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WESTERN UNION

W. P. MARSHALL, PRESIDENT

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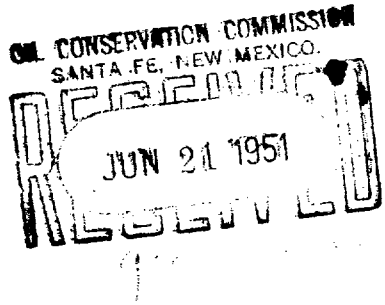
LA48 KA110

K. BRA030 LONG DL PD=BARTLESVILLE OKLA 21 908A=

R R SPURRIER SECY=

=NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE NMEX

=RE CASE 28 FOR AN ORDER ESTABLISHING A CASING PROBRAM WITHIN THE SO CALLED POTASH AREA OF EDDY AND LEA COUNTIES. PHILLIPS PETROLEUM COMPANY HAS STUDIED PROPOSALS OF VARIOUS OPERATORS WHICH WOULD REQUIRE TEMPERATURE SURVEYS WHERE SALT STRING IS CEMENTED TO SURFACE. IN OUR OPINION, CIRCULATION SHOULD BE SUFFICIENT EVIDENCE AND WE OBJECT TO THE REQUIREMENT OF TEMPERATURE SURVEYS BECAUSE SUCH SURVEYS WILL NOT REVEAL ADDITIONAL INFORMATION. ALSO IN OUR OPINION, ON SHALLOW WELLS, IF NO INTERMEDIATE STRING IS RUN THE OIL STRING SHOULD BE REQUIRED TO BE CEMENTED SOLID TO THE SURFACE TO AVOID POSSIBLE LEAKS AND IN THIS CASE WE ALSO OBJECT TO REQUIREMENT OF GAMMA RAY OR TEMPERATURE LOGS FOR SAME REASON THAT THEY SHOW NO MORE THAN IS INDICATED BY OBTAINING CIRCULATION OF CEMENT.=



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W. P. MARSHALL, PRESIDENT

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END ONE K. BRA030/2

OPERATORS SUGGESTION THAT CENTERALIZERS BE PLACED ON EVERY THIRD JOINT OF SALT STRING SHOULD BE AMENDED TO PROVIDE LENGTH OF SUCH JOINTS OR CENTRALIZERS SHOULD BE SPACED CERTAIN DISTANCE APART. OTHERWISE PHILLIPS PETROLEUM COMPANY CONCURS WITH PROPOSALS OF OTHER OPERATORS AS SET FORTH IN RECENT MEMORANDUM OF NEW MEXICO OIL AND GAS ENGINEERING COMMITTEE=

=C P DIMIT PHILLIPS PET CO=

STATE OF NEW MEXICO
OFFICE OF STATE GEOLOGIST
SANTA FE, NEW MEXICO

July 19, 1951

COPY

Mr. R. F. Windfohr
Nash, Windfohr and Brown
1107 Fort Worth National Building
Fort Worth - Texas

Dear Mr. Windfohr:

This will acknowledge your letter of June 29 relative to the Oil Conservation Commission Case No. 278.

Your comments will be included in the file of Case 278, and we appreciate your opinions.

Very truly yours,

R. R. Spurrier
Secretary - Director

RRS:nr

Case 278

NASH, WINDFOHR & BROWN
OIL PRODUCERS
1107 FORT WORTH NATIONAL BUILDING
FORT WORTH, TEXAS

June 29, 1951.

Mr. R. R. Spurrier, Secretary
New Mexico Oil Conservation Commission
Santa Fe, New Mexico.

Dear Dick:

I have studied carefully the proposals in Case No. 278 for an order establishing a casing program within the so-called potash area of Eddy and Lea Counties, and I am in accord with all of the recommendations except the requirement that temperature surveys or gamma ray surveys be run to confirm the fact that the pipe has been cemented to the surface.

It seems to me that this is a useless, unnecessary and expensive requirement. Circulation should be sufficient evidence that the pipe is cemented to the top of the ground.

Yours truly,

NASH, WINDFOHR & BROWN

R. F. Windfohr.

RFW:ard

FORM 470 1-38

278
File
mailed 8-28-51

STANOLIND OIL AND GAS COMPANY

Lubbock, Texas
August 10, 1951

File: WMJ-1675

Subject: Case No. 278, July 10, 1951, Hearing

New Mexico Oil & Gas Conservation Commission
Santa Fe,
New Mexico

Gentlemen:

At the July 10, 1951, hearing on Case No. 278, the potash industries submitted as Exhibit "A" a map showing the 'Defined Potash Areas' in southeastern New Mexico.

Inasmuch as this Exhibit "A" was not included in the transcript of the hearing, we would like to obtain two copies of this exhibit at your convenience. If you do not handle the distribution of these exhibits, please advise where we may obtain them.

Yours very truly,

M. M. Montgomery

M. M. Montgomery
District Superintendent

WMJ:pl

PROPOSED RULES AND REGULATIONS FOR ISSUANCE

BY THE NEW MEXICO OIL CONSERVATION COMMISSION

RULES AND REGULATIONS GOVERNING EXPLORATION FOR THE EXTRACTION OF OIL, GAS AND POTASH MINERALS ON NEW MEXICO STATE LANDS AND PRIVATELY OWNED LANDS IN PROVEN AND POTENTIAL POTASH PRODUCTION AREAS, IN EDDY AND LEA COUNTIES, NEW MEXICO.

I OBJECTIVE:

The objective of these rules and regulations is to assure maximum conservation and economic recovery of oil, gas and potash minerals.

II POTASH AREAS:

(1) These rules and regulations are applicable to the proven and potential potash areas herein defined as Area "A" and Area "B", as follows:

(a) Area "A":

T. 19 S., R. 30 E.,	Sec. 3, S½
	Secs. 4 and 5, all
	Sec. 6, SE¼
	Sec. 7, NE¼, S½
	Secs. 8, 9, and 10, all
	Sec. 11, W½
	Sec. 14, W½
	Secs. 15 to 18 incl., all
	Sec. 20, SE¼
	Sec. 21, S½
	Secs. 22 and 23, all
	Secs. 25 to 29 incl., all
	Secs. 32 to 36 incl., all
T. 20 S., R. 30 E.,	Secs. 1 to 27 incl., all
	Secs. 34, 35 and 36, all
T. 20 S., R. 31 E.,	Secs. 17 to 20 incl., all
	Secs. 29 to 32 incl., all
T. 21 S., R. 29 E.,	Secs. 1 and 2, all
	Sec. 10, E½
	Secs. 11 to 14 incl., all
	Sec. 15, E½
	Sec. 24, all
	Sec. 35, E½
	Sec. 36, all

T. 21 S., R. 30 E., Secs. 4 to 9 incl., all
Secs. 16 to 19 incl., all
Sec. 31, all

T. 22 S., R. 29 E., Secs. 1 and 2, all
Sec. 3, S½
Secs. 10 to 15 incl., all
Secs. 22, 23 and 24, all

T. 22 S., R. 30 E., Secs. 6 and 7, all
Secs. 18 and 19, all

(b) Area "B"

T. 18 S., R. 30 E., Sec. 12, S½
Secs. 13 and 14, all
Sec. 15, SE¼
Sec. 21, SE¼
Secs. 22, 23 and 24, all
Sec. 25, W½
Secs. 26, 27 and 28, all
Sec. 29, SE¼
Sec. 32, NE¼, S½
Secs. 33 and 34, all
Sec. 35, W½

T. 18 S., R. 21 E., Sec. 18, W½

T. 19 S., R. 29 E., Sec. 11, SE¼
Sec. 12, S½
Secs. 13 and 14, all
Sec. 23, N½
Sec. 24, N½

T. 19 S., R. 30 E., Sec. 2, all
Sec. 3, N½
Sec. 11, E½
Secs. 12 and 13, all
Sec. 14, E½
Sec. 19, all
Sec. 20, N½, SW¼
Sec. 21, N½
Sec. 24, all
Secs. 29 and 30, all

Area "B" (Cont.)

T. 19 S., R. 31 E.,	Secs. 9 and 10, all
	Sec. 11, W½
	Sec. 14, W½
	Secs. 15, 16 and 17, all
	Secs. 19 to 22 incl., all
	Sec. 23, W½
	Sec. 25, S½
	Secs. 26 to 36 incl., all
T. 19 S., R. 32 E.,	Sec. 23, S½
	Secs. 24 to 27 incl., all
	Sec. 28, S½
	Sec. 31, S½
	Sec. 32, S½
	Secs. 33 to 36 incl., all
T. 19 S., R. 33 E.,	Secs. 19, 30 and 31, all
T. 20 S., R. 29 E.,	Sec. 12, NE¼SE¼, S½SE¼
	Sec. 13, NE¼, S½
	Secs. 22 to 27 incl., all
	Secs. 34, 35 and 36, all
T. 20 S., R. 30 E.,	Secs. 28 to 33 incl., all
T. 20 S., R. 31 E.,	Secs. 1 to 16 incl., all
	Secs. 21 to 28 incl., all
	Secs. 33 to 36 incl., all
T. 20 S., R. 32 E.,	Secs. 1 to 36 incl., all
T. 20 S., R. 33 E.,	Secs. 5 to 9 incl., all
	Secs. 15 to 23 incl., all
	Secs. 25 to 36 incl., all
T. 20 S., R. 34 E.,	Sec. 31, all
T. 21 S., R. 29 E.,	Sec. 3, E½
	Sec. 23, N½
	Sec. 25, all
T. 21 S., R. 30 E.,	Secs. 1, 2 and 3, all
	Secs. 10 and 11, all
	Sec. 12, S½
	Secs. 13, 14 and 15, all
	Secs. 20, 21 and 22, all
	Sec. 23, N½
	Sec. 24, N½
	Secs. 27 to 30 incl., all
	Secs. 32 to 34 incl., all
	Sec. 35, S½

Area "B" (Cont.)

T. 21 S., R. 31 E.,	Sec.	1, N½
	Sec.	2, N½
	Sec.	4, W½
	Secs.	5 and 6, all
	Sec.	18, S½
	Sec.	19, N½
T. 21 S., R. 32 E.,	Secs.	1 to 17 incl., all
	Secs.	21 to 27 incl., all
	Secs.	35 and 36, all
T. 21 S., R. 33 E.,	Secs.	4 to 9 incl., all
	Secs.	16 to 21 incl., all
	Secs.	28 to 33 incl., all
T. 22 S., R. 29 E.,	Sec.	9, E½
	Sec.	16, all
	Sec.	17, E½
	Sec.	20, E½
	Sec.	21, all
	Secs.	25 to 28 incl., all
	Secs.	33 to 36 incl., all
T. 22 S., R. 30 E.,	Secs.	1 to 5 incl., all
	Secs.	8 to 17 incl., all
	Secs.	20 to 24 incl., all
	Sec.	25, W½
	Secs.	26 to 35 incl., all
	Sec.	36, W½
T. 22 S., R. 31 E.,	Secs.	4 to 9 incl., all
	Secs.	17 and 18, all
	Sec.	19, N½
T. 22 S., R. 33 E.,	Secs.	4, 5 and 6, all
T. 23 S., R. 29 E.,	Secs.	1, 2 and 3, all
	Sec.	4, E½
	Sec.	9, E½
	Secs.	10 to 15 incl., all
	Secs.	22 to 27 incl., all
	Secs.	34 to 36 incl., all
T. 23 S., R. 30 E.,	Sec.	1, S½
	Secs.	2 to 36 incl., all

Area "B" (Cont.)

T. 23 S., R. 31 E., Sec. 7, all
Sec. 8, S½
Sec. 16, SW¼
Secs. 17 to 20 incl., all
Sec. 21, W½
Secs. 28 to 33 incl., all

T. 24 S., R. 30 E., Sec. 1, N½
Sec. 2, N½
Sec. 3, N½

T. 24 S., R. 31 E., Secs. 4, 5 and 6, all

(2) Areas "A" or "B" may be contracted or expanded from time to time as conditions may warrant by the Oil Conservation Commission after due notice and hearing.

III EXPLORATION OF AREAS:

(1) Area "A"

(a) Drilling of oil and gas exploratory test wells shall not be permitted in Area "A" except upon leases outstanding as of the effective date of these regulations, provided, that oil and gas exploratory test wells shall not be drilled through any open potash mines or within 500 feet thereof unless agreed to in writing by the potash lessee involved.

(b) Any oil or gas leases hereafter issued for lands within Area "A" shall be subject to these regulations and no drilling shall be permitted thereon unless the expressed permission of the Oil Conservation Commission is first had and obtained after due notice and hearing.

(c) All future drilling of oil and gas exploratory test wells in Area "A" shall be further subject to these rules and regulations.

(d) Where oil and gas wells are in production in Area "A", no potash mine opening shall be driven to within less than 100 feet of such wells so that protection of both can be afforded.

(2) Area "B"

(a) Oil and gas exploratory test wells may be drilled in Area "B" in accordance with these rules and regulations.

(3) Upon the discovery hereafter of oil and gas in Areas "A" or "B", the Oil Conservation Commission shall promulgate field or pool rules for the affected area after due notice and hearing.

(4) Nothing herein shall be construed to prevent unitization agreements involving lands in Areas "A" or "B".

IV DRILLING AND CASING PROGRAM:

(1) For the purpose of the regulations and the drilling of oil and gas exploratory test wells, shallow and deep zones are defined as follows:

(a) The shallow zone shall include all formations above the base of the Delaware sand or above a depth of 5000 feet, whichever is the lesser.

(b) The deep zone shall include all formations below the base of the Delaware sand or below a depth of 5000 feet, whichever is the lesser.

(2) Surface Casing String:

(a) A surface casing string of new, second-hand or reconditioned pipe shall be set in the "Red Bed" section of the basal Rustler formation immediately above the salt section, or in the anhydrite at the top of the salt section, as determined necessary by the regulatory representative approving the drilling operations, and shall be cemented with not less than one hundred and fifty percent (150%) of calculated volume necessary to circulate cement to the ground surface.

(b) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(c) Casing and water shut-off tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measure shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corredtive measures shall be applied.

(d) The above requirements for the surface casing string shall be applicable to both the shallow and deep zones.

(3) Salt Protection String:

(a) A salt protection string of new, second-hand or reconditioned pipe shall be set not less than one hundred (100) feet nor more than two hundred (200) feet below the base of the salt section.

(b) The salt protection string shall be cemented as follows:

(i) For wells drilled to the shallow zone, the string may be cemented with a nominal volume of cement for testing purposes only. If the exploratory test well is completed as a productive well, the string shall be recemented with sufficient cement to fill the annular space back of the pipe from the top of the first cementing to the surface or to the bottom of the cellar, or may be cut and pulled if the production string is cemented to the surface as provided in sub-section IV (5), (a), (i) below.

(ii) For wells drilled to the deep zone, the string must be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(c) If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or gamma ray survey and additional cementing shall be done until the cement is brought to the point required.

(d) The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with three percent (3%) of calcium Chloride by weight of cement.

(e) Centralizers shall be spaced on at least every one hundred fifty (150) feet of the salt protection string below the surface casing string.

(f) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(g) Casing tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of one thousand (1000) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measure shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(h) The above requirements for the salt protection string shall be applicable to both the shallow and deep zones except for sub-section IV (3), (b), (i) and (ii) above.

(4) Intermediate String:

(a) In the drilling of oil and gas exploratory test wells to the deep zone an intermediate string shall be set at sufficient depth to case-off all formations in the shallow zone and shall be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(b) Cementing procedures and casing tests for the intermediate string shall be the same as provided under sub-sections IV (3) (e), (f), and (g) for the salt protection string.

(5) Production String:

(a) A production string shall be set on top or

through the oil or gas pay zone and shall be cemented as follows:

(i) For wells drilled to the shallow zone the production string shall be cemented to the surface if the salt protection string was cemented only with a nominal volume for testing purposes, in which case the salt protection string can be cut and pulled before the production string is cemented; provided, that if the salt protection string was cemented to the surface, the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone.

(ii) For wells drilled to the deep zone the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone; provided that if no intermediate string shall have been run and cemented to the surface, the production string shall be cemented to the surface.

(b) Cementing procedures and casing tests for the production string shall be the same as provided under sub-sections IV (3) (c), (f), and (g) for the salt protection string.

V DRILLING FLUID FOR SALT SECTION

The fluid used while drilling the salt section shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the fluid by the operator in overcoming any specific problem. This requirement is specifically to prevent enlarged drill holes.

VI PLUGGING AND ABANDONMENT OF WELLS:

All wells heretofor and hereafter drilled within Areas "A" and "B" shall be plugged in a manner that will provide a solid cement plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section.

VII LOCATIONS FOR TEST WELLS:

Before drilling for oil or gas on lands in Areas "A" or "B", a map or plat showing the location of the proposed well shall be prepared by the well operator and copy sent to the potash lessee involved, if any. If no objection to the location of the proposed well is made by the potash lessee within ten days, a drilling permit may be issued and the work may proceed. If, however, the location of the proposed well is objected to by the potash lessee on the grounds that the location of the well is not in accordance with the foregoing regulations, the potash lessee may file a written objection for consideration and decision by the Oil Conservation Commission.

VIII INSPECTION OF DRILLING AND MINING OPERATIONS:

A representative of the potash lessee may be present during drilling, cementing, casing and plugging of all oil or gas wells on his lease to observe conformance with these regulations. Likewise, a representative of the oil and gas lessee may inspect mine workings on his lease to observe conformance with these regulations.

IX FILING OF WELL AND MINE SURVEYS:

Each oil and gas lessee shall furnish not later than January 31st of each year to the Oil Conservation Commission and to the potash lessees involved, certified directional surveys from the surface to a point below the lowest known potash-bearing horizon for each oil or gas well drilled in Area "A" during the preceding calendar year. Each potash lessee shall furnish not later than January 31st of each year to the Oil Conservation Commission and to each oil and gas lessee involved, certified plat of survey of the location of open mine workings underlying outstanding oil and gas leases.

X APPLICABILITY OF STATEWIDE RULES AND REGULATIONS:

All general statewide rules and regulations of the Oil Conservation Commission governing the development, operation and production of oil and gas in the State of New Mexico not inconsistent or in conflict herewith, are hereby adopted and made applicable to the areas described herein.

Requires:
300' 8" pipe
1025' 7" pipe
1500'+ 5½" pipe

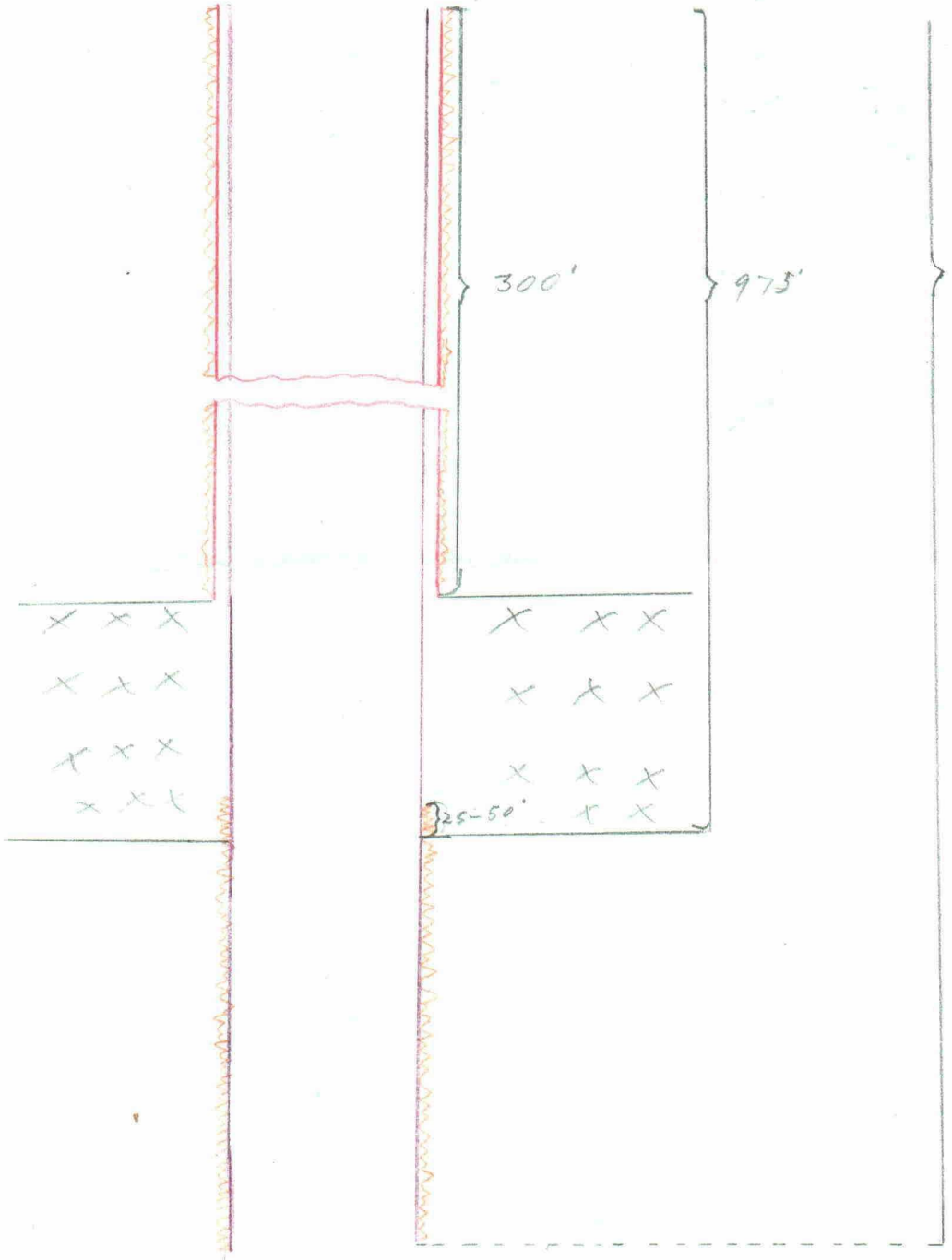
Brunson pool allocation should be changed effective 1 October Gas-oil ratio 6-MCF or bbl.

ROOM 205, BOOKER BUILDING

Artesia, New Mexico

II

OK



Requires:

300' 8" Csg.

1500' 5½" Hyd.

Minimum of 2

Comm[illegible]

Prem[illegible]

Suffic.

Engineer [illegible]

Satisfied.

11 days Dist
supposed to be
of Conn

Richfield #01
Mc Millan
6000' dry hole
to be deepened to
7,500 by J. M. Kelley
Thursday a.m.
Near Nev. line
Amarada #1 EC/A.
14-12S, 32E,
Plowed 186 BO &
4bw on DST,
11,240 to 11,270.

Buffo Fed. #1

10878 MT
10878 NT

Send copy of order to
Pete, immediately, for
Dept proration

Thrifty Drug

EJ
OL
EJ
DOC
EJ
SI

Case 278

PROPOSED REGULATIONS ~~TO GOVERN~~ EXPLORATION FOR AND EXTRACTION OF OIL, GAS AND POTASH MINERALS ON NEW MEXICO STATE LANDS INCLUDED IN PROVEN OR POTENTIAL POTASH PRODUCTION AREAS

The objective of these regulations is to assure maximum conservation and economic recovery of oil, gas and potash minerals.

I. These regulations are applicable to the area shown on the accompanying map, hereinafter referred to as the "Defined Area." The lands within this area presently fall within one of the following classifications:

AREA "A" - Areas which are underlain by proven commercial potash deposits.

AREA "B" - Areas under which commercial potash deposits are indicated but not delineated.

II. The following procedures shall apply to oil and gas exploration and extraction within the "Defined Area."

AREA "A"

Drilling for oil and gas shall not be permitted within this area, except upon leases where there is presently production in commercial quantities. Upon such leases future drilling shall only be conducted pursuant to the provisions of Paragraph 2, "Area B" herein, pertaining to deep wells.

Future leases may issue upon the lands within "Area A" but such leases shall contain the proviso that no drilling may be conducted thereon; however, the average embraced in such leases may be committed to unit agreements.

Where oil and gas wells are in production within this area, no mine opening shall be driven to within less than one hundred (100) feet of such wells so that pillar protection will be afforded.

AREA "B"

Spacing of oil and gas wells in this area shall be limited to one per quarter section. All such wells shall be located in the center of the quarter section unless relocated by mutual agreement of the oil and gas lessee, the potash lessee, and the State Land Commissioner.

All wells drilled within this area in exploration for and production of oil or gas shall be drilled, cased and cemented according to the following procedure:

Casing and cementing programs for rotary drilled oil and gas test wells in the "defined areas" in Eddy and Lea Counties, New Mexico

(a) Surface Casing String

In order to prevent the intrusion of water, the surface casing string shall be set in the "Red Bed" section of the basal Russler formation immediately above the top of the salt section and shall be cemented back to the ground surface or to the bottom of the cellar.

The surface string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 600 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 600 pounds per square inch before being run.

Sufficient cement shall be used to fill the annular space back of the pipe from the casing point to the surface of the ground or to the bottom of the cellar. Cement shall be allowed to stand a minimum of twelve (12) hours under

pressure and a total of twenty-four (24) hours before drilling the plug orinitiating tests.

This casing string shall be tested with a hydraulic pressure of six hundred (600) pounds per square inch. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied.

(b) Salt Protection String

A salt protection string shall be set at least one hundred (100) feet and not more than two hundred (200) feet below the base of the salt section. This string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 1000 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 1000 pounds per square inch before being run.

Centralizers shall be used on at least every 150 feet below surface casing.

Sufficient cement shall be used to fill the annular space back of the pipe from the casing point to the surface of the ground or to the bottom of the cellar. (The water used to mix with the cement shall be saturated with the salts common to the zones penetrated.) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. If the cement fails to reach the surface, the top of the cement shall be located by a temperature or gamma ray survey, and additional cement jobs done until cement is brought to the surface. The Oil Conservation Commission shall be furnished with proof that the salt string is cemented to the surface either by having a commission repre-

sentative witness the job or by affidavits or logs filed with the Commission.

This casing string shall be tested with a hydraulic pressure of 1000 pounds per square inch. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied.

(c) Intermediate String

If the operator runs an intermediate string, this string may be a drilling protection string for deep drilling objectives or may be an oil string for testing medium depth zones.

1. If a drilling protection string, the casing shall be cemented with a sufficient volume of cement amply to protect this casing and all shallow pay zones above the casing shoe, and in every instance this string shall be cemented from a point one thousand (1000) feet below the salt string back to the surface. The operator shall furnish proof to the Oil Conservation Commission that this cementing requirement has been fulfilled either by having a representative of the Commission witness the job or by affidavits or logs filed with the Oil Conservation Commission. Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four hours before drilling the plugs or initiating tests. Casing shall be tested with a hydraulic pressure of 1000 pounds per square inch. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes corrective measures shall be applied.

2. If an oil string in testing medium depth zones, the casing may be cemented with a nominal cement volume for testing purposes only, and if commercially productive, the string must be re-cemented

by circulating cement from the top of the original cement job to the surface and the Oil Conservation Commission satisfied that this requirement has been fulfilled either by a representative of the Commission witnessing the job or by affidavits or logs filed with the Commission. Cement time and testing rules shall apply similarly in the case of this string as is written for the above string.

(d) Oil or Production String (Deep Wells)

This string shall be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone, provided however, if no intermediate drilling casing shall have been run and commercial production obtained, that string shall be cemented to the surface or as provided by (c-1) above. Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. Hydraulic pressure tests shall be applied to this string as above.

(e) Drilling Fluid for Salt Section

This fluid shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the system by the operator in overcoming any specific problem. This requirement is specifically inserted in order to prevent enlarged drill holes.

Casing and cementing program for shallow oil and gas test wells in known potash areas

(a) Surface Casing String

In order to prevent the intrusion of water, the surface casing string

shall be set in the "Red Bed" section of the basal Russler formation immediately above the top of the salt section and shall be cemented back to the ground surface or to the bottom of the cellar.

The surface string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 600 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 600 pounds per square inch before being run.

Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

Tests of casing shall vary with drilling method. If rotary is used, the mud shall be displaced with water or with the proposed saturated water solution and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(b) Salt Protection String

A salt protection string shall be set at least one hundred (100) feet and not more than two hundred (200) feet below the base of the salt section. This string may consist of new, second-hand or re-conditioned pipe capable of meeting the manufacturer's test specifications.

The string may be cemented with a nominal cement volume for testing purposes only, and if commercially productive, the string must be re-

cemented with not less than 150% of calculated volume necessary to circulate cement to surface. The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with proper amounts of calcium chloride.

Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. If the cement fails to reach the top of the salt, the salt protection casing shall be perforated just above the top of the cement and additional cement jobs done until cement is brought to that point. One or more temperature or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission.

Test of casing shall vary with the drilling method. If rotary is used, the mud shall be displaced with water and a hydraulic pressure of 1000 pounds per square inch shall be applied. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour corrective measures shall be applied.

(c) Oil or Production String

This string may be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone, provided however, if no salt protection casing shall have been run and commercial production obtained, that string shall be cemented to the surface as provided by (b) above or as provided by (c-1) in Deep Well program.

(d) Drilling Fluid for Salt Section

This fluid shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the system by the operator in overcoming any specific problem. This requirement is specifically inserted in order to prevent enlarged drill holes.

III. All holes which are abandoned shall be plugged in accordance with the following procedure:

1. Plugging of Holes Upon Abandonment

(a) Upon completion of production from wells which were drilled prior to the date upon which these regulations became effective, such wells shall be plugged in a manner that will provide a solid plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section. Details of the plugging procedure shall be approved in advance by the Oil-Potash Committee.

(b) Upon completion of production from wells drilled in accordance with these regulations, the wells shall be plugged by filling the casing cemented through the salt with cement.

(c) If a well is dry or if the oil operator cannot complete a well and must abandon the hole, such well shall be plugged as provided in (1 a) above.

IV. Before drilling for oil and gas on lands within the "Defined Area" a map showing the location of the proposed well shall be prepared by the well

operator and copies shall be sent to the State Land Commissioner and the potash lessee involved. If no objections to the location of the proposed well are made by the potash lessee in ten days a drilling permit may be issued and the work may proceed. If, however, the location of the proposed well is objected to by the potash lessee on the grounds that the location of the well is not in accordance with the foregoing regulations, the potash lessee may file a written objection with the State Land Commissioner.

If the well operator and the potash lessee cannot agree on a suitable location for the proposed well, or on any other questions which may arise in connection with the application of these regulations, then either party may demand a hearing before the State Land Commissioner who will decide the issues in dispute. Nothing herein shall prevent either party, if dissatisfied with the decision of the State Land Commissioner, from appealing through applicable legal action.

V. A representative of the potash lessee may be present during drilling, cementing, casing and plugging of all oil and gas wells on his leases to observe conformance with these regulations.

A representative of the oil and gas lessee may inspect mine workings on his leases to observe conformance with these regulations.

VI. Each oil and gas lessee shall furnish to the State Land Commissioner and to the potash lessees involved, certified directional surveys from the surface to a point below the lowest potash-bearing horizon for each oil and gas well drilled during the year. Each potash lessee shall advise the oil and gas lessee who is conducting drilling operations of the location of underground workings in the area adjacent to drilling locations.

VII. A bond of not less than ten thousand dollars ($10,000.00) payable to the State of New Mexico, shall be posted by the well operator, to be forfeited by him for any infraction of these regulations.

VIII. The State Land Commission shall add to the "Defined Area" any lands which subsequently are shown to be within a new potash area or an extension of the "Defined Area." Lands within the "Defined Area" shall be reclassified by the State Land Commissioner upon proper showing by the potash lessees that further commercial ore has been proven. If any lands are transferred to the "Area A" Classification, the "Area A" regulations shall automatically apply to such lands.

July 10, 1951

Potash Areas "A" and "B" combined:

T. 19 S, R. 29 E
Sec. 11, SE/4
Sec. 12 S/2
Sec. 14, all
Sec. 13, all
Sec. 23, N/2,
Sec. 24. N/2

T. 20 S, R. 29 E
Sec. 12, NE/4 SE/4 and S/2 SE/4
Sec. 13, NE/4 and S/2
Sec. 22, all
Sec. 23, all
Sec. 24, all
Sec. 25, all
Sec. 26, all
Sec. 27, all
Sec. 34, all
Sec. 35, all
Sec. 36, all

T. 21 S, R. 29 E
Sec. 1, all
Sec. 2, all
Sec. 3, E/2
Sec. 10, E/2
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, E/2
Sec. 23, N/2
Sec. 24, all
Sec. 25, all
Sec. 35, E/2
Sec. 36, all

T. 22 S, R. 29 E
Sec. 1, all
Sec. 2, all
Sec. 3, S/2
Sec. 9, E/2
Sec. 10, all
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, all
Sec. 16, all
Sec. 17, E/2
Sec. 20, E/2
Sec. 21, all
Sec. 22, all
Sec. 23, all
Sec. 24, all
Sec. 25, all
Sec. 26, all
Sec. 27, all
Sec. 28, all
Sec. 33, all
Sec. 34, all
Sec. 35, all
Sec. 36, all

T. 23 S, R. 29 E
Sec. 1, all
Sec. 2, all
Sec. 3, all
Sec. 4, E/2
Sec. 9, E/2
Sec. 10, all
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, all
Sec. 22, all
Sec. 23, all
Sec. 24, all
Sec. 25, all
Sec. 26, all
Sec. 27, all
Sec. 34, all
Sec. 35, all
Sec. 36, all

T. 18 S. R. 30 E
Sec. 12, S/2
Sec. 13, all
Sec. 14, all
Sec. 15, SE/4
Sec. 21, SE/4
Sec. 22, all
Sec. 23, all
Sec. 24, all
Sec. 25, W/2
Sec. 26, all
Sec. 27, all
Sec. 28, all
Sec. 29, SE/4
Sec. 32, SW/4 and E/2
Sec. 33, all
Sec. 34, all
Sec. 35, E/2

T. 19 S, R. 30 E
Sec. 2, all
Sec. 3, all
Sec. 4, all
Sec. 5, all
Sec. 6, SE/4
Sec. 7, NE/4 and S/2
Sec. 8, all
Sec. 9, all Sec. 10 to 18, incl.
Sec. 10, all
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, all
Sec. 16, all
Sec. 17, all
Sec. 18, all
Sec. 19 to 30, incl.
Sec. 32 to 36, incl.

T. 20 S, R. 30 E
Sec. 1 to 36, incl.

T. 21 S, R. 30 E
Sec. 1 to 11, incl.
Sec. 12, S/2
Sec. 13 to 22, incl.
Sec. 23, N/2
Sec. 24, N/2
Sec. 27 to 30, incl.
Sec. 32 to 34, incl.
Sec. 35, S/2

T. 22 S, R. 30 E
Sec. 1 to 24, incl.
Sec. 25, W/2
Sec. 26 to 35, incl.
Sec. 36, W/2

T. 23 S, R. 30 E
Sec. 1, S/2
Sec. 2 to 36, incl.

T. 24 S, R. 30 E
Sec. 1, N/2
Sec. 2, N/2
Sec. 3, N/2

T. 19 S, R. 32 E
Sec. 23, S/2
Sec. 24 to 27, incl.
Sec. 28, S/2
Sec. 31, S/2
Sec. 32, S/2
Sec. 33 to 36, incl.

T. 20 S, R. 32 E
Sec. 1 to 36, incl.

T. 21 S, R. 32 E
Sec. 1 to 17, incl.
Sec. 21 to 27, incl.
Sec. 35 and 36

T. 18 S. R. 31 E
Sec. 18, W/2

T. 19 S, R. 31 E
Sec. 9 and 10
Sec. 11, W/2
Sec. 14, W/2
Sec. 15 to 17, incl.
Sec. 19 to 22, incl.
Sec. 23, W/2
Sec. 25, S/2
Sec. 26 to 36, incl.

T. 20 S, R. 31 E
Sec. 1 to 36, incl.

T. 21 S, R. 31 E
Sec. 1, N/2
Sec. 2, N/2
Sec. 4, W/2
Sec. 5 and 6
Sec. 18, S/2
Sec. 19, N/2

T. 22 S, R. 31 E
Sec. 4 to 9, inl
Sec. 17 and 18
Sec. 19, N/2

T. 23 S, R. 31 E
Sec. 7, all
Sec. 8, S/2
Sec. 16, SW/4
Sec. 17 to 20, incl.
Sec. 21, W/2
Sec. 28 to 33, incl.

T. 24 S, R. 31 E
Sec. 4 to 6, incl.

T. 19 S, R. 33 E
Sec. 19, all
Sec. 30 and 31

T. 20 S, R. 33 E
Sec. 5 to 9, incl.
Sec. 15 to 23, incl.
Sec. 25 to 36, incl.

T. 21 S, R. 33 E
Sec. 4 to 9, incl.
Sec. 16 to 21, incl.
Sec. 28 to 33, incl.

T. 22 S, R. 33 E
Sec. 4 to 6, incl.

T. 20 S, R. 34 E
Sec. 31, all

HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS

January 8, 1952

J. W. HOUSE

File: 6-1 New Mexico

Mr. R. R. Spurrier, Secretary
State of New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

We call to your attention on Page 10, Case No. 278, Order No. R-111, the last line of (d) "and with three (3 percent) percent of calcium chloride by weight of cement".

In our opinion, the above quotation should be deleted from the order. It was the custom in the early days of cementing practice to use calcium chloride to accelerate the setting time of cement. It is now an obsolete practice. Where the fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated, the predominantly potassium salts will have an accelerating effect on the setting time of the cement. Nothing can be gained by the use of the calcium chloride. Without some experimentation with the brines to be used, it is unknown whether there might be a deleterious effect in the cement. As the setting time of the cements currently used by the oil industry is satisfactory, the cost and trouble to operators to use calcium chloride serves no purpose.

Yours very truly,

J. W. HOUSE

R S Dewey

BY: R. S. DEWEY

RSD/rs

COPY

HUMBLE OIL & REFINING COMPANY
HOUSTON 1, TEXAS

January 8, 1952

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State of New Mexico Oil Conservation Commission
Santa Fe, New Mexico

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Yours very truly,

J. W. HOUSE

BY: R. S. DEWEY

RSD/rs

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

February 2, 1954

COPY

Mr. Clarence E. Hinkle
Attorney at Law
Roswell, New Mexico

Dear Mr. Hinkle:

This is in reply to your letter of January 28th in which you refer to Order No. R-111, Case 278.

We have discussed this with Mr. Hanson at our Artesia office, within whose district this problem lies and with our Chief Engineer, Bill Macey. The Commission has no objection to your proposed manner of completion provided you get an OK or a Waiver from the Potash Company which has the Potash lease on the locations you plan to drill.

Very truly yours,

R. R. Spurrier
Secretary and Director

RRS:vc

cc: Mr. L. A. Hanson
Oil Conservation Commission
205 Carper Building
Artesia, New Mexico

R5

LAW OFFICES
HERVEY, DOW & HINKLE
ROSWELL, NEW MEXICO

J. M. HERVEY
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.

WILLIAM C. SCHAUER
HOWARD C. BRATTON
S. B. CHRISTY IV

January 28, 1954

Mr. R. R. Spurrier
Executive Secretary
New Mexico Oil & Gas Association
Santa Fe, New Mexico

Dear Dick:

We have a letter from Richardson & Bass relative to the interpretation of Order No. R-111 issued in Case No. 278 which provides for rules and regulations covering the exploration and production of oil and gas in the Potash Area.

As you know, Richardson & Bass have a small well at approximately 7000 feet in the Permian sands on the Big Eddy unit. At the present time, it looks as if it may be doubtful that this horizon can be developed profitably unless methods can be devised to cut the drilling costs. Under Section IV (1) (a), it is provided that "the shallow zone shall include all formations above the base of the Delaware sand or above a depth of 5000 feet, whichever is the lesser". (b) of the same section provides that the deep zone shall include all formations below the base of the Delaware sand or below a depth of 5000 feet, whichever is the lesser. Section IV (3) provides for the cementing of a salt protection string of casing and under Section IV (4) (a), an intermediate string of casing is required "in the drilling of oil and gas exploratory test wells to the deep zone...". If the salt beds are effectively sealed off by the cementing of the salt protection string, it is Mr. Bass' thought that the cementing of the intermediate string could serve no useful purpose in developing the 7000-foot horizon and is, in reality, a useless added cost. We thought perhaps that the 5000-foot intermediate string could be eliminated in the drilling of subsequent wells by interpreting Section IV (4) (a) to mean that it only applies to "exploratory" test wells and would not necessarily apply to subsequent wells drilled after a discovery is made where it is obvious that the 5000-foot string is not necessary and serves no useful purpose. It is Mr. Bass' opinion that the intermediate string was really intended for the exploration of the deep zones in anticipation of production from Pre-Permian formations and that the elimination of the intermediate string in the development of the 7000-foot horizon would not violate the purpose or spirit of the rule. As stated, use of the intermediate string for the development of the Permian sands would not add to the protection of the potash or salt stratum. I would appreciate your giving this matter your prompt consideration and calling me collect.

Yours sincerely,
HERVEY, DOW & HINKLE

By C. E. Hinkle

CEH:mp

I. DRILLING AND CASING PROGRAM:

(1) For the purpose of the regulations and the drilling of oil and gas exploratory test wells, shallow and deep zones are defined as follows:

(a) The shallow zone shall include all formations above the base of the Delaware sand or above a depth of 5000 feet, whichever is the lesser.

(b) The deep zone shall include all formations below the base of the Delaware sand or below a depth of 5000 feet, whichever is the lesser.

(2) Surface Casing String:

(a) A surface casing string of new, second-hand or reconditioned pipe shall be set in the "Red Bed" section of the basal Rustler formation immediately above the salt section, or in the anhydrite at the top of the salt section, as determined necessary by the regulatory representative approving the drilling operations, and shall be cemented with not less than one hundred and fifty percent (150%) of calculated volume necessary to circulate cement to the ground surface.

(b) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(c) Casing and water shut-off tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measure shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(d) The above requirements for the surface casing string shall be applicable to both the shallow and deep zones.

(3) Salt Protection String:

(a) A salt protection string of new, second-hand or reconditioned pipe shall be set not less than one hundred (100) feet nor more than two hundred (200) feet below the base of the salt section.

(b) The salt protection string shall be cemented as follows:

(i) For wells drilled to the shallow zone, the string may be cemented with a nominal volume of cement for testing purposes only. If the exploratory test well is completed as a productive well, the string must be recemented with sufficient cement to fill the annular space back of the pipe from the top of the first cementing to the surface or to the bottom of the cellar, or (*)

(ii) For wells drilled to the deep zone, the string must be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(c) If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or gamma ray survey and additional cementing shall be done until the cement is brought to the point required.

(d) The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with three percent (3%) of calcium Chloride by weight of cement.

(e) Centralizers shall be spaced on at least every one hundred fifty (150) feet of the salt protection string below the surface casing string.

(*) may be cut and pulled if the production string is cemented to the surface as provided in sub-section (5), (a), (i).

(f) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(g) Casing tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of one thousand (1000) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measures shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(h) The above requirements for the salt protection string shall be applicable to both the shallow and deep zones except for sub-section (3) (b) (i) and (ii) above.

(4) Intermediate String:

(a) In the drilling of oil and gas exploratory test wells to the deep zone an intermediate string shall be set at sufficient depth to case-off all formations in the shallow zone and shall be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(b) Cementing procedures and casing tests for the intermediate string shall be the same as provided under sub-sections (3), (c), (f), and (g) for the salt protection string.

(5) Production String:

(a) A production string shall be set on top or through the oil or gas pay zone and shall be cemented as follows:

(i) For wells drilled to the shallow zone the production string shall be cemented to the suface if the salt protection string was cemented only with a nominal volume for testing purposes, in which case the salt protection string can be cut and pulled before the production string is cemented; provided, that

If the salt protection string was cemented to the surface, the production string may be cemented with a volume adequate to protect the pay zone and the casing above such zone.

(ii) For wells drilled to the deep zone the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone; provided that if no intermediate string shall have been run and cemented to the surface, the production string shall be cemented to the surface.

(b) Cementing procedures and casing tests for the production string shall be the same as provided under sub-sections (3), (c), (f), and (g) for the salt protection string.

II. DRILLING FLUID FOR SALT SECTION:

The fluid used while drilling the salt section shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the fluid by the operator in overcoming any specific problem. This requirement is specifically to prevent enlarged drill holes.

III. PLUGGING AND ABANDONMENT OF WELLS:

All wells heretofore and hereafter drilled within the potash area shall be plugged in a manner that will provide a solid cement plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section.

September 4, 1951

Mr. Guy Shepard
Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

Dear Guy:

Enclosed please find the report of the oil members of your Oil-Potash Committee.

We hope that this report combined with the one submitted by the Potash Members will give you sufficient information and will allow you to issue rules and regulations covering development in the potash area. We hope that these rules and regulations will be issued as soon as convenient.

Kindest personal regards

John M. Kelly

cc. R. R. Spurrier

PROPOSED RULES AND REGULATIONS FOR ISSUANCE

BY THE NEW MEXICO OIL CONSERVATION COMMISSION

RULES AND REGULATIONS GOVERNING EXPLORATION FOR THE EXTRACTION OF OIL, GAS AND POTASH MINERALS ON NEW MEXICO STATE LANDS AND PRIVATELY OWNED LANDS IN PROVEN AND POTENTIAL POTASH PRODUCTION AREAS, IN EDDY AND LEA COUNTIES, NEW MEXICO.

I OBJECTIVE:

The objective of these rules and regulations is to assure maximum conservation and economic recovery of oil, gas and potash minerals.

II POTASH AREAS:

(1) These rules and regulations are applicable to the proven and potential potash areas herein defined as Area "A" and Area "B", as follows:

(a) Area "A":

T. 19 S., R. 30 E.,	Sec. 3, S½
	Secs. 4 and 5, all
	Sec. 6, SE¼
	Sec. 7, NE¼, S½
	Secs. 8, 9, and 10, all
	Sec. 11, W½
	Sec. 14, W½
	Secs. 15 to 18 incl., all
	Sec. 20, SE¼
	Sec. 21, S½
	Secs. 22 and 23, all
	Secs. 25 to 29 incl., all
	Secs. 32 to 36 incl., all
T. 20 S., R. 30 E.,	Secs. 1 to 27 incl., all
	Secs. 34, 35 and 36, all
T. 20 S., R. 31 E.,	Secs. 17 to 20 incl., all
	Secs. 29 to 32 incl., all
T. 21 S., R. 29 E.,	Secs. 1 and 2, all
	Sec. 10, E½
	Secs. 11 to 14 incl., all
	Sec. 15, E½
	Sec. 24, all
	Sec. 35, E½
	Sec. 36, all

T. 21 S., R. 30 E.,	Secs. 4 to 9 incl., all
	Secs. 16 to 19 incl., all
	Sec. 31, all
T. 22 S., R. 29 E.,	Secs. 1 and 2, all
	Sec. 3, $S\frac{1}{2}$
	Secs. 10 to 15 incl., all
	Secs. 22, 23 and 24, all
T. 22 S., R. 30 E.,	Secs. 6 and 7, all
	Secs. 18 and 19, all

(b) Area "B"

T. 18 S., R. 30 E.,	Sec. 12, $S\frac{1}{2}$
	Secs. 13 and 14, all
	Sec. 15, $SE\frac{1}{4}$
	Sec. 21, $SE\frac{1}{4}$
	Secs. 22, 23 and 24, all
	Sec. 25, $W\frac{1}{2}$
	Secs. 26, 27 and 28, all
	Sec. 29, $SE\frac{1}{4}$
	Sec. 32, $NE\frac{1}{4}$, $S\frac{1}{2}$
	Secs. 33 and 34, all
	Sec. 35, $W\frac{1}{2}$
T. 18 S., R. 21 E.,	Sec. 18, $W\frac{1}{2}$
T. 19 S., R. 29 E.,	Sec. 11, $SE\frac{1}{4}$
	Sec. 12, $S\frac{1}{2}$
	Secs. 13 and 14, all
	Sec. 23, $N\frac{1}{2}$
	Sec. 24, $N\frac{1}{2}$
T. 19 S., R. 30 E.,	Sec. 2, all
	Sec. 3, $N\frac{1}{2}$
	Sec. 11, $E\frac{1}{2}$
	Secs. 12 and 13, all
	Sec. 14, $E\frac{1}{2}$
	Sec. 19, all
	Sec. 20, $N\frac{1}{2}$, $SW\frac{1}{4}$
	Sec. 21, $N\frac{1}{2}$
	Sec. 24, all
	Secs. 29 and 30, all

Area "B" (Cont.)

T. 19 S., R. 31 E., Secs. 9 and 10, all
Sec. 11, W½
Sec. 14, W½
Secs. 15, 16 and 17, all
Secs. 19 to 22 incl., all
Sec. 23, W½
Sec. 25, S½
Secs. 26 to 36 incl., all

T. 19 S., R. 32 E., Sec. 23, S½
Secs. 24 to 27 incl., all
Sec. 28, S½
Sec. 31, S½
Sec. 32, S½
Secs. 33 to 36 incl., all

T. 19 S., R. 33 E., Secs. 19, 30 and 31, all

T. 20 S., R. 29 E., Sec. 12, NE¼SE¼, S½SE¼
Sec. 13, NE¼, S½
Secs. 22 to 27 incl., all
Secs. 34, 35 and 36, all

T. 20 S., R. 30 E., Secs. 28 to 33 incl., all

T. 20 S., R. 31 E., Secs. 1 to 16 incl., all
Secs. 21 to 28 incl., all
Secs. 33 to 36 incl., all

T. 20 S., R. 32 E., Secs. 1 to 36 incl., all

T. 20 S., R. 33 E., Secs. 5 to 9 incl., all
Secs. 15 to 23 incl., all
Secs. 25 to 36 incl., all

T. 20 S., R. 34 E., Sec. 31, all

T. 21 S., R. 29 E., Sec. 3, E½
Sec. 23, N½
Sec. 25, all

T. 21 S., R. 30 E., Secs. 1, 2 and 3, all
Secs. 10 and 11, all
Sec. 12, S½
Secs. 13, 14 and 15, all
Secs. 20, 21 and 22, all
Sec. 23, N½
Sec. 24, N½
Secs. 27 to 30 incl., all
Secs. 32 to 34 incl., all
Sec. 35, S½

Area "B" (Cont.)

T. 21 S., R. 31 E.,	Sec. 1, N½ Sec. 2, N½ Sec. 4, W½ Secs. 5 and 6, all Sec. 18, S½ Sec. 19, N½
T. 21 S., R. 32 E.,	Secs. 1 to 17 incl., all Secs. 21 to 27 incl., all Secs. 35 and 36, all
T. 21 S., R. 33 E.,	Secs. 4 to 9 incl., all Secs. 16 to 21 incl., all Secs. 28 to 33 incl., all
T. 22 S., R. 29 E.,	Sec. 9, E½ Sec. 16, all Sec. 17, E½ Sec. 20, E½ Sec. 21, all Secs. 25 to 28 incl., all Secs. 33 to 36 incl., all
T. 22 S., R. 30 E.,	Secs. 1 to 5 incl., all Secs. 8 to 17 incl., all Secs. 20 to 24 incl., all Sec. 25, W½ Secs. 26 to 35 incl., all Sec. 36, W½
T. 22 S., R. 31 E.,	Secs. 4 to 9 incl., all Secs. 17 and 18, all Sec. 19, N½
T. 22 S., R. 33 E.,	Secs. 4, 5 and 6, all
T. 23 S., R. 29 E.,	Secs. 1, 2 and 3, all Sec. 4, E½ Sec. 9, E½ Secs. 10 to 15 incl., all Secs. 22 to 27 incl., all Secs. 34 to 36 incl., all
T. 23 S., R. 30 E.,	Sec. 1, S½ Secs. 2 to 36 incl., all

Area "B" (Cont.)

T. 23 S., R. 31 E., Sec. 7, all
Sec. 8, S½
Sec. 16, SW¼
Secs. 17 to 20 incl., all
Sec. 21, W½
Secs. 28 to 33 incl., all

T. 24 S., R. 30 E., Sec. 1, N½
Sec. 2, N½
Sec. 3, N½

T. 24 S., R. 31 E., Secs. 4, 5 and 6, all

(2) Areas "A" or "B" may be contracted or expanded from time to time as conditions may warrant by the Oil Conservation Commission after due notice and hearing.

III EXPLORATION OF AREAS:

(1) Area "A"

(a) Drilling of oil and gas exploratory test wells shall not be permitted in Area "A" except upon leases outstanding as of the effective date of these regulations, provided, that oil and gas exploratory test wells shall not be drilled through any open potash mines or within 500 feet thereof unless agreed to in writing by the potash lessee involved.

(b) Any oil or gas leases hereafter issued for lands within Area "A" shall be subject to these regulations and no drilling shall be permitted thereon unless the expressed permission of the Oil Conservation Commission is first had and obtained after due notice and hearing.

(c) All future drilling of oil and gas exploratory test wells in Area "A" shall be further subject to these rules and regulations.

(d) Where oil and gas wells are in production in Area "A", no potash mine opening shall be driven to within less than 100 feet of such wells so that protection of both can be afforded.

(2) Area "B"

(a) Oil and gas exploratory test wells may be drilled in Area "B" in accordance with these rules and regulations.

(3) Upon the discovery hereafter of oil and gas in Areas "A" or "B", the Oil Conservation Commission shall promulgate field or pool rules for the affected area after due notice and hearing.

(4) Nothing herein shall be construed to prevent unitization agreements involving lands in Areas "A" or "B".

IV DRILLING AND CASING PROGRAM:

(1) For the purpose of the regulations and the drilling of oil and gas exploratory test wells, shallow and deep zones are defined as follows:

(a) The shallow zone shall include all formations above the base of the Delaware sand or above a depth of 5000 feet, whichever is the lesser.

(b) The deep zone shall include all formations below the base of the Delaware sand or below a depth of 5000 feet, whichever is the lesser.

(2) Surface Casing String:

(a) A surface casing string of new, second-hand or reconditioned pipe shall be set in the "Red Bed" section of the basal Rustler formation immediately above the salt section, or in the anhydrite at the top of the salt section, as determined necessary by the regulatory representative approving the drilling operations, and shall be cemented with not less than one hundred and fifty percent (150%) of calculated volume necessary to circulate cement to the ground surface.

(b) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(c) Casing and water shut-off tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(1) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measure shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(d) The above requirements for the surface casing string shall be applicable to both the shallow and deep zones.

(3) Salt Protection String:

(a) A salt protection string of new, second-hand or reconditioned pipe shall be set not less than one hundred (100) feet nor more than two hundred (200) feet below the base of the salt section.

(b) The salt protection string shall be cemented as follows:

(i) For wells drilled to the shallow zone, the string may be cemented with a nominal volume of cement for testing purposes only. If the exploratory test well is completed as a productive well, the string shall be recemented with sufficient cement to fill the annular space back of the pipe from the top of the first cementing to the surface or to the bottom of the cellar, or may be cut and pulled if the production string is cemented to the surface as provided in sub-section IV (5), (a), (i) below.

(ii) For wells drilled to the deep zone, the string must be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(c) If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or gamma ray survey and additional cementing shall be done until the cement is brought to the point required.

(d) The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with three percent (3%) of calcium Chloride by weight of cement.

(e) Centralizers shall be spaced on at least every one hundred fifty (150) feet of the salt protection string below the surface casing string.

(f) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(g) Casing tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of one thousand (1000) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measure shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(h) The above requirements for the salt protection string shall be applicable to both the shallow and deep zones except for sub-section IV (3), (b), (i) and (ii) above.

(4) Intermediate String:

(a) In the drilling of oil and gas exploratory test wells to the deep zone an intermediate string shall be set at sufficient depth to case-off all formations in the shallow zone and shall be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(b) Cementing procedures and casing tests for the intermediate string shall be the same as provided under sub-sections IV (3) (e), (f), and (g) for the salt protection string.

(5) Production String:

(a) A production string shall be set on top or

through the oil or gas pay zone and shall be cemented as follows:

(i) For wells drilled to the shallow zone the production string shall be cemented to the surface if the salt protection string was cemented only with a nominal volume for testing purposes, in which case the salt protection string can be cut and pulled before the production string is cemented; provided, that if the salt protection string was cemented to the surface, the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone.

(ii) For wells drilled to the deep zone the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone; provided that if no intermediate string shall have been run and cemented to the surface, the production string shall be cemented to the surface.

(b) Cementing procedures and casing tests for the production string shall be the same as provided under sub-sections IV (3) (a), (f), and (g) for the salt protection string.

V DRILLING FLUID FOR SALT SECTION

The fluid used while drilling the salt section shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the fluid by the operator in overcoming any specific problem. This requirement is specifically to prevent enlarged drill holes.

VI PLUGGING AND ABANDONMENT OF WELLS:

All wells heretofor and hereafter drilled within Areas "A" and "B" shall be plugged in a manner that will provide a solid cement plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section.

VII LOCATIONS FOR TEST WELLS:

Before drilling for oil or gas on lands in Areas "A" or "B", a map or plat showing the location of the proposed well shall be prepared by the well operator and copy sent to the potash lessee involved, if any. If no objection to the location of the proposed well is made by the potash lessee within ten days, a drilling permit may be issued and the work may proceed. If, however, the location of the proposed well is objected to by the potash lessee on the grounds that the location of the well is not in accordance with the foregoing regulations, the potash lessee may file a written objection for consideration and decision by the Oil Conservation Commission.

VIII INSPECTION OF DRILLING AND MINING OPERATIONS:

A representative of the potash lessee may be present during drilling, cementing, casing and plugging of all oil or gas wells on his lease to observe conformance with these regulations. Likewise, a representative of the oil and gas lessee may inspect mine workings on his lease to observe conformance with these regulations.

IX FILING OF WELL AND MINE SURVEYS:

Each oil and gas lessee shall furnish not later than January 31st of each year to the Oil Conservation Commission and to the potash lessees involved, certified directional surveys from the surface to a point below the lowest known potash-bearing horizon for each oil or gas well drilled in Area "A" during the preceding calendar year. Each potash lessee shall furnish not later than January 31st of each year to the Oil Conservation Commission and to each oil and gas lessee involved, certified plat of survey of the location of open mine workings underlying outstanding oil and gas leases.

X APPLICABILITY OF STATEWIDE RULES AND REGULATIONS:

All general statewide rules and regulations of the Oil Conservation Commission governing the development, operation and production of oil and gas in the State of New Mexico not inconsistent or in conflict herewith, are hereby adopted and made applicable to the areas described herein.

Aug 15.

Before the OCC
of the State of N.M.

In the matter of defining findings
of Potash areas in Eddy and
Lea Counties, New Mexico, and
promulgating rules and regula-
tions and providing a casing
program for the drilling of
oil and gas wells in the proved
and potential Potash areas therein

Case No. 278
Order No.

Order of the Commission

By the Commission

This cause came on for hearing before the oil conservation Commission of New Mexico, hereinafter referred to as the "Commission" on ~~July~~ June 21, 1950, and for further hearing on July 19, 1950 and the Commission, a quorum being present, having considered the testimony adduced ~~and~~ and the exhibits introduced in evidence and arguments presented, and being fully advised in the premises,

~~Finds~~ (1) That due notice having been given notice according to law, and all interested parties having appeared, the Commission has jurisdiction of this cause, of the subject matter thereof.

(2) That an area defining ~~are~~ Potential oil and gas areas within this proved and potential potash deposits and the promulgation of rules and regulations for the orderly development of oil and gas reserves in an area known to be productive of Potash ~~in the vicinity of wells for oil and gas in the area~~ is within the authority of the Commission

Drilling & Casing program - P 5 of draft copy

(2) (a) - is cementing with 150% of calculated volume necessary to circulate cement to the ground surface sufficiently definite? yes

Locations for test wells - P 8 of draft copy

VII - Should we require a waiver of objection or some proof that notice has been served on the Potash lessee as a condition precedent to issuance of a drilling permit? otherwise how we to know if this section has been complied with by the oil and gas lessee? Proof of registered letter

Inspection of drilling and mining operations - P 8 of draft -

How about including provision our representative can inspect potash mine workings? I believe commission authority under 1949 law is broad enough to do this anyway but suggest we might want to include such a provision here to clarify it.

For Potash order -

Get from land office description of potash mine workings - then write Potash Companies - asking that cover actual workings.

III - Exploration areas

Proposals to unitize with respect to lands within area "A" as herein described will be considered on their merits.

~~Correlative: [illegible] [illegible] [illegible]~~

~~[illegible]~~

~~Reasonable [illegible] width~~

for the protection of correlative rights, the promotion of conservation, and the prevention of waste.

It is therefore ordered

(1) That this order shall be known as the Rules and Regulations Governing the Exploration and Production of Oil and Gas in certain areas and sub-areas herein defined and ~~[illegible]~~ known to contain Potash and semi-proved Potash minerals, on School and Institutional Lands of the State of New Mexico and upon Privately-Owned Lands included in the area and sub-areas hereinafter set out.

I

Objective

The objective of these Rules and Regulations is to ~~[illegible]~~ prevent waste, protect correlative rights, ~~assure~~ maximum conservation of the oil and gas resources of New Mexico and permit the simultaneous economic recovery of ~~[illegible]~~ of Potash minerals in the area hereinafter defined, and

II

The Potash-Oil areas

(1) These Rules and Regulations are applicable to oil and gas operations and to exploration for and production of oil and gas in proven or potential Potash-oil areas herein defined as "area A" and "area B".

area "A", ~~in accordance with testimony adduced before the Commission~~, represents the area ~~in which the evidence adduced at the hearing~~ in various parts of which ~~proved the~~ Potash ~~companies are actually engaged in~~ mining operations are now in progress, and is described as follows:

B. area "B" is defined as that area which, ~~[illegible]~~ core tests indicate potential potash reserves, and is described as follows:

(2) Area 'A" and "B" as hereinabove defined, may be contracted or expanded from time to time as developments may warrant, by the OCC, after due notice and hearing.

III

Explanation of areas

(See Copy)

IV

Drilling and Casing Program

(See Copy)

V
VI
VII

VIII
IX.

X see copy

XI adoption

The foregoing rules and regulations are hereby adopted by the Oil Conservation Commission and adopted, ratified and confirmed by the Commission of Public Lands of the State of New Mexico this ___ day of September, 1951.

Done at Santa Fe, New Mexico, this ___ day of September, 1950

State of N.M.
O C C

Commission of Public Lands

June 25, 1951

TO ALL MEMBERS OF THE NEW MEXICO OIL AND GAS ENGINEERING COMMITTEE:

Gentlemen:

Attached, hereto, you will find four Exhibits that were presented at the Hearing of the Oil Conservation Commission in Santa Fe, New Mexico, June 21, 1951 and pertain to Case 278 and relate to the drilling for oil in the vicinity of the potash mines in Eddy County, New Mexico.

These Exhibits are as follows:

Exhibit "A" - Casing Program proposed by Committee of the New Mexico Oil and Gas Engineering Committee.

Exhibit "B" - Casing Program for shallow wells above 5000', proposed by American Republics Corporation, Boyd-Plemons Drilling Company, Buffalo Oil Company, Burnham Oil Company, Malco Refineries, Inc., Yates, Robert E. McKee and others.

Exhibit "C" - Casing Program for shallow wells down to 6000', proposed by Jones and Watkins Oil Company, Miller and Miller, and Stanley L. Jones.

Exhibit "D" - Telegram from Phillips Petroleum Company protesting temperature surveys on salt string where cement is circulated. Specify centralizers should be spaced certain distance apart instead of saying every third joint.

In order that the operators may have a clear understanding of each others views pertaining to the above Exhibits and any changes or additions that any operator feels should be presented to the Commission, a meeting of all members of this organization and such others as wish to attend will be held in Santa Fe, New Mexico at 4:00 o'clock P. M., La Fonda Hotel on July 9, 1951.

Respectfully submitted,

Glenn Staley
Director

N.M. Oil & Gas Engineering Committee
Hobbs, New Mexico
June 25, 1951

CASING AND CEMENTING PROGRAMS FOR

OIL AND GAS TEST WELLS IN THE "DEFINED AREAS" IN EDDY COUNTY, NEW MEXICO

1. Surface Casing String

In order to protect the fresh water supply, the surface casing string shall be set in the "Red Bed" section of the basal Russler formation immediately above the top of the salt section and shall be cemented back to the ground surface or to the bottom of the cellar.

The surface string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 600 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 600 pounds per square inch before being run.

Sufficient cement shall be used to fill the annular space back of the pipe from the casing point to the surface of the ground or to the bottom of the cellar. Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

Tests of casing shall vary with drilling method. If rotary is used, the mud shall be displaced with water or with the proposed saturated water solution and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

2. Salt Protection String

The salt protection string shall be set at least one hundred (100) feet and not more than two hundred (200) feet below the base of the salt section. This string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of now less than 1000 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 1000 pounds per square inch before being run.

Centralizers shall be used on at least every third joint below surface casing.

Sufficient cement shall be used to fill the annular space back of the pipe from the casing point to the surface of the ground or to the bottom of the cellar. (The water used to mix with the cement shall be saturated with the salts common to the zones penetrated.) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. If the cement fails to reach the surface, the salt protection casing shall be perforated just above the top of the cement and additional cement jobs done until cement is brought to the surface. One or more temperature or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission.

Tests of casing shall vary with the drilling method. If rotary is used, the mud shall be displaced with water and a hydraulic pressure of 1000 pounds per square inch shall be applied. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

3. Intermediate String

This string may be a drilling protection string for deep drilling objectives or may be an oil string for testing medium depth zones.

a. If a drilling protection string, the casing shall be cemented with a sufficient volume of cement amply to protect this casing and all shall pay zones above the casing shoe, and in every instance this string shall be cemented from a point one thousand (1000) feet below the salt string back to the surface. One or more temperature or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission.

b. If an oil string in testing medium depth zones, the casing may be cemented with a nominal cement volume for testing purposes only, and if commercially productive, the string must be re-cemented by circulating cement from the top of the original cement job to the surface. One or more temperature or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission.

4. Oil or Production String (Deep Wells)

This string shall be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone, provided however, if no intermediate drilling casing shall have been run and commercial production obtained, that string shall be cemented to the surface or as provided by 3-a above.

5. Drilling Fluid for Salt Section

This fluid shall consist of water to which has been added sufficient

salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the system by the operator in overcoming any specific problem. This requirement is specifically inserted in order to prevent enlarged drill holes.

CASING AND CEMENTING PROGRAM FOR SHALLOW OIL AND GAS TEST WELLS IN KNOWN POTASH AREAS

CASE NO. 278
EXHIBIT B

The following is a suggested casing program for wells above 5,000 feet and is, of necessity, only general rules for the whole designated potash area, whether designated as Area A, Area B or otherwise. Geological sections change so rapidly in this large, scattered area that individual portions of the area will present individual problems. It is therefore suggested as follows:

A. That the Oil Conservation Commission retain authority to vary this general casing and cementing program to meet a specific condition, without an open hearing before the Commission.

B. That the casing and cementing program herein suggested apply only to the areas embraced in proven commercial deposits of potash, the remainder of the designated potash area to be drilled in accordance with standard, existing practices.

C. The suggested casing and cementing program is as follows:

1. Surface Casing String

In order to protect the fresh water supply, if present, the surface casing string shall be set through the fresh water bearing horizons and cemented with a volume adequate to protect the fresh water and keep it from entering the salt formation.

The surface string may consist of new, second-hand or re-conditioned pipe capable of meeting the manufacturers test specifications.

Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiatin tests.

Tests of casing shall vary with drilling method. If rotary is used, the mud shall be displaced with water or with the proposed saturated water solution and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

2. Salt Protection String

The salt protection string may be set at least one hundred (100) feet and not more than two hundred (200) feet below the base of the salt section. This string may consist of new, second-hand or re-conditioned pipe capable of meeting the manufacturers test spefifications.

The string may be cemented with a nominal cement volume for testing purposes only, and if commercially productive, the string must be re-cemented with not less than 150% of calculated volume necessary to circulate cement to surface.

(Cont. Case No. 278
Exhibit B)

Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. If the cement fails to reach the top of the salt, the salt protection casing shall be perforated just above the top of the cement and additional cement jobs done until cement is brought to that point. One or more temperature or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission.

Test of casing shall vary with the drilling method. If rotary is used. the mud shall be displaced with water and a hydraulic pressure of 1000 pounds per square inch shall be applied. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour corrective measures shall be applied.

3. Oil Or Production String

This string may be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone, provided however, if no salt protection casing shall have been run and commercial production obtained, that string shall be cemented to the surface as provided by 2 above or as provided by 3a in Deep Well program.

D. The undersigned operators, of Eddy County, New Mexico, approve the above and foregoing proposals and recommend its adoption by the Commission.

Respectfully submitted

American Republics Corp. by William B. Macey; Boyd-Plemons Drilling Company by Tom Boyd; Buffalo Oil Company by Ralph L. Gray; Guy Stevenson; J. Grady Wright; E. N. Brock; G. Kelley Stout; (Illegible;) Paton Bros. by H. R. Paton; R. D. Collier; J. W. Berry; Ross Sears; Joe Nunn; J. E. Bedingfield; Burnham Oil Company By E. Jeffers; Malco Refineries, Inc. by Donald E. Anderson; Bassett & Birney by Martin Yates III; Dixon & Yates by Martin Yates III; S. P. Yates; Yates Brothers by S. P. Yates; Resler Oil Company by S. P. Yates; J. R. Lund for Robert E. McKee.

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NEW MEXICO OIL AND GAS ENGINEERING COMMITTEE
DRAWER "EYE"
HOBBS, NEW MEXICO
JUNE 25, 1951

CASING AND CEMENTING PROGRAM FOR SHALLOW OIL AND GAS TEST WELLS IN PROSPECTIVE POTASH AREAS

CASE NO. 278
EXHIBIT C

The following program is a suggestive program for the cementing of pipe and the protecting of the prospective potash horizon from water, oil and gas contamination. This program shall pertain to oil and gas test or wells drilled for the purpose of securing oil and gas, down to a depth of 6000 feet. There should be rules set up for particular areas, naturally based on the amount of surface water and the amount of potash in the salt section, which will be penetrated during the drilling of the proposed oil test. The geological features on the oil structures will call for different programs from time to time. Especially in the districts where potash is present. The commercial potash districts according to geological features and subsurface information that has been secured from oil oil test that have been drilled in the past. Also addition information has been secured from districts from recent wells drilled in the various districts. There has also been a considerable amount of coring done by the various companies. All of this information should supply sufficient knowledge to derive at a pipe program satisfactory for all concerned. It is therefore suggested as follows:

1. That the Oil and Gas Conservation Commission retain authorization to issue a pipe program according to the area and district. A program that is sufficient to protect the potash strates at the present and future.

2. A suggestive pipe program for the general area should be as follows:

A. Surface Casing

The surface casing should be set at the top of the salt section. The size should be determined by the operator. The number one suggestion is that the pipe be mudded to the surface by pumping mud around the shoe and behind the pipe to the surface. Allow pipe to set eight hours. Then bale hole dry and test for at least two hours. If water is completely shut off, then the operator shall continue his drilling until he has reached the anhydrite formation. Then the operator should run either number one used pipe or new pipe through the potash and salt section. The operator should then be allowed to pull the surface pipe from the hole. The operator should then be permitted to cement the pipe from the bottom of the salt section to the surface, by circulating cement behind the pipe to the surface, or in such quantities recommended by the cementing concerns and the Oil Conservation Commission. The operator should then be allowed to drill his well and set his production string as he sees fit. He should be allowed to set the size of casing and at a depth he recommends, so long as he uses number one used pipe or new pipe. The amount of cement run behind the production string should be sufficient to come up at least 500 feet above the shoe. This will be adequate cement to protect the oil and gas zones and the formations behind the production string.

B. The next pipe program is recommended as follows:

The surface pipe should be set through the surface water, and cemented by circulating cement behind the pipe to the surface, or else there should be sufficient amount of cement pumped in and around the pipe to come to the surface, under ordinarily conditions. The cement should be allowed to set under pressure not less than 48 hours before drilling same and testing for water. The operator must test for water at least 2 hours. In case there is no water present, he shall then be allowed to carry on drilling operations until he reaches the casing point necessary to set the production string. At this time the potash and salt is protected from

all water hazards. The only hazards existing at this time is the possibility of contaminating the potash with oil and gas. Therefore, the operator should run nothing but A-1 used pipe or new pipe, tonging each joint up as tight as possible to prevent leakage. He shall then be allowed, to pump heavy acquagel mud behind the pipe sufficient to reach and come above the salt and potash section. Then the operator should pump enough cement behind the pipe to come up at least 500 feet behind it, which would be sufficient to seal off any possible chances of oil and gas working its way up behind it. The production string shall be allowed to be set threw or above the oil producing sections as the operator may see fit. The reason for this is that the different known producing zones are treated differently.

