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code of federal regulations

Public Lands: Interior

43

PARTS 1 TO 999

Revised as of October 1, 1996

CONTAINING
A CODIFICATION OF DOCUMENTS
OF GENERAL APPLICABILITY
AND FUTURE EFFECT

AS OF OCTOBER 1, 1996

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Cite this Code: CFR

To cite the regulations in this volume use title, part and section number. Thus, 43 CFR 1.1 *refers to title 43, part 1, section 1.*

Explanation

The Code of Federal Regulations is a codification of the general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. The Code is divided into 50 titles which represent broad areas subject to Federal regulation. Each title is divided into chapters which usually bear the name of the issuing agency. Each chapter is further subdivided into parts covering specific regulatory areas.

Each volume of the Code is revised at least once each calendar year and issued on a quarterly basis approximately as follows:

Title 1 through Title 16.....as of January 1
Title 17 through Title 27.....as of April 1
Title 28 through Title 41.....as of July 1
Title 42 through Title 50.....as of October 1

The appropriate revision date is printed on the cover of each volume.

LEGAL STATUS

The contents of the Federal Register are required to be judicially noticed (44 U.S.C. 1507). The Code of Federal Regulations is prima facie evidence of the text of the original documents (44 U.S.C. 1510).

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The Paperwork Reduction Act of 1980 (Pub. L. 96–511) requires Federal agencies to display an OMB control number with their information collection request.

Many agencies have begun publishing numerous OMB control numbers as amendments to existing regulations in the CFR. These OMB numbers are placed as close as possible to the applicable recordkeeping or reporting requirements.

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INCORPORATION BY REFERENCE

What is incorporation by reference? Incorporation by reference was established by statute and allows Federal agencies to meet the requirement to publish regulations in the Federal Register by referring to materials already published elsewhere. For an incorporation to be valid, the Director of the Federal Register must approve it. The legal effect of incorporation by reference is that the material is treated as if it were published in full in the Federal Register (5 U.S.C. 552(a)). This material, like any other properly issued regulation, has the force of law.

What is a proper incorporation by reference? The Director of the Federal Register will approve an incorporation by reference only when the requirements of 1 CFR part 51 are met. Some of the elements on which approval is based are:

(a) The incorporation will substantially reduce the volume of material published in the Federal Register.

(b) The matter incorporated is in fact available to the extent necessary to afford fairness and uniformity in the administrative process.

(c) The incorporating document is drafted and submitted for publication in accordance with 1 CFR part 51.

Properly approved incorporations by reference in this volume are listed in the Finding Aids at the end of this volume.

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A subject index to the Code of Federal Regulations is contained in a separate volume, revised annually as of January 1, entitled CFR INDEX AND FINDING AIDS. This volume contains the Parallel Table of Statutory Authorities and Agency Rules (Table I), and Acts Requiring Publication in the Federal Register (Table II). A list of CFR titles, chapters, and parts and an alphabetical list of agencies publishing in the CFR are also included in this volume.

An index to the text of ''Title 3—The President'' is carried within that volume.

The Federal Register Index is issued monthly in cumulative form. This index is based on a consolidation of the ''Contents'' entries in the daily Federal Register.

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For inquiries concerning CFR reference assistance, call 202–523–5227 or write to the Director, Office of the Federal Register, National Archives and Records Administration, Washington, DC 20408.

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RICHARD L. CLAYPOOLE,
Director,
Office of the Federal Register.

October 1, 1996.

THIS TITLE

Title 43—PUBLIC LANDS: INTERIOR is composed of two volumes. Volume one (parts 1–999) contains all current regulations issued under subtitle A—Office of the Secretary of the Interior and chapter I—Bureau of Reclamation, Department of the Interior. Volume two (part 1000 to End) includes all regulations issued under chapter II—Bureau of Land Management, Department of the Interior, and Chapter III—Utah Reclamation Mitigation and Conservation Commission. The contents of these volumes represent all current regulations codified under this title of the CFR as of October 1, 1996.

The first volume contains a redesignation table. In chapter II—Bureau of Land Management, Department of the Interior, the OMB control numbers appear in a ''Note'' immediately below the ''Group'' headings throughout the chapter, if applicable. A subject index appears in the Finding Aids section of each volume.

For this volume, Christopher R. Choate was Chief Editor. The Code of Federal Regulations publication program is under the direction of Frances D. McDonald, assisted by Alomha S. Morris.

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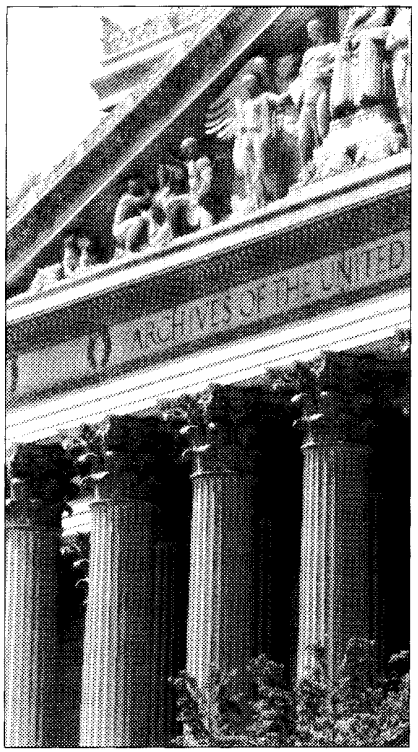

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Title 43—Public Lands: Interior

(This book contains parts 1 to 999)

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AUTHORITY: Sec. 5, 23 Stat. 101; 43 U.S.C. 1464.

SOURCE: 29 FR 143, Jan. 7, 1964, unless otherwise noted.

§ 1.1 Purpose.

This part governs the participation of individuals in proceedings, both formal and informal, in which rights are asserted before, or privileges sought from, the Department of the Interior.

§ 1.2 Definitions.

As used in this part the term:

(a) *Department* includes any bureau, office, or other unit of the Department of the Interior, whether in Washington, DC, or in the field, and any officer or employee thereof;

(b) *Solicitor* means the Solicitor of the Department of the Interior or his authorized representative;

(c) *Practice* includes any action taken to support or oppose the assertion of a right before the Department or to support or oppose a request that the Department grant a privilege; and the term ''practice'' includes any such action whether it relates to the substance of, or to the procedural aspects of handling, a particular matter. The term ''practice'' does not include the preparation or filing of an application, the filing without comment of documents prepared by one other than the individual making the filing, obtaining from the Department information that is available to the public generally, or the making of inquiries respecting the status of a matter pending before the Department. Also, the term ''practice'' does not include the representation of an employee who is the subject of disciplinary, loyalty, or other personnel administrative proceedings.

§ 1.3 Who may practice.

(a) Only those individuals who are eligible under the provisions of this section may practice before the Department, but this provision shall not be deemed to restrict the dealings of Indian tribes or members of Indian tribes with the Department.

(b) Unless disqualified under the provisions of § 1.4 or by disciplinary action taken pursuant to § 1.6:

(1) Any individual who has been formally admitted to practice before the Department under any prior regulations and who is in good standing on December 31, 1963, shall be permitted to practice before the Department.

(2) Attorneys at law who are admitted to practice before the courts of any State, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Trust Territory of the Pacific Islands, or the District Court of the Virgin Islands will be permitted to practice without filing an application for such privilege.

(3) An individual who is not otherwise entitled to practice before the Department may practice in connection with a particular matter on his own behalf or on behalf of

(i) A member of his family;

(ii) A partnership of which he is a member;

(iii) A corporation, business trust, or an association, if such individual is an officer or full-time employee;

(iv) A receivership, decedent's estate, or a trust or estate of which he is the receiver, administrator, or other similar fiduciary;

(v) The lessee of a mineral lease that is subject to an operating agreement or sublease which has been approved by the Department and which grants to such individual a power of attorney;

(vi) A Federal, State, county, district, territorial, or local government or agency thereof, or a government corporation, or a district or advisory board established pursuant to statute; or

(vii) An association or class of individuals who have no specific interest that will be directly affected by the disposition of the particular matter.

§ 1.4 Disqualifications.

No individual may practice before the Department if such practice would violate the provisions of 18 U.S.C. 203, 205, or 207.

§ 1.5 Signature to constitute certificate.

When an individual who appears in a representative capacity signs a paper in practice before the Department, his signature shall constitute his certificate:

(a) That under the provisions of this part and the law, he is authorized and qualified to represent the particular party in the matter;

(b) That, if he is the partner of a present or former officer or employee, including a special Government employee, the matter in respect of which he intends to practice is not a matter in which such officer or employee of the Government or special Government employee participates or has participated personally and substantially as a Government employee through decision, approval, disapproval, recommendation, the rendering of advice, investigation or otherwise and that the matter is not the subject of such partner's official Government responsibility;

(c) That, if he is a former officer or employee, including a special Government employee, the matter in respect of which he intends to practice is not a matter in which he participated personally and substantially as a Government employee through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, while so employed and, if a period of one year has not passed since the termination of his employment with the Government, that the matter was not under his official responsibility as an officer or employee of the Government; and

(d) That he has read the paper; that to the best of his knowledge, information, and belief there is good ground to support its contents; that it contains no scandalous or indecent matter; and that it is not interposed for delay.

§ 1.6 Disciplinary proceedings.

(a) Disciplinary proceedings may be instituted against anyone who is practicing or has practiced before the Department on grounds that he is incompetent, unethical, or unprofessional, or that he is practicing without authority under the provisions of this part, or that he has violated any provisions of the laws and regulations governing practice before the Department, or that he has been disbarred or suspended by any court or administrative agency. Individuals practicing before the Department should observe the Canons of Professional Ethics of the American Bar Association and those of the Federal Bar Association, by which the Department will be guided in disciplinary matters.

(b) Whenever in the discretion of the Solicitor the circumstances warrant consideration of the question whether disciplinary action should be taken against an individual who is practicing or has practiced before the Department, the Solicitor shall appoint a hearing officer to consider and dispose of the case. The hearing officer shall give the individual adequate notice of, and an opportunity for a hearing on, the specific charges against him. The hearing shall afford the individual an opportunity to present evidence and cross-examine witnesses. The hearing officer shall render a decision either (1) dismissing the charges, or (2) reprimanding the individual or suspending or excluding him from practice before the Department.

(c) Within 30 days after receipt of the decision of the hearing officer reprimanding, suspending, or excluding an individual from practice before the Department, an appeal may be filed with the Solicitor, whose decision shall be final.

PART 2—RECORDS AND TESTIMONY; FREEDOM OF INFORMATION ACT

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AUTHORITY: 5 U.S.C. 301, 552 and 552a; 31 U.S.C. 9701; and 43 U.S.C. 1460.

SOURCE: 40 FR 7305, Feb. 19, 1975, unless otherwise noted.

Subpart A—Opinions in Adjudication of Cases, Administrative Manuals

§2.1 Purpose and scope.

This subpart contains the regulations of the Department of the Interior concerning the availability to the public of opinions issued in the adjudication of cases and of administrative manuals. Persons interested in obtaining access to other records are directed to the procedures for submission of Freedom of Information requests set out in subpart B of this part.

§2.2 Opinions in adjudication of cases.

(a)(1) Copies of final decisions and orders issued on and after July 1, 1970, in the following categories of cases are available for inspection and copying in the Office of Hearings and Appeals, Ballston Building No. 3, 4015 Wilson Boulevard, Arlington, Va. 22203:

(i) Contract appeals;

(ii) Appeals from decisions rendered by departmental officials relating to the use and disposition of public lands and their resources and the use and disposition of mineral resources in certain acquired lands of the United States and in the submerged lands of the Outer Continental Shelf;

(iii) Appeals from orders and decisions issued by departmental officials and administrative law judges in proceedings relating to mine health and safety; and

(iv) Appeals from orders and decisions of administrative law judges in Indian probate matters other than those involving estates of Indians of the Five Civilized Tribes and Osage Indians.

(2) Copies of final opinions and orders issued in the following categories of cases are available for inspection and copying in the Docket and Records Section, Office of the Solicitor, Interior Building, Washington, DC 20240:

(i) Tort claims decided in the headquarters office of the Office of the Solicitor, and appeals from decisions of Regional Solicitors or Field Solicitors on tort claims;

(ii) Irrigation claims under Public Works Appropriation Acts (e.g., 79 Stat., 1103) or 25 U.S.C. 388 decided in the headquarters office of the Office of the Solicitor, and appeals from decisions of Regional Solicitors on irrigation claims;

(iii) Appeals under §2.18 respecting availability of records;

(iv) Appeals from decisions of officials of the Bureau of Indian Affairs, and Indian enrollment appeals; and

(v) Appeals from decisions of officers of the Bureau of Land Management and of the Geological Survey in proceedings relating to lands or interests in land, contract appeals, and appeals in Indian probate proceedings, issued prior to July 1, 1970.

(3) An Index-Digest is issued by the Department. All decisions, opinions and orders issued in the categories of cases described in paragraphs (a)(1), (i), (ii), and (iii) of this section (that is, contract appeals, land appeals, and mine health and safety appeals), are covered in the Index-Digest; in addition, the Index-Digest covers the more important decisions, opinions and orders in the remaining categories of cases described in paragraphs (a)(1)(iv) and (a)(2) (i) through (iv) of this section, and the more important opinions of law issued by the Office of the Solicitor. The Index-Digest is available for use by the public in the Office of Hearings and Appeals, Ballston Building No. 3, 4015 Wilson Boulevard, Arlington, Va. 22203, in the Docket and Records Section, Office of the Solicitor, Interior Building, Washington, DC 20240, and in the offices of the Regional Solicitors and Field Solicitors. Selected decisions, opinions, and orders are published in a series entitled ''Decisions of the United States Department of the Interior'' (cited as I.D.), and copies may be obtained by subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

(4) Copies of final opinions and orders issued by Regional Solicitors on tort claims and irrigation claims, and copies of final opinions and orders on appeals in Indian probate proceedings issued by Regional Solicitors prior to July 1, 1970, are available for inspection and copying in their respective offices. Copies of final opinions and orders issued by Field Solicitors on tort claims are available for inspection and copying in their respective offices.

(b)(1) Copies of final decisions and orders issued prior to July 1, 1970, on appeals to the Director, Bureau of Land Management, and by hearing examiners of the Bureau of Land Management, in proceedings relating to lands and interests in land are available for inspection and copying in the Office of Hearings and Appeals, Ballston Building No. 3, 4015 Wilson Boulevard, Arlington, Va. 22203, and in the offices of the Departmental administrative law judges.

(2) Copies of final decisions, opinions and orders issued on and after July 1, 1970, by departmental administrative law judges in all proceedings before them are available for inspection and copying in their respective offices and in the Office of Hearings and Appeals, Ballston Building No. 3, 4015 Wilson Boulevard, Arlington, VA 22203.

(3) Copies of final decisions, opinions and orders issued by administrative law judges in Indian probate proceedings are available for inspection and copying in their respective offices.

§ 2.3 Administrative manuals.

The Departmental Manual is available for inspection in the Departmental Library, Interior Building, Washington, DC, and at each of the regional offices of bureaus of the Department. The administrative manuals of those bureaus which have issued such documents are available for inspection at the headquarters officers and at the regional offices of the bureaus.

Subpart B—Requests for Records

SOURCE: 52 FR 45586, Nov. 30, 1987, unless otherwise noted.

§ 2.11 Purpose and scope.

(a) This subpart contains the procedures for submission to and consideration by the Department of the Interior of requests for records under the Freedom of Information Act.

(b) Before invoking the formal procedures set out below, persons seeking records from the Department may find it useful to consult with the appropriate bureau FOIA officer. Bureau offices are listed in Appendix B to this part.

(c) The procedures in this subpart do not apply to:

(1) Records published in the FEDERAL REGISTER, opinions in the adjudication of cases, statements of policy and interpretations, and administrative staff manuals that have been published or made available under subpart A of this part.

(2) Records or information compiled for law enforcement purposes and covered by the disclosure exemption described in §2.13(c)(7) if—

(i) The investigation or proceeding involves a possible violation of criminal law; and

(ii) There is reason to believe that—

(A) The subject of the investigation or proceeding is not aware of its pendency, and

(B) Disclosure of the existence of the records could reasonably be expected to interfere with enforcement proceedings.

(3) Informant records maintained by a criminal law enforcement component of the Department under an informant's name or personal identifier, if requested by a third party according to the informant's name or personal identifier, unless the informant's status as an informant has been officially confirmed.

§2.12 Definitions.

(a) *Act* and *FOIA* mean the Freedom of Information Act, 5 U.S.C. 552.

(b) *Bureau* refers to all constituent bureaus of the Department of the Interior, the Office of the Secretary, and the other Departmental offices. A list of bureaus is contained in Appendix B to this part.

(c) *Working day* means a regular Federal workday. It does not include Saturdays, Sundays or public legal holidays.

§2.13 Records available.

(a) *Department policy*. It is the policy of the Department of the Interior to make the records of the Department available to the public to the greatest extent possible, in keeping with the spirit of the Freedom of Information Act.

(b) *Statutory disclosure requirement*. The Act requires that the Department, on a request from a member of the public submitted in accordance with the procedures in this subpart, make requested records available for inspection and copying.

(c) *Statutory exemptions*. Exempted from the Act's statutory disclosure requirement are matters that are:

(1)(i) Specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy and

(ii) Are in fact properly classified pursuant to such Executive order;

(2) Related solely to the internal personnel rules and practices of an agency;

(3) Specifically exempted from disclosure by statute (other than the Privacy Act), provided that such statute—

(i) Requires that the matters be withheld from the public in such a manner as to leave no discretion on the issue, or

(ii) Establishes particular criteria for withholding or refers to particular types of matters to be withheld;

(4) Trade secrets and commercial or financial information obtained from a person and privileged or confidential;

(5) Inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency;

(6) Personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;

(7) Records or information compiled for law enforcement purposes, but only to the extent that the production of such law enforcement records or information—

(i) Could reasonably be expected to interfere with enforcement proceedings,

(ii) Would deprive a person of a right to a fair or an impartial adjudication,

(iii) Could reasonably be expected to constitute an unwarranted invasion of personal privacy,

(iv) Could reasonably be expected to disclose the identity of a confidential source, including a State, local, or foreign agency or authority or any private institution which furnished information on a confidential basis, and, in the case of a record or information compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigtion, information furnished by a confidential source,

(v) Would disclose techniques and procedures for law enforcement investigations or prosecutions or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law, or

(vi) Could reasonably be expected to endanger the life or physical safety of any individual;

(8) Contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions; or

(9) Geological and geophysical information and data, including maps, concerning wells.

(d) *Decisions on requests.* It is the policy of the Department to withhold information falling within an exemption only if—

(1) Disclosure is prohibited by statute or Executive order or

(2) Sound grounds exist for invocation of the exemption.

(e) *Disclosure of reasonably segregable nonexempt material.* If a requested record contains material covered by an exemption and material that is not exempt, and it is determined under the procedures in this subpart to withhold the exempt material, any reasonably segregable nonexempt material shall be separated from the exempt material and released.

§ 2.14 Requests for records.

(a) *Submission of requests.* (1) A request to inspect or copy records shall be made to the installation where the records are located. If the records are located at more than one installation or if the specific location of the records is not known to the requester, he or she may direct a request to the head of the appropriate bureau or to the bureau's FOIA officer. Addresses for bureau heads and FOIA officers are contained in Appendix B to this part.

(2) *Exceptions.* (i) A request for records located in all components of the Office of the Secretary (other than the Office of Hearings and Appeals) shall be submitted to: Director, Office of Administrative Services, U.S. Department of the Interior, Washington, DC 20240. A request for records located in the Office of Hearings and Appeals shall be submitted to: Director, Office of Hearings and Appeals, 4015 Wilson Boulevard, Arlington, Virginia 22203.

(ii) A request for records of the Office of Inspector General shall be submitted to: Inspector General, Office of the Inspector General, U.S. Department of the Interior, Washington, DC 20240.

(iii) A request for records of the Office of the Solicitor shall be submitted to: Solicitor, Office of the Solicitor, U.S. Department of the Interior, Washington, DC 20240.

(b) *Form of requests.* (1) Requests under this subpart shall be in writing and must specifically invoke the Act.

(2) A request must reasonably describe the records requested. A request reasonably describes the records requested if it will enable an employee of the Department familiar with the subject area of the request to locate the record with a reasonable amount of effort. If such information is available, the request should identify the subject matter of the record, the date when it was made, the place where it was made, the person or office that made it, the present custodian of the record, and any other information that will assist in locating the requested record. If the request involves a matter known by the requester to be in litigation, the request should also state the case name and court hearing the case.

(3)(i) A request shall—

(A) Specify the fee category (commercial use, news media, educational institution, noncommercial scientific institution, or other) in which the requester claims the request to fall and the basis of this claim (see § 2.20(b) through (e) for definitions) and

(B) State the maximum amount of fees that the requester is willing to pay or include a request for a fee waiver.

(ii) Requesters are advised that, under §2.20 (f) and (g), the time for responding to requests may be delayed—

(A) If a requester has not sufficiently identified the fee category applicable to the request,

(B) If a requester has not stated a willingness to pay fees as high as anticipated by the Department or

(C) If a fee waiver request is denied and the requester has not included an alternative statement of willingness to pay fees as high as anticipated by the Department.

(4) A request seeking a fee waiver shall, to the extent possible, address why the requester believes that the criteria for fee waivers set out in §2.21 are met.

(5) To ensure expeditious handling, requests should be prominently marked, both the envelope and on the face of the request, with the legend ''FREEDOM OF INFORMATION REQUEST.''

(c) *Creation of records.* A request may seek only records that are in existence at the time the request is received. A request may not seek records that come into existence after the date on which it is received and may not require that new records be created in response to the request by, for example, combining or compiling selected items from manual files, preparing a new computer program, or calculating proportions, percentages, frequency distributions, trends or comparisons. In those instances where the Department determines that creating a new record will be less burdensome than disclosing large volumes of unassembled material, the Department may, in its discretion, agree to creation of a new record as an alternative to disclosing existing records.

§2.15 Preliminary processing of requests.

(a) *Scope of requests.* (1) Unless a request clearly specifies otherwise, requests to field installations of a bureau may be presumed to seek only records at that installation and requests to a bureau head or bureau FOIA officer may be presumed to seek only records of that bureau.

(2) If a request to a field installation of a bureau specifies that it seeks records located at other installations of the same bureau, the installation shall refer the request to the other installation(s) or the bureau FOIA officer for appropriate processing. The time limit provided in §2.17(a) does not start until the request is received at the installation having the records or by the bureau FOIA officer.

(3) If a request to a bureau specifies that it seeks records of another bureau, the bureau may return the request (or the relevant portion thereof) to the requester with instructions as to how the request may be resubmitted to the other bureau.

(b) *Intradepartmental consultation and referral.* (1) If a bureau (other than the Office of Inspector General) receives a request for records in its possession that originated with or are of substantial concern to another bureau, it shall consult with that bureau before deciding whether to release or withhold the records.

(2) As an alternative to consultation, a bureau may refer the request (or the relevant protion thereof) to the bureau that originated or is substantially concerned with the records. Such referrals shall be made expeditiously and the requester shall be notified in writing that a referral has been made. A referral under this paragraph does not restart the time limit provided in §2.17.

(c) *Records of other departments and agencies.* (1) If a requested record in the possession of the Department of the Interior originated with another Federal department or agency, the request shall be referred to that agency unless—

(i) The record is of primary interest to the Department,

(ii) The Department is in a better position than the originating agency to assess whether the record is exempt from disclosure, or

(iii) The originating agency is not subject to the Act.

The Department has primary interest in a record if it was developed or prepared pursuant to Department regulations, directives or request.

(2) In accordance with Executive Order 12356, a request for documents that were classified by another agency shall be referred to that agency.

(d) *Consultation with submitters of commercial and financial information.* (1) If a request seeks a record containing trade secrets or commercial or financial information submitted by a person outside of the Federal government, the bureau processing the request shall provide the submitter with notice of the request whenever—

(i) The submitter has made a good faith designation of the information as commercially or financially sensitive, or

(ii) The bureau has reason to believe that disclosure of the information may result in commercial or financial injury to the submitter.

Where notification of a voluminous number of submitters is required, such notification may be accomplished by posting or publishing the notice in a place reasonably calculated to accomplish notification.

(2) The notice to the submitter shall afford the submitter a reasonable period within which to provide a detailed statement of any objection to disclosure. The submitter's statement shall explain the basis on which the information is claimed to be exempt under the FOIA, including a specification of any claim of competitive or other business harm that would result from disclosure. The statement shall also include a certification that the information is confidential, has not been disclosed to the public by the submitter, and is not routinely available to the public from other sources.

(3) If a submitter's statement cannot be obtained within the time limit for processing the request under § 2.17, the requester shall be notified of the delay as provided in § 2.17(f).

(4) Notification to a submitter is not required if:

(i) The bureau determines, prior to giving notice, that the request for the record should be denied;

(ii) The information has previously been lawfully published or officially made available to the public;

(iii) Disclosure is required by a statute (other than the FOIA) or regulation (other than this subpart);

(iv) Disclosure is clearly prohibited by a statute, as described in § 2.13(c)(3);

(v) The information was not designated by the submitter as confidential when it was submitted, or a reasonable time thereafter, if the submitter was specifically afforded an opportunity to make such a designation; however, a submitter will be notified of a request for information that was not designated as confidential at the time of submission, or a reasonable time thereafter, if there is substantial reason to believe that disclosure of the information would result in competitive harm.

(vi) The designation of confidentiality made by the submitter is obviously frivolous; or

(vii) The information was submitted to the Department more than 10 years prior to the date of the request, unless the bureau has reason to believe that it continues to be confidential.

(5) If a requester brings suit to compel disclosure of information, the submitter of the information will be promptly notified.

§ 2.16 Action on initial requests.

(a) *Authority.* (1) Requests to field installations shall be decided by the head of the installation or by such higher authority as the head of the bureau may designate in writing.

(2) Requests to the headquarters of a bureau shall be decided only by the head of the bureau or an official whom the head of the bureau has in writing designated.

(3) Requests to the Office of the Secretary may be decided by the Director of Administrative Services, an Assistant Secretary or Assistant Secretary's designee, and any official whom the Secretary has in writing designated.

(4) A decision to withhold a requested record, to release a record that is exempt from disclosure, or to deny a fee waiver shall be made only after consultation with the office of the appropriate associate, regional, or field solicitor.

(b) *Form of grant.* (1) When a requested record has been determined to be available, the official processing the request shall notify the requester as to when and where the record is available for inspection or, as the case may be,

when and how copies will be provided. If fees are due, the official shall state the amount of fees due and the procedures for payment, as described in §2.20.

(2) If a requested record (or portion thereof) is being made available over the objections of a submitter made in accordance with §2.15(d), both the requester and the submitter shall be notified of the decision. The notice to the submitter (a copy of which shall be made available to the requester) shall be forwarded a reasonable number of days prior to the date on which disclosure is to be made and shall include:

(i) A statement of the reasons why the submitter's objections were not sustained;

(ii) A specification of the portions of the record to be disclosed, if the submitter's objections were sustained in part; and

(iii) A specified disclosure date.

(3) If a claim of confidentiality has been found frivolous in accordance with §2.15(d)(4)(vi) and a determination is made to release the information without consultation with the submitter, the submitter of the information shall be notified of the decision and the reasons therefor a reasonable number of days prior to the date on which disclosure is to be made.

(c) *Form of denial.* (1) A decision withholding a requested record shall be in writing and shall include:

(i) A reference to the specific exemption or exemptions authorizing the withholding;

(ii) If neither a statute or an Executive order requires withholding, the sound ground for withholding;

(iii) A listing of the names and titles or positions of each person responsible for the denial; and

(iv) A statement that the denial may be appealed to the Assistant Secretary—Policy, Budget and Administration and a description of the procedures in §2.18 for appeal.

(2) A decision denying a request for failure to reasonably describe requested records or for other procedural deficiency or because requested records cannot be located shall be in writing and shall include:

(i) A description of the basis of the decision;

(ii) A list of the names and titles or positions of each person responsible; and

(iii) A statement that the matter may be appealed to the Assistant Secretary—Policy, Budget and Administration and a description of the procedures in §2.18 for appeal.

§2.17 Time limits for processing initial requests.

(a) *Basic limit.* Requests for records shall be processed promptly. A determination whether to grant or deny a request shall be made within no more than 10 working days after receipt of a request. This determination shall be communicated immediately to the requester.

(b) *Running of basic time limit.* (1) The 10 working day time limit begins to run when a request meeting the requirements of §2.14(b) is received at a field installation or bureau headquarters designated in §2.14(a) to receive the request.

(2) The running of the basic time limit may be delayed or tolled as explained in §2.20 (f), (g) and (h) if a requester—

(i) Has not stated a willingnes to pay fees as high as are anticipated and has not sought and been granted a full fee waiver, or

(ii) Has not made a required advance payment.

(c) *Extensions of time.* In the following unusual circumstances, the time limit for acting on an initial request may be extended to the extent reasonably necessary to the proper processing of the request, but in no case may the time limit be extended for more than 10 working days:

(1) The need to search for and collect the requested records from field facilities or other establishments that are separate from the installation processing the request;

(2) The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records demanded in a single request; or

(3) The need for consultation, which shall be conducted with all practicable speed, with another agency having a substantial interest in the determination of the request or among two or

more components of the Department having substantial subject-matter interest therein.

(d) *Notice of extension.* A requester shall be notified in writing of an extension under paragraph (c) of this section. The notice shall state the reason for the extension and the date on which a determination on the request is expected to be made.

(e) *Treatment of delay as denial.* If no determination has been reached at the end of the 10 working day period for deciding an initial request, or an extension thereof under paragraph (c) of this section, the requester may deem the request denied and may exercise a right of appeal in accordance with § 2.18.

(f) *Notice of delay.* When a determination cannot be reached within the time limit, or extension thereof, the requester shall be notified of the reason for the delay, of the date on which a determination may be expected, and of the right to treat the delay as a denial for purposes of appeal to the Assistant Secretary—Policy, Budget and Administration, including a description of the procedures for filing an appeal in § 2.18.

§ 2.18 Appeals.

(a) *Right of appeal.* A requester may appeal to the Assistant Secretary—Policy, Budget and Administration when—

(1) Records have been withheld,

(2) A request has been denied for failure to describe requested records or for other procedural deficiency or because requested records cannot be located,

(3) A fee waiver has been denied, or

(4) A request has not been decided within the time limits provided in § 2.17.

(b) *Time for appeal.* An appeal must be received no later than 20 working days after the date of the initial denial, in the case of a denial of an entire request, or 20 working days after records have been made available, in the case of a partial denial.

(c) *Form of appeal.* (1) An appeal shall be initiated by filing a written notice of appeal. The notice shall be accompanied by copies of the original request and the initial denial and should, in order to expedite the appellate process and give the requester an opportunity to present his or her arguments, contain a brief statement of the reasons why the requester believes the initial denial to have been in error.

(2) The appeal shall be addressed to the Freedom of Information Act Appeals Officer, Office of the Assistant Secretary—Policy, Budget and Administration, U.S. Department of the Interior, Washington, DC 20240.

(3) To expedite processing, both the envelope containing a notice of appeal and the face of the notice should bear the legend ''FREEDOM OF INFORMATION APPEAL.''

§ 2.19 Action on appeals.

(a) *Authority.* Appeals shall be decided by the Assistant Secretary—Policy, Budget and Administration, or the Assistant Secretary's designee, after consultation with the Solicitor, the Director of Public Affairs and the appropriate program Assistant Secretary.

(b) *Time limit.* A final determination shall be made within 20 working days after receipt of an appeal meeting the requirements of § 2.18(c).

(c) *Extensions of time.* (1) If the time limit for responding to the initial request for a record was not extended under the provisions of § 2.17(c) or was extended for fewer than 10 working days, the time for processing of the appeal may be extended to the extent reasonably necessary to the proper processing of the appeal, but in no event may the extension, when taken together with any extension made during processing of the initial request, result in an aggregate extension with respect to any one request of more than 10 working days. The time for processing of an appeal may be extended only if one or more of the unusual circumstances listed in § 2.17(c) requires an extension.

(2) The appellant shall be advised in writing of the reasons for the extension and the date on which a final determination on the appeal is expected to be dispatched.

(3) If no determination on the appeal has been reached at the end of the 20 working day period, or the extension thereof, the requester is deemed to have exhausted his administrative remedies, giving rise to a right of review in a district court of the United States, as specified in 5 U.S.C. 552(a)(4).

When no determination can be reached within the applicable time limit, the appeal will nevertheless continue to be processed. On expiration of the time limit, the requester shall be informed of the reason for the delay, of the date on which a determination may be reached to be dispatched and of the right to seek judicial review.

(d) *Form of decision.* (1) The final determination on an appeal shall be in writing and shall state the basis for the determination. If the determination is to release the requested records or portions thereof, the Assistant Secretary—Policy, Budget and Administration shall immediately make the records available or instruct the appropriate bureau to make them immediately available. If the determination upholds in whole or part the initial denial of a request for records, the determination shall advise the requester of the right to obtain judicial review in the U.S. District Court for the district in which the withheld records are located, or in which the requester resides or has his or her principal place of business or in the U.S. District Court for the District of Columbia, and shall set forth the names and titles or positions of each person responsible for the denial.

(2) If a requested record (or portion thereof) is being made available over the objections of a submitter made in accordance with §2.15(d), the submitter shall be provided notice as described in §2.16(b)(2).

§2.20 Fees.

(a) *Policy.* (1) Unless waived pursuant to the provisions of §2.21, fees for responding to FOIA requests shall be charged in accordance with the provisions of this section and the schedule of charges contained in Appendix A to this part.

(2) Fees shall not be charged if the total amount chargeable does not exceed $15.00.

(3) Where there is a reasonable basis to conclude that a requester or group of requesters acting in concert has divided a request into a series of requests on a single subject or related subjects to avoid assessment of fees, the requests may be aggregated and fees charged accordingly.

(b) *Commercial use requests.* (1) A requester seeking records for commercial use shall be charged fees for costs incurred in document search, duplication and review.

(2) A commercial use requester may not be charged fees for time spent resolving legal and policy issues affecting access to requested records.

(3) A commercial use request is a request from or on behalf of a person who seeks information for a use or purpose that further the commercial, trade or profit interests of the requester or the person on whose behalf the request is made. The intended use of records may be determined on the basis of information submitted by a requester and from reasonable inferences based on the identity of the requester and any other available information.

(c) *Educational and noncommercial scientific institution requests.* (1) A requester seeking records under the auspices of an educational institution in furtherance of scholarly research or a noncommercial scientific institution in furtherance of scientific research shall be charged for document duplication, except that the first 100 pages of paper copies (or the equivalent cost thereof if the records are in some other form) shall be provided without charge.

(2) Such requesters may not be charged fees for costs incurred in—

(i) Searching for requested records,

(ii) Examining requested records to determine whether they are exempt from mandatory disclosure,

(iii) Deleting reasonably segregable exempt matter,

(iv) Monitoring the requesters' inspection of agency records, or

(v) Resolving legal and policy issues affecting access to requested records.

(3) An ''educational institution'' is a preschool, a public or private elementary or secondary school, an institution of graduate higher education, an institution of undergraduate higher education, an institution of professional education, or an institution of vocational education, which operates a program or programs of scholarly research.

(4) A ''noncommercial scientific institution'' is an institution that is not operated for commerce, trade or profit

and that is operated solely for the purpose of conducting scientific research the results of which are not intended to promote any particular product or industry.

(d) *News media requests.* (1) A representative of the new media shall be charged for document duplication, except that the first 100 pages of paper copies (or the equivalent cost thereof if the records are in some other form) shall be provided without charge.

(2) Representatives of the news media may not be charged fees for costs incurred in—

(i) Searching for requested records,

(ii) Examining requested records to determine whether they are exempt from mandatory disclosure,

(iii) Deleting reasonably segregable exempt matter,

(iv) Monitoring the requester's inspection of agency records, or

(v) Resolving legal and policy issues affecting access to requested records.

(3)(i) A ''representative of the news media'' is any person actively gathering news for an entity that is organized and operated to publish or broadcast news to the public. The term ''news'' means information that is about current events or that is (or would be) of current interest to the public. Examples of news media entities include, but are not limited to, television or radio stations broadcasting to the public at large, and publishers of periodicals (but only in those instances when they can qualify as disseminators of ''news'') who make their products available for purchase or subscription by the general public. As traditional methods of news delivery evolve (e.g., electronic dissemination of newspapers through telecommunications services), such alternative media would be included in this category.

(ii) Free-lance journalists may be considered ''representatives of the news media'' if they demonstrate a solid basis for expecting publication through a news organization, even though not actually employed by it. A publication contract or past record of publication, or evidence of a specific free-lance assignment from a news organization may indicate a solid basis for expecting publication.

(e) *Other requests.* (1) A requester not covered by paragraphs (b), (c) or (d) of this section shall be charged fees for document search and duplication, except that the first two hours of search time and the first 100 pages of paper copies (or the equivalent cost thereof if the records are in some other form) shall be provided without charge.

(2) Such requesters may not be charged for costs incurred in—

(i) Examining requested records to determine whether they are exempt from disclosure,

(ii) Deleting reasonably segregable exempt matter,

(iii) Monitoring the requester's inspection of agency records, or

(iv) Resolving legal and policy issues affecting access to requested records.

(f) *Requests for clarification.* Where a request does not provide sufficient information to determine whether it is covered by paragraph (b), (c), (d) or (e) of this section, the requester should be asked to provide additional clarification. If it is necessary to seek such clarification, the request may be deemed to have not been received for purposes of the time limits established in § 2.17 until the clarification is received. Requests to requesters for clarification shall be made promptly.

(g) *Notice of anticipated fees.* Where a request does not state a willingness to pay fees as high as anticipated by the Department, and the requester has not sought and been granted a full waiver of fees under § 2.21, the request may be deemed to have not been received for purposes of the time limits established in § 2.17 until the requester has been notified of and agrees to pay the anticipated fee. Advice to requesters with respect to anticipated fees shall be provided promptly.

(h) *Advance payment.* (1) Where it is anticipated that allowable fees are likely to exceed $250.00 and the requester does not have a history of prompt payment of FOIA fees, the requester may be required to make an advance payment of the entire fee before processing of his or her request.

(2) Where a requester has previously failed to pay a fee within 30 calendar days of the date of billing, processing of any new request from that requester shall ordinarily be suspended until the

requester pays any amount still owed, including applicable interest, and makes advance payment of allowable fees anticipated in connection with the new request.

(3) Advance payment of fees may not be required except as described in paragraphs (h) (1) and (2) of this section.

(4) Issuance of a notice requiring payment of overdue fees or advance payment shall toll the time limit in §2.17 until receipt of payment.

(i) *Form of payment.* Payment of fees should be made by check or money order payable to the Department of the Interior or the bureau furnishing the information. The term United States or the initials ''U.S.'' should not be included on the check or money order. Where appropriate, the official responsible for handling a request may require that payment by check be made in the form of a certified check.

(j) *Billing procedures.* A bill for collection, Form DI–1040, shall be prepared for each request that requires collection of fees. The requester shall be provided the first sheet of the DI–1040. This Accounting Copy of the Form shall be transmitted to the agency's finance office for entry into accounts receivable records. Upon receipt of payment from the requester, the recipient shall forward the payment along with a copy of the DI–1040 to the finance office.

(k) *Collection of fees.* The bill for collection or an accompanying letter to the requester shall include a statement that interest will be charged in accordance with the Debt Collection Act of 1982, 31 U.S.C. 3717, and implementing regulations, 4 CFR 102.13, if the fees are not paid within 30 calendar days of the date of the bill for collection is mailed or hand-delivered to the requester. This requirement does not apply if the requester is a unit of state or local government. Other authorities of the Debt Collection Act of 1982 shall be used, as appropriate, to collect the fees (see 4 CFR parts 101–105).

§2.21 Waiver of fees.

(a) *Statutory fee waiver.* (1) Documents shall be furnished without charge or at a charge reduced below the fees chargeable under §2.20 and appendix A to this part if disclosure of the information is in the public interest because it—

(i) Is likely to contribute significantly to public understanding of the operations or activities of the government and

(ii) Is not primarily in the commercial interest of the requester.

(2) Factors to be considered in determining whether disclosure of information ''is likely to contribute significantly to public understanding of the operations or activities of the government'' are the following:

(i) Does the record concern *the operations or activities of the government?* Records concern the operations or activities of the government if they relate to or will illuminate the manner in which the Department or a bureau is carrying out identifiable operations or activities or the manner in which an operation or activity affects the public. The connection between the records and the operations and activities to which they are said to relate should be clear and direct, not remote and attenuated. Records developed outside of the government and submitted to or obtained by the Department may relate to the operations and activities of the government if they are informative on how an agency is carrying out its regulatory, enforcement, procurement or other activities that involve private entities.

(ii) If a record concerns the operations or activities of the government, is its disclosure *likely to contribute to public understanding* of these operations and activities? The likelihood of a contribution to public understanding will depend on consideration of the content of the record, the identity of the requester, and the interrelationship between the two. Is there a logical connection between the content of the requested record and the operations or activities in which the requester is interested? Are the disclosable contents of the record meaningfully informative on the operations or activities? Is the focus of the requester on contribution to public understanding, rather than on the individual understanding of the requester or a narrow segment of interested persons? Does the requester have expertise in the subject area and the ability and intention to disseminate

the information to the general public or otherwise use the information in a manner that will contribute to public understanding of government operations or activities? Is the requested information sought by the requester because it may be informative on government operations or activities or because of the intrinsic value of the information independent of the light that it may shed on government operations or activities?

(iii) If there is likely to be a contribution to public understanding, will that contribution be *significant*? A contribution to public understanding will be significant if the information disclosed is new, clearly supports public oversight of Department operations, including the quality of Department activities and the effect of policy and regulations on public health and safety, or otherwise confirms or clarifies data on past or present operations of the Department. A contribution will not be significant if disclosure will not have a positive impact on the level of public understanding of the operations or activities involved that existed prior to the disclosure. In particular, a significant contribution is not likely to arise from disclosure of information already in the public domain because it has, for example, previously been published or is routinely available to the general public in a public reading room.

(3) Factors to be considered in determining whether disclosure ''is primarily in the commercial interest of the requester'' are the following:

(i) Does the requester have a *commercial interest* that would be furthered by the requested disclosure? A commercial interest is a commercial, trade or profit interest as these terms are commonly understood. An entity's status is not determinative. Not only profit-making corporations, but also individuals or other organizations, may have a commercial interest to be served by disclosure, depending on the circumstances involved.

(ii) If the requester has a commercial interest, will disclosure be *primarily* in that interest? The requester's commercial interest is the primary interest if the magnitude of that interest is greater than the public interest to be served by disclosure. Where a requester is a representative of a news media organization seeking information as part of the news gathering process, it may be presumed that the public interest outweighs the organization's commercial interest.

(4) *Notice of denial.* If a requested statutory fee waiver or reduction is denied, the requester shall be notified in writing. The notice shall include:

(i) A statement of the basis on which the waiver or reduction has been denied.

(ii) A listing of the names and titles or positions of each person responsible for the denial.

(iii) A statement that the denial may be appealed to the Assistant Secretary—Policy, Budget and Administration and a description of the procedures in § 2.18 for appeal.

(b) *Discretionary waivers.* Fees otherwise chargeable may be waived at the discretion of a bureau if a request involves:

(1) Furnishing unauthenticated copies of documents reproduced for gratuitous distribution;

(2) Furnishing one copy of a personal document (e.g., a birth certificate) to a person who has been required to furnish it for retention by the Department;

(3) Furnishing one copy of the transcript of a hearing before a hearing officer in a grievance or similar proceeding to the employee for whom the hearing was held.

(4) Furnishing records to donors with respect to their gifts;

(5) Furnishing records to individuals or private non-profit organizations having an official voluntary or cooperative relationship with the Department to assist the individual or organization in its work with the Department;

(6) Furnishing records to state, local and foreign governments, public international organizations, and Indian tribes, when to do so without charge is an appropriate courtesy, or when the recipient is carrying on a function related to that of the Department and to do so will help to accomplish the work of the Department;

(7) Furnishing a record when to do so saves costs and yields income equal to the direct cost of providing the records

(e.g., where the Department's fee for the service would be included in a billing against the Department);

(8) Furnishing records when to do so is in conformance with generally established business custom (e.g., furnishing personal reference data to prospective employers of former Department employees);

(9) Furnishing one copy of a record in order to assist the requester to obtain financial benefits to which he or she is entitled (e.g., veterans or their dependents, employees with Government employee compensation claims or persons insured by the Government).

§ 2.22 Special rules governing certain information concerning coal obtained under the Mineral Leasing Act.

(a) *Definitions.* As used in the section:

(1) *Act* means the Mineral Leasing Act of February 25, 1920, as amended by the Act of August 4, 1976, Pub. L. 94–377, 90 Stat. 1083 (30 U.S.C. 181 *et seq.*), and the Mineral Leasing Act for Acquired Lands, as amended (30 U.S.C. 351 *et seq.*)

(2) *Exploration license* means a license issued by the Secretary of the Interior to conduct coal exploration operations on land subject to the Act pursuant to the authority in section 2(b) of the Act, as amended (30 U.S.C. 201(b)).

(3) *Fair-market value of coal to be leased* means the minimum amount of a bid the Secretary has determined he is willing to accept in leasing coal within leasing tracts offered in general lease sales or reserved and offered for lease to public bodies, including Federal agencies, rural electric cooperatives, or non-profit corporations, controlled by any of such entities pursuant to section 2(a) of the Act (30 U.S.C. 201(a)(1)).

(4) *Information* means data, statistics, samples and other facts, whether analyzed or processed or not, pertaining to Federal coal resources, which fit within an exemption to the Freedom of Information Act, 5 U.S.C. 552(b).

(b) *Applicability.* This section applies to the following categories of information:

(1) *Category A.* Information provided to or obtained by a bureau under section 2(b)(3) of the Act from the holder of an exploration license;

(2) *Category B.* Information acquired from commercial or other sources under service contract with Geological Survey pursuant to section 8A(b) of the Act, and information developed by the Geological Survey under an exploratory program authorized by section 8A of the Act;

(3) *Category C.* Information obtained from commercial sources which the commercial source acquired while not under contract with the United States Government;

(4) *Category D.* Information provided to the Secretary by a federal department or agency pursuant to section 8A(e) of the Act; and

(5) *Category E.* The fair-market value of coal to be leased and comments received by the Secretary with respect to such value.

(c) *Availability of information.* Information obtained by the Department from various sources will be made available to the public as follows:

(1) *Category A—Information.* Category A information shall not be disclosed to the public until after the areas to which the information pertains have been leased by the Department, or until the Secretary determines that release of the information to the public would not damage the competitive position of the holder of the exploration license, whichever comes first.

(2) *Category B—Information.* Category B information shall not be withheld from the public; it will be made available by means of and at the time of open filing or publication by Geological Survey.

(3) *Category C—Information.* Category C information shall not be made available to the public until after the areas to which the information pertains have been leased by the Department.

