

tive capacity under the provisions of §§ 300.13 or 300.14 may nevertheless participate in a proceeding in a scientific or technological field pursuant to the terms of a certificate issued in compliance with the proviso following 18 U.S.C. 207 (a) and (b).

(b) An employee who believes his prior employment relationships will not affect the integrity of his services may request that the prohibition of §§ 300.9 or 300.10 be waived in accordance with the procedures set forth in § 370.735-14.

§ 300.17 Disqualification of partners of Board members and employees.

No partner of a Board member or of a Board employee shall act as agent or attorney for anyone other than the United States in any Board proceeding or matter in which such member or employee participates or has participated personally and substantially through decision, approval, disapproval, recommendation, rendering advice, investigation, or otherwise, or which is the subject of his official responsibility. (18 U.S.C. 207(c).)

§ 300.18 [Reserved]

§ 300.19 Use of confidential information.

No former Board member or employee, or any person associated with him, shall ever use or undertake to use in any Board proceeding or matter any confidential facts or information which came into the possession of such member or employee or to his attention by reason of his employment with the Board without first applying for and obtaining the consent of the Board for the use of such facts or information.

§ 300.20 Violations.

(a) The Board may disqualify, and deny temporarily or permanently the privilege of appearing or practicing before it in any way to, any person who is found by the Board after written notice of charges and hearing to have engaged in unethical or improper professional conduct. Any violation of this part shall be deemed to be such conduct.

(b) When appropriate in the public interest, the Board may deny any application or other request of a party in a proceeding subject to this part where the Board finds after hearing that such party has, in connection with any Board proceeding, violated any of the provisions of this part or any of the provisions of Chapter 11 of Title 18 of the United States Code. The Board may also condition its further consideration of such party's application or other request or the effectiveness of any order granting such application or other request upon such party's first taking such action as the Board may deem necessary or appropriate to remedy the violation of this part or Chapter 11 of Title 18 of the United States Code to prevent or deter any repetition of such violation. The Board may in addition issue a cease and

desist order against any repetition of such or similar misconduct.

(c) The actions authorized by this section may take place within the framework of the matter during or concerning which the violations occur or in a separate matter, as the Board or the presiding administrative law judge may direct. A complaint alleging that a violation has occurred in the course of a matter shall be filed in the docket or appropriate public file of such matter unless such complaint is made after the Board's decision of the matter has become final, in which event such complaint may be filed pursuant to Part 302, Subpart B of the rules of practice. A violation in the course of a matter which may be attributable to or affect the fitness of a party will ordinarily either be disposed of within the framework of such matter or be considered within the context of any subsequent matter involving the interests of such party. Other violations will ordinarily be disposed of in a separate proceeding.

By the Civil Aeronautics Board.

Effective: September 30, 1976.

Adopted: August 10, 1976.

PHYLLIS T. KAYLOR,
Secretary.

[FR Doc. 76-23840 Filed 8-13-76; 8:45 am]

Title 16—Commercial Practices

CHAPTER I—FEDERAL TRADE COMMISSION

PART 15—ADMINISTRATIVE OPINIONS AND RULINGS

Advisory Opinion Denial on Training School Proposal

Three advisory opinions issued by the Commission in 1969, digests of which are set forth below (FR Docs. 76-23771 and 76-23772) were not previously published in the FEDERAL REGISTER. They are considered sufficient in general applicability and legal effect to merit FEDERAL REGISTER publication.

Part 15 of 16 CFR Chapter I is amended by adding a new § 15.317 as follows:

§ 15.317 Commission declines to issue advisory opinion.

The Commission declined to issue an advisory opinion on December 11, 1968 (File No. 693 7061), concerning a proposal by a training school to advertise a refund of charges to graduates who do not receive a timely offer of employment where the conditions stated might be the subject of such a wide variety of interpretations that only the manner of actual implementation would determine legality.

(38 Stat. 717, as amended (15 U.S.C. 41-58); 80 Stat. 378 (5 U.S.C. 552).)

Released: January 28, 1969.

By direction of the Commission.

CHARLES A. TOBIN,
Secretary.

[FR Doc. 76-23770 Filed 8-13-76; 8:45 am]

PART 15—ADMINISTRATIVE OPINIONS AND RULINGS

Advertising Standards by Private Association

Part 15 of 16 CFR Chapter I is amended by adding a new § 15.332 as follows:

§ 15.332 Publication of advertising standards by private association.

The Commission issued an advisory opinion on February 12, 1969 (File No. 693 7094), to the effect that a private association's publication of a statement of practices heretofore found unlawful by the Commission for voluntary agreement by industry members to avoid the listed practices would not be objectionable. The Commission advised that it would have no objection to such a publication, or proposed use, as long as each signer agrees to, and abides by, its provisions without coercion, expressed or implied.

(38 Stat. 717, as amended (15 U.S.C. 41-58); 80 Stat. 378 (5 U.S.C. 552).)

Released: March 19, 1969.

By direction of the Commission.

CHARLES A. TOBIN,
Secretary.

[FR Doc. 76-23771 Filed 8-13-76; 8:45 am]

PART 15—ADMINISTRATIVE OPINIONS AND RULINGS

Refusal of Membership in Trade Association

Part 15 of 16 CFR Chapter I is amended by adding a new § 15.335 as follows:

§ 15.335 Refusal of membership in trade association.

The Commission issued an advisory opinion on February 18, 1969 (File No. 693 7078), concerning the right of a trade association to refuse membership to a member's competitor at the member's insistence. The Commission advised that, as a general rule, a trade association may deny membership for failure to meet reasonable qualifications, but may not deny membership to a potential member if to do so would unreasonably restrain interstate or foreign trade or commerce.

(38 Stat. 717, as amended (15 U.S.C. 41-58); 80 Stat. 378 (5 U.S.C. 552).)

Released: April 18, 1969.

By direction of the Commission.

CHARLES A. TOBIN,
Secretary.

[FR Doc. 76-23772 Filed 8-13-76; 8:45 am]

PART 433—PRESERVATION OF CONSUMERS' CLAIMS AND DEFENSES

Statement of Enforcement Policy; Invitation To Comment

Notice is hereby given that the Federal Trade Commission has adopted a State-

ment of Enforcement Policy regarding the Trade Regulation Rule on Preservation of Consumers' Claims and Defenses (promulgated November 14, 1975, effective May 14, 1976; 40 FR 53506). The Statement explains the Rule's definition of "purchase money loan" and is issued as a guide for compliance.

The Commission formally adopted the Statement and directed that the public be provided until October 15, 1976 to comment on the Statement.

STATEMENT OF ENFORCEMENT POLICY IN REGARD TO TRADE REGULATION RULE ON PRESERVATION OF CONSUMERS' CLAIMS AND DEFENSES

On May 14, 1976, the Commission's Trade Regulation Rule concerning Preservation of Consumers' Claims and Defenses (16 CFR 433) became effective. In adopting the Rule, the Commission determined that it constitutes an unfair and deceptive practice within the meaning of Section Five of the Federal Trade Commission Act (15 U.S.C. 45), for a seller in the course of financing or arranging the financing of a purchase of consumer goods or services to employ procedures which render the consumer's duty to pay independent of the seller's duty to fulfill his obligations. The Rule requires the insertion of a clause in consumer credit contracts which permits the consumer to raise against the creditor those claims and defenses that he could raise against the seller under applicable law. The Rule does not give the consumer the right to withhold payment unilaterally. The manner and procedure by which a buyer may assert claims and defenses is governed by the terms of any contractual obligation and by applicable state law.

Since the effective date of the Rule, the Commission has received a number of requests for a further clarification of its applicability to transactions in which a seller accepts the proceeds of a loan extended directly from a lender to a purchaser. This Statement of Enforcement Policy explains the Rule's definition of "purchase money loan" which encompasses certain loans of this nature. It is a restatement of the Commission's intent in this regard based on the language of the Rule and the Statement of Basis and Purpose.

This Statement is issued as a guide for compliance with the Rule. It is also intended as an aid to assure consistent application of the Rule under those state laws which create additional private remedies for violation of its requirements.

I. INTRODUCTION

The Rule requires that the prescribed notice be included in a loan document when the seller accepts the proceeds of a "purchase money loan" extended by the creditor directly to the purchaser. The definition of a "purchase money loan" limits the Rule's applicability to direct loans where the seller "refers" customers to the creditor or is "affiliated" with the creditor.¹

The Statement of Basis and Purpose issued with the Rule specifies the nature of the business relationships that are encompassed by this standard.

[C]onsumer credit obligations should be subject to claims and defenses whenever credit is arranged or secured in connection with a continuing relationship between a seller and a creditor. In such cases a seller and creditor may properly be viewed as joint venturers. The basic rationale for the rule applies in any situation where sellers and creditors work cooperatively to finance consumer sales.²

The affiliation and referral standards are intended to delineate those business relationships where sellers and creditors engage in concerted or cooperative conduct to arrange credit for consumers. The terms are not intended to be wholly separate concepts and are to some extent coextensive in their impact. They are employed in this manner to assure that the broad spectrum of business relationships which reflect such joint activity are brought within the Rule.

The affiliation test applies where the lender and seller are part of the same business entity, or where there is a pre-existing formal or informal contractual agreement or business arrangement to engage in concerted activity in connection with the financing of consumer goods and services. The referral test does not contemplate a preexisting agreement of this type. It encompasses relationships in which the lender and seller cooperate to channel purchases on a continuing basis. Such a course of conduct results in a de facto or implied relationship. If the seller is sending buyers to a creditor without the express or implied agreement of the creditor or without any concerted or cooperative activity between the seller and creditor in connection with the financing of consumer sales, the transaction is not within the Rule. It is important to note that such agreement or concerted or cooperative activity must relate to the actual financing of the sale and not to ancillary conduct such as perfecting a security interest.

(a) *Affiliation.* The Rule requires a seller to insure that the Notice is used in a consumer's loan contract where the seller is "affiliated with the creditor by common control, contract, or business arrangement."³

The first type of affiliation is common control. The Commission has concluded that when a creditor and a seller are functionally part of the same business entity, loans made by the lender for the financing of purchases from the seller should be subject to the Rule. For example, common control would be present where two companies are owned by a holding company or by substantially the same individuals; if one is a subsidiary of the other, or if they are under common control relating to retail sales financing.

An affiliation is also created by "contract" and "business arrangement." The

Rule defines contract as any oral or written agreement, formal or informal between a creditor and a seller, which contemplates or provides for cooperative or concerted activity in connection with the sale of goods or services to consumers or the financing thereof. A business arrangement includes any understanding, procedure, course of dealing, or arrangement, formal or informal, between a creditor and a seller, in connection with the sale of goods or services to consumers or the financing thereof.

These definitions encompass all situations where a creditor and seller are party to any agreement, arrangement, understanding, or mutually understood procedure which is specifically related to retail sales or retail sales financing. While the business arrangement or contract need not be formal in a legal sense, it must be ongoing and clearly related to sales or sales financing.

