(v) Associate Administrator for the Management.

(vi) Associate Administrator for Aeronautics and Space Technology.

(vii) Associate Administrator for Space Tracking and Data Systems.

(viii) General Counsel.

(ix) Chief, NASA Security Office.

(x) Director, International Affairs Division.

(xi) NASA Security Classification Manager.

(xii) Field Installation Directors.

(xiii) Manager, NASA Resident Office—JPL.

(xiv) Installation Security Classification Officers.

(xv) Such other officials as may be delegated original classification authority.

(c) Written requests for original classification authority shall be forwarded to the Executive Secretary, NASA Information Security Program Committee with appropriate justification appended thereto. The Executive Secretary will submit such requests to the Committee Chairperson for a determination by the Committee regarding the validity of the requests. Findings and recommendations of the Committee will then be submitted by the Committee Chairperson to the Administrator for approval.

(d) The Executive Secretary shall maintain a list of all delegations of original classification authority by name or title of the position held.

(e) The NASA Information Security Program Committee shall conduct periodic review of delegation lists to ensure that the officials so designated have demonstrated a continuing need to exercise such authority.

(f) Original classification authority shall not be delegated to persons who only reproduce, extract, or summarize classified information, or who only apply classification markings derived from source material or as directed by a classification guide.

§ 1203.801 Redelegation.

Redelegation of TOP SECRET, SECRET, or CONFIDENTIAL original classification authority is not authorized.

§ 1203.802 Reporting.

The officials to whom original classification authority has been delegated herein shall ensure that feedback is provided to the Administrator through the NASA Information Security Program Committee. The Chairperson of the Committee shall keep the Administrator currently informed of all significant actions, problems, or other matters of substance related to the exercise of the authority delegated hereunder.

James M. Beggs,

Administrator.

[FR Doc. 82-35287 Filed 12-28-82; 8:45 am]

BILLING CODE 7510-01-M

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14 CFR Part 1203

NASA Information Security Program Committee

AGENCY: National Aeronautics and Space Administration.

ACTION: Final rule.

SUMMARY: This revision updates the existing regulation on the NASA Information Security Program Committee. These technical changes include 3 changes in the titles of officials, and the deletion of a program office. These changes are made to reflect the current NASA organization.

EFFECTIVE DATE: August 1, 1982.

FOR FURTHER INFORMATION CONTACT: Erwin V. Minter, NASA Security Office, Telephone (202) 755-3400.

SUPPLEMENTARY INFORMATION: The Information Security Program Committee was established to comply with the provisions of Sections 3.4(d) and 5.3(a) of Executive Order 12356, "National Security Information," April 6, 1982. This revision specifically changes § 1203.900 and § 1203.902(a). This regulation involves a national security function and is exempt from the procedures of 5 U.S.C. 553.

List of Subjects in 14 CFR Part 1203

Classified information, Foreign relations.

14 CFR Part 1203, Subpart I is revised to read as follows:

PART 1203—INFORMATION SECURITY PROGRAM

Subpart I—NASA Information Security Program Committee

Sec.

1203.900 Establishment.
1203.901 Responsibilities.
1203.902 Membership.
1203.903 Ad hoc committees.
1203.904 Meetings.

Authority: 42 U.S.C. 2473; E.O. 12356.

Subpart I—NASA Information Security Program Committee

§ 1203.900 Establishment.

Pursuant to Executive Order 12356, "National Security Information," and the National Aeronautics and Space Act of 1958, as amended, there is established a NASA Information Security Program Committee (hereinafter referred to as the Committee) as part of the permanent administrative structure of NASA. The Director, DOD Affairs Division, is designated to act as the Chairperson of the Committee. The Head, Classification Management and Physical Security Section, NASA Security Office, is designated to act as the Committee Executive Secretary.

§ 1203.901 Responsibilities.

(a) The Chairperson reports to the Administrator concerning the management and direction of the NASA Information Security Program as provided for in Subpart B of this part. In this connection, the Chairperson is supported and advised by the Committee.

(b) The Committee shall act on all appeals from denials of declassification requests on all suggestions and complaints with respect to administration of the NASA Information Security Program as provided for in Subpart B of this part.

(c) The Executive Secretary of the Committee shall maintain all records produced by the Committee, its subcommittees, and its ad hoc panels.

(d) The NASA Security Office, NASA Headquarters, will provide staff assistance and support services for the Committee.

§ 1203.902 Membership.

The Committee will be comprised of the Chairperson, Executive Secretary, and one member designated by each of the following NASA officials:

(a) Associate Administrators for:

(1) Aeronautics and Space Technology.

(2) Space Science and Applications.

(3) Space Flight.

(4) Space Tracking and Data Systems.

(5) Management.

(6) External Relations.

(b) Associate Deputy Administrator.

(c) General Counsel.

§ 1203.903 Ad hoc committees.

The Chairperson is authorized to establish such ad hoc panels or subcommittees as may be necessary in the conduct of the Committee's work.

§ 1203.904 Meetings.

(a) Meetings will be held at the call of the Chairperson.

(b) Records produced by the Committee and the minutes of each

meeting will be maintained by the Executive Secretary.

James M. Beggs,

Administrator.

[FR Doc. 82-35286 Filed 12-28-82; 8:45 am]

BILLING CODE 7510-01-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 210, 229, 230, 231, 239, 240, 241 and 250

[Release Nos. 33-6444; 34-19337; 35-22776; IC-12898; FR-9; S7-936]

Supplemental Disclosures of Oil and Gas Producing Activities

AGENCY: Securities and Exchange Commission.

ACTION: Final rules.

SUMMARY: The Commission announces the adoption of final rules for supplemental oil and gas disclosures to require compliance with the provisions of Statement of Financial Accounting Standards No. 69 recently issued by the Financial Accounting Standards Board ("FASB"). These final rules also eliminate certain requirements for oil and gas disclosures set forth in Industry Guide 2 which duplicate requirements in Regulation S-X and the FASB statement. This action is consistent with the commitment announced in Accounting Series Release No. 289 to reexamine existing rules upon the development of an oil and gas disclosure standard by the FASB.

DATE: Effective for companies with fiscal years beginning on or after December 15, 1982, with earlier implementation encouraged. Where the supplemental oil and gas disclosures for years beginning before December 15, 1982, are presented in accordance with SFAS 69, the Commission will automatically waive the requirements of Rule 4-10(k) of Regulation S-X for those years.