Most of the wells are drilled through-out Eddy County by the cable tool method. Which has the advantages of being able to identify the formations immediately upon topping them and the exact thickness. We are also able to detect immediately the different changes in the formations that takes place. We are also able to test our water zones as to the amount of water and the thickness of the zones. Therefore it is necessary to have a different type of pipe program for this type of drilling than for rotary drilling. The above recommendation are based on cable tool drilling.

These recommendations or suggestions are based on past experience and present drilling operations being carried on in one or more districts. The oil and gas producers of New Mexico are fortunate enough to have the Oil and Gas Conservation Commission to assist us in our problems. They have accumulated information sufficient to guide them in any section of Eddy County, New Mexico. They are known to work and cooperate with the United States Geological Department all times.

The undersigned operator or operators of Eddy County, New Mexico approve whole heartedly the above and foregoing proposals and do hereby recommend these adoptions by the State Land Commission as well as the United States Land Commission.

Respectfully submitted,

/s/ Jones & Watkins Oil Company, Artesia, New Mexico, by Stanley L. Jones; Inc.

/s/ Miller & Miller, Artesia, New Mexico, by Stanley L. Jones,

/s/ Stanley L. Jones, Inc.

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HOBBS, NEW MEXICO.
JUNE 25, 1951

TELEGRAM
BARTLESVILLE, OKLAHOMA
JUNE 21, 1951

CASE NO. 278
EXHIBIT D.

R. R. SPURRIER, SECY.
NEW MEXICO OIL CONSERVATION COMMISSION - SANTA FE, NEW MEXICO.

RE CASE 278 FOR AN ORDER ESTABLISHING A CASING PROGRAM WITHIN THE SO CALLED POTASH AREA OF EDDY AND LEA COUNTIES. PHILLIPS PETROLEUM COMPANY HAS STUDIED PROPOSALS OF VARIOUS OPERATORS WHICH WOULD REQUIRE TEMPERATURE SURVEYS WHERE SALT STRING IS CEMENTED TO SURFACE. IN OUR OPINION CURCULATION SHOULD BE SUFFICIENT EVIDENCE AND WE OBJECT TO THE REQUIREMENT OF TEMPERATURE SURVEYS BECAUSE SUCH SURVEYS WILL NOT REVEAL ADDITIONAL INFORMATION. ALSO IN OUR OPINION, ON SHALLOW WELLS, IF NO INTERMEDIATE STRING, IS RUN THE OIL STRING SHOULD BE REQUIRED TO BE CEMENTED SOLID TO THE SURFACE TO AVOID POSSIBLE LEAKS AND IN THIS CASE WE ALSO OBJECT TO REQUIREMENT OF GAMMA RAY OR TEMPERATURE LOGS FOR SAME REASON THAT THEY SHOW NO MORE THAN IS INDICATED BY OBTAINING CIRCULATION OF CEMENT.

OPERATORS SUGGESTION THAT CENTRALIZERS BE PLACED ON EVERY THIRD JOINT OF SALT STRING SHOULD BE AMENDED TO PROVIDE LENGTH OF SUCH JOINTS OR CENTRALIZERS SHOULD BE SPACED CERTAIN DISTANCE APART. OTHERWISE PHILLIPS PETROLEUM COMPANY CONCURS WITH PROPOSALS OF OTHER OPERATORS AS SET FORTH IN RECENT MEMORANDUM OF NEW MEXICO OIL AND GAS ENGINEERING COMMITTEE.

C. P. DIMIT

PHILLIPS PETROLEUM COMPANY

DISTRIBUTED BY:
NEW MEXICO OIL AND GAS ENGINEERING COMMITTEE
DRAWER "EYE"
HOBBS, NEW MEXICO.
JUNE 25, 1951

THE NATIONAL ARCHIVES OF THE UNITED STATES 1934

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Washington, Thursday, October 18, 1951

TITLE 7—AGRICULTURE

Chapter IX—Production and Marketing Administration (Marketing Agreements and Orders), Department of Agriculture

[Grapefruit Reg. 79]

PART 955—GRAPEFRUIT GROWN IN ARIZONA; IN IMPERIAL COUNTY, CALIF.; AND IN THAT PART OF RIVERSIDE COUNTY, CALIF., SITUATED SOUTH AND EAST OF THE SAN GORGONIO PASS

LIMITATION OF SHIPMENTS

§ 955.340 *Grapefruit Regulation 79*—(a) *Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 55, as amended (7 CFR Part 955), regulating the handling of grapefruit grown in the State of Arizona; in Imperial County, California; and in that part of Riverside County, California, situated south and east of the San Gorgonio Pass, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended, and upon the basis of the recommendations of the Administrative Committee (established under the aforesaid amended marketing agreement and order), and upon other available information, it is hereby found that the limitation of shipments of grapefruit, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule making procedure, and postpone the effective date of this section until 30 days after publication thereof in the FEDERAL REGISTER (60 Stat. 237; 5 U. S. C. 1001 et seq.) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable time is permitted, under the circumstances, for preparation for such effective date. The Administrative Committee held an open meeting on October 4, 1951, to consider recommendations for a regulation, after giving due notice of such meeting, and interested persons were afforded an opportunity to submit their views at this meeting; information regarding the provisions of the regulation recommended by the committee has been disseminated to shippers of grapefruit, grown as aforesaid, and this section, including the effective time thereof, is identical with the recommendation of the committee; it is necessary, in order to effectuate the declared policy of the act, to make this section effective on the date hereinafter set forth so as to provide for the regulation of the handling of the grapefruit at the start of this marketing season; and compliance with this section will not require any special preparation on the part of persons subject thereto which cannot be completed on or before the effective date hereof.

(b) *Order.* (1) During the period beginning at 12:01 a. m., P. s. t., October 21, 1951, and ending at 12:01 a. m., P. s. t., December 16, 1951, no handler shall ship:

(i) Any grapefruit of any variety grown in the State of Arizona; in Imperial County, California; or in that part of Riverside County, California, situated south and east of the San Gorgonio Pass unless such grapefruit are at least fairly well colored, and otherwise grade at least U. S. No. 2; or

(ii) From the State of California or the State of Arizona (*a*) to any point outside thereof in the United States, any grapefruit, grown as aforesaid, which are of a size smaller than $3^{11}/_{16}$ inches in diameter, or (*b*) to any point in Canada, any grapefruit, grown as aforesaid, which are of a size smaller than $3^{6}/_{16}$ inches in diameter ("diameter" in each case to be measured midway at a right angle to a straight line running from the stem to the blossom end of the fruit), except that a tolerance of 5 percent, by count, of grapefruit smaller than the foregoing minimum sizes shall be permitted which tolerance shall be applied in accordance with the provisions for the application of tolerance, specified in the revised United States Standards for Grapefruit (California and Arizona), 7 CFR 51.241: *Provided,* That, in determining the percentage of grapefruit in any lot which are smaller than $3^{11}/_{16}$ inches in diameter, such percentage shall be based only on the grapefruit in such lot which are of a size $4^{2}/_{16}$ inches in diameter and smaller; and in determining the percentage of grapefruit in any

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FEDERAL REGISTER

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lot which are smaller than $3\frac{9}{16}$ inches in diameter, such percentage shall be based only on the grapefruit in such lot which are of a size $3\frac{13}{16}$ inches in diameter and smaller.

(2) As used in this section, "handler," "variety," "grapefruit," and "ship" shall have the same meaning as when used in said amended marketing agreement and order; and the terms "U. S. No. 2" and "fairly well colored" shall each have the same meaning as when used in the revised United States Standards for Grapefruit (California and Arizona), 7 CFR 51.241.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. and Sup. 608c)

Done at Washington, D. C., this 15th day of October 1951.

[SEAL] S. R. SMITH,
Director, Fruit and Vegetable Branch, Production and Marketing Administration.

[F. R. Doc. 51-12537; Filed, Oct. 17, 1951; 9:03 a. m.]

PART 984—WALNUTS GROWN IN CALIFORNIA, OREGON AND WASHINGTON

SALABLE, SURPLUS, AND WITHHOLDING PERCENTAGES

Notice of proposed rule making with respect to the fixing of salable, surplus, and withholding percentages of walnuts for the 1951–52 marketing year was published in the FEDERAL REGISTER of September 12, 1951 (16 F. R. 9268), pursuant to the provisions of Marketing Agreement No. 105 and Order No. 84 regulating the handling of walnuts grown in California, Oregon, and Washington (7 CFR Part 984), effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.). In said notice, in which it was proposed to fix the salable percentage of merchantable walnuts for the 1951–52 marketing year at 80 percent, the surplus percentage at 20 percent, and the withholding percentage at 25 percent, opportunity was afforded interested parties to submit to the Department written data, views, or arguments for consideration prior to the issuance of the final rule. No such documents were received during the period specified in the notice.

It is hereby found and determined that good cause exists for making this document effective five days after publication in the FEDERAL REGISTER, instead of waiting thirty days after publication, for the reasons that (1) it is desirable that the percentages be fixed prior to any handling of the 1951 crop of walnuts, (2) operations of handlers under the marketing agreement and order program will not require preparation with respect to the application of the percentages fixed herein which cannot be made within five days after publication of this rule in the FEDERAL REGISTER, and (3) the handling of 1951 crop walnuts will be imminent thereafter.

After consideration of all relevant matters, the percentages are fixed as follows:

§ 984.203 *Salable, surplus, and withholding percentages for merchantable walnuts during the 1951–52 marketing year.* For merchantable walnuts, during the 1951–52 marketing year, the salable percentage shall be 80 percent, the surplus percentage shall be 20 percent, and the withholding percentage shall be 25 percent.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. and Sup. 608c)

Issued at Washington, D. C., this 15th day of October 1951, to become effective at 12:01 a. m., P. s. t., on the fifth day after publication of this document in the FEDERAL REGISTER.

[SEAL] S. R. SMITH,
Director, Fruit and Vegetable Branch.

[F. R. Doc. 51-12535; Filed, Oct. 17, 1951; 9:02 a. m.]

PART 993—DRIED PRUNES PRODUCED IN CALIFORNIA

AMENDMENTS OF AMENDED ADMINISTRATIVE RULES AND PROCEDURES

Pursuant to the applicable provisions of the marketing agreement, as amended, and order, as amended (16 F. R. 8437), regulating the handling of dried prunes produced in California (hereinafter referred to as the "order"), effective under the Agricultural Marketing Agreement Act of 1937, as amended (48 Stat. 31, as amended: 7 U. S. C. 601 et seq.), the Prune Administrative Committee (the administrative agency for operations under the order) has submitted, for the approval of the Secretary of Agriculture,

amendments of the amended administrative rules and procedures governing its operations, which are set forth hereinafter. After consideration of all pertinent available information, it is concluded that said amendments of the amended administrative rules and procedures should be approved.

Therefore, it is hereby ordered, That the aforesaid amended administrative rules and procedures (16 F. R. 9367) be further amended as hereinafter set forth.

It is hereby found that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice, engage in public rule making procedure, and postpone the effective date of said amendments of the amended administrative rules and procedures more than two days after the date of publication in the FEDERAL REGISTER (see section 4 of the Administrative Procedure Act; 5 U. S. C. 1001 et seq.) in that: (1) The marketing of the current crop of prunes has already begun, and said amendments are needed promptly for use in connection with regulations under this part; (2) handlers generally are familiar with the contents of said amendments, and their representatives on the committee participated in their formulation; and (3) the circumstances are such that handlers do not need more than two days' advance notice after the date of publication in the FEDERAL REGISTER to prepare for compliance with the provisions of said amendments of the amended administrative rules and procedures.

The amendments of the amended administrative rules and procedures are as follows:

1. Insert at the end of § 993.103 two new sections numbered § 993.104 and § 993.105, and which read as follows:

§ 993.104 *Tender.* "Tender" as used in § 993.148 and § 993.150 (a) means any quantity of prunes which is tendered to a handler by a producer or dehydrator in any one day in one or more containers or on one or more conveyances and which is treated as a single unit of delivery by the handler.

§ 993.105 *Lot.* "Lot" as used in § 993.148 and § 993.150 (a) means (a) any number of tenders accepted by a handler from one producer or from one dehydrator, the net weight of which does not exceed 50,000 pounds in the aggregate, or (b) in the event a single tender has a net weight in excess of 50,000 pounds, any portion of such tender, the net weight of which does not exceed 50,000 pounds: *Provided,* That no lot shall include prunes of any tender that is not tentatively accepted by the handler on the same day as other tenders included in such lot, except that this time limitation shall not apply to prunes tendered exclusively in "ton box" containers: *And provided further,* That each lot of prunes shall be reasonably uniform in quality and condition, and shall not include any container of prunes which obviously is inferior in quality or condition to the quality and condition of the prunes in the rest of the containers in such lot.

2. Amend the provisions of § 993.148 (b) and (c) (1) and (2) to read as follows:

(b) *Incoming inspection*—(1) *General.* For each tender of prunes made to a handler by a producer or dehydrator, the handler shall, immediately upon tentative acceptance thereof, issue to the producer or dehydrator a door receipt or weight certificate showing the name and address of such producer or dehydrator, the weight of the tender, and any other information necessary to identify the tender. Any prunes so tendered to a handler must, prior to their acceptance, be inspected at an inspection station, and in order to be received as standard prunes must be certified as standard prunes. The handler shall identify each tender tentatively accepted by him pending inspection with its corresponding door receipt or weight certificate until the prunes in such tender have been inspected and accepted by him or returned to the producer or dehydrator tendering the prunes. A separate inspection shall be made of each lot and an inspection certificate shall be limited to the prunes included in one lot. Certification of any lot shall be made and computed on the basis of the net weight of prunes included in such lot, and the handler shall supply such information to the inspector. At the time of inspection of any lot, the handler shall provide the inspector with any assistance necessary in drawing samples. When necessary, in order to perform proper inspection, the inspector may require the handler to dump containers to permit proper sampling. Each lot shall be inspected immediately following tentative acceptance by a handler of all of the prunes to be included in such lot, except that any lot of prunes tendered to a handler by a producer or dehydrator in "ton box" containers which cannot be dumped for sampling at the time of such acceptance, because of inadequate handling equipment, may be held for later inspection: *Provided,* That each lot of prunes so held is identified by the handler to the satisfaction of the inspector until the lot is inspected. After inspection, each lot of prunes shall be promptly accepted by the handler or returned to the producer or dehydrator. When a lot of prunes is inspected at other than a handler's plant, the inspector shall forward with such lot to the handler, the handler's copies of the certificate.

(2) *Certification.* Following inspection of a lot, the inspector shall issue, in quintuplicate, a signed certificate containing the following information: (i) The date and place of inspection; (ii) the names and addresses of the producer or dehydrator, the handler, and the inspection agency; (iii) the variety of the prunes, the county in which such prunes were produced, the number and type of the containers thereof, and the net weight of the prunes as shown on the applicable door receipt(s) or weight certificate(s), together with the number of such receipt(s) or certificate(s); (iv) whether the prunes are standard, substandard to be held for the account of the committee, or substandard accepted on an appraisal basis; (v) the inspector's computations of the percentage of each group or combination of groups of defects for which a maximum tolerance has been established under the order, and which is then in effect; and (vi) if tendered as substandard to be held for the account of the committee, the average size count of the prunes in the lot, or, if accepted on an appraisal basis, the percentage of off-grade prunes of each group or combination of groups of defects necessary to be removed therefrom for the remainder to be standard prunes, and the size count of the off-grade prunes in the lot.

(c) *Conditional provisions*—(1) *Wet or slack-dry prunes.* Any prunes tendered to a handler by a producer or dehydrator which an inspector determines have not been properly dried and cured in original natural condition, or which show evidence of the addition thereto of water, may be accepted by the handler for the account of the producer or dehydrator for conditioning by further drying or dehydration: *Provided,* That such lot of prunes shall be identified and kept separate and apart from any other prunes in the handler's possession until resubmitted for inspection and certificated, or returned to the producer or dehydrator. At the time of the original determination by the inspector, he shall assign to such lot of wet or slack-dry prunes an inspection certificate number, and he shall make record of the following information: (i) The place and date the inspection was commenced; (ii) the names and addresses of the producer or dehydrator and handler; and (iii) the variety of the prunes, the county in which such prunes were produced, the number and type of containers thereof, and the net weight of the prunes as shown on the applicable door receipt(s) or weight certificate(s), together with the number of such receipt(s) or certificate(s). Following conditioning of such wet or slack-dry prunes by the handler to the satisfaction of the inspector, the inspector shall, unless the prunes are to be returned to the producer or dehydrator, complete the inspection thereof and issue the certificate assigned to such lot in accordance with his findings, indicating thereon the net weight after conditioning and indicating thereon that such lot was inspected following proper conditioning thereof by the handler, and showing the place and date the inspection was completed.

(2) *Prunes with active insect infestation.* Any prunes tendered to a handler by a producer or dehydrator, which an inspector determines are not free from active insect infestation, may be accepted by the handler for the account of the producer or dehydrator for conditioning by fumigation: *Provided,* That such lot shall be identified and kept separate and apart from any other prunes in the handler's possession until resubmitted for inspection and certificated, or returned to the producer or dehydrator. At the time of such original determination by the inspector, he shall assign to such lot of infested prunes an inspection certifi-

cate number, and he shall make record of the following information: (i) The place and date the inspection was commenced; (ii) the names and addresses of the producer or dehydrator and the handler; and (iii) the variety of the prunes, the county in which such prunes were produced, the number and type of containers thereof, and the net weight of the prunes as shown on the door receipt(s) or weight certificate(s), together with the number of such receipt(s) or certificate(s). Following fumigation of such infested prunes to the satisfaction of the inspector, the inspector shall, unless the prunes are to be returned to the producer or dehydrator, complete the inspection thereof and issue the certificate assigned to such lot in accordance with his findings, indicating thereon that such lot was inspected following fumigation thereof by the handler and showing the place and date inspection was completed.

3. Amend the provisions of § 993.150 (a) (3) to read as follows:

(3) The variety of the prunes, the county in which such prunes were produced, the number and type of containers thereof, and the net weight of the prunes as shown on the door receipt(s) or weight certificate(s), together with the number of such receipt(s) or certificate(s);

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. and Sup. 608c)

Issued at Washington, D. C., this 15th day of October 1951, to become effective on the third day after publication in the FEDERAL REGISTER.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 51-12539; Filed, Oct. 17, 1951; 9:04 a. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 5484]

PART 3—DIGEST OF CEASE AND DESIST ORDERS

CLAY SEWER PIPE ASSOCIATION, INC., ET AL.

Subpart—*Aiding, assisting and abetting unfair or unlawful act or practice:* § 3.290 *Aiding, assisting and abetting unfair or unlawful act or practice.* Subpart—*Combining or conspiring:* § 3.400 *To discriminate or stabilize prices through basing point or delivered price systems;* § 3.405 *To discriminate unfairly or restrictively in general;* § 3.430 *To enhance, maintain or unify prices.* Subpart—*Selling and quoting on systematic price matching bases:* § 3.2193 *Zone, freight equalization and other delivered price systems.* I. In connection with the offering for sale, sale, or distribution in commerce, of vitrified clay sewer pipe, or fittings, and on the part of seventeen corporate manufacturers of such products, and their respective officers, entering into, continuing, cooperating in, or carrying out, any planned common course of action, understanding, agreement, combination or conspiracy between or among any two or more of said respondents, or between any one or more of said respondents and others not parties hereto, to (1) fix or maintain prices for vitrified clay sewer pipe or fittings; (2) compose or announce prices for vitrified clay sewer pipe or fittings, for any destination at which the respondents quote prices or sell their products, through the use of or in accordance with a basic price list, or percentage discounts therefrom; (3) use in common any freight rate compilation as a factor in fixing or announcing prices of vitrified clay sewer pipe or fittings; (4) use in common a zoning method of computing or formulating delivered price quotations for any such products; (5) discriminate in price between or among their respective customers by systematically charging and accepting prices which differ by the amounts necessary to produce delivered costs to purchasers identical with delivered costs available to such purchasers through purchases from other respondents; (6) establish or maintain uniform terms or conditions of sale to dealers, or allocate sales between and among the respondents or dealers; or, (7) establish or maintain a list of jobbers, the terms and conditions of sales to jobbers, or allocate sales between and among the respondents or jobbers; and, II, collectively, concertedly, or by combination of two or more of twelve of the aforesaid respondents (members of respondent association), using said association as a medium for promoting, aiding, or rendering more effective any cooperative or concerted efforts to suppress or eliminate competition in any of the respects hereinbefore set forth in clauses (1) to (7), inclusive; on the part of the aforesaid twelve respondents, their officers, etc., and, III, knowingly contributing to the accomplishment of any of the acts, practices, or things thus prohibited, on the part of respondent association, and the seventeen other corporate manufacturers joined in the case, and on the part of their respective officers, etc.; prohibited, subject to the provision, however, that wherever and whenever the terms "continuing" and "planned common course of action" are used, the Federal Trade Commission interprets the said terms as set forth in the decision of the Supreme Court of the United States in the case entitled Federal Trade Commission v. Cement Institute, and reported in 333 United States Reports 683, at pp. 727 and 728, and in the decision of the United States Circuit Court of Appeals, Fourth Circuit, in the case entitled American Chain & Cable Co. v. Federal Trade Commission, and reported in 139 Federal Reporter, Second Series, 622, and in including said terms in the order, uses them, and each of them, in the meaning set forth in said decisions; and to the provision that nothing contained in the order shall be construed as prohibiting the establishment or maintenance of any lawful bona fide argeements, discussions or other action solely between any corporate respondent and its directors, officers and employees, or between any corporate respondent and any of its subsidiaries or affiliates, and relating solely to the carrying on of the business of such corporation and its subsidiaries or affiliates, when not for the purpose or with the effect of restricting competition; and to the further provision that nothing contained in the order or in the understanding in connection therewith shall be construed to affect the duty, authority or power of the Federal Trade Commission to reopen the proceeding and alter, modify or set aside in whole or in part any provision of the order whenever in the opinion of the Federal Trade Commission conditions of fact or of law have so changed as to require such action, nor to prevent representatives of either the Federal Trade Commission or of the respondents, or any of them, from moving to so alter, modify or set aside in whole or in part any provision of the order.

(Sec. 6, 38 Stat. 722; 15 U. S. C. 46, Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45) [Cease and desist order, Clay Sewer Pipe Association, Inc., et al., Docket 5484, August 20, 1951]

In the Matter of Clay Sewer Pipe Association, Inc., American Vitrified Products Company, The Brockway Clay Company, The Clay City Pipe Company, Dennison Sewer Pipe Corporation, The Evans Pipe Company (the Estate of T. T. Evans and the Estate of Eugene Evans, Copartners), Graff-Kittaning Clay Products Company, Grand Ledge Clay Product Company, The Junction City Clay Company, The Kaul Clay Manufacturing Company, Patton Clay Manufacturing Company, The Peerless Clay Manufacturing Company, The Robinson Clay Product Company, The Ross Clay Products Company, St. Mary's Sewer Pipe Company, Stillwater Clay Products Company, The Stratton Fire Clay Company, Superior Clay Corporation, The Union Clay Manufacturing Company, Universal Sewer Pipe Corporation

This proceeding was first heard by W. W. Sheppard, trial examiner theretofore duly designated by the Commission, upon the complaint of the Commission, and the filing of respondent's answers thereto, in which the allegations of the complaint were denied in substantial part, and following which, offers of settlement were made and agreed to by all counsel for submission to the Commission at a hearing at Columbus, Ohio, on December 9, 1947.

Thereafter, following the Commission's due consideration of said offers, and further negotiation between all counsel, its rejection of the settlement tendered and direction that hearing be held for trial of the issues, and the retirement from the Government service of said W. W. Sheppard, a hearing was held at Columbus on June 12, 1951, before Frank Hier, designated as substitute trial examiner, at which testimony was received in support of the allegations of the complaint, pursuant to arrangement between counsel in support of the complaint and counsel for respondents, looking toward an agreed settlement.

At said hearing respondents by their counsel tendered waivers which were incorporated into the record by which they waived the right to offer any testimony in opposition to the charges in the complaint, the right to submit any findings and conclusions, the right of oral argu-

ment and any challenge or contest to the validity of the record herein or to the findings of fact or conclusion of the trial examiner and the Commission if such findings of fact and conclusion shall be the same as those agreed upon by counsel, on the ground that such findings do not have substantial support in the record or that they do not support the order of the trial examiner or the Commission.

Thereafter the proceeding regularly came on for final consideration upon the complaint, the answers, evidence, waivers, proposed findings as to the facts and conclusion and the proposed order agreed to and submitted by all counsel, and said trial examiner, having duly considered the matter and having found that the proceeding was in the interest of the public, made his initial decision, comprising certain findings as to the facts, conclusion drawn therefrom and order, including order to cease and desist, and order of dismissal as to certain respondents.

No appeal having been filed from said initial decision of said trial examiner as provided for in Rule XXII, nor any other action taken as thereby provided to prevent said initial decision becoming the decision of the Commission thirty days from service thereof upon the parties, said initial decision, including said order to cease and desist, accordingly, under the provisions of said Rule XXII became the decision of the Commission on August 20, 1951.

Said order reads as follows:

It is ordered, That the respondents, American Vitrified Products Company, The Brockway Clay Company, Clay City Pipe Company, Dennison Sewer Pipe Corporation, Graff-Kittaning Clay Products Company, Grand Ledge Clay Product Company, The Junction City Clay Company, The Kaul Clay Manufacturing Company, The Logan Clay Products Company, Patton Clay Manufacturing Company, Robinson Clay Product Company, The Ross Clay Products Company, St. Marys Sewer Pipe Company, The Stillwater Clay Products Company, The Stratton Fire Clay Company, Superior Clay Corporation and Universal Sewer Pipe Corporation, and their respective officers, agents, representatives and employees, in or in connection with the offering for sale, sale or distribution in commerce between and among the several States of the United States and in the District of Columbia of vitrified clay sewer pipe, or fittings, do forthwith cease and desist from entering into, continuing, cooperating in, or carrying out, any planned common course of action, understanding, agreement, combination or conspiracy between or among any two or more of said respondents, or between any one or more of said respondents and others not parties hereto, to do or perform any of the following acts, practices or things:

1. Fixing or maintaining prices for vitrified clay sewer pipe or fittings.

2. Composing or announcing prices for vitrified clay sewer pipe or fittings, for any destination at which the respondents quote prices or sell their products, through the use of or in accordance with a basic price list, or percentage discounts therefrom.

3. Using in common any freight rate compilation as a factor in fixing or announcing prices of vitrified clay sewer pipe or fittings.

4. Using in common a zoning method of computing or formulating delivered price quotations for any such products.

5. Discriminating in price between or among their respective customers by systematically charging and accepting prices which differ by the amounts necessary to produce delivered costs to purchasers identical with delivered costs available to such purchasers through purchases from other respondents.

6. Establishing or maintaining uniform terms or conditions of sale to dealers, or allocating sales between and among the respondents or dealers.

7. Establishing or maintaining a list of jobbers, the terms and conditions of sales to jobbers, or allocating sales between and among the respondents or jobbers.

Provided, however, That wherever and whenever the terms "continuing" and "planned common course of action" are used herein, the Federal Trade Commission interprets the said terms as set forth in the decision of the Supreme Court of the United States in the case entitled Federal Trade Commission v. Cement Institute, and reported in 333 United States Reports 683, at pp. 727 and 728, and in the decision of the United States Circuit Court of Appeals, Fourth Circuit, in the case entitled American Chain & Cable Co. v. Federal Trade Commission, and reported in 139 Federal Reporter, Second Series, 622, and in including said terms in this order, uses them, and each of them, in the meaning set forth in said decisions.

It is further ordered, That the respondents, American Vitrified Products Company, Clay City Pipe Company, Dennison Sewer Pipe Corporation, Graff-Kittaning Clay Products Company, Grand Ledge Clay Product Company, The Junction City Clay Company, The Kaul Clay Manufacturing Company, The Logan Clay Products Company, Robinson Clay Product Company, The Ross Clay Products Company, The Stillwater Clay Products Company and Superior Clay Corporation, and their respective officers, agents, representatives and employees, do forthwith cease and desist from collectively, concertedly, or by combination of two or more of said respondents, using or maintaining the Clay Sewer Pipe Association, Inc., as a medium for promoting, aiding, or rendering more effective any cooperative or concerted efforts to suppress or eliminate competition in any of the respects set forth in the immediately preceding paragraphs 1 to 7, inclusive, of this order.

It is further ordered, That each of the respondents, Clay Sewer Pipe Association, Inc., American Vitrified Products Company, The Brockway Clay Company, Clay City Pipe Company, Dennison Sewer Pipe Corporation, Graff-Kittaning Clay Products Company, Grand Ledge Clay Products Company, The Junction City Clay Company, The Kaul Clay Manufacturing Company, The Logan Clay Products Company, Patton Clay Manufacturing Company, Robinson Clay Products Company, The Ross Clay Products Company, St. Marys Sewer Pipe Company, The Stillwater Clay Products Company, The Stratton Fire Clay Company, Superior Clay Corporation and Universal Sewer Pipe Corporation, and their respective officers, agents, representatives and employees, do forthwith cease and desist from knowingly contributing to the accomplishment of any of the acts, practices, or things prohibited in paragraphs 1 to 7, inclusive, of this order.

It is further ordered, That nothing contained in this order shall be construed as prohibiting the establishment or maintenance of any lawful bona fide agreements, discussions or other action solely between any corporate respondent and its directors, officers and employees, or between any corporate respondent and any of its subsidiaries or affiliates, and relating solely to the carrying on of the business of such corporation and its subsidiaries or affiliates, when not for the purpose or with the effect of restricting competition.

Provided, however, That nothing contained in this order or the understandings in connection herewith shall be construed to affect the duty, authority or power of the Federal Trade Commission to reopen this proceeding and alter, modify or set aside in whole or in part any provision of this order whenever in the opinion of the Federal Trade Commission conditions of fact or of law have so changed as to require such action, nor to prevent representatives of either the Federal Trade Commission or of the respondents, or any of them, from moving to so alter, modify or set aside in whole or in part any provision of this order.

It is further ordered, For reasons appearing in the Commission's findings as to the facts in this proceeding, that the allegations of Count I of the Complaint herein be, and they hereby are, dismissed as to The Evans Pipe Company (the estate of T. T. Evans and the estate of Eugene Evans, copartners), The Peerless Clay Manufacturing Company, and The Union Clay Manufacturing Company, and that the allegations of Count II of the complaint be, and they hereby are, dismissed as to all of the respondents.

It is further ordered, That the respondents (except The Evans Pipe Company (the estate of T. T. Evans and the estate of Eugene Evans, copartners), The Peerless Clay Manufacturing Company, and The Union Clay Manufacturing Company) shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

By "Decision of the Commission and order to file report of compliance", Docket 5484, August 20, 1951, which announced and decreed fruition of said initial decision, report of compliance with the said order was required as follows:

It is ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with

the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: August 20, 1951.

By the Commission.

[SEAL] D. C. DANIEL, *Secretary.*

[F. R. Doc. 51-12502; Filed, Oct. 17, 1951; 8:52 a. m.]

TITLE 19—CUSTOMS DUTIES

Chapter I—Bureau of Customs, Department of the Treasury

[T. D. 52842]

PART 8—LIABILITY FOR DUTIES, ENTRY OF IMPORTED MERCHANDISE

EXTRACTS FROM INVOICES

To authorize collectors to deliver extracts of certified invoices to importers who request them upon the payment of the fee provided for in § 24.12 (b), Customs Regulations of 1943 (19 CFR 24.12 (b)), in lieu of the present practice of the collector at the port of certification of the extract transmitting such extracts to the collector at the port where it is to be used, § 8.11 (b), Customs Regulations of 1943 (19 CFR 8.11 (b)), is amended by deleting the second sentence and substituting the following: "The certified extract shall be delivered to the importer by the collector after the official seal is affixed thereto."

The said section is further amended by changing the period at the end of the last sentence to a comma and adding the following: "or to the last prior extract."

(Sec. 624, 46 Stat. 759; 19 U. S. C. 1624)

FRANK DOW, *Commissioner of Customs.*

Approved: October 11, 1951.

E. H. FOLEY, *Acting Secretary of the Treasury.*

[F. R. Doc. 51-12503; Filed, Oct. 17, 1951; 8:56 a. m.]

Chapter II—United States Tariff Commission

PART 201—RULES OF GENERAL APPLICATION

PART 206—INVESTIGATIONS REGARDING PRODUCTS ON WHICH POSSIBLE TARIFF CONCESSIONS WILL BE CONSIDERED IN TRADE-AGREEMENT NEGOTIATIONS

PART 207—INVESTIGATIONS OF INJURY TO DOMESTIC PRODUCERS ON ACCOUNT OF IMPORTS OF PRODUCTS ON WHICH TRADE-AGREEMENT CONCESSIONS HAVE BEEN GRANTED

AMENDMENT OF RULES OF PRACTICE AND PROCEDURE

Under the authority of sections 332, 336, and 337 of the Tariff Act of 1930 (secs. 332, 336, 337, 46 Stat. 698, 701, 703; 19 U. S. C. 1332, 1336, 1337), section 504 of the Philippine Trade Act (60 Stat. 156; 22 U. S. C. 1354), and section 22 of the Agricultural Adjustment Act, as amended (Pub. Law 579, 81st Cong., and Pub. Law 50, 82d Cong.), and in accordance with sections 3 and 7 of the Trade Agreements Extension Act of 1951 (Pub. Law 50, 82d Cong.), the rules of practice and procedure of the United States Tariff Commission (14 F. R. 7289 et seq.; 19 CFR Ch. II) are hereby amended as follows:

1. Section 201.1 is amended to read as follows:

§ 201.1 *Applicability of general rules.* The Tariff Commission rules of general application apply to investigations under the provisions of section 332 of the Tariff Act of 1930, and, so far as pertinent, to investigations under the provisions of sections 336 and 337 of the Tariff Act of 1930 (46 Stat. 698, 701, 703; 19 U. S. C. 1332, 1336, 1337); to investigations under section 22 of the Agricultural Adjustment Act, as amended (sec. 3, Pub. Law 579, 81st Cong.; Pub. Law 50, 82d Cong.); to investigations under section 504 of the Philippine Trade Act of 1946 (60 Stat. 156; 22 U. S. C. 1354); and to investigations under sections 3 and 7 of the Trade Agreements Extension Act of 1951 (Pub. Law 50, 82d Cong.). Rules having specific application to investigations under sections 336 and 337 of the Tariff Act of 1930, under section 22 of the Agricultural Adjustment Act, as amended, under section 504 of the Philippine Trade Act, and under sections 3 and 7 of the Trade Agreements Extension Act of 1951, respectively, appear separately in Parts 202 to 207, inclusive, of this chapter. In case of inconsistency between a rule of general application and a rule having specific application, the latter is controlling. No rules governing investigations under section 338 of the Tariff Act of 1930 (46 Stat. 704; 19 U. S. C. 1338) are issued because such investigations, which concern questions of possible discrimination by foreign countries against the commerce of the United States, are of a nature requiring their conduct under cover of secrecy.

2. Paragraph (d) of § 201.5 is amended to read as follows:

(d) Reports to the President the release of which has been authorized.

3. Subparagraph (1) of paragraph (a) of § 201.6 is amended to read as follows:

(1) Reports to the President the release of which has not been authorized.

4. Paragraph (b) of § 201.7 is amended to read as follows:

(b) *Informal conferences.* Informal conferences regarding any matter relating to the Commission's functions may be arranged by addressing a request to the Secretary, United States Tariff Commission, Tariff Commission Building, Washington 25, D. C.

5. The heading of § 201.8 and paragraphs (a), (b), and (d) of § 201.8 are amended to read as follows:

§ 201.8 *Applications for investigation under section 336 of the Tariff Act of 1930, under section 504 of the Philippine Trade Act of 1946, and under section 7 of the Trade Agreements Extension Act of 1951, and complaints under section 337 of the Tariff Act of 1930.* (a) All applications for investigations under section 336 of the Tariff Act of 1930, under section 504 of the Philippine Trade Act of 1946, or under section 7 of the Trade Agreement Extension Act of 1951, and complaints under section 337 of the Tariff Act of 1930, must be filed with the Secretary, United States Tariff Commission, Washington 25, D. C.[1] All copies of applications, complaints, and other papers filed with the Commission in any such investigation must be identified on the first page thereof with the name of the person or firm on whose behalf they are filed.

(b) Receipt by the Commission of an application for investigation or of a complaint properly filed will be acknowledged by the Secretary of the Commission, and public notice of such receipt will be given in the manner prescribed in § 201.10. In the case of applications under section 7 of the Trade Agreements Extension Act of 1951, notice of receipt thereof may be included in the notice of institution of investigation.

* * * * *

(d) Applications and complaints may be withdrawn at any time before an investigation pursuant thereto has been instituted or completed by the Commission, but, even if an application or complaint shall have been withdrawn, the Commission may institute or continue an investigation if in its judgment there is good and sufficient reason therefor.

6. Sections 201.10 and 201.11 are amended to read as follows:

§ 201.10 *Public notices.* Public notice of receipt of applications or complaints properly filed, of the institution of investigations, of public hearings, of dismissal of applications or investigations, and of other formal actions of the Commission, under sections 336 and 337 of the Tariff Act of 1930, under section 22 of the Agricultural Adjustment Act as amended, under section 504 of the Philippine Trade Act of 1946, and under sections 3 and 7 of the Trade Agreements Extension Act of 1951, will be given by posting a copy of the notice at the principal office of the Commission at Washington, D. C., and at its office in New York City; and by publishing a copy of the notice in the FEDERAL REGISTER and in Treasury Decisions. Copies of such notices will also be sent to press associations, trade and similar organizations of producers, and to importers and others (including all persons named in the application or complaint concerned) known to the Commission to have an interest in the subject matter of the investigation.

§ 201.11 *Public hearings.* (a) Hearings are required by law in the case of investigations under sections 336 and 337 of the Tariff Act of 1930, under section 22 of the Agricultural Adjustment Act,

[1] Under Executive Order 7233 of November 23, 1935, applications for investigations under section 22 of the Agricultural Adjustment Act, as amended, must be filed with the Secretary of Agriculture. For procedure governing such applications see 16 F. R. 9343.

as amended, under section 504 of the Philippine Trade Act of 1946, under section 3 of the Trade Agreements Extension Act of 1951, and under certain conditions under section 7 of the Trade Agreements Extension Act of 1951. No public hearing is required in general investigations under section 332 of the Tariff Act of 1930; however, when determined by the Commission to be appropriate and feasible, hearings will be held in such investigations.

(b) Public notice will be given of the time and place set for all hearings, in the manner prescribed in § 201.10. Announcement of a hearing will ordinarily be made 30 days in advance of the date set.

(c) Hearings will be conducted in accordance with the rules set forth in § 201.14.

(Sec. 3, Pub. Law 50, 82d Cong.)

7. A Part 206 is added, to read as follows:

PART 206—INVESTIGATIONS REGARDING PRODUCTS ON WHICH POSSIBLE TARIFF CONCESSIONS WILL BE CONSIDERED IN TRADE-AGREEMENT NEGOTIATIONS

Sec.
206.1 Applicability of rules under section 3, Trade Agreements Extension Act of 1951.
206.2 Purpose of investigation.
206.3 Public notice of investigation.
206.4 Public hearings.
206.5 Briefs.
206.6 Reports.

AUTHORITY: §§ 206.1 to 206.6 issued under sec. 3, Pub. Law 50, 82d Cong.

§ 206.1 *Applicability of rules under section 3, Trade Agreements Extension Act of 1951.* The rules under this part are specifically applicable to investigations for the purposes of section 3 of the Trade Agreements Extension Act of 1951 and apply in addition to the pertinent rules of general application set forth in Part 201 of this chapter.

§ 206.2 *Purpose of investigation.* The purpose of an investigation under section 3 of the Trade Agreements Extension Act of 1951 is to determine, with respect to each import article included in a list of products submitted to the Commission by the President which are to be considered in trade-agreement negotiations for possible modification of duties and other import restrictions, imposition of additional import restrictions, or continuance of existing customs or excise treatment, (a) the limit to which such modification, imposition, or continuance may be extended in order to carry out the purpose of the Trade Agreements Act of 1934, as amended, without causing or threatening serious injury to the domestic industry producing like or directly competitive articles, and (b) the minimum increases in duties or additional import restrictions required in cases where increases in duties or additional import restrictions are required to avoid serious injury to the domestic industry producing like or directly competitive articles.

§ 206.3 *Public notice of investigation.* Public notice of an investigation for the purpose of section 3 of the Trade Agreements Extension Act of 1951 will be given in the manner prescribed in § 201.10 of this chapter. Copies of the notice and of the list of products to be covered by the investigation will be mailed on request to parties interested.

§ 206.4 *Public hearings*—(a) *Public notice.* In the course of an investigation pursuant to section 3 of the Trade Agreements Extension Act of 1951, the Commission will hold public hearings. Notice wil be given of the time and place set for such hearings in the manner prescribed in § 201.10 of this chapter.

(b) *Appearances at hearings.* Parties interested may appear at public hearings, either in person or by representative, and produce, under oath, oral or written evidence relevant and material to the subject matter of the investigation.

(c) *Written statements.* Since public hearings are only a part of the investigation, and the Commission's findings are based on the information obtained at public hearings as well as other information which it may obtain in the course of the investigation, persons who cannot appear at public hearings but who desire to supply written information relevant and material to the subject matter of the investigation may do so by submitting fifteen clear copies of the written statement, typed, printed, or duplicated, one of which shall be sworn to. No special form for presentation of written views is prescribed. Written statements so submitted will be given the same consideration as testimony presented at the hearing, and, except for confidential material, will be open to public inspection. Because the Commission's report to the President must be completed within 120 days after the receipt of the list of products from the President, written statements not submitted at the hearing can be assured consideration only if received by the Commission before the close of the public hearing.

(d) *Official notice of Government publications.* Publications of the United States Government, especially reports of the Tariff Commission, need not be offered in evidence because the Commission will take notice of them as public documents. Extensive excerpts from such publications, particularly data regarding United States production, exports, or imports, should not be included in statements to the Commission either at the hearing or otherwise, but should be referred to by citing the title and page number of the pertinent publication.

CROSS REFERENCES: For rule regarding conduct of public hearings, see § 201.14 of this chapter. For rule regarding official notice by Commission of public documents, see § 201.14 of this chapter.

(e) *Confidential information.* All information submitted in confidence should be submitted on separate pages clearly marked "Confidential". The Commission may refuse to accept in confidence any particular information which it determines is not entitled to confidential treatment.

CROSS REFERENCE: For general rule regarding confidential information, see § 201.6 of this chapter.

(f) *Type of information to be developed at hearing or in written statements.* Without excluding other pertinent information, but with a view to assisting parties interested to present information useful in formulating findings required by the statute, testimony at hearings and written statements should give emphasis to the following matters:

(1) Trends of domestic production, sales, and imports in respect of the articles in question, including data on recent developments.

(2) The competitive strength of the foreign article and the like or directly competitive domestic article in the markets of the United States during a period which is representative of conditions of competition between such articles.

(3) Geographic areas of greatest competition between the domestic and the imported product and the principal market or markets for these products in the United States.

(4) Costs of production and delivery of the foreign and the domestic article during the period specified under subparagraph (2) of this paragraph.

(5) Additional information of a factual character bearing on the position of the domestic industry in competition with the imported article.

§ 206.5 *Briefs.* Briefs of the evidence produced at the hearing and arguments thereon may be presented to the Commission by parties interested who have entered an appearance. Unless otherwise ordered, fifteen clear copies, typed, printed, or duplicated, shall be filed with the Secretary of the Commission within ten days after the close of the hearing.

§ 206.6 *Reports.* The Commission will report to the President its findings in the investigation not later than 120 days after the receipt by the Commission from the President of the list of products to be covered by the investigation.

Section 4 of the Trade Agreements Extension Act of 1951 provides that, within thirty days after a trade agreement has been entered into which does not comply with the limits or minimum requirements specified in the findings reported to the President by the Tariff Commission, the President shall transmit a copy of such agreement to the Congress, whereupon the Tariff Commission must deposit with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a copy of the portions of its report to the President dealing with the articles with respect to which such limits or minimum requirements are not complied with.

8. Part 207 is amended to read as follows:

PART 207—INVESTIGATIONS OF INJURY TO DOMESTIC PRODUCERS ON ACCOUNT OF IMPORTS OF PRODUCTS ON WHICH TRADE AGREEMENT CONCESSIONS HAVE BEEN GRANTED

Sec.
207.1 Applicability of rules regarding investigations under section 7, Trade Agreements Extension Act of 1951.
207.2 Purpose of investigation.
207.3 Applications.
207.4 Confidential information.
207.5 Investigations; hearings.

Sec.
207.6 Briefs.
207.7 Reports.

AUTHORITY: §§ 207.1 to 207.7 issued under sec. 7, Pub. Law 50, 82d Cong.

§ 207.1 *Applicability of rules regarding investigations under section 7, Trade Agreements Extension Act of 1951.* The rules under this part are specifically applicable to investigations for the purposes of section 7 of the Trade Agreements Extension Act of 1951 (Pub. Law 50, 82d Cong.) and apply in addition to the pertinent rules of general application set forth in Part 201 of this chapter.

§ 207.2 *Purpose of investigation.* The purpose of an investigation under section 7 of the Trade Agreements Extension Act of 1951 is to determine whether an article on which a trade-agreement concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities, actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive articles.

§ 207.3 *Applications.* (a) Application for investigation for the purposes of section 7 of the Trade Agreements Extension Act of 1951 may be made by any interested person, partnership, association, or corporation having reason to believe that a product upon which a concession has been granted under a trade agreement is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to a domestic industry producing like or directly competitive products. Such applications shall be filed with the Secretary, United States Tariff Commission, Washington 25, D. C.

(b) Applications for such investigations shall be typewritten, duplicated, or printed, and fifteen clear copies must be submitted. They need not be under oath, but must be signed by the applicant or in his behalf by any authorized person, and should state the name, address, and nature of the interest of the applicant.

(c) An application must clearly state that it is for an investigation under section 7 of the Trade Agreements Extension Act of 1951. It must name or describe precisely the product concerning which investigation is being sought; specify the tariff provision which covers the product; and indicate the duty or other customs treatment which it is claimed is resulting in the importation of the product in question in such increased quantities, actual or relative, as to cause or threaten the alleged serious injury to the domestic industry.

(d) An application must include a statement of the reasons why applicant believes that the product concerning which investigation is requested is, as a result, in whole or in part, of the duty or other customs treatment reflecting a trade agreement concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive commodities. In particular, applicant must describe the nature and extent of the injury which he considers is being caused or threatened the domestic industry by reason of the importation of the product in question.

(e) Information of the following character should also be furnished with an application, to the extent that it is readily available to the applicant, and where confidential should be submitted as indicated in § 207.4 of this chapter:

(1) Imports, production, sales, and exports of the commodity for representative periods, including the latest available data. In greater detail, this information would include:

(i) Imports (quantity and value).

(ii) Production (quantity): (*a*) by the applicant, (*b*) by the domestic industry.

(iii) Sales (quantity and value): (*a*) by the applicant, (*b*) by the domestic industry.

(iv) Exports (quantity and value): (*a*) by the applicant, (*b*) by the domestic industry.

(2) Direct labor engaged in the domestic production of the commodity, (i) by the applicant and (ii) by the industry as a whole, indicating the number of persons employed during a normal period of operation in representative years, including the latest available data.

(3) Relation of the receipts of the applicant from the sales of the commodity covered by the application to his total receipts from all commodities or services produced by him, for representative years.

(4) Comparability of the domestic and the foreign article and the degree of competition between them, indicating the geographical areas or markets in which the competition is most intensive.

(5) Additional information of factual character, relating to the applicant and to the domestic industry, regarding such matters as: Profits and losses; prices; taxes; wages and other costs of production; subsidies and price-support programs; inventories, and similar data bearing on the position of the applicant and of the domestic industry in competition with the imported article.

(f) In general, statistical data supporting an application should be on an annual calendar-year basis, but should include data for months or quarters following the latest complete year; however, where seasonal and short-term factors and developments are important, quarterly or monthly data should also be furnished.

§ 207.4 *Confidential information.* All information submitted in confidence should be submitted on separate pages clearly marked "Confidential". The Commission may refuse to accept in confidence any particular information which it determines is not entitled to confidential treatment. Information called for in § 207.3 which would disclose individual business data or operations will be accorded confidential treatment by the Commission if submitted in confidence.

CROSS REFERENCE: For general rule regarding confidential information, see § 201.6 of this chapter.

§ 207.5 *Investigation; hearings*—(a) *Institution of investigation.* After receipt by the Commission of an application under section 7 of the Trade Agreements Extension Act of 1951, properly filed, an investigation will be promptly instituted. The application, except for confidential material, will then be available for public inspection at the office of the Commission in Washington, D. C., or in the New York office of the Tariff Commission, Custom House, New York 4, N. Y., where it may be read and copied by persons interested. Notice of such investigation will be given in the manner prescribed in § 201.10 of this chapter.

(b) *Public hearings.* Hearings are required by law in investigations under section 7 of the Trade Agreements Extension Act of 1951 whenever the Commission finds evidence of serious injury or threat of serious injury or whenever so directed by resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives. No recommendations to the President for action under section 7 of the Trade Agreements Extension Act of 1951 may be made unless a hearing has been held. The Commission will order a public hearing whenever a hearing is required by law or in any other case when in its judgment there is good and sufficient reason therefor. Public notice of hearings ordered will be given in the manner prescribed in § 201.10 of this chapter.

§ 207.6 *Briefs.* Briefs of the evidence produced at the hearings and arguments thereon may be presented to the Commission by parties interested who have entered an appearance. Unless otherwise ordered, fifteen clear copies, typewritten, duplicated, or printed, shall be filed with the Secretary of the Commission within ten days after the close of the hearing.

CROSS REFERENCE: For rules regarding briefs of evidence given by deposition, see § 201.17 (b) of this chapter.

§ 207.7 *Reports*—(a) *Findings and recommendations to the President.* If, as a result of an investigation and hearing under section 7 of the Trade Agreements Extension Act of 1951, the Commission finds that an article on which a trade-agreement concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities, actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive articles, it will report its findings to the President with appropriate recommendations for the withdrawal or modification of the concession, its suspension in whole or in part, or the establishment of import quotas, to the extent and for the time necessary to prevent or remedy such injury.

(b) *Findings and conclusions in absence of recommendation to the President.* If after investigation, either with or without hearing, the Commission de-

termines that no sufficient reason exists for a recommendation to the President for action of any kind specified in paragraph (a) of this section, it will make and publish a report stating its findings and conclusions.

OSCAR B. RYDER,
Chairman,
United States Tariff Commission.

[F. R. Doc. 51-12494; Filed, Oct. 17, 1951; 8:54 a. m.]

TITLE 24—HOUSING AND HOUSING CREDIT

Chapter I—Home Loan Bank Board, Housing and Home Finance Agency

Subchapter C—Federal Savings and Loan System

[No. 4656]

PART 145—OPERATIONS

CONSTRUING AND CLARIFYING PROVISIONS GOVERNING THE CHARGING OF PENALTIES ON PREPAYMENT UPON LOANS

OCTOBER 12, 1951.

Whereas, there apparently exists some misunderstanding with respect to the meaning of the provisions of § 145.6–12 of the rules and regulations for the Federal Savings and Loan System (24 CFR 145.6–12) relating to the penalties that may be imposed upon a borrower who prepays his loan, and

Whereas, the Home Loan Bank Board intended and hereby construes that the last sentence of § 145.6–12 means that the only penalty which a Federal savings and loan association can impose on a borrower who prepays a loan is a penalty equal to not more than six months advance interest on the amount prepaid in any one year in excess of such amount as would equal 20 percent of the original principal amount of the loan, and

Whereas, it is deemed desirable, for purposes of clarity and in order that the provision of the regulation shall more definitely reflect the interpretation by this Board of the present meaning thereof,

Resolved, that pursuant to Part 108 of the general regulations of the Home Loan Bank Board (24 CFR Part 108) and § 142.1 of the rules and regulations for the Federal Savings and Loan System (24 CFR 142.1), the last sentence of § 145.6–12 of the rules and regulations for the Federal Savings and Loan System (24 CFR 145.6–12) is hereby amended, effective October 18, 1951 to read as follows: "Borrowers from Federal associations shall have the right to prepay their loans without penalty except that the Board hereby approves for use by any Federal association, other than Federal associations that have Charter E, a loan plan wherein the association may require payment of not more than six months' advance interest on that part of the aggregate amount of all prepayments made on a loan in any one year which exceeds 20 percent of the original principal amount of the loan; *Provided,* That the loan contract makes express provision therefor." so that the section, in its entirety, will read as follows:

§ 145.6–12 *Loan payments.* Payments on the principal indebtedness of all loans on real estate security shall be applied direct to the reduction of such indebtedness. Payments on all monthly installment loans, other than construction loans, insured loans, and guaranteed loans, shall begin not later than sixty days after the advance of the loan; insured loans and guaranteed loans may be repayable upon terms acceptable to the insuring or guaranteeing agency and the Board hereby approves for use by any Federal association a loan plan wherein payments on any construction loans that such association may otherwise make under §§ 145.6 to 145.6–13 shall begin not later than 12 months after the date of the first advance. Borrowers from Federal associations shall have the right to prepay their loans without penalty except that the Board hereby approves for use by any Federal association, other than Federal associations that have Charter E, a loan plan wherein the association may require payment of not more than six months' advance interest on that part of the aggregate amount of all prepayments made on a loan in any one year which exceeds 20 percent of the original principal amount of the loan; *Provided,* That the loan contract makes express provision therefor.

Resolved further, that the purpose of this amendment being merely to clarify certain provisions in existing regulations and not restrictive in effect, it is found that it is not necessary to issue this regulation with notice and public procedure thereon under section 4 (a) of the Administrative Procedure Act, or subject to the effective date limitation of section 4 (c) of said act.

(Sec. 5, 48 Stat. 132, as amended; 12 U. S. C. and Sup. 1464)

By the Home Loan Bank Board.

[SEAL] J. FRANCIS MOORE,
Secretary.

[F. R. Doc. 51-12489; Filed, Oct. 17, 1951; 8:52 a. m.]

Chapter VIII—Office of Rent Stabilization, Economic Stabilization Agency

[Controlled Housing Rent Reg., Amdt. 408]

[Controlled Rooms in Rooming Houses and Other Establishments, Rent Reg., Amdt. 403]

PART 825—RENT REGULATIONS UNDER THE HOUSING AND RENT ACT OF 1947, AS AMENDED

KENTUCKY AND ILLINOIS

Amendment 408 to the Controlled Housing Rent Regulation (§§ 825.1 to 825.12) and Amendment 403 to the Rent Regulation for Controlled Rooms in Rooming Houses and Other Establishments (§§ 825.81 to 825.92). Said regulations are amended in the following respect:

In Schedule A, Item 127, is amended to read as follows:

State and name of defense-rental area	Class	County or counties in defense-rental areas under regulation	Maximum rent date	Effective date of regulation
Kentucky				
(127) Paducah	B	McCracken	Mar. 1, 1942	Nov. 1, 1942
	C	do	Jan. 1, 1951	Oct. 17, 1951
	A	Ballard	do	Do.
	A	Massac County, Illinois; and in Johnson County, Illinois, the township of Vienna, including the city of Vienna.	do	Do.

(Sec. 204, 61 Stat. 197, as amended; 50 U. S. C. App. Sup. 1894)

This amendment shall be effective October 17, 1951.

Issued this 15th day of October 1951.

JOHN J. MADIGAN,
Acting Director of Rent Stabilization.

[F. R. Doc. 51-12510; Filed, Oct. 17, 1951; 8:57 a. m.]

TITLE 32—NATIONAL DEFENSE

Chapter V—Department of the Army

Subchapter B—Claims and Accounts

PART 533—GRATUITY UPON DEATH

MISCELLANEOUS AMENDMENTS

Sections 533.1, 533.3, and 533.8 are rescinded and the following substituted therefor:

§ 533.1 *Computation of amount of death gratuity.* The amount of the death gratuity due the beneficiary of a service member includes the compensation of every kind and character received by such member at the date of his death but does not include allowances. See 14 Comp. Dec. 857; 24 id. 287.

§ 533.3 *Payment*—(a) *Beneficiaries.* (1) Payments of the 6 months' gratuity pay may be made to beneficiaries in the order indicated.

(i) If there be a widow (widower), payment will be made to such person only. (Marriage by proxy of individuals domiciled in the United States may be held to be valid if performed in a jurisdiction which recognizes common law marriage unless such marriage is prohibited by statute or has been held to be invalid by judicial decision.) See MS. Comp. Gen. B–103120, July 30, 1951.

(ii) If there be no widow (widower), payment will be made to the child or children, if there are any entitled to payment. An adopted child is considered to be a "child" within the meaning of the term as used in this part.

(iii) If there be no widow (widower) or child, payment will be made to the dependent relative previously designated by the deceased as his beneficiary to whom the gratuity is to be paid.

(iv) If there be no widow (widower), child, or dependent relative previously

designated by the deceased, payment will be made to undesignated grandchildren, parents, brothers, sisters, and grandparents shown to have been dependent upon such deceased member (subparagraph (4) of this paragraph); the eligible members of each group having an insurable interest in the life of the deceased sharing equally.

NOTE: In the event of the death of any beneficiary before payment to and collection by such beneficiary of the amount authorized, payment will be made to the next living beneficiary in the order of succession above stated.

(2) Payment of 6 months' gratuity pay may not be made to:

(i) Any married child or unmarried child over 21 years of age of a deceased officer or enlisted member who is not actually a dependent of such deceased officer or enlisted member. Payment may not be made to any married child, notwithstanding the allegation of dependency on the deceased officer or enlisted member. See 4 Comp. Gen. 730; 18 id. 567; and 22 id. 797.

(ii) A person who takes the life of the deceased, on whose account death gratuity would otherwise be payable to such beneficiary. See MS. Comp. Gen. A–60953, June 12, 1935.

(iii) Stepparents not designated and persons, other than dependent relatives, standing in loco parentis to decedent whether or not designated. See 26 Comp. Gen. 723.

(iv) The natural father of a service member who had been legally adopted. The fact that the service member returned to reside with the natural parent before induction into the service and designated the natural parent as a beneficiary to receive the payment does not change the foregoing statement. See 24 Comp. Gen. 479.

(3) If the deceased person had designated two beneficiaries to receive the 6 months' death gratuity payment, and the claim of the first designated beneficiary has been disapproved because the evidence submitted did not clearly establish dependency upon him for support, or otherwise and insurable interest in him, the claim of the second designated beneficiary may not be considered unless the first beneficiary, who may desire to submit additional evidence tending to show dependency, has relinquished the right to claim the gratuity payment. See 22 Comp. Gen. 676.

(4) If there be no widow (widower), child, or previously designated beneficiary, the Commanding General, Army Finance Center, will determine dependency in accordance with approved policies and regulations of the Department of the Army. The disbursing officer will forward any case of this type to the Commanding General, Army Finance Center, accompanied by all available information or evidence that will assist in making a determination as to the proper beneficiary or beneficiaries.

(b) *Evidence.* (1) The evidence required to establish the right under law, of any person to receive payment of the 6 months' gratuity is set forth for the different classes of beneficiaries in figure 1.

(2) No affirmative showing of dependency is required in making payments of 6 months' death gratuity pay authorized by the act of December 17, 1919, as amended, to fathers, mothers, brothers, or sisters designated as beneficiaries of deceased military personnel, since relationship alone establishes the insurable interest; but as to more distant relatives, evidence of insurable interest other than mere relationship is required. See 4 Comp. Gen. 554, modified; 22 id. 85.

FIGURE 1

Class of beneficiary	Evidence required of—					
	Nonexistence of widow (widower)	Relationship	Age	Conjugal condition	Actual dependency	Designation as beneficiaries
Widow or widower:[1]						
Previously designated.	No	No	No	No	No	Yes.[3]
Not previously designated.	No	Yes	No	No	No	No.[3]
Unmarried child or children under 21 years of age:						
Previously designated.	Yes	No	Yes	Yes	No	Yes.[3]
Not previously designated.	Yes	Yes	Yes	Yes	No	No.[4]
Unmarried child or children over 21 years of age:						
Previously designated.	Yes	Yes	Yes	Yes	Yes	Yes.[3]
Not previously designated.	Yes	Yes	Yes	Yes	Yes	No.[4]
Other beneficiaries:						
Previously designated.	Yes. Also evidence that there is no child (children), and evidence of insurable interest in deceased except for mother, father, brother, or sister.	Yes	No	No	See § 533.3 (b) (2)	Yes.
Not previously designated.	Yes. Also evidence that there is no child (children) or previously designated beneficiary, and evidence of insurable interest in deceased except for mother, father, brother, or sister.	Yes	No	No	See § 533.3 (a) (4) and SR 600–105–1.	No.

[1] A waiver by the lawful widow (widower) of a deceased person of her (his) statutory right to the six months' death gratuity pay authorized by the act of Dec. 17, 1919, as amended, is without force or effect, and does not operate to entitle the mother of the deceased, his designated beneficiary, to payment of the gratuity. 22 Comp. Gen. 676, amplified, 24 Comp. Gen. 46.

[2] The fact, if it be a fact, that the widow (widower) or child (children), as the case may be, was designated as beneficiary, will in itself be regarded ordinarily as sufficient to establish the identify of the payee.

[3] Where a payment is to be made to a widow (widower) not previously designated as beneficiary, affidavits from two disinterested persons, not related by blood, attesting to the following facts will be obtained and filed with the voucher: length of time they have known the widow (widower), that they have known her (him) to be the lawful wife (husband) of the deceased person at the time of his (her) death, and that to the best of their knowledge and belief no divorce has been granted.

[4] Where payment is to be made to a child (children) not previously designated, affidavits from two disinterested persons, not related by blood, attesting to the following facts will be obtained and filed with the vouchers: that they knew the deceased person, knew the mother (father), and know that the deceased person was not survived by a lawful widow (widower) at the time of his (her) death and that the child (children) is (are) the only living child (children) of the deceased person. In the case of an illegitimate child (children), evidence of relationship must be established, that is, the service members written acknowledgment that the child (children) is (are) his child (children).

[5] Any case concerning payment of death gratuity benefits to the individual or individuals who adopted the child when such child died in the military service will be considered doubtful and will be submitted to the Comptroller General of the United States for advance decision, through the Chief of Finance, prior to payment.

NOTE: The office administering the act of Dec. 17, 1919, as amended, may require any additional evidence, other than that set forth above, when considered necessary.

(c) *Method of payment.* Payment will be made on DD Form 397 (Public Voucher for Six Months' Gratuity Pay). Upon receipt of an official report of death, DD Form 397 and instructions for its acomplishment will be furnished the proper beneficiary by the appropriate disbursing officer designated in subparagraphs (1) through (4) of this paragraph. The disbursing officer who furnishes the beneficiary with Form 397 will also make payment of the 6 months' gratuity pay to such beneficiary only after the completed form has been carefully checked, and there is no doubt as to the proper beneficiary.

(1) Where the beneficiary resides within the continental limits of the United States, exclusive of Alaska, the forms will be furnished the beneficiary, and payment made by the Chief, Military Pay Division, Army Finance Center, Building 204, St. Louis 20, Missouri.

(2) Where the beneficiary resides in Alaska or outside the continental limits of the United States, the forms will be furnished the beneficiary and payment made by a disbursing officer designated in each case by the major Army commander of the area concerned, provided:

(i) The beneficiary resides in the same oversea area in which the deceased service member was assigned.

(ii) There is no question as to the proper beneficiary.

(iii) There is no question as to misconduct.

If a line of duty investigation is being or has been made, payment of the death gratuity will not be made by the designated disbursing officer, and the case

will be forwarded to the Military Pay Division, Army Finance Center, where it will be held until receipt of determination from the Adjutant General relative to the service member's status. The major Army commander will notify the Chief of Finance of any designations made under the provisions of this section by furnishing the name of the disbursing officer designated to make payment with the locality and area which he serves. Such disbursing officer upon making payment of the gratuity, immediately will notify the Chief, Military Pay Division, Army Finance Center, by letter, of the fact that such payment has been made, the amount thereof, and proper voucher reference.

(3) If the beneficiary resides in Alaska or outside the continental limits of the United States, and the deceased service member at date of death was not assigned in such area, forms will be furnished the beneficiary and payment made by the Chief, Military Pay Division, Army Finance Center.

(4) Under circumstances where there is doubt as to the proper disbursing officer to make payment, the major commander will request the Chief of Finance, Department of the Army, to designate a disbursing officer to make payment of the 6 months' gratuity pay.

§ 533.8 *Special determination*—(a) *Absent without leave.* (1) During periods of absence without leave, service members shall continue in a pay status, but shall forfeit all pay and allowances during such absence unless such absence is excused as unavoidable. The 6 months' death gratuity is not a part of a member's "pay and allowances," therefore, if a member dies during an absence without leave, whether or not such absence is excused as unavoidable, payment of the 6 months' death gratuity at the rate of pay accruing to such member at the date of death is authorized if otherwise payable. This determination applies to all cases where absence without leave and death occurred subsequent to August 31, 1946. See sec. 4 (b) act August 9, 1946 (60 Stat. 964); act August 4, 1947 (61 Stat. 748; 37 U. S. C. 33); and 29 Comp. Gen. 294.

(2) When absence without leave does not exceed 3 months, payment of the 6 months' gratuity pay will be made by the Chief, Military Pay Division, Army Finance Center. When absence is in excess of 3 months, an advance decision will be requested from the Comptroller General in each case.

(b) *Flying requirements not met when on flying status.* If a person dies while assigned to flying duty and has not made any flights during the 3 months succeeding the quarter in which he last met the flight requirements, his rate of pay for the payment of the 6 months' gratuity includes the increased pay for flying, although no flying pay had accrued to him on the date of his death. See 7 Comp. Gen. 476.

(c) *Advanced grade after date of death.* Section 2 of the act of March 7, 1942, as amended, which entitles any person in active service officially reported as missing, missing in action, interned in a neutral country, captured by an enemy, beleaguered or besieged, to continue to receive, or have credited to his account, the pay and allowances to which he was then or thereafter became entitled, does not authorize computation of the 6 months' gratuity payment on the basis of pay for a grade to which a person was advanced after being officially reported missing where it was later determined that the person had died prior to such advancement in grade. See 22 Comp. Gen. 395.

(d) *Declared dead after missing.* In the case of a person who was officially carried in a missing status and subsequently declared dead as of a certain date, the death gratuity should be computed on the pay rate to which the person was entitled on the date as of which he was declared dead, rather than on the rate he was receiving at the beginning of the missing status. See 22 Comp. Gen. 1053.

[AR 35–1370, Sept. 28, 1951] (R. S. 161; 5 U. S. C. 22. Interpret or apply secs. 1, 2, 41 Stat. 367, as amended, sec. 5, 53 Stat. 557, as amended, secs. 3, 4, 5, 63 Stat. 202, sec. 514, 63 Stat. 831; 10 U. S. C. and Sup. 456–456–2, 903, 37 U. S. C. Sup. 314)

[SEAL] WM. E. BERGIN,
Major General, U. S. Army,
The Adjutant General.

[F. R. Doc. 51–12489; Filed, Oct. 17, 1951; 8:52 a. m.]

Subchapter F—Personnel

PART 572—CONTRACT SURGEONS AND CIVILIAN VETERINARIANS

PAY AND ALLOWANCES OF CONTRACT SURGEONS

Section 572.3 is rescinded and the following substituted therefor:

§ 572.3 *Pay and allowances*—(a) *Full-time contract surgeons.* Contract surgeons serving full time with any of the uniformed services are entitled to be paid the minimum basic pay, the basic allowances, and such other allowances as are authorized by the act of October 12, 1949 to be paid to commissioned officers in pay grade O–2.

(b) *Part-time contract surgeons.* (1) Contract surgeons who are serving part time with any of the uniformed services receive only the pay specifically stipulated in their contracts (not to exceed $150 per month) and are not entitled to basic subsistence allowance or basic quarters allowance.

(2) Contract surgeons who are serving part time with any of the uniformed services are entitled to receive the allowances for travel and transportation prescribed for commissioned officers under the same conditions and in the same amounts.

(3) Part time contract surgeons are not authorized to make allotments of pay.

(c) *Prior service not creditable for pay purposes.* Contract surgeons serving full time are entitled to receive only the minimum basic pay and basic allowances authorized for commissioned officers in pay grade O–2 and therefore may not count prior service in any of the uniformed services as creditable service for computing basic pay. See 23 Comp. Gen. 889.

(d) *Uniform allowance.* Contract surgeons serving with the Army of the United States render services as civilian physicians and do not serve in any of the grades specified in the act of December 4, 1942 (56 Stat. 1039; 10 U. S. C. 904b), which authorizes the payment of a uniform allowance to certain personnel in the Army of the United States or any component thereof on active duty in the grades specified therein and, therefore, payment of the said allowance to such contract surgeons is not authorized. See 22 Comp. Gen. 1070.

(e) *Pay while on leave.* (1) When contracts so provide, contract surgeons will be entitled to full pay and allowances while on sick or ordinary leave, under the same rules as apply to commissioned officers. See MS Comp. Dec., October 12, 1898.

(2) (i) Full time contract surgeons will accrue leave on the same basis as commissioned officers. Where the service is continuous, leave accrued under one contract will be carried forward to the new contract.

(ii) Part time contract surgeons are not entitled to leave unless specifically set forth in their contract.

[AR 35–1630, Oct. 2, 1951] (R. S. 161; 5 U. S. C. 22. Interprets or applies sec. 18, 31 Stat. 752, sec. 504, 63 Stat. 827; 10 U. S. C. 107, 37 U. S. C. Sup. 304)

[SEAL] WM. E. BERGIN,
Major General, U. S. Army,
The Adjutant General.

[F. R. Doc. 51–12488; Filed, Oct. 17, 1951; 8:52 a. m.]

TITLE 32A—NATIONAL DEFENSE, APPENDIX

Chapter III—Office of Price Stabilization, Economic Stabilization Agency

[Ceiling Price Regulation 84]

CPR 84—CERTAIN CONVERTED PAPERBOARD PRODUCTS

Pursuant to the Defense Production Act of 1950, as amended, Pub. Law 774, 81st Cong., Pub. Law 96, 82nd Cong., Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Ceiling Price Regulation 84 is hereby issued.

STATEMENT OF CONSIDERATIONS

Both the General Ceiling Price Regulation and the General Manufacturer's Ceiling Price Regulation 22 were issued as interim regulations, with the intention that tailored regulations would be prepared later to deal with specific problems of individual industries.

The historical methods of operation in the converted paperboard products industry are such that the provisions of over-all ceiling price regulations similar to those referred to above cannot readily be applied. This is due to the fact that most converted paperboard products are made-to-order according to the specifications of the individual purchaser in regard to size, style, weight, design, ma-

terials, number of printing colors, and other variables. Therefore, this regulation is issued and provides a method under which ceiling prices are determined by using either an established price list or a pricing formula which follows the practices ordinarily used in the industry to arrive at selling prices.

The converted paperboard products industry, according to the United States Census of Manufacturers, consisted of nearly 1,900 individual establishments, produced commodities valued at 1.7 billion dollars and provided employment for 128,000 persons in 1947, the latest Census year. Paperboard products are the most widely used type of packaging material in which American industry delivers its goods to the user, and since packaging is an important element in cost of production and distribution, it is necessary that price controls be maintained. The products covered by, and those excluded from, this regulation are listed in detail in the regulation.

Ceiling prices for converted paperboard products are determined by use of the pricing formula set forth in this regulation. However, if a converter used an established price list during the base period of January 25, 1951 to February 24, 1951, ceiling prices may be based on this price list which must be filed with OPS. The formula provides for arriving at the sum of the following cost factors: raw materials, conversion, margin, and delivery. Each of these factors is determined in the same way as it would have been determined during the base period.

