual testing is scheduled to commence July 11, 1960, and will require several weeks to complete. These tests will deal with transmitter requirements, selection of receiving sites, measurements to be made, and standards for receiving equipment. It urges that it is not possible to complete the tests, the necessary analysis of the data and report to the Commission by the present deadline and that a 90-day extension is needed to do so.

We are of the view that the petitioner has made an adequate showing of need for the extension and that it would serve the public interest.

Accordingly, it is ordered, That the above request made by the Electronics Industries Association is granted, and the last dates for filing comments and reply comments in this proceeding are extended to October 28, 1960, and November 8, 1960, respectively.

Released: July 18, 1960.

FEDERAL COMMUNICATIONS

COMMISSION,

[SEAL]

BEN F. WAPLE,

Acting Secretary.

[F.R. Doc. 60-6876; Filed, July 21, 1960;
8:50 a.m.]

Notices

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

ARKANSAS

Notice of Proposed Withdrawal and Reservation of Land

JULY 18, 1960.

The United States Department of Agriculture, Washington 25, D.C., has filed an application for the withdrawal of the lands in the Ouachita National Forest, hereafter described, from the United States Mining and Mineral Leasing Laws, subject to valid existing rights.

The applicant desires the land for use as a recreation area.

For a period of 30 days from the date of publication of this notice, persons having cause may present their objections in writing to the undersigned official of the Bureau of Land Management, Department of the Interior, Washington 25, D.C.

If circumstances warrant it, a hearing will be held at a convenient time and place, which will be announced.

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.

The lands involved are:

5TH PRINCIPAL MERIDIAN, ARKANSAS

(Knoppers Ford Site)

T. 4 N., R. 27 W.,
Sec. 9, NE $\frac{1}{4}$ NE $\frac{1}{4}$;
Sec. 10, W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$.

The area contains 60 acres.

H. K. SCHOLL,
Manager.

[F.R. Doc. 60-6834; Filed, July 21, 1960;
8:46 a.m.]

DEPARTMENT OF COMMERCE

Federal Maritime Board

PACIFIC COAST/CARIBBEAN SEA PORTS CONFERENCE ET AL.

Notice of Agreements Filed for Approval

Notice is hereby given that the agreements, listed below, filed with the Board for approval pursuant to section 15 of the Shipping Act, 1916 (39 Stat. 733, 46 U.S.C. 814), modifies the voting provisions of the following basic conference agreements, respectively:

(1) Agreement No. 4294-17, between the member lines of the Pacific Coast/Caribbean Sea Ports Conference, modifies the basic agreement of that conference (No. 4294, as amended), in the trade from Pacific Coast ports of the United States and Canada to ports in Barbados, British Guiana, British Honduras, East

Coast of Colombia, East Coast of Costa Rica, Cuba, Dominican Republic, French Guiana, French West Indies, East Coast of Guatemala, Haiti, East Coast of Honduras, Jamaica, Leeward and Windward Islands, Netherlands West Indies, East Coast of Nicaragua, East Coast of the Republic of Panama (except Colon), Surinam, Trinidad, and Venezuela.

(2) Agreement No. 4630-14, between the member lines of the Pacific/West Coast of South America Conference, modifies the basic agreement of that conference (No. 4630, as amended), in the trade from Pacific Coast ports of the United States and Canada to Pacific Coast ports in Colombia, Ecuador, Peru and Chile.

(3) Agreement No. 6070-10, between the member lines of the Canal, Central America Northbound Conference, modifies the basic agreement of that conference (No. 6070, as amended), in the trade from Colon, Panama City, Panama Canal Zone, and West Coast Central American ports, to Pacific Coast ports of the United States and Canada.

(4) Agreement No. 6170-9, between the member lines of the Capca Freight Conference, modifies the basic agreement of that conference (No. 6170, as amended), in the trade from Pacific Coast ports of the United States and Canada to Pacific Coast ports of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and to Puerto Armuelles (Panama), by direct vessel or by transshipment.

(5) Agreement No. 6270-6, between the member lines of the West Coast South America/North Pacific Coast Conference, modifies the basic agreement of that conference (No. 6270, as amended), in the trade from Pacific Coast ports of Chile and Peru to Pacific Coast ports of the United States and Canada by direct vessel or by transshipment at Los Angeles or San Francisco.

(6) Agreement No. 6400-10, between the member lines of the Pacific Coast River Plate Brazil Conference, modifies the basic agreement of that conference (No. 6400, as amended), in the trade from ports on the Pacific Coast of North America to ports in Argentine, Uruguay and Brazil (southbound service), and from ports in Argentine, Uruguay and Brazil to ports in California, Oregon, Washington and British Columbia (northbound service).

(7) Agreement No. 6670-6, between the member lines of Camexco Freight Conference, modifies the basic agreement of that conference (No. 6670, as amended), in the trade from West Coast ports of Central America and Mexico to Pacific Coast ports of the United States and Canada.

(8) Agreement No. 7170-8, between the member lines of Pacific Coast/Panama Canal Freight Conference, modifies the basic agreement of that conference (No. 7170, as amended), in the trade from Pacific Coast ports of the United States

and Canada to Colon, Panama City, Balboa and Cristobal.

(9) Agreement No. 7270-7, between the member lines of Colpac Freight Conference, modifies the basic agreement of that conference (No. 7270, as amended), in the trade from Atlantic ports of Colombia to Pacific Coast ports of the United States and Canada, either by direct service or by transshipment at Panama Canal ports.

(10) Agreement No. 7570-7, between the member lines of Pacific Coast/Mexico Freight Conference, modifies the basic agreement of that conference (No. 7570, as amended), in the trade between Pacific Coast ports of the United States and Canada and ports on the Pacific Coast of Mexico, either directly or by transshipment.

(11) Agreement No. 8390-1, between the member lines of Caribbean/Pacific Northbound Freight Conference, modifies the basic agreement of that conference (No. 8390), in the trade from the Caribbean ports of Cuba, Jamaica, Haiti, Dominican Republic, Trinidad, Windward and Leeward Islands, Barbados, French and British Guianas, Surinam, French West Indies, Venezuela and Netherlands Antilles to Pacific Coast ports of the United States and Canada.

Interested parties may inspect these agreements and obtain copies thereof at the Office of Regulations, Federal Maritime Board, Washington, D.C., and may submit, within 20 days after publication of this notice in the FEDERAL REGISTER, written statements with reference to any of these agreements and their position as to approval, disapproval, or modification, together with request for hearing should such hearing be desired.

Dated: July 19, 1960.

By order of the Federal Maritime Board.

JAMES L. PIMPER,
Secretary.

[F.R. Doc. 60-6863; Filed, July 21, 1960;
8:49 a.m.]

SEA-LAND OF PUERTO RICO ET AL.

Notice of Agreements Filed for Approval

Notice is hereby given that the following described agreements have been filed with the Board for approval pursuant to section 15 of the Shipping Act, 1916 (39 Stat. 733, U.S.C. 814):

(1) Agreement No. 8507, between Sealand of Puerto Rico, Division of Sealand Services, Inc., and Cia Sud Americana de Vapores, covers a through billing arrangement in the trade from Chile to Puerto Rico with transshipment at New York.

(2) Agreement No. 8508, between Sealand of Puerto Rico, Division of Sealand Services, Inc., and Grace Line Inc., covers a through billing arrangement in the

trade from Chile, Ecuador, Peru and Colombia Pacific Coast ports to Puerto Rico, with transshipment at New York.

Interested parties may inspect these agreements and obtain copies thereof at the Office of Regulations, Federal Maritime Board, Washington, D.C., and may submit, within 20 days after publication of this notice in the FEDERAL REGISTER, written statements with reference to either of these agreements and their position as to approval, disapproval, or modification, together with request for hearing should such hearing be desired.

Dated: July 19, 1960.

By order of the Federal Maritime Board.

JAMES L. PIMPER,
Secretary.

[F.R. Doc. 60-6862; Filed, July 21, 1960;
8:49 a.m.]

Office of the Secretary

[Dept. Order 87 (Revised)]

COAST AND GEODETIC SURVEY

Organization and Functions

The material appearing in 21 F.R. 4028-4030 of June 12, 1956 is revised as follows:

SECTION 1. Purpose. The purpose of this order is to describe the organization and define the functions of the Coast and Geodetic Survey.

SEC. 2. Organization. .01 The Coast and Geodetic Survey, originally established by Act of Congress of February 10, 1807 (2 Stat. 413) and redefined by the Act of June 20, 1878 (20 Stat. 206, 215) and whose functions and authorities are now described in Title 33, Chapter 17, U.S. Code, as amended, is a primary organization unit within and under the jurisdiction of the Department of Commerce and is headed by a Director who shall report and be immediately responsible to the Under Secretary of Commerce for Transportation. The Director and Deputy Director are appointed by the President, by and with the consent of the Senate.

.02 The Coast and Geodetic Survey shall be constituted as follows:

1. Office of the Director, including:
 - (1) Deputy Director.
 - (2) Program Planning Coordination Staff.
 - (3) International Technical Cooperation Staff.
2. Offices and divisions as follows:
 - (1) Office of Oceanography:
 - (a) Facilities Division.
 - (b) Operations Division.
 - (c) Marine Data Division.
 - (2) Office of Physical Sciences:
 - (a) Geodesy Division.
 - (b) Geophysics Division.
 - (c) Photogrammetry Division.
 - (3) Office of Cartography:
 - (a) Nautical Chart Division.
 - (b) Aeronautical Chart Division.
 - (c) Reproduction Division.
 - (d) Distribution Division.
 - (4) Office of Research and Development.
 - (5) Office of Administration:

- (a) Budget and Fiscal Division.
 - (b) Personnel and Safety Division.
 - (c) Organization and Management Division.
 - (d) Instrument Division.
 - (e) Administrative Services Division.
 - (f) Technical Services Division.
3. A field organization composed of:
- (1) District Offices.
 - (2) Magnetic and seismological observatories and laboratories, and latitude observatories.
 - (3) Field parties engaged in the following surveys and investigations:
 - (a) Geodetic.
 - (b) Gravity.
 - (c) Magnetic.
 - (d) Oceanographic.
 - (e) Photogrammetric.
 - (f) Seismological.
 - (g) Coast Pilot.

SEC. 3. Delegation of authority. .01 Pursuant to the authority vested in the Secretary of Commerce by Reorganization Plan No. 5 of 1950, and subject to such policies and directives as the Secretary of Commerce may prescribe, the Director, Coast and Geodetic Survey, is hereby delegated the authorities and powers assigned to the Secretary by Title 33, Chapter 17, U.S. Code, or by any other existing or subsequent legislation with respect to surveying, cartography, oceanography, and terrestrial and space investigations, including research and development activities, within the special competence of the Coast and Geodetic Survey.

.02 The Director may redelegate and authorize the successive redelegation of the authority granted herein to any employee of the Coast and Geodetic Survey and may prescribe such limitations, restrictions and conditions in the exercise of such authority as he deems appropriate.

SEC. 4. General functions. The general functions of the Coast and Geodetic Survey are to provide:

1. Charts and related information for the safe navigation of marine and air commerce.
2. Basic geodetic control data for surveying, engineering, cartographic, scientific, and defense purposes.
3. Geophysical, astrophysical, and oceanographic data for charting, engineering, scientific, and defense purposes.

SEC. 5. Functions of the Office of the Director. .01 The Director determines policies, approves programs of the bureau, and is responsible for the general planning, direction, coordination, and results of Coast and Geodetic Survey operations.

.02 The Deputy Director serves as principal advisor and assistant to the Director in the general operation of the bureau, and assumes direction of the bureau in the Director's absence and exercises direct supervision over the district offices, the officer personnel activities, and the training of foreign students.

.03 The Program Planning Coordination Staff provides advice and assistance to the Director and the Assistant (Deputy) Director and develops, recommends, and coordinates long-range plans and policies for the efficient execution of

technical projects and programs, through the fullest utilization of bureau resources.

.04 The International Technical Cooperation Staff administers the training of foreign nationals under the international technical cooperation programs in those activities conducted by the bureau; cooperates with ICA, Department of State, and UNESCO; and represents the Department at national and international conferences pertaining to the cartographic training program.

SEC. 6. Functions of the Office of Oceanography. .01 The Office of Oceanography is responsible for conducting a broad and comprehensive program of collecting and analyzing oceanographic data to obtain a better understanding of the static and dynamic properties of the ocean and to disseminate such knowledge for application in charting, scientific and defense endeavors; plans, coordinates, and directs oceanographic surveys and related combined operations; administers and supervises the analysis and processing of the resulting data; compiles and publishes tide and tidal current tables, tidal current charts, Coast Pilots, sea water temperature and density summaries, and other related reports, for charting, navigation, engineering, and scientific purposes; operates, jointly with the Office of Physical Sciences, the seismic sea wave warning system; in collaboration with the Weather Bureau, studies and investigates the inter-relationship of oceanic environment and meteorological phenomena; plans and provides the operating facilities, including ships and smaller vessels, ships' bases, and tide stations, required for the collection of oceanographic data; and maintains liaison with Government agencies and civil interests concerning oceanography and related matters. Through its divisions, the office conducts research in accordance with the plans and assignments of the bureau's over-all research and development programs.

.02 The functions of the divisions constituting the Office of Oceanography are as follows:

1. **Facilities Division.** Plans and provides the operating facilities, including ships and smaller vessels, ships' bases, and tide stations, required for the collection of oceanographic data; plans, designs, supervises, and inspects the construction and major repair of the operating facilities; establishes and provides standards, supervision, and inspection for their safe and efficient maintenance and operation; supervises and inspects the construction of new ships and facilities to insure conformance with plans and specifications; and maintains the construction, operating, maintenance, and historical records of these facilities.

2. **Operations Division.** Plans, writes instructions for, and supervises the execution of oceanographic surveys and related control surveys, involving the operation of ships and shore-based parties (These surveys include the observation, study, and recording of the bathymetry and the physical and chemical properties of ocean water; the determination of the topography and geology of the ocean bottom; the observation and

recording of tidal and tidal current phenomena; the measurement of water temperatures and densities; the recording of gravimetric and magnetic phenomena at sea; the collection of meteorological data; the study of marine sedimentation; the collection of marine life specimens; and the collection of other data for charting, navigation, scientific, and defense purposes; and maintains a system of control tide stations, and collaborates with the Geophysics Division in the operation of the seismic sea wave warning system.

3. *Marine Data Division.* Administers and supervises the analysis and processing of oceanographic data, and the preparation of oceanographic and marine navigation publications (This includes the investigation of oceanographic and related phenomena through the study of recorded observations; the processing of survey data for nautical charts and other purposes; and the compilation and publication of tide and current tables, tidal current charts, Coast Pilots, sea water temperature and density summaries, and other reports as required.); participates in the planning of oceanographic surveys and control tide stations; and collects and evaluates oceanographic data from other domestic and foreign sources.

SEC. 7. *Functions of the Office of Physical Sciences.* .01 The Office of Physical Sciences provides geodetic, geophysical, and cartographic data for charting and scientific purposes and for defense needs; plans, coordinates, and directs the maintenance, adjustment, observations, and extension of the geodetic control network including astronomic observations and gravity surveys, the recording and investigation of magnetic and seismological phenomena, photogrammetric mapping, operation of the seismic sea wave warning system in collaboration with the Office of Oceanography, investigations relating to astronautics and astrophysics, operation of latitude observatories, magnetic and seismological observatories and laboratories, and seismological stations, operation of automatic data processing facilities, and office processing and analysis of survey data, including compilation, publication, and distribution of geodetic control data, compilation of planimetric and topographic maps and airport obstruction charts, compilation and publication of magnetic and seismological reports, and compilation and publication of other reports as required; and maintains liaison with Government agencies, foreign countries, and civil interests concerning geodetic, geophysical, and cartographic matters. Through its divisions, the office conducts research in accordance with the plans and assignments of the bureau's overall research and development program.

.02 The functions of the divisions constituting the Office of Physical Sciences are as follows:

1. *Geodesy Division.* Plans, writes instructions for, and supervises the execution of geodetic control surveys, including triangulation, traverse, leveling, base measurement, and astronomic and gravity determination; operates geodetic field parties, latitude observatories, and

computing offices; performs the office computation and adjustment of field survey data; compiles, publishes, and distributes geodetic control data for use by the Government and the public for surveying, engineering, cartographic, scientific, and defense purposes; compiles and publishes other matter relating to geodesy; performs studies and collects data relating to astronautics and astrophysics; and cooperates with state and local governments concerning control surveys and state coordinate systems.