FOR FURTHER INFORMATION CONTACT: M. Elizabeth Rader or John W. Albert (202-272-2130), Office of the Chief Accountant, Securities and Exchange Commission, Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION:

Background

On July 1, 1982, the Commission issued Securities Act Release No. 6412 (47 FR 28686) which proposed rules to require compliance with the provisions of an FASB statement of financial accounting standards expected to be issued upon finalization of an April 1982 FASB exposure draft on supplemental oil and gas disclosures. The Commission proposed rule amendments at that time to facilitate its prompt action on a final FASB standard. The Commission also proposed to revise certain disclosure requirements in Industry Guide 2 in order to eliminate duplication with Regulation S-X and the proposed FASB standard. On November 30, 1982, the FASB issued the related final standard as Statement of Financial Accounting Standards No. (SFAS) 69 entitled, "Disclosures about Oil and Gas Producing Activities." This statement supersedes the requirements of several earlier pronouncements [1] and establishes a comprehensive set of supplemental disclosures for oil and gas producing activities.

Summary of Conclusions

The Commission has evaluated the disclosures specified by SFAS 69 and, consistent with its evaluation of the exposure draft, has concluded that they provide adequate information about oil and gas producing activities, particularly because they include a presentation of a standardized measure of discounted future net cash flow relating to proved oil and gas reserves and a reconciliation of such standardized measure from period to period.

The Commission has also determined that this course of action is consistent with its responsibilities under the Energy Policy and Conservation Act of 1975 because the disclosures specified in SFAS 69 will be adequate to ensure the continued availability to the Department of Energy of the information necessary for an energy data base. In this regard, moreover, the Commission will continue to maintain in Regulation S-X its rules on accounting and reporting practices to be used by oil and gas producers in the preparation of the primary financial statements included in filings with the Commission.

Final SFAS 60 Disclosures

The supplemental disclosures adopted under SFAS 69 are substantially the same as those proposed in the exposure draft.[2] The four notable differences between the final standard and the exposure draft are as follows:

(1) A proposed requirement for geographic detail in the statement of changes in the standardized measure was deleted.

(2) Separate disclosure requirements were added for (a) costs incurred for acquisition of existing proved properties, if significant, and (b) affiliated and non-affiliated sales of oil and gas.

(3) Where a significant portion of proved reserve quantities or the related standardized measure of discounted future net cash flows is attributable to minority interests, the final standard requires disclosure of that fact and the approximate minority portion.

(4) The final statment adopts the significance criteria of SFAS 14 "Financial Reporting for Segments of a Business Enterprise" (certain ten percent tests based on total assets, revenues, and pretax operating income) to determine when oil and gas activities are sufficiently significant that the specified disclosures should be provided.

Commisson's Proposed Rules

The proposed rules differed from the FASB exposure draft in only a few respects. First, since the exposure draft required disclosures for "significant" oil and gas operations but did not define "significance," the Commission proposed to retain criteria for determining when oil and gas producing activities are significant. Second, the proposed amendments specified the periods for which the supplementary disclosures should be presented. Whereas the exposure draft called for disclosures only when a "complete set of financial statements" is presented, the Commission proposed that income statement related disclosures be presented for each annual income statement required, and that balance sheet related disclosures be presented for each year-end balance sheet required.

In addition, the Commission specifically encouraged comments concerning the existing Regulation S-X disclosure requirement for separate presentation of amounts of future net revenue from proved reserves applicable to each of the first three succeeding fiscal years. Although this

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[1] Relevant provisions of FASB Statement Nos. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies," 25, "Suspension of Certain Accounting Requirements for Oil and Gas Producing Companies," 33, "Financial Reporting and Changing Prices," and 39, "Financial Reporting and Changing Prices: Specialized Assets—Mining and Oil and Gas," are amended by this standard.

[2] Publicly traded enterprises are thus required to disclose the following supplemental information about significant oil and gas activities:

—Proved oil and gas reserve quantities.

—Capitalized costs relating to oil and gas producing activities.

—Costs incurred in oil and gas producing activities.

—Results of operations for oil and gas producing activities.

—A standardized measure of discounted future net cash flows relating to proved oil and gas reserves (the "standardized measure").

requirement was not included in the disclosures described by the exposure draft, the Commission believed that it might provide information sufficiently useful to be included in the disclosure package, particularly when near-term cash flows are significantly affected by development and production expenditures.

Finally, the Commission also announced its intention to retain the safe harbor provision in Rule 4–10(k)(9) for disclosures made pursuant to its final rules.

Comments Received

The Commission received 37 letters of comment on its proposal to adopt the disclosure requirements of the FASB exposure draft and to revise Industry Guide 2.

Conformity With FASB Standard—Most commentators approved of the concept of conformity of Commission and FASB disclosure requirements. Their support or opposition to the Commission's specific proposed disclosures generally coincided with their position on the FASB's proposed presentation of a value-based standardized measure of discounted future net cash flows. Consistent with the response received by the FASB, approximately half the commentators supported the standardized measure as providing useful information. The other half contended that value-based information was too unreliable to be meaningful.

Three-year Disclosures of Undiscounted Future Net Revenue—Of the commentators addressing this issue, approximately two-thirds opposed its inclusion in the disclosure package. Supporters reiterated the position in the proposing release that these data were useful in assessing near-term cash flows. Analysts further believed the disclosures should be provided for more than three years. Opponents criticized the disclosure as inappropriate and not cost-beneficial because its objective was similar to that of the standardized measure, although the two items would be computed on different bases. They also viewed the additional disclosure as inconsistent with the objective of reducing disclosure volume.

Revisions of Guide 2—All commentators addressing these proposals supported the elimination of duplicative requirements. The commentators also offered various suggestions for a full reexamination of all the Guide 2 disclosures. These suggestions will be considered in the Commission's upcoming project to reevaluate the Guide 2 disclosures as a whole.

Evaluation of Comments

Based on a review and evaluation of the comment letters, the Commission has concluded that conformity of its disclosure requirements with those of the FASB is desirable. Although the final FASB standard contains certain differences from the exposure draft, the Commission continues to support the FASB's supplemental disclosure package as a whole and to believe that the standardized measure and the reconciliation of period-to-period changes in that standardized measure will provide meaningful and useful information for the assessment of future cash flows from oil and gas producing activities. Accordingly, the Commission is amending its rules for supplemental disclosures of oil and gas producing activities to require compliance with the provisions of SFAS 69. The only differences between the FASB standard and the Commission's rules will relate to certain matters, largely administrative in nature, discussed further in the section entitled "Final Rules." The Commission is also adopting its proposed revisions of Industry Guide 2.

Summary of Operations on the Basis of Reserve Recognition Accounting

By conforming its disclosure requirements with those of the FASB standard, the Commission is eliminating its requirement for a supplemental presentation of an earnings summary based on Reserve Recognition Accounting ("RRA"). The Commission believes that adequate consideration was given to the RRA earnings summary in the development of the FASB's supplemental disclosure package. Although the RRA earnings summary will no longer be required once registrants adopt the provisions of SFAS 69, the Commission encourages registrants who regard the RRA earnings summary as useful and relevant information to furnish the information on a voluntary basis.