Margins must be computed by using one of the following methods: (1) a percentage basis, (2) a rate per unit of material, (3) a factor in the machine hour rate, or (4) a combination of (1), (2), and (3). The margin for a commodity or service sold to a purchaser cannot exceed the margin applied in selling the same commodity to that same purchaser during the base period. The margin for a commodity neither sold nor produced during the base period must not exceed the margin used in selling the most comparable commodity produced during the base period. The margin for a commodity not sold to the same purchaser during the base period must not exceed the margin used in selling the commodity to the most similar purchaser during the base period.

The raw material factor cannot exceed the ceiling prices of the raw materials as established by OPS regulations in effect on February 24, 1951 until dollar and cent ceiling prices are established by tailored regulations issued subsequent to that date covering the raw materials. The first of such dollar and cent ceiling prices must be maintained, with the converter absorbing increases, if any, allowed his supplier in later regulations.

The ceiling prices for converted paperboard products as established by this regulation will be approximately the same as the prices in effect during the GCPR period of December 19, 1950 to January 25, 1951. These prices are below those that would result from the application of the provisions of CPR 22, but well above those in the pre-Korea period.

FINDINGS OF THE DIRECTOR OF PRICE STABILIZATION

In the judgment of the Director of Price Stabilization, the ceiling prices established by this regulation are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended.

So far as practicable, the Director of Price Stabilization has given due consideration to the national effort to achieve maximum production in furtherance of the objective of the Defense Production Act of 1950, as amended; to prices prevailing during the period from January 1 to June 24, 1950, inclusive; to prices prevailing January 25, 1951, to February 24, 1951, and just before the issuance of this regulation; and to relevant factors of general applicability.

In formulating this regulation, the Director has consulted with representatives of the industry, including trade association representatives and has given consideration to their recommendations. Every effort has been made to conform this regulation to existing business practices, cost practices or methods, or means or aids to distribution. Insofar as any provisions of this regulation may operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, such provisions are found by the Director of Price Stabilization to be necessary to prevent circumvention or evasion of this regulation.

REGULATORY PROVISIONS

Sec.

AUTHORITY: Sections 1 to 15 issued under Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101-2110; E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

SECTION 1. *What this regulation does.* (a) This regulation supersedes the General Ceiling Price Regulation, Ceiling Price Regulation 22, and Ceiling Price Regulation 34, with respect to certain converted paperboard products. It applies to you if you are a converter of paperboard who manufactures, partially or completely, or renders a service in the manufacture of any of the following described commodities:

(1) Folding paper boxes, corrugated fibre sheets, corrugated boxes, solid fibre boxes, solid fibre sheets, set-up paper boxes, pads, partitions, and other paperboard products manufactured on the same converting equipment, and wedge shaped pails formed on a Brightwood or similar type machine, but excluding paperboard food containers and closures for moist, liquid and oily food, and book matches.

(2) Bobbins, cans, canisters, cones, cores, ribbon blocks, roving cans, spindles, spools, tubes, cylindrical paperboard casings and cans, related hollow paperboard and paper commodities partially or completely manufactured on an open-end rotating mandrel, of whatever size, shape, grade and specifications and having one or two open ends or one or two plugged or closed ends, and regardless of end-use.

(3) Fibre drums and fibre pails of cylindrical or conical shape made on an open-end rotating or stationary mandrel or any other means, with a body of fibre board and ends of fibre board, steel, wood, or any other material, or any combination thereof.

(b) This regulation establishes ceiling prices by the application of the formula used by you during the base period. If you had a price list during the base period, you may use it to establish your ceiling prices. Limitations upon the use of these pricing methods are contained in section 3 of this regulation. Lower prices than those established by this regulation may be charged, demanded, paid, or offered.

SEC. 2. *Applicability.* The provisions of this regulation shall apply within the forty-eight States of the United States and the District of Columbia.

SEC. 3. *Ceiling prices.* You shall determine your ceiling prices for the converted paperboard products and services covered by this regulation by your formula or price list in effect during the period January 25, 1951 to February 24, 1951, inclusive, hereafter called the "base period." Whenever in this regulation the word "commodity" or "commodities" is used, it shall mean "commodity or service, or both" or "commodities or services, or both."

(a) *Formula pricing.* Your formula shall be filed as required by section 9 and shall contain the following factors: Raw material, conversion, margin and delivery. To establish a ceiling price for your commodity, you compute the sum of these factors just as you would have done during the base period. However, in determining each factor, you shall comply with the following limitations:

(1) *Raw material factor.* (i) If you are a converter not fully or partly owned or controlled by or financially connected with your raw material supplier, your raw material factor shall be based upon actual or estimated actual costs (calculated in your base period manner) but not to exceed the ceiling price of your raw materials in effect on February 24, 1951, until such time as a regulation is issued which establishes dollar and cent ceiling prices for any of your raw materials. Thereafter, for such raw materials, the raw material factor shall not exceed the dollar and cent ceiling price as initially established by such new regulation. If you had employed the practice of averaging your raw material costs during the base period, you shall continue such practice in the same manner.

(ii) If you are a converter who is fully or partly owned or controlled by or financially connected with your raw material supplier, your raw material factor shall be based upon a cost not to exceed the transfer price of such raw material computed upon the same accounting methods, classifications, and quantity variations which you used during the base period. In no event shall the transfer price so computed exceed the ceiling price of such material in effect on February 24, 1951, until such time as a regulation is issued which establishes dollar and cent ceiling prices for such materials. Thereafter, the transfer price shall not exceed the dollar and cent ceiling price initially established by such new regulation.

(iii) If you included amounts for waste or spoilage in computing your raw material factor during the base period, you may continue to do so in your base period manner. However, you may not add more than the same percentage allowed for waste or spoilage during the base period, and you must subtract credits received from the sale or other disposition of waste material in the same manner in which such credits were subtracted during the base period.

(2) *Conversion factor.* (i) Conversion charges for any hand or machine operations, or both, incident to the manufacture of the commodity, including the make-ready, fabrication, assembly, marking, and packing of the commodity shall be computed in accordance with the hourly or piece rates, or both, and standards of production, which you used for the same commodity during the base period.

(ii) Conversion charges for a commodity which was not offered or sold by you during the base period, but which may be made on the same equipment or by the same methods, or both, which you used during the base period, shall be your charges for your most comparable commodity sold or contracted to be sold during the base period.

(iii) You shall not substitute hand operations for machine operations as a means of increasing your ceiling prices.

(iv) Conversion charges for a commodity which was not offered by you during the base period and which involve equipment or methods, or both, which you did not use during the base period, shall not be greater than the conversion charges established by application under section 10 of this regulation.

(3) *Margin factor.* Your margin factor is the difference between your selling price f. o. b. shipping point and the sum of your raw material and conversion factors as applied during the base period. You shall figure your margin factor on a percentage basis, or on a rate per unit of material basis, or include it in the machine hour rate. A combination of any or all of these methods may be used.

You shall continue to figure your margins by the same accounting and costing practices used by you during the base period, or you may change such practices provided a higher price does not result than that which would have resulted by the use of your base period practices. However, in no event shall your percentage or rate of margin exceed the following limitations:

(i) Where the commodity to be priced had been sold or contracted to be sold by you to the same purchaser during the base period, your margin shall not exceed the margin employed in pricing the commodity sold or contracted to be sold to the same purchaser during the base period. A change in color of ink or a change in printing copy shall not affect the sameness of the commodity. Differentials for quantity or number of colors of ink in effect during the base period shall apply.

(ii) Where the commodity had not been sold or contracted to be sold by you to the same purchaser during the base period, the margin shall not exceed the margin employed in pricing the most comparable commodity sold or contracted to be sold to the same purchaser during the base period.

The "most comparable commodity" is the commodity furnished by you and made on the same converting equipment, which differs the least from the commodity to be priced as determined by the use of the following tests:

(*a*) Style;
(*b*) Shape;
(*c*) Type of material;
(*d*) Size; and
(*e*) Addition or subtraction of parts or partitions.

These tests must be applied successively and each is to be applied to the commodity or group of commodities determined by the application of the preceding test. A change in color of ink or a change in printing copy shall not affect the comparability of the commodity. Differentials for quantities or numbers of colors of ink in effect during the base period shall apply.

(iii) Where a commodity had not been sold or contracted to be sold by you to a purchaser during the base period, the margin shall not exceed the margin employed in pricing the "most comparable commodity" (as defined in the preceding paragraph) sold or contracted to be sold during the base period to the purchaser most closely resembling the prospective purchaser from the standpoint of quantity, credit classification and location.

(iv) Where you were not engaged in the manufacture or sale of a commodity covered by this regulation during the base period, your proposed margin shall not be greater than the margin established by application under section 10 of this regulation.

(4) *Delivery factor.* You shall continue to sell on a delivered price basis to such purchasers, zones, or areas, to which you customarily made shipments on a delivered price basis during the base period.

(i) In the case of shipments to points within a free delivery zone or area within which no charge for delivery was added or would have been added by you during the base period, you shall not add to the ceiling prices as established by your raw material, conversion, and margin factors, any charge for delivery.

(ii) In the case of shipments to points or purchasers, other than those mentioned in the preceding subdivision for which you customarily added a charge for delivery during the base period, you may add to the ceiling prices established pursuant to the provisions of this regulation, your customary and established delivery charge: Provided, however, that in no instance may the amount of your delivery charge so added exceed the highest charge for delivery actually obtained or which would have been obtained for an identical shipment to the same purchaser, zone or area during the base period, by the means of transportation customarily employed for shipments to such purchasers, zones or areas during such period.

(iii) In cases where special shipments are required by a purchaser in order to fulfill, partly or completely, any government contract or subcontract, and the cost of such shipment exceeds the charges for delivery allowed by the preceding subdivisions (i) and (ii) of this subparagraph, and the purchaser agrees to such extra charge, the actual additional cost of such special shipments may be added to your ceiling price.

(b) *Price list.* If you used a price list for the sale of your products during the base period, you may elect to use as your ceiling prices the prices contained in that list, subject to the discounts and allowances then in effect. Such price lish may be used, however, only if (1) it was published or circulated to the trade or your salesman during the base period; (2) you use it in its entirety for all commodities and services listed on such price list; and (3) a duplicate copy of such price list has been filed with the Office of Price Stabilization, Pulp, Paper and Paperboard Branch, Washington 25, D. C., within thirty days after the effective date of this regulation. The ceiling prices established by such a price list shall be subject to nonretroactive disapproval or adjustment, at any time, by the Director of Price Stabilization to bring said prices into line with the general level of prices established by this regulation.

SEC. 4. *Ceiling prices for new converters.* (a) If you are a converter who started business after February 24, 1951, and before the date of issuance of this regulation, your ceiling prices shall be determined under the provisions of this regulation except that, insofar as you are concerned, the term "base period" wherever used in this regulation shall refer to the thirty day period immediately preceding the issuance of this regulation. Your formula shall be filed under section 9 and shall be subject to nonretroactive adjustment by the Director of Price Stabilization.

(b) If you are a converter who starts business after the effective date of this regulation, you shall file a proposed formula with the Office of Price Stabilization, Pulp, Paper and Paperboard Branch, Washington 25, D. C., including such items as, but not limited to, hourly rates or piece rates for hand or machine operations, or rates per thousand units or per thousand square feet of base material, and standards of production applicable thereto as defined in section 15 of this regulation, make-ready charges, delivery charges, and a complete range of

margins to be employed by you in determining the selling price of every commodity or service, as well as three sample estimates showing the application of such formula. You may not sell the commodity or service until the Director of Price Stabilization, in writing, approves your formula. If the Director does not approve your formula within thirty days from the date your formula is filed, your formula may be deemed to be approved subject to nonretroactive disapproval or adjustment at any later time by the Director of Price Stabilization.

SEC. 5. *Adjustable pricing.* Nothing in this regulation shall be construed to prohibit your making a contract or offer to sell a commodity covered by this regulation at (a) the ceiling price in effect at the time of delivery, or (b) the lower of a fixed price or the ceiling price in effect at the time of delivery. You may not, however, deliver or agree to deliver a commodity covered by this regulation at a price to be adjusted upward in accordance with any increase in a ceiling price after delivery.

SEC. 6. *Imports.* The ceiling price for imports of converted paperboard products covered by this regulation shall be determined in accordance with the provisions of Ceiling Price Regulation 31 issued by the Office of Price Stabilization.

SEC. 7. *Exports.* The ceiling price for exports of converted paperboard products covered by this regulation shall be determined in accordance with the provisions of Ceiling Price Regulation 61 issued by the Office of Price Stabilization.

SEC. 8. *Records*—(a) *Base period records.* On and after the effective date of this regulation, for so long as the Defense Production Act of 1950, as amended, shall remain in effect and for two years thereafter, you shall maintain and keep for examination by the Director of Price Stabilization, all your existing records relating to prices which you charged for commodities or services which you sold or contracted to sell at a definite price during the base period, or, if you had not been in business during the base period, the period upon which your formula as filed under section 9 is based. These records shall include all information which would enable the Director of Price Stabilization to compute your raw material, conversion, margin and delivery factors as set forth in section 3 of this regulation.

(b) *Current records.* Every person who sells and every person who in regular course of business buys converted paperboard products covered by this regulation shall make or keep for inspection by the Director of Price Stabilization for a period of two years complete and accurate records of each sale or purchase made after the effective date of the sale or purchase, showing (1) the date of the sale or purchase; (2) the name and address of the seller and purchaser; (3) the price charged or paid; (4) the quantity and description of the commodity sold. In addition thereto, you, the converter, shall also keep and maintain for two years your calculations by which you determine the ceiling prices of each commodity sold by you under this regulation.

SEC. 9. *Reports.* (a) Within forty-five days after the effective date of this regulation, you shall file with the Office of Price Stabilization, Pulp, Paper and Paperboard Branch, Washington 25, D. C., your pricing formula, or estimating manual, including such items as, but not limited to, hourly rates or piece rates for hand or machine operations, or rates per thousand units or per thousand square feet of base material, and standards of production applicable thereto as defined in section 15 of this regulation, make-ready charges, delivery charges, and a complete range of margins, as employed by you during the base period, or during the thirty days immediately preceding the effective date of this regulation if your business began after the base period, in determining the selling price of every commodity and service sold or contracted to be sold during such period, as well as three sample estimates showing the application of such formula.

SEC. 10. *Application for approval of new formulas or factors.* If you are a converter who was in business during the base period and who has subsequently installed new equipment or methods requiring new conversion or margin factors, you shall submit your proposed factors to the Office of Price Stabilization, Pulp, Paper, and Paperboard Branch, Washington 25, D. C., for approval, disapproval or adjustment.

Your application for approval of a new conversion factor shall include (1) the hour or piece rates for similar hand or machine operations generally prevailing in your immediate competitive area during the base period, and (2) an explanation for any variance between such generally prevailing rate and the rate you now wish to apply.

Your application for approval of a new margin factor shall include: (1) the location of your plants; (2) the type of equipment you use; (3) the capacity of your equipment; (4) a list of the products you intend to produce; (5) the range of margins proposed; and (6) a statement of the method you use to determine special differentials.

You may use the proposed conversion or margin factors as soon as you file your application. However, until your application has been approved by the Director of Price Stabilization, you shall notify the purchaser in writing that all prices which have been based upon the proposed conversion or margin factors are subject to adjustment by you, and to refunds if necessary, to conform with the conversion or margin factors as fixed by the Director of Price Stabilization. Official action upon any application filed under the provisions of this section will be communicated to you by letter order of the Director of Price Stabilization or his duly authorized representative. If such action approving, disapproving, adjusting, amending, or extending for cause the time within which to do any of the foregoing is not taken within twenty-one days after the filing of the application, such application may be deemed to have been approved, subject to nonretroactive disapproval or adjustment at any later time by the Director of Price Stabilization.

SEC. 11. *Transfers of business or stock in trade.* If the business, assets or stock in trade of any business are sold or otherwise transferred after the issue date of this regulation and the transferee carries on the business or continues to deal in the same type of commodities or services in an establishment separate from any other establishment previously owned or operated by him, the ceiling prices of the transferee and his practice with respect to sales of converted paperboard products shall be the same as those to which his transferor would have been subject if no such transfer had taken place, and his obligation to keep records in accordance with Section 8 shall be the same. The transferor shall either preserve and make available, for so long as the Defense Production Act of 1950, as amended, remains in effect, or turn over to the transferee all records of transactions prior to the transfer which are necessary to enable the transferee to comply with the record keeping provisions of this regulation.

SEC. 12. *Prohibitions.* You shall not do any act prohibited or omit to do any act required by this regulation, nor shall you offer, solicit, attempt, or agree to do or omit to do any such acts. Specifically (but not in limitation of the above), you shall not, regardless of any contract or other obligation, sell, and no person in the regular course of trade or business shall buy from you at a price higher than the ceiling price established by this regulation, and you shall keep, make, and preserve true and accurate records and reports, required by this regulation. If you violate any provisions of this regulation, you are subject to criminal penalties, enforcement action, and action for damages.

SEC. 13. *Evasions.* Any means or device which results in obtaining indirectly a higher price than is permitted by this regulation, or in concealing or falsely representing information as to which this regulation requires records to be kept, is a violation of this regulation. This prohibition includes, but is not limited to, means or devices making use of commissions, services, cross sales, transportation arrangements, premiums, discounts, special privileges, upgrading, tie-in agreements and trade understandings, as well as the omission from records of true data and the inclusion in records of false data.

SEC. 14. *Petitions for amendment.* If you wish to have this regulation amended, you may file a petition for amendment in accordance with the provisions of Price Procedural Regulation No. 1, revised (15 F. R. 9055).

SEC. 15. *Definitions and explanations.* The terms appearing in this regulation, unless the context clearly requires a different meaning, shall be construed as follows:

"*Assembly*" means the putting together of component parts of commod-

ities by such means as gluing, taping, covering, stitching, pasting, and tying.

"Base period" means the period January 25, 1951, to February 24, 1951, inclusive.

"Commodity" means any product covered by this regulation and includes the service rendered in connection therewith. Wherever in this regulation the word "commodity" or "commodities" is used, it means "commodity or service, or both" or "commodities or services, or both."

"Contract to sell" means the written or oral acceptance of any written or oral order.

"Conversion" means the normal operations and processes applied to the raw material to produce the commodity.

"Converter" includes any person who produces, from any raw materials, partially or completely, the commodities or supplies the services covered by this regulation, and includes the agents and representatives of such person. Each converter's place of business set up basically to process partially or completely and sell the commodities or services covered by this regulation shall be deemed to be a separate seller.

"Fabrication" means the manufacturing processes including but not limited to cutting, printing, creasing, scoring, slotting, slitting, die cutting and assembling.

"Hand operation" means the manufacturing processes, including but not limited to fabrication, assembly, marking and packing which require only the use of hand tools.

"Hourly rates" means the cost per hour for labor, machine overhead, and other manufacturing expenses as established for estimating purposes.

"Machine operations" means the manufacturing processes including but not limited to fabrication, assembly, marking and packing which require the use of mechanical devices.

"Make-ready" means the preparation of a machine for a particular conversion operation including such procedures as adjustment of feeding and receiving devices, installation of proper printing plates, cutting knives or creasing bars, and cleaning the machine after the completion of the conversion operation.

"Margin" is the selling price f. o. b. shipping point minus the sum of your raw material and conversion factors. Margin may include such items as allowance for returned goods or bad credits, sales and administrative expense, general overhead, repairs, rent, fuel, light, power, insurance and profit.

"Marking" includes printing, labeling, stamping and decorating.

"Packing" includes packaging, wrapping, and tying.

"Percentage basis" means the percentage obtained by dividing the margin by the total of raw material costs and applicable conversion charges.

"Person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successors or representatives of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of the foregoing.

"Piece rates" means the cost per numerical unit for labor, machine, machine overhead and other manufacturing expenses as established for estimating purposes.

"Rate per unit of material" refers to the method adopted by the manufacturer in computing the margin on the basis of a square foot or an area. (For example $\_\_\_\_$ per thousand square feet of corrugated or solid fibre board.)

"Raw materials" means the materials which are fabricated into the commodities covered by this regulation and all processing and packing materials used for such commodities.

"Records" includes without limitation, books of account, sales lists, sales slips, orders, vouchers, contracts, receipts, invoices, bills of lading, and other papers, documents, letters and correspondence.

"Sell" includes sell, supply, dispose, barter, exchange, lease, transfer, and deliver, and contracts and offers to do any of the foregoing. The terms "sale", "selling", "sold", "buy", "purchase", and "purchaser", shall be construed accordingly.

"Selling price f. o. b. shipping point" means the actual sales price less any delivery charges included as part of the price.

"Services" includes any service rendered, or supplied, otherwise than as an employee, in connection with the manufacture and processing of any of the commodities covered by this regulation, and generally, without limiting the foregoing, all services which preserve or add to the value or utility of such commodities.

"Standards of production" means the number of units produced in relation to the machine speed or man-hours.

"You" means the person subject to this regulation.

Effective date. This regulation shall become effective October 30, 1951.

NOTE: The record keeping requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 17, 1951.

[F. R. Doc. 51-12604; Filed, Oct. 17, 1951; 4:00 p. m.]

[Ceiling Price Regulation 85]

CPR 85—CEILING PRICES FOR CANNED MAINE SARDINES

Pursuant to the Defense Production Act of 1950, as amended, (Pub. Law 774, 81st Cong., Pub. Law 96, 82nd Cong.), Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Ceiling Price Regulation 85 is hereby issued.

STATEMENT OF CONSIDERATIONS

This regulation establishes specific dollars-and-cents ceiling prices for sales by canners of Maine sardines.

The Maine sardine industry has found itself in a most difficult economic position for reasons that were both unpredictable and uncontrollable. The number of sardines caught off the coasts of Maine and Southern Canada fell off 70 percent from the catch of last year. In 1950 the industry packed 3,844,164 standard cases. The average pack for the preceding ten years was 3,142,167 cases. At the present time there is no carry-over of last year's pack at the canner's level. As of September 15 of this year 663,186 cases had been packed. According to a 10-year average, 62 percent of the pack is prepared by September 15. On this basis, the 1951 pack should be approximately 1,000,000 cases. The size of the individual fish decreased in an even greater proportion. Where normally four to six fish were put into the standard size can, this year's catch requires that upwards of twenty fish be packed into this same size can. Thus, with a greatly decreased volume of fish to pack and with vastly increased labor expense to pack the very small size fish, unit direct costs have advanced sharply. The result has been a tremendous increase in cost per case to turn out this year's pack of Maine sardines.

The ceiling prices of this industry are currently established by CPR 22. Under that regulation, canners' ceiling prices were founded on the 1949 pack, which they selected as their CPR 22 base. That year saw a normal size pack of 3,074,523 standard cases. The sardine canning companies had filed their Form No. 8's in May and June of this year before this year's extremely short pack became an accepted fact. Nor was it known at that time that the run of small fish would continue in the majority for the rest of the season contrary to the normal run of sardines. The additional labor and overhead necessary to pack the sardines this year were not reflected in the prices filed on those forms. When the full situation was realized, a meeting of the Sardine Sub-Committee of the East Coast and Gulf Canned Fish Advisory Committee was held at Portland, Maine, on September 26, 1951. Facts pertinent to this year's operations were reviewed including the cost studies upon which this regulation is based. The results of these studies and the recommendations of the Committee have been given full consideration in arriving at these adjusted ceiling prices.

The Director has decided that a price of $10.50 for a case of 100 standard keyless cans of Maine sardines packed in oil is a fair and equitable price. This increase of 15 percent over the average price which would be permissible under CPR 22, is necessary to take account of the low volume of fish available this year, and the small size of fish. This price is approximately equivalent to that recommended by the Industry Advisory Committee. Even with this increase this price is still below that which prevailed during the years of 1947 and 1948.

It must be emphasized that the prices herein shall apply only to the 1951 pack, due to the abnormal factors discussed above. It is expected that these prices will be revised according to the pack and circumstances existing in 1952.

This regulation establishes dollars-and-cents ceiling prices for those items customarily distinguished for pricing purposes by the industry. Differentials of various styles of pack which follow industry distinctions have been recognized. The prices specified are gross prices and customary allowances and discounts must be deducted from them. These increased prices will be reflected at the wholesale and retail level by the percentage markups provided for in CPR's 14, 15, and 16, and will maintain for Maine sardines, normal price relationships with other competitive canned fish.

In formulating this regulation, the Director of Price Stabilization has consulted with industry representatives to the extent practicable and has given full consideration to their recommendations. In his judgment the provisions of this regulation are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended. The ceiling prices established by this regulation are higher than the prices prevailing just before the date of issuance of this regulation.

As far as practicable, the Director of Price Stabilization gave due consideration to the national effort to achieve maximum production in furtherance of the Defense Production Act of 1950; to prices prevailing during the period from May 24, 1950, to June 24, 1950, inclusive; and to relevant factors of general applicability.

REGULATORY PROVISIONS

Sec.
1. What this regulation does.
2. Where this regulation applies.
3. Ceiling prices for Maine sardines.
4. Conditions and terms of sale.
5. Adjustments.
6. Records.
7. Petition for amendment.
8. Prohibitions.
9. Penalties.
10. Definitions.

AUTHORITY: Sections 1 to 10 issued under sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup., 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101–2110, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

SECTION 1. *What this regulation does.* This regulation establishes specific dollars-and-cents ceiling prices for most sales of canned Maine sardines when such sales are made by the canners of those sardines. These ceiling prices supersede those established by the General Ceiling Price Regulation and by Ceiling Price Regulation 22.

SEC. 2. *Where this regulation applies.* The provisions of this regulation are applicable in the 48 States of the United States and in the District of Columbia.

SEC. 3. *Ceiling prices for Maine sardines.* Your ceiling prices for Maine sardines are as listed below. These prices are for cases of Maine sardines packed in the listed container sizes and types and styles of pack, f. o. b. car at the railroad shipping point nearest the cannery.

A case means a lot of one hundred (100) ¼'s cans or a lot of forty-eight (48) ¾'s cans. The price of a case includes the cost of the shipping container.

Container size and type	Style of pack	Ceiling price per case
Keyless standard pack:		
¼'s	In soybean or cottonseed oil.	$10.50
¼'s	In mustard sauce	10.50
¼'s	In tomato sauce	10.50
¾'s	In mustard sauce	9.00
¾'s	In tomato sauce	9.00
Can pack with key:		
With keys wrapped:		
¼'s	In soybean or cottonseed oil.	12.00
¼'s	In mustard sauce	12.00
¼'s	In tomato sauce	12.00
¼'s	In peanut oil	12.00
With keys in cartons:		
¼'s	In soybean or cottonseed oil.	12.00
¼'s	In mustard sauce	12.00
¼'s	In tomato sauce	12.00
¼'s	In peanut oil	12.00
With keys decorated tops:		
¼'s	In soybean or cottonseed oil.	11.25
¼'s	In tomato sauce	11.25
¼'s	In peanut oil	12.00
With keys plain:		
¼'s	In soybean or cottonseed oil.	11.00
¼'s	In mustard sauce	11.00

SEC. 4. *Conditions and terms of sale.* The ceiling prices set forth in section 3 of this regulation are gross prices and you must continue to apply all customary delivery terms, discounts, allowances, guarantees, and other usual and customary terms and conditions of sale; which you had in effect between Dec. 19, 1950 and Jan. 25, 1951 inclusive, except that in no instance shall the gross selling price of any item covered by this regulation exceed the ceiling price for such item as set forth in section 3.

SEC. 5. *Adjustments.* For container sizes, or types and styles of pack of Maine sardines not listed in section 3 of this regulation, the ceiling price shall be a price determined by the Director of Price Stabilization to be in line with the prices listed in that section 3. Such determination shall be made upon written request addressed to the Fish Branch, Office of Price Stabilization, Washington 25, D. C., showing the size and type of container listed in section 3 to which your unlisted product is most similar and your price differential between the unlisted product and most similar listed product as of June 24, 1950 or the latest date previous to June 24, 1950 on which both products were sold or offered for sale by you. You may not sell your product under this section 5 until you receive written notification of the ceiling price which has been approved for such product. Until you have received a price under this section 5, you may use the prices you filed pursuant to CPR 22, if approved, or your GCPR prices.

SEC. 6. *Records.* After the effective date of this regulation, if you sell or exchange Maine sardines in the course of trade or business or otherwise deal therein, you must make, preserve, and keep available for examination by the Director of Price Stabilization for a period of two years, accurate records of each sale, showing:

(1) The date of sale;

(2) The name and address of the buyer and of the seller;

(3) The price contracted for or received, with a recording of all allowances, discounts, and other terms and conditions of sale;

(4) The quantity, style of pack, and the container size and type.

SEC. 7. *Petition for amendment.* If you wish to have this regulation amended, you may file a petition for amendment in accordance with the provisions of Price Procedural Regulation 1, Revised (16 F. R. 4974).

SEC. 8. *Prohibitions.* On or after the effective date of this regulation, regardless of any contract, agreement, or other obligation, you shall not sell or deliver, and no person in the course of trade or business shall buy or receive any commodity covered by this regulation at prices higher than those established by this regulation, and no person shall agree, offer, solicit, or attempt to do any of the foregoing. The price limitations set forth in this regulation shall not be evaded, whether by direct or indirect methods, in connection with any offer, solicitation, agreement, sale, delivery, purchase, or receipt of, or relating to any of the commodities covered by this regulation, alone or in conjunction with any other commodity, or by way of any commission, service, transportation, or other charge, or discount, premium, or other privilege, or by tying-agreement or other trade understanding, or by changing the selection or style of processing or the canning, wrapping or packaging of the commodities covered in this regulation, or in any other way.

SEC. 9. *Penalties.* Persons violating any provision of this regulation are subject to the criminal penalties, civil enforcement actions, and suits for damages provided for by the Defense Production Act of 1950, as amended.

SEC. 10. *Definitions.* When used in this regulation the term: (a) "Maine Sardines" means canned Atlantic sea herring (ordinarily Clupea harengus) of the sizes customarily packed and sold under the trade designation of Maine sardines.

(b) "¼'s" means drawn cans of the following measurements: 300.5×404×014.5 or 405×211×016.

(c) "¾'s" means three piece cans or drawn cans of the following measurements: 308×412×112 or 304×508×105.

(d) "Canner" means a person who preserves Maine sardines by processing and hermetically sealing them in metal containers.

(e) "You" means the person subject to this regulation.

Effective date. This regulation is effective October 22, 1951.

NOTE: The record keeping and reporting requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 17, 1951.

[F. R. Doc. 51-12605; Filed, Oct. 17, 1951; 4:90 p. m.]

Chapter XXI—Office of Rent Stabilization, Economic Stabilization Agency

[Rent Regulation 3, Amdt. 4 to Schedule A]

RR 3—HOTEL REGULATION

SCHEDULE A—DEFENSE RENTAL AREA

KENTUCKY AND ILLINOIS

Amendment 4 to Schedule A of Rent Regulation 3—Hotel Regulation. Said regulation is amended in the following respect:

New Item 127 is hereby added to Schedule A as follows:

Name of defense-rental area	State	County or counties in defense-rental area under rent regulation 3	Maximum rent date	Effective date of regulation
(127) Paducah	Kentucky Illinois	Ballard and McCracken Massac County; and in Johnson County, the township of Vienna, including the city of Vienna.	Jan 1, 1951 do	Oct. 17, 1951 Do.

(Sec. 204, 61 Stat. 197, as amended; 50 U. S. C. App. Sup. 1894)

This amendment shall be effective October 17, 1951.

Issued this 15th day of October 1951.

JOHN J. MADIGAN,
Acting Director of Rent Stabilization.

[F. R. Doc. 51-12509; Filed, Oct. 71, 1951; 8:56 a. m.]

TITLE 33—NAVIGATION AND NAVIGABLE WATERS

Chapter I—Coast Guard, Department of the Treasury

Subchapter B—Military Personnel

[CGFR 51-48]

PART 49—PAYMENT OF AMOUNTS DUE MENTALLY INCOMPETENT COAST GUARD PERSONNEL

SUBPART 49.01—GENERAL PROVISIONS

Sec.
49.01-1 Applicability.
49.01-5 Requests for appointment of trustee.
4901-10 Determination of incompetency.

SUBPART 49.05—TRUSTEE

49.05-1 Appointment of trustee.
49.05-5 Bonding of trustee.
49.05-10 Affidavits required.

SUBPART 49.10—REPORTS AND MONEYS

49.10-1 Reports required.
49.10-5 Payment of moneys due.
49.10-10 Cessation of payments.
49.10-15 Final accounting by trustee.

SUBPART 49.15—ADDITIONAL INSTRUCTIONS

49.15-1 Implementing instructions.

AUTHORITY: §§ 49.01-1 to 49.15-1 issued under sec. 3, 64 Stat. 249; 37 U. S. C. 353.

The purpose of the following regulations is to establish necessary requirements and procedures so that payment of moneys due mentally incompetent Coast Guard personnel may be made. Because these regulations establish the procedures and practices in connection with the payment of moneys due mentally incompetent Coast Guard personnel and since it is for the immediate benefit of these incompetent persons, it is hereby found that compliance with the notice of proposed rule making, public rule making procedure thereon, and effective date requirements of the Administrative Procedure Act is impracticable and contrary to the public interest.

Pursuant to the authority vested in the Secretary of the Treasury by section 3 of the act of June 21, 1950, 64 Stat. 249 (37 U. S. C. 351-354), the following regulations are promulgated to govern the payments of amounts due from the Federal Government to persons on the active or retired list of the Coast Guard or the Coast Guard Reserve, entitled to Federal pay either on the active or retired list of said service, when such persons, in the opinion of competent medical authority, have been declared mentally incapable of managing their own affairs.

SUBPART 49.01—GENERAL PROVISIONS

§ 49.01-1 *Applicability.* The Commandant of the Coast Guard is hereby designated and is authorized to appoint, in his discretion, the person or persons who may receive active-duty pay and allowances, amounts due for accumulated or accrued leave, or any retired or retainer pay, otherwise payable to personnel on the active or retired list of the Coast Guard and Coast Guard Reserve, entitled to Federal pay either on the active or any retired list of said service, who, in the opinion of competent medical authority, have been determined to be mentally incapable of managing their own affairs, and for whom no legal committee, guardian, or other representative has been appointed by a court of competent jurisdiction.

§ 49.01-5 *Requests for appointment of trustee.* Requests for the appointment of a person or persons to receive moneys due personnel believed to be mentally incapable of managing their own affairs shall be submitted to the Commandant of the Coast Guard:

(a) By any person or persons who believe, because of relationship, they should be appointed to receive payments on behalf of the alleged incompetent;

(b) By the Commanding Officer of the alleged incompetent if the latter is on active duty;

(c) By the Commanding Officer of any Armed Forces hospital in which the mentally incompetent is undergoing treatment;

(d) By the head of any veterans' hospital, or other public or private institution in which the alleged incompetent is undergoing treatment;

(e) By any other person or organization acting for and in the best interests of the alleged mentally incompetent.

§ 49.01-10 *Determination of incompetency.* After examining the legitimacy, substance, and sufficiency of the application, the Commandant shall either (a) direct the Commanding Officer of the alleged mentally incompetent, (b) the Commanding Officer of the Coast Guard unit to which such incompetent may be conveniently referred, or (c) request the Surgeon General of the Public Health Service to convene or appoint, at the Public Health Hospital or facility, where the alleged incompetent is receiving treatment or to which his case may be conveniently referred, a board of not less than three qualified medical officers, one of whom shall be specially qualified in the treatment of mental disorders, to determine whether the alleged incompetent is capable of managing his own affairs. The record of proceedings and the findings of the board shall, after action by the Convening or Appointive Authority thereon, be forwarded to the Commandant.

SUBPART 49.05—TRUSTEE

§ 49.05-1 *Appointment of trustee.* Upon receipt of a finding by a board convened or appointed in accordance with § 49.01-10, that the alleged incompetent is mentally incapable of managing his own affairs, the Commandant may appoint a suitable person or persons, not under legal disability so to act, as trustee or trustees to receive in behalf of the incompetent all amounts due the incompetent from such sources set forth in § 49.01-1, and to use said funds in the best interests of the incompetent.

§ 49.05-5 *Bonding of trustee.* The trustee or trustees appointed to receive moneys in behalf of incompetent personnel shall furnish a bond in all cases when the amounts to be received may be expected to exceed $1,000, and in such other cases when deemed appropriate by the Commandant. The bond so required and furnished shall have as surety a company approved by the Federal Government, and shall be in such amount as is required by the Commandant. Such bonds shall be continued in effect for the life of trusteeship and expenses in connection with the furnishing and renewal of such bonds may be paid out of sums due the incompetent.

§ 49.05-10 *Affidavits required.* The trustee or trustees appointed to receive moneys due incompetent personnel shall, prior to the payment of any such moneys, execute and file with the Commandant an affidavit or affidavits saying and deposing that any moneys henceforth received by virtue of such appointment shall be applied solely to the use and benefit of the incompetent and that no fee, commission, or charge shall be demanded, or in any manner accepted, for any service or services rendered in connection with such appointment as trustee or trustees.

SUBPART 49.10—REPORTS AND MONEYS

§ 49.10-1 *Reports required.* The trustee or trustees so appointed shall submit reports annually, or at such other times as the Commandant may designate. The report shall show a statement of the conditions of the trust account at the time

of the submission of the report, including all funds received on behalf of the incompetent; all expenditures made in behalf of the incompetent, accompanied by receipts or vouchers covering such expenditures; and a receipt indicating that the surety bond required by § 49.05–5 has been renewed. When the trustee is the spouse or adult dependent of the incompetent, receipts or vouchers need not be filed for expenditures made for living expenses. If the trustee or trustees fail to report promptly and properly at the end of any annual period or at such other times as the Commandant desires, the Commandant may, in his discretion, cause payment to such trustee or trustees to cease, and may, if deemed advisable, appoint another person or persons not under legal disability so to act, to receive future payments of moneys due the incompetent for the use and benefit of the incompetent.

§ 49.10–5 *Payment of moneys due.* Upon the appointment of a trustee or trustees to receive moneys due an incompetent, the authorized certifying officer having custody of that person's pay record shall be advised. After such notification, payments of moneys due the incompetent may be made by the appropriate officer in accordance with procedure prescribed by the Commandant. All such payments so made, however, shall be made to the designated trustee or trustees.

§ 49.10–10 *Cessation of payments.* (a) Payments of amounts due incompetent personnel shall cease to be paid to the trustee or trustees upon receipt of notification by the authorized certifying officer of the occurrence of any of the following:

(1) Death of the incompetent;

(2) Death or disability of the trustee or trustees appointed;

(3) Receipt of notice that a committee, guardian, or other legal representative has been appointed for the incompetent by a court of competent jurisdiction;

(4) Failure of the trustee or trustees to render the reports required by § 49.10–1;

(5) That there is probable cause to believe that moneys received on behalf of the incompetent have been, or are being, improperly used;

(6) A finding by a board of medical officers that the heretofore incompetent is mentally capable of managing his own affairs;

(7) That the Commandant deems it to be in the best interest of the incompetent.

(b) In the event of termination of payments under subparagraphs (2), (4), (5), or (7) in paragraph (a) of this section, the Commandant may, if deemed appropriate, appoint a successor trustee or trustees. The successor trustee or trustees, so appointed, shall comply with the provisions of the regulations and instructions in this part issued thereunder, and do all acts in the manner required of the original trustee or trustees.

§ 49.10–15 *Final accounting by trustee.* The trustee or trustees, when payments hereunder are terminated, shall file a final account with the said Commandant. Thereupon, the trustee or trustees will be discharged and the surety released. In event of death or disability of the trustee, the final accounting will be filed by his legal representative.

SUBPART 49.15—ADDITIONAL INSTRUCTIONS

§ 49.15–1 *Implementing instructions.* The Commandant is hereby authorized to issue such instructions not in conflict with the regulations in this part as may be necessary from time to time to give full force and effect thereto.

Dated: October 11, 1951.

[SEAL] E. H. FOLEY,
Acting Secretary of the Treasury.

[F. R. Doc. 51–12504; Filed, Oct. 17, 1951; 8:53 a. m.]

TITLE 38—PENSIONS, BONUSES, AND VETERANS' RELIEF

Chapter I—Veterans' Administration

PART 1—GENERAL PROVISIONS

MISCELLANEOUS AMENDMENTS

1. Sections 1.509 and 1.510 are amended to read as follows:

§ 1.509 *Disclosure to courts in proceedings in the nature of an inquest.* The solicitor, chief attorneys, and managers are authorized to make disclosures to courts of competent jurisdiction of such files, records, reports, and other documents as are necessary and proper evidence in proceedings in the nature of an inquest into the mental competency of claimants and other proceedings incident to the appointment and discharge of guardians, curators, or conservators to any court having jurisdiction of such fiduciaries in all matters of appointment, discharge, or accounting in such courts.

§ 1.510 *Disclosure to insurance companies cooperating with the Department of Justice in the defense of insurance suits against the United States.* Copies of records from the files of the Veterans' Administration will, in the event of litigation involving commercial insurance policies issued by an insurance company cooperating with the Department of Justice in defense of insurance suits against the United States, be furnished to such companies without charge, provided the claimant or his duly authorized representative has authorized the release of the information contained in such records. If the release of information is not authorized in writing by the claimant or his duly authorized representative, information contained in the files may be furnished to such company if to withhold same would tend to permit the accomplishment of a fraud or miscarriage of justice. However, before such information may be released without the consent of the claimant, the request therefor must be accompanied by an affidavit of the representative of the insurance company, setting forth that litigation is pending, the character of the suit, and the purpose for which the information desired is to be used. If such information is to be used adversely to the claimant, the affidavit must set forth facts from which it may be determined by the solicitor or chief attorney whether the furnishing of the information is necessary to prevent the perpetration of a fraud or other injustice. The averments contained in such affidavit should be considered in connection with the facts shown by the claimant's file, and, if such consideration shows the disclosure of the record is necessary and proper to prevent a fraud or other injustice, information as to the contents thereof may be furnished to the insurance company or copies of the records may be furnished to the court, Workmen's Compensation, or similar board in which the litigation is pending upon receipt of a subpena duces tecum addressed to the Administrator of Veterans' Affairs, or the manager of the office in which the records desired are located. In the event the subpena requires the production of the file, as distinguished from the copies of the records, no expense to the Veterans' Administration may be involved in complying therewith, and arrangements must be made with the representative of the insurance company causing the issuance of the subpena to insure submission of the file to the court without expense to the Veterans' Administration.

2. In § 1.511, paragraphs (a), (b), and (c) are amended to read as follows:

§ 1.511 *Judicial proceedings generally.* (a) Where a suit has been threatened or instituted against the Government, other than for insurance under section 19 of the World War Veterans' Act, 1924, as amended, or section 617, National Service Life Insurance Act, as amended, or a prosecution against a claimant has been instituted or is being contemplated, the request of the claimant or his duly authorized representative for information, documents, reports, etc., shall be acted upon by the solicitor in Central office of the chief attorney in the field station who shall determine the action to be taken with respect thereto. In cases involving insurance litigation (suits for insurance filed under section 19 of the World War Veterans' Act, 1924, as amended, or section 617, National Service Life Insurance Act, as amended), the request shall be acted upon by the director of the service having jurisdiction over the subject matter in central office or field station. Where the files have been sent to the Department of Justice in connection with any such suit, the request will be referred to the Department of Justice, Veterans' Affairs Section, Washington, D. C., for attention. In all other cases where copies of documents or records are desired by or on behalf of parties to a suit, whether in a court of the United States or any other, such copies shall be furnished as provided in paragraph (d) of this section; otherwise to the court only, and on an order of the court or subpena duces tecum addressed to the Administrator of Veterans' Affairs, or the man-

ager of the field station in which the records desired are located requesting the same. The determination as to the action to be taken upon any order received in this class of cases shall be made by the service having jurisdiction over the subject matter in central office or the division having jurisdiction over the subject matter in the field station, except in those cases in which the records desired are to be used adversely to the claimant, in which latter event the order of the court or the subpena will be referred to the solicitor in central office or to the chief attorney in the field station for disposition.

(b) Where the process of a United States court requires the production of documents or records (or copies thereof) contained in the Veterans' Administration file of a claimant, such documents or records (or copies) will be made available to the court out of which process has been issued. Where original records are produced, they must remain at all times in the custody of a representative of the Veterans' Administration, and, if offered and received in evidence, permission should be obtained to substitute a copy so that the original may remain intact in the file. Where the subpena is issued praecipe of a party litigant other than the United States, such party litigant must prepay the costs of copies in accordance with fees prescribed by § 1.526 (g) and any other costs incident to production.

(c) Where copies of documents or records are requested by the process of any State or municipal court, Workmen's Compensation Board or other administrative agency, functioning in a quasi-judicial capacity, the process when presented must be accompanied either by authority from the claimant concerned to comply therewith or by an affidavit of the attorney of the party securing the same, setting forth the character of the pending suit, the purpose for which the documents or records sought are to be used as evidence, and, if adversely to the claimant, information from which it may be determined whether the furnishing of the records sought is necessary to prevent the perpetration of fraud or other injustice. When the process received is accompanied by authorization of the claimant to comply therewith, if otherwise it be proper under §§ 1.501 to 1.526, copies of the records requested shall be furnished to the attorney for the party who caused the process to be issued upon the payment of the prescribed fee. If it appears by the process or otherwise that the records are to be used adversely to the claimant, the averments contained in the affidavit shall be considered in connection with the facts shown by the claimant's file, and, if such consideration shows the disclosure of the records is necessary and proper to prevent a fraud or other injustice, the records requested shall be produced before the court, or board or other agency on the date stipulated in the subpena duces tecum, or other proper process and appropriate disclosure made within the limits of §§ 1.501 to 1.526. In such case both the attorney for the veteran and the attorney for the party who secured the process, shall be advised by the Veterans' Administration representative having custody of the records or file that the same are available for examination within said limits by either or both of the said attorneys. Payment of the fees as prescribed by the schedule of fees, as well as the amount of any other cost incident to producing the records, must first be deposited with the Veterans' Administration by the party who caused the process to be issued. If the responsible Veterans' Administration employees (see paragraph (a) of this section) decides that insufficient cause has been shown to warrant releasing the requested information, the Veterans' Administration employee who responds to the process will insist that Veterans' Administration records are confidential and privileged, and although produced at the hearing, will decline to reveal their content. The file must remain at all times in the custody of a representative of the Veterans' Administration, and, if there is an offer and admission of any record or document contained therein, permission should be obtained to substitute a copy so that the original may remain intact in the file.

* * * * *

(Sec. 5, 43 Stat. 608, as amended, sec. 2, 46 Stat. 1016; 38 U. S. C. 11a, 426. Interpret or apply sec. 30, 43 Stat. 615, as amended, Vet. Reg. 11, as amended; 38 U. S. C. 456 ch. 12, Note)

This regulation effective October 18, 1951.

[SEAL] O. W. CLARK,
Deputy Administrator.

[F. R. Doc. 51-12493; Filed, Oct. 17, 1951; 8:54 a. m.]

TITLE 39—POSTAL SERVICE

Chapter I—Post Office Department

PART 43—TREATMENT OF DOMESTIC MAIL MATTER AT RECEIVING POST OFFICES

PART 127—INTERNATIONAL POSTAL SERVICE: POSTAGE RATES, SERVICE AVAILABLE, AND INSTRUCTIONS FOR MAILING

MISCELLANEOUS AMENDMENTS

1. In § 43.47 *Disposal of undeliverable perishable matter* (15 F. R. 2181) subparagraph (2) *Baby Fowl* of paragraph (b) *When may be sold* is redesignated as subparagraph (3).

2. In § 127.298 *Madeira Islands,* amend paragraph (b) (1) by adding new subdivision (ii) to read as follows:

(ii) Air parcels.

Rates $0.75 first 4 ounces; $0.50 each additional 4 ounces. Each air parcel and the relative dispatch note must have affixed the blue Par Avion Label (Form 2978). (See § 127.55 (b).)

(R. S. 161, 396, 398, sec. 1, 46 Stat. 264, secs. 304, 309, 42 Stat. 24, 25; 5 U. S. C. 22, 369, 372, 39 U. S. C. 261)

[SEAL] J. M. DONALDSON,
Postmaster General.

[F. R. Doc. 51-12459; Filed, Oct. 17, 1951; 8:47 a. m.]

TITLE 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[Docket No. 9994]

PART 43—REPORTS OF COMMUNICATIONS COMMON CARRIERS AND THEIR AFFILIATES

AMENDMENT OF ANNUAL REPORT OF FORM M, APPLICABLE TO CLASS A AND B TELEPHONE COMPANIES

In the matter of amendment of Annual Report Form M; applicable to Class A and Class B Telephone Companies.

On July 18, 1951, the Commission adopted a notice of proposed rule making looking toward the amendment of Annual Report Form M applicable to Class A and Class B Telephone Companies. That notice was published in the FEDERAL REGISTER (16 F. R. 7365) in accordance with section 4 (a) of the Administrative Procedure Act. Interested persons were required to file comments with the Commission on or before August 24, 1951. Persons who desired to file answers or further comments in response to comments filed by the August 24th date were required to do so on or before September 7, 1951.

The Commission received comments from the American Telephone and Telegraph Company (hereinafter referred to as A. T. & T.), on behalf of the Bell System, from the Communications Workers of America, affiliated with CIO (hereinafter referred to as CWA-CIO), and from the United States Independent Telephone Association (hereinafter referred to as USITA). Many of the comments which were filed by A. T. & T., and three suggestions by the F. C. C. staff, are editorial in nature and tend to clarify the proposed amendments to the rules and regulations. Likewise, it has been determined that the proposal to segregate statistical data on local telephone calls as between "completed" and "uncompleted" will not produce results justifying the additional cost to the carriers of compiling and reporting these data. Accordingly, these changes in the proposed form as set forth below are adopted by the Commission.

All of the proposals submitted by CWA-CIO, some of the comments filed by A. T. & T., and the comment filed by USITA were substantive in nature and will be discussed in some detail in the following paragraphs in the same order as the schedules appearing in the Proposed Form M.

Schedule 5. Voting powers and elections. CWA-CIO has suggested that the information obtained in this schedule should be enlarged by adding an item which would require the reporting company to give the names and titles of individuals who voted proxy shares at the meeting reported on the date shown in the answer to Query 4 of that schedule. The Commission finds no need for these data to be reported in Form M. Moreover, data with respect to proxy holders are filed with the Securities and Exchange Commission and are available to the Commission and other parties upon

request. Accordingly, this proposed amendment is not adopted.

Schedule 6. Stockholders. With respect to this schedule, CWA–CIO has suggested that the Commission should modify the Form to require the reporting companies to submit the names of all the beneficial owners of 1,000 or more shares of stock in the reporting company. The Form presently requires the reporting company to state the total number of shares outstanding and to list the names of the thirty largest stockholders in the company. Section 219 of the Communications Act of 1934 requires the annual reports of telephone companies to show the total number of stockholders and the names of the thirty largest holders of each class of stock and the amount held by each person. The information required by Schedule 6 of Form M as proposed by the Commission is that which is required by statute and appears to be adequate for the Commission's regulatory purposes.

In view of the foregoing, this proposal is not adopted by the Commission.

Schedule 10. Balance sheet. USITA has suggested that Schedule 10 be modified to provide for a showing of depreciation and amortization reserves on the liability side of the balance sheet rather than the asset side. However, the preponderance of opinion among accounting authorities is that depreciation and amortization reserves are contra-accounts to the plant accounts; that these reserves show the estimated portion of the asset cost which has expired, and which has been charged off as depreciation and amortization; and that these reserves should, accordingly, be shown on the balance sheet as deductions from the related assets. This form of balance sheet presentation is used almost universally in business, including other regulated utilities such as railroads, motor carriers, electric and gas companies, telegraph and cable companies, etc. Accordingly, the Commission is of the opinion that telephone companies should also follow this well-accepted practice.

A. T. & T. has suggested that note 3 on page 13 should be revised so as not to include investment advances for the reason that such advances are usually evidenced by demand notes or are made an open account and it is normally intended that such debts will be repaid from the proceeds realized from issuance of capital stock or funded debt. The purpose of Note 3 is to show the amount which the company may be required to liquidate within one year from the date of the balance sheet. When the amount thereof includes items which are intended to be repaid from the proceeds realized from the issuance of capital stock or funded debt, or when other circumstances known to the respondent would make the statement misleading, further information should be added as required by General Instruction 9.

Accordingly, the above-proposed revisions of Schedule 10 are not adopted.

Schedule 11. Income and earned surplus statement. A. T. & T. has suggested that the wording of Note 1 of Schedule 11 should be revised since as presently proposed by the Commission there is an implication that the company knows what portion of revenue subject to refund in any pending rate proceedings actually would be refunded in the event of adverse decisions. The company's suggestion is not adopted since under the provisions of General Instruction 9 any further material information should be included in any event.

Schedule 36–A. Operating taxes. This schedule requires the reporting company to submit data with respect to taxes paid, showing a breakdown as to the states in which the taxes were paid, and the type of taxes for each state. A. T. & T. has suggested that this additional breakdown will impose a serious burden on the companies, and has suggested that the old form, requiring only a showing by states of taxes other than U. S. Government taxes, be continued. However, a detailed breakdown showing the type of taxes as well as the amount paid to each state is of particular value to state regulatory commissions which, to a large extent, also require the filing of this form. Accordingly, this suggestion is not adopted.

Schedule 40. Advertising. This schedule requires the reporting company to submit information with respect to (1) all expenditures for advertising generally, (2) all expenditures for the specific purpose of influencing political decisions, proposed legislation, etc., and (3) all other monies expended for advertsing purposes in conjunction with the conduct of the company's business, whether or not such amounts are specifically charged to the advertising account. A. T. & T. has suggested that these requirements impose a severe burden on the companies requiring them to analyze and extract material from 20 or more accounts, and has suggested that the requirement set forth in (3), above, is of little regulatory value and should be omitted from the schedule or, in the alternative, the requested information should be limited to expenditures of more than $1,000.

On the other hand, CWA–CIO has contended that the information which the Commission receives in Schedule 40 is inadequate and that advertising costs should be further broken down to show what portion of the company's advertising expenditures relate to labor-management relations and more particularly what portion of this expenditure relates to advertisements designed to influence public opinion with respect to labor-management disputes in industry. The company and the union have expressed directly opposite views concerning this matter, and the Commission is unable to agree with either.

Information with respect to over-all advertising expenditures on the part of the company is of value to this Commission in exercising its regulatory responsibility. On the other hand, it appears that a further breakdown in the annual reporting of advertising expenditures to make the showings requested by the union is of little value to this Commission in so far as its regulatory functions are concerned.

Accordingly, none of the foregoing suggestions with respect to Schedule 40 are adopted.

Schedules 60A and 60B. Relief and pensions. CWA–CIO has suggested that these schedules be revised to provide a separate breakdown of data relating to relief and pensions so that the Commission can determine what portion of revenues and money spent went to so-called management employees and what portion went to non-management employees.

It would be impracticable, if not impossible, for the companies to make the requested segregation with respect to advance accruals (approximately 80 percent of the total annual charges for pensions and other benefits) to pension funds and premiums paid to life insurance companies for annuities. Trustees of pension funds and life insurance companies disburse pensions directly to retired employees from funds provided by the companies through the advance accruals which are determined by actuarial computations which make no segregation between management and non-management employees. In fact, the actuaries would have no way of knowing whether the persons for whom pension accruals are being computed will be in the management or non-management status upon retirement. Furthermore, to segregate pension payments, other benefit payments, and costs of operating benefit and medical departments, as between management and non-management employees, would be impracticable in many instances, and would serve no useful purpose since the Commission's needs are met by the provisions of the proposed schedules. Accordingly, no changes are made in Schedules 60A and 60B.

Schedule 70C. Wages and hours. CWA–CIO has also recommended that this schedule be modified to permit the Commission to determine an actual wage frequency distribution of all workers covered by the report and that provision should be made for actual hourly rates and the number of persons at each and every wage rate for the year reported. The Commission sees no regulatory need for a more detailed breakdown of wage statistics in Form M. Moreover, the more general breakdowns embodied in this schedule have proved to be adequate for the Bureau of Labor Statistics and for other groups interested in general information with respect to the hours and wages of employees of telephone companies. Accordingly, this suggestion is not adopted.

Inasmuch as the comments received clearly state the position of the parties who have filed comments, the Commission finds that oral argument is not warranted in this matter.

Authority for the issuance of this rule-amendment is contained in sections 4 (i) and 219 of the Communications Act of 1934, as amended.

It is ordered, therefore, That "Annual Report Form M—Revision of 1951" as set out in the appendix attached to the aforementioned notice of proposed rule making, and modified as set out below, be, and is hereby adopted; and

It is further ordered, That each Class A and Class B Telephone Company subject to the jurisdiction of the Commission shall prepare and file its annual report

to the Commission for the year ended December 31, 1951, and for each year thereafter until further order of the Commission, in the form and manner therein prescribed; *Provided, however,* That a company that has kept its records for the calendar year 1951 in a manner that would require unduly burdensome analysis or rearrangement to compile and report data not called for in the previous report form may, upon application to and approval by the Commission in the specific instance, annotate particular schedules or portions thereof in lieu of filing complete returns for the calendar year 1951.

(Sec. 4, 48 Stat. 1066 as amended; 47 U. S. C. 154. Interprets or applies sec. 219, 48 Stat. 1077, 47 U. S. C. 219)

Adopted: October 10, 1951.

Released: October 11, 1951.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

1. *Parallel reference table.* Delete reference to Schedules 330 and 331 in Footnote 1 and substitute dashes for the number 7 and 9–10 in the 9th and 11th items in the 7th and 8th columns from the left in this table.

2. *General instructions.* The word, "three" appearing in line 2 of paragraph 2 of the General Instructions should read, "two."

3. *Schedule 3. Board of Directors.* The following sentence should be added to the instructions: "Columns (e) and (f) relate to Board meetings only."

4. *Schedule 7. Important changes during the year.* In the third line of Instructions 5 and 6 after the words, "other parties" change the word, "under" to read, "to a."

5. *Schedule 11. Income and earned surplus statement.* Insert an asterisk following the caption, "Earned Surplus" in column (a) of Schedule 11 and append a footnote reading:

*See Schedule 31 for an analysis of Earned Surplus Reserved at the end of the year.

6. *Schedule 12B. Analysis of credits for telephone plant retired.* Change the line references in Instruction 4 to read, "11 to 19."

7. *Schedule 13B. Analysis of telephone plant acquisition adjustments.* Block out column (b) on line 15.

8. *Schedule 14A. Analysis of entries in depreciation reserve.* Revise the note to read: "Included in Account 607, 'Station removals and changes'."

9. *Schedule 16. Miscellaneous physical property.* The period at the end of Instruction 1 should be changed to a comma and the following language added: "including in columns (d) through (g) data for property disposed of during the year."

10. *Schedule 17. Investments.* In the third line of Instruction 1 following the word, "security" the following should be added: "(except that all U. S. Government issues included in one account may be shown on one line)"

11. a. In line 5 of Instruction 1 the classification D should be changed to read: "D Other."

b. The following instruction should be added:

5. With respect to investment advances included in Accounts 101.2 and 102, responses should be made only in columns (c), (f), (j) and (k) for the total of advances made to each of the companies listed in column (b).

12. *Schedule 20. Notes Receivable.* Block outs should be inserted in column (f) at lines 11 and 23.

13. *Schedule 23. Capital stock.* A footnote, which was inadvertently omitted, should be inserted reading as follows:

[1] ( ) denotes discount.

14. *Schedule 28. Notes payable.* Block outs should be inserted in column (f) at lines 11 and 23.

15. *Schedule 37. Analysis of dividend and interest income.* Divide column (d) into two columns headed, respectively, (d) "Dividend Income" and (e) "Interest Income," and revise instruction 2 to read "The sum of the totals of columns (d) and (e) should equal the amount shown on line 11 in column (b) of schedule 11."

16. *Schedule 43. Donations or payments for services rendered by persons other than employees.* The word, "non-carrier" should be inserted before the word, "affiliates" in the last line of Instruction 1.

17. *Schedule 51. Statistics relating to central offices.* The word, "switching" should be deleted in line 11 of Schedule 51.

18. *Schedule 52. Telephones in service.* Line 12 should be deleted.

19. *Schedule 53. Telephone calls.* Delete columns (c) and (d), and redesignate columns (e) to (j), inclusive, as (c) to (h). In Instruction 3 delete reference to columns (d) and (e), and in Instruction 5 change the reference to columns (f) and (j) to read "(d) and (h)," and the reference to columns (e) and (i) to read "(c) and (g)."

20. *Schedule 54. Telegraph stations.* "December 31" should be substituted for, "June 30" in line 1 of Instruction 1 and in the caption above columns (b) to (i).

21. a. *Schedule 57C. Domestic public land mobile radio services.* Line 10 of column (m) in Schedule 57C should be blocked out.

b. Line 24 should be changed to read as follows: "Revenue during the year from private mobile radiotelephone systems $_____."

22. a. *Schedule 60B. Pensions paid.* A caption, "At End of the Year" should be inserted at the right-hand side of the schedule above lines 9 to 12, inclusive.

b. On line 12 the word, "are" should be changed to read, "were."

23. *Schedule 70B. Compensation of Officers, Directors, Etc.* Substitute the words, "an affiliated" for the word, "another" in the second line of Instruction 3.

[F. R. Doc. 51-12525; Filed, Oct. 17, 1951; 9:00 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF THE TREASURY

Bureau of Internal Revenue

[26 CFR Part 29]

INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1941

NOTICE OF PROPOSED RULE MAKING

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, subject to any changes which may be necessitated by the revenue legislation now pending before the Congress, H. R. 4473. Prior to the final adoption of such regulations, consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing in duplicate to the Commissioner of Internal Revenue, Washington 25, D. C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in sections 62, and 3791 of the Internal Revenue Code (53 Stat. 32, 467; 26 U. S. C. 62, 3791).

[SEAL] JOHN B. DUNLAP,
Commissioner of Internal Revenue.

In order to conform Regulations 111 (26 CFR Part 29) to section 218 of the Revenue Act of 1950, Public Law 814, 81st Congress, approved September 23, 1950, such regulations are hereby amended as follows:

PARAGRAPH 1. There is inserted immediately following § 29.130–1 the following:

SEC. 218. STOCK OPTIONS [REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950].

(a) *Treatment of certain employee stock options.* Supplement B of chapter 1 is hereby amended by adding at the end thereof the following new section:

SEC. 130A. EMPLOYEE STOCK OPTIONS.

(a) *Treatment of restricted stock options.* If a share of stock is transferred to an individual pursuant to his exercise after 1949 of a restricted stock option, and no disposition of such share is made by him within two years from the date of the granting of the option nor within six months after the transfer of such share to him—

(1) No income shall result at the time of the transfer of such share to the individual

upon his exercise of the option with respect to such share;

(2) No deduction under section 23 (a) shall be allowable at any time to the employer corporation of such individual or its parent or subsidiary corporation with respect to the share so transferred; and

(3) No amount other than the option price shall be considered as received by either of such corporations for the share so transferred.

This subsection and subsection (b) shall not apply unless (A) the individual, at the time he exercises the restricted stock option, is an employee of the corporation granting such option or of a parent or subsidiary corporation of such corporation, or (B) the option is exercised by him within three months after the date he ceases to be an employee of any of such corporations.

(b) *Special rule where option price is between 85 percent and 95 percent of value of stock.* If no disposition of a share of stock acquired by an individual upon his exercise after 1949 of a restricted stock option is made by him within two years from the date of the granting of the option nor within six months after the transfer of such share to him, but, at the time the restricted stock option was granted, the option price was less than 95 per centum of the fair market value at such time of such share, then, in the event of any disposition of such share by him, or in the event of his death (whenever occurring) while owning such share, there shall be included as compensation (and not as gain upon the sale or exchange of a capital asset) in his gross income, for the taxable year in which falls the date of such disposition or for the taxable year closing with his death, whichever is applicable, an amount equal to the amount (if any) by which the option price is exceeded by the lesser of—

(1) The fair market value of the share at the time of such disposition or death, or

(2) The fair market value of the share at the time the option was granted.

In the case of the disposition of such share by the individual, the basis of the share in his hands at the time of such disposition shall be increased by an amount equal to the amount so includible in his gross income.

(c) *Acquisition of new stock.* If stock transferred to an individual upon his exercise of the option is exchanged by him for stock or securities in an exchange within the provisions of section 112 (b) (2) or (3), or if new stock, as described in section 113 (a) (19), is acquired upon a distribution with respect to such stock, the stock or securities acquired in such exchange and such new stock shall be considered as having been transferred to him upon his exercise of such option. A similar rule shall be applied in the case of a series of such exchanges or acquisitions.

(d) *Definitions.* As used in this section—

(1) *Restricted stock option.* The term "restricted stock option" means an option granted after February 26, 1945, to an individual, for any reason connected with his employment by a corporation, if granted by the employer corporation or its parent or subsidiary corporation, to purchase stock of any of such corporations, but only if—

(A) At the time such option is granted the option price is at least 85 per centum of the fair market value at such time of the stock subject to the option; and

(B) Such option by its terms is not transferable by such individual otherwise than by will or the laws of descent and distribution, and is exercisable, during his lifetime, only by him; and

(C) Such individual, at the time of the option is granted, does not own stock possessing more than 10 per centum of the total combined voting power of all classes of stock of the employer corporation or of its parent or subsidiary corporation. For the purposes of this subparagraph—

(i) Such individual shall be considered as owning the stock owned, directly or indirectly, by or for his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants; and

(ii) Stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust, shall be considered as being owned proportionately by or for its shareholders, partners, or beneficiaries.

(2) *Parent corporation.* The term "parent corporation" means any corporation (other than the employer corporation) in an unbroken chain of corporations ending with the employer corporation if, at the time of granting of the option, each of the corporations other than the employer corporation owns stock possessing more than 50 per centum of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(3) *Subsidiary corporation.* The term "subsidiary corporation" means any corporation (other than the employer corporation) in an unbroken chain of corporations beginning with the employer corporation if, at the time of the granting of the option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing more than 50 per centum of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(4) *Disposition.* The term "disposition" includes a sale, exchange, gift, or any transfer of legal title, but does not include—

(A) A transfer from a decedent to his estate or a transfer by bequest or inheritance;

(B) An exchange which is within the provisions of section 112 (b) (2) or (3); or

(C) A mere pledge or hypothecation.

(e) *Modification, extension, or renewal of option.* For the purposes of subsection (d), if the terms of any option to purchase stock are modified, extended, or renewed, the following rules shall be applied with respect to transfers of stock made upon an exercise of the option after the making of such modification, extension, or renewal:

(1) Such modification, extension, or renewal shall be considered as the granting of a new option;

(2) The fair market value of such stock at the time of the granting of such option shall be considered as (A) the fair market value of such stock on the date of the original granting of the option, (B) the fair market value of such stock on the date of the making of such modification, extension, or renewal, or (C) the fair market value of such stock at the time of the making of any intervening modification, extension, or renewal, whichever is the highest.

(b) *Effective date.* The amendment made by this section shall be applicable with respect to taxable years ending after December 31, 1949.

§ 29.130A–1 *Meaning and use of certain terms.* For the purpose of section 130A—

(a) *Option.* The term "option" includes the right or privilege of an individual to purchase stock from a corporation by virtue of an offer of the corporation continuing for a stated period of time, whether or not irrevocable, to sell such stock at a stated price, such individual being under no obligation to purchase. Such right or privilege, when granted, must be evidenced in writing The individual who has such right or privilege is referred to as the optionee and the corporation offering to sell stock under such an arrangement is referred to as the optionor. While no particular form of words is necessary, the written option must express an offer to sell at a stated option price and must specify a period of time during which the offer shall remain open.

An option may be granted as part of or in conjunction with an employee stock purchase plan or subscription contract.

An arrangement between a corporation and an employee may involve more than one option. For example, if a corporation on June 1, 1951, grants to an employee the right to purchase 1,000 shares of its stock on or after June 1, 1952, another 1,000 shares on or after June 1, 1953, and a further 1,000 shares on or after June 1, 1954, all shares to be purchased before June 1, 1955, provided the employee at the time of exercise of any of the purchase rights is employed by the corporation, such an arrangement will be construed as the grant to the employee on June 1, 1951, of three options, each for the purchase of 1,000 shares. Similarly, if a corporation grants to an employee on January 1, 1952 the right to purchase 1,000 shares of its stock at $85 per share during 1952, at $75 per share during 1953, and at $65 per share during 1954, such an arrangement will be construed as the grant to the employee on January 1, 1952, of three alternative options, one option for the purchase of 1,000 shares at $85 per share during 1952, an alternative option for the purchase of 1,000 shares at $75 per share during 1953, and a third alternative option for the purchase of 1,000 shares at $65 per share during 1954.

(b) *Time and date of granting of option.* The words "the date of the granting of the option" and "the time such option is granted", and similar phrases, refer to the date or time when the employer corporation completes the corporate action constituting an offer of stock for sale to an employee under the terms and conditions of a restricted stock option. Ordinarily, the time or date of the granting of an option shall not be deemed to be prior to the time or date the corporation takes the last step necessary to give notice to the individual employee or to a class or group of employees, including such individual, that an option or options have been granted. If the corporation imposes conditions on the granting of an option (as distinguished from conditions governing the exercise of the option), effect shall be given to such conditions. For example, if the granting of an option is conditioned by its terms upon the approval of the stockholders, such as a recital that the arrangement shall be reported to the stockholders for their approval, such option is not granted until the necessary approval is obtained. If the granting of an option is subject to a condition which does not require corporate action, such as the approval of some regulatory or governmental agency, for example, a stock exchange or the Securities and Exchange Commission, such fact will not affect the date of the granting of the option. If an option is granted to an individual upon the condition that such individual will become an employee of the corporation granting the option or of its parent or subsidiary corporation,

such option is not granted prior to the date the individual becomes such an employee.

In general, conditions imposed upon the exercise of an option will not operate to make ineffective the granting of an option. For example, on June 1, 1951, the A Corporation grants to X, an employee, an option to purchase 5,000 shares of the corporation stock, exercisable by X on or after June 1, 1952, provided he is employed by the corporation on June 1, 1952. Such an option is granted to X on June 1, 1951.

(c) *Stock.* The term "stock" means capital stock of any class, including voting or nonvoting common or preferred stock. The term also includes treasury stock and stock of original issue. Special classes of stock authorized to be issued to and held by employees are within the scope of the term "stock" as used in section 130A, provided such stock otherwise possesses the rights and characteristics of capital stock.

(d) *Option price.* The term "option price" means the consideration in money or property stated in the option to be the price for the stock subject to the option. For example, if the A Company grants to an employee on June 1, 1951, an option to purchase 1,000 shares of the A Company's stock at a price equal to 95 percent of the fair market value of such stock on June 1, 1951, and if the fair market value of such stock on June 1, 1951 is $100 per share, the option price is fixed and determinable as of the date the option is granted, and is an amount equal to $95 per share.

(e) *Exercise.* The term "exercise", when used in reference to an option, means the act of acceptance by the optionee of the offer to sell contained in the option. In general, the time of exercise is the time when there is a sale or a contract to sell between the corporation and the individual.

(f) *Transfer.* The term "transfer", when used in reference to the transfer to an individual of a share of stock pursuant to his exercise of a restricted stock option means the transfer of ownership of such share, or the transfer of substantially all the rights of ownership. Such transfer must, within a reasonable time after the exercise of the option, be evidenced on the books of the corporation.

§ 29.130A-2 *Restricted stock option—*(a) *In general.* A "restricted stock option" is an option granted after February 26, 1945, to an individual, for any reason connected with his employment by a corporation, if granted by the employer corporation or its parent or subsidiary corporation, to purchase stock of any of such corporations, but only if (1) at the time such option is granted the option price is at least 85 percent of the fair market value at such time of the stock subject to the option; and (2) such option by its terms is not transferable by such individual otherwise than by will or by the laws of descent and distribution, and is exercisable, during his lifetime, only by him; and (3) such individual, at the time the option is granted, does not own stock possessing more than 10 percent of the total combined voting power of all classes of stock of the employer corporation or of its parent or subsidiary corporation.

