deemed objectionable and the grounds for the objections. If a hearing is requested, the objections must state the issues for the hearing. A hearing will be granted if the objections are supported by grounds legally sufficient to justify the relief sought. Objections may be accompanied by a memorandum or brief in support thereof.

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

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

Dated: October 5, 1970.

SAM D. FINE,
Associate Commissioner for Compliance.

[F.R. Doc. 70-15766; Filed, Nov. 23, 1970; 8:46 a.m.]

SUBCHAPTER C—DRUGS

PART 135c—NEW ANIMAL DRUGS IN ORAL DOSAGE FORMS

Propiopromazine Hydrochloride

The Commissioner of Food and Drugs has evaluated a new animal drug application (41-665V) filed by Diamond Laboratories, Inc., proposing the safe and effective use of propiopromazine hydrochloride chewable tablets in dogs. The application is approved.

Therefore, pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (sec. 512(i), 82 Stat. 347; 21 U.S.C. 360b(i)) and under authority delegated to the Commissioner (21 CFR 2.120), Part 135c is amended by adding the following new section:

§ 135c.12 Propiopromazine hydrochloride.

(a) *Chemical name.* 1-Propanone, 1-[10-[3-(dimethylamino) propyl] phenothiazin-2-yl]-, monohydrochloride.

(b) *Specifications.* The drug is administered in a chewable tablet containing 10 or 20 milligrams of propiopromazine hydrochloride.

(c) *Sponsor.* Diamond Laboratories, Inc., Post Office Box 863, Des Moines, IA 50304.

(d) *Conditions of use.* (1) The drug is intended for oral administration to dogs as a tranquilizer. It is used as an aid in handling difficult, excited, and unruly dogs, and in controlling excessive kennel barking, car sickness, and severe dermatitis. It is also indicated for use in minor surgery and prior to routine examinations, laboratory procedures, and diagnostic procedures.

(2) It is administered at the rate of 0.5 to 2 milligrams of propiopromazine hydrochloride per pound of body weight once or twice daily depending upon the degree of tranquilization desired.

NOTE: Not for use with organophosphates and/or procaine hydrochloride, as phenothiazine may potentiate the toxicity of organophosphates and the activity of procaine hydrochloride. Overdosage may produce significant depression.

(3) For use only by or on the order of a licensed veterinarian.

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

(Sec. 512(i), 82 Stat. 347; 21 U.S.C. 360b(i))

Dated: November 10, 1970.

C. D. VAN HOUWELING,
Director,
Bureau of Veterinary Medicine.

[F.R. Doc. 70-15767; Filed, Nov. 23, 1970; 8:47 a.m.]

Title 24—HOUSING AND HOUSING CREDIT

Chapter VII—Federal Insurance Administration, Department of Housing and Urban Development

SUBCHAPTER B—NATIONAL FLOOD INSURANCE PROGRAM

PART 1915—IDENTIFICATION OF FLOOD-PRONE AREAS

List of Flood Hazard Areas; Correction

In recent amendments to the List of Flood Hazard Areas, 24 CFR 1915.3, published at 35 F.R. 14215, September 9, 1970, and 35 F.R. 14928-14929, September 25, 1970, certain effective dates were incorrectly listed. Accordingly, on page 14215 the two effective dates for Oldsmar and Daytona Beach locations, Pinellas and Volusia Counties, Fla., are changed to read September 8, 1970. The effective dates for the 12 locations in the States of Florida, Minnesota, New Jersey, and Texas, listed on page 14929 are changed to read September 25, 1970.

(National Flood Insurance Act of 1968 (title XIII of the Housing and Urban Development Act of 1968), effective Jan. 28, 1969 (33 F.R. 17804, Nov. 28, 1968), as amended (secs. 408-410, Public Law 91-152, Dec. 24, 1969), 42 U.S.C. 4001-4127; and Secretary's delegation of authority to Federal Insurance Administrator, 34 F.R. 2680, Feb. 27, 1969)

Issued: November 21, 1970.

GEORGE K. BERNSTEIN,
Federal Insurance Administrator.

[F.R. Doc. 70-15774; Filed, Nov. 23, 1970; 8:47 a.m.]

Title 26—INTERNAL REVENUE

Chapter I—Internal Revenue Service, Department of the Treasury

SUBCHAPTER A—INCOME TAX

[T.D. 7075]

PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

Replacement of Property Involuntarily Converted Within a 2-Year Period

On July 30, 1970, and August 6, 1970, notice of proposed rule making with respect to the amendment of the Income Tax Regulations (26 CFR Part 1) under sections 381 and 1033 of the Internal Revenue Code of 1954 to reflect the changes made by section 915 of the Tax Reform Act of 1969 (83 Stat. 723) was published in the FEDERAL REGISTER (35 F.R. 12211 and 12544). No objection to the rules proposed having been received during the 30-day period prescribed in the notice, the regulations as proposed are hereby adopted.