Separate Disclosure of Undiscounted Future Net Revenues

As a further result of conforming its disclosure requirements with those of the FASB standard, the Commission will no longer require separate disclosure of the first three years of future net revenues on an undiscounted basis. In this decision, the Commission recognizes commentators' concerns that this disclosure could be redundant or confusing by comparison to the standardized measure. The Commission's primary objective in soliciting specific comments on this disclosure was to ensure that financial statement users have sufficient information to assess the impact of oil and gas producing activities on near-term cash flows and liquidity. The Commission continues to believe that this sort of information may in some circumstances be essential to an understanding of a company's financial position and results of operations. Accordingly, the Commission reminds registrants that disclosures of undiscounted future cash flows from oil and gas operations may be necessary in the Management's Discussion and Analysis of the financial statements. Such disclosures would ordinarily be expected where near-term cash flows are likely to be negative or only at a break-even level, and may be appropriate in other circumstances.

Discussion of Final Rules

The Commission has evaluated the differences between the FASB exposure draft and the final SFAS 69 and believes they are not sufficiently material to require re-exposure of the Commission's proposed rule changes. Overall, they reduce the compliance burden for detailed disclosure (by deleting the geographic breakdown of changes in the standardized measure) while making minor additions (e.g., information on affiliated sales and minority interests) only where necessary to a full understanding of the information presented.

Significance criteria—SFAS 69 also simplifies the compliance process by adopting the SFAS 14 "significance" criteria to determine whether enterprises are subject to its provisions. Thus, the supplemental disclosures are required whenever oil and gas revenues, pre-tax operating profit or loss, or identifiable assets exceed ten percent of comparable combined amounts for the consolidated enterprise. These materiality guidelines differ from the Commission's proposed rules in that the Commission's proposals did not include a revenue test and would have computed the asset test using the standardized measure rather than the historical cost of oil and gas assets.

The Commission believes that in most instances the significance criteria of SFAS 69 will identify the same enterprises as the Commission's proposed tests. Accordingly, in view of its commitment to conform its rules wherever practicable with those of the private sector, the Commission is not adopting its separate proposed significance tests. However, in those circumstances where the discounted present value of a registrant's oil and gas reserves in significantly in excess of

ten percent of consolidated total assets, the Commission expects that the general requirement for disclosure of material amounts will require that some disclosures be made, even if the stated SFAS 14 tests are not met.

Periods Presented—Since the final FASB standard, like the exposure draft, focuses only on complete annual sets of financial statements, the Commission is also adopting its proposal that disclosures related to annual periods be presented for each such annual period for which an annual income statement is required and that balance sheet disclosures be presented for each audited year-end balance sheet required.

Applicability of Commission Requirements—The final rules also specify that the subject supplemental disclosures shall be presented whenever required by the terms of the applicable Federal securities form. The SFAS 69 requirements apply to enterprises which are "publicly traded" as defined by the standard. This FASB definition is both broader and narrower than the class of enterprises currently required to provide supplemental oil and gas disclosures in Commission filings. The FASB definition includes certain small enterprises which although "traded" may not be required to file reports under either the Securities Act or the Securities Exchange Act. However, the FASB definition would not apply to other enterprises filing reports with the Commission such as certain limited partnerships, nor would it apply to companies providing information to investors under the Regulation D exemptions. The Commission recognizes that it has a different constituency and must retain the specific requirements of its various filing forms.

Limited Partnerships—Topic 12–A–3–C of the Staff Accounting Bulletin series currently states that in certain circumstances the staff will not take exception to omission of the value-based RRA disclosures required by Regulation S–X for limited partnerships engaged in oil and gas producing activities. This waiver applies only to value-based disclosures in periodic reports filled on Form 10–K where: (1) The partnership agreement contains buyout provision under which the general partner agrees to purchase the limited partnership interests that are offered for sale, based upon a specified valuation formula, and (2) some form of reserve value information is available to the limited partners pursuant to the partnership agreement. The staff anticipates that this policy will continue to apply to the comparable "standardized measure" disclosures specified in paragraphs 30–34 of SFAS 69. It should be noted, however, that the waiver in the Staff Accounting Bulletin extends only to value-based disclosures and not to reserve quantity disclosures or historical cost based information. In addition, the waiver was not intended to apply to limited partnerships where owners and buyers do not have some sort of value-based information otherwise automatically provided.

Safe Harbor—Since the Commission's requirements for supplemental oil and gas disclosures are being transferred from Rule 4–10(k) of Regulation S–X to a central repository for supplementary financial information in Regulation S–K, the final rules incorporate (within Rule 175 under the Securities Act of 1933 and the related safe harbor rules under the other Federal securities laws) the safe harbor provision set forth in existing Rule 4–10(k)(9). Various conforming changes are also being made to the proxy rules and to the specific filing requirements of certain Commission forms.

Effective Date and Transition

Consistent with the provisions of SFAS 69, the Commission's revised rules shall be effective for fiscal years beginning on or after December 15, 1982. Earlier implementation is encouraged but not required. The Commission strongly encourages but does not require registrants who elect to adopt the provisions of SFAS 69 early to restate the disclosures for prior years so that all information presented will be on a consistent basis.

The Commission's existing requirements in Rule 4–10(k) of Regulation S–X will continue to apply in their entirety to supplemental oil and gas disclosures for fiscal years beginning before December 15, 1982, *unless* the registrant elects to early adopt the disclosures specified by SFAS 69 or to restate disclosures for prior years in accordance with SFAS 69. Where the supplemental oil and gas disclosures for years beginning before December 15, 1982, are presented in accordance with SFAS 69, the Commission will automatically waive the requirements of Rule 4–10(k) for those years.

Codification Update

The "Codification of Financial Reporting Policies" announced in Financial Reporting Release No. 1 (April 15, 1982) (47 FR 21028) is updated to:

1. Remove section 406.02 and add a new Section 406.02 as follows:

406.02 Supplemental Disclosures.

2. Include in Section 406.02 the sections of this release entitled "Summary of Conclusions," "Summary of Operations on the Basis of Reserve Recognition Accounting," "Separate Disclosure of Undiscounted Future Net Revenues," "Discussion of Final Rules," and "Effective Date and Transition," identified as specified below:

a. Summary of Conclusions

b. Summary of Operations on the Basis of Reserve Recognition Accounting

c. Separate Disclosure of Undiscounted Future Net Revenues

d. Discussion of Final Rules

i. Significance Criteria (second paragraph)

ii. Applicability of Commission Requirements

iii. Limited Partnerships

e. Effective Date and Transition

This codification is a separate publication issued by the Commission. It will not be published in the Federal Register/Code of Federal Regulations System.

List of Subjects

17 CFR Parts 210, 229, 230, 231, 239, 240, and 241

Accounting, Reporting and recordkeeping requirements, Securities.

17 CFR Part 250

Accounting, Reporting and recordkeeping requirements, Securities, Utilities.