At the time the option is granted, the relationship between the individual to whom an option is granted and the corporation granting the option (or a corporation which is a parent or subsidiary thereof) must be the legal and bona fide relationship of employer and employee. For rules applicable to the determination whether the employer-employee relationship exists, see § 405.104 of Regulation 116, relating to collection of income tax at source on wages. An option granted prior to employment or after termination of employment is not a restricted stock option. As to the granting of an option conditioned upon employment, see § 29.130A-1 (b). The option must be granted for a reason connected with the individual's employment by the corporation or by its parent or subsidiary corporation. An option may qualify as a restricted stock option only if, under the terms of the option, it is not transferable (other than by will or by the laws of descent and distribution) by the individual to whom it is granted, and is exercisable, during the lifetime of such individual, only by him. Accordingly, an option which is transferable by the individual to whom it is granted during his lifetime, or is exercisable during such individual's lifetime by another person, is not a restricted stock option.

At the time a restricted stock option is granted, the option price must be at least 85 percent of the fair market value at such time of the stock subject to the option. If the option price is not fixed or determinable at such time, the option is not a restricted stock option, whether or not the purchase price under the option is fixed or determinable at a later date.

(b) *Ownership of 10 percent of stock.* In determining the amount of stock owned by an individual, for the purpose of applying the 10 percent test of section 130A (d) (1) (C), stock of the employer corporation or of its parent or subsidiary owned (directly or indirectly) by or for such individual's brothers and sisters (whether by the whole or halfblood), spouse, ancestors, and lineal descendants, shall be considered as owned by such individual. For the purpose of section 130A, if a corporation, partnership, estate, or trust owns (directly or indirectly) stock of the employer corporation or of its parent or subsidiary, such stock shall be considered as being owned proportionately by or for the shareholders, partners, or beneficiaries of the corporation, partnership, estate, or trust.

§ 29.130A-3 *Exercise of restricted stock option.* The special rules of income tax treatment provided in subsections (a) and (b) of section 130A are applicable only if the following conditions exist with respect to the transfer of a share of stock to an individual:

(a) The share of stock is transferred to the individual pursuant to his exercise after 1949 of a restricted stock option; and

(b) At the time the option is exercised by him, the individual is an employee of the corporation granting such option (or of a parent or subsidiary thereof) or was an employee of any such corporations within three months prior to the date the option is exercised.

The special treatment provided in subsections (a) and (b) of section 130A shall apply only if the restricted stock option is exercised by the individual to whom it was granted. Such special treatment shall not be applicable with respect to stock transferred pursuant to the exercise of the option by the individual's executor, administrator, heir, or legatee. Under the provisions of section 130A (d) (1) (B), an option may qualify as a restricted stock option although it is transferable at death to the individual's executor, administrator, heir, or legatee. Thus, the fact that a restricted stock option may be exercised by an executor, administrator, heir, or legatee does not deprive the individual who exercises such option during his lifetime of the special treatment provided in section 130A.

At the time of exercise of a restricted stock option, the status of the individual exercising such option must be that of a bona fide employee of the corporation granting the option or that of a bona fide employee of a parent or subsidiary of such corporation, or such individual must have been a bona fide employee of any such corporation within three months previous to the date of exercise.

The determination whether an option ultimately exercised is a restricted stock option is made as of the date such option is granted. An option which is a restricted stock option when granted does not lose its character as such an option by reason of subsequent events, and an option which is not a restricted stock option when granted does not become such an option by reason of subsequent events. See, however, § 29.130A-4, relating to modification, extension, or renewal of an option. This rule is illustrated as follows:

Example 1. S-1 Corporation is a subsidiary of S Corporation which, in turn, is a subsidiary of P Corporation. On June 1, 1951, P grants to an employee of P a restricted stock option to purchase a share of stock of S-1. On January 1, 1952, S sells a portion of the S-1 stock which it owns to an unrelated corporation and, as of that date, S-1 ceases to be a subsidiary of S. On May 1, 1952, while still employed by P, the employee exercises his option to purchase a share of S-1 stock. The employee has exercised a restricted stock option.

Example 2. Assume P grants an option to an employee under the same facts as in Example 1 above, except that on June 1, 1951, S-1 is not a subsidiary of either S or P. Such option is not a restricted stock option on June 1, 1951. On January 1, 1952, S purchases from an unrelated corporation a sufficient number of shares of S-1 stock to make S-1, as of that date, a subsidiary of S. On May 1, 1952, while still employed by P, the employee exercises his option to purchase a share of S-1 stock. The employee has not exercised a restricted stock option.

§ 29.130A-4 *Modification, extension, or renewal.* Subsection (e) of Section 130A provides rules for determining whether a share of stock transferred to an individual upon his exercise of an option, after the terms thereof have been modified, extended, or renewed, is transferred pursuant to the exercise of a restricted stock option. For the purpose

AUTHORITY: §§ 928.0 to 928.111, inclusive, issued under sec. 5, 49 Stat. 753, as amended; 7 U. S. C. and Sup. 608c.

§ 928.0 *Findings and determinations*—(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), public hearings were held upon a proposed marketing agreement and a proposed order regulating the handling of milk in the Neosho Valley marketing area. Upon the basis of the evidence introduced at such hearings and the records thereof, it is found that:

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

(2) The parity prices of milk produced for sale in the said marketing area 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 supplies of and demand for such milk, and the minimum prices specified in the order are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk and be in the public interest;

(3) The said order regulates the handling of milk in the same manner as and is 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;

(4) All milk and milk products, handled by handlers, as defined in this order, are in the current of interstate commerce or directly burden, obstruct or affect interstate commerce in milk or its products; and

(5) It is hereby found that the necessary expenses of the market administrator for the maintenance and functioning of such agency will require the payment by each handler, as his pro rata share of such expenses, 5 cents per hundredweight or such lesser amount as the Secretary may prescribe with respect to all receipts within the delivery period of: (i) Milk from producers including such handler's own production, and (ii) other source milk which is classified as Class I.

Order relative to handling. It is therefore ordered that on and after the effective date hereof the handling of milk in the Neosho Valley marketing area shall be in conformity to and in compliance with the following terms and conditions:

DEFINITIONS

§ 928.1 *Act.* "Act" means Public Act No. 10, 73d Congress, as amended, and as reenacted and amended by the Agricultural Marketing Agreements Act of 1937, as amended (7 U. S. C., 1940 ed., 601 et seq.).

§ 928.2 *Secretary.* "Secretary" means the Secretary of Agriculture or any other officer or employee of the United States authorized to exercise the powers or to perform the duties of the said Secretary of Agriculture.

§ 928.3 *Department.* "Department" means the United States Department of Agriculture or such other Federal agency as is authorized to perform the price reporting functions of the United States Department of Agriculture.

§ 928.4 *Person.* "Person" means any individual, partnership, corporation, association, or any other business unit.

§ 928.5 *Cooperative association.* "Cooperative association" means any cooperative marketing association of producers which the Secretary determines, after application by the association:

(a) To be qualified under the provisions of the act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act"; and,

(b) Is authorized by its members to make collective sales or to market milk or its products for its members.

§ 928.6 *Neosho Valley marketing area.* "Neosho Valley marketing area," hereinafter called the "marketing area" means all of the territory within the counties of Allen, Bourbon, Cherokee, Crawford, Labette, Montgomery, Neosho and Wilson, all in the State of Kansas, and the counties of Barton, Jasper, Newton and Vernon, all in the State of Missouri.

§ 928.7 *Approved plant.* "Approved plant" means any milk processing plant, except that of a producer-handler, which is approved by the appropriate health authority having jurisdiction in the marketing area and from which 10 percent or more of the receipts during the delivery period of milk qualified for distribution as Grade A milk in the marketing area is disposed of during the delivery period on wholesale or retail routes (including plant stores) as Class I milk in the marketing area.

§ 928.8 *Handler.* "Handler" means: (a) Any person in his capacity as the operator of an approved plant, (b) a producer-handler, (c) any person, except a producer-handler, in his capacity as the operator of an unapproved plant from which milk is disposed of during the delivery period on wholesale or retail routes (including plant stores) as Class I milk in the marketing area, and (d) any cooperative association with respect to the milk of producers which it causes to be diverted to an unapproved plant for the account of such association.

§ 928.9 *Producer.* "Producer" means any person, other than a producer, handler, who produces milk under a dairy farm permit or rating issued by the appropriate health authority having jurisdiction in the marketing area over the production of milk disposed of for consumption as Grade A milk which milk is (a) received at an approved plant, or (b) diverted from an approved plant to any milk distributing or milk manufacturing plant: *Provided,* That such milk so diverted shall be deemed to have been received by the handler for whose account it was diverted: *And provided further,* That this definition shall not include a person with respect to milk produced by him which is received by a handler who is partially exempted from the provisions of this order pursuant to §§ 928.61 and 928.62.

§928.10 *Producer-handler.* "Producer-handler" means any person who processes milk from his own farm production, all or a portion of which is disposed of as Class I milk, within the marketing area, and who receives no milk from producers.

§ 928.11 *Other source milk.* "Other source milk" means all skim milk and butterfat received in any form from a producer-handler or from a source other than producers or another handler in his capacity as the operator of an approved plant except any nonfluid milk product received and disposed of in the same form.

§ 928.12 *Delivery period.* "Delivery period" means a calendar month, or any portion thereof during which this order is in effect.

MARKET ADMINISTRATOR

§ 928.20 *Designation.* The agency for the administration hereof shall be a market administrator, selected by the Secretary, who shall be entitled to such compensation as may be determined by and shall be subject to removal at the discretion of, the Secretary.

§ 928.21 *Powers.* The market administrator shall have the following powers with respect to this order:

(a) To administer its terms and provisions;

(b) To receive, investigate, and report to the Secretary complaints of violations;

(c) To make rules and regulations to effectuate its terms and provisions; and

(d) To recommend amendments to the Secretary.

§ 928.22 *Duties.* The market administrator shall perform all duties necessary to administer the terms and provisions hereof, including but not limited to the following:

(a) Within 30 days following the date on which he enters upon his duties, or such lesser period as may be prescribed by the Secretary, execute and deliver to the Secretary a bond, effective as of the date on which he enters upon his duties

determine should be deducted by handlers from the payment to producers and turned over to the market administrator to finance such services. This rate was proposed by producer groups who have had experience with check sampling, weighing, and testing programs in the marketing area. In the event any qualified cooperative association is determined to be performing such services for any producer, handlers should pay to the cooperative association such deductions as are authorized by such producer in lieu of the payment to the market administrator.

(c) *Other administrative provisions.* The other provisions of the order are of a general administrative nature, are incidental to the other provisions of the order, and are necessary for the proper and efficient administration of the order. They provide for the selection of the market administrator, define his powers and duties, prescribe the information to be reported by handlers each month and the length of time that records must be retained. A plan for liquidation of the order in the event of its suspension or termination should also be provided.

Producer-handlers should be exempt from the regulatory provisions of the order except that they should be required to file reports as requested by the market administrator. Since a producer-handler may change his status from time to time it is necessary that the market administrator have authority to require such reports as will enable him to verify the current status of a producer-handler and to supplement other market information.

The operator of an approved plant which is subject to the regulatory provisions of another milk marketing agreement or order issued pursuant to the act and which the Secretary determines disposes of a greater volume of its Class I milk in such other marketing area than in this marketing area should be partially exempt from the provisions of this order. It would be impractical to attempt to regulate a handler under two separate orders with respect to the same milk. It appears reasonable that the effective regulation should be that of the area in which such a handler makes the greater portion of his sales. In order to insure equity between handlers, such a handler should not be permitted to purchase milk for sale as Class I in either area at less than the price paid by regulated handlers of the area. Therefore it should be provided that if the price such handler is required to pay for Class I milk under the other order to which he is subject is less than the price provided in the proposed order, he should pay to the producer-settlement fund an amount equal to the difference between the two prices on all Class I milk disposed of within the area. Such handler should also be required to report to the market administrator regularly so that he may ascertain the amount of milk disposed of by such persons within the area.

The order should provide limitations on the period of time handlers shall retain books and records which are required to be made available to the market administrator, and on the period of time in which obligations under the order shall terminate. The provision made in this regard is identical in principal with the general amendment made to all orders in operation on July 30, 1947, effective February 22, 1949, and the Secretary's decision of January 26, 1949 (14 F. R. 444), covering the retention of records and limitation of claims is equally applicable in this situation and is adopted as a part of this decision.

Ruling on exceptions. Within the period reserved, exceptions to certain of the findings, conclusions and actions recommended by the assistant administrator were filed. In arriving at the findings, conclusions, and regulatory provisions of this decision, each of such exceptions was carefully and fully considered in conjunction to the record evidence pertaining thereto. To the extent that the findings, conclusions and actions decided upon herein are at variance with any of the exceptions pertaining thereto such exceptions are denied for the reasons set forth in the findings and conclusions relating to the issue to which the exception refers.

General findings. (a) The proposed marketing agreement and the order and all of the terms and conditions thereof will tend to effectuate the declared policy of the act;

(b) The parity prices of milk produced for sale in the said marketing area 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 of and demand for such milk, and the minimum prices specified in the proposed marketing agreement and in the order 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 proposed order will regulate the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial and commercial activity specified in the said marketing agreement upon which a hearing has been held.

Determination of representative period. The month of August 1951 is hereby determined to be the representative period for the purpose of ascertaining whether the issuance of an order regulating the handling of milk in the Neosho Valley marketing area in the manner set forth in the attached order is approved or favored by producers who during such period were engaged in the production of milk for sale in the marketing area specified in such marketing order.

Annexed hereto and made a part hereof are two documents entitled respectively "Marketing Agreement Regulating the Handling of Milk in the Neosho Valley Marketing Area," and "Order Regulating the Handling of Milk in the Neosho Valley Marketing Area," which have been decided upon as the detailed and appropriate means of effectuating the foregoing conclusions. These documents shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure, as amended, governing proceedings to formulate marketing agreements and orders have been met.

It is hereby ordered that all of this decision, except the attached marketing agreement, be published in the FEDERAL REGISTER. The regulatory provisions of said marketing agreement are identical with those contained in the attached order which will be published with this decision.

This decision filed at Washington, D. C., this 15th day of October 1951.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

Order[1] Regulating the Handling of Milk in the Neosho Valley Marketing Area

[1] This order shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure, as amended, governing proceedings to formulate marketing agreements and orders have been met.

5. *Payments to producers.* The "market-wide" type of pool with base-rating plan should be established in this order for the purpose of distributing among producers returns from the sale of their milk. Under this plan all producers receive the same uniform price for their milk (or when bases are applicable a uniform price for base milk and a uniform price for milk in excess of base) irrespective of the utilization made of such milk by individual handlers.

The alternative to the market-wide pool is the individual-handler pool. Under this latter system producers delivering to each handler receive a uniform price based on each handler's utilization of milk. Because different handlers utilize different proportions of their milk as Class I and Class II, the uniform prices of individual handlers would vary one from the other. This might facilitate the distribution of the available supply of milk in accordance with handlers' needs in a marketing area of this size. A cooperative association representing a large segment of the producers in the market has however proposed that the order be so written as to enable it to become a handler when necessary to market the surplus milk of its members. Under these circumstances an individual-handler pool would result in an unequal sharing of the market among producers and would not be conducive to orderly marketing. The order has been written to permit a cooperative association to become a handler and it is therefore concluded that a market-wide pool should be adopted at this time. In addition the use of a market-wide type of pooling will facilitate the distribution among producers of compensatory payments required under certain conditions from nonpool handlers and those subject to other orders.

In the computation of the value of producer milk, provision should be made for the inclusion of the value of milk classified in excess of reported receipts from producers, other handlers, and other sources. This provision is found in other milk orders and is necessary to account for differences between the reported and actual weights and tests of milk received from producers.

The butterfat differential to be used in making payments to producers should be fixed at one-tenth of the price of Grade A (92-score) butter on the Chicago market multiplied by 1.2. This differential is the same as that established under the Tulsa and Oklahoma City marketing orders. The producer butterfat differential merely affects the proration of returns among producers, and it in no way affects handlers' costs for milk.

The distribution among producers of the returns from the sales of milk should be made through the medium of a base-rating plan. There is a wide variation in producer receipts from season to season which both producers and handlers recognize as an undesirable situation in the market. The proposal for a base-rating plan is supported by both the producers association and handlers in the market. While many of the handlers have developed some modification of a base-rating plan for paying their producers the actual operations of these plans have been very limited and consequently ineffective in accomplishing the objective of an evening out of the seasonal variations in milk deliveries. Under the plan as hereinafter provided new bases would be established each year on the basis of total deliveries made by each producer during the short production months of September through December.

In view of the date at which any order may now become effective, provision is included that the first base-forming period shall be the delivery periods from the effective date of the order through January 1952. There was considerable testimony in the record to the effect that January should be included as one of the base-forming months. While it is concluded that for future years it is more appropriate to use an earlier period in order that new producers may be attracted to the market in time to supply milk during the entire short production season, January appears an appropriate month for inclusion the first year of operation of the order to provide a reasonable period upon producers' bases may be established. The market administrator would compute the base of each producer from whom each handler received milk during the base period and notify each producer of his established base on or before the 15th day of February of each year. The bases so established would be used in making payments to producers during the months of greatest production, i. e., April through June.

A uniform price for base milk during these months would be computed which would reflect the residual value of milk for the market as a whole after the prior assignment of deliveries of milk in excess of base to the lowest available use class. The price of base milk would thus be enhanced above the average for the market and the uniform price for excess milk would be below the average. The lower price applicable to milk in excess of base deliveries tends to limit the deliveries of such milk during the months of surplus production. Conversely, the value of a large base gives impetus to the delivery of milk in the season of short production. The influences of these two forces tends to cause a more even seasonal pattern of milk deliveries than if payments were made during all months of the year on a straight uniform price basis.

It is necessary to provide certain rules in connection with the establishment and transfer of bases to provide reasonable administrative workability of the plan. In order to accomplish this purpose and preserve the effectiveness of the plan no provisions should be made for the transfer of partial bases. However, transfer of the entire base of an individual producer to members of his family in case of death, retirement or entry into military service is permitted. Provision is also made for transfer of the entire base in the case of the termination of joint landlord-tenant relationships. These rules should assure the workability of the plan and at the same time place no undue hardship upon any producer since the established bases are effective in determining producer payments in only three of the twelve months of each year.

Although uniform prices are computed once a month, provision should be made to pay producers on a semi-monthly basis. The majority of producers on the market have customarily been paid twice a month and it is concluded that this practice should be continued. The advance payment to be made on or before the last day of the delivery period and covering receipts of producer milk during the first 15 days of the delivery period should be at not less than the Class II price for the preceding delivery period. Payment at this rate will largely eliminate the possibility of handlers making overpayments to producers who may leave the market before the end of the delivery period. Final payment for milk received during each delivery period should be made on or before the 16th day after the end of the delivery period.

In the case of a qualified cooperative association, who so requests, the handler should make the advance and final payments sufficiently in advance of the date for payment to other producers to enable the cooperative association to pay its members at that date. The dates which have been provided for these various payments are so spaced that ample time is provided the handlers and the market administrator for the filing of reports, the computation of the various prices and the writing and mailing of checks.

6. Certain other provisions should be adopted to enable proper and efficient administration of the order.

(a) *Administrative assessment.* Each handler should be required to pay to the market administrator, as his pro rata share of the cost of administration of the order, 5 cents per hundredweight, or such lesser sum as the Secretary may from time to time prescribe, on all receipts at his pool plant within the delivery period of (1) milk from producers (including such handler's own production) and (2) other source milk which is classified as Class I.

The market administrator must have sufficient funds to enable him to administer properly the terms of the order and the act provides that the administration of the order be financed through assessment against handlers. In view of the anticipated volume of milk on which the rate would apply it is concluded that a maximum rate of 5 cents per hundredweight is necessary at this time to guarantee sufficient administrative funds. In the event at a later date a lesser amount proves to be sufficient for proper administration, provision is made to enable the Secretary to reduce the assessment accordingly.

(b) *Deductions for marketing services.* Provision should be made for the dissemination of market information to producers and for the verification of weights and for the sampling and testing of milk received from producers for whom such services are not being rendered by a qualified cooperative association. This provision, including the assessing of producers in payment thereof, is specifically authorized by the act. Five cents per hundredweight or such lesser rate as the Secretary may

Pricing of produeer milk on a 4.0 percent butterfat basis follows the usual custom of the market and no objection was made to the proposal. The use of the previous month's manufacturing values in determining the basic formula price for the current delivery period permits handlers to know their milk costs at the time of purchase and is consistent with the practice in the surrounding Federal order markets.

The components of the basic formula price herein decided upon are identical with those in effect in the Tulsa market and very similar to those in effect in the Springfield, St. Louis, Kansas City and Wichita markets. Correlation of the movement of prices with that in these markets is important, since Neosho Valley handlers compete for supplies of milk with handlers in each of these markets, and compete for sales with Tulsa and Springfield handlers. A Wichita handler buys a substantial volume of milk from producers in Wilson, Montgomery and Labette Counties, Kansas, which are included in the marketing area. A Tulsa handler buys milk from producers located in Cherokee County, Kansas, and Newton County, Missouri, and from producers located in the area in Oklahoma from which a Neosho Valley handler at Coffeyville secures a major portion of his milk supply. Springfield handlers secure some supplies from areas in Missouri from which producers supply milk to Neosho Valley handlers located in Joplin, Neosho, Nevada and Pittsburg. A receiving station for Kansas City at Butler, Missouri, and one for St. Louis at Monnett, Missouri, are each located in counties adjoining the marketing area.

The Class I differential should be fixed at $1.00 per hundredweight over the basic formula price during the delivery periods of April through June and at $1.45 per hundredweight over the basic formula price during the delivery periods of July through March. Such pricing serves to maintain the Class I price in the area at approximately the same level as that paid recently by handlers in the Wichita market, but approximately 35 cents per hundredweight less than that provided for the months of September through December 1951 by a recent amendment to the Wichita order, of which official notice is hereby taken. The differentials herein decided upon produce a Class I price 40 cents less per hundredweight than that of the Tulsa order. To some extent these differences will be offset by increased costs of delivery to Wichita and Tulsa. Any greater differences, however, would result in increased loss of milk supplies from the Neosho Valley market to these markets.

The Class I prices of the Springfield market, in which a Federal order became effective in March 1950 are arranged in a different seasonal pattern and are somewhat less than those that will result from these differentials. As indicated by the record, hearings have been held on proposals for upward adjustment of the Class I pricing formulas of the Springfield market. For much of the year the difference under the current provisions of the Springfield order is less than the 20 cents per hundredweight that Neosho Valley handlers indicated as a proper alignment of the two areas. In view of the necessity for establishment of a price structure which will not unduly accelerate the shifting of additional supplies to the Tulsa and Wichita markets, the differentials decided upon herein appear to be the most satisfactory pricing basis for Class I milk in the area.

The Class I prices resulting from the basic formula prices and differentials herein decided would have been somewhat higher than the average prices currently paid by handlers in the Neosho Valley market. There have, however, been considerable variations in the prices paid by different handlers who compete with each other for supplies and sales. The record would indicate that during the short supply season a number of handlers have not had an adequate supply of local producer milk. Production and sales data for the market as a whole is not available upon which to base judgment as to the overall adequacy of supply in the market.

The use of seasonal differentials in the pricing of Class I milk follows the pricing scheme in effect in the Tulsa, Kansas City, and Wichita markets with which Neosho area prices must be aligned.

Because of the wide variation in producer receipts between the spring and the fall months it is concluded that no changes should be permitted in the proposed pricing for Class I milk which would tend to discourage a desired leveling of production throughout the year. This can best be prevented by providing for a contraseasonal provision. Such a provision would prevent any decrease in the Class I price during the months of September through December when production costs are highest and any increase in such price during the months of April through June when production costs are lowest.

Certain handlers proposed a lower pricing for milk sold (in bulk) as Class I, outside of the marketing area, contending that without such a pricing they could not compete for outside sales and that as a result local producers would receive less total money for their milk. A lower pricing for fluid milk sold outside the marketing area is not justified. Milk disposed of by local handlers to outside areas is the same quality as that disposed of within the marketing area and is subject to the same transportation costs in moving from the farm to the handler's plant. Furthermore, such bulk sales by local handlers have no aspects of an outlet for seasonal surplus of producer milk but in fact occur primarily during the short production months when other handlers in the market are importing supplemental supplies to meet local fluid requirements.

The level of pricing herein proposed is established with a view to providing an adequate supply of milk to meet the normal needs of local handlers. Bulk sales to outside areas during the short production season when local supplies are inadequate cannot be construed as a normal requirement of local handlers. Rather the consummation of such sales offers strong support to producers' claims of an inadequate return for their milk. A lower pricing for milk sold outside of the marketing area would require a higher pricing for locally consumed milk which would result in local consumers subsidizing consumers in other markets to which such sales were made.

The price for Class II milk should be based on the average of the prices paid for milk during the current delivery period by four nearby milk manufacturing plants. The use of local manufacturing plants was supported by both producers and handlers and the price paid at the plants named herein should be representative of the value of manufacturing milk in the Neosho Valley area. Handlers purchasing ungraded milk have paid prices almost identical with the average prices of these four plants. Handlers purchasing graded milk on base-surplus plans have been paid surplus prices at and above this level. Since handlers compete with these plants in the sale of products included in Class II milk and from time to time dispose of some of their surplus milk to one or another of these plants, it is necessary that producer milk going into such products be priced at a level comparable to the prices paid for milk by such plants in order to insure a market for producer milk in excess of fluid requirements.

Such pricing would have resulted in an average Class II price in recent periods somewhat less than the prices for such milk under the Springfield, St. Louis, and Kansas City orders, slightly more than that for such milk under the Tulsa order, and somewhat more than the prices for such milk under the Oklahoma City and Wichita orders. For the month of May 1951 the prices (converted to a 4.0 percent basis where required) would have been as follows: Neosho Valley, $3.75; Springfield, $3.805; St. Louis, $3.955; Kansas City, $3.834; Tulsa, $3.70; Oklahoma City, $3.50; Wichita, $3.51. The May prices for Springfield and Kansas City are affected by seasonal reductions, so that greater differences might be shown for other months. Hearings have now been held on proposals for upward revision of surplus milk prices in Oklahoma City and Witchita.

The class prices computed and publicly announced by the market administrator under the terms of the order would be those for milk containing 4.0 percent butterfat. The class prices for each handler should be adjusted by a butterfat differential to reflect the average test of producer milk classified in each class. Such differential for Class II milk shall be computed on the basis of the price of Grade A (92-score) bulk creamery butter at Chicago for the delivery period plus 15 percent. This differential is in line with the general level of the price of butterfat in the area for manufacturing uses. With regard to Class I milk, such differential should be computed at the basis of the price of Grade A (92-score) bulk creamery butter at Chicago for the preceding delivery period plus 25 percent, reflecting the higher valued use of butterfat for fluid uses. These differentials are the same as those currently in effect in the Tulsa market.

in addition proposed that dumped milk be classified as Class II. Dumping results in complete disappearance of the skim milk and butterfat involved and it would be necessary in order to adequately protect producer interests that a representative of the market administrator's office be in a position to witness the actual dumping. The geographical characteristics of this particular marketing area, consisting as it does of twelve counties in which there are numerous separate municipalities, and the fact that most of the handlers deal in relatively small volumes of milk make it impractical to allow dumped milk to be classified as Class II. Any excess butterfat which cannot be disposed of for fluid uses or in other higher valued products can be utilized locally in the manufacture of butter. Hence under no circumstances should it be necessary to dispose of whole milk or butterfat by dumping. There are ample manufacturing facilities in the area to handle any prospective local surpluses and these manufacturing plants at times import milk from substantial distances to supplement their local supplies. Moreover, most of the handlers are short of producer milk during the fall and winter months. A Class II classification for producer skim milk which is dumped at the same time that other source milk is being received for fluid use cannot be justified. This narrows the consideration to one of a lower classification for skim milk dumped during the peak production months when supplies of local producer milk exceed the demand for fluid uses. In this connection it is proposed that for purposes of this order any milk, skim milk, or cream which is dumped be considered unaccounted for milk which, except in the case of skim milk during the months of April through June should be included as allowable shrinkage within the limits of 2 percent of producer receipts. An allowable shrinkage on skim milk of 5 percent during the months of April through June should serve to alleviate any hardship to individual handlers resulting from excess volumes in amounts too small to justify transporting to manufacturing plants or otherwise disposing of as Class II products. Unaccounted for producer milk in excess of allowable shrinkage should be classified as Class I. No limit is proposed for shrinkage of other source milk allowed in Class II since such milk is deducted from the lowest use class under the allocation provisions.

It is not administratively feasible to segregate the actual plant shrinkage on producer milk from shrinkage on other source milk in the same plant. Accordingly, in such case, the shrinkage of skim milk and butterfat, respectively allocated to producer milk and to other source milk should be computed pro rata in proportion to the volumes of skim milk and butterfat, respectively, received from such sources.

The allocation provisions should provide that other source milk, which is unpriced, be allocated to the lowest use in the handler's plant. This is done to prevent other source milk from displacing the milk of producers which constitutes the regular supply of the market.

In establishing the classification of milk the responsibility should be placed upon the handler who first receives milk from producers to account for all skim milk and butterfat received at his approved plant and to prove to the market administrator that such skim milk and butterfat should be classified as other than Class I. The handler who first receives milk from producers is responsible for reporting the proper utilization of such milk and making full payment for it. He must, therefore, maintain records to furnish adequate proof of utilization to the market administrator.

Provision should be made in the order to cover the classification of skim milk and butterfat transferred from an approved plant to another approved plant or to an unapproved plant. In the case of transfers between approved plants classification should be on the basis of written agreement between the affected handlers to the extent of utilization in the agreed use in the transferee plant. This provision affords suitable flexibility in the pricing, classification, and accounting for of milk transferred. It does not affect producer returns because all of the milk is accounted for in the pool computation in any event. In order to assure adequate protection of producers in the classification of their milk it should be provided that in case other source milk is received in either or both plants the classification of milk in each plant shall be made in such a manner as will return the higher class utilization to producer milk.

Transfers to a producer-handler should be classified as Class I milk. Producer-handlers ordinarily carry on only fluid operations and any milk which they purchase from a handler would normally be for fluid uses. Accordingly, it is unnecessary to provide for the classification of such a transfer in a lower use class.

Transfers to an unapproved plant located not more than 250 miles from the square at Chanute, Kansas, and from which Class I milk is disposed of should be classified on the basis of written agreement in the same manner as is proposed for transfers between approved plants, except that the individual dairy farmers delivering milk direct to such plant should be assured of the highest available use in such plant. This would facilitate the movement of skim milk and butterfat in excess of Class I needs and at the same time protect producers in the classification of their milk by requiring records to prove to the market administrator that an equivalent amount of skim milk and butterfat was actually used in the claimed class.

Transfers of milk, skim milk, or cream to an unapproved plant within the 250 mile limit and from which no Class I milk is disposed of should be Class II, since that necessarily would be the highest use in such plant.

Transfers of skim milk and butterfat in the form of milk or skim milk to an unapproved plant located in excess of 250 miles from the square of Chanute, Kansas, should be classified as Class I. Milk and skim milk ordinarily does not move long distances for other than fluid uses. The record shows that there are ample manufacturing outlets within the proposed 250 mile radius to dispose of any prospective surplus of producer milk. Accordingly, it is unnecessary to provide for such transfer of skim milk and butterfat in the form of milk or skim milk as other than Class I and it would be administratively impractical to do so because the market administrator would have to verify any claimed utilization in Class II.

Transfers in the form of cream to an unapproved plant beyond the 250-mile limit should be classified as Class II. Cream is less bulky than milk or skim milk and ordinarily can be moved much greater distances for other than fluid uses. Proponents proposed that skim milk and butterfat in the form of cream should be Class I if so moved under a Grade A certification. However, they offered no evidence in support of such a provision. While this provision is contained in the Federal marketing orders of several nearby areas it would be impossible to adopt such a provision without specific evidence indicating that the conditions which prompted the adoption of this proposal in those markets also prevail in the Neosho Valley area.

4. *Class prices.* Class I milk prices in this area should be based on prices paid for milk used for manufacturing purposes. Prices paid for milk used for fluid purposes in this area have been closely related to prices paid for milk for manufacturing purposes. Production and marketing of milk for each type of outlet are subject to many of the same economic factors. Since the market for most manufactured products is country wide, prices of manufactured dairy products reflect many of the changes in the general economic conditions affecting the supply and demand for milk. Moreover, butter, powder, and cheese prices, or the prices paid by condenseries with differentials over these basic or manufacturing prices are frequently used to establish fluid milk prices in those areas where the production of manufacturing quality milk is a significant factor in the total potential supply of milk for the market. The production of manufacturing quality milk in the supply area of the Neosho Valley area is a significant factor in the availability of milk for this market indicating the feasibility of a Class I pricing formula based on the prices of milk for manufacturing uses. Differentials over the basic formula are needed to cover the cost of meeting quality requirements in the production of market milk and to furnish the necessary incentive to get such milk produced.

The basic formula price to be used in establishing the current delivery period price for Class I milk of 4.0 percent butterfat content should be the highest of the following for the preceding month: the prices paid to farmers at 18 milk manufacturing plants in Wisconsin and Michigan for milk of 3.5 percent butterfat content adjusted to a 4.0 percent basis; a formula price based upon the market price of butter and powder; or the average price paid to farmers for milk of 4.0 percent butterfat content by specified local manufacturing plants.

milk qualified for distribution as Grade A milk in the marketing area as Class I milk on wholesale or retail routes in the marketing area during the delivery period should be included in the market pool. Accordingly, an "approved plant" is designated as any milk processing plant, except that of a producer-handler, which is approved by the appropriate health authority having jurisdiction in the marketing area and from which 10 percent or more of the receipts during the delivery period of milk qualified for distribution as Grade A milk in the marketing area is disposed of during the delivery period on wholesale or retail routes (including plant stores) as Class I milk in the marketing area. The exemption of a distributing plant from which less than 10 percent of its approved receipts are disposed of as Class I milk on routes in the marketing area is necessary in this market to eliminate the influence on returns to producers caused by the operations of distributors who are not primarily associated with the marketing area and to prevent possible hardship upon such distributors which might result from applying the provisions of the proposed order to the total operations of such distributors when they actually are more closely associated with other markets. In order to prevent these distributors from having a price advantage with respect to sales of Class I milk in the marketing area they should be required to pay into the producer-settlement fund the difference between the Class I and the Class II price on such milk disposed of in the marketing area. In addition, such distributors should be required to pay to the market administrator, as their share of the administrative cost of operating this order, the administrative assessment on the quantity of Class I milk disposed of in the marketing area, and they should also be required to make reports to the market administrator and to keep the necessary books and records of receipts and utilization and permit verification thereof.

The term "producer" should be defined as any person, other than a producer-handler, who produces milk under a dairy farm inspection permit or rating issued by the appropriate health authority which milk is received at an approved plant or is diverted from an approved plant to any milk distributing or milk manufacturing plant. In order to eliminate possible conflict between this order and other orders regulating the handling of milk in adjacent areas it is provided that the term "producer" shall not include a person with respect to milk produced by him which is received by a handler who does a greater percentage of his Class I business under another Federal marketing order.

The term "handler" should include any person in his capacity as the operator of an approved plant, a producer-handler, any person in his capacity as the operator of an unapproved plant from which milk is disposed of as Class I milk in the marketing area and a cooperative association with respect to milk of producers which it causes to be diverted to an unapproved plant. Milk diverted from an approved plant to an unapproved plant for the account of the approved plant operator should be considered as having been received at the approved plant since producers of such milk would ordinarily be regular suppliers of the market and as such should be assured the market blend price for their milk. The inclusion in the definition of a cooperative association, even though it might not operate a plant, will enable such a cooperative association to participate in the market pool with respect to milk of its members which it may have to divert to an unapproved plant.

"Other source milk" should be defined to include all skim milk and butterfat from a producer-handler or from a source other than producers or other handlers operating approved plants except any nonfluid milk product received and disposed of in the same form.

Other source milk is not normally available for the market either because it does not meet the normal quality requirements or because its availability is restricted by the people handling it. Such milk should not share in the market pool. It is not priced under the terms of the order and to prevent its displacing the milk of producers which constitutes the regular supply of the market it is allocated to the lowest use in the handler's plant.

Since producer-handlers normally dispose of their milk during most of the year in Class I products, and since sales of Class I milk by these handlers would not be pooled, the pooling of any surplus milk purchased by handlers from producer-handlers would result in a preferential market for producer-handlers as compared with regular producers. Milk purchased from producer-handlers should be treated therefore as other source milk and would be unpriced under this proposed order. The inclusion, as other source milk, of all receipts from handlers as operators of unapproved plants assures the treatment of such milk in the same manner as is proposed for other nonproducer milk. Nonfluid milk products received and disposed of in the same form are not included as other source milk because they would not affect the classification of producer milk.

The terms "act," "person," "Secretary," "Department," "cooperative association," "producer milk," and "delivery period" are common to Federal milk marketing orders issued pursuant to the act and are defined to facilitate the drafting of the other provisions of the order.

3. *Classification and allocation of milk.* The classification of milk should be as follows: Class I milk should include all skim milk and butterfat disposed of in fluid form (except as livestock feed) as milk, skim milk, buttermilk, milk drinks, cream, cultured sour cream, any mixture of cream and milk or skim milk (except bulk ice cream mix, eggnog, and aerated cream), all skim milk and butterfat in inventory at the end of the delivery period in the form of Class I items, and all skim milk and butterfat not specifically accounted for as Class II milk. Class II milk should include all skim milk and butterfat used to produce any product other than those specified in Class I, disposed of as livestock feed, as actual plant shrinkage of skim milk and butterfat in producer milk but not in excess of 2 percent of such receipts of skim milk and butterfat, respectively, except that during the delivery periods of April, May, and June actual shrinkage on skim milk in producer milk shall be limited to 5 percent of such receipts, and in actual plant shrinkage of skim milk and butterfat, respectively, in other source milk received.

The products to be classified as Class I are those which, under the several health ordinances in effect in the marketing area, are required to be made from approved milk. They are all derived from milk which is subject to the same transportation costs in moving from farm to market. These Class I items are all normally associated with a fluid milk business, and are all disposed of in the marketing area in fluid form through the same retail and wholesale channels as bottled fluid milk. Their physical characteristics, purposes, values, and uses are more nearly similar to those of fluid milk than to the products to be classified as Class II. The inclusion as Class I of all inventory of skim milk and butterfat in fluid items does not affect either producer returns or handlers' costs for milk over a period of time. It does, however, minimize the work of the market administrator in the reclassification and resulting audit adjustments which otherwise result when fluid items in inventory are later disposed of as Class I milk.

Skim milk and butterfat contained in cream and cream mixtures are subject to the same production costs as milk for other fluid uses. Furthermore, milk so utilized is the same quality of milk as is disposed of in other Class I products and is subject to the same transportation costs in moving from the farm to the handler's plant. In addition, the separate accounting of skim milk and butterfat herein proposed and the pricing thereof results in handlers being charged only for the exact volume of skim milk or butterfat actually disposed of in any particular use.

The products to be classified in Class II are not required under the local health ordinances to be made from approved milk. For this reason cottage cheese, originally proposed to be classified as Class I milk, is included in Class II milk. Producer milk in excess of the needs of local handlers for milk for Class I use must compete with ungraded milk over which it commands no premium for manufacturing uses. Accordingly, such excess milk must be classified in a lower class than that utilized for fluid products. In this manner a lower pricing is provided for such milk which lower pricing is necessary to assure the free movement of such excess supplies into manufacturing channels without burdensome competitive disadvantages to affected handlers.

Producers proposed a one percent maximum shrinkage allowance in the lowest use class while handlers proposed a minimum three percent allowance and

ties and purchase substantial quantities of ungraded milk and cream which is disposed of as butter, condensed products, and nonfat dry milk solids competitively out of state on the open market. Ice cream, manufactured locally from ingredients purchased on the open market and from locally produced milk is sold in surrounding areas in the States of Oklahoma, Kansas, and Missouri. Butter manufactured in the State of Oklahoma is purchased by local handlers and disposed of to customers on routes in the States of Kansas and Missouri. Reddi-wip manufactured in St. Louis, Missouri, is disposed of through stores and by local handlers on routes in the States of Missouri, Kansas, and Oklahoma.

From the foregoing it is clear that a substantial volume of the milk in the Neosho Valley market is moved physically in interstate commerce in the form of milk, ice cream, butter, and other manufactured dairy products and that the handling of milk in the market directly burdens, obstructs, and affects interstate commerce in milk and its products.

B. Milk marketing conditions in the Neosho Valley market justify the issuance of a marketing agreement and order.

Producers delivering milk to handlers in the Neosho Valley market are not being paid for their milk on a use basis and there is no uniform pricing plan as among the several handlers with the result that producer prices for milk of similar quality and use vary substantially. While much of the market apparently operates on a base and surplus plan there is a wide difference in the application of such a plan as between handlers and accordingly a wide variation in the net returns to producers.

There is much dissatisfaction among producers in regard to the butterfat testing of their milk. The record shows a number of instances where producers were paid on the same test for a number of pay periods which is an unusual occurrence when samples are properly taken and properly tested. Producers delivering part of their milk to each of two plants have been paid on substantially different tests at the two plants. In addition the record shows wide variations between plant tests and D. H. I. A. tests. Even when due consideration is given to the purpose and methods of D. H. I. A. testing these extreme variations appear unreasonable and strongly support the producers in their contention that they are presently paid on inaccurate tests.

At the present time producers do not have access to the necessary market information to enable them to market their milk efficiently. They have no voice in the sales of their milk or in the testing and weighing thereof. Many of the handlers in the market have refused to recognize the existence of a cooperative association which was formed by a large group of the producers on the market as an agency to represent them in the sales of their milk. The adverse attitude which certain handlers have taken toward the association has so disrupted the market that the cooperative association is reluctant to reveal the identity of its membership and in many instances new members specifically request that their identity not be revealed for fear of reprisals on the part of handlers to whom they dispose of their milk. As a result, the cooperative association has been unable to bargain effectively with handlers in the sale of milk for its members.

The issuance of an order would provide producers with the market information necessary for efficient marketing of their milk. Furthermore, the pricing of producer milk in accordance with its use, auditing of handlers' utilization of milk, and checking of weights and tests by an impartial agency under an order will aid in establishing and maintaining the orderly marketing of milk and its products in the Neosho Valley market.

C. From the evidence, it is concluded that the proposed marketing agreement and order which are hereinafter set forth and all of the terms and conditions thereof, meet the needs of the Neosho Valley marketing area and will tend to effectuate the declared policy of the act. The following findings and conclusions are made with respect to the several provisions of the proposed marketing agreement and order.

1. *Extent of the marketing area.* The marketing area should be defined to include all territory within the counties of Allen, Bourbon, Cherokee, Crawford, Labette, Montgomery, Neosho and Wilson, all in the State of Kansas, and the counties of Barton, Jasper, Newton and Vernon, all in the State of Missouri.

Producers originally proposed that the marketing area include the municipalities of Pittsburg, Parsons, Independence, Coffeyville, Fort Scott, Iola and Chanute all in Kansas, and of Joplin, Carthage and Neosho, all in Missouri. No other proposals were made for inclusion in the original notice of hearing. Subsequent to the issuance of a recommended decision on the issues of the November 1950 hearing the hearing was reopened at the request of handlers doing business in these municipalities in order to receive evidence on additional proposals which sought to define the marketing area by county boundaries so as to include the Kansas counties named above with the addition of Woodson County, and provided that if any Missouri territory were included the Missouri counties named above and McDonald County should be included.

The ten cities named and the City of Nevada, Missouri, represent the larger centers of population in the counties to be included in the marketing area. There are, however, numerous smaller towns in the area. Handlers operating in the larger cities of the area distribute milk in these smaller cities and towns, in many of which there are no local distributing plants. As a result several handlers located in the larger cities do a substantial portion of their business in the smaller towns. While it does not appear that any single handler distributes throughout the entire twelve-county area proposed, the distribution routes of all handlers are extensively intermingled throughout the area. Handlers from the larger cities compete with each other and with local handlers for the fluid milk business of the smaller towns. In addition, there is considerable movement of milk between the larger cities. Handlers from Pittsburg and Parsons, Kansas, have substantial sales in Joplin, Missouri. The Parsons handler distributes milk in Pittsburg and Chanute and the Pittsburg handler in Fort Scott, Kansas.

All the larger cities and many of the smaller cities have Grade A milk ordinances patterned after the standard recommended by the U. S. Public Health Service. The States of Kansas and Missouri each have similar standards for milk sold as Grade A milk. The record would indicate that a very high percentage of all milk sold in the area is Grade A milk. While there may be some differences in the degree of effectiveness of enforcement of these uniform standards by the various health authorities of the area the movement of milk from one health jurisdiction to another indicates that the quality of Grade A milk is generally uniform throughout the various portions of the area.

In view of the characteristics of the area and the milk trade therein, and the uniformity of health regulations, it is concluded that the marketing area should so far as possible be contiguous and be defined by county boundaries. While this will result in the inclusion of much rural area, it does not appear that serious administrative difficulties will be incurred as a result. It is proposed that only handlers who distribute Grade A milk in the marketing area shall be regulated. Such handlers and their approved producers are readily identifiable under the health regulations.

The twelve counties to be defined as the marketing area represent the principal area within which milk is distributed by handlers of the ten cities first proposed by producers. The distribution of these handlers in Woodson County, Kansas, and McDonald County, Missouri, which were also proposed for inclusion in the marketing area, is not so extensive as in the counties named. In addition, it appears that in these two counties some milk is also being distributed by handlers who are primarily associated with other markets and have no other connection with the Neosho Valley market. In the twelve counties named, the only such distribution shown on the record is by handlers already regulated under the orders issued for the Springfield, Missouri, and Tulsa, Oklahoma, markets. It is therefore concluded that Woodson County, Kansas, and McDonald County, Missouri, should not be included in the marketing area.

2. *Definitions.* In order to designate clearly exactly what milk is to be subject to the pricing provisions of the order, which processors and distributors are to be subject to regulation and which dairy farmers will participate in the market pool it is necessary to define the terms "approved plant," "handler," "producer" and "other source milk."

It is intended that any producer holding a permit or rating issued by the appropriate health authority having jurisdiction in the marketing area and who delivered milk to a plant which disposes of at least 10 percent of its receipts of

§ 904.132 *Assignment of identified butterfat to source.* When the source of butterfat processed into salted butter or Cheddar-type cheese at any plant is established by the processor's records, the butterfat shall be assigned to that source.

§ 904.133 *Assignment of unidentified butterfat to source.* When the source of butterfat processed into salted butter or Cheddar-type cheese at any plant is not established by the processor's records, the butterfat so used shall be assigned in the following manner:

(a) Butterfat processed into salted butter shall first be assigned to the butterfat in receipts of farm-separated cream at the plant, unless the records establish other uses of the cream.

(b) Butterfat processed into salted butter or Cheddar-type cheese at a plant at which the receipts of butterfat in fluid milk products are derived partly from pool milk and partly from nonpool milk shall be assigned proportionately to butterfat derived from pool milk and from nonpool milk, except as provided in paragraph (a) of this section.

(c) After butterfat processed into salted butter or Cheddar-type cheese has been assigned to butterfat derived from nonpool milk as provided in paragraphs (a) and (b) of this section, any remaining quantity of butterfat so processed shall first be assigned to the processing handler's receipts from producers, and then to his receipts from other handlers.

(d) Butterfat shipped to the plant of another person for processing into salted butter or Cheddar-type cheese shall be assigned to the butterfat in the shipping plant's receipts from pool sources and from nonpool sources in the manner set forth in paragraph (b) of this section. The butterfat assigned to pool sources shall be considered eligible for the butter and cheese adjustment, but not in excess of the quantity of butterfat available at the shipping plant from the handler's receipts from producers.

WEIGHTS OF FLUID MILK PRODUCTS

§ 904.140 *Basis for determination of quantity.* The determination of the quantity of fluid milk products received or used by each handler or dealer shall be on the basis of the weight, in pounds, of the fluid milk products, except that in the case of concentrated milk the determination shall be on the basis of the weight, in pounds, of the fluid milk products used to produce the concentrated milk.

§ 904.141 *Standard weights.* In the absence of specific weights, the weight of fluid milk products received or disposed of in a quart or 40-quart container shall be determined according to the following table. The weight of such products in any other container shall be determined by multiplying the equivalent number of quarts by the respective standard weight per quart container, except that, in the absence of specific weights, the weight of such products in a 20-quart container shall be considered to be one-half of the applicable standard weight per 40-quart container.

TABLE OF STANDARD WEIGHTS

Product	Butterfat test (percent)	Weight (pounds)	
		Per quart container	Per 40-quart container
Milk, Flavored milk, Skim milk, Flavored skim milk, Buttermilk, Cultured skim milk	Any test	2.15	85.0
	Any test	2.16	86.0
Cream	16	2.136	84.20
	17	2.134	84.12
	18	2.132	84.04
	19	2.130	83.96
	20	2.128	83.88
	21	2.126	83.80
	22	2.124	83.72
	23	2.122	83.64
	24	2.120	83.56
	25	2.118	83.49
	26	2.116	83.41
	27	2.113	83.31
	28	2.111	83.21
	29	2.109	83.15
	30	2.108	83.09
	31	2.106	83.03
	32	2.105	82.97
	33	2.103	82.91
	34	2.102	82.85
	35	2.100	82.80
	36	2.099	82.74
	37	2.097	82.68
	38	2.096	82.62
	39	2.094	82.56
	40	2.096	82.50
	41	2.091	82.44
	42	2.090	82.38
	43	2.088	82.32
	44	2.087	82.26
	45	2.085	82.20
	46	2.084	82.15
	47	2.082	82.09
	48	2.081	82.03
	49	2.079	81.97
	50	2.078	81.91

Issued at Boston, Massachusetts, this 10th day of October 1951.

[SEAL] RICHARD D. APLIN,
Market Administrator.

[F. R. Doc. 51-12536; Filed, Oct. 17, 1951; 9:02 a. m.]

[7 CFR Part 928]

[Docket No. AO-227]

HANDLING OF MILK IN THE NEOSHO VALLEY (KANSAS-MISSOURI) MARKETING AREA

DECISION WITH RESPECT TO A PROPOSED MARKETING AGREEMENT AND A PROPOSED 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, as amended, governing proceedings to formulate marketing agreements and marketing orders (7 CFR Part 900), public hearings were conducted at Chanute, Kansas, on November 13-17, 1950, June 12, 1951, and July 9, 1951, pursuant to notices thereof which were issued on October 23, 1950 (15 F. R. 7186), May 28, 1951 (16 F. R. 5135, 16 F. R. 5497), and June 21, 1951 (16 F. R. 6000).

Upon the basis of the evidence introduced at the hearings and the records thereof the Assistant Administrator, Production and Marketing Administration, on September 26, 1951, filed with the Hearing Clerk, United States Department of Agriculture, his recommended decision and opportunity to file written exceptions thereto which was published in the FEDERAL REGISTER on September 29, 1951 (16 F. R. 9987).

The material issues considered at the hearings were concerned with the following:

A. Whether the handling of milk in the Neosho Valley marketing area is in the current of interstate commerce or directly burdens, obstructs, or affects interstate commerce in milk or its products:

B. Whether marketing conditions justify the issuance of a marketing agreement or order regulating the handling of milk in the Neosho Valley marketing area; and

C. If issuance of such an agreement or order is justified, what its provisions should be.

The evidence on this last issue involved the following:

(1) The extent of the marketing area;

(2) The definition of "producer," "handler," "approved plant," "other source milk," and other terms;

(3) The classification and allocation of milk;

(4) The determination and level of class prices;

(5) Payments to producers;

(6) Administrative provisions necessary to carry out the foregoing provisions.

Findings and conclusions. Upon the basis of the evidence adduced at the hearings, it is hereby found and concluded that:

A. The handling of milk produced for the Neosho Valley marketing area is in the current of interstate commerce and directly burdens, obstructs, or affects interstate commerce in milk and its products.

The marketing area as hereinafter proposed would include certain specified areas in the States of Kansas and Missouri. Handlers located in the Missouri towns within the proposed area purchase milk in competition with handlers located in the State of Kansas. Such milk, so purchased and bottled in the State of Missouri, is sold on routes and through stores in both Missouri and Kansas. Handlers located in the Kansas portion of the proposed area purchase milk in the States of Oklahoma, Kansas, and Missouri. Milk so purchased is bottled in handlers' plants located in the State of Kansas and is disposed of on routes and through stores in the States of Kansas, Oklahoma, and Missouri. Milk purchased in the State of Oklahoma and in the extreme southern portion of the State of Kansas is purchased in competition with milk purchased for the Tulsa and Muskogee, Oklahoma, fluid markets.

The Neosho Valley Cooperative Association, an operating cooperative which would be a handler under the proposed order, purchases Grade A milk in competition with other handlers and disposes of a substantial portion of such milk in areas outside of the States of Missouri and Kansas, particularly during the months of short production. In addition, this cooperative association, as well as several other handlers in the market, operate manufacturing facili-

PLANT SHRINKAGE

§ 904.106 *Requirement to establish plant shrinkage.* (a) Plant shrinkage may be considered as established only if both the volume of fluid milk products handled during the month and the total of specific uses of fluid milk products during the month are established.

(b) If plant shrinkage is not established, the total quantity of fluid milk products not specifically accounted for shall be classified as Class I milk.

§ 904.107 *Computation of volume handled and of total of specific uses.* (a) The volume of fluid milk products handled by a handler during the month shall consist of the total receipts of fluid milk products at the handler's regulated plants, plus the opening inventory, and minus the closing inventory, at such plants.

(b) Each handler's total of specific uses of fluid milk products during the month shall consist of the total quantity of fluid milk products the specific disposition of which is established at the handler's regulated plants, minus the quantity of syrup or other flavoring material disposed of in flavored milk or flavored skim milk.

§ 904.108 *Determination and classification of plant shrinkage.* (a) Plant shrinkage shall be determined by deducting the total of specific uses from the volume handled. The remainder, if it can reasonably be considered to represent the loss or shrinkage in fluid milk products normally incurred by the handler in the receiving, processing, packaging, and distribution of the milk and milk products handled by him, shall be considered his plant shrinkage.

(b) The classification of plant shrinkage shall be determined by computing 2 percent of the volume handled, and comparing the result with the plant shrinkage. Plant shrinkage not in excess of such result shall be classified as Class II milk. Plant shrinkage in excess of such result shall be classified as Class I milk.

DUE DATES AND DETAILS OF HANDLERS' REPORTS

§ 904.110 *Due dates of reports of buyer-handlers, producer-handlers, and handlers who operate unregulated distributing plants.* For each month in which a handler is a buyer-handler, producer-handler, or the operator of an unregulated distributing plant, he shall file with the market administrator, on or before the 8th day after the end of the month, a report of his receipts and utilization of fluid milk products.

§ 904.111 *Due dates of reports of handlers who purchase outside cream.* Each handler who purchases bottling quality cream from nonpool handlers shall report on the 16th day of each month with respect to his purchases of such cream in the preceding 15 days, and shall report on the first day of the following month with respect to his purchases of such cream from the 16th day to the last day of the previous month.

§ 904.112 *Details of pool handlers' reports.* In addition to the information required by § 904.30, each pool handler shall report the following information:

(a) The respective quantities of milk received at each plant from producers whose farms are located not more than 40 miles, more than 40 miles but not more than 80 miles, and more than 80 miles from the State House in Boston; and the number of producers in each group;

(b) The total receipts at each plant, other than the plant of a qualified operating association, from producers who are members of each cooperative association qualified pursuant to § 904.71 and from producers who are nonmembers; and the number of producers in each group;

(c) The shipments of fluid milk products from each country pool plant; and

(d) The information necessary to calculate the amount of the butter and cheese adjustment provided for in § 904.44.

§ 904.113 *Details of nonpool handlers' reports.* Each nonpool handler shall report the following information:

(a) The receipts of fluid milk products at each plant from other handlers and dealers;

(b) The receipts of milk from his own production, and from other dairy farmers;

(c) The receipts of outside milk and of exempt milk.

(d) The total quantity of Class I milk disposed of to consumers without intermediate movement to another plant, showing the respective quantities so disposed of in the marketing area and outside the marketing area;

(e) The total quantity of Class I milk disposed of to individual handlers, dealers, and other milk route operators, showing the respective quantities so disposed of in the marketing area and outside the marketing area; and

(f) The total quantity of fluid milk products disposed of as Class II milk, and information as to the quantities so disposed of to individual handlers and dealers.

PAYMENTS TO PRODUCERS

§ 904.120 *Averaging of semimonthly butterfat tests.* In making payments for milk to each producer as required by § 904.61 (a), each handler may determine the average butterfat content of the milk by using the simple average of the butterfat tests of semimonthly composite samples of the milk, unless the difference between the semimonthly tests is more than two points (.2%), or the quantity of milk delivered by the producer in either semimonthly period is as much as three times as large as his deliveries in the other semimonthly period.

§ 904.121 *Authorization for deductions.* In making payments to producers as required by §§ 904.60 and 904.61 (a), the burden shall rest upon the handler making deductions from such payments to prove that each deduction is properly authorized, and properly chargeable to the producer.

§ 904.122 *Deductions for cooperative associations.* Upon receipt of notice from the market administrator that there is an error in the claim filed by a cooperative association pursuant to § 904.75, the handler shall be relieved of the obligation to make that part of the deductions which was claimed in error, as determined by the market administrator.

BUTTERFAT SUBJECT TO THE BUTTER AND CHEESE ADJUSTMENT

§ 904.130 *Definitions of terms, and applicable standards of identity.* As used in §§ 904.131 through 904.133, the term "Cheddar-type cheese" shall mean Cheddar cheese, American Cheddar cheese, Colby cheese, washed curd cheese, and part skim Cheddar cheese; and the term "salted butter" shall mean butter which contains not less than 1.5 percent of salt by weight. The definitions and standards of identity issued by the Food and Drug Administration of the Federal Security Agency, insofar as they are applicable, shall govern in determining whether a given product is Cheddar-type cheese or butter.

§ 904.131 *General provisions for determining quantity subject to adjustment.* (a) The butter and cheese adjustment shall not apply to the butterfat in receipts of milk from dairy farmers who are not producers, receipts of butterfat in farm-separated cream, and receipts of butterfat in other fluid milk products derived from nonpool milk, regardless of the form in which the butterfat is received or used at any plant.

(b) The butter and cheese adjustment shall not apply to butterfat processed into salted butter or Cheddar-type cheese at any plant other than a plant of the first handler of the butterfat or of a second person to which the butterfat is moved.

(c) In general, the butter and cheese adjustment shall apply only to butterfat processed into salted butter or Cheddar-type cheese during any of the months of April through July. In the case of movements of butterfat to the plant of a second person, however, the date of shipment to such person, rather than the date of processing, shall govern. Accordingly, the adjustment shall not apply to butterfat shipped to a second person during March, but shall apply to butterfat so shipped during July if the butterfat is otherwise eligible for the adjustment.

(d) The butter and cheese adjustment shall not apply to butterfat which is disposed of by the first handler or the second person in a form other than salted butter after being processed into that product. However, if the salted butter is held in inventory by the first handler or the second person at the close of any month, the butterfat in such butter may be tentatively considered as eligible for the adjustment, subject to proof of the form in which the butterfat was subsequently disposed of by the first handler or the second person.

(e) The butter and cheese adjustment may apply to the butterfat in route returns which is processed into salted butter or Cheddar-type cheese, except as provided in paragraph (a) of this section.

so acquired shall, for the purpose of section 130A, be considered as having been transferred to the individual upon his exercise of the option. A similar rule shall be applied in the case of a series of such exchanges or acquisitions.

For example, if new stock, as described in section 113 (a) (19), is acquired upon a distribution with respect to stock transferred to the individual upon the timely exercise of a restricted stock option, and if such new stock is disposed of within two years from the date the option was granted or within six months after the original stock was transferred to such individual, section 130A is not applicable with respect to such new stock. If the disposition occurs after the two-year and six-months periods, section 130A is applicable.

PAR. 2. Section 29.22 (a)–1, as amended by Treasury Decision 5600, approved February 2, 1948, is further amended as follows:

(A) By striking the first word of the third paragraph, and by inserting in lieu thereof the following: "Except as otherwise provided in section 130A, if"; and

(B) By adding at the end of the third paragraph thereof the following sentence: "See section 130A and the regulations prescribed thereunder for special rules with respect to stock transferred from an employer to an employee pursuant to the timely exercise of a restricted stock option."

PAR. 3. Section 29.113 (a)–1, as amended by Treasury Decision 5402, approved September 5, 1944, is further amended by adding at the end thereof the following sentence: "For special rules for determining the basis for gain or loss in the case of the disposition of a share of stock acquired pursuant to the timely exercise of a restricted stock option where the option price was between 85 percent and 95 percent of the fair market value of the stock at the time the option was granted, see section 130A (b)."

[F. R. Doc. 51–12507; Filed, Oct. 17, 1951; 8:56 a. m.]

Bureau of Narcotics

3-METHOXY-N-METHYLMORPHINAN, AND BASIC KETO-BEMIDONE

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given, pursuant to the provisions of section 1 of the act of March 8, 1946 (60 Stat. 38; 26 U. S. C. 3228), section 4 of the Administrative Procedure Act (60 Stat. 238; 5 U. S. C. 1003), and by virtue of authority vested in me by the Secretary of the Treasury (21 CFR 205.1), that a determination is proposed to be made that the drug identified as 3-methoxy-N-methylmorphinan has an addiction-forming or addiction-sustaining liability similar to morphine and is an opiate.

Notice is also hereby given, pursuant to the same authority, that a determination is proposed to be made that the drug identified as 4-(3-hydroxyphenyl)-1-methyl-4-piperidyl ethyl ketone has an addiction-forming or addiction-sustaining liability similar to morphine and is an opiate. A finding relative to such addiction-forming and addiction-sustaining liability of the hydrochloride salt of this drug (otherwise identified as Keto-bemidone) was proclaimed by the President September 4, 1948, by Proclamation 2807 (13 F. R. 5229).

Consideration will be given to any written data, views, or arguments, pertaining to the addiction-forming or addiction-sustaining liability of the drug 3-methoxy-M-methylmorphinan and of the drug 4-(3-hydroxyphenyl)-1-methyl-4-piperidyl ethyl ketone respectively, which are received by the Commissioner of Narcotics prior to November 16, 1951. Any person desiring to be heard on the addiction-forming or addiction-sustaining liability of either of these two drugs will be accorded the opportunity at a hearing in the office of the Commissioner of Narcotics, 1300 E Street NW., Washington, D. C., at 10:00 a. m., November 16, 1951: *Provided*, That such person furnish written notice of his desire to be heard, to the Commissioner of Narcotics, Washington 25, D. C., not later than 20 days from the publication of this notice in the FEDERAL REGISTER. If no written notice of desire to be heard shall be received within 20 days from the date of publication of this notice in the FEDERAL REGISTER, no hearing shall be held, but the Commissioner of Narcotics shall proceed to make a recommendation to the Secretary of the Treasury for a finding under section 1 of the act of March 8, 1946.

(Sec. 7, 58 Stat. 721, as amended; 26 U. S. C. 3228)

[SEAL] H. J. ANSLINGER,
Commissioner of Narcotics.

[F. R. Doc. 51–12506; Filed, Oct. 17, 1951; 8:53 a. m.]

DEPARTMENT OF AGRICULTURE

Production and Marketing Administration

[7 CFR Part 904]

HANDLING OF MILK IN THE GREATER BOSTON, MASS., MARKETING AREA

NOTICE OF OPPORTUNITY TO SUBMIT DATA, VIEWS, AND ARGUMENTS IN CONNECTION WITH PROPOSED AMENDED RULES AND REGULATIONS

Notice is hereby given that pursuant to the authority contained in Order No. 4, as amended, regulating the handling of milk in the Greater Boston, Massachusetts, marketing area (7 CFR Part 904), the market administrator is considering the issuance, as hereinafter proposed, of amended rules and regulations. The proposed rules and regulations will supersede the currently effective rules and regulations (7 CFR 904.101 et seq.), issued to effectuate the terms and provisions of the said order.

All persons who desire to submit data, views, or arguments in connection with the proposed amended rules and regulations should submit them in writing to the market administrator at Room 403, 230 Congress Street, Boston, Massachusetts, by mail or otherwise, in time to be received not later than 5:15 p. m., October 22, 1951.

The proposed amended rules and regulations are as follows:

CLASSIFICATION

§ 904.101 *Application of §§ 904.102 through 904.105.* Milk and milk products received by a handler shall be classified in accordance with the provisions of §§ 904.102 through 904.105, except when Class I classification is required under § 904.17.

§ 904.102 *Fluid milk products disposed of to consumers.* (a) Subject to the other paragraphs of this section, all fluid milk products disposed of to consumers, except cream and skim milk, shall be classified as Class I milk.

(b) Cream and skim milk shall be classified as Class II milk.

(c) Concentrated milk disposed of to bakeries or similar commercial users, and not thereafter disposed of for fluid consumption, shall be classified as Class II milk.

(d) All fluid milk products disposed of to and used by a livestock farmer for animal feed, except milk suitable for human consumption as milk, shall be classified as Class II milk.

§ 904.103 *Fluid milk products manufactured into other milk products.* Fluid milk products manufactured by a handler or dealer into other milk products shall be classified as Class II milk, unless the resulting milk product is subsequently reconverted into fluid milk products for which Class II utilization is not established. Specifically, the following shall be considered to be milk products:

Acidophilus milk.
Butter.
Buttermilk powder.
Casein.
Cheese and cheese paste.
Condensed buttermilk.
Condensed skim milk.
Eggnog.
Evaporated milk.
Evaporated skim milk.
Ice cream, ice cream mix, and similar frozen desserts.
Milk powder.
Nonfat dry milk solids (skim powder).
Sweetened condensed milk.
Whey and whey products.
Yogurt (Bulgarian milk).

§ 904.104 *Miscellaneous uses.* Fluid milk products used or disposed of by a handler or dealer in accordance with this section shall be classified as follows:

(a) Fluid milk products dumped or discarded, except milk suitable for human consumption as milk, shall be classified as Class II milk.

(b) Fluid milk products destroyed or spilled under extraordinary circumstances shall be classified as Class II milk.

§ 904.105 *Inventories.* All milk products on hand at any plant at the close of the month may be classified tentatively as Class II milk. Final classification shall be made when disposition of the milk products takes place.

so transferred. E's basis for such 100 shares is $9,500.

Example 2. Assume, in Example 1, that on August 1, 1953, two years and one month after the granting of the option and one year and one month after the transfer of the shares to him, E sells the 100 shares of X Corporation stock for $13,000, which is the fair market value of the stock on that date. For the taxable year in which the sale occurs, E realizes a gain of $3,500 ($13,000 minus E's basis of $9,500), of which $1,750 is taken into account as long-term capital gain.

Example 3. Assume, in Example 2, that on August 1, 1953, E makes a gift of the 100 shares of X Corporation stock to his son. Such disposition results in no realization of gain to E either for the taxable year in which the option is exercised or the taxable year in which the gift is made. E's basis of $9,500 becomes the donee's basis for determining gain or loss.

Example 4. Assume, in Example 1, that on May 1, 1953, one year and eleven months after the granting of the option and eleven months after the transfer of the shares to him, E sells the 100 shares of X Corporation stock for $13,000. The special rules of section 130A (a) are not applicable to the transfer of the stock by X Corporation to E, because disposition of the stock was made by E within two years from the date the option was granted.

Example 5. Assume, in Example 1, that E dies on September 1, 1952, owning the 100 shares of X Corporation stock acquired by him pursuant to his exercise on June 1, 1952, of the restricted stock option. On the date of death, the fair market value of the stock is $12,500. No income is realized by E by reason of the transfer of the 100 shares to his estate. If E's executor elects to value the stock as of the date of death, the basis of the 100 shares in the hands of the executor is $12,500.

(b) *Additional rules applicable where the option price is between 85 percent and 95 percent of the value of the stock*—(1) *In general.* If all the conditions necessary for the application of subsection (a) of section 130A exist, subsection (b) of section 130A provides additional rules which are applicable in cases where, at the time the restricted stock option is granted, the option price per share is less than 95 percent (but not less than 85 percent) of the fair market value of such share. In such case, upon the disposition of such share by the individual after the expiration of the two-year and the six-months periods, or upon his death while owning such share (whether occurring before or after the expiration of such periods), there shall be included in the individual's gross income as compensation (and not as gain upon the sale or exchange of a capital asset) the amount, if any, by which the option price is exceeded by the lesser of the fair market value of the share at the time the option was granted or the fair market value of the share at the time of such disposition or death. The amount of such compensation shall be included in the individual's gross income for the taxable year in which the disposition occurs or for the taxable year closing with his death, whichever event results in the application of section 130A (b).

The application of the special rules provided in section 130A (b) shall not affect the rules provided in section 130A (a) with respect to the individual exercising the option, the employer corporation, or its parent or subsidiary corporation. Thus, notwithstanding the inclusion of an amount as compensation in the gross income of an individual, as provided in section 130A (b), no income results to the individual at the time the stock was transferred to him, and no deduction under section 23 (a) is allowable at any time to the employer corporation or its parent or subsidiary with respect to such amount. Likewise, for the purpose of determining gain or loss, if any, realized by any of such corporations by reason of the transfer of a share of stock with respect to which the rules of section 130A (b) apply, no amount other than the option price shall be considered as received by any of such corporations for the stock so transferred.

If the individual exercises a restricted stock option during his lifetime and dies before the stock is transferred to him pursuant to his exercise of the option, the transfer of such stock to the individual's executor, administrator, heir, or legatee is deemed, for the purpose of section 130A, to be a transfer of the stock to the individual exercising the option and a further transfer by reason of death from such individual to his executor, administrator, heir, or legatee.

(2) *Basis.* If the special rules provided in subsection (b) of section 130A are applicable to the disposition of a share of stock by an individual, the basis of such share in the individual's hands at the time of such disposition, determined under section 113, shall be increased by an amount equal to the amount includible in his gross income under section 130A (b). If the special rules provided in section 130A (b) are applicable to a share of stock upon the death of an individual, the basis of such share in the hands of the estate or the person receiving the stock by request or inheritance shall be determined under section 113, and shall not be increased by reason of the inclusion upon the decedent's death of any amount in his gross income under section 130A (b).

(3) *Examples.* The operation of section 130A (b) may be illustrated as follows:

Example 1. On June 1, 1951, the X Corporation grants to E, an employee, a restricted stock option to purchase a share of X Corporation's stock for $85. The fair market value of the X Corporation stock on such date is $100 per share. On June 1, 1952, E exercises the restricted stock option and on that date X Corporation transfers the share of stock to E. On January 1, 1954, E sells the share for $150, its fair market value on that date. E makes his income tax return on the basis of the calendar year. The income tax consequences to E and to X Corporation are as follows:

Compensation in the amount of $15 is included in E's gross income for 1954, the year of the disposition of the share. The $15 represents the difference between the option price ($85) and the fair market value of the share on the date the option was granted ($100), since the latter value is less than the fair market value of the share on the date of disposition ($150). For the purpose of computing E's gain or loss on the sale of the share, E's cost basis of $85 is increased by $15, the amount included in E's gross income as compensation. Thus, E's basis for the share is $100. Since the share was sold for $150, E realizes a gain of $50, of which $25 is taken into account as long-term capital gain.

X Corporation is entitled to no deduction under section 23 (a) at any time with respect to the share transferred to E. For the purpose of computing gain or loss, if any, to X Corporation on account of the transfer of the share to E, X Corporation received $85 for the share.

Example 2. Assume, in Example 1 above, E sells the share of X Corporation stock on January 1, 1955, for $75, its fair market value on that date. Since $75 is less than the option price ($85), no amount in respect of the sale is includible as compensation in E's gross income for 1955. E's basis for determining gain or loss on the sale is $85. Since E sold the share for $75, E realized a loss on the sale of $10, of which $5 is taken into account as long-term capital loss.

Example 3. Assume, in Example 1 above, that instead of selling the share on January 1, 1954, E makes a gift of the share on that day. In such case, $15 is included as compensation in E's gross income for 1954. E's cost basis of $85 is increased by $15, the amount included in E's gross income as compensation. Thus, E's basis for the share is $100, which becomes the donee's basis, as of the time of the gift, for determining gain or loss.

Example 4. Assume, in Example 2 above, that instead of selling the share on January 1, 1955, E makes a gift of the share on that date. Since the fair market value of the share on that day ($75) is less than the option price ($85), no amount in respect of the disposition by way of gift is includible as compensation in E's gross income for 1955. E's basis for the share is $85, which becomes the donee's basis, as of the time of the gift, for the purpose of determining gain. The donee's basis for the purpose of determining loss, determined under section 113 (a) (2), is $75 (fair market value of the share at the date of gift).