(4) *Category D—Information.* Category D information shall be made available to the public under the terms and conditions to which, at the time he or she acquired it, the head of the department or agency from whom the Secretary later obtained the information agreed.

(5) *Category E—Information.* Category E information shall not be made public until the lands to which the information pertains have been leased, or until the Secretary has determined that its

release prior to the issuance of a lease is in the public interest.

Subpart C—Declassification of Classified Documents

§ 2.41 Declassification of classified documents.

(a) *Request for classification review.* (1) Requests for a classification review of a document of the Department of the Interior pursuant to section 5(c) of Executive Order 11652 (37 FR 5209, March 10, 1972) and section III B of the National Security Council Directive Governing Classification, Downgrading, Declassification and Safeguarding of National Security Information (37 FR 10053, May 1972) shall be made in accordance with the procedures established by this section.

(2) Any person desiring a classification review of a document of the Department of the Interior containing information classified as National Security Information by reason of the provisions of Executive Order 12065 (or any predecessor executive order) and which is more than 10 years old, should address such request to the Chief, Division of Enforcement and Security Management, Office of Administrative Services, U.S. Department of the Interior, Washington, DC 20240.

(3) Requests need not be made on any special form, but shall, as specified in the executive order, describe the document with sufficient particularity to enable identification of the document requested with expenditure of no more than a reasonable amount of effort.

(4) Charges for locating and reproducing copies of records will be made when deemed applicable in accordance with appendix A to this part and the requester will be notified.

(b) *Action on requests for classification review.* (1) The Chief, Division of Enforcement and Security Management, shall, unless the request is for a document over 30 years old, assign the request to the bureau having custody of the requested records for action. In the case of requests for declassification of records in the custody of the Office of the Secretary and less than 30 years old, the request shall be processed by the Chief, Division of Enforcement and Security Management. Requests for declassification of documents over 30 years shall be referred directly to the Archivist of the United States. The bureau which has been assigned the request, or the Chief, Division of Enforcement and Security Management, in the case of requests assigned to him, shall immediately acknowledge the request in writing. Every effort will be made to complete action on each request within thirty (30) days of its receipt. If action cannot be completed within thirty (30) days, the requester shall be so advised.

(2) If the requester does not receive a decision on his request within sixty (60) days from the date of receipt of his request, or from the date of his most recent response to a request for more particulars, he may apply to the Department of the Interior Oversight Committee for Security, U.S. Department of the Interior, Washington, DC 20240, for a decision on his request. The Committee must render a decision within thirty (30) days.

(c) *Form of decision and appeal to Oversight Committee for Security.* In the event that the bureau to which a request is assigned or the Chief, Division of Enforcement and Security Management, in the case of a request assigned to him, determines that the requested information must remain classified by reason of the provisions of Executive Order 11652, the requester shall be given prompt notification of that decision and, whenever possible, shall be provided with a brief statement as to why the information or material cannot be declassified. He shall also be advised that if he desires he may appeal the determination to the Chairman, Department of the Interior Oversight Committee for Security, U.S. Department of the Interior, Washington, DC 20240. An appeal shall include a brief statement as to why the requester disagrees with the decision which he is appealing. The Department Oversight Committee for Security shall render its decision within thirty (30) days of receipt of an appeal. The Departmental Committee shall be authorized to overrule previous determinations in whole or in part when, in its judgement, continued protection is no longer required.

(d) *Appeal to Interagency Classification Review Committee.* Whenever the Department of the Interior Oversight

Committee for Security confirms a determination for continued classification, it shall so notify the requester and advise him that he is entitled to appeal the decision to the Interagency Classification Review Committee established under section 8(A) of the Executive Order 11652. Such appeals shall be addressed to the Interagency Classification Review Committee, the Executive Office Building, Washington, DC 20500.

(e) *Suggestions and complaints.* Any person may also direct suggestions or complaints with respect to the administration of the other provisions of Executive Order 11652 and the NSC Directive by the Department of the Interior to the Department of the Interior Oversight Committee for Security, U.S. Department of the Interior, Washington, DC 20240.

[40 FR 7305, Feb. 19, 1975, as amended at 47 FR 38327, Aug. 31, 1982]

Subpart D—Privacy Act

SOURCE: 40 FR 44505, Sept. 26, 1975, unless otherwise noted.

§ 2.45 Purpose and scope.

This subpart contains the regulations of the Department of the Interior implementing section 3 of the Privacy Act. Sections 2.47 through 2.57 describe the procedures and policies of the Department concerning maintenance of records which are subject to the Act. Sections 2.60 through 2.66 describe the procedure under which individuals may determine whether systems of records subject to the Act contain records relating to them and the procedure under which they may seek access to existing records. Sections 2.70 through 2.77 describe the procedure under which individuals may petition for amendment of records subject to the Act relating to them. Section 2.79 lists records systems that have been exempted from certain requirements of the Act.

[48 FR 56583, Dec. 22, 1983]

§ 2.46 Definitions.

(a) *Act.* As used in this subpart, ''Act'' means section 3 of the Privacy Act, 5 U.S.C. 552a.

(b) *Bureau.* For purposes of this subpart, a ''bureau'' is any constituent bureau or office of the Department, including the Office of the Secretary and any other Departmental office.

(c) *Individual.* As used in this subpart, ''individual'' means a citizen of the United States or an alien lawfully admitted for permanent residence.

(d) *Maintain.* As used in this subpart, the term ''maintain'' includes maintain, collect, use or disseminate.

(e) *Record.* As used in this subpart, ''record'' means any item, collection, or grouping of information about an individual that is maintained by the Department or a bureau thereof, including, but not limited to, education, financial transactions, medical history, and criminal or employment history and that contains the individual's name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a finger or voice print, or a photograph.

(f) *System of records.* As used in this subpart, ''System of records'' means a group of any records under the control of the Department or a bureau thereof from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual.

(g) *Medical records.* As used in this subpart, ''medical records'' means records which relate to the identification, prevention, cure or alleviation of any disease, illness or injury including psychological disorders, alcoholism and drug addiction.

(h) *Office of Personnel Management personnel records.* As used in the subpart, ''Office of Personnel Management personnel records'' means records maintained for the Office of Personnel Management by the Department and used for personnel management programs or processes such as staffing, employee development, retirement, and grievances and appeals.

(i) *Statistical records.* As used in this subpart, ''statistical records'' means records in a system of records maintained for statistical research or reporting purposes only and not used in whole or in part in making any determination about an identifiable individual.

(j) *Routine use.* As used in this subpart, ''routine use'' means a use of a record for a purpose which is compatible with the purpose for which it was collected.

(k) *System notice.* As used in this subpart, ''system notice'' means the notice describing a system of records required by 5 U.S.C. 552a(e)(4) to be published in the FEDERAL REGISTER upon establishment or revision of the system of records.

(l) *System manager.* As used in this subpart, ''system manager'' means the official designated in a system notice as having administrative responsibility for a system of records.

(m) *Departmental Privacy Act Officer.* As used in this subpart, ''Departmental Privacy Act Officer'' means the official in the Office of the Assistant Secretary—Policy, Budget and Administration charged with responsibility for assisting the Assistant Secretary—Policy, Budget and Administration in carrying out the functions assigned in this subpart and for coordinating the activities of the bureaus of the Department in carrying out the functions which they are assigned in this subpart.

(n) *Bureau Privacy Act Officer.* As used in this subpart, ''Bureau Privacy Act Officer'' means the official within each bureau assigned responsibility for bureau implementation of the Act and the regulations of this subpart.

(o) *Working day.* As used in this subpart, ''working day'' means a regular Federal work day. It does not include Saturdays, Sundays or public legal holidays.

[40 FR 44505, Sept. 26, 1975, as amended at 47 FR 38327, Aug. 31, 1982; 48 FR 56583, Dec. 22, 1983; 53 FR 3749, Feb. 9, 1988]

§ 2.47 Records subject to Privacy Act.

The Privacy Act applies to all ''records,'' as that term is defined in § 2.46(e), which the Department maintains in a ''system of records,'' as that term is defined in § 2.46(f).

§ 2.48 Standards for maintenance of records subject to the Act.

(a) *Content of records.* Records subject to the Act shall contain only such information about an individual as is relevant and necessary to accomplish a purpose of the agency required to be accomplished by statute or Executive Order of the President.

(b) *Standards of accuracy.* Records subject to the Act which are used in making any determination about any individual shall be maintained with such accuracy, relevance, timeliness, and completeness as is reasonably necessary to assure fairness to the individual in making the determination.

(c) *Collection of information.* (1) Information which may be used in making determinations about an individual's rights, benefits, and privileges under Federal programs shall, to the greatest extent practicable, be collected directly from that individual.

(2) In deciding whether collection of information from an individual, as opposed to a third party source, is practicable, the following factors, among others, may be considered:

(i) Whether the nature of the information sought is such that it can only be obtained from a third party;

(ii) Whether the cost of collecting the information from the individual is unreasonable when compared with the cost of collecting it from a third party;

(iii) Whether there is a risk that information collected from third parties, if inaccurate, could result in an adverse determination to the individual concerned;

(iv) Whether the information, if supplied by the individual, would have to be verified by a third party; or

(v) Whether provisions can be made for verification, by the individual, of information collected from third parties.

(d) *Advice to individuals concerning uses of information.* (1) Each individual who is asked to supply information about him or herself which will be added to a system of records shall be informed of the basis for requesting the information, how it may be used, and what the consequences, if any, are of not supplying the information.

(2) At a minimum, the notice to the individual must state:

(i) The authority (whether granted by statute or Executive Order of the President) which authorizes the solicitation of the information and whether disclosure of such information is mandatory or voluntary;

(ii) The principal purpose or purposes for which the information is intended to be used;

(iii) The routine uses which may be made of the information; and

(iv) The effects on the individual, if any, of not providing all or any part of the requested information.

(3)(i) When information is collected on a standard form, the notice to the individual shall be provided on the form, on a tear-off sheet attached to the form, or on a separate sheet, whichever is most practical.

(ii) When information is collected by an interviewer, the interviewer shall privide the individual with a written notice which the individual may retain. If the interview is conducted by telephone, however, the interviewer may summarize the notice for the individual and need not provide a copy to the individual unless the individual requests a copy.

(iii) An individual may be asked to acknowledge, in writing, that the notice required by this section has been provided.

(e) *Records concerning activity protected by the First Amendment.* No record may be maintained describing how any individual exercises rights guaranteed by the First Amendment to the Constitution unless the maintenance of the record is (1) expressly authorized by statute or by the individual about whom the record is maintained or (2) pertinent to and within the scope of an authorized law enforcement activity.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56583, Dec. 22, 1983]

§ 2.49 [Reserved]

§ 2.50 Federal Register notices describing systems of records.

(a) The Privacy Act requires publication of a notice in the FEDERAL REGISTER describing each system of records subject to the Act. Such notice will be published prior to the establishment or a revision of the system of records. 5 U.S.C. 552a(e)(4).

(b) Each bureau shall notify the Departmental Privacy Act Officer promptly of any modifications or amendments which are required in the then-current notice describing a system of records for which it is responsible.

(c) A bureau desiring to establish a new system of records or a new use for an existing system of records shall notify the Departmental Privacy Act Officer, no fewer than ninety (90) calendar days in advance.

[48 FR 56583, Dec. 22, 1983]

§ 2.51 Assuring integrity of records.

(a) *Statutory requirement.* The Privacy Act requires that records subject to the Act be maintained with appropriate administrative, technical and physical safeguards to insure the security and confidentiality of records and to protect against any anticipated threats or hazards to their security or integrity which could result in substantial harm, embarassment, inconvenience, or unfairness to any individual on whom information is maintained, 5 U.S.C. 552a(e)(10).

(b) *Records maintained in manual form.* When maintained in manual form, records subject to the Privacy Act shall be maintained in a manner commensurate with the sensitivity of the information contained in the system of records. The following minimum safeguards, or safeguards affording comparable protection, are applicable to Privacy Act systems of records containing sensitive information:

(1) Areas in which the records are maintained or regularly used shall be posted with an appropriate warning stating that access to the records is limited to authorized persons. The warning also shall summarize the requirements of § 2.52 and state that the Privacy Act contains a criminal penalty for the unauthorized disclosure of records to which it applies.

(2) During working hours, (i) the area in which the records are maintained or regularly used shall be occupied by authorized personnel or (ii) access to the records shall be restricted by their storage in locked metal file cabinets or a locked room.

(3) During non-working hours, access to the records shall be restricted by their storage in locked metal file cabinets or a locked room.

(4) Where a locked room is the method of security provided for a system, the bureau responsible for the system

shall supplement that security by (i) providing lockable file cabinets or containers for the records or (ii) changing the lock or locks for the room so that they may not be opened with a master key. For the purposes of this paragraph, a master key is a key which may be used to open rooms other than the room containing records subject to the Privacy Act, unless those rooms are utilized by officials or employees authorized to have access to the records subject to the Privacy Act.

(c) *Records maintained in computerized form.* When maintained in computerized form, records subject to the Privacy Act shall be maintained, at a minimum, subject to safeguards based on those recommended in the National Bureau of Standard's booklet ''Computer Security Guidelines for Implementing the Privacy Act of 1974'' (May 30, 1975), and any supplements thereto, which are adequate and appropriate to assuring the integrity of records in the system.

(d) *Office of Personnel Management personnel records.* A system of records made up of Office of Personnel Management personnel records shall be maintained under the security requirements set out in 5 CFR 293.106 and 293.107.

(e) *Bureau responsibility.* (1) The bureau responsible for a system of records shall be responsible for assuring that specific procedures are developed to assure that the records in the system are maintained with security meeting the requirements of the Act and this section.

(2) These procedures shall be in writing and shall be posted or otherwise periodically brought to the attention of employees working with the records contained in the system.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56583, Dec. 22, 1983]

§ 2.52 Conduct of employees.

(a) *Handling of records subject to the Act.* Employees whose duties require handling of records subject to the Privacy Act shall, at all times, take care to protect the integrity, security and confidentiality of these records.

(b) *Disclosure of records.* No employee of the Department may disclose records subject to the Privacy Act unless disclosure is permitted under § 2.56 or is to the individual to whom the record pertains.

(c) *Alteration of records.* No employee of the Department may alter or destroy a record subject to the Privacy Act unless (1) such alteration or destruction is properly undertaken in the course of the employee's regular duties or (2) such alteration or destruction is required by a decision under §§ 2.70 through 2.75 or the decision of a court of competent jurisdiction.

(d) *Bureau responsibility.* The bureau responsible for a system of records shall be responsible for assuring that employees with access to the system are made aware of the requirements of this section and of 5 U.S.C. 552a(i)(1), which imposes criminal penalties for knowingly and willfully disclosing a record about an individual without the written request or consent of that individual unless disclosure is permitted under one of the exceptions listed in § 2.56 (b) and (c).

§ 2.53 Government contracts.

(a) *Required contract provisions.* When a contract provides for the operation by or on behalf of the Department of a system of records to accomplish a Department function, the contract shall, consistent with the Department's authority, cause the requirements of 5 U.S.C. 552a and the regulations contained in this subpart to be applied to such system.

(b) *System manager.* The head of the bureau responsible for the contract shall designate a regular employee of the bureau to be the manager for a system of records operated by a contractor.

§§ 2.54—2.55 [Reserved]

§ 2.56 Disclosure of records.

(a) *Prohibition of disclosure.* No record contained in a system of records may be disclosed by any means of communication to any person, or to another agency, except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains.

(b) *General exceptions.* The prohibition contained in paragraph (a) does not apply where disclosure of the record would be:

(1) To those officers or employees of the Department who have a need for the record in the performance of their duties; or

(2) Required by the Freedom of Information Act, 5 U.S.C. 552.

(c) *Specific exceptions.* The prohibition contained in paragraph (a) of this section does not apply where disclosure of the record would be:

(1) For a routine use as defined in §2.46(j) which has been described in a system notice published in the FEDERAL REGISTER;

(2) To the Bureau of the Census for purposes of planning or carrying out a census or survey or related activity pursuant to the provisions of Title 13, U.S. Code.

(3) To a recipient who has provided the system manager responsible for the system in which the record is maintained with advance adequate written assurance that the record will be used solely as a statistical research or reporting record, and the record is to be transferred in a form that is not individually identifiable;

(4) To the National Archives and Records Administration as a record which has sufficient historical or other value to warrant its continued preservation by the U.S. Government, or for evaluation by the Archivist of the United States or the designee of the Archivist to determine whether the record has such value;

(5) To another agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity if the activity is authorized by law, and if the head of the agency or instrumentality has made a written request to the Department specifying the particular portion desired and the law enforcement activity for which the record is sought;

(6) To a person pursuant to a showing of compelling circumstances affecting the health or safety of an individual if upon such disclosure notification is transmitted to the last known address of such individual;

(7) To either House of Congress, or, to the extent of matter within its jurisdiction, any committee or subcommittee thereof, any joint committee of Congress or subcommittee of any such joint committee;

(8) To the Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the General Accounting Office;

(9) Pursuant to the order of a court of competent jurisdiction; or

(10) To a consumer reporting agency in accordance with section 3(d) of the Federal Claims Collection Act of 1966, as amended (31 U.S.C. 3711(f)).

(d) *Reviewing records prior to disclosure.* (1) Prior to any disclosure of a record about an individual, unless disclosure is required by the Freedom of Information Act, reasonable efforts shall be made to assure that the records are accurate, complete, timely and relevant for agency purposes.

(2) When a record is disclosed in connection with a Freedom of Information request made under subpart B of this part and it is appropriate and administratively feasible to do so, the requester shall be informed of any information known to the Department indicating that the record may not be fully accurate, complete, or timely.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56584, Dec. 22, 1983; 50 FR 45114, Oct. 30, 1985]

§2.57 Accounting for disclosures.

(a) *Maintenance of an accounting.* (1) Where a record is disclosed to any person, or to another agency, under any of the specific exceptions provided by §2.56 (c), an accounting shall be made.

(2) The accounting shall record (i) the date, nature, and purpose of each disclosure of a record to any person or to another agency and (ii) the name and address of the person or agency to whom the disclosure was made.

(3) Accountings prepared under this section shall be maintained for at least five years or the life of the record, whichever is longer, after the disclosure for which the accounting is made.

(b) *Access to accountings.* (1) Except for accountings of disclosures made under §2.56(c)(5), accountings of all disclosures of a record shall be made available to the individual to whom the record relates at the individual's request.

(2) An individual desiring access to an accounting of disclosures of a record pertaining to the individual shall submit a request by following the procedures of § 2.63.

(c) *Notification of disclosure.* When a record is disclosed pursuant to § 2.56(c)(9) as the result of the order of a court of competent jurisdiction, reasonable efforts shall be made to notify the individual to whom the record pertains as soon as the order becomes a matter of public record.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56584, Dec. 22, 1983]

§§ 2.58—2.59 [Reserved]

§ 2.60 Request for notification of existence of records: Submission.

(a) *Submission of requests.* (1)(i) Individuals desiring to determine under the Privacy Act whether a system of records contains records pertaining to them shall address inquiries to the system manager having responsibility for the system unless the system notice describing the system prescribes or permits submission to some other official or officials.

(ii) If a system notice describing a system requires individuals to contact more than two officials concerning the existence of records in the system, individuals desiring to determine whether the system contains records pertaining to them may contact the system manager for assistance in determining which official is most likely to be in possession of records pertaining to those individuals.

(2) Individuals desiring to determine whether records pertaining to them are maintained in two or more systems shall make a separate inquiry concerning each system.

(b) *Form of request.* (1) An inquiry to determine whether a system of records contains records pertaining to an individual shall be in writing.

(2) To insure expeditious handling, the request shall be prominently marked, both on the envelope and on the face of the request, with the legend ''PRIVACY ACT INQUIRY.''

(3) The request shall state that the individual is seeking information concerning records pertaining to him or herself and shall supply such additional identifying information, if any, as is called for in the system notice describing the system.

(4) Individuals who have reason to believe that information pertaining to them may be filed under a name other than the name they are currently using (e.g., maiden name), shall include such information in the request.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56584, Dec. 22, 1983]

§ 2.61 Requests for notification of existence of records: Action on.

(a) *Decisions on request.* (1) Individuals inquiring to determine whether a system of records contains records pertaining to them shall be promptly advised whether the system contains records pertaining to them unless (i) the records were compiled in reasonable anticipation of a civil action or proceeding or (ii) the system of records is one which has been excepted from the notification provisions of the Privacy Act by rulemaking (§ 2.79).

(2) If the records were compiled in reasonable anticipation of a civil action or proceeding or the system of records is one which has been excepted from the notification provisions of the Privacy Act by rulemaking, the individuals will be promptly notified that they are not entitled to notification of whether the system contains records pertaining to them.

(b) *Authority to deny requests.* A decision to deny a request for notification of the existence of records shall be made by the system manager responsible for the system of records concerning which inquiry has been made and shall be concurred in by the bureau Privacy Act officer for the bureau which maintains the system, provided, however that the head of a bureau may, in writing, require (1) that the decision be made by the bureau Privacy Act officer and/or (2) that the bureau head's own concurrence in the decision be obtained.

(c) *Form of decision.* (1) No particular form is required for a decision informing individuals whether a system of records contains records pertaining to them.

(2) A decision declining to inform an individual whether or not a system of records contains records pertaining to

him or her shall be in writing and shall:

(i) State the basis for denial of the request.

(ii) Advise the individual that an appeal of the declination may be made to the Assistant Secretary—Policy, Budget and Administration pursuant to §2.65 by writing to the Privacy Act Officer, Office of the Assistant Secretary—Policy, Budget and Administration, U.S. Department of the Interior, Washington, DC 20240.

(iii) State that the appeal must be received by the foregoing official within twenty (20) working days of the date of the decision.

(3) If the decision declining a request for notification of the existence of records involves Department employee records which fall under the jurisdiction of the Office of Personnel Management, the individual shall be informed in a written response which shall:

(i) State the reasons for the denial.

(ii) Include the name, position title, and address of the official responsible for the denial.

(iii) Advise the individual that an appeal of the declination may be made only to the Assistant Director for Workforce Information, Personnel Systems Oversight Group, Office of Personnel Management, 1900 E Street NW., Washington, DC 20415.

(4) Copies of decisions declining a request for notification of the existence of records made pursuant to paragraphs (c)(2) and (c)(3) of this section shall be provided to the Departmental and Bureau Privacy Act Officers.

[48 FR 56584, Dec. 22, 1983, as amended at 53 FR 3749, Feb. 9, 1988]

§2.62 Requests for access to records.

The Privacy Act permits individuals, upon request, to gain access to their records or to any information pertaining to them which is contained in a system and to review the records and have a copy made of all or any portion thereof in a form comprehensive to them. 5 U.S.C. 552a(d)(1). A request for access shall be submitted in accordance with the procedures in this subpart.

[48 FR 56584, Dec. 22, 1983]

§2.63 Requests for access to records: Submission.

(a) *Submission of requests.* (1)(i) Requests for access to records shall be submitted to the system manager having responsibility for the system in which the records are maintained unless the system notice describing the system prescribes or permits submission to some other official or officials.

(ii) If a system notice describing a system requires individuals to contact more than two officials concerning access to records in the system, individuals desiring to request access to records pertaining to them may contact the system manager for assistance in determining which official is most likely to be in custody of records pertaining to that individual.

(2) Individuals desiring access to records maintained in two or more separate systems shall submit a separate request for access to the records in each system.

(b) *Form of request.* (1) A request for access to records subject to the Privacy Act shall be in writing.

(2) To insure expeditious handling, the request shall be prominently marked, both on the envelope and on the face of the request, with the legend "PRIVACY ACT REQUEST FOR ACCESS."

(3) Requesters shall specify whether they seek all of the records contained in the system which relate to them or only some portion thereof. If only a portion of the records which relate to the individual are sought, the request shall reasonably describe the specific record or records sought.

(4) If the requester seeks to have copies of the requested records made, the request shall state the maximum amount of copying fees which the requester is willing to pay. A request which does not state the amount of fees the requester is willing to pay will be treated as a request to inspect the requested records. Requesters are further notified that under §2.64(d) the failure to state willingness to pay fees as high as are anticipated by the Department will delay processing of a request.

(5) The request shall supply such identifying information, if any, as is

called for in the system notice describing the system.

(6) Requests failing to meet the requirements of this paragraph shall be returned to the requester with a written notice advising the requester of the deficiency in the request.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56585, Dec. 22, 1983]

§ 2.64 Requests for access to records: Initial decision.

(a) *Decisions on requests.* A request made under this subpart for access to a record shall be granted promptly unless (1) the record was compiled in reasonable anticipation of a civil action or proceeding or (2) the record is contained in a system of records which has been excepted from the access provisions of the Privacy Act by rulemaking (§ 2.79).

(b) *Authority to deny requests.* A decision to deny a request for access under this subpart shall be made by the system manager responsible for the system of records in which the requested record is located and shall be concurred in by the bureau Privacy Act officer for the bureau which maintains the system, provided, however, that the head of a bureau may, in writing, require (1) that the decision be made by the bureau Privacy Act officer and/or (2) that the bureau head's own concurrence in the decision be obtained.

(c) *Form of decision.* (1) No particular form is required for a decision granting access to a record. The decision shall, however, advise the individual requesting the record as to where and when the record is available for inspection or, as the case may be, where and when copies will be available. If fees are due under § 2.64(d), the individual requesting the record shall also be notified of the amount of fees due or, if the exact amount has not been determined, the approximate amount of fees due.

(2) A decision denying a request for access, in whole or part, shall be in writing and shall:

(i) State the basis for denial of the request.

(ii) Contain a statement that the denial may be appealed to the Assistant Secretary—Policy, Budget and Administration pursuant to § 2.65 by writing to the Privacy Act Officer, Office of the Assistant Secretary—Policy, Budget and Administration, U.S. Department of the Interior, Washington, DC 20240.

(iii) State that the appeal must be received by the foregoing official within twenty (20) working days of the date of the decision.

(3) If the decision denying a request for access involves Department employee records which fall under the jurisdiction of the Office of Personnel Management, the individual shall be informed in a written response which shall:

(i) State the reasons for the denial.

(ii) Include the name, position title, and address of the official responsible for the denial.

(iii) Advise the individual that an appeal of the denial may be made only to the Assistant Director for Workforce Information, Personnel Systems and Oversight Group, Office of Personnel Management, 1900 E Street NW., Washington, DC 20415.

(4) Copies of decisions denying requests for access made pursuant to paragraphs (c)(2) and (c)(3) of this section will be provided to the Departmental and Bureau Privacy Act Officers.

(d) *Fees.* (1) No fees may be charged for the cost of searching for or reviewing a record in response to a request made under § 2.63.

(2) Fees for copying a record in response to a request made under § 2.63 shall be charged in accordance with the schedule of charges contained in Appendix A to this part, unless the official responsible for processing the request determines that reduction or waiver of fees is appropriate.

(3) Where it is anticipated that fees chargeable in connection with a request will exceed the amount the person submitting the request has indicated a willingness to pay, the official processing the request shall notify the requester and shall not complete processing of the request until the requester has agreed, in writing, to pay fees as high as are anticipated.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56585, Dec. 22, 1983; 53 FR 3749, Feb. 9, 1988]

§ 2.65 Requests for notification of existence of records and for access to records: Appeals.

(a) *Right of appeal.* Except for appeals pertaining to Office of Personnel Management records, individuals who have been notified that they are not entitled to notification of whether a system of records contains records pertaining to them or have been denied access, in whole or part, to a requested record may appeal to the Assistant Secretary—Policy, Budget and Administration.

(b) *Time for appeal.* (1) An appeal must be received by the Privacy Act Officer no later than twenty (20) working days after the date of the initial decision on a request.

(2) The Assistant Secretary—Policy, Budget and Administration may, for good cause shown, extend the time for submission of an appeal if a written request for additional time is received within twenty (20) working days of the date of the initial decision on the request.

(c) *Form of appeal.* (1) An appeal shall be in writing and shall attach copies of the initial request and the decision on the request.

(2) The appeal shall contain a brief statement of the reasons why the appellant believes the decision on the initial request to have been in error.

(3) The appeal shall be addressed to Privacy Act Officer, Office of the Assistant Secretary—Policy, Budget and Administration, U.S. Department of the Interior, Washington, DC 20240.

(d) *Action on appeals.* (1) Appeals from decisions on initial requests made pursuant to §§ 2.61 and 2.63 shall be decided for the Department by the Assistant Secretary—Policy, Budget and Administration or an official designated by the Assistant Secretary after consultation with the Solicitor.

(2) The decision on an appeal shall be in writing and shall state the basis for the decision.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56585, Dec. 22, 1983; 53 FR 3749, Feb. 9, 1988]

§ 2.66 Requests for access to records: Special situations.

(a) *Medical records.* (1) Medical records shall be disclosed to the individual to whom they pertain unless it is determined, in consultation with a medical doctor, that disclosure should be made to a medical doctor of the individual's choosing.

(2) If it is determined that disclosure of medical records directly to the individual to whom they pertain could have an adverse effect on that individual, the individual may designate a medical doctor to receive the records and the records will be disclosed to that doctor.

(b) *Inspection in presence of third party.* (1) Individuals wishing to inspect records pertaining to them which have been opened for their inspection may, during the inspection, be accompanied by a person of their own choosing.

(2) When such a procedure is deemed appropriate, individuals to whom the records pertain may be required to furnish a written statement authorizing discussion of their records in the accompanying person's presence.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56585, Dec. 22, 1983]

§§ 2.67—2.69 [Reserved]

§ 2.70 Amendment of records.

The Privacy Act permits individuals to request amendment of records pertaining to them if they believe the records are not accurate, relevant, timely or complete. 5 U.S.C. 552a(d)(2). A request for amendment of a record shall be submitted in accordance with the procedures in this subpart.

[48 FR 56585, Dec. 22, 1983]

§ 2.71 Petitions for amendment: Submission and form.

(a) *Submission of petitions for amendment.* (1) A request for amendment of a record shall be submitted to the system manager for the system of records containing the record unless the system notice describing the system prescribes or permits submission to a different official or officials. If an individual wishes to request amendment of records located in more than one system, a separate petition must be submitted to each system manager.

(2) A petition for amendment of a record may be submitted only if the individual submitting the petition has previously requested and been granted

access to the record and has inspected or been given a copy of the record.

(b) *Form of petition.* (1) A petition for amendment shall be in writing and shall specifically identify the record for which amendment is sought.

(2) The petition shall state, in detail, the reasons why the petitioner believes the record, or the objectionable portion thereof, is not accurate, relevant, timely or complete. Copies of documents or evidence relied upon in support of these reasons shall be submitted with the petition.

(3) The petition shall state, specifically and in detail, the changes sought in the record. If the changes involve rewriting the record or portions thereof or involve adding new language to the record, the petition shall propose specific language to implement the changes.

[48 FR 56585, Dec. 22, 1983]

§ 2.72 Petitions for amendment: Processing and initial decision.

(a) *Decisions on petitions.* In reviewing a record in response to a petition for amendment, the accuracy, relevance, timeliness and completeness of the record shall be assessed against the criteria set out in § 2.48. In addition, personnel records shall be assessed against the criteria for determining record quality published in the Federal Personnel Manual and the Departmental Manual addition thereto.

(b) *Authority to decide.* An initial decision on a petition for amendment may be made only by the system manager responsible for the system of records containing the challenged record. If the system manager declines to amend the record as requested, the bureau Privacy Act officer for the bureau which maintains the system must concur in the decision, provided, however, that the head of a bureau may, in writing, require (1) that the decision be made by the bureau Privacy Act officer and/or (2) that the bureau head's own concurrence in the decision be obtained.

(c) *Acknowledgement of receipt.* Unless processing of a petition is completed within ten (10) working days, the receipt of the petition for amendment shall be acknowledged in writing by the system manager to whom it is directed.

(d) *Inadequate petitions.* (1) If a petition does not meet the requirements of § 2.71, the petitioner shall be so advised and shall be told what additional information must be submitted to meet the requirements of § 2.71.

(2) If the petitioner fails to submit the additional information within a reasonable time, the petition may be rejected. The rejection shall be in writing and shall meet the requirements of paragraph (e) of this section.

(e) *Form of decision.* (1) A decision on a petition for amendment shall be in writing and shall state concisely the basis for the decision.

(2) If the petition for amendment is rejected, in whole or part, the petitioner shall be informed in a written response which shall:

(i) State concisely the basis for the decision.

(ii) Advise the petitioner that the rejection may be appealed to the Assistant Secretary—Policy, Budget and Administration by writing to the Privacy Act Officer, Office of the Assistant Secretary—Policy, Budget and Administration, U.S. Department of the Interior, Washington, DC 20240.

(iii) State that the appeal must be received by the foregoing official within twenty (20) working days of the decision.

(3) If the petition for amendment involves Department employee records which fall under the jurisdiction of the Office of Personnel Management and is rejected, in whole or part, the petitioner shall be informed in a written response which shall:

(i) State concisely the basis for the decision.

(ii) Advise the petitioner that an appeal of the rejection may be made pursuant to 5 CFR 297.306 only to the Assistant Director for Workforce Information, Personnel Systems and Oversight Group, Office of Personnel Management, 1900 E Street NW., Washington, DC 20415.

(4) Copies of rejections of petitions for amendment made pursuant to paragraphs (e)(2) and (e)(3) of this section will be provided to the Departmental and Bureau Privacy Act Officers.

(f) *Implementation of initial decision.* If a petition for amendment is accepted,

in whole or part, the bureau maintaining the record shall:

(1) Correct the record accordingly and,

(2) Where an accounting of disclosures has been made pursuant to §2.57, advise all previous recipients of the record that the correction was made and the substance of the correction.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56585, Dec. 22, 1983; 53 FR 3750, Feb. 9, 1988]]

§2.73 Petitions for amendments: Time limits for processing.

(a) *Acknowledgement of receipt.* The acknowledgement of receipt of a petition required by §2.72(c) shall be dispatched not later than ten (10) working days after receipt of the petition by the system manager responsible for the system containing the challenged record, unless a decision on the petition has been previously dispatched.

(b) *Decision on petition.* A petition for amendment shall be processed promptly. A determination whether to accept or reject the petition for amendment shall be made within thirty (30) working days after receipt of the petition by the system manager responsible for the system containing the challenged record.

(c) *Suspension of time limit.* The thirty (30) day time limit for a decision on a petition shall be suspended if it is necessary to notify the petitioner, pursuant to §2.72(d), that additional information in support of the petition is required. Running of the thirty (30) day time limit shall resume on receipt of the additional information by the system manager responsible for the system containing the challenged record.

(d) *Extensions of time.* (1) The thirty (30) day time limit for a decision on a petition may be extended if the official responsible for making a decision on the petition determines that an extension is necessary for one of the following reasons:

(i) A decision on the petition requires analysis of voluminous record or records;

(ii) Some or all of the challenged records must be collected from facilities other than the facility at which the official responsible for making the decision is located.

(iii) Some or all of the challenged records are of concern to another bureau of the Department or another agency of the Federal Government whose assistance and views are being sought in processing the request.

(2) If the official responsible for making a decision on the petition determines that an extension is necessary, the official shall promptly inform the petitioner of the extension and the date on which a decision is expected to be dispatched.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56586, Dec. 22, 1983; 53 FR 3750, Feb. 9, 1988]

§2.74 Petitions for amendment: Appeals.

(a) *Right of appeal.* Except for appeals pertaining to Office of Personnel Management records, where a petition for amendment has been rejected in whole or in part, the individual submitting the petition may appeal the denial to the Assistant Secretary—Policy, Budget and Administration.

(b) *Time for appeal.* (1) An appeal must be received no later than twenty (20) working days after the date of the decision on a petition.

(2) The Assistant Secretary—Policy, Budget and Administration may, for good cause shown, extend the time for submission of an appeal if a written request for additional time is received within twenty (20) working days of the date of the decision on a petition.

(c) *Form of appeal.* (1) An appeal shall be in writing and shall attach copies of the initial petition and the decision on that petition.

(2) The appeal shall contain a brief statement of the reasons why the appellant believes the decision on the petition to have been in error.

(3) The appeal shall be addressed to Privacy Act Officer, Office of the Assistant Secretary—Policy, Budget and Administration, U.S. Department of the Interior, Washington, DC 20240.

[40 FR 44505, Sept. 26, 1975, as amended at 47 FR 38328, Aug. 31, 1982; 53 FR 3750, Feb. 9, 1988]

§2.75 Petitions for amendment: Action on appeals.

(a) *Authority.* Appeals from decisions on initial petitions for amendment

shall be decided for the Department by the Assistant Secretary—Policy, Budget and Administration or an official designated by the Assistant Secretary, after consultation with the Solicitor.

(b) *Time limit.* (1) A final determination on any appeal shall be made within thirty (30) working days after receipt of the appeal.

(2) The thirty (30) day period for decision on an appeal may be extended, for good cause shown, by the Secretary of the Interior. If the thirty (30) day period is extended, the individual submitting the appeal shall be notified of the extension and of the date on which a determination on the appeal is expected to be dispatched.

(c) *Form of decision.* (1) The final determination on an appeal shall be in writing and shall state the basis for the determination.

(2) If the determination upholds, in whole or part, the initial decision rejecting the petition for amendment, the determination shall also advise the individual submitting the appeal:

(i) Of his or her right to file a concise statement of the reasons for disagreeing with the decision of the agency;

(ii) Of the procedure established by § 2.77 for the filing of the statement of disagreement;

(iii) That the statement which is filed will be made available to anyone to whom the record is subsequently disclosed together with, at the discretion of the Department, a brief statement by the Department summarizing its reasons for refusing to amend the record;

(iv) That prior recipients of the challenged record will be provided a copy of any statement of dispute to the extent that an accounting of disclosure was maintained; and

(v) Of his or her right to seek judicial review of the Department's refusal to amend the record.

(3) If the determination reverses, in whole or in part, the initial decision rejecting the petition for amendment, the system manager responsible for the system containing the challenged record shall be directed to:

(i) Amend the challenged record accordingly; and

(ii) If an accounting of disclosures has been made, advise all previous recipients of the record of the amendment and its substance.

[40 FR 44505, Sept. 26, 1975, as amended at 48 FR 56586, Dec. 22, 1983; 53 FR 3750, Feb. 9, 1988]

§ 2.76 [Reserved]

§ 2.77 Statements of disagreement.

(a) *Filing of statement.* If the determination of the Assistant Secretary—Policy, Budget and Administration under § 2.75 rejects in whole or part, a petition for amendment, the individual submitting the petition may file with the system manager for the system containing the challenged record a concise written statement setting forth the reasons for disagreement with the determination of the Department.

(b) *Disclosure of statements.* In any disclosure of a record containing information about which an individual has filed a statement of disagreement under this section which occurs after the filing of the statement, the disputed portion of the record will be clearly noted and the recipient shall be provided copies of the statement of disagreement. If appropriate, a concise statement of the reasons of the Department for not making the requested amendments may also be provided to the recipient.

(c) *Maintenance of statements.* System managers shall develop procedures to assure that statements of disagreement filed with them shall be maintained in such a way as to assure dissemination of the statements to recipients of the records to which the statements pertain.

[48 FR 56586, Dec. 22, 1983]

§ 2.78 [Reserved]

§ 2.79 Exemptions.

(a) *Criminal law enforcement records exempt under 5 U.S.C. 552a(j)(2).* Pursuant to 5 U.S.C 552a(j)(2) the following systems of records have been exempted from all of the provisions of 5 U.S.C. 552a and the regulations in the subpart except paragraphs (b), (c) (1) and (2), (e)(4) (A) through (F), (e) (6), (7), (9), (10), and (11), and (i) of 5 U.S.C. 552a and the portions of the regulations in this subpart implementing these paragraphs:

(1) Investigative Case File System, Interior/FWS–20.

(2) Law Enforcement Services System, Interior/BIA–18.

(3) Law Enforcement Statistical Reporting System, Interior/NPS–19.

(4) Investigative Records, Interior/Office of Inspector General—2.

(b) *Law enforcement records exempt under 5 U.S.C. 552a(k)(2).* Pursuant to 5 U.S.C. 552a(k)(2), the following systems of records have been exempted from paragraphs (c)(3), (d), (e)(1), (e)(4) (G), (H), and (I), and (f) of 5 U.S.C. 552a and the provisions of the regulations in this subpart implementing these paragraphs:

(1) Investigative Records, Interior/Office of Inspector General—2.

(2) Permits System, Interior/FWS–21.

(3) Criminal Case Investigation System, Interior/BLM–18.

(4) Civil Trespass Case Investigations, Interior/BLM–19.

(5) Employee Conduct Investigations, Interior/BLM–20.

(6)–(7) [Reserved]

(8) Employee Financial Irregularities, Interior/NPS–17.

(9) Trespass Cases, Interior/Reclamation–37.

(10) Litigation, Appeal and Case Files System, Interior/Office of the Solicitor–1 to the extent that it consists of investigatory material compiled for law enforcement purposes.

(11) Endangered Species Licenses System, Interior/FWS–19.

(12) Investigative Case File, Interior/FWS–20.

(13) Timber Cutting and Trespass Claims Files, Interior/BIA–24.

(c) Investigatory records exempt under 5 U.S.C. 552a(k)(5), the following systems of records have been exempted from subsections (c)(3), (d), (e)(1), (e)(4) (G), (H), and (I) and (f) of 5 U.S.C. 552a and the provisions of the regulations in this subpart implementing these subsections:

(1) [Reserved]

(2) National Research Council Grants Program, Interior/GS–9

(3) Committee Management Files, Interior/Office of the Secretary—68.

(5 U.S.C. 301, 552a and 5 U.S.C. app. sections 9(a)(1)(D) and 9(b); 5 U.S.C. 301, 552, and 552a; 31 U.S.C. 483a; and 43 U.S.C. 1460)

[40 FR 44505, Sept. 26, 1975, as amended at 40 FR 54790, Nov. 26, 1975; 47 FR 38328, Aug. 31, 1982; 48 FR 37412, Aug. 18, 1983; 48 FR 56586, Dec. 22, 1983; 49 FR 6907, Feb. 24, 1984]

Subpart E—Compulsory Process and Testimony of Employees

§ 2.80 Compulsory process.

(a) If the production of any record of the Department is sought by compulsory process and if it is determined in accordance with the provisions of § 2.13 that the record should not be disclosed, the person making such determination shall immediately report the matter to the Solicitor. The person to whom the compulsory process is directed shall appear in answer to the process and respectfully decline to produce the record on the ground that the disclosure, pending the receipt of instructions from the Secretary of the Interior, is prohibited by the regulations in this subpart.

(b) The solicitor of the Department of the Interior is authorized to exercise all of the authority of the Secretary of the Interior under this section.

§ 2.82 Testimony of employees.

(a) An officer or employee of the Department shall not testify in any judicial or administrative proceeding concerning matters related to the business of the Government without the permission of the head of the bureau, or his designee, or of the Secretary of the Interior, or his designee. If the head of a bureau or his designee, concludes that permission should be withheld, he shall report the matter immediately to the Solicitor for a determination, and the officer or employee shall appear in answer to process and respectfully decline to testify, pending the receipt of instructions from the Secretary, on the ground that testimony is prohibited by the regulations in this part. Pending instructions from the Secretary or his designee, an officer or employee in the

Office of the Secretary shall follow the same procedure.

(b) Any person (including a public agency) wishing an officer or employee of the Department to testify in a judicial or administrative proceeding concerning a matter related to the business of the Government may be required to submit a statement setting forth the interest of the litigant and the information with respect to which the testimony of the officer or employee of the Department is desired, before permission to testify will be granted under this section.

(c) The Solicitor of the Department of the Interior is authorized to exercise all of the authority of the Secretary of the Interior under this section.

APPENDIX A TO PART 2—FEES

The following uniform fee schedule is applicable to all constituent units of the Department. It states the fees to be charged to members of the public for services performed in searching for, reviewing and duplicating requested records in connection with FOIA requests made under subpart B of this part and to services performed in making documents available for inspection and copying under subpart A of this part. The duplicating fees stated in the schedule are also applicable to duplicating of records in response to requests made under the Privacy Act. The schedule also states the fee to be charged for certification of documents.

(1) *Copies, basic fee.* For copies of documents reproduced on a standard office copying machine in sizes to 8½″ x 14″, the charge will be $0.13 per page.

Examples: For one copy of a three-page document, the fee would be $0.39. For two copies of a three-page document, the fee would be $0.78. For one copy of a 60-page document, the fee would be $7.80.

(2) *Copies, documents requiring special handling.* For copies of documents which require special handling because of their age, size, etc., cost will be based on direct costs of reproducing the materials.

(3)–(4) [Reserved]

(5) *Searches.* For each quarter hour, or portion thereof, spent by clerical personnel in manual searches to locate requested records: $2.30. For each quarter hour, or portion thereof, spent by professional or managerial personnel in manual searches to locate requested records because the search cannot be performed by clerical personnel: $4.65.

Search time for which fees may be charged includes all time spent looking for material that is responsive to a request, including line-by-line or page-by-page search to determine whether a record is responsive, even if the search fails to locate records or the records located are determined to be exempt from disclosure. Searches will be conducted in the most efficient and least expensive manner, so as to minimize costs for both the agency and the requester. Line-by-line or page-by-page identification should not be necessary if it is clear on the face of a document that it is covered by a request.

(6) *Review of records.* For each quarter hour, or portion thereof, spent by clerical personnel in reviewing records: $2.30. For each quarter hour, or portion thereof, spent by professional or managerial personnel in reviewing records: $4.65.

Review is the examination of documents located in response to a commercial use request to determine whether any portion of any document located is permitted to be withheld and the subsequent processing of documents for disclosure by excising exempt material or otherwise preparing them for release. Review does not include time spent in resolving general legal or policy issues regarding the application of exemptions.

(7) [Reserved]

(8) *Certification.* For each certificate of verification attached to authenticated copies of records furnished to the public the charge will be $0.25.

(9) [Reserved]

(10) *Computerized records.* Charges for services in processing requests for records maintained in computerized form will be calculated in accordance with the following criteria:

(a) Costs for processing a data request will be calculated using the same standard direct costs charged to other users of the facility, and/or as specified in the user's manual or handbook published by the computer center in which the work will be performed.

(b) An itemized listing of operations required to process the job will be prepared (i.e., time for central processing unit, input/output, remote terminal, storage, plotters, printing, tape/disc mounting, etc.) with related associated costs applicable to each operation.

(c) Material costs (i.e., paper, disks, tape, etc.) will be calculated using the latest acquisition price paid by the facility.

(d) ADP facility managers must assure that all cost estimates are accurate, and if challenged, be prepared to substantiate that the rates are not higher than those charged to other users of the facility for similar work. Upon request, itemized listings of operations and associated costs for processing the job may be furnished to members of the public.

(e) Requesters entitled to two hours of free search time under 43 CFR 2.20(e) shall not be charged for that portion of a computer search that equals two hours of the salary of the operator performing the search.

(11) *Postage/mailing costs.* Mailing charges may be added for services (such as express mail) that exceed the cost of first class postage.