Text of Final Rules

Chapter II of Title 17 of the Code of Federal Regulations is amended as follows:

PART 210—FORM AND CONTENT OF AND REQUIREMENTS FOR FINANCIAL STATEMENTS, SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934, PUBLIC UTILITY HOLDING COMPANY ACT OF 1935, INVESTMENT COMPANY ACT OF 1940, AND ENERGY POLICY AND CONSERVATION ACT OF 1975

1. By adding a note to the end of paragraph (k) of § 210.4–10 as follows:

§ 210.4–10 Financial accounting and reporting for oil and gas producing activities pursuant to the Federal securities laws and the Energy Policy and Conservation Act of 1975.

* * * * *

(k) *Disclosure of oil and gas reserve information and historical financial data.*

Note.—*Deletion.* The requirements of this paragraph (k) shall not apply to supplemental disclosures accompanying financial statements for fiscal years beginning on or after December 15, 1982. For fiscal years beginning prior to that date, registrants may substitute the disclosures required under paragraph (c) of Item 302 of Regulation S–K (§ 229.302).

PART 229—STANDARD INSTRUCTIONS FOR FILING FORMS UNDER SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 AND ENERGY POLICY AND CONSERVATION ACT OF 1975—REGULATION S–K

2. By revising the title of Part 229 to read as above:

3. By adding paragraph (c) to § 229.302 as follows:

§ 229.302 (Item 302) Supplementary financial information.

* * * * *

(c) Information about oil and gas producing activities.

Registrants engaged in oil and gas producing activities shall present the information about oil and gas producing activities (as those activities are defined in Regulation S–X, § 210.4–10(a)) specified in paragraphs 9–34 of Statement of Financial Accounting Standards ("SFAS") No. 69, "Disclosures about Oil and Gas Producing Activities." If such oil and gas producing activities are regarded as significant under one or more of the tests set forth in paragraph 8 of SFAS No. 69.

Instructions to Paragraph (c).

1. (a) SFAS No. 69 disclosures that relate to annual periods shall be presented for each annual period for which an income statement is required. (b) SFAS No. 69 disclosures required as of the end of an annual period shall be presented as of the date of each audited balance sheet required, and (c) SFAS No. 69 disclosures required as of the beginning of an annual period shall be presented as of the beginning of each annual period for which an income statement is required.

2. This paragraph, together with § 210.4–10 of Regulation S–X, prescribes financial reporting standards for the preparation of accounts by persons engaged, in whole or in part, in the production of crude oil or natural gas in the United States, pursuant to Section 503 of the Energy Policy and Conservation Act of 1975 (42 U.S.C. 8383) ("EPCA") and Section 11(c) of the Energy Supply and Environmental Coordination Act of 1974 (15 U.S.C. 796) ("ESECA") as amended by Section 506 of EPCA. The application of the paragraph to those oil and gas producing operations of companies regulated for ratemaking purposes on an individual-company-cost-of-service basis may, however, give appropriate recognition to differences arising because of the effect of the ratemaking process.

3. Any person exempted by the Department of Energy from any record-keeping or reporting requirements pursuant to Section 11(c) of ESECA, as amended, is similarly exempted from the related provisions of this paragraph in the preparation of accounts pursuant to EPCA. This exemption does not affect the applicability of this paragraph to filings pursuant to the federal securities laws.

PART 230—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933

4. By revising paragraph (b)(2) of § 230.175 to read as follows:

§ 230.175 Liability for certain statements by issuers.

* * * * *

(b) * * *

(2) Information which is disclosed in a document filed with the Commission, in Part I of a quarterly report on Form 10–Q or in an annual report to shareholders meeting the requirements of Rules 14a–3 (b) and (c) or 14c–3 (a) and (b) under the Securities Exchange Act of 1934 and which relates to (i) the effects of changing prices on the business enterprise, presented voluntarily or pursuant to Item 303 or Regulation S–K (§ 229.303 of this chapter), "Management's discussion and analysis of financial condition and results of operations," or Item 302 of Regulation S–K (§ 229.302 of this chapter), "Supplementary financial information," or (ii) the value of proved oil and gas reserves (such as a standardized measure of discounted future net cash flows relating to proved oil and gas reserves as set forth in paragraphs 30–34 of Statement of Financial Accounting Standards No. 69) presented voluntarily or pursuant to Item 302 of Regulation S–K (§ 229.302 of this chapter).

* * * * *

PART 231—INTERPRETATIVE RELEASES RELATING TO THE SECURITIES ACT OF 1933 AND GENERAL RULES AND REGULATIONS THEREUNDER

5. By removing item 1 and paragraph A of item 3 of the Securities Act Industry Guide 2, Disclosure of Oil and Gas Operations, of Part 231 and redesignating and revising paragraphs B and C of Item 3 as paragraphs A and B respectively, to read as follows:

Guide 2. Disclosure of Oil and Gas Operations.

* * * * *

3. Production

A. For each of the last three fiscal years by the same geographic areas for which production data are required by Statement of Financial Accounting Standards (SFAS) No. 69:

(i) The average sales price (including transfers) per unit of oil produced and of gas produced:

(ii) The average production cost (lifting cost) per unit of production.

B. *Instructions.* Generally, net production should include only production that is owned by the registrant and produced to its interest, less royalties and production due others. However, in special situations (e.g., foreign production) net production before royalties may be provided, if more appropriate. If "net before royalty" production figures are furnished, the change from the usage of "net production" should be noted.

Any part of natural gas liquids production obtained through or from processing plant ownership rather than through leasehold ownership should be reported separately, if material.

Production of natural gas should include only marketable production of gas on an "as sold" basis. Production will include dry, residue, and wet gas, depending on whether liquids have been extracted before the registrant passed title. Flared gas, injected gas and gas consumed in operations should be omitted. Recovered gas-lift gas and reproduced gas should not be included until sold.

The transfer price of oil and gas produced should be determined in accordance with SFAS No. 69.

The average production cost per unit of production should be computed using production costs disclosed pursuant to SFAS No. 69. Units of production should be expressed in common units of production with oil or gas converted to a common unit of measure on the basis used in computing amortization (relative energy content or gross revenue method). *See* § 210.4–10(e)(3) or § 210.4–10(i)(3)(iii) of Regulation S–X, whichever is appropriate.

PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

6. By adding Item 17B to Part I of the registration statement on Form S–18 as follows [Form S–18 does not appear in the Code of Federal Regulations but the form is discussed in § 239.28 of the Code of Federal Regulations]:

Item 17B. Supplementary Financial Information about Oil and Gas Producing Activities. Registrants engaged in oil and gas producing activities shall follow the disclosure standards specified in paragraph (c) of Item 302 of Regulation S–K [17 CFR 229.302] with respect to such activities.

* * * * *

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

7. By revising paragraph (b)(2) of § 240.3b–6 to read as follows:

§ 240.3b–6 Liability for certain statements by issuers.