Examples of the business arrangements or contracts which are reached by the Rule's definitions would include those contemplating:

- Maintenance of loan application forms in the office of the seller;
- Seller agrees with creditor to prepare loan documents;
- Creditor's referrals of customers to a sales outlet;
- Payment of consideration to a seller for furnishing loan customers or to a creditor for furnishing sales prospects;
- The assignment of indirect paper or the referral of loan customers to a creditor;
- Active creditor participation in a sales program;
- Joint advertising efforts;
- An agreement to purchase paper on an indirect basis.

The Rule is not intended to include the many possible business relationships that do not bear directly on the financing of consumers sales. For example, a commercial checking account is not an affiliation within the meaning of the Rule, nor is a commercial credit agreement between the seller and a credit institution which has no relationship to consumer sales activities or the financing thereof. A commercial lease, the factoring of accounts receivable, a general business loan, the financing of inventory, or other similar commercial arrangements or contracts do not invoke the Rule. The installation in a seller's place of business of a system for approval of personal checks is not a business arrangement within the meaning of the Rule. It should also be noted that an agreement between a credit card issuer and a seller does not constitute a business arrangement or a contract within the meaning of the Rule.

The fact that a creditor and seller must confer over a particular transaction does not in itself create an arrangement. Thus, for example, the mere fact that a creditor issues a joint proceeds check to a seller and a buyer or that seller and lender must confer in order to perfect the security agreement under ap-

¹ Statement of Basis and Purpose, 40 FR

53524, November 18, 1975.

² 16 CFR 433.1(d) (2).

³ 16 CFR 433.1(d).

plicable state law is not a business arrangement or contract."

(b) *Referrals.* The Rule prohibits a seller from accepting the proceeds of a "purchase money loan" unless the credit contract contains the required Notice when the seller "refers consumers to the creditor". The intent of this provision is to reach those situations in which a seller cooperates with a lender to channel consumers to that credit source on a continuing basis. Unlike an "affiliation", which contemplates some preexisting arrangement or agreement, a referral relationship arises from a pattern of cooperative activity directly relating to the arranging of credit.

Several elements are necessary. The seller and creditor must be engaged in cooperative or concerted conduct to channel a consumer to a particular lender. The fact that a seller may suggest credit sources to his customers or otherwise provide information in this regard does not alone invoke the Rule. However, when a seller and a lender work together to arrange financing for seller's customers, the prescribed notice must be incorporated in the loan contract.

This conduct must occur on a continuing basis. Occasional referrals which are not part of a business routine of the seller do not trigger the Rule. Once a referral relationship is established all credit contracts between that lender and buyers who spend the proceeds at the seller's establishment must contain the Notice.

Finally, it should be emphasized that formal consideration need not pass between the seller and lender. The fact that a seller and lender are cooperatively engaged in an effort which is mutually beneficial to their separate business interests is sufficient.

(c) *Application of the referral and affiliation standards.* The following examples illustrate how the referral and affiliation standards are applied.

1. A seller has an agreement with a creditor to maintain loan application forms in the seller's office. When a buyer requests financing, the seller assists the buyer in filling out the forms. This relationship constitutes an affiliation and the Notice must be included in the consumer credit contract.

2. A seller regularly sends his customers to a particular creditor. The creditor, in turn, agrees to provide a favorable financing arrangement for the seller's inventory or directly or indirectly provides some other consideration. The seller and lender are "affiliated". The Notice must be included in the consumer credit contract.

Comment.—These circumstances would give rise to a "contract" as defined by § 433.1(f).

3. A seller regularly sends his customer to a particular creditor. The creditor agrees that as long as the seller continues to refer his customers, their loan applications will be processed or ap-

proved on an expedited basis where the borrower meets certain lending criteria but before a full credit check is completed. The Notice must be in.

Comment. An agreement of this nature would constitute a business arrangement. (Typically in situations such as those in the example, the seller would agree to repurchase any contracts which the lender ultimately did not accept. However, a repurchase agreement of this nature is not essential to bring the above conduct within the Rule.)

4. A seller routinely suggests that customers in need of credit go to a particular source or sources of financing. While the creditor is aware that seller is sending some of his customers, the creditor does not provide any tacit or explicit quid pro quo, and seller and financier have no relationship that would constitute an affiliation and do not otherwise cooperate except insofar as may be necessary to arrange payment, perfect a security interest or otherwise finalize the transaction. The Notice is not required.

Comment. The Rule draws the line between situations in which the seller is acting as an information source or where credit is available and those in which the seller is arranging credit or serving as a conduit for the creditor. For a referral to occur within the meaning of the Rule, there must be something more than a simple suggestion that credit might be available from a particular source. There must be some further affirmative act by the seller to promote the consummation of the loan.

Since a simple suggestion is not a referral, it does not matter how often it is repeated.

This interpretation also answers a question raised by some creditors as to the result if a seller sends customers to them and they do not know the customers are being sent. Such lack of knowledge on the part of the creditor automatically precludes the possibility that a referral has taken place.

5. A buyer asks a seller for credit information. The seller suggests a creditor, calls up the creditor to determine whether the creditor will lend money to the particular buyer, and then sends the buyer to the creditor. Seller and creditor have no agreement, formal or informal, to refer customers. A referral relationship would be created, if the channeling occurs on a continuing basis.

Comment.—When a seller contacts a lender and arranges credit for his customers on a continuing basis, there is sufficient cooperative activity to constitute a referral relationship. Monetary or other formal consideration need not be involved. A pattern of mutual accommodation in arranging loans is sufficient concerted or cooperative activity to establish a referral relationship. However, contact between the seller and creditor which first occurs after the loan has been secured, for purposes of securing a lien or approving a bank draft is not a referral since there is no cooperative activity in the arranging of credit.

6. A buyer asks a seller for credit sources. Seller provides a list of lenders

in the area and provides information on the availability of credit from them as an accommodation to his customers. The seller does not contact a creditor to arrange credit for the customers, nor does he have any other business arrangement or affiliation with the creditors in this respect. The Notice is not required.

Comment.—When the seller is merely providing buyer with information on the choices available to the buyer, does not channel the buyer by contacting the creditor, and has no agreement to mention a particular creditor, then the buyer is providing information and the Notice is not required.

7. A seller has a referral or affiliation relationship with a creditor. A buyer, on his own, goes to the creditor to obtain a loan to purchase an item from seller. The Notice must be in.

Comment.—If a seller has an arrangement whereby he refers his customers to a creditor, all loan contracts between that creditor and a borrower who uses the proceeds to purchase goods from that seller must contain the Notice. The Notice must be in whether the particular loan contract was the product of a referral or not.

8. Seller has for years referred his customers to a particular financial institution pursuant to an arrangement with the creditor. He now desires to end the relationship. He stops the referrals and notifies the creditor that he no longer will refer buyers. The referral relationship has been terminated.

Comment.—A referral relationship is a continuing one. It can be stopped as long as the termination is genuine, and the seller is not attempting to temporarily avoid the Rule for a few transactions. The creditor can also end a referral relationship by notifying seller that he does not wish the relationship to continue and by refusing to place the Notice in his loan contracts with purchasers from that seller.

II. DETERMINING THE SOURCE OF THE PROCEEDS

The seller is prohibited from accepting the proceeds of a "purchase money loan" unless the consumer credit contract contains the specified Notice. Since the credit contract is between the borrower and the lender, the seller may not be aware that the money he is receiving is the proceeds of a "purchase money loan." The problem arises when the seller and the creditor are affiliated by common control, contract, or business arrangement or are engaged in a referral relationship and the buyer has unilaterally gone to the creditor for a loan to purchase goods or services from the seller.

The Rule was not intended to subject a seller to liability when he has no reason to believe he is receiving the proceeds of a "purchase money loan." Nor does the Rule require that the seller interrogate the buyer to determine the source of the proceeds. The objective circumstances surrounding the transaction provide the seller with information concerning the source of the proceeds. When these circumstances do not indicate the

*See Federal Trade Commission Advisory Opinion #763-7007 to National Automobile Dealers Association. May, 1976.

source of the proceeds or do not provide reason to believe that the proceeds may be from a "purchase money loan", there is no obligation to further investigate the source of the proceeds.

The following examples illustrate how this standard is being applied.

1. A buyer arrives in the seller's showroom with a joint proceeds check or a bank draft drawn on a bank affiliated with the seller. The seller is on notice to inquire as to whether the Notice was included.

Comment.—A joint proceeds check provides actual knowledge that a purchase money loan is involved. A bank draft places a seller on notice that the instrument is probably the proceeds of a purchase money loan.

2. A buyer pays for a seller's product or service with cash or a personal check. There is no duty to inquire.

Comment.—When there are no facts that would place a reasonable man on notice that the money is the proceeds of a "purchase money loan", there is no obligation to interrogate a customer.

3. A buyer pays \$5,000 for an automobile with a personal check drawn on the bank that purchases the seller's contracts. The buyer states that he obtained a signature loan from that bank to pay for it. Seller must determine if the Notice was inserted.

4. Seller determines that the money the buyer uses to purchase a product are the proceeds of a "purchase money loan". The seller asks the buyer whether the Notice has been included in the consumer credit contract. The buyer refuses to answer or incorrectly states the Notice was included. The seller must communicate with the creditor.

Comment.—When the seller has a relationship with a creditor, the best source of information concerning the Notice is the creditor. He cannot escape liability through the ignorance of the buyer.

INVITATION TO COMMENT ON STATEMENT OF ENFORCEMENT POLICY

The Commission invites any interested persons to submit data, views, or comments on the above Statement of Enforcement Policy. In light of such data, views, or comments the Commission shall determine what further action, if any, is necessary.

Comments will be accepted until October 15, 1976. To assure prompt consideration, comments should be identified as "Holder in Due Course Statement of Enforcement Policy Comment." Comments should be sent to the Assistant Director for Compliance, Federal Trade Commission, Washington, D.C. 20580.

By direction of the Commission dated August 3, 1976.

CHARLES A. TOBIN,
Secretary.

[FR Doc.76-23832 Filed 8-13-76; 8:45 am]

Title 19—Customs Duties

CHAPTER I—UNITED STATES CUSTOMS SERVICE, DEPARTMENT OF THE TREASURY

[T.D. 76-215]

PART 153—ANTIDUMPING

Turners (of the Type Used in Consumer Electronic Products) From Japan

Correction

In FR. Doc. 76-22430 appearing on page 32421 in the issue for Tuesday, August 3, 1976, the signature now reading "Donald R. McDonald" should have read "David R. MacDonald".

Title 21—Food and Drugs

CHAPTER I—FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SUBCHAPTER A—GENERAL

[Docket No. 76N-0314]

PART 5—DELEGATIONS OF AUTHORITY AND ORGANIZATION

Redelegations of Authority and Field Structure

The Food and Drug Administration (FDA) is amending the regulations setting forth its delegations of authority to field officials and its field structure; effective August 16, 1976.

In a recent personnel action, the organizational title for all "Deputy Regional Food and Drug Directors" of FDA was changed to "District Directors." The organizational title change to "District Director" was made to eliminate confusion that existed in the multidistrict regions and to more accurately indicate the role of these field organization managers. The change does not effect the duties or responsibilities of the positions. This amendment deletes all references to the obsolete title from the Commissioner's redelegations of authority. The amendment also updates the field structure for Region I by adding a reference to the District Office in Boston, MA.