Example 5. Assume, in Example 1 above, that after acquiring the share of stock on June 1, 1952, E dies on August 1, 1953, at which time the share has a fair market value of $150. Compensation in the amount of $15 is included in E's gross income for the taxable year closing with his death, such $15 being the difference between the option price ($85) and the fair market value of the share when the option was granted ($100), since the latter value is less than the fair market value at date of death ($150). The basis of the share in the hands of E's estate is determined under section 113 (a) (5) without regard to the $15 included in the decedent's gross income.

Example 6. Assume, in Example 5 above, that E dies on August 1, 1952, at which time the share has a fair market value of $150. Although E's death occurred within two years from the date of the granting of the option and within six months after the transfer of the share to him, the income tax consequences are the same as in Example 5.

(c) *Acquisition of other stock or securities.* Section 130A (c) provides that the special rules stated in subsections (a) and (b) of section 130A, if applicable with respect to stock transferred to an individual upon his exercise of an option, shall likewise be applicable with respect to (1) stock or securities acquired by such individual in exchange for such stock, if the exchange is within the provisions of section 112 (b) (2) or (3), and (2) new stock, as described in section 113 (a) (19), acquired upon a distribution with respect to such stock. Such new stock and such stock or securities

of such determination, the statute provides that:

(a) Any modification, extension, or renewal of the terms of an option to purchase stock shall be considered as the granting of a new option; and

(b) The fair market value of the stock subject to the option at the time of the granting of such option shall be considered as the fair market value of such stock (1) on the date of the original granting of the option, (2) on the date of the making of such modification, extension, or renewal, or (3) at the time of the making of any intervening modification, extension, or renewal, whichever is the highest.

The time or date when an option is modified, extended, or renewed shall be determined, insofar as applicable, in accordance with the rules governing determination of the time or date of granting an option provided in § 29.130A–1 (b). A modification of an option includes any material change in the terms or conditions of the option. For example, a material change in the terms of the option with respect to the number, kind, or price of the shares of stock subject to the option is a modification of the option. Likewise, a material change in the time of issuance of stock subject to the option, the terms of payment for such stock, or an acceleration or postponement of the exercise date is a modification of the option. However, a mere change in the terms of the option, with respect to the number or price of the shares of stock subject to the option, to reflect a stock dividend or stock split-up is not a modification of the option. An extension of an option refers to the granting by the corporation to the optionee of an additional period of time within which to exercise the option beyond the time originally prescribed. A renewal of an option is the granting by the corporation of the same rights or privileges contained in the original option on the same terms and conditions. The foregoing rules apply as well to successive modifications, extensions, and renewals.

A restricted stock option may, as result of a modification, extension, or renewal, thereafter cease to be a restricted stock option, or an option may, by modification, extension, or renewal, thereafter become a restricted stock option. The rule stated in subsection (e) of section 130A is illustrated as follows:

Example 1. On June 1, 1950, the X Corporation grants to an employee an option to purchase 100 shares of the stock of X Corporation at $80 per share, such option to be exercised on or before June 1, 1952. At the time the option is granted, the fair market value of the X Corporation stock is $100 per share. On February 1, 1951, before the employee exercises the option, X Corporation modifies the option to provide that the number of shares of stock which the employee may purchase at $80 per share will be 200. On February 1, 1951, the fair market value of the X Corporation stock is $90 per share. Under section 130A (e), the X Corporation is deemed to have granted an option to the employee on February 1, 1951, to purchase at $80 per share 200 shares of stock having a fair market value of $100 per share, that is, the higher of the fair market value of the stock on June 1, 1950, and on February 1, 1951. The exercise of such option by the employee after February 1, 1951, is not the exercise of a restricted stock option.

Example 2. On June 1, 1950, the X Corporation grants to an employee a restricted stock option to purchase 100 shares of X Corporation stock at $90 per share, exercisable on or before June 1, 1952. On June 1, 1950, the fair market value of X Corporation's stock is $100 per share. On February 1, 1951, before the employee exercises the option, X Corporation modifies the option to provide that the number of shares which the employee may purchase at $90 per share shall be 200. On February 1, 1951, the fair market value of X Corporation stock is $110 per share. Under section 130A (e), X Corporation is deemed to have granted an option to the employee on February 1, 1951 to purchase at $90 per share 200 shares of stock having a fair market value of $110 per share, that is, the higher of the fair market value of the stock on June 1, 1950 and on February 1, 1951. The exercise of such option by the employee after February 1, 1951, is not the exercise of a restricted stock option.

Example 3. On June 1, 1950, the X Corporation grants to an employee a restricted stock option to purchase 100 shares of X Corporation stock at $90 per share, exercisable in whole or in part on or before June 1, 1952. On June 1, 1950, the fair market value of X Corporation stock is $100 per share. On February 1, 1951, the employee exercises the option to the extent of 50 shares. On March 1, 1951, X Corporation modifies the option to provide that the total number of shares which the employee may purchase at $90 per share shall be 200. On March 1, 1951, the fair market value of the X Corporation stock is $110 per share. Under section 130A (e), with respect to any exercise of the option after March 1, 1951, X Corporation is deemed to have granted to the employee an option on March 1, 1951, to purchase at $90 per share 150 shares of stock having a fair market value of $110 per share, that is, the higher of fair market value of the stock on June 1, 1950, and on March 1, 1951. Any exercise of the option after March 1, 1951, is not the exercise of a restricted stock option. The exercise of the option on February 1, 1951, pursuant to which 50 shares were acquired, is the exercise of a restricted stock option.

§ 29.130A–5 *Operation of section 130A.* With respect to taxable years ending after December 31, 1949—

(a) *Rules applicable to all restricted stock options*—(1) *In general.* If a share of stock is transferred to an individual pursuant to his timely exercise of a restricted stock option and is not disposed of by him within two years from the date of the granting of the option nor within six months after the transfer of such share to him, then subsection (a) of section 130A provides that—

(i) No income shall result at the time of the transfer of such share to the individual upon his exercise of the option with respect to such share;

(ii) No deduction under section 23 (a) shall be allowable at any time to the employer corporation of such individual or its parent or subsidiary corporation with respect to the share so transferred; and

(iii) No amount other than the option price shall be considered as received by either of such corporations for the share so transferred.

For the purpose of the foregoing rules, each share of stock transferred pursuant to a restricted stock option is treated separately. For example, if an individual, while employed by a corporation granting him a restricted stock option, exercises the option with respect to part of the stock covered by the option, and if such individual exercises the balance of the option more than three months after leaving such employment, the application of section 130A to the stock obtained upon the earlier exercise of the option is not affected by the fact that the income taxes of the employer and the individual with respect to the stock obtained upon the later exercise of the option are not determined under section 130A.

(2) *Holding period.* The special rules provided in section 130A (a) are not applicable if the individual disposes of the share of stock within two years from the date the option is granted or within six months after the transfer of such share to him. Section 130A is not made inapplicable by a transfer within the two-year or six-month period if such transfer is not a disposition of the stock as defined in subparagraph (3) of this paragraph, for example, a transfer from the decedent to his estate or a transfer by bequest or inheritance. Similarly, a disposition by the executor, administrator, heir, or legatee is not a disposition by the decedent. However, a disposition of the stock pursuant to a pledge or hypothecation is a disposition by the individual, even though the making of the pledge or hypothecation is not such a disposition.

(3) *Disposition of stock.* The term "disposition", for the purpose of section 130A, includes a sale, exchange, gift, or any transfer of legal title, but does not include a transfer from a decedent to his estate or a transfer by bequest or inheritance, an exchange which is within the provisions of section 112 (b) (2) or (3), or a mere pledge or hypothecation.

If an individual exercises a restricted stock option and a share of stock subject to such option is transferred to such individual and his spouse jointly, with right of survivorship, the individual has made a disposition of such share. Likewise, if an individual exercises a restricted stock option and a share of stock is transferred to another or is transferred to such individual in his name as trustee for another, the individual has made a disposition of such share.

(4) *Examples.* The rules of subsection (a) of section 130A are illustrated as follows:

Example 1. On June 1, 1951, X Corporation grants to E, an employee, a restricted stock option to purchase 100 shares of X Corporation stock at $95 per share. On that date, the fair market value of X Corporation stock is $100 per share. On June 1, 1952, while employed by X Corporation, E exercises the option in full and pays X Corporation $9,500, and on that day X Corporation transfers to E 100 shares of its stock having a fair market value of $12,000. Prior to June 1, 1953, E makes no disposition of the 100 shares so purchased. E realizes no income on June 1, 1952, with respect to the transfer to him of the 100 shares of X Corporation stock. X Corporation is not entitled to any deduction at any time with respect to its transfer to E of the stock. In computing its gain or loss, if any, upon such transfer, X Corporation is considered to have received no more than $9,500 for the stock

and conditioned upon the faithful performances of such duties, in an amount and with surety thereon satisfactory to the Secretary;

(b) Employ and fix the compensation of such persons as may be necessary to enable him to administer the terms and provisions hereof;

(c) Obtain a bond in a reasonable amount and with reasonable surety thereon covering each employee who handles funds entrusted to the market administrator;

(d) Pay out of the funds provided by § 928.97 the cost of his bond and those of his employees, his own compensation, and all other expenses, except those incurred under § 928.96, necessarily incurred by him in the maintenance and functioning of his office and in the performance of his duties;

(e) Keep such books and records as will clearly reflect the transactions provided for herein, and upon request by the Secretary surrender the same to such other person as the Secretary may designate;

(f) Submit his books and records to examination by the Secretary and furnish such information and reports as may be requested by the Secretary;

(g) Verify all reports and payments by each handler by audit, if necessary, of such handler's records and of the records of any other handler or person upon whose utilization the classification of skim milk or butterfat for such handler depends;

(h) Publicly announce at his discretion, unless otherwise directed by the Secretary, by posting in a conspicuous place in his office or by such other means as he deems appropriate, the name of any person, who within 10 days after the date upon which he is required to perform such acts, has not made (1) reports pursuant to §§ 928.30 through 928.32, or (2) payments pursuant to §§ 928.90 through 928.97.

(i) On or before the 11th day after the end of each delivery period, report to each cooperative association which so requests, the amount and class utilization of the milk caused to be delivered to each handler by such cooperative association, either directly or from producers who are members of such cooperative association. For purposes of this report, the milk so delivered by a cooperative association shall be prorated to each class in the proportion that the total quantity of producer milk received by such handler was to the quantity of milk in each class;

(j) Publicly announce by posting in a conspicuous place in his office and by such other means as he deems appropriate the prices determined for each delivery period as follows:

(1) On or before the 5th day of each delivery period the minimum price for Class I milk computed pursuant to §928.51 (a) and the Class I butterfat differential computed pursuant to § 928.52, both for the current delivery period; and the minimum price for Class II milk computed pursuant to § 928.51 (b) and the Class II butterfat differential computed pursuant to § 928.52, both for the previous delivery period, and

(2) On or before the 11th day of each delivery period the uniform price(s) computed pursuant to §§ 928.71 and 928.72 and the butterfat differential computed pursuant to § 928.91, both for the previous delivery period; and

(k) Prepare and disseminate to the public such statistics and information as he deems advisable and as do not reveal confidential information.

REPORTS, RECORDS AND FACILITIES

§ 928.30 *Delivery period reports of receipts and utilization.* On or before the 7th day after the end of each delivery period each handler shall report to the market administrator in the detail and on forms prescribed by the market administrator:

(a) The quantities of skim milk and butterfat contained in (1) all receipts at his approved plant(s) within such delivery period of:

(i) Milk received from producers,

(ii) Skim milk and butterfat in any form from other pool handlers, and

(iii) Other source milk.

(2) Milk diverted pursuant to § 928.9 (b).

(b) The utilization of all skim milk and butterfat required to be reported pursuant to paragraph (a) of this section; and

(c) Such other information with respect to receipts and utilization as the market administrator may prescribe.

§ 928.31 *Payroll reports.* On or before the 20th day of each delivery period each handler shall submit to the market administrator his producer payroll for the preceding delivery period which shall show (a) the total pounds of milk received from each producer or cooperative association, and the total pounds of butterfat contained in such milk; (b) the net amount of such handler's payment to each producer or cooperative association; and (c) the nature and amount of any deductions or charges involved in such payments.

§ 928.32 *Other reports.* (a) Each producer-handler shall make reports to the market administrator at such time and in such manner as the market administrator may prescribe.

(b) Each handler who causes milk to be diverted shall, prior to such diversion, report to the market administrator and to the cooperative association of which such producer is a member, his intention to divert such milk, the proposed date or dates of such diversion, and the plant to which such milk is to be diverted.

§ 928.33 *Records and facilities.* Each handler shall maintain and make available to the market administrator or to his representative during the usual hours of business such accounts and records of his operations and such facilities as are necessary for the market administrator to verify or establish the correct data with respect to:

(a) The receipts and utilization of all skim milk and butterfat contained in producer milk and other source milk;

(b) The weights of butterfat and skim milk in all milk, skim milk, cream and milk products handled; and

(c) Payments to producers and cooperative associations.

§ 928.34 *Retention of records.* All books and records required under this order to be made available to the market administrator shall be retained by the handler for a period of three years to begin at the end of the calendar month to which such books and records pertain: *Provided,* That if, within such three-year period, the market administrator notifies the handler in writing that the retention of such books and records, or of specified books and records, is necessary in connection with a proceeding under section 8c (15) (A) of the act or a court action specified in such notice, the handler shall retain such books and records, or specified books and records, until further written notification from the market administrator. In either case, the market administrator shall give further written notification to the handler promptly, upon the termination of the litigation or when the records are no longer necessary in connection therewith.

CLASSIFICATION

§ 928.40 *Skim milk and butterfat to be classified.* All skim milk and butterfat received within the delivery period by a handler and which is required to be reported pursuant to § 928.30 shall be classified by the market administrator pursuant to the provisions of §§ 928.41 through 928.46.

§ 928.41 *Classes of utilization.* Subject to the conditions set forth in §§ 928.43 and 928.44, the classes of utilization shall be as follows:

(a) Class I milk shall be all skim milk (including reconstituted skim milk) and butterfat disposed of in fluid form (except as livestock feed) as milk, skim milk, buttermilk, flavored milk, flavored milk drinks, cream, cultured sour cream, any mixture of cream and milk or skim milk (except bulk ice cream mix, eggnog and aerated cream), all skim milk and butterfat in inventory at the end of the delivery period in the form of Class I items, and all skim milk and butterfat not specifically accounted for under paragraph (b) of this section;

(b) Class II milk shall be all skim milk and butterfat accounted for (1) as having been used to produce any products other than those specified in paragraph (a) of this section, (2) as disposed of for livestock feed, (3) in actual plant shrinkage of skim milk and butterfat in producer milk, but not in excess of 2 percent of such receipts of skim milk and butterfat, respectively: *Provided,* That during the months of April, May and June such maximum shrinkage allowance on skim milk shall be not in excess of 5 percent, and (4) in actual plant shrinkage of skim milk and butterfat in other source milk.

§ 928.42 *Shrinkage.* If producer milk and other source milk are both received at a handler's approved plant during the same delivery period the shrinkage of skim milk and butterfat, respectively, allocated to each source shall be computed pro rata according to the proportions of the volumes of skim milk and butterfat, respectively, received from such sources to their totals.

§ 928.43 *Responsibility of handlers.* All skim milk and butterfat shall be

classified as Class I milk unless the handler who first receives such skim milk or butterfat proves to the market administrator that such skim milk or butterfat should be classified as Class II milk.

§ 928.44 *Transfers.* Skim milk or butterfat disposed of by a handler either by transfer or diversion shall be classified:

(a) As Class I milk if transferred or diverted in the form of milk, skim milk or cream, to the approved plant of another handler unless utilization in Class II is mutually indicated in writing to the market administrator by both handlers on or before the 7th day after the end of the delivery period within which such transaction occurred: *Provided,* That in no event shall the amount of the skim milk or butterfat so assigned to Class II exceed the total utilization of skim milk or butterfat, respectively, in the plant of the transferee-handler: *And provided further,* That if either or both handlers have received other source milk, the skim milk or butterfat so transferred or diverted shall be classified at both plants to give priority to producer milk in the allocation of Class I utilization.

(b) As Class I milk if transferred or diverted in the form of milk, skim milk or cream to a producer-handler.

(c) As Class I milk if transferred or diverted in the form of milk or skim milk and as Class II milk if so transferred in the form of cream to an unapproved plant located more than 250 miles from the square of Chanute, Kansas, by the shortest highway distance as determined by the market administrator.

(d) As Class I milk if transferred or diverted in the form of milk, skim milk or cream to an unapproved plant located not more than 250 miles from the square at Chanute, Kansas (by shortest highway distance as determined by the market administrator) and from which Class I milk is disposed of unless:

(1) The handler claims Class II on the basis of utilization mutually indicated in writing to the market administrator by both the operator of the unapproved plant and the handler on or before the 7th day after the end of the delivery period within which such transfer occurred; and

(2) The operator of the unapproved plant maintains books and records showing the utilization of all skim milk and butterfat at such plant which are made available if requested by the market administrator for the purpose of verification: *Provided,* That if the Class I utilization of skim milk and butterfat in such plant exceeds receipts at such plant of skim milk and butterfat in milk directly from dairy farmers who the market administrator determines constitutes the regular source of supply for fluid usage of such unapproved plant in markets supplied by it, an amount of skim milk and butterfat equal to such excess shall be classified as Class I milk.

(e) As Class II milk if transferred or diverted in the form of milk, skim milk or cream to an unapproved plant located not more than 250 miles from the square at Chanute, Kansas, and from which no Class I milk is disposed of.

§ 928.45 *Computation of the skim milk and butterfat in each class.* For each delivery period the market administrator shall correct for mathematical and for other obvious errors the report of receipts and utilization submitted by each handler and shall compute the total pounds of skim milk and butterfat, respectively, in Class I milk and Class II milk for such handler.

§ 928.46 *Allocation of skim milk and butterfat classified.* After making the computations pursuant to § 928.45, the market administrator shall determine the classification of producer milk as follows:

(a) Skim milk shall be allocated in the following manner:

(1) Subtract from the total pounds of skim milk in Class II the pounds of skim milk determined pursuant to § 928.41 (b) (3);

(2) Subtract from the total pounds of skim milk in Class I the pounds of skim milk contained in the Class I items in inventory at the beginning of the delivery period;

(3) Subtract from the remaining pounds of skim milk in Class II the pounds of skim milk in other source milk: *Provided,* That if the receipts of skim milk in other source milk are greater than the remaining pounds of skim milk in Class II, an amount equal to the difference shall be subtracted from the remaining pounds of skim milk in Class I;

(4) Subtract from the remaining pounds of skim milk in each class the skim milk received from other handlers and assigned to such class pursuant to § 928.44 (a);

(5) Add to the remaining pounds of skim milk in Class II the pounds of skim milk subtracted pursuant to subparagraph (1) of this paragraph; or if the remaining pounds of skim milk remaining in both classes exceed the pounds of skim milk in milk received from producers, subtract such excess from the pounds of skim milk remaining in each class in series beginning with Class II. Any amount so subtracted shall be called "overage."

(b) Butterfat shall be allocated in accordance with the same procedure outlined for skim milk in paragraph (a) of this section.

(c) Add the pounds of skim milk and the pounds of butterfat allocated to producer milk in each class, respectively, as computed pursuant to paragraphs (a) and (b) of this section and determine the percent of butterfat content in such milk in each class.

MINIMUM PRICES

§ 928.50 *Basic formula price to be used in determining Class I price.* The basic formula price to be used in determining the price per hundredweight of Class I milk for the delivery period shall be the highest of the prices computed pursuant to paragraphs (a) and (b) of this section and § 928.51 (b), all for the preceding delivery period.

(a) The average of the basic or field prices per hundredweight reported to have been paid or to be paid for milk of 3.5 percent butterfat content received from farmers during the delivery period at the following plants or places for which prices have been reported to the market administrator or to the Department:

Present Operator and Location

Borden Co., Mount Pleasant, Mich.
Carnation Co., Sparta, Mich.
Pet Milk Co., Hudson, Mich.
Pet Milk Co., Wayland, Mich.
Pet Milk Co., Coopersville, Mich.
Borden Co., Greenville, Wis.
Borden Co., Black Creek, Wis.
Borden Co., Oxfordville, Wis.
Borden Co., New London, Wis.
Carnation Co., Chilton, Wis.
Carnation Co., Berlin, Wis.
Carnation Co., Richland Center, Wis.
Carnation Co., Oconomowoc, Wis.
Carnation Co., Jefferson, Wis.
Pet Milk Co., New Glarus, Wis.
Pet Milk Co., Belleville, Wis.
White House Milk Co., Manitowoc, Wis.
White House Milk Co., West Bend, Wis.

divided by 3.5 and multiplied by 4.0.

(b) The price per hundredweight computed by adding together the plus values pursuant to subparagraphs (1) and (2) of this paragraph:

(1) From the simple average, as computed by the market administrator, of the daily wholesale selling prices (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter per pound at Chicago as reported by the Department during the month, subtract 3 cents, add 20 percent thereof, and multiply by 4.0.

(2) From the simple average, as computed by the market administrator, of the weighted averages of carlot prices per pound for nonfat dry milk solids, spray, and roller process, respectively, for human consumption, f. o. b. manufacturing plants in the Chicago area, as published for the period from the 26th day of the immediately preceding month through the 25th day of the current month by the Department, deduct 5.5 cents, multiply by 8.5 and then multiply by 0.96.

§ 928.51 *Class prices.* Subject to the provisions of § 928.52, each handler shall pay producers at the time and in the manner set forth in §§ 928.90 through 928.95 not less than the following prices per hundredweight for milk received from such producers during the delivery period:

(a) *Class I milk.* The price for Class I milk shall be the basic formula price plus the following amounts per hundredweight: $1.00 during the delivery periods April through June, and $1.45 during the delivery periods of July through March: *Provided,* That for each of the delivery periods of September through December, such price shall not be less than that for the preceding delivery period, and that for each of the delivery periods of April through June such price shall be not more than that for the preceding delivery period.

(b) *Class II milk.* The price for Class II milk shall be the arithmetic average of the basic, or field, prices reported to have been paid or to be paid per hundredweight for ungraded milk of 4.0 percent butterfat content received from farmers during the delivery period

at the following plants or places for which prices have been reported to the market administrator or to the Department on or before the 6th day after the end of the delivery period by the companies indicated below:

Company and Location

Pet Milk Co., Neosho, Mo.
Borden Co., Fort Scott, Kans.
Carnation Co., Mount Vernon, Mo.
Pet Milk Co., Iola, Kans.

§ 928.52 *Butterfat differentials to handlers.* If the weighted average butterfat test of that portion of producer milk which is classified, respectively, in any class utilization for a handler pursuant to § 928.46 (c) is more or less than 4.0 percent, there shall be added to, or subtracted from, as the case may be, the price for such class of utilization, for each one tenth of 1 percent that such weighted average butterfat test is above, or below, respectively, 4.0 percent, a butterfat differential (computed to the nearest tenth of a cent) calculated as follows:

(a) *Class I milk.* Multiply by 1.25 the simple average, as computed by the market administrator, of the daily wholesale selling prices (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter per pound at Chicago as reported by the Department during the preceding delivery period, and divide the result by 10.

(b) *Class II milk.* Multiply by 1.15 the simple average, as computed by the market administrator, of the daily wholesale selling prices (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter per pound at Chicago as reported by the Department during the delivery period and divide the result by 10.

APPLICATION OF PROVISIONS

§ 928.60 *Producer-handlers.* §§ 928.40 through 928.46, 928.50 through 928.52, 928.70 through 928.72, 928.80 through 928.83 and 928.90 through 928.97 shall not apply to a producer-handler.

§ 928.61 *Handlers subject to other orders.* In the case of any handler who the Secretary determines disposes of a greater portion of his milk as Class I milk in another marketing area regulated by another milk marketing agreement or order issued pursuant to the act, the provisions of this order shall not apply except as follows:

(a) The handler shall, with respect to his total receipts of skim milk and butterfat, make reports to the market administrator at such time and in such manner as the market administrator may require and shall allow verification of such reports by the market administrator pursuant to § 928.33.

(b) If the price which such handler is required to pay under the other Federal order to which he is subject for skim milk and butterfat, which would be classified as Class I milk under this order, is less than the price provided by this order such handler shall pay to the market administrator for deposit into the producer-settlement fund, with respect to all skim milk and butterfat disposed of as Class I milk within the marketing area, an amount equal to the difference between the value of such skim milk or butterfat as computed pursuant to this order and its value as determined pursuant to the other order to which he is subject.

§ 928.62 *Handlers doing less than 10 percent of their business in the marketing area.* In the case of any handler (except a handler who would be covered under § 928.61) who the Secretary determines disposes of less than 10 percent of his milk, qualified for distribution as Grade A milk in the marketing area, as Class I milk in the marketing area, the provisions of this order shall not apply except as follows:

(a) The handler shall, with respect to his total receipts of skim milk and butterfat, make reports to the market administrator at such time and in such manner as the market administrator shall require and shall allow verification of such reports by the market administrator pursuant to § 928.33;

(b) Pay to the market administrator for deposit into the producer-settlement fund, with respect to all skim milk and butterfat disposed of as Class I milk within the marketing area, an amount equal to the difference between the Class I and Class II value of such skim milk or butterfat as computed pursuant to this order;

(c) As his pro rata share of the expense of administration hereof, such handler shall pay to the market administrator on each hundredweight of milk disposed of as Class I milk in the marketing area the amount per hundredweight in the manner specified in § 928.97.

DETERMINATION OF UNIFORM PRICES

§ 928.70 *Computation of value of milk.* The value of milk received during each delivery period by each handler from producers shall be a sum of money computed by the market administrator by multiplying the pounds of such milk in each class by the applicable class prices adjusted by the butterfat differential to handlers specified in § 928.52 and adding together the resulting amounts: *Provided,* That if the handler had an overage of either skim milk or butterfat there shall be added to the above values an amount computed by multiplying the pounds of overage deducted from each class pursuant to § 928.46 (a) (5) or (b) by the applicable class prices.

§ 928.71 *Computation of uniform price.* For each delivery period of July through March the market administrator shall compute the uniform price per hundredweight for milk of 4.0 percent butterfat content received from producers as follows:

(a) Combine into one total the values computed pursuant to § 928.70 for all handlers who made the reports prescribed in § 928.30 and who made the payments required pursuant to § 928.93 for the preceding delivery period.

(b) Add not less than one-half of the cash balance on hand in the producer-settlement fund less the total amount of the contingent obligations to handlers pursuant to § 928.95;

(c) Subtract if the average butterfat content of the milk included in these computations is greater than 4.0 percent, or add, if such average butterfat content is less than 4.0 percent, an amount computed as follows: Multiply the amount by which the average butterfat content of such milk varies from 4.0 percent by the butterfat differential computed pursuant to § 928.91 and multiply the resulting figure by the total hundredweight of such milk;

(d) Divide the resulting amount by the total hundredweight of milk included in this computation, and

(e) Subtract not less than 4 cents nor more than 5 cents from the amount per hundredweight computed pursuant to paragraph (d) of this section. The resulting figure shall be the uniform price for milk of 4.0 percent butterfat content received from producers.

§ 928.72 *Computation of the uniform prices for base milk and for excess milk.* For each of the delivery periods of April through June, the market administrator shall compute the uniform prices per hundredweight for base milk and for excess milk, each of 4.0 percent butterfat content, as follows:

(a) Combine into one total the values computed pursuant to § 928.70 for all handlers who make the reports prescribed in § 928.30 and who made the required payments pursuant to § 928.93 for the preceding delivery period.

(b) Add not less than one-half of the cash balance on hand in the producer-settlement fund less the total amount of the contingent obligations to handlers pursuant to § 928.95;

(c) Subtract if the average butterfat content of producer milk represented if the values in parargaph (a) of this section is greater than 4.0 percent, or add, if such average butterfat content is less than 4.0 percent an amount computed as follows: Multiply the amount by which the average butterfat content of such milk varies from 4.0 percent by the butterfat differential computed pursuant to § 928.91 and multiply the resulting figure by the total hundredweight of such milk.

(d) Compute the total pounds of milk delivered by producers which are not in excess of their respective bases;

(e) Compute the total value of producer milk in excess of the delivered bases of all producers as follows: (1) Allocate in series beginning with Class II the total pounds of producer milk in excess of the total pounds of delivered base milk computed pursuant to paragraph (d) of this section; (2) Multiply the total pounds of excess milk allocated to each class by the appropriate class prices computed pursuant to § 928.51 and add the resulting totals;

(f) Subtract from the value computed pursuant to paragraph (c) of this section the value of excess milk computed pursuant to paragraph (e) (2) of this section and divide the resulting total by the total hundredweight of base milk as computed in paragraph (d) of this section.

(g) Subtract not less than 4 cents nor more than 5 cents from the amount computed pursuant to paragraph (f) of

this section. The resulting price shall be the uniform price per hundredweight for base milk containing 4.0 percent butterfat.

(h) Divide the value obtained pursuant to paragraph (e) (2) of this section by the total hundredweight of excess milk and round to the nearest full cent. The resulting price shall be the uniform price per hundredweight of excess milk containing 4.0 percent butterfat content.

BASE RATING

§ 928.80 *Determination of daily base of each producer.* For the delivery periods of April through June of each year, the daily base of each producer shall be an amount of milk computed by the market administrator by dividing the total pounds of milk received from such producer by handlers during the preceding delivery periods of September through December by the total number of days in such period during which such producer made deliveries or by 90, whichever is greater: *Provided,* That for the delivery periods of April through June 1952, the total pounds of milk received from such producer by handlers during the preceding delivery periods from the effective date of this order through January 1952 shall be used in such computation.

§ 928.81 *Determination of the delivery period base of each producer.* For each of the delivery periods of April through June of each year the base of each producer shall be an amount of milk computed by the market administrator by multiplying the daily base of such producer by the number of days on which milk was received during such delivery period from such producer by a handler.

§ 928.82 *Base rules.* (a) A base shall apply to deliveries of milk by the producer for whose account that milk was delivered during the base forming period;

(b) Bases may be transferred by notifying the market administrator in writing before the last day of any month in which such base applies that such base is to be transferred to the person named in such notice only as follows:

(1) In the event of the death, retirement, or entry into military service of a producer the entire base may be transferred to a member(s) of such producer's immediate family who carries on the dairy operation.

(2) If a base is held jointly and such joint holding is terminated, the entire base only may be transferred to one of the joint holders.

§ 928.83 *Announcement of daily bases.* On or before February 15, of each year, the market administrator shall notify each producer of his daily base.

PAYMENTS

§ 928.90 *Time and method of payment.* Each handler shall make payment as follows:

(a) On or before the last day of each delivery period to each producer for milk received from him during the first 15 days of such delivery period at not less than the Class II price for the preceding delivery period: *Provided,* That with respect to producers whose milk was caused to be delivered to such handler by a cooperative association which is authorized to collect payments for such milk, the handler shall, if the cooperative association so requests, pay such cooperative association at least 2 days before the end of the delivery period, an amount equal to the sum of the individual payments otherwise payable to such producers in accordance with this paragraph.

(b) On or before the 16th day after the end of each delivery period, for all milk received during such delivery period from such producer at not less than the applicable uniform prices for such delivery period computed pursuant to §§ 928.71 and 928.72, subject to the following adjustments:

(1) The butterfat differential pursuant to § 928.91; (2) payment made pursuant to paragraph (a) of this section; (3) marketing service deductions pursuant to § 928.96; (4) deductions authorized by the producer; and (5) any error in payments to such producer for past delivery periods: *Provided,* That if by such date such handler has not received full payment for milk for such delivery period pursuant to § 928.94, he may reduce uniformly per hundredweight, for all producers his payments pursuant to this paragraph, by an amount not in excess of the per hundredweight reduction in payments from the market administrator: *Provided further,* That the handler shall make such balance of payment to those producers to whom it is due on or before the date for making payments, pursuant to this paragraph, next following that on which such balance of payment is received from the market administrator: *And provided further,* That with respect to producers whose milk was caused to be delivered to such handler by a cooperative association which is authorized to collect payment for such milk, the handler shall, if the cooperative association so requests, pay such cooperative association, on or before the 14th day after the end of each delivery period an amount equal to the sum of the individual payments otherwise payable to such producer in accordance with this paragraph.

§ 928.91 *Producer butterfat differential.* In making payments pursuant to § 928.90 (b), there shall be added to or subtracted from the uniform price for each one-tenth of 1 percent that the average butterfat content of the milk received from the producer is above or below 4.0 percent, an amount computed by multiplying by 1.2 the simple average, as computed by the market administrator, of the daily wholesale selling prices (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter per pound at Chicago as reported by the Department during the month, dividing the resulting sum by 10, and rounding to the nearest one-tenth of a cent.

§ 928.92 *Producer-settlement fund.* The market administrator shall establish and maintain a separate fund known as the "producer-settlement fund," into which he shall deposit payments made by handlers pursuant to §§ 928.61 (b), 928.62 (b), 928.93, and 928.95 and out of which he shall make payments to handlers pursuant to §§ 928.94 and 928.95: *Provided,* That payments due to any handler shall be offset by payments due from such handler.

§ 928.93 *Payments to the producer-settlement fund.* On or before the 12th day after the end of each delivery period, each handler shall pay to the market administrator any amount by which the total value of the milk received by such handler from producers as determined pursuant to § 928.70 for such delivery period is greater than an amount computed by multiplying the total hundredweight of milk, or during the delivery period of April, May, and June the total hundredweight of base milk and excess milk, respectively, received from producers during the delivery period by the applicable uniform price(s), adding together the respective totals and adjusting for the butterfat differential provided for in § 928.91.

§ 928.94 *Payments out of the producer-settlement fund.* On or before the 13th day after the end of each delivery period the market administrator shall pay to each handler for payment to producers, or a cooperative association, any amount by which the value of the milk received by such handler from producers as determined pursuant to § 928.70 for the delivery period is less than an amount computed by multiplying the total hundredweight of milk, or during the delivery periods of April, May, and June the total hundredweight of base milk and excess milk, respectively, received from producers during the delivery period by the applicable uniform price(s), adding together the respective totals and adjusting for the butterfat differential provided for in § 928.91: *Provided,* That if the balance in the producer-settlement fund is insufficient to make all payments pursuant to this paragraph, the market administrator shall reduce uniformly such payments and shall complete such payments as soon as the necessary funds are available.

§ 928.95 *Adjustment of accounts.* Whenever audit by the market administrator of any handler's reports, books, records, or accounts discloses errors resulting in moneys due (a) the market administrator from such handler, (b) such handler from the market administrator, or (c) any producer or cooperative association from such handler, the market administrator shall promptly notify such handler of any amount so due and payment thereof shall be made on or before the next date for making payments set forth in the provisions under which such error occurred.

§ 928.96 *Marketing services—(a) Deductions.* Except as set forth in paragraph (b) of this section, each handler, in making payments to producers (other than himself) pursuant to § 928.90 shall deduct 5 cents per hundredweight or such lesser amount as the Secretary may prescribe with respect to all milk received by such handler from producers during the delivery period, and shall pay such deductions to the market administrator on or before the 15th day after the end of such delivery period. Such

moneys shall be used by the market administrator to sample, test, and check the weights of milk received from producers and to provide producers with market information.

(b) *Deductions with respect to members of a cooperative association.* In the case of producers who are members of a cooperative association, or who have given written authorization for the rendering of marketing services and the taking of deductions therefor by a cooperative association, and for whom the Secretary determines such a cooperative association is actually performing the services set forth in paragraph (a) of this section, each handler shall make, in lieu of the deduction specified in paragraph (a) of this section, such deductions from the payments to be made to such producers as may be authorized by such producers and on or before the 15th day after the end of such delivery period pay over such deduction to the cooperative association rendering such services.

§ 928.97 *Expenses of administration.* As his pro rata share of the expense of administration hereof, each handler shall pay to the market administrator on or before the 15th day after the end of the month, 5 cents per hundredweight or such lesser amount as the Secretary may prescribe with respect to all receipts within the delivery period of: (a) Milk from producers including such handler's own production, and (b) other source milk which is classified as Class I.

§ 928.98 *Termination of obligation.* The provisions of this section shall apply to any obligation under this order for the payment of money.

(a) The obligation of any handler to pay money required to be paid under the terms of this order shall, except as provided in paragraphs (b) and (c) of this section, terminate two years after the last day of the calendar month during which the market administrator receives the handler's utilization report on the milk involved in such obligation, unless within such two year period the market administrator notifies the handler in writing that such money is due and payable. Service of such notice shall be complete upon mailing to the handler's last known address, and it shall contain but need not be limited to, the following information:

(1) The amount of the obligation;

(2) The month(s) during which the milk, with respect to which the obligation exists, was received or handled; and

(3) If the obligation is payable to one or more producers or to an association of producers, the name of such producer(s) or association of producers, or if the obligation is payable to the market administrator, the account for which it is to be paid.

(b) If a handler fails or refuses, with respect to any obligation under this order, to make available to the market administrator or his representative all books and records required by this order to be made available, the market administrator may, within the two year period provided for in paragraph (a) of this section, notify the handler in writing of such failure or refusal. If the market administrator so notifies a handler, the said two year period with respect to such obligation shall not begin to run until the first day of the calendar month following the month during which all such books and records pertaining to such obligation are made available to the market administrator or his representatives.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this section, a handler's obligation under this order to pay money shall not be terminated with respect to any transaction involving fraud or willful concealment of a fact, material to the obligation, on the part of the handler against whom the obligation is sought to be imposed.

(d) Any obligation on the part of the market administrator to pay a handler any money which such handler claims to be due him under the terms of this order shall terminate two years after the end of the calendar month during which the milk involved in the claim was received if an underpayment is claimed, or two years after the end of the calendar month during which the payment (including deduction or set-off by the market administrator) was made by the handler if a refund on such payment is claimed, unless such handler, within the applicable period of time, files, pursuant to section 8c (15) (A) of the act, a petition claiming such money.

EFFECTIVE TIME, SUSPENSION OR TERMINATION

§ 928.100 *Effective time.* The provisions hereof or any amendment hereto shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated pursuant to § 928.101.

§ 928.101 *Suspension or termination.* The Secretary may suspend or terminate this order or any provision hereof whenever he finds this order or any provision hereof obstructs or does not tend to effectuate the declared policy of the act. This order shall terminate in any event whenever the provisions of the act authorizing it cease to be in effect.

§ 928.102 *Continuing obligations.* If, upon the suspension or termination of any or all provisions of this order, there are any obligations thereunder the final accrual or ascertainment of which requires further acts by any person (including the market administrator), such further acts shall be performed notwithstanding such suspension or termination.

§ 928.103 *Liquidation.* Upon the suspension or termination of the provisions hereof, except this section, the market administrator, or such other liquidating agent as the Secretary may designate, shall, if so directed by the Secretary, liquidate the business of the market administrator's office, dispose of all property in his possession or control, including accounts receivable, and execute and deliver all assignments or other instruments necessary or appropriate to effectuate any such disposition. If a liquidating agent is so designated, all assets, books, and records of the market administrator shall be transferred promptly to such liquidating agent. If, upon such liquidation, the funds on hand exceed the amounts required to pay outstanding obligations of the office of the market administrator and to pay necessary expenses of liquidation and distribution, such excess shall be distributed to contributing handlers and producers in an equitable manner.

MISCELLANEOUS PROVISIONS

§ 928.110 *Agents.* The Secretary may, by designation in writing, name any officer or employee of the United States to act as his agent or representative in connection with any of the provisions hereof.

§ 928.111 *Separability of provisions.* If any provision hereof, or its application to any person or circumstances, is held invalid, the application of such provision and of the remaining provisions hereof, to other persons or circumstances shall not be affected thereby.

Order of the Secretary Directing That a Referendum Be Conducted Among the Producers Supplying Milk in the Neosho Valley Marketing Area and Designation of an Agent to Conduct Such Referendum

Pursuant to section 8c (19) of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 608c (19)), it is hereby directed that a referendum be conducted among the producers (as defined in the order regulating the handling of milk in the Neosho Valley marketing area) who, during the month of August 1951 were engaged in the production of milk for sale in the marketing area specified in the aforesaid order to determine whether such producers favor the issuance of the order which is a part of the decision of the Secretary of Agriculture filed simultaneously herewith.

Seymour K. Rodenhurst is hereby designated agent of the Secretary to conduct such referendum in accordance with the procedure for the conduct of referenda to determine producer approval of milk marketing orders as published in the FEDERAL REGISTER on August 10, 1950 (15 F. R. 5177).

Done at Washington, D. C., this 15th day of October 1951.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 51-12538; Filed, Oct. 17, 1951; 9:03 a. m.]

[7 CFR Part 934]

HANDLING OF MILK IN THE LOWELL-LAWRENCE, MASS., MARKETING AREA

NOTICE OF OPPORTUNITY TO SUBMIT DATA, VIEWS, AND ARGUMENTS IN CONNECTION WITH PROPOSED AMENDED RULES AND REGULATIONS

Notice is hereby given that pursuant to the authority contained in Order No. 34, as amended, regulating the handling of milk in the Lowell-Lawrence, Massachusetts, marketing area (7 CFR Part 934), the market administrator is considering the issuance, as hereinafter proposed, of amended rules and regulations. The proposed rules and regulations will supersede the currently effective rules and regulations (7 CFR 934.101 et seq.).

issued to effectuate the terms and provisions of the said order.

All persons who desire to submit data, views, or arguments in connection with the proposed amended rules and regulations should submit them in writing to the market administrator at 21 Main Street, Andover, Massachusetts, by mail or otherwise, in time to be received not later than 5:15 p. m., October 22, 1951.

The proposed amended rules and regulations are as follows:

CLASSIFICATION

§ 934.101 *Application of §§ 934.102 through 934.105.* Milk and milk products received by a handler shall be classified in accordance with the provisions of §§ 934.102 through 934.105, except when Class I classification is required under § 934.17.

§ 934.102 *Fluid milk products disposed of to consumers.* (a) Subject to the other paragraphs of this section, all fluid milk products disposed of to consumers, except cream and skim milk, shall be classified as Class I milk.

(b) Cream and skim milk shall be classified as Class II milk.

(c) Concentrated milk disposed of to bakeries or similar commercial users, and not thereafter disposed of for fluid consumption, shall be classified as Class II milk.

(d) All fluid milk products disposed of to and used by a livestock farmer for animal feed, except milk suitable for human consumption as milk, shall be classified as Class II milk.

§ 934.103 *Fluid milk products manufactured into other milk products.* Fluid milk products manufactured by a handler or dealer into other milk products shall be classified as Class II milk, unless the resulting milk product is subsequently reconverted into fluid milk products for which Class II utilization is not established. Specifically, the following shall be considered to be milk products:

Acidophilus milk.
Butter.
Buttermilk powder.
Casein.
Cheese and cheese paste.
Condensed buttermilk.
Condensed skim milk.
Eggnog.
Evaporated milk.
Evaporated skim milk.
Ice cream, ice cream mix, and similar frozen desserts.
Milk powder.
Nonfat dry milk solids (skim powder).
Sweetened condensed milk.
Whey and whey products.
Yogurt (Bulgarian milk).

§ 934.104 *Miscellaneous uses.* Fluid milk products used or disposed of by a handler or dealer in accordance with this section shall be classified as follows:

(a) Fluid milk products dumped or discarded, except milk suitable for human consumption as milk, shall be classified as Class II milk.

(b) Fluid milk products destroyed or spilled under extraordinary circumstances shall be classified as Class II milk.

§ 934.105 *Inventories.* All milk products on hand at any plant at the close of the month may be classified tentatively as Class II milk. Final classification shall be made when disposition of the milk products takes place.

PLANT SHRINKAGE

§ 934.106 *Requirement to establish plant shrinkage.* (a) Plant shrinkage may be considered as established only if both the volume of fluid milk products handled during the month and the total of specific uses of fluid milk products during the month are established.

(b) If plant shrinkage is not established, the total quantity of fluid milk products not specifically accounted for shall be classified as Class I milk.

§ 934.107 *Computation of volume handled and of total of specific uses.* (a) The volume of fluid milk products handled by a handler during the month shall consist of the total receipts of fluid milk products at the handler's regulated plants, plus the opening inventory, and minus the closing inventory, at such plants.

(b) Each handler's total of specific uses of fluid milk products during the month shall consist of the total quantity of fluid milk products the specific disposition of which is established at the handler's regulated plants, minus the quantity of syrup or other flavoring material disposed of in flavored milk or flavored skim milk.

§ 934.108 *Determination and classification of plant shrinkage.* (a) Plant shrinkage shall be determined by deducting the total of specific uses from the volume handled. The remainder, if it can reasonably be considered to represent the loss or shrinkage in fluid milk products normally incurred by the handler in the receiving, processing, packaging, and distribution of the milk and milk products handled by him, shall be considered his plant shrinkage.

(b) The classification of plant shrinkage shall be determined by computing 2 percent of the volume handled, and comparing the result with the plant shrinkage. Plant shrinkage not in excess of such result shall be classified as Class II milk. Plant shrinkage in excess of such result shall be classified as Class I milk.

DUE DATES AND DETAILS OF HANDLERS' REPORTS

§ 934.110 *Due dates of reports of buyer-handlers, producer-handlers, and handlers who operate unregulated distributing plants.* For each month in which a handler is a buyer-handler, producer-handler, or the operator of an unregulated distributing plant, he shall file with the market administrator, on or before the 8th day after the end of the month, a report of his receipts and utilization of fluid milk products.

§ 934.111 *Details of all handlers' reports.* Each handler's report shall include the following information:

(a) The receipts of fluid milk products at each plant from other handlers and dealers, and from any of the handler's unregulated plants.

(b) The receipts of milk from his own production, and from other dairy farmers.

(c) The receipts of outside milk and of exempt milk.

(d) The butterfat test of Class I milk received from New York or Boston order pool plants.

(e) The respective quantities of Class I milk disposed of inside the marketing area and outside the marketing area, showing the quantities disposed of to consumers and the quantities disposed of to individual handlers, dealers, and other milk route operators.

(f) The total quantity of fluid milk products disposed of as Class II milk, and information as to the quantities so disposed of to individual handlers or dealers.

§ 934.112 *Details of pool handlers' reports.* Each pool handler's report shall include the following additional information:

(a) The respective total quantities of milk received at each plant from producers whose farms are located not more than 40 miles from the City Hall in Lawrence; from producers whose farms are located more than 40 miles from the City Hall in Lawrence but not more than 80 miles from the State House in Boston; and from producers whose farms are located more than 80 miles from the State House in Boston; and the number of producers in each group.

(b) Separate totals of receipts at each plant from producers who are members of each association of producers and from nonmembers; and the number of producers in each group.

(c) The name of each producer and the quantity of milk received from him, with the information subdivided according to the producer's farm location and member or nonmember status, as indicated in the preceding paragraphs of this section. However, this paragraph shall not apply to any pool plant at which milk was received from 50 or more producers during the month.

PAYMENTS TO PRODUCERS

§ 934.120 *Averaging of semimonthly butterfat tests.* In making payments for milk to each producer as required by § 934.61 (a), each handler may determine the average butterfat content of the milk by using the simple average of the butterfat tests of semimonthly composite samples of the milk, unless the difference between the semimonthly tests is more than two points (0.2%), or the quantity of milk delivered by the producer in either semimonthly period is as much as three times as large as his deliveries in the other semimonthly period.

§ 934.121 *Authorization for deductions.* In making payments to producers as required by §§ 934.60 and 934.61 (a), the burden shall rest upon the handler making deductions from such payments to prove that each deduction is properly authorized, and properly chargeable to the producer.

§ 934.122 *Deductions for cooperative associations.* The following provisions shall apply with respect to the deductions which are provided for in § 934.70:

(a) Each handler shall be obligated to make deductions for an association of producers if the association files a claim with the handler for amounts to be deducted from the handler's payments to its members. The claim shall contain a list of the producers, an agreement to

indemnify the handler in the making of the deductions, and a certification that the association has an unterminated membership contract with each producer, authorizing the claimed deduction.

(b) *Upon receipt of notice from the market administrator that there is an error in the claim filed by an association of producers pursuant to paragraph (a), of this section, the handler shall be relieved of the obligation to make that part of the deductions which was claimed in error, as determined by the market administrator.*

WEIGHTS OF FLUID MILK PRODUCTS

§ 934.140 *Basis for determination of quantity.* The determination of the quantity of fluid milk products received or used by each handler or dealer shall be on the basis of the weight, in pounds, of the fluid milk products, except that in the case of concentrated milk the determination shall be on the basis of the weight, in pounds, of the fluid milk products used to produce the concentrated milk.

§ 934.141 *Standard weights.* In the absence of specific weights, the weight of fluid milk products received or disposed of in a quart or 40-quart container shall be determined according to the following table. The weight of such products in any other container shall be determined by multiplying the equivalent number of quarts by the respective standard weight per quart container, except that, in the absence of specific weights, the weight of such products in a 20-quart container shall be considered to be one-half of the applicable standard weight per 40-quart container.

TABLE OF STANDARD WEIGHTS

Product	Butterfat test (percent)	Weight (pounds)	
		Per quart container	Per 40-quart container
Milk, Flavored milk, Skim milk	Any test	2.15	85.0
Flavored skim milk, Buttermilk, Cultured skim milk	Any test	2.16	86.0
Cream	16	2.136	84.20
	17	2.134	84.12
	18	2.132	84.04
	19	2.130	83.96
	20	2.128	83.88
	21	2.126	83.80
	22	2.124	83.72
	23	2.122	83.64
	24	2.120	83.56
	25	2.118	83.49
	26	2.116	83.41
	27	2.113	83.31
	28	2.111	83.21
	29	2.109	83.15
	30	2.108	83.09
	31	2.106	83.03
	32	2.105	82.97
	33	2.103	82.91
	34	2.102	82.85
	35	2.100	82.80
	36	2.099	82.74
	37	2.097	82.68
	38	2.096	82.62
	39	2.094	82.56
	40	2.093	82.50
	41	2.091	82.44
	42	2.090	82.38
	43	2.088	82.32
	44	2.087	82.26
	45	2.085	82.20
	46	2.084	82.15
	47	2.082	82.09
	48	2.081	82.03
	49	2.079	81.97
	50	2.078	81.91

Issued at Boston, Massachusetts, this 10th day of October 1951.

[SEAL] RICHARD D. APLIN,
Market Administrator.

[F. R. Doc. 51-12534; Filed, Oct. 17, 1951; 9:02 a. m.]

[7 CFR Part 966]

ORANGES GROWN IN CALIFORNIA OR IN ARIZONA

ORDER DIRECTING THAT A REFERENDUM BE CONDUCTED; DESIGNATION OF REFERENDUM AGENTS TO CONDUCT SUCH REFERENDUM; AND DETERMINATION OF REPRESENTATIVE PERIOD

Pursuant to the applicable provisions of Order No. 66, as amended (7 CFR Part 966), and the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (48 Stat. 31, as amended; 7 U. S. C. 601 et seq.), it is hereby directed that a referendum be conducted among the producers who, during the period beginning November 1, 1950, and ending October 31, 1951, both dates inclusive (which period is hereby determined to be a representative period for the purpose of such referendum), were engaged, in the State of California or in the State of Arizona, in the production of oranges for market to determine whether such producers favor the termination of the said order, as amended. M. T. Coogan and Warren C. Noland of the Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, are hereby designated as agents of the Secretary of Agriculture to conduct said referendum jointly or severally.

The procedure applicable to this referendum shall be the "procedure for the conduct of referenda among producers in connection with marketing orders (except those applicable to milk and its products) to become effective pursuant to the Agricultural Marketing Agreement Act of 1937, as amended" (15 F. R. 5176), except that for the purposes of this referendum:

a. Paragraph (c) (1) is amended to read as follows:

(1) Conduct the referendum in the manner herein prescribed, by giving opportunity to producers, who, during the period beginning November 1, 1950, and ending October 31, 1951, both dates inclusive (which period is determined to be a representative period), have been engaged, within the State of California or Arizona, in the production of oranges for market, to cast their ballots relative to the termination of Order No. 66, as amended (7 CFR Part 966).

b. Paragraph (c) (5) is amended to read as follows:

(5) Make available to producers and the aforesaid cooperative associations instructions on voting, and appropriate ballot and other necessary forms.

c. Paragraph (d) (3) is amended to read as follows:

(3) Distribute ballots and other necessary forms to producers and receive any ballots which are cast; and

Copies of Order No. 66, as amended, of the aforesaid procedure (15 F. R. 5176), and of this order may be examined in the Office of the Hearing Clerk, Room 1353, South Building, United States Department of Agriculture, Washington, D. C., at the office of the Field Representative, Fruit and Vegetable Branch, Production and Marketing Administration, 117 West Ninth Street, Los Angeles, California, or at the office of the Orange Administrative Committee, 111 West Seventh Street, Los Angeles, California. Ballots to be cast in the referendum, and other necessary forms and instructions, may be obtained at said office of the Field Representative, or from any referendum agent or appointee.

Done at Washington, D. C., this 15th day of October 1951.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 51-12540; Filed, Oct. 17, 1951; 9:04 a. m.]

[7 CFR Part 988]

[Docket No. AO-195-A4]

HANDLING OF MILK IN THE KNOXVILLE, TENN., MARKETING AREA

DECISION WITH RESPECT TO A PROPOSED MARKETING AGREEMENT AND A PROPOSED ORDER AMENDING THE ORDER, AS AMENDED

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, as amended, governing proceedings to formulate marketing agreements and marketing orders (7 CFR Part 900), a public hearing was conducted at Knoxville, Tennessee, on September 27-28, 1951, pursuant to notice thereof which was issued on September 22, 1951 (16 F. R. 9698).

The material issues of record related to:

(1) A temporary increase in the price for Class I milk to reflect unfavorable market supply conditions resulting from a drought in the supply area;

(2) The employment of the basic formula price for the preceding delivery period for the computation of the Class I price;

(3) The incorporation of a supply-demand arrangement for adjusting the Class I price differential; and

(4) Whether conditions are such that due and timely execution by the Secretary of his functions imperatively and unavoidably requires the omission of a recommended decision in this proceeding.

Findings and conclusions. 1. The amount added to basic formula price to determine Class I prices should be increased through March 1952.

The present Class I differential is $1.50 per hundredweight. This differential should be increased 44 cents per hundredweight to reflect unfavorable supply conditions resulting from a drought in the supply area. The effects of the drought conditions have been pronounced on feed crops normally harvested in the summer and fall months including hay, corn, and

oats. Recent rains in September relieved the dry conditions but the cumulative damage of the drought on pastures and feed crops is beyond repair by the late rains.

Testimony on yields indicates that feed grains generally have been reduced approximately one half and the hay harvest was about one third of last year. Pasture conditions were adversely affected during June, July and August and on September 1, were less than 70 percent of normal. As a result, dairy farmers have had to feed supplies and pasture crops, intended for hay, during this period which they would ordinarily have available for winter feeding. The planting of winter pastures was delayed by the dry weather and pastures planted during September, under favorable growing conditions and a normal winter, will not provide much pasture beyond the last of October.

During the period September 1950 through March 1951, receipts of milk from producers were only 88 percent of total Class I sales. Although the annual level of receipts of milk from local producers indicates a slight upward trend, receipts of milk during August 1951 were less than a year ago. Receipts in relation to Class I sales during August were less than in either 1949 or 1950. The drought will continue to have an effect on milk production during the coming winter months and through March 1952. Some producers have already reduced the size of their herds. Producers will find it necessary to purchase additional hay and grain feeds over usual outlays for such purposes. The cost of purchased feeds is likely to be higher than last year, particularly in the case of hay because hay supplies will be required to be brought in from distant points.

The price increase recommended herein is necessary to provide an incentive for producers to continue their present level of production in face of abnormally high out-of-pocket costs of maintaining their herds through the fall and winter feeding period. The prices recommended herein appear reasonable in view of the unfavorable production conditions and the shortage of producer milk in relation to Class I sales of milk in this market.

2. The basic formula price used to determine the Class I price for each delivery period should be computed from dairy product prices or manufacturing plant prices reported for the immediately preceding delivery period.

At present the basic formula price for each delivery period is computed from dairy product price or prices paid by manufacturing plants reported for or during the same delivery period. Consequently, the price for Class I milk has not been known to handlers or to producers until after the delivery period. Paying prices of condenseries and manufacturing plants for each month are not reported until a few days after the month, and accordingly the market administrator is not required to announce the class price until the 6th day following the month to which the price applies. Handlers testified that it would be of advantage in their operations to know the price they must pay for Class I milk before they sell or distribute it. Producers, likewise, would know the Class I price in advance.

The change would result in lagging changes in the Class I price one month behind changes in the basic formula price, thereby increasing producer returns over the present method in months when the formula price declines and decreasing returns in months when the formula price increases. These effects, however, would tend to balance out in the long run. Similarly, the Class I butterfat differential should be based on the average price of butter during the preceding delivery period.

3. The findings and conclusions with respect to a proposal to include a supply-demand arrangement in the order for adjusting the Class I price differential should be temporarily deferred.

Proposal No. 1 is intended to deal with emergency conditions affecting milk production during the next few months. Proposal No. 3, on the other hand, is intended to make adjustments in the general level of the Class I price differential in accordance with changes in supply and demand conditions over a longer period of time. It is concluded, therefore, that the consideration of issue No. 3 should not delay a decision with respect to issues No. 1 and No. 2 and action on the former should be deferred to permit further consideration and study.

4. The due and timely execution of the function of the Secretary under the act imperatively and unavoidably requiries the omission of a recommended decision by the Assistant Administrator, Production and Marketing Administration, and the opportunity for exception thereto, on issues No. 1 and No. 2.

The conditions complained of are such that it is urgent that remedial action be taken as soon as possible. Delay beyond the minimum time required to make the attached order effective would defeat the purpose of such amendment. Accordingly, the time necessarily involved in the preparation, filing and publication of a recommended decision, and exceptions thereto, would make such relief ineffective. The propriety of omitting the recommended decision and opportunity of filing exceptions thereto with respect to proposals No. 1 and No. 2 was indicated by proponents on the record.

Rulings on proposed findings and conclusions. Briefs were filed on behalf of producers and handlers who would be subject to the proposed marketing agreement and order, as amended, and as hereby proposed to be further amended. The briefs contained suggested findings of fact, conclusions, and arguments with respect to the proposals discussed at the hearing. Every point covered in the briefs was carefully considered along with evidence in the record in making the findings and reaching the conclusions hereinbefore set forth. To the extent that the suggested findings and conclusions contained in the briefs are inconsistent with the findings and conclusions contained herein, the requests to make such findings or to reach such conclusions are denied on the basis of the facts found and stated in connection with the findings and conclusions in this decision.

General findings. (a) The proposed marketing agreement and the order, as amended, and as hereby proposed to be further 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 of and demand for milk in the marketing area, and the minimum prices specified in the proposed marketing agreement and in the order, as amended, and as hereby proposed to be further 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 proposed marketing agreement and the order, as amended, and as hereby proposed to be further 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.

Determination of representative period. The month of July 1951, is hereby determined to be the representative period for the purpose of ascertaining whether the issuance of an order amending the order, as amended, regulating the handling of milk in the Knoxville, Tennessee, marketing area in the manner set forth in the attached amending order is approved or favored by producers who, during such period, were engaged in the production of milk for sale in the marketing area specified in such order, as amended.

Marketing agreement and order. Annexed hereto and made a part hereof are two documents entitled "Marketing Agreement Regulating the Handling of Milk in the Knoxville, Tennessee, Marketing Area," and "Order Amending the Order, as Amended, Regulating the Handling of Milk in the Knoxville, Tennessee, Marketing Area," which have been decided upon as the detailed and appropriate means of effectuating the foregoing conclusions. These documents shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure, as amended, governing proceedings to formulate marketing agreements and orders have been met.

It is hereby ordered, That all of this decision, except the attached marketing agreement, be published in the FEDERAL REGISTER. The regulatory provisions of said marketing agreement are identical with those contained in the order, as amended, and as hereby proposed to be further amended by the attached order which will be published with this decision.

This decision filed at Washington, D. C., this 15th day of October 1951.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

Order [1] Amending the Order, as Amended, Regulating the Handling of Milk in the Knoxville, Tennessee, Marketing Area

§ 988.0 *Findings and determinations.* The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of each 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) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon certain proposed amendments to the tentative marketing agreement and to the order, as amended, regulating the handling of milk in the Knoxville, Tennessee, marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

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

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

(3) The said order, as amended, and as hereby further amended, regulates the handling of milk in the same manner as, and is 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.

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

1. Delete the words preceding the proviso in § 988.51 (a) and substitute the following:

Class I milk. The price for Class I milk shall be the basic formula price for the immediately preceding delivery period plus a differential of $1.50 per hundredweight, except from the effective date of this amendment through March 31, 1952, such differential shall be $1.94:

2. In § 988.52 (a) delete the words "delivery period" and substitute "immediately preceding delivery period."

[F. R. Doc. 51-12541; Filed, Oct. 17, 1951; 9:04 a. m.]

[1] This order shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure, as amended, governing proceedings to formulate marketing agreements and orders have been met.

[7 CFR Part 996]

HANDLING OF MILK IN THE SPRINGFIELD, MASS., MARKETING AREA

NOTICE OF OPPORTUNITY TO SUBMIT DATA, VIEWS, AND ARGUMENTS IN CONNECTION WITH PROPOSED AMENDED RULES AND REGULATIONS

Notice is hereby given that pursuant to the authority contained in Order No. 96, as amended, regulating the handling of milk in the Springfield, Massachusetts, marketing area (7 CFR Part 996), the market administrator is considering the issuance, as hereinafter proposed, of amended rules and regulations. The proposed rules and regulations will supersede the currently effective rules and regulations (7 CFR 996.101 et seq.) issued to effectuate the terms and provisions of the said order.

All persons who desire to submit data, views, or arguments in connection with the proposed amended rules and regulations should submit them in writing to the market administrator at Room 605, 145 State Street, Springfield, Massachusetts, by mail or otherwise, in time to be received not later than 5:15 p. m., October 22, 1951.

The proposed amended rules and regulations are as follows:

CLASSIFICATION

§ 996.101 *Application of §§ 996.102 through 996.105.* Milk and milk products received by a handler shall be classified in accordance with the provisions of §§ 996.102 through 996.105, except when Class I classification is required under § 996.17.

§ 996.102 *Fluid milk products disposed of to consumers.* (a) Subject to the other paragraphs of this section, all fluid milk products disposed of to consumers, except cream and skim milk, shall be classified as Class I milk.

(b) Cream and skim milk shall be classified as Class II milk.

(c) Concentrated milk disposed of to bakeries or similar commercial users, and not thereafter disposed of for fluid consumption, shall be classified as Class II milk.

(d) All fluid milk products disposed of to and used by a livestock farmer for animal feed, except milk suitable for human consumption as milk, shall be classified as Class II milk.

§ 996.103 *Fluid milk products manufactured into other milk products.* Fluid milk products manufactured by a handler or dealer into other milk products shall be classified as Class II milk, unless the resulting milk product is subsequently reconverted into fluid milk products for which Class II utilization is not established. Specifically, the following shall be considered to be milk products:

Acidophilus milk.
Butter.
Buttermilk powder.
Casein.
Cheese and cheese paste.
Condensed buttermilk.
Condensed skim milk.
Eggnog.
Evaporated milk.
Evaporated skim milk.
Ice cream, ice cream mix, and similar frozen desserts.
Milk powder.
Nonfat dry milk solids (skim powder).
Sweetened condensed milk.
Whey and whey products.
Yogurt (Bulgarian milk).

§ 996.104 *Miscellaneous uses.* Fluid milk products used or disposed of by a handler or dealer in accordance with this section shall be classified as follows:

(a) Fluid milk products dumped or discarded, except milk suitable for human consumption as milk, shall be classified as Class II milk.

(b) Fluid milk products destroyed or spilled under extraordinary circumstances shall be classified as Class II milk.

§ 996.105 *Inventories.* All milk products on hand at any plant at the close of the month may be classified tentatively as Class II milk. Final classification shall be made when disposition of the milk products takes place.

PLANT SHRINKAGE

§ 996.106 *Requirement to establish plant shrinkage.* (a) Plant shrinkage may be considered as established only if both the volume of fluid milk products handled during the month and the total of specific uses of fluid milk products during the month are established.

(b) If plant shrinkage is not established, the total quantity of fluid milk products not specifically accounted for shall be classified as Class I milk.

§ 996.107 *Computation of volume handled and of total of specific uses.* (a) The volume of fluid milk products handled by a handler during the month shall consist of the total receipts of fluid milk products at the handler's regulated plants, plus the opening inventory, and minus the closing inventory, at such plants.

(b) Each handler's total of specific uses of fluid milk products during the month shall consist of the total quantity of fluid milk products the specific disposition of which is established at the handler's regulated plants, minus the quantity of syrup or other flavoring material disposed of in flavored milk or flavored skim milk.

§ 996.108 *Determination and classification of plant shrinkage.* (a) Plant shrinkage shall be determined by deducting the total of specific uses from the volume handled. The remainder, if it can reasonably be considered to represent the loss or shrinkage in fluid milk products normally incurred by the handler in the receiving, processing, packaging, and distribution of the milk and

milk products handled by him, shall be considered his plant shrinkage.

(b) The classification of plant shrinkage shall be determined by computing 2 percent of the volume handled, and comparing the result with the plant shrinkage. Plant shrinkage not in excess of such result shall be classified as Class II milk. Plant shrinkage in excess of such result shall be classified as Class I milk.

DUE DATES AND DETAILS OF HANDLERS' REPORTS

§ 996.110 *Due dates of reports of buyer-handlers, producer-handlers, and handlers who operate unregulated distributing plants.* For each month in which a handler is a buyer-handler, producer-handler, or the operator of an unregulated distributing plant, he shall file with the market administrator, on or before the 8th day after the end of the month, a report of his receipts and utilization of fluid milk products.

§ 996.111 *Details of all handlers' reports.* Each handler's report shall include the following information:

(a) The receipts of fluid milk products at each plant from other handlers and dealers, and from any of the handler's unregulated plants.

(b) The receipts of milk from his own production, and from other dairy farmers.

(c) The receipts of outside milk and of exempt milk.

(d) The butterfat test of Class I milk received from New York or Boston order pool plants.

(e) The respective quantities of Class I milk disposed of inside the marketing area and outside the marketing area, showing the quantities disposed of to consumers and the quantities disposed of to individual handlers, dealers, and other milk route operators.

(f) The total quantity of fluid milk products disposed of as Class II milk, and information as to the quantities so disposed of to individual handlers or dealers.

§ 996.112 *Details of pool handlers' reports.* Each pool handler's report shall include the following additional information:

(a) The respective total quantities of milk received at each plant from producers whose farms are located in any of the cities and towns listed in § 996.64 (a), from producers whose farms are located in the counties, cities, and towns listed in § 996.64 (b), and from producers whose farms are located outside both of these farm differential location areas; and the number of producers in each group.

(b) Separate totals of receipts at each plant from producers who are members of each association of producers and from nonmembers; and the number of producers in each group.

(c) The name of each producer and the quantity of milk received from him, with the information subdivided according to the producer's farm location and member or nonmember status, as indicated in the preceding paragraphs of this section. However, this paragraph shall not apply to any pool plant at which milk was received from 50 or more producers during the month.

PAYMENTS TO PRODUCERS

§ 996.120 *Averaging of semimonthly butterfat tests.* In making payments for milk to each producer as required by § 996.61 (a), each handler may determine the average butterfat content of the milk by using the simple average of the butterfat tests of semimonthly composite samples of the milk, unless the difference between the semimonthly tests is more than two points (.2%), or the quantity of milk delivered by the producer in either semimonthly period is as much as three times as large as his deliveries in the other semimonthly period.

§ 996.121 *Authorization for deductions.* In making payments to producers as required by §§ 996.60 and 996.61 (a), the burden shall rest upon the handler making deductions from such payments to prove that each deduction is properly authorized, and properly chargeable to the producer.

§ 996.122 *Deductions for cooperative associations.* The following provisions shall apply with respect to the deductions which are provided for in § 996.71:

(a) Each handler shall be obligated to make deductions for an association of producers if the association files a claim with the handler for amounts to be deducted from the handler's payments to its members. The claim shall contain a list of the producers, an agreement to indemnify the handler in the making of the deductions, and a certification that the association has an unterminated membership contract with each producer, authorizing the claimed deduction.

(b) Upon receipt of notice from the market administrator that there is an error in the claim filed by an association of producers pursuant to paragraph (a) of this section, the handler shall be relieved of the obligation to make that part of the deductions which was claimed in error, as determined by the market administrator.

WEIGHTS OF FLUID MILK PRODUCTS

§ 996.140 *Basis for determination of quantity.* The determination of the quantity of fluid milk products received or used by each handler or dealer shall be on the basis of the weight, in pounds, of the fluid milk products, except that in the case of concentrated milk the determination shall be on the basis of the weight, in pounds, of the fluid milk products used to produce the concentrated milk.

§ 996.141 *Standard weights.* In the absence of specific weights, the weight of fluid milk products received or disposed of in a quart or 40-quart container shall be determined according to the following table. The weight of such products in any other container shall be determined by multiplying the equivalent number of quarts by the respective standard weight per quart container, except that, in the absence of specific weights, the weight of such products in a 20-quart container shall be considered to be one-half of the applicable standard weight per 40-quart container.

TABLE OF STANDARD WEIGHTS

Product	Butterfat test (percent)	Weight (pounds)	
		Per quart container	Per 40-quart container
Milk, Flavored milk, Skim milk	Any test	2.15	85.0
Flavored skim milk, Buttermilk, Cultured skim milk	Any test	2.16	86.0
Cream	16	2.136	84.20
	17	2.134	84.12
	18	2.132	84.04
	19	2.130	83.96
	20	2.128	83.88
	21	2.126	83.80
	22	2.124	83.72
	23	2.122	83.64
	24	2.120	83.56
	25	2.118	83.49
	26	2.116	83.41
	27	2.113	83.31
	28	2.111	83.21
	29	2.109	83.15
	30	2.108	83.09
	31	2.106	83.03
	32	2.105	82.97
	33	2.103	82.91
	34	2.102	82.85
	35	2.100	82.80
	36	2.099	82.74
	37	2.097	82.68
	38	2.096	82.62
	39	2.094	82.56
	40	2.093	82.50
	41	2.091	82.44
	42	2.090	82.38
	43	2.088	82.32
	44	2.087	82.26
	45	2.085	82.20
	46	2.084	82.15
	47	2.082	82.09
	48	2.081	82.03
	49	2.079	81.97
	50	2.078	81.91

Issued at Boston, Massachusetts, this 10th day of October 1951.

[SEAL] RICHARD D. APLIN,
Market Administrator.

[F. R. Doc. 51-12533; Filed, Oct. 17, 1951; 9:01 a. m.]

[7 CFR Part 999]

HANDLING OF MILK IN THE WORCESTER, MASS., MARKETING AREA

NOTICE OF OPPORTUNITY TO SUBMIT DATA, VIEWS, AND ARGUMENTS IN CONNECTION WITH PROPOSED AMENDED RULES AND REGULATIONS

Notice is hereby given that pursuant to the authority contained in Order No. 99, as amended, regulating the handling of milk in the Worcester, Massachusetts, marketing area (7 CFR Part 999), the market administrator is considering the issuance, as hereinafter proposed, of amended rules and regulations. The proposed rules and regulations will supersede the currently effective rules and regulations (7 CFR 999.101 et seq.) issued to effectuate the terms and provisions of the said order.

All persons who desire to submit data, views, or arguments in connection with the proposed amended rules and regulations should submit them in writing to the market administrator at Room 403, 107 Front Street, Worcester, Massachusetts, by mail or otherwise, in time to be received not later than 5:15 p. m., October 22, 1951.

The proposed amended rules and regulations are as follows:

CLASSIFICATION

§ 999.101 *Application of §§ 999.102 through 999.105.* Milk and milk products received by a handler shall be classified in accordance with the provisions of §§ 999.102 through 999.105, except when Class I classification is required under § 999.17.

§ 999.102 *Fluid milk products disposed of to consumers.* (a) Subject to the other paragraphs of this section, all fluid milk products disposed of to consumers, except cream and skim milk, shall be classified as Class I milk.