* * * * *

(b) * * *

(2) Information which is disclosed in a document filed with the Commission, in part I of a quarterly report on Form 10–Q or in an annual report to shareholders meeting the requirements of Rules 14a–3 (b) and (c) or 14c–3 (a) and (b) under the Securities Exchange Act of 1934 and which relates to (i) the effects of changing prices on the business enterprise, presented voluntarily or pursuant to Item 303 of Regulation S–K (§ 229.303 of this chapter), "Management's discussion and analysis of financial condition and results of operations," or Item 302 of Regulation S–K (§ 229.302 of this chapter), "Supplementary financial information," or (ii) the value of proved oil and gas reserves (such as a standardized measure of discounted future net cash flows relating to proved oil and gas reserves as set forth in paragraphs 30–34 of Statement of Financial Accounting Standards No. 69) presented voluntarily or pursuant to Item 302 of Regulation S–K (§ 229.302 of this chapter).

* * * * *

§ 240.14a–3 [Amended]

8. By removing "Note 1" to paragraph (b)(1) of § 240.14a–3 and redesignating "Note 2" as "Note 1."

§ 240.14c–3 [Amended]

9. By removing "Note 1" to paragraph (a)(1) of § 240.14c–3 and redesignating "Note 2" as "Note 1."

PART 241—INTERPRETATIVE RELEASES RELATING TO THE SECURITIES EXCHANGE ACT OF 1934 AND THE GENERAL RULES AND REGULATIONS THEREUNDER

10. By conforming Exchange Act Industry Guide 2 Disclosure of Oil and Gas Operations to the amendments adopted for Securities Act Industry Guide 2.

PART 250—GENERAL RULES AND REGULATIONS, PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

11. By revising paragraph (b)(2) of § 250.103A to read as follows:

§ 250.103A Liability for certain statements by issuers.

* * * * *

(b) * * *

(2) Information which is disclosed in a document filed with the Commission, in part I of a quarterly report on Form 10–Q or in an annual report to shareholders meeting the requirements of Rules 14a–3 (b) and (c) or 14c–3 (a) and (b) under the Securities Exchange Act of 1934 and which relates to: (i) The effects of changing prices on the business enterprise, presented voluntarily or pursuant to Item 303 of Regulation S–K (§ 229.303 of this chapter), "Management's discussion and analysis of financial condition and results of operations," or Item 302 of Regulation S–K (§ 229.302 of this chapter), "Supplementary financial information," or (ii) the value of proved oil and gas reserves (such as a standardized measure of discounted future net cash flows relating to proved oil and gas reserves as set forth in paragraphs 30–34 of Statement of Financial Accounting Standards No. 69) presented voluntarily or pursuant to Item 302 of Regulation S–K (§ 229.302 of this chapter).

* * * * *

(Sec. 6, 7, 8, 10 and 19(a) (15 U.S.C. 77f, 77g, 77h, 77j, 77s) of the Securities Act of 1933; sec. 12, 13, 14, 15(d) and 23(a) (15 U.S.C. 78l, 78m, 78n, 78o(d), 78w) of the Securities Exchange Act of 1934; Sections 5(b), 14 and 20(a) ((15 U.S.C. 79e, 79n, 79t) of the Public Utility Holding Company Act of 1935; sec. 8, 30, 31(c) and 38(a) (15 U.S.C. 80a–8, 80a–29, 80a–30(c), 80a–37(a)) of the Investment Company Act of 1940 and sec. 503 (42 U.S.C. 6383) of the Energy Policy and Conservation Act of 1975)

As required by section 23(a)(2) of the Securities Exchange Act, the Commission has specifically considered the impact that the amendments will have on competition. The Commission finds that compliance with the amendments will not impose a burden on competition.

By the Commission.

Dated: December 15, 1982.

George A. Fitzsimmons,

Secretary.

[FR Doc. 82–35155 Filed 12–28–82; 8:45 am]

BILLING CODE 8010–01–M

NAVAJO AND HOPI INDIAN RELOCATION COMMISSION

25 CFR Part 700

Commission Operations and Relocation Procedures; Discretionary Funds; Revision of Regulations

AGENCY: Navajo and Hopi Indian Relocation Commission.

ACTION: Final rule.

SUMMARY: The Navajo and Hopi Indian Relocation Commission amends, in final form, its regulations for administration of discretionary funds. Certain sections have been rewritten in order to eliminate redundant language and clarify instructions to potential applicants. A provision has been added requiring recipients of grants and contracts to provide Indian preference in employment, training and the award of subcontracts and subgrants. The amendments are intended to achieve compliance with the Indian preference requirements of 25 U.S.C. 450e and to simplify and expedite administrative procedures.

EFFECTIVE DATE: December 29, 1982.

FOR FURTHER INFORMATION CONTACT: Paul M. Tessler, CFR Liaison Officer, P.O. Box KK, Flagstaff, Arizona, 86002, Telephone (602) 779–3311, extension 1376, FTS: 261–1376.

SUPPLEMENTARY INFORMATION: No comments were received on the Notice of Proposed Rulemaking published at 47 FR 47022, Oct. 22, 1982. A discussion of the final rule is as follows: The final rule in § 700.459 are amended by deleting paragraph (c) and by deleting language in paragraph (d) which refers to the listing of priorities.

The final rule are also revised in § 700.461 to eliminate annual solicitation and publications of project priorities. In conformity with the language Pub. L. 96–305, the Commission will annually solicit applications for programs which will facilitate and expedite the relocation efforts of the Commission. This change will allow maximum opportunity for applicants to propose programs beneficial to relocatees and host communities. In addition, as funds are available and priority projects are identified by the Commission, specific requests for proposals will be published by the Commission pursuant to Federal contract regulations.

The final rule in § 700.463 has been amended to establish a preapplication phase for grant applications. Under current regulations a preapplication is optional. Experience in administering the discretionary grants program has demonstrated that a preapplication stage is an efficient means of determing the appropriateness of proposed projects and identifying issues which must be clarified in order for an application to qualify for grant consideration.

The final rule in § 700.465 is amended by adding language which enhances the Commission's oversight ability with regard to construction projects. Additionally, § 700.465(e) was added for the same reasons.

The final rules in §§ 700.471 and 700.477 have been amended to assure compliance with Pub. L. 93–638 (25 U.S.C. 450e), the Indian Self-Determination Act. The Indian Self-

Determination Act provides in part as follows:

25 U.S.C. 450e Wages and Labor Standards.

(b) Any contract, subcontract, grant, or subgrant pursuant to this act [The Indian Self-Determination Act], the Act of April 16, 1934 (48 Stat. 596), as amended [25 U.S.C. § 452–457], or any other Act authorizing Federal contracts with or grants to Indian organizations or for the benefit of Indians, shall require that to the greatest extent feasible—

(1) Preferences and opportunities for training and employment in connection with the administration of such contracts or grants shall be given to Indians; and

(2) Preferences in the award of subcontracts and subgrants in connection with the administration of such contracts or grants shall be given to Indian organizations and to Indian owned economic enterprises as defined in Section 3 of the Indian Financing Act of 1974 (88 Stat. 77) 25 U.S.C. 1452

The Navajo and Hopi Indian Relocation Amendments Act of 1980, 25 U.S.C. 640d-25, (Pub. L. 96–305 Sec. 27), authorizes Federal contracts or grants for the benefits of Indians, and thus falls within the purview of the Indian Self-Determination Act. Therefore, any grant or contract of discretionary funds must require compliance with 25 U.S.C. 450e. The proposed revisions incorporate this requirement.