(Sec. 7805, Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805))

[SEAL] RANDOLPH W. THROWER,
Commissioner of Internal Revenue.

Approved: November 17, 1970.

EDWIN S. COHEN,
Assistant Secretary of the Treasury.

In order to conform the Income Tax Regulations (26 CFR Part 1) under sections 381 and 1033 of the Internal Revenue Code of 1954 to section 915 of the Tax Reform Act of 1969 (83 Stat. 723), such regulations are amended as follows:

PARAGRAPH 1. Section 1.381(c)(13)-1 is amended by revising paragraph (c)(2) and (3) to read as follows:

§ 1.381(c)(13)-1 Involuntary conversions.

* * * * *

(c) *Conversion into money or dissimilar property when disposition occurs after December 31, 1950.* * * *

(2) *Replacement period.* The period during which the purchase of similar property or stock must be made in order to prevent the recognition of gain on the involuntary conversion terminates 2 years (or, in the case of a disposition occurring before Dec. 31, 1969, 1 year) after the close of the first taxable year in which any part of the gain upon the conversion is realized, or at the close of such later date as may be designated pursuant to an application of the taxpayer. See paragraph (c)(3) of § 1.1033(a)-2. Therefore, if, in a case to which this subparagraph applies, the first taxable year in which gain is realized is the taxable year of the distributor or transferor corporation ending with the close of the date of distribution or transfer, the acquiring corporation will have a maximum of only 2 years (or, in the case of a disposition occurring before Dec. 31, 1969, 1 year) after that date in which to purchase the similar property or stock, unless an extension of time has been granted upon application by the distributor, transferor, or acquiring corporation within the time prescribed. See paragraph (a) of § 1.381(b)-1 as to the termination of the taxable year of the distributor or transferor corporation. See paragraph (c)(3) of § 1.1033(a)-2 as to applications to extend the period within which to replace the converted property. In addition to the information otherwise required under paragraph (c)(3) of § 1.1033(a)-2, the application shall contain sufficient detail in connection with the distribution or transfer to establish

that section 381(c)(13) applies to the involuntary conversion involved.

(37 *Examples.* The application of this paragraph may be illustrated by the following examples:

Example (1). A and B Corporations compute their taxable income on the basis of the calendar year, and both corporations use the cash method of accounting. During 1970 property of A Corporation is destroyed by fire, and in January 1971, A Corporation receives $15,000 from an insurance company as compensation for its loss of property. The adjusted basis of the property on the date of destruction is $10,000; as a consequence, A Corporation realizes a gain of $5,000 on the involuntary conversion. On June 30, 1971, B Corporation acquires all of the assets of A Corporation in a reorganization to which section 381(a) applies. In accordance with paragraph (c)(2) of § 1.1033(a)-2, A Corporation reports in its return for the short taxable year ending June 30, 1971, all the details in connection with the involuntary conversion but does not include the realized gain in gross income, thereby electing to have the gain recognized only to the extent provided in section 1033(a)(3). On June 15, 1973, B Corporation purchases for $20,000 property which is similar or related in service or use of the property previously destroyed. In its return for 1973, B Corporation reports all of the details in connection with its replacement of the property, as required by paragraph (c)(2) of § 1.1033(a)-2. As a result of this replacement by B Corporation, none of the gain realized by A Corporation is recognized. The replacement property which is purchased by B Corporation has a basis to that corporation of $15,000 on the date of its purchase, that is, the cost of such property ($20,000) decreased by the amount of gain not recognized to A Corporation on the involuntary conversion ($5,000).

Example (2). Assume the same facts as in example (1), except that B Corporation does not purchase similar property on or before June 30, 1973, and does not apply on or before that date (in accordance with paragraph (c)(3) of § 1.1033(a)-2) for an extension of time in which to make a replacement. In such event, the gain realized by A Corporation is recognized to that corporation for its taxable year ending June 30, 1971. A Corporation's tax liability for such taxable year must be recomputed in accordance with paragraph (c)(2) of § 1.1033(a)-2 in order to reflect this additional income.

Example (3). Assume the same facts as in example (1), except that the property of A Corporation is destroyed in 1968, A Corporation receives the $15,000 from an insurance company in January 1969, B Corporation acquires all of the assets of A Corporation on June 30, 1969, and A Corporation's return is filed for the short taxable year ending June 30, 1969. B Corporation would have to purchase property which is similiar or related in service or use to the property previously destroyed by June 30, 1970, in order to take advantage of the provisions of section 1033.