2. *Geophysics Division.* Plans, writes instructions for, and supervises the execution of magnetic and seismological investigations; conducts magnetic and seismological field surveys and airborne magnetic surveys; operates magnetic and seismological observatories and laboratories, and seismological stations; determines the location of earthquakes and analyzes earthquake wave motion; investigates the relationship between seismological or magnetic phenomena and other geophysical phenomena; analyzes, compiles and publishes the results of its activities for use by the Government and the public for charting, engineering, scientific, and defense purposes; calibrates magnetic instruments and maintains the international magnetic standards; calibrates and standardizes seismological instruments; collaborates with other countries in the study and exchange of geomagnetic and seismological data, and serves as the international depository for geomagnetic and seismological data; and collaborates with the Operations Division in maintaining the seismic sea wave warning system.

3. *Photogrammetry Division.* Plans, writes instructions for, and supervises the execution of photogrammetric surveys, related field surveys, and airport field surveys; compiles, by photogrammetric methods, planimetric and topographic maps for the location of aids to air and marine navigation, for support of oceanographic surveys, and for the construction and maintenance of nautical charts, aeronautical charts, and airport obstruction charts; and provides and distributes technical data, aerial photographs, and copies of maps for use by the Government and the public in airport and coastal development.

SEC. 8. *Functions of the Office of Cartography.* .01 The Office of Cartography provides charts for marine and air navigation to meet civil requirements and defense needs; plans, coordinates, and directs the compilation and maintenance of nautical and aeronautical charts, the operation of a chart reproduction plant, and the administration of chart distribution facilities; and maintains liaison with Government agencies and civil interests concerning cartographic matters. Through its divisions, the office conducts research in accordance with the plans and assignments of the bureau's overall research and development program.

.02 The functions of the divisions constituting the Office of Cartography are as follows:

1. *Nautical Chart Division.* Compiles, constructs, and maintains nautical charts from original hydrographic surveys of the bureau and other sources;

registers, and makes final review of hydrographic, wire drag, and topographic surveys of the bureau; acquires, examines and evaluates cartographic information from various sources, for use in chart construction and other purposes; furnishes critical information for hand correction of nautical charts before issuance; maintains liaison with the U.S. Hydrographic Office and the International Hydrographic Bureau concerning charting matters; and cooperates with the U.S. Hydrographic Office and the U.S. Coast Guard in the preparation of the weekly Notice to Mariners.

2. *Aeronautical Chart Division.* Compiles, constructs, and maintains aeronautical charts and publications for civil aviation; acquires, examines, and evaluates basic source material and information concerning air navigation, for use in chart construction and other purposes; and maintains liaison with the International Civil Aviation Organization and represents Commerce on FAA Cartographic Requirements Group concerning aeronautical charting.

3. *Reproduction Division.* Operates a complete reproduction plant for the lithographic reproduction of charts, maps and related products.

4. *Distribution Division.* Distributes all issues of nautical and aeronautical charts, maps, tide and current tables, and related publications to other agencies, sales agents, and the public; makes hand corrections to nautical charts; administers the establishment and inspection of sales agents; and performs accounting and other clerical work pertaining to the distribution of charts, publications, and miscellaneous photographic work.

SEC. 9. *Functions of the Office of Research and Development.* The Office of Research and Development plans, coordinates, and directs the bureau's overall basic and applied research and development program in fields of interest to or within the competence of the Coast and Geodetic Survey (This includes, but is not limited to, research and development in cartography, oceanography, geodesy, geomagnetism, seismology, photogrammetry, gravimetry, astronautics, and related supporting fields such as mathematics, astronomy, physics, astrophysics, chemistry, marine biology, photography, electronics, optics, mechanics, automatic data processing, survey techniques, instrumentation, and ship and observatory construction and operation.); develops, applies, and disseminates resulting findings, theories, and hypotheses; and maintains liaison with Government agencies and civil interests concerning research in which the bureau has an interest.

SEC. 10. *Functions of the Office of Administration.* .01 The Office of Administration provides the bureau with administrative and technical services for all its activities; plans, coordinates, and directs budget and fiscal activities; personnel activities; organization, management, and internal review activities; procurement and supply activities; construction and maintenance of instruments and equipment; and library and map reference services. Through its di-

visions, the office conducts research in accordance with the plans and assignments of the bureau's over-all research and development program.

.02 The functions of the divisions constituting the Office of Administration are as follows:

1. *Budget and Fiscal Division.* Develops, formulates, and executes the bureau's budget, and establishes and maintains a bureau-wide system of accounting; prepares the estimates, justifications, and other supporting data; assists in the budget presentation; evaluates the execution of the budget; recommends apportionments and allotments of funds by organization and program; maintains expenditure and obligation controls and accounts; maintains a bureau-wide cost accounting system; administers payroll and leave functions; and performs related fiscal activities including the examination, audit, and certification of vouchers.

2. *Personnel and Safety Division.* Develops and directs the Civil Service personnel program and the safety program for the bureau; provides assistance and guidance to other organizational units of the bureau concerning personnel administration and accident prevention; performs the position classification function, and handles Wage Board matters; recruits, places, and orients new employees; monitors and coordinates the bureau's training program; administers the bureau's performance rating and incentive awards programs; conducts the employee relations, welfare, and services program, and the employee suggestion program; and administers the bureau's personnel security program, and the executive and employee development program.

3. *Organization and Management Division.* Conducts surveys, studies, evaluations and analyses for the purpose of improving managerial policies, organizational structures, practices, methods, procedures, application of automatic data processing equipment, management control systems, and other similar or related management functions; coordinates the management improvement program, and promotes the use of improved methods and systems throughout the bureau; coordinates and maintains a system of administrative issuances; and prepares periodic and special reports to the Department of Commerce and other Federal agencies.

4. *Instrument Division.* Designs, develops, and maintains mechanical, optical, and electronic instruments and equipment of the bureau; and provides technical guidance and service to other divisions on mechanical and electronic engineering problems.

5. *Administrative Services Division.* Provides the bureau with general administrative services; performs the contracting function; procures, stocks and ships supplies and equipment; administers the property and motor vehicle management programs; conducts records and forms management activities; and provides transportation, mail, and messenger service.

6. *Technical Services Division.* Provides central service to the bureau and

to the public in the furnishing of cartographic source data and related information; collects, evaluates, catalogs, disseminates, and stores source material from other agencies; maintains the bureau's cartographic archives; provides geographic names research for map, chart, and related compilation; maintains the bureau library, furnishes material for technical papers and publication articles, prepares exhibits, and provides special cartographic and art services; administers and coordinates the bureau's essential records program; and serves as the publications review and control office for the bureau.

SEC. 11. *Functions of the Field Organization.* The functions of the field organization are as follows:

1. *District Offices.* Supervise and direct all fixed bureau functions located in their respective districts except latitude observatories and magnetic observatories and laboratories; process field records as required, including geodetic data, oceanographic data, and photogrammetric data; make studies and recommendations for new surveys involving the construction and maintenance of nautical and aeronautical charts, and the collection of geodetic control data, magnetic and seismological data, and airport obstruction data; maintain liaison with Federal, state, and local agencies, and private organizations and individuals, for the purpose of collecting and disseminating chart data and geodetic data; and maintain a library of charts and other bureau publications for reference purposes, and supervise the establishment and inspection of agents selling bureau charts and publications.

2. *Observatories.* Record astronomic data relating to latitude determination, and record magnetic and seismological data.

3. *Field Parties.* Collect and record field survey data as directed by their respective divisions.

Effective date: July 1, 1960.

FREDERICK H. MUELLER,
Secretary of Commerce.

[F.R. Doc. 60-6849; Filed, July 21, 1960;
8:47 a.m.]

FEDERAL COAL MINE SAFETY BOARD OF REVIEW

STATEMENT OF ORGANIZATION

Procedure; Use of Certified Mail

Pursuant to section 1(22) of Public Law 86-507, 86th Congress (74 Stat. 201), relating to the use of certified mail, the third sentence of section 4(a) of the Statement of Organization (17 F.R. 10523) is amended to read as follows:

SEC. 4. *Procedure.* (a) * * * A copy of the application must be sent by registered mail or by certified mail to the Director of the Bureau of Mines, Washington 25, D.C., who shall be the respondent in the proceeding.

Adopted by the Federal Coal Mine Safety Board of Review at its office in Washington, D.C., on the 18th day of July, 1960.

TROY L. BACK,
Executive Secretary of the Board.

[F.R. Doc. 60-6851; Filed, July 21, 1960;
8:48 a.m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket Nos. 13667-13672; FCC 60-841]

ALTUS BROADCASTING CO. (KWHW) ET AL.

Order Designating Applications for Consolidated Hearing on Stated Issues

In re applications of The Altus Broadcasting Company (KWHW), Altus, Oklahoma, has: 1450 kc, 250 w, U, requests: 1450 kc, 250 w, 1 kw-LS, U, Docket No. 13667, File No. BP-12520; Charles L. Cain, El Reno, Oklahoma, requests: 1460 kc, 500 w, Day, Docket No. 13668, File No. BP-12546; KGFF Broadcasting Company, Incorporated (KGFF), Shawnee, Oklahoma, has: 1450 kc, 250 w, U, requests: 1450 kc, 250 w, 1 kw-LS, U, Docket No. 13669, File No. BP-12588; Plains Broadcast Company, Inc. (KENM), Portales, New Mexico, has: 1450 kc, 250 w, U, requests: 1450 kc, 250 w, 1 kw-LS, U, Docket No. 13670, File No. BP-13236; Woodward Broadcasting Company (KSIW), Woodward, Oklahoma, has: 1450 kc, 250 w, U, requests: 1450 kc, 250 w, 1 kw-LS, U, Docket No. 13671, File No. BP-13330; Snyder Broadcasting Company (KSNY), Snyder, Texas, has: 1450 kc, 250 w, U, requests: 1450 kc, 250 w, 1 kw-LS, U, Docket No. 13672, File No. BP-13446; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 13th day of July 1960;

The Commission having under consideration the above-captioned and described applications;

It appearing that, except as indicated by the issues specified below, each of the instant applicants is legally, technically, financially, and otherwise qualified to construct and operate its instant proposal; and

It further appearing that pursuant to section 309(b) of the Communications Act of 1934, as amended, the Commission, in a letter dated April 6, 1960, and incorporated herein by reference, notified the instant applicants, and any other known parties in interest, of the grounds and reasons for the Commission's inability to make a finding that a grant of any one of the applications would serve the public interest, convenience, and necessity; and that a copy of the aforementioned letter is available for public inspection at the Commission's offices; and

It further appearing that the instant applicants filed timely replies to the aforementioned letter, which replies have not, however, entirely eliminated the

grounds and reasons precluding a grant of the said applications and requiring an evidentiary hearing on the particular issues hereinafter specified; and

It further appearing that the aforementioned letter advised The Altus Broadcasting Company that, in the event of a grant of its application, permittee shall submit sufficient field intensity measurements to establish that the proposed non-directional radiation pattern has not been seriously distorted due to the proximity of a steel water tower; that, in response to the Commission's letter, the applicant stated that the tower has not been in use for three years, that the city council has passed an ordinance to demolish it, and that the tower will be done away with before the present KWHW proposal could be put in operation; but that an appropriate condition will be included to require proof of the demolition of the tower or, in lieu thereof, the necessary field intensity measurements; and

It further appearing that by letter dated May 27, 1960, Aubrey D. Courow, licensee of Station KALV, Alva, Oklahoma, states that he will not interpose an objection to the interference which may be caused by the proposal of Station KSIM (BP-13330) to Station KALV's existing operation; and

It further appearing that after consideration of the foregoing, and the applicants' replies, the Commission is still unable to make the statutory finding that a grant of the applications would serve the public interest, convenience, and necessity; and is of the opinion that the applications must be designated for hearing in a consolidated proceeding on the issues specified below;

It is ordered. That, pursuant to section 309(b) of the Communications Act of 1934, as amended, the instant applications are designated for hearing in a consolidated proceeding, at a time and place to be specified in a subsequent order, upon the following issues:

1. To determine the areas and populations which would receive primary service from the operation proposed by Charles L. Cain (BP-12546) and the availability of other primary service to such areas and populations.

2. To determine the areas and populations which may be expected to gain or lose primary service from the proposed operations of Stations KWHW, KGFF, KENM, KSIW, and KSNY and the availability of other primary service to such areas and populations.

3. To determine the nature and extent of the interference, if any, that each of the instant proposals would cause to and receive from each other and all other existing standard broadcast stations, the areas and populations affected thereby, and the availability of other primary service to the areas and populations affected by interference from any of the instant proposals.

4. To determine whether the proposals would involve objectionable interference with the existing stations indicated below, or any other existing standard broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the avail-

ability of other primary service to such areas and populations:

Proposals and Existing Stations

BP-12520 KGFF, Shawnee, Okla.
KSIW, Woodward, Okla.
KSNY, Snyder, Tex.

BP-12546 KGFF, Shawnee, Okla.
KCRB, Chanute, Kans.
KVLH, Pauls Valley, Okla.

BP-12588 KSIW, Woodward, Okla.
KWHW, Altus, Okla.
KVLH, Pauls Valley, Okla.
KHOG, Fayetteville, Ark.
KENA, Mena, Ark.
KWBW, Hutchinson, Okla.

BP-13236 KLMX, Clayton, N. Mex.
KFDA, Amarillo, Tex.
KSNY, Snyder, Tex.

BP-13330 KWHW, Altus, Okla.
KGFF, Shawnee, Okla.
KWBW, Hutchinson, Kans.

BP-13446 KWHW, Altus, Okla.
KENM, Portales, N. Mex.
KLLL, Lubbock, Tex.
KCMR, McOarney, Tex.

5. To determine whether the interference received by each instant proposal from any of the other proposals herein and any existing stations would affect more than ten percent of the population within its normally protected primary service area in contravention of § 3.28(c) (3) of the Commission rules and, if so, whether circumstances exist which would warrant a waiver of said section.

6. To determine whether the transmitter site proposed by Station KGFF (BP-12588) is satisfactory with particular regard to any conditions that may exist in the vicinity of the antenna system which would distort the proposed antenna radiation pattern.

7. To determine, in the light of section 307(b) of the Communications Act of 1934, as amended, which of the instant proposals would best provide a fair, efficient and equitable distribution of radio service.

8. To determine, in the light of the evidence adduced pursuant to the foregoing issues which, if any, of the instant applications should be granted.

It is further ordered. That the following licensees are made parties to the proceeding:

Cecil W. Roberts and Jane A. Roberts, His Wife (KCRB).

John E. Hampton, S. L. Lloyd and E. J. Ballard, d/b as Pauls Valley Broadcasting Co. (KVLH).

Fayetteville Broadcasting Co., Inc. (KHOG).
E. M. Hoge (KENA).

Nation's Center Broadcasting Co., Inc. (KWBW).

Lone Star Broadcasting Co. (KFDA).
Ari-Ne-Mex Broadcasting Corporation (KLMX).

H. E. Corbin, Glenn E. Corbin and Ray Corbin d/b as Corbin Broadcasting Co. (KLLL).

Joe Martin tr/as Sapphire Broadcasting Company (KCMR).

It is further ordered. That the following applicants are made parties with respect to their existing operations:

KGFF Broadcasting Company, Incorporated (KGFF).

Woodward Broadcasting Company (KSIW).
Snyder Broadcasting Company (KSNY).

The Altus Broadcasting Company (KWHW).
Plains Broadcast Company, Inc. (KENM).

It is further ordered. That, in the event of a grant of the application of The Altus Broadcasting Company (KWHW), the construction permit shall contain the condition that the permittee shall submit evidence that the steel water tower near the KWHW transmitter site has been demolished or, in lieu thereof, sufficient field intensity measurements to establish that the proposed non-directional radiation pattern has not been seriously distorted due to the proximity of the said water tower if still standing.

It is further ordered. That, to avail themselves of the opportunity to be heard, each of the instant applicants and parties respondent herein, pursuant to § 1.140 of the Commission rules, in person or by attorney, shall, within 20 days of the mailing of this order, file with the Commission in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this Order.

It is further ordered. That, the issues in the above-captioned proceeding may be enlarged by the Examiner, on his own motion or on petition properly filed by a party to the proceeding, and upon sufficient allegations of fact in support thereof, by the addition of the following issue: To determine whether the funds available to the applicant will give reasonable assurance that the proposals set forth in the application will be effectuated.