(12)–(13) [Reserved]

(14) *Other services.* When a response to a request requires services or materials other than those described in this schedule, the direct cost of such services or materials to the Government may be charged, but only if the requester has been notified of such cost before it is incurred.

(15) *Effective date.* This schedule applies to all requestes made under the Freedom of Information Act and Privacy Act after December 30, 1987.

[52 FR 45592, Nov. 30, 1987]

APPENDIX B TO PART 2—BUREAUS AND OFFICES OF THE DEPARTMENT OF THE INTERIOR

1. *Bureaus and Offices of the Department of the Interior.* (The address for all bureaus and offices, unless otherwise indicated, is U.S. Department of the Interior, Washington, DC 20240.)

Secretary of the Interior, Office of the Secretary
Office of Administrtative Services (for Office of the Secretary components)
Assistant Secretary, Territorial and International Affairs
Commissioner, Bureau of Indian Affairs
Director, U.S. Fish and Wildlife Service
Director, National Park Service, P.O. Box 37127, Washington, DC, 20013–7127
Commissioner, Bureau of Reclamation
Director, Bureau of Land Management
Director, Minerals Management Service
Director, Bureau of Mines, Columbia Plaza, 2401 E Street NW., Washington, DC 20241
Director, Geological Survey, The National Center, Reston, VA 22092
Director, Office of Surface Mining Reclamation and Enforcement
Director, Office of Hearings and Appeals, 4015 Wilson Blvd., Arlington, VA 22203
Inspector General, Office of Inspector General
Solicitor, Office of the Solicitor

2. *Freedom of Information Officers of the Department of the Interior.* (The address for all Freedom of Information Officers, unless otherwise indicated, is U.S. Department of the Interior, Washington, DC 20240.)

Director, Office of Administrative Services (for Office of the Secretary components), U.S. Department of the Interior
Director, Office of Administration, Bureau of Indian Affairs
Freedom of Information Act Officer, Bureau of Land Management
Assistant Director, Finance and Management, Bureau of Mines, Columbia Plaza, 2401 E Street NW., Washington, DC 20241
Freedom of Information Act Officer, Bureau of Reclamation
Chief, Division of Media Information, National Park Service
Chief, Regulatory Development and Issues Management, Office of Surface Mining Reclamation and Enforcement
Chief, Directives Management Branch, Policy and Directives Management, U.S. Fish and Wildlife Service,
Chief, Paperwork Management Unit, U.S. Geological Survey, The National Center, Reston, VA 22092
Freedom of Information Act Officer, Minerals Management Service, 12203 Sunrise Valley Drive, Reston, VA 22091
Information Officer, Office of Inspector General

3. *Office of Hearings and Appeals*—Field Offices:

Administrative Law Judge, 710 Locust St., Federal Building, Suite 116, Knoxville, TN 37902
Administrative Law Judges, 6432 Federal Bldg., Salt Lake City, UT 84138
Administrative Law Judge, 2901 N. Central Ave., Suite 955, Phoenix, AZ 85012–2739
Administrative Law Judge, 2020 Hurley Way, Suite 150, Sacramento, CA 95825
Administrative Law Judges, Bishop Henry Whipple Federal Building, 1 Federal Drive, rooms 674 and 688, Fort Snelling, MN 55111
Administrative Law Judge, 1700 Louisiana N.E., Suite 220, Albuquerque, NM 87110
Administrative Law Judge, 215 Dean A. McGee Ave., room 507, Oklahoma City, OK 73102
Administrative Law Judge (Indian Probate), Federal Bldg. & Courthouse, 515 9th St., Suite 201, Rapid City, SD 57701
Administrative Law Judge (Indian Probate), Federal Bldg. & Courthouse, Rm. 3329, 316 N. 26th St., Billings, MT 59101

4. *Office of the Solicitor*—Field Offices.

Regional Solicitors

Regional Solicitor, U.S. Department of the Interior, 701 C Street, Anchorage, AK 99513
Regional Solicitor, U.S. Department of the Interior, Room E–2753, 2800 Cottage Way, Sacramento, CA 95825
Regional Solicitor, U.S. Department of the Interior, P.O. Box 25007, Denver Federal Center, Denver, CO 80225
Regional Solicitor, U.S. Department of the Interior, Richard B. Russell Federal Building, 75 Spring Street, SW., Suite 1328, Atlanta, GA 30303
Regional Solicitor, U.S. Department of the Interior, Suite 612, One Gateway Center, Newton Corner, MA 02158
Regional Solicitor, U.S. Department of the Interior, Room 3068, Page Belcher Federal Building, 333 West 4th Street, Tulsa, OK 74103

Regional Solicitor, U.S. Department of the Interior, Lloyd 500 Building, Suite 607, 500 N.E. Multnomah, Portland, OR 97232
Regional Solicitor, U.S. Department of the Interior, Suite 6201, Federal Building, 125 South State Street, Salt Lake City, UT 84138

Field Solicitors

Field Solicitor, U.S. Department of the Interior, Suite 150, 505 North Second St., Phoenix, AZ 85004
Field Solicitor, U.S. Department of the Interior, P.O. Box M, Window Rock, AZ 86515
Field Solicitor, U.S. Department of the Interior, Box 36064, 450 Golden Gate Avenue, Room 14126, San Francisco, CA 94102
Field Solicitor, U.S. Department of the Interior, Box 020, Federal Building, U.S. Courthouse, 550 West Fort Street, Boise, ID 83724
Field Solicitor, U.S. Department of the Interior, 686 Federal Building, Twin Cities, MN 55111
Field Solicitor, U.S. Department of the Interior, Room 5431, Federal Building, 316 N. 26th Street, Billings, MT 59101
Field Solicitor, U.S. Department of the Interior, P.O. Box 1042, Santa Fe, NM 87504
Field Solicitor, U.S. Department of the Interior, Osage Agency, Grandview Avenue, Pawhuska, OK 74056
Field Solicitor, U.S. Department of the Interior, Suite 502J, U.S. Post Office and Courthouse, Pittsburgh, PA 15219
Field Solicitor, U.S. Department of the Interior, P.O. Box 15006, Knoxville, TN 37901
Field Solicitor, U.S. Department of the Interior, 1100 South Fillmore, Amarillo, TX 79101
Field Solicitor, U.S. Department of the Interior, 603 Morris Street, 2nd Floor, Charleston, WV 25301.

[52 FR 45593, Nov. 30, 1987, as amended at 53 FR 16128, May 5, 1988; 58 FR 48973, Sept. 21, 1993]

PART 3—PRESERVATION OF AMERICAN ANTIQUITIES

Sec.
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AUTHORITY: Secs. 3, 4, 34 Stat. 225, as amended; 16 U.S.C. 432.

SOURCE: 19 FR 8838, Dec. 23, 1954, unless otherwise noted.

§ 3.1 Jurisdiction.

Jurisdiction over ruins, archeological sites, historic and prehistoric monuments and structures, objects of antiquity, historic landmarks, and other objects of historic and scientific interest, shall be exercised under the act by the respective Departments as follows:

(a) By the Secretary of Agriculture over lands within the exterior limits of forest reserves;

(b) By the Secretary of the Army over lands within the exterior limits of military reservations;

(c) By the Secretary of the Interior over all other lands owned or controlled by the Government of the United States, *Provided,* The Secretaries of the Army and Agriculture may by agreement cooperate with the Secretary of the Interior in the supervision of such monuments and objects covered by the Act of June 8, 1906 (34 Stat. 225; 16 U.S.C. 431—433), as may be located on lands near or adjacent to forest reserves and military reservations, respectively.

§ 3.2 Limitation on permits granted.

No permit for the removal of any ancient monument or structure which can be permanently preserved under the control of the United States in situ, and remain an object of interest, shall be granted.

§ 3.3 Permits; to whom granted.

Permits for the examination of ruins, the excavation of archeological sites, and the gathering of objects of antiquity will be granted, by the respective Secretaries having jurisdiction, to reputable museums, universities, colleges, or other recognized scientific or educational institutions, or to their duly authorized agents.

§ 3.4 No exclusive permits granted.

No exclusive permits shall be granted for a larger area than the applicant can

reasonably be expected to explore fully and systematically within the time limit named in the permit.

§3.5 Application.

Each application for a permit should be filed with the Secretary having jurisdiction, and must be accompanied by a definite outline of the proposed work, indicating the name of the institution making the request, the date proposed for beginning the field work, the length of time proposed to be devoted to it, and the person who will have immediate charge of the work. The application must also contain an exact statement of the character of the work, whether examination, excavation, or gathering, and the public museum in which the collections made under the permit are to be permanently preserved. The application must be accompanied by a sketch plan or description of the particular site or area to be examined, excavated, or searched, so definite that it can be located on the map with reasonable accuracy.

§3.6 Time limit of permits granted.

No permit will be granted for a period of more than 3 years, but if the work has been diligently prosecuted under the permit, the time may be extended for proper cause upon application.

§3.7 Permit to become void.

Failure to begin work under a permit within 6 months after it is granted, or failure to diligently prosecute such work after it has been begun, shall make the permit void without any order or proceeding by the Secretary having jurisdiction.

§3.8 Applications referred for recommendation.

Applications for permits shall be referred to the Smithsonian Institution for recommendation.

§3.9 Form and reference of permit.

Every permit shall be in writing and copies shall be transmitted to the Smithsonian Institution and the field officer in charge of the land involved. The permittee will be furnished with a copy of the regulations in this part.

§3.10 Reports.

At the close of each season's field work the permittee shall report in duplicate to the Smithsonian Institution, in such form as its secretary may prescribe, and shall prepare in duplicate a catalogue of the collections and of the photographs made during the season, indicating therein such material, if any, as may be available for exchange.

§3.11 Restoration of lands.

Institutions and persons receiving permits for excavation shall, after the completion of the work, restore the lands upon which they have worked to their customary condition, to the satisfaction of the field officer in charge.

§3.12 Termination.

All permits shall be terminable at the discretion of the Secretary having jurisdiction.

§3.13 Report of field officer.

The field officer in charge of land owned or controlled by the Government of the United States shall, from time to time, inquire and report as to the existence, on or near such lands, of ruins and archaeological sites, historic or prehistoric ruins or monuments, objects of antiquity, historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest.

§3.14 Examinations by field officer.

The field officer in charge may at all times examine the permit of any person or institution claiming privileges granted in accordance with the act and this part, and may fully examine all work done under such permit.

§3.15 Persons who may apprehend or cause to be arrested.

All persons duly authorized by the Secretaries of Agriculture, Army and Interior may apprehend or cause to be arrested, as provided in the Act of February 6, 1905 (33 Stat. 700) any person or

persons who appropriate, excavate, injure, or destroy any historic or prehistoric ruin or monument, or any object of antiquity on lands under the supervision of the Secretaries of Agriculture, Army, and Interior, respectively.

§ 3.16 Seizure.

Any object of antiquity taken, or collection made, on lands owned or controlled by the United States, without a permit, as prescribed by the act and this part, or there taken or made, contrary to the terms of the permit, or contrary to the act and this part, may be seized wherever found and at any time, by the proper field officer or by any person duly authorized by the Secretary having jurisdiction, and disposed of as the Secretary shall determine, by deposit in the proper national depository or otherwise.

§ 3.17 Preservation of collection.

Every collection made under the authority of the act and of this part shall be preserved in the public museum designated in the permit and shall be accessible to the public. No such collection shall be removed from such public museum without the written authority of the Secretary of the Smithsonian Institution, and then only to another public museum, where it shall be accessible to the public; and when any public museum, which is a depository of any collection made under the provisions of the act and this part, shall cease to exist, every such collection in such public museum shall thereupon revert to the national collections and be placed in the proper national depository.

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AUTHORITY: R.S. 2478, as amended, 43 U.S.C. sec. 1201, unless otherwise noted.

SOURCE: 36 FR 7186, Apr. 15, 1971, unless otherwise noted.

Subpart A—General; Office of Hearings and Appeals

§ 4.1 Scope of authority; applicable regulations.

The Office of Hearings and Appeals, headed by a Director, is an authorized representative of the Secretary for the purpose of hearing, considering and determining, as fully and finally as might the Secretary, matters within the jurisdiction of the Department involving hearings, and appeals and other review functions of the Secretary. Principal components of the Office include:

(a) A Hearings Division comprised of administrative law judges who are authorized to conduct hearings in cases required by law to be conducted pursuant to 5 U.S.C. 554, and hearings in other cases arising under statutes and regulations of the Department, including rule making hearings, and

(b) Appeals Boards, shown below, with administrative jurisdiction and special procedural rules as indicated. General rules applicable to all types of proceedings are set forth in subpart B of this part. Therefore, for information as to applicable rules, reference should be made to the special rules in the subpart relating to the particular type of proceeding, as indicated, and to the general rules in subpart B of this part. Wherever there is any conflict between one of the general rules in subpart B of this part and a special rule in another subpart applicable to a particular type of proceeding, the special rule will govern. Reference should be made also to the governing laws, substantive regulations and policies of the Department relating to the proceeding. In addition, reference should be made to part 1 of this subtitle which regulates practice before the Department of the Interior.

(1) *Board of Contract Appeals.* The Board considers and decides finally for the Department appeals to the head of the Department from findings of fact or decisions by contracting officers of any bureau or office of the Department, wherever situated, or any field installation thereof, and orders and conducts hearings as necessary. Special regulations applicable to proceedings before the Board are contained in subpart C of this part.

(2) *Board of Indian Appeals.* The Board decides finally for the Department appeals to the head of the Department pertaining to:

(i) Administrative actions of officials of the Bureau of Indian Affairs, issued under 25 CFR chapter I, except as limited in 25 CFR chapter I or § 4.330 of this part, and

(ii) Orders and decisions of Administrative Law Judges in Indian probate matters other than those involving estates of the Five Civilized Tribes of Indians. The Board also decides such

other matters pertaining to Indians as are referred to it by the Secretary, the Director of the Office of Hearings and Appeals, or the Assistant Secretary-Indian Affairs for exercise of review authority of the Secretary. Special regulations applicable to proceedings before the Board are contained in subpart D of this part.

(3) *Board of Land Appeals.* The Board decides finally for the Department appeals to the head of the Department from decisions rendered by Departmental officials relating to: (i) The use and disposition of public lands and their resources, including land selections arising under the Alaska Native Claims Settlement Act, as amended; (ii) the use and disposition of mineral resources in certain acquired lands of the United States and in the submerged lands of the Outer Continental Shelf; and (iii) the conduct of surface coal mining under the Surface Mining Control and Reclamation Act of 1977. Special procedures for hearings, appeals and contests in public land cases are contained in subpart E of this part; special procedures for hearings and appeals under the Surface Mining Control and Reclamation Act of 1977 are contained in subpart L of this part.

(4) *Ad Hoc Board of Appeals.* Appeals to the head of the Department which do not lie within the appellate review jursidiction of an established Appeals Board and which are not specifically excepted in the general delegation of authority to the Director may be considered and ruled upon by the Director or by Ad Hoc Boards of Appeals appointed by the Director to consider the particular appeals and to issue decisions thereon, deciding finally for the Department all questions of fact and law necessary for the complete adjudication of the issues. Jurisdiction of the Boards would include, but not be limited to, the appellate and review authority of the Secretary referred to in parts 13, 21, and 230 of this title, and in 36 CFR parts 8 and 20. Special regulations applicable to proceedings in such cases are contained in subpart G of this part.

(Sec. 525, Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. 1275, and sec. 301, Administrative Procedure Act, 5 U.S.C. 301)

[36 FR 7186, Apr. 15, 1971, as amended at 40 FR 33172, Aug. 6, 1975; 47 FR 26392, June 18, 1982; 49 FR 7565, Mar. 1, 1984; 54 FR 6485, Feb. 10, 1989; 61 FR 47434, Sept. 9, 1996; 61 FR 49976, Sept. 24, 1996]

§4.2 Membership of appeals boards; decisions, functions of Chief Judges.

(a) The Appeals Boards consist of regular members, who are hereby designated Administrative Judges, one of whom is designated as Chief Administrative Judge, the Director as an ex officio member, and alternate members who may serve, when necessary, in place of or in addition to regular members. The Chief Administrative Judge of an Appeals Board may direct that an appeal may be decided by a panel of any two Administrative Judges of the Board, but if they are unable to agree upon a decision, the Chief Administrative Judge may assign one or more additional Administrative Judges of the Board to consider the appeal. The concurrence of a majority of the Board Administrative Judges who consider an appeal shall be sufficient for a decision.

(b) Decisions of the Board must be in writing and signed by not less than a majority of the Administrative Judges who considered the appeal. The Director, being an ex officio member, may participate in the consideration of any appeal and sign the resulting decision.

(c) The Chief Administrative Judge of an Appeals Board shall be responsible for the internal management and administration of the Board, and the Chief Administrative Judge is authorized to act on behalf of the Board in conducting correspondence and in carrying out such other duties as may be necessary in the conduct of routine business of the Board.

[39 FR 7931, Mar. 1, 1974]

§ 4.3 Representation before appeals boards.

(a) *Appearances generally.* Representation of parties in proceedings before Appeals Boards of the Office of Hearings and Appeals is governed by Part 1 of this subtitle, which regulates practice before the Department of the Interior.

(b) *Representation of the Government.* Department counsel designated by the Solicitor of the Department to represent agencies, bureaus, and offices of the Department of the Interior in proceedings before the Office of Hearings and Appeals, and Government counsel for other agencies, bureaus or offices of the Federal Government involved in any proceeding before the Office of Hearings and Appeals, shall represent the Government agency in the same manner as a private advocate represents a client.

(c) *Appearances as amicus curiae.* Any person desiring to appear as amicus curiae in any proceeding shall make timely request stating the grounds for such request. Permission to appear, if granted, will be for such purposes as established by the Director or the Appeals Board in the proceeding.

§ 4.4 Public records; locations of field offices.

Part 2 of this subtitle prescribes the rules governing availability of the public records of the Office of Hearings and Appeals. It includes a list of the field offices of the Office of Hearings and Appeals and their locations.

§ 4.5 Power of the Secretary and Director.

(a) *Secretary.* Nothing in this part shall be construed to deprive the Secretary of any power conferred upon him by law. The authority reserved to the Secretary includes, but is not limited to:

(1) The authority to take jurisdiction at any stage of any case before any employee or employees of the Department, including any administrative law judge or board of the Office, except a case before the Board of Contract Appeals which is subject to the Contract Disputes Act of 1978, and render the final decision in the matter after holding such hearing as may be required by law; and

(2) The authority to review any decision of any employee or employees of the Department, including any administrative law judge or board of the Office, or to direct any such employee or employees to reconsider a decision, except a decision by the Board of Contract Appeals which is subject to the Contract Disputes Act of 1978.

(b) *The Director.* Except for cases or decisions subject to the Contract Disputes Act of 1978, the Director, pursuant to his delegated authority from the Secretary, may assume jurisdiction of any case before any board of the Office or review any decision of any board of the Office or direct reconsideration of any decision by any board of the Office.

(c) *Exercise of reserved power.* If the Secretary or Director assumes jurisdiction of a case or reviews a decision, the parties and the appropriate Departmental personnel will be advised in writing of such action, the administrative record will be requested, and, after the review process is completed, a written decision will be issued.

[50 FR 43705, Oct. 29, 1985, as amended at 52 FR 46355, Dec. 7, 1987; 52 FR 47097, Dec. 11, 1987]

Subpart B—General Rules Relating to Procedures and Practice

§ 4.20 Purpose.

In the interest of establishing and maintaining uniformity to the extent feasible, this subpart sets forth general rules applicable to all types of proceedings before the Hearings Division and the several Appeals Boards of the Office of Hearings and Appeals.

§ 4.21 General provisions.

(a) *Effect of decision pending appeal.* Except as otherwise provided by law or other pertinent regulation:

(1) A decision will not be effective during the time in which a person adversely affected may file a notice of appeal; when the public interest requires, however, the Director or an Appeals Board may provide that a decision, or any part of a decision, shall be in full force and effective immediately;

(2) A decision will become effective on the day after the expiration of the time during which a person adversely affected may file a notice of appeal unless a petition for a stay pending appeal is filed together with a timely notice of appeal; a petition for a stay may be filed only by a party who may properly maintain an appeal;

(3) A decision, or that portion of a decision, for which a stay is not granted will become effective immediately after the Director or an Appeals Board denies or partially denies the petition for a stay, or fails to act on the petition within the time specified in paragraph (b)(4) of this section.

(b) *Standards and procedures for obtaining a stay.* Except as otherwise provided by law or other pertinent regulation:

(1) A petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

(i) The relative harm to the parties if the stay is granted or denied,

(ii) The likelihood of the appellant's success on the merits,

(iii) The likelihood of immediate and irreparable harm if the stay is not granted, and

(iv) Whether the public interest favors granting the stay;

(2) The appellant requesting the stay bears the burden of proof to demonstrate that a stay should be granted;

(3) The appellant shall serve a copy of its notice of appeal and petition for a stay on each party named in the decision from which the appeal is taken, and on the Director or the Appeals Board to which the appeal is taken, at the same time such documents are served on the appropriate officer of the Department; any party, including the officer who made the decision being appealed, may file a response to the stay petition within 10 days after service; failure to file a response shall not result in a default on the question of whether a stay should be granted; service shall be made by delivering copies personally or by sending them by registered or certified mail, return receipt requested;

(4) The Director or an Appeals Board shall grant or deny a petition for a stay pending appeal, either in whole or in part, on the basis of the factors listed in paragraph (b)(1) of this section, within 45 calendar days of the expiration of the time for filing a notice of appeal;

(c) *Exhaustion of administrative remedies.* No decision which at the time of its rendition is subject to appeal to the Director or an Appeals Board shall be considered final so as to be agency action subject to judicial review under 5 U.S.C. 704, unless a petition for a stay of decision has been timely filed and the decision being appealed has been made effective in the manner provided in paragraphs (a)(3) or (b)(4) of this section or a decision has been made effective pending appeal pursuant to paragraph (a)(1) of this section or pursuant to other pertinent regulation.

(d) *Finality of decision.* No further appeal will lie in the Department from a decision of the Director or an Appeals Board of the Office of Hearings and Appeals. Unless otherwise provided by regulation, reconsideration of a decision may be granted only in extraordinary circumstances where, in the judgment of the Director or an Appeals Board, sufficient reason appears therefor. Requests for reconsideration must be filed promptly, or within the time required by the regulations relating to the particular type of proceeding concerned, and must state with particularity the error claimed. The filing and pendency of a request for reconsideration shall not operate to stay the effectiveness of the decision involved unless so ordered by the Director or an Appeals Board. A request for reconsideration need not be filed to exhaust administrative remedies.

[36 FR 7186, Apr. 15, 1971, as amended at 58 FR 4942, Jan. 19, 1993]

§ 4.22 Documents.

(a) *Filing of documents.* A document is filed in the Office where the filing is required only when the document is received in that office during the office hours when filing is permitted and the document is received by a person authorized to receive it.

(b) *Service generally.* A copy of each document filed in a proceeding before the Office of Hearings and Appeals must be served by the filing party on the other party or parties in the case,

except as otherwise provided by § 4.31. In all cases where a party is represented by an attorney, such attorney will be recognized as fully controlling the case on behalf of his/her client, and service of any document relating to the proceeding shall be made upon such attorney in addition to any other service specifically required by law or by order of a presiding official or an appeals board. Where a party is represented by more than one attorney, service upon one of the attorneys shall be sufficient.

(c) *Retention of documents.* All documents, books, records, papers, etc., received in evidence in a hearing or submitted for the record in any proceeding before the Office of Hearings and Appeals will be retained with the official record of the proceedings. However, the withdrawal of original documents may be permitted while the case is pending upon the submission of true copies in lieu thereof. When a decision has become final, an appeals board in its discretion may, upon request and after notice to the other party or parties, permit the withdrawal of original exhibits or any part thereof by the party entitled thereto. The substitution of true copies of exhibits or any part thereof may be required by the Board in its discretion as a condition of granting permission for such withdrawal. Transcripts of testimony and/or documents received or reviewed pursuant to § 4.31 of these rules shall be sealed against disclosure to unauthorized persons and retained with the official record, subject to the withdrawal and substitution provisions hereof.

(d) *Record address.* Every person who files a document for the record in connection with any proceeding before the Office of Hearings and Appeals shall at the time of his initial filing in the matter state his address. Thereafter he must promptly inform the office in which the matter is pending of any change in address, giving the docket or other appropriate numbers of all matters in which he has made such a filing. The successors of such person shall likewise promptly inform such office of their interest in the matters and state their addresses. If a person fails to furnish a record address as required herein, he will not be entitled to notice in connection with the proceedings.

(e) *Computation of time for filing and service.* Except as otherwise provided by law, in computing any period of time prescribed for filing and serving a document, the day upon which the decision or document to be appealed from or answered was served or the day of any other event after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a Saturday, Sunday, Federal legal holiday, or other nonbusiness day, in which event the period runs until the end of the next day which is not a Saturday, Sunday, Federal legal holiday, or other nonbusiness day. When the time prescribed or allowed is 7 days or less, intermediate Saturdays, Sundays, Federal legal holidays and other nonbusiness days shall be excluded in the computation.

(f) *Extensions of time.* (1) The time for filing or serving any document may be extended by the Appeals Board or other officer before whom the proceeding is pending, except for the time for filing a notice of appeal and except where such extension is contrary to law or regulation.

(2) A request for an extension of time must be filed within the time allowed for the filing or serving of the document and must be filed in the same office in which the document in connection with which the extension is requested must be filed.

[36 FR 7186, Apr. 15, 1971, as amended at 53 FR 49660, Dec. 9, 1988]

§ 4.23 Transcript of hearings.

Hearings will be recorded verbatim and transcripts thereof shall be made when requested by interested parties, costs of transcripts to be borne by the requesting parties. Fees for transcripts prepared from recordings by Office of Hearings and Appeals employees will be at rates which cover the cost of manpower, machine use and materials, plus 25 percent, adjusted to the nearest 5 cents. If the reporting is done pursuant to a contract between the reporter and the Department of the Interior Agency or office which is involved in the proceeding, or the Office of Hearings and Appeals, fees for transcripts will be at rates established by the contract.

§4.24 Basis of decision.

(a) *Record.* (1) The record of a hearing shall consist of the transcript of testimony or summary of testimony and exhibits together with all papers and requests filed in the hearing.

(2) If a hearing has been held on an appeal pursuant to instructions of an Appeals Board, this record shall be the sole basis for decision insofar as the referred issues of fact are involved except to the extent that official notice may be taken of a fact as provided in paragraph (b) of this section.

(3) Where a hearing has been held in other proceedings, the record made shall be the sole basis for decision except to the extent that official notice may be taken of a fact as provided in paragraph (b) of this section.

(4) In any case, no decision after a hearing or on appeal shall be based upon any record, statement, file, or similar document which is not open to inspection by the parties to the hearing or appeal, except for documents or other evidence received or reviewed pursuant to §4.31(d).

(b) *Official notice.* Official notice may be taken of the public records of the Department of the Interior and of any matter of which the courts may take judicial notice.

[36 FR 7186, Apr. 15, 1971, as amended at 53 FR 49660, Dec. 9, 1988]

§4.25 Oral argument.

The Director or an Appeals Board may, in their discretion, grant an opportunity for oral argument.

§4.26 Subpoena power and witness provisions generally.

(a) *Compulsory attendance of witnesses.* The administrative law judge, on his own motion, or on written application of a party, is authorized to issue subpoenas requiring the attendance of witnesses at hearings to be held before him or at the taking of depositions to be held before himself or other officers. Subpoenas will be issued on a form approved by the Director. A subpoena may be served by any person who is not a party and is not less than 18 years of age, and the original subpoena bearing a certificate of service shall be filed with the administrative law judge. A witness may be required to attend a deposition or hearing at a place not more than 100 miles from the place of service.

(b) *Application for subpoena.* Where the file has not yet been transmitted to the administrative law judge, the application for a subpoena may be filed in the office of the officer who made the decision appealed from, or in the office of the Bureau of Land Management in which the complaint was filed, in which cases such offices will forward the application to the examiner.

(c) *Fees payable to witnesses.* (1) Witnesses subpoenaed by any party shall be paid the same fees and mileage as are paid for like service in the District Courts of the United States. The witness fees and mileage shall be paid by the party at whose instance the witness appears.

(2) Any witness who attends any hearing or the taking of any deposition at the request of any party to the controversy without having been subpoenaed to do so shall be entitled to the same mileage and attendance fees, to be paid by such party, to which he would have been entitled if he had been first duly subpoenaed as a witness on behalf of such party. This paragraph does not apply to Government employees who are called as witnesses by the Government.

§4.27 Standards of conduct.

(a) *Inquiries.* All inquiries with respect to any matter pending before the Office of Hearings and Appeals shall be directed to the Director, the Chief Administrative Law Judge, or the Chairman of the appropriate Board.

(b) *Ex parte communication*—(1) *Prohibition.* Except to the extent required for the disposition of *ex parte* matters as authorized by law, there shall be no communication concerning the merits of a proceeding between any party to the proceeding or any person interested in the proceeding or any representative of a party or interested person and any Office personnel involved or who may reasonably be expected to become involved in the decisionmaking process on that proceeding, unless the communication, if oral, is made in the presence of all other parties or their representatives, or, if written, is furnished

to all other parties. Proceedings include cases pending before the Office, rulemakings amending this Part 4 that might affect a pending case, requests for reconsideration or review by the Director, and any other related action pending before the Office. The terms ''interested person'' and ''person interested in the proceeding'' include any individual or other person with an interest in the agency proceeding that is greater than the interest that the public as a whole may have. This regulation does not prohibit communications concerning case status or advice concerning compliance with procedural requirements unless the area of inquiry is in fact an area of controversy in the proceeding. Any oral communication made in violation of this regulation shall be reduced to writing in a memorandum to the file by the person receiving the communication and shall be included in the record. Any written communication made in violation of this regulation shall be included in the record. In proceedings other than informal rulemakings copies of the memorandum or communication shall be provided to all parties, who shall be given an opportunity to respond in writing.

(2) *Sanctions.* The administrative law judge, board, or Director who has responsibility for the matter with respect to which a prohibited communication has been knowingly made may impose appropriate sanctions on the offending person or persons, which may include requiring an offending party to show cause why its claim, motion, or interest should not be dismissed, denied, or otherwise adversely affected; disciplining offending Office personnel pursuant to the Department's standards of conduct (43 CFR part 20); and invoking such sanctions against other offending persons as may be appropriate under the circumstances.

(c) *Disqualification.* An administrative law judge or Board member shall withdraw from a case if he deems himself disqualified under the recognized canons of judicial ethics. If, prior to a decision of an administrative law judge or an Appeals Board, there is filed in good faith by a party an affidavit of personal bias or disqualification with substantiating facts, and the administrative law judge or Board member concerned does not withdraw, the Board or the Director, as appropriate, shall determine the matter of disqualification.

[36 FR 7186, Apr. 15, 1971, as amended at 50 FR 43705, Oct. 29, 1985; 53 FR 49660, Dec. 9, 1988]

§ 4.28 Interlocutory appeals.

There shall be no interlocutory appeal from a ruling of an administrative law judge unless permission is first obtained from an Appeals Board and an administrative law judge has certified the interlocutory ruling or abused his discretion in refusing a request to so certify. Permission will not be granted except upon a showing that the ruling complained of involves a controlling question of law and that an immediate appeal therefrom may materially advance the final decision. An interlocutory appeal shall not operate to suspend the hearing unless otherwise ordered by the Board.

§ 4.29 Remands from courts.

Whenever any matter is remanded from any court for further proceedings, and to the extent the court's directive and time limitations will permit, the parties shall be allowed an opportunity to submit to the appropriate Appeals Board, a report recommending procedures to be followed in order to comply with the court's order. The Board will review the reports and enter special orders governing the handling of matters remanded to it for further proceedings by any court.

§ 4.30 Information required by forms.

Whenever a regulation of the Office of Hearing and Appeals requires a form approved or prescribed by the Director, the Director may in that form require the submission of any information which he considers to be necessary for the effective administration of that regulation.

§ 4.31 Request for limiting disclosure of confidential information.

(a) If any person submitting a document in a proceeding under this part claims that some or all of the information contained in that document is exempt from the mandatory public disclosure requirements of the Freedom of

Information Act (5 U.S.C. 552), is information referred to in section 1905 of title 18 of the United States Code (disclosure of confidential information), or is otherwise exempt by law from public disclosure, the person:

(1) Must indicate in the document that it is exempt, or contains information which is exempt, from disclosure;

(2) Must request the presiding officer or appeals board not to disclose such information except to the parties to the proceeding under the conditions provided in paragraphs (b) and (c) of this section, and must serve the request upon the parties to the proceeding. The request shall include the following items:

(i) A copy of the document from which has been deleted the information for which the person requests nondisclosure; if it is not practicable to submit such copy of the document because deletion of the information would render the document unintelligible, a description of the document may be substituted;

(ii) A statement specifying why the information is confidential, if the information for which nondisclosure is requested is claimed to come within the exception in 5 U.S.C. 552(b)(4) for trade secrets and commercial or financial information:

(iii) A statement specifying the justification for nondisclosure, if the information for which nondisclosure is requested is not within the exception in 5 U.S.C. 552(b)(4).

(b) If information is submitted in accordance with paragraph (a) of this section, the information will not be disclosed except as provided in the Freedom of Information Act, in accordance with part 2 of this title, or upon request from a party to the proceeding under the restrictions stated in paragraph (c) of this section.

(c) At any time, a party may request the presiding officer or appeals board to direct a person submitting information under paragraph (a) of this section to provide that information to the party. The presiding officer or board will so direct, unless paragraph (d) of this section is applicable, if the party requesting the information agrees under oath in writing:

(1) Not to use or disclose the information except in the context of the proceeding conducted pursuant to this part; and

(2) To return all copies of the information at the conclusion of the proceeding to the person submitting the information under paragraph (a) of this section.

(d) If any person submitting a document in a proceeding under this Part other than a hearing conducted pursuant to 5 U.S.C. 554 claims that a disclosure of information in that document to another party to the proceeding is prohibited by law, notwithstanding the protection provided under paragraph (c) of this section, such person:

(1) Must indicate in the original document that it contains information of which disclosure is prohibited;

(2) Must request that the presiding officer or appeals board review such evidence as a basis for its decision without disclosing it to the other party or parties, and serve the request upon the parties to the proceeding. The request shall include a copy of the document or description as required by paragraph (a)(2)(i) of this section and state why disclosure is prohibited, citing pertinent statutory or regulatory authority. If the prohibition on disclosure is intended to protect the interest of a person who is not a party to the proceeding, the party making the request must demonstrate that such person refused to consent to the disclosure of the evidence to other parties to the proceeding.

(3) If the presiding officer or an appeals board denies the request, the person who made the request shall be given an opportunity to withdraw the evidence before it is considered by the presiding official or board unless a Freedom of Information Act request, administrative appeal from the denial of a request, or lawsuit seeking release of the information is pending.

(e) If the person submitting a document does not submit the copy of the document or description required by paragraph (a)(2)(i) or (d)(2) of this section, the presiding officer or appeals board may assume that there is no objection to public disclosure of the document in its entirety.

(f) Where a decision by a presiding officer or appeals board is based in whole or in part on evidence not included in the public record or disclosed to all parties, the decision shall so state, specifying the nature of the evidence and the provision of law under which disclosure was denied, and the evidence so considered shall be retained under seal as part of the official record.

[53 FR 49661, Dec. 9, 1988]

Subpart C—Special Rules of Practice Before the Interior Board of Contract Appeals

AUTHORITY: 5 U.S.C. 301 and the Contract Disputes Act of 1978 (Pub. L. 95–563, Nov. 1, 1978 (41 U.S.C. 601–613)).

SOURCE: 46 FR 57499, Nov. 24, 1981, unless otherwise noted.

§ 4.100 General rules and guidelines.

(a) *Effective date and applicability*—(1) *Effective date and general applicability.* These rules shall be in effect on and after March 1, 1979, and except as qualified by the provisions of paragraphs (a)(2) and (3) of this section, shall apply to all appeals brought before the Interior Board of Contract Appeals.

(2) *Special applicability.* The rule set forth in § 4.102(a) provides for alternative applicability, depending upon whether the appeal involved is subject to the Contract Disputes Act of 1978, Public Law 95–563 (41 U.S.C. 601–613). The rules set forth in §§ 4.102 (c), (d), and (e), 4.113, and 4.120 shall apply exclusively to appeals which are subject to the Contract Disputes Act of 1978.

(3) *When an appeal is subject to the Contract Disputes Act of 1978.* An appeal shall be subject to the Contract Disputes Act of 1978 if it involves a contract entered into on or after March 1, 1979; or, at the election of the appellant, if the appeal involves a contract entered into before March 1, 1979, and the contracting officer's decision from which the appeal is taken is dated March 1, 1979, or thereafter.

(b) *Jurisdiction for considering appeals.* The Interior Board of Contract Appeals (referred to herein as the ''Board'') shall consider and determine appeals from decisions of contracting officers relating to contracts made by (i) the Department of the Interior or (ii) any other executive agency when such agency or the Administrator of the Office of Federal Procurement Policy has duly designated the Board to decide the appeal.

(c) *Location and organization of the Board.* (1) The Board's address is 4015 Wilson Boulevard, Arlington, Virginia 22203. Its telephone number is (703) 235–3813.

(2) The Board consists of a Chairman, Vice Chairman, and other members all of whom are attorneys at law duly licensed by a State, Commonwealth, Territory, or the District of Columbia. In general, the appeals are assigned to a panel of at least two members who decide the cases. However, in cases of disagreement, or unusual circumstances, a panel of three members will be assigned to decide by a majority vote. Board members are designated Administrative Judges.

(d) *Time extensions and computations.* (1) Where possible, procedural actions should be taken in less time than the maximum time allowed. Where appropriate and justified, however, extensions of time will be granted. All requests for extensions of time shall be in writing.

(2) In computing any period of time, the day of the event from which the designated period of time begins to run shall not be included, but the last day of the period shall be included unless it is a Saturday, Sunday, or a legal holiday, in which event the period shall run to the end of the next business day.

(e) *General guidelines*—(1) *Place of filings.* Unless the Board otherwise directs, all notices of appeal, pleadings, and other communications shall be filed with the Board at the address indicated herein. Communications to the Board shall be addressed to Interior Board of Contract Appeals, 4015 Wilson Boulevard, Arlington, Virginia 22203.

(2) *Representation of parties.* Whenever in these rules reference is made to contractor, appellant, contracting officer, respondent, or parties, this shall include respective counsel for the parties, as soon as appropriate notices of appearances have been filed with the Board. In those cases where an executive agency, other than the Department of the Interior, has designated the Board to adjudicate its contract

appeals, the term, ''Department Counsel,'' shall mean Government Counsel assigned to represent such agency.

(3) *Interpretation of these rules.* These rules will be interpreted so as to secure a just and inexpensive determination of appeals without unnecessary delay.

(4) *Decisions on questions of law.* When an appeal is taken pursuant to a disputes clause in a contract which limits appeals to disputes concerning questions of fact, the Board will, nevertheless, consider and decide all questions of law necessary for the complete adjudication of the issues.

(f) *Ex parte communications.* No member of the Board or of the Board's staff shall entertain, nor shall any person directly or indirectly involved in an appeal submit to the Board or the Board's staff, off the record, any evidence, explanation, analysis, or advice, whether written or oral, without the knowledge and consent of the adverse party, regarding any matter at issue in that appeal. This provision does not apply to consultation among Board members or to ex parte communications concerning the Board's administrative functions or procedures.

(g) *Sanctions.* If any party fails or refuses to obey an order issued by the Board, the Board may make such order in regard to the failure as it considers necessary to the just and expeditious conduct of the appeal.

[46 FR 57499, Nov. 24, 1981, as amended at 50 FR 8325, Mar. 1, 1985]

PREHEARING PROCEDURE RULES

§4.101 Who may appeal.

Any contractor may appeal to the Board from decisions of contracting officers of any bureau or office of the Department of the Interior, or of any other agency with respect to which the Board exercises contract appeals jurisdiction, on disputed questions under contract provisions requiring the determination of such appeals by the head of the agency or his duly authorized representative or Board.

§4.102 Appeals—how taken.

(a) *Notice of appeal.* Notice of an appeal must be in writing (a suggested form of notice appears as appendix I to subpart C herein following §4.128). The original, together with two copies, may be filed with the Board or the contracting officer from whose decision the appeal is taken. The notice of appeal must be mailed or otherwise filed within 90 days from the date of receipt of the contracting officer's decision, if the appeal is subject to the Contract Disputes Act of 1978; otherwise, within the time specified therefor in the contract.

(b) *Contents of notice of appeal.* A notice of appeal should indicate that an appeal is thereby intended, and should identify the contract (by number), the Department's bureau or office involved in the dispute, and the decision from which the appeal is taken. The notice of appeal should be signed personally by the appellant (the contractor making the appeal), or by an authorized officer of the appellant corporation or member of the appellant firm, or by the contractor's duly authorized representative or attorney. The complaint referred to in §4.107 may be filed with the notice of appeal, or the contractor may designate the notice of appeal as a complaint, if it otherwise fulfills the requirements of a complaint.

(c) *Failure of CO to issue decision on claims of $50,000 or less.* Where the contractor has submitted a claim of $50,000 or less to the contracting officer and has requested a written decision within 60 days from receipt of the request, and the contracting officer has not complied, the contractor may file a notice of appeal as provided in paragraph (a) of this section, citing the failure of the contracting officer to issue a decision. (*See* §4.100(a)(2).)

(d) *Failure of CO to issue decision on claims in excess of $50,000.* Where the contractor has submitted a claim in excess of $50,000 to the contracting officer and the contracting officer has failed to issue a decision within a reasonable time, the contractor may file a notice of appeal as provided in paragraph (a) of this section, citing the failure to issue a decision. (*See* §4.100(a)(2).)

(e) *Optional stay of proceeding.* Upon docketing of appeals filed pursuant to paragraphs (c) or (d) of this section, the Board may at its option, stay further proceedings pending issuance of a final decision by the contracting officer

within such period of time as is determined by the Board. (*See* § 4.100(a)(2).)

§ 4.103 Forwarding and docketing of appeals.

(a) *Forwarding of appeal.* When a notice of appeal in any form has been received by the contracting officer, he shall endorse thereon the date of mailing (or the date of receipt, if the notice was otherwise conveyed) and within 5 days shall forward said notice of appeal to the Board by certified mail. He shall also promptly notify the Department's Office of the Solicitor, in accordance with instructions of the Solicitor, that the appeal has been received in order that a Department counsel may be appointed.

(b) *Docketing of appeals.* When a notice of appeal in any form has been received by the Board, it shall be docketed promptly. Notice in writing of the fact of docketing, together with a copy of these rules, shall be mailed promptly by certified mail to the appellant. Also, a copy of such notice, together with a copy of the notice of appeal if not originally filed with the contracting officer, shall be mailed promptly by certified mail to the contacting officer. Such notice shall acknowledge receipt of the appeal and advise appellant of the appeal number assigned to the appeal.

§ 4.104 Preparation, organization, transmittal, and status of appeal file.

(a) *Preparation and transmittal of appeal file.* Following receipt of a notice of appeal, or advice that an appeal has been docketed, the contracting officer shall promptly, and in any event within 30 days, compile and transmit to the Board the appeal file which shall consist of copies of all documents pertinent to the appeal. Within the same time period the contracting officer shall also prepare and transmit a copy of the appeal file to the Department counsel and a copy to the appellant or appellant's counsel. (However, the obligations of this subparagraph are subject to the provisions of paragraph (e) of this section.)

(b) *Composition of appeal file.* The appeal file shall include the following:

(1) The findings of fact and decision from which the appeal is taken, and the letter or letters or other documents of claim in response to which the decision was issued;

(2) The contract, and pertinent plans, drawings, specifications, amendments, and change orders;

(3) All correspondence between the parties pertinent to the appeal; and

(4) Such additional information as may be considered pertinent and material.

(c) *Organization of appeal file.* Documents in the appeal file may be originals, legible facsimiles, or authenticated copies thereof, and shall be arranged in chronological order where practicable, numbered sequentially, tabbed, and indexed to indentify the contents of the file, and bound. Any single document consisting of three or more pages shall be numbered sequentially for convenient reference at the hearing and in the preparation of briefs.

(d) *Opportunity for appellant to supplement appeal file.* The appellant shall be afforded the opportunity of supplementing the appeal file with such documentation as may be deemed pertinent to the appeal. The appellant shall be obligated, however, to furnish to Department counsel a copy of any document by which the appeal file is supplemented.

(e) *Burdensome documents.* The Board may waive the requirement of furnishing to the other party copies of bulky, lengthy, or out-of-size documents in the appeal file if a party has shown that doing so would impose an undue burden. At the time a party files with the Board a document as to which such a waiver has been granted, he shall notify the other party that the same or a copy is available for inspection at the offices of the Board or of the party filing the same.

§ 4.105 Dismissal for lack of jurisdiction.

Any motion challenging the jurisdiction of the Board shall be filed promptly. Hearing on the motion shall be afforded on application of either party, unless the Board determines that its decision on the motion will be deferred pending hearing on both the merits and

the motion. The Board has authority to raise at any time and on its own motion the issue of its jurisdiction to conduct a proceeding and may afford the parties an opportunity to be heard thereon.

§4.106 Representation and appearances.

(a) *The Appellant.* An individual appellant may appear before the Board in person, a corporation by one if its officers; and a partnership or joint venture by one of its members; or any of these by an attorney at law duly licensed in any state, commonwealth, territory, the District of Columbia, or in a foreign country. An attorney representing an appellant shall file a written notice of appearance with the Board.

(b) *The Government.* Department or Government counsel may, in accordance with their authority, represent the interest of the Government before the Board. They shall file notices of appearance with the Board, and notice thereof will be given appellant or appellant's attorney.

§4.107 Pleadings.

(a) *Complaint.* Within 30 days after receipt of notice of docketing of the appeal, the appellant shall file with the Board an original and one copy of a complaint setting forth simple, concise, and direct statements of each claim, alleging the basis with appropriate reference to contract provisions for each claim, and the dollar amount claimed. This pleading shall fulfill the generally recognized requirements of a complaint, although no particular form or formality is required. Letter size paper should be used for the complaint and for all other papers filed with the Board. Where the appeal arises out of a contract made with the Department of the Interior, a copy of the complaint shall be served by appellant upon the Department counsel if known, otherwise, upon the Solicitor, U.S. Department of the Interior, C Street, between 18th and 19th Streets, NW., Washington, DC 20240. Where the appeal arises out of a contract made with an agency other than the Department of the Interior, a copy of the complaint shall be served by appellant upon the General Counsel for that agency. All such service shall be made in accordance with §4.117. Should the complaint not be received within 30 days, appellant's claim and appeal documents may, if in the opinion of the Board the issues before the Board are sufficiently defined, be deemed to set forth a complaint and the Department counsel will be so notified.