Additionally, § 700.471 now provides that applicants shall be notified of the Commission's approval or disapproval of grant applications. This provision was formerly contained in § 700.479(a).

The final rule in §700.479 has been amended only editorially.

List of Subjects in 25 CFR Part 700

Administrative practice and procedures, Conflict of interests, Freedom of information, Grant programs—Indians, Indians—claims, Indians—lands, Privacy, Real property acquisition, Relocation assistance.

Accordingly, the Navajo and Hopi Indian Relocation Commission revises, in final form, Subpart N of Part 700 of Title 25, Code of Federal Regulations, to read as follows:

PART 700—[AMENDED]

* * * * *

Subpart N—Discretionary Funds

Sec.

700.451 Purpose.
700.453 Definitions.
700.455 Financial Assistance.
700.457 Assistance to match or pay 30% of grants, contracts or other expenditures.
700.459 Assistance for demonstration projects and for provision of related facilities and services.
700.461 Method for Soliciting Applications.
700.463 Requirements for Applications.
700.465 Technical Feasibility.
700.467 Construction Costs.
700.469 Unallowable program and project costs.
700.471 Review and Approval.
700.473 Administrative Expenditures of the Commission.
700.475 Reports.
700.477 Administration of financial assistance and recordkeeping requirements.
700.479 Administrative review.

Authority: Pub. L. 93–531, as amended by Pub. L. 96–305.

* * * * *

Subpart N—Discretionary Funds

§ 700.451 Purpose.

(a) The purpose of this subpart is to establish procedures for the submission, review and approval, and administration of applications for financial assistance from the discretionary fund established by Pub. L. 93–531, as amended.

(b) The purpose of the discretionary fund is to provide financial assistance to activities which will facilitate and expedite the relocation and resettlement of individuals under the Act and ease the hardship incurred by these individuals.

§ 700.453 Definitions.

(a) Act means Pub. L. 93–531 (88 Stat. 1712, 25 U.S.C. 640d), as amended.

(b) Applicant means with respect to this subpart, any applicant as defined under § 700.457(c) or § 700.459(b).

(c) Business means any lawful activity, except a nonprofit organization, that is—

(1) Conducted primarily for the purchase, sale, lease and/or rental of personal and/or real property, and/or for the manufacture, processing, and/or marketing of products, commodities, and/or any other personal property; or

(2) Conducted primarily for the sale of services to the public.

(d) Commissioners means the three Commissioners of the Navajo and Hopi Indian Relocation Commission.

(e) In-kind contribution means a noncash contribution as described in attachment F of OMB Circular A–102.

(f) Local government means a local unit of government including specifically a county, municipality, city, town, township, local public authority, special district, council of governments, and other regional or interstate entity, or any agency or instrumentality of a local government.

(g) Nonprofit organization means a corporation, partnership, individual, or other public or private entity that is engaged in a lawful business, professional, or instructional activity on a nonprofit basis and that has established its nonprofit status under applicable Federal, State, or Tribal law.

(h) Related facilities means any building or structure normally found in a community and includes but is not limited to water, sewer and electrical lines, community centers, health centers and clinics, roads, and business establishments.

(i) Services means activities relating to human development including, but not limited to, educational and job training, mental health counseling, health care, and technical assistance in business administration, agriculture, and home economics.

(j) Tribe means the Navajo Chapter or the Hopi Village.

(k) Tribal subdivision means a Navajo Chapter or a Hopi Village.

§ 700.455 Financial assistance.

(a) The Commission may provide financial assistance to applicants eligible under this subpart from funds available for any fiscal year.

(b) To obtain financial assistance, an applicant shall submit an application in accordance with § 700.463.

(c) The Commission may make funding decisions throughout the year as applications are approved. The Commission shall, to the extent possible, make funds available throughout the year for approved applications. Based upon the merit of applications received under this subpart, the Commission shall determine how funds available under this subpart shall be apportioned among the activities described in § 700.457 and § 700.459.

§ 700.457 Assistance to match or pay 30% of grants, contracts or other expenditures.

(a) The purpose of applications for financial assistance under this section shall be to aid individuals subject to relocation under the Act and to assist the host communities, towns, cities, or other entities in adjusting to and meeting the needs of the relocatees. For this purpose, the discretionary fund may be used to match or pay not to exceed 30% (thirty percent) of any grant, contract, or other expenditure of the Federal Government, State or local government, tribal government or chapter, or private organization for the benefit of the Navajo or Hopi Tribe, if the Commission determines that such grant, contract, or expenditure would significantly assist the Commission in carrying out its responsibility or assist either tribe in meeting the burdens imposed by this Act.

(b) An "other expenditure" under this subsection is defined as cooperative agreements, direct provision of services,

or in-kind contributions. The Commission may match or pay not to exceed 30% (thirty percent) of another expenditure through a grant, contract, or cooperative agreement.

(c) Eligible applicants under this section for a grant, contract, or cooperative agreement are defined as States, local government, the Navajo and Hopi Tribes, tribal chapters or villages and profit and nonprofit organizations.

(d) Total Federal financial assistance under this section may reach 100% (one hundred percent) if the applicant receives 70% (seventy percent) Federal funding from Federal agencies other than the Commission.

(e) When another Federal agency is a primary source of financial assistance for an applicant, the Commission may, pursuant to an interagency agreement, transfer funds to the primary Federal agency providing financial assistance to the applicant.

(f) The Commission may, pursuant to an interagency agreement, transfer not to exceed 10% (ten percent) of the funds available under this subpart to another Federal agency directly assisting relocatees if such agency's activities would accomplish the purpose of paragraph (a) of this section. Financial assistance transferred to accomplish an eligible activity under paragraph (a) of this section may not exceed the funding limitation of paragraph (a) of this section.

(g) An applicant may apply for financial assistance under this section in accordance with the funding limitations described in paragraph (a) for the purpose of undertaking a technical feasibility study of a construction project or any major project with a total funding of over $200,000 (two hundred thousand dollars) or any dollar amount which the Commission may prescribe at some future time.

§ 700.459 Assistance for demonstration projects and for provision of related facilities and services.

(a) The purpose of applications for financial assistance under this section shall be to aid individuals subject to relocation under the Act. For this purpose, the discretionary fund may be used by the Commission to engage or participate either directly through Federal activities, or by cooperative agreement, grant, or contract in demonstration efforts to employ innovative energy or other technologies in providing housing and related facilities and services in the relocation and resettlement of individuals under this Act.