Released: July 19, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-6866; Filed, July 21, 1960;
8:50 a.m.]

[Docket Nos. 13676-13681; FCC 60-845]

CIRCLE L, INC., ET AL.

Order Designating Applications for Consolidated Hearing on Stated Issues

In re applications of Circle L, Inc., Reno, Nevada, Docket No. 13676, File No. BPCT-2656; Electron Corporation tr/as Reno Telecasting Co., Reno, Nevada, Docket No. 13677, File No. BPCT-2662; Sierra Television Co., Reno, Nevada, Docket No. 13678, File No. BPCT-2698; Harriscopes, Inc., Irving B. Harris, Donald P. Nathanson and Benjamin Berger, d/b as Rocky Mountain Tele Stations, Reno, Nevada, Docket No. 13679, File No. BPCT-2750; Nevada Broadcasters' Fund, Inc., Reno, Nevada, Docket No. 13680, File No. BPCT-2753; Comstock Telecasting Corporation, Reno, Nevada, Docket No. 13681, File No. BPCT-2754; for construction permits for new television broadcast stations.

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 13th day of July 1960;

The Commission having under consideration the above-captioned applications, each requesting a construction permit for a new television broadcast

station to operate on Channel 4 in Reno, Nevada; and

It appearing that the above-captioned applications are mutually exclusive in that operation by more than one of the applicants would result in mutually destructive interference; and

It further appearing that pursuant to section 309(b) of the Communications Act of 1934, as amended, the above-named applicants were advised by letters that their applications are mutually exclusive, of the necessity for a hearing, and of all objections to their applications, and were given an opportunity to reply; and

It further appearing that Comstock Telecasting Corporation has not filed copies of its bylaws and that, therefore, the Commission cannot determine that Comstock Telecasting Corporation is legally qualified to construct, own and operate the proposed television broadcast station; and

It further appearing that upon due consideration of the above-captioned applications and the replies to the above letters the Commission finds that a hearing is necessary; that the Commission finds that Circle L, Inc., and Sierra Television Co., are legally, financially, technically and otherwise qualified to construct, own and operate the proposed television broadcast stations; that Electron Corporation tr/as Reno Telecasting Co. is legally and financially qualified to construct, own and operate the proposed television broadcast station and is technically so qualified except with respect to Issues "1" through "4" below; that Harriscope, Inc. et al. d/b as Rocky Mountain Tele Stations is legally qualified to construct, own and operate the proposed television broadcast station and is technically so qualified except with respect to Issue "6" below; that Nevada Broadcasters' Fund, Inc. is legally qualified to construct, own and operate the proposed television broadcast station and is technically so qualified except with respect to Issues "8" and "9" below; and that Comstock Telecasting Corporation is technically qualified to construct, own and operate the proposed television broadcast station except as to Issue "12" below.

It is ordered. That pursuant to section 309(b) of the Communications Act of 1934, as amended, the above-captioned applications are designated for hearing in a consolidated proceeding at a time and place to be specified in a subsequent order upon the following issues:

1. To determine the correct rated loss for the transmission line specified by Reno Telecasting Co.

2. To determine the correct power gain rating of the transmitting antenna proposed by Reno Telecasting Co.

3. To determine the correct visual and aural effective radiated powers obtainable from the equipment proposed by Reno Telecasting Co.

4. To determine whether the antenna system and site proposed by Reno Telecasting Co. would constitute a hazard to air navigation.

5. To determine the financial qualifications of Harriscope, Inc. et al. d/b as

Rocky Mountain Tele Stations to construct, own and operate the proposed television broadcast station.

6. To determine whether the antenna system and site proposed by Rocky Mountain Tele Stations would constitute a hazard to air navigation.

7. To determine the financial qualifications of Nevada Broadcasters' Fund, Inc. to construct, own and operate the proposed television broadcast station.

8. To determine the suitability of the transmitter specified by Nevada Broadcasters' Fund, Inc. for use on Channel 4.

9. To determine whether the antenna system and site specified by Nevada Broadcasters' Fund, Inc. would constitute a hazard to air navigation.

10. To determine, in the absence of by-laws, whether Comstock Telecasting Corporation is legally qualified to construct, own and operate the proposed television broadcast station.

11. To determine the financial qualifications of Comstock Telecasting Corporation to construct, own and operate the proposed television broadcast station.

12. To determine whether the antenna system and site specified by Comstock Telecasting Corporation would constitute a hazard to air navigation.

13. To determine on a comparative basis which of the operations proposed in the above-captioned applications would better serve the public interest, convenience and necessity in light of the significant differences among the applicants as to:

(a) The background and experience of each bearing on its ability to own and operate the proposed television broadcast station.

(b) The proposals of each with respect to management and operation of the proposed television broadcast stations.

(c) The programming service proposed in each of the above-captioned applications.

14. To determine, in the light of the evidence adduced pursuant to the foregoing issues, which of the applications should be granted.

It is further ordered. That the issues in the above-entitled proceeding may be enlarged by the Examiner on his own motion or on petition properly filed by a party to the proceeding and upon a sufficient allegation of facts in support thereof, by the addition of the following issue: To determine whether the funds available to the applicants will give reasonable assurance that the proposals set forth in the applications will be effectuated.

It is further ordered. That to avail themselves of the opportunity to be heard Circle L, Inc., Electron Corporation tr/as Reno Telecasting Co., Sierra Television Co., Harriscope, Inc., Irving B. Harris, Donald P. Nathanson and Benjamin Berger d/b as Rocky Mountain Tele Stations, Nevada Broadcasters' Fund, Inc., and Comstock Telecasting Corporation, pursuant to § 1.140(c) of the Commission's rules, in person or by attorney, shall within twenty (20) days of the mailing of this order file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and

present evidence on the issues specified in this order.

Released: July 19, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-6867; Filed, July 21, 1960;
8:50 a.m.]

[Docket No. 13288; FCC 60M-1243]

EVANSTON CAB CO.

Order Scheduling Hearing

In re application of Evanston Cab Company, Docket No. 13288, File No. 34460-LX-59; for authorization to operate a base station in the Taxicab Radio Service in Chicago, Ill.

Pursuant to agreement at the further prehearing conference held in this proceeding on July 14, 1960: *It is ordered.* This 15th day of July 1960, as follows:

(1) Copies of the exhibits which the parties proposed to introduce in evidence will be exchanged on September 7, 1960;

(2) Counsel for the Bureau will notify applicant's counsel by September 9, 1960, as to those witnesses whose presence is desired for cross-examination at the hearing; and

(3) The hearing will commence on Tuesday, September 13, 1960, at 10:00 a.m., in the offices of the Commission, Washington, D.C.

It is further ordered. by direction of the Hearing Examiner that copies of exhibits proposed to be introduced in connection with the testimony of non-party witnesses will be supplied by their counsel to the parties and the Hearing Examiner by September 7, 1960.

Released: July 18, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-6868; Filed, July 21, 1960;
8:50 a.m.]

[Docket No. 13659; FCC 60-836]

W. R. FRIER (WBHF)

Order Designating Application for Hearing on Stated Issues

In re application of W. R. Frier (WBHF), Cartersville, Georgia, Docket No. 13659, File No. BP-12264; Has: 1450 kc, 250 w, U, Requests: 1450 kc, 250 w, 1 kw-LS, U; for construction permit.

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 13th day of July 1960;

The Commission having under consideration the above-captioned and described application;

It appearing that except as indicated by the issues specified below, the instant applicant is legally, technically, financially, and otherwise qualified to construct and operate the instant proposal; and

It further appearing that pursuant to section 309(b) of the Communications Act of 1934, as amended, the Commission, in a letter dated March 21, 1960, and incorporated herein by reference, notified the applicant, and any other known parties in interest, of the grounds and reasons for the Commission's inability to make a finding that a grant of the application would serve the public interest, convenience and necessity; and that a copy of the aforementioned letter is available for public inspection at the Commission's offices; and

It further appearing that the applicant filed a timely reply to the aforementioned letter, which reply has not, however, entirely eliminated the grounds and reasons precluding a grant of the application and requiring an evidentiary hearing on the particular issues herein-after specified; and

It further appearing that by letter dated July 8, 1958, the applicant agreed to accept the interference which would be caused by the operation of Station WKEU, Griffin, Georgia, proposed in the application of Radio Station WKEU (File No. BP-13003) to increase the daytime power of Station WKEU to one kilowatt and that in the event of a grant of the WBHF proposal the construction permit shall include the condition that the applicant shall accept any interference from the WKEU proposal; and

It further appearing that after consideration of the foregoing, and the applicant's reply, the Commission is still unable to make the statutory finding that a grant of the application would serve the public interest, convenience, and necessity; and is of the opinion that the application must be designated for hearing on the issues specified below;

It is ordered, That, pursuant to section 309(b) of the Communications Act of 1934, as amended, the instant application is designated for hearing, at a time and place to be specified in a subsequent Order, upon the following issues:

1. To determine the areas and populations which may be expected to gain or lose primary service from the proposed operation of Station WBHF and the availability of other primary service to such areas and populations.

2. To determine whether the instant proposal of WBHF would involve objectionable interference with Stations WDNG, Anniston, Alabama, WRGA, Rome, Georgia, and WOGA, Chattanooga, Tennessee, or any other existing standard broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

3. To determine, in the light of the evidence adduced pursuant to the foregoing issues, whether a grant of the instant application would serve the public interest, convenience and necessity.

It is further ordered, That Middle South Broadcasting Company, Potts Broadcasting Co., Inc., and Rome Broadcasting Corp., licensees of Stations WOGA, WDNG and WRGA, respectively, are made parties to the proceeding.

It is further ordered, That, to avail themselves of the opportunity to be

heard, the applicant and parties respondent herein, pursuant to § 1.140 of the Commission rules, in person or by attorney, shall, within 20 days of the mailing of this Order, file with the Commission in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this Order.

Released: July 18, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-6869; Filed, July 21, 1960;
8:50 a.m.]

[Docket Nos. 13673-13675; FCC 60-842]

HENNEPIN BROADCASTING ASSOCIATES ET AL.

Order Designating Applications for Consolidated Hearing on Stated Issues

In re applications of Albert S. Tedesco and Patricia W. Tedesco, d/b as Hennepin Broadcasting Associates, Minneapolis, Minnesota, Docket No. 13673, File No. BP-12416, Requests: 690 kc, 500 w, DA, Day; Robert E. Smith, River Falls, Wisconsin, Docket No. 13674, File No. BP-13339, Requests: 690 kc, 1 kw, DA, Day; Jack I. Moore, James L. Magner, Ray Ekberg, Ingvald C. Ryan, Donald E. Nebelung, Post Publishing Company, Inc., and Carl Bloomquist, d/b as Crystal Broadcasting Company, Crystal, Minnesota, Docket No. 13675, File No. BP-13750, Requests: 690 kc, 500 w, DA, Day; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 13th day of July 1960;

The Commission having under consideration the above-captioned and described applications;

It appearing, that except as indicated by the issues specified below, each of the instant applicants is legally, technically, financially, and otherwise qualified to construct and operate its instant proposal; and

It further appearing that pursuant to section 309(b) of the Communications Act of 1934, as amended, the Commission, in a letter dated April 7, 1960, and incorporated herein by reference, notified the instant applicants, and any other known parties in interest, of the grounds and reasons for the Commission's inability to make a finding that a grant of any one of the applications would serve the public interest, convenience, and necessity; and that a copy of the aforementioned letter is available for public inspection at the Commission's offices; and

It further appearing, that the instant applicants filed timely replies to the aforementioned letter, which replies have not, however, entirely eliminated the grounds and reasons precluding a grant of the said applications and requiring an evidentiary hearing on the particular issues hereinafter specified; and

It further appearing that after consideration of the foregoing, and the applicants' replies, the Commission is still unable to make the statutory finding that a grant of the applications would serve the public interest, convenience, and necessity; and is of the opinion that the applications must be designated for hearing in a consolidated proceeding on the issues specified below;

It is ordered, That, pursuant to section 309(b) of the Communications Act of 1934, as amended, the instant applications are designated for hearing in a consolidated proceeding, at a time and place to be specified in a subsequent Order, upon the following issues:

1. To determine the areas and populations which would receive primary service from each of the instant applicants and the availability of other primary service to such areas and populations.

2. To determine the nature and extent of the interference, if any, that each of the instant proposals would cause to and receive from each other and all other existing standard broadcast stations, the areas and populations affected thereby, and the availability of other primary service to the areas and populations affected by interference from any of the instant proposals.

3. To determine whether the instant proposal of the Crystal Broadcasting Company would involve objectionable interference with Station KUSD, Vermillion, South Dakota, or any other existing standard broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

4. To determine whether the antenna system proposed by Crystal Broadcasting Company would constitute a hazard to air navigation.

5. To determine whether the transmitter site proposed by Crystal Broadcasting Company is satisfactory with particular regard to any conditions that may exist in the vicinity of the antenna system which would distort the proposed antenna radiation pattern.

6. To determine in the light of their location and urban and industrial characteristics, and other relevant factors, whether Minneapolis, Minnesota, and Crystal, Minnesota, are separate communities for the purpose of section 307 (b) of the Communications Act of 1934, as amended.

7. To determine, in the light of section 307(b) of the Communications Act of 1934, as amended, which of the instant proposals would best provide a fair, efficient and equitable distribution of radio service.

8. To determine, if Minneapolis and Crystal are separate communities, whether Hennepin Broadcasting Associates and Crystal Broadcasting Company will provide service to the community selected as having the greater need for a new facility.

9. To determine, if (a) Minneapolis and Crystal are determined not to be separate communities, or (b) if they are separate communities and if it is deter-

mined that Hennepin Broadcasting Associates and Crystal Broadcasting Company would provide service to the community determined to have the greater need for a new facility, which of the proposals of Hennepin Broadcasting Associates and Crystal Broadcasting Company would better serve the public interest in the light of the evidence adduced pursuant to the foregoing issues and the record made with respect to the significant differences between the applicants as to:

(a) The background and experience of each having a bearing on the applicant's ability to own and operate its proposed station.

(b) The proposals of each of the applicants with respect to the management and operation of the proposed station.

(c) The programing service proposed in each of the said applications.

10. To determine, in the light of the evidence adduced pursuant to the foregoing issues which, of the instant applications should be granted.

It is further ordered, That, the University of South Dakota, licensee of Station KUSD, Vermillion, South Dakota, is made a party to the proceeding.

It is further ordered, That, to avail themselves of the opportunity to be heard, the applicants and party respondent herein, pursuant to § 1.140 of the Commission rules, in person or by attorney, shall, within 20 days of the mailing of this Order, file with the Commission in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this Order.

It is further ordered, That, the issues in the above-captioned proceeding may be enlarged by the Examiner, on his own motion or on petition properly filed by a party to the proceeding, and upon sufficient allegations of fact in support thereof, by the addition of the following issue: To determine whether the funds available to the applicant will give reasonable assurance that the proposals set forth in the application will be effectuated.

Released: July 19, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-6870; Filed, July 21, 1960;
8:50 a.m.]

[Docket Nos. 13660-13662; FCC 60-838]

**NORTH GEORGIA RADIO, INC.
(WBLJ) ET AL.**

**Order Designating Applications for
Consolidated Hearing on Stated
Issues**

In re applications of North Georgia Radio, Inc. (WBLJ), Dalton, Georgia, Docket No. 13660, File No. BP-12590, Has 1230 kc, 250 w, U, Requests: 1230 kc, 250 w, 1 kw-LS, U; WOOFUM, INC. (WFOM), Marietta, Georgia, Docket No. 13661, File No. BP-12617, Has: 1230 kc, 250 w, U, Requests: 1230 kc, 250 w, 1

kw-LS, U; Regional Broadcasting Corporation (WMMT), McMinnville, Tennessee, Docket No. 13662, File No. BP-13404, Has: 1230 kc, 250 w, U, Requests: 1230 kc, 250 w, 1 kw-LS, U; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 13th day of July 1960;

The Commission having under consideration the above-captioned and described applications;

It appearing that except as indicated by the issues specified below, each of the instant applicants is legally, technically, financially, and otherwise qualified to construct and operate its instant proposal; and

It further appearing that pursuant to section 309(b) of the Communications Act of 1934, as amended, the Commission, in a letter dated April 6, 1960, and incorporated herein by reference, notified the instant applicants, and any other known parties in interest, of the grounds and reasons for the Commission's inability to make a finding that a grant of any one of the applications would serve the public interest, convenience, and necessity; and that a copy of the aforementioned letter is available for public inspection at the Commission's offices; and

It further appearing, that the instant applicants filed timely replies to the aforementioned letter, which replies have not, however, entirely eliminated the grounds and reasons precluding a grant of the said applications and requiring an evidentiary hearing on the particular issues herein after specified; and

It further appearing that after consideration of the foregoing and the applicants' replies, the Commission is still unable to make the statutory finding that a grant of the applications would serve the public interest, convenience, and necessity; and is of the opinion that the applications must be designated for hearing in a consolidated proceeding on the issues specified below;

It is ordered, That, pursuant to section 309(b) of the Communications Act of 1934, as amended, the instant applications are designated for hearing in a consolidated proceeding, at a time and place to be specified in a subsequent order, upon the following issues:

1. To determine the areas and populations which may be expected to gain or lose primary service from the proposed operation of each of the instant applicants and the availability of other primary service to such areas and populations.