(b) *Answer.* Within 30 days from receipt of said complaint, or the aforesaid notice from the Board, the Department counsel shall prepare and file with the Board an original and one copy of an answer thereto, setting forth simple, concise, and direct statements of the Government's defenses to each claim asserted by appellant. This pleading shall fulfill the generally recognized requirements of an answer, and shall set forth any affirmative defenses or counterclaims, as appropriate. One copy of the answer will be served by the Department counsel upon the appellant in accordance with §4.117. Should the answer not be received within 30 days, the Board, may, in its discretion enter a general denial on behalf of the Government, and the appellant shall be so notified.

§4.108 Amendments of pleadings or record.

(a) The Board may, in its discretion, upon its own initiative or upon application by a party, order a party to make a more definite statement of the complaint or answer, or to reply to an answer.

(b) The Board may, in its discretion, and within the proper scope of the appeal, permit either party to amend his pleading upon conditions just to both parties. When issues within the proper scope of the appeal, but not raised by the pleadings or the appeal file, are tried by express or implied consent of the parties, or by permission of the Board, they shall be treated in all respects as if they had been raised therein. In such circumstances motions to amend the pleadings to conform to the proof may be entered, but are not required. If evidence is objected to at a hearing on the ground that is is not within the issues raised by the pleadings or said appeal file (which shall be deemed part of the pleadings for this purpose), it may be admitted within

the proper scope of the appeal: *Provided, however,* That the objecting party may be granted a continuance if necessary to enable him to meet such evidence.

§ 4.109 Hearing—election.

Within 15 days after the Government's answer has been served upon the appellant, or within 20 days of the date upon which the Board enters a general denial on behalf of the Government, notification as to whether one or both of the parties desire an oral hearing on the appeal should be given to the Board. In the event either party requests an oral hearing, the Board will schedule the same as hereinafter provided. In the event both parties waive an oral hearing, the Board, unless it directs an oral hearing, will decide the appeal on the record before it, supplemented as it may permit or direct. A party failing to elect an oral hearing within the time limitations specified in this section may be deemed to have submitted its case on the record.

§ 4.110 Prehearing briefs.

Based on an examination of the appeal file, the pleadings, and a determination of whether the arguments and authorities addressed to the issues are adequately set forth therein, the Board may, in its discretion, require the parties to submit prehearing briefs in any case in which a hearing has been elected pursuant to § 4.109. In the absence of a Board requirement therefore, either party may, in its discretion, and upon appropriate and sufficient notice to the other party, furnish a prehearing brief to the Board. In any case where a prehearing brief is submitted, it shall be furnished so as to be received by the Board at least 15 days prior to the date set for hearing, and a copy shall be furnished simultaneously to the other party.

§ 4.111 Prehearing or presubmission conference.

Whether the case is to be submitted without a hearing, or heard pursuant to §§ 4.118 through 4.123, the Board may upon its own initiative or upon the application of either party, call upon the parties to appear before a member or hearing officer of the Board for a conference to consider:

(a) The simplification or clarification of the issues;

(b) The possibility of obtaining stipulations, admissions, agreements on documents, understandings on matters already of record, or similar agreements which will avoid unnecessary proof;

(c) The limitation of the number of expert witnesses, or avoidance of similar cumulative evidence, if the case is to be heard;

(d) The possibility of agreement disposing of all or any of the issues in dispute; and

(e) Such other matters as may aid in the disposition of the appeal.

Any conference results that are not reflected in a transcript shall be reduced to writing by the Board member or the hearing officer. This writing shall thereafter constitute part of the record.

§ 4.112 Submission without a hearing.

Either party may elect to waive a hearing and to submit his case upon the Board record, as settled pursuant to § 4.114. Such waiver shall not affect the other party's rights under § 4.109. In the event of such election (see the time limitations for election in § 4.109), the submission may be supplemented by oral argument (transcribed if requested) and by briefs.

§ 4.113 Optional small claims (expedited) and accelerated procedures. (See § 4.100(a)(2).)

(a) The procedures set forth in this rule are available solely at the election of the appellant.

(b) *Elections to utilize small claims (expedited) and accelerated procedure.* (1) In appeals where the amount in dispute is $10,000 or less, the appellant may elect to have the appeal processed under a SMALL CLAIMS (EXPEDITED) procedure requiring a decision of the appeal, whenever possible, within 120 days after the Board receives written notice of the appellant's election to utilize this procedure. The details of this procedure appear in paragraph (c) of this section. An appellant may elect the ACCELERATED procedure rather than the SMALL CLAIMS (EXPEDITED)

procedure for any appeal eligible for the SMALL CLAIMS (EXPEDITED) procedure.

(2) In appeals where the amount in dispute is $50,000 or less, the appellant may elect to have the appeal processed under an ACCELERATED procedure requiring decision of the appeal, whenever possible, within 180 days after the Board receives written notice of the appellant's election to utilize this procedure. The details of this procedure appear in paragraph (d) of this section.

(3) The appellant's election of either the SMALL CLAIMS (EXPEDITED) procedure or the ACCELERATED procedure may be made either in the notice of appeal or by other written notice at any time thereafter.

(4) In deciding whether the SMALL CLAIMS (EXPEDITED) procedure or the ACCELERATED procedure is applicable to a given appeal the Board shall determine the amount in dispute by adding the amount claimed by the appellant against the respondent to the amount claimed by respondent against the appellant. If either party making a claim against the other party does not otherwise state in writing the amount of its claim, the amount claimed by such party shall be the maximum amount which such party represents in writing to the Board that it can reasonably expect to recover against the other.

(c) *The SMALL CLAIMS (EXPEDITED) procedure.* (1) This procedure shall apply only to appeals where the amount in dispute is $10,000 or less as to which the appellant has elected the SMALL CLAIMS (EXPEDITED) procedure.

(2) In cases proceeding under the SMALL CLAIMS (EXPEDITED) procedure, the following time periods shall apply (i) within 10 days from the respondent's first receipt from either the appellant or the Board of a copy of the appellant's notice of election of the SMALL CLAIMS (EXPEDITED) procedure, the respondent shall send the Board a copy of the contract, the contracting officer's final decision, and the appellant's claim letter or letters, if any; (ii) within 15 days after the Board has acknowledged receipt of the notice of election, either party desiring an oral hearing shall so inform the Board. If either party requests an oral hearing, the Board shall promptly schedule such a hearing for a mutually convenient time consistent with administrative due process and the 120-day limit for a decision, at a place determined under § 4.118. If a hearing is not requested by either party within the time prescribed by this Rule, the appeal shall be deemed to have been submitted under § 4.112 without a hearing.

(3) In cases proceeding under the SMALL CLAIMS (EXPEDITED) procedure, pleadings, discovery, and other prehearing activity will be allowed only as consistent with the requirement to conduct the hearing on the date scheduled or, if no hearing is scheduled, to close the record on a date that will allow decision within the 120-day limit. The Board, in its discretion, may shorten time periods prescribed elsewhere in these Rules as necessary to enable the Board to decide the appeal within 120 days after the Board has received the appellant's notice of elections of the SMALL CLAIMS (EXPEDITED) procedure. In so doing the Board may reserve whatever time up to 30 days it considers necessary for preparation of the decision.

(4) Written decision by the Board in cases processed under the SMALL CLAIMS (EXPEDITED) procedure will be short and contain only summary findings of fact and conclusions. Decisions will be rendered for the Board by a single Administrative Judge. If there has been a hearing, the Administrative Judge presiding at the hearing may, in his discretion, at the conclusion of the hearing and after entertaining such oral arguments as he deems appropriate, render on the record oral summary findings of fact, conclusions, and a decision of the Appeal. Whenever such an oral decision is rendered, the Board will subsequently furnish the parties a typed copy of such oral decision for the record and payment purposes and to establish the date of commencement of the period for filing a motion for reconsideration under § 4.126.

(5) Decisions of the Board under the SMALL CLAIMS (EXPEDITED) procedure will not be published, will have no

value as precedents, and in the absence of fraud, cannot be appealed.

(d) *The ACCELERATED procedure.* (1) This procedure shall apply only to appeals where the amount in dispute is $50,000 or less as to which the appellant has made the requisite election.

(2) In cases proceeding under the ACCELERATED procedure, the parties are encouraged, to the extent possible consistent with adequate presentation of their factual and legal positions, to waive pleadings, discovery, and briefs. The Board, in its discretion, may shorten time periods prescribed elsewhere in these Rules as necessaray to enable the Board to decide the appeal within 180 days after the Board has received the appellant's notice of election of the ACCELERATED procedure, and may reserve 30 days for the preparation of the decision.

(3) Written decisions by the Board in cases processed under the ACCELERATED procedure will normally be short and contain only summary findings of fact and conclusions. Decisions will be rendered for the Board by a single Administrative Judge with the concurrence of the Chairman or Vice Chairman or other designated Administrative Judge, or by a majority among these two and an additional designated member in case of disagreement. Alternatively, in cases where the amount in dispute is $10,000 or less as to which the ACCELERATED procedure has been elected and in which there has been a hearing, the single Administrative Judge presiding at the hearing may, with the concurrence of both parties, at the conclusion of the hearing and after entertaining such oral agruments as he deems appropriate, render on the record oral summary findings of fact, conclusions, and a decision of the appeal. Whenever such an oral decision is rendered, the Board will subsequently furnish the parties a typed copy of such oral decision for record and payment purposes and to establish the date of commencement of the period for filing a motion for reconsideration under § 4.126.

(e) *Motions for reconsideration in cases arising under § 4.113.* Motions for reconsideration of cases decided aunder either the SMALL CLAIMS (EXPEDITED) procedure or the ACCELERATED procedure need not be decided within the time period prescribed by this § 4.113 for the initial decision of the appeal, but all such motions shall be processed and decided rapidly so as to fulfill the intent of this rule.

§ 4.114 Settling of the record.

(a) A case submitted on the record pursuant to § 4.112 shall be ready for decision when the parties are so notified by the Board. A case which is heard shall be ready for decision upon receipt of transcript, or upon receipt of briefs when briefs are to be submitted. At any time prior to the date that a case is ready for decision, either party, upon notice to the other, may supplement the record with documents and exhibits deemed relevant and material by the Board. The Board upon its own initiative may call upon either party, with appropriate notice to the other, for evidence deemed by it to be relevant and material. The weight to be attached to any evidence of record will rest within the sound discretion of the Board. Either party at any stage of the proceeding, on notice to the other party, may object to the relevancy or materiality of documents in the record or offered into the record.

(b) The Board record shall consist of the appeal file described in § 4.104(b) and any additional material, pleadings, prehearing briefs, record of prehearing, or presubmission conferences, depositions, interrogatories, admissions, transcripts of hearing, hearing exhibits, and posthearing briefs, as may thereafter be developed pursuant to these rules. In deciding appeals the Board, in addition to considering the Board record, may take official notice of facts within general knowledge.

(c) This record will at all times be available for inspection by the parties at an appropriate time and place. In the interest of convenience, prior arrangements for inspection of the file should be made with the Recorder of the Board. Copies of material in the record may be furnished to appellant as provided in part 2 of this subtitle.

§ 4.115 Discovery—depositions.

(a) *General policy and protective orders.* The parties are encouraged to engage in voluntary discovery procedures. In

connection with any deposition or other discovery procedure, the board may make any order which justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense, and those orders may include limitations on the scope, method, time and place for discovery, and provisions for protecting the secrecy of confidential information or documents.

(b) *When depositions permitted.* After an appeal has been docketed, the parties may mutually agree to, or the Board may, upon application of either party and for good cause shown, order the taking of testimony of any person by deposition upon oral examination or written interrogatories before any officer authorized to administer oaths at the place of examination, for use as evidence or for purpose of discovery. The application for such an order shall specify whether the purpose of the depositon is discovery or for use as evidence.

(c) *Orders on depositions.* The time, place, and manner of taking depositions shall be, as mutually agreed by the parties, or, failing such agreement, governed by order of the Board.

(d) *Use as evidence.* No testimony taken by depositions shall be considered as part of the evidence in the hearing of an appeal unless and until such testimony is offered and received in evidence at such hearing. It will not ordinarily be received in evidence if the deponent is present and can testify personally at the hearing. In such instances, however, the depositions may be used to contradict or impeach the testimony of the witness given at the hearing. In cases submitted on the record, the Board may in its discretion receive depositions as evidence in supplementation of that record.

(e) *Expenses.* Each party shall bear its own expenses associated with the taking of any deposition.

§4.116 Interrogatories to parties; inspection of documents; admission of facts.

Under appropriate circumstances, but not as a matter of course, the Board will entertain applications for permission to serve written interrogatories upon the opposing party, applications for an order to produce and permit the inspection of designated documents, and applications for permission to serve upon the opposing party a request for the admission of specified facts. Such applications shall be reviewed and approved only to the extent and upon such terms as the Board in its discretion considers to be consistent with the objective of securing just and inexpensive determination of appeals without unnecessary delay, and essential to the proper pursuit of that objective in the particular case.

§4.117 Service of papers.

A copy of all pleadings, briefs, motions, letters, or other papers filed with the Board, shall be served upon the other party at the time of filing. Service of papers may be made personally or by mailing in a sealed envelope addressed to the other party. Any paper filed with the Board shall show on its face, or in the letter transmitting the same, that a copy thereof has been served upon the other party. When the other party is represented by counsel, such service shall be made upon him, and service upon counsel shall be deemed to be service upon the party he represents.

HEARING PROCEDURE RULES

§4.118 Hearings—where and when held.

Hearings may be held in Arlington, Virginia, or upon timely request and for good cause shown, the Board may in its discretion set the hearing on an appeal at a location other than Arlington, Virginia. Hearins will be scheduled at the discretion of the Board with due consideration to the regular order of appeals and other pertinent factors. However, where it is apparent that no issue of fact is presented in an appeal proceeding, the Board may deny a request for hearing. On request or motion by either party and for good cause shown, the Board may in its discretion adjust the date of a hearing.

§4.119 Notice of hearings.

The parties shall be given at least 15 days' notice of the time and place set for hearings. In scheduling hearings, the Board will give due regard to the

desires of the parties, and to the requirement for just and prompt determination of appeals. Receipt of a notice of hearing shall be promptly acknowledged by the parties. A party failing to acknowledge a notice of hearing shall be deemed to have consented to the indicated time and place of hearing.

§ 4.120 Subpoenas. (See § 4.100(a)(2).)

(a) *General.* Upon written request of either party filed with the docket clerk or on his own initiative, the Administrative Judge to whom a case is assigned or who is otherwise designated by the Chairman may issue a subpoena requiring:

(1) *Testimony at a deposition*—the deposing of a witness, in the city or county where he resides or is employed or transacts his business in person, or at another location convenient for him that is specifically determined by the Board;

(2) *Testimony at a hearing*—the attendance of a witness for the purpose of taking testimony at a hearing; and

(3) *Production of books and papers*—in addition to paragraphs (a) (1) and (2) of this section, the production by the witness at the deposition or hearing of books and papers designated in the subpoena.

(b) *Voluntary cooperation.* Each party is expected (1) to cooperate and make available witnesses and evidence under its control as requested by the other party, without issuance of a subpoena, and (2) to secure voluntary attendance of desired third-party books, papers, documents, or tangible things whenever possible.

(c) *Requests for subpoenas.* (1) A request for a subpoena shall normally be filed at least:

(i) 15 days before a scheduled deposition where the attendance of a witness at a deposition is sought;

(ii) 30 days before a scheduled hearing where the attendance of a witness at a hearing is sought.

In its discretion the Board may honor requests for subpoenas not made within these time limitations.

(2) A request for a subpoena shall state the reasonable scope and general relevance to the case of the testimony and of any books and papers sought.

(d) *Request to quash or modify.* Upon written request by the person subpoenaed or by a party, made within 10 days after service but in any event not later than the time specified in the subpoena for compliance, the Board may (1) quash or modify the subpoena if it is unreasonable and oppressive or for other good cause shown, or (2) require the person in whose behalf the subpoena was issued to advance the reasonable cost of producing subpoenaed books and papers. Where circumstances require, the Board may act upon such a request at any time after a copy has been served upon the opposing party.

(e) *Forms—issuance.* (1) Every subpoena shall state the name of the Board and the title of the appeal and shall command each person to whom it is directed to attend and give testimony, and if appropriate, to produce specified books and papers at a time and place therein specified. In issuing a subpoena to a requesting party, the Administrative Judge shall sign the subpoena and may in his discretion, enter the name of the witness and otherwise leave it blank. The party to whom the subpoena is issued shall complete the subpoena before service.

(2) Where the witness is located in a foreign country, a letter rogatory or subpoena may be issued and served under the circumstances and in the manner provided in 28 U.S.C. 1781–1784.

(f) *Service.* (1) The party requesting issuance of subpoena shall arrange for service.

(2) A subpoena requiring the attendance of a witness at a deposition or hearing may be served at any place. A subpoena may be served by a U.S. marshal or deputy marshal, or by any other person who is not a party and not less than 18 years of age. Service of a subpoena upon a person named therein shall be made by personally delivering a copy to that person and tendering the fees for 1 day's attendance and the mileage provided by 28 U.S.C. 1821 or other applicable law.

(3) The party at whose instance a subpoena is issued shall be responsible for the payment of fees and mileage of the witness and of the officer who serves the subpoena. The failure to make payment of such charges on demand may be deemed by the Board as

a sufficient ground for striking the testimony of the witness and the evidence the witness has produced.

(g) *Contumacy or refusal to obey a subpoena.* In a case of contumacy or refusal to obey a subpoena by a person who resides, is found, or transacts business within the jurisdiction of a U.S. District Court, the Board will apply to the Court through the Attorney General of the United States for an order requiring the person to appear before the Board or a member thereof to give testimony or produce evidence or both. Any failure of any such person to obey the order of the Court may be punished by the Court as a contempt thereof.

§4.121 Unexcused absence of a party.

The unexcused absence of a party at the time and place set for hearing will not be occasion for delay. In the event of such absence, the hearing will proceed and the case will be regarded as submitted by the absent party as provided in §4.112. The Board shall advise the absent party of the content of the proceedings had and that he has 5 days from the receipt of such notice within which to show cause why the appeal should not be decided on the record made.

§4.122 Nature of hearings.

Hearings shall be as informal as may be reasonable and appropriate in the circumstances. Appellant and respondent may offer at a hearing on the merits of such relevant evidence as they deem appropriate and as would be admissible under the generally accepted rules of evidence applied in the courts of the United States in nonjury trials, subject, however, to the sound discretion of the presiding member or hearing officer in supervising the extent and manner of presentation of such evidence. In general, admissibility will hinge on relevancy and materiality. Letters or copies thereof, affidavits, or other evidence not ordinarily admissible under the generally accepted rules of evidence, may be admitted in the discretion of the presiding member or hearing officer. The weight to be attached to evidence presented in any particular form will be within the discretion of the Board, taking into consideration all the circumstances of the particular case. Stipulations of fact agreed upon by the parties may be regarded and used as evidence at the hearing. The parties may stipulate the testimony that would be given by a witness if the witness were present. The Board may in any case require evidence in addition to that offered by the parties.

§4.123 Examination of witnesses.

Witnesses before the Board will be examined orally under oath or affirmation, unless the facts are stipulated, or the presiding Board member or hearing officer shall otherwise order.

§4.124 Submission of briefs.

Posthearing briefs may be submitted upon such terms as may be agreed upon by the parties and the presiding Board member or hearing officer at the conclusion of the hearing.

POSTHEARING PROCEDURE RULES

§4.125 Decisions.

Decisions of the Board will be made upon the record, as described in §4.114(b). Copies thereof will be forwarded simultaneously to both parties by certified mail.

§4.126 Motions for reconsideration.

A motion for reconsideration, if filed by either party, shall set forth specifically the ground or grounds relied upon in support of the motion, and shall be filed within 30 days from the date of the receipt of a copy of the Board's decision by the party filing the motion. Reconsideration of a decision, which may include a hearing or rehearing, may be granted if, in the judgment of the Board, sufficient reason therefor appears.

§4.127 Dismissals.

(a) *Dismissal without prejudice.* In certain cases, appeals docketed before the Board are required to be placed in a suspense status and the Board is unable to proceed with the disposition thereof for reasons not within the control of the Board. Where the suspension has continued, or may continue, for an inordinate length of time, the board may, in its discretion, dismiss such an

appeal from the docket without prejudice to its reinstatement when the cause of suspension has been removed. Unless either party or the Board acts within 3 years to reinstate any appeal dismissed without prejudice, the dismissal shall be deemed to have been made with prejudice.

(b) *Dismissal for failure to prosecute or defend.* Whenever a record discloses the failure of either party to file documents required by these rules, respond to notices or correspondence from the Board, comply with orders of the Board, or otherwise indicates an intention not to continue the prosecution or defense of an appeal, the Board may issue an order requiring the offending party to show cause why the appeal should not be either dismissed or granted, as appropriate. If no cause is shown, the Board may take appropriate action.

§ 4.128 Remands from courts.

Whenever any matter is remanded to the Board from any court for further proceedings, each of the parties, shall, within 20 days of such remand, submit a report to the Board, recommending procedures to be followed in order to comply with the court's order. The Board will review the reports and issue the appropriate special orders.

APPENDIX I TO SUBPART C—SUGGESTED FORM OF NOTICE OF APPEAL

Interior Board of Contract Appeals, 4015 Wilson Boulevard, Arlington, VA 22203

(Date) _____

(Name of Contractor) _____

(Address) _____

Contract No. _____

(Invitation No.) _____

Specifications No. _____

(Name and Location of Project) _____

(Name of Bureau or Office) _____

The undersigned contractor appeals to the Board of Contract Appeals from decision or findings of fact dated _____, by:

(Name of Contracting Officer) _____

The decision or findings of fact is erroneous because: (State specific facts and circumstances and the contractual provisions involved.)

(Signature) _____

(Title) _____

Subpart D—Rules Applicable Indian Affairs Hearings and Appeals

AUTHORITY: Secs. 1, 2, 36 Stat. 855, as amended, 856, as amended, sec. 1, 38 Stat. 586, 42 Stat. 1185, as amended, secs. 1, 2, 56 Stat. 1021, 1022; R.S. 463, 465; 5 U.S.C. 301; 25 U.S.C. secs. 2, 9, 372, 373, 374, 373a, 373b; 100 Stat. 61, as amended by 101 Stat. 886 and 101 Stat. 1433, 25 U.S.C. 331 note.

CROSS REFERENCE: See subpart A for the authority, jurisdiction and membership of the Board of Indian Appeals within the Office of Hearings and Appeals. For general rules applicable to proceedings before the Board of Indian Appeals as well as the other Appeals Boards of the Office of Hearings and Appeals, see subpart B.

DETERMINATIONS OF HEIRS AND APPROVAL OF WILLS, EXCEPT AS TO MEMBERS OF THE FIVE CIVILIZED TRIBES AND OSAGE INDIANS; TRIBAL PURCHASES OF INTERESTS UNDER SPECIAL STATUTES

SCOPE OF REGULATIONS; DEFINITIONS; GENERAL AUTHORITY OF ADMINISTRATIVE LAW JUDGES

§ 4.200 Scope of regulations.

Included in §§ 4.200 through 4.202 are general rules applicable to all proceedings in subpart D of this part. Included in §§ 4.203 through 4.282 and §§ 4.310 through 4.323 are procedural rules applicable to the settlement of trust estates of deceased Indians who die possessed of trust property, except deceased Indians of the Five Civilized Tribes, deceased Osage Indians, and members of any tribe organized under 25 U.S.C. 476, to the extent that the constitution, by-laws or charter of each tribe may be inconsistent with this subpart. Included within §§ 4.300 through 4.308 are supplemental procedural rules applicable to determinations as to tribal purchase of certain property interests of decedents under special laws applicable to particular tribes. Included within §§ 4.330 through 4.340 are procedural rules applicable to appeals to the Board of Indian Appeals from administrative actions or decisions issued by the Bureau of Indian Affairs as set forth in § 4.330. Except as limited by the provisions herein, the

rules in subparts A and B of this part apply to these proceedings.

[40 FR 20819, May 13, 1975, as amended at 45 FR 50331, July 29, 1980; 54 FR 6485, Feb. 10, 1989; 55 FR 43132, Oct. 26, 1990]

§4.201 Definitions.

As used in this subpart:

(a) The term *Secretary* means the Secretary of the Interior or his authorized representative;

(b) The term *Board* means the Board of Indian Appeals in the Office of Hearings and Appeals, Office of the Secretary, authorized by the Secretary to hear, consider, and determine finally for the Department appeals taken by aggrieved parties from actions by administrative law judges on petitions for rehearing or reopening, and allowance of attorney fees;

(c) The term *Commissioner* means the Commissioner of Indian Affairs or his authorized representative;

(d) The term *Superintendent* means the Superintendent or other officer having jurisdiction over an estate, including area field representatives or one holding equivalent authority;

(e) The terms *agency* and *Indian agency* mean the Indian agency or any other designated office in the Bureau of Indian Affairs having jurisdiction over trust property;

(f) *Administrative law judge* (hereinafter called administrative law judge) means any employee of the Office of Hearings and Appeals upon whom authority has been conferred by the Secretary to conduct hearings in accordance with the regulations in this subpart;

(g) The term *Solicitor* means the Solicitor of the Department of the Interior or his authorized representative;

(h) The term *Department* means the Department of the Interior;

(i) The term *parties in interest* means any presumptive or actual heir, any beneficiary under a will, any party asserting a claim against a deceased Indian's estate, and any Tribe having a statutory option to purchase interests of a decedent.

(j) The term *minor* means an individual who has not reached his majority as defined by the laws of the State where the deceased's property is situated;

(k) The words *child* or *children* include adopted child or children;

(l) The words *will* and *last will and testament* include codicils thereto;

(m) The term *trust property* means real or personal property title to which is in the United States for the benefit of an Indian. In this subpart ''restricted property'' (real or personal property held by an Indian which he may not alienate without the consent of the Secretary or his authorized representative), is treated as if it were trust property, and conversely trust property is treated as restricted property.

[36 FR 7186, Apr. 15, 1971, as amended at 39 FR 31636, Aug. 30, 1974]

§4.202 General authority of administrative law judges.

Administrative law judges shall determine the heirs of Indians who die intestate possessed of trust property, except as otherwise provided in §§4.205(b) and 4.271; approve or disapprove wills of deceased Indians disposing of trust property; accept or reject full or partial renunciations of interest in both testate and intestate proceedings; allow or disallow creditors' claims against estates of deceased Indians; and decree the distribution of trust property to heirs and devisees, including the partial distribution to known heirs or devisees where one or more potential heirs or devisees are missing but not presumed dead, after attributing to and setting aside for such missing person or persons the share or shares such person or persons would be entitled to if living. They shall determine the right of a tribe to take inherited interests and the fair market value of the interests taken in appropriate cases as provided by statute. They shall hold hearings and issue recommended decisions in matters referred to them by the Board in the Board's consideration of appeals from administrative actions of officials of the Bureau of Indian Affairs.

[52 FR 32130, Aug. 26, 1987]

DETERMINATION OF HEIRS; APPROVAL OF WILLS; SETTLEMENT OF INDIAN TRUST ESTATES

§ 4.203 Determination as to nonexistent persons and other irregularities of allotments.

(a) Administrative law judges shall hear and determine whether trust patents covering allotments of land were issued to nonexistent persons, and whether more than one trust patent covering allotments of land had been issued to the same person under different names and numbers or through other errors in identification.

(b) If an administrative law judge determines under paragraph (a) of this section that a trust patent did issue to an existing person or that separate persons did receive the allotments under consideration and any one of them is deceased, without having had his estate probated, he shall proceed as provided in § 4.202.

(c) If an administrative law judge determines under paragraph (a) of this section that a person did not exist or that there were more than one allotment issued to the same person, he shall issue a decision to that effect, giving notice thereof to parties in interest as provided in § 4.240(b).

[36 FR 7186, Apr. 15, 1971; 36 FR 7588, Apr. 22, 1971]

§ 4.204 Presumption of death.

(a) Administrative law judges shall receive evidence on and determine the issue of whether persons, by reason of unexplained absence, are to be presumed dead.

(b) If an administrative law judge determines that an Indian person possessed of trust property is to be presumed dead, he shall proceed as provided in § 4.202.

§ 4.205 Escheat.

Administrative law judges shall determine whether Indian holders of trust property have died intestate without heirs and—

(a) With respect to trust property other than on the public domain, shall order the escheat of such property in accordance with 25 U.S.C. 373a.

(b) With respect to trust property on the public domain, shall submit to the Board of Indian Appeals the records thereon, together with their recommendations as to the disposition of said property under 25 U.S.C. 373b.

[36 FR 7186, Apr. 15, 1971, as amended at 55 FR 43132, Oct. 26, 1990]

§ 4.206 Determinations of nationality or citizenship and status affecting character of land titles.

In cases where the right and duty of the Government to hold property in trust depends thereon, administrative law judges shall determine the nationality or citizenship, or the Indian or non-Indian status, of heirs or devisees, or whether Indian heirs or devisees of U.S. citizenship are of a class as to whose property the Government's supervision and trusteeship have been terminated (a) in current probate proceedings or (b) in completed estates after reopening such estates under, but without regard to the 3-year limit set forth in § 4.242.

§ 4.207 Compromise settlement.

(a) If during the course of the probate of an estate it shall develop that an issue between contending parties is of such nature as to be substantial, and it further appears that such issue may be settled by agreement preferably in writing by the parties in interest to their advantage and to the advantage of the United States, such an agreement may be approved by the administrative law judge upon findings that:

(1) All parties to the compromise are fully advised as to all material facts;

(2) All parties to the compromise are fully cognizant of the effect of the compromise upon their rights; and

(3) It is in the best interest of the parties to settle rather than to continue litigation.

(b) In considering the proposed settlement, the administrative law judge may take and receive evidence as to the respective values of specific items of property. Superintendents and irrigation project engineers shall supply all necessary information concerning any liability or lien for payment of irrigation construction and of irrigation operation and maintenance charges.

(c) Upon an affirmative determination as to all three points specified, the administrative law judge shall issue

such final order of distribution in the settlement of the estate as is necessary to approve the same and to accomplish the purpose and spirit of the settlement. Such order shall be construed as any other order of distribution establishing title in heirs and devisees and shall not be construed as a partition or sale transaction within the provisions of 25 CFR part 152. If land titles are to be transferred, the necessary deeds shall be prepared and executed at the earliest possible date. Upon failure or refusal of any party in interest to execute and deliver any deed necessary to accomplish the settlement, the administrative law judge shall settle the issues and enter his order as if no agreement had been attempted.

(d) Administrative law judges are authorized to approve all deeds or conveyances necessary to accomplish a settlement under this section.

[36 FR 7186, Apr. 15, 1971, as amended at 55 FR 43132, Oct. 26, 1990]

§4.208 Renunciation of interest.

Any person 21 years or older, whether of Indian descent or not, may renounce intestate succession or devise of trust or retsricted property, wholly or partially (including the retention of a life estate), by filing a signed and acknowledged declaration of such renunciation with the administrative law judge prior to entry of the administrative law judge's final order. No interest in the property so renounced is considered to have vested in the heir or devisee and the renunciation is not considered a transfer by gift of the property renounced, but the property so renounced passes as if the person renouncing the interest has predeceased the decedent. A renunciation filed in accordance herewith shall be considered accepted when implemented in an order by an administrative law judge and shall be irrevocable thereafter. All disclaimers or renunciations heretofore filed with and implemented in an order by an administrative law judge are hereby ratified as valid and effective.

[51 FR 35220, Oct. 2, 1986]

COMMENCEMENT OF PROBATE PROCEEDINGS

§4.210 Commencement of probate.

(a) Within the first 7 days of each month, each Superintendent shall prepare and furnish to the appropriate administrative law judge a list of the names of all Indians who have died and whose names have not been previously reported.

(b) Within 90 days of receipt of notice of death of an Indian who died owning trust property, the Superintendent having jurisdiction thereof shall commence the probate of the trust estate by filing with the appropriate administrative law judge all data shown in the records relative to the family of the deceased and his property. The data shall include but is not limited to:

(1) A copy of the death certificate if one exists; if there is no death certificate then another form of official written evidence of the death such as a burial or transportation of remains permit, coroner's report, or church registration of death. Secondary forms of evidence of death such as an affidavit from someone with personal knowledge concerning the fact of death or an obituary or death notice from a newspaper may be used only in the absence of any official proof or evidence of death.

(2) Data for heirship findings and family history, certified by the Superintendent, on a form approved by the Director, Office of Hearings and Appeals, such data to contain:

(i) The facts and alleged facts of deceased's marriages, separations and divorces, with copies of necessary supporting documents;

(ii) The names and last known addresses of probable heirs and other known parties in interest, including known creditors;

(iii) Information on whether the relationship of the probable heirs to the deceased arose by marriage, blood, or adoption;

(iv) The names, relationships to the deceased, and last known addresses of beneficiaries and attesting witnesses when a will or purported will is involved; and

(v) If will beneficiaries are not probable heirs of the deceased, the names of the tribes in which they are members;

(3) A certified inventory of the trust real and personal property wherever situated, in which the deceased had any right, title or interest at the time of his death (including all moneys and credits in a trust status whether in the form of bonds, undistributed judgment funds, or any other form and the source of each fund in the account), showing both the total estimated value of the real property and the estimated value of the deceased's interest therein, and the amount and names and addresses of parties having an approved incumbrance against the estate;

(4) The original and copies of all wills in the Superintendent's custody, if any; the original and copies of codicils to and revocations of wills, if any; and any paper, instrument, or document that purports to be a will;

(5) The Superintendent shall transmit to the administrative law judge all creditors' and other claims which have been filed and, thereafter, he shall transmit all additional claims immediately upon the filing thereof.

(c) Where a tribe has the statutory option to purchase interests of a decedent, the Superintendent shall include in the data specified in paragraph (b) of this section with respect to each probable heir or devisee a showing of the enrollment status in all cases and, where required by statute, the blood quantum in the tribe concerned, and such information as listed shall constitute prima facie evidence of the facts there shown. The inventory shall be verified by the title plant designated under § 4.236(b) that it is complete and accurate.

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 24813, Dec. 23, 1971; 45 FR 50331, July 29, 1980; 54 FR 8329, Feb. 28, 1989; 55 FR 43132, Oct. 26, 1990]

§ 4.211 Notice.

(a) An administrative law judge may receive and hear proofs at a hearing to determine the heirs of a deceased Indian or probate his will only after he has caused notice of the time and place of the hearing to be posted at least 20 days in five or more conspicuous places in the vicinity of the designated place of hearing, and he may cause postings in such other places and reservations as he deems appropriate. A certificate showing the date and place of posting shall be signed by the person or official who performs the act.

(b) The administrative law judge shall serve or cause to be served a copy of the notice on each party in interest reported to the administrative law judge and on each attesting witness if a will is offered:

(1) By personal service in sufficient time in advance of the date of the hearing to enable the person served to attend the hearing; or

(2) By mail, addressed to the person at his last known address, in sufficient time in advance of the date of the hearing to enable the addressee served to attend the hearing. The administrative law judge shall cause a certificate, as to the date and manner of such mailing, to be made on the record copy of the notice.

(c) All parties in interest, known and unknown, including creditors, shall be bound by the decision based on such hearing if they lived within the vicinity of any place of posting during the posting period, whether they had actual notice of the hearing or not. As to those not within the vicinity of the place of posting, a rebuttable presumption of actual notice shall arise upon the mailing of such notice at a reasonable time prior to the hearing, unless the said notice is returned by the postal service to the administrative law judge's office unclaimed by the addressee.

(d) *Tribes to be charged with notice of death and probate.* When a record reveals that a Tribe has a statutory option to purchase interests of a decedent, such Tribe shall be notified of the pendency of a proceeding by the judge having probate jurisdiction in such proceeding, and the judge's certificate of mailing of notice of probate hearing or of a final decision in probate to the Tribe at its record address shall be conclusive evidence for all purposes that the Tribe had notice of decedent's death and notice of the pendency of the probate proceedings.

[36 FR 7186, Apr. 15, 1971, as amended at 39 FR 31636, Aug. 30, 1974]

§4.212 Contents of notice.

(a) In the notice of hearing, the administrative law judge shall specify that at the stated time and place he will take testimony to determine the heirs of the deceased person (naming him) and, if a will is offered for probate, testimony as to the validity of the will describing it by date. The notice shall name all known presumptive heirs of the decedent, and, if a will is offered for probate, the beneficiaries under such will and the attesting witnesses to the will. The notice shall cite this subpart as the authority and jurisdiction for holding the hearing, and shall inform all persons having an interest in the estate of the decedent, including persons having claims or accounts against the estate, to be present at the hearing or their rights may be lost by default.

(b) The notice shall state further that the hearing may be continued to another time and place. A continuance may be announced either at the original hearing by the administrative law judge or by an appropriate notice posted at the announced place of hearing on or prior to the announced hearing date and hour.

DEPOSITIONS, DISCOVERY, AND PREHEARING CONFERENCE

§4.220 Production of documents for inspection and copying.

(a) At any stage of the proceeding prior to the conclusion of the hearing, a party in interest may make a written demand, a copy to be filed with the administrative law judge, upon any other party to the proceeding or upon a custodian of records on Indians or their trust property, to produce for inspection and copying or photographing, any documents, papers, records, letters, photographs, or other tangible things not privileged, relevant to the issues which are in the other party's or custodian's possession, custody, or control. Upon failure of prompt compliance the administrative law judge may issue an appropriate order upon a petition filed by the requesting party. At any time prior to closing the record, the administrative law judge upon his own motion, after notice to all parties, may issue an order to any party in interest or custodian of records for the production of material or information not privileged, and relevant to the issues.

(b) Custodians of official records shall furnish and reproduce documents, or permit their reproduction, in accordance with the rules governing the custody and control thereof.

§4.221 Depositions.

(a) *Stipulation.* Depositions may be taken upon stipulation of the parties. Failing an agreement therefor, depositions may be ordered under paragraphs (b) and (c) of this section.

(b) *Application for taking deposition.* When a party in interest files a written application, the administrative law judge may at any time thereafter order the taking of the sworn testimony of any person by deposition upon oral examination for the purpose of discovery or for use as evidence at a hearing. The application shall be in writing and shall set forth:

(1) The name and address of the proposed deponent;

(2) The name and address of that person, qualified under paragraph (d) of this section to take depositions, before whom the proposed examination is to be made;

(3) The proposed time and place of the examination, which shall be at least 20 days after the date of the filing of the application; and

(4) The reasons why such deposition should be taken.

(c) *Order for taking deposition.* If after examination of the application the administrative law judge determines that the deposition should be taken, he shall order its taking. The order shall be served upon all parties in interest and shall state:

(1) The name of the deponent;

(2) The time and place of the examination which shall not be less than 15 days after the date of the order except as stipulated otherwise; and

(3) The name and address of the officer before whom the examination is to be made. The officer and the time and place need not be the same as those requested in the application.

(d) *Qualifications of officer.* The deponent shall appear before the administrative law judge or before an officer

authorized to administer oaths by the law of the United States or by the law of the place of the examination.

(e) *Procedure on examination.* The deponent shall be examined under oath or affirmation and shall be subject to cross-examination. The testimony of the deponent shall be recorded by the officer or someone in his presence. An applicant who requests the taking of a person's deposition shall make his own arrangements for payment of any costs incurred.

(f) *Submission to witness; changes; signing.* When the testimony is fully transcribed, the deposition shall be submitted to the deponent for examination and shall be read to or by him, unless such examination and reading are waived by the deponent or by all other parties in interest. Any changes in form or substance which the deponent desires to make shall be entered upon the deposition by the officer with a statement of the reasons given by the deponent for making them. The deposition shall then be signed by the deponent, unless the parties in interest by stipulation waive the signing, or the witness is ill or cannot be found or refuses to sign. If the deposition is not signed by the deponent, the officer shall sign it and state on the record the fact of the waiver, or of the illness or absence of the deponent or the fact of the refusal to sign together with the reason, if any, given therefor; the deposition may then be used as fully as though signed, unless the administrative law judge holds that the reason given for refusal to sign requires rejection of the deposition in whole or in part.

(g) *Certificates by officer.* The officer shall certify on the deposition that the deponent was duly sworn by him and that the deposition is a true record of the deponent's testimony. He shall then securely seal the deposition, together with two copies thereof, in an envelope and shall personally deliver or mail the same by certified or registered mail to the administrative law judge.

(h) *Use of depositions.* A deposition ordered and taken in accord with the provisions of this section may be used in a hearing if the administrative law judge finds that the witness is absent and his presence cannot be readily obtained, that the evidence is otherwise admissible, and that circumstances exist that make it desirable in the interest of fairness to allow the deposition to be used. If a deposition has been taken, and the party in interest on whose application it was taken refuses to offer the deposition, or any part thereof, in evidence, any other party in interest or the administrative law judge may introduce the deposition or any portion thereof on which he wishes to rely.

§ 4.222 Written interrogatories; admission of facts and documents.

At any time prior to a hearing and in sufficient time to permit answers to be filed before the hearing, a party in interest may serve upon any other party in interest written interrogatories and requests for admission of facts and documents. A copy of such interrogatories and requests shall be filed with the administrative law judge. Such interrogatories and requests for admission shall be drawn with the purpose of defining the issues in dispute between the parties and facilitating the presentation of evidence at the hearing. Answers shall be served upon the party propounding the written interrogatories or requesting the admission of facts and documents within 30 days from the date of service of such interrogatories or requests, or within such other period of time as may be agreed upon by the parties or prescribed by the administrative law judge. A copy of the answer shall be filed with the administrative law judge. Within 10 days after written interrogatories are served upon a party, that party may serve cross-interrogatories for answer by the witness to be interrogated.

[51 FR 18328, May 19, 1986]

§ 4.223 Objections to and limitations on production of documents, depositions, and interrogatories.

The administrative law judge, upon motion timely made by any party in interest, proper notice, and good cause shown, may direct that proceedings under §§ 4.220, 4.221, and 4.222 shall be conducted only under, and in accordance with, such limitation as he deems

necessary and appropriate as to documents, time, place, and scope. The administrative law judge may act on his own motion only if undue delay, dilatory tactics, and unreasonable demands are made so as to delay the orderly progress of the proceeding or cause unacceptable hardship upon a party or witness.

§4.224 Failure to comply with orders.

In the event of the failure of a party to comply with a request for the production of a document under §4.220; or on the failure of a party to appear for examination under §4.221 or on the failure of a party to respond to interrogatories or requests for admissions under §4.222; or on the failure of a party to comply with an order of the administrative law judge issued under §4.223 without, in any of such events, showing an excuse or explanation satisfactory to the administrative law judge for such failure, the administrative law judge may:

(a) Decide the fact or issue relating to the material requested to be produced, or the subject matter of the probable testimony, in accordance with the claims of the other party in interest or in accordance with other evidence available to the administrative law judge; or

(b) Make such other ruling as he determines just and proper.

§4.225 Prehearing conference.

The administrative law judge may, upon his own motion or upon the request of any party in interest, call upon the parties to appear for a conference to:

(a) Simplify or clarify the issues;

(b) Obtain stipulations, admissions, agreements on documents, understandings on matters already of record, or similar agreements which will avoid unnecessary proof;

(c) Limit the number of expert or other witnesses in avoidance of excessively cumulative evidence;

(d) Effect possible agreement disposing of all or any of the issues in dispute; and

(e) Resolve such other matters as may simplify and shorten the hearing.

HEARINGS

§4.230 Administrative law judge; authority and duties.

The authority of the administrative law judge in all hearings in estate proceedings includes, but is not limited to authority:

(a) To administer oaths and affirmations;

(b) To issue subpoenas under the provisions of 25 U.S.C. 374 upon his own initiative or within his discretion upon the request of any party in interest, to any person whose testimony he believes to be material to a hearing. Upon the failure or refusal of any person upon whom a subpoena shall have been served to appear at a hearing or to testify, the administrative law judge may file a petition in the appropriate U.S. District Court for the issuance of an order requiring the appearance and testimony of the witness:

(c) To permit any party in interest to cross-examine any witness;

(d) To appoint a guardian ad litem to represent any minor or incompetent party in interest at hearings;

(e) To rule upon offers of proof and receive evidence;

(f) To take and cause depositions to be taken and to determine their scope; and

(g) To otherwise regulate the course of the hearing and the conduct of witnesses, parties in interest, and attorneys at law appearing therein.

[36 FR 7186, Apr. 15, 1971, as amended at 55 FR 43133, Oct. 26, 1990]

§4.231 Hearings.

(a) All testimony in Indian probate hearings shall be under oath and shall be taken in public except in those circumstances which in the opinion of the administrative law judge justify all but parties in interest to be excluded from the hearing.

(b) The proceedings of hearings shall be recorded verbatim.

(c) The record shall include a showing of the names of all parties in interest and of attorneys who attended such hearing.

[36 FR 7186, Apr. 15, 1971, as amended at 52 FR 26345, July 14, 1987]

§ 4.232 Evidence; form and admissibility.

(a) Parties in interest may offer at a hearing such relevant evidence as they deem appropriate under the generally accepted rules of evidence of the State in which the evidence is taken, subject to the administrative law judge's supervision as to the extent and manner of presentation of such evidence.

(b) The administrative law judge may admit letters or copies thereof, affidavits, or other evidence not ordinarily admissible under the generally accepted rules of evidence, the weight to be attached to evidence presented in any particular form being within the discretion of the administrative law judge, taking into consideration all the circumstances of the particular case.

(c) Stipulations of fact and stipulations of testimony that would be given by witnesses were such witnesses present, agreed upon by the parties in interest, may be used as evidence at the hearing.

(d) The administrative law judge may in any case require evidence in addition to that offered by the parties in interest.

[36 FR 7186, Apr. 15, 1971; 36 FR 7588, Apr. 22, 1971]

§ 4.233 Proof of wills, codicils, and revocations.

(a) *Self-proved wills.* A will executed as provided in § 4.260 may, at the time of its execution, be made self-proved, and testimony of the witnesses in the probate thereof may be made unnecessary by the affidavits of the testator and attesting witnesses, made before an officer authorized to administer oaths, such affidavits to be attached to such will and to be in form and contents substantially as follows:

State of .....
County of ..... ss.

I, _____, being first duly sworn, on oath, depose and say: That I am an ____ (enrolled or unenrolled) member of the _____ Tribe of Indians in the State of _____; that on the _____ day of _____, 19____, I requested _____ to prepare a will for me; that the attached will was prepared and I requested _____ and _____ to act as witnesses thereto; that I declared to said witnesses that said instrument was my last will and testament; that I signed said will in the presence of both witnesses and they signed the same as witnesses in my presence and in the presence of each other; that said will was read and explained to me (or read by me), after being prepared and before I signed it and it clearly and accurately expresses my wishes; and that I willingly made and executed said will as my free and voluntary act and deed for the purposes therein expressed.

Testator/Testatrix

We, _____ and _____, each being first duly sworn, on oath, depose and state: That on the ____ day of _____, 19____, _____ a member of the _____ Tribe of Indians of the State of _____, published and declared the attached instrument to be his/ her last will and testament, signed the same in the presence of both of us and requested both of us to sign the same as witnesses; that we, in compliance with his/her request, signed the same as witnesses in his/her presence and in the presence of each other; that said testator/ testatrix was not acting under duress, menace, fraud, or undue influence of any person, so far as we could ascertain, and in our opinion was mentally capable of disposing of all his/her estate by will.