Further redelegation of the authority delegated by this amendment is not authorized. Authority redelegated by this amendment to a position by title may be exercised by a person officially designated to serve in such position in an acting capacity or on a temporary basis, unless prohibited by a restriction written into the document designating him as "acting," or unless it is not legally permissible.

Therefore, under the Federal Food, Drug, and Cosmetic Act (sec. 701(a), 52 Stat. 1055 (21 U.S.C. 371(a))) and under authority delegated to the Commissioner of Food and Drugs (21 CFR 5.1) (recodification published in the FEDERAL REGISTER of June 15, 1976 (41 FR 24262)), Part 5 is amended as follows:

1. In § 5.21, paragraph (a) is revised to read as follows:

§ 5.21 Delegations regarding hearings and review boards.

(a) The Directors and Deputy Directors of Bureaus, Regional Food and Drug Directors, and District Directors are authorized to designate officials to hold informal hearings that relate to their assigned functions under sections 305, 404(b), and 801(a) of the Federal Food, Drug, and Cosmetic Act, section 6 of the Fair Packaging and Labeling Act, section 9(b) of the Federal Caustic Poison Act, and section 5 of the Federal Import Milk Act. Officials so designated are delegated authority vested in the Secretary of Agriculture by 7 U.S.C. 2217 (43 Stat. 803) to administer or to take from any person an oath, affirmation, affidavit, or deposition for use in any prosecution or proceeding under or in enforcement of any law as cited in this section.

2. In § 5.22, by revising paragraphs (a) and (d) to read as follows:

§ 5.22 Delegations regarding imports.

(a) The Regional Food and Drug Directors and District Directors are authorized to designate officials who may request, under section 801(a) of the Federal Food, Drug, and Cosmetic Act, from the Secretary of the Treasury samples of foods, drugs, devices, or cosmetics imported, or offered for import, in order to determine whether such articles are in compliance with the act.

(d) The Regional Food and Drug Directors and District Directors are authorized to exercise all of the functions of the Commissioner of Food and Drugs under section 362 of the Public Health Service Act (42 U.S.C. 265) that relate to the prohibition of the introduction of foods, drugs, devices, cosmetics, and electronic products and other items or products regulated by the Food and Drug Administration into the United States when it is determined that it is required in the interest of public health, and such functions relate to the law enforcement functions of the Food and Drug Administration.

3. By revising § 5.35 to read as follows:

§ 5.35 Delegations regarding certification following inspections.

Regional Food and Drug Directors and District Directors are authorized to issue certificates of sanitation under § 1240.20 of this chapter.

4. In § 5.40, by revising the introductory text to read as follows:

§ 5.40 Delegations regarding detention of meat, poultry, eggs, and related products.

The Regional Food and Drug Directors and District Directors are authorized to perform and to designate other officials

to perform all the functions of the Commissioner of Food and Drugs under:

5. In § 5.115, by revising the entry for "Region I" to read as follows:

§ 5.115 Field Structure.

REGION I

Regional Field Office: 585 Commercial Street, Boston, MA 02109. District Office: 585 Commercial Street, Boston, MA 02109. Winchester Engineering and Analytical Center: 109 Holton Street, Winchester, MA 01890.

Effective date: This amendment shall be effective August 16, 1976.

(Sec. 701(a), 52 Stat. 1055 (21 U.S.C. 371(a)))

Dated: August 9, 1976.

JOSEPH P. HILE,
Acting Associate Commissioner
for Compliance.

[FR Doc.76-23784 Filed 8-13-76;8:45 am]

SUBCHAPTER B—FOOD AND FOOD PRODUCTS

[Docket No. 75F-0362]

PART 121—FOOD ADDITIVES

Subpart F—Food Additives Resulting From Contact With Containers or Equipment and Food Additives Otherwise Affecting Food

RESINOUS AND POLYMERIC COATINGS

The Food and Drug Administration is amending the food additive regulations in § 121.2514 Resinous and polymeric coatings (21 CFR 121.2514) to provide for the use of azelaic acid as a component of polyamide resins intended for use as components of side seam cements for containers intended to contact food; effective August 16, 1976, objections by September 15, 1976.

Notice was given by publication in the FEDERAL REGISTER of January 30, 1976 (41 FR 4626) that a petition (FAP 5B3082) had been filed by General Mills Chemical Inc., 2010 E. Hennepin Ave., Minneapolis, MN 55413 proposing that § 121.2514 be amended to provide for use of azelaic acid as a component of polyamide resins for use as side seam cements in containers intended to contact food.

The Commissioner of Food and Drugs, having evaluated data in the petition and other relevant material, concludes that § 121.2514 should be amended as set forth below.

Therefore, under the Federal Food, Drug, and Cosmetic Act (sec. 409(c)(1), 72 Stat. 1786 (21 U.S.C. 348(c)(1))) and under authority delegated to the Commissioner (21 CFR 5.1) (recodification published in the FEDERAL REGISTER of June 15, 1976 (41 FR 24262)), § 121.2514(b)(3) (xxxii), is amended in the list of substances, by alphabetically inserting in the list of acids under the term "Polyamides * * *" a new item, to read as follows:

§ 121.2514 Resinous and polymeric coatings.

(b) * * *

(3) * * *
(xxxii) * * *

Polyamides derived from the following acids and amines:
Acids: * * *
Azelaic * * *

Any person who will be adversely affected by the foregoing regulation may at any time on or before September 15, 1976, file with the Hearing Clerk, Food and Drug Administration, Rm. 4-65, 5600 Fishers Lane, Rockville, MD 20852, written objections thereto. Objections shall show wherein the person filing will be adversely affected by the regulation, specify with particularity the provisions of the regulation deemed objectionable, and state the grounds for the objections. If a hearing is requested, the objections shall state the issues for the hearing, shall be supported by grounds factually and legally sufficient to justify the relief sought, and shall include a detailed description and analysis of the factual information intended to be presented in support of the objections in the event that a hearing is held. Six copies of all documents shall be filed and should be identified with the Hearing Clerk docket number found in brackets in the heading of this regulation. Received objections may be seen in the above office during working hours, Monday through Friday.

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

Dated: August 10, 1976.

JOSEPH P. HILE,
Acting Associate Commissioner
for Compliance.

[FR Doc.76-23782 Filed 8-13-76;8:45 am]

[Docket No. 76F-0187]

PART 121—FOOD ADDITIVES

Subpart F—Food Additives Resulting From Contact With Containers or Equipment and Food Additives Otherwise Affecting Food

POLYAMIDE-IMIDE RESINS

The Food and Drug Administration is amending the food additive regulations to provide for a specification change in the minimum solution viscosity of polyamide-imide resin; effective August 16, 1976; objections by September 15, 1976.

Notice was given by publication in the FEDERAL REGISTER of June 9, 1976 (41 FR 23223) that a petition (FAP 6B3201) had been filed by the Phelps Dodge Magnet Wire Co., P.O. Box 600, Ft. Wayne, IN 46801, proposing that § 121.2628 (21 CFR 121.2628) be amended to provide for a specification change in the minimum solution viscosity of the resin from 1.550 to 1.200 (as determined by a method available from the Commissioner of Food and Drugs).

The Commissioner, having evaluated data in the petition and other relevant material, concludes that § 121.2628 should be amended as set forth below.

Therefore, under the Federal Food, Drug, and Cosmetic Act (sec. 409(c)(1), 72 Stat. 1786 (21 U.S.C. 348(c)(1))) and

under authority delegated to the Commissioner (21 CFR 5.1) (recodification published in the FEDERAL REGISTER of June 15, 1976 (41 FR 24262)), § 121.2628 is amended by revising paragraph (b)(2) to read as follows:

§ 121.2628 Polyamide-imide resins.

(b) * * *

(2) Solution viscosity: not less than 1.200.

Any person who will be adversely affected by the foregoing regulation may at any time on or before September 15, 1976, file with the Hearing Clerk, Food and Drug Administration, Rm. 4-65, 5600 Fishers Lane, Rockville, MD 20852, written objections thereto. Objections shall show wherein the person filing will be adversely affected by the regulation, specify with particularity the provisions of the regulation deemed objectionable, and state the grounds for the objections. If a hearing is requested, the objections shall state the issues for the hearing, shall be supported by grounds factually and legally sufficient to justify the relief sought, and shall include a detailed description and analysis of the factual information intended to be presented in support of the objections in the event that a hearing is held. Six copies of all documents shall be filed and should be identified with the Hearing Clerk docket number found in brackets in the heading of this regulation. Received objections may be seen in the above office during working hours, Monday through Friday.

Effective date: This regulation shall become effective August 16, 1976.

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

Dated: August 10, 1976.

JOSEPH P. HILE,
Acting Associate Commissioner
for Compliance.

[FR Doc.76-23783 Filed 8-13-76;8:45 am]

Title 49—Transportation

CHAPTER 1—MATERIALS TRANSPORTATION BUREAU, DEPARTMENT OF TRANSPORTATION

SUBCHAPTER D—PIPELINE SAFETY

[Docket No. OPS-30, Amdt. 192-27]

PART 192—TRANSPORTATION OF NATURAL AND OTHER GAS BY PIPELINE; MINIMUM FEDERAL SAFETY STANDARDS

Offshore Pipeline Facilities

This amendment modifies many of the design, construction, testing, operation, and maintenance regulations in Part 192 as they relate to gas pipeline facilities and the transportation of gas offshore in or affecting interstate or foreign commerce. The amendment also enlarges the scope of Part 192 by deleting the exemption in § 192.1 for certain rural gathering lines located offshore.

The purpose of the amendment is to more clearly delineate the applicability

of Part 192 to offshore pipelines used in the transportation of gas and to better assure the safe operation of those pipelines.

This proceeding was begun by the Office of Pipeline Safety (OPS) which issued an advance notice of proposed rulemaking, Notice 74-6 (39 FR 34568, Sept. 26, 1974), to gain additional information before formulating proposed amendments to the existing rules. (However, after the advance notice was issued, OPS was abolished, and the authority to administer pipeline safety matters was delegated to the Director, Materials Transportation Bureau (MTB) (40 FR 30821, July 23, 1975).)

After reviewing the comments to Notice 74-6, on September 25, 1975, MTB proposed to make this amendment by issuing Notice 75-5 (40 FR 45192, Oct. 4, 1975). Interested persons were invited to submit written comments by October 31, 1975. However, acting on a request by the American Petroleum Institute by Notice 75-5A (40 FR 48940, Oct. 20, 1975) MTB extended the deadline for written comments to December 1, 1975, and scheduled a public hearing on the matter in Washington, D.C., on November 17, 1975. The extension allowed all interested persons additional time to study the benefits and problems involved in the proposed rule changes.

The comments received in writing and at the public hearing have been fully considered by MTB. A discussion of the significant comments and their disposition in developing the final rules is set forth hereinafter in the order that the amendments were proposed in the Notice. Some of the proposed amendments have not been adopted as final. Those which have, are adopted under the same section numbers used in the Notice. Editorial modifications in the final rules which do not alter the substance of the proposed amendments are not discussed.