2. To determine the nature and extent of the interference, if any, that each of the instant proposals would cause to and receive from each other and all other existing standard broadcast stations, the areas and populations affected thereby, and the availability of other primary service to the areas and populations affected by interference from any of the instant proposals.

3. To determine whether the instant proposal of Station WBLJ would involve objectionable interference with Station WMMT, McMinnville, Tennessee and

Station WFOM, Marietta, Georgia, or any other existing standard broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

4. To determine whether the instant proposal of Station WMMT would involve objectionable interference with Station WBLJ, Dalton, Georgia and Station WBHP, Huntsville, Alabama, or any other existing standard broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

5. To determine whether the interference received by each instant proposal from any of the other proposals herein and any existing stations would affect more than ten percent of the population within its normally protected primary service area in contravention of § 3.28 (c) (3) of the Commission rules and, if so, whether circumstances exist which would warrant a waiver of said section.

6. To determine whether the instant proposal of WFOM would involve objectionable interference with Station WBLJ, Dalton, Georgia, or any other existing standard broadcast station, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

7. To determine whether the transmitter site proposed by Station WFOM is satisfactory with particular regard to any conditions that may exist in the vicinity of the antenna system which would distort the proposed antenna radiation pattern.

8. To determine, in the light of section 307(b) of the Communications Act of 1934, as amended, which of the instant proposals would best provide a fair, efficient and equitable distribution of radio service.

9. To determine, in the light of the evidence adduced pursuant to the foregoing issues which, if any, of the instant applications should be granted.

It is further ordered, That Wilton Harvey Pollard, licensee of Station WBHP, is made a party to the proceeding.

It is further ordered, That North Georgia Radio, Inc., Woofum, Inc. and Regional Broadcasting Corporation, licensees of Stations WBLJ, WFOM and WMMT are made parties to the proceeding with respect to their existing operations.

It is further ordered, That, to avail themselves of the opportunity to be heard, the applicants and parties respondent herein, pursuant to § 1.140 of the Commission rules, in person or by attorney, shall, within 20 days of the mailing of this Order, file with the Commission in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this Order.

It is further ordered, That, the issues in the above-captioned proceeding may be enlarged by the Examiner, on his own

motion or on petition properly filed by a party to the proceeding, and upon sufficient allegations of fact in support thereof, by the addition of the following issue: To determine whether the funds available to the applicant will give reasonable assurance that the proposals set forth in the application will be effectuated.

Released: July 18, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-6871; Filed, July 21, 1960;
8:50 a.m.]

[Docket Nos. 13657; 13658; FCC 60-835]

**SKYLINE BROADCASTERS, INC., AND
EARL MCKINLEY TRABUE**

**Order Designating Applications for
Consolidated Hearing on Stated
Issues**

In re applications of Skyline Broadcasters, Inc., Klamath Falls, Oregon, requests: 1010 kc, 1 kw, Day, Docket No. 13657, File No. BP-12509; Earl McKinley Trabue, Myrtle Creek, Oregon, requests: 1010 kc, 5 kw, DA, Day, Docket No. 13658, File No. BP-13596; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 13th day of July 1960;

The Commission having under consideration the above-captioned and described applications;

It appearing that except as indicated by the issues specified below, each of the instant applicants is legally, technically, and otherwise qualified to construct and operate its instant proposal; that Skyline Broadcasters, Inc. is financially qualified, but that Earl McKinley Trabue may not be financially qualified; and

It further appearing that pursuant to section 309(b) of the Communications Act of 1934, as amended, the Commission, in a letter dated April 1, 1960, and incorporated herein by reference, notified the instant applicants, and any other known parties in interest, of the grounds and reasons for the Commission's inability to make a finding that a grant of either of the applications would serve the public interest, convenience, and necessity; and that a copy of the aforementioned letter is available for public inspection at the Commission's offices; and

It further appearing that the instant applicants filed timely replies to the aforementioned letter, which replies have not, however, entirely eliminated the grounds and reasons precluding a grant of the said applications and requiring an evidentiary hearing on the particular issues hereinafter specified; and

It further appearing that the Commission's letter of April 1, 1960, advised Earl McKinley Trabue that his application did not include an adequate showing that sufficient cash and liquid assets are available to finance the construction

and initial operation of his proposed station and that the letter from the equipment manufacturer filed by the applicant does not appear to show that credit has been extended; that the applicant's reply dated May 28, 1960, states that he has "shown the availability or ready cash" and that a firm commitment of credit from an equipment manufacturer will be forwarded to the Commission shortly; but that the financing of the applicant's proposal will require approximately \$18,500 (plus cost of leasing land and buildings); that the applicant's financial statement of September 1959, does not show cash or liquid assets (as required by section III, paragraph 4(d) of FCC Form 301) in sufficient amount to cover the estimated costs involved and that no letter from an equipment manufacturer has been received to show that credit has been extended; and

It further appearing that after consideration of the foregoing, and the applicants' replies, the Commission is still unable to make the statutory finding that a grant of the applications would serve the public interest, convenience, and necessity; and is of the opinion that the applications must be designated for hearing in a consolidated proceeding on the issues specified below;

It is ordered, That, pursuant to section 309(b) of the Communications Act of 1934, as amended, the instant applications are designated for hearing in a consolidated proceeding, at a time and place to be specified in a subsequent Order, upon the following issues:

1. To determine the areas and populations which would receive primary service from each of the instant proposals and the availability of other primary service to such areas and populations.

2. To determine the nature and extent of the interference, if any, that each of the instant proposals would cause to and receive from each other and all other existing standard broadcast stations, the areas and populations, affected thereby, and the availability of other primary service to the areas and populations affected by interference from any of the instant proposals.

3. To determine whether Earl McKinley Trabue is financially qualified to construct and operate his proposed station.

4. To determine, in the light of section 307(b) of the Communications Act of 1934, as amended, which of the instant proposals would better provide a fair, efficient and equitable distribution of radio service.

5. To determine, in the light of the evidence adduced pursuant to the foregoing issues which of the instant applications should be granted.

It is further ordered, That, to avail themselves of the opportunity to be heard, each of the instant applicants, pursuant to § 1.140 of the Commission rules, in person or by attorney, shall, within 20 days of the mailing of this order, file with the Commission in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this order.

It is further ordered, That, the issues in the above-captioned proceeding may

be enlarged by the Examiner, on his own motion or on petition properly filed by a party to the proceeding, and upon sufficient allegations of fact in support thereof, by the addition of the following issue: To determine whether the funds available to the applicant will give reasonable assurance that the proposals set forth in the application will be effectuated.

Released: July 18, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-6872; Filed, July 21, 1960;
8:50 a.m.]

[Docket No. 12782; FCC 60M-1245]

**STUDY OF RADIO AND TELEVISION
NETWORK BROADCASTING**

Order Scheduling Hearing

It is ordered, This 14th day of July 1960, that hearings in the above-entitled proceeding will be resumed in Los Angeles, California, on October 5, 1960; and that a list of the witnesses to be called in these sessions will appear in an order to be subsequently issued.

Released: July 18, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-6875; Filed, July 21, 1960;
8:50 a.m.]

[Docket Nos. 13663-13666; FCC 60-840]

NORMAN A. THOMAS ET AL.

**Order Designating Applications for
Consolidated Hearing on Stated
Issues**

In re applications of Norman A. Thomas, Greeneville, Tennessee, requests: 1450 kc, 250 w, U, Docket No. 13663, File No. BP-12729; Greene County Broadcasting Company, Incorporated, Greeneville, Tennessee, requests: 1450 kc, 250 w, U, Docket No. 13664, File No. BP-13271; Wilkes Broadcasting Company (WATA), Boone, North Carolina, has: 1450 kc, 250 w, U, requests: 1450 kc, 250 w, 1 kw-LS U, Docket No. 13665, File No. BP-13451; Radio Hendersonville, Inc. (WHKP), Hendersonville, North Carolina, has: 1450 kc, 250 w, U, requests: 1450 kc, 250 w, 1 kw-LS, U, Docket No. 13666, File No. BP-13487; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 13th day of July 1960;

The Commission having under consideration the above-captioned and described applications;

It appearing that on the basis of the information before us, each of the applicants is legally, technically, financially, and otherwise qualified, except as indicated by the issues specified below, to construct and operate its instant proposal; and

It further appearing that pursuant to section 309(b) of the Communications Act of 1934, as amended, the Commission, in a letter dated March 21, 1960, and incorporated herein by reference, notified the instant applicants, and any other known parties in interest, of the grounds and reasons for the Commission's inability to make a finding that a grant of any one of the applications would serve the public interest, convenience, and necessity; and that a copy of the aforementioned letter is available for public inspection at the Commission's offices; and

It further appearing that the instant applicants filed timely replies to the aforementioned letter, which replies have not, however, entirely eliminated the grounds and reasons precluding a grant of the said applications and requiring an evidentiary hearing on the particular issues hereinafter specified; and

It further appearing that after consideration of the foregoing and the applicants' replies, the Commission is still unable to make the statutory finding that a grant of the applications would serve the public interest, convenience, and necessity; and is of the opinion that the applications must be designated for hearing in a consolidated proceeding on the issues specified below;

It is ordered, That, pursuant to section 309(b) of the Communications Act of 1934, as amended, the instant applications are designated for hearing in a consolidated proceeding, at a time and place to be specified in a subsequent Order, upon the following issues:

1. To determine the areas and populations which would receive primary service from each of the instant proposals for a new standard broadcast station and the availability of other primary service to such areas and populations.

2. To determine the areas and populations which may be expected to gain or lose primary service from each of the instant proposals for a change in the facilities of an existing standard broadcast station and the availability of other primary service to such areas and populations.

3. To determine the nature and extent of the interference, if any, that each of the instant proposals would cause to and receive from each other and all other existing standard broadcast stations, the areas and populations affected thereby, and the availability of other primary service to the areas and populations affected by interference from any of the instant proposals.

4. To determine whether the interference received by each instant proposal from any of the other proposals herein and any existing stations would affect more than ten percent of the population within its normally protected primary service area in contravention of § 3.28(c) (3) of the Commission rules and, if so, whether circumstances exist which would warrant a waiver of said section.

5. To determine whether the following proposals would involve objectionable interference with the existing stations indicated below, or any other existing

standard broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations:

Proposals and Existing Stations

BP-13451 WGNC, Gastonia, N.C.
WHKP, Hendersonville, N.C.
BP-13487 WATA, Boone, N.C.
WCRS, Greenwood, S.C.
WGNC, Gastonia, N.C.
WQOK, Greenville, S.C.

6. To determine whether the instant proposals of Norman A. Thomas and the Greene County Broadcasting Company, Incorporated would provide the coverage of the city sought to be served, as required by § 3.188(a) (1) of the Commission rules.

7. To determine, in the light of section 307(b) of the Communications Act of 1934, as amended, which of the instant proposals would best provide a fair, efficient and equitable distribution of radio service.

8. To determine, in the event it is concluded pursuant to the foregoing issue that one of the proposals for Greeneville, Tennessee should be favored, which of the proposals of Norman A. Thomas or the Greene County Broadcasting Company, Incorporated would better serve the public interest, convenience and necessity in the light of the evidence adduced under the issues herein and the record made with respect to the significant differences between the said applicants as to:

a. The background and experience of each having a bearing on the applicant's ability to own and operate the proposed standard broadcast station.

b. The proposal of each with respect to the management and operation of the proposed station.

c. The programming services proposed in each of the said applications.

9. To determine, in the light of the evidence adduced pursuant to the foregoing issues which, if any, of the instant applications should be granted.

It is further ordered, That, the following licensees of the stations indicated are made parties to the proceeding:

Catherine T. McSwain (WGNC), Gastonia, N.C.
Dick Broadcasting Company, Inc. (WQOK), Greenville, S.C.
Baw Beese Broadcasters, Inc. (WCSR), Greenwood, S.C.

It is further ordered, That, the following licensees who are applicants in the instant proceeding are made parties thereto with respect to their existing operations:

Wilkes Broadcasting Company (WATA), Boone, N.C.
Radio Hendersonville, Inc. (WHKP), Hendersonville, N.C.

It is further ordered, That, to avail themselves of the opportunity to be heard, the instant applicants and parties respondent herein, pursuant to § 1.140 of the Commission rules, in person or by attorney, shall, within 20 days of the mailing of this order, file with the Commission in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and pre-

sent evidence on the issues specified in this order.

It is further ordered, That, the issues in the above-captioned proceeding may be enlarged by the Examiner, on his own motion or on petition properly filed by a party to the proceeding, and upon sufficient allegations of fact in support thereof, by the addition of the following issue: To determine whether the funds available to the applicant will give reasonable assurance that the proposals set forth in the application will be effectuated.

Released: July 18, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-6873; Filed, July 21, 1960;
8:50 a.m.]

[Docket No. 13630; FCC 60M-1223]

**UNIVERSAL COMMUNICATIONS CO.
Order Scheduling Hearing**

In re application of Cecil M. Fox, d/b as Universal Communications Company, Docket No. 13630, File No. 3532-C2-R-60; for renewal of the license for Station KQA342, a two-way facility in the Domestic Public Land Mobile Radio Service at Toledo, Ohio.

It is ordered, This 13th day of July 1960, that Basil P. Cooper will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on September 28, 1960, in Washington, D.C.

Released: July 15, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-6874; Filed, July 21, 1960;
8:50 a.m.]

FEDERAL POWER COMMISSION

[Docket No. G-9385 etc.]

**AMERADA PETROLEUM CORP. ET AL.
Order Providing for Hearing on and
Suspension of Proposed Change in
Rates and Rejecting Settlement
Offer and Denying Request To Terminate Proceedings**

JULY 15, 1960.

Amerada Petroleum Corporation, et al., Docket No. G-9385, etc.; Amerada Petroleum Corporation, G-13401, G-16662, G-19606, and RI 61-1.

On June 20, 1960, Amerada Petroleum Corporation (Amerada) tendered for filing a proposed change in its presently effective rate schedule for the sale of natural gas subject to the jurisdiction of the Commission. The proposed change is designated as follows:

Description: Notice of change, undated.
Purchaser: Texas Eastern Transmission Corporation (Texas Eastern).
Producing area: Melrose Field, Goliad County, Texas (R.R. Dist. No. 2).

Rate schedule designation: Supplement No. 9 to Amerada's FPC Gas Rate Schedule No. 44.

Effective rate: 11.52768 cents per Mcf at 14.65 psia.

Proposed rate: 13.8733 cents per Mcf at 14.65 psia.

Effective date: July 21, 1960 (stated effective date is the first day after the required thirty days' notice).

Concurrently with its aforementioned filing, Amerada submitted an Offer of Settlement. In its Offer of Settlement, Amerada states that, in consideration of the Commission's acceptance of its proposed rate of 13.8733 cents per Mcf under its FPC Rate Schedule No. 44 and termination of the suspension proceedings in Docket Nos. G-13401, G-16662, and G-19606, it will eliminate the flexible price provisions from the contracts involved (i.e., Rate Schedule Nos. 44 and 53) and will substitute revised schedules of periodic increases at five-year intervals beginning in 1963 in place of the present schedules of annual increases. Amerada further states that, upon the acceptance of its offer, it will also agree to withdraw the 0.2 cent per Mcf increase to 14.8 cents per Mcf suspended in Docket No. G-19606.