_____
Witness

_____
Witness

Subscribed and sworn to before me this _____ day of _____, 19____, by _____ testator/testatrix, and by _____ and _____ attesting witnesses.

_____
_____
(Title)

If uncontested, a self-proved will may be approved and distribution ordered thereunder with or without the testimony of any attesting witness.

(b) *Self-proved codicils and revocations.* A codicil to, or a revocation of, a will may be made self-proved in the same manner as provided in paragraph (a) of this section with respect to a will.

(c) *Will contest.* If the approval of a will, codicil thereto, or revocation thereof is contested, the attesting witnesses who are in the reasonable vicinity of the place of hearing and who are of sound mind must be produced and examined. If none of the attesting witnesses resides in the reasonable vicinity of the place of hearing at the time appointed for proving the will, the administrative law judge may admit the

testimony of other witnesses to prove the testamentary capacity of the testator and the execution of the will and, as evidence of the execution, the administrative law judge may admit proof of the handwriting of the testator and of the attesting witnesses, or of any of them. The provisions of §4.232 are applicable with respect to remaining issues.

§4.234 Witnesses, interpreters and fees.

Parties in interest who desire a witness to testify or an interpreter to serve at a hearing shall make their own financial and other arrangements therefor, and subpoenas will be issued where necessary and proper. The administrative law judge may call witness and interpreters and order payment out of the estate assets of per diem, mileage, and subsistence at a rate not to exceed that allowed to witnesses called in the U.S. District Courts. In hardship situations, the administrative law judge may order payment of per diem and mileage for indispensable witnesses and interpreters called for the parties. In the order for payment he shall specify whether such costs shall be allocated and charged against the interest of the party calling the witness or against the estate generally. Costs of administration so allowed shall have a priority for payment greater than that for any creditor claims allowed. Upon receipt of such order, the Superintendent shall pay said sums immediately from the estate account, if such funds are insufficient, then out of the funds as they accrue to such account with the proviso that such cost shall be paid in full with a later allocation against the interest of a party, if such was ordered.

[36 FR 7186, Apr. 15, 1971, as amended at 53 FR 27686, July 22, 1988]

§4.235 Supplemental hearings.

After the matter has been submitted but prior to the time the administrative law judge has rendered his decision, the administrative law judge may upon his own motion or upon motion of any party in interest schedule a supplemental hearing if he deems it necessary. The notice shall set forth the purpose of the supplemental hearing and shall be served upon all parties in interest in the manner provided in §4.211. Where the need for such supplemental hearing becomes apparent during any hearing, the administrative law judge may announce the time and place for such supplemental hearing to all those present and no further notice need be given. In that event the records shall clearly show who was present at the time of the announcement.

§4.236 Record.

(a) After the completion of the hearing, the administrative law judge shall make up the official record containing:

(1) A copy of the posted public notice of hearing showing the posting certifications;

(2) A copy of each notice served on interested parties with proof of mailing;

(3) The record of the evidence received at the hearing, including any transcript made of the testimony;

(4) Claims filed against the estate;

(5) Will and codicils, if any;

(6) Inventories and appraisements of the estate;

(7) Pleadings and briefs filed;

(8) Special or interim orders;

(9) Data for heirship finding and family history;

(10) The decision and the administrative law judge's notices thereof; and

(11) Any other material or documents deemed material by the administrative law judge.

(b) The administrative law judge shall lodge the original record with the designated Land Titles and Records Office in accordance with 25 CFR part 150. A duplicate copy shall be lodged with the Superintendent originating the probate. A partial record may also be furnished to the Superintendents of other affected agencies. In those cases in which a hearing transcript has not been prepared, the verbatim recording of the hearing shall be retained in the office of the administrative law judge issuing the decision until the time allowed for rehearing or appeal has expired. In cases in which a transcript is not prepared, the original record returned to the Land Titles and Records

Office shall contain a statement indicating no transcript was prepared.

[36 FR 7186, Apr. 15, 1971, as amended at 52 FR 26345, July 14, 1987; 52 FR 35557, Sept. 22 1987]

DECISIONS

§ 4.240 Decision of administrative law judge and notice thereof.

(a) The administrative law judge shall decide the issues of fact and law involved in the proceedings and shall incorporate in his decision:

(1) In all cases, the names, birth dates, relationships to the decedent, and shares of heirs with citations to the law of descent and distribution in accordance with which the decision is made; or the fact that the decedent died leaving no legal heirs.

(2) In testate cases, (i) approval or disapproval of the will with construction of its provisions, (ii) the names and relationship to the testator of all beneficiaries and a description of the property which each is to receive;

(3) Allowance or disallowance of claims against the estate;

(4) Whether heirs or devisees are non-Indian, exclusively alien Indians, or Indians whose property is not subject to Federal supervision.

(5) A determination of any rights of dower, curtesy or homestead which may constitute a burden upon the interest of the heirs.

(b) When the administrative law judge issues a decision, he shall issue a notice thereof to all parties who have or claim any interest in the estate and shall mail a copy of said notice, together with a copy of the decision to the Superintendent and to each party in interest simultaneously. The decision shall not become final and no distribution shall be made thereunder until the expiration of the 60 days allowed for the filing of a petition for rehearing by aggrieved parties as provided in § 4.241.

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 24813, Dec. 23, 1971]

§ 4.241 Rehearing.

(a) Any person aggrieved by the decision of the administrative law judge may, within 60 days after the date on which notice of the decision is mailed to the interested parties, file with the Superintendent a written petition for rehearing. Such a petition must be under oath and must state specifically and concisely the grounds upon which it is based. If the petition is based upon newly-discovered evidence, it shall be accompanied by affidavits of witnesses stating fully what the new testimony is to be. It shall also state justifiable reasons for the failure to discover and present that evidence, tendered as new, at the hearings held prior to the issuance of the decision. The Superintendent, upon receiving a petition for rehearing, shall promptly forward it to the administrative law judge. The Superintendent shall not pay claims or distribute the estate while such petition is pending unless otherwise directed by the administrative law judge.

(b) If proper grounds are not shown, or if the petition is not filed within the time prescribed in paragraph (a) of this section, the administrative law judge shall issue an order denying the petition and shall set forth therein his reasons therefor. He shall furnish copies of such order to the petitioner, the Superintendent, and the parties in interest.

(c) If the petition appears to show merit, the administrative law judge shall cause copies of the petition and supporting papers to be served on those persons whose interest in the estate might be adversely affected by the granting of the petition. The administrative law judge shall allow all persons served a reasonable, specified time in which to submit answers or legal briefs in opposition to the petition. The administrative law judge shall then reconsider, with or without hearing as he may determine, the issues raised in the petition; he may adhere to the former decision, modify or vacate it, or make such further order as is warranted.

(d) Upon entry of a final order the administrative law judge shall lodge the complete record relating to the petition with the title plant designated under § 4.236(b), and furnish a duplicate record thereof to the Superintendent.

(e) Successive petitions for rehearing are not permitted, and, except for the issuance of necessary orders nunc pro tunc to correct clerical errors in the decision, the administrative law

judge's jurisdiction shall have terminated upon the issuance of a decision finally disposing of a petition for rehearing. Nothing herein shall be construed as a bar to the remand of a case by the Board for further hearing or rehearing after appeal.

(f) At the time the final decision is entered following the filing of a petition for rehearing, the administrative law judge shall direct a notice of such action with a copy of the decision to the Superintendent and to the parties in interest and shall mail the same by regular mail to the said parties at their addresses of record.

(g) No distribution shall be made under such order for a period of 60 days following the mailing of a notice of decision pending the filing of a notice of appeal by an aggrieved party as herein provided.

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 24813, Dec. 23, 1971]

§4.242 Reopening.

(a) Within a period of 3 years from the date of a final decision issued by an administrative law judge or by the Board but not thereafter except as provided in §§4.203 and 4.206, any person claiming an interest in the estate who had no actual notice of the original proceedings and who was not on the reservation or otherwise in the vicinity at any time while the public notices of the hearing were posted may file a petition in writing for reopening of the case. Any such petition shall be addressed to the administrative law judge and filed at his headquarters. A copy of such petition shall be furnished also by the petitioner to the Superintendent. All grounds for the reopening must be set forth fully. If based on alleged errors of fact, all such allegations shall be under oath and supported by affidavits.

(b) If the administrative law judge finds that proper grounds are not shown, he shall issue an order denying the petition and setting forth the reasons for such denial. Copies of the administrative law judge's decision shall be mailed to the petitioner, the Superintendent, and to those persons who share in the estate.

(c) If the petition appears to show merit, the administrative law judge shall cause copies of the petition and all papers filed by the petitioner to be served on those persons whose interest in the estate might be adversely affected by the granting of the petition. Such persons may resist such petition by filing answers, cross-petitions, or briefs. Such filings shall be made within such reasonable time periods as the administrative law judge specifies. The administrative law judge shall then reconsider, with or without hearing as he may determine, prior actions taken in the case and may either adhere to, modify, or vacate the original decision. Copies of the administrative law judge's decision shall be mailed to the petitioner, to all persons who received copies of the petition, and to the Superintendent.

(d) To prevent manifest error an administrative law judge may reopen a case within a period of 3 years from the date of the final decision, after due notice on his own motion, or on petition of an officer of the Bureau of Indian Affairs. Copies of the administrative law judge's decision shall be mailed to all parties in interest and to the Superintendent.

(e) The administrative law judge may suspend distribution of the estate or the income therefrom during the pendency of reopening proceedings by order directed to the Superintendent.

(f) The administrative law judge shall lodge the record made in disposing of a reopening petition with the title plant designated under §4.236(b) and shall furnish a duplicate record thereof to the Superintendent.

(g) No distribution shall be made under a decision issued pursuant to paragraph (b), (c), or (d) of this section for a period of 60 days following the mailing of the copy of the decision as therein provided, pending the filing of a notice of appeal by an aggrieved party.

(h) If a petition for reopening is filed more than 3 years after the entry of a final decision in a probate, it shall be allowed only upon a showing that a manifest injustice will occur; that a reasonable possibility exists for correction of the error; that the petitioner had no actual notice of the original proceedings; and that petitioner was not on the reservation or otherwise in

the vicinity at any time while the public notices were posted. A denial of such petition may be made by the administrative law judge on the basis of the petition and available Bureau records. No such petition shall be granted, however, unless the administrative law judge has caused copies of the petition and all other papers filed by the petitioner to be served on those persons whose interest in the estate might be adversely affected by the granting of the petition, and after allowing such persons an opportunity to resist such petition by filing answers, cross petitions or briefs as provided in (c) of this rule.

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 24813, Dec. 23, 1971; 43 FR 5514, Feb. 9, 1978]

CLAIMS

§ 4.250 Filing and proof of creditor claims; limitations.

(a) All claims against the estate of a deceased Indian held by creditors chargeable with notice of the hearing under § 4.211(c) shall be filed with either the Superintendent or the administrative law judge prior to the conclusion of the first hearing, and if they are not so filed, they shall be forever barred.

(b) The claims of non-Indians shall be filed in triplicate, itemized in detail as to dates and amounts of charges for purchases or services and dates and amounts of payments on account. Such claims shall show the names and addresses of all parties in addition to the decedent from whom payment might be sought. Each claim shall be supplemented by an affidavit, in triplicate, of the claimant or someone in his behalf that the amount claimed is justly due from the decedent, that no payments have been made on the account which are not credited thereon as shown by the itemized statement, and that there are no offsets to the knowledge of the claimant.

(c) Claims of individual Indians against the estate of a deceased Indian may be presented in the manner set forth in paragraph (b) of this section or by oral evidence at the hearing where the claimant shall be subject to examination under oath relative thereto.

(d) Claims for care may not be allowed except upon clear and convincing evidence that the care was given on a promise of compensation and that compensation was expected.

(e) A claim, whether that of an Indian or non-Indian, based on a written or oral contract, express or implied, where the claim for relief has existed for such a period as to be barred by the State laws at date of decedent's death, cannot be allowed.

(f) Claims sounding in tort not reduced to judgment in a court of competent jurisdiction, and other unliquidated claims not properly within the jurisdiction of a probate forum, may be barred from consideration by an administrative law judge's interim order.

(g) Claims of a State or any of its political subdivisions on account of social security or old-age assistance payments shall not be allowed.

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 24813, Dec. 23, 1971]

§ 4.251 Priority of claims.

After allowance of the costs of administration, claims shall be allowed:

(a) Priority in payment shall be allowed in the following order except as otherwise provided in paragraph (b) of this section:

(1) Claims for expenses for last illness not in excess of $500, and for funeral expenses not in excess of $500;

(2) Claims of unsecured indebtedness to the United States or any of its agencies;

(3) Claims of unsecured indebtedness to a Tribe or to any of its subsidiary organizations;

(4) Claims of general creditors, including that portion of expenses of last illness not previously authorized in excess of $500 and that portion of funeral charges not previously authorized in excess of $500.

(b) The preference of claims may be deferred, in the discretion of the administrative law judge, in making adjustments or compromises beneficial to the estate.

(c) No claims of general creditors shall be allowed if the value of the estate is $2,500 or less and the decedent is survived by a spouse or by one or more minor children. In no event shall claims be allowed in an aggregate

amount which is in excess of the valuation of the estate; the general creditors' claims may be prorated or disallowed entirely, and the preferred claims may be prorated subject to the limitations contained in paragraph (d) of this section.

(d) If the income of the estate is not sufficient to permit the payment of allowed claims of general creditors within 3 years from the date of allowance; or to permit payment of the allowed claims of preferred creditors, except the United States, within 7 years from the date of allowance, then the unpaid balance of such claims shall not be enforceable against the estate or any of its assets.

(e) In the event that it is determined that a part or portion of the estate is to lose its trust character pursuant to findings made under §4.206, then the administrative law judge may in his discretion prorate all claims and reduce the allowance thereof on a ratio comparable with that existing between the total value of the estate and the value of that portion which is to lose its trust character.

[36 FR 7186, Apr. 15, 1971, as amended at 51 FR 35219, Oct. 2, 1986]

§4.252 Property subject to claims.

Claims are payable from income from the lands remaining in trust. Further, except as prohibited by law, all trust moneys of the deceased on hand or accrued at time of death, including bonds, unpaid judgments, and accounts receivable, may be used for the payment of claims, whether the right, title, or interest that is taken by an heir, devisee, or legatee remains in or passes out of trust.

WILLS

§4.260 Making; review as to form; revocation.

(a) An Indian of the age of 18 years or over and of testamentary capacity, who has any right, title, or interest in trust property, may dispose of such property by a will executed in writing and attested by two disinterested adult witnesses.

(b) When an Indian executes a will and submits the same to the Superintendent of the Agency, the Superintendent shall forward it to the Office of the Solicitor for examination as to adequacy of form, and for submission by the Office of the Solicitor to the Superintendent of any appropriate comments. The will or codicil or any replacement or copy thereof may be retained by the Superintendent at the request of the testator or testatrix for safekeeping. A will shall be held in absolute confidence, and no person other than the testator shall admit its existence or divulge its contents prior to the death of the testator.

(c) The testator may, at any time during his lifetime, revoke his will by a subsequent will or other writing executed with the same formalities as are required in the case of the execution of a will, or by physically destroying the will with the intention of revoking it. No will that is subject to the regulations of this subpart shall be deemed to be revoked by operation of the law of any State.

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 21284, Nov. 5, 1971; 36 FR 24813, Dec. 23, 1971; 53 FR 48648, Dec. 2, 1988]

§4.261 Anti-lapse provisions.

When an Indian testator devises or bequeaths trust property to any of his grandparents or to the lineal descendant of a grandparent, and the devisee or legatee dies before the testator leaving lineal descendants, such descendants shall take the right, title, or interest so given by the will per stirpes. Relationship by adoption shall be equivalent to relationship by blood.

[54 FR 8329, Feb. 28, 1989]

§4.262 Felonious taking of testator's life.

No person who has been finally convicted of feloniously causing the death or taking the life of, or procuring another person to take the life of, the testator, shall take directly or indirectly any devise or legacy under deceased's will. All right, title, and interest existing in such a situation shall vest and be determined as if the person convicted never existed, notwithstanding §4.261.

CUSTODY AND DISTRIBUTION OF ESTATES

§ 4.270 Custody and control of trust estates.

The Superintendent may assume custody or control of all trust personal property of a deceased Indian and he may take such action, including sale thereof, as in his judgment is necessary for the benefit of the estate, the heirs, legatees, and devisees, pending entry of the decision provided for in § 4.240, § 4.241, or § 4.312 or decisions in the settlement of the estate as provided for in § 4.271. All expenses, including expenses of roundup, branding, care, and feeding of livestock, shall be a proper charge against the estate and may be paid by the Superintendent from those funds of the deceased that are under his control, or from the proceeds of a sale of the property or a part thereof.

[36 FR 7186, Apr. 15, 1971, as amended at 55 FR 43133, Oct. 26, 1990]

§ 4.271 Summary distribution.

When an Indian dies intestate leaving only trust personal property or cash of a value of less than $1,000, the Superintendent shall assemble the apparent heirs and hold an informal hearing to determine the proper distribution thereof. A memorandum covering the hearing shall be retained in the agency files showing the date of death of the decedent, the date of hearing, the persons notified and attending, the amount on hand, and the disposition thereof. In the disposition of such funds, the administrative law judge or Superintendent shall dispose of creditors' claims as provided in § 4.251. The Superintendent shall credit the balance, if any, to the legal heirs.

[36 FR 24814, Dec. 23, 1971]

§ 4.272 Omitted property.

(a) When, subsequent to the issuance of a decision under § 4.240 or § 4.312, it is found that trust property or interest therein belonging to a decedent has not been included in the inventory, the inventory can be modified either administratively by the Commissioner of the Bureau of Indian Affairs or by a modification order prepared by him for the administrative law judge's approval and signature to include such omitted property for distribution pursuant to the original decision. Copies of such modifications shall be furnished to the Superintendent and to all those persons who share in the estate.

(b) When the property to be included takes a different line of descent from that shown in the original decision, the Commissioner of the Bureau of Indian Affairs shall notify the administrative law judge who shall proceed to hold hearings if necessary and shall issue a decision under § 4.240. The record of any such proceeding shall be lodged with the title plant designated under § 4.236(b).

[36 FR 7186, Apr. 15, 1971; 36 FR 7588, Apr. 22, 1971, as amended at 55 FR 43133, Oct. 26, 1990]

§ 4.273 Improperly included property.

(a) When subsequent to a decision under § 4.240 or § 4.312, it is found that property has been improperly included in the inventory of an estate, the inventory shall be modified to eliminate such property. A petition for modification may be filed by the Superintendent of the Agency where the property is located, or by any party in interest.

(b) The administrative law judge shall review the record of the title upon which the modification is to be based, and enter an appropriate decision. If the decision is entered without a hearing, the administrative law judge shall give notice of his action to all parties whose rights are adversely affected allowing them 60 days in which to show cause why the decision should not then become final.

(c) Where appropriate the administrative law judge may conduct a hearing at any stage of the modification proceeding. Any such hearing shall be scheduled and conducted in accordance with the rules of this subpart. The administrative law judge shall enter a final decision based on his findings, modifying or refusing to modify the property inventory and his decision shall become final at the end of 60 days from the date it is mailed unless a notice of appeal is filed by an aggrieved party within such period. Notice of entry of the decision shall be given in accordance with § 4.240(b).

(d) A party aggrieved by the administrative law judge's decision may appeal

to the Board pursuant to the procedures in §§4.310 through 4.323.

(e) The record of all proceedings shall be lodged with the title plant designated under §4.236(b).

[36 FR 24814, Dec. 23, 1971, as amended at 55 FR 43133, Oct. 26, 1990]

§4.274 Distribution of estates.

(a) Unless the Superintendent shall have received a petition for rehearing filed pursuant to the requirements of §4.241(a) or a copy of a notice of appeal filed pursuant to the requirements of §4.320(b), he shall pay allowed claims, distribute the estate, and take all other necessary action directed by the administrative law judge's final order.

(b) The Superintendent may not pay claims nor make distribution of an estate during the pendency of proceedings under §4.241 or §4.242 unless the administrative law judge orders otherwise in writing. The Board may, at any time, authorize the administrative law judge to issue interim orders for payment of claims or for partial distribution during the pendency of proceedings on appeal.

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 24814, Dec. 23, 1971; 55 FR 43133, Oct. 26, 1990]

MISCELLANEOUS

§4.281 Claims for attorney fees.

(a) Attorneys representing Indians in proceedings under these regulations may be allowed fees therefor by the administrative law judge. At the administrative law judge's discretion such fees may be chargeable against the interests of the party thus represented, or where appropriate, they may be taxed as a cost of administration. Petitions for allowance of fees shall be filed prior to the close of the last hearing and shall be supported by such proof as is required by the administrative law judge. In determining attorney fees, consideration shall be given to the fact that the property of the decedent is restricted or held in trust and that it is the duty of the Department to protect the rights of all parties in interest.

(b) Nothing herein shall prevent an attorney from petitioning for additional fees to be considered at the disposition of a petition for rehearing and again after an appeal on the merits. An order allowing an attorney's fees is subject to a petition for rehearing and to an appeal.

§4.282 Guardians for incompetents.

Minors and other legal incompetents who are parties in interest shall be represented at all hearings by legally appointed guardians, or by guardians ad litem appointed by the administrative law judge.

TRIBAL PURCHASE OF INTERESTS UNDER SPECIAL STATUTES

SOURCE: 45 FR 50331, July 29, 1980, unless otherwise noted.

§4.300 Authority and scope.

(a) The rules and procedures set forth in §§4.300 through 4.308 apply only to proceedings in Indian probate which relate to the tribal purchase of a decedent's interests in trust and restricted land as provided by:

(1) The Act of December 31, 1970 (Pub. L. 91–627; 84 Stat. 1874; 25 U.S.C. 607 (1976)), amending section 7 of the Act of August 9, 1946 (60 Stat. 968), with respect to trust or restricted land within the Yakima Reservation or within the area ceded by the Treaty of June 9, 1855 (12 Stat. 1951);

(2) The Act of August 10, 1972 (Pub. L. 92–377; 86 Stat. 530), with respect to trust or restricted land within the Warm Springs Reservation or within the area ceded by the Treaty of June 25, 1855 (12 Stat. 37); and

(3) The Act of September 29, 1972 (Pub. L. 92–443; 86 Stat. 744), with respect to trust or restricted land within the Nez Perce Indian Reservation or within the area ceded by the Treaty of June 11, 1855 (12 Stat. 957).

(b)(1) In the exercise of probate authority, an administrative law judge shall determine: (i) The entitlement of a tribe to purchase a decedent's interests in trust or restricted land under the statutes; (ii) the entitlement of a surviving spouse to reserve a life estate in one-half of the surviving spouse's interests which have been purchased by a tribe; and (iii) the fair market value of such interests, including the value of any life estate reserved by a surviving spouse.

(2) In the determination under paragraph (b)(1) of this section of the entitlement of a tribe to purchase the interests of an heir or devisee, the issues of: (i) Enrollment or refusal of the tribe to enroll a specific individual and (ii) specification of blood quantum, where pertinent, shall be determined by the official tribal roll which shall be binding upon the administrative law judge. For good cause shown, the administrative law judge may stay the probate proceeding to permit an aggrieved party to pursue an enrollment application, grievance, or appeal through the established procedures applicable to the tribe.

§ 4.301 Appraisal report.

(a) *Order for appraisal; date for determining fair market value.* In all probates, at the earliest possible stage of the proceeding before issuance of a probate decision, when the record reveals to the Superintendent: (1) That the decedent owned interests in land located on one or more of those reservations designated in § 4.300 and (2) that any one or more of the probable heirs or devisees, who may become a distributee of such interests upon completion of the probate proceeding, is not enrolled in or does not have the required blood quantum in the tribe of the reservation where the land is located to hold such interests against a claim thereto made by the tribe, the Superintendent shall order an appraisal of the decedent's interests. If there is a surviving spouse whose interests may be subject to the tribal option, the appraisal shall include the value of a life estate based on the life of the surviving spouse in one half of such interests. The appraisal shall be made on the basis of the fair market value of the property, including fixed improvements, as of the date of decedent's death.

(b) *Who may conduct the appraisal; submission of the appraisal report to the administrative law judge.* Qualified appraisers shall appraise the property and submit an appraisal with a summary thereof to the Superintendent. The Superintendent shall file the appraisal report with the administrative law judge and retain a copy in the Superintendent's office. Interested parties may examine and copy, at their expense, the appraisal report at the office of the Superintendent or administrative law judge.

§ 4.302 Conclusion of probate and tribal exercise of statutory option.

(a) *Conclusion of probate; findings in the probate decision.* When a decedent is shown to have owned land interests in any one or more of the reservations mentioned in the statutes enumerated in § 4.300, the probate proceeding relative to the determination of heirs, approval or disapproval of a will, and the claims of creditors shall first be concluded as final for the Department in accordance with §§ 4.200 through 4.282 and §§ 4.310 through 4.323. This decision will be referred to herein as the ''probate decision.'' At the probate hearing a finding shall be made on the record showing those interests in land, if any, which are subject to the tribal option. The finding shall be reduced to writing in the probate decision setting forth the apparent rights of the tribe as against affected heirs or devisees and the right of a surviving spouse whose interests are subject to the tribal option to reserve a life estate in one-half of such interests. If the finding is that there are no interests subject to the tribal option, the decision shall so state. A copy of the probate decision, to which shall be attached a copy of the appraisal summary, shall be distributed to all parties in interest in accordance with §§ 4.201 and 4.240.

(b) *Tribal exercise of statutory option.* A tribe may purchase all or a part of the available interests specified in the probate decision within 60 days from the date of the probate decision unless a petition for rehearing or a demand for hearing has been filed in accordance with § 4.304 or 4.305. If a petition for rehearing or a demand for hearing has been filed, a tribe may purchase all or a part of the available interests specified in the probate decision within 20 days from the date of the decision on rehearing or hearing, whichever is applicable. A tribe may not, however, claim an interest less than the decedent's total interest in any one individual tract. The tribe shall file a written notce of purchase with the Superintendent, together with the tribe's certification that copies thereof have

been mailed on the same date to the administrative law judge and to the affected heirs or devisees.

Upon failure to timely file a notice of purchase, the right to distribution of all unclaimed interests shall accrue to the heirs or devisees.

[36 FR 7186, Apr. 15, 1971, as amended at 55 FR 43133, Oct. 26, 1990; 55 FR 46132, Nov. 1, 1990]

§4.303 Notice by surviving spouse to reserve a life estate.

When the heir or devisee whose interests are subject to the tribal option is a surviving spouse, the spouse may reserve a life estate in one-half of such interests. The spouse shall file a written notice to reserve with the Superintendent within 30 days after the tribe has exercised its option to purchase the interest in question, together with a certification that copies thereof have been mailed on the same date to the administrative law judge and the tribe. Failure to timely file a notice to reserve a life estate shall constitute a waiver thereof.

§4.304 Rehearing.

Any party in interest aggrieved by the probate decision may, within 60 days from the date of the probate decision, file with the administrative law judge a written petition for rehearing in accordance with §4.241.

§4.305 Hearing.

(a) *Demand for hearing.* Any party in interest aggrieved by the exercise of the tribal option to purchase the interests in question or the valuation of the interests as set forth in the appraisal report may, within 60 days from the date of the probate decision or 60 days from the date of the decision on rehearing, whichever is applicable, file with the administrative law judge a written demand for hearing, together with a certification that copies thereof have been mailed on the same date to the Superintendent and to each party in interest; provided, however, that an aggrieved party shall have at least 20 days from the date the tribe exercises its option to purchase available interests to file such a demand. The demand must state specifically and concisely the grounds upon which it is based.

(b) *Notice; burden of proof.* The administrative law judge shall, upon receipt of a demand for hearing, set a time and place therefor and shall mail notice thereof to all parties in interest not less than 30 days in advance; provided, however, that such date shall be set after the expiration of the 60-day period fixed for the filing of the demand for hearing as provided in §4.305(a). At the hearing each party challenging the tribe's claim to purchase the interests in question or the valuation of the interests as set forth in the appraisal report shall have the burden of proving his or her position.

(c) *Decision after hearing; appeal.* Upon conclusion of the hearing, the administrative law judge shall issue a decision which shall determine all of the issues including, but not limited to, a judgment establishing the fair market value of the interests purchased by the tribe, including any adjustment thereof made necessary by the surviving spouse's decision to reserve a life estate in one-half of the interests. The decision shall specify the right of appeal to the Board of Indian Appeals within 60 days from the date of the decision in accordance with §§4.310 through 4.323. The administrative law judge shall lodge the complete record relating to the demand for hearing with the title plant as provided in §4.236(b), furnish a duplicate record thereof to the Superintendent, and mail a notice of such action together with a copy of the decision to each party in interest.

[36 FR 7186, Apr. 15, 1971, as amended at 55 FR 43133, Oct. 26, 1990]

§4.306 Time for payment.

A tribe shall pay the full fair market value of the interests purchased, as set forth in the appraisal report or as determined after hearing in accordance with §4.305, whichever is applicable, within 2 years from the date of decedent's death or within 1 year from the date of notice of purchase, whichever comes later.

§4.307 Title.

Upon payment by the tribe of the interests purchased, the Superintendent

shall issue a certificate to the administrative law judge that this has been done and file therewith such documents in support thereof as the administrative law judge may require. The administrative law judge shall then issue an order that the United States holds title to such interests in trust for the tribe, lodge the complete record, including the decision, with the title plant as provided in § 4.236(b), furnish a duplicate record thereof to the Superintendent, and mail a notice of such action together with a copy of the decision to each party in interest.

§ 4.308 Disposition of income.

During the pendency of the probate and up to the date of transfer of title to the United States in trust for the tribe in accordance with § 4.307, all income received or accrued from the land interests purchased by the tribe shall be credited to the estate.

CROSS REFERENCE: See 25 CFR part 2 for procedures for appeals to Area Directors and to the Commissioner of the Bureau of Indian Affairs.

GENERAL RULES APPLICABLE TO PROCEEDINGS ON APPEAL BEFORE THE INTERIOR BOARD OF INDIAN APPEALS

SOURCE: 54 FR 6485, Feb. 10, 1989, unless otherwise noted.

§ 4.310 Documents.

(a) *Filing.* The effective date for filing a notice of appeal or other document with the Board during the course of an appeal is the date of mailing or the date of personal delivery, except that a motion for the Board to assume jurisdiction over an appeal under 25 CFR 2.20(e) shall be effective the date it is received by the Board.

(b) *Service.* Notices of appeal and pleadings shall be served on all parties in interest in any proceeding before the Interior Board of Indian Appeals by the party filing the notice or pleading with the Board. Service shall be accomplished upon personal delivery or mailing. Where a party is represented in an appeal by an attorney or other representative authorized under 43 CFR 1.3, service of any document on the attorney or representative is service on the party. Where a party is represented by more than one attorney, service on any one attorney is sufficient. The certificate of service on an attorney or representative shall include the name of the party whom the attorney or representative represents and indicate that service was made on the attorney or representative.

(c) *Computation of time for filing and service.* Except as otherwise provided by law, in computing any period of time prescribed for filing and serving a document, the day upon which the decision or document to be appealed or answered was served or the day of any other event after which a designated period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a Saturday, Sunday, Federal legal holiday, or other nonbusiness day, in which event the period runs until the end of the next day which is not a Saturday, Sunday, Federal legal holiday, or other nonbusiness day. When the time prescribed or allowed is 7 days or less, intermediate Saturdays, Sundays, Federal legal holidays, and other nonbusiness days shall be excluded in the computation.

(d) *Extensions of time.* (1) The time for filing or serving any document except a notice of appeal may be extended by the Board.

(2) A request to the Board for an extension of time must be filed within the time originally allowed for filing.

(3) For good cause the Board may grant an extension of time on its own initiative.

(e) *Retention of documents.* All documents received in evidence at a hearing or submitted for the record in any proceeding before the Board will be retained with the official record of the proceeding. The Board, in its discretion, may permit the withdrawal of original documents while a case is pending or after a decision becomes final upon conditions as required by the Board.

§ 4.311 Briefs on appeal.

(a) The appellant may file an opening brief within 30 days after receipt of the notice of docketing. Appellant shall serve copies of the opening brief upon all interested parties or counsel and

file a certificate with the Board showing service upon the named parties. Opposing parties or counsel shall have 30 days from receipt of appellant's brief to file answer briefs, copies of which shall be served upon the appellant or counsel and all other parties in interest. A certificate showing service of the answer brief upon all parties or counsel shall be attached to the answer filed with the Board.

(b) Appellant may reply to an answering brief within 15 days from its receipt. A certificate showing service of the reply brief upon all parties or counsel shall be attached to the reply filed with the Board. Except by special permission of the Board, no other briefs will be allowed on appeal.

(c) The Bureau of Indian Affairs shall be considered an interested party in any proceeding before the Board. The Board may request that the Bureau submit a brief in any case before the Board.

(d) An original only of each document should be filed with the Board. Documents should not be bound along the side.

(e) The Board may also specify a date on or before which a brief is due. Unless expedited briefing has been granted, such date shall not be less than the appropriate period of time established in this section.

§4.312 Decisions.

Decisions of the Board will be made in writing and will set forth findings of fact and conclusions of law. The decision may adopt, modify, reverse or set aside any proposed finding, conclusion or order of an official of the Bureau of Indian Affairs or an administrative law judge. Distribution of decisions shall be made by the Board to all parties concerned. Unless otherwise stated in the decision, rulings by the Board are final for the Department and shall be given immediate effect.

§4.313 Amicus Curiae; intervention; joinder motions.

(a) Any interested person or Indian tribe desiring to intervene or to join other parties or to appear as amicus curiae or to obtain an order in an appeal before the Board shall apply in writing to the Board stating the grounds for the action sought. Permission to intervene, to join parties, to appear, or for other relief, may be granted for purposes and subject to limitations established by the Board. This section shall be liberally construed.

(b) Motions to intervene, to appear as amicus curiae, to join additional parties, or to obtain an order in an appeal pending before the Board shall be served in the same manner as appeal briefs.

§4.314 Exhaustion of administrative remedies.

(a) No decision of an administrative law judge or an official of the Bureau of Indian Affairs, which at the time of its rendition is subject to appeal to the Board, shall be considered final so as to constitute agency action subject to judicial review under 5 U.S.C. 704, unless made effective pending decision on appeal by order of the Board.

(b) No further appeal will lie within the Department from a decision of the Board.

(c) The filing of a petition for reconsideration is not required to exhaust administrative remedies.

[54 FR 6485, Feb. 10, 1989; 54 FR 7504, Feb. 21, 1989]

§4.315 Reconsideration.

(a) Reconsideration of a decision of the Board will be granted only in extraordinary circumstances. Any party to the decision may petition for reconsideration. The petition must be filed with the Board within 30 days from the date of the decision and shall contain a detailed statement of the reasons why reconsideration should be granted.

(b) A party may file only one petition for reconsideration.

(c) The filing of a petition shall not stay the effect of any decision or order and shall not affect the finality of any decision or order for purposes of judicial review, unless so ordered by the Board.

§4.316 Remands from courts.

Whenever any matter is remanded from any court to the Board for further proceedings, the Board will either remand the matter to an administrative law judge or to the Bureau of Indian

Affairs, or to the extent the court's directive and time limitations will permit, the parties shall be allowed an opportunity to submit to the Board a report recommending procedures for it to follow to comply with the court's order. The Board will enter special orders governing matters on remand.

§ 4.317 Standards of conduct.

(a) *Inquiries about cases.* All inquiries with respect to any matter pending before the Board shall be made to the Chief Administrative Judge of the Board or the administrative judge assigned the matter.

(b) *Disqualification.* An administrative judge may withdraw from a case in accordance with standards found in the recognized canons of judicial ethics if the judge deems such action appropriate. If, prior to a decision of the Board, a party files an affidavit of personal bias or disqualification with substantiating facts, and the administrative judge concerned does not withdraw, the Director of the Office of Hearings and Appeals shall determine the matter of disqualification.

§ 4.318 Scope of review.

An appeal shall be limited to those issues which were before the administrative law judge upon the petition for rehearing, reopening, or regarding tribal purchase of interests, or before the official of the Bureau of Indian Affairs on review. However, except as specifically limited in this part or in title 25 of the Code of Federal Regulations, the Board shall not be limited in its scope of review and may exercise the inherent authority of the Secretary to correct a manifest injustice or error where appropriate.

APPEALS TO THE BOARD OF INDIAN APPEALS IN PROBATE MATTERS

SOURCE: 54 FR 6487, Feb. 10, 1989, unless otherwise noted.

§ 4.320 Who may appeal.

A party in interest shall have a right of appeal to the Board of Indian Appeals from an order of an administrative law judge on a petition for rehearing, a petition for reopening, or regarding tribal purchase of interests in a deceased Indian's trust estate.

(a) *Notice of Appeal.* Within 60 days from the date of the decision, an appellant shall file a written notice of appeal signed by appellant, appellant's attorney, or other qualified representative as provided in 43 CFR 1.3, with the Board of Indian Appeals, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203. A statement of the errors of fact and law upon which the appeal is based shall be included in either the notice of appeal or in any brief filed. The notice of appeal shall include the names and addresses of parties served. A notice of appeal not timely filed shall be dismissed for lack of jurisdiction.

(b) *Service of copies of notice of appeal.* The appellant shall personally deliver or mail the original notice of appeal to the Board of Indian Appeals. A copy shall be served upon the administrative law judge whose decision is appealed as well as all interested parties. The notice of appeal filed with the Board shall include a certification that service was made as required by this section.

(c) *Action by administrative law judge; record inspection.* The administrative law judge, upon receiving a copy of the notice of appeal, shall notify the Superintendent concerned to return the duplicate record filed under §§ 4.236(b) and 4.241(d), or under § 4.242(f) of this part, to the Land Titles and Records Office designated under § 4.236(b) of this part. The duplicate record shall be conformed to the original by the Land Titles and Records Office and shall thereafter be available for inspection either at the Land Titles and Records Office or at the office of the Superintendent. In those cases in which a transcript of the hearing was not prepared, the administrative law judge shall have a transcript prepared which shall be forwarded to the Board within 30 days from receipt of a copy of the notice of appeal.

§ 4.321 Notice of transmittal of record on appeal.

The original record on appeal shall be forwarded by the Land Titles and Records Office to the Board by certified mail. Any objection to the record as constituted shall be filed with the Board within 15 days of receipt of the

notice of docketing issued under §4.332 of this part.

§4.322 Docketing.

The appeal shall be docketed by the Board upon receipt of the administrative record from the Land Titles and Records Office. All interested parties as shown by the record on appeal shall be notified of the docketing. The docketing notice shall specify the time within which briefs may be filed and shall cite the procedural regulations governing the appeal.

§4.323 Disposition of the record.

Subsequent to a decision of the Board, other than remands, the record filed with the Board and all documents added during the appeal proceedings, including any transcripts prepared because of the appeal and the Board's decision, shall be forwarded by the Board to the Land Titles and Records Office designated under §4.236(b) of this part. Upon receipt of the record by the Land Titles and Records Office, the duplicate record required by §4.320(c) of this part shall be conformed to the original and forwarded to the Superintendent concerned.

APPEALS TO THE BOARD OF INDIAN APPEALS FROM ADMINISTRATIVE ACTIONS OF OFFICIALS OF THE BUREAU OF INDIAN AFFAIRS: ADMINISTRATIVE REVIEW IN OTHER INDIAN MATTERS NOT RELATING TO PROBATE PROCEEDINGS

SOURCE: 54 FR 6487, Feb. 10, 1989, unless otherwise noted.

§4.330 Scope.

(a) The definitions set forth in 25 CFR 2.2 apply also to these special rules. These regulations apply to the practice and procedure for: (1) Appeals to the Board of Indian Appeals from administrative actions or decisions of officials of the Bureau of Indian Affairs issued under regulations in 25 CFR chapter 1, and (2) administrative review by the Board of Indian Appeals of other matters pertaining to Indians which are referred to it for exercise of review authority of the Secretary or the Assistant Secretary—Indian Affairs.

(b) Except as otherwise permitted by the Secretary or the Assistant Secretary—Indian Affairs by special delegation or request, the Board shall not adjudicate:

(1) Tribal enrollment disputes;

(2) Matters decided by the Bureau of Indian Affairs through exercise of its discretionary authority; or

(3) Appeals from decisions pertaining to final recommendations or actions by officials of the Minerals Management Service, unless the decision is based on an interpretation of Federal Indian law (decisions not so based which arise from determinations of the Minerals Management Service, are appealable to the Interior Board of Land Appeals in accordance with 43 CFR 4.410).

§4.331 Who may appeal.

Any interested party affected by a final administrative action or decision of an official of the Bureau of Indian Affairs issued under regulations in title 25 of the Code of Federal Regulations may appeal to the Board of Indian Appeals, except—

(a) To the extent that decisions which are subject to appeal to a higher official within the Bureau of Indian Affairs must first be appealed to that official;

(b) Where the decision has been approved in writing by the Secretary or Assistant Secretary—Indian Affairs prior to promulgation; or

(c) Where otherwise provided by law or regulation.

§4.332 Appeal to the Board; how taken; mandatory time for filing; preparation assistance; requirement for bond.

(a) A notice of appeal shall be in writing, signed by the appellant or by his attorney of record or other qualified representative as provided by 43 CFR 1.3, and filed with the Board of Indian Appeals, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203, within 30 days after receipt by the appellant of the decision from which the appeal is taken. A copy of the notice of appeal shall simultaneously be filed with the Assistant Secretary—Indian Affairs. As required by §4.333 of this part, the notice of appeal

sent to the Board shall certify that a copy has been sent to the Assistant Secretary—Indian Affairs. A notice of appeal not timely filed shall be dismissed for lack of jurisdiction. A notice of appeal shall include:

(1) A full identification of the case;

(2) A statement of the reasons for the appeal and of the relief sought; and

(3) The names and addresses of all additional interested parties, Indian tribes, tribal corporations, or groups having rights or privileges which may be affected by a change in the decision, whether or not they participated as interested parties in the earlier proceedings.

(b) In accordance with 25 CFR 2.20(c) a notice of appeal shall not be effective for 20 days from receipt by the Board, during which time the Assistant Secretary—Indian Affairs may decide to review the appeal. If the Assistant Secretary—Indian Affairs properly notifies the Board that he has decided to review the appeal, any documents concerning the case filed with the Board shall be transmitted to the Assistant Secretary—Indian Affairs.

(c) When the appellant is an Indian or Indian tribe not represented by counsel, the official who issued the decision appealed shall, upon request of the appellant, render such assistance as is appropriate in the preparation of the appeal.

(d) At any time during the pendency of an appeal, an appropriate bond may be required to protect the interest of any Indian, Indian tribe, or other parties involved.

§ 4.333 Service of notice of appeal.

(a) On or before the date of filing of the notice of appeal the appellant shall serve a copy of the notice upon each known interested party, upon the official of the Bureau of Indian Affairs from whose decision the appeal is taken, and upon the Assistant Secretary—Indian Affairs. The notice of appeal filed with the Board shall certify that service was made as required by this section and shall show the names and addresses of all parties served. If the appellant is an Indian or an Indian tribe not represented by counsel, the appellant may request the official of the Bureau whose decision is appealed to assist in service of copies of the notice of appeal and any supporting documents.

(b) The notice of appeal will be considered to have been served upon the date of personal service or mailing.

§ 4.334 Extensions of time.

Requests for extensions of time to file documents may be granted upon a showing of good cause, except for the time fixed for filing a notice of appeal which, as specified in § 4.332 of this part, may not be extended.

§ 4.335 Preparation and transmittal of record by official of the Bureau of Indian Affairs.

(a) Within 20 days after receipt of a notice of appeal, or upon notice from the Board, the official of the Bureau of Indian Affairs whose decision is appealed shall assemble and transmit the record to the Board. The record on appeal shall include, without limitation, copies of transcripts of testimony taken; all original documents, petitions, or applications by which the proceeding was initiated; all supplemental documents which set forth claims of interested parties; and all documents upon which all previous decisions were based.

(b) The administrative record shall include a Table of Contents noting, at a minimum, inclusion of the following:

(1) The decision appealed from;

(2) The notice of appeal or copy thereof; and

(3) Certification that the record contains all information and documents utilized by the deciding official in rendering the decision appealed.

(c) If the deciding official receives notification that the Assistant Secretary—Indian Affairs has decided to review the appeal before the administrative record is transmitted to the Board, the administrative record shall be forwarded to the Assistant Secretary—Indian Affairs rather than to the Board.

§ 4.336 Docketing.

An appeal shall be assigned a docket number by the Board 20 days after receipt of the notice of appeal unless the Board has been properly notified that the Assistant Secretary—Indian Affairs

has assumed jurisdiction over the appeal. A notice of docketing shall be sent to all interested parties as shown by the record on appeal upon receipt of the administrative record. Any objection to the record as constituted shall be filed with the Board within 15 days of receipt of the notice of docketing. The docketing notice shall specify the time within which briefs shall be filed, cite the procedural regulations governing the appeal and include a copy of the Table of Contents furnished by the deciding official.

§4.337 Action by the Board.

(a) The Board may make a final decision, or where the record indicates a need for further inquiry to resolve a genuine issue of material fact, the Board may require a hearing. All hearings shall be conducted by an administrative law judge of the Office of Hearings and Appeals. The Board may, in its discretion, grant oral argument before the Board.

(b) Where the Board finds that one or more issues involved in an appeal or a matter referred to it were decided by the Bureau of Indian Affairs based upon the exercise of discretionary authority committed to the Bureau, and the Board has not otherwise been permitted to adjudicate the issue(s) pursuant to §4.330(b) of this part, the Board shall dismiss the appeal as to the issue(s) or refer the issue(s) to the Assistant Secretary—Indian Affairs for further consideration.

§4.338 Submission by administrative law judge of proposed findings, conclusions and recommended decision.

(a) When an evidentiary hearing pursuant to §4.337(a) of this part is concluded, the administrative law judge shall recommend findings of fact and conclusions of law, stating the reasons for such recommendations. A copy of the recommended decision shall be sent to each party to the proceeding, the Bureau official involved, and the Board. Simultaneously, the entire record of the proceedings, including the transcript of the hearing before the administrative law judge, shall be forwarded to the Board.

(b) The administrative law judge shall advise the parties at the conclusion of the recommended decision of their right to file exceptions or other comments regarding the recommended decision with the Board in accordance with §4.339 of this part.

§4.339 Exceptions or comments regarding recommended decision by administrative law judge.

Within 30 days after receipt of the recommended decision of the administrative law judge, any party may file exceptions to or other comments on the decision with the Board.

§4.340 Disposition of the record.

Subsequent to a decision by the Board, the record filed with the Board and all documents added during the appeal proceedings, including the Board's decision, shall be forwarded to the official of the Bureau of Indian Affairs whose decision was appealed for proper disposition in accordance with rules and regulations concerning treatment of Federal records.