Example (4). M and N Corporations compute their taxable income on the basis of the calendar year, and both corporations use the cash method of accounting. During 1970, property of M Corporation is destroyed by fire. The adjusted basis of the property on the date of destruction is $10,000. The property is insured against loss by fire, but the insurance claim is not satisfied on or before June 30, 1971, the date on which N Corporation acquires all of the assets (including the insurance claim) of M Corporation in a reorganization to which section 381(a) applies. On September 1, 1972, N Corporation receives $15,000 from the insurance company as compensation for the fire loss suffered by M Corporation. Upon receipt of the insurance proceeds, N Corporation realizes a gain of $5,000 upon the involuntary conversion; however, in its return for 1972, N Corporation elects under the provisions of paragraph (c)(2) of § 1.1033(a)-2 to have the gain recognized only to the extent provided by section 1033(a)(3). On December 30, 1974, N Corporation purchases for $20,000 property which is similar or related in service or use to the property previously destroyed in the hands of M Corporation. As a result of this replacement by N Corporation, none of the gain realized by N Corporation in 1972 is recognized. The replacement property which is purchased by N Corporation has a basis to that corporation of $15,000 on the date of its purchase, that is, the cost of such property ($20,000) decreased by the amount of gain not recognized to N Corporation on the involuntary conversion ($5,000).

Example (5). R and S Corporations compute their taxable income on the basis of the calendar year, and both corporations use the cash method of accounting. During 1970 property of R Corporation is destroyed by fire. The adjusted basis of the property on the date of destruction is $10,000. In anticipation of taking the benefit of section 1033(a)(3), R Corporation purchases for $20,000 on June 1, 1971, property which is similar or related in service or use to the destroyed property. In its return for 1971, R Corporation reports all of the details in connection with the replacement of the property, as required by paragraph (c)(2) of § 1.1033(a)-2. The property destroyed in 1970 is insured against loss by fire, but the insurance claim is not satisfied on or before March 1, 1972, the date on which S Corporation acquires all of the assets (including the insurance claim) of R Corporation in a reorganization to which section 381(a) applies. On October 1, 1972, S Corporation receives $12,000 from the insurance company as compensation for the fire loss suffered by R Corporation. Upon receipt of the insurance proceeds, S Corporation realizes a gain of $2,000 upon the involuntary conversion; however, in its return for 1972, S Corporation elects under the provisions of paragraph (c)(2) of § 1.1033(a)-2 to have the gain recognized only to the extent provided by section 1033(a)(3). As a result of the replacement by R Corporation, none of the gain realized by S Corporation in 1972 is recognized. Assuming there are no adjustments for depreciation, the replacement property has a basis on October 1, 1972, of $18,000, that is, the cost of such property ($20,000) decreased by the amount of gain not recognized to S Corporation on the involuntary conversion ($2,000).

* * * * *

PAR. 2. Section 1.1033(a) is amended by revising section 1033(a)(3)(B)(1) and the historical note to read as follows:

§ 1.1033(a) Statutory provisions; involuntary conversions; general rule.

Sec. 1033. *Involuntary conversions*—(a) *General rule.* * * *

(3) *Conversion into money where disposition occurred after 1950.* * * *

(B) *Period within which property must be replaced.* * * *

(i) Two years after the close of the first taxable year in which any part of the gain upon the conversion is realized, or

* * * * *

(Sec. 1033(a) as amended by sec. 45, Technical Amendments Act 1958 (72 Stat. 1641); sec. 915 Tax Reform Act 1969 (83 Stat. 723))

PAR. 3. Section 1.1033(a)-2 is amended by revising so much of paragraph (c)(3) thereof as precedes subdivision (i), to read as follows:

§ 1.1033(a)-2 Involuntary conversion where disposition of the converted property occurred after December 31, 1950.

* * * * *

(c) *Conversion into money or dissimilar property.* * * *

(3) The period referred to in subparagraphs (1) and (2) of this paragraph is the period of time commencin with the date of the disposition of the converted property, or the date of the beginning of the threat or imminence of requisition or condemnation of the converted property, whichever is earlier, and ending 2 years (or, in the case of a disposition occurring before Dec. 31, 1969, 1 year) after the close of the first taxable year in which any part of the gain upon the conversion is realized, or at the close of such later date as may be designated pursuant to an application of the taxpayer. Such application shall be made prior to the expiration of 2 years (or, in the case of a disposition occurring before Dec. 31, 1969, 1 year) after the close of the first taxable year in which any part of the gain from the conversion is realized, unless the taxpayer can show to the satisfaction of the district director—

* * * * *

[F.R. Doc. 70-15729; Filed, Nov. 23, 1970; 8:45 a.m.]