The suspension proceedings in Docket Nos. G-13401, G-16662, and G-19606 involve increased rates of 14.4 cents, 14.6 cents, and 14.8 cents per Mcf, respectively, under Amerada's FPC Gas Rate Schedule No. 53, which covers the sale of natural gas to Texas Eastern from the Cherokee Lake Area, Rusk and Gregg Counties, Texas (R.R. Dist. No. 6). The increased rates were made effective subject to refund in Docket No. G-13401 on April 3, 1958, in Docket No. G-16662 on April 1, 1959, and in Docket No. G-19606 on April 1, 1960. The proceedings in Docket Nos. G-13401 and G-16662 have been consolidated in the proceedings involved in Docket Nos. G-9385, et al. which also includes a section 5(a) investigation into all of Amerada's rates. The proceeding in Docket No. G-19606 has not been consolidated with the aforesaid consolidated proceedings. The aforesaid consolidated proceedings are near completion. The direct cases of Amerada and the staff have been presented; Amerada's direct case has been cross-examined; and intervenors' direct case is scheduled to be presented on July 26, 1960.

In support of its Offer of Settlement, Amerada submits the usual statements indicating the value, to the producer, of the flexible price provisions of the contracts and further states that the proposed rates of 13.8733 cents and 14.6 cents per Mcf are not unreasonably high and are below recently negotiated contract prices for gas produced in the same areas. In addition to its aforesaid filing, Amerada also filed a letter agreement executed by Amerada and Texas Eastern. This letter agreement deletes the favored-nation clause and a related provision from the contract comprising the subject Rate Schedule No. 44 and provides for three 0.5 cent per Mcf escalations at five-year intervals beginning in February 1963 in lieu of the present schedule of annual increases. No pro-

vision for price redetermination is contained in this letter agreement.

Further, if the offer is accepted, Amerada will execute and file an amendment (submitted as an exhibit to the offer) deleting the favored-nation clause and a related provision from its subject Rate Schedule No. 53 and substituting a revised schedule of three 1.0 cent per Mcf escalations at five-year intervals beginning in November 1963 for the present schedule of annual escalations under this contract. This contract does not provide for price redetermination.

Texas Eastern has executed the aforementioned letter agreement and has agreed to make the contract changes or amendments provided for in the offer with respect to Rate Schedule No. 53. Amerada states that, if the offer is not accepted by the Commission before July 18, 1960, it is to be considered withdrawn.

Amerada has made no attempt to provide a basis for determining whether or not its proposed rates are just and reasonable, since its offer of settlement was not accompanied by any cost data, nor was any substantive data submitted to show that cost determination was not feasible in this situation. Furthermore, in view of the present status of the consolidated proceedings in Docket Nos. G-9385, et al., which includes therein a rate investigation into all of Amerada's rates, it is deemed necessary and in the public interest to reject Amerada's Offer of Settlement inasmuch as it would prejudice the Commission staff's presentation in the section 5(a) case and may possibly lead to protests from the intervenors therein.

The increased rates and charges so proposed may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

The Commission finds:

(1) It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing concerning the lawfulness of the proposed change contained in Supplement No. 9 to Amerada's FPC Gas Rate Schedule No. 44 and that the aforesaid supplement be suspended and the use thereof deferred as hereinafter ordered.

(2) Good cause exists for rejecting Amerada's Offer of Settlement submitted on June 20, 1960, and denying Amerada's request to terminate the proceedings in Docket Nos. G-13401, G-16662, and G-19606.

The Commission orders:

(A) Pursuant to the authority of the Natural Gas Act, particularly sections 4 and 15 thereof, the Commission's rules of practice and procedure, and the regulations under the Natural Gas Act (18 CFR Ch. I), a public hearing shall be held upon a date to be fixed by notice from the Secretary concerning the lawfulness of the proposed increased rate and charge contained in Supplement No. 9 to Amerada's FPC Gas Rate Schedule No. 44.

(B) Pending hearing and decision thereon, the afore-mentioned supplement is hereby suspended and the use thereof deferred until December 21, 1960, and thereafter until such further time

as it is made effective in the manner prescribed by the Natural Gas Act.

(C) Neither the supplement hereby suspended, nor the rate schedule sought to be altered thereby, shall be changed until the proceeding in Docket No. RI61-1 has been disposed of or until the period of suspension has expired, unless otherwise ordered by the Commission.

(D) Notices of intervention or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D.C., in accordance with the rules of practice and procedure (18 CFR 1.8 and 1.37(f)) on or before August 29, 1960.

(E) The Offer of Settlement filed with the Commission by Amerada on June 20, 1960, in Docket Nos. G-13401, G-16662, and G-19606, is hereby rejected, and Amerada's request to terminate the proceedings in the afore-mentioned Docket Nos. G-13401, G-16662, and G-19606 is hereby denied.

By the Commission.

MICHAEL J. FARRELL,
Acting Secretary.

[F.R. Doc. 60-6840; Filed, July 21, 1960;
8:47 a.m.]

[Docket No. CP 60-46]

PANHANDLE EASTERN PIPE LINE CO.

Notice of Application and Date of Hearing

JULY 18, 1960.

Take notice that on March 3, 1960, as supplemented on April 18 and May 18, 1960, Panhandle Eastern Pipe Line Company (Applicant) filed in Docket No. CP60-46 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction and operation of a new tap and regulating and measuring facilities on Applicant's existing transmission system near Lulu in Monroe County, Michigan, all as more fully set forth in the application, as supplemented, which is on file with the Commission and open to public inspection.

The purpose of the facilities for which authorization is sought is to provide an additional delivery point to Applicant's existing customer, Michigan Gas Utilities Company (Michigan Gas), to enable Michigan Gas to render new retail natural gas service in the Village of Petersburg and in Bedford Township, Monroe County, Michigan, in addition to the service presently being rendered in Michigan Gas, Southern Division.

The estimated cost of Applicant's facilities proposed hereunder is \$40,200.

Michigan Gas proposes to build pipeline facilities at a total estimated cost of \$3,226,600 which will provide service not only to the two new towns but also will provide additional capacity for service to Michigan Gas, existing markets in its Southern Division. Michigan Gas has allocated \$3,083,925 of the total cost of the facilities which it will build, to the facilities necessary to render service to the aforesaid two new towns.

The estimated peak day and annual requirements of Petersburg and Bedford at 14.73 psia are:

	1st year	2d year	3d year
Peak day (Mcf).....	1,525	3,604	5,358
Annual.....	312,800	494,300	738,000

Applicant states that there will be no increase in contract demand to the distributor for this service.

This matter is one that should be disposed of as promptly as possible under the applicable rules and regulations and to that end:

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by section 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on August 16, 1960, at 9:30 a.m., e.d.s.t., in a Hearing Room of the Federal Power Commission, 441 G Street, N.W., Washington, D.C., concerning the matters involved in and the issues presented by such application: *Provided, however*, That the Commission may, after a non-contested hearing, dispose of the proceedings pursuant to the provisions of § 1.30(c) (1) or (2) of the Commission's rules of practice and procedure. Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Applicant to appear or be represented at the hearing.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D.C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before August 5, 1960. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the intermediate decision procedure in cases where a request therefor is made.

MICHAEL J. FARRELL,
Acting Secretary.

[F.R. Doc. 60-6841; Filed, July 21, 1960; 8:47 a.m.]

[Docket No. CP60-38]

UNITED GAS PIPE LINE CO.

Notice of Application and Date of Hearing

JULY 18, 1960.

Take notice that on February 17, 1960, as supplemented on May 4, 1960, United Gas Pipe Line Company (Applicant), filed in Docket No. CP60-38, an application, pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction and operation of approximately .03 of a mile of 6-inch pipeline, a sales meter station and appurtenant facilities on Applicant's existing lateral line to Courtaulds, Inc., in Mobile County, Alabama.

The purpose of the proposed construction is to enable Applicant to sell and deliver natural gas to Clarke-Mobile Counties Gas District (District), for resale and distribution in the communities of Jackson, Grove Hill, Thomasville and environs in Alabama. The District is

comprised of the municipalities of Jackson, Thomasville, Grove Hill, Fulton and Mount Vernon, and the area along the route of the District's proposed transmission line all in Mobile, Washington and Clark Counties, Alabama.

It appears that the District was incorporated pursuant to the laws of the State of Alabama and requires no franchise to render the service it proposes, according to the application.

The total cost of Applicant's proposed facilities is \$22,024 which will be paid out of current working funds.

This service to the District would be made under Applicant's presently effective rates on file with the Commission, subject to refund.

The application reveals that in order to receive, transport and resell the gas, the District must construct about 79 miles of transmission line and the necessary distribution systems. The District has a construction contract with Hyde Construction Company under which these facilities will be built for a direct cost of approximately \$2,664,100. To pay for these facilities and the associated overheads including a 10 percent bond discount, the District proposes to issue \$3,800,000 in forty-year gas revenue bonds. The bonds have been sold to the Southern Bond Company.

Applicant estimates the District's gas requirements as follows:

	Mcf at 14.73 psia		
	1st year	2d year	3d year
Annual requirements....	898,052	1,032,684	1,081,578
Peak day requirements....	4,299	5,078	5,568

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 on September 8, 1960 at 10:00 a.m., e.d.s.t., in a Hearing Room of the Federal Power Commission, 441 G Street, N.W., Washington, D.C., concerning the matters involved in and the issues presented by the application as supplemented.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D.C.; in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before August 9, 1960.

MICHAEL J. FARRELL,
Acting Secretary.

[F.R. Doc. 60-6842; Filed, July 21, 1960; 8:47 a.m.]

[Docket No. G-14013]

WESTERN NATURAL GAS CO.

Order Terminating Proceedings

JULY 18, 1960.

On March 8, 1960, Western Natural Gas Company (Western) filed a motion to terminate the above-entitled proceeding, which arose as the result of a pro-

posed change in rate embodied in Supplement No. 2 to Western's FPC Gas Rate Schedule No. 3, filed November 29, 1957. The sale involved is made to El Paso Natural Gas Company from production in the Jalmat Field Area of Lea County, New Mexico. The proposed increase in rate is from 9.5 to 10.5 cents per Mcf. By order issued December 25, 1957, the proposed increased rate was suspended until June 1, 1958, and until such further time as it was made effective in the manner prescribed by the Natural Gas Act. The proposed increased rate was made effective as of June 1, 1958, under undertaking to assure refund of excess charges, by order issued July 1, 1958.

Western contends that other producers making sales in the same producing area as the Western sale here involved have been allowed to collect increased rates equal to or greater than 10.5 cents per Mcf, either after termination of suspension proceedings or in instances where such rates have not been suspended by the Commission. Thus, Western concludes, its motion should be granted as consistent with the policy enunciated in Reef Fields Gasoline Corporation, et al., Docket No. G-14030, order issued March 18, 1958 (19 FPC 351).

El Paso Natural Gas Company was granted intervention in this proceeding by order issued March 31, 1959, based upon a petition filed January 26, 1959. However, neither in the petition to intervene nor subsequent to the motion to terminate has El Paso specifically objected to the motion to terminate this proposed change in rate.

The Commission finds: Good cause exists for terminating the proceeding in Docket No. G-14013, for permitting the rate proposed in Supplement No. 2 to Western's FPC Gas Rate Schedule No. 3 to continue in effect without obligation to refund, and for discharging Western from obligation to refund excess charges.

The Commission orders:

(A) The rates and charges set forth in Supplement No. 2 to Western's FPC Gas Rate Schedule No. 3 are hereby permitted to continue in effect without refund obligation.

(B) Western is hereby discharged from refund obligation under its agreement and undertaking filed pursuant to the requirements of the order issued herein July 1, 1958.

(C) The proceeding in Docket No. G-14013 is hereby terminated.

(D) This order shall not be construed as constituting approval of any rate, charge, classification or any rule, regulation or practice affecting such rate or service contained in the rate filing made by Western in the terminated proceeding and shall be without prejudice to any findings or orders which have been or may be made by the Commission in any proceeding or proceedings now pending or hereafter instituted by or against Western Natural Gas Company.

By the Commission.

MICHAEL J. FARRELL,
Acting Secretary.

[F.R. Doc. 60-6843; Filed, July 21, 1960; 8:47 a.m.]

[Docket No. CP60-62]

ARKANSAS LOUISIANA GAS CO.**Notice of Application and Date of Hearing**

JULY 18, 1960.

Take notice that on March 17, 1960, Arkansas Louisiana Gas Company (Applicant), filed an application in Docket No. CP60-62, as supplemented on April 6, 1960, and April 19, 1960, seeking authorization to abandon interstate operation of Line LM-2, which consists of 9 miles of 12 $\frac{3}{4}$ -inch lateral pipeline located west of Little Rock, Arkansas, all as more fully set forth in the application as supplemented on file with the Commission and open for public inspection. Line LM-2 was built in 1942.

Applicant states that initially Line LM-2, attached to Applicant's main line "L-System" extending northward from fields in southern Arkansas, carried intrastate gas only, primarily to serve a defense plant at Jones Mills, Arkansas. Subsequently, interstate gas was tied into the L-System, including Line LM-2, as authorized by the Commission on June 21, 1946, in Docket No. G-697.

The application shows that the Jones Mills-Hot Springs area is now served by three lines. Two of these lines, LM-2 and AM-22, carry interstate gas westward from the L-System out of Perla Compressor Station, which is near Little Rock, Arkansas. The third line, BT-1, carries local high pressure intrastate gas from northwest Arkansas to the Jones Mills area. The Applicant now proposes to abandon the use of line LM-2 for carrying interstate gas and use the line instead for carrying a portion of the intrastate gas eastward to the main line at Perla Station.

Line BT-1 consists of 95 miles of 16-inch transmission line authorized by the Arkansas Public Service Commission in 1958. It carries high pressure gas from producing areas in northwest Arkansas to the Hot Springs and Jones Mills area, thus, partially replacing the original function of Line LM-2 which was to serve the defense plant at Jones Mills. The eastern terminus of Line BT-1 and the western terminus of Line LM-2 are at Jones Mills. Applicant proposes herein to connect the two lines at these termini and reverse the flow of gas in Line LM-2.

Line AM-22, which consists of about 10 miles of 12 $\frac{3}{4}$ and 10 $\frac{3}{4}$ -inch transmission line, like Line LM-2, has its eastern terminus at Perla Compressor Station. From there it parallels Line LM-2 in its westerly extension to Jones Mills and continues on to Hot Springs. At present, Line AM-22 and Line LM-2 both carry gas westward from Perla Station to Jones Mills and Hot Springs.

Applicant states that because of the recent acquisition of the northwest Arkansas natural gas made available to the Jones Mills area through Line BT-1, both Lines LM-2 and AM-22 are no longer required for interstate transmission to that area. Accordingly, the Applicant proposes to connect Line BT-1 to Line LM-2 at Jones Mills and use LM-2 to transport a part of the intrastate high

pressure gas eastward for use in the Little Rock area. Line AM-22 would then carry a large part of the load from the interstate system to the Jones Mills-Hot Springs area.

Applicant states that its industrial consumers usually require their gas at from 25 to 80 pounds pressure. The supply to such consumers in the Jones Mills-Hot Springs area has been satisfactorily handled by the low pressure gas (200 pounds) from Line AM-22. The use of all the northwest Arkansas high pressure gas (600 pounds) for such industrial consumers would require drastic multi-stage regulation to reduce the pressure. Applicant feels the most economical procedure is to make use of Line LM-2 to carry the largest part of the high pressure gas on to the main line at Perla Station and keep the low pressure AM-22 line fully loaded to meet its needs in Jones Mills and Hot Springs.

Applicant indicates that its entire system gas supply is dedicated to all its market areas, including the Jones Mills-Hot Springs area, and, consequently, no change in its reserve life index would result from the proposed rearrangement of service.

This matter is one that should be disposed of as promptly as possible, under the applicable rules and regulations and to that end:

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 on August 18, 1960, at 9:30 a.m., e.d.s.t., in a Hearing Room of the Federal Power Commission, 441 G Street NW., Washington, D.C., concerning the matters involved in and the issues presented by such application: *Provided, however,* That the Commission may, after a noncontested hearing, dispose of the proceedings pursuant to the provisions of § 1.30 (c) (1) or (c) (2) of the Commission's rules of practice and procedure. Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Applicant to appear or be represented at the hearing.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D.C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before August 8, 1960. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the intermediate decision procedure in cases where a request therefor is made.

MICHAEL J. FARRELL,
Acting Secretary.

[F.R. Doc. 60-6827; Filed, July 21, 1960;
8:45 a.m.]

[Docket Nos. RI60-447 etc.]

HUMBLE OIL & REFINING CO. AND ASSOCIATED OIL AND GAS CO.**Correction**

JULY 15, 1960.

Humble Oil & Refining Company,
Docket Nos. RI60-447, etc.; Associated

Oil and Gas Company, Docket No. RI60-449.