Section 192.1 Scope of part

MTB proposed that this section be amended to include within the scope of Part 192 rural gathering lines located offshore and thereby subject them to the applicable design, construction, testing, operation, and maintenance standards. At present, both onshore and offshore rural gathering lines are exempt from coverage under Part 192. The proposal to regulate offshore gathering lines was made so that the Federal safety regulations would apply to all offshore pipelines used in the transportation of gas, and because the difficulties in installing, monitoring, and maintaining offshore gathering lines are similar to the difficulties with offshore transmission lines.

Many of the comments received on this section, including those of an industry trade association, concurred with the proposed extension of jurisdiction. The commenters stated, however, that the extended jurisdiction should be limited to gathering lines located seaward of the coast line because it would be confusing to apply the term "offshore" to inland water areas as proposed in Notice 75-5.

The concurring commenters also suggested that standards in Part 192 for design, construction, and initial testing not be applied to existing offshore gathering lines.

MTB believes that the reservations which these commenters expressed are satisfied by the final rules. First, the proposed definition of the term "offshore" is changed to apply, in general, to areas located seaward of the coast line, as discussed further hereinafter. Secondly, although the commenters did not estimate how many existing offshore gathering lines would be nonconforming if the design, construction, and testing standards were applied retroactively, MTB does not believe that the various hazards against which the proposed extension of jurisdiction was intended to protect warrant retroactive application of those standards. In the absence of a compelling reason to the contrary, MTB believes that the establishment of a new safety standard does not make existing facilities which do not meet the new standard unsafe. Therefore, a provision has been added to § 192.13 to exempt existing offshore gathering lines or those readied for service before the final rules become effective from the design, construction, and initial testing requirements. Should MTB learn of safety problems with existing offshore gathering lines, however, due to inadequate design, construction, or testing, it will either deal with the pipelines involved on an individual basis or issue another general notice of proposed rulemaking regarding those problems which can be solved through the regulatory process.

A few commenters indicated that the precise effect of the proposed regulation of offshore gas gathering lines could not be evaluated because Part 192 does not clearly state the meaning of the term "gathering line." They said, for example, the term "production facility" in the definition of the term "gathering line" in § 192.3 is not defined and thus the proposed extension of jurisdiction could be interpreted to cover production oriented facilities.

MTB believes that the objection expressed by these commenters arises because of their view that offshore pipelines which carry hydrocarbons between a well and any initial processing equipment are commonly associated with the industry of producing gas rather than with the industry of transporting gas to markets. Also, these pipelines are regulated for safety and other purposes by the U.S. Department of the Interior (DOI).

This indistinctness between production and transportation is of slight significance, however, in view of the recently completed Memorandum of Understanding (MOU) between the Department of Transportation (DOT) and DOI regarding the regulation of offshore pipelines. Under the MOU, which was published in the FEDERAL REGISTER on June 11, 1976 (41 FR 23746), DOT exercises exclusive responsibility for the safety regulation of oil and gas offshore pipe-

lines downstream to the shore from the outlet flange of each facility where hydrocarbons are produced, or where produced hydrocarbons are first separated, dehydrated, or otherwise processed, whichever facility is farther downstream. Also, DOT regulation includes subsequent on-line transmission equipment but not any subsequent production equipment. DOI regulates the pipelines upstream from these locations. As shown in item 1 below, § 192.1 is amended to include this provision of the MOU and indicate the seaward limits of the jurisdiction of Part 192 over offshore gathering lines.

MTB recognizes that the MOU does not completely resolve the confusion regarding the meaning of the term "gathering line." The proceeding begun by OPS to re-define the term is still under consideration by MTB (Docket OPS-31, 39 FR 34569, Sept. 26, 1974). However, the purpose of Notice 75-5 as it relates to offshore gathering lines was to extend the scope of Part 192 to cover all offshore transportation of gas by pipeline in or affecting interstate or foreign commerce within the jurisdiction of DOT. Therefore, to the extent that gathering lines located downstream from the aforementioned outlet flanges are subject to that jurisdiction, their inclusion within the scope of Part 192 is consistent with the purpose of the rulemaking proposal.

Other commenters speculated that the cost of compliance would far exceed the safety benefits to be gained because there have not been any deaths or injuries attributable to offshore gas gathering lines. The commenters did not submit any cost or benefit data, though, to support the charge. MTB believes to the contrary that the cost of compliance should not be high because the standards in Part 192 do not largely differ from the industry standards and practices to which offshore gathering lines are designed, constructed, operated, and maintained. These industry standards and practices are by and large based on the B31.8 Code published by the American National Standards Institute, the 1968 edition of which served as a basis for Part 192. Also, since the design and construction requirements in Part 192 are not to be applied retroactively to existing pipelines, any costs projected in this area will not exist. Further, as indicated by one commenter at the public hearing, the total costs of compliance must take into account the likely savings in operating costs and insurance rates due to the reduced potential for accidents.

As for benefits, MTB does not agree with the argument that the absence of deaths and injuries means there would be no benefit from safety regulation. If that argument were true, a gathering line which is patently unsafe by any standard would present no safety problem because, fortuitously, deaths or injuries have not yet occurred. One commenter stated at the public hearing that "Offshore construction requires the highest degree of technology to cope with forces and phenomena encountered. It also requires the very best equipment

available * * * " Given this situation for pipeline transportation offshore, it is reasonable to conclude that since offshore gathering lines located downstream from the aforementioned outlet flanges are so similar to offshore transmission lines, which are currently subject to the safety requirements of Part 192, there is a comparable need for regulation. Clearly, the record does not contain technical justification for an opposite view. Rather, it appears that the many factors which can cause the failure of an offshore transmission line and resulting consequences can also cause gathering lines to fail.

Section 192.3 Definitions

MTB proposed in Notice 75-5 to establish a definition of the term "offshore" based in part on the term "lands beneath inland navigable waters" as it is defined in the Submerged Lands Act (43 USC 1331). One reason for the proposal was to ensure that pipelines in many inland bodies of water, the Chesapeake Bay, meet the same safety requirements as pipelines within the area now generally recognized as "offshore"—the area lying seaward of the coastline—because of alleged similarities of operating conditions.

Proposing this broad definition of "offshore" had the simultaneous effect of proposing that all proposed and existing regulations in Part 192 written in terms of "offshore" apply to pipelines crossing inland navigable waters (except where otherwise specifically provided). MTB considered this result in formulating the various proposed substantive amendments in Notice 75-5 regarding "offshore" pipelines. In addition, interested persons were asked to comment on whether any of the proposed amendments should be modified in view of their intended applicability to inland navigable waters.

Commenters were unanimously opposed to the proposal, generally stating that few, if any, inland waters present the same safety problems as open seas regarding the design, construction, operation, and maintenance of pipeline facilities. The commenters pointed out that different construction techniques are used for river and bay crossings than for pipelines within the area now generally recognized as "offshore." For instance, at inland water crossings, commenters stated that during construction, pipe is usually connected onshore and then pulled into a prepared ditch. Also, even when inland water crossings are laid from a barge, commenters noted that unlike open sea conditions, the water is usually not as deep, and, consequently, the location of the pipeline can be ascertained from the surface or divers can work with comparative ease. Commenters further stated that the stresses imposed by pipe laying operations are less, overburden and dynamic loads are seldom significant design considerations, and inland water crossings can be inspected more easily.

Furthermore, commenters were concerned that designating "lands beneath

inland navigable waters" as "offshore" would be confusing in light of the present general understanding of the term "offshore." In addition, because dry washes in the West, accretion, and filled areas are "lands beneath inland navigable waters" as defined in the Submerged Lands Act, subjecting pipelines in those areas to "offshore" safety requirements would be onerous.

Clearly, the comments did not support the establishment of a broad definition of "offshore," even to the extent of including within the definition large inland bodies of water. In view of these comments, the proposed definition is not adopted because of the apparent confusion and uncertainty which would result in the industry from applying "offshore" requirements to pipelines in inland water areas and because, contrary to the assertion in the notice, the record shows that operating conditions in inland water areas are not generally similar to open-sea operating conditions. This decision does not mean, however, that the various substantive amendments proposed in Notice 75-5 for "offshore" pipelines are likewise not adopted as they relate to pipelines crossing inland navigable waters. Some of the proposed amendments regarding pipelines in inland water areas have been adopted, others have not. The decision on whether or not each proposed amendment written in terms of "offshore" should be adopted for either open-sea or inland navigable waters, or both, is based on the merits of the proposal, as discussed hereinafter.

Section 192.5 Class locations

This section classifies gas pipelines according to their proximity to populated areas, and many requirements in Part 192 vary in stringency depending on a pipeline's classification. In Notice 75-5, MTB proposed to amend § 192.5 to clarify that the existing classifications apply to offshore as well as onshore pipelines. At the same time, where it was considered necessary to provide a different level of safety between offshore and onshore pipelines of the same classification, MTB proposed to amend the relevant safety requirements.

Comments to this section were unanimous in their disapproval of the proposed amendment. Most commenters stated that the existing criteria for pipeline classifications are based on onshore operating conditions and are, therefore, unrealistic when applied offshore. Commenters also favored regulation of offshore pipelines to provide a single level of safety rather than various levels based on onshore factors which are not closely related to the risks involved.

MTB concurs with the commenters to the extent that the existing classification criteria are mostly inappropriate when applied to offshore areas. However, the existing standards in Part 192 are, to a large extent, written in terms of pipeline classifications, regardless of whether a pipeline is located offshore or onshore. To delete the classification reference from the many existing requirements

applicable to offshore pipelines would in most instances merely result in restating an existing safety standard in different terms. Only in those relatively few instances where the standards applicable to offshore pipelines are amended to require a different level of safety than for offshore pipelines would a separate statement of onshore and offshore requirements be beneficial.

As an alternative, MTB has amended § 192.5(a) to exclusively designate offshore pipelines as "Class 1" pipelines. This designation is consistent with the fact that most offshore pipelines are in Class 1, as that classification is presently defined, and it alleviates the commenters' concerns since there is no need to apply the existing classification criteria to offshore pipelines. This designation also has the benefit of continuing the existing regulatory format which is preferable to one that would largely provide separate but duplicate requirements for onshore and offshore pipelines. As indicated hereinafter, where a different standard is established for Class 1 offshore pipelines than for Class 1 onshore pipelines, the particular section involved is amended to separately state that different requirement.

Section 192.111. Notice 75-5 proposed that a design factor of 0.50, or less, be used in the design formula for steel pipe on an offshore platform and within 300 feet therefrom. If operators were to use the proposed design factor instead of 0.72, as now required for pipe in a Class 1 location, any new, replaced, or relocated pipe installed after the effective date of the amendment would have a lower operating stress level. The comments indicate that for pipe risers on platforms, it is industry practice to use a design factor of 0.60, and that for underwater pipelines the existing 0.72 is used. A few commenters questioned the need for a more stringent design factor in terms of the expected costs and benefits, especially for pipelines within 300 feet of a platform. Other commenters stated that the external force of water on pipelines provides additional safety. At least one commenter supported the proposed 0.50 factor for pipe risers, and MTB believes a more stringent factor is justified for risers because of their vulnerability to wave action and to interference by vessels. In view of these comments and the level of potential hazards involved, the final rule is changed to provide that a design factor of 0.50 must be used for steel pipe on platforms, including risers. The existing factor of 0.72 is not changed as it applies to pipelines located within 300 feet of a platform because of the protection provided by water depth and because these pipelines are not subject to the same causes of excessive stresses as are pipelines on platforms.