(b) Applicants eligible under this section to receive grants, cooperative agreements or contracts are: states, local governments, the Navajo and Hopi Tribes, tribal chapters, profit and nonprofit organizations, and individuals.

(c) Applicants for assistance under this section may receive up to 100% (one hundred percent) project or program funding from the Commission, however, the Commission may specify whether applications for certain types of programs or projects under this section require matching funding from the applicant.

(d) Activities described in §§ 700.457(a) and 700.459(a) may be provided by the Commission through in-house activities which receive financial assistance under this section.

(e) The Commission may, pursuant to an interagency agreement, transfer not to exceed 10% (ten percent) of the funds available under this subpart to another Federal agency directly assisting relocatees if such agency's activities would accomplish the purpose of §§ 700.457(a) and 700.459(a).

(f) An applicant may apply for financial assistance under this section for the purpose of undertaking a technical feasibility study of a construction project, or any major project with a total planned funding of over $200,000, (two hundred thousand dollars) or any dollar amount which the Commission may prescribe at some future time.

§ 700.461 Method for soliciting applications.

(a) The Commission shall utilize two methods to solicit applications for funding:

(1) The Commission shall issue an annual announcement of the availability of funds for programs which will most effectively meet the purposes of §§ 700.457(a) or 700.459(a). Applicants submitting applications under this announcement must demonstrate that the proposed project or program will effectively facilitate and expedite the relocation effort of the Commission.

(2) As priority needs are identified by the Commission, calls shall be issued during the fiscal year for specific proposals. Requests for proposal shall define the need to be addressed and the scope of work required.

(b) The annual announcements of the availability of funds and periodic requests for proposals shall be issued through the Commerce Business Daily and media which has regional and local circulation. The Commission may fund approved applications through grant, contract, or direct provision of services, pursuant to Pub. L. 93–531, as amended.

§ 700.463 Requirements for applications.

(a) Applicants shall submit preapplications for funding assistance. The preapplication shall be due by the closing date published by the Commission, and shall consist of:

(1) Standard Form 424;

(2) A brief narrative not to exceed one page describing how the program or project will meet the priorities established by the Commission pursuant to §§ 700.457 or 700.459.

(b) The Commission shall respond to each preapplication, and shall request each person submitting an acceptable preapplication to submit an application.

(c) Applications for financial assistance for a project or program may be submitted by the due date established by the Commission for a particular funding cycle. Applications received after the due date will be considered for the next funding cycle, although the Commission, at its discretion, may select such a project for funding under the current cycle. An original and 5 (five) copies of each application must be submitted to the Commission. Applications shall be submitted on such forms as the Commission may prescribe in conformity with OMB circulars A102 or A110.

(d) Applications under § 700.457 for matching financial assistance not to exceed 30% of another expenditure, shall include:

(1) A detail sheet showing the sources of matching funds, including both cash and in-kind contributions, and documentation that the applicant has fulfilled all of the requirements of any Federal agency, state or local government or chapter, or private organization from which the financial assistance is also requested; and

(2) A narrative statement which includes an explanation of how the application would aid relocatees and assist the host communities, towns, cities, or other entities in adjusting to and meeting the needs of relocatees.

(e) Applications for financial assistance under § 700.459 must justify the proposed project or program as a demonstration effort in order to be eligible for 100% funding.

(f) Applications shall contain a statement of how the applicant plans to comply with the provisions of the Indian Self-Determination Act (25 U.S.C. 450e) and the Act of April 16, 1934 (48 Stat. 596) as amended (25 U.S.C. 452–457).

§ 700.465 Technical feasibility.

Unless required by a non-Commission source of financial assistance, completed plans and specifications are

not required at the time an application is submitted for construction, technology, or another engineering project, however, an application for a construction, technology or another engineering project shall:

(a) Include sufficient information to determine the nature and scope of the project, its probable useful life, and a reasonable estimate of cost;

(b) Fully show that the applicant will follow design and performance criteria which conform to professionally recognized standards and which adequately define the technical capability of the project to serve current and foreseeable needs; and

(c) Justify any evidence or use of unorthodox design.

(d) Show that the applicant has a management plan for the facility which identifies probable sources of operating funds.

(e) An applicant who is awarded a grant under § 700.465 is required to submit completed plans and specifications for the construction, technology, or other engineering project prior to construction. The Commission shall review the completed plans and specifications for technical adequacy as part of its oversight function.

§ 700.467 Construction costs.

Construction costs and costs relating to construction such as machinery and equipment, architect/engineer services, and administrative services may be allowable as determined by the Commission.

§ 700.469 Unallowable program and project costs.

Costs for program or project operating expenses are not allowable except in the following cases—

(a) An application for an annual contract for services under §§ 700.457 or 700.459 may include necessary operating expenses; and

(b) An application for a demonstration effort under § 700.459 may include costs relating to the operation of the demonstration.

§ 700.471 Review and approval.

(a) Upon receipt of an application for financial assistance under this subpart, members of the Commission staff shall begin a preliminary review of the application with the intent of submitting a recommendation to the Commissioners of whether to accept or deny the application. The Commission staff may inform the applicant before its recommendation to the Commissioners, of any special problems or impediments which may result in a recommendation for disapproval; may offer any available technical assistance required to overcome such problems or impediments; and solicit the applicants written response.

(b) The Commission staff may solicit comments on an application from technical specialists, community groups and others, when such advice is needed to fully evaluate the application.

(c) The Commission staff shall forward the application with their recommendation to the Commissioners. The Commissioners may approve applications if they determine that:

(1) The application meets the requirements of this subpart;

(2) The application meets the intent of the Act;

(3) The application fully demonstrates that it will expedite the relocation and resettlement of individuals under the Act and ease the hardship incurred by these individuals or by the Tribes;

(4) The application is compatible with priorities identified by the Commission;

(5) The applicant can carry out the activities described in the application and can maintain proper financial controls on the activities for which financial assistance is requested;

(6) The applicant can and will comply with requirements for Indian preference in employment and training in connection with the administration of the grant, and preference to Indian organizations and Indian owned economic enterprises in the award of subcontracts or subgrants; and

(7) Funds are available.

(d) All applicants shall be notified in writing of the Commission's approval or disapproval of the grant applications.

§ 700.473 Administrative expenditures of the Commission.

The Commission may use funds in an amount not to exceed 5 percent of the funds authorized under this subpart for expenses relating to the administration of the discretionary fund including—

(a) Personnel, whose time is expended directly in support of such administration;

(b) Supplies which are expended directly in support of such administration;

(c) Contracts, where the work performed is directly related to such administration;

(d) Printing, directly in support of such administration; and

(e) Travel, directly related to such administration.

§ 700.475 Reports.

Reports shall be furnished by any recipient of financial assistance under this subpart, in such manner as may be required by the Commission.

§ 700.477 Administration of financial assistance and recordkeeping requirements.