WHITE EARTH RESERVATION LAND SETTLEMENT ACT OF 1985; AUTHORITY OF ADMINISTRATIVE JUDGES; DETERMINATIONS OF THE HEIRS OF PERSONS WHO DIED ENTITLED TO COMPENSATION

SOURCE: 56 FR 61383, Dec. 3, 1991, unless otherwise noted.

§4.350 Authority and scope.

(a) The rules and procedures set forth in §§4.350 through 4.357 apply only to the determination through intestate succession of the heirs of persons who died entitled to receive compensation under the White Earth Reservation Land Settlement Act of 1985, Public Law 99–264 (100 Stat. 61), amended by Public Law 100–153 (101 Stat. 886) and Public Law 100–212 (101 Stat. 1433).

(b) Whenever requested to do so by the Project Director, administrative judges shall determine such heirs by applying inheritance laws in accordance with the White Earth Reservation Land Settlement Act of 1985 as amended, notwithstanding the decedent may have died testate.

(c) As used herein, the following terms shall have the following meanings:

(1) The term *Act* means the White Earth Reservation Land Settlement Act of 1985 as amended.

(2) The term *Board* means the Board of Indian Appeals in the Office of Hearings and Appeals, Office of the Secretary.

(3) The term *Project Director* means the officer in charge of the White Earth Reservation Land Settlement Branch of the Minneapolis Area Office, Bureau of Indian Affairs, at Cass Lake, Minnesota.

(4) The term *party (parties) in interest* means the Project Director and any presumptive or actual heirs of the decedent, or of any issue of any subsequently deceased presumptive or actual heir of the decedent.

(5) The term *compensation* means a monetary sum, as determined by the Project Director, pursuant to section 8(c) of the Act.

(6) The term *administrative judge* means an administrative judge of the Office of Hearings and Appeals to whom the Director of the Office of Hearings and Appeals has redelegated his authority, as designee of the Secretary, for making heirship determinations as provided for in these regulations.

(7) The term *appellant* means a party aggrieved by a final order or final order upon reconsideration issued by an administrative judge who files an appeal with the Board.

[56 FR 61383, Dec. 3, 1991; 56 FR 65782, Dec. 18, 1991]

§ 4.351 Commencement of the determination process.

(a) Unless an heirship determination which is recognized by the Act already exists, the Project Director shall commence the determination of the heirs of those persons who died entitled to receive compensation by filing with the administrative judge all data, identifying the purpose for which they are being submitted, shown in the records relative to the family of the decedent.

(b) The data shall include but are not limited to:

(1) A copy of the death certificate if one exists. If there is no death certificate, then another form of official written evidence of the death such as a burial or transportation of remains permit, coroner's report, or church registry of death. Secondary forms of evidence of death such as an affidavit from someone with personal knowledge concerning the fact of death or an obituary or death notice from a newspaper may be used only in the absence of any official proof or evidence of death.

(2) Data for heirship finding and family history, certified by the Project Director. Such data shall contain:

(i) The facts and alleged facts of the decedent's marriages, separations and divorces, with copies of necessary supporting documents;

(ii) The names and last known addresses of probable heirs at law and other known parties in interest;

(iii) Information on whether the relationships of the probable heirs at law to the decedent arose by marriage, blood, or adoption.

(3) Known heirship determinations, including those recognized by the Act determining the heirs of relatives of the decedent, and including those rendered by courts from Minnesota or other states, by tribal courts, or by tribunals authorized by the laws of other countries.

(4) A report of the compensation due the decedent, including interest calculated to the date of death of the decedent, and an outline of the derivation of such compensation, including its real property origins and the succession of the compensation to the deceased, citing all of the intervening heirs at law, their fractional shares, and the amount of compensation attributed to each of them.

(5) A certification by the Project Director or his designee that the addresses provided for the parties in interest were furnished after having made a due and diligent search.

[56 FR 61383, Dec. 3, 1991; 56 FR 65782, Dec. 18, 1991]

§ 4.352 Determination of administrative judge and notice thereof.

(a) Upon review of all data submitted by the Project Director, the administrative judge will determine whether or not there are any apparent issues of fact that need to be resolved.

(b) If there are no issues of fact requiring determination, the administrative judge will enter a preliminary determination of heirs based upon inheritance laws in accordance with the Act. Such preliminary determination will be entered without a hearing, and, when possible and based upon the data furnished and/or information supplementary thereto, shall include the names, birth dates, relationships to the decedent, and shares of the heirs, or the fact that the decedent died without heirs.

(1) Upon issuing a preliminary determination, the administrative judge shall issue a notice of such action and shall mail a copy of said notice, together with a copy of the preliminary determination, to each party in interest allowing forty (40) days in which to show cause in writing why the determination should not become final. The administrative judge shall cause a certificate to be made as to the date and manner of such mailing.

(2) The Project Director shall also cause, within seven (7) days of receipt of such notice, the notice of the preliminary determination to be posted in the following sites:

The White Earth Band, Box 418, White Earth, Minnesota 56591
The Minnesota Chippewa Tribe, Box 217, Cass Lake, Minnesota 56633
Minnesota Agency, Bureau of Indian Affairs, Route 3, Box 112, Cass Lake, Minnesota 56633

and in such other sites as may be deemed appropriate by the Project Director. Such other sites may include, but not be limited to:

Elbow Lake Community Center, R.R. ι2, Waubun, Minnesota 56589
Postmaster, Callaway, Minnesota 56521
Community Center, Route 2, Bagley, Minnesota 56621
Community Center, Star Route, Mahnomen, Minnesota 56557
Postmaster, Mahnomen, Minnesota 56557
Rice Lake Community Center, Route 2, Bagley, Minnesota 56621
Postmaster, Ogema, Minnesota 56569
Pine Point Community Center, Ponsford, Minnesota 56575
Postmaster, White Earth, Minnesota 56591
White Earth IHS, White Earth, Minnesota 56591
Postmaster, Ponsford, Minnesota 56575
American Indian Center, 1113 West Broadway, Minneapolis, Minnesota 55411
American Indian Center, 1530 East Franklin Avenue, Minneapolis, Minnesota 55404
American Indian Center, 341 University Avenue, St. Paul, Minnesota 55103
Little Earth of United Tribes Community Services, 2501 Cedar Avenue South, Minneapolis, Minnesota 55404
Naytahwaush Community Center, Naytahwaush, Minnesota 56566

The Project Director shall provide a certificate showing when the notice of the preliminary determination was forwarded for posting, and to which locations. A posting certificate showing the date and place of posting shall be signed by the person or official who performs the act and returned to the Project Director. The Project Director shall file with the administrative judge the original posting certificates and the Project Director's certificate of mailing showing the posting locations and when the notice of the preliminary determination was forwarded for posting.

(3) If no written request for hearing or written objection is received in the office of the administrative judge within the forty (40) days of issuance of the notice, the administrative judge shall issue a final order declaring the preliminary determination to be final thirty (30) days from the date on which the final order is mailed to each party in interest.

(c) When the administrative judge determines either before or after issuance of a preliminary determination that there are issues which require resolution, or when a party objects to the preliminary determination and/or requests a hearing, the administrative judge may either resolve the issues informally or schedule and conduct a prehearing conference and/or a hearing. Any prehearing conference, hearing, or rehearing, conducted by the administrative judge shall be governed insofar as practicable by the regulations applicable to other hearings under this part and the general rules in subpart B of this part. After receipt of the testimony and/or evidence, if any, the administrative judge shall enter a final order determining the heirs of the decedent, which shall become final thirty (30) days from the date on which the final order is mailed to each party in interest.

(d) The final order determining the heirs of the decedent shall contain, where applicable, the names, birth dates, relationships to the decedent, and shares of heirs, or the fact that the decedent died without heirs.

[56 FR 61383, Dec. 3, 1991; 56 FR 65782, Dec. 18, 1991; 57 FR 2319, Jan. 21, 1992]

§ 4.353 Record.

(a) The administrative judge shall lodge the original record with the Project Director.

(b) The record shall contain, where applicable, the following materials:

(1) A copy of the posted public notice of preliminary determination and/or hearing showing the posting certifications, the administrative judge's certificate of mailing, the posting certificates, and the Project Director's certificate of mailing.

(2) A copy of each notice served on parties in interest, with proof of mailing;

(3) The record of evidence received, including any transcript made of testimony;

(4) Data for heirship finding and family history, and data supplementary thereto;

(5) The final order determining the heirs of the decedent and the administrative judge's notices thereof; and

(6) Any other material or documents deemed relevant by the administrative judge.

§ 4.354 Reconsideration or rehearing.

(a) Any party aggrieved by the final order of the administrative judge may, within thirty (30) days after the date of mailing such decision, file with the administrative judge a written petition for reconsideration and/or rehearing. Such petition must be under oath and must state specifically and concisely the grounds upon which it is based. If it is based upon newly discovered evidence, it shall be accompanied by affidavits of witnesses stating fully what the new evidence or testimony is to be. It shall also state justifiable reasons for the prior failure to discover and present the evidence.

(b) If proper grounds are not shown, or if the petition is not filed within the time prescribed in paragraph (a) of this section, the administrative judge shall issue an order denying the petition and shall set forth therein the reasons therefor. The administrative judge shall serve copies of such order on all parties in interest.

(c) If the petition appears to show merit, or if the administrative judge becomes aware of sufficient additional evidence to justify correction of error even without the filing of a petition, or upon remand from the Board following an appeal resulting in vacating the final order, the administrative judge shall cause copies of the petition, supporting papers, and other data, or in the event of no petition an order to show cause or decision of the Board vacating the final order in appropriate cases, to be served on all parties in interest. The parties in interest will be allowed a reasonable, specified time within which to submit answers or legal briefs in opposition to the petition or order to show cause or Board decision. The administrative judge shall then reconsider, with or without hearing, the issues of fact and shall issue a final order upon reconsideration, affirming, modifying, or vacating the original final order and making such further orders as are deemed warranted. The final order upon reconsideration shall be served on all parties in interest and shall become final thirty (30) days from the date on which it is mailed.

(d) Successive petitions for reconsideration and/or rehearing shall not be permitted. Nothing herein shall be considered as a bar to the remand of a case by the Board for further reconsideration, hearing, or rehearing after appeal.

§ 4.355 Omitted compensation.

When, subsequent to the issuance of a final order determining heirs under § 4.352, it is found that certain additional compensation had been due the decedent and had not been included in the report of compensation, the report shall be modified administratively by the Project Director. Copies of such modification shall be furnished to all heirs as previously determined and to the appropriate administrative judge.

§4.356 Appeals.

(a) A party aggrieved by a final order of an administrative judge under §4.352, or by a final order upon reconsideration of an administrative judge under §4.354, may appeal to the Board (address: Board of Indian Appeals, Office of Hearings and Appeals, 4015 Wilson Boulevard, Arlington, Virginia 22203). A copy of the notice of appeal must also be sent to the Project Director and to the administrative judge whose decision is being appealed.

(b) The notice of appeal must be filed with the Board no later than thirty (30) days from the date on which the final order of the administrative judge was mailed, or, if there has been a petition for reconsideration or rehearing filed, no later than thirty (30) days from the date on which the final order upon reconsideration of the administrative judge was mailed. A notice of appeal that is not timely filed will be dismissed.

(c) The Project Director shall ensure that the record is expeditiously forwarded to the Board.

(d) Within thirty (30) days after the notice of appeal is filed, the appellant shall file a statement of the reasons why the final order or final order upon reconsideration is in error. If the Board finds that the appellant has set forth sufficient reasons for questioning the final order or final order upon reconsideration, the Board will issue an order giving all parties in interest an opportunity to respond, following which a decision shall be issued. If the Board finds that the appellant has not set forth sufficient reasons for questioning the final order, the Board may issue a decision on the appeal without further briefing.

(e) The Board may issue a decision affirming, modifying, or vacating the final order or final order upon reconsideration. A decision on appeal by the Board either affirming or modifying the final order or final order upon reconsideration shall be final for the Department of the Interior. In the event the final order or final order upon reconsideration is vacated, the proceeding shall be remanded to the appropriate administrative judge for reconsideration and/or rehearing.

§4.357 Guardians for minors and incompetents.

Persons less than 18 years of age and other legal incompetents who are parties in interest may be represented at all hearings by legally appointed guardians or by guardians *ad litem* appointed by the administrative judge.c

Subpart E—Special Rules Applicable to Public Land Hearings and Appeals

AUTHORITY: Sections 4.470 to 4.478 also issued under authority of sec. 2, 48 Stat. 1270; 43 U.S.C. 315a.

CROSS REFERENCE: See subpart A for the authority, jurisdiction and membership of the Board of Land Appeals within the Office of Hearings and Appeals. For general rules applicable to proceedings before the Board of Land Appeals as well as the other Appeals Boards of the Office of Hearings and Appeals, see subpart B.

APPEALS PROCEDURES

APPEALS PROCEDURES; GENERAL

§4.400 Definitions.

As used in this subpart:

(a) *Secretary* means the Secretary of the Interior or his authorized representatives.

(b) *Bureau* means Bureau of Land Management.

(c) *Board* means the Board of Land Appeals in the Office of Hearings and Appeals, Office of the Secretary. The terms *office* or *officer* as used in this subpart include *Board* where the context requires.

(d) *Administrative law judge* means an administrative law judge in the Office of Hearings and Appeals, Office of the Secretary, appointed under section 3105 of title 5 of the United States Code.

§4.401 Documents.

(a) *Grace period for filing.* Whenever a document is required under this subpart to be filed within a certain time and it is not received in the proper office during that time, the delay in filing will be waived if the document is filed not later than 10 days after it was required to be filed and it is determined that the document was transmitted or probably transmitted to the

office in which the filing is required before the end of the period in which it was required to be filed. Determinations under this paragraph shall be made by the officer before whom is pending the appeal in connection with which the document is required to be filed.

(b) *Transferees and encumbrancers.* Transferees and encumbrancers of land the title to which is claimed or is in the process of acquisition under any public land law shall, upon filing notice of the transfer or encumbrance in the proper land office, become entitled to receive and be given the same notice of any appeal, or other proceeding thereafter initiated affecting such interest which is required to be given to a party to the proceeding. Every such notice of a transfer or encumbrance will be noted upon the records of the land office. Thereafter such transferee or encumbrancer must be made a party to any proceedings thereafter initiated adverse to the entry.

(c) *Service of documents.* (1) Wherever the regulations in this subpart require that a copy of a document be served upon a person, service may be made by delivering the copy personally to him or by sending the document by registered or certified mail, return receipt requested, to his address of record in the Bureau.

(2) In any case service may be proved by an acknowledgment of service signed by the person to be served. Personal service may be proved by a written statement of the person who made such service. Service by registered or certified mail may be proved by a post-office return receipt showing that the document was delivered at the person's record address or showing that the document could not be delivered to such person at his record address because he had moved therefrom without leaving a forwarding address or because delivery was refused at that address or because no such address exists. Proof of service of a copy of a document should be filed in the same office in which the document is filed except that proof of service of a notice of appeal should be filed in the office of the officer to whom the appeal is made, if the proof of service is filed later than the notice of appeal.

(3) A document will be considered to have been served at the time of personal service, of delivery of a registered or certified letter, or of the return by post office of an undelivered registered or certified letter.

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 15117, Aug. 13, 1971]

§ 4.402 Summary dismissal.

An appeal to the Board will be subject to summary dismissal by the Board for any of the following causes:

(a) If a statement of the reasons for the appeal is not included in the notice of appeal and is not filed within the time required;

(b) If the notice of appeal is not served upon adverse parties within the time required; and

(c) If the statement of reasons, if not contained in the notice of appeal, is not served upon adverse parties within the time required.

(d) If the statement of standing required by § 4.412(b) is not filed with the Board or is not served upon adverse parties within the time required.

[36 FR 7186, Apr. 15, 1971, as amended at 47 FR 26392, June 18, 1982]

§ 4.403 Finality of decision; reconsideration.

A decision of the Board shall constitute final agency action and be effective upon the date of issuance, unless the decision itself provides othewise. The Board may reconsider a decision in extraordinary circumstances for sufficient reason. A petition for reconsideration shall be filed within 60 days after the date of a decision. The petition shall, at the time of filing, state with particularity the error claimed and include all arguments and supporting documents. The petition may include a request that the Board stay the effectiveness of the decision for which reconsideration is sought. No answer to a petition for reconsideration is required unless so ordered by the Board. The filing, pendency, or denial of a petition for reconsideration shall not operate to stay the effectiveness or affect the finality of the decision involved unless so ordered

by the Board. A petition for reconsideration need not be filed to exhaust administrative remedies.

[52 FR 21308, June 5, 1987]

APPEALS TO THE BOARD OF LAND APPEALS

§4.410 Who may appeal.

(a) Any party to a case who is adversely affected by a decision of an officer of the Bureau of Land Management or of an administrative law judge shall have a right to appeal to the Board, except—

(1) As otherwise provided in Group 2400 of chapter II of this title,

(2) To the extent that decisions of Bureau of Land Management officers must first be appealed to an administrative law judge under §4.470 and part 4100 of this title,

(3) Where a decision has been approved by the Secretary, and

(4) As provided in paragraph (b) of this section.

(b) For decisions rendered by Departmental officials relating to land selections under the Alaska Native Claims Settlement Act, as amended, any party who claims a property interest in land affected by the decision, an agency of the Federal Government or a regional corporation shall have a right to appeal to the Board.

[47 FR 26392, June 18, 1982]

§4.411 Appeal; how taken, mandatory time limit.

(a) A person who wishes to appeal to the Board must file in the office of the officer who made the decision (not the Board) a notice that he wishes to appeal. A person served with the decision being appealed must transmit the notice of appeal in time for it to be filed in the office where it is required to be filed within 30 days after the date of service. If a decision is published in the FEDERAL REGISTER, a person not served with the decision must transmit a notice of appeal in time for it to be filed within 30 days after the date of publication.

(b) The notice of appeal must give the serial number or other identification of the case and may include a statement of reasons for the appeal, a statement of standing if required by §4.412(b), and any arguments the appellant wishes to make.

(c) No extension of time will be granted for filing the notice of appeal. If a notice of appeal is filed after the grace period provided in §4.401(a), the notice of appeal will not be considered and the case will be closed by the officer from whose decision the appeal is taken. If the notice of appeal is filed during the grace period provided in §4.401(a) and the delay in filing is not waived, as provided in that section, the notice of appeal will not be considered and the appeal will be dismissed by the Board.

(R.S. 2478, as amended, 43 U.S.C. 1201; sec. 25, Alaska Native Claims Settlement Act, as amended, 43 U.S.C. 1601–1628; and the Administrative Procedure Act, 5 U.S.C. 551, et seq.)

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 15117, Aug. 13, 1971; 49 FR 6373, Feb. 21, 1984]

§4.412 Statement of reasons, statement of standing, written arguments, briefs.

(a) If the notice of appeal did not include a statement of the reasons for the appeal, the appellant shall file such a statement with the Board (address: Board of Land Appeals, Office of Hearings and Appeals, 4015 Wilson Boulevard, Arlington, VA 22203) within 30 days after the notice of appeal was filed. In any case, the Board will permit the appellant to file additional statements of reasons and written arguments or briefs within the 30-day period after the notice of appeal was filed.

(b) Where the decision being appealed relates to land selections under the Alaska Native Claims Settlement Act, as amended, the appellant also shall file with the Board a statement of facts upon which the appellant relies for standing under §4.410(b) within 30 days after filing of the notice of appeal. The statement may be included with the notice of appeal filed pursuant to §4.411 or the statement of reasons filed pursuant to paragraph (a) of this section or may be filed as a separate document.

(c) Failure to file the statement of reasons and statement of standing within the time required will subject the appeal to summary dismissal as

provided in § 4.402, unless the delay in filing is waived as provided in § 4.401(a).

[47 FR 26392, June 18, 1982]

§ 4.413 Service of notice of appeal and of other documents.

(a) The appellant shall serve a copy of the notice of appeal and of any statement of reasons, written arguments, or briefs on each adverse party named in the decision from which the appeal is taken and on the Office of the Solicitor as identified in paragraph (c) of this section. Service must be accomplished in the manner prescribed in § 4.401(c) of this title not later than 15 days after filing the document.

(b) Failure to serve within the time required will subject the appeal to summary dismissal as provided in § 4.402 of this title.

(c)(1)(i) If the appeal is taken from a decision of the Director, Minerals Management Service, the appellant will serve the Associate Solicitor, Division of Mineral Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240.

(ii) If the appeal is taken from a decision of the Director, Bureau of Land Management, the appellant will serve:

(A) The Associate Solicitor, Division of Land and Water Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240, if the decision concerns the use and disposition of public lands, including land selections under the Alaska Native Claims Settlement Act, as amended;

(B) The Associate Solicitor, Division of Mineral Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240, if the decision concerns the use and disposition of mineral resources.

(c)(2) If the appeal is taken from a decision of other Bureau of Land Management (BLM) offices listed below (see § 1821.2–1(d) of this title), the appellant shall serve the appropriate official of the Office of the Solicitor as identified:

(i) BLM Alaska State Office, including all District and Area Offices within its area of jurisdiction:

Regional Solicitor, Alaska Region, U.S. Department of the Interior, 4230 University Drive, Suite 300, Anchorage, AK 99508–4626;

(ii) BLM Arizona State Office, including all District and Area Offices within its area of jurisdiction:

Field Solicitor, U.S. Department of the Interior, One Renaissance Square, Two North Central, Suite 1130, Phoenix, AZ 85004–2383;

(iii) BLM California State Office, including all District and Area Offices within its area of jurisdiction:

Regional Solicitor, Pacific Southwest Region, U.S. Department of the Interior, 2800 Cottage Way, Room E–2753, Sacramento, CA 95825–1890;

(iv) BLM Colorado State Office, including all District and Area Offices within its area of jurisdiction:

Regional Solicitor, Rocky Mountain Region, U.S. Department of the Interior, 755 Parfet Street, Suite 151, Lakewood, CO 80215;

(v) BLM Eastern States Office, including all District and Area Offices within its area of jurisdiction:

(A) The Associate Solicitor, Division of Land and Water Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240, if the decision concerns the use and disposition of public lands, including land selections under the Alaska Native Claims Settlement Act, as amended;

(B) The Associate Solicitor, Division of Mineral Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240, if the decision concerns the use and disposition of mineral resources.

(vi) BLM Idaho State Office, including all District and Area Offices within its area of jurisdiction:

Field Solicitor, U.S. Department of the Interior, Federal Building & U.S. Courthouse, 550 West Fort Street, MSC 020, Boise, ID 83724;

(vii) BLM Montana State Office, including all District and Area Offices within its area of jurisdiction:

Regular U.S. Mail: Field Solicitor, U.S. Department of the Interior, P.O. Box 31394, Billings, MT 59107–1394;

Other Delivery Services: Field Solicitor, U.S. Department of the Interior, 316 North 26th Street, Room 3004, Billings, MT 59101;

(viii) BLM Nevada State Office, including all District and Area Offices within its area of jurisdiction:

Regional Solicitor, Pacific Southwest Region, U.S. Department of the Interior, 2800 Cottage Way, Room E–2753, Sacramento, CA 95825–1890;

(ix) BLM New Mexico State Office, including all District and Area Offices within its area of jurisdiction:

Regular U.S. Mail: Field Solicitor, U.S. Department of the Interior, P.O. Box 1042, Santa Fe, NM 87504–1042;

Other Delivery Services: Field Solicitor, U.S. Department of the Interior, 150 Washington Avenue #207, Santa Fe, NM 87501;

(x) BLM Oregon State Office, including all District and Area Offices within its area of jurisdiction:

Regional Solicitor, Pacific Northwest Region, U.S. Department of the Interior, Lloyd 500 Building, Suite 607, 500 N.E. Multnomah Street, Portland, OR 97232;

(xi) BLM Utah State Office, including all District and Area Offices within its area of jurisdiction:

Field Solicitor, U.S. Department of the Interior, 6201 Federal Building, 125 South State Street, Salt Lake City, UT 84138–1180;

(xii) BLM Wyoming State Office, including all District and Area Offices within its area of jurisdiction:

Regular U.S. Mail: Regional Solicitor, Rocky Mountain Region, U.S. Department of the Interior, P.O. Box 25007 (D–105), Denver Federal Center, Denver, CO 80225;

Other Delivery Services: Regional Solicitor, Rocky Mountain Region, U.S. Department of the Interior, 755 Parfet Street, Suite 151, Lakewood, CO 80215;

(3) If the appeal is taken from the decision of an administrative law judge, the appellant shall serve the attorney from the Office of the Solicitor who represented the Bureau of Land Management or the Minerals Management Service at the hearing or, in the absence of a hearing, who was served with a copy of the decision by the administrative law judge. If the hearing involved a mining claim on national forest land, the appellant shall serve the attorney from the Office of General Counsel, U.S. Department of Agriculture, who represented the U.S. Forest Service at the hearing or, in the absence of a hearing, who was served with a copy of the decision by the administrative law judge.

(4) Parties shall serve the Office of the Solicitor as identified in this paragraph until such time that a particular attorney of the Office of the Solicitor files and serves a Notice of Appearance or Substitution of Counsel. Thereafter, parties shall serve the Office of the Solicitor as indicated by the Notice of Appearance or Substitution of Counsel.

(d) Proof of such service as required by §4.401(c) must be filed with the Board (address: Board of Land Appeals, Office of Hearings and Appeals, 4015 Wilson Boulevard, Arlington, VA 22203), within 15 days after service unless filed with the notice of appeal.

[53 FR 13267, Apr. 22, 1988, as amended at 60 FR 58242, Nov. 27, 1995; 61 FR 40348, Aug. 2, 1996]

§4.414 Answers.

If any party served with a notice of appeal wishes to participate in the proceedings on appeal, he must file an answer within 30 days after service on him of the notice of appeal or statement of reasons where such statement was not included in the notice of appeal. If additional reasons, written arguments, or briefs are filed by the appellant, the adverse party shall have 30 days after service thereof on him within which to answer them. The answer must state the reasons why the answerer thinks the appeal should not be sustained. Answers must be filed with the Board (address: Board of Land Appeals, Office of Hearings and Appeals, 4015 Wilson Boulevard, Arlington, VA 22203) and must be served on the appellant, in the manner prescribed in §4.401(c), not later than 15 days thereafter. Proof of such service as required by §4.401(c), must be filed with the Board (see address above) within 15 days after service. Failure to answer will not result in a default. If an answer is not filed and served within the time required, it may be disregarded in deciding the appeal, unless the delay in filing is waived as provided in §4.401(a).

ACTIONS BY BOARD OF LAND APPEALS

§ 4.415 Request for hearings on appeals involving questions of fact.

Either an appellant or an adverse party may, if he desires a hearing to present evidence on an issue of fact, request that the case be assigned to an administrative law judge for such a hearing. Such a request must be made in writing and filed with the Board within 30 days after answer is due and a copy of the request should be served on the opposing party in the case. The allowance of a request for hearing is within the discretion of the Board, and the Board may, on its own motion, refer any case to an administrative law judge for a hearing on an issue of fact. If a hearing is ordered, the Board will specify the issues upon which the hearing is to be held and the hearing will be held in accordance with §§ 4.430 to 4.439, and the general rules in subpart B of this part.

HEARINGS PROCEDURES

HEARINGS PROCEDURES; GENERAL

§ 4.420 Applicability of general rules.

To the extent they are not inconsistent with these special rules, the general rules of the Office of Hearings and Appeals in subpart B of this part are also applicable to hearings, procedures.

§ 4.421 Definitions.

As used in this subpart:

(a) *Secretary* means the Secretary of the Interior or his authorized representatives.

(b) *Director* means the Director of the Bureau of Land Management, the Associate Director or an Assistant Director.

(c) *Bureau* means Bureau of Land Management.

(d) *Board* means the Board of Land Appeals in the Office of Hearings and Appeals, Office of the Secretary. The terms ''office'' or ''officer'' as used in this subpart include ''Board'' where the context requires.

(e) *Administrative law judge* means an administrative law judge in the Office of Hearings and Appeals, Office of the Secretary, appointed under section 3105 of title 5 of the United States Code.

(f) *State Director* means the supervising Bureau of Land Management officer for the State in which the particular range lies, or his authorized agent.

(g) *District manager* means the supervising Bureau of Land Management officer of the grazing district in which the particular range lies, or his authorized agent.

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 15117, Aug. 13, 1971]

§ 4.422 Documents.

(a) *Grace period for filing.* Whenever a document is required under this subpart to be filed within a certain time and it is not received in the proper office during that time, the delay in filing will be waived if the document is filed not later than 10 days after it was required to be filed and it is determined that the document was transmitted or probably transmitted to the office in which the filing is required before the end of the period in which it was required to be filed. Determinations under this paragraph shall be made by the officer before whom is pending the appeal or contest in connection with which the document is required to be filed. This paragraph does not apply to requests for postponement of hearings under §§ 4.452–1 and 4.452–2.

(b) *Transferees and encumbrancers.* Transferees and encumbrancers of land, the title to which is claimed or is in the process of acquisition under any public land law shall, upon filing notice of the transfer or encumbrance in the proper land office, become entitled to receive and be given the same notice of any contest, appeal, or other proceeding thereafter initiated affecting such interest which is required to be given to a party to the proceeding. Every such notice of a transfer or encumbrance will be noted upon the records of the land office. Thereafter such transferee or encumbrancer must be made a party to any proceedings thereafter initiated adverse to the entry.

(c) *Service of documents.* (1) Wherever the regulations in this subpart require that a copy of a document be served upon a person, service may be made by delivering the copy personally to him or by sending the document by registered or certified mail, return receipt

requested, to his address of record in the Bureau.

(2) In any case service may be proved by an acknowledgement of service signed by the person to be served. Personal service may be proved by a written statement of the person who made such service. Service by registered or certified mail may be proved by a post-office return receipt showing that the document was delivered at the person's record address or showing that the document could not be delivered to such person at his record address because he had moved therefrom without leaving a forwarding address or because delivery was refused at that address or because no such address exists. Proof of service of a copy of a document should be filed in the same office in which the document is filed.

(3) A document will be considered to have been served at the time of personal service, of delivery of a registered or certified letter, or of the return by the post office of an undelivered registered or certified letter.

(d) *Extensions of time.* The Manager or the administrative law judge, as the case may be, may extend the time for filing or serving any document in a contest.

[36 FR 7186, Apr. 15, 1971, as amended at 36 FR 15117, Aug. 13, 1971]

§4.423 Subpoena power and witness provisions.

The administrative law judge is authorized to issue subpoenas directing the attendance of witnesses at hearings to be held before him or at the taking of depositions to be held before himself or other officers, for the purpose of taking testimony but not for discovery. The issuance of subpoenas, service, attendance fees, and similar matters shall be governed by the Act of January 31, 1903 (43 U.S.C. 102–106), and 28 U.S.C. 1821.

HEARINGS ON APPEALS INVOLVING QUESTIONS OF FACT

§4.430 Prehearing conferences.

(a) The administrative law judge may, in his discretion, on his own motion or motion of one of the parties or of the Bureau direct the parties or their representatives to appear at a specified time and place for a prehearing conference to consider: (1) The possibility of obtaining stipulations, admissions of facts and agreements to the introduction of documents, (2) the limitation of the number of expert witnesses, and (3) any other matters which may aid in the disposition of the proceedings.

(b) The administrative law judge shall issue an order which recites the action taken at the conference and the agreements made as to any of the matters considered, and which limits the issues for hearing to those not disposed of by admissions or agreements. Such order shall control the subsequent course of the proceeding before the administrative law judge unless modified for good cause, by subsequent order.

§4.431 Fixing of place and date for hearing; notice.

The administrative law judge shall fix a place and date for the hearing and notify all parties and the Bureau. All hearings held in connection with land selection appeals arising under the Alaska Native Claims Settlement Act, as amended, shall be conducted within the State of Alaska, unless the parties agree otherwise.

[47 FR 26392, June 18, 1982]

§4.432 Postponements.

(a) Postponements of hearings will not be allowed upon the request of any party or the Bureau except upon a showing of good cause and proper diligence. A request for a postponement must be served upon all parties to the proceeding and filed in the office of the administrative law judge at least 10 days prior to the date of the hearing. In no case will a request for postponement served or filed less than 10 days in advance of the hearing or made at the hearing be granted unless the party requesting it demonstrates that an extreme emergency occurred which could not have been anticipated and which justifies beyond question the granting of a postponement. In any such emergency, if time does not permit the filing of such request prior to the hearing, it may be made orally at the hearing.

(b) The request for a postponement must state in detail the reasons why a

postponement is necessary. If a request is based upon the absence of witnesses, it must state what the substance of the testimony of the absent witnesses would be. No postponement will be granted if the adverse party or parties file with the examiner within 5 days after the service of the request a statement admitting that the witnesses on account of whose absence the postponement is desired would, if present, testify as stated in the request. If time does not permit the filing of such statement prior to the hearing, it may be made orally at the hearing.

(c) Only one postponement will be allowed to a party on account of the absence of witnesses unless the party requesting a further postponement shall at the time apply for an order to take the testimony of the alleged absent witness by deposition.

§ 4.433 Authority of the administrative law judge.

The administrative law judge is vested with general authority to conduct the hearing in an orderly and judicial manner, including authority to subpoena witnesses and to take and cause depositions to be taken for the purpose of taking testimony but not for discovery in accordance with the Act of January 31, 1903 (32 Stat. 790; 43 U.S.C. 102 through 106), to administer oaths, to call and question witnesses, to make proposed findings of fact and to take such other actions in connection with the hearing as may be prescribed by the Board in referring the case for hearing. The issuance of subpoenas, the attendance of witnesses, and the taking of depositions shall be governed by §§ 4.423 and 4.26 of the general rules of subpart B of this part.

§ 4.434 Conduct of hearing.

So far as not inconsistent with the prehearing order, the examiner may seek to obtain stipulations as to material facts. Unless the administrative law judge directs otherwise, the appellant will present his evidence on the facts at issue following which the other parties and the Bureau of Land Management will present their evidence on such issues.

§ 4.435 Evidence.

(a) All oral testimony shall be under oath and witnesses shall be subject to cross-examination. The administrative law judge may question any witnesses. Documentary evidence may be received if pertinent to any issue. The administrative law judge will summarily stop examination and exclude testimony which is obviously irrelevant and immaterial.

(b) Objections to evidence will be ruled upon by the administrative law judge. Such rulings will be considered, but need not be separately ruled upon, by the Board in connection with its decision. Where a ruling of an administrative law judge sustains an objection to the admission of evidence, the party affected may insert in the record, as a tender of proof, a summary written statement of the substance of the excluded evidence and the objecting party may then make an offer of proof in rebuttal.

§ 4.436 Reporter's fees.

Reporter's fees shall be borne by the Bureau.

§ 4.437 Copies of transcript.

Each party shall pay for any copies of the transcript obtained by him. Unless a summary of the evidence is stipulated to, the Government will file the original copy of the transcript with the case record.

§ 4.438 Summary of evidence.

The parties and the Bureau may, with the consent of the administrative law judge, agree that a summary of the evidence approved by the examiner may be filed in the case in lieu of a transcript. In such case the administrative law judge will prepare the summary or have it prepared and upon agreement of the parties make it a part of the case record.

§ 4.439 Action by administrative law judge.

Upon completion of the hearing and the incorporation of the summary or transcript in the record, the administrative law judge will send the record and proposed findings of fact on the issues presented at the hearing to the

Board. The proposed findings of fact will not be served upon the parties; however, the parties and the Bureau may, within 15 days after the completion of the transcript or the summary of the evidence, file with the Board such briefs or statements as they may wish respecting the facts developed at the hearing.

CONTEST AND PROTEST PROCEEDINGS

§4.450 Private contests and protests.

§4.450–1 By whom private contest may be initiated.

Any person who claims title to or an interest in land adverse to any other person claiming title to or an interest in such land or who seeks to acquire a preference right pursuant to the Act of May 14, 1880, as amended (43 U.S.C. 185), or the Act of March 3, 1891 (43 U.S.C. 329), may initiate proceedings to have the claim of title or interest adverse to his claim invalidated for any reason not shown by the records of the Bureau of Land Management. Such a proceeding will constitute a private contest and will be governed by the regulations herein.

§4.450–2 Protests.

Where the elements of a contest are not present, any objection raised by any person to any action proposed to be taken in any proceeding before the Bureau will be deemed to be a protest and such action thereon will be taken as is deemed to be appropriate in the circumstances.

§4.450–3 Initiation of contest.

Any person desiring to initiate a private contest must file a complaint in the proper land office (see §1821.2–1 of chapter II of this title). The contestant must serve a copy of the complaint on the contestee not later than 30 days after filing the complaint and must file proof of such service, as required by §4.422(c), in the office where the complaint was filed within 30 days after service.

§4.450–4 Complaints.

(a) *Contents of complaint.* The complaint shall contain the following information, under oath:

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

(2) A legal description of the land involved;

(3) A reference, so far as known to the contestant, to any proceedings pending for the acquisition of title to, or an interest, in such land:

(4) A statement in clear and concise language of the facts constituting the grounds of contest;

(5) A statement of the law under which contestant claims or intends to acquire title to, or an interest in, the land and of the facts showing that he is qualified to do so;

(6) A statement that the proceeding is not collusive or speculative but is insitituted and will be diligently pursued in good faith;

(7) A request that the contestant be allowed to prove his allegations and that the adverse interest be invalidated;

(8) The office in which the complaint is filed and the address to which papers shall be sent for service on the contestant; and

(9) A notice that unless the contestee files an answer to the complaint in such office within 30 days after service of the notice, the allegations of the complaint will be taken as confessed.

(b) *Amendment of complaint.* Except insofar as the manager, administrative law judge, Director, Board or Secretary may raise issues in connection with deciding a contest, issues not raised in a complaint may not be raised later by the contestant unless the administrative law judge permits the complaint to be amended after due notice to the other parties and an opportunity to object.

(c) *Corroboration required.* All allegations of fact in the complaint which are not matters of official record or capable of being judicially noticed and which, if proved, would invalidate the adverse interest must be corroborated under oath by the statement of witnesses. Each such allegation of fact must be corroborated by the statement of at least one witness having personal knowledge of the alleged fact and such fact must be set forth in the statement. All statements by witnesses shall be attached to the complaint.

(d) *Filing fee.* Each complaint must be accompanied by a filing fee of $10 and a deposit of $20 toward reporter's fees. Any complaint which is not accompanied by the required fee and deposit will not be accepted for filing.

(e) *Waiver of issues.* Any issue not raised by a private contestant in accordance with the provisions of paragraph (b) of this section, which was known to him, or could have been known to him by the exercise of reasonable diligence, shall be deemed to have been waived by him, and he shall thereafter be forever barred from raising such issue.

§ 4.450–5 Service.

The complaint must be served upon every contestee. If the contestee is of record in the land office, service may be made and proved as provided in § 4.422 (c). If the person to be served is not of record in the land office, proof of service may be shown by a written statement of the person who made personal service, by post office return receipt showing personal delivery, or by an acknowledgment of service. In certain circumstances, service may be made by publication as provided in paragraph (b)(1) of this section. When the contest is against the heirs of a deceased entryman, the notice shall be served on each heir. If the person to be personally served is an infant or a person who has been legally adjudged of unsound mind, service of notice shall be made by delivering a copy of the notice to the legal guardian or committee, if there be one, of such infant or person of unsound mind; if there be none, then by delivering a copy of the notice to the person having the infant or person of unsound mind in charge.

(a) *Summary dismissal; waiver of defect in service.* If a complaint when filed does not meet all the requirements of § 4.450–4(a) and (c), or if the complaint is not served upon each contestee as required by this section, the complaint will be summarily dismissed by the manager and no answer need be filed. However, where prior to the summary dismissal of a complaint a contestee answers without questioning the service or proof of service of the complaint, any defect in service will be deemed waived as to such answering contestee.

(b) *Service by publication*—(1) *When service may be made by publication.* When the contestant has made diligent search and inquiry to locate the contestee, and cannot locate him, the contestant may proceed with service by publication after first filing with the manager an affidavit which shall:

(i) State that the contestee could not be located after diligent search and inquiry made within 15 days prior to the filing of the affidavit;

(ii) Be corroborated by the affidavits of two persons who live in the vicinity of the land which state that they have no knowledge of the contestee's whereabouts or which give his last known address;

(iii) State the last known address of the contestee; and

(iv) State in detail the efforts and inquiries made to locate the party sought to be served.

(2) *Contents of published notice.* The published notice must give the names of the parties to the contest, legal description of the land involved, the substance of the charges contained in the complaint, the office in which the contest is pending, and a statement that upon failure to file an answer in such office within 30 days after the completion of publication of such notice, the allegations of the complaint will be taken as confessed. The published notice shall also contain a statement of the dates of publication.

(3) *Publication, mailing and posting of notice.* (i) Notice by publication shall be made by publishing notice at least once a week for 5 successive weeks in some newspaper of general circulation in the county in which the land in contest lies.

(ii) Within 15 days after the first publication of a notice, the contestant shall send a copy of the notice and the complaint by registered or certified mail, return receipt requested, to the contestee at his last known address and also to the contestee in care of the post office nearest the land. The return receipts shall be filed in the office in which the contest is pending.

(iii) A copy of the notice as published shall be posted in the office where the contest is pending and also in a conspicuous place upon the land involved. Such postings shall be made within 15

days after the first publication of the notice.

(c) *Proof of service.* (1) Proof of publication of the notice shall be made by filing in the office where the contest is pending a copy of the notice as published and the affidavit of the publisher or foreman of the newspaper publishing the same showing the publication of the notice in accordance with paragraph (b)(3) of this section.

(2) Proof of posting of the notice shall be by affidavit of the person who posted the notice on the land and by the certificate of the manager or the Director of the Bureau of Land Management as to posting in his office.

(3) Proof of the mailing of notice shall be by affidavit of the person who mailed the notice to which shall be attached the return receipt.

§4.450–6 Answer to complaint.

Within 30 days after service of the complaint or after the last publication of the notice, the contestee must file in the office where the contest is pending an answer specifically meeting and responding to the allegations of the complaint, together with proof of service of a copy of the answer upon a contestant as provided in §4.450–5(b)(3). The answer shall contain or be accompanied by the address to which all notices or other papers shall be sent for service upon contestee.

§4.450–7 Action by manager.

(a) If an answer is not filed as required, the allegations of the complaint will be taken as admitted by the contestee and the manager will decide the case without a hearing.

(b) If an answer is filed and unless all parties waive a hearing, the manager will refer the case to an administrative law judge upon determining that the elements of a private contest appear to have been established.

§4.450–8 Amendment of answer.

At the hearing, any allegation not denied by the answer will be considered admitted. The administrative law judge may permit the answer to be amended after due notice to other parties and an opportunity to object.

§4.451 Government contests.

§4.451–1 How initiated.

The Government may initiate contests for any cause affecting the legality or validity of any entry or settlement or mining claim.

§4.451–2 Proceedings in Government contests.

The proceedings in Government contests shall be governed by the rules relating to proceedings in private contests with the following exceptions:

(a) No corroboration shall be required of a Government complaint and the complaint need not be under oath.

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

(c) No filing fee or deposit toward reporter's fee shall be required of the Government.

(d) Any action required of the contestant may be taken by any authorized Government employee.

(e) The statements required by §4.450–4(a) (5) and (6) need not be included in the complaint.

(f) No posting of notice of publication on the land in issue shall be required of the Government.

(g) Where service is by publication, the affidavits required by §4.450–5(b)(1) need not be filed. The contestant shall file with the manager a statement of diligent search which shall state that the contestee could not be located after diligent search and inquiry, the last known address of the contestee and the detail of efforts and inquiries made to locate the party sought to be served. The diligent search shall be concluded not more than 15 days prior to the filing of the statement.

(h) In lieu of the requirements of §4.450–5(b)(3)(ii) the contestant shall, as part of the diligent search before the publication or within 15 days after the first publication send a copy of the complaint by certified mail, return receipt requested, to the contestee at the last address of record. The return receipts shall be filed in the office in which the contest is pending.

(i) The affidavit required by §4.450–5(c)(3) need not be filed.

(j) The provisions of paragraph (e) of § 4.450–4(e) shall be inapplicable.

§ 4.452 Proceedings before the administrative law judge.

§ 4.452–1 Prehearing conferences.

(a) The administrative law judge may in his discretion, on his own motion or on motion of one of the parties, or of the Bureau, direct the parties or their representatives to appear at a specified time and place for a prehearing conference to consider:

(1) The simplification of the issues,

(2) The necessity of amendments to the pleadings,

(3) The possibility of obtaining stipulations, admissions of facts and agreements to the introduction of documents,

(4) The limitation of the number of expert witnesses, and

(5) Such other matters as may aid in the disposition of the proceedings.

(b) The administrative law judge shall make an order which recites the action taken at the conference, the amendments allowed to the pleadings, and the agreements made as to any of the matters considered, and which limits the issues for hearing to those not disposed of by admission or agreements. Such order shall control the subsequent course of the proceedings before the administrative law judge unless modified for good cause, by subsequent order.

§ 4.452–2 Notice of hearing.

The administrative law judge shall fix a place and date for the hearing and notify all parties and the Bureau at least 30 days in advance of the date set, unless the parties and the Bureau request or consent to an earlier date. The notice shall include (a) the time, place, and nature of the hearing, (b) the legal authority and jurisdiction under which the hearing is to be held, and (c) the matters of fact and law asserted. All hearings held in connection with land selection appeals arising under the Alaska Native Claims Settlement Act, as amended, shall be conducted within the state of Alaska, unless the parties agree otherwise.

[47 FR 26392, June 18, 1982]

§ 4.452–3 Postponements.

(a) Postponements of hearings will not be allowed upon the request of any party or the Bureau except upon a showing of good cause and proper diligence. A request for a postponement must be served upon all parties to the proceeding and filed in the office of the administrative law judge at least 10 days prior to the date of the hearing. In no case will a request for postponement served or filed less than 10 days in advance of the hearing or made at the hearing be granted unless the party requesting it demonstrates that an extreme emergency occurred which could not have been anticipated and which justifies beyond question the granting of a postponement. In any such emergency, if time does not permit the filing of such request prior to the hearing, it may be made orally at the hearing.

(b) The request for a postponement must state in detail the reasons why a postponement is necessary. If a request is based upon the absence of witnesses, it must state what the substance of the testimony of the absent witnesses would be. No postponement will be granted if the adverse party or parties file with the administrative law judge within 5 days after the service of the request a statement admitting that the witnesses on account of whose absence the postponement is desired would, if present, testify as stated in the request. If time does not permit the filing of such statement prior to the hearing, it may be made orally at the hearing.

(c) Only one postponement will be allowed to a party on account of the absence of witnesses unless the party requesting a further postponement shall at the time apply for an order to take the testimony of the alleged absent witness by deposition.

§ 4.452–4 Authority of administrative law judge.