MTB believes that pipelines on platforms which are being constructed in inland navigable waters have the same need for protection against increased stresses as pipelines on offshore platforms due to the similarity of operating conditions which can cause excessive stress

levels and the confinement of personnel. Therefore, the final rule provides that a design factor of 0.50 must be used for pipe, including risers, on platforms located in inland navigable waters as well as offshore.

Section 192.145. Alleging that valves with pressure containing parts made of ductile iron may be hazardous if used on an offshore platform, MTB proposed that § 192.145(d) be amended to prohibit the use of those valves on platforms. However, comments submitted by the Ductile Iron Society raise doubts about the veracity of the information upon which MTB relied in making the proposal. Therefore the proposal is withdrawn and not adopted at this time. MTB intends to review further the available information on the use of ductile-iron valves. If that review substantiates the assertion in Notice 75-5 that ductile iron valves on offshore platforms are hazardous, another notice of proposed rulemaking will be issued on the subject.

Section 192.161. It was proposed that offshore pipelines be exempt from the requirement of paragraph (f) that each underground pipeline being connected to a branch line have a firm foundation to prevent lateral and vertical movement. This proposal was intended to allow operators to install flexible connections which are preferable offshore. One commenter objected to the proposal on grounds that an absolute exemption would mean that the connections would not be required to withstand external forces. This commenter further suggested that MTB should regulate the connections used offshore. MTB does not agree with these comments. First, other safety standards in Part 192 are sufficient to provide for the integrity of underground offshore branch connections. Also, as the record indicates, flexible connections are better able to withstand any unusual stresses which may arise in an offshore environment. Secondly, more specific regulation of the types of connections used offshore does not appear warranted at this time based on existing information. However, MTB is seeking additional information on the hazards associated with operating offshore pipelines. Should this information indicate a problem with the safety of branch connections which can be corrected through regulation, MTB will issue a future notice of proposed rulemaking on the subject. Therefore, the amendment to § 192.161(f) is adopted as proposed.

Because comments to Notice 75-5 indicate that pipelines in inland water areas are not subject to as severe operating conditions as offshore pipelines, the proposed amendment to § 192.161 does not appear warranted for underground pipelines in inland water areas.

Section 192.163. MTB proposed that paragraph (a) of this section be amended to exempt compressor station buildings constructed on offshore platforms from the location requirements. Commenters did not object. Since the rationale for exemption, as stated in the notice, is equally applicable to platforms in open

seas and to platforms in inland navigable waters, the proposal is adopted with only editorial change.

Section 192.167. An amendment was proposed for paragraph (a)(4)(ii) of this section to permit the control of a compressor station's emergency shutdown system to be operable near the emergency exit if the station is not fenced. A further amendment was proposed to require that the emergency shutdown system for a station on an offshore platform be actuated automatically by certain events.

While commenters had no problem with the first proposed amendment, the second drew several suggestions for changes. First, the proposal which would have required automatic emergency shutdown of an offshore, unattended compressor station when the gas pressure equals the maximum allowable operating pressure plus 10 percent was viewed as too restrictive and not consistent with § 192.169(a). That section requires each compressor station to have pressure relief devices set to function when the maximum allowable operating pressure (MAOP) of the station is exceeded by more than 10 percent. The commenters asserted that emergency shutdown systems should only function when normal overpressure protection fails. They proposed that the emergency shutdown system should be required to operate automatically at a pressure higher than MAOP plus 10 percent, and recommended a pressure equal to MAOP plus 15 percent.

Secondly, the proposal to require automatic shutdown of an offshore compressor station if there is a leak in a building which has a source of ignition was viewed as unreasonable. Commenters pointed out that it is difficult if not impossible to entirely eliminate the escape of gas from around packing glands and similar areas in compressor equipment. While commenters agreed that stations should be shut down if there is an uncorrected leak that causes a hazardous condition, they opposed the automatic shutdown of operations at the first sign of a leak. As an alternative, these commenters suggested that a system set to shut down when gas in the building reaches 50 percent of the lower explosive limit should provide adequate safety. They projected that with adequate alarms, an operator would have the opportunity to correct the gas leak before the station is shut down automatically.

Finally, the commenters pointed out that many fires occur on platforms under controlled conditions, which are not reasons for actuating an automatic shutdown system. For example, fires in welding operations and in dehydrator reboilers should not cause all operations to cease. Instead, it was suggested that the final rule require automatic shut down in the event of an uncontrolled fire.

MTB concurs with these comments and has changed the final rule accordingly. Also, because of the confining nature of a platform wherever it may be located,

the final rule applies to compressor stations or platforms located in open seas and in inland navigable waters.

Section 192.179. MTB proposed that this section be amended to require that offshore transmission lines be equipped with valves which meet the requirements of § 192.179(b) to shut off the flow of gas to and from an offshore platform in an emergency. The comments to this proposal state that the safety of personnel and equipment on a platform can be provided by directing the incoming flow of gas around the facilities on the platform. The commenters stated that in this way, gas may be shut off "to" the facilities on a platform but the continuity of gas flowing "from" the platform is not interrupted. Other comments indicate that in most cases when the flow of gas "to" a platform is shut off, gas will also stop flowing "from" the platform. Commenters also pointed out that the valve standards of § 192.179(b) are more appropriate for valves in onshore transmission lines than for valves near an offshore platform because of the differences in operating conditions. Further, it was stated that components other than valves may be developed in the future which would provide an equal or better means of shutting off the flow of gas to an offshore platform in an emergency.

MTB believes that changing the final rule to reflect these comments would result in a more reasonable standard but still provide for the safety of persons and property on platforms in an emergency situation. Therefore, the proposed new § 192.179(d) is changed as finally adopted to require that offshore segments of transmission lines be equipped with valves or other components to shut off the flow of gas to the facilities on an offshore platform in an emergency. Onshore segments of transmission lines, including those in inland navigable waters, are subject to the existing requirements for valve location in § 192.174.

Section 192.243. The existing paragraph (d) of this section requires that 100 percent if practicable but not less than 90 percent of the butt welds made daily must be nondestructively tested at crossings of major or navigable rivers and that 10 percent must be tested in Class 1 locations. In Notice 75-5 MTB proposed to amend this rule to require that 100 percent if practicable but not less than 90 percent of the butt welds be nondestructively tested on pipelines in all offshore areas. Commenters did not disagree with the desirability of 100 percent testing in offshore areas lying seaward of the coast line. However, because of their objections to the proposed definition of "offshore," the commenters did not favor amending the existing rule as it applies to pipelines in inland navigable waters. MTB concurs with these commenters, and has changed the final rule to require 100 (or 90) percent testing "offshore," as that term is defined by the amendment to § 192.3. MTB believes that the existing requirement for 100 (or 90) percent testing of butt welds on pipelines crossing major or navigable rivers, pro-

vides for safety in almost all of the inland water areas where problems could arise.

Section 192.245. Only one commenter objected to the proposed amendment to this section which would permit the repair of all unacceptable welds on pipelines being installed from a lay barge. This commenter argued that if unacceptable welds may not be repaired onshore, then, likewise, offshore welds should not be repaired. MTB does not agree with this comment because, as discussed in the Notice, many safety problems arise in connection with removal of welds from pipelines being installed offshore from a lay barge which do not occur onshore. These problems create potential hazards for both the pipeline and the installation personnel which, in the opinion of MTB, overcome the safety advantages to be gained by removing unacceptable welds.

In the final rule, the only change to this section is that the term "lay barge" used in the Notice is replaced with the term "pipelay vessel." This change is made so that as adopted the proposed exception from the existing welding requirements for offshore pipelines is not restricted to pipelines being installed from a vessel called a "lay barge" but applies to pipelines installed from any similar type of marine craft designed to lay offshore pipelines. The change is consistent with the objective of the proposal which was to eliminate the hazard associated with the removal, rather than repair, of unacceptable welds on pipelines being installed under the operating and working conditions of a lay barge.

In view of the comments which indicate that laying pipelines in inland waters from a lay barge is not as hazardous as laying pipelines in open seas, the proposed amendment to § 192.245 has not been adopted as it relates to installation of pipelines in inland waters.

Section 192.317. MTB proposed that the list of hazards in paragraph (a) against which a pipeline must be protected should be amended to include hazards peculiar to offshore pipelines. Commenters indicated that inclusion of the additional named hazards would be redundant since they are within the meaning of the term "other hazards" in the existing list. MTB does not agree because as now written paragraph (a) pertains more to onshore than offshore conditions, and the amendment was intended to call attention to hazards which may occur offshore. In view of the comments, MTB now believes, however, that the existing list of hazards in paragraph (a) is satisfactory for protection in inland water areas. There were no objections to the proposed amendment to paragraph (b), which would clarify that it only applies to onshore pipelines, or to the proposed new paragraph (c) concerning protection of pipelines on platforms. Therefore, the amendments to § 192.317 are adopted as proposed with only minor editorial change, except that the amendment to paragraph (a) does not apply to pipelines in inland waters.

Section 192.319. In Notice 75-5, MTB

proposed to amend paragraph (b) to provide that the existing requirements relating to backfilling a ditch dug for a transmission line or main apply only when a ditch is actually backfilled. The proposal arose because many offshore pipelines are installed by directing jets of water under them after they have reached the bottom, and cover for the pipelines results from a natural action of water currents rather than backfilling. Since there were no adverse comments to this proposal, it is adopted without change.

Further, in Notice 75-5, MTB proposed that a new paragraph (c) be added to § 192.319 to require that offshore pipelines in water not more than 200, but at least 12, feet deep be installed so that the top of the pipeline is below the natural bottom. The proposal was intended to provide for protection of these offshore pipelines against possible interference by fishing trawlers, damage by hurricanes, and underwater currents. MTB recognized, however, that installation below the bottom might not be an appropriate safety measure in all cases, and thus included in the proposal a provision that pipelines need not be buried where they are otherwise appropriately protected or where unstable soil conditions would subject the pipelines to greater external forces when buried than when they are laid directly on the bottom.

Two commenters objected to the proposed burial requirement as not an appropriate general rule for all situations because burial may not always be needed for adequate protection. Similarly, another commenter suggested that the proposed rule would be too difficult to meet in areas with a rock bottom. MTB believes, however, that these comments do not warrant changing the final rule in view of the flexibility which the proposed rule would provide by permitting operators to use a means of protection other than burial. MTB does not believe that offshore pipelines should be permitted to be installed without any means of protection. The proposed requirement for burial below the bottom is, therefore, adopted as final, with exceptions as discussed below.

Another commenter criticized the proposed amendment because it would not require that pipelines be buried at least 3 feet below the bottom. This commenter suggested that burial at least 3 feet deep is necessary for protection from dragging trawls and anchors. This comment was not adopted because trawls and anchors were among the possible causes of damage considered by MTB in proposing the requirement for burial below the surface, and the commenter did not submit any evidence to show why pipelines should be buried at least 3 feet deep. Also, while installation below the bottom is the most common method of protecting an offshore pipeline from damage, it is not the only acceptable method available. MTB believes that other means of protection must be permitted because certain seabed materials make ditching a

pipeline in the conventional manner very difficult or almost impossible.