In the order providing for hearings on and suspension of proposed changes in rates, and allowing increased rates to become effective subject to refund, issued June 30, 1960, and published in the FEDERAL REGISTER on July 8, 1960 (25 F.R. 6446-47-48); Docket No. RI60-449, Associated Oil and Gas Company, under column headed "Date suspended until", change "7-9-60" to read "12-9-60".

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 60-6828; Filed, July 21, 1960;
8:45 a.m.]

[Docket No. CP60-97]

NATURAL GAS PIPELINE COMPANY OF AMERICA**Notice of Application and Date of Hearing**

JULY 15, 1960.

Take notice that on May 9, 1960, Natural Gas Pipeline Company of America (Natural) filed in Docket No. CP60-97 an application, as supplemented on June 10, 1960, June 20, 1960, and July 7, 1960, pursuant to section 7 of the Natural Gas Act for a certificate of public convenience and necessity authorizing Natural to acquire and operate all of the facilities owned by Peoples Gulf Coast Natural Gas Pipeline Company (Gulf Coast), all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Gulf Coast owns and operates a natural gas pipeline transmission system extending from Texas, in which State it purchases natural gas, through the States of Arkansas and Missouri to termini in Illinois. Its facilities consist of approximately 1225 miles of main transmission pipeline, 366 miles of lateral lines, 11 compressor stations with 146,000 total installed horsepower and other appurtenant facilities. It sells gas to Natural for resale to its utility customers and makes sales for resale to municipalities and utility companies for local distribution in Missouri, Illinois and Indiana. It also sells gas to Natural Gas Storage Company of Illinois, which company is controlled by Natural and Gulf Coast, each of which owns 50 percent of the outstanding common stock.

Natural owns and operates a natural gas pipeline system extending from the West Panhandle Field in Texas through the States of Oklahoma, Kansas, Nebraska and Iowa to a point near Joliet, Illinois, with a lateral extending to the Illinois-Wisconsin state line. Natural makes sales of gas for resale to municipalities and utility companies for local distribution in the States of Kansas, Nebraska, Iowa, Wisconsin, Illinois and Indiana. It also makes some mainline industrial sales.

Natural and Gulf Coast are both controlled by The Peoples Gas Light and Coke Company (PGL) which owns all of the outstanding common stock of Natural and all of the outstanding capital stock of Gulf Coast. Upon consummation of the merger, which it is proposed will follow upon the granting of the re-

¹ This plant is now operated by Reynolds Metals Company for making aluminum.

requested certificate, PGL would own all of the outstanding common stock of Natural as the surviving company.

Concurrently with the filing of its application, Natural filed with the Commission a certificate of adoption of the tariff and contracts of Gulf Coast.

Under the plan of reorganization which is proposed PGL would transfer to Natural as a contribution to capital, all or part of the capital stock of Gulf Coast, and will surrender to Gulf Coast for cancellation or extinguishment all of the shares of that company owned by PGL which are not transferred to Natural. Gulf Coast would then be dissolved and liquidated pursuant to the applicable laws of the State of Delaware. Gulf Coast would then distribute and transfer to Natural in complete liquidation of Gulf Coast all of its property and assets subject to all of its debts and liabilities existing at the time of transfer. Natural would assume all such debts and liabilities and would surrender to Gulf Coast for cancellation all of the capital stock of Gulf Coast then owned by Natural. The holders of Gulf Coast's outstanding bonds would surrender them for cancellation, receiving in their place substantially identical bonds of Natural.

Natural would initially render all of the services now rendered by Gulf Coast at the same rates of Gulf Coast now on file with the Commission. At a later date Natural would file a single tariff applicable to all sales now made by Natural and Gulf Coast.

This matter is one that should be disposed of as promptly as possible under the applicable rules and regulations and to that end:

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 on September 26, 1960, at 10:00 a.m., e.d.s.t., in a Hearing Room of the Federal Power Commission, 441 G Street NW., Washington, D.C., concerning the matters involved in and the issues presented by such application.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D.C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before August 12, 1960.

MICHAEL J. FARRELL,
Acting Secretary.

[F.R. Doc. 60-6829; Filed, July 21, 1960;
8:45 a.m.]

[Docket No. RP61-2]

NEVADA NATURAL GAS PIPE LINE CO.

Order for Hearing and Suspending Proposed Tariff Sheet

JULY 15, 1960.

Nevada Natural Gas Pipe Line Company (Nevada Natural) on June 16, 1960, tendered for filing Fourth Revised Sheet No. 4 to its FPC Gas Tariff, Original Volume No. 1 wherein it proposed to increase

its straight general service rate from 50.50 cents to 53.05 cents per Mcf, which would result in an annual increase of approximately \$60,441 or 5.0 percent based on its jurisdictional sales during the test year ended December 31, 1959, as adjusted. Nevada Natural requested that its filing become effective as of July 26, 1960, and that, if the filing be suspended, the suspension period end on August 24, 1960.

In support of the increased rate proposal, Nevada Natural submitted a cost of service study for the calendar year 1959, as adjusted for changes through August 31, 1960; and stated (1) that on May 4, 1960, in Docket No. G-13259, the Commission found Nevada Natural's present effective rate of 50.50 cents per Mcf just and reasonable when it approved a settlement involved therein; (2) that its proposed increase in rate will result from the passing on of a similar increase, which was requested by its sole supplier, El Paso Natural Gas Company (El Paso) and suspended until August 24, 1960, in Docket No. RP60-3; (3) that its proposed increase rate is sufficient only to recoup the 2.55 cents per Mcf which was suspended and will be passed on to it by El Paso; and (4) that, even though its proposed increase was allowed, it would still have a deficiency in its jurisdictional revenues.

It should be noted that in paragraph (I) of our aforementioned order issued May 4, 1960, in Docket No. G-13259, we stated:

In issuing this order, the Commission's action is not to be construed as a concurrence with the cost of service determinations, allocation methods and rate design principles used in arriving at rates and charges for future sales, or in computing the amount of refunds agreed upon in the settlement agreement, and neither the Commission, its staff, or other parties to the proceedings are to be prejudiced or bound thereby in future proceedings.

The proposed increased rate and charge contained in the aforementioned revised tariff sheet tendered by Nevada Natural on June 16, 1960, may be unjust, unreasonable, unduly discriminatory, preferential, or otherwise unlawful.

The Commission finds: It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act, that the Commission enter upon a public hearing concerning the lawfulness of the rate, charge, classification, and service contained in Nevada Natural's FPC Gas Tariff, Original Volume No. 1, as proposed to be amended by the tariff sheet tendered on June 16, 1960, and that proposed Fourth Revised Sheet No. 4 thereof and the rate contained therein be suspended and the use thereof deferred as hereinafter provided.

The Commission orders:

(A) Pursuant to the authority of the Natural Gas Act, particularly sections 4 and 15 thereof, the Commission's rules of practice and procedure, and the regulations under the Natural Gas Act (18 CFR Ch. I), a public hearing be held on a date to be fixed by notice from the Secretary concerning the lawfulness of the rate, charge, classification, and service contained in Nevada Natural's FPC

Gas Tariff, Original Volume No. 1, as proposed to be amended by the aforementioned tariff sheet tendered on June 16, 1960.

(B) Pending such hearing and decision thereon the aforementioned Fourth Revised Sheet No. 4 to Nevada Natural's FPC Gas Tariff Original Volume No. 1 is hereby suspended and the use thereof deferred until August 24, 1960, and until such further time as the aforementioned increased rate and charge proposed by El Paso may become effective subject to refund in Docket No. RP60-3, and until such further time as said revised tariff sheet may be made effective in the manner prescribed by the Natural Gas Act.

(C) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37(f)), by filing petitions for leave to intervene on or before August 29, 1960.

By the Commission.

MICHAEL J. FARRELL,
Acting Secretary.

[F.R. Doc. 60-6830; Filed, July 21, 1960;
8:45 a.m.]

[Docket No. CP60-85]

TRANSCONTINENTAL GAS PIPE LINE CORP.

Notice of Application and Date of Hearing

JULY 15, 1960.

Take notice that on April 22, 1960, Transcontinental Gas Pipe Line Corporation (Transco), a Delaware corporation, with its principal place of business in Houston, Texas, filed an application as supplemented on May 12, 1960, for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act for authorization to sell and deliver to Consolidated Edison Company of New York, Inc. (Consolidated Edison) 4,750 Mcf of natural gas per day under Transco's presently effective LTF-3 Rate Schedule, all as more fully set forth in the application as supplemented on file with the Commission and open for public inspection.

By order of the Commission issued March 1, 1957, in Docket Nos. G-10000, et al., Transco was authorized to sell and deliver to North Carolina Natural Gas Corporation (North Carolina Natural) 39,780 Mcf of gas per day under Transco's Rate Schedule CD-2. Of this volume, North Carolina Natural is presently purchasing 24,750 Mcf under a service agreement providing for fixed step-ups of contract demand volumes until the full allocation of 39,780 Mcf is reached commencing on November 1, 1961. The application of Transco states that North Carolina Natural's market has developed more slowly than that customer had anticipated, and that, as a result, North Carolina Natural is now obliged to pay for 4,750 Mcf per day of its contract volume which it cannot receive and resell. North Carolina Natural has asked Transco to relieve it temporarily from this contractual obligation.

At Transco's request and in order to relieve North Carolina Natural from this

financial loss, Consolidated Edison has agreed to purchase this volume of 4,750 Mcf per day for the period terminating on October 31, 1961 under Transco's Rate Schedule LTF-3. Transco's application indicates that Consolidated Edison can use such firm service for this limited time without disrupting its market and that Transco will be able to resume enlarged deliveries to North Carolina Natural when the service proposed herein terminates.

North Carolina Natural has not requested nor is Transco seeking a reduction in the allocation of natural gas for North Carolina Natural heretofore ordered by the Commission in Docket No. G-10000, et al.

The application recites that proposed service can be rendered through the facilities of Transco heretofore authorized by the Commission.

On May 20, 1960, temporary authorization was granted to Transco to render the proposed service to Consolidated Edison.

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 on August 18, 1960 at 9:30 a.m., e.d.s.t., in a Hearing Room of the Federal Power Commission, 441 G Street NW., Washington, D.C. concerning the matters involved in and the issues presented by such applications: *Provided, however*, That the Commission may, after a non-contested hearing, dispose of the proceedings pursuant to the provisions of § 130(c) (1) and (2) of the Commission's rules of practice and procedure. Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Transco to appear or be represented at the hearing.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D.C. in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before August 8, 1960. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the immediate decision procedure in cases where a request therefor is made.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 60-6831; Filed, July 21, 1960;
8:45 a.m.]

HOUSING AND HOME FINANCE AGENCY

Office of the Administrator

REGIONAL DIRECTOR OF COMMUNITY FACILITIES ACTIVITIES, REGION V (FORT WORTH)

Redelegation of Authority With Respect to Housing for Educational Institutions

The Regional Director of Community Facilities Activities, Region V (Fort

Worth), with respect to the program of loans for housing for educational institutions authorized under Title IV of the Housing Act of 1950, as amended (64 Stat. 77, as amended, 12 U.S.C. 1749-1749c), is hereby authorized within such Region to execute loan agreements and amendments thereof involving loans for student and/or faculty housing and for other educational facilities.

This redelegation supersedes the redelegation effective May 14, 1960 (25 F.R. 4338, May 14, 1960).

(62 Stat. 1283 (1948), as amended by 64 Stat. 80 (1950), 12 U.S.C. 1701c; Housing and Home Finance Administrator's delegation effective July 1, 1960 (25 F.R. 5801, June 23, 1960))

Effective as of the first day of July 1960.

[SEAL] JOHN A. FOSTER,
Regional Administrator, Region V.

[F.R. Doc. 60-6852; Filed, July 21, 1960;
8:48 a.m.]

REGIONAL DIRECTOR OF COMMUNITY FACILITIES ACTIVITIES, REGION V, FORT WORTH

Redelegation of Authority With Respect to Public Facility Loans

The Regional Director of Community Facilities Activities, Region V (Fort Worth), with respect to the public facility loans program authorized under section 202 of Public Law 345, 84th Congress, as amended (69 Stat. 643, as amended, 42 U.S.C. 1492), is hereby authorized within such Region to enter into contracts and amendments thereof with public agencies involving loans for essential public works or facilities.

This redelegation supersedes the redelegation effective May 14, 1960 (25 F.R. 4338, May 14, 1960).

(62 Stat. 1283 (1948), as amended by 64 Stat. 80 (1950), 12 U.S.C. 1701c; Housing and Home Finance Administrator's delegation effective July 1, 1960 (25 F.R. 5801, June 23, 1960))

Effective as of the first day of July 1960.

[SEAL] JOHN A. FOSTER,
Regional Administrator, Region V.

[F.R. Doc. 60-6853; Filed, July 21, 1960;
8:48 a.m.]

REGIONAL DIRECTOR OF COMMUNITY FACILITIES ACTIVITIES, REGION V, FORT WORTH

Redelegation of Authority With Respect to Public Works Planning

The Regional Director of Community Facilities Activities, Region V (Fort Worth), with respect to the program of advances for public works planning authorized under section 702 of the Housing Act of 1954 (68 Stat. 641), as amended by section 112 of the Housing Amendments of 1955 (69 Stat. 641), 40 U.S.C. 462, is hereby authorized within such Region:

1. To execute offers and amendments thereof to public agencies involving advances to aid in planning proposed public works;

2. To determine the amount of partial repayment due if the public agency un-

dertakes construction of only a portion of the planned public work;

3. To approve the planning data submitted by public agencies in accordance with contracts resulting from acceptance of offers under subparagraph 1 above;

4. To authorize payments under any contracts resulting from acceptance of offers under subparagraph 1 above.

This redelegation supersedes the redelegation effective May 14, 1960 (25 F.R. 4338, May 14, 1960).

(62 Stat. 1283 (1948), as amended by 64 Stat. 80 (1950), 12 U.S.C. 1701c; Housing and Home Finance Administrator's delegation effective July 1, 1960 (25 F.R. 5801, June 23, 1960))

Effective as of the first day of July 1960.

[SEAL] JOHN A. FOSTER,
Regional Administrator, Region V.
[F.R. Doc. 60-6854; Filed, July 21, 1960;
8:48 a.m.]

Public Housing Administration DELEGATIONS OF FINAL AUTHORITY

Miscellaneous Amendments

1. Effective July 1, 1960, paragraph D9 is hereby revoked.

2. Effective July 1, 1960, paragraph E7 is amended to read as follows:

With respect to notes, lien instruments, conditional sales contracts, lease-purchase contracts, and restrictive provisions of deeds of conveyance (such as provisions with respect to mineral rights, easements, and reversionary rights); to execute releases and quitclaim deeds of the Government's interests; to take appropriate action for the enforcement of compliance with the terms and conditions of such instruments; to execute contracts or make arrangements for appraisals, surveys, and engineering and other technical services; to execute amendments to such instruments; to approve or disapprove budgets and take other actions which under such instruments are required to be taken by the Commissioner or by the PHA; to sell and assign such instruments; to execute contracts with agents for the servicing of such instruments; to order the publication of advertisements; to approve insurance contracts; and to execute endorsements on behalf of the PHA on mortgage payment checks, and on insurance company checks on which the PHA is a joint payee.

Assistant Commissioner for Management,
Harold B. Fliege.

Approved: July 15, 1960.

BRUCE SAVAGE,
Commissioner.

[F.R. Doc. 60-6832; Filed, July 21, 1960;
8:46 a.m.]

INTERSTATE COMMERCE COMMISSION

[Notice 350]

MOTOR CARRIER TRANSFER PROCEEDINGS

JULY 19, 1960.

Synopses of orders entered pursuant to section 212(b) of the Interstate Com-

merce Act, and rules and regulations prescribed thereunder (49 CFR Part 179), appear below:

As provided in the Commission's special rules of practice any interested person may file a petition seeking reconsideration of the following numbered proceedings within 20 days from the date of publication of this notice. Pursuant to section 17(8) of the Interstate Commerce Act, the filing of such a petition will postpone the effective date of the order in that proceeding pending its disposition. The matters relied upon by petitioners must be specified in their petitions with particularity.