The administrative law judge is vested with general authority to conduct the hearing in an orderly and judicial manner, including authority to subpoena witnesses and to take and cause depositions to be taken for the purpose of tasking testimony but not for discovery in accordance with the act of

January 31, 1903 (43 U.S.C. 102–106), to administer oaths, to call and question witnesses, and to make a decision. The issuance of subpoenas, the attendance of witnesses and the taking of depositions shall be governed by §§4.423 and 4.26 of the general rules in subpart B of this part.

§4.452–5 Conduct of hearing.

So far as not inconsistent with a prehearing order, the administrative law judge may seek to obtain stipulations as to material facts and the issues involved and may state any other issues on which he may wish to have evidence presented. He may exclude irrelevant issues. The contestant will then present his case following which the other parties (and in private contests the Bureau, if it intervenes) will present their cases.

§4.452–6 Evidence.

(a) All oral testimony shall be under oath and witnesses shall be subject to cross-examination. The administrative law judge may question any witness. Documentary evidence may be received if pertinent to any issue. The administrative law judge will summarily stop examination and exclude testimony which is obviously irrelevant and immaterial.

(b) Objections to evidence will be ruled upon by the administrative law judge. Such rulings will be considered, but need not be separately ruled upon, by the Board in connection with its decision. Where a ruling of an administrative law judge sustains an objection to the admission of evidence, the party affected may insert in the record, as a tender of proof, a summary written statement of the substance of the excluded evidence, and the objecting party may then make an offer of proof in rebuttal.

§4.452–7 Reporter's fees.

(a) The Government agency initiating the proceedings will pay all reporting fees in hearings in Government contest proceedings, in hearings under the Surface Resources Act of 1955, as amended, in hearings under the Multiple Mineral Development Act of 1954, as amended, where the United States is a party, and in hearings under the Mining Claims Rights Restoration Act of 1955, regardless of which party is ultimately successful.

(b) In the case of a private contest, each party will be required to pay the reporter's fees covering the party's direct evidence and cross-examination of witnesses, except that if the ultimate decision is adverse to the contestant, he must in addition pay all the reporter's fees otherwise payable by the contestee.

(c) Each party to a private contest shall be required by the administrative law judge to make reasonable deposits for reporter's fees from time to time in advance of taking testimony. Such deposits shall be sufficient to cover all reporter's fees for which the party may ultimately be liable under paragraph (b) of this section. Any part of a deposit not used will be returned to the depositor upon the final determination of the case except that deposits which are required to be made when a complaint is filed will not be returned if the party making the deposit does not appear at the hearing, but will be used to pay the reporter's fee. Reporter's fees will be at the rates established for the local courts, or, if the reporting is done pursuant to a contract, at rates established by the contract.

§4.452–8 Findings and conclusions; decision by administrative law judge; submission to Board for decision.

(a) At the conclusion of the testimony the parties at the hearing shall be given a reasonable time by the administrative law judge, considering the number and complexity of the issues and the amount of testimony, to submit to the administrative law judge proposed findings of fact and conclusions of law and reasons in support thereof or to stipulate to a waiver of such findings and conclusions.

(b) As promptly as possible after the time allowed for presenting proposed findings and conclusions, the administrative law judge shall make findings of fact and conclusions of law (unless waiver has been stipulated), giving the reasons therefor, upon all the material issues of fact, law, or discretion presented on the record. The administrative law judge may adopt the findings of fact and conclusions of law proposed

by one or more of the parties if they are correct. He must rule upon each proposed finding and conclusion submitted by the parties and such ruling shall be shown in the record. The administrative law judge will render a written decision in the case which shall become a part of the record and shall include a statement of his findings and conclusions, as well as the reasons or basis therefor, and his rulings upon the findings and conclusions proposed by the parties if such rulings do not appear elsewhere in the record. A copy of the decision will be served upon all parties to the case.

(c) The Board may require, in any designated case, that the administrative law judge make only a recommended decision and that the decision and the record be submitted to the Board for consideration. The recommended decision shall meet all the requirements for a decision set forth in paragraph (b) of this section. The Board shall then make the initial decision in the case. This decision shall include such additional findings and conclusions as do not appear in the recommended decision and the record shall include such rulings on proposed findings and conclusions submitted by the parties as have not been made by the administrative law judge.

§ 4.452–9 Appeal to Board.

Any party, including the Government, adversely affected by the decision of the administrative law judge may appeal to the Board as provided in § 4.410, and the general rules in Subpart B of this part. No further hearing will be allowed in connection with the appeal to the Board but the Board, after considering the evidence, may remand any case for further hearing if it considers such action necessary to develop the facts.

GRAZING PROCEDURES (INSIDE AND OUTSIDE GRAZING DISTRICTS)

SOURCE: 44 FR 41790, July 18, 1979, unless otherwise noted.

§ 4.470 Appeal to administrative law judge; motion to dismiss.

(a) Any applicant, permittee, lessee, or any other person whose interest is adversely affected by a final decision of the authorized officer may appeal to an administrative law judge by filing his appeal in the office of the authorized officer within 30 days after receipt of the decision. The appeal shall state the reasons, clearly and concisely, why the appellant thinks the final decision of the authorized officer is in error. All grounds of error not stated shall be considered as waived, and no such waived ground of error may be presented at the hearing unless ordered or permitted by the administrative law judge.

(b) Any applicant, permittee, lessee, or any other person who, after proper notification, fails to appeal a final decision of the authorized officer within the period prescribed in the decision, shall be barred thereafter from challenging the matters adjudicated in that final decision.

(c) When separate appeals are filed and the issue or issues involved are common to two or more appeals, they may be consolidated for purposes of hearing and decision.

(d) The authorized officer shall promptly forward the appeal to the State Director. Within 30 days after his receipt of the appeal the State Director may file on behalf of the authorized officer a written motion, serving a copy thereof upon the appellant, requesting that the appeal be dismissed for the reason that it is frivolous, the appeal was filed late, the errors are not clearly and concisely stated, the issues are immaterial, the issue or issues were included in a prior final decision from which no timely appeal was made, or all issues involved therein have been previously adjudicated in an appeal involving the same preference, the same parties or their predecessors in interest. The appellant may file a written answer within 20 days after service of the motion upon him with the State Director. The appeal, motion, the proofs of service (see § 4.401(c)), and the answers will be transmitted to the Hearings Division, Office of Hearings and Appeals, Salt Lake City, Utah. An administrative law judge, shall rule on the motion, and, if the motion is sustained, dismiss the appeal by written order.

§4.471 Time and place of hearing; notice; intervenors.

At least 30 days before the date set by the administrative law judge the authorized officer will notify the appellant of the time and place of the hearing within or near the district. Any other person who in the opinion of the authorized officer may be directly affected by the decision on appeal will also be notified of the hearing; such person may himself appear at the hearing, or by attorney, and upon a proper showing of interest, may be recognized by the administrative law judge as an intervenor in the appeal.

§4.472 Authority of administrative law judge.

(a) The administrative law judge is vested with the duty and general authority to conduct the hearing in an orderly, impartial, and judicial manner, including authority to subpoena witnesses, recognize intervenors, administer oaths and affirmations, call and question witnesses, regulate the course and order of the hearing, rule upon offers of proof and the relevancy of evidence, and to make findings of fact, conclusions of law, and a decision. The administrative law judge shall have authority to take or to cause depositions to be taken. Subpoenas, depositions, the attendance of witnesses, and witness and deposition fees shall be governed by §4.26 of the general rules in Subpart B of this part, to the extent such regulations are applicable.

(b) The administrative law judge also may grant or order continuances, and set the times and places of further hearings. Continuances shall be granted in accordance with §4.452–3.

§4.473 Service.

Service of notice or other documents required under this subpart shall be governed by §§4.413 and 4.422. Proof of such service shall be filed in the same office where the notice or document was filed within 15 days after such service, unless filed with the notice or document.

§4.474 Conduct of hearing; reporter's fees; transcript.

(a) The appellant, the State Director or his representative, and recognized intervenors will stipulate so far as possible all material facts and the issue or issues involved. The administrative law judge will state any other issues on which he may wish to have evidence presented. Issues which appear to the administrative law judge to be unnecessary to a proper disposition of the case will be excluded; but the party asserting such issue may state briefly for the record the substance of the proof which otherwise would have been offered in support of the issue. Issues not covered by the appellant's specifications of error may not be admitted except with the consent of the State Director or his representative, unless the administrative law judge rules that such issue is essential to the controversy and should be admitted. The parties will then be given an opportunity to submit offers of settlement and proposals of adjustment for the consideration of the administrative law judge and of the other parties.

(b) Unless the administrative law judge orders otherwise, the State Director or his representative will then make the opening statement, setting forth the facts leading to the appeal. Upon the conclusion of the opening statement, the appellant shall present his case, consistent with his specifications of error. (In the case of a show cause, the State Director shall set forth the facts leading to the issuance of the show cause notice and shall present his case following the opening statement.) Following the appellant's presentation, or upon his failure to make such presentation, the administrative law judge, upon his own motion or upon motion of any of the parties, may order summary dismissal of the appeal with prejudice because of the inadequacy or insufficiency of the appellant's case, to be followed by a written order setting forth the reasons for the dismissal and taking such other action under this subpart as may be proper and warranted. An appeal may be had from such order as well as from any other final determination made by the administrative law judge.

(c) In the absence or upon denial of such motion the State Director or his representative and recognized intervenors may present evidence if such a presentation appears to the administrative law judge to be necessary for a proper disposition of the matters in controversy, adhering as closely as possible to the issues raised by the appellant. All oral testimony shall be under oath or affirmation, and witnesses shall be subject to cross-examination by any party to the proceeding. The administrative law judge may question any witness whenever it appears necessary. Documentary evidence will be received by the administrative law judge and made a part of the record, if pertinent to any issue, or may be entered by stipulation. No exception need be stated or noted and every ruling of the administrative law judge will be subject to review on appeal. The party affected by an adverse ruling sustaining an objection to the admission of evidence, may insert in the record, as a tender of proof, a brief written statement of the substance of the excluded evidence; and the opposing party may then make an offer of proof in rebuttal. The administrative law judge shall summarily stop examination and exclude testimony on any issue which he determines has been adjudicated previously in an appeal involving the same preference and the same parties or their predecessors in interest, or which is obviously irrelevant and immaterial to the issues in the case. At the conclusion of the testimony the parties at the hearing shall be given a reasonable opportunity, considering the number and complexity of the issues and the amount of testimony, to submit to the administrative law judge proposed findings of fact and conclusions of law, and reasons in support thereof, or to stipulate to a waiver of such findings and conclusions.

(d) The reporter's fees shall be borne by the Government. Each party shall pay for any copies of the transcript obtained by him. Unless the parties stipulate to a summary of the evidence, the Government will file the original copy of the transcript with the case record.

§ 4.475 Findings of fact and decision by administrative law judge: Notice; submission to Board of Land Appeals for decision.

(a) As promptly as possible after the time allowed for presenting proposed findings and conclusions, the administrative law judge shall make findings of fact and conclusions of law unless waiver has been stipulated, and shall render a decision upon all material issues of fact and law presented on the record. In doing so he may adopt the findings of fact and conclusions of law proposed by one or more of the parties if they are correct. The reasons for the findings, conclusions, and decisions made shall be stated, and along with the findings, conclusions, and decision, shall become a part of the record in any further appeal. A copy of the decision shall be sent by certified mail to the appellant and all intervenors, or their attorneys of record.

(b) The Board of Land Appeals may require, in any designated case, that the administrative law judge make only a recommended decision and that such decision and the record be submitted to the Board for consideration. The recommended decision shall meet all the requirements for a decision set forth in paragraph (a) of this section. The Board shall then make the decision in the case. This decision shall include such additional findings and conclusions as do not appear in the recommended decision and the record shall include such rulings on proposed findings and conclusions submitted by the parties as have not been made by the administrative law judge.

§ 4.476 Appeals to the Board of Land Appeals.

Any party affected by the administrative law judge's decision, including the State Director, has the right to appeal to the Board of Land Appeals, in accordance with the procedures and rules set forth in this part 4.

§ 4.477 Effect of decision suspended during appeal.

Notwithstanding the provisions of § 4.21(a) of this part pertaining to the period during which a final decision will not be in effect, and consistent with the provisions of § 4160.3 of this

title, the authorized officer may provide in his decision that it shall be in full force and effect pending decision on an appeal therefrom. Any action taken by the authorized officer pursuant to a decision shall be subject to modification or revocation by the administrative law judge or the Board upon an appeal from the decision. In order to insure the exhaustion of administrative remedies before resort to court action, a decision which at the time of its rendition is subject to appeal to a superior authority in the Department shall not be considered final so as to be agency action subject to judicial review under 5 U.S.C. 704, unless it has been made effective pending a decision on appeal in the manner provided in this paragraph.

[44 FR 41790, July 18, 1979, as amended at 60 FR 9958, Feb. 22, 1995]

§4.478 Conditions of decision action.

(a) *Record as basis of decision; definition of record.* No decision shall be rendered except on consideration of the whole record or such portions thereof as may be cited by any party or by the State Director and as supported by and in accordance with the reliable, probative, and substantial evidence. The transcript of testimony and exhibits, together with all papers and requests filed in the proceedings, shall constitute the exclusive record for decision.

(b) *Effect of substantial compliance.* No adjudication of grazing preference will be set aside on appeal, if it appears that it is reasonable and that it represents a substantial compliance with the provisions of part 4100 of this title.

Subpart F—Implementation of the Equal Access to Justice Act in Agency Proceedings

AUTHORITY: Sec. 203(a)(1), Pub. L. 96–481, 94 Stat. 2325 (5 U.S.C. 504(c)(1)).

SOURCE: 48 FR 17596, Apr. 25, 1983, unless otherwise noted.

GENERAL PROVISIONS

§4.601 Purpose of these rules.

These rules are adopted by the Department of the Interior pursuant to section 504 of title 5, United States Code, as amended by section 203(a)(1) of the Equal Access to Justice Act, Pub. L. 96–481. Under the Act, an eligible party may receive an award for attorney fees and other expenses when it prevails over the Department in an adversary adjudication under 5 U.S.C. 554 before the Office of Hearings and Appeals, unless the Department's position as a party to the proceeding was substantially justified or special circumstances make an award unjust. The purpose of these rules is to establish procedures for the submission and consideration of applications for awards against the Department.

§4.602 Definitions.

As used in this part:

(a) *The Act* means section 504 of title 5, United States Code, as amended by section 203(a)(1) of the Equal Access to Justice Act, Pub. L. 96–481.

(b) *Adversary adjudication* means an adjudication under 5 U.S.C. 554 in which the position of the United States is represented by counsel or otherwise, but excludes an adjudication for the purpose of establishing or fixing a rate or for the purpose of granting or renewing a license.

(c) *Adjudicative officer* means the official who presided at the adversary adjudication.

(d) *Department* refers to the Department of the Interior or the relevant department component which is a party to the adversary adjudication (*e.g.*, Office of Surface Mining Reclamation and Enforcement or Bureau of Land Management).

(e) *Proceeding* means an adversary adjudication as defined in §4.602(b).

(f) *Party* includes a person or agency named or admitted as a party, or properly seeking and entitled as of right to be admitted as a party, in an agency proceeding, and a person or agency admitted by an agency as a party for limited purposes.

§4.603 Proceedings covered.

(a) These rules apply to adversary adjudications required by statute to be conducted by the Secretary under 5 U.S.C. 554. Specifically, these rules apply to adjudications conducted by the Office of Hearings and Appeals under 5 U.S.C. 554 which are required

by statute to be determined on the record after opportunity for an agency hearing. These rules do not apply where adjudications on the record are not required by statute even though hearings are conducted using procedures comparable to those set forth in 5 U.S.C. 554.

(b) If a proceeding includes both matters covered by the Act and matters specifically excluded from coverage, any award made will include only fees and expenses related to covered matters.

§ 4.604 Applicability to Department of the Interior proceedings.

The Act applies to any adversary adjudication pending before the Office of Hearings and Appeals of the Department of the Interior at any time between October 1, 1981, and September 30, 1984. This includes proceedings begun before October 1, 1981, if final Departmental action has not been taken before that date, and proceedings pending on September 30, 1984.

§ 4.605 Eligibility of applicants.

(a) To be eligible for an award of attorney fees and other expenses under the Act, the applicant must be a party prevailing over the Department in the adversary adjudication for which it seeks an award. The applicant must show that it meets all pertinent conditions of eligibility set out in these regulations.

(b) The types of eligible applicants are as follows:

(1) An individual with a net worth of not more than $1 million;

(2) The sole owner of an unincorporated business which has a net worth of not more than $5 million, and not more than 500 employees;

(3) A charitable or other tax-exempt organization described in section 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3)) with not more than 500 employees;

(4) A cooperative association as defined in section 15(a) of the Agricultural Marketing Act (12 U.S.C. 1141j(a)) with not more than 500 employees; and

(5) Any other partnership, corporation, association, or public or private organization with a net worth of not more than $5 million and not more than 500 employees. A unit of state or local government is not a public organization within the meaning of this provision.

(c) For the purpose of eligibility, the net worth and number of employees of an applicant shall be determined as of the date the adversary adjudication was initiated.

(d) An applicant who owns an unincorporated business will be considered as an ''individual'' rather than a ''sole owner of an unincorporated business'' if the issues on which the applicant prevails are related primarily to personal interests rather than to business interests.

(e) The employees of an applicant include all persons who regularly perform services for remuneration for the applicant, under the applicant's direction and control. Part-time employees shall be included.

(f) The net worth and the number of employees of the applicant and all of its affiliates shall be aggregated to determine eligibility. Any individual or group of individuals, corporation, or other entity that directly or indirectly controls or owns a majority of the voting shares of another business, or controls in any manner the election of a majority of that business' board of directors, trustees, or other persons exercising similar functions shall be considered an affiliate of that business for purposes of this part. In addition, the adjudicative officer may determine that financial relationships of the applicant other than those described in the paragraph constitute special circumstances that would make an award unjust.

(g) An applicant is not eligible if it has participated in the proceeding solely on behalf of other persons or entities that are ineligible.

§ 4.606 Standards for awards.

(a) A prevailing applicant may receive an award for fees and expenses incurred in connection with a proceeding unless (1) the position of the Department as a party to the proceeding was substantially justified, or (2) special circumstances make the award sought unjust. No presumption arises that the

Department's position was not substantially justified simply because the Department did not prevail.

(b) An award will be reduced or denied if the applicant has unduly or unreasonably protracted the proceeding.

§4.607 Allowable fees and expenses.

(a) The following fees and other expenses are allowable under the Act:

(1) Reasonable expenses of expert witnesses;

(2) Reasonable cost of any study, analysis, engineering report, test, or project which is found necessary for the preparation of the party's case; and

(3) Reasonable attorney or agent fees.

(b) The amount of fees awarded will be based upon the prevailing market rates for the kind and quality of services furnished, except that—

(1) Compensation for an expert witness will not exceed the highest rate at which the Department pays expert witnesses; and

(2) Attorney or agent fees will not exceed $75 per hour.

(c) In determining the reasonableness of the fee sought, the adjudicative officer shall consider the following:

(1) The prevailing rate for similar services in the community in which the attorney, agent, or witness has performed the service;

(2) The time actually spent in the representation of the applicant;

(3) The difficulty or complexity of the issues in the proceeding;

(4) Any necessary and reasonable expenses incurred; and

(5) Such other factors as may bear on the value of the services performed.

INFORMATION REQUIRED FROM APPLICANTS

NOTE: *Information Collection*. The information collection requirement contained in §§4.608 through 4.610, requiring an application for fees and expenses in an adversary adjudication under the Equal Access to Justice Act, has been approved by the Office of Management and Budget under the Paperwork Reduction Act, 44 U.S.C. 3507, and has been assigned clearance members 1084–0011. The information is required to seek an award of fees and expenses.

§4.608 Contents of application.

(a) An application for an award of fees and expenses under the Act shall identify the applicant and the proceeding for which an award is sought. Two copies of the application shall be filed with the adjudicative officer. The application shall show that the applicant has prevailed and identify the position of the Department in the proceeding that the applicant alleges was not substantially justified.

(b) The application shall include a statement that the applicant's net worth at the time the proceeding was initiated did not exceed $1 million if the applicant is an individual (other than a sole owner of an unincorporated business seeking an award in that capacity) or $5 million in the case of all other applicants. An applicant may omit this statement if:

(1) It attaches a copy of a ruling by the Internal Revenue Service that it qualifies as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)(3) and is exempt from taxation under section 501(a) of the Code or in the case of an organization not required to obtain a ruling from the Internal Revenue Service on its exempt status, a statement that describes the basis for the applicant's belief that it qualifies under section 501(c)(3) of the Code; or

(2) It states that it is a cooperative association as defined in section 15(a) of the Agricultural Marketing Act (12 U.S.C. 1141j(a)).

(c) If the applicant is a partnership, corporation, association, or public or private organization (including charitable or other tax exempt organizations or cooperative associations) or a sole owner of an unincorporated business, the application shall state that it did not have more than 500 employees at the time the proceeding was initiated, giving the number of its employees and describing briefly the type and purpose of its organization or business.

(d) The application shall itemize the amount of fees and expenses for which an award is sought.

(e) The application may include any other matters that the applicant believes should be considered in determining whether and in what amount an award should be made.

(f) The application shall be signed by the applicant or an authorized officer of the applicant. The application shall

contain or be accompanied by a written verification under oath or affirmation under penalty of perjury that the information provided in the application and all accompanying material is true and complete to the best of the signer's information and belief.

§ 4.609 Net worth exhibit.

(a) Each application except a qualified tax-exempt organization or a qualified cooperative association must submit with its application a detailed exhibit showing its net worth at the time the proceeding was initiated. If any individual, corporation, or other entity directly or indirectly controls or owns a majority of the voting shares or other interest of the applicant, or if the applicant directly or indirectly owns or controls a majority of the voting shares or other interest of any corporation or other entity, the exhibit must include a showing of the net worth of all such affiliates or of the applicant including the affiliates. The exhibit may be in any form convenient to the applicant, provided that it makes full disclosure of the applicant's and all affiliates' assets and liabilities and is sufficient to determine whether the applicant qualifies under the standards of 5 U.S.C. 504(b)(1)(B)(i). The adjudicative officer may require an applicant to file additional information to determine the applicant's eligibility for an award.

(b) The net worth exhibit shall describe any transfers of assets from, or obligations incurred by, the applicant or any affiliate, occurring in the one-year period to the date on which the proceeding was initiated, that reduced the net worth of the applicant and its affiliates below the applicable net worth ceiling. If there were no such transactions, the exhibit shall so state.

(c) Ordinarily, the net worth exhibit shall be included in the public record of the proceeding. However, an applicant that objects to public disclosure of information in any portion of the exhibit and believes there are legal grounds for withholding it from disclosure may submit that portion of the exhibit directly to the adjudicative officer in a sealed envelope labeled ''Confidential Financial Information,'' accompanied by a motion to withhold the information from public disclosure. The motion shall describe the information sought to be withheld and explain, in detail, why it falls within one or more of the specific exemptions from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552, and whether it is covered by the Trade Secrets Act, 18 U.S.C. 1905, or other applicable statutes; why public disclosure of the information would adversely affect the applicant; and why disclosure is not required in the public interest. The material in question shall also be served on counsel representing the agency against which the applicant seeks an award, but need not be served on any other party to the proceeding. If the adjudicative officer finds that the information should not be withheld from disclosure, it shall be placed in the public record of the proceeding. Otherwise, any request to inspect or copy the exhibit shall be disposed of in accordance with the Department's established procedures under the Freedom of Information Act, 43 CFR 2.11 *et. seq.*

§ 4.610 Documentation of fees and expenses.

(a) The application shall be accompanied by full documentation of the fees and expenses, including the cost of any study, analysis, engineering report, test, or project, for which an award is sought.

(b) The documentation shall include an affidavit from each professional firm or individual whose services are covered by the application, stating the actual time expended and the rate at which fees and other expenses were computed and/or charged and describing the specific services performed.

(1) The affidavit shall itemize in detail the services performed by the date, number of hours per date, and the services performed during those hours. In order to establish the hourly rate, the affidavit shall state the hourly rate billed to and paid by the majority of clients during the relevant time periods.

(2) If no hourly rate is paid by the majority of clients because, for instance, the attorney or agent represents most clients on a contingency

basis, the attorney or agent shall provide affidavits from two attorneys or agents with similar experience, who perform similar work in the same or similar geographic location, stating the hourly rate which they bill and are paid by the majority of their clients during a comparable time period.

(c) The documentation shall also include a description of any expenses for which reimbursement is sought and a statement of the amounts paid and payable by the applicant or by any other person or entity for the services provided.

(d) The adjudicative officer may require the applicant to provide vouchers, receipts, or other substantiation for any expenses claimed.

§4.611 Time for submission of application.

(a) An application must be filed no later than 30 days after final disposition of the proceeding. Action on an application for an award of fees or other expenses filed prior to final disposition of the proceeding shall be stayed pending such final disposition.

(b) Final disposition means the later of (1) the date on which the final Department decision is issued; or (2) the date of the order which finally resolves the proceeding, such as an order approving settlement or voluntary dismissal.

PROCEDURES FOR CONSIDERING APPLICATIONS

§4.612 Filing and service of documents.

Any application for an award and any other pleading or document related to an application shall be filed with the adjudicative officer and serve on all parties to the proceeding in the same manner as other pleadings in the proceeding, except as provided in §4.609(c) for confidential financial information.

§4.613 Answer to application.

(a) Within 30 calendar days after service of an application, the Department shall file an answer. If the Department fails to answer or otherwise fails to contest or settle the application, the adjudicative officer may, upon a satisfactory showing of entitlement by the applicant, make an award for the applicant's fees and other expenses under 5 U.S.C. 504 in accordance with §4.616.

(b) If the Department and the applicant believe that they can reach a settlement concerning the award, the Department and the applicant may jointly file a statement of their intent to negotiate. The filing of such a statement shall extend the time for filing an answer for an additional 30 days from the date of filing of the statement. Further extensions may be granted by the adjudicative officer upon the joint request of the Department and the applicant.

(c) The answer shall explain in detail any objections to the award requested and identify the facts relied on to support the objection. If the answer is based on any alleged facts not already reflected in the record of the proceeding, the Department shall include with the answer either a supporting affidavit or a request for further proceedings.

§4.614 Settlement.

An applicant and the Department may agree on a proposed settlement of an award before final action on the application, either in connection with a settlement of the underlying proceeding, or after the underlying proceeding has been concluded. If the applicant and the Department agree on a proposed settlement of an award before an applicant has been filed, the application shall be filed with the proposed settlement.

§4.615 Extensions of time and further proceedings.

(a) The adjudicative officer may on motion and for good cause shown grant extensions of time other than for filing an application for fees and expenses after final disposition in the adversary adjudication.

(b) Ordinarily, the determination of an award will be made on the basis of the written record of the underlying proceeding and the filings required or permitted by the foregoing sections of these rules. However, the adjudicative officer may, *sua sponte*, or on motion of any party to the proceedings require or

permit further proceedings, such as informal conferences, oral argument, additional written submissions or an evidentiary hearing. Such further proceedings shall be held only when necessary for full and fair resolution of the issues arising from the application and shall be conducted as promptly as possible. A motion for further proceedings shall specifically identify the information sought on the disputed issues and shall explain why the further proceedings are necessary to resolve the issues.

§ 4.616 Decision on application.

The adjudicative officer shall promptly issue a decision on the application which shall include proposed written findings and conclusions, and the reasons or basis therefore, on such of the following as are relevant to the decision:

(a) The applicant's status as a prevailing party;

(b) The applicant's qualification as a ''party'' under 5 U.S.C. 504(b)(1)(B);

(c) Whether the Department's position as a party to the proceeding was substantially justified;

(d) Whether special circumstances make an award unjust;

(e) Whether the applicant during the course of the proceedings engaged in conduct that unduly and unreasonably protracted the final resolution of the matter in controversy; and

(f) The amounts, if any, awarded for fees and other expenses, with reasons for any difference between the amount requested and the amount awarded. If neither the applicant nor the Department appeals within 30 days from receipt of the adjudicative officer's decision, this decision will be the final Departmental decision.

§ 4.617 Appeals Board review.

If review is sought by the applicant or the Department, the decision of the adjudicative officer will be reviewed by the appropriate appeals board in accordance with the Department's procedures for the type of underlying proceeding involved. The appeals board will then issue the final Departmental decision on the application.

§ 4.618 Judicial review.

Judicial review of final Departmental decisions on awards may be sought as provided in 5 U.S.C. 504(c)(2).

§ 4.619 Payment of award.

An applicant seeking payment of an award shall submit a copy of the final decision granting the award to the Assistant Secretary for Policy, Budget and Administration, U.S. Department of the Interior, Washington, DC 20240. A statement that review of the underlying decision is not being sought in the United States courts, or that the process for seeking review of the award has been completed, must also be included.

Subpart G—Special Rules Applicable to Other Appeals and Hearings

AUTHORITY: 5 U.S.C. 301.

§ 4.700 Who may appeal.

Any party aggrieved by an adjudicatory action or decision of a Departmental official relating to rights or privileges based upon law in any case or proceeding in which Departmental regulations allow a right of appeal to the head of the Department from such action or decision, should direct his appeal to the Director, Office of Hearings and Appeals, if the case is not one which lies within the appellate review jurisdiction of an established Appeals Board and is not excepted from the review authority delegated to the Director. No appeal will lie when the action of the Departmental official was based solely upon administrative or discretionary authority of such official.

[36 FR 7186, Apr. 15, 1971; 36 FR 7588, Apr. 22, 1971]

§ 4.701 Notice of appeal.

The appellant shall file a written notice of appeal, signed by him or by his attorney or other qualified representative, in the Office of the Director, within 30 days from the date of mailing of the decision from which the appeal is taken. The notice shall contain an identification of the action or decision appealed from and give a concise but complete statement of the facts relied

upon and the relief sought. The appellant shall mail a copy of the notice of appeal, any accompanying statement of reasons therefor, and any written arguments or briefs, to each party to the proceedings or whose rights are involved in the case, and to the Departmental official whose action or decision is being appealed. The notice of appeal shall contain a certificate setting forth the names of the parties served, their addresses, and the dates of mailing.

§4.702 Transmittal of appeal file.

Within 10 days after receipt of a copy of the notice of appeal, the Departmental official whose action or decision is being appealed shall transmit to the Office of the Director the entire official file in the matter, including all records, documents, transcripts of testimony, and other information compiled during the proceedings leading to the decision being appealed.

§4.703 Pleadings.

If the parties wish to file briefs, they must comply with the following requirements: Appellant shall have 30 days from the date of filing of his notice of appeal within which to file an opening brief, and the opposing parties shall have 30 days from the date of receipt of appellant's brief in which to file an answering brief. Additional or rebuttal briefs may be filed upon permission first obtained from the Director or the Ad Hoc Appeals Board appointed by him to consider and decide the particular appeal. Copies of all briefs shall be served upon all other parties or their attorneys of record or other qualified representatives, and a certificate to that effect shall be filed with said brief.

[36 FR 7186, Apr. 15, 1971; 36 FR 7588, Apr. 22, 1971]

§4.704 Decisions on appeals.

The Director, or an Ad Hoc Appeals Board appointed by the Director to consider and decide the particular appeal, will review the record and take such action as the circumstances call for. The Director or the Ad Hoc Appeals Board may direct a hearing on the entire matter or specified portions thereof, may decide the appeal forthwith upon the record already made, or may make other disposition of the case. Upon request and for good cause shown, the Director or an Ad Hoc Appeals Board may grant an opportunity for oral argument. Any hearing on such appeals shall be conducted by the Ad Hoc Appeals Board or a member or members thereof, or by an administrative law judge of the Office of Hearings and Appeals and shall be governed insofar as practicable by the regulations applicable to other hearings under this part.

[36 FR 7186, Apr. 15, 1971, as amended at 39 FR 2366, Jan. 21, 1974]

Subpart H—[Reserved]

Subpart I—Special Procedural Rules Applicable To Practice and Procedure for Hearings, Decisions, and Administrative Review Under Part 17 of this Title—Nondiscrimination in Federally-Assisted Programs of the Department of the Interior—Effectuation of Title VI of the Civil Rights Act of 1964

AUTHORITY: 43 CFR 17.8 and 5 U.S.C. 301.

SOURCE: 38 FR 21162, Aug. 6, 1973, unless otherwise noted.

CROSS REFERENCE: See subpart A for the organization, authority and jurisdiction of the Office of Hearings and Appeals, including its Hearings Division. To the extent they are not inconsistent with these special rules, the general rules applicable to all types of proceedings before the Hearings Division and the several Appeals Boards of the Office of Hearings and Appeals, contained in subpart B of this part, are applicable also to proceedings under these regulations.

GENERAL

§4.800 Scope and construction of rules.

(a) The rules of procedure in this subpart I supplement part 17 of this title and are applicable to the practice and procedure for hearings, decisions, and administrative review conducted by the Department of the Interior, pursuant to title VI of the Civil Rights Act of 1964 (section 602, 42 U.S.C. 2000d–1) and part 17 of this title, concerning

nondiscrimination in Federally–assisted programs in connection with which Federal financial assistance is extended under laws administered in whole or in part by the Department of the Interior.

(b) These regulations shall be liberally construed to secure the just, prompt, and inexpensive determination of all proceedings consistent with adequate consideration of the issues involved and full protection of the rights of all interested parties including the Government.

§ 4.801 Suspension of rules.

Upon notice to all parties, the responsible Department official or the administrative law judge, with respect to matters pending before him, may modify or waive any rule in this part upon his determination that no party will be unduly prejudiced and the ends of justice will thereby be served.

§ 4.802 Definitions.

(a) The definitions set forth in § 17.12 of this title apply also to this subpart.

(b) *Director* means the Director, Office for Equal Opportunity, Department of the Interior.

(c) *Administrative law judge* means an administrative law judge designated by the Office of Hearings and Appeals, Office of the Secretary, in accordance with 5 U.S.C. 3105 and 3344.

(d) *Notice* means a notice of hearing in a proceeding instituted under Part 17 of this title and these regulations.

(e) *Party* means a recipient or applicant; the Director; and any person or organization participating in a proceeding pursuant to § 4.808.

§ 4.803 Computation of time.

Except as otherwise provided by law, in computing any period of time under these rules or in any order issued hereunder, the time begins with the day following the act or event, and includes the last day of the period, unless it is a Saturday, Sunday, or Federal legal holiday, or other nonbusiness day, in which event it includes the next following day which is not a Saturday, Sunday, Federal legal holiday, or other nonbusiness day. When the period of time prescribed or allowed is 7 days or less, intermediate Saturdays, Sundays, Federal legal holidays and other nonbusiness days shall be excluded in the computation.

§ 4.804 Extensions of time.

A request for extension of time should be made to the designated administrative law judge or other appropriate Departmental official with respect to matters pending before him. Such request shall be served on all parties and set forth the reasons for the request. Extensions may be granted upon a showing of good cause by the applicant. Answers to such requests are permitted if made promptly.

§ 4.805 Reduction of time to file documents.

For good cause, the responsible Departmental official or the administrative law judge, with respect to matters pending before him, may reduce any time limit prescribed by the rules in this part, except as provided by law or in part 17 of this title.

DESIGNATION AND RESPONSIBILITIES OF ADMINISTRATIVE LAW JUDGE

§ 4.806 Designation.

Hearings shall be held before an administrative law judge designated by the Office of Hearings and Appeals.

§ 4.807 Authority and responsibilities.

The administrative law judge shall have all powers necessary to preside over the parties and the proceedings, conduct the hearing, and make decisions in accordance with 5 U.S.C. 554 through 557. His powers shall include, but not be limited to, the power to:

(a) Hold conferences to settle, simplify, or fix the issues in a proceeding, or to consider other matters that may aid in the expeditious disposition of the proceeding.

(b) Require parties to state their position with respect to the various issues in the proceedings.

(c) Establish rules for media coverage of the proceedings.

(d) Rule on motions and other procedural items in matters before him.

(e) Regulate the course of the hearing, the conduct of counsel, parties, witnesses, and other participants.

(f) Administer oaths, call witnesses on his own motion, examine witnesses, and direct witnesses to testify.

(g) Receive, rule on, exclude, or limit evidence.

(h) Fix time limits for submission of written documents in matters before him.

(i) Take any action authorized by these regulations, by 5 U.S.C. 556, or by other pertinent law.

APPEARANCE AND PRACTICE

§4.808 Participation by a party.

Subject to the provisions contained in part 1 of this subtitle, a party may appear in person, by representative, or by counsel, and participate fully in any proceeding held pursuant to part 17 of this title and these regulations. A State agency or any instrumentality thereof, a political subdivision of the State or instrumentality thereof, or a corporation may appear by any of its officers or employees duly authorized to appear on its behalf.

§4.809 Determination of parties.

(a) The affected applicant or recipient to whom a notice of hearing or a notice of an opportunity for hearing has been mailed in accordance with part 17 of this title and §4.815, and the Director, are the initial parties to the proceeding.

(b) Other persons or organizations shall have the right to participate as parties if the final decision could directly and adversely affect them or the class they represent, and if they may contribute materially to the disposition of the proceedings.

(c) A person or organization wishing to participate as a party under this section shall submit a petition to the administrative law judge within 15 days after the notice has been served. The petition should be filed with the administrative law judge and served on the affected applicant or recipient, on the Director, and on any other person or organization who has been made a party at the time of filing. Such petition shall concisely state: (1) Petitioner's interest in the proceeding, (2) how his participation as a party will contribute materially to the disposition of the proceeding, (3) who will appear for petitioner, (4) the issues on which petitioner wishes to participate, and (5) whether petitioner intends to present witnesses.

(d) The administrative law judge shall promptly ascertain whether there are objections to the petition. He shall then determine whether petitioners have the requisite interest to be a party in the proceedings, as defined in paragraphs (a) and (b) of this section, and shall permit or deny participation accordingly. Where petitions to participate as parties are made by individuals or groups with common interests, the administrative law judge may request all such petitioners to designate a single representative, or he may recognize one or more of such petitioners to represent all such petitioners. The administrative law judge shall give each such petitioner written notice of the decision on his petition. If the petition is denied, he shall briefly state the grounds for denial and shall then treat the petition as a request for participation as amicus curiae. The administrative law judge shall give written notice to each party of each petition granted.

(e) Persons or organizations whose petition for party participation is denied may appeal the decision to the Director, Office of Hearings and Appeals, within 7 days of receipt of denial. The Director, Office of Hearings and Appeals, will make the final decision for the Department to grant or deny the petition.

§4.810 Complainants not parties.

A person submitting a complaint pursuant to §17.6 of this title is not a party to the proceedings governed by part 17 of this title and these regulations, but may petition, after proceedings are initiated, to become an amicus curiae. In any event a complainant shall be advised of the time and place of the hearing.

§4.811 Determination and participation of amici.

(a) Any interested person or organization wishing to participate as amicus curiae in the proceeding shall file a petition before the commencement of the hearing. Such petition shall concisely state the petitioner's interest in the

hearing and who will represent petitioner.

(b) The administrative law judge will grant the petition if he finds that the petitioner has an interest in the proceedings and may contribute materially to the disposition of the proceedings. The administrative law judge shall give the petitioner written notice of the decision on his petition.

(c) An amicus curiae is not a party and may not introduce evidence at a hearing but may only participate as provided in paragraph (d) of this section.

(d) An amicus curiae may submit a written statement of position to the administrative law judge at any time prior to the beginning of a hearing, and shall serve a copy on each party. He may also file a brief or written statement on each occasion a decision is to be made or a prior decision is subject to review. His brief or written statement shall be filed and served on each party within the time limits applicable to the party whose position he deems himself to support; or if he does not deem himself to support the position of any party, within the longest time limit applicable to any party at that particular stage of the proceedings.

(e) When all parties have completed their initial examination of a witness, any amicus curiae may request the administrative law judge to propound specific questions to the witness. The administrative law judge, in his discretion, may grant any such request if he believes the proposed additional testimony may assist materially in elucidating factual matters at issue between the parties and will not expand the issues.

FORM AND FILING OF DOCUMENTS

§ 4.812 Form.

Documents filed pursuant to a proceeding herein shall show the docket description and title of the proceeding, the party or amicus submitting the document, the dates signed, and the title, if any, and address of the signatory. The original will be signed in ink by the party representing the party or amicus. Copies need not be signed, but the name of the person signing the original shall be reproduced.

§ 4.813 Filing and service.

(a) All documents submitted in a proceeding shall be served on all parties. The original and two copies of each document shall be submitted for filing. Filings shall be made with the administrative law judge or other appropriate Departmental official before whom the proceeding is pending. With respect to exhibits and transcripts of testimony, only originals need be filed.

(b) Service upon a party or amicus shall be made by delivering one copy of each document requiring service in person or by certified mail, return receipt requested, properly addressed with postage prepaid, to the party or amicus or his attorney, or designated representative. Filing will be made in person or by certified mail, return receipt requested, to the administrative law judge or other appropriate Departmental official before whom the proceeding is pending.

(c) The date of filing or of service shall be the day when the matter is deposited in the U.S. mail or is delivered in person.

§ 4.814 Certificate of service.

The original of every document filed and required to be served upon parties shall be endorsed with a certificate of service signed by the party or amicus curiae making service or by his attorney or representative, stating that such service has been made, the date of service, and the manner of service.

PROCEDURES

§ 4.815 How proceedings are commenced.

Proceedings are commenced by the Director by mailing to an applicant or recipient a notice of alleged noncompliance with the Act and the regulations thereunder. The notice shall include either a notice of hearing fixing a date therefor or a notice of an opportunity for a hearing as provided in § 17.8 of this title. The notice shall advise the applicant or recipient of the action proposed to be taken, the specific provisions of part 17 of this title under which the proposed action is to be taken, and the matters of fact or law asserted as the basis of the action.

§4.816 Notice of hearing and response thereto.

A notice of hearing shall fix a date not less than 30 days from the date of service of the notice of a hearing on matters alleged in the notice. If the applicant recipient does not desire a hearing, he should so state in writing, in which case the applicant or recipient shall have the right to further participate in the proceeding. Failure to appear at the time set for a hearing, without good cause, shall be deemed a waiver of the right to a hearing under section 602 of the Act and the regulations thereunder and consent to the making of a decision on such information as is available which may be presented for the record.

§4.817 Notice of opportunity to request a hearing and response thereto.

A notice of opportunity to request a hearing shall set a date not less than 20 days from service of said notice within which the applicant or recipient may file a request for a hearing, or may waive a hearing and submit written information and argument for the record, in which case, the applicant or recipient shall have the right to further participate in the proceeding. When the applicant or recipient elects to file a request for a hearing, a time shall be set for the hearing at a date not less than 20 days from the date applicant or recipient is notified of the date set for the hearing. Failure of the applicant or recipient to request a hearing or to appear at the date set shall be deemed a waiver of the right to a hearing, under section 602 of the Act and the regulations thereunder and consent to the making of a decision on such information as is available which may be presented for the record.

§4.818 Answer.

In any case covered by §4.816 or §4.817, the applicant or recipient shall file an answer. Said answer shall admit or deny each allegation of the notice, unless the applicant or recipient is without knowledge, in which case the answer shall so state, and the statement will be considered a denial. Failure to file an answer shall be deemed an admission of all allegations of fact in the notice. Allegations of fact in the notice not denied or controverted by answer shall be deemed admitted. Matters alleged in the answer as affirmative defenses shall be separately stated and numbered. The answer under §4.816 shall be filed within 20 days from the date of service of the notice of hearing. The answer under §4.817 shall be filed within 20 days of service of the notice of opportunity to request a hearing.

§4.819 Amendment of notice or answer.

The Director may amend the notice of hearing or opportunity for hearing once as a matter of course before an answer is filed, and each respondent may amend his answer once as a matter of course not later than 10 days before the date fixed for hearing but in no event later than 20 days from the date of service of his original answer. Other amendments of the notice or of the answer to the notice shall be made only by leave of the administrative law judge. An amended notice shall be answered within 10 days of its service, or within the time for filing an answer to the original notice, whichever period is longer.

§4.820 Consolidated or joint hearings.

As provided in §17.8(e) of this title, the Secretary may provide for proceedings in the Department to be joined or consolidated for hearing with proceedings in other Federal departments or agencies, by agreement with such other departments or agencies. All parties to any proceedings consolidated subsequently to service of the notice of hearing or opportunity for hearing shall be promptly served with notice of such consolidation.

§4.821 Motions.

Motions and petitions shall state the relief sought, the basis for relief and the authority relied upon. If made before or after the hearing itself, these matters shall be in writing. If made at the hearing, they may be stated orally; but the administrative law judge may require that they be reduced to writing and filed and served on all parties. Within 8 days after a written motion or petition is served, any party may file a response to a motion or petition. An

immediate oral response may be made to an oral motion. Oral argument on motions will be at the discretion of the administrative law judge.

§ 4.822 Disposition of motions.

The administrative law judge may not grant a written motion or petition prior to expiration of the time for filing responses thereto, but may overrule or deny such motion or petition without awaiting response: *Provided, however,* That prehearing conferences, hearings, and decisions need not be delayed pending disposition of motions or petitions. Oral motions and petitions may be ruled on immediately.

§ 4.823 Interlocutory appeals.

Except as provided in § 4.809(e), a ruling of the administrative law judge may not be appealed to the Director, Office of Hearings and Appeals, prior to consideration of the entire proceeding by the administrative law judge unless permission is first obtained from the Director, Office of Hearings and Appeals, and the administrative law judge has certified the interlocutory ruling on the record or abused his discretion in refusing a request to so certify. Permission will not be granted except upon a showing that the ruling complained of involves a controlling question of law and that an immediate appeal therefrom may materially advance the final decision. An interlocutory appeal shall not operate to suspend the hearing unless otherwise ordered by the Director, Office of Hearings and Appeals. If an appeal is allowed, any party may file a brief within such period as the Director, Office of Hearings and Appeals, directs. Upon affirmance, reversal, or modification of the administrative law judge's interlocutory ruling or order, by the Director, Office of Hearings and Appeals, the case will be remanded promptly to the administrative law judge for further proceedings.

§ 4.824 Exhibits.

Proposed exhibits shall be exchanged at the prehearing conference, or otherwise prior to the hearing, if the administrative law judge so directs. Proposed exhibits not so exchanged in accordance with the administrative law judge's order may be denied admission as evidence. The authenticity of all exhibits submitted prior to the hearing, under direction of the administrative law judge, will be deemed admitted unless written objection thereto is filed and served on all parties, or unless good cause is shown for failure to file such written objection.

§ 4.825 Admissions as to facts and documents.

Not later than 15 days prior to the date of the hearing any party may serve upon an opposing party a written request for the admission of the genuineness and authenticity of any relevant documents described in, and exhibited with, the request, or for the admission of the truth of any relevant matters of fact stated in the request. Each of the matters as to which an admission is requested shall be deemed admitted, unless within a period of 10 days, the party to whom the request is directed serves upon the requesting party a statement either (a) denying specifically the matters as to which an admission is requested, or (b) setting forth in detail the reasons why he cannot truthfully either admit or deny such matters.

§ 4.826 Discovery.