In the final rule, MTB has deleted the proposed exception regarding unstable soil as unnecessary because the normal industry safety practice is to protect pipelines in areas of unstable soil by either burial or an appropriate alternate means. If an appropriate alternate means is used, the exception in the proposed amendment which was intended to allow the use of that means would apply.

Although Notice 75-5 provided an exception from the proposed burial requirement for pipelines which are "otherwise appropriately protected," MTB now believes the exception for alternative means of protection should be written in more precise terms to avoid confusion in understanding the requirement. Therefore, in the final rule, the exception is changed to apply to the types of protection which are normally used in the industry in lieu of burial—support on stanchions, anchors, and heavy concrete coating. MTB believes that a pipeline protected by any of these means would be "appropriately protected" as stated in the Notice. Also, under the final rule, a means of protection may be used other than the ones which are named if it provides a level of protection equivalent to those named. MTB anticipates that criteria governing the appropriate level of protection of offshore pipelines will be the subject of future rulemaking. MTB is now seeking additional information on the safety of offshore pipelines to serve as a basis for that criteria. If adopted, the criteria would eliminate the need to specify acceptable means of protection and allow more flexibility in providing that protection.

The new § 192.319(c) does not apply to pipelines in inland navigable waters since the burial requirement contained in § 192.327 appears to provide sufficient protection for those pipelines.

Section 192.327. It was proposed that this section be amended to require at least 36 inches of cover for offshore pipelines installed under water less than 12 feet above the natural bottom. At the same time, at least 48 inches of cover was proposed for all submerged pipelines in a river, stream, or harbor.

Commenters to this section did not object to the proposed burial depths, and they are adopted as final. The final rule is changed, however, to allow installation with one half of the proposed cover in areas with a consolidated rock bottom. Also, in consideration of the comments concerning the proposed definition of "offshore" with respect to inland waters, MTB now believes that adoption of the proposed 48-inch burial requirement for rivers, streams, and harbors is sufficient to cover those inland water situations where additional cover than now required is needed to protect against damage to pipelines by environmental and other external causes. As adopted, the terms "river," "stream," and "harbor" are modified by the word "navigable" to maintain consistent terminology in Part 192. Consistent with the existing cover

requirement, a further change to the final rule allows less cover where an underground structure prevents installation with the minimum cover and additional protection is provided.

Section 192.465. MTB proposed that paragraph (a) of this section be amended to require that cathodically protected offshore pipelines be tested at intervals not exceeding 7 months to determine if the protection is adequate. The existing rule, which does not apply where impractical on offshore pipelines, requires testing once a year, but with intervals not exceeding 15 months. MTB anticipated that if the proposal were adopted, the likelihood of leaks developing due to faulty cathodic protection would be reduced. Moreover, additional testing appeared doubly justified because leaks occurring offshore are more difficult to locate and repair than on shore leaks.

All of the commenters to this section as well as the Technical Pipeline Safety Standards Committee (TPSSC) opposed adoption of the proposed amendment. Several commenters stated that it is not necessary to require more frequent testing of offshore pipelines because corrosion occurs more uniformly and is more predictable offshore. Other commenters argued that corrosion is less of a safety problem offshore than onshore and that cathodic protection is not any more difficult to maintain offshore than onshore. Still others argued that the existing period for testing is not inadequate.

Also, commenters and the TPSSC urged that the existing exception for impractical situations offshore be maintained, alleging that with the various electrical testing means in use, the most practical test points are generally only available at either end of an offshore pipeline or at platforms. They further stated that except in shallow waters, testing at other points along the length of a line would require the use of divers or underwater craft.

MTB recognizes the many problems associated with the testing of cathodic protection on offshore pipelines. MTB also recognizes that, in general, corrosion occurs offshore at a more uniform rate than onshore because the offshore environment is constantly corrosive. However, MTB is not convinced that these factors overcome the apparent benefits to be gained from more frequent testing offshore.

In an offshore underwater environment the need for maintenance is not as observable as onshore. Damage to pipelines by anchor dragging, wave or current action, mud slides, or trawls may go undetected for longer periods of time than onshore. Would disruption of a cathodic protection system by an external cause which goes undetected for 12 months raise the potential for the occurrence of leaks to an unsafe level? What would be the cumulative effect of accelerated corrosion due to a defective or disrupted system over successive 12 month periods? On the other hand, can a uniform rate of corrosion be taken into account as a design factor so that offshore testing of cathodic protection

may be performed less frequently than onshore? Unfortunately, the record does not provide satisfactory information on these questions.

The proposed 7-month interval for testing is, therefore, not adopted at this time. This part of the proposal is withdrawn pending receipt of the additional information which MTB is seeking by study contract on the hazards and safety practices in an offshore environment. The study is needed to provide for more comprehensive regulation of the safety of offshore pipelines. If warranted by the additional information, MTB will issue a future notice of proposed rulemaking on the frequency of testing issue.

In view of the comments which indicate that underwater leaks in inland waters do not present problems of the same magnitude as leaks in open seas and the impracticality of scheduling more frequent tests on the relatively few underwater portions of an onshore pipeline, MTB has decided that a requirement for more frequent testing should not be adopted for pipelines crossing inland waters.

MTB does not agree, however, that the testing requirement should provide an exception for impractical situations on offshore pipelines. Even though the argument may be true that with methods now being used it is only practical to conduct tests at the various accessible points on offshore pipelines, § 192.319 does not require testing at particular locations along a pipeline. Any location may be chosen for testing as long as the level of cathodic protection on the pipeline is effectively determined. Given the relative consistency of an underwater offshore environment, testing from accessible points appears to be sufficient for compliance with the annual test requirement for offshore pipelines. On the other hand, as it is now written, the exception may be understood to authorize various reasons for not testing within the required period which are unrelated to the location of tests. Therefore, in the final rule, the exception for impractical situations on offshore pipelines has been deleted.

Section 192.469. This section requires that, except where impractical on offshore and wet marsh area pipelines, each pipeline under cathodic protection must have sufficient test stations or other contact points for electrical measurement to determine the adequacy of that cathodic protection. In Notice 75-5, MTB proposed that the exception for impractical situations be deleted. All the commenters and the TPSSC were opposed to this proposal, stating that for most submerged offshore pipelines it is still impractical to install and maintain test stations along the pipelines. Commenters and the TPSSC indicated that the only practical locations for test stations are on platforms or accessible onshore points. MTB does not disagree with these comments, but believes they are not a compelling argument for keeping the impracticality exception in the rule. Absent the exception, § 192.469 would require each offshore pipeline to have a sufficient

number of test stations from which the adequacy of cathodic protection could be checked. The comments to this section and to § 192.465 indicate that tests from accessible locations are "sufficient" to determine the adequacy of cathodic protection in an offshore environment. Under these circumstances, the impracticality of installing and maintaining test stations elsewhere along an offshore line is immaterial. Certainly the exception is not intended to permit some offshore lines to have less than a sufficient number of stations since this result would nullify the rule. Therefore, since there does not appear to be a cogent reason to the contrary, MTB has decided that the proposed deletion of the impracticality exception should be adopted as final.

Section 192.481. This section is amended to require that offshore pipelines exposed to the atmosphere be evaluated yearly to determine the adequacy of atmospheric corrosion protection. No adverse comments were received on the proposal. However, since comments indicate that the potential for atmospheric corrosion is not as significant for pipelines over inland waters, under the final rule, the annual evaluation only applies to pipelines located seaward of the coastline which are exposed to the atmosphere.

Section 192.619. MTB proposed that the table of factors in § 192.619(a)(2)(ii) be amended by adding a footnote to provide that new or uprated offshore steel pipelines be tested at a higher pressure level than presently required. For underwater pipelines, a factor of 1.25 was proposed to require a 25 percent difference between test pressure and a pipeline's maximum allowable operating pressure (MAOP). On platforms a factor of 1.5 would require a 50 percent difference between test pressure and MAOP. None of the comments opposed the proposed amendment except to point out that as expressed in the notice, it could be interpreted to require that existing pipelines be retested. Since retroactive application was clearly not intended, the final rule is restated to remove any doubt that the new factors do not apply to pipelines installed or uprated before the effective date of the amendment. Also, since it appears that submerged pipelines under inland waters are not normally subject to greater stresses due to their environment, the proposed amendment is not adopted regarding those pipelines. The same is not true for pipelines on platforms in inland waters, and the proposed factor of 1.5 is adopted for those pipelines.

Section 192.707. In Notice 75-5, it was proposed that § 192.707 be amended to exempt offshore buried and aboveground pipelines from the existing marking requirements. It was further proposed that risers on platforms that are exposed to damage by marine traffic be marked in the same manner as onshore pipelines at navigable waterway crossings. While the comments did not object to exempting offshore pipelines from the existing requirements, they opposed the proposed new marking requirements. One comment stated that adequate protection

is already provided by the Coast Guard's requirements for navigational aids on platforms which involve warning lights and fog signals (33 CFR Part 67). Also, objections were raised concerning the inappropriateness of the proposed warning "Do Not Anchor or Dredge" for a pipe riser. Finally, commenters emphasized that the relatively few serious incidents which have resulted from vessels contacting platforms did not involve pipe risers. The TPSSC suggested that final action be deferred pending the outcome of MTB's study of offshore safety problems.

On the basis of these comments and other considerations, MTB now believes that additional information is needed to determine whether marking offshore pipe risers would be a significant safety benefit. Therefore, the proposal to require that pipe risers be marked is not adopted as a final rule. The issue may be reopened by a future notice of proposed rulemaking if warranted by the additional information which MTB is seeking on the safety of offshore pipelines.

However, for the reasons stated in the notice, the proposed exemption from marking buried offshore pipelines is adopted as final by an amendment to § 192.707(b). In inland water areas, the exemption is limited to pipelines under navigable waters because a significant factor in the rationale for the exemption, information on pipeline location furnished by the Corps of Engineers, only relates to pipelines crossing navigable waters.

The proposed exemption from marking aboveground "offshore" pipelines is not adopted. Since the existing marking requirement only applies to aboveground pipelines in areas accessible to the public, and compliance is not impractical, MTB now believes that pipelines located over water should not be excluded from the marking requirement of § 192.707(c).

Sections 192.713 and 192.717. MTB proposed in Notice 75-5 that these sections be amended to permit the use of mechanically applied full-encirclement split sleeves in lieu of welding for permanent repairs on submerged pipelines located seaward of the coast and under inland navigable waters. Since there were no adverse comments, the proposed amendments are adopted as final.

Section 192.727. It was proposed that this section be amended to require that abandoned or inactivated offshore pipelines be filled with either water or inert material. The rationale for the proposal was that offshore pipelines have a greater probability of retaining liquid hydrocarbons after being purged of gas. Since no adverse comments were received on the proposal, it is adopted as final. However, in light of comments, the rationale for the proposal now appears more apropos of pipelines lying seaward of the coast, thus, the final rule does not apply to abandoned or inactivated pipelines in inland navigable waters.