(b) Cream and skim milk shall be classified as Class II milk.

(c) Concentrated milk disposed of to bakeries or similar commercial users, and not thereafter disposed of for fluid consumption, shall be classified as Class II milk.

(d) All fluid milk products disposed of to and used by a livestock farmer for animal feed, except milk suitable for human consumption as milk, shall be classified as Class II milk.

§ 999.103 *Fluid milk products manufactured into other milk products.* Fluid milk products manufactured by a handler or dealer into other milk products shall be classified as Class II milk, unless the resulting milk product is subsequently reconverted into fluid milk products for which Class II utilization is not established. Specifically, the following shall be considered to be milk products:

Acidophilus milk.
Butter.
Buttermilk powder.
Casein.
Cheese and cheese paste.
Condensed buttermilk.
Condensed skim milk.
Eggnog.
Evaporated milk.
Evaporated skim milk.
Ice cream, ice cream mix, and similar frozen desserts.
Milk powder.
Nonfat dry milk solids (skim powder).
Sweetened condensed milk.
Whey and whey products.
Yogurt (Bulgarian milk).

§ 999.104 *Miscellaneous uses.* Fluid milk products used or disposed of by a handler or dealer in accordance with this section shall be classified as follows:

(a) Fluid milk products dumped or discarded, except milk suitable for human consumption as milk, shall be classified as Class II milk.

(b) Fluid milk products destroyed or spilled under extraordinary circumstances shall be classified as Class II milk.

§ 999.105 *Inventories.* All milk products on hand at any plant at the close of the month may be classified tentatively as Class II milk. Final classification shall be made when disposition of the milk products takes place.

PLANT SHRINKAGE

§ 999.106 *Requirement to establish plant shrinkage.* (a) Plant shrinkage may be considered as established only if both the volume of fluid milk products handled during the month and the total of specific uses of fluid milk products during the month are established.

(b) If plant shrinkage is not established, the total quantity of fluid milk products not specifically accounted for shall be classified as Class I milk.

§ 999.107 *Computation of volume handled and of total of specific uses.* (a) The volume of fluid milk products handled by a handler during the month shall consist of the total receipts of fluid milk products at the handler's regulated plants, plus the opening inventory, and minus the closing inventory, at such plants.

(b) Each handler's total of specific uses of fluid milk products during the month shall consist of the total quantity of fluid milk products the specific disposition of which is established at the handler's regulated plants, minus the quantity of syrup or other flavoring material disposed of in flavored milk or flavored skim milk.

§ 999.108 *Determination and classification of plant shrinkage.* (a) Plant shrinkage shall be determined by deducting the total of specific uses from the volume handled. The remainder, if it can reasonably be considered to represent the loss or shrinkage in fluid milk products normally incurred by the handler in the receiving, processing, packaging, and distribution of the milk and milk products handled by him, shall be considered his plant shrinkage.

(b) The classification of plant shrinkage shall be determined by computing 2 percent of the volume handled, and comparing the result with the plant shrinkage. Plant shrinkage not in excess of such result shall be classified as Class II milk. Plant shrinkage in excess of such result shall be classified as Class I milk.

DUE DATES AND DETAILS OF HANDLERS' REPORTS

§ 999.110 *Due date of reports of buyer-handlers, producer-handlers, and handlers who operate unregulated distributing plants.* For each month in which a handler is a buyer-handler, producer-handler, or the operator of an unregulated distributing plant, he shall file with the market administrator, on or before the 8th day after the end of the month, a report of his receipts and utilization of fluid milk products.

§ 999.111 *Details of all handlers' reports.* Each handler's report shall include the following information:

(a) The receipts of fluid milk products at each plant from other handlers and dealers, and from any of the handler's unregulated plants.

(b) The receipts of milk from his own production, and from other dairy farmers.

(c) The receipts of outside milk and of exempt milk.

(d) The butterfat test of Class I milk received from New York or Boston order pool plants.

(e) The respective quantities of Class I milk disposed of inside the marketing area and outside the marketing area, showing the quantities disposed of to consumers and the quantities disposed of to individual handlers, dealers, and other milk route operators.

(f) The total quantity of fluid milk products disposed of as Class II milk; and information as to the quantities so disposed of to individual handlers or dealers.

§ 999.112 *Details of pool handlers' reports.* Each pool handler's report shall include the following additional information:

(a) The respective total quantities of milk received at each plant from producers whose farms are located in Franklin, Hampshire, Hampden, Worcester, Middlesex, or Norfolk counties in Massachusetts, and from producers whose farms are located outside these counties; and the number of producers in each group.

(b) Separate totals of receipts at each plant from producers who are members of each association of producers and from nonmembers; and the number of producers in each group.

(c) The name of each producer and the quantity of milk received from him, with the information subdivided according to the producer's farm location and member or nonmember status, as indicated in the preceding paragraphs of this section. However, this paragraph shall not apply to any pool plant at which milk was received from 50 or more producers during the month.

PAYMENTS TO PRODUCERS

§ 999.120 *Averaging of semimonthly butterfat tests.* In making payments for milk to each producer as required by § 999.61 (a), each handler may determine the average butterfat content of the milk by using the simple average of the butterfat tests of semimonthly composite samples of the milk, unless the difference between the semimonthly tests is more than two points (.2%), or the quantity of milk delivered by the producer in either semimonthly period is as much as three times as large as his deliveries in the other semimonthly period.

§ 999.121 *Authorization for deductions.* In making payments to producers as required by §§ 999.60 and 999.61 (a), the burden shall rest upon the handler making deductions from such payments to prove that each deduction is properly authorized, and properly chargeable to the producer.

§ 999.122 *Deductions for cooperative associations.* The following provisions shall apply with respect to the deductions which are provided for in §§ 999.71:

(a) Each handler shall be obligated to make deductions for an association of producers if the association files a claim with the handler for amounts to be deducted from the handler's payments to its members. The claim shall contain a list of the producers, an agreement to indemnify the handler in the making of the deductions, and a certification that the association has an unterminated membership contract with each producer, authorizing the claimed deduction.

(b) Upon receipt of notice from the market administrator that there is an error in the claim filed by an association of producers pursuant to paragraph (a)

of this section, the handler shall be relieved of the obligation to make that part of the deductions which was claimed in error, as determined by the market administrator.

WEIGHTS OF FLUID MILK PRODUCTS

§ 999.140 *Basis for determination of quantity.* The determination of the quantity of fluid milk products received or used by each handler or dealer shall be on the basis of the weight, in pounds, of the fluid milk products, except that in the case of concentrated milk the determination shall be on the basis of the weight, in pounds, of the fluid milk products used to produce the concentrated milk.

§ 999.141 *Standard weights.* In the absence of specific weights, the weight of fluid milk products received or disposed of in a quart or 40-quart container shall be determined according to the following table. The weight of such products in any other container shall be determined by multiplying the equivalent number of quarts by the respective standard weight per quart container, except that, in the absence of specific weights, the weight of such products in a 20-quart container shall be considered to be one-half of the applicable standard weight per 40-quart container.

TABLE OF STANDARD WEIGHTS

Product	Butterfat test (percent)	Weight (pounds)	
		Per quart container	Per 40-quart container
Milk, Flavored milk, Skim milk, Flavored skim milk, Buttermilk, Cultured skim milk	Any test	2.15	85.0
	Any test	2.16	86.0
Cream	16	2.136	84.20
	17	2.134	84.12
	18	2.132	84.04
	19	2.130	83.96
	20	2.128	83.88
	21	2.126	83.80
	22	2.124	83.72
	23	2.122	83.64
	24	2.120	83.56
	25	2.118	83.49
	26	2.116	83.41
	27	2.113	83.31
	28	2.111	83.21
	29	2.109	83.15
	30	2.108	83.09
	31	2.106	83.03
	32	2.105	82.97
	33	2.103	82.91
	34	2.102	82.85
	35	2.100	82.80
	36	2.099	82.74
	37	2.097	82.68
	38	2.096	82.62
	39	2.094	82.56
	40	2.093	82.50
	41	2.091	82.44
	42	2.090	82.38
	43	2.088	82.32
	44	2.087	82.26
	45	2.085	82.20
	46	2.084	82.15
	47	2.082	82.09
	48	2.081	82.03
	49	2.079	81.97
	50	2.078	81.91

Issued at Boston, Massachusetts, this 10th day of October 1951.

[SEAL] RICHARD D. APLIN,
Market Administrator.

[F. R. Doc. 51-12532; Filed, Oct. 17, 1951; 9:01 a. m.]

DEPARTMENT OF LABOR

Wage and Hour Division

[29 CFR Part 677]

PAPER, PAPER PRODUCTS, PRINTING, PUBLISHING, AND RELATED INDUSTRIES IN PUERTO RICO

MINIMUM WAGE RATES

Pursuant to section 5 (a) of the Fair Labor Standards Act of 1938, as amended, hereinafter called the act, the Administrator of the Wage and Hour Division, United States Department of Labor, by Administrative Order No. 411, as amended by Administrative Orders No. 412 and No. 413, appointed Special Industry Committee No. 10 for Puerto Rico, hereinafter called the Committee, and directed the Committee to investigate conditions in a number of industries in Puerto Rico specified and defined in said orders, including the Paper, Paper Products, Printing, Publishing, and Related Industries, and to recommend minimum wage rates for employees engaged in commerce or in the production of goods for commerce in such industries.

For purposes of investigating conditions in and recommending minimum wage rates for the Paper, Paper Products, Printing, Publishing, and Related Industries in Puerto Rico, the Committee included three disinterested persons representing the public, a like number representing employers, and a like number representing employees in the Paper, Paper Products, Printing, Publishing, and Related Industries in Puerto Rico, and was composed of residents of Puerto Rico and of the United States outside of Puerto Rico. After investigating economic and competitive conditions in the Industries, the Committee filed with the Administrator a report containing (a) its recommendations that the Industries be divided into separable divisions for the purpose of fixing minimum wage rates; (b) the titles and definitions recommended by the Committee for such separable divisions of the Industries; and (c) its recommendations for minimum wage rates to be paid employees engaged in commerce or in the production of goods for commerce in such divisions of the Industries.

Pursuant to the notice published in the FEDERAL REGISTER on August 14, 1951, and circulated to all interested persons, a public hearing upon the Committee's recommendations was held before Hearing Examiner E. West Parkinson, as presiding officer, in Washington, D. C., on October 9, 1951, at which all interested parties were given an opportunity to be heard. After the hearing was closed the record of the hearing was certified to the Administrator by the presiding officer.

Upon reviewing all the evidence adduced in this proceeding and giving consideration to the provisions of the act, particularly sections 5 and 8 thereof, I have concluded that the recommendations of the Committee for minimum wage rates in the Paper, Paper Products, Printing, Publishing and Related Industries in Puerto Rico and its Divisions, as defined, were made in accordance with law, are supported by the evidence adduced at the hearing, and, taking into consideration the same factors as are required to be considered by the Committee, will carry out the purposes of sections 5 and 8 of the act.

I have set forth my decision in a document entitled "Findings and Opinion of the Administrator in the Matter of the Recommendations of Special Industry Committee No. 10 for Minimum Wage Rates in the Paper, Paper Products, Printing, Publishing and Related Industries in Puerto Rico", a copy of which may be had upon request addressed to the Wage and Hour Division, United States Department of Labor, Washington 25, D. C.

Accordingly, notice is hereby given, pursuant to the Administrative Procedure Act (60 Stat. 237; 5 U. S. C. 1001) and the rules of practice governing this proceeding (16 F. R. 2684), that I propose to approve the Committee's recommendations for the Paper, Paper Products, Printing, Publishing, and Related Industries, and to revise this part to read as set forth below, to carry such recommendations into effect.

Within 15 days from publication of this notice in the FEDERAL REGISTER, interested parties may submit written exceptions. Exceptions should be addressed to the Administrator of the Wage and Hour Division, United States Department of Labor, Washington 25, D. C. They should be submitted in quadruplicate, and should include supporting reasons for any exceptions.

Sec.
677.1 Wage rates.
677.2 Notices of order.
677.3 Definitions of the Paper, Paper Products, Printing, Publishing, and Related Industries in Puerto Rico and its divisions.

AUTHORITY: Secs. 677.1 to 677.3 issued under sec. 8, 63 Stat. 915; 29 U. S. C. 208. Interpret or apply sec. 5, 63 Stat. 911; 29 U. S. C. 205.

§ 677.1 *Wage rates.* (a) Wages at a rate of not less than 60 cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the daily newspaper division of the Paper, Paper Products, Printing, Publishing, and Related Industries in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

(b) Wages at a rate of not less than 55 cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the paper box division of the Paper, Paper Products, Printing, Publishing, and Related Industries in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

(c) Wages at a rate of not less than 45 cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the paper bag division of the Paper, Paper Products, Printing, Publishing, and Related Industries in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

(d) Wages at a rate of not less than 40 cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the paper board division of the Paper, Paper Products, Printing, Publishing, and Related Industries in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

(e) Wages at a rate of not less than 40 cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the general division of the Paper, Paper Products, Printing, Publishing, and Related Industries in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

§ 677.2 *Notices of order.* Every employer employing any employees so engaged in commerce or in the production of goods for commerce in the Paper, Paper Products, Printing, Publishing, and Related Industries in Puerto Rico shall post and keep posted in a conspicuous place in each department of his establishment where such employees are working such notices of this order as shall be prescribed from time to time by the Wage and Hour Division of the United States Department of Labor and shall give such other notice as the Division may prescribe.

§ 677.3 *Definitions of the Paper, Paper Products, Printing, Publishing and Related Industries in Puerto Rico and its divisions.* (a) The manufacture of pulp from wood, rags and other fibers; the conversion of such pulp into paper or paper board; the manufacture of building board from bagasse and similar materials; the manufacture of paper, paper board and pulp into bags, boxes, containers, tags, cards, envelopes, pressed and molded pulp goods and all other converted paper products, and the manufacture of all like products in which a synthetic material in sheet form, such as cellophane and pliofilm, is the basic component; the printing performed on any of the foregoing products; and the printing or publishing of newspapers, books, periodicals, maps, music and all other products or services of typesetters and advertising typographers, electrotypers and stereotypers, photoengravers, steel and copper plate engravers, commercial printers, lithographers, gravure printers, private printing plants of concerns engaged in other business, binderies, and news syndicates.

(b) The separable divisions of the industries, as defined in paragraph (a) of this section, to which this part shall apply, are hereby defined as follows:

(1) *Daily newspaper division.* This division consists of the printing or publishing of daily newspapers.

(2) *Paper box division.* This division consists of the manufacture of corrugated, folding, and set-up paper boxes.

(3) *Paper board division.* This division consists of the manufacture of paper board, including, but without limitation, the manufacture of pulp therefor from wood, waste paper, rags, and other fibers, the conversion of the pulp into paper board, and the collection and sorting of waste paper to be used in the manufacture of the paper board.

(4) *Paper bag division.* This division consists of the manufacture of paper bags.

(5) *General division.* This division consists of all products and activities included in the Paper, Paper Products, Printing, Publishing and Related Industries in Puerto Rico, as defined in this section, except those included in the daily newspaper division, paper box division, paper board division, and paper bag division, as defined in this paragraph.

Signed at Washington, D. C., this 12th day of October 1951.

WM. R. MCCOMB,
Administrator,
Wage and Hour Division.

[F. R. Doc. 51-12492; Filed, Oct. 17, 1951; 8:54 a. m.]

[29 CFR Part 699]

GENERAL DIVISION OF TEXTILE AND TEXTILE PRODUCTS INDUSTRY IN PUERTO RICO

MINIMUM WAGE RATES

On May 11, 1951, pursuant to section 5 of the Fair Labor Standards Act of 1938, as amended, hereinafter called the act, the Administrator of the Wage and Hour Division, United States Department of Labor, by Administrative Order No. 411, appointed Special Industry Committee No. 10 for Puerto Rico, hereinafter called the Committee, and directed the Committee to investigate conditions in a number of industries in Puerto Rico specified and defined in the order, including the General Division of the Textile and Textile Products Industry, and to recommend minimum wage rates for employees engaged in commerce or in the production of goods for commerce in such industries.

For purposes of investigating conditions in and recommending minimum wage rates for the General Division of the Textile and Textile Products Industry in Puerto Rico, the Committee included three disinterested persons representing the public, a like number representing employers, and a like number representing employees in the industry, and was composed of residents of Puerto Rico and of the United States outside of Puerto Rico.

After investigating economic and competitive conditions in the General Division of the Textile and Textile Products Industry in Puerto Rico, the Committee filed with the Administrator a report containing its recommendation for a minimum wage rate of 35 cents per hour to be paid employees engaged in commerce or in the production of goods for commerce in the industry.

Pursuant to notice published in the FEDERAL REGISTER August 14, 1951, and circulated to all interested persons, a public hearing upon the Committee's recommendation was held before Hearing Examiner E. West Parkinson, as presiding officer, in Washington, D. C., on October 9, 1951, at which all interested parties were given an opportunity to be heard. After the hearing was closed the record of the hearing was certified to the Administrator by the presiding officer.

Upon reviewing all the evidence adduced in this proceeding and after giving consideration to the provisions of the act, particularly sections 5 and 8 thereof, I have concluded that the recommendation of the Committee for a minimum wage rate of 35 cents per hour in the General Division of the Textile and Textile Products Industry, as defined, was made in accordance with law, is supported by the evidence adduced at the hearing, and, taking into consideration the same factors as are required to be considered by the Committee, will carry out the purposes of sections 5 and 8 of the act.

I have set forth my decision in a document entitled "Findings and Opinion of the Administrator in the Matter of the Recommendation of Special Industry Committee No. 10 for Puerto Rico for a Minimum Wage Rate in the General Division of the Textile and Textile Products Industry in Puerto Rico," a copy of which may be had upon request addressed to the Wage and Hour Division, United States Department of Labor, Washington 25, D. C.

Accordingly, notice is hereby given, pursuant to the Administrative Procedure Act (60 Stat. 237; 5 U. S. C. 1001) and the rules of practice governing this proceeding, that I propose to approve the recommendation of the Committee for the General Division of the Textile and Textile Products Industry and to amend this part as set forth below to carry such recommendation into effect.

Within 15 days from publication of this notice in the FEDERAL REGISTER, interested parties may submit written exceptions to the proposed action. Exceptions should be addressed to the Administrator of the Wage and Hour Division, United States Department of Labor, Washington 25, D. C. They should be submitted in quadruplicate, and should include supporting reasons for any exceptions.

1. Amend § 699.2 (e) to read as follows:

§ 699.2 *Wage rates.* * * *

(e) Wages at a rate of not less than 35 cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the General Division of the Textile and Textile Products Industry in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

2. Amend § 699.4 (b) (1) to read as follows:

§ 699.4 *Definitions of the textile and textile products industry in Puerto Rico and its divisions.* * * *

(b) The separable divisions of the industry, as defined in paragraph (a) (1) of this section, to which this order and its several provisions shall apply, are hereby defined as follows:

(1) *General division.* This division consists of the preparation of textile fi-

bers; the manufacture of batting, wadding, and filling; the manufacture of yarn, cordage, twine, felt, woven and knitted fabrics, and lace machine products, from cotton, jute, sisal, coir, maguey, silk, rayon, nylon, wool or other vegetable, animal, or synthetic fibers, or from mixtures of these fibers; and the manufacture of blankets, textile bags, oil cloth and artificial leather, and woven carpets and rugs: *Provided, however,* That the definition shall not include the ginning and compressing of cotton; the manufacture from any fiber of hand-loomed fabrics, blankets, rugs and similar textiles; the manufacture from kenaf, coir, sisal, jute or other hard or coarse textile fiber or mixtures of these fibers of yarn, bagging, bags, rope, matting, and similar textiles and textile products; and the chemical manufacturing of synthetic fiber and such related processing of yarn as is conducted in establishments manufacturing synthetic fiber. * * *

(Sec. 8, 63 Stat. 915; 29 U. S. C. 208)

Signed at Washington, D. C., this 12th day of October 1951.

WM. R. MCCOMB,
Administrator,
Wage and Hour Division.

[F. R. Doc. 51-12491; Filed, Oct. 17, 1951; 8:53 a. m.]

NOTICES

DEPARTMENT OF THE TREASURY

United States Coast Guard

[CGFR 51-51]

NAVIGATION AND VESSEL INSPECTION LAWS AND REGULATIONS APPLICABLE IN THE PACIFIC NORTHWEST

NOTICE OF HEARING

1. The Commander, 13th Coast Guard District, United States Coast Guard, will hold a public hearing at 10:00 a. m., P. s. t., on Monday, October 29, 1951, at the Coast Guard District Office, 618 Second Avenue, Seattle 4, Washington, for the purpose of receiving comments on and discussing matters pertaining to the maritime industry which are peculiar to the Pacific Northwest and over which the Coast Guard has jurisdiction.

2. The following subjects will be considered at this hearing:

(a) Application and administration of marine inspection requirements to the merchant marine in the Pacific Northwest.

(b) Classificaiton of the waters for inspection and navigation purposes in the Pacific Northwest.

3. All persons interested in the marine industry in the Pacific Northwest are invited to attend this hearing. It will be appreciated if interested persons or parties will inform the Commander, 13th Coast Guard District, 618 Second Avenue, Seattle 4, Washington, whether or not they will attend or have a representative present, stating name and position in their organization (if any), and if time is desired to present comments orally. Briefs or written comments will be welcomed from those present at this hearing or from those unable to attend.

Dated: October 15, 1951.

[SEAL] MERLIN O'NEILL,
Vice Adm., U. S. Coast Guard,
Commandant.

[F. R. Doc. 51-12505; Filed, Oct. 17, 1951; 8:53 a. m.]

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

ALASKA

SHORE SPACE RESTORATION ORDER NO. 464

OCTOBER 11, 1951.

By virtue of the authority contained in the act of June 5, 1920 (41 Stat. 1059, 48 U. S. C. 372), and pursuant to section 2.22 (a) (3), of Order No. 1, Bureau of Land Management, Region VII, approved by the Acting Secretary of the Interior August 20, 1951 (16 F. R. 8625, 8627), it is ordered as follows:

Subject to valid existing rights and the provisions of existing withdrawals, the 80-rod shore space reserve created under the act of May 14, 1898 (30 Stat. 409), as amended by the act of March 3, 1903 (32 Stat. 1028, 48 U. S. C. 371), is hereby revoked as to the following described lands:

A tract of land located on Gastineau Channel, Alaska, more particularly described as follows: 0.5 acres beginning at Corner No. 1 which point is identical with Meander Corner No. 7, U. S. Survey 2433, thence northwesterly along Meander Line of Gastineau Channel 200' more or less to Corner No. 2, thence S. 60° 57' W., 100' more or less to Corner No. 3 identical to the near boundary of highway right-of-way, thence southeasterly along the boundary of the highway right-of-way 200' more or less to Corner No. 4, identical intersection of highway right-of-way and line 6-7 U. S. Survey 2433, thence N. 60° 57' E., 100' more or less to Corner No. 1 the point of beginning. Containing approximately 0.5 acres (homesite settlement claim and petition for shorespace restoration of John Walfred Bergquist, Anchorage 017539).

A tract of land located on Alexander Creek, Alaska described as follows: Commencing at USLM No. 1824; thence 660' in a generally easterly direction along the north bank of Alexander Creek to Corner No. 2; thence in a northerly direction 330' to Corner No. 3; thence westerly 660' to Corner No. 4; thence southerly 330' to place of beginning containing approximately 5 acres (homesite application and petition for shorespace restoration of Carl Gustav Adolph Thiele Anchorage 016987).

No application for these lands may be allowed under the Small Tract Act of June 1, 1938 (52 Stat. 609; 43 U. S. C. 682a), unless the land has already been classified as valuable or suitable for such type of application or shall be so classified upon consideration of an application.

At 10:00 a. m. on October 31, 1951, the lands shall, subject to valid existing rights and the provisions of existing withdrawals become subject to application, petition, location, or selection as follows:

(a) *Ninety-day period for preference-right filings.* For a period of 90 days from October 31, 1951, to January 28, 1952, inclusive, the public lands affected by this order shall be subject to (1) application under the homestead or homesite laws, or the small tract act of June 1, 1938 (52 Stat. 609, 43 U. S. C. sec. 682a) as amended by qualified veterans of World War II, for whose service recognition is granted by the act of September 27, 1944 (58 Stat. 747, 43 U. S. C. secs. 279-283), as amended, subject to the requirements of applicable law, and (2) application under any applicable public-land law, based on prior existing valid settlement rights and preference rights conferred by existing laws or equitable claims subject to allowance and confirmation. Applications by such veterans shall be subject to claims of the classes described in subdivision (2).

(b) *Twenty-day advance period for simultaneous preference-right filings.* For a period of 20 days from October 11, 1951, to October 30, 1951, inclusive, such veterans and persons claiming preference rights superior to those of such veterans, may present their applications, and all such applications, together with those presented at 10:00 a. m. on October 31, 1951, shall be treated as simultaneously filed.

(c) *Date for non-preference right filings authorized by the public land laws.* Commencing at 10:00 a. m. on January 29, 1952, any of the lands remaining unappropriated shall become subject to such application, petition, location, or selection by the public generally as may be authorized by the public land laws.

(d) *Twenty-day advance period for simultaneous non-preference right filings.* Applications by the general public may be presented during the 20-day period from January 9, 1952, to January 28, 1952, inclusive, and all such applications, together with those presented at 10:00 a. m. on January 29, 1952, shall be treated as simultaneously filed.

A veteran shall accompany his application with a complete photostatic, or other copy (both sides), of his certificate of honorable discharge, or of an official document of his branch of the service which shows clearly his honorable discharge as defined in § 181.36 of Title 43 of the Code of Federal Regulations, or constitutes evidence of other facts upon which the claim for preference is based and which shows clearly the period of service. Other persons claiming credit for service of veterans must furnish like proof in support of their claims. Persons asserting preference rights, through settlement or otherwise, and those having equitable claims, shall accompany their applications by duly corroborated statements in support thereof, setting

forth in detail all facts relevant to their claims.

Applications for these lands, which shall be filed in the Land Office at Anchorage, Alaska, shall be acted upon in accordance with the regulations contained in § 295.8 of Title 43 of the Code of Federal Regulations (Circular No. 324, May 22, 1914, 43 L. D. 254), to the extent that such regulations are applicable. Applications under the homestead and homesite laws shall be governed by the regulations contained in Parts 64, 65 and 66, of Title 43 of the Code of Federal Regulations and applications under the small tract act of June 1, 1938, as amended, shall be governed by the regulations contained in Part 257 of that title.

Inquiries concerning these lands shall be addressed to the Land Office at Anchorage, Alaska.

HAROLD T. JORGENSON,
Chief, Division of Land Planning.

[F. R. Doc. 51-12464; Filed, Oct. 17, 1951; 8:49 a. m.]

ALASKA

SHORE SPACE RESTORATION ORDER NO. 465

OCTOBER 11, 1951.

By virtue of the authority contained in the act of June 5, 1920 (41 Stat. 1059, 48 U. S. C. 372), and pursuant to section 2.22 (a) (3), of Order No. 1, Bureau of Land Management, Region VII, approved by the Acting Secretary of the Interior August 20, 1951 (16 F. R. 8625, 8627), it is ordered as follows:

Subject to valid existing rights and the provisions of existing withdrawals, the 80-rod shore space reserve created under the act of May 14, 1898 (30 Stat. 409), as amended by the act of March 3, 1903 (32 Stat. 1028, 48 U. S. C. 371), is hereby revoked as to the following described lands:

A tract of land located on Tongass Narrows, Alaska, identified as Lot 22 U. S. Survey 2603 containing approximately 3.20 acres (homesite application and petition for shore space restoration of Salmer O. Aanstad, Anchorage 016718)

A tract of land on Tongass Narrows, Alaska, identified as Homesite 880 Lot 71, U. S. Survey 3020 containing approximately 4.17 acres (homesite application and petition for shore space restoration of Elmer E. Dravage, Anchorage 015963)

A tract of land located on Narrow Strait, Alaska, identified as follows: from Corner No. 3 M. C. of U. S. Survey No. 1974 on Spruce Island run approximately 1200' in a southwesterly direction (approximately south 81° 41' west) along the mean high tide mark to Corner No. 1 the true point of the beginning; thence north 27° 30' west a distance of 500' to Corner No. 2; thence at right angles in a southwesterly direction a distance of 400' to Corner No. 3; thence at right angles in a southwesterly direction a distance of approximately 500' to the mean high mark of the Small Bay on the north side of Narrow Strait to Corner No. 4, thence following the mean high tide mark of the said bay in a northeasterly direction a distance of approximately 400' to the point of beginning, (homesite application of Fred A. Torsen, Anchorage 016294) containing approximately 5 acres.

A tract of land located on Bumble Bay, Alaska identified as follows: commencing at mean high tide at Bumble Bay, Kodiak Island 60' southwest of U. S. Land Monument No. 2310, this to be known as Corner No. 1; thence in a northeasterly direction following the mean high tide line of Bumble Bay for a distance of 660' to Corner No. 2; thence turning 90° to the right and in a southeasterly direction for a distance of 330' to Corner No. 3; thence turning 90° to the right in a southwesterly direction and paralleling the beach of Bumble Bay for a distance of 660' to Corner No. 4; thence turning 90° to the right and in a northwesterly direction for a distance of 330' to Corner No. 1 point of beginning. (Headquarters site application of Alf Madsen, Anchorage 014762) containing approximately 5 acres.

A tract of land located on Auke Lake, Alaska identified as Lot L, U. S. Survey 2386 containing approximately 1.92 acres (homesite application of Arthur Kobbivik, Anchorage 015277).

A tract of land located on Tongass Narrows, Alaska, identified as Lot 25B, U. S. Survey 2990 containing approximately 0.30 acre (homesite application of Edwin Jones, Anchorage 018050).

A tract of land located on Warm Springs Bay, Alaska to be identified as U. S. Survey 3110 containing approximately 1.04 acres (homesite application and petition for free survey of Fred Bahovec, Anchorage 016916).

HAROLD T. JORGENSON,
Chief,
Division of Land Planning.

[F. R. Doc. 51-12465; Filed, Oct. 17, 1951; 8:49 a. m.]

ALASKA

SHORE SPACE RESTORATION ORDER NO. 466

OCTOBER 11, 1951.

By virtue of the authority contained in the act of June 5, 1920 (41 Stat. 1059, 48 U. S. C. 372), and pursuant to section 2.22 (a) (3), of Order No. 1, Bureau of Land Management, Region VII, approved by the Acting Secretary of the Interior August 20, 1951 (16 F. R. 8625, 8627), it is hereby determined that the lands described below are not necessary for harborage uses and purposes and that no shorespace reserve in such lands shall now or hereafter be created under the act of May 14, 1898 (30 Stat. 409), as amended by the act of March 3, 1903 (32 Stat. 1028, 48 U. S. C. 371), by the initiation of claims under the public land laws:

Unsurveyed lands, described as follows:

All lands on Spruce Island, Alaska, abutting or lying within 80 rods of the shore of Marmot Bay, more particularly described as follows: Beginning at the point of intersection of the shore of Spruce Island with lat. 57°57'32.75" N., long. 152°28'45" W.; thence following the meanders of the shore of Spruce Island in a southerly direction to the point of intersection of the shore of said Spruce Island with lat. 57°56'30" N., long. 152°28'56" W.

All lands abutting or lying within 80 rods of the south shore of Grantly Harbor and Port Clarence, Alaska, more particularly described as follows: Beginning at the point of intersection of the shore of Grantly Harbor with lat. 65°15'00" N., long. 166°10'00" W.; thence following the meanders of the south shore of Grantly Harbor and Port Clarence in a westerly direction to the point of intersection of the shore of Port Clarence with lat. 65°16'45" N., long. 166°50'00" W.

HAROLD T. JORGENSON,
Chief,
Division of Land Planning.

[F. R. Doc. 51-12466; Filed, Oct. 17, 1951; 8:50 a. m.]

Office of the Secretary

EDDY AND LEA COUNTIES, NEW MEXICO

OIL AND GAS, AND POTASH LEASING AND DEVELOPMENT WITHIN POTASH AREA

1. For the purpose of providing for concurrent operations in the prospecting for and the development and production of oil and gas and potash deposits owned by the United States within the area herein described and designated as "Potash Area" (see Schedule A), and for the purpose of opening to oil and gas leasing certain lands (see Schedule B) which have heretofore been withheld from such leasing and, subject to valid existing rights as to leases heretofore issued, it is ordered as follows:

1. *Oil and gas leases for that part of Potash Area covered by order of February 6, 1939.* (a) The order of the Secretary of the Interior dated February 6, 1939 (4 F. R. 1012), withholding certain lands in New Mexico from application or lease under the oil and gas provisions of the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended, is hereby revoked.

(b) The lands described in the order dated February 6, 1939 (except the E½SE¼, sec. 24, and the E½E½, W½SE¼, S½SW¼, sec. 25, T. 20 S., R. 29 E., N. M. M., which were withdrawn from all forms of entry by Public Land Order No. 569, 14 F. R. 1086), shall be open for oil and gas leasing as of the date of this notice, and offers on form No. 4-1158, Second Edition, received up to and including November 16, 1951, at the Land and Survey Office, Bureau of Land Management, Santa Fe, New Mexico, for lands subject to noncompetitive leasing under section 17 of the Mineral Leasing Act, as amended, shall be regarded as simultaneously filed.

(c) During the period from the date of this order to and including November 16, 1951, the following rules must be followed in applying for oil and gas leases:

(i) Each offer must cover all the Federal land subject to noncompetitive oil and gas leasing contained in a particular section and must not cover more than one section.

(ii) All offers of any offeror shall be rejected if the offeror's interests, direct and indirect, in oil and gas leases and offers and applications therefor on Federal lands in the State of New Mexico, including the offers filed pursuant to this notice exceed 15,360 chargeable acres. Where a corporation, or association, files an application for the Federal lands in a section, no person who owns an interest of 10 percent or more in such corporation or association shall be eligible to file an offer for the same area.

(iii) It will be necessary to file only one copy of each offer to lease and lease form for each section. If the offeror is successful, the Manager will execute the form and arrange to obtain the additional copies.

(iv) Each offer, accompanied by two separate checks or money orders, must be enclosed in a separate sealed envelope. One check or money order must be for $10 to cover the filing fee. The second check or money order must cover the first year's rental (50 cents per acre).

(v) The front of each envelope must be marked to show the nature of the contents and the section involved as follows:

Oil and Gas Offer, Potash Area
Sec. ------ T. ------, R. ------

(vi) Any offer filed during the prescribed period that does not conform to all the requirements of this notice shall be rejected.

(d) If necessary, a drawing will be held to determine the successful offeror for each section. Such drawing will commence at 10 a. m., m. s. t., November 20, 1951, at the Land and Survey Office, Santa Fe, New Mexico.

(e) Each successful applicant for a noncompetitive oil and gas lease, and any party awarded a competitive lease, for lands included in schedule B will be required, as a condition to the issuance of such lease, to execute a stipulation agreeing that:

(i) No wells will be drilled for oil or gas in formations above the base of the Delaware sand, or above a depth of 5,000 feet, whichever is the lesser, except upon approval of the Director of the Geological Survey, it being understood that drilling for production to these formations will be permitted only in the event that it is satisfactorily established that such drilling will not interfere with the mining and recovery of potash deposits or the interest of the United States would best be subserved thereby.

(ii) No wells will be drilled for oil or gas in formations below the base of the Delaware sand, or below a depth of 5,000 feet, whichever is the lesser, except pursuant to a unit plan approved by the Director of the Geological Survey, unless drilling is otherwise required or approved by the Director to protect the lease from drainage.

(iii) No wells will be drilled for oil or gas at a location which, in the opinion of the Oil and Gas Supervisor of the Geological Survey, would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

(iv) The drilling or the abandonment of any well on said lease shall be done in accordance with applicable oil and gas operating regulations including such requirements as the Oil and Gas Supervisor of the Geological Survey may prescribe as necessary to prevent the infiltration of oil, gas, or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

2. *Oil and gas leases for lands in Potash Area not covered by order of February 6, 1939.* (a) As a condition to the issuance of either a non-competitive or a competitive lease, or the granting of any renewal or extension of any existing lease, embracing such lands, the applicant, the successful bidder, or the lessee, as the case may be, will be required to execute a stipulation identical to that specified in item 1 (e) hereof.

(b) Upon the discovery hereafter of any oil or gas pool or field embracing all or part of any nonunitized oil and gas lease heretofore issued, unit operation will be required under the applicable unitization provisions of the lease and the Mineral Leasing Act of 1920, as amended, unless it is shown to the satisfaction of the Secretary of the Interior that independent operation will not jeopardize maximum economic recovery of the natural resources of the area.

3. *Potash leases.* All potash permits and leases hereafter issued or existing potash leases hereafter renewed for federal lands within the Potash Area, shall be subject to a requirement, either to be included in the lease or permit or imposed as a stipulation, to the effect that no mining or exploratory operations will be conducted that, in the opinion of the Mining Supervisor of the Geological Survey, would constitute a hazard to oil or gas production, or that would unreasonably interfere with the orderly development and production under any oil or gas lease issued for the same land.

4. *Maps and surveys.* (a) Well records and survey plats that an oil and gas lessee must file, pursuant to applicable operating regulations (30 CFR Part 221), shall be available for inspection at the office of the Oil and Gas Supervisor, to any party holding a potash permit or lease on the land on which the well is situated insofar as such records are pertinent to the mining and protection of potash deposits.

(b) Maps of mine workings and surface installations, and records of core analyses that a potash lessee must file pursuant to applicable operating regulations (30 CFR Part 231), shall be available for inspection at the office of the Mining Supervisor, to any party holding an oil and gas lease on the same land insofar as such maps or records are pertinent to the development and protection of oil and gas deposits.

5. *Unit plans.* Any unit plan hereafter approved or prescribed that includes oil and gas leases covered by this notice shall include a provision embodying in substance the requirements set forth in items 1 (e) (iii) and (iv) and 4 (a), hereof.

6. *Definition.* The word "potash" as used herein shall be deemed to embrace potassium and associated minerals as specified in the act of February 7, 1927 (44 Stat. 1057).

II. Except to the extent herein modified the general regulations contained in 43 CFR, Parts 191 and 192, governing the leasing and development of oil and gas and in 43 CFR, Part 194, governing the leasing and development of potash deposits shall be applicable to the lands covered hereby. Copies of this notice and copies of form No. 4–1158, Second Edition, titled "Offer to Lease and Lease for Oil and Gas" can be obtained from the Land and Survey Office, Bureau of Land Management, Santa Fe, N. Mex.

SCHEDULE A

DESIGNATED POTASH AREA

New Mexico Principal Meridian

T. 19 S., R. 29 E.,
Sec. 11, SE¼;
Sec. 12, S½;
Secs. 13, and 14;
Sec. 23, N½;
Sec. 24, N½.
T. 20 S., R. 29 E.,
Sec. 12, NE¼SE¼, and S½SE¼;
Sec. 13, NE¼, and S½;
Sec. 24, N½;
Sec. 36.
T. 21 S., R. 29 E.,
Secs. 1 and 2;
Sec. 3, E½;
Sec. 10, E½;
Sec. 11 to 15 inclusive;
Sec. 22, N½N½;
Sec. 23, N½;
Secs. 24 and 25;
Sec. 35, E½;
Sec. 36.
T. 22 S., R. 29 E.,
Secs. 1 and 2;
Sec. 3, S½;
Sec. 9, E½;
Secs. 10 to 16 inclusive;
Sec. 17, E½;
Sec. 20, E½;
Secs. 21 to 28 inclusive;
Secs. 33 to 36 inclusive.
T. 23 S., R. 29 E.,
Secs. 1 to 3 inclusive;
Secs. 4, E½;
Sec. 9, E½;
Secs. 10 to 15 inclusive;
Secs. 22 to 27 inclusive;
Secs. 34 to 36 inclusive.
T. 18 S., R. 30 E.,
Sec. 12, S½;
Secs. 13 and 14;
Sec. 15, SE¼;
Sec. 21, SE¼;
Secs. 22 to 24 inclusive;
Sec. 25, W½;
Secs. 26 to 28 inclusive;
Sec. 29, SE¼;
Sec. 32, NE¼, and S½;
Secs. 33 and 34;
Sec. 35, W½.
T. 19 S., R. 30 E.,
Secs. 2 to 5 inclusive;
Sec. 6, SE¼;
Sec. 7, NE¼, and S½;
Secs. 8 to 36 inclusive.
T. 20 S., R. 30 E.;
T. 21 S., R. 30 E.,
Secs. 1 to 11 inclusive;
Sec. 12, S½;
Secs. 13 to 22 inclusive;
Sec. 23, N½;
Sec. 24, N½;
Secs. 27 to 34 inclusive;
Sec. 35, S½.
T. 22 S., R. 30 E.,
Secs. 1 to 24 inclusive;
Sec 25, W½;
Secs. 26 to 35 inclusive;
Sec. 36, W½.
T. 23 S., R. 30 E.,
Sec. 1, S½;
Secs. 2 to 36 inclusive.
T. 24 S., R. 30 E.,
Sec. 1, N½;
Sec. 2, N½;
Sec. 3, N½.
T. 18 S., R. 31 E.,
Sec. 18, W½.
T. 19 S., R. 31 E.,
Secs. 9 and 10;
Sec. 11, W½;
Sec. 14, W½;
Secs. 15 to 17 inclusive;
Secs. 19 to 22 inclusive;
Sec. 23, W½;

Sec. 25, S½;
Secs. 26 to 36 inclusive.
T. 20 S., R. 31 E.;
T. 21 S., R. 31 E.,
Sec. 1, lots 1 to 16 inclusive;
Sec. 2, lots 1 to 16 inclusive;
Sec. 4, W½;
Secs. 5 and 6;
Sec. 18, S½;
Sec. 19, N½.
T. 22 S., R. 31 E.,
Secs. 4 to 9 inclusive;
Secs. 17 and 18;
Sec. 19, N½.
T. 23 S., R. 31 E.,
Sec. 7;
Sec. 8, S½;
Sec. 16, SW¼;
Secs. 17 to 20 inclusive;
Sec. 21, W½;
Secs. 28 to 33 inclusive.
T. 24 S., R. 31 E.,
Secs. 4 to 6 inclusive.
T. 19 S., R. 32 E.,
Sec. 23, S½;
Secs. 24 to 27 inclusive;
Sec. 28, S½;
Sec. 31, S½;
Sec. 32, S½;
Secs. 33 to 36 inclusive.
T. 20 S., R. 32 E.;
T. 21 S., R. 32 E.,
Secs. 1 to 17 inclusive;
Secs. 21 to 27 inclusive;
Secs. 35 and 36.
T. 19 S., R. 33 E.,
Secs. 19, 30 and 31.
T. 20 S., R. 33 E.,
Secs. 5 to 9 inclusive;
Secs. 15 to 23 inclusive;
Secs. 25 to 36 inclusive.
T. 21 S., R. 33 E.,
Secs. 4 to 9 inclusive;
Secs. 16 to 21 inclusive;
Secs. 28 to 33 inclusive.
T. 22 S., R. 33 E.,
Secs. 4 to 6 inclusive.
T. 20 S., R. 34 E.,
Sec. 31.

The area described, including both public and nonpublic lands, aggregates approximately 298,345 acres.

SCHEDULE B

LANDS COVERED BY ORDER OF FEBRUARY 6, 1939, WITHIN POTASH AREA [1]

T. 20 S., R. 29 E.,
Sec. 12, SE¼SE¼;
Sec. 13, E½E½, and NW¼NE¼;
Sec. 24, E½NE¼;
Sec. 36.
T. 21 S., R. 29 E.,
Sec. 1;
Sec. 11, N½NE¼, SW¼NE¼, N½NW¼, SE¼NW¼, and SE¼;
Sec. 12;
Sec. 13, E½, and S½SW¼;
Sec. 14, SW¼NE¼, SW¼, and S½SE¼;
Sec. 15, NE¼, NE¼NW¼, S½NW¼, and S½;
Sec. 22, N½N½;
Sec. 23, N½N½;
Sec. 24, NE¼, and N½NW¼.
T. 22 S., R. 29 E.,
Sec. 1;
Sec. 11, E½, N½NW¼, and S½SW¼;
Secs. 12 to 14, inclusive;
Secs. 23 and 24;
Sec. 25, NE¼, NE¼NW¼, S½NW¼, and S½;
Sec. 26, W½NW¼, and S½;
Sec. 35, NE¼.
T. 19 S., R. 30 E.,
Sec. 22, S½;
Sec. 23, S½N½, and S½;
Sec. 24;
Sec. 25, NE¼, NE¼NW¼, S½NW¼, and S½;
Secs. 26 and 27;
Sec. 28, SE¼;
Secs. 33 to 35 inclusive.
T. 20 S., R. 30 E.,
Sec. 3, lots 2, 3, and 4, S½N½, and S½;
Sec. 4;
Sec. 5, lots 1, 2, 3, and 4, S½N½, N½SW¼, SE¼SW¼, and SE¼;
Sec. 6, E½SE¼;
Sec. 7, lots 3 and 4, NE¼NE¼, S½NE¼, SE¼NW¼, E½SW¼, and SE¼;
Secs. 8 to 10 inclusive;
Sec. 13, SE¼;
Sec. 14, NW¼NE¼, S½NE¼, NW¼, and S½;
Sec. 15;
Sec. 21, N½NE¼;
Sec. 22, N½;
Sec. 23, N½;
Sec. 24, NW¼;
Sec. 25, NE¼, and S½;
Sec. 31, lots 1, 2, 3, and 4, E½W½;
Sec. 35, S½.
T. 21 S., R. 30 E.,
Sec. 3, lots 3, 4, 5, 6, 11, 12, 13, and 14, SW¼;
Secs. 4 to 7 inclusive;
Sec. 8, NE¼, NE¼NW¼, S½NW¼, and S½;
Sec. 9;
Sec. 10, W½;
Secs. 17 and 18;
Sec. 19, lots 1, 2, 3, and 4, NE¼, and E½NW¼;
Sec. 20, N½N½;
Sec. 31.
T. 22 S., R. 30 E.,
Secs. 6 and 7;
Secs. 18 to 20 inclusive;
Sec. 21, W½E½, and W½;
Secs. 28 and 29;
Sec. 30, lots 1, 2, 3, and 4, N½NE¼, SE¼NE¼, E½W½, and SE¼;
Sec. 31, lot 1.
T. 19 S., R. 31 E.,
Secs. 19, 30, and 31.
T. 20 S., R. 31 E.,
Secs. 28 to 31 inclusive;
Sec. 33.

The areas described aggregate 42,245.18 acres.

Dated: October 16, 1951.

OSCAR L. CHAPMAN,
Secretary of the Interior.

[F. R. Doc. 51-12547; Filed, Oct. 18, 1951; 8:46 a. m.]

[1] Of the lands included in this schedule, the following tracts are covered by outstanding leases or are within the limits of a known geologic structure of a producing oil or gas field: E½NE¼, sec. 24, T. 20 S., R. 29 E., S½NE¼, SE¼, sec. 9, W½SE¼, SW¼, SE¼SE¼, sec. 10, sec. 15 (all), N½NE¼, sec. 21, T. 20 S., R. 30 E. The SE¼NE¼, sec. 11, T. 21 S., R. 29 E., is included in the order of February 6, 1939, but is omitted from this schedule because it is state land.

CIVIL AERONAUTICS BOARD

[Docket No. 2021]

ALASKA AIRLINES, INC.

NOTICE OF HEARING

In the matter of the compensation for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith, of Alaska Airlines, Inc., over its entire system.

Notice is hereby given, pursuant to the provisions of the Civil Aeronautics Act of 1938, as amended, that a hearing in the above-entitled matter is assigned to be held on October 18, 1951, at 10:00 a. m., e. s. t., in Room E-210, Temporary Building No. 5, Sixteenth Street and Constitution Avenue NW., Washington, D. C., before Examiner Barron Fredricks.

Dated at Washington, D. C., October 15, 1951.

By the Civil Aeronautics Board.

[SEAL] M. C. MULLIGAN,
Secretary.

[F. R. Doc. 51-12526; Filed, Oct. 17, 1951; 9:01 a. m.]

ECONOMIC STABILIZATION AGENCY

Office of Price Stabilization

[Ceiling Price Regulation 7, Section 43, Special Order 5, Amdt. 3]

COOPERS, INC.

CEILING PRICES AT RETAIL

Statement of considerations. Special Order 5 under section 43 of Ceiling Price Regulation 7 established ceiling prices for sales at retail of men's and boys' underwear manufactured by Coopers, Inc.

Coopers, Inc., has filed an application for an amendment to this special order to include cost lines which were covered by the original special order, as issued on April 25, 1951, but which were omitted by Amendment 2 to Special Order 5, as issued on August 24, 1951.

This amendment permits the establishment of a cost bracket to the retailer, which bracket applies to a specific retail price. The costs of the articles purchased by the retailer should, on the average, fall evenly between the polar ends of each cost bracket and will thus maintain the general historical markup pattern. The establishment of such cost bracket permits minor changes in costs without influencing the general level of retail prices of the articles in question.

The Director has determined, on the basis of information available to him, that the retail ceiling prices requested are in line with those already granted and are no higher than the level of prices under Ceiling Price Regulation 7.

This amendment also extends the date by which the applicant was required to mark, tag, or ticket the articles covered by the special order. The extension is granted on applicant's demonstration of its inability to preticket by the date specified in the special order.

Amendatory provisions. Special Order 5 under Ceiling Price Regulation 7, section 43, is amended in the following respects:

1. In paragraph 1, delete all after the sentence, "The manufacturer's prices listed below are subject to a discount of 2/10 EOM, Net 60," and substitute therefor the following:

MEN'S AND BOYS' UNDERWEAR

Manufacturer's selling price (per dozen):	Ceiling prices at retail (per unit)
$5.00	$0.69
$5.25–$5.40	.75
$5.50	.79
$6.00	.85
$6.50	.90
$6.80	.95

MEN'S AND BOYS' UNDERWEAR—Continued

Manufacturer's selling price (per dozen):	Ceiling price at retail (per unit)
$7.20–$7.25	$1.00
$7.50	1.05
$7.80	1.10
$8.00–$8.25	1.15
$8.50	1.20
$9.00	1.25
$9.75	1.35
$10.00–$10.25	1.40
$10.50–$10.75	1.50
$11.00	1.55
$11.50	1.65
$12.00–$12.50	1.75
$13.00	1.85
$14.00	1.95
$14.25–$14.50	2.00
$15.50–$16.00	2.25
$16.50	2.35
$17.50–$18.00	2.50
$18.50–$19.00	2.65
$19.50	2.75
$21.00–$21.50	2.95
$22.50	3.00
$23.50	3.25
$24.50–$25.50	3.50
$27.00	3.75
$28.00	3.95
$28.50	4.00
$30.00	4.25
$31.00–$31.50	4.50
$34.00	4.75
$36.00	5.00
$39.00–$39.50	5.50
$42.00	5.95

2. In paragraph 4 of the special order, as amended by Amendment 2, substitute for the date "October 15, 1951" the date, "January 2, 1952."

3. In paragraph 4 of the special order as amended by Amendment 2, substitute for the date "November 15, 1951," wherever it appears, the date "February 1, 1952."

Effective date. This amendment shall become effective on October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51–12433; Filed, Oct. 12, 1951; 5:02 p. m.]

[Ceiling Price Regulation 7, Section 43, Special Order 102, Amdt. 2]

ROSE BROTHERS, INC.

CEILING PRICES AT RETAIL

Statement of considerations. Special Order 102 issued to Rose Brothers, Inc., under section 43, of Ceiling Price Regulation 7, established ceiling prices for men's suits and slacks having the brand names "Surretwill," "Krisp Spun," and "Airgora Spun". Due to a typographical error a $17.00 retail ceiling price rather than a $17.50 retail ceiling price was established for a $10.50 cost line. This amendment corrects this error by substituting a $17.50 retail ceiling price for the $17.00 retail ceiling price.

The Director has determined on the basis of information available to him that the retail ceiling price requested and which is established by this special order is no higher than the level of ceiling prices under Ceiling Price Regulation 7.

Amendatory provisions. 1. In paragraph one delete from the list of retail ceiling prices "$17.00," and substitute therefore "$17.50."

Effective date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51–12434; Filed, Oct. 12, 1951; 5:02 p. m.]

[Ceiling Price Regulation 7, Section 43, Special Order 143, Amdt. 1]

VASSAR CO.

CEILING PRICES AT RETAIL

Statement of considerations. This amendment to Special Order 143, issued under section 43 of Ceiling Price Regulation 7 to Vassar Company adds a new cost line to those for which ceiling prices at retail were established by the special order. The Director has determined on the basis of information available to him that the retail ceiling price requested is in line with those already granted and is no higher than the level of ceiling prices under Ceiling Price Regulation 7.

Amendatory provisions. Special Order 143 under Ceiling Price Regulation 7, section 43, is amended in the following respects:

1. In paragraph 1 add "33.00" to the column headed "Manufacturer's Selling Price (per dozen)" between the figures "$25.50" and "38.04" now appearing therein. Opposite the inserted figure in the column headed "Ceiling Price at Retail (per unit)" add the figure "5.00" between the figures "$3.95" and "5.95" now appearing therein.

Effective date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51–12435; Filed, Oct. 12, 1951; 5:02 p. m.]

[Ceiling Price Regulation 7, Section 43, Special Order 169, Amdt. 1]

FULPER POTTERY CO.

CEILING PRICES AT RETAIL

Statement of considerations. The accompanying amendment to Special Order 169 under section 43 of Ceiling Price Regulation 7 modifies those provisions relating to preticketing usually required by orders of this type. This amendment, designed to meet the particular requirements of the dinnerware industry, accomplishes the objective of notifying consumers of the uniform prices fixed under the order.

Amendatory provisions. 1. Delete paragraph 3 of the special order and substitute therefor the following:

3. On and after December 12, 1951, Fulper Pottery Co., must furnish each purchaser for resale to whom within two months immediately prior to the effective date the manufacturer had delivered any article covered by paragraph 1 of this special order, with a sign 8 inches wide and 10 inches high, a price book, and a supply of tags and stickers. The sign must contain the following legend:

The retail ceiling prices for Fulper Pottery Co. dinnerware and art ware have been approved by OPS and are shown in a price book we have available for your inspection.

The price book must contain an accurate description of each article covered by paragraph 1 of this special order and the retail ceiling price fixed for each article. The front cover of the price book must contain the following legend:

The retail ceiling prices in this Fulper Pottery Co. price book have been approved by OPS under section 43, CPR 7.

The tags and stickers must be in the following form:

Fulper Pottery Co.
OPS—Sec. 43—CPR 7
Price $_____

Prior to January 11, 1952, unless the retailer has received the sign described above and has it displayed so that it may be easily seen and a copy of the price book described above available for immediate inspection, the retailer shall comply with the marking, tagging, and posting provisions of the regulation which would apply in the absence of this special order.

On and after January 11, 1952, no retailer may offer or sell any article covered by this order unless he has the sign described above displayed so that it may be easily seen and a copy of the price book described above available for immediate inspection. In addition, the retailer must affix to each article covered by the order and which is offered for sale on open display (except in show windows or decorative displays) a tag or sticker described above. The tag or sticker must contain the retail ceiling price established by this special order for the article to which it is affixed.

Upon issuance of any amendment to this special order which either adds an article to those already listed in the manufacturer's application or changes the retail ceiling price of a listed article, the applicant named in this special order must within 30 days after the effective date of the amendment, as to each such article, send an insertion stating the required addition or change for the price book described above. After 60 days from the effective date of the amendment, no retailer may offer or sell the article, unless he has received the insertion described above and inserted it in the price book. Prior to the expiration of the 60 day period, unless the retailer has received and placed the insertion in the price book, the retailer shall comply with the marking, tagging, and posting provisions of the regulation which would apply in the absence of this special order.

Effective date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51–12436; Filed, Oct. 12, 1951; 5:03 p. m.]

[Ceiling Price Regulation 7, Section 43, Special Order 170, Amdt. 1]

A. H. ROGERS & CO.

CEILING PRICES AT RETAIL

Statement of considerations. This amendment to Special Order 170, issued under section 43 of Ceiling Price Regulation 7 to A. H. Rogers & Co., adds new price lines to those for which ceiling prices at retail were established by the special order. Some price lines are deleted from the coverage of the order.

The Director has determined, on the basis of information available to him, that the retail ceiling prices requested are in line with those already granted, and are no higher than the level of ceiling prices under Ceiling Price Regulation 7.

This amendment also extends the date by which the applicant was required to mark, tag, or ticket the articles covered by the special order. The extension is granted on applicant's demonstration of its inability to preticket in the manner set forth in the special order by the date specified.

Amendatory provisions. Special Order 170 under Ceiling Price Regulation 7, section 43 is amended in the following respects:

1. Delete paragraph 1 of the special order, and substitute therefor the following:

1. (a) The following ceiling prices are established for any seller at retail of lingerie and robes manufactured by A. H. Rogers & Co., 500 Fifth Avenue, New York 18, N. Y., having the brand name "Rogers" and described in the manufacturer's application dated April 24, 1951 as supplemented and amended by the manufacturer's applications dated August 3, 1951 and August 22, 1951. Sales may of course, be made at less than the ceiling prices. The manufacturer's prices listed below carry terms of 2/10 EOM F. O. B. McMinnville, Tennessee.

ROGERS NYLON TRICOT LINGERIE

Manufacturer's selling price (per dozen):	*Ceiling price at retail (per each)*
$14.00	$1.95
$16.00	2.25
$17.25	2.50
$19.25	2.75
$20.50	2.95
$24.00	3.50
$28.50	3.95
$42.00	5.95
$48.00–$49.00	6.95
$56.00–$57.00	7.95
$62.50–$64.00	8.95
$71.00–$71.50	9.95
$78.00–$78.50	10.95
$90.00–$93.00	12.95
$105.00	14.95
$114.00	15.95
$121.00	16.95
$142.00	19.95
$145.00	21.95
$165.00	22.95
$214.00	29.95

ROGERS AT-HOME COLLECTION

$42.00	$5.95
$62.50–$64.00	8.95
$71.50	9.95
$178.00	24.95

ROGERS RAYON TRICOT LINGERIE

Manufacturer's selling price (per dozen):	*Ceiling price at retail (per each)*
$5.00	$0.69
$5.75	.79
$6.00–$6.50	.89
$7.00–$7.25	1.00
$7.50–$8.25	1.15
$8.50–$8.75	1.25
$9.00	1.29
$9.50–$9.75	1.35
$10.00–$10.75	1.50
$11.00	1.65
$11.25–$11.50	1.59
$12.00	1.69
$13.25–$14.50	1.95
$15.50–$16.25	2.25
$17.50–$17.75	2.50
$20.50–$21.50	2.95
$24.50	3.50
$28.00–$28.50	3.95
$31.50	4.50
$36.00	4.95
$42.50	5.95
$50.00	6.95

(b) Nylon tricot lingerie, having the style number 9811 in the manufacturer's amended application dated August 22, 1951, so long as it has a manufacturer's selling price of $165.00 per dozen, shall have a ceiling price at retail of $24.95 each. This price carries terms of 2/10 E. O. M., F. O. B., McMinnville, Tennessee. Sales may, of course be made at less than the ceiling price.

(c) Rayon tricot lingerie having the style number 8101 in the manufacturer's amended application dated August 22, 1951, so long as it has a manufacturer's selling price of $12.00 per dozen, shall have a ceiling price at retail of $1.75 each. This price carries terms of 2/10 E. O. M., F. O. B., McMinnville, Tennessee. Sales may, of course, be made at less than the ceiling price.

2. In paragraph 3, substitute for the date "August 17, 1951," the date "November 17, 1951."

3. In paragraph 3, substitute for the date "September 17, 1951," wherever it appears, the date "December 17, 1951."

4. Delete paragraph 4 and substitute therefor the following:

4. Within 15 days after the effective date of this special order, the manufacturer shall send a copy of this special order to each purchaser for resale to whom, within two months immediately prior to the effective date, the manufacturer had delivered any article covered in paragraph 1 of this special order. Copies shall be sent to all other purchasers on or before the date of the first delivery of any such article, subsequent to the effective date of this special order, and shall be accompanied by copies of each amendment thereto issued prior to the date of the delivery. Within 15 days after the effective date of any subsequent amendment to this special order, the manufacturer shall send a copy of the amendment to each purchaser to whom, within two months immediately prior to the effective date of such amendment, the manufacturer had delivered any article the sale of which is affected in any manner by the amendment.

Effective date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[Ceiling Price Regulation 7, Section 43, Special Order 192, Admt. 1]

[Ceiling Price Regulation 7, Section 43, Special Order 192, Amdt. 1]

GREAT AMERICAN KNITTING MILLS, INC.

CEILING PRICES AT RETAIL

Statement of considerations. Special Order 192, under section 43 of Ceiling Price Regulation 7, issued on July 24, 1951, established ceiling prices for sales at retail of men's hose manufactured by Great American Knitting Mills, Inc. The special order required the manufacturer to mark each article listed in the special order with the retail ceiling price fixed under the special order or to attach to each article a label, tag or ticket stating the retail ceiling price. Applicant was required to comply with this preticketing provision on and After August 23, 1951.

Great American Knitting Mills, Inc., has filed an application for an extension of time in which to meet this preticketing requirement. The application points out that the applicant has a large number of items covered by the special order. These items are individually labeled with the retail prices established by the special order, but they do not have the exact phraseology required by the special order. The applicant has submitted an alternative method of labeling which, in the opinion of the Director, conforms with the provisions of section 43, Ceiling Price Regulation 7.

Under the special circumstances set forth by the applicant, the Director has determined that the requested amendment should be granted. In addition, this special order lists the manufacturer's selling prices and the retail ceiling prices for the articles which were established by the special order but which were *not* listed in the special order.

Amendatory Provisions. Special Order 192 under Ceiling Price Regulation 7, section 43, is amended in the following respects:

1. Delete paragraph 1 from the special order and substitute therefor the following:

1. The following ceiling prices are established for sales after the effective date of this amendment by any seller at retail of men's hose manufactured by Great American Knitting Mills, Inc., Bechtelsville, Pennsylvania, having the brand name "Gold Toe Socks" and described in the manufacturer's application dated March 21, 1951. The manufacturer's prices listed below are subject to terms of 8/10.

MEN'S HOSE

Manufacturer's selling price (per dozen):	Ceiling price at retail (per unit)
$5.40	$0.75
$6.10	.85
$7.20	1.00
$9.00	1.25

2. Delete paragraph 3 from the special order and substitute therefor the following:

3 (a). Prior to December 24, 1951, Great American Knitting Mills, Inc., must mark each article listed in paragraph 1 of this special order with the retail ceiling price under this special order, or attach to the article a label, tag or ticket stating the retail ceiling price.

(b) Prior to January 23, 1952, no retailer may offer or sell the article unless it is marked or tagged with the retail ceiling price under this order.

(c) On and after December 24, 1951, Great American Knitting Mills, Inc., must mark each article listed in paragraph 1 of this special order with the retail ceiling price under this special order, or attach to the article a label, tag or ticket stating the retail ceiling price.

The statement "OPS—Sec. 43—CPR 7" must appear on the mark, label, tag or ticket. On and after January 23, 1952, no retailer may offer or sell the article unless it is marked or tagged in this form.

(d) Upon issuance of any amendment to this special order which either adds an article to those already listed in paragraph 1 of this special order or changes the retail ceiling price of a listed article. Great American Knitting Mills, Inc., must comply, as to each such article, with the preticketing requirements of this paragraph within 60 days after the effective date of the amendment. Prior to the expiration of the 90 day period, unless the article is so ticketed, the retailer shall comply with the marking, tagging and posting provisions of the regulation which would apply in the absence of this special order. After 90 days from the effective date, no retailer may offer or sell the article unless it is ticketed in accordance with the requirements of this paragraph.

3. Delete paragraph 4 from the special order and substitute therefor the following:

4. Within 15 days after the effective date of this special order, the manufacturer shall send a copy of this special order to each purchaser for resale to whom, within two months immediately prior to the effective date, the manufacturer had delivered any article covered in paragraph 1 of this special order. Copies shall also be sent to all other purchasers on or before the date of the first delivery of any such article subsequent to the effective date of this special order and shall be accompanied by copies of each amendment thereto issued prior to the date of the delivery.

Within 15 days after the effective date of any subsequent amendment to this special order, the manufacturer shall send a copy of the amendment to each purchaser to whom within two months immediately prior to the effective date of such amendment, the manufacturer had delivered any article the sale of which is affected in any manner by the amendment.

Effective date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51-12438; Filed, Oct. 12, 1951; 5:03 p. m.]

[Ceiling Price Regulation 7, Section 43, Special Order 197, Amdt. 1]

DENTON SLEEPING GARMENT MILLS, INC.

CEILING PRICES AT RETAIL

Statement of considerations. This amendment to Special Order 197, issued under section 43 of Ceiling Price Regulation 7, to Denton Sleeping Garment Mills, Inc., extends the date by which the applicant was required to mark or tag its branded articles. The extension is granted on applicant's demonstration of its inability to preticket in the manner set forth in the special order by the date specified.

Amendatory provisions. Special Order 197 under Ceiling Price Regulation 7, section 43, is amended in the following respects:

1. In paragraph 3, substitute for the date "August 25, 1951," the date "November 26, 1951."

2. In paragraph 3, substitute for the date "September 24, 1951," wherever it appears, the date "December 26, 1951."

Effective date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51-12439; Filed, Oct. 12, 1951; 5:03 p. m.]

[Ceiling Price Regulation 7, Section 43, Special Order 282, Amendment 1]

HANES HOSIERY MILLS CO.

CEILING PRICES AT WHOLESALE AND RETAIL

Statement of considerations. Special Order 282 under section 43 of Ceiling Price Regulation 7, issued on August 6, 1951, established ceiling prices for sales at retail of women's hosiery manufactured by Hanes Hosiery Mills Co. The special order required the manufacturer to mark each article listed in the special order or to attach to each article a label, tag or ticket stating the retail ceiling price. The applicant was required to comply with this preticketing provision on and after October 6, 1951.

Hanes Hosiery Mills Co. has filed an application for an extension of time in which to meet this preticketing requirement. The application points out that the applicant is complying with the preticketing requirement for all items now being manufactured. However, applicant has a large number of items covered by this special order individually labeled with retail price established by the special order, but they do not have the exact phraseology required by the special order. The applicant has submitted an alternative method of labeling which, in the opinion of the Director, conforms with the provision of section 43, Ceiling Price Regulation 7.

Special Order 282 established ceiling prices at retail but did not establish ceiling prices at wholesale. Specific wholesale ceiling prices were requested by Hanes Hosiery Mills Co. in its application dated May 21, 1951 (as supplemented and amended by its application of August 22, 1951) and upon examination, it appears that these prices may be established under section 43 of Ceiling Price Regulation 7. Therefore this amendment establishes ceiling prices for sales at wholesale of women's hosiery having the brand name "Hanes."

This amendment also lists the manufacturer's selling prices and the retail ceiling prices for the articles which were established by the special order but which were not listed in the special order. The ceiling price for sales at wholesale of the articles established by this special order are also listed.

Amendatory provisions. For the reasons set forth in the statement of considerations and pursuant to section 43 of Ceiling Price Regulation 7, Special Order 282 is amended in the following respects.

1. Delete paragraph 1 from the special order and substitute therefor the following:

1. *Ceiling prices* (a) The following ceiling prices are established for sales after the effective date of this special order by any seller at retail and any seller at wholesale of women's hosiery manufactured by Hanes Hosiery Mills Co., Winston-Salem, North Carolina, having the brand name "Hanes" and described in the manufacturer's application dated May 21, 1951, as supplemented and amended in the manufacturer's application dated August 22, 1951. No seller at retail or wholesale may offer or sell any article covered by this special order at a price higher than the ceiling prices established by this special order. Sales may be made, of course, at less than the ceiling prices. Terms to wholesalers Net 30. Terms to retailers are either Net 10 or Net 30.

Manufacturer's selling price (per dozen)	Ceiling price at wholesale (per dozen)	Ceiling price at retail (per unit)
$8.15	$9.65	$1.35
9.10	10.75	1.50
9.75	11.60	1.65
11.35	13.50	1.95

(b) The retail ceiling price of an article stated in paragraph (a) of this special order shall apply to any other article of the same type which is otherwise priceable under Ceiling Price Regulation 7 by retailers subject to that regulation, having the same selling price to the retailer, the same brand or company name and first sold by the manufacturer after the effective date of this special order.

2. Delete paragraph 2 from the special order and substitute therefor the following:

2. *Marking and tagging.* (a) Prior to January 2, 1952, Hanes Hosiery Mills Co., must mark each article listed in paragraph 1 of this special order with the retail ceiling price under this special order, or attach to the article a label, tag or ticket stating the retail ceiling price.

(b) Prior to February 2, 1952, no retailer may offer or sell the article unless it is marked with the retail ceiling price under this order.

(c) On and after January 2, 1952, Hanes Hosiery Mills Co., must mark each article listed in paragraph 1 of this special order with the retail ceiling price under this special order, or attach to the article a label, tag or ticket stating the retail ceiling price. The statement "OPS—Sec. 43—CPR 7" must appear on the mark, label, tag or ticket. On and after February 2, 1952, no retailer may offer or sell the article unless it is marked or tagged in this form.

(d) Upon issuance of any amendment to this special order which either adds an article to those already listed in paragraph 1 of this special order or changes the retail ceiling price of a listed article Hanes Hosiery Mills Co., must comply, as to each such article, with the preticketing requirements of this paragraph within 60 days after the effective date of the amendment. Prior to 90 days from the effective date unless the article is so ticketed, the retailer shall comply with the marking, tagging and posting provisions of the regulation which would apply in the absence of this special order. After the expiration of the 90 day period, no retailer may offer or sell the article unless it is ticketed in accordance with the requirements of this paragraph.

3. Delete paragraph 3 and substitute therefor the following:

3. *Notification to Resellers*—(a) *Notices to be given by applicants.*

(1) After receipt of this special order, a copy of this special order shall be sent by the applicant to each purchaser for resale on or before the date of the first delivery of any article covered in paragraph 1 of this special order.

(2) Within 15 days after the effective date of this special order, the applicant shall send a copy of this special order to each purchaser for resale to whom within two months immediately prior to the receipt of this special order, the applicant had delivered any article covered by paragraph 1 of this special order.

(3) The applicant must notify each purchaser for resale of any amendment to this special order in the same manner.

(4) The applicant must supply each purchaser for resale other than a retailer with sufficient copies of this special order and any amendment thereto, to permit such purchasers for resale to comply with the notification requirements of this special order.

(b) *Notices to be given by purchasers for resale (other than retailers).* (1) A copy of this special order and any amendment thereto shall be sent by each purchaser for resale (other than retailers) to each of his purchasers on or before the date of the first delivery after receipt of a copy of this special order.

(2) Within 15 days of receipt of this special order and amendments thereto, each purchaser for resale (other than retailers) shall send a copy of the order and amendments to each of his purchasers to whom, within two months prior to receipt of this special order or amendment his records indicate he had delivered any article covered by paragraph 1 of this special order.

Effective Date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51-12440; Filed, Oct. 12, 1951; 5:04 p. m.]

[Ceiling Price Regulation 7, Section 43, Special Order 318, Amdt. 1]

SOHMER AND CO., INC.

CEILING PRICES AT RETAIL

Statement of considerations. Special Order 318, under section 43 of Ceiling Price Regulation 7, established ceiling prices at retail for pianos and piano benches. This amendment removes piano benches from the operation of the special order, since they are not branded articles. It also amends the title of the order to delete an inaccurate reference to establishment of ceiling prices at wholesale.

Amendatory provisions. Special Order 318 under Ceiling Price Regulation 7, section 43, is amended in the following respects:

1. Delete the title of the special order and substitute therefor the following:

"Sohmer and Co., Inc., Ceiling Prices at Retail."

2. In paragraph 1 delete the words "and benches" from the first sentence thereof.

Effective date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51-12441; Filed, Oct. 12, 1951; 5:04 p. m.]

[Ceiling Price Regulation 7, Section 43, Special Order 333, Amdt. 1]

WILMINGTON HOSIERY MILLS, INC.