Title 43—PUBLIC LANDS: INTERIOR

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

SUBCHAPTER A—GENERAL MANAGEMENT (1000)

[Circular No. 2279]

PART 1850—HEARINGS PROCEDURES

Subpart 1852—Contest and Protest Proceedings

MISCELLANEOUS AMENDMENTS

On page 13887 of the FEDERAL REGISTER of September 2, 1970, there was published a notice and text of a proposed amendment to Part 1850 of Title 43, Code of Federal Regulations. The purpose of the amendment is to relieve the United States of certain procedural requirements in Government contest proceedings. The proposed revisions would eliminate the requirement for furnishing the age of each heir of deceased entrymen in the complaint, clarify the effect of an answer by a contestee before dismissal, and provide specifically in Government contests for summary dismissal of contest complaints only as to any contestees not served.

Interested persons were given 30 days within which to submit comments, suggestions, or objections to the proposed amendment. No comments were received.

The proposed amendment is hereby adopted without change, and is set forth

below. This amendment shall become effective on publication in the FEDERAL REGISTER.

WALTER J. HICKEL,
Secretary of the Interior.

NOVEMBER 16, 1970.

1. In paragraph (a)(1) of § 1852.1-4, delete the words "including the age of each heir of any deceased entryman," so § 1852.1-4(a)(1) will read as follows:

§ 1852.1-4 Complaints.

* * * * *

(a) * * *

(1) The name and address of each party interested.

* * * * *

2. In paragraph (a) of § 1852.1-5, add the words "as to such answering contestee" to the last sentence so that sentence will read as follows:

§ 1852.1-5 Service.

* * * * *

(a) *Summary dismissal; waiver of defect in service.* If a complaint when filed does not meet all the requirements of § 1852.1-4 (a) and (c), or if the complaint is not served upon each contestee as required by this section, the complaint will be summarily dismissed by the manager and no answer need be filed. However, where prior to the summary dismissal of a complaint a contestee answers without questioning the service or proof of service of the complaint, any defect in service will be deemed waived as to such answering contestee.

* * * * *

3. In § 1852.2-2, renumber the present paragraphs (b) through (i) to read (c) through (j) respectively, and add a new paragraph (b) to read as follows:

§ 1852.2-2 Proceedings in Government contests.

* * * * *

(b) A Government contest complaint will not be insufficient and subject to dismissal for failure to name all parties interested, or for failure to serve every party who has been named.

* * * * *

[F.R. Doc. 70-15781; Filed, Nov. 23, 1970; 8:48 a.m.]

Title 32—NATIONAL DEFENSE

Chapter XVIII—Office of Civil Defense, Office of the Secretary of the Army

PART 1807—CONTRIBUTIONS FOR CIVIL DEFENSE PERSONNEL AND ADMINISTRATIVE EXPENSES

Conditions of Contributions

In § 1807.6, the second sentence of paragraph (c) is revised. As amended, paragraph (c) of § 1807.6 reads as follows:

§ 1807.6 Conditions of contributions.

* * * * *

(c) *Merit system requirements.* All civil defense employees (except those specifically exempted in OCD guidance material) of a State or political subdivision must be employed under an approved merit system of personnel administration. Except in specific cases where the holding of elective office is approved under procedures and criteria set forth in OCD guidance material, OCD will make no contribution toward any salary, wages, supplementary compensation, or personnel benefits for any person who holds an elective office.

* * * * *

(64 Stat. 1255, 72 Stat. 533, 50 U.S.C. App. 2253, 2286; Reorg. Plan No. 1 of 1958, as amended, 72 Stat. 1799-1801, 23 F.R. 4991; E.O. 10952, as amended, 26 F.R. 6577; Establishment of the Office of Civil Defense and Delegation of Authority Regarding Civil Defense Functions, published 10 April 1964, 29 F.R. 5017)

Effective date. This amendment is effective immediately.

Dated: November 10, 1970.

JOHN E. DAVIS,
Director of Civil Defense.

[F.R. Doc. 70-15763; Filed, Nov. 23, 1970; 8:46 a.m.]

Title 46—SHIPPING

Chapter I—Coast Guard, Department of Transportation

SUBCHAPTER A—PROCEDURES APPLICABLE TO THE PUBLIC

[CGFR 69-106a]

PART 2—VESSEL INSPECTIONS

Reports of Hazardous Materials Incidents

Correction

In F.R. Doc. 70-14708 appearing at page 16832 in the issue of Saturday, October 31, 1970, under § 2.20-70(d), the line reading "Telephone number ------" appearing above subparagraph 26 of paragraph G of the form should be transposed to follow subparagraph 27.