REPORT OF THE TECHNICAL PIPELINE SAFETY STANDARDS COMMITTEE

Section 4(b) of the Natural Gas Pipeline Safety Act of 1968 requires that all

proposed standards and amendments to such standards pertaining to gas pipelines be submitted to the Committee and that the Committee be afforded a reasonable opportunity to prepare a report on the "technical feasibility, reasonableness, and practicability of each proposal." The proposed amendment to Part 192 was submitted to the Committee as Item A-2 in a list of three proposed amendments.

On April 16, 1976, the Committee filed the following report:

This communication is the official report of the Technical Pipeline Safety Standards Committee concerning the Committee's action on three amendments to 49 CFR Part 192 proposed by the Office of Pipeline Safety Operations and other matters which the Committee decided should be brought to the attention of the Department of Transportation.

The following described actions were taken by the Committee at a meeting held in New Orleans, Louisiana on March 30, 31, 1976.

Item A-2 of the agenda was a proposal to revise a number of Sections in Part 192 to recognize unique characteristics of Offshore Pipeline Facilities.

The Committee unanimously voted that the addition of the following definition of the word "Offshore" to Section 192.3 is technically feasible, reasonable and practicable.

[The suggested definition is adopted as the final rule.]

By a vote (12 affirmative—1 not voting) the Committee found that the change to Section 192.5, Class Locations as proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

By a vote (12 affirmative—1 not voting) the Committee found that the change to Section 192.111, Design Factor (F) for steel pipe, as proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

By a vote (12 affirmative—1 negative) the Committee found that the revision of Section 192.145, Valves, as proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

The Committee by unanimous vote agreed that the revision to Section 192.161, Supports and anchors as proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

The Committee by unanimous vote agreed that the revision to Section 192.163, Compressor stations; design and construction, as proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

By a unanimous vote the Committee agreed that the following language would represent a technically feasible, reasonable, and practicable change to Section 192.167, Compressor stations; emergency shutdown.

[The suggested language is incorporated in the final rule with minor editorial changes.]

By a unanimous vote the Committee agreed that the following language would represent a technically feasible, reasonable, and practicable revision to Section 192.179, Transmission line valves.

[The suggested language is incorporated in the final rule with minor editorial changes.]

By unanimous vote the Committee found that the change to Section 192.243, Non-

destructive testing, as proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

By unanimous vote the Committee found that the change to Section 192.245 Repair or removal of defects, as proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

By unanimous vote the Committee found that the change to Section 192.317, Protection from hazards, as proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

By unanimous vote the Committee agreed that the following language would represent a technically feasible, reasonable, and practicable revision to Section 192.319, Installation of pipe in ditch.

[The suggested language is incorporated in the final rule with minor editorial changes.]

By unanimous vote the Committee agreed that the following language would represent a technically feasible, reasonable, and practicable revision to Section 192.327, Cover.

[The suggested language is incorporated in the final rule with minor editorial changes.]

By unanimous vote the Committee found that the change to Section 192.481, Atmospheric corrosion control; monitoring, as proposed by OPSO is technically feasible, reasonable and practicable and should be implemented.

By unanimous vote the Committee found that the change to Section 192.619 Maximum allowable operating pressure; steel or plastic pipelines, as proposed by OPSO would be technically feasible, reasonable, and practicable provided appropriate changes are made to the regulations to clarify the applicability of effective dates to gathering lines.

[The suggested changes are made in the final rule.]

By unanimous vote the Committee agreed to recommend that no action be taken on the OPSO proposal to revise Section 192.707, Line markers for mains and transmission lines, pending receipt and review of the results of a contract study on pipeline facility safety practices.

By a vote (12 affirmative—1 not present) the Committee found that the change to Section 192.713, Transmission lines; permanent field repair of imperfections and damages, proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

By a vote (12 affirmative—1 not present) the Committee found that the change to Section 192.717 Transmission lines; permanent repair of leaks, proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

By a vote (12 affirmative—1 not present) the Committee found that the change to Section 192.727 Abandonment or inactivation of facilities, proposed by OPSO is technically feasible, reasonable, and practicable and should be implemented.

By a vote (10 affirmative—2 negative—1 not present) the Committee found that the change to Section 192.485 External corrosion control; monitoring, proposed by OPSO is not technically feasible, reasonable, and practicable and the proposed change should not be made until either experience or studies clearly establish the need for more restrictive monitoring of offshore pipelines. A comprehensive discussion of the committee's views may be found in the official transcript of the meeting.

By a vote (1 affirmative—10 negative—2 not voting) the Committee rejected a mo-

tion to approve the change to Section 192.469 External corrosion control: test stations, proposed by OPSO and found the proposed change not to be technically feasible, reasonable, nor practicable. The Committee is convinced that circumstances exist, particularly in offshore areas where it is neither practicable nor beneficial to require "test stations or other contact points for electrical measurements to determine the adequacy of cushion setting forth the Committee's views on this matter will be found in the official transcript of the meeting.

Throughout the body of this report the OPSO proposals which were accepted by the Committee as technically feasible, reasonable, and practicable were those proposals contained in the agenda submitted to the Committee and do not necessarily conform to the proposals contained in the Notice of Proposed Rulemaking which appeared in the FEDERAL REGISTER.

Effective date. Notice 75-5 requested that interested persons comment on the amount of time that would be needed to comply with the amendments being proposed. MTB also discussed with the Technical Pipeline Safety Standards Committee what time would be needed for compliance. The comments received on this question indicate that design and construction regulations which apply to new, replaced or relocated pipelines require a longer lead time for compliance than regulations for operation or maintenance. One commenter suggested that as much as two years lead time be allowed for lines in the planning stage but not yet under construction. Taking these comments into account and the amount of time reasonably needed for compliance, MTB has decided that the final rules are to become effective November 1, 1976, except as follows:

1. Amendments to §§ 192.111, 192.167, 192.179, 192.317, 192.319, 192.327, and 192.619 do not become effective until August 1, 1977.

2. The corrosion control requirements of Subpart I of Part 192 do not apply to offshore gathering lines until August 1, 1977.

3. Offshore gathering lines which are constructed before August 1, 1977, need not comply with the design and construction requirements of Subparts B-G, and J of Part 192.

Provisions have been added to §§ 192.13 and 192.451 to provide for the extended effective dates regarding offshore gathering lines.

In consideration of the foregoing, Part 192 of Title 49 of the Code of Federal Regulations is amended as set forth below:

1. The statement of authority is amended to read as follows:

Authority: Sec. 3, Pub. L. 90-481, 82 Stat 721 (49 U.S.C. 1672); sections applicable to offshore gathering lines also issued under Sec. 105, Pub. L. 93-633, 88 Stat 2157 (49 U.S.C. 1804); 40 FR 43901, 49 CFR 1.53; unless otherwise noted.

2. Section 192.1(b) is amended to read as follows:

§ 192.1 Scope of part.

(b) This part does not apply to—

(1) Offshore gathering of gas upstream from the outlet flange of each facility on the outer continental shelf where hydrocarbons are produced or where produced hydrocarbons are first separated, dehydrated, or otherwise processed, whichever facility is farther downstream; and

(2) Onshore gathering of gas outside of the following areas:

(i) An area within the limits of any incorporated or unincorporated city, town, or village.

(ii) Any designated residential or commercial area such as a subdivision, business or shopping center, or community development.

3. Section 192.3 is amended by adding the following new definition in alphabetical order:

§ 192.3 Definitions.

"Offshore" means beyond the line of ordinary low water along that portion of the coast of the United States that is in direct contact with the open seas and beyond the line marking the seaward limit of inland waters.

4. Section 192.5(a) is amended to read as follows:

§ 192.5 Class locations.

(a) Offshore is Class 1 location. The Class location onshore is determined by applying the criteria set forth in this section: The class location unit is an area that extends 220 yards on either side of the centerline of any continuous 1-mile length of pipeline. Except as provided in paragraphs (d) (2) and (f) of this section, the class location is determined by the buildings in the class location unit. For the purposes of this section, each separate dwelling unit in a multiple dwelling unit building is counted as a separate building intended for human occupancy.

5. In § 192.13, paragraphs (a) and (b) are amended to read as follows:

§ 192.13 General.

(a) No person may operate a segment of pipeline that is readied for service after March 12, 1971, or in the case of an offshore gathering line, after July 31, 1977, unless that pipeline has been designed, installed, constructed, initially inspected, and initially tested in accordance with this part.

(b) No person may operate a segment of pipeline that is replaced, relocated, or otherwise changed after November 12, 1970, or in the case of an offshore gathering line, after July 31, 1977, unless that replacement, relocation, or change has been made in accordance with this part.

6. Section 192.111(d) is revised to read as follows:

§ 192.111 Design factor (F) for steel pipe.

(d) For Class 1 and Class 2 locations, a design factor of 0.50, or less, must be used in the design formula in § 192.105 for—

(1) Steel pipe in a compressor station, regulating station, or measuring station; and

(2) Steel pipe, including a pipe riser, on a platform located offshore or in inland navigable waters.

7. Section 192.161(f) is amended to read as follows:

§ 192.161 Supports and anchors.

(f) Except for offshore pipelines, each underground pipeline that is being connected to new branches must have a firm foundation for both the header and the branch to prevent lateral and vertical movement.

8. Section 192.163(a) is revised to read as follows:

§ 192.163 Compressor stations: design and construction.

(a) **Location of compressor building.** Except for a compressor building on a platform located offshore or in inland navigable waters, each main compressor building of a compressor station must be located on property under the control of the operator. It must be far enough away from adjacent property, not under control of the operator, to minimize the possibility of fire being communicated to the compressor building from structures on adjacent property. There must be enough open space around the main compressor building to allow the free movement of fire-fighting equipment.

9. In § 192.167, paragraph (a) (4) (ii) is amended and a new paragraph (c) is added to read as follows:

§ 192.167 Compressor stations: emergency shutdown.

(a) *

(4) *

(ii) Near the exit gates, if the station is fenced, or near emergency exits, if not fenced; and

(c) On a platform located offshore or in inland navigable waters, the emergency shutdown system must be designed and installed to actuate automatically by each of the following events:

(1) In the case of an unattended compressor station—

(i) When the gas pressure equals the maximum allowable operating pressure plus 15 percent; or

(ii) When an uncontrolled fire occurs on the platform; and

(2) In the case of a compressor station in a building—

(i) When an uncontrolled fire occurs in the building; or

(ii) When the concentration of gas in air reaches 50 percent or more of the

lower explosive limit in a building which has a source of ignition.

For the purpose of paragraph (c) (2) (ii) of this section, an electrical facility which conforms to Class 1, Group D of the National Electrical Code is not a source of ignition.

10. In § 192.179, a new paragraph (d) is added to read as follows:

§ 192.179 Transmission line valves.

(d) Offshore segments of transmission lines must be equipped with valves or other components to shut off the flow of gas to an offshore platform in an emergency.

11. In § 192.243, paragraphs (d) (1) and (3) are amended to read as follows:

§ 192.243 Nondestructive testing.

(d) * * *

(1) In Class 1 locations, except offshore, at least 10 percent.

(3) In Class 3 and Class 4 locations, at crossings of major or navigable rivers, and offshore, 100 percent if practicable, but not less than 90 percent.