CEILING PRICES AT RETAIL

Statement of considerations. Special Order 333, under section 43 of Ceiling Price Regulation 7, issued on August 8, 1951, established ceiling prices for sales at retail of men's and boys' hosiery and slipper socks manufactured by Wilmington Hosiery Mills, Inc. The special order required the manufacturer to mark each article listed in the special order with the retail ceiling price fixed under the special order or to attach to each article a label, tag or ticket stating the retail ceiling price. Applicant was required to comply with this preticketing provision on and after October 8, 1951.

Wilmington Hosiery Mills, Inc., has filed an application for an extension of time in which to meet this preticketing requirement. The application points out that the applicant has a large number of items covered by the special order. These items are individually labeled with the retail prices established by the special order, but they do not have the exact phraseology required by the special order. The applicant has submitted an alternative method of labeling which, in the opinion of the Director, conforms with the provisions of section 43, Ceiling Price Regulation 7.

Under the special circumstances set forth by the applicant, the Director has determined that the requested amendment should be granted. In addition, this special order lists the manufacturer's style number and the retail ceiling prices for the articles which were established by the special order but which were not listed in the special order.

Amendatory Provisions. Special Order 333 under Ceiling Price Regulation 7, section 43, is amended in the following respects:

1. Delete paragraph 1 from the special order and substitute therefor the following:

1. *Ceiling prices.* The following ceiling prices are established for sales after the effective date of this amendment by any seller at retail of men's and boys' hosiery and slipper socks manufactured by Wilmington Hosiery Mills, Inc., Wilmington 17, Delaware, having the brand name "Springfoot Sox" and described in the manufacturer's application dated March 30, 1951, as supplemented and amended by the manufacturer's applications dated April 26, 1951 and April 27, 1951. The manufacturer's prices listed below are subject to terms of:

Net 30 days F. O. B. Distributor's Warehouse.

For a minimum of 30 dozens (15 dozens of a style).

Less 5 percent F. O. B. Mill.

Minimum 120 dozens—Freight Prepaid.

MEN'S AND BOYS' HOSIERY AND SLIPPER SOCKS

Manufacturer's style No. (per dozen):	*Ceiling price at retail (per unit)*
S30	$0.39
S32	.39
S35	.39
S170	.39
S50	.39
S165	.49
S80	.49
S41	.49
S101	.49
S139	.49
S140	.49
S142	.49
S168	.49
S200	.49
S00	.49
S97	.49
S181	.49
S169	.49
S79	.59
S92	.59
S160	.59
S195	.59
S70	.59
S96	.59

MEN'S AND BOYS' HOSIERY AND SLIPPER SOCKS—Continued

Manufacturer's style No. (per dozen):	Ceiling price at retail (per unit)
S171	$0.59
S180	.59
S182	.59
S183	.59
S184	.59
S185	.59
S800	.59
S801	.59
S100	.65
S110	.65
S120	.65
S20	.65
S21	.65
S22	.65
S93	.65
S94	.65
S96	.65
S99	.65
S900	.65
S901	.65
S902	.65
S903	.65
S904	.65
S600	.65
S7	.75
S8	.75
S9	.75
S11	.75
S16	.75
S18	.75
S19	.75
S28	75
S13	1.00
S14	1.00
S17	1.00
S700	1.00
S6	1.00
S25	1.00
S26	1.25
S10	1.25
S15	1.25
S500	1.65
S501	1.95
S502	1.95
S550	1.95
S552	1.95
S553	1.95
S560	2.95
S561	3.50

2. Delete paragraph 2 from the special order and substitute therefor the following:

2. *Marking and Tagging.* (a) Prior to February 7, 1952, Wilmington Hosiery Mills, Inc., must mark each article listed in paragraph 1 of this special order with the retail ceiling price under this special order, or attach to the article a label, tag or ticket stating the retail ceiling price.

(b) Prior to March 7, 1952, no retailer may offer or sell the article unless it is marked or tagged with the retail ceiling price under this order.

(c) On and after February 7, 1952, Wilmington Hosiery Mills, Inc., must mark each article listed in paragraph 1 of this special order with the retail ceiling price under this special order, or attach to the article a label, tag or ticket stating the retail ceiling price. The statement "OPS—Sec. 43—CPR 7" must appear on the mark, label, tag or ticket. On and after March 7, 1952, no retailer may offer or sell the article unless it is marked or tagged in this form.

(d) Upon issuance of any amendment to this special order which either adds an article to those already listed in paragraph 1 of this special order or changes, the retail ceiling price of a listed article, Wilmington Hosiery Mills, Inc., must comply, as to each such article, with the preticketing requirements of this paragraph within 60 days after the effective date of the amendment. Prior to the expiration of the 90 day period, unless the article is so ticketed, the retailer shall comply with the marking, tagging and posting provisions of the regulation which would apply in the absence of this special order. After 90 days from the effective date, no retailer may offer or sell the article unless it is ticketed in accordance with the requirements of this paragraph.

3. Delete paragraph 3 from the special order and substitute therefor the following:

3. *Notification to Resellers*—(a) *Notices to be given by applicant.*

(1) After receipt of this special order, a copy of this special order shall be sent by the applicant to each purchaser for resale on or before the date of the first delivery of any article covered in paragraph 1 of this special order.

(2) Within fifteen days after the effective date of this special order the applicant shall send a copy of this special order to each purchaser for resale to whom within two months immediately prior to the receipt of this special order, the applicant had delivered any article covered by paragraph 1 of this special order.

(3) The applicant must notify each purchaser for resale of any amendment to this special order in the same manner.

(4) The applicant must supply each purchaser for resale other than a retailer with sufficient copies of this special order and any amendment thereto to permit such purchasers for resale to comply with the notification requirements of this special order.

(b) *Notices to be given by purchasers for resale (other than retailers).* (1) A copy of this special order and any amendment thereto shall be sent by each purchaser for resale (other than retailers) to each of his purchasers on or before the date of the first delivery after receipt of a copy of this special order.

(2) Within 15 days of receipt of this special order and amendments thereto, each purchaser for resale (other than retailers) shall send a copy of the order and amendments to each of his purchasers to whom, within two months prior to receipt of this special order or amendment his records indicate he had delivered any article covered by paragraph 1 of this special order.

Effective date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51-12442; Filed, Oct. 12, 1951; 5:04 p. m.]

[Ceiling Price Regulation 7, Section 43, Special Order 343, Amendment 1]

CARMAN MANUFACTURING CO.

CEILING PRICES AT RETAIL

Statement of considerations. This amendment to Special Order 343, issued under section 43 of Ceiling Price Regulation 7 to Carman Manufacturing Company, Tacoma 1, Washington, adds new price lines to those for which ceiling prices at retail were established by the special order. Certain articles for which retail ceiling prices were established by the special order are deleted from the coverage of the special order by this amendment.

The Director has determined on the basis of information available to him that the retail ceiling prices requested are in line with those already granted and are no higher than the level of ceiling prices under Ceiling Price Regulation 7.

In addition, this amendment lists the manufacturer's selling prices and the retail ceiling prices for the articles which were established by the special order but which were not listed in the special order.

Amendatory provisions. Special Order 343 under Ceiling Price Regulation 7, section 43 is amended in the following respects.

1. Delete paragraph 1 from the special order and substitute therefor the following:

1. The following ceiling prices are established for sales after the effective date of this amendment by any seller at retail of mattresses and box springs manufactured by Carman Manufacturing Company, 801 East 25th Street, Tacoma, Washington, having the brand names "Spring Air", "Carman '400' " and "Carman Orthopedic" and described in the manufacturer's application dated March 15, 1951, as supplemented and amended in the manufacturer's applications dated July 24, 1951 and September 13, 1951. Sales may, of course, be made at less than the ceiling prices. Terms: Net 30 days.

Manufacturer's selling price (per unit):	Ceiling prices at retail (per unit)
$21.75	$39.50
$28.00	49.50
$30.00–$32.50	59.50
$35.00	64.50
$37.50	69.50
$42.50–$43.50	79.50
$86.50 [1]	[1] 149.50
$140.00 [1]	[1] 259.50
$150.00	279.50

[1] Combinations sold as sets.

2. Delete paragraph 4 from the special order and substitute therefor the following:

4. Within 15 days after the effective date of the special order, the manufacturer shall send a copy of this special order to each purchaser for resale to whom, within two months immediately prior to the effective date, the manufacturer had delivered any article covered in paragraph 1 of this special order. Copies shall also be sent to all other purchasers on or before the date of the first delivery of any such article subsequent to the effective date of the special order, and shall be accompanied by copies of each amendment thereto, issued prior to the date of the delivery.

Within 15 days after the date of any subsequent amendment to this special order, the manufacturer shall send a copy of the amendment to each purchaser to whom, within two months im-

mediately prior to the effective date of such amendment, the manufacturer had delivered any article the sale of which is affected in any manner by the amendment.

Effective date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51-12443; Filed, Oct. 12, 1951; 5:05 p. m.]

[Ceiling Price Regulation 7, Section 43, Special Order 439, Amdt. 1]

CARMAN MFG. CO.

CEILING PRICES AT RETAIL

Statement of considerations. This amendment to Special Order 439, issued under section 43 of Ceiling Price Regulation 7 to Carman Manufacturing Company, adds new price lines to those for which ceiling prices at retail were established by the special order.

The Director has determined on the basis of information available to him that the retail ceiling prices requested are in line with those already granted and are no higher than the level of ceiling prices under Ceiling Price Regulation 7.

In addition, this amendment lists the manufacturer's selling prices and the retail ceiling prices for the articles which were established by the special order but which were not listed in the special order.

Amendatory provisions.—Special Order 439 under Ceiling Price Regulation 7, section 43 is amended in the following respects:

1. Delete paragraph 2 from the special order and substitute therefor the following:

2. *Retail ceiling prices for listed articles.* The following ceiling prices are established for sales after the effective date of this amendment by any seller at retail of mattresses and box springs manufactured by Carman Manufacturing Company, 1701 S. Alaskan Way, Seattle 4, Washington, having the names "Spring Air," "Spring Air Back Supporter" and "Carman Orthopedic" and described in the manufacturer's application dated March 15, 1951, as supplemented and amended in the manufacturer's applications dated April 24, 1951, May 14, 1951, July 24, 1951, September 14, 1951, and September 24, 1951. Sales may, of course, be made at less than the ceiling prices. Terms: 2/10 EOM.

Manufacturer's selling price (per unit):	*Ceiling price at retail (per unit)*
$21.75	$39.50
$24.50	44.50
$27.25	49.50
$30.00–$32.50	59.50
$35.00	64.50
$37.50	69.50
$42.50–$43.50	79.50
$86.50[1]	[1]149.50
$140.00[1]	[1]259.50
$150.00[1]	[1]279.50

[1] Set.

2. In paragraph 7 of the special order delete subparagraph (a) and substitute therefor the following:

(a) *Sending order to old customers.* Within 15 days after the effective date of this special order, you shall send a copy of this order to each purchaser for resale to whom, within two months immediately prior to the effective date, you had delivered any article covered by this order.

3. In paragraph 7 of the special order delete subparagraph (b) and substitute therefor the following:

(b) *Notification to new customers.* A copy of this special order shall be sent to all other purchasers for resale on or before the date of the first delivery of any article covered by this order.

4. In paragraph 7 of the special order delete subparagraph (d).

5. Delete paragraph 8 and insert the word "Deleted" after the paragraph designation "8".

Effective Date. This amendment shall become effective October 12, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

OCTOBER 12, 1951.

[F. R. Doc. 51-12444; Filed, Oct. 12, 1951; 5:05 p. m.]

[Region II, Redelegation of Authority]

DIRECTORS OF DISTRICT OFFICES, REGION II

REDELEGATION OF AUTHORITY TO PROCESS INITIAL REPORTS FILED BY CERTAIN RESTAURANT OPERATORS UNDER CPR 11

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, No. 2, pursuant to delegation of authority No. 17 (16 F. R. 8158) this redelegation of authority is hereby issued.

1. *Authority to act under section 6 of CPR 11.* Authority is hereby redelegated to the Directors of the New York City, Buffalo, Rochester, Syracuse and Albany, New York, and the Newark and Trenton, New Jersey, Offices of Price Stabilization to process the initial reports filed under section 6 of CPR 11 and to revise food costs per dollar of sale ratio referred to in section 4 thereof.

This redelegation of authority is effective as of October 18, 1951.

JAMES G. LYONS,
Director of Regional Office No. 2.

OCTOBER 16, 1951.

[F. R. Doc. 51-12572; Filed, Oct. 16, 1951; 4:17 p. m.]

[Region II, Redelegation of Authority 6]

DIRECTORS OF DISTRICT OFFICES, REGION II

REDELEGATION OF AUTHORITY TO PROCESS REPORTS OF PROPOSED CEILING PRICES FOR SALES AT RETAIL BY RESELLERS PURSUANT TO SECTION 5 OF CPR 67

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, No. 2, pursuant to delegation of authority No. 22 (16 F. R. 10010) this redelegation of authority is hereby issued.

1. Authority is hereby redelegated to the Directors of the New York City, Buffalo, Rochester, Syracuse and Albany, New York, and the Newark and Trenton, New Jersey, Offices of Price Stabilization, to approve, pursuant to section 5, CPR 67, a ceiling price for sales at retail proposed by a reseller under CPR 67, disapprove such a proposed ceiling price, establish a different ceiling price by order, or request further information concerning such a ceiling price.

This redelegation of authority is effective as of October 18, 1951.

JAMES G. LYONS,
Director of Regional Office No. 2.

OCTOBER 16, 1951.

[F. R. Doc. 51-12570; Filed, Oct. 16, 1951; 4:16 p. m.]

[Region VI, Redelegation of Authority No. 6]

DIRECTORS OF DISTRICT OFFICES, REGION VI

REDELEGATION OF AUTHORITY TO PROCESS REPORTS OF PROPOSED CEILING PRICES FOR SALES AT RETAIL BY RESELLERS PURSUANT TO SECTION 5 OF CPR 67

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, No. VI, pursuant to delegation of authority No. 22 (16 F. R. 10010) this redelegation of authority is hereby issued.

1. Authority is hereby redelegated to the Directors of the Cincinnati, Ohio; Cleveland, Ohio; Columbus, Ohio; Detroit, Michigan; Grand Rapids, Michigan; Louisville, Kentucky; and Toledo, Ohio District Offices of the Office of Price Stabilization to approve, pursuant to Section 5, CPR 67, a ceiling price for sales at retail proposed by a reseller under CPR 67, disapprove such a proposed ceiling price, establish a different ceiling price by order, or request further information concerning such a ceiling price.

This redelegation of authority is effective as of October 5, 1951.

SYDNEY A. HESSE,
Director of Regional Office No. VI.

OCTOBER 16, 1951.

[F. R. Doc. 51-12571; Filed, Oct. 16, 1951; 4:16 p. m.]

[Region XIV, Redelegation of Authority 2, 4]

TERRITORIAL DIRECTORS

REDELEGATIONS OF AUTHORITY

Delegation of Authority 7 Supplement 2 issued July 13, 1951 (16 F. R. 6806), and Delegation of Authority 7 Supplement 5 issued September 7, 1951 (16 F. R. 9200), are hereby redesignated respectively as Region XIV, Redelegation of Authority

2 and Region XIV, Redelegation of Authority 4.

These redesignations shall take effect October 18, 1951.

J. HERBERT MEIGHAN,
Director, Region XIV.

OCTOBER 16, 1951.

[F. R. Doc. 51-12573; Filed, Oct. 16, 1951; 4:17 p. m.]

[Region XIV, Redelegation of Authority 3]

TERRITORIAL DIRECTORS

REDELEGATION OF AUTHORITY TO ACT ON APPLICATIONS PERTAINING TO CERTAIN FOOD AND RESTAURANT COMMODITIES

Delegation of Authority 13 Supplement 1, issued July 19, 1951 (16 F. R. 7187), is hereby redesignated as Region XIV, Redelegation of Authority 3.

This redesignation shall take effect October 18, 1951.

J. HERBERT MEIGHAN,
Director, Region 14.

OCTOBER 16, 1951.

[F. R. Doc. 51-12574; Filed, Oct. 16, 1951; 4:17 p. m.]

[Region XIV, Redelegation of Authority 5]

TERRITORIAL DIRECTORS

REDELEGATION OF AUTHORITY TO PROCESS INITIAL REPORTS FILED BY CERTAIN RESTAURANT OPERATORS UNDER CPR-11

By virtue of the authority vested in me as Director of Region 14 of the Office of Price Stabilization, by Delegation of Authority No. 17, this redelegation of authority is hereby issued.

1. *Authority to act under section 6 of CPR-11.* Authority is hereby redelegated to the Directors of the Territorial Offices of the Office of Price Stabilization for Alaska, Guam, Hawaii, Puerto Rico, and the Virgin Islands, respectively, to process the initial reports filed under section 6 of CPR-11 and to revise food cost per dollar of sale ratio referred to in section 4 thereof.

This redelegation of authority shall take effect on October 18, 1951.

J. HERBERT MEIGHAN,
Director, Region 14.

OCTOBER 16, 1951.

[F. R. Doc. 51-12575; Filed, Oct. 16, 1951; 4:17 p. m.]

FEDERAL POWER COMMISSION

[Docket No. G-1774]

ALABAMA-TENNESSEE NATURAL GAS CO.

ORDER FIXING DATE OF HEARING

OCTOBER 11, 1951.

On August 23, 1951, Alabama-Tennessee Natural Gas Company (Applicant) a Delaware corporation having its principal office in Florence, Alabama, filed an application for a certificate of public convenience and necessity pursuant to section 7 (c) of the Natural Gas Act, as amended, authorizing the construction and operation of certain natural-gas facilities, subject to the jurisdiction of the Commission, as are fully described in the application on file with the Commission and open to public inspection.

The Commission finds: This proceeding is a proper one for disposition under the provisions of § 1.32 (b) (18 CFR 1.32 (b)) of the Commission's rules of practice and procedure, Applicant having requested that its application be heard under the shortened procedure provided by the aforesaid rule for noncontested proceedings, and no request to be heard, protest or petition having been filed subsequent to the giving of due notice of the filing of the application, including publication in the FEDERAL REGISTER on September 8, 1951 (16 F. R. 9180).

The Commission orders:

(A) 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, as amended, and the Commission's rules of practice and procedure, a hearing be held on October 30, 1951, at 9:45 a. m., e. s. t., in the Hearing Room of the Federal Power Commission, 1800 Pennsylvania Avenue NW., Washington, D. C., concerning the matters involved and the issues presented by such application: *Provided, however*, That the Commission may, after a noncontested hearing, forthwith dispose of the proceeding pursuant to the provisions of § 1.32 (b) of the Commission's rules of practice and procedure.

(B) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) (18 CFR 1.8 and 1.37 (f)) of the said rules of practice and procedure.

Date of issuance: October 12, 1951.

By the Commission.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-12453; Filed, Oct 17, 1951; 8:46 a. m.]

[Docket No. G-1798]

OHIO FUEL GAS CO.

NOTICE OF APPLICATION

OCTOBER 12, 1951.

Take notice that The Ohio Fuel Gas Company (Applicant), an Ohio corporation, address, Columbus, Ohio, filed on September 27, 1951, an application for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, authorizing the construction and operation of approximately 10.2 miles of 20-inch loop pipeline paralleling Applicant's existing Line "A", and extending from its Line "Z" to Howell Junction in Greene County, Ohio.

Applicant proposes the construction and operation of said facilities to protect service to its existing markets during the coming winter and states that the proposed facilities are necessary because of a reduction in the volumes of natural gas anticipated to be available to Applicant from the Texas Gas Transmission Corporation during the coming winter. Upon completion of the construction of the proposed facilities, Applicant estimates the capacity of its loop line between Mount Sterling compressor station and Howell Junction will be increased by approximately 20,000 Mcf per day of natural gas. No service to new markets is proposed to be rendered by means of the proposed facilities.

The total estimated capital cost of the proposed construction is $545,000, which Applicant expects to finance from funds to be obtained from its parent, The Columbia Gas System, Inc.

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 the 31st day of October 1951. The application is on file with the Commission for public inspection.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-12451; Filed, Oct 17, 1951; 8:45 a. m.]

[Docket No. G-1801]

MARTIN WUNDERLICH AND LEE AIKEN

NOTICE OF APPLICATION

OCTOBER 11, 1951.

Take notice that Martin Wunderlich and Lee Aiken (Applicants), as individuals, filed on October 2, 1951, a joint application for a certificate of public convenience and necessity pursuant to section 7 (c) of the Natural Gas Act, as amended, authorizing the acquisition and operation of certain natural-gas facilities now owned and operated by United Gas Pipe Line Company (United) which are or may be subject to the jurisdiction of the Commission.

Applicants propose to acquire from United, under an agreement dated August 29, 1951, facilities described as the "Wichita Falls District" of the United pipeline system. Said facilities comprise approximately 678 miles of pipeline ranging in size from one inch to sixteen inches located in Wheeler, Collingsworth, Donley, Hall, Childress, Hardeman, Wilbarger, Wichita, Clay, Archer, Jack, Baylor, and Young Counties, Texas, and in Harman and Beckham Counties, Oklahoma, together with compressor stations and other facilities used in connection with the operation of said pipeline. Applicants propose to operate such facilities and to continue the service now rendered by United to its customers in its Wichita Falls District.

The cost of all the facilities proposed to be acquired by Applicants, including those which are or may be subject to the jurisdiction of the Commission, aggregates $5,000,001.00, which Applicants propose to finance by bank loans.

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 the 31st day of October 1951. The applica-

tion is on file with the Commission for public inspection.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-12458; Filed, Oct. 17, 1951; 8:47 a. m.]

[Docket No. G-1803]

SOUTHERN NATURAL GAS CO.

NOTICE OF APPLICATION

OCTOBER 12, 1951.

Take notice that Southern Natural Gas Company (Applicant), a Delaware corporation with its principal place of business at Birmingham, Alabama, filed on October 3, 1951, an application for a certificate of public convenience and necessity pursuant to section 7 (c) of the Natural Gas Act, as amended, authorizing the construction and operation of certain facilities for the exhange or sale and delivery of natural gas as hereinafter set forth.

Applicant proposes to construct and operate a line tap on its Gwinville-Selma line, and a line tap, a meter, other measuring equipment, and a connecting line on its Macon branch line, for the purpose of providing two interconnections between Applicant's pipelines and the pipeline of Transcontinental Gas Pipe Line Corporation (Transcontinental); said interconnections to be made near Selma, Alabama, and Jonesboro, Georgia. The above-described facilities will be used for the exchange of natural gas between Applicant and Transcontinental pursuant to Transcontinental's Rate Schedule EX-1 and Applicant's proposed Rate Schedule EX-1, which was filed simultaneously with this application. Said rate schedules provide for the exchange thereunder of natural gas not required by Applicant and Transcontinental to meet their other obligations. Through construction of the connecting line on its Macon branch line, Applicant will be enabled to take from Transcontinental approximately 200,000 Mcf per day, and expects to be able to deliver to Transcontinental at the same point up to 70,000 Mcf per day.

The estimated cost of the proposed facilities is $31,000, which will be financed from Applicant's current funds.

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 the 31st day of October 1951. The application is on file with the Commission for public inspection.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-12452; Filed, Oct. 17, 1951; 8:45 a. m.]

[Project No. 1585]

CAL-ORE MINING AND DEVELOPMENT CO.

NOTICE OF ORDER ISSUING NEW LICENSE

OCTOBER 12, 1951.

Notice is hereby given that, on July 11, 1951, the Federal Power Commission issued its order, entered July 3, 1951, issuing new license (Minor), in the above-entitled matter.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-12454; Filed, Oct. 17, 1951; 8:46 a. m.]

[Project No. 2059]

CITY OF EUGENE, OREG.

NOTICE OF ORDER ISSUING PRELIMINARY PERMIT

OCTOBER 12, 1951.

Notice is hereby given that, on August 16, 1951, the Federal Power Commission issued its order, entered August 15, 1951, issuing preliminary permit, in the above-entitled matter.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-12455; Filed, Oct. 17, 1951; 8:46 a. m.]

[Project No. 2069]

ARIZONA POWER CO.

NOTICE OF ORDER ISSUING LICENSE

OCTOBER 12, 1951.

Notice is hereby given that, on August 31, 1951, the Federal Power Commission issued its order, entered August 28, 1951, issuing license (Major), in the above-entitled matter.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-12456; Filed, Oct. 17, 1951; 8:46 a. m.]

[Docket Nos. ID-922, ID-923, ID-1102, ID-1104, ID-1156, ID-1157, ID-1158]

CLARENCE M. OYER ET AL.

NOTICES OF ORDERS AUTHORIZING APPLICANTS TO HOLD CERTAIN POSITIONS

OCTOBER 12, 1951.

In the matters of Clarence M. Oyer, Docket No. ID-922; Llewellyn F. Pearce, Docket No. ID-923; Joseph M. Costello, Docket No. ID-1102; Silas C. McMeekin, Docket No. ID-1104; W. J. Ready, Docket No. ID-1156; E. L. Godshalk, Docket No. ID-1157; T. A. Busby, Docket No. ID-1158.

Notice is hereby given that, on October 11, 1951, the Federal Power Commission issued its orders, entered October 9, 1951, authorizing applicants to hold certain positions, pursuant to section 305 (b) of the Federal Power Act, in the above-entitled matters.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-12457; Filed, Oct. 17, 1951; 11:47 a. m.]

FEDERAL TRADE COMMISSION

[File No. 21-263]

NARROW FABRICS INDUSTRY

NOTICE OF HEARING AND OF OPPORTUNITY TO PRESENT VIEWS, SUGGESTIONS, OR OBJECTIONS

Opportunity is hereby extended by the Federal Trade Commission to any and all persons, firms, partnerships, corporations, organizations, or other parties, including farm, labor, and consumer groups, affected by or having an interest in the proposed trade practice rules for the Narow Fabrics Industry, to present to the Commission their views concerning said rules, including such pertinent information, suggestions, or objections as they may desire to submit, and to be heard in the premises. For this purpose copies of the proposed rules may be obtained upon application to the Commission. Such views, information, suggestions, or objections may be submitted by letter, memorandum, brief, or other communication, to be filed with the Commission not later than November 6, 1951. Opportunity to parties desiring to be heard orally will be afforded at the hearing beginning at 10 a. m., November 6, 1951, in Room 332, Federal Trade Commission Building, Pennsylvania Avenue at Sixth Street NW., Washington, D. C. After due consideration of all matters presented in writing or orally, the Commission will proceed to final action on the proposed rules.

The industry for which these rules are proposed is composed of the persons, firms, partnerships, corporations and organizations engaged in the manufacture, sale, or distribution of "narrow fabrics" as such term is dilineated in the definition preceding the proposed rules. Such fabrics are primarily sold directly, or through jobbers, to manufacturers and processors for use as a component of, or for conversion into, other products such as insulation tape, woven labels, slide fasteners, industrial belting, shoe webbing, garment trimming, rug or carpet binding, etc.

Issued: October 15, 1951.

By the Commission.

[SEAL] D. C. DANIEL,
Secretary.

[F. R. Doc. 51-12501; Filed, Oct. 17, 1951; 8:55 a. m.]

INTERSTATE COMMERCE COMMISSION

[4th Sec. Application 26471]

CAST IRON PIPE FROM LYNCHBURG AND RADFORD, VA., TO SOUTHWEST

APPLICATION FOR RELIEF

OCTOBER 15, 1951.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: R. E. Boyle, Jr., Agent, for carriers parties to Agent C. A. Spaninger's tariff I. C. C. No. 1191.

Commodities involved: Cast iron pipe and fittings, carloads.

From: Lynchburg and Radford, Va.

To: Southwestern territory.

Grounds for relief: Circuitous routes and to apply over short tariff routes rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates: C. A. Spaninger's tariff I. C. C. No. 1191, Supp. 25.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL, *Secretary.*

[F. R. Doc. 51-12470; Filed, Oct. 17, 1951; 8:50 a. m.]

[4th Sec. Application 26472]

VARIOUS COMMODITIES FROM AND TO THE SOUTH

APPLICATION FOR RELIEF

OCTOBER 15, 1951.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: R. E. Boyle, Jr., Agent, for carriers parties to tariffs listed in Exhibit A of the application, pursuant to fourth-section order No. 9800.

Commodities involved: Various commodities, carloads.

Between points in southern territory and between points in that territory and official territory.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL, *Secretary.*

[F. R. Doc. 51-12471; Filed, Oct. 17, 1951; 8:51 a. m.]

[4th Sec. Application 26473]

BLACKS, DRY, FROM SOUTHWEST

APPLICATION FOR RELIEF

OCTOBER 15, 1951.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: D. Q. Marsh, Agent, for carriers parties to his tariff I. C. C. No. 3744.

Commodities involved: Blacks, dry, carloads.

From: Producing points in southwestern territory.

To: St. Louis, Mo., Natchez and Vicksburg, Miss., Memphis, Tenn., Baton Rouge and New Orleans, La., East St. Louis, Ill., and certain other points in Illinois.

Grounds for relief: Circuitous routes, rail and market competition, and grouping.

Schedules filed containing proposed rate: D. Q. Marsh's tariff I. C. C. No. 3744, Supp. 93.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL, *Secretary.*

[F. R. Doc. 51-12472; Filed, Oct. 17, 1951; 8:51 a. m.]

[4th Sec. Application 26474]

GRAIN BETWEEN NORTHEAST OKLAHOMA R. R. POINTS AND THE SOUTHWEST

APPLICATION FOR RELIEF

OCTOBER 15, 1951.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: D. Q. Marsh, Agent, for carriers parties to schedules listed below.

Commodities involved: Grain, grain products, and related articles, carloads.

Between stations in Kansas and Oklahoma on the Northeast Oklahoma Railroad and points in southwestern territory, including Mississippi River crossings.

Grounds for relief: Circuitous routes and to maintain grouping.

Schedules filed containing proposed rates: D. Q. Marsh's tariffs I. C. C. Nos. 3940, Supp. 12; 3941, Supp. 19; 3942, Supp. 15; 3831, Supp. 39; 3938, Supp. 10; 3939, Supp. 13.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL, *Secretary.*

[F. R. Doc. 51-12473; Filed, Oct. 17, 1951; 8:52 a. m.]

[Rev. S. O. 874, Gen. Permit 19]

LIQUID STARCH

LOADING REQUIREMENTS

Pursuant to the authority vested in me in paragraph (d) of Revised Service Order No. 874 (16 F. R. 2040, 3133), permission is granted for any common carrier by railroad, subject to the Interstate Commerce Act, to disregard the provisions of Revised Service Order No. 874 insofar as they apply to any refrigerator car loaded with liquid starch packed in glass in cartons or loaded with liquid starch packed in glass in cartons when mixed with other commodities when protection against freezing by heaters is required, when such cars are loaded to at least 50,000 pounds.

The shipping instructions and waybills shall show reference to this general permit and any consignor forwarding cars under this general permit shall furnish the permit agent the car numbers, initials, and destinations of the cars shipped under this permit, and also the dates forwarded, car numbers, initials, and weights of all cars shipped; such information to be furnished on the first of each month.

This general permit shall become effective at 12:01 a. m., October 15, 1951, and shall expire at 11:59 p. m., March 15, 1952, unless otherwise modified, changed, suspended or revoked.

A copy of this general permit has been served upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement, and notice of this permit shall be given to the general public by depositing a copy in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director, Division of the Federal Register.

Issued at Washington, D. C., this 10th day of October 1951.

HOWARD S. KLINE,
Permit Agent.

[F. R. Doc. 51-12486; Filed, Oct. 17, 1951; 8:52 a. m.]

[S. O. 878, Gen. Permit 7-F]

SYRUP

LOADING REQUIREMENTS

Pursuant to the authority vested in me in paragraph (e) of Service Order No. 878 (16 F. R. 5768), permission is granted for any common carrier by railroad, subject to the Interstate Commerce Act, to disregard the provisions of Service Order No. 878 insofar as they apply to any refrigerator car loaded with syrup packed in glass in cartons or loaded with syrup packed in glass in cartons when mixed with other commodities when protection against freezing by heaters is required, when such cars are loaded to at least 50,000 pounds.

The shipping instructions and waybills shall show reference to this general permit, and any consignor forwarding cars under this general permit shall furnish the permit agent with the car numbers, initials, weights and destinations of the cars shipped under this permit and also the dates forwarded, car numbers, initials and weights of all cars shipped; such information to be furnished on the first day of each month.

This general permit shall become effective at 12:01 a. m., October 15, 1951, and shall expire at 11:59 p. m., November 30, 1951, unless otherwise modified, changed, suspended or revoked.

A copy of this general permit has been served upon the Association of American Railroads, Car Service Division, as Agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement, and notice of this permit shall be given to the general public by depositing a copy in the Office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director, Division of the Federal Register.

Issued at Washington, D. C., this 10th day of October 1951.

HOWARD S. KLINE,
Permit Agent.

[F. R. Doc. 51-12487; Filed, Oct. 17, 1951; 8:52 a. m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 70-2714]

WORCESTER COUNTY ELECTRIC CO.

NOTICE OF FILING REQUESTING AUTHORIZATION TO ISSUE PROMISSORY NOTES

OCTOBER 12, 1951.

Notice is hereby given that Worcester County Electric Company ("Worcester County"), a subsidiary of New England Electric System ("NEES"), a registered holding company, has filed a declaration pursuant to the Public Utility Holding Company Act of 1935 ("act"), and has designated sections 6 (a) and 7 thereof and Rules U-23 and U-42 (b) (2) thereunder as applicable to the proposed transactions which are summarized as follows:

Worcester County has outstanding with banks $2,500,000 of six months 2½ percent promissory notes and proposes to issue to banks, from time to time, but not later than December 31, 1951, additional unsecured promissory notes in a principal amount not exceeding $3,200,000. Said additional notes are to be due not later than six months after the respective dates thereof and are to bear interest at the prime interest rate for such notes (presently 2½ percent). Should said prime interest rate for such notes exceed 2¾ percent, Worcester County will file an amendment to its declaration which, unless the Commission gives notice to the contrary, shall become effective five days thereafter. The proceeds of the proposed additional notes are to be used to retire $1,500,000 principal amount of presently outstanding notes and the balance will be used to pay for future construction or to reimburse the treasury for prior construction expenditures. The amount of all unsecured promissory notes of Worcester County to be outstanding at any one time prior to December 31, 1951, will not exceed $4,200,000.

The declaration states that Worcester County expects that its note indebtedness will be financed permanently through the issuance of common stock to NEES in the latter part of 1951 or early in 1952.

The total expenses in connection with the proposed issuance of notes are estimated by Worcester County not to exceed $1,000 and, according to the Company, no State Commission or Federal commission, other than this Commission, has jurisdiction over the proposed note issue. Worcester County requests that the Commission's order herein become effective forthwith upon issuance.

Notice is further given that any interested person may, not later than October 26, 1951, at 5:30 p. m., e. s. t., request, in writing, that a hearing be held on such matter, stating the nature of his interest, the reasons for such request and the issues of fact or law, if any, raised by said declaration which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after October 26, 1951, said declaration, as filed or as amended, may be permitted to become effective as provided in Rule U-23 of the rules and regulations promulgated under said act, or the Commission may exempt such transactions as provided in Rule U-20 (a) and Rule U-100 thereof.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 51-12461; Filed, Oct. 17, 1951; 8:48 a. m.]

[File No. 70-2720]

ATTLEBORO STEAM AND ELECTRIC CO. ET AL.

NOTICE OF FILING OF PROPOSED ISSUES OF PROMISSORY NOTES TO PARENT COMPANY BY ITS SUBSIDIARIES

OCTOBER 12, 1951.

In the matter of Attleboro Steam and Electric Company, Beverly Gas and Electric Company, Gloucester Electric Company, Haverhill Electric Company, Malden Electric Company, Northampton Electric Lighting Company, Southern Berkshire Power & Electric Company, Weymouth Light and Power Company, and New England Electric System.

Notice is hereby given that Attleboro Steam and Electric Company ("Attleboro"), Beverly Gas and Electric Company ("Beverly"), Gloucester Electric Company ("Gloucester"), Haverhill Electric Company ("Haverhill"), Malden Electric Company ("Malden"), Northampton Electric Lighting Company ("Northampton"), Southern Berkshire Power & Electric Company ("Southern Berkshire"), and Weymouth Light and Power Company ("Weymouth") (hereinafter sometimes collectively referred to as "the borrowing companies") and their parent company, New England Electric Company ("NEES"), a registered holding company, have filed a joint declaration pursuant to the Public Utility Holding Company Act of 1935 ("the act") and have designated sections 6 (a), 7, 9 (a), 10 and 12 (f) thereof and Rules U-23, U-45 (a) and U-43 (a) thereunder as applicable to the proposed transactions which are summarized as follows:

The borrowing companies propose to issue to NEES, from time to time but not later than December 31, 1951, unsecured promissory notes in the aggregate amounts set forth in the following table:

Company	Notes payable to NEES at Oct. 1, 1951	Proposed borrowings Oct. 1, 1951, to Dec. 31, 1951	Notes payable to NEES at Dec. 31, 1951
Attleboro		$200,000	$200,000
Beverly	$1,175,000	400,000	1,575,000
Gloucester	455,000	50,000	505,000
Haverhill	300,000	150,000	450,000
Malden	600,000	500,000	1,100,000
Northampton	100,000	25,000	125,000
Southern Berkshire	755,000	50,000	805,000
Weymouth	350,000	150,000	500,000
Total	3,735,000	1,525,000	5,260,000

Said notes will mature April 1, 1952 and will bear interest at the prime interest rate charged by banks for such notes (presently 2½%). Should said prime interest rate exceed 2¾ percent, the borrowing company and NEES will file an amendment to said declaration which, unless the Commission gives notice to the contrary, shall become effective five days thereafter. The proceeds of the proposed notes will be used by the borrowing companies for construction and to reimburse their treasuries for prior construction expenditures and, in the case of Attleboro, to pay its presently outstanding debt incurred for construction and amounting to $60,000 in notes payable to banks and $40,000 representing a non-interest bearing advance payable to NEES.

The expenses in connection with the proposed note issues are estimated not to exceed $100 for each declarant company or an aggregate of $900 and, according to the declaration, no State commission or Federal commission, other than this Commission, has jurisdiction over the proposed note issues. The declarant companies request that the Commission's order herein become effective forthwith upon issuance.

Notice is further given that any interested person may, not later than October 26, 1951, at 5:30 p. m., e. s. t., request in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request and the issues of fact or law, if any, raised by said declaration which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after October 26, 1951, said declaration, as filed or as amended, may be permitted to become effective as provided by Rule U-23 of the rules and regulations promulgated under said act, or the Commission may exempt such transactions as provided in Rule U-20 (a) and Rule U-100 thereof.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 51-12463; Filed, Oct. 17, 1951; 8:49 a. m.]

[File No. 70-2721]

NORTHERN BERKSHIRE GAS CO. ET AL.

NOTICE OF FILING REQUESTING AUTHORIZATION TO ISSUE PROMISSORY NOTES

OCTOBER 12, 1951.

In the matter of Northern Berkshire Gas Co., Quincy Electric Light and Power Co., and Suburban Gas and Electric Co.

Notice is hereby given that Northern Berkshire Gas Company ("Northern Berkshire"), Quincy Electric Light and Power Company ("Quincy"), and Suburban Gas and Electric Company ("Suburban"), subsidiary companies of New England Electric System ("NEES"), a registered holding company, have filed a joint declaration, pursuant to the Public Utility Holding Company Act of 1935 ("the act") and have designated sections 6 (a) and 7 thereof and Rules U-23 and U-42 (b) (2) thereunder as applicable to the proposed transactions which are summarized as follows:

Northern Berkshire, Quincy and Suburban propose to issue to banks, from time to time but not later than December 31, 1951, unsecured promissory notes in the principal amounts of $720,000, $580,000 and $1,075,000, respectively. Said notes are to be due six months after the respective dates thereof and are to bear interest at the prime interest rate for such notes (presently 2½ percent). Should said prime interest rate exceed 2¾ percent, the borrowing declarant company will file an amendment to said declaration which, unless the Commission gives notice to the contrary, shall become effective five days thereafter. The proceeds of the proposed notes will be used by Northern Berkshire, Quincy and Suburban to repay notes payable to NEES in the amounts of $350,000, $430,000, and $375,000, respectively, and the balances of $370,000, $150,000 and $700,000, respectively, will be used to pay for construction costs, the cost of conversion to natural gas and to reimburse the treasury for prior construction expenditures.

The declaration states that Northern Berkshire and Suburban expect that their proposed note indebtedness will be paid from the proceeds of the sale of their gas properties in the latter part of 1951 or early in 1952 and that Quincy does not expect any permanent financing in the immediate future.

The total expenses in connection with the proposed issuance of notes are estimated in the declaration not to exceed $750 ($250 for each declarant company) and it is stated that no State commission or Federal commission, other than this Commission, has jurisdiction over the proposed note issues. The declarant companies request that the Commission's order herein become effective forthwith upon issuance.

Notice is further given that any interested person may, not later than October 26, 1951, at 5:30 p. m., request, in writing, that a hearing be held on such matter, stating the nature of his interest, the reasons for such request and the issues of fact or law, if any, raised by said declaration which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after October 26, 1951, said declaration, as filed or as amended, may be permitted to become effective as provided by Rule U-23 of the rules and regulations promulgated under said act, or the Commission may exempt such transactions as provided in Rule U-20 (a) and Rule U-100 thereof.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 51-12460; Filed, Oct. 17, 1951; 8:48 a. m.]

[File No. 70-2722]

GRANITE STATE ELECTRIC CO.

NOTICE OF FILING REQUESTING AUTHORIZATION TO ISSUE PROMISSORY NOTES

OCTOBER 12, 1951.

Notice is hereby given that Granite State Electric Company ("Granite State"), a subsidiary of New England Electric System ("NEES"), a registered holding company, has filed a declaration pursuant to the Public Utility Holding Company Act of 1935 ("the act") and has designated sections 6 (a) and 7 thereof and Rules U-23 and U-42 (b) (2) thereunder as applicable to the proposed transactions which are summarized as follows:

Granite State has outstanding a 2½ percent promissory note in the principal amount of $250,000 which is due November 15, 1951, and proposes to issue on that date to The First National Bank of Boston a new $300,000 promissory note payable in six months. Said note will bear interest at its prime interest rate (present 2½ perecent). Should said prime interest rate for such note exceed 2¾ percent, Granite State will file an amendment to its declaration which, unless the Commission gives notice to the contrary, shall become effective five days thereafter. The proceeds of the proposed note will be used to pay the presently outstanding note and to pay for construction expenditures.

The declaration states that Granite State expects that its note indebtedness will be financed permanently through the issuance of common stock to NEES in the latter part of 1951 or early in 1952.

The total expenses in connection with the proposed note issue are estimated by Granite State not to exceed $600 and, according to counsel for the company, all action necessary to make the proposed note valid has been taken by and before all regulatory bodies, except this Commission. Granite State requests that the Commission's order herein become effective forthwith upon issuance.

Notice is further given that any interested person may, not later than October 26, 1951, at 5:30 p. m., request in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request and the issues of fact or law, if any, raised by said declaration which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after October 26, 1951, said declaration, as filed or as amended, may be permitted to become effective as provided by Rule U-23 of the rules and regulations promulgated under said act, or the Commission may exempt such transactions as provided in Rule U-20 (a) and Rule U-100 thereof.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 51-12462; Filed, Oct. 17, 1951; 8:49 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

AUTHORITY: 40 Stat. 411, 55 Stat. 839, Pub. Laws 322, 671, 79th Cong., 60 Stat. 50, 925; 50 U. S. C. and Supp. App. 1, 616; E. O. 9193, July 6, 1942, 3 CFR, Cum. Supp., E. O. 9567, June 8, 1945, 3 CFR, 1945 Supp., E. O. 9788, Oct. 14, 1946, 11 F. R. 11981.

[Vesting Order 500A-292]

COPYRIGHTS OF CERTAIN GERMAN NATIONALS

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That the persons (including individuals, partnerships, associations, corporations or other business organizations) referred to or named in Column 5 of Exhibit A set forth below and made a part hereof and whose last known addresses are listed in said Exhibit A as being in a foreign country (the names of which persons are listed (a) in Column 3 of said Exhibit A as the authors of the works, the titles of which are listed in Column 2, and the copyright numbers, if any, of which are listed in Column 1, respectively, of said Exhibit A, and/or (b) in Column 4 of said Exhibit A as the owners of the copyrights, the numbers, if any, of which are listed in Column 1, and covering works the titles of which are listed in Column 2, respectively, of said Exhibit A, and/or (c) in Column 5 of said Exhibit A as others owning or claiming interests in such copyrights) are residents of, or are organized under the laws of, or have their principal places of business in, such foreign country and are nationals thereof;

2. That all right, title, interest and claim of whatsoever kind or nature, under the statutory and common law of the United States and of the several States thereof, of the persons referred to in Column 5 of said Exhibit A, and also of all other persons (including individuals, partnerships, associations, corporations or other business organizations), whether or not named elsewhere in this order including said Exhibit A, who are residents of, or which are organized under the laws of or have their principal places of business in, Germany or Japan, and are nationals of such foreign countries, in, to and under the following:

a. The copyrights, if any, described in said Exhibit A,

b. Every copyright, claim of copyright and right to copyright in the works described in said Exhibit A and in every issue, edition, publication, republication, translation, arrangement, dramatization and revision thereof, in whole or in part, of whatsoever kind or nature, and of all other works designated by the titles therein set forth, whether or not filed with the Register of Copyrights or otherwise asserted, and whether or not specifically designated by copyright number,

c. Every license, agreement, privilege, power and right of whatsoever nature arising under or with respect to the foregoing,

d. All monies and amounts, and all rights to receive monies and amounts, by way of royalty, share of profits or other emolument, accrued or to accrue, whether arising pursuant to law, contract or otherwise, with respect to the foregoing,

e. All rights of renewal, reversion or revesting, if any, in the foregoing, and

f. All causes of action accrued or to accrue at law or in equity with respect to the foregoing, including but not limited to the rights to sue for and recover all damages and profits and to request and receive the benefits of all remedies provided by common law or statute for the infringement of any copyright or the violation of any right or the breach of any obligation described in or affecting the foregoing,

is property of, and is property payable or held with respect to copyrights or rights related thereto in which interests are held by, and such property itself constitutes interests held therein by, the aforesaid nationals of foreign countries.

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described in subparagraph 2 hereof, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The term "national" as used herein shall have the meaning prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on September 27, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

EXHIBIT A

Column 1 Copyright number	Column 2 Title of work	Column 3 Names and last known nationalities of authors	Column 4 Names and last known addresses of owners of copyrights	Column 5 Identified persons whose interests are being vested
Unknown.....	Beilstein's Handbuch der Organischen Chemie (all volumes published prior to 1947).	Unknown.....	Julius Springer, Berlin, Germany, and Springer-Verlag, Berlin, Germany (nationality: German).	Owners.

[F. R. Doc. 51-12523; Filed, Oct. 17, 1951; 9:00 a. m.]

[Vesting Order 500A-293]

COPYRIGHTS OF CERTAIN JAPANESE NATIONALS

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That the persons (including individuals, partnerships, associations, corporations or other business organizations) referred to or named in Column 5 of Exhibit A set forth below and made a part hereof and whose last known addresses are listed in said exhibit A as being in a foreign country (the names of which persons are listed (a) in Column 3 of said Exhibit A as the authors of the works, the titles of which are listed in Column 2, and the copyright numbers, if any, of which are listed in Column 1, respectively, of said Exhibit A, and/or (b) in Column 4 of said exhibit A as the owners of the copyrights, the numbers, if any, of which are listed in Column 1, and covering works the titles of which are listed in Column 2, respectively, of said Exhibit A, and/or (c) in Column 5 of said Exhibit A as others owning or claiming interests in such copyrights) are residents of, or are organized under the laws of, or have their principal places of business in, such foreign country and are nationals thereof;

2. That all right, title, interest and claim of whatsoever kind or nature, under the statutory and common law of the United States and of the several states thereof, of the persons referred to in Column 5 of said Exhibit A, and also of all other persons (including individuals, partnerships, associations, corporations or other business organizations), whether or not named elsewhere in this Order including said Exhibit A, who are residents of, or which are organized under the laws of or have their principal places of business in, Germany or Japan, and are nationals of such foreign countries, in, to and under the following:

a. The copyrights, if any, described in said Exhibit A,

b. Every copyright, claim of copyright and right to copyright in the works described in said Exhibit A and in every issue, edition, publication, republication, translation, arrangement, dramatization and revision thereof, in whole or in part, of whatsoever kind or nature, and of all other works designated by the titles therein set forth, whether or not filed with the Register of Copyrights or otherwise asserted, and whether or not specifically designated by copyright number,

c. Every license, agreement, privilege, power and right of whatsoever nature arising under or with respect to the foregoing,

d. All monies and amounts, and all rights to receive monies and amounts, by way of royalty, share of profits or other emolument, accrued or to accrue, whether arising pursuant to law, contract or otherwise, with respect to the foregoing,

e. All rights of renewal, reversion or revesting, if any, in the foregoing, and

f. All causes of action accrued or to accrue at law or in equity with respect to the foregoing, including but not limited to the rights to sue for and recover all damages and profits and to request and receive the benefits of all remedies provided by common law or statute for the infringement of any copyright or the violation of any right or the breach of any obligation described in or affecting the foregoing,

is property of, and is property payable or held with respect to copyrights or rights related thereto in which interests are held by, and such property itself constitutes interests held therein by, the aforesaid nationals of foreign countries.

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described in subparagraph 2 hereof, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The term "national" as used herein shall have the meaning prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C. on September 27, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

EXHIBIT A

Column 1 Copyright number	Column 2 Title of Work	Column 3 Names and last known nationalities of authors	Column 4 Names and last known addresses of owners of copyrights	Column 5 Identified persons whose interests are being vested
Unknown	Shina No Yoru (China Night).	Nobuyuki Takeoka and Yaso Saijo, both of Japan.	Japan Overseas Music Association, 5 Ginza Nishi, 2—Chome, Tokyo, Japan, and/or Nobuyuki Takeoka and Yaso Saijo, both of Japan.	Author and owner.
E-Unpub. 106247	China Night (Shina No Yoru).	Gwennie James, San Antonio, Tex.	----------	Nobuyuki Takeoka, Yaso Saijo, and Japan Overseas Music Association, all of Japan.
E-Pub. 48475	Truly Lulu	Gwennie James, San Antonio, Tex., and Nobuyuki Takeoka, of Japan.	----------	Do.

[F. R. Doc. 51-12524; Filed, Oct. 17, 1951; 9:00 a. m.]

[Vesting Order 18544]

PETER E. LUDVIGSEN

In re: Estate of Peter E. Ludvigsen, deceased. File No. D-19-120; E. T. Sec. 3763.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Maria Margaretha (Ludewig) Asmussen and Hans Jurgen Ludewig, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the property described as follows: All property in the possession or custody of or under the control of Bank of America National Trust and Savings Association, Fresno, California, as trustee of the Trust under the Will of Peter E. Ludvigsen, deceased, including particularly but not limited to the sum of $29,631.18 as of September 28, 1951, together with any and all accruals thereto,

is property payable or deliverable to, or claimed by, the aforesaid nationals of a designated enemy country (Germany);

3. That such property is in the process of administration by Bank of America National Trust and Savings Association, as trustee, acting under the judicial supervision of the Superior Court of the State of California, in and for the County of Fresno.

and it is hereby determined:

4. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on October 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-12514; Filed, Oct. 17, 1951; 8:58 a. m.]

[Vesting Order 18543]

DOROTHEA URSULA LEMBKE ET AL.

In re: Rights of Dorothea Ursula Lembke, et al. under Insurance Contracts. Files Nos. F-28-4207-H-1 and H-2:

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Dorothea Ursula Lembke, Wolfgang Lembke and Hanno Lembke, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the children, names unknown, of Dorothea Lembke and Walter Adolf Otto Lembke, born after July 15, 1938, who there is reasonable cause to believe are residents of Germany, are nationals of a designated enemy country (Germany);

3. That the net proceeds due or to become due under contracts of insurance evidenced by Policies numbered 1021233 and 1021234 issued by the Occidental Life Insurance Company of California, Los Angeles, California, to Mrs. Dorothea Ursula Lembke, and any and all other benefits and rights of any kind or character whatsoever under or arising out of said contracts of insurance except those of the aforesaid Occidental Life Insurance Company of California, together with the right to demand, enforce, receive and collect the same is property within the United States owned or controlled by, payable or deliverable to, held on behalf of, or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

4. That to the extent that the persons identified in subparagraph 1 and 2 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on October 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-12513; Filed, Oct. 17, 1951; 8:51 a. m.]

[Vesting Order 18545]

BERTHA RUTHER

In re: Estate of Bertha Ruther, deceased. File No. D-28-13065; E. T. Sec. No. 17183.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Marie Goesser, Pauline Von Ey, Mathilde Buechsenschuetz, Henriette Maria Rohleder, Martha Hegemann, Anna Fabricius, Paul Roemer, Florenz Roemer, Elsa Roemer, Grete Muckenhaupt, Karl Muckenhaupt, Lieselotte Muckenhaupt, Mathilde Mueller, Ernst Pohl, Martha Gross, Gustav Pohl, and Auguste Roemer, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That all right, title, interest and claim of any kind or character whatsoever of the persons identified in subparagraph 1 hereof, and each of them, in and to the estate of Bertha Ruther, deceased,

is property payable or deliverable to, or claimed by, the aforesaid nationals of a designated enemy country (Germany);

3. That such property is in the process of administration by John J. Hayes, as Administrator, acting under the judicial supervision of the Probate Court of Suffolk County, Massachusetts;

and it is hereby determined:

4. That to the extent that the persons identified in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on October 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-12515; Filed, Oct. 17, 1951; 8:58 a. m.]

[Vesting Order 18541]

FRANCES DRAXLER ET AL.

In re: Frances Draxler, et al. v. Joseph Kauer, Sr., Executor and Trustee, et al. File No. D-28-13059; E. T. Sec. 17180.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Mary Findru, also known as Mary Yindra (Mrs. Johann Weber) and Anton Findru, also known as Anton Yindra, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the sum of $199.36 deposited with Frances W. Kulwiec, as Clerk of the Circuit Court of Taylor County, Wisconsin, to the credit of the persons named in subparagraph 1 hereof pursuant to an order of the Circuit Court of Taylor County, Wisconsin, dated December 13, 1946, and entered in a proceeding entitled Frances Draxler, et al. v. Joseph Kauer, Sr., Executor and Trustee of the Estate of Maria Draxler, deceased, et al., together with any and all accumulations and subject to the payment of any lawful fees and disbursements of the said Frances W. Kulwiec as Clerk of the Circuit Court of Taylor County, Wisconsin, is property payable or deliverable to, or claimed by the aforesaid nationals of a designated enemy country (Germany);

3. That such property is in the process of administration by the Clerk, Circuit Court of Taylor County, Wisconsin, as depositary, acting under the judicial supervision of the Circuit Court of Taylor County, Medford, Wisconsin;

and it is hereby determined:

4. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest.

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on October 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-12511; Filed, Oct. 17, 1951; 8:57 a. m.]

[Vesting Order 18542]

SUYE FUJIHARA ET AL.

In re: Rights of Suye Fujihara et al. under Insurance Contract. File No. D-39-15436-H-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Suye Fujihara, whose last known address is Japan, is a resident of Japan and a national of a designated enemy country (Japan);

2. That the domiciliary personal representatives, heirs-at-law, next of kin, legatees and distributees, names unknown, of Suye Fujihara, who there is reasonable cause to believe are residents of Japan, are nationals of a designated enemy country (Japan);

3. That the net proceeds due or to become due under contract of insurance evidenced by Policy No. 603,811 issued by the Manufacturers Life Insurance Company, Toronto, Canada, to Tomoyuki Fujihara, together with the right to demand, receive and collect said net proceeds (including without limitation the right to proceed for collection against branch offices and legal reserves maintained in the United States), is property within the United States, owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Japan);

and it is hereby determined:

4. That to the extent that the person named in subparagraph 1 hereof and the domiciliary personal representatives, heirs-at-law, next-of-kin, legatees and distributees, names unknown, of Suye Fujihara, are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on October 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-12512; Filed, Oct. 17, 1951; 8:57 a. m.]

[Vesting Order 18546]

PETER ZIMMERMANN

In re: Estate of Peter Zimmermann, deceased. File No. 017-26855.

Under the authority of the Trading With the Enemy Act, as amended. Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That the issue and domiciliary personal representatives, heirs, next of kin, legatees and distributees, names unknown, of Werner Zimmermann, deceased son, who there is reasonable cause to believe are residents of Germany, are nationals of a designated enemy country (Germany);

2. That all right, title, interest and claim of any kind or character whatsoever of the persons identified in subparagraph 1 hereof, and each of them, in and to the estate of Peter Zimmermann, deceased, is property payable or deliverable to, or claimed by, the aforesaid nationals of a designated enemy country (Germany);

3. That such property is in the process of administration by the County Treasurer of Clinton County, Michigan, under the judicial supervision of the Probate Court of Clinton County, Michigan;

and it is hereby determined:

4. That to the extent that the issue and domiciliary personal representatives, heirs, next of kin, legatees and distributees, names unknown, of Werner Zimmermann, deceased son, are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on October 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-12516; Filed, Oct. 17, 1951; 8:58 a. m.]

[Vesting Order 18547]

A. G. FUER IN-UND AUSLAENDISCHE WERTE

In re: Bank account owned by A. G. fuer in-und auslaendische Werte. F-63-10146-A-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That the persons whose names and last known addresses are set forth below are residents of Germany and nationals of a designated enemy country (Germany):

Viktor von Martin, Linswege ueber Ocholt, Oldenburg, Germany.

Professor Dr. Alfred von Martin, 8 Heimstaettenstrasse, Munich, Germany.

Hans von Martin, House No. 151½, Homburg am Main, Germany.

Margarethe Countess von Kirchbach, nee von Martin, House "Sonnenblick", Berchtesgaden-Schoenau, Germany.

Elsa Thiel, nee von Martin, Brueggen ueber Alfeld, Leine, House No. 74, Germany.

2. That the personal representatives, heirs, next of kin, legatees and distributees of Fritz von Martin, deceased, who there is reasonable cause to believe are residents of Germany, are nationals of a designated enemy country (Germany);

3. That A. G. fuer in-und auslaendische Werte is a corporation organized under the laws of Switzerland, whose principal place of business is located at Schaffhausen, Switzerland, and is or, since the effective date of Executive Order 8389, as amended, has been controlled by or acting or purporting to act, directly or indirectly, for the benefit or on behalf of the aforesaid Viktor von Martin, Professor Dr. Alfred von Martin, Hans von Martin, Margarethe Countess von Kirchbach, nee von Martin, Elsa Thiel, nee von Martin, and the personal representatives, heirs, next of kin, legatees and distributees of Fritz von Martin, deceased, and is a national of a designated enemy country (Germany);

4. That the property described as follows: That certain debt or other obligation owing to A. G. fuer in-und auslaendische Werte by J. Henry Schroder Banking Corporation, 57 Broadway, New York 15, New York, arising out of a current account entitled A. G. fuer in-und auslaendische Werte, maintained at the aforesaid Bank, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by A. G. fuer in-und auslaendische Werte, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

5. That A. G. fuer in-und auslaendische Werte is controlled by or acting for or on behalf of a designated enemy country (Germany) or persons within such country and is a national of a designated enemy country (Germany);

6. That to the extent that A. G. fuer in-und auslaendische Werte, the persons named in subparagraph 1 hereof and the persons referred to in subparagraph 2 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on October 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-12517; Filed, Oct. 17, 1951; 8:58 a. m.]

[Vesting Order 18548]

SAWAHEI FUNATSU

In re: Bank account owned by Sawahei Funatsu. F-39-7060-E-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Sawahei Funatsu, whose last known address is Tamana-gun, Kumamoto-ken, Japan, is a resident of Japan and a national of a designated enemy country (Japan);

2. That the property described as follows: That certain debt or other obligation owing to Sawahei Funatsu by the Bishop National Bank of Hawaii at Honolulu, King & Bishop Streets, Honolulu, T. H., arising out of a Savings Account numbered 57223, entitled Sawahei Funatsu, maintained with the aforesaid Bank, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on October 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 51-12518; Filed, Oct. 17, 1951; 8:59 a. m.]

Wrong

April 18, 1951

No new oil or gas leases will be granted on lands presently held under lease by the potash companies. As any existing oil leases in the above area expire or are relinquished, the land will be with-drawn and no new leases issued.

The one-quarter mile strip contiguous to the above mentioned potash leases may be leased for oil or gas prospecting or development but no holes shall be drilled in this strip closer than 990 feet to the potash lease boundary line.

If any producing wells are drilled in the lands adjacent to the withdrawn area, a review shall be made of the withdrawn acreage to ascertain if oil or gas drilling can be undertaken therein without danger to the potash operations. The presently appointed Committee shall continue, subject to call by the Land Commissioner and shall make such a study, and the affected potash company must also agree to such drilling within the described boundaries.

In the remaining acreage in (Description)

the lands will be offered for oil & gas leases, but any prospecting or development shall be done under such regulatory measures as will protect, to the greatest degree possible, the zone in which future commercial potash may occur. The oil representatives of this Committee will prepare such protective rules and will present them to a meeting of the full Committee to be held within 15 days. The regulations adopted shall also apply to drilling on any existing leases which are located in the potash lease areas.

New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

June 22 - 1951

M E M O R A N D U M

To: R. R. Spurrier

From: George Graham

SUBJECT: Case 278

Here are the only copies of the respective transcripts of the oil-potash hearings of February 27, 1951, and March 29, 1951, which upon motion were to be included in the record of Case 278. If I remember correctly, you agreed to have these transcripts Duplimatted for the convenience of the interested parties. I imagine it will take 75 or 100 copies.

GS:nr

Eddy County Gets Oil Leasing Rules

SANTA FE, April 18 (AP)—Special regulations to protect future potash mining operations will be set up for 21,000 acres of Eddy County land where its been decided to allow oil and gas leasing.

Potash and oil spokesmen today agreed that oil and gas leases should be sold on the 21,000 acres. The leases will be sold May 10.

State Land Commissioner Guy Shepard said a committee of two oil operators and two potash officials will meet in Carlsbad on May 1 to draw up details of a casing and cement program.

The special regulations will outline methods for casing and cementing to less the danger of crumbling and cave-ins in future potash mining, of the same land.

The committee agreed yesterday that the potash and oil industries can operate on the same land if proper regulations are adopted.

No Lea County land will be covered by the new rules.

San Juan Needs Roads--Mechem

SANTA FE, Auril 18 (AP)—Gov. Edwin L. Mechem said today that San Juan County needs at least two roads, one from Aztec to the Colorado line and one from Bloomfield to Blanco.

The governor dedicated a new courthouse at Aztec yesterday.

He declined to say whether he will recommend such roads to the next meeting of the state Highway Commission.

Mechem said the state Labor Commission will meet in his office Friday afternoon to select a third member to the commission

Albuquerque Journal

4-19-51

NOTE: The description by lots was not used by the committee, but it might be desirable to change the attached descriptions where lots are involved.

These seem to be:

T 18 S-R 31 E Sec. 18

T 19 S-R 30 E Sec. 7

T 19 S-R 32 E Sec. 31

T 21 S-R 29 E Sec. 3

T 21 S-R 31 E Sec. 1, 2. 18 19

T 22 S-R 31 E Sec. 19

In T 21 S-R 31 E, the descriptions in sections 1 and 2 are to include 16 lots in each section.

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

Case 278

December 5, 1951

COPY

Mr. Guy Shepard
Commissioner of Public Lands
Santa Fe, N. M.

Dear Mr. Shepard:

Enclosed is a signed copy of Order R-111 issued by the Oil Conservation Commission in Case 278: In the Matter of Defining Boundaries of Potential Oil Producing Areas in Eddy and Lea Counties, New Mexico, Within Which Potash Minerals Are Being Produced or Potential Potash Producing Lands Are Located.

This order has been issued to the general mailing list of the Oil Conservation Commission. We are also sending six extra copies of the order as released, in case you need them for your records.

Very truly yours,

Jason Kellahin, Attorney

JK:nr
Encl.

Potash - vs. Oil 4/6/51

CASING PROGRAM — Twenty Track

10 3/4" hole and set 8" casing at top of salt. (300 to 315') Set 8" casing and cement by Haliburton Method with 40 sax of cement.

Drill 8" hole to pay Horizon and cement 7" casing with 40 sax cement. (Haliburton Method).

To plug wells, keep hole and annular space filled with mud and spot ten sax of cement in each string, 4' above casing shoe.

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

October 2, 1951

COPY

Mr. F. O. Davis, President
Potash Company of America
Carlsbad, New Mexico

Dear Sir:

According to our records, the actual workings of your mine are embraced within the following described lands:

T. 19 S, R. 30 E
SE/4 section 27
SW/4 section 26
SE/4 section 33
all section 34
NW/4 section 35

T. 20 S, R. 30 E
NE/4 and W/2 section 3
E/2 and SW/4 section 4
E/2 section 8
W/2 and NE/4 section 9
NW/4 section 10
W/2 section 17

As this information is needed in connection with drafting of regulations for oil and gas exploration and production in potash-producing areas, we would appreciate it if you would check the description and advise us if it is sufficient to embrace actual mining operations.

Yours very truly,

JK:bpw

Jason Kellahin, Attorney

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

October 2, 1951

COPY

Mr. T. M. Cramer, Vice-president
U. S. Potash Corporation
Carlsbad, New Mexico

Dear Sir:

According to our records, the actual workings of your mine are embraced within the following described lands:

T. 21 S, R. 29 E
SE/4 section 1
SE/4 section 11
All section 12
N/2 and SE/4 section 13
NE/4 section 14

T. 21 S, R. 30 E
SW/4 section 7
NW/4 section 18

As this information is needed in connection with drafting of regulations for oil and gas exploration and production in potash-producing areas, we would appreciate it if you would check the description and advise us if it is sufficient to embrace actual mining operations.

Yours very truly,

JK:bpw

Jason Kellahin, Attorney

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1201

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=Int'l Letter Telegram

VLT=Int'l Victory Ltr.

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

,LA08 SSB862

1951 OCT 9 PM 6 23

L.CSA081.PD=CARLSBAD NMEX 9 533P=:

=MR JASON KELLAHIN ATTORNEY=

:NEW MIXICO OIL CONSERVATION COMMISSION=

=PO BOX 871=SANTA FE NMEX=

=YOUR LETTER OCTOBER SECOND QUARTER SECTIONS MINING ACTIVITY TAKING PLACE ON LEASES HELD BY THIS COMPANY SUBSTANTIALLY GREATER THAN MENTIONED YOUR LETTER. AIRMAILING YOU LIST TOMORROW=

:U S POTASH COMPANY CRAMER:

Rec'd 8:50 a.m. 10-10-51

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

UNITED STATES POTASH COMPANY

INCORPORATED

GENERAL OFFICES
30 ROCKEFELLER PLAZA
NEW YORK 20, N. Y.

SUNSHINE STATE POTASH
PRODUCT OF NEW MEXICO
REG. U. S. PAT. OFF.

CARLSBAD, NEW MEXICO
October 10, 1951

Mr. Jason Kellahin, Attorney
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

On October 2 you stated in your letter that according to your records the actual workings of our mine are embraced in the following lands:

T. 21 S, R. 29E
SE/4 section 1
SE/4 section 11
All section 12
N/2 and SE/4 section 13
NE/4 section 14

T. 21 S, R. 30 E
SW/4 section 7
NW/4 section 18

To this list should be added:

SW¼ Section 1 and SW¼ of Section 13,
Township 21 South, Range 29 East.

NW¼ of Section 7 and SW¼ of Section 18,
Township 21 South, Range 30 East.

In addition to these quarters we wish to call your attention to the fact that we have sub-leased part of our State Lease to the International Minerals and Chemical Corporation in accordance with arrangements on file in your office. It is our understanding that the International Minerals and Chemical Corporation have active mine workings

in the NE¼, SE¼ and SW¼ of Section 36, Township 21 South, Range 29 East, and in the SW¼ of Section 32 in Township 21 South, Range 30 East and the NW¼ of Section 5 in Township 22 South, Range 30 East.

This adds 9 quarter sections to the 11 quarter sections mentioned in your letter. If you have called upon the International for similar information, it may be that some of the descriptions given above will overlap the descriptions given by them.

Very truly yours,

UNITED STATES POTASH COMPANY

T. M. Crane

Vice President

TMC:ng

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

October 2, 1951

COPY

Mr. G. C. Weaver
Duval Sulphur and Potash Company
Carlsbad, New Mexico

Dear Sir:

According to our records, the actual workings of your mine are embraced within the following described lands:

T. 20 S, R. 30 E
NE/4 section 35

As this information is needed in connection with drafting of regulations for oil and gas exploration and production in potash-producing areas, we would appreciate it if you would check the description and advise us if it is sufficient to embrace actual mining operations.

Yours very truly,

JK:bpw

Jason Kellahin, Attorney

DUVAL SULPHUR & POTASH COMPANY

P. O. BOX 510

CARLSBAD, NEW MEXICO

October 5, 1951

Case # 278

Mr. Jason Kellahin, Attorney
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Kellahin:

This will acknowledge receipt of your letter of October 2 to Mr. C. C. Weaver, our Consulting Engineer, in which you request a description of the lands embracing our actual mine workings.

As you have no doubt been advised, our potash mine and refinery are still in the construction stage. Under this program, we are now sinking two shafts in the northeast quarter of section 35, Township 20S, Range 30E. Since our mine development program cannot be started until both shafts are completed and permanent hoisting equipment is installed, we will not be in a position to begin actual extraction of potash ore under a mine development and production program until the construction program is completed.

Included in the "A" area shown on the potash-area map submitted by potash industry representatives at the hearing before the Commission on July 10, 1951, are the lands that are held by Duval and underlain by proven commercial potash to be mined under our planned mining program. This area includes the following:

S½ Section 22, T20S, R30E
S½ Section 23, T20S, R30E
Section 26, T20S, R30E
Section 27, T20S, R30E
N½, Section 34, T20S, R30E
N½, Section 35, T20S, R30E
Section 1, T20S, R30E
N½, SW¼, Section 12, T20S, R30E
NE¼, N½SE¼, Section 11, T20S, R30E
Section 6, T20S, R31E

Trusting that the foregoing will provide the desired information, I remain

Very truly yours,

W. P. Morris, General Supt.

WPM:pbl

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.
RECEIVED
OCT 8 1951

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

October 2, 1951

COPY

Mr. H. L. Gardner
International Minerals & Chemical Corporation
Carlsbad, New Mexico

Dear Sir:

According to our records, the actual workings of your mine are embraced within the following described lands:

T. 21 S, R. 29 E
E/2 section 36

T. 21 S, R. 30 E
All section 31

T. 22 S, R. 29 E
E/2 and SW/4 section 1
N/2 section 12

T. 22 S, R. 30 E
N/2 and SW/4 section 6

As this information is needed in connection with drafting of regulations for oil and gas exploration and production in potash-producing areas, we would appreciate it if you would check the description and advise us if it is sufficient to embrace actual mining operations.

Yours very truly,

JK:bpw

Jason Kellahin, Attorney

Case 278

INTERNATIONAL

MINERALS & CHEMICAL CORPORATION

GENERAL OFFICES · 20 NORTH WACKER DRIVE · CHICAGO 6

P. O. BOX 71
CARLSBAD, NEW MEXICO

October 8, 1951

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. Jason Kellahin, Attorney

Dear Mr. Kellahin:

We have your letter of October 2, 1951 in which the description of the lands embracing our actual mining operations is noted.