(a) A State or local government [except an institution of higher education or a hospital since they are governed by paragraph (b)], or the Navajo or Hopi Tribe receiving a grant or cooperative agreement under this subpart shall comply with applicable law including the following requirements—

(1) Office of Management and Budget Circular A–102, entitled "Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments" including attachment C describing recordkeeping requirements; and

(2) Federal Management Circular 74–4 5 CFR Part 1310, entitled "Cost Principles Applicable to Grants and Contracts with State and Local Governments."

(b) A nonprofit organization, institution of higher education, or hospital receiving a grant or cooperative agreement under this subpart shall comply with applicable law including the following requirements—

(1) Office of Management and Budget Circular A–110, entitled "Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations" including attachment C describing recordkeeping requirements; and

(2) Office of Management and Budget Circular A–122, entitled "Cost Principles for Nonprofit Organizations."

(c) A profit organization receiving a grant or cooperative agreement under this subpart shall comply with applicable law including Federal Procurement Regulations (41 CFR Subpart 1–15.2) for determining the reasonableness, allowability, and allocability of costs.

(d) A profit organization, tribal chapter, or individual receiving a grant or cooperative agreement under this subpart shall—

(1) Follow sound and proper procedures for the administration of the financial assistance including any procedures established by the Commission; and

(2) Retain records as required by the Commission.

(e) A State, local government, the Navajo or Hopi Tribe, a tribal chapter or an individual receiving a contract under this subpart shall comply with applicable law including Federal Procurement Regulations (41 CFR Parts 1–1 through 1–30). Recordkeeping requirements for contracts are described in §§ 1–3.814–2, 1–7.103–3, 1–7.103–18, 1–

7.603–20, and 1–7.603–7 of the Federal Procurement Regulations.

(f) A State, local government, profit or nonprofit organization, or an individual residing off of the Navajo or Hopi reservation applying for a grant or cooperative agreement under this subpart shall comply with Office of Management and Budget Circular A–95, entitled "Evaluation, Review and Coordination of Federal and Federally Assisted Programs and Projects" unless exempted under Part I, section 8.b. of this circular.

(g) Recipients of financial assistance under this subpart shall comply with other procedures which the Commission may from time to time prescribe for the administration of financial assistance provided under this subpart.

(h) A state or local government, nonprofit organization, institution of higher education, hospital, profit organization or individual receiving a grant, subgrant, contract or subcontract under this part shall comply with the provisions of the Indian Self-Determination Act (25 U.S.C. 450e) and the Act of April 16, 1934 (48 Stat. 596) as amended (25 U.S.C. 452–457) which require that to the greatest extent feasible:

(1) Preferences and opportunities for training and employment in connection with the administration of such contracts or grants shall be given to Indians; and

(2) Preference in the award of subcontracts and subgrants in connection with the administration of such contracts or grants shall be given to Indian organization and to Indian owned economic enterprises as defined in Section 3 of the Indian Financing Act of 1974 (88 Stat. 77) (25 U.S.C. 1452).

§ 700.479 Administrative review.

(a) If the Commissioners determine that implementation of an application approved according to § 700.471 fails to meet the requirements of this subpart, the Commissioners shall give notice to the recipient of their intent to terminate or suspend financial assistance to the recipient.

(b) The Commission shall issue such notice in written form sent by registered mail, return receipt requested, which notice shall include a statement of the reasons for the findings referred to in paragraph (a) of this section, and an explanation whether any amendments or actions would result in compliance with grant terms and conditions.

(c) Any person whose approved financial assistance is terminated or suspended under paragraph (b) of this section may request a review of such action by the Commission. Such request for review shall be in writing and must be mailed or delivered to the Commission not later than thirty (30) days after receipt of the notice from the Commission by the applicant. Such request for review shall state the reasons for the request and shall include any additional matters not before the Commission which the applicant deems appropriate. The Commission may grant or deny a review at its discretion and shall inform the applicant of its decision in writing.

Hawley Atkinson,

Chairman, Navajo-Hopi Indian Relocation Commission.

[FR Doc. 82–35192 Filed 12–28–82; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 4a

[T.D. 7865]

Temporary Income Tax Regulations Relating to Source of Income; Source of Interest and Dividends

AGENCY: Internal Revenue Service, Treasury.

ACTION: Temporary regulations.

SUMMARY: This document provides temporary income tax regulations relating to the source of interest derived from resident alien individuals and domestic corporations and the source of dividends derived from domestic corporations under section 861 of the Internal Revenue Code of 1954. The temporary regulations are necessary to effectuate the intended purpose of the rules for determining the source of interest and dividend income.

EFFECTIVE DATE: The amendments are effective for interest and dividends received or accrued after December 29, 1982.

FOR FURTHER INFORMATION CONTACT: Martha E. Kadue of the Legislation and Regulations Division, Office of Chief Counsel, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, D.C. 20224, Attention: CC:LR:T, 202–566–3238, not a toll-free call.

SUPPLEMENTARY INFORMATION:

Background

Section 861 prescribes rules for determining when certain items of gross income shall be treated as income from sources within the United States. Subsection (a)(1) states that interest on indebtedness of a United States resident (including a corporation) is generally treated as income from U.S. sources. One of the exceptions to this general rule, found in section 861(a)(1)(B), is for U.S. resident alien individuals and domestic corporations that have derived less than 20 percent of their gross income for their prior three taxable years from U.S. sources. Interest received from these individuals and corporations is treated as income from sources outside the United States under section 862(a)(1).

Subsection (a)(2)(A) of section 861 provides generally that dividends from domestic corporations are treated as income from U.S. sources. However, if the domestic corporation derived less than 20 percent of its gross income for its prior three taxable years from sources within the United States, the dividend is treated as income from sources outside the United States under section 862(a)(2).

Guam, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands of the United States each have a separate territorial income tax system and generally apply the Internal Revenue Code as their territorial income tax law by substituting the name of the possession for the words "United States" as appropriate. These "mirror codes" include the source rules described above. Except as otherwise required, United States corporations are foreign corporations under these mirror codes. While each of these possessions has a separate tax system, each of those mirror codes together with the Internal Revenue Code forms an integrated scheme of income taxation.

Fixed and determinable annual and periodical income received by a U.S. person from sources within the above-mentioned possessions is not subject to tax to the recipient by certain of these possessions. These tax rules are generally designed to encourage U.S. investment in such possessions. They are not intended or designed to allow income earned in such possessions by a foreign person (not a citizen, resident, or domestic corporation of either jurisdiction) to avoid taxation by both the possession and the United States under sections 871(a) and 881(a) of their respective tax codes. Accordingly, these temporary regulations provide that income derived from Guam, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands of the United States that is not subject to tax to the recipient by that jurisdiction is treated as U.S. source income for purposes of the source of income rules in section 861 (a)(1)(B) and (a)(2)(A). These temporary regulations shall be effective for interest and dividends