No. MC-FC 62899. By order of July 15, 1960, the Transfer Board approved the transfer to Alexander Twomey, doing business as Cronin's Express, Revere, Mass., of the operating rights authorized to Michael J. Cronin, Joseph V. Cronin and John F. Cronin, a partnership, doing business as Cronin's Express, Revere, Mass., under Certificate No. MC 22549, issued May 23, 1941, authorizing the transportation, over irregular routes, of general commodities, excluding household goods and commodities in bulk, between Boston, Cambridge, Chelsea, Winthrop, and Revere, Mass. Frank A. R. Murray, 40 Central Street, Boston, Mass., for applicants.

No. MC-FC 63201. By order of July 14, 1960, the Transfer Board approved the transfer to Everett L. Carr, doing business as Briggs Trucking, Dighton, Mass., of Permit No. MC 60390, issued April 26, 1956, to Lester M. Briggs, Dighton, Mass., authorizing the transportation of: Tapioca flour, starches, dyes, sizing, softening and finishing specialties, between Dighton, Mass., and Providence, R.I., over specified routes; between Dighton, Mass., and points within five miles of Dighton, on the one hand, and, on the other, Mechanicsville, Conn., points in Rhode Island, and those in that part of Massachusetts east of U.S. Highway 5; and from Providence, R.I., to Stafford and East Hampton, Conn.; and fertilizer and fertilizing materials, and inedible greases (except petroleum, greases, animal tallow, and meat scraps), restricted against the movement of fertilizer and fertilizing materials and inedible greases, in bulk, in tank vehicles, from Pawtucket, R.I., to points in Barnstable, Bristol, Plymouth, and Norfolk Counties, Mass. Russell B. Curnett, 49 Weybosset Street, Providence, R.I., for applicants.

No. MC-FC 63331. By order of July 14, 1960, the Transfer Board approved the transfer to Herbert A. Steele and Donald H. Steele, a partnership, doing business as Mohnk Delivery Company, Saginaw, Michigan, of the operating rights authorized to Sarah C. Karp, doing business as Mohnk Delivery Company, Saginaw, Michigan, under Certificate No. MC 596, issued January 5, 1942, authorizing the transportation, of general commodities, excluding household goods and commodities in bulk, over regular routes, between Saginaw, Mich., and Bay City, Mich., and over irregular routes, between points in Saginaw, Mich., between points in Carrollton, Mich., and between points in Zil-

waukee, Mich., and butter, eggs, cheese, canned goods, soap, alkali products, and packing-house products, over irregular routes, between Saginaw, Mich., on the one hand, and, on the other, points in Saginaw, Mich. William B. Elmer, 1800 Buhl Building, Detroit 26, Mich.

No. MC-FC 63358. By order of July 14, 1960, the Transfer Board approved the transfer to Nationwide Moving & Storage Co., Inc., Hartford, Conn., of Certificates Nos. MC 38591 and MC 38591 Sub 1, issued February 13, 1942, and April 6, 1953, respectively, in the name of Bernie Pearlman doing business as Atlantic Moving & Warehouse Co., Hartford, Conn., authorizing the transportation of household goods over irregular routes, between Hartford, Conn., and points within 10 miles of Hartford, on the one hand, and, on the other, points in Massachusetts, Rhode Island, Maine, New Hampshire, Vermont, New York, New Jersey, Pennsylvania, Maryland, Ohio, Virginia, North Carolina, Georgia, Florida, Tennessee, and the District of Columbia, traversing Delaware, South Carolina, and Kentucky for operating convenience only; and between points in Connecticut, on the one hand, and, on the other, points in Massachusetts, New York, and Rhode Island. Sidney L. Goldstein, 109 Church Street, New Haven, Conn., for applicants.

No. MC-FC 63377. By order of July 14, 1960, the Transfer Board approved the transfer to Roy Bros., Construction Co., Inc., Amesbury, Mass., of Certificate in No. MC 5159, issued January 6, 1960, to Merrimack River Navigation Co., Inc., Haverhill, Mass., authorizing the transportation of: Road building and grading materials, machinery, and alcoholic beverages, between Newburyport, Mass., on the one hand, and, on the other, points in Massachusetts and New Hampshire. Joseph A. Kline, 185 Devonshire Street, Boston 10, Mass., for applicants.

No. MC-FC 63388. By order of July 15, 1960, the Transfer Board approved the transfer to Court Industrial Trucking Co., Inc., doing business as Court Industrial Trucking Co., Inc., and 20th Century Moving Co., Newark, N.J., under Certificate No. MC 61860, issued to David Kreeger and Lena Friedman, a partnership, doing business as 20th Century Moving Company and Court Industrial Trucking Company, Newark, N.J., authorizing the transportation, over irregular routes, of household goods between points in Essex, Hudson, Union, Bergen, Passaic and Middlesex Counties, N.J., on the one hand, and, on the other, points in New York, Connecticut, Massachusetts, Pennsylvania, and Rhode Island, bakers' supplies, between points in Essex, Passaic, and Bergen Counties, N.J., on the one hand, and, on the other, New York, N.Y., and matzoth, between Newark, and Jersey City, N.J., on the one hand, and, on the other, New York, N.Y. Herbert Quittner, 60 Park Place, Newark 2, N.J., for applicants.

No. MC-FC 63393. By order of July 18, 1960, the Transfer Board approved the transfer to Canadian Machinery Movers, Ltd., Windsor, Ontario, Canada, of a portion of Certificate in No.

MC 86423, issued June 7, 1957, to Charles Hinton and Company, Limited, Windsor, Ontario, Canada, which authorizes the transportation of machinery, boilers, contractors' equipment, and commodities, the transportation of which because of size, weight or bulk, requires special equipment, over irregular routes, between the port of entry at Detroit, Mich., at the United States-Canada Boundary Line, on the one hand, and, on the other, Detroit, Mich. Rex Eames, Sullivan, Elmer, Eames and Moody, 1800 Buhl Building, Detroit 26, Mich., for applicants.

No. MC-FC 63394. By order of July 15, 1960, the Transfer Board approved the transfer to Union Motor Line, Inc., Union, New Jersey, of Certificate in No. MC 63901, issued July 19, 1955, to Harry W. Hahn, Palmerton, Pa., authorizing the transportation of: Coal in truckloads, from points in Luzerne, Pa., and Schuylkill Counties, Pa., to points in Essex and Union Counties, N.J., and fertilizer from Carteret, N.J., to points in Pennsylvania and New York. August W. Heckman, Attorney, 880 Bergen Avenue, Jersey City 6, N.J., for applicants.

No. MC-FC 63403. By order of July 18, 1960, the Transfer Board approved the transfer to Henry R. Tomkinson, Sr., Henry R. Tomkinson, Jr., William H. Carney, and Jacqueline Carney, a partnership, doing business as Henry's Express, Egg Harbor City, N.J., of the operating rights authorized to Henry Russell Tomkinson, doing business as Henry's Express, Egg Harbor City, N.J., under Certificates Nos. MC 977 and MC 977 Sub 1, authorizing the transportation, over regular routes, of general commodities, excluding household goods and commodities in bulk, between Philadelphia, Pa., and Egg Harbor City, N.J., and empty tin cans and equipment therefor, between Baltimore, Md., and Germania, N.J., and over irregular routes, general commodities, excluding household goods and commodities in bulk, between Egg Harbor City, N.J., and points within 20 miles thereof, on the one hand, and, on the other, Philadelphia, Pa., and household goods, between Egg Harbor City, N.J., and points within 20 miles thereof, on the one hand, and, on the other, points in New Jersey, Pennsylvania, Delaware, Maryland, New York, and the District of Columbia. Harry C. Maxwell, 200 Penn Square Building, Juniper and Filbert Streets, Philadelphia 7, Pa., for applicants.

[SEAL]

HAROLD D. McCoy,
Secretary.

[F.R. Doc. 60-6880; Filed, July 21, 1960;
8:50 a.m.]

OFFICE OF CIVIL AND DEFENSE MOBILIZATION

H. BURKE HORTON

Appointee's Statement of Changes in Business Interests

The following statement lists the names of concerns required by subsec-

tion 710(b) (6) of the Defense Production Act of 1950, as amended.

1. Teletrak Corp.
2. Sperry Rand Corp.

This amends statement published February 10, 1960 (25 F.R. 1195).

H. BURKE HORTON.

JULY 14, 1960.

[F.R. Doc. 60-6783; Filed, July 20, 1960; 8:45 a.m.]

OTTO L. NELSON

Appointee's Statement of Changes in Business Interests

The following statement lists the names of concerns required by subsection 710(b) (6) of the Defense Production Act of 1950, as amended.

Addition: Member, Board of Governors, New York Building Congress, Inc.

Deletion: Vice President, New York Building Congress, Inc. Chairman, Temporary State Commission on Governmental Operations of the City of New York. Chairman, Governor Rockefeller's Task Force on Middle-Income Housing.

This amends statement published January 21, 1960 (25 F.R. 522).

OTTO L. NELSON.

JULY 10, 1960.

[F.R. Doc. 60-6784; Filed, July 20, 1960; 8:45 a.m.]

DEPARTMENT OF LABOR

Wage and Hour Division LEARNER EMPLOYMENT CERTIFICATES

Issuance to Various Industries

Notice is hereby given that pursuant to section 14 of the Fair Labor Standards Act of 1938 (52 Stat. 1060, as amended, 29 U.S.C. 201 et seq.), and Administrative Order No. 524 (24 F.R. 9274) the firms listed in this notice have been issued special certificates authorizing the employment of learners at hourly wage rates lower than the minimum wage rates otherwise applicable under section 6 of the Act. The effective and expiration dates, occupations, wage rates, number or proportion of learners, learning periods, and the principal product manufactured by the employer for certificates issued under general learner regulations (§§ 522.1 to 522.11) are as indicated below. Conditions provided in certificates issued under special industry regulations are as established in these regulations.

Apparel Industry Learner Regulations (29 CFR 522.1 to 522.11, as amended, and 29 CFR 522.20 to 522.24, as amended).

The following learner certificates were issued authorizing the employment of 10 percent of the total number of factory production workers for normal labor turnover purposes. The effective and expiration dates are indicated.

Brew-Schneider Co., Inc., Highway No. 62, Blakely, Ga.; effective 7-4-60 to 7-3-61 (washable service garments).

Dillon Manufacturing Co., Dillon, S.C.; effective 7-9-60 to 7-8-61 (ladies' dresses).
Fountain Hill Underwear Mills, 477 Lehigh Avenue, Palmerton, Pa.; effective 6-30-60 to 6-29-61 (men's, ladies', and girls' outerwear, sportswear).

Hamurnat Manufacturing Corp., 212 Hull Avenue, Olyphant, Pa.; effective 7-5-60 to 7-4-61 (children's outerwear).

Iva Manufacturing Co., Inc., Iva, S.C.; effective 7-1-60 to 6-30-61 (blouses).

Model Sportswear, Inc., 305 Holland Street, Shelbyville, Tenn.; effective 6-30-60 to 6-29-61 (men's and boys' work and sport jackets).

Mid-South Industries, Inc., Hackleburg, Ala.; effective 6-27-60 to 6-26-61 (boys' sport shirts).

Statham Garment Corp., Statham, Ga.; effective 7-1-60 to 6-30-61 (trousers).

Levi Strauss & Co., Blue Ridge, Ga.; effective 7-5-60 to 7-4-61 (boys', youths', and men's casual pants).

Vandalla Garment Co., Vandalla, Mo.; effective 6-29-60 to 6-28-61 (ladies' dresses).

Williamson-Dickle Manufacturing Co., Bainbridge, Ga.; effective 6-30-60 to 6-29-61 (men's and boys' cotton pants).

The following learner certificates were issued for normal labor turnover purposes. The effective and expiration dates and the number of learners authorized are indicated.

Arcadia Valley Manufacturing Co., Arcadia, Mo.; effective 6-29-60 to 6-28-61; 10 learners (ladies' and girls' blouses).

Gunnin Manufacturing Co., Dawson, Ga.; effective 6-29-60 to 6-28-61; 10 learners (men's and ladies' sport shirts).

Hampton Knitting Mills, Inc., 1776 Main Street (rear), Northampton, Pa.; effective 6-29-60 to 6-28-61; 10 learners (boys' and men's knitted polo shirts).

Louisiana Garment Co., Louisiana, Mo.; effective 6-28-60 to 6-27-61; 10 learners; learners may not be employed at special minimum wage rates in the production of separate skirts (ladies' blouses).

Piedmont Manufacturing Co., Piedmont, Mo.; effective 6-28-60 to 6-27-61; 10 learners (ladies' and girls' blouses).

Sherri Lynn, Inc., Zebulon, Ga.; effective 6-27-60 to 6-26-61; 10 learners (ladies' cotton dresses).

Sportswear Unlimited, Iva, S.C.; effective 6-29-60 to 6-28-61; 10 learners (ladies' sportswear).

West Union Garment Co., West Union, W. Va.; effective 7-11-60 to 7-10-61; 10 learners (brassieres, sun halters).

The following learner certificates were issued for plant expansion purposes. The effective and expiration dates and the number of learners authorized are indicated.

Greensburg Division of Edmonton Manufacturing Co., Greensburg, Ky.; effective 7-1-60 to 12-31-60; 35 learners (work shirts and jackets).

Leco Manufacturing Corp., Mountain City, Tenn.; effective 7-15-60 to 1-14-61; 50 learners (ladies' and children's nightgowns, pajamas).

Louisiana Garment Co., Louisiana, Mo.; effective 6-28-60 to 12-27-60; 15 learners; learners may not be employed at special minimum wage rates in the production of separate skirts (ladies' blouses).

Monticello Manufacturing Inc., Warren Street, Monticello, Ga.; effective 6-29-60 to 12-28-60; 10 learners (boys' and men's casual pants).

Rosemont Corp., 601 Lincoln Road, Oxford, Pa.; effective 6-29-60 to 12-28-60; 20 learners (ladies' dresses).

Levi Strauss & Co., Blue Ridge, Ga.; effective 7-5-60 to 1-4-61; 50 learners (boys', youths', and men's casual pants).

Hosiery Industry Learner Regulations (29 CFR 522.1 to 522.11, as amended, and 29 CFR 522.40 to 522.44, as amended).

Dothan Hosiery Co., Dothan, Ala.; effective 7-20-60 to 1-19-61; 50 learners for plant expansion purposes (full-fashioned, seamless).

Dumas Hosiery Mills, Inc., Dumas, Ark.; effective 6-29-60 to 6-28-61; five learners for normal labor turnover purposes (men's, ladies' and children's full-fashioned).

Granite Hosiery Mills, 838 South Main Street, Mount Airy, N.C.; effective 7-8-60 to 7-7-61; five percent of the total number of factory production workers for normal labor turnover purposes (seamless).

Knitted Wear Industry Learner Regulations (29 CFR 522.1 to 522.11, as amended, and 29 CFR 522.30 to 522.35, as amended).

Alabama Textile Products Corp., Crestview, Fla.; effective 7-13-60 to 7-12-61; five percent of the total number of factory production workers in the production of men's shorts for normal labor turnover purposes.

Wolverine Knitting Mills, 120 North Jackson Street, Bay City, Mich.; effective 7-1-60 to 6-30-61; five percent of the total number of factory production workers for normal labor turnover purposes (men's, women's, and children's underwear, sleeping wear, girdles).

Regulations Applicable to the Employment of Learners (29 CFR 522.1 to 522.11, as amended).

Alco Canning Co., Inc., Water Street, Lubec, Maine; effective 7-1-60 to 12-31-60; 10 learners for normal labor turnover purposes in the occupation of sardine packer for a learning period of 160 hours at the rates of at least 85 cents an hour for the first 80 hours and not less than 90 cents an hour for the remaining 80 hours (sardines).

Palm Beach Co., Bourne Avenue, Somerset, Ky.; effective 6-28-60 to 12-27-60; five percent of the total number of factory production workers for normal labor turnover purposes in the occupations of sewing machine operator, final presser, and hand sewer, each for a learning period of 480 hours at the rates of at least 90 cents an hour for the first 280 hours and not less than 95 cents an hour for the remaining 200 hours (men's "Palm Beach" coats).

Rawlings Manufacturing Co., Ava Division, Ava, Mo.; effective 7-1-60 to 12-31-60; 65 learners for plant expansion purposes in the occupations of: (1) sewing machine operating and molding each for a learning period of 320 hours at the rates of at least 90 cents an hour for the first 160 hours and 95 cents an hour for the remaining 160 hours; (2) die and clicker machine operating, other machine operating except cloth cutting, spray and dip painting, sorting and grading, assembling, and final inspection, each for a learning period of 160 hours at the rate of 90 cents an hour (athletic equipment).