12. Section 192.245 is amended to read as follows:

§ 192.245 Repair or removal of defects.

(a) Each weld that is unacceptable under § 192.241(c) must be removed or repaired. Except for welds on an offshore pipeline being installed from a pipelay vessel, a weld must be removed if it has a crack that is more than 2 inches long or that penetrates either the root or second bead.

(b) Each weld that is repaired must have the defect removed down to clean metal and the segment to be repaired must be preheated. After repair, the segment of the weld that was repaired must be inspected to ensure its acceptability. If the repair is not acceptable, the weld must be removed, except that additional repairs made in accordance with written welding procedures qualified under § 192.225 are permitted for welds on an offshore pipeline being installed from a pipelay vessel.

13. Section 192.317 is amended to read as follows:

§ 192.317 Protection from hazards.

(a) Each transmission line or main must be protected from washouts, floods, unstable soil, landslides, or other hazards that may cause the pipeline to move or to sustain abnormal loads. In addition, offshore pipelines must be protected from damage by mud slides, water currents, hurricanes, ship anchors, and fishing operations.

(b) Each aboveground transmission line or main, not located offshore or in inland navigable water areas, must be protected from accidental damage by vehicular traffic or other similar causes, either by being placed at a safe distance

from the traffic or by installing barricades.

(c) Pipelines, including pipe risers, on each platform located offshore or in inland navigable waters must be protected from accidental damage by vessels.

14. In § 192.319, paragraph (b) is amended and a new paragraph (c) is added to read as follows:

§ 192.319 Installation of pipe in a ditch.

(b) When a ditch for a transmission line or main is backfilled, it must be backfilled in a manner that—

(1) Provides firm support under the pipe; and

(2) Prevents damage to the pipe and pipe coating from equipment or from the backfill material.

(c) All offshore pipe in water at least 12 feet deep but not more than 200 feet deep, as measured from the mean low tide, must be installed so that the top of the pipe is below the natural bottom unless the pipe is supported by stanchions, held in place by anchors or heavy concrete coating, or protected by an equivalent means.

15. In § 192.327, paragraph (a) is amended and paragraph (e) is added to read as follows:

§ 192.327 Cover.

(a) Except as provided in paragraphs (c) and (e) of this section, each buried transmission line must be installed with a minimum cover as follows:

(e) All pipe which is installed in a navigable river, stream, or harbor must have a minimum cover of 48 inches in soil or 24 inches in consolidated rock, and all pipe installed in any offshore location under water less than 12 feet deep, as measured from mean low tide, must have a minimum cover of 36 inches in soil or 18 inches in consolidated rock, between the top of the pipe and the natural bottom. However, less than the minimum cover is permitted in accordance with paragraph (c) of this section.

16. In § 192.451, the existing paragraph is designated as paragraph (a) and a new paragraph (b) is added to read as follows:

§ 192.451 Scope.

(b) Notwithstanding the deadlines for compliance in this subpart, the corrosion control requirements of this subpart do not apply to offshore gathering lines until August 1, 1977.

17. Section 192.465(a) is amended to read as follows:

§ 192.465 External corrosion control: monitoring.

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463. However, if tests at those intervals are impractical for separately protected

service lines or short sections of protected mains, not in excess of 100 feet, these service lines and mains may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system, must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

18. Section 192.469 is amended to read as follows:

§ 192.469 External corrosion control: test stations.

Each pipeline under cathodic protection required by this subpart must have sufficient test stations or other contact points for electrical measurement to determine the adequacy of cathodic protection.

19. Section 192.481 is amended to read as follows:

§ 192.481 Atmospheric corrosion control: monitoring.

After meeting the requirements of §§ 192.479 (a) and (b), each operator shall, at intervals not exceeding 3 years for onshore pipelines and 1 year for offshore pipelines, reevaluate each pipeline that is exposed to the atmosphere and take remedial action whenever necessary to maintain protection against atmospheric corrosion.

20. The table in § 192.619(a) (2) (ii) is amended to read as follows:

§ 192.619 Maximum allowable operating pressure: steel or plastic pipelines.

(a) * * *
(2) * * *
(ii) * * *

Class location	Factors ¹	
	Segment installed before (Nov. 12, 1970)	Segment installed after (Nov. 11, 1970)
1.....	1.1	1.1
2.....	1.25	1.25
3.....	1.4	1.5
4.....	1.4	1.5

¹ For offshore segments installed or updated after July 31, 1977, that are not located on a platform, the factor is 1.25. For segments installed or updated after July 31, 1977, that are located on an offshore platform or on a platform in inland navigable waters, including a pipe riser, the factor is 1.5.

21. In § 192.707(b), subparagraphs (1) and (2) are redesignated as (2) and (3), respectively, and a new subparagraph (1) is added, to read as follows:

§ 192.707 Transmission lines: leakage surveys.

(b) Exceptions for buried pipelines. Line markers are not required for buried mains and transmission lines—

(1) Located offshore or under inland navigable waters;

22. Section 192.713 is amended to read as follows:

§ 192.713 Transmission lines: permanent field repair of imperfections and damages.

(a) Except as provided in paragraph (b) of this section, each imperfection or damage that impairs the serviceability of a segment of steel transmission line operating at or above 40 percent of SMYS must be repaired as follows:

(1) If it is feasible to take the segment out of service, the imperfection or damage must be removed by cutting out a cylindrical piece of pipe and replacing it with pipe of similar or greater design strength.

(2) If it is not feasible to take the segment out of service, a full encirclement welded split sleeve of appropriate design must be applied over the imperfection or damage.

(3) If the segment is not taken out of service, the operating pressure must be reduced to a safe level during the repair operations.

(b) Submerged offshore pipelines and submerged pipelines in inland navigable waters may be repaired by mechanically applying a full encirclement split sleeve of appropriate design over the imperfection or damage.

23. Section 192.717 is amended to read as follows:

§ 192.717 Transmission lines: permanent field repair of leaks.

(a) Except as provided in paragraph (b) of this section, each permanent field repair of a leak on a transmission line must be made as follows:

(1) If feasible, the segment of transmission line must be taken out of service and repaired by cutting out a cylindrical piece of pipe and replacing it with pipe of similar or greater design strength.

(2) If it is not feasible to take the segment of transmission line out of service, repairs must be made by installing a full encirclement welded split sleeve of appropriate design, unless the transmission line—

(i) Is joined by mechanical couplings; and

(ii) Operates at less than 40 percent of SMYS.

(3) If the leak is due to a corrosion pit, the repair may be made by installing a properly designed bolt-on-leak clamp; or, if the leak is due to a corrosion pit and on pipe of not more than 40,000 psi SMYS, the repair may be made by fillet welding over the pitted area a steel plate patch with rounded corners, of the same or greater thickness than the pipe, and not more than one-half of the diameter of the pipe in size.

(b) Submerged offshore pipelines and submerged pipelines in inland navigable waters may be repaired by mechanically applying a full encirclement split sleeve of appropriate design over the leak.

24. In § 192.727, paragraphs (b) and (c) are amended to read as follows:

§ 192.727 Abandonment or inactivation of facilities.

(b) Each pipeline abandoned in place must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.

(c) Except for service lines, each inactive pipeline that is not being maintained under this part must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.

(Section 3 of the Natural Gas Pipeline Safety Act of 1968 (49 USC 1672), Section 105 of the Hazardous Materials Transportation Act (49 USC 1804), and § 1.53 of the regulations of the Office of the Secretary of Transportation (49 CFR 1.53).)

Issued in Washington, D.C. on August 9, 1976.

JAMES T. CURTIS, Jr.,
Director,

Materials Transportation Bureau.

[FR Doc.76-23592 Filed 8-13-76;8:45 am]

CHAPTER V—NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

[Docket No. 75-27; Notice 05]

PART 575—CONSUMER INFORMATION REGULATIONS

Vehicle Stopping Distance Information Item; Correction

In FR Doc. 76-35248, appearing at page 1066 in the FEDERAL REGISTER of Tuesday January 6, 1976, a conforming amendment that would have deleted the phrase "without locking the wheels" from the text of § 575.101 was inadvertently omitted, although this deletion is necessary to permit the use of a new test procedure as intended. Also the phrase "(d) of this section and procedures specified in paragraph" was inadvertently omitted from the text of § 575.101(c).

Accordingly, the phrase "without locking the wheels," is deleted from the text of Figure 1 and the text of § 575.101(c)(5). The phrase "(d) of this section and the procedures specified in paragraph" is inserted before the phrase "(e) of this section" that appears at the end of the first paragraph of § 575.101(c).

(Sec. 103, 119, Pub. L. 89-563, 80 Stat. 718 (15 U.S.C. 1392, 1407); delegations of authority at 49 CFR 1.50 and 49 CFR 501.8).

Issued on August 10, 1976.

ROBERT L. CARTER,
Associate Administrator,
Motor Vehicle Programs.

[FR Doc.76-23796 Filed 8-13-76;8:45 am]

CHAPTER X—INTERSTATE COMMERCE COMMISSION

SUBCHAPTER A—GENERAL RULES AND REGULATIONS

[Service Order No. 1249; Corrected]

PART 1033—CAR SERVICE

Octoraro Railway, Inc., Authorized To Operate Over Portion of USRA Line No. 142, Former Octoraro Branch of Penn Central Transportation Company

At a Session of the Interstate Commerce Commission, Railroad Service Board, held in Washington, D.C., on the 28th day of July, 1976.

It appearing, That railroad service on the former Octoraro Branch of the Penn Central, (PC) identified in the Final System Plan of Reorganization of the Northeastern Railroads as USRA Line No. 142 between former PC milepost 18.0 and the end of the branch at Rising Sun, Maryland, has been discontinued; that that portion of this line between mileposts 18.0 and 54.2 at the Maryland-Pennsylvania state line south of Nottingham, Pennsylvania, has been purchased by the Southeastern Pennsylvania Transportation Authority, an agency of the Commonwealth of Pennsylvania (the Commonwealth); that the Commonwealth has designated the Octoraro Railway, Inc. (ORI), as its operator of rail service over this line and has entered into a rail service continuation payment operating agreement with ORI pursuant to Section 304(d)(1) of the Regional Rail Reorganization Act of 1973, as amended (the Rail Act); that by virtue of the Commonwealth's ownership of said line and the stated intention of ORI to provide service over this line so long as it can profitably do so with or without subsidy, the ORI is not eligible to receive a Certificate of Designated Operator pursuant to regulations issued by the Commission on March 17, 1976; that the ORI will apply to the Commission under Section 1(18) of the Interstate Commerce Act seeking permanent authority to operate this line on behalf of the Commonwealth; that unless service over this line is immediately required by the Commission to be continued until the ORI's application has been acted upon there may be a loss of rail service on or about July 29, 1976, in violation of the express requirements of Section 304(d)(3) of the Rail Act; that the Commission act to prevent any disruption or loss of service under the circumstances presented herein; that operation by the ORI over the aforementioned tracks formerly operated by the PC is necessary in the interest of the public and the commerce of the people; that notice and public procedure herein are impracticable and contrary to the public interest; and that good cause exists for making this order effective upon less than thirty days' notice.

It is ordered, That: