Proposed Rules

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 999

Amendment of Flibert Import Regulation; Extension of Time for Filing Comments

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Extension of time for filing comments.

SUMMARY: At the request of several persons, the time for filing comments regarding proposed changes in the Flibert Import regulation is extended from June 10 to July 1.

DATES: Written comments must be received by July 1, 1980.

ADDRESS: Written comments should be submitted in duplicate to the Hearing Clerk, Room 1077, South Building, U.S. Department of Agriculture, Washington, D.C. 20250. All written submissions will be made available for public inspection at the office of the Hearing Clerk during regular business hours.


SUPPLEMENTARY INFORMATION: Notice was published in the April 9, 1980, Federal Register (45 FR 24187) to revise the grade requirements for shelled filberts [§ 999.300] Exhibit A] as required by section 8e (7 U.S.C. 6086-1) of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674). This action to extend the time for filing comments is based on the requests of several persons to give them additional time to review the April 9 proposal.

Dated: June 8, 1980.
D. S. Kurylofski, Acting Director, Fruit and Vegetable Division.
[FR Doc. 80-37973 Filed 6-10-80; 8:45 am]
BILLING CODE 3410-02-M

FARM CREDIT ADMINISTRATION

12 CFR Part 618

General Provisions

AGENCY: Farm Credit Administration.

ACTION: Proposed rule.

SUMMARY: The Farm Credit Administration, by its Federal Farm Credit Bank, has under consideration a proposed amendment to its regulation pertaining to internal controls for the operations of the Farm Credit Banks and associations. The existing regulation contains specific provisions as to how this function, including internal auditing, is to be performed by the institutions. By eliminating these specific requirements, the proposed will provide the district Farm Credit Boards greater flexibility to establish policies for ensuring the effective control over and accountability for the operations, programs and resources of these institutions.

DATES: Written comments must be received on or before August 11, 1980.

ADDRESS: Submit any comments or suggestions in writing to Donald E. Wilkinson, Governor, Farm Credit Administration, Washington, D.C. 20578. Copies of all communications received will be available for examination by interested persons in the Office of Director, Public Affairs Division, Office of Administration, Farm Credit Administration.

FOR FURTHER INFORMATION CONTACT: Larry H. Bacon, Acting Deputy Governor, Office of Administration, Farm Credit Administration, 499 L’Enfant Plaza, East, S.W., Washington, D.C. 20578 (202) 755-2181.

Title 12, Chapter VI is proposed to be amended by revising § 618.8430 as follows:

PART 618—GENERAL PROVISIONS

Subpart I—Internal Controls

§ 618.8430 Internal Controls

(a) General. The district board shall adopt an internal control policy designed to provide direction to banks and associations in establishing effective control over and accountability for operations, programs, and resources. Board policy should include:

(1) Direction to management which ensures the fixation of responsibility for the internal control function (financial and administrative) in an officer (or officers) of the bank.

(2) Requirements that the bank adopt internal audit and control procedures, evidencing responsibility in the review and maintenance of a comprehensive and effective internal control operation.

(b) The Farm Credit Administration shall include a review and analysis of the internal control function of each bank in its supervisory and examination effort, including the reporting of policy and management weaknesses.

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

15 CFR Part 938

Gray’s Reef Marine Sanctuary; Designation

AGENCY: National Oceanic and Atmospheric Administration (NOAA), Department of Commerce.

ACTION: Proposed rule.

SUMMARY: The National Oceanic and Atmospheric Administration proposes the designation by the Secretary of Commerce of the Gray’s Reef Marine Sanctuary 17.5 nmi east of Sapelo Island, Georgia. Presidential approval of the designation is required. After designation, the Secretary of Commerce must promulgate necessary and reasonable regulations to control activity within the sanctuary. These proposed regulations define permissible activities within the Sanctuary, the procedures by which persons may obtain permits for prohibited activities, and the penalties for committing prohibited acts without a permit.

DATE: Comments due August 11, 1980.

ADDRESS: Send comments to: Director, Sanctuary Programs Office, Office of
Coastal Zone Management, NOAA, 3300 Whitehaven Street, NW., Washington, D.C. 20235.

OR FURTHER INFORMATION CONTACT: Jr. Nancy Foster, Deputy Director, Sanctuary Programs Office, Office of Coastal Zone Management, NOAA, 3300 Whitehaven Street, NW., Washington, D.C. 20235 (202) 634-4230.

SUPPLEMENTARY INFORMATION: Title III of the Marine Protection, Research, and Sanitaries Act of 1972, 16 U.S.C. 1431-1434 (the Act) authorizes the Secretary of Commerce, with Presidential approval, to designate ocean waters as far seaward as the outer edge of the Continental Shelf as marine sanctuaries to preserve or restore distinctive conservation, recreational, ecological, or aesthetic values. Section 302(f) of the Act directs the Secretary to issue necessary and reasonable regulations to control any activities permitted within a designated marine sanctuary. The authority of the Secretary to administer the provisions of the Act has been delegated to the Assistant Administrator for Coastal Zone Management within the National Oceanic and Atmospheric Administration, U.S. Department of Commerce (the Assistant Administrator).

The Office of Coastal Zone Management proposes to designate a 1,680 square nautical mile (sq nmi) marine sanctuary 17.5 nmi east of Sapelo Island, Georgia. The proposed area is a biologically productive bottom reef off the South Atlantic Continental Shelf which supports representatives of Virginian, Carolinian and West Indian biota, including an array of invertebrates, fish and turtles. In 1978 the Georgia Department of Natural Resources recommended the Gray’s Reef area as a marine sanctuary. In July 1979, NOAA distributed the Gray’s Reef nomination for review and comment among Federal and State authorities, local fishery management councils, environmental and special interest groups and individuals. Most responses to the nomination were favorable. On October 12, 1978, based on information obtained through consultation and on criteria stated in NOAA’s General Marine Sanctuary Regulations (15 CFR Part 822, 44 FR 44831, July 31, 1979), NOAA determined that Gray’s Reef would be eligible for the Initial List of Recommended Areas when published at the same time, selected the site as an Active Candidate for sanctuary designation (44 FR 58833) and announced its intent to prepare an issue paper and to schedule public workshops in areas affected by the proposed designation. Shortly afterwards, NOAA distributed an issue paper which described the gray’s Reef resources, major issues and a range of boundary, regulatory and management alternatives related to the proposed action. In November 1979, NOAA held a public workshop on the proposal in Brunswick and Savannah, Georgia. Scientists, environmentalists, educators, and resource managers testified in favor of the proposal, citing as beneficial impacts, initiation of a comprehensive management framework for the area, the coordination of uses and conservation of live bottom resources and habitats, development of research and education programs and implementation of appropriate regulations. Local fishermen and divers took issue with the possible regulation of spearfishing, arguing that Gray’s Reef spearfishing is a low-intensity, non-impacting sport. Few commenters, while not opposed to the proposed action, questioned the purpose and need for a marine sanctuary, citing management authority of the regional fisheries management councils as an alternative.

NOAA evaluated all comments, issues and available information and decided to prepare a Draft Environmental Impact Statement (DEIS) for a proposed Gray’s Reef Marine Sanctuary in December 1979 and conducted a scoping meeting in January 1980 concerning development of the DEIS.

After consultation with other Federal agencies, State agencies, the Gulf and South Atlantic Regional Fishery Management Councils, and local interest groups and individuals, NOAA prepared a DEIS which has been published concurrently with these regulations (a copy can be obtained by writing to the contact identified above), which describes the impacts of the marine sanctuary proposal including its ability to focus on this particularly valuable marine area and to provide comprehensive planning. It discusses marine sanctuary management including research and monitoring of the conditions of the site and the resources to assure long-term protection and maximum safe use and enjoyment and the educational element of the program to increase public awareness of the value of the resources. The rationale for designation and for the proposed regulatory system as well as alternative approaches, both regulatory and nonregulatory, are more fully set forth in the DEIS.

OCZM will receive public comments on the proposal, hold public hearings in Brunswick and Savannah, Georgia, and prepare a final EIS and regulations which incorporate and respond to the comments received. Only after final consultation with Federal agencies, and with Presidential approval, can the Secretary designate the sanctuary and promulgate regulations.

NOAA’s Marine Sanctuary Regulations provide that the regulatory system for a marine sanctuary will be established by two documents, a Designation document and the regulations issued pursuant to Section 302(f) of the Act. The Designation will serve as a constitution for the Sanctuary, establishing among other things the purposes of the Sanctuary, the types of activities that may be subject to regulation within it, and the extent to which other regulatory programs will continue to be effective.

As proposed, the Gray’s Reef Marine Sanctuary Designation Document, would provide as follows:

Draft Designation Document Designation of the Gray’s Reef Marine Sanctuary

Preamble

Under the authority of the Marine Protection, Research and Sanitary Area Act of 1972, Pub. L. 89-533 (the Act), the waters at Gray’s Reef, South Atlantic Bight off the coast of Georgia, are hereby designated a Marine Sanctuary for the purposes of: (1) Protecting and enhancing the quality of this unique and fragile ecological community; (2) Promoting scientific understanding of this live bottom ecosystem; and (3) Enhancing public awareness and wise use of this significant regional resource.

Article 1. Effect of Designation

The area designated as The Gray’s Reef Marine Sanctuary shall be known as the Sanctuary, as described in Article 2, the Act authorizes the promulgation of such regulations as are reasonable and necessary to protect the values of the Sanctuary. Article 4 of the Designation lists those activities which may require regulation, but the listing of any activity does not itself prohibit or restrict it. Restrictions or prohibitions may be accomplished only through regulation, and additional activities may be regulated only by amending Article 4.

Article 2. Description of the Area

The Sanctuary consists of a 16.68 square nautical mile (sq nmi) area of the high seas waters located 17.5 nmi due east of Sapelo Island, Georgia. The precise boundaries are defined by regulations.
**Article 3. Characteristics of the Area**

The Sanctuary consists of submerged "reef" and contiguous submerged, bird-laden and soft bottom intertidal and subtidal marine plants, invertebrates, fish, and other marine mammals in an area relatively barren of ocean. The area attracts multiple human use, including recreational fishing and diving, research and educational use.

**Section 2. Other Programs. All applicable regulatory programs.**

Applicable regulatory programs shall remain in effect, all permits, licenses and other authorizations issued pursuant thereto shall be valid within the Sanctuary unless otherwise prohibiting any activity is prohibited by any regulation implementing Article 4. The Sanctuary regulations will set forth any necessary certification procedures.

**Article 6. Alterations to This Designation**

This Designation can be altered only in accordance with the same procedures by which it was made, including public hearings, consultation with interested Federal and State agencies and the South Atlantic Regional Fishery Management Council, and approval by the President of the United States.

[End of Designation]

Only those activities listed in Article 4 are subject to regulation in the Sanctuary. Before any additional activities may be regulated, the Designation must be amended through the entire designation procedure including public hearing and approval by the President. Spearfishing is listed in Article 4 because of the potential for damage. However, no additional regulation of this activity is proposed at this time.

The primary purpose of the proposed regulations is to protect and to preserve the live bottom reef ecosystem, including many reef dwelling organisms. Accordingly, all activities which would adversely impact live bottom resources are prohibited, except those permitted by the Secretary Administrator in accordance with §938.4. Such activities include: alteration or construction on the bottom (§938.4(a)(3)); structures fishing activities (§938.4(a)(4)); bottom fishing and specimen dredging (§938.4(a)(5)); and marine specimen collecting (§938.7(a)(2)). Similar activities harming cultural or historical artifacts in the area are prohibited, except by use permit (§938.6(a)(3)). Anchoring in such a way as to injure live bottom habitat areas or living marine resources is prohibited (§938.6(a)(2)). Finally, discharge and dumping of polluting materials which could damage the natural values of the area are prohibited (§938.6(a)(2)). Spearfishing is listed in the Designation document, but no regulations are proposed at this time.

**Section 3. Emergency Regulations.**

Emergency regulations are necessary when essential to prevent immediate, serious, and irreversible damage to the ecosystem of the area, activities other than those listed in Section 1 may be regulated within the limits of the Act on an emergency basis for an interim period not to exceed 120 days, during which an appropriate amendment of this Article will be proposed in accordance with the procedures specified in Article 5.

**Article 5. Relation to Other Regulatory Programs**

Section 1. Defense Activities. The regulation of activities listed in Article 4 shall not prohibit any Department of Defense activities. However, activities essential for national defense or because of emergency. Such activities shall be consistent with the regulations to the maximum extent practicable.
31°21'45" N, 80°46'42" W, thence back to
the point of origin.

§ 938.4 Definitions.
(a) "Administrator" refers to the
Administrator of the National Oceanoic
and Atmospheric Administration.
(b) "Assistant Administrator" refers
to the Assistant Administrator for
Coastal Zone Management, National
Oceanic and Atmospheric
Administration.
(c) "Person" is any private individual,
partnership, corporation, or other entity;
or any officer, employee, agent,
department, agency or instrumentality of
the Federal government or any State or
local unit of government.

§ 938.5 Allowed activities.
All activities except those specifically
prohibited by § 938.6, may be carried
within the Sanctuary subject to all
prohibitions, restrictions and conditions
imposed by any other authority.

§ 938.6 Prohibited activities.
(a) Except as may be necessary for
national defense in accordance with
Article 5, Section 2 of the Designation or
as may be necessary to respond to an
emergency threatening life, property or
the environment, the following activities
are prohibited within the Sanctuary
unless permitted by the Assistant
Administrator in accordance with
section 938.8. All prohibitions must be
applied consistently with international
law.
(1) Alteration of or construction on the
seabed. No person shall dredge, drill or
otherwise alter the seabed in any way
nor construct any structure other than a
navigation aid without a permit.
(2) Discharge of substances. No
person shall deposit or discharge any
materials or substances of any kind except:
(i) Fish or parts, bait and chumming
materials;
(ii) Effluent from marine sanitation
devices; and
(iii) Non-polluted cooling waters from
vessels.
(3) Operation of Watercraft. (i) All
watercraft shall be operated in
accordance with Federal rules and
regulations that would apply if there
were no Sanctuary.
(ii) No person shall place any rope,
chain, or anchor in such a way as to
damage the live bottom formation or
attached living marine resources
anywhere within the Sanctuary. Anchors
shall be dropped on sand flats off the
rock outcrops and placed so as not to
rift into the live bottom formations.
When anchoring dive boats, the first
diver down shall inspect the anchor to
effect that it is placed on sand bottom
and will not shift in such a way as to
impact the live bottom outcrops. No
further diving is permitted until the
anchor is placed in accordance with
these requirements.
(iii) Wire trap fishing. No person shall
use or place wire fish traps within the
sanctuary without a permit.
(5) Bottom-trawling and specimen-
dredging. No person shall use a bottom-
trawl, specimen-dredge or similar
vessel-towed bottom sampling device
within the Sanctuary without a permit.
(6) Marine specimen collecting. (i) No
person shall break, cut or otherwise
damage, take or remove any bottom
formation, any marine invertebrate or
any marine plant without a permit.
(ii) No person shall take without a
permit any tropical fish which is a fish of
minimal sport and food value, usually
brightly colored, often used for aquaria
purposes and which lives in a direct
interrelationship with the live bottom
community.
(iii) There shall be a rebuttable
presumption that any items listed in this
paragraph found in the possession of a
person within the Sanctuary have been
collected or removed from the
Sanctuary.
(4) No person shall use poisons,
electric charges, explosives or similar
methods to take any marine animal or
plant.
(7) Removing or damaging historic or
Cultural resources. (i) No person shall
tamper with, damage or remove any
historic or cultural resources without a
permit.
(ii) All activities currently carried out
by the Department of Defense within the
Sanctuary are essential for the national
defense and, therefore, not subject to
these prohibitions. The exemption of
additional activities having significant
impacts shall be determined in
consultation between the Assistant
Administrator and the Department of
Defense.
(iii) The prohibitions in this section
are not based on any claim of
territoriality and will be applied to
foreign persons and vessels only in
accordance with recognized principles
of international law, including treaties,
conventions and other international
agreements to which the United States
is signatory.

§ 938.7 Penalties for commission of
prohibited acts.
Section 303 of the Act authorizes the
assessment of a civil penalty of not
more than $50,000 against any person
subject to the jurisdiction of the United
States for each violation of any
regulation issued pursuant to the Act,
and further authorizes a proceeding in
court against any vessel used in violation
of any such regulation.

§ 938.8 Permit procedures and criteria.
(a) Any person in possession of a
valid permit issued by the Assistant
Administrator in accordance with this
section may conduct any activity in the
Sanctuary including any activity
specifically prohibited under § 938.6, if
such activity is (1) research related to
the resources of the Sanctuary, (2) to
further the educational value of the
Sanctuary, or (3) for salvage or recovery
operations.
(b) Permit applications shall be
addressed to the Assistant
Administrator for Coastal Zone
Management, Attn: Office of Sanctuary
Programs, Division of Operations and
Enforcement, National Oceanic and
Atmospheric Administration, 3300
Whitehaven Street NW, Washington,
D.C. 20353. An application shall provide
sufficient information to enable the
Assistant Administrator to make the
determination called for in paragraph (c)
of this section and shall include a
description of all activities proposed, the
equipment, methods, and personnel
(particularly describing relevant
experience) involved, and a timetable
for completion of the proposed activity.
Copies of all other required licenses or
permits shall be attached.
(c) In considering whether to grant a
permit, the Assistant Administrator
shall evaluate (1) the general
professional and financial responsibility
of the applicant, (2) the appropriateness
of the methods envisioned to the
purpose(s) of the activity, (3) the extent
to which the conduct of any permitted
activity may diminish or enhance the
value of the Sanctuary, (4) the end value
of the activity and (5) other matters as
deeded appropriate.
(d) In considering any application
submitted pursuant to this section, the
Assistant Administrator may seek and
consider the views of any person or
entity, within or outside of the Federal
Government, and may hold a public
hearing, as deemed appropriate.
(e) The Assistant Administrator may,
at his or her discretion, grant a permit
which has been applied for pursuant to
this section, in whole or in part, and
subject to each condition(s) as deemed
appropriate. The Assistant
Administrator or a designated
representative may observe any
permitted activity and/or require the
submission of one or more reports of the
status or progress of such activity. Any
information obtained will be made
available to the public.
provided in paragraph (c) of this section, and such other considerations as deemed appropriate. The Administrator will notify all interested persons of the decision, and the reason(s) for the decision, in writing, within 30 days of receipt of sufficient information, unless additional time is needed for a hearing.

(c) If a hearing is requested or if the Administrator determines one is appropriate, the Administrator may grant an informal hearing before a designated Hearing Officer after first giving notice of the time, place, and subject matter of the hearing in the Federal Register. Such hearing must normally be held no later than 30 days following publication of the notice in the Federal Register unless the Hearing Officer extends the time for reasons deemed equitable. The Appellant, the Applicant (if different) and other interested persons (at the discretion of the Hearing Officer) may appear personally or by counsel at the hearing and submit such material and present such arguments as determined appropriate by the Hearing Officer. Within 30 days of the last day of the hearing, the Hearing Officer shall recommend in writing a decision to the Administrator.

(d) The Administrator may adopt the Hearing Officer's recommended decision, in whole or in part, or may reject or modify it. In any event, the Administrator shall notify interested persons of the decision, and the reason(s) for the decision (in writing) within 30 days of receipt of the recommended decision of the Hearing Officer. The Administrator's action will constitute final action for the Agency for the purposes of the Administrative Procedures Act.

(e) Any time limit prescribed in this section may be extended for a period not to exceed 30 days by the Administrator for good cause upon written request from the Appellant or Applicant stating the reason(s) for the extension.

[FR Doc. 80-17347 Filed 6-10-80; 8:45 am]

BILLING CODE 3510-08-M

15 CFR Part 938

Designation of Gray's Reef, Ga., as a Marine Sanctuary; Availability of Funds for Public Participation; Public Hearings

AGENCY: Office of Coastal Zone Management (OCZM), National Oceanic and Atmospheric Administration, Department of Commerce.

ACTION: Announcement of public hearings and availability of funds for public participation.

SUMMARY: Pursuant to Title III of the Marine Protection, Research and Sanctuaries Act of 1972, 16 U.S.C. 1431-1434, the OCZM is considering the designation of certain waters known as Gray's Reef, Georgia as a Marine sanctuary. A draft environmental statement (DEIS) discussing this proposal was published in May 1980. This document announces the dates for two public hearings to be held to discuss these issues. Also, in order to promote a full and fair determination of the issues involved, the document announces the availability of $5,000 to compensate persons eligible under the criteria set forth in NOAA regulations (15 CFR Part 904) for their participation in this proceeding.

DATES: The public hearings will be held on July 7, and July 8, 1980, beginning at 7:00 p.m. both days.

The closing date for the receipt of applications for compensation for June 25, 1980.

Comments on the DEIS will be accepted until August 5, 1980.

ADDRESSES: The July 7 hearing will be held at the Brunswick-Glynn County Regional Library, 208 Gloucester Street, Brunswick, Georgia.

The July 8 hearing will be held at the Savannah Science Museum, 4005 Paulsen Street, Savannah, Georgia.

Applications for compensation must be filed with the Director, Sanctuary Programs Office, Office of Coastal Zone Management, NOAA, 3300 Whittaker Street, N.W., Washington, D.C. 20223.

FOR FURTHER INFORMATION CONTACT: Dr. Nancy Foster, Deputy Director, Sanctuary Programs Office, (202) 634-4236.

SUPPLEMENTARY INFORMATION: In June 1978, the Georgia Department of Natural Resources submitted to NOAA a recommendation to designate Gray's Reef, South Atlantic Continental Shelf, as a marine sanctuary. In July 1979, NOAA consulted with other Federal agencies, Fishery Management Councils, State and local government officials and the general public in accordance with the Act. In November 1979, NOAA proposed the DEIS on which comment is solicited. The DEIS is available for public examination at the Office of Coastal Zone Management, 1620 P Street, N.W., Washington, D.C. 20223. 

October 1979, NOAA distributed an Issue Paper on the proposed site and, in November 1979, held public workshops on the proposed action. Based on written and oral input, NOAA proposed a DEIS on which comment is solicited. NOAA will hold public hearings in Brunswick on July 7, and Savannah on July 8, 1980 to receive comments on the proposal and on the DEIS.
Issues Involved: The basic issues which will be considered at the public hearings are analyzed in the DEIS and include:

(a) ecological, and aesthetic resources found in the proposed area; and

(b) Management, boundary and regulatory alternatives considered within the proposed area to ensure protection and proper management.

Available Fund: A total fund of $5,000 is available to compensate eligible applicants. This fund may be distributed among one or more applicants, or, at the discretion of the Administrator, not distributed at all.

Eligible Persons: In accordance with the criteria of 15 CFR 904.3, persons who represent an interest, the presentation of which can reasonably be expected to contribute substantially to a fair determination of the issues described above, are eligible for compensation from these funds. In determining eligibility and the amount of compensation, the Administrator may take into account:

(a) Whether the interest will be adequately represented otherwise;

(b) The need to encourage participation by segments of the public who may have little economic incentive to participate;

(c) The importance of the representation to a fair balance of interests;

(d) The number and complexity of the issues presented;

(e) The importance of public participation; and

(f) The applicant's resources available for participation.

Eligible Costs: The Administrator may compensate eligible persons for some or all of the reasonable costs incurred in participating including:

(1) Salaries for participants or employees of participants;

(2) Fees for consultants, experts, contractual services, and attorneys;

(3) Travel and travel related costs such as lodging, meals, tipping, telephone calls, etc.; and

(4) Document reproduction, postage, etc.

Procedures for applying: Applications must be filed with the Director, Sanctuary Programs Office, Office of Coastal Zone Management, NOAA, not later than June 26, 1980, and shall contain the information required by and be filed in accordance with NOAA's financial participation regulations, 43 FR 17806 (April 28, 1978).

Dated: June 4, 1980.

Michael Glazer,
Assistant Administrator for Coastal Zone Management.

BILLING CODE 3510-01-M

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 1

[T-279-76]

TREATMENT OF GAIN FROM DISPOSAL OF CERTAIN OIL, GAS, OR GEOTHERMAL PROPERTY; PROPOSED RULEMAKING

AGENCY: Internal Revenue Service, Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations under section 61 of the Internal Revenue Code of 1954 (76 Stat. 166) to provide guidance on the treatment of gain from the disposition of certain oil, gas, or geothermal property. These regulations would provide the public with the guidance needed to comply with the rules under section 61.

DATES: Written comments and requests for a public hearing must be received by August 11, 1980. Proposals described in this notice are effective August 18, 1980.

ADDRESSES: Send comments and requests for a public hearing to: Commissioner of Internal Revenue, Attention: CICL:RT (LR-279-76), Washington, D.C. 20224.


TECHNICAL AMENDMENTS

1. Paragraphs 1 through 5 and paragraphs 8 and 9 of this notice contain amendments to certain of the regulations under sections 170 (relating to charitable, etc., contributions and gifts), 301 (relating to charitable remainder unitrusts and split interest unitrusts), 312 (relating to distributions of property), 316 (relating to effect of contributions and gifts), 331 (relating to the tax treatment of gifts), 453 (relating to installment method of accounting), 671 (relating to the tax treatment of sales of property), 751 (relating to what constitutes gross income of individuals and estates), 761 (relating to what constitutes gross income of corporations), 762 (relating to what constitutes gross income of personal holding companies), 763 (relating to what constitutes gross income of S corporations), 765 (relating to what constitutes gross income of personal service corporations), 766 (relating to what constitutes gross income of public utility holding companies), 768 (relating to what constitutes gross income of rental real estate businesses), 769 (relating to what constitutes gross income of real estate mortgage investment conduits), 770 (relating to what constitutes gross income of real estate investment trusts), 771 (relating to what constitutes gross income of real estate investment trust trusts), 772 (relating to what constitutes gross income of real estate investment trust trusts), and 773 (relating to what constitutes gross income of real estate investment trust trusts). These paragraphs make only technical and conforming amendments necessary because of the addition of section 1254 to the Code and because of the amendments made by section 1(c) of the Act of September 13, 1980 (Pub. L. 96-511). These paragraphs make only technical and conforming amendments necessary because of the addition of section 1254 to the Code and because of the amendments made by section 1(c) of the Act of September 12, 1980 (Pub. L. 96-511).

EXPLANATION OF SECTION 1254 PROVISIONS

The proposed regulations under section 1254 are contained in section 7 of this notice.

Proposed § 1.1254-1 provides for recapture of certain intangible drilling and development costs upon a disposition of oil or gas property in a taxable year ending after December 31, 1975, and upon disposition of geothermal property if the well was commenced on or after October 1, 1978, in taxable years ending on or after such date. The recapture is the lower of two amounts. The first amount is the adjusted intangible drilling and development costs with respect to the