The following learner certificates were issued in Puerto Rico to the companies hereinafter named. The effective and expiration dates, learner rates, occupations, learning periods, and the number or proportion of learners authorized to be employed, are as indicated.

A. & J. Industries, Inc., Yauco, P.R.; effective 5-26-60 to 5-25-61; 10 learners for normal labor turnover purposes in the occupations of: (1) machine embroidery operators, for a learning period of 480 hours at the rates of 53 cents an hour for the first 240 hours and 62 cents an hour for the remaining 240 hours; (2) handcutting of applique on embroidery panels, for a learning period of 240 hours at the rates of 53 cents an hour for the

first 160 hours and 62 cents an hour for the remaining 80 hours (blouses and underwear).

Alfredo Manufacturing Corp., Rio Grande, P.R.; effective 5-25-60 to 9-21-60; 35 learners for plant expansion purposes in the occupations of sewing machine operators, and final pressers, each for a learning period of 480 hours at the rates of 57 cents an hour for the first 240 hours and 66 cents an hour for the remaining 240 hours (supplemental certificate) (men's cotton pajamas).

Becton, Dickinson Inc. of Puerto Rico, Juncos, P.R.; effective 6-20-60 to 12-19-60; seven learners for plant expansion purposes in the occupations of point and unrack, chart and second machine test, wax, scale, numbers, names and serials, blot and dip bulbs, paint and polish, inspect engraving, certify, each for a learning period of 480 hours at the rates of 76 cents an hour for the first 240 hours and 86 cents an hour for the remaining 240 hours (clinical thermometers).

Caguas Tobacco and Processing Corp., Ruiz Belvis Street, Caguas, P.R.; effective 5-10-60 to 8-23-60; 40 learners for plant expansion purposes in the occupation of machine stemming for a learning period of 160 hours at the rate of 65 cents an hour (replacement certificates) (machine stripping of Connecticut type tobacco).

Carol Anne Corp., Yauco, P.R.; effective 5-26-60 to 5-25-61; 10 learners for normal labor-turnover purposes in the occupations of: (1) sewing machine operators, machine embroidery operators, final pressers, each for a learning period of 480 hours at the rates of 53 cents an hour for the first 240 hours and 62 cents an hour for the remaining 240 hours; (2) hand cutting of applique on embroidery panels for a learning period of 240 hours at the rates of 53 cents an hour for the first 160 hours and 62 cents an hour for the remaining 80 hours (women's underwear).

Gary Garments Co., Inc., 176 Mendez Vigo Street, Mayaguez, P.R.; effective 6-3-60 to 12-2-60; 30 learners for plant expansion purposes in the occupations of: (1) machine embroidery operators for a learning period of 480 hours at the rates of 53 cents an hour for the first 240 hours and 62 cents an hour for the remaining 240 hours; (2) hand cutting of applique on embroidery panels for a learning period of 240 hours at the rates of 53 cents an hour for the first 160 hours and 62 cents an hour for the remaining 80 hours (embroidered lingerie).

Glamourette Fashion Mills, Inc., Quebradillas, P.R.; effective 6-6-60 to 6-5-61; 15 learners for normal labor turnover purposes in the occupations of: (1) knitting, topping, and looping, each for a learning period of 480 hours at the rates of 72 cents an hour for the first 240 hours and 84 cents an hour for the remaining 240 hours; (2) machine stitching, pressing, hand sewing, finishing operations involving hand sewing, each for a learning period of 320 hours at the rates of 72 cents an hour for the first 160 hours and 84 cents an hour for the remaining 160 hours; (3) winding, for a learning period of 240 hours at the rate of 72 cents an hour (full-fashioned sweaters).

Gordonshire Knitting Mills, Inc., Cayey, P.R., effective 5-16-60 to 11-15-60; 50 learners for plant expansion purposes in the

occupations of: (1) sweater looping, sweater knitting, each for a learning period of 480 hours at the rates of 72 cents an hour for the first 240 hours and 84 cents an hour for the remaining 240 hours; (2) machine stitching (seaming) for a learning period of 320 hours at the rates of 72 cents an hour for the first 160 hours and 84 cents an hour for the remaining 160 hours (supplemental certificate) (sweaters).

International Embroidery, Inc., Calle Vendig No. 14-c, Manati, P.R.; effective 6-1-60 to 11-30-60; 20 learners for plant expansion purposes in the occupation of machine embroidery operators for a learning period of 480 hours at the rates of 53 cents an hour for the first 240 hours and 62 cents an hour for the remaining 240 hours (half slips).

Marbill Industries, Inc., Sabana Grande, P.R.; effective 6-16-60 to 11-1-60; 147 learners for plant expansion purposes in the occupations of: (1) machine embroidery operators, sewing machine operators, and final pressing, each for a learning period of 480 hours at the rates of 53 cents an hour for the first 240 hours and 62 cents an hour for the remaining 240 hours; (2) hand cutting of applique on embroidery panels, for a learning period of 240 hours at the rates of 53 cents an hour for the first 160 hours and 62 cents an hour for the remaining 80 hours; (3) final inspection of fully assembled garments, for a learning period of 160 hours at the rate of 53 cents an hour (replacement certificate) (slips, petticoats, and sleepwear).

Pan American Screw Corp., Rio Grande, P.R.; effective 6-2-60 to 6-1-60; five learners for normal labor turnover purposes in the occupations of, cut threader operator, header operator, slotter and shaver operator, shipper and inspector, aluminum heat treating carburizing furnace, each for a learning period of 480 hours at the rates of 75 cents an hour for the first 240 hours and 88 cents an hour for the remaining 240 hours (screws and bolts).

Pan American Screw Corp., Rio Grande, P.R.; effective 6-2-60 to 12-1-60; 2 learners for plant expansion purposes in the occupations of, cut threader operators, header operator, slotter and shaver operator, shipper and inspector, aluminum heat treating carburizing furnace, each for a learning period of 480 hours at the rates of 75 cents an hour for the first 240 hours and 88 cents an hour for the remaining 240 hours (screws and bolts).

Rio Manufacturing Corp., State Road 838, Box 23-K, Rio Piedras, P.R.; effective 5-27-60 to 5-26-61; five learners for normal labor turnover purposes in the single occupation of basic hand and/or machine production operations: grinders, crimpers, spot welders, punch press operators, for a learning period of 480 hours at the rates of 75 cents an hour for the first 240 hours and 88 cents an hour for the remaining 240 hours (fishing tackle hardware).

San Juan Vestments, Inc., Santurce, P.R.; effective 6-3-60 to 6-2-61; five learners for normal labor turnover purposes in the occupations of: (1) sewing machine operators, final pressers, hand finishers, each for a learning period of 480 hours at the rates of 57 cents an hour for the first 240 hours and 66 cents an hour for the remaining 240 hours; (2) final inspection of fully assembled gar-

ments for a learning period of 160 hours at the rate of 57 cents an hour (church vestments).

Tempo Glove Corp., Bo. Coqui, Salinas, P.R.; effective 6-8-60 to 6-7-61; 12 learners for normal labor turnover purposes in the occupation of sewing machine operators for a learning period of 480 hours at the rates of 57 cents an hour for the first 240 hours and 66 cents an hour for the remaining 240 hours (leather gloves).

Tempo Glove Corp., Bo. Coqui, Salinas, P.R.; effective 6-8-60 to 12-7-60; 13 learners for plant expansion purposes in the occupation of sewing machine operators for a learning period of 480 hours at the rates of 57 cents an hour for the first 240 hours and 66 cents an hour for the remaining 240 hours (leather gloves).

Wilson Shoe Co., Inc., Santa Isabel, P.R.; effective 6-16-60 to 8-21-60; 25 learners for plant expansion purposes in any productive factory occupations (except those listed in Regulations 522.53 (a) and (b)) for a learning period of 480 hours at the rates of 47 cents an hour for the first 240 hours and 53 cents an hour for the remaining 240 hours (supplemental certificate) (men's welt shoes).

The following learner certificate was issued in the Virgin Islands to the company hereinafter named. The effective and expiration dates, learner rates, occupations, learning periods, and the number or proportion of learners authorized to be employed are indicated.

St. Croix Textile Mills, Inc., Christiansted, St. Croix, U.S. Virgin Islands; effective 6-20-60 to 12-19-60; 25 learners for plant expansion purposes in the single occupation of basic hand and/or machine production operations: drawing, spinning, twisting and reeling, for a learning period of 240 hours at the rate of 55 cents an hour (spinning of yarn from wool top).

Each learner certificate has been issued upon the representations of the employer which, among other things, were that employment of learners at subminimum rates is necessary in order to prevent curtailment of opportunities for employment, and that experienced workers for the learner occupations are not available. The certificates may be annulled or withdrawn, as indicated therein, in the manner provided in Part 528 of Title 29 of the Code of Federal Regulations. Any person aggrieved by the issuance of any of these certificates may seek a review or reconsideration thereof within fifteen days after publication of this notice in the FEDERAL REGISTER pursuant to the provisions of 29 CFR 522.9.

Signed at Washington, D.C., this 8th day of July 1960.

ROBERT G. GRONEWALD,
Authorized Representative of the
Administrator.

[F.R. Doc. 60-6795; Filed, July 20, 1960; 8:47 a.m.]

CUMULATIVE CODIFICATION GUIDE—JULY

The following numerical guide is a list of the parts of each title of the Code of Federal Regulations affected by documents published to date during July.

3 CFR	Page	7 CFR—Continued	Page	14 CFR—Continued	Page
PROCLAMATIONS:					
November 5, 1906	6566	936	6328, 6618, 6742-6744, 6825	602	6180, 6830, 6876
3257	6572	937	6347	608	6328, 6754, 6755, 6946
3354	6233	953	6260, 6328, 6459, 6744, 6825	609	6420, 6424, 6615
3355	6414	957	6745	610	6267
3356	6869	959	6347	PROPOSED RULES:	
3357	6945	961	6261	60	6634, 6706
3358	6945	963	6875	221	6704
EXECUTIVE ORDERS:					
September 4, 1902	6566	964	6459	507	6213, 6214, 6438, 6988
July 1, 1908	6566	968	6169	514	6367
July 2, 1910	6759	969	6746	600	6303,
November 12, 1911	6434	975	6618		6438, 6635, 6648, 6649, 6651
April 17, 1926	6435	980	6746	601	6214-6216,
2141	6972	992	6261		6330, 6438-6441, 6635, 6648, 6649,
4257	6566	995	6619		6651-6653, 6884, 6885.
6707	6880	1016	6348	602	6442, 6654, 6852
7986	6566	1029	6350	608	6584, 6651, 6988
8872	6972	1101	6415	15 CFR	
8884	6566	1105	6826	50	6463
9035	6973	1030	6914	371	6355
9132	6880	PROPOSED RULES:		379	6355
9526	6566	51	6292, 6362, 6572, 6576, 6581	399	6428
10127	6946	904	6336, 6520	16 CFR	
10289	6869	932	6294	13	6180-6183, 6328,
10322	6433	963	6981		6329, 6355-6359, 6464, 6831, 6923
10810	6414	975	6984	17 CFR	
10865	6510	980	6364	2	6518
10881	6414	990	6336, 6520	3	6518
10882	6869	992	6805	4	6518
4 CFR					
30	6234	993	6692	5	6518
34	6234	994	6483, 6926	6	6518
35	6234	996	6336, 6520	7	6518
52	6234	999	6336, 6520	8	6518
5 CFR					
2	6968	1019	6336, 6520	9	6518
6	6235, 6416, 6553, 6968	8 CFR			
20	6825	214	6431	10	6518
21	6825	9 CFR			
22	6870	72	6554	11	6518
201	6919	97	6509	200	6719
202	6317	131	6178, 6460	201	6728
209	6317	180	6554	202	6736
325	6162	10 CFR			
6 CFR					
306	6752	4	6510	203	6719
331	6870	10	6510	239	6431
421	6161, 6317, 6497, 6669	40	6427	PROPOSED RULES:	
427	6235	PROPOSED RULES:			
443	6500, 6870	30	6302	230	6443, 6927
464	6323, 6504	12 CFR			
474	6161	208	6875	270	6443
485	6326, 6553	14 CFR			
7 CFR					
51	6236	24	6685	18 CFR	
52	6669	40	6826	PROPOSED RULES:	
354	6504	41	6827	141	6212
711	6505	42	6828	19 CFR	
722	6326, 6327	45	6262	8	6620
723	6671	47	6262	16	6877
725	6676	203	6262	PROPOSED RULES:	
727	6681	241	6613	1	6483
728	6236, 6509, 6946	244	6263	19	6572, 6692
730	6327, 6553	289	6613	24	6692
811	6717, 6741, 6913	296	6919	20 CFR	
818	6873	297	6920	404	6465
922	6259, 6347, 6459, 6741, 6875	507	6178, 6462, 6516, 6686	PROPOSED RULES:	
928	6162	514	6266	602	6442, 6806
934	6260, 6553	600	6266,	604	6442, 6806
			6416-6418, 6462, 6516, 6517, 6686,	21 CFR	
			6752, 6753, 6829, 6876, 6921, 6922	17	6924
			6178-6180, 6266, 6417-6420,	27	6877, 6963
			6462, 6463, 6517, 6518, 6686, 6753,	51	6468
			6754, 6829, 6830, 6876, 6921-6923	120	6620, 6687, 6878, 6967
				121	6431, 6469, 6620, 6878
				130	6519
				141c	6967
				146c	6967

21 CFR—Continued	Page
PROPOSED RULES:	
1.....	6985
3.....	6633
9.....	6301
19.....	6301
22.....	6850
120.....	6520, 6634, 6987
121.....	6302,
	6335, 6484, 6633, 6704, 6927
130.....	6985
22 CFR	
41.....	6432
24 CFR	
201.....	6968
221.....	6755
222.....	6755
237.....	6329
292a.....	6554
25 CFR	
221.....	6621
PROPOSED RULES:	
124.....	6981
131.....	6332
163.....	6362
26 (1954) CFR	
1.....	6183, 6555, 6621
17.....	6879
170.....	6184
172.....	6756
194.....	6270
201.....	6428
213.....	6469
240.....	6184
250.....	6196
251.....	6204
302.....	6469
PROPOSED RULES:	
45.....	6762
48.....	6974
27 CFR	
PROPOSED RULES:	
5.....	6292
29 CFR	
1401.....	6209
PROPOSED RULES:	
608.....	6703
30 CFR	
33.....	6473
45.....	6687
401.....	6968

32 CFR	Page
206.....	6564
208.....	6564
606.....	6476
1012.....	6832
1013.....	6837
1015.....	6846
1016.....	6846
1017.....	6847
32A CFR	
OCDM (Ch. I):	
DMO IV-1.....	6632
33 CFR	
202.....	6235
203.....	6432, 6756
303.....	6969
36 CFR	
3.....	6360
212.....	6360
38 CFR	
3.....	6925
13.....	6285
39 CFR	
24.....	6330
33.....	6330
35.....	6758
48.....	6330
49.....	6758
94.....	6970
112.....	6758
168.....	6210, 6758, 6970
201.....	6759
41 CFR	
1-15.....	6947
3-75.....	6687
9-1.....	6289
42 CFR	
35.....	6331
43 CFR	
PUBLIC LAND ORDERS:	
616.....	6973
861.....	6432
894.....	6972
2117.....	6880
2136.....	6210
2137.....	6290
2138.....	6360
2139.....	6360
2140.....	6432
2141.....	6433
2142.....	6433

43 CFR—Continued	Page
PUBLIC LAND ORDERS—Continued	
2143.....	6433
2144.....	6433
2145.....	6434
2146.....	6434
2147.....	6435
2148.....	6435
2149.....	6435
2150.....	6566
2151.....	6566
2152.....	6566
2153.....	6566
2154.....	6567
2155.....	6567
2156.....	6759
2157.....	6760
2158.....	6880
2159.....	6881
2160.....	6881
2161.....	6925
2162.....	6972
2163.....	6973
2164.....	6973
45 CFR	
12.....	6622
13.....	6622
46 CFR	
10.....	6436
171.....	6632
47 CFR	
1.....	6882
2.....	6436
3.....	6568
10.....	6688
12.....	6290
45.....	6688
46.....	6688
PROPOSED RULES:	
1.....	6704
2.....	6705
3.....	6369, 6806, 6989
11.....	6705
17.....	6304, 6884
21.....	6704
49 CFR	
72.....	6624
73.....	6624
74.....	6627
75.....	6627
77.....	6627
78.....	6628
95.....	6291, 6361, 6760, 6882
143.....	6629



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