Recent, and current, mining operations and development programs will take in additional areas. The description of these areas is as follows:

T. 21 S., R. 29 E.
$SW\frac{1}{4}$, Section 36

T. 21 S., R. 30 E.
$W\frac{1}{2}W\frac{1}{2}$, Section 32

T. 22 S., R. 30 E.
$W\frac{1}{2}NW\frac{1}{4}$, Section 5

T. 22 S., R. 29 E.
$SE\frac{1}{4}NW\frac{1}{4}$, Section 1

T. 22 S., R. 29 E.
$NW\frac{1}{4}SE\frac{1}{4}$, Section 11

T. 22 S., R. 29 E.
$NW\frac{1}{4}NW\frac{1}{4}$, Section 23

Therefore, the lands as listed in your letter of October 2, 1951, plus the recent additional lands are as follows:

T. 21 S., R. 29 E.
$E\frac{1}{2}$, $SW\frac{1}{4}$, Section 36

T. 21 S., R. 30 E.
All, Section 31
$W\frac{1}{2}W\frac{1}{2}$, Section 32

T. 22 S., R. 29 E.
$E\frac{1}{2}$, $SW\frac{1}{4}$, $SE\frac{1}{4}NW\frac{1}{4}$, Section 1
$NW\frac{1}{4}SE\frac{1}{4}$, Section 11
$NW\frac{1}{4}NW\frac{1}{4}$, Section 23

T. 22 S., R. 30 E.
$W\frac{1}{2}NW\frac{1}{4}$, Section 5
$N\frac{1}{2}$, $SW\frac{1}{4}$, Section 6

We trust that the above information will meet your needs.

Yours very truly,

INTERNATIONAL MINERALS & CHEMICAL CORP.

By: H. L. Gardner
H. L. Gardner

HLG:fm

cc: Messrs. G. T. Harley
C. A. Arend, Jr.
C. W. Hicks
File (1)

POTASH COMPANY OF AMERICA

GENERAL SALES OFFICES · 50 BROADWAY · NEW YORK · N.Y.
SOUTHERN SALES OFFICE · 408-9 CANDLER BLDG · ATLANTA · GA.

P.C.A. SALT of the EARTH RED MURIATE

EXECUTIVE OFFICES
MINES AND REFINERY
CARLSBAD · NEW MEXICO

October 8, 1951

Mr. Jason Kellahin, Attorney
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

In the absence of Mr. F. O. Davis, to whom your letter of October 2nd is addressed, I submit the following description of lands covering the area of mine workings and development of our potash deposit:

T. 19 S., R. 30E
SE/4 SE/4 Sec. 20
SW/4 SW/4 Sec. 21
SE/4 Sec. 22
SW/4 NW/4 & SW/4 Sec. 23
W/2 and SE/4 Sec. 26
All Sec. 27
All Sec. 28
E/2 E/2 Sec. 29
E/2 Sec. 32
All Sec. 33
All Sec. 34
All Sec. 35
SW/4 Sec. 36

T. 20S., R. 30E.
NW/4 and E/2 Sec. 2
All Sec. 3
All Sec. 4
All Sec. 5
E/2 and SW/4 Sec. 6
NW/4 and E/2 Sec. 7

T. 20 S., R. 30 E. (cont'd)

All Sec. 8
W/2 and NE/4 Sec. 9
All Sec. 10
SW/4 Sec. 13
S/2, NW/4, S/2 NE/4, NW/4 NE/4 Sec. 14
All Sec. 15
W/2 Sec. 16
All Sec. 17
E/2 Sec. 18
E/2 Sec. 19
All Sec. 20
NW/4 Sec. 21
N/2 Sec. 22
N/2 Sec. 23
NW/4 Sec. 24

T. 20 S., R. 29 E.

S/2 Sec. 24
All Sec. 23

I trust this information will serve your needs in connection with drafting of regulations for oil and gas exploration and production in potash-producing areas.

Yours very truly,

J. B. Cummings,
Chief Geologist

JBC/lm

Potash Areas "A" and "B" combined:

T. 19 S, R. 29 E
Sec. 11, SE/4
Sec. 12 S/2
Sec. 14, all
Sec. 13, all
Sec. 23, N/2,
Sec. 24, N/2

T. 20 S, R. 29 E
Sec. 12, NE/4 SE/4 and S/2 SE/4
Sec. 13, NE/4 and S/2
Sec. 22, all
Sec. 23, all
Sec. 24, all
Sec. 25, all
Sec. 26, all
Sec. 27, all
Sec. 34, all
Sec. 35, all
Sec. 36, all

T. 21 S, R. 29 E
Sec. 1, all
Sec. 2, all
Sec. 3, E/2
Sec. 10, E/2
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, E/2
Sec. 23, N/2
Sec. 24, all
Sec. 25, all
Sec. 35, E/2
Sec. 36, all

T. 22 S, R. 29 E
Sec. 1, all
Sec. 2, all
Sec. 3, S/2
Sec. 9, E/2
Sec. 10, all
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, all
Sec. 16, all
Sec. 17, E/2
Sec. 20, E/2
Sec. 21, all
Sec. 22, all
Sec. 23, all
Sec. 24, all
Sec. 25, all
Sec. 26, all
Sec. 27, all
Sec. 28, all
Sec. 33, all
Sec. 34, all
Sec. 35, all
Sec. 36, all

T. 23 S, R. 29 E
Sec. 1, all
Sec. 2, all
Sec. 3, all
Sec. 4, E/2
Sec. 9, E/2
Sec. 10, all
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, all
Sec. 22, all
Sec. 23, all
Sec. 24, all
Sec. 25, all
Sec. 26, all
Sec. 27, all
Sec. 34, all
Sec. 35, all
Sec. 36, all

T. 18 S. R. 3(E
Sec. 12, S/2
Sec. 13, all
Sec. 14, all
Sec. 15, SE/
Sec. 21, SE/
Sec. 22, all
Sec. 23, all
Sec. 24, all
Sec. 25, W/
Sec. 26, all
Sec. 27, all
Sec. 28, all
Sec. 29, SE/
Sec. 32, SW/ and E/2
Sec. 33, all
Sec. 34, all
Sec. 35, E/2

T. 19 S, R. 3(E
Sec. 2, all
Sec. 3, all
Sec. 4, all
Sec. 5, all
Sec. 6, SE/4
Sec. 7, NE/ and S/2
Sec. 8, all
Sec. 9, all Sec. 10 to 18, incl.
Sec. 10, all
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, all
Sec. 16, all
Sec. 17, all
Sec. 18, all
Sec. 19 to 3(incl.
Sec. 32 to 3(incl.

T. 20 S, R. 30 E
Sec. 1 to 36, incl.

T. 21 S, R. 30 E
Sec. 1 to 11, incl.
Sec. 12, S/2
Sec. 13 to 22, incl.
Sec. 23, N/2
Sec. 24, N/2
Sec. 27 to 30, incl. Sec. 31
Sec. 32 to 34, incl.
Sec. 35, S/2

T. 22 S, R. 30 E
Sec. 1 to 24, incl.
Sec. 25, W/2
Sec. 26 to 35, incl.
Sec. 36, W/2

T. 23 S, R. 30 E
Sec. 1, S/2
Sec. 2 to 36, incl.

T. 24 S, R. 30 E
Sec. 1, N/2
Sec. 2, N/2
Sec. 3, N/2

T. 19 S, R. 32 E
Sec. 23, S/2
Sec. 24 to 27, incl.
Sec. 28, S/2
Sec. 31, S/2
Sec. 32, S/2
Sec. 33 to 36, incl.

T. 20 S, R. 32 E
Sec. 1 to 36, incl.

T. 21 S, R. 32 E
Sec. 1 to 17, incl.
Sec. 21 to 27, incl.
Sec. 35 and 36

T. 18 S. R. 31 E
Sec. 18, W/2

T. 19 S, R. 31 E
Sec. 9 and 10
Sec. 11, W/2
Sec. 14, W/2
Sec. 15 to 17, incl.
Sec. 19 to 22, incl.
Sec. 23, W/2
Sec. 25, S/2
Sec. 26 to 36, incl.

T. 20 S, R. 31 E
Sec. 1 to 36, incl.

T. 21 S, R. 31 E
Sec. 1, N/2
Sec. 2, N/2
Sec. 4, W/2
Sec. 5 and 6
Sec. 18, S/2
Sec. 19, N/2

T. 22 S, R. 31 E
Sec. 4 to 9, inl
Sec. 17 and 18
Sec. 19, N/2

T. 23 S, R. 31 E
Sec. 7, all
Sec. 8, S/2
Sec. 16, SW/4
Sec. 17 to 20, incl.
Sec. 21, W/2
Sec. 28 to 33, incl.

T. 24 S, R. 31 E
Sec. 4 to 6, incl.

T. 19 S, R. 33 E
Sec. 19, all
Sec. 30 and 31

T. 20 S, R. 33 E
Sec. 5 to 9, incl.
Sec. 15 to 23, incl.
Sec. 25 to 36, incl.

T. 21 S, R. 33 E
Sec. 4 to 9, incl.
Sec. 16 to 21, incl.
Sec. 28 to 33, incl.

T. 22 S, R. 33 E
Sec. 4 to 6, incl.

T. 20 S, R. 34 E
Sec. 31, all

Penrose Deal

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF DEFINING BOUNDARIES OF POTENTIAL OIL PRODUCING AREA IN EDDY (&) LEA COUNTIES, NEW MEXICO, WITHIN WHICH POTASH MINERALS ARE BEING PRODUCED OR POTENTIAL POTASH PRODUCING LANDS ARE LOCATED.

CASE NO. 278
ORDER NO. R-111

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", on June 21, 1951, and for further hearing on July 10, 1951, and the Commission, a quorum being present, having considered the testimony adduced and the exhibits introduced in evidence and arguments presented, and being fully advised in the premises,

FINDS, (1) That due notice having been given, according to law, and all interested parties having appeared, the Commission has jurisdiction of this cause, and the subject matter thereof.

(2) That an area defining potential oil and gas reserves within which are proved and potential potash deposits, and the promulgation of rules and regulations for the orderly development of oil and gas resources in such an area known to be productive of potash is within the authority of the Commission for the protection of correlative rights, the promotion of conservation, and the prevention of waste.

IT IS THEREFORE ORDERED:

(1) That this order shall be known as THE RULES AND REGULATIONS GOVERNING THE EXPLORATION AND PRODUCTION OF OIL AND GAS IN CERTAIN AREAS AND SUB-AREAS HEREIN DEFINED AND KNOWN TO CONTAIN PROVED AND SEMI-PROVED POTASH MINERALS IN THE AREA AND SUB-AREAS HEREINAFTER SET OUT.

1

OBJECTIVE

The objective of these Rules and Regulations is to prevent waste, protect correlative rights, assure maximum conservation of the oil and gas resources of New Mexico and permit the simultaneous economic recovery of potash minerals in the area hereinafter defined.

THE POTASH - OIL AREAS

(1) These Rules and Regulations are applicable to oil and gas operations and to exploration for and production of oil and gas in proven or potential Potash-Oil areas herein defined as "Area A" and "Area B."

(a) The potash-oil area, represents the area in various parts of which potash mining operations are now in progress, or in which core tests indicate potential potash reserves are located, and is described as follows:

The Potash-oil area.

(1)

(a) follows (a)

~~Potash Areas "A" and "B" combined:~~

T. 19 S., R. 29 E.
Sec. 11, SE/4
Sec. 12 S/2
Sec. 14, all
Sec. 13, all
Sec. 23, N/2,
Sec. 24, N/2

T. 20 S., R. 29 E.
Sec. 12, NE/4 SE/4 and S/2 SE/4
Sec. 13, NE/4 and S/2
Sec. 22, all to 27
Sec. 23, all
Sec. 24, all
Sec. 25, all
Sec. 26, all
Sec. 27, all
Sec. 34, all to 36
Sec. 35, all
Sec. 36, all

T. 21 S., R. 29 E.
Sec. 1, all
Sec. 2, all
Sec. 3, E/2
Sec. 10, E/2
Sec. 11, all to 14
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, E/2
Sec. 23, N/2
Sec. 24, all
Sec. 25, all
Sec. 35, E/2
Sec. 36, all

T. 22 S., R. 29 E.
Sec. 1, all
Sec. 2, all
Sec. 3, S/2
Sec. 9, E/2
Sec. 10, all to 16
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, all
Sec. 16, all
Sec. 17, E/2
Sec. 20, E/2
Sec. 21, all to 29
Sec. 22, all
Sec. 23, all
Sec. 24, all
Sec. 25, all
Sec. 26, all
Sec. 27, all
Sec. 28, all
Sec. 33, all to 36
Sec. 34, all
Sec. 35, all
Sec. 36, all

T. 23 S, R. 29 E
Sec. 1, all to 3
Sec. 2, all
Sec. 3, all
Sec. 4, E/2
Sec. 9, E/2
Sec. 10, all to 15
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, all
Sec. 22, all to 27
Sec. 23, all
Sec. 24, all
Sec. 25, all
Sec. 26, all
Sec. 27, all
Sec. 34, all to 36
Sec. 35, all
Sec. 36, all

T. 18 S. R. 30 E
Sec. 12, S/2
Sec. 13, all
Sec. 14, all
Sec. 15, SE/4
Sec. 21, SE/4
Sec. 22, all to 24
Sec. 23, all
Sec. 24, all
Sec. 25, W/2
Sec. 26, all to 28
Sec. 27, all
Sec. 28, all
Sec. 29, SE/4
Sec. 32, SW/4 and E/2
Sec. 33, all
Sec. 34, all
Sec. 35, E/2

T. 19 S, R. 30 E
Sec. 2, all to 5
Sec. 3, all
Sec. 4, all
Sec. 5, all
Sec. 6, SE/4
Sec. 7, NE/4 and S/2
Sec. 8, all to 36
Sec. 9, all ~~Sec. 10 to 18, incl.~~
Sec. 10, all
Sec. 11, all
Sec. 12, all
Sec. 13, all
Sec. 14, all
Sec. 15, all
Sec. 16, all
Sec. 17, all
Sec. 18, all
Sec. 19 to 30, incl.
Sec. 32 to 36, incl.

T. 20 S, R. 30 E
Sec. 1 to 36, incl.

T. 21 S, R. 30 E
Sec. 1 to 11, incl.
Sec. 12, S/2
Sec. 13 to 22, incl.
Sec. 23, N/2
Sec. 24, N/2
Sec. 27 ~~to 30, incl.~~ to 34
Sec. 32 to 34, incl.
Sec. 35, S/2

T. 22 S, R. 30 E
Sec. 1 to 24, incl.
Sec. 25, W/2
Sec. 26 to 35, incl.
Sec. 36, W/2

T. 23 S, R. 30 E
Sec. 1, S/2
Sec. 2 to 36, incl.

T. 24 S, R. 30 E
Sec. 1, N/2
Sec. 2, N/2
Sec. 3, N/2

R 31 E

T. 19 S, R. 32 E
Sec. 23, S/2
Sec. 24 to 27, incl.
Sec. 28, S/2
Sec. 31, S/2
Sec. 32, S/2
Sec. 33 to 36, incl.

T. 20 S, R. 32 E
Sec. 1 to 36, incl.

T. 21 S, R. 32 E
Sec. 1 to 17, incl.
Sec. 21 to 27, incl.
Sec. 35 and 36

T. 18 S, R. 31 E
Sec. 18, W/2

T. 19 S, R. 31 E
Sec. 9 and 10
Sec. 11, W/2
Sec. 14, W/2
Sec. 15 to 17, incl.
Sec. 19 to 22, incl.
Sec. 23, W/2
Sec. 25, S/2
Sec. 26 to 36, incl.

T. 20 S, R. 31 E
Sec. 1 to 36, incl.

T. 21 S, R. 31 E
Sec. 1, N/2
Sec. 2, N/2
Sec. 4, W/2
Sec. 5 and 6
Sec. 18, S/2
Sec. 19, N/2

T. 22 S, R. 31 E
Sec. 4 to 9, inl
Sec. 17 and 18
Sec. 19, N/2

T. 23 S, R. 31 E
Sec. 7, all
Sec. 8, S/2
Sec. 16, SW/4
Sec. 17 to 20, incl.
Sec. 21, W/2
Sec. 28 to 33, incl.

T. 24 S, R. 31 E
Sec. 4 to 6, incl.

R. 32

T. 19 S, R. 33 E
Sec. 19, all
Sec. 30 and 31

T. 20 S, R. 33 E
Sec. 5 to 9, incl.
Sec. 15 to 23, incl.
Sec. 25 to 36, incl.

T. 21 S, R. 33 E
Sec. 4 to 9, incl.
Sec. 16 to 21, incl.
Sec. 28 to 33, incl.

T. 22 S, R. 33 E
Sec. 4 to 6, incl.

T. 20 S, R. 34 E
Sec. 31, all

(b) Area "A" represents the area in various parts of which potash mining operations are now is progress, and is described as follows:

T. 19 S, R. 30 E
Sec. 9, SE/4 NW/4, E/2 SW/4, S/2 NE/4, SE/4,
Sec. 10, ~~Sec. 9~~ SW/4 NW/4, W/2 SW/4,
Sec. 15, ~~Sec. 10~~ NW/4 NW/4,
Sec. 16, ~~Sec. 15~~ N/2 NE/4, NE/4 NW/4
Sec. 26, ~~Sec. 16~~ S/2 NW/4, SW/4 NE/4, W/2 SE/4, SW/4
Sec. 27, ~~Sec. 26~~ S/2 NE/4, SE/4 NW/4, NE/4 SW/4, S/2 SW/4, SE/4,
Sec. 28, ~~Sec. 27~~ SE/4 SE/4, S
Sec. 33 ~~Sec. 28~~ SE/4 NW/4, NE/4 NE/4, S/2 NE/4, E/2 SW/4, SE/4
~~Sec. 33~~
Sec. 34, All
Sec. 35, NW/4, W/2 NE/4, NW/4 SE/4, N/2 SW/4, SW/4 SW/4
~~Sec. 35~~

T. 20 S, R. 30 E
Sec. 2, W/2 NW/4, NW/4 SW/4,
Sec. 3, ~~Sec. 2~~ N/2, SW/4, N/2 SE/4, SW/4 SE/4,
Sec. 4, ~~Sec. 3~~ E/2, SW/4, E/2 NW/4, SW/4 NW/4
Sec. 5, ~~Sec. 4~~ SE/4 NE/4, E/2 SE/4, SW/4 SE/4, SE/4 SW/4,
Sec. 7, ~~Sec. 5~~ SE/4 SE/4,
Sec. 8, ~~Sec. 7~~ E/2, E/2 NW/4, E/2 SW/4, SW/4 SW/4,
Sec. 9, ~~Sec. 8~~ N/2, SW/4, N/2 SE/4, SW/4 SE/4,
Sec. 10, ~~Sec. 9~~ NW/4, W/2 NE/4, NW/4 SE/4, N/2 SW/4,
Sec. 16, ~~Sec. 10~~ N/2 NW/4, NW/4 NE/4,
Sec. 17, ~~Sec. 16~~ W/2, N/2 NE/4, SW/4 NE/4, W/2 SE/4,
Sec. 18, ~~Sec. 17~~ E/2 NE/4, E/2 SE/4
Sec. 19, ~~Sec. 18~~ NE/4 NE/4
Sec. 20, ~~Sec. 19~~ N/2 NW/4, NW/4 NE/4
Sec. 25, ~~Sec. 20~~ SW/4 SW/4
Sec. 26, ~~Sec. 25~~ SE/4 SW/4, S/2 SE/4
Sec. 35, ~~Sec. 26~~ E/2 NW/4, NE/4, N/2 SE/4, NE/4 SW/4,
Sec. 36, ~~Sec. 35~~ W/2 NW/4, NW/4 SW/4
~~Sec. 36~~

T. 21 S, R. 29 E
Sec. 1, SE/4, S/2 NE/4, SE/4 NW/4, NE/4 SW/4, S/2 SW/4,
Sec. 2, ~~Sec. 1~~ SE/4 SE/4
Sec. 11, ~~Sec. 2~~ NE/4 NE/4, S/2 NE/4, SE/4 NW/4, E/2 SW/4, SE/4,
~~Sec. 11~~
Sec. 12, All
Sec. 13, N/2, SE/4, N/2 SW/4, SE/4 SW/4
Sec. 14, ~~Sec. 13~~ E/2 NW/4, NE/4, NE/4 SW/4, N/2 SE/4,
Sec. 24, ~~Sec. 14~~ NE/4 NW/4, N/2 NE/4,
Sec. 26, ~~Sec. 24~~ SE/4 SW/4, S/2 SE/4,
Sec. 36, ~~Sec. 25~~ E/2 NW/4, E/2 SW/4, E/2,
~~Sec. 36~~

T. 22 S, R. 29 E
Sec. 1, E/2 NW/4, SW/4 NW/4, SW/4, E/2,
Sec. 2, ~~Sec. 1~~ SE/4 NE/4, E/2 SE/4,
Sec. 11, ~~Sec. 2~~ E/2 NE/4, NE/4 SE/4
Sec. 12 ~~Sec. 11~~ N/2, N/2 SW/4, N/2 SE/4
~~Sec. 12~~

T. 21 S, R. 30 E.
Sec. 6, SW/4 NW/4, W/2 SW/4
Sec. 7, ~~Sec. 6~~ NW/4 NW/4, S/2 NW/4, SW/4 NE/4, SW/4, W/2 SE/4
Sec. 18, ~~Sec. 7~~ NW/4, W/2 NE/4, N/2 SW/4, SW/4 SW/4, NW/4 SE/4,
Sec. 19, ~~Sec. 18~~ NW/4 NW/4,
~~Sec. 19~~

T. 21 S, R. 30 E.

Sec. 29 SW/4 SW/4
~~Sec. 29~~
Sec. 30, S/2 SW/4, S/2 SE/4
~~Sec. 30~~
Sec. 31, All
Sec. 32, W/2 NW/4, W/2 SW/4
~~Sec. 32~~

T. 22 S, R. 30 E

Sec. 5, W/2 NW/4, NW/4 SW/4,
Sec. 6, ~~Sec. 5~~ N/2, SW/4, N/2 SE/4, SW/4 SE/4
Sec. 7, ~~Sec. 6~~ N/2 NW/4, SW/4 NW/4, NW/4 NE/4, NW/4 SW/4
~~Sec. 7~~

(c) Area "B" is defined as that area in which core tests indicate potential potash reserves, and includes the entire potash-oil area as described under "The Potash-Oil Areas" Sec. (1) (a), of this order, except and excluding lands defined and described as area "A" in "The Potash-Oil Areas," Sec. (1) (b) of this order.

(2) Area "A" and "B" as hereinabove defined, may be contracted or expanded by the Commission from time to time as circumstances or conditions may warrant, after due notice and hearing.

III

EXPLORATION OF AREAS

(1) Area "A"

(a) Drilling of oil and gas exploratory test wells shall not be permitted in Area "A" except upon leases outstanding as of the effective date of these regulations, provided, that oil and gas exploratory test wells shall not be drilled through any open potash mines or within 1320' feet thereof unless agreed to in writing by the potash lessee involved.

(b) Any oil or gas leases hereafter issued for lands within Area "A" shall be subject to these regulations.

(c) All future drilling of oil and gas exploratory test wells in Area "A", shall be further subject to these rules and regulations.

(d) Where oil and gas wells are in production in Area "A", no potash mine opening shall be driven to within less than 100 feet of such wells so that protection of both wells and mine can be affsorded.

(e) Proposals to unitize with respect to land within Area "A" as herein defined and described will be considered on their merits.

(2) Area "B"

(a) Oil and gas exploratory test wells may be drilled in area "B" in accordance with these rules and regulations.

(3) Upon the discovery hereafter of oil and gas in Areas "A" or "B" the Oil Conservation Commission shall promulgate field or pool rules for the affected area after due notice and hearing.

(4) Nothing herein shall be construed to prevent unitization agreements involving lands in Areas "A" or "B", or both.

IV

DRILLING AND CASING PROGRAM

(1) For the purpose of the regulations and the drilling of oil and gas exploratory test wells, shallow and deep zones are defined as follows:

(a) The shallow zone shall include all formations above the base of the Delaware sand or above a depth of 5000 feet, whichever is the lesser.

(b) The deep zone shall include all formations below the base of the Delaware sand or below a depth of 5000 feet, whichever is the lesser.

(2) Surface Casing String:

(a) A surface casing string of new, second-hand or reconditioned pipe shall be set in the "Red Bed" section of the basal Rustler formation immediately above the salt section, or in the anhydrite at the top of the salt section, as determined necessary by the regulatory representative approving the drilling operations, and shall be cemented with not less than one hundred and fifty percent (150%) of calculated volume necessary to circulate cement to the ground surface.

(b) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(c) Casing and water shut-off tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic ~~-----~~ cont.

pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measure shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(d) The above requirements for the surface casing string shall be applicable to both the shallow and deep zones.

(3) Salt Protection String:

(a) A salt protection string of new, second-hand or reconditioned pipe shall be set not less than one hundred (100) feet nor more than two hundred (200) feet below the base of the salt section.

(b) The salt protection string shall be cemented as follows:

(i) For wells drilled to the shallow zone, the string may be cemented with a nominal volume of cement for testing purposes only. If the exploratory test well is completed as a productive well, the string shall be recemented with sufficient cement to fill the annular space back of the pipe from the top of the first cementing to the surface or to the bottom of the cellar, or may be cut and pulled if the production string is cemented to the surface as provided in sub-section IV (5), (a), (i) below.

(ii) For wells drilled to the deep zone, the string must be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(c) If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or gamma ray survey and additional cementing shall be done until the cement is brought to the point required.

(d) The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with three percent (3%) of calcium Chloride by weight of cement.

(e) Centralizers shall be spaced on at least every one hundred fifty (150) feet of the salt protection string below the surface casing string.

(f) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(g) Casing tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of one thousand (1000) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measure shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(h) The above requirements for the salt protection string shall be applicable to both the shallow and deep zones except for sub-section IV (3), (b), (i) and (ii) above.

(4) Intermediate String:

(a) In the drilling of oil and gas exploratory test wells to the deep zone an intermediate string shall be set at sufficient depth to case-off all formations in the shallow zone and shall be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(b) Cementing procedures and casing tests for the intermediate string shall be the same as provided under sub-sections IV (3), (c), (f) and (g) for the salt protection string.

(5) Production String:

(a) A production string shall be set on top or through the oil or gas pay zone and shall be cemented as follows:

(i) For wells drilled to the shallow zone the production string shall be cemented to the surface if the salt protection string was cemented only with a nominal volume for testing purposes, in which case the salt protection string can be cut and pulled before the production string is cemented; provided, that if the salt protection string was cemented to the surface, the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone.

(ii) For wells drilled to the deep zone the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone; provided that if no intermediate string shall have been run and cemented to the surface, the production string shall be cemented to the surface.

(b) Cementing procedures and casing tests for the production string shall be the same as provided under sub-sections IV (3) (c), (f) and (g) for the salt protection string.

V

DRILLING FLUID FOR SALT SECTION

The fluid used while drilling the salt section shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the fluid by the operator in overcoming any specific problem. This requirement is specifically intended to prevent enlarged drill holes.

VI

PLUGGING AND ABANDONMENT OF WELLS

All wells heretofor and hereafter drilled within Areas "A" and "B" shall be plugged in a manner that will provide a solid cement plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section.

VII

LOCATIONS FOR TEST WELLS

Before drilling for oil or gas on lands in Areas "A" or "B", a map or plat showing the location of the proposed well shall be prepared by the well operator and copy sent to the potash lessee involved, if any. Upon proper showing of adverse interest, if no objection to the location of the proposed well is made by the potash lessee within ten days, a drilling permit may be issued and the work may proceed. If, however, the location of the proposed well is objected to by the potash lessee on the grounds that the location of the well is not in accordance with the foregoing regulations, the potash lessee may file a written objection for consideration and decision by the Oil Conservation Commission.

VIII

INSPECTION OF DRILLING AND MINING OPERATIONS

A representative of the potash lessee may be present during drilling, cementing, casing and plugging of all oil or gas wells on his lease to observe conformance with these regulations. Likewise, a representative of the oil and gas lessee may inspect mine workings on his lease to observe conformance with these regulations.

IX

FILING OF WELL AND MINE SURVEYS

Each oil and gas lessee shall furnish not later than January 31st of each year to the Oil Conservation Commission and to the potash lessees involved, certified directional surveys from the surface to a point below the lowest known potash-bearing horizon for each oil or gas well drilled in Area "A" during the preceding calendar year. Each potash lessee shall furnish not later than January 31st of each year to the Oil Conservation Commission and to each oil and gas lessee involved, certified plat of survey of the location of open mine workings underlying outstanding oil and gas leases.

X

APPLICABILITY OF STATEWIDE RULES AND REGULATIONS

All general statewide rules and regulations of the Oil Conservation Commission governing the development, operation and production of oil and gas in the State of New Mexico not inconsistent or in conflict herewith, are hereby adopted and made applicable to the areas described herein.

XI

ADOPTION

The foregoing Rules and Regulations are hereby adopted by the Oil Conservation Commission and adopted, ratified and confirmed by the Commissioner of Public Lands of the State of New Mexico this _____ day of September, 1951.

DONE at Santa Fe, New Mexico, this _____ day of September, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

_____
Edwin L. Mechem, Chairman

_____
Guy Shepard, Member

_____
R. R. Spurrier, Secretary

_____ _____
Guy Shepard
Commissioner of Public Lands

COPY

May 27, 1955

Mr. Fred Moxey
N. M. Oil and Gas Association
Box 1291
ROSWELL, NEW MEXICO

Dear Fred:

Enclosed you will find Land Commissioner Guy Shepard's original application in Case 278, which you requested in our telephone conversation of this date.

Very truly yours,

WBM:nr

W. B. Macey
Secretary - Director

May 20, 1955

Re: Case 278

Dear Pete,

Dub Girand has request us to transfer the case file on the above-captioned case to the Hobbs Office so that he may have access to it. Please keep track of the contents and return it when Dub is finished with it.

Bill

May 15, 1951

Mr. Emery Carper
Chairman - Oil-Potash Committee
Suite 200 - Carper Building
Artesia, New Mexico

Dear Sir:

Attached, hereto, you will find the committee report covering "Casing and Cementing programs for oil and gas test wells in the "Defined Areas" in Eddy County, New Mexico".

The suggestions set forth in this casing program must, of necessity, be confined to an area closely surrounding the present workings of the potash companies due to the Committee having no specific knowledge of what has been designated as the "Defined Area". Geological conditions change so rapidly to the south and east of the area now being mined that this program will necessarily have to be changed to suit the changing conditions encountered in the drilling of wells as they extend into the Delaware Basin.

The Advisory Committee consisted of the following members:

Mr. H. L. Boss	Gulf Oil Corporation
Mr. George Gray	Sinclair Oil and Gas Company
Mr. Harve Mayfield	Magnolia Petroleum Company
Mr. Raymond Lamb	Wilson Oil Company
Mr. Gil Griswold	New Mexico Oil and Gas Association
Mr. M. A. Sherwood	Shell Oil Company
Mr. George Cannon	Humble Oil and Refining Company
Mr. J. E. Hill	Richardson and Bass

Respectfully submitted,

Glenn Staley - Chairman

OGS/nm

cc: Mr. R. R. Spurrier
Mr. J. W. House

Proposed

CASING AND CEMENTING PROGRAMS FOR

OIL AND GAS TEST WELLS IN THE "DEFINED AREAS" IN EDDY COUNTY, NEW MEXICO

1. Surface Casing String

In order to protect the fresh water supply, the surface casing string shall be set in the "Red Bed" section of the basal Russler formation immediately above the top of the salt section and shall be cemented back to the ground surface or to the bottom of the cellar.

The surface string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 600 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 600 pounds per square inch before being run.

Sufficient cement shall be used to fill the annular space back of the pipe from the casing point to the surface of the ground or to the bottom of the cellar. Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

Tests of casing shall vary with drilling method. If rotary is used, the mud shall be displaced with water or with the proposed saturated water solution and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

2. Salt Protection String

The salt protection string shall be set at least one hundred (100) feet and not more than two hundred (200) feet below the base of the salt section. This string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 1000 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 1000 pounds per square inch before being run.

Centralizers shall be used on at least every third joint below surface casing.

Sufficient cement shall be used to fill the annular space back of the pipe from the casing point to the surface of the ground or to the bottom of the cellar. (The water used to mix with the cement shall be saturated with the salts common to the zones penetrated.) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. If the cement fails to reach the surface, the salt protection casing shall be perforated just above the top of the cement and additional cement jobs done until cement is brought to the surface. One or more temperature or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission.

Tests of casing shall vary with the drilling method. If rotary is used, the mud shall be displaced with water and a hydraulic pressure of 1000 pounds per square inch shall be applied. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

3. Intermediate String

This string may be a drilling protection string for deep drilling objectives or may be an oil string for testing medium depth zones.

a. If a drilling protection string, the casing shall be cemented with a sufficient volume of cement amply to protect this casing and all shallow pay zones above the casing shoe, and in every instance this string shall be cemented from a point one thousand (1000) feet below the salt string back to the surface. One or more temperature or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission.

b. If an oil string in testing medium depth zones, the casing may be cemented with a nominal cement volume for testing purposes only, and if commercially productive, the string must be re-cemented by circulating cement from the top of the original cement job to the surface. One or more temperature or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission.

4. Oil or Production String (Deep Wells)

This string shall be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone, provided however, if no intermediate drilling casing shall have been run and commercial production obtained, that string shall be cemented to the surface or as provided by 3-a above.

5. Drilling Fluid for Salt Section

This fluid shall consist of water to which has been added sufficient

salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the system by the operator in overcoming any specific problem. This requirement is specifically inserted in order to prevent enlarged drill holes.

Mineral Species 7/27 Rec. 9 ul 30

PROPOSED

RULES AND REGULATIONS GOVERNING EXPLORATION FOR THE EXTRACTION OF OIL, GAS AND POTASH MINERALS ON NEW MEXICO ~~STATE LANDS~~ INCLUDED IN PROVEN OR POTENTIAL POTASH PRODUCTION AREAS.

I. objective

The objective of these rules and regulations is to assure maximum conservation and economic recovery of oil, gas and potash minerals.

II. Potash Areas

These regulations are applicable to the potash areas as herein defined as: "Area "A" and Area "B".

Area "A" is hereby defined as follows:

19S-30E - Sections S 1/2 3, all 4, 5, E 1/2 and S 1/2 SW 1/4 6, all 7, 8, 9, 10, W 1/2 and W 1/2 E 1/2 11, W 1/2 and W 1/2 E 1/2 14, all 15 to 18 incl. SE 1/4 20, S 1/2 21, all 22, 23, all 25 to 29 incl. all 32 to 36 incl.

(12, E/2 + SE/4)

20S-29E - Sections E 1/2 SE 1/4 12,

(Sec 1-27 all incl.)

20S-30E Sections - all Sec. 1 to 27 incl., all 34, 35, 36

20S-31E Sections all 19, 20, 29, 30, 31, 32.

21S-29E Sections All 1, 2, E 1/2 10, all 11, 12, 13, 14 E 1/2 15, all 24 E 1/2 35, all 36.

21S-30E - Sections all 4 to 9 incl. all 16 to 19 incl., all 31

22S-29E - Sections all 1, 2, S 1/2 3, all 10 to 15 incl., all 22, 23, 24.

22S-30E - Sections all 6, 7, 18 19

Area "B" is hereby defined as follows:

18S-30E Sections S 1/2 12, all 13, 14, SE 1/4 15, SE 1/4 21, all 22, 23, 24, W 1/2 25, all 26, 27, 28, E 1/2 29, S 1/2 and NE 1/4 32, all 33, 34, W 1/2 35.

18S-31E Sections W 1/2 18.

19S-29E Sections SE 1/4 11, S 1/2 12, all 13, 14, N 1/2 23, N 1/2 24.

19S-30E Sections all 2, N 1/2 3, E 1/2 NE 1/4 and E 1/2 SE 1/4 11, all 12, 13, E 1/2 NE 1/4 and E 1/2 SE 1/4 14, all 24.

19S-31E Sections all 9, 10, W 1/2 11, W 1/2 14, all 15, 16, 17, all 19, 20, 21, 22, W 1/2 23, S 1/2 25, all 26 to 36 incl.

19S-32E Sections S 1/2 23, all 24 to 27 incl., S 1/2 of 28, S 1/2 31, S 1/2 32, all 33 to 36 incl.

19S-33E Sections all 19, 30, 31

20S-29E Sections NE 1/4 and S 1/2 13, all 22 to 27 incl., all 34, 35, 36.

20S-30E Sections all 28 to 33 Incl.

20S-31E Sections all 1 to 18 incl., all 21 to 28 incl., all 33 to 36 incl.

20S-32E Sections all 1 to 36 incl.

20S-33E Sections all 5 to 9 incl., all 15 to 23 incl. all 25 to 36 ind.

20S-34E Sections all 31.

21S-29E Sections E 1/2 3, all 25.

21S-30E Sections all 1, 2, 3, all 10, 11, S 1/2 12, all 13, 14, 15, all 20, 21, 22, N 1/2 23, N 1/2 24, all 27 to 30 incl., 32 to 34 incl., S 1/2 35.

21S-31E Sections N 1/2 1, N 1/2 2, N 1/2 3, NE 1/4 and W 1/2 4, all 5, 6, 18.

21S-32E Sections all 1 to 17 incl., all 21 to 27 incl., all 35, 36.

21S-33E Sections all 4 to 9 incl., all 16 to 21 incl., all 28 to 33 incl.,.

22S-29E Sections E 1/2 9, all 16, E 1/2 17, E 1/2 20, all 21, all 25 to 28 incl., all 33 to 36 incl.

22S-30E Sections all 1 to 5 incl., all 8 to 17 incl., all 20 to 24 incl., W 1/2 25, all 26 to 35 incl., W 1/2 36.

22S-31E Sections all 4 to 9 incl., all 17, 18, N 1/2 19.

22S-33E Sections all 4, 5, 6.

23S-29E Sections all 1 to 3 incl., E 1/2 4, E 1/2 9, all 10 to 15 incl., all 22 to 27 incl., all 34 to 36 incl.,

23S-30E Sections S 1/2 1, all 2 to 36 incl.

23S-31E Sections all 7, S 1/2 8, SW 1/4 16, all 17 to 20 incl., W 1/2 21, all 28 to 33 incl.

24S-30E Sections N 1/2 1, N 1/2 2, N 1/2 3.

24S-31E Sections all 4, 5, 6.

Each of the above described areas may be contracted or expanded by the Oil Conservation Commission after due notice and hearing.

III Exploration of Areas : 1. (a) - Area "A" - Drilling of oil and gas exploratory test wells shall not be permitted in Area "A" except upon leases outstanding as of the effective date of these regulations. Any oil or gas leases hereafter issued for lands within area "A" shall be subject to these regulations and no drilling shall be permitted thereon unless the expressed permission of the Oil Conservation Commission is first had and obtained after due notice and hearing.

for oil & gas exploratory tests

All future drilling in area "A" shall be further subject to the Rules and Regulations pertaining to deep wells contained in paragraphs III(2) as hereinafter set forth. Where oil and gas wells are in production within this area no mine opening shall be driven to within less than 100' of such wells so that protection can be afforded.

Area "B". Area "B" is herein defined as the area in which oil and gas test wells may be drilled in accordance with the Rules and Regulations as hereinafter set forth. Nothing herein shall be construed to prevent unitization agreements.

Upon the discovery of oil or gas the Oil Conservation Commission shall, after due notice and hearing promulgate field or pool rules for the affected areas.

III. Drilling Casing & Cementing Program For Potash Areas "A" and "B"

1. For Shallow Zone Oil and Gas Exploratory Test Wells:

(a) Surface Casing String: The shallow zone shall be defined as less than 5000 feet from the surface of the ground. In order to prevent the intrusion of water, the surface casing string shall be set in the "Red Bed" section of the basal Russler formation immediately above the top of the salt section, and shall be cemented back to the ground surface or to the bottom of the cellar.

penrose zone of Delaware whichever is less

or anhydrite as determined by the Regulatory

The surface string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 600 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 600 pounds per square inch before being run.

representative supervising the program

Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

Shall 96

Tests of casing shall vary with drilling method. If rotary is used, the mud shall be displaced with water or with the proposed saturated water solution and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(b) Salt Protection String: A salt protection string shall be set at least one hundred (100) feet and not more than two hundred (200) feet below the base of the salt section. This string may consist of new, second-hand or re-conditioned pipe capable of meeting the (manufacturer's) test specifications. API Spec 7 C

The string may be cemented with a nominal cement volume for testing purposes only, and if commercially productive, the string must be recemented with not less than 150% of calculated vdume necessary to circulate cement to surface. The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with ~~proper~~ 3% by weight amounts of calcium chloride.

Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. If the cement fails to reach the top of the salt, the salt protection casing shall be perforated just above the top of the cement and additional cement jobs done until cement is brought to that point. One or more temperature

or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission.

Test of casing shall vary with the drilling method. If rotary is used, the mud shall be displaced with water and a hydraulic pressure of 1000 pounds per square inch shall be applied. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour corrective measures shall be applied.

(c) Oil or Production String: This string may be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone, provided however, if no salt protection casing shall have been run and commercial production obtained, that string shall be cemented to the surface as provided by above or as provided by for drilling wells to the deep zone.

Oil & Gas Deep Zone, Exploratory Test wells

2. For the purpose of these regulations the deep zones shall be defined as more or less 5000' from the surface of the ground. The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and to which has been added proper amounts of calcium chloride (3% by weight).

(a) Oil or Production String: This string may be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone, provided however, if no salt protection casing shall have been run and commercial production obtained, that string shall be cemented to the surface as provided by above or as provided by for drilling wells to the deep zone.

This page unnecessary?

(b) Surface Casing String: In order to prevent the intrusion of water, the surface casing string shall be set in the "Red Bed" beneath the surface of the ground section of the basal Russler formation immediately above the top of the salt section and shall be cemented back to the ground surface or to the bottom of the cellar.

The Surface string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 600 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 600 pounds per square inch before being run.

Sufficient cement shall be used to fill the annular space back of the pipe from the casing point to the surface of the ground or to the bottom of the cellar. Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

This casing string shall be tested with a hydraulic pressure of six hundred (600) pounds per square inch. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied.

(c) Salt Protection String: A salt protection string shall be set at least one hundred (100) feet and not more than two hundred (200) feet below the base of the salt section. This string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 1000 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 1000 pounds per square inch before being run.

Centralizers shall be used on at least every 150 feet of casing below surface casing.

Sufficient cement shall be used to fill the annular space back of the pipe from the casing point to the surface of the ground or to the bottom of the cellar. The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and to which has been added proper amounts of calcium chloride (3% by weight). Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. If the cement fails to reach the surface, the top of the cement shall be located by a temperature or gamma ray survey, and additional cement jobs done until cement is brought to the surface.

This casing string shall be tested with a hydraulic pressure of 1000 pounds per square inch. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied.

(d) When a drilling protection string is used the casing shall be cemented with a sufficient volume of cement to amply protect the casing and all shallow pay zones above the casing shoe, and in every instance the string shall be cemented from a point one thousand (1000) feet below the salt string back to the surface.

Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four hours before drilling the plugs or initiating tests. Casing shall be tested with a hydraulic pressure of 1000 pounds per square inch. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes corrective measures shall be applied.

(e) Oil or Production String: This string shall be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone, provided however, if no intermediate drilling casing shall have been run and commercial production obtained, that string shall be cemented to the surface or as provided by (c-1) above. Cement shall be allowed to stand a minimum of twelve (12) hours under pressure an a total of twenty-four (24) hours before drilling the plug or initiating tests. Hydraulic pressure tests shall be applied to this string as above.

(f) Drilling Fluid for Salt Section: This fluid shall consist of water ~~to~~ which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the system by the operator in overcoming any specific problem. This requirement is specifically inserted in order to prevent enlarged drill holes.

IV. Drilling Fluid for Salt Section: This fluid shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture, ~~and 3% calcium chloride by weight of cement.~~ Other admixtures may be added to the system by the operator in overcoming any specific problem. This requirement is specifically inserted in order to prevent enlarged drill holes.

V. Plugging and Abandonment of Wells: All oil and gas wells which are abandoned shall be plugged in accordance with the following procedure.

1. (a) Upon completion of production from wells which were drilled prior to the date upon which these regulations became effective, such wells shall be plugged in a manner that will provide a solid cement plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section.

(b) Upon completion of production from wells drilled in accordance with these regulations, the wells shall be plugged by filling the casing cemented through the salt with cement. (or as in 1.(a) above)

(c) If a well is dry or if the oil operator cannot complete a well and must abandon the hole, such well shall be plugged as provided in (1-a) above.

VI. Locations For Test Wells: Before drilling for oil and gas on lands within the Areas "A" or "B", a map or plat showing the location of the proposed well shall be prepared by the well operator and copies shall be sent to the Oil Conservation Commission and the potash lessee involved. If no objections to the location of the proposed well are made by the potash lessee within ten days, a drilling permit may be issued and the work may proceed. If, however, the location of the proposed well is objected to by the potash lessee on the grounds that the location of the well is not in accordance with the foregoing regulations, the potash lessee may file a written objection with the Oil Conservation Commission. for consideration & decision

(no open hearing)

VII. Inspection of Drilling and Mining Operation: A representative of the potash lessee may be present during drilling, cementing, casing and plugging of all oil and gas wells on his leases to observe conformance with these regulations.

A representative of the oil and gas lessee may inspect mine workings on his leases to observe conformance with these regulations.

VIII. Each oil and gas lessee shall furnish annually (on January 1st) to the Oil Conservation Commission and to the potash lessees involved, certified directional surveys from the surface to a point below the lowest potash-bearing horizon for each oil and gas well drilled during the year. Each potash lessee shall furnish annually, (on January 1st) to the Oil Conservation Commission and to the Oil and Gas lessee involved, a certified plat of the location of open mine workings underlying outstanding oil and gas leases.

IX. Applicability of Statewide Rules and Regulations: All general statewide rules and regulations governing the development operation and production of oil and gas in the state of New Mexico not inconsistent or in conflict - are herewith applicable to the areas described herein.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 278
Order No. R-111-B

APPLICATION OF FARM CHEMICAL
RESOURCES DEVELOPMENT CORPORATION
AND NATIONAL POTASH COMPANY FOR AN
AMENDMENT OF ORDER R-111-A TO
INCLUDE ADDITIONAL ACREAGE IN THE
POTASH-OIL AREA OF LEA AND EDDY
COUNTIES, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 13, 1959, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 5th day of June, 1959, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicants, Farm Chemical Resources Development Corporation and National Potash Company, are the owners of certain Federal and State potash leases in Townships 19, 20, and 21 South, Ranges 29, 31, and 32 East, NMPM, Lea and Eddy Counties, New Mexico.

(3) That the applicants seek an amendment of Order No. R-111-A to extend the Potash-Oil Area as set forth in said Order to include the following-described acreage:

TOWNSHIP 19 SOUTH, RANGE 31 EAST
Section 36: N/2 and SW/4

TOWNSHIP 19 SOUTH, RANGE 32 EAST
Section 33: N/2 and W/2 SW/4
Section 34: N/2

TOWNSHIP 20 SOUTH, RANGE 29 EAST
Section 25: S/2 S/2

TOWNSHIP 20 SOUTH, RANGE 31 EAST

Section 1:	W/2 W/2
Section 2:	All
Section 3:	All
Section 11:	N/2 and W/2 SW/4
Section 14:	W/2 NW/4

TOWNSHIP 20 SOUTH, RANGE 32 EAST

Section 4:	W/2 NW/4
Section 5:	N/2, SW/4 and N/2 SE/4
Section 6:	NE/4, N/2 SE/4, and SE/4 SE/4

TOWNSHIP 21 SOUTH, RANGE 31 EAST

Section 10:	E/2
Section 11:	All
Section 12:	SW/4 SW/4
Section 13:	W/2
Section 14:	All
Section 15:	E/2
Section 16:	W/2 SW/4
Section 17:	All
Section 18:	SE/4 NE/4, SE/4, and SE/4 SW/4
Section 19:	All
Section 20:	All
Section 21:	NW/4 NW/4, S/2 NW/4, and SW/4
Section 22:	E/2
Section 23:	N/2
Section 24:	NW/4
Section 27:	E/2 E/2 and NW/4 NE/4
Section 34:	E/2 NE/4 and SW/4 NE/4

(4) That the evidence presented indicates that the above-described acreage contains potash deposits in commercial quantities.

(5) That to promote orderly development of the natural resources in the area, Order No. R-111-A should be amended to include the above-described acreage in the Potash-Oil Area.

IT IS THEREFORE ORDERED:

That Order No. R-111-A be and the same is hereby amended to include the following-described acreage within the confines of the Potash-Oil Area in Lea and Eddy Counties, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 31 EAST

Section 36:	N/2 and SW/4

TOWNSHIP 19 SOUTH, RANGE 32 EAST

Section 33:	N/2 and W/2 SW/4
Section 34:	N/2

TOWNSHIP 20 SOUTH, RANGE 29 EAST	
Section 25:	S/2 S/2
TOWNSHIP 20 SOUTH, RANGE 31 EAST	
Section 1:	W/2 W/2
Section 2:	All
Section 3:	All
Section 11:	N/2 and W/2 SW/4
Section 14:	W/2 NW/4
TOWNSHIP 20 SOUTH, RANGE 32 EAST	
Section 4:	W/2 NW/4
Section 5:	N/2, SW/4, and N/2 SE/4
Section 6:	NE/4, N/2 SE/4, and SE/4 SE/4
TOWNSHIP 21 SOUTH, RANGE 31 EAST	
Section 10:	E/2
Section 11:	All
Section 12:	SW/4 SW/4
Section 13:	W/2
Section 14:	All
Section 15:	E/2
Section 16:	W/2 SW/4
Section 17:	All
Section 18:	SE/4 NE/4, SE/4, and SE/4 SW/4
Section 19:	All
Section 20:	All
Section 21:	NW/4 NW/4, S/2 NW/4, and SW/4
Section 22:	E/2
Section 23:	N/2
Section 24:	NW/4
Section 27:	E/2 E/2 and NW/4 NE/4
Section 34:	E/2 NE/4 and SW/4 NE/4

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 278
Order No. R-111-D

APPLICATION OF UNITED STATES
BORAX & CHEMICAL CORPORATION
FOR AN AMENDMENT OF ORDER NO.
R-111-A TO INCLUDE ADDITIONAL
ACREAGE IN THE POTASH-OIL AREA,
EDDY COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 13, 1959, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 3rd day of September, 1959, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, United States Borax & Chemical Corporation, is the owner of certain potash leases in Townships 21 and 22 South, Ranges 29 and 30 East, NMPM, Eddy County, New Mexico.

(3) That the applicant seeks an amendment of Order No. R-111-A to extend the Potash-Oil Area as set forth in said order to include the following described acreage:

Township 21 South, Range 29 East, NMPM	
Section 2:	S/2 SW/4, NW/4 SW/4
Section 10:	E/2 SE/4
Section 11:	NW/4, W/2 SW/4
Section 14:	NW/4 NW/4
Section 15:	NE/4 NE/4

Township 22 South, Range 30 East, NMPM	
Section 4:	W/2 W/2
Section 5:	S/2 SE/4, SE/4 SW/4
Section 7:	E/2 NE/4, NE/4 SE/4
Section 8:	N/2, N/2 SW/4
Section 9:	W/2 NW/4

(4) That the evidence presented indicates that the above-described acreage contains potash deposits in commercial quantities.

(5) That to promote orderly development of the natural resources in the area, Order No. R-111-A should be amended to include the above-described acreage in the Potash-oil Area.

IT IS THEREFORE ORDERED:

That Order No. R-111-A as amended by Orders Nos. R-111-B and R-111-C, be and the same is hereby amended to include the following described acreage within the confines of the Potash-Oil Area in Eddy County, New Mexico.

Township 21 South, Range 29 East, NMPM	
Section 2:	S/2 SW/4, NW/4 SW/4
Section 10:	E/2 SE/4
Section 11:	NW/4, W/2 SW/4
Section 14:	NW/4 NW/4
Section 15:	NE/4 NE/4

Township 22 South, Range 30 East, NMPM	
Section 4:	W/2 W/2
Section 5:	S/2 SE/4, SE/4 SW/4
Section 7:	E/2 NE/4, NE/4 SE/4
Section 8:	N/2, N/2 SW/4
Section 9:	W/2 NW/4

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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A. L. PORTER, Jr., Member & Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2112
Order No. R-111-E

APPLICATION OF POTASH COMPANY
OF AMERICA FOR AN AMENDMENT OF
ORDER NO. R-111-A TO INCLUDE
ADDITIONAL ACREAGE IN THE POTASH-
OIL AREA, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 2, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of November, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Potash Company of America, seeks an amendment of Order No. R-111-A extending the Potash-Oil Area as set forth in said order to include the following-described acreage covered by a Potash Prospecting Permit held by it from the Federal Government:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM,
EDDY COUNTY, NEW MEXICO

Section 14:	S/2 NW/4, SW/4, W/2 SE/4, NE/4 SE/4, SW/4 NE/4
Section 15:	E/2 SE/4
Section 22:	NE/4 NE/4
Section 23:	NW/4

(3) That the evidence presented indicates that portions of the above-described acreage contains potash in commercial quantities, but there is insufficient evidence at this time to justify extension of the Potash-Oil Area to include all of the above-described acreage.

(4) That to promote orderly development of the natural resources in the Potash-Oil Area, Order No. R-111-A should be amended to include the following-described area:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM	
Section 14:	SE/4 NW/4, SW/4, W/2 SE/4, and SW/4 NE/4
Section 15:	SE/4 SE/4
Section 22:	NE/4 NE/4
Section 23:	NW/4

IT IS THEREFORE ORDERED:

That Order No. R-111-A be and the same is hereby amended to include the following-described acreage within the Potash-Oil Area in Lea and Eddy Counties, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO	
Section 14:	SE/4 NW/4, SW/4, W/2 SE/4, and SW/4 NE/4
Section 15:	SE/4 SE/4
Section 22:	NE/4 NE/4
Section 23:	NW/4

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE No. 2241
Order No. R-111-F

APPLICATION OF POTASH COMPANY OF AMERICA FOR AN AMENDMENT OF ORDER NO. R-111-A TO INCLUDE ADDITIONAL ACREAGE IN THE POTASH-OIL AREA OF EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on April 13, 1961, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 21st day of April, 1961, the Commission, a quorum being present, having considered the testimony and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Potash Company of America, seeks an amendment of Order No. R-111-A, to extend the Potash-Oil Area as set forth in said order to include the following-described acreage covered by a lease and Potash Prospecting Permits held by it from the Federal government:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 13: SW/4 NW/4, NW/4 SW/4
Section 14: SE/4 NE/4, NE/4 SE/4

in Eddy County, New Mexico.

(3) That the evidence presented indicates that the above-described acreage contains potash deposits in commercial quantities.

(4) That to promote the orderly development of the natural resources in the potash-oil area, Order No. R-111-A should be amended to include the above-described acreage in the Potash-Oil Area.

IT IS THEREFORE ORDERED:

That Order No. R-111-A, as amended by Order Nos. R-111-B, R-111-C, R-111-D and R-111-E, be and the same is hereby amended to include the following-described acreage within the confines of the Potash-Oil Area in Eddy County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 13: SW/4 NW/4, NW/4 SW/4
Section 14: SE/4 NE/4, NE/4 SE/4

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

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Rules and governing

PROPOSED REGULATIONS ~~TO GOVERN~~ EXPLORATION FOR AND EXTRACTION OF OIL, GAS AND POTASH MINERALS ON NEW MEXICO STATE LANDS INCLUDED IN PROVEN OR POTENTIAL POTASH PRODUCTION AREAS

The objective of these rules + regulations is to assure maximum conservation and economic recovery of oil, gas and potash minerals.

I. These regulations are applicable to the area shown on the accompanying map, hereinafter referred to as the "Defined Area." The lands within this area presently fall within one of the following classifications:

AREA "A" - Areas which are underlain by [redacted] commercial potash deposits. + in which there will be no drilling

AREA "B" - Areas under which ~~commercial~~ potash deposits are indicated ~~but not delineated~~. in which O & G may be permitted

II. ⇒ Exploration & Areas The following procedures shall apply to oil and gas exploration and extraction within the "Defined Area."

AREA "A"

Drilling for oil and gas shall not be permitted within ~~this~~ area, A except upon leases where there is presently production in commercial quantities. Upon such leases future drilling shall only be conducted pursuant to the provisions of Paragraph 2, "Area B" herein, pertaining to deep wells.

Future leases may issue upon the lands within "Area A" but such leases shall contain the proviso that no drilling may be conducted thereon; however, the ~~acreage~~ acreage embraced in such leases may be committed to unit agreements.

Where oil and gas wells are in production within this area, no mine opening shall be driven to within less than one hundred (100) feet of such wells so that pillar protection will be afforded.

AREA "B"

Spacing of oil and gas wells in this area shall be limited to one per quarter section. All such wells shall be located in the center of the quarter section unless relocated by mutual agreement of the oil and gas lessee, the potash lessee, and the State Land Commissioner.

All wells drilled within this area in exploration for and production of oil or gas shall be drilled, cased and cemented according to the following procedure:

~~Casing and cementing programs for rotary drilled oil and gas test wells in the "defined areas" in~~
Eddy and Lea Counties, New Mexico

(a) Surface Casing String

In order to prevent the intrusion of water, the surface casing string shall be set in the "Red Bed" section of the basal Russler formation immediately above the top of the salt section and shall be cemented back to the ground surface or to the bottom of the cellar.

The surface string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 600 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 600 pounds per square inch before being run.

Sufficient cement shall be used to fill the annular space back of the pipe from the casing point to the surface of the ground or to the bottom of the cellar. Cement shall be allowed to stand a minimum of twelve (12) hours under

pressure and a total of twenty-four (24) hours before drilling the plug orinitiating tests.

This casing string shall be tested with a hydraulic pressure of six hundred (600) pounds per square inch. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied.

(b) Salt Protection String

A salt protection string shall be set at least one hundred (100) feet and not more than two hundred (200) feet below the base of the salt section. This string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 1000 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 1000 pounds per square inch before being run.

Centralizers shall be used on at least every 150 feet of casing below surface casing.

Sufficient cement shall be used to fill the annular space back of the pipe from the casing point to the surface of the ground or to the bottom of the cellar. ~~The water~~ fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and to which has been added proper amounts of calcium chloride (3% by weight). Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. If the cement fails to reach the surface, the top of the cement shall be located by a temperature or gamma ray survey, and additional cement jobs done until cement is brought to the surface. ~~The Oil Conservation Commission shall be furnished with proof that the salt string is cemented to the surface either by having a commission repre-~~

~~sentative witness the job or by affidavits or logs filed with the Commission.~~

This casing string shall be tested with a hydraulic pressure of 1000 pounds per square inch. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied.

(c) Intermediate String

~~If the operator runs an intermediate string, this string may be a~~ drilling protection ~~string for deep drilling objectives or may be an oil string~~ for testing medium depth zones.

1. ~~If a~~ drilling protection ~~string,~~ the casing shall be cemented with a sufficient volume of cement ~~amply~~ to protect ~~this~~ casing and all shallow pay zones above the casing shoe, and in every instance ~~this~~ string shall be cemented from a point one thousand (1000) feet below the salt string back to the surface. ~~The operator shall furnish proof to the Oil Conservation Commission that this cementing requirement has been fulfilled either by having a representative of the Commission witness the job or by affidavits or logs filed with the Oil Conservation Commission.~~ Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four hours before drilling the plugs or initiating tests. Casing shall be tested with a hydraulic pressure of 1000 pounds per square inch. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes corrective measures shall be applied.

2. If an oil string in testing ~~medium depth~~ zones, the casing may be cemented ~~with a nominal~~ cement volume for testing purposes only, ~~and~~ if commercially productive, the string ~~must be re-cemented~~

by circulating cement from the top of the original cement job to the surface and the Oil Conservation Commission satisfied that this requirement has been fulfilled either by a representative of the Commission witnessing the job or by affidavits or logs filed with the Commission. Cement time and testing rules shall apply similarly in the case of this string as is written for the above string.

(d) Oil or Production String (~~Deep Wells~~)

This string shall be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone, provided however, if no intermediate drilling casing shall have been run and commercial production obtained, that string shall be cemented to the surface or as provided by (c-1) above. Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. Hydraulic pressure tests shall be applied to this string as above.

(e) Drilling Fluid for Salt Section

This fluid shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the system by the operator in overcoming any specific problem. This requirement is specifically inserted in order to prevent enlarged drill holes.

~~Casing and cementing program~~ for shallow zone
Oil and gas test wells ~~in known potash areas~~ exploratory

(1) The shallow zone shall be defined as less than 5000 feet from the surface of the ground

Surface Casing String

In order to prevent the intrusion of water, the surface casing string

shall be set in the "Red Bed" section of the basal Russler formation immediately above the top of the salt section and shall be cemented back to the ground surface or to the bottom of the cellar.

The surface string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 600 pounds per square inch; second-hand and re-conditioned pipe shall be re-tested to 600 pounds per square inch before being run.

Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

Tests of casing shall vary with drilling method. If rotary is used, the mud shall be displaced with water or with the proposed saturated water solution and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(b) Salt Protection String

A salt protection string shall be set at least one hundred (100) feet and not more than two hundred (200) feet below the base of the salt section. This string may consist of new, second-hand or re-conditioned pipe capable of meeting the manufacturer's test specifications.

The string may be cemented with a nominal cement volume for testing purposes only, and if commercially productive, the string must be re-

cemented with not less than 150% of calculated volume necessary to circulate cement to surface. The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with proper amounts of calcium chloride.

Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests. If the cement fails to reach the top of the salt, the salt protection casing shall be perforated just above the top of the cement and additional cement jobs done until cement is brought to that point. One or more temperature or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission.

Test of casing shall vary with the drilling method. If rotary is used, the mud shall be displaced with water and a hydraulic pressure of 1000 pounds per square inch shall be applied. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour corrective measures shall be applied.

(c) Oil or Production String

This string may be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone, provided however, if no salt protection casing shall have been run and commercial production obtained, that string shall be cemented to the surface as provided by (b) above or as provided by (c-1) ~~in Deep Well program.~~ for drilling wells to the deep zone

IV (d) Drilling Fluid for Salt Section

This fluid shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate and with 3% calcium chloride by weight of cement the mixture. Other admixtures may be added to the system by the operator in overcoming any specific problem. This requirement is specifically inserted in order to prevent enlarged drill holes.

V All oil & gas wells ~~holes~~ which are abandoned shall be plugged in accordance with the following procedure:

~~1.~~ ~~Plugging of Holes Upon Abandonment~~

(a) Upon completion of production from wells which were drilled prior to the date upon which these regulations became effective, such wells shall be plugged in a manner that will provide a solid plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section. ~~Details of the plugging procedure shall be approved in advance by the Oil-Potash Committee.~~ Oil Cons. Comm.

(b) Upon completion of production from wells drilled in accordance with these regulations, the wells shall be plugged by filling the casing cemented through the salt with cement.

(c) If a well is dry or if the oil operator cannot complete a well and must abandon the hole, such well shall be plugged as provided in (1 a) above.

~~IV~~ VI Before drilling for oil and gas on lands within the ~~"Defined Area"~~ Areas A or B" a map or plat showing the location of the proposed well shall be prepared by the well

locations for test wells

operator and copies shall be sent to the ~~State Land Commissioner~~ Oil Con Comm and the potash lessee involved. If no objections to the location of the proposed well are made by the potash lessee in ten days a drilling permit may be issued and the work may proceed. If, however, the location of the proposed well is objected to by the potash lessee on the grounds that the location of the well is not in accordance with the foregoing regulations, the potash lessee may file a written objection with the ~~State Land Commissioner.~~ O C C

If the well operator and the potash lessee cannot agree on a suitable location for the proposed well, or on any other questions which may arise in connection with the application of these regulations, then either party may demand a hearing before the ~~State Land Commissioner~~ O C C who will decide the issues in dispute. Nothing herein shall prevent either party, if dissatisfied with the decision of the ~~State Land Commissioner,~~ O C C from appealing through applicable legal action.

VII Inspection of drilling & mining operations A representative of the potash lessee may be present during drilling, cementing, casing and plugging of all oil and gas wells on his leases to observe conformance with these regulations.

A representative of the oil and gas lessee may inspect mine workings on his leases to observe conformance with these regulations.

VIII Surveys of operations Each oil and gas lessee shall furnish to the ~~State Land Commissioner~~ O C C and to the potash lessees involved, certified directional surveys from the surface to a point below the lowest potash-bearing horizon for each oil and gas well drilled during the year. ~~Each potash lessee shall advise the oil and gas lessee who is conducting drilling operations of the location of underground workings in the area adjacent to drilling locations.~~ annually by plat certified by a registered surveyor to the OCC &

VII. A bond of not less than ten thousand dollars ($10,000.00) payable to the State of New Mexico, shall be posted by the well operator, to be forfeited by him for any infraction of these regulations.

VIII. The State Land Commission shall add to the "Defined Area" any lands which subsequently are shown to be within a new potash area or an extension of the "Defined Area." Lands within the "Defined Area" shall be reclassified by the State Land Commissioner upon proper showing by the potash lessees that further commercial ore has been proven. If any lands are transferred to the "Area A" Classification, the "Area A" regulations shall automatically apply to such lands.

July 10, 1951

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N. M. OIL & GAS ENGINEERING COMMITTEE
DRAWER I
HOBBS, NEW MEXICO

File

June 26, 1951

Mr. I. R. Trujillo
N. M. Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Ralph:

Thank you for sending us the four Exhibits that were presented at the Hearing of the Oil Conservation Commission in Santa Fe on June 21 and pertain to Case 278 and relate to the drilling for oil in the vicinity of the potash mines in Eddy County.

We appreciate your promptness very much and we are sending you the publication of this office.

Yours very truly,

Glenn Staley

Glenn Staley

GS/nm

(d) Where oil and gas wells are in production within this area no mine opening shall be driven to within less than 100 feet of such wells.

(2) Area "B"

(a) Oil and gas exploratory test wells may be drilled in accordance with the rules and regulations as hereinafter set forth.

(3) Hereafter upon the discovery of oil and gas in either area "A" or "B" the Oil Conservation Commission, after due notice and hearing, shall promulgate field or pool rules for the affected areas.

(4) Nothing herein contained shall be construed to prevent unitization agreements within areas "A" or "B" or both.

IV.

DRILLING, CASING AND CEMENTING PROGRAMS

(1) For the purposes of these regulations "shallow and "deep" zones are defined as follows:

(a) "Shallow Zone" shall include all formations above the base of the Delaware sand or above a depth of 5,000 feet, whichever is the lesser.

(b) "Deep Zone" shall include all formations below the base of the Delaware sand or below a depth of 5,000 feet, whichever is the lesser.

(2) The following rules and regulations shall be applicable to both shallow and deep zones, except where additional or special rules are noted.

(3) Surface Casing String:

(a) To prevent the intrusion of water, the surface casing string shall be set in the "Red Bed" section of the basal Russler formation immediately above the top of the salt section, or in the anhydrite at the top of the salt section as may be determined necessary by the regulatory engineer approving the drilling operation, and the same shall be cemented back to the ground surface or to the bottom of the cellar.

(b) The surface string may consist of new, second-hand or re-conditioned pipe. New pipe shall have received a mill test of not less than 600 pounds pressure per square inch; second-hand and re-conditioned pipe shall be retested to 600 pounds pressure per square inch before being run.

(c) Cement shall be allowed to stand a minimum of twelve hours under pressure and a total of twenty-four hours before drilling the plug or initiating tests.

(d) Tests of casing shutoff shall vary with the drilling methods being employed. If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of 600 pounds per square inch shall be applied. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(4) Salt Protection String

(a) A salt protection string shall be set at not less than 100 feet nor more than 200 feet below the base of the salt section.

(b) The string may consist of new, second-hand or reconditioned pipe capable of meeting the manufacturer's test specifications.

(c) The string may be cemented with a nominal cement volume for testing purposes only, and if commercially productive, the string must be recemented with not less than 150% of calculated volume necessary to circulate cement to the surface. The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with 5% of calcium chloride by weight of cement.

(d) Cement shall be allowed to stand a minimum of 12 hours under pressure and a total of 24 hours before drilling the plug or initiating tests. If the cement fails to reach the top of the salt, the salt protection casing shall be perforated just above the top of the cement and additional cement shall be used until the cement is brought to that point.

(e) One or more temperature or gamma ray surveys supporting complete cementation shall be filed with the Oil Conservation Commission within _____days after the survey is made.

(f) Test of casing shall vary with the drilling method employed. If rotary is used, the mud shall be displaced with water and a hydraulic pressure of 1000 pounds per square inch shall be applied. If a drop of 100 pounds per square inch or more should occur within 30 minutes, corrective measures shall be applied. If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour corrective measures shall be applied.

(g) Additional and Special Rules Applicable to Deep Zones Only.

(1) Centralizers shall be used at every 150 feet of casing below the surface casing.

PROPOSED RULES AND REGULATIONS GOVERNING EXPLORATION FOR THE EXTRACTION OF OIL, GAS AND POTASH MINERALS ON NEW MEXICO STATE AND PRIVATELY OWNED LANDS INCLUDED IN PROVEN OR POTENTIAL PRODUCTION AREAS.

I.

OBJECTIVE

In an effort to assure the maximum conservation and economic recovery of oil, gas and potash minerals in the areas hereinafter defined the Oil Conservation Commission hereby promulgates the following rules and regulations:

II.

POTASH AREAS

These regulations shall be applicable to the proven or potential potash area herein defined as "Area A" and "Area B".

1. Area "A" . (List sections applicable)

2. Area "B" . (List sections applicable.

3. Each of the above described areas may be contracted or expanded from time to time as conditions may warrant by the Oil Conservation Commission after due notice and hearing.

III.

EXPLORATION OF AREAS

(1) Area "A"

(a) Drilling of oil and gas exploratory test wells shall not be permitted in Area "A" except upon leases outstanding as of the effective date of these regulations; PROVIDED, oil and gas wells shall not be drilled through any open potash mine or within 500 feet thereof under any conditions.

(b) Any oil or gas leases hereafter issued for lands within area "A" shall be subject to these regulations and no drilling shall be permitted thereon unless the expressed permission of the Oil Conservation Commission is first had and obtained after due notice and hearing.

(c) All future drilling of oil and gas test wells in area "A" shall be further subject to these rules and regulations.

(2) When a drilling protection string is used the casing shall be cemented with a sufficient volume of cement to amply protect the casing and all shallow pay zones above the casing shoe, and in every instance the string shall be cemented from a point 1000 feet below the salt string back to the surface.

(3) Oil Production String:

(a) The string shall be set on top or through the pay zone and cemented with a volume adequate to protect the pay zone and the casing above such zone; PROVIDED, however, if no intermediate drilling casing shall have been run and commercial production obtained, the string shall be cemented to the surface or as provided by above.

(b) Cement shall be allowed to stand a minimum of 12 hours under pressure and a total of 24 hours before drilling the plug or initiating tests. Hydraulic pressure tests shall be applied to this string as above.

V.

PLUGGING AND ABANDONMENT OF WELLS

(1) Upon completion of production from wells which were drilled prior to the date upon which these regulations became effective, such wells shall be plugged in a manner that will provide a solid cement plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section.

(2) Upon completion of production from wells drilled in accordance with these regulations, the wells shall be plugged by filling the casing cemented through the salt with cement or as provided in (1) above.

(3) If a well is dry or if the oil operator cannot complete a well and must abandon the hole, such well shall be plugged as provided in ( ) above.

VI.

LOCATION FOR TEST WELLS

Before drilling for oil and gas on lands within the Areas "A" or "B", a map or plat showing the location of the proposed well shall be prepared by the well operator and copies shall be sent to the Oil Conservation Commission and the potash lessee involved. If no objections to the location of the proposed well are made by the potash lessee within ten days, a drilling permit may be issued

and the work may proceed. If, however, the location of the proposed well is objected to by the potash lessee on the grounds that the location of the well is not in accordance with the foregoing regulations, the potash lessee may file a written objection for consideration and decision by the Oil Conservation Commission

VII.

INSPECTION OF DRILLING AND MINING OPERATION

(1) A representative of the potash lessee may be present during drilling, cementing, casing and plugging of all oil and gas wells on his leases to observe conformance with these regulations.

(2) A representative of the oil and gas lessee may inspect mine workings on his leases to observe conformance with these regulations.

VIII.

FILING OF WELL AND MINE SURVEYS

(1) Each oil and gas lessee shall furnish annually (on January 1st) to the Oil Conservation Commission and to the potash lessees involved, certified directional surveys from the surface to a point below the lowest known potash-bearing horizon for each oil and gas well drilled within area "A" during the preceding year.

(2) Each potash lessee shall furnish annually (on January 1st) to the Oil Conservation Commission and to the Oil and Gas lessees involved, a certified plat of the location of open mine workings underlying outstanding oil and gas leases.

IX.

APPLICABILITY OF STATEWIDE RULES AND REGULATIONS