(a) *Methods.* Parties may obtain discovery as provided in these rules by depositions, written interrogatories, production of documents, or other items; or by permission to enter property, for inspection and other purposes.

(b) *Scope.* Parties may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the hearing.

(c) *Protective orders.* Upon motion by a party or by the person from whom discovery is sought, and for good cause shown, the administrative law judge may make any order which justice requires to limit or condition discovery in order to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense.

(d) *Sequence and timing.* Methods of discovery may be used in any sequence. The fact that a party is conducting discovery shall not operate to delay any other party's discovery.

(e) *Time limit.* Discovery by all parties will be completed within such time as the administrative law judge directs, from the date the notice of hearing is served on the applicant or recipient.

§4.827 Depositions.

(a) A party may take the testimony of any person, including a party, by deposition upon oral examination. This may be done by stipulation or by notice, as set forth in paragraph (b) of this section. On motion of any party or other person upon whom the notice is served, the administrative law judge may for cause shown enlarge or shorten the time for the deposition, change the place of the deposition, limit the scope of the deposition or quash the notice. Depositions of persons other than parties or their representatives shall be upon consent of the deponent.

(b)(1) The party will give reasonable notice in writing to every other party of the time and place for taking depositions, the name and address of each person to be examined, if known, or a general description sufficient to identify him or the particular class or group to which he belongs.

(2) The notice to a deponent may be accompanied by a request for the production of documents and tangible things at the taking of the deposition.

(3) A party may name as the deponent a corporation, partnership, association, or governmental agency and may designate a particular person within the organization whose testimony is desired and the matters on which examination is requested. If no particular person is named, the organization shall designate one or more agents to testify on its behalf, and may set forth the matters on which each will testify. The persons so designated shall testify as to matters known or reasonably available to the organization.

(c) Examination and cross-examination of witnesses may proceed as permitted at the hearing. The witness shall be placed under oath by a disinterested person qualified to administer oaths by the laws of the United States or of the place where the examination is held, and the testimony taken by such person shall be recorded verbatim.

(d) During the taking of a deposition a party or deponent may request suspension of the deposition on grounds of bad faith in the conduct of the examination, annoyance, embarrassment, oppression of a deponent or party or improper questions propounded. The deposition will then be adjourned. However, the objecting party or deponent must immediately move the administrative law judge for a ruling on his objections to the deposition conduct or proceedings. The administrative law judge may then limit the scope or manner of the taking of the deposition.

(e) The officer shall certify the deposition and promptly file it with the administrative law judge. Documents or true copies of documents and other items produced for inspection during the examination of the witness shall, upon the request of a party, be marked for identification and annexed to the deposition.

(f) The party taking the deposition shall give prompt notice of its filing to all other parties.

§4.828 Use of depositions at hearing.

(a) Any part or all of a deposition so far as admissible under §4.835 applied as though the witness were then present and testifying, may be used against any party who was present or represented at the taking of the deposition or who had reasonable notice thereof as follows:

(1) Any deposition may be used for contradiction or impeachment of the deponent as a witness.

(2) The deposition of a party, or of an agent designated to testify on behalf of a party, may be used by an adverse party for any purpose.

(3) The deposition of any witness may be used for any purpose if the party offering the deposition has been unable to procure the attendance of the witness because he is dead; or if the witness is at a greater distance than 100 miles from the place of hearing, or is out of the United States, unless it appears that the absence of the witness was procured by the party offering the deposition; or if the witness is unable to attend or testify because of age, illness, infirmity, or imprisonment; or, upon application and notice, that such exceptional circumstances exist as to

make it desirable, in the interest of justice and with due regard to the importance of presenting the testimony of witnesses orally in open hearing, to allow the deposition to be used.

(b) If only part of a deposition is offered in evidence, the remainder becomes subject to introduction by any party.

(c) Objection may be made at the hearing to receiving in evidence any deposition or part thereof for any reason which would require the exclusion of the evidence if the witness were then present and testifying.

§ 4.829 Interrogatories to parties.

(a) Any party may serve upon any other party written interrogatories after the notice of hearing has been filed. If the party served is a corporation, partnership, association, or governmental agency, an agent shall furnish such information as is available to the party.

(b) Each interrogatory shall be answered separately and fully in writing under oath, unless it is objected to, in which event the objection shall be stated in lieu of an answer. The answers are to be signed by the person making them, and the objections signed by the attorney or other representative making them. Answers and objections shall be made within 30 days after the service of the interrogatories. The party submitting the interrogatories may move for an order under § 4.831 with respect to any objection to or other failure to answer an interrogatory.

(c) Interrogatories shall relate to any matter not privileged which is relevant to the subject matter of the hearing.

§ 4.830 Production of documents and things and entry upon land for inspection and other purposes.

(a) After the notice of hearing has been filed, any party may serve on any other party a request to produce and/or permit the party, or someone acting on his behalf, to inspect and copy any designated documents, phonorecords, and other data compilations from which information can be obtained and which are in the possession, custody, or control of the party upon whom the request is served. If necessary, translation of data compilations shall be done by the party furnishing the information.

(b) After the notice of hearing has been filed, any party may serve on any other party a request to permit entry upon designated property in the possession or control of the party upon whom the request is served for the purpose of inspection, measuring, surveying or photographing, testing, or sampling the property or any designated object.

(c) Each request shall set forth with reasonable particularity the items to be inspected and shall specify a reasonable time, place, and manner of making the inspection and performing the related acts.

(d) The party upon whom the request is served shall respond within 15 days after the service of the request. The response shall state, with respect to each item, that inspection and related activities will be permitted as requested, unless there are objections in which case the reasons for each objection shall be stated. The party submitting the request may move for an order under § 4.831 with respect to any objection to or other failure to respond.

§ 4.831 Sanctions.

(a) A party, upon reasonable notice to other parties and all persons affected thereby, may move for an order as follows:

(1) If a deponent fails to answer a question propounded or submitted under § 4.827(c), or a corporation or other entity fails to make a designation under § 4.827(b)(3), or a party fails to answer an interrogatory submitted under § 4.829, or if a party, under § 4.830 fails to respond that inspection will be permitted or fails to permit inspection, the discovering party may move for an order compelling an answer, a designation, or inspection.

(2) An evasive or incomplete answer is to be treated as a failure to answer.

(b) If a party or an agent designated to testify fails to obey an order to permit discovery, the administrative law judge may make such orders as are just, including:

(1) That the matters regarding which the order was made or any other designated facts shall be established in accordance with the claim of the party obtaining the order;

(2) Refusing to allow the disobedient party to support or oppose designated claims or defenses, or prohibiting him from introducing designated matters in evidence.

(c) If a party or an agent designated to testify fails after proper service (1) to appear for his deposition, (2) to serve answers or objections to interrogatories submitted under §4.829 or (3) to serve a written response to a request for inspection, submitted under §4.830, the administrative law judge on motion may make such orders as are just, including those authorized under paragraphs (b) (1) and (2) of this section.

§4.832 Consultation and advice.

(a) The administrative law judge shall not consult any person, or party, on any fact in issue or on the merits of the matter before him unless upon notice and opportunity for all parties to participate.

(b) No employee or agent of the Federal Government engaged in the investigation and prosecution of a proceeding governed by these rules shall participate or advise in the rendering of any recommended or final decision, except as witness or counsel in the proceeding.

[38 FR 21162, Aug. 6, 1973, as amended at 50 FR 43706, Oct. 29, 1985]

PREHEARING

§4.833 Prehearing conferences.

(a) Within 15 days after the answer has been filed, the administrative law judge will establish a prehearing conference date for all parties including persons or organizations whose petition requesting party status has not been ruled upon. Written notice of the prehearing conference shall be sent by the administrative law judge.

(b) At the prehearing conference the following matters, among others, shall be considered: (1) Simplification and delineation of the issues to be heard; (2) stipulations; (3) limitation of number of witnesses; and exchange of witness lists; (4) procedure applicable to the proceeding; (5) offers of settlement; and (6) scheduling of the dates for exchange of exhibits. Additional prehearing conferences may be scheduled at the discretion of the administrative law judge, upon his own motion or the motion of a party.

HEARING

§4.834 Purpose.

(a) The hearing is directed primarily to receiving factual evidence and expert opinion testimony related to the issues in the proceeding. A hearing will be held only in cases where issues of fact must be resolved in order to determine whether the applicant or recipient has failed to comply with one or more applicable requirements of title VI of the Civil Rights Act of 1964 (sec. 602, 42 U.S.C. 2000d–1) and part 17 of this title. However, this shall not prevent the parties from entering into a stipulation of the facts.

(b) If all facts are stipulated, the proceedings shall go to conclusion in accordance with part 17 of this title and the rules in this subpart.

(c) In any case where it appears from the answer of the applicant or recipient to the notice of hearing or notice of opportunity to request a hearing, from his failure timely to answer, or from his admissions or stipulations in the record that there are no matters of material fact in dispute, the administrative law judge may enter an order so finding, vacating the hearing date if one has been set, and fixing the time for the submission of evidence by the Government for the record. Thereafter, the proceedings shall go to conclusion in accordance with part 17 of this title and the rules in this subpart. An appeal from such order may be allowed in accordance with the rules for interlocutory appeal in §4.823.

§4.835 Evidence.

Formal rules of evidence will not apply to the proceeding. Irrelevant, immaterial, unreliable, and unduly repetitious evidence will be excluded from the record of a hearing. Hearsay evidence shall not be inadmissible as such.

§4.836 Official notice.

Whenever a party offers a public document, or part thereof, in evidence, and such document, or part thereof, has been shown by the offeror to be reasonably available to the public, such document need not be produced or

marked for identification, but may be offered for official notice as a public document item by specifying the document or relevant part thereof. Official notice may also be taken of other matters, at the discretion of the administrative law judge.

§ 4.837 Testimony.

Testimony shall be given under oath by witnesses at the hearing. A witness shall be available for cross-examination, and, at the discretion of the administrative law judge, may be cross-examined without regard to the scope of direct examination as to any matter which is material to the proceeding.

§ 4.838 Objections.

Objections to evidence shall be timely, and the party making them shall briefly state the ground relied upon.

§ 4.839 Exceptions.

Exceptions to rulings of the administrative law judge are unnecessary. It is sufficient that a party, at the time the ruling of the administrative law judge is sought, makes known the action which he desires the administrative law judge to take, or his objection to an action taken, and his ground therefor.

§ 4.840 Offer of proof.

An offer of proof made in connection with an objection taken to any ruling of the administrative law judge excluding proffered oral testimony shall consist of a statement of the substance of the evidence which counsel contends would be adduced by such testimony. If the excluded evidence consists of evidence in written form or consists of reference to documents, a copy of such evidence shall be marked for identification and shall accompany the record as the offer of proof.

§ 4.841 Official transcript.

An official reporter will be designated for all hearings. The official transcripts of testimony and argument taken, together with any exhibits, briefs, or memoranda of law filed therewith, shall be filed with the administrative law judge. Transcripts may be obtained by the parties and the public from the official reporter at rates not to exceed the applicable rates fixed by the contract with the reporter. Upon notice to all parties, the administrative law judge may authorize such corrections to the transcript as are necessary to accurately reflect the testimony.

POSTHEARING PROCEDURES

§ 4.842 Proposed findings of fact and conclusions of law.

Within 30 days after the close of the hearing each party may file, or the administrative law judge may request, proposed findings of fact and conclusions of law together with supporting briefs. Such proposals and briefs shall be served on all parties and amici. Reply briefs may be submitted within 15 days after receipt of the initial proposals and briefs. Reply briefs should be filed and served on all parties and amici.

§ 4.843 Record for decision.

The administrative law judge will make his decision upon the basis of the record before him. The transcript of testimony, exhibits, and all papers, documents, and requests filed in the proceedings, shall constitute the record for decision and may be inspected and copied.

§ 4.844 Notification of right to file exceptions.

The provisions of § 17.9 of this title govern the making of decisions by administrative law judges, the Director, Office of Hearings and Appeals, and the Secretary. An administrative law judge shall, in any initial decision made by him, specifically inform the applicant or recipient of his right under § 17.9 of this title to file exceptions with the Director, Office of Hearings and Appeals. In instances in which the record is certified to the Director, Office of Hearings and Appeals, or he reviews the decision of an administrative law judge, he shall give the applicant or recipient a notice of certification or notice of review which specifically informs the applicant or recipient that, within a stated period, which shall not be less than 30 days after service of the notice, he may file briefs or other written statements of his contentions.

§4.845 Final review by Secretary.

Paragraph (f) of §17.9 of this title requires that any final decision of an administrative law judge or of the Director, Office of Hearings and Appeals, which provides for the suspension or termination of, or the refusal to grant or continue Federal financial assistance, or the imposition of any other sanction available under part 17 of this title or the Act, shall be transmitted to the Secretary. The applicant or recipient shall have 20 days following service upon him of such notice to submit to the Secretary exceptions to the decision and supporting briefs or memoranda suggesting remission or mitigation of the sanctions proposed. The Director shall have 10 days after the filing of the exceptions and briefs in which to reply.

Subparts J—K [Reserved]

Subpart L—Special Rules Applicable to Surface Coal Mining Hearings and Appeals

AUTHORITY: 30 U.S.C. 1256, 1260, 1261, 1264, 1268, 1271, 1272, 1275, 1293; 5 U.S.C. 301.

SOURCE: 43 FR 34386, Aug. 3, 1978, unless otherwise noted.

GENERAL PROVISIONS

§4.1100 Definitions.

As used in the regulations in this subpart, the term—

(a) *Act* means the Surface Mining Control and Reclamation Act of 1977, 91 Stat. 445 *et seq.*, 30 U.S.C. 1201 *et seq.*.

(b) *Administrative law judge* means an administrative law judge in the Hearings Division of the Office of Hearings and Appeals appointed under 5 U.S.C. 3105 (1970).

(c) *Board* means the Board of Land Appeals in the Office of Hearings and Appeals.

(d) *OHA* means the Office of Hearings and Appeals, Department of the Interior.

(e) *OSM* means the Office of Surface Mining Reclamation and Enforcement, Department of the Interior.

[43 FR 34386, Aug. 3, 1978, as amended at 49 FR 7565, Mar. 1, 1984; 59 FR 1488, Jan. 11, 1994]

§4.1101 Jurisdiction of the Board.

(a) The jurisdiction of the Board, as set forth in 43 CFR 4.1(4), and subject to 43 CFR 4.21(c) and 4.5, includes the authority to exercise the final decisionmaking power of the Secretary under the act pertaining to—

(1) Applications for review of decisions by OSM regarding determinations concerning permits for surface coal mining operations pursuant to section 514 of the act;

(2) Petitions for review of proposed assessments of civil penalties issued by OSM pursuant to section 518 of the act;

(3) Applications for review of notices of violation and orders of cessation or modifications, vacations, or terminations thereof, issued pursuant to section 521(a)(2) or section 521(a)(3) of the act;

(4) Proceedings for suspension or revocation of permits pursuant to section 521(a)(4) of the act;

(5) Applications for review of alleged discriminatory acts filed pursuant to section 703 of the act;

(6) Applications for temporary relief;

(7) Petitions for award of costs and expenses under section 525(e) of the act;

(8) Appeals from orders or decisions of administrative law judges; and

(9) All other appeals and review procedures under the act which are permitted by these regulations.

(b) In performing its functions under paragraph (a) of this section, the Board is authorized to—

(1) Order hearings; and

(2) Issue orders to secure the just and prompt determination of all proceedings.

§4.1102 Construction.

These rules shall be construed to achieve the just, timely, and inexpensive determination of all proceedings consistent with adequate consideration of the issues involved.

§4.1103 Eligibility to practice.

(a) An administrative law judge or the Board may determine the eligibility of persons to practice before OHA in any proceeding under the act pursuant to 43 CFR part 1.

(b) If an administrative law judge or the Board determines that any person is not qualified to practice before OHA,

the administrative law judge or the Board shall disqualify the person and report the disqualification to the Director of OHA.

(c) Upon receipt of a report under paragraph (b) of this section, the Director of OHA may request the Solicitor to initiate a disciplinary proceeding under 43 CFR 1.6.

§ 4.1104 General rules relating to procedure and practice.

Proceedings in OHA under the act are subject to the general rules relating to procedures and practice in subpart B of this part.

§ 4.1105 Parties.

(a) All persons indicated in the act as parties to administrative review proceedings under the act shall be considered statutory parties. Such statutory parties include—

(1) In a civil penalty proceeding under § 4.1150, OSM, as represented by the Office of the Solicitor, Department of the Interior, and any person against whom a proposed assessment is made who files a petition;

(2) In a review proceeding under §§ 4.1160 through 4.1171, 4.1180 through 4.1187, 4.1300 through 4.1309, 4.1350 through 4.1356, 4.1360 through 4.1369, 4.1370 through 4.1377, 4.1380 through 4.1387 or 4.1390 through 4.1394 of this part, OSM, as represented by the Office of the Solicitor, Department of the Interior, and—

(i) If an applicant, operator, or permittee files an application or request for review, the applicant, operator, or permittee; and

(ii) If any other person having an interest which is or may be adversely affected files an application or request for review, the applicant, operator, or permittee and the person filing such application or request;

(3) In a proceeding to suspend or revoke a permit under § 4.1190 *et seq.* OSM, as represented by the Office of the Solicitor, Department of the Interior, and the permittee who is ordered to show cause why the permit should not be suspended or revoked; and

(4) In a discriminatory discharge proceeding under § 4.1200 *et seq.* OSM, as represented by the Office of the Solicitor, Department of the Interior, any employee or any authorized representative of employees who files an application for review, and the alleged discriminating party, except where the applicant files a request for the scheduling of a hearing under § 4.1201(c) only such applicant and the alleged discriminating party.

(5) In an appeal to the Board in accordance with 43 CFR 4.1280 through 4.1286 from a determination of the Director of OSM or his or her designee under 30 CFR 842.15(d) or a determination of an authorized representative under 30 CFR 843.12(i), the permittee of the operation that is the subject of the determination and any person whose interests may be adversely affected by the outcome on appeal and who participated before OSM. A person who wishes his or her identity kept confidential under 30 CFR 842.12(b) is responsible for maintaining that confidentiality when serving documents in accordance with § 4.1109.

(b) Any other person claiming a right to participate as a party may seek leave to intervene in a proceeding by filing a petition to do so pursuant to § 4.1110.

(c) If any person has a right to participate as a full party in a proceeding under the act and fails to exercise that right by participating in each stage of the proceeding, that person may become a participant with the rights of a party by order of an administrative law judge or the Board.

[43 FR 34386, Aug. 3, 1978, as amended at 56 FR 2142, Jan. 22, 1991; 59 FR 1488, Jan. 11, 1994; 59 FR 54362, Oct. 28, 1994]

§ 4.1106 Hearing sites.

Unless the act requires otherwise, hearings shall be held in a location established by the administrative law judge; however, the administrative law judge shall give due regard to the convenience of the parties or their representatives and witnessess.

§ 4.1107 Filing of documents.

(a) Any initial pleadings in a proceeding to be conducted or being conducted by an administrative law judge under these rules shall be filed, by hand or by

mail, with the Hearings Division, Office of Hearings and Appeals, Department of the Interior, 4015 Wilson Boulevard, Arlington, Va. 22203.

(b) Where a proceeding has been assigned to an administrative law judge, the parties will be notified by the Chief Administrative Law Judge of the name and address of the administrative law judge assigned to the case and thereafter all further documents shall be filed with the Administrative Law Judge, Office of Hearings and Appeals, at the address designated in the notice.

(c) Any notice of appeal, petition for review or other documents in a proceeding to be conducted or being conducted by the Board shall be filed, by hand or by mail, with the Board of Land Appeals, Office of Hearings and Appeals, 4015 Wilson Boulevard, Arlington, Va. 22203.

(d) Any person filing initial pleadings with the Hearings Division or a notice of appeal with the Board shall furnish an original and one copy. Any person filing other documents with OHA shall furnish only an original.

(e) Any person who has initiated a proceeding under these rules before the Hearings Division or filed a notice of appeal with the Board shall file proof of service with the same in the form of a return receipt where service is by registered or certified mail, or an acknowledgement by the party served or a verified return where service is made personally. A certificate of service shall accompany all other documents filed by a party in any proceeding.

(f) The effective filing date for documents initiating proceedings before the Hearings Division, OHA, Arlington, VA, shall be the date of receipt in that office, if filed by hand, or the date such document is postmarked, if filed by mail.

(g) The effective filing date for a notice of appeal or a petition for discretionary review filed with the Board shall be the date of mailing or the date of personal delivery, except the effective filing date for a notice of appeal from a decision in an expedited review of a cessation order proceeding or from a decision in a suspension or revocation proceeding shall be the date of receipt of the document by the Board. The burden of establishing the date of mailing shall be on the person filing the document.

(h) The effective filing date for all other documents filed with an administrative law judge or with the Board shall be the date of mailing or personal delivery. The burden of establishing the date of mailing shall be on the person filing the document.

[43 FR 34386, Aug. 3, 1978, as amended at 45 FR 50753, July 31, 1980; 46 FR 6942, Jan. 22, 1981; 49 FR 7565, Mar. 1, 1984]

§4.1108 Form of documents.

(a) Any document filed with OHA in any proceeding brought under the act shall be captioned with—

(1) The names of the parties;

(2) The name of the mine to which the document relates; and

(3) If review is being sought under section 525 of the act, identification by number of any notice or order sought to be reviewed.

(b) After a docket number has been assigned to the proceeding by OHA, the caption shall contain such docket number.

(c) The caption may include other information appropriate for identification of the proceeding, including the permit number or OSM identification number.

(d) Each document shall contain a title that identifies the contents of the document following the caption.

(e) The original of any document filed with OHA shall be signed by the person submitting the document or by that person's attorney.

(f) The address and telephone number of the person filing the document or that person's attorney shall appear beneath the signature.

§4.1109 Service.

(a)(1) Any party initiating a proceeding in OHA under the Act shall, on the date of filing, simultaneously serve copies of the initiating documents on the officer in the Office of the Solicitor, U.S. Department of the Interior, representing OSMRE in the state in which the mining operation at issue is located, and on any other statutory parties specified under §4.1105 of this part.

(2) The jurisdictions, addresses, and telephone numbers of the applicable officers of the Office of the Solicitor to be served under paragraph (a)(1) of this section are:

(i) For mining operations in Alabama, Arkansas, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, Tennessee, Texas, and Virginia: Field Solicitor, U.S. Department of the Interior, 530 S. Gay Street, Room 308, Knoxville, Tennessee 37902; Telephone: (615) 545–4294; FAX: (615) 545–4314.

(ii) For mining operations in Maryland, Massachusetts, Michigan, Ohio, Pennsylvania, Rhode Island, and West Virginia: Field Solicitor, U.S. Department of the Interior, Ten Parkway Center, Room 385, Pittsburgh, Pennsylvania 15220; Telephone: (412) 937–4000; FAX: (412) 937–4003.

(iii) For mining operations in Colorado, Montana, North Dakota, South Dakota, and Wyoming, including mining operations located on Indian lands within those States: Regional Solicitor, Rocky Mountain Region, U.S. Department of the Interior, 755 Parfet Street, Suite 151, Lakewood, CO 80215; Telephone: (303) 231–5350; FAX: (303) 231–5360.

(iv) For mining operations in Arizona, California, and New Mexico, including mining operations located on Indian lands within those States except for the challenge of permitting decisions affecting mining operations located on Indian lands in those states: Regional Solicitor, Southwest Region, U.S. Department of the Interior, 2400 Louisiana Blvd. N.E., Building One, Suite 200, Albuquerque, NM 87110–4316; Telephone: (505) 883–6700; FAX: (505) 883–6711.

(v) For the challenge of permitting decisions affecting mining operations located on Indian lands within Arizona, California, and New Mexico: Regional Solicitor, Rocky Mountain Region, U.S. Department of the Interior, 755 Parfet Street, Suite 151, Lakewood, CO 80215; Telephone: (303) 231–5350; FAX: (303) 231–5360.

(vi) For mining operations in Alaska, Idaho, Oregon, Utah, and Washington, except for the challenge of permitting decisions affecting mining operations in Washington: Field Solicitor, U.S. Department of the Interior, 6201 Federal Building, 125 South State Street, Salt Lake City, UT 84138–1180; Telephone: (801) 524–5677; FAX: (801) 524–4506.

(vii) For the challenge of permitting decisions affecting mining operations in Washington: Regional Solicitor, Rocky Mountain Region, U.S. Department of the Interior, 755 Parfet Street, Suite 151, Lakewood, CO 80215; Telephone: (303) 231–5350; FAX: (303) 231–5360.

(3) Any party or other person who subsequently files any other document with OHA in the proceeding shall simultaneously serve copies of that document on all other parties and persons participating in the proceeding.

(b) Copies of documents by which any proceeding is initiated shall be served on all statutory parties personally or by registered or certified mail, return receipt requested. All subsequent documents shall be served personally or by first class mail.

(c) Service of copies of all documents is complete at the time of personal service or, if service is made by mail, upon receipt.

(d) Whenever an attorney has entered an appearance for a party in a proceeding before an administrative law judge or the Board, service thereafter shall be made upon the attorney.

[43 FR 34386, Aug. 3, 1978, as amended at 45 FR 50753, July 31, 1980; 52 FR 39526, Oct. 22, 1987; 56 FR 2142, Jan. 22, 1991; 56 FR 5061, Feb. 7, 1991; 59 FR 1488, Jan. 11, 1994; 59 FR 42774, Aug. 19, 1994; 60 FR 58243, Nov. 27, 1995; 61 FR 40348, Aug. 2, 1996]

§ 4.1110 Intervention.

(a) Any person, including a State, or OSM may petition for leave to intervene at any stage of a proceeding in OHA under the act.

(b) A petitioner for leave to intervene shall incorporate in the petition a statement setting forth the interest of the petitioner and, where required, a showing of why his interest is or may be adversely affected.

(c) The administrative law judge or the Board shall grant intervention where the petitioner—

(1) Had a statutory right to initiate the proceeding in which he wishes to intervene; or

(2) Has an interest which is or may be adversely affected by the outcome of the proceeding.

(d) If neither paragraph (c)(1) nor (c)(2) of this section apply, the administrative law judge or the Board shall consider the following in determining whether intervention is appropriate—

(1) The nature of the issues;

(2) The adequacy of representation of petitioner's interest which is provided by the existing parties to the proceeding;

(3) The ability of the petitioner to present relevant evidence and argument; and

(4) The effect of intervention on the agency's implementation of its statutory mandate.

(e) Any person, including a State, or OSM granted leave to intervene in a proceeding may participate in such proceeding as a full party or, if desired, in a capacity less than that of a full party. If an intervenor wishes to participate in a limited capacity, the extent and the terms of the participation shall be in the discretion of the administrative law judge or the Board.

§4.1111 Voluntary dismissal.

Any party who initiated a proceeding before OHA may seek to withdraw by moving to dismiss at any stage of a proceeding and the administrative law judge or the Board may grant such a motion.

§4.1112 Motions.

(a) Except for oral motions made in proceedings on the record, or where the administrative law judge otherwise directs, each motion shall—

(1) Be in writing; and

(2) Contain a concise statement of supporting grounds.

(b) Unless the administrative law judge or the Board orders otherwise, any party to a proceeding in which a motion is filed under paragraph (a) of this section shall have 15 days from service of the motion to file a statement in response.

(c) Failure to make a timely motion or to file a statement in response may be construed as a waiver of objection.

(d) An administrative law judge or the Board shall rule on all motions as expeditiously as possible.

§4.1113 Consolidation of proceedings.

When proceedings involving a common question of law or fact are pending before an administrative law judge or the Board, such proceedings are subject to consolidation pursuant to a motion by a party or at the initiative of an administrative law judge or the Board.

§4.1114 Advancement of proceedings.

(a) Except in expedited review proceedings under §4.1180, or in temporary relief proceedings under §4.1266, at any time after commencement of a proceeding, any party may move to advance the scheduling of a proceeding.

(b) Except as otherwise directed by the administrative law judge or the Board, any party filing a motion under this section shall—

(1) Make the motion in writing;

(2) Describe the exigent circumstances justifying advancement;

(3) Describe the irreparable harm that would result if the motion is not granted; and

(4) Incorporate in the motion affidavits to support any representations of fact.

(c) Service of a motion under this section shall be accomplished by personal delivery or by telephonic or telegraphic communication followed by mail. Service is complete upon mailing.

(d) Unless otherwise directed by the administrative law judge or the Board, all parties to the proceeding in which the motion is filed shall have 10 days from the date of service of the motion to file a statement in response to the motion.

(e) Following the timely receipt by the administrative law judge of statements in response to the motion, the administrative law judge may schedule a hearing regarding the motion. If the motion is granted, the administrative law judge may advance pleading schedules, prehearing conferences, and the hearing, as deemed appropriate: *Provided*, A hearing on the merits shall not be scheduled with less than 5 working days notice to the parties, unless all parties consent to an earlier hearing.

(f) If the motion is granted, the Board may, if it deems such action to be appropriate, advance the appeal on its calendar and order such other advancement as may be appropriate, including an abbreviated schedule for briefing or oral argument.

§ 4.1115 Waiver of right to hearing.

Any person entitled to a hearing before an administrative law judge under the act may waive such right in writing. Where parties are directed by any rule in these regulations to file a responsive pleading on or before a specified time, any party who fails to file such responsive pleading by the time specified, may be deemed to have waived his right to a hearing. Unless all parties to a proceeding who are entitled to a hearing waive, or are deemed to have waived such right, a hearing will be held.

§ 4.1116 Status of notices of violation and orders of cessation pending review by the Office of Hearings and Appeals.

Except where temporary relief is granted pursuant to section 525(c) or section 526(c) of the act, notices of violation and orders of cessation issued under the act shall remain in effect during the pendency of review before an administrative law judge or the Board.

EVIDENTIARY HEARINGS

§ 4.1120 Presiding officers.

An adminstrative law judge in the Office of Hearings and Appeals shall preside over any hearing required by the act to be conducted pursuant to 5 U.S.C. 554 (1970).

§ 4.1121 Powers of administrative law judges.

(a) Under the regulations of this part, an administrative law judge may—

(1) Administer oaths and affirmations;

(2) Issue subpoenas;

(3) Issue appropriate orders relating to discovery;

(4) Rule on procedural requests or similar matters;

(5) Hold conferences for settlement or simplification of the issues;

(6) Regulate the course of the hearing;

(7) Rule on offers of proof and receive relevant evidence;

(8) Take other actions authorized by this part, by 5 U.S.C. 556 (1970), or by the act; and

(9) Make or recommend decisions in accordance with 5 U.S.C. 557 (1970).

(b) An administrative law judge may order a prehearing conference—

(1) To simplify and clarify issues;

(2) To receive stipulations and admissions;

(3) To explore the possibility of agreement disposing of any or all of the issues in dispute; and

(4) For such other purposes as may be appropriate.

(c) Except as otherwise provided in these regulations, the jurisdiction of an administrative law judge shall terminate upon—

(1) The filing of a notice of appeal from an initial decision or other order dispositive of the proceeding;

(2) The issuance of an order of the Board granting a petition for review; or

(3) The expiration of the time period within which a petition for review or an appeal to the Board may be filed.

§ 4.1122 Conduct of administrative law judges.

Administrative law judges shall adhere to the ''Code of Judicial Conduct.''

§ 4.1123 Notice of hearing.

(a) An administrative law judge shall give notice to the parties of the time, place and nature of any hearing.

(b) Except for expedited review proceedings and temporary relief proceedings where time is of the essence, notice given under this section shall be in writing.

(c) In an expedited proceeding when there is only opportunity to give oral notice, the administrative law judge shall enter that fact contemporaneously on the record by a signed and dated memorandum describing the notice given.

§ 4.1124 Certification of interlocutory ruling.

Upon motion or upon the initiative of an administrative law judge, the judge may certify to the Board a ruling

which does not finally dispose of the case if the ruling presents a controling question of law and an immediate appeal would materially advance ultimate disposition by the judge.

§4.1125 Summary decision.

(a) At any time after a proceeding has begun, a party may move for summary decision of the whole or part of a case.

(b) The moving party under this section shall verify any allegations of fact with supporting affidavits, unless the moving party is relying upon depositions, answers to interrogatories, admissions, or documents produced upon request to verify such allegations.

(c) An administrative law judge may grant a motion under this section if the record, including the pleadings, depositions, answers to interrogatories, admissions, and affidavits, shows that—

(1) There is no disputed issue as to any material fact; and

(2) The moving party is entitled to summary decision as a matter of law.

(d) If a motion for summary decision is not granted for the entire case or for all the relief requested and an evidentiary hearing is necessary, the administrative law judge shall, if practicable, and upon examination of all relevant documents and evidence before him, ascertain what material facts are actually and in good faith controverted. He shall thereupon, issue an order specifying the facts that appear without substantial controversy and direct such further proceedings as deemed appropriate.

§4.1126 Proposed findings of fact and conclusions of law.

The administrative law judge shall allow the parties to a proceeding an opportunity to submit proposed findings of fact and conclusions of law together with a supporting brief at a time designated by the administrative law judge.

§4.1127 Initial orders and decisions.

An initial order or decision disposing of a case shall incorporate—

(a) Findings of fact and conclusions of law and the basis and reasons therefore on all the material issues of fact, law, and discretion presented on the record; and

(b) An order granting or denying relief.

§4.1128 Effect of initial order or decision.

An initial order or decision shall become final if that order or decision is not timely appealed to the Board under §4.1270 or §4.1271.

§4.1129 Certification of record.

Except in expedited review proceedings under §4.1180, within 5 days after an initial decision has been rendered, the administrative law judge shall certify the official record of the proceedings, including all exhibits, and transmit the official record for filing in the Hearings Division, Office of Hearings and Appeals, Arlington, Va.

DISCOVERY

§4.1130 Discovery methods.

Parties may obtain discovery by one or more of the following methods—

(a) Depositions upon oral examination or upon written interrogatories;

(b) Written interrogatories;

(c) Production of documents or things or permission to enter upon land or other property, for inspection and other purposes; and

(d) Requests for admission.

§4.1131 Time for discovery.

Following the initiation of a proceeding, the parties may initiate discovery at any time as long as it does not interfere with the conduct of the hearing.

§4.1132 Scope of discovery.

(a) Unless otherwise limited by order of the administrative law judge in accordance with these rules, the parties may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the proceeding, including the existence, description, nature, custody, condition, and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of any discoverable matter.

(b) It is not ground for objection that information sought will not be admissible at the hearing if the information sought appears reasonably calculated to lead to the discovery of admissible evidence.

(c) A party may obtain discovery of documents and tangible things otherwise discoverable under paragraph (a) of this section and prepared in anticipation of or for the hearing by or for another party's representative (including his attorney, consultant, surety, indemnitor, insurer, or agent) only upon a showing that the party seeking discovery has substantial need of the materials in the preparation of his case and that he is unable without undue hardship to obtain the substantial equivalent of the materials by other means. In ordering discovery of such materials when the required showing has been made, the administrative law judge shall protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the proceeding.

(d) Upon motion by a party or the person from whom discovery is sought, and for good cause shown, the administrative law judge may make any order which justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense, including one or more of the following—

(1) The discovery not be had;

(2) The discovery may be had only on specified terms and conditions, including a designation of the time or place;

(3) The discovery may be had only by a method of discovery other than that selected by the party seeking discovery;

(4) Certain matters not relevant may not be inquired into, or that the scope of discovery be limited to certain matters;

(5) Discovery be conducted with no one present except persons designated by the administrative law judge; or

(6) A trade secret or other confidential research, development or commercial information may not be disclosed or be disclosed only in a designated way.

§ 4.1133 Sequence and timing of discovery.

Unless the administrative law judge upon motion, for the convenience of parties and witnesses and in the interests of justice, orders otherwise, methods of discovery may be used in any sequence and the fact that a party is conducting discovery, whether by deposition or otherwise, shall not operate to delay any other party's discovery.

§ 4.1134 Supplementation of responses.

A party who has responded to a request for discovery with a response that was complete when made is under no duty to supplement his response to include information thereafter acquired, except as follows—

(a) A party is under a duty to supplement timely his response with respect to any question directly addressed to—

(1) The identity and location of persons having knowledge of discoverable matters; and

(2) The identity of each person expected to be called as an expert witness at the hearing, the subject matter on which he is expected to testify and the substance of his testimony.

(b) A party is under a duty to amend timely a prior response if he later obtains information upon the basis of which—

(1) He knows the response was incorrect when made; or

(2) He knows that the response though correct when made is no longer true and the circumstances are such that a failure to amend the response is in substance a knowing concealment.

(c) A duty to supplement responses may be imposed by order of the administrative law judge or agreement of the parties.

§ 4.1135 Motion to compel discovery.

(a) If a deponent fails to answer a question propounded, or a party upon whom a request is made pursuant to § 4.1140, or a party upon whom answers to interrogatories are served fails to adequately respond or objects to the request, or any part thereof, or fails to permit inspection as requested, the discovering party may move the administrative law judge for an order compelling a response or inspection in accordance with the request.

(b) The motion shall set forth—

(1) The nature of the questions or request;

(2) The response or objection of the party upon whom the request was served; and

(3) Arguments in support of the motion.

(c) For purposes of this section, an evasive answer or incomplete answer or response shall be treated as a failure to answer or respond.

(d) In ruling on a motion made pursuant to this section, the administrative law judge may make such a protective order as he is authorized to make on a motion made pursuant to §4.1132(d).

§4.1136 Failure to comply with orders compelling discovery.

If a party or an officer, director, or other agent of a party fails to obey an order to provide or permit discovery, the administrative law judge before whom the action is pending may make such orders in regard to the failure as are just, including but not limited to the following—

(a) An order that the matters sought to be discovered or any other designated facts shall be taken to be established for the purposes of the action in accordance with the claim of the party obtaining the order;

(b) An order refusing to allow the disobedient party to support or oppose designated claims or defenses, or prohibiting him from introducing designated matters into evidence; or

(c) An order striking out pleadings or parts thereof, or staying further proceedings until the order is obeyed, or dismissing the action or proceeding or any part thereof, or rendering a judgment by default against the disobedient party.

§4.1137 Depositions upon oral examination or upon written questions.

(a) Any party desiring to take the testimony of any other party or other person by deposition upon oral examination or written questions shall, without leave of the administrative law judge, give reasonable notice in writing to every other party, to the person to be examined and to the administrative law judge of—

(1) The proposed time and place of taking the deposition;

(2) The name and address of each person to be examined, if known, or if the name is not known, a general description sufficient to identify him or the particular group or class to which he belongs;

(3) The matter upon which each person will be examined; and

(4) The name or descriptive title and address of the officer before whom the deposition is to be taken.

(b) A deposition may be taken before any officer authorized to administer oaths by the laws of the United States or of the place where the examination is held.

(c) The actual taking of the deposition shall proceed as follows—

(1) The deposition shall be on the record;

(2) The officer before whom the deposition is to be taken shall put the witness on oath or affirmation;

(3) Examination and cross-examination shall proceed as at a hearing;

(4) All objections made at the time of the examination shall be noted by the officer upon the deposition;

(5) The officer shall not rule on objections to the evidence, but evidence objected to shall be taken subject to the objections.

(d) When the testimony is fully transcribed, the deposition shall be submitted to the deponent for examination and signature, unless examination and signature is waived by the deponent. The officer shall certify the deposition or, if the deposition is not signed by the deponent, shall certify the reasons for the failure to sign.

(e) Where the deposition is to be taken upon written questions, the party taking the deposition shall serve a copy of the questions, showing each question separately and consecutively numbered, on every other party with a notice stating the name and address of the person who is to answer them, and the name, description, title, and address of the officer before whom they are to be taken. Within 30 days after service, any other party may serve cross-questions. The questions, cross-questions, and answers shall be recorded and signed, and the deposition

certified, as in the case of a deposition on oral examination.

(f) A deposition will not become a part of the record in the hearing unless received in evidence. If only part of a deposition is offered in evidence by a party, any other party may introduce any other parts.

(g) A deponent whose deposition is taken and the officer taking a deposition shall be entitled to the same fees as are paid for like services in the district courts of the United States, to be paid by the party at whose instance the deposition is taken.

(h) The deponent may be accompanied, represented, and advised by legal counsel.

§ 4.1138 Use of depositions.

At the hearing, any part or all of a deposition, so far as admissible, may be used against any party who was present or represented at the taking of the deposition, or who had reasonable notice thereof, in accordance with any of the following provisions—

(a) Any deposition may be used by any party for the purpose of contradicting or impeaching the testimony of a deponent as a witness;

(b) The deposition of a party or of anyone who at the time of taking the deposition was an officer, director, or managing agent or a person designated to testify on behalf of a public or private corporation, partnership, or association or governmental agency which is a party may be used by an adverse party for any purpose; or

(c) The deposition of a witness, whether or not a party, may be used by a party for any purpose if the administrative law judge finds that—

(1) The witness is dead;

(2) The witness is at a distance greater than 100 miles from the place of hearing, or is outside the United States, unless it appears that the absence of the witness was procured by the party offering the deposition;

(3) The witness is unable to attend or testify because of age, illness, infirmity, or imprisonment;

(4) The party offering the deposition has been unable to procure the attendance of the witness by subpoena; or

(5) Such exceptional circumstances exist as to make it desirable, in the interest of justice and with due regard to the importance of presenting the testimony of witnesses orally at the hearing, to allow the deposition to be used.

§ 4.1139 Written interrogatories to parties.

(a) Any party may serve upon any other party written interrogatories to be answered in writing by the party served, or if the party served is a public or private corporation or a partnership or association or governmental agency, by any officer or agent, who shall furnish such information as is available to the party. A copy of the interrogatories, answers, and all related pleadings shall be served on the administrative law judge and upon all parties to the proceeding.

(b) Each interrogatory shall be answered separately and fully in writing under oath or affirmation, unless it is objected to, in which event the reasons for objection shall be stated in lieu of an answer. The answer and objections shall be signed by the person making them. The party upon whom the interrogatories were served shall serve a copy of the answers and objections upon all partes to the proceeding within 30 days after service of the interrogatories, or within such shorter or longer period as the administrative law judge may allow.

(c) Interrogatories may relate to any matters which can be inquired into under § 4.1132. An interrogatory otherwise proper is not necessarily objectionable merely because an answer to the interrogatory involves an opinion or contention that relates to fact or the application of law to fact, but the administrative law judge may order that such an interrogatory need not be answered until after designated discovery has been completed or until a prehearing conference or other later time.

§ 4.1140 Production of documents and things and entry upon land for inspection and other purposes.

(a) Any party may serve on any other party a request to—

(1) Produce and permit the party making the request, or a person acting on his behalf, to inspect and copy any designated documents, or to inspect and copy, test, or sample any tangible

things within the scope of §4.1132 and which are in the possession, custody, or control of the party upon whom the request is served; or

(2) Permit entry upon designated land or other property in the possession or control of the party upon whom the request is served for the purpose of inspection and measuring, surveying, photographing, testing, or sampling the property (including the air, water, and soil) or any designated object or operation thereon, within the scope of §4.1132.

(b) The request may be served on any party without leave of the administrative law judge.

(c) The request shall—

(1) Set forth the items to be inspected either by individual item or by category;

(2) Describe each item or category with reasonable particularity; and

(3) Specify a reasonable time, place, and manner of making the inspection and performing the related acts.

(d) The party upon whom the request is served shall serve on the party submitting the request a written response within 30 days after service of the request.

(e) The response shall state, with respect to each item or category—

(1) That inspection and related activities will be permitted as requested; or

(2) That objection is made in whole or in part, in which case the reasons for objection shall be stated.

§4.1141 Admissions.

(a) A party may serve upon any other party a written request for the admission, for purposes of the pending action only, of the genuineness and authenticity of any relevant document described in or attached to the request, or for the admission of the truth of any specified relevant matter of fact.

(b) Each matter of which an admission is requested is admitted unless, within 30 days after service of the request or such shorter or longer time as the administrative law judge may allow, the party to whom the request is directed serves on the requesting party—

(1) A sworn statement denying specifically the relevant matters of which an admission is requested;

(2) A sworn statement setting forth in detail the reasons why he can neither truthfully admit nor deny them; or

(3) Written objections on the ground that some or all of the matters involved are privileged or irrelevant or that the request is otherwise improper in whole or in part.

(c) An answering party may not give lack of information or knowledge as a reason for failure to admit or deny unless he states that he has made reasonable inquiry and that the information known or readily obtainable by him is insufficient to enable him to admit or deny.

(d) The party who has requested the admissions may move to determine the sufficiency of the answers or objections. Unless the administrative law judge determines that an objection is justified, he shall order that an answer be served. If the administrative law judge determines that an answer does not comply with the requirements of this section, he may order either that the matter is admitted or that an amended answer be served. The administrative law judge may, in lieu of these orders, determine that final disposition of the request be made at a prehearing conference or at a designated time prior to hearing.

(e) Any matter admitted under this section is conclusively established unless the administrative law judge on motion permits withdrawal or amendment of the admission.

(f) Any admission made by a party under this section is for the purpose of the pending action only and is not an admission by him for any other purpose nor may it be used against him in any other proceeding.

PETITIONS FOR REVIEW OF PROPOSED ASSESSMENTS OF CIVIL PENALTIES

§4.1150 Who may file.

Any person charged with a civil penalty may file a petition for review of a proposed assessment of that penalty with the Hearings Division, OHA, 4015 Wilson Boulevard, Arlington, Va. 22203.

§ 4.1151 Time for filing.

(a) A petition for review of a proposed assessment of a civil penalty must be filed within 30 days of receipt of the proposed assessment; or

(b) If a timely request for a conference has been made pursuant to 30 CFR 723.18 or 845.18, a petition for review must be filed within 30 days from service of notice by the conference officer that the conference is deemed completed.

(c) No extension of time will be granted for filing a petition for review of a proposed assessment of a civil penalty as required by paragraph (a) or (b) of this section. If a petition for review is not filed within the time period provided in paragraph (a) or (b) of this section, the appropriateness of the amount of the penalty, and the fact of the violation if there is no proceeding pending under section 525 of the Act to review the notice of violation or cessation order involved, shall be deemed admitted, the petition shall be dismissed, and the civil penalty assessed shall become a final order of the Secretary.

[43 FR 34386, Aug. 3, 1978, as amended at 51 FR 16321, May 2, 1986; 59 FR 1488, Jan. 11, 1994]

§ 4.1152 Contents of petition; payment required.

(a) The petition shall include—

(1) A short and plain statement indicating the reasons why either the amount of the penalty or the fact of the violation is being contested;

(2) If the amount of penalty is being contested based upon a misapplication of the civil penalty formula, a statement indicating how the civil penalty formula contained in 30 CFR part 723 or 845 was misapplied, along with a proposed civil penalty utilizing the civil penalty formula;

(3) Identification by number of all violations being contested;

(4) The identifying number of the cashier's check, certified check, bank draft, personal check, or bank money order accompanying the petition; and

(5) A request for a hearing site.

(b) The petition shall be accompanied by—

(1) Full payment of the proposed assessment in the form of a cashier's check, certified check, bank draft, personal check or bank money order made payable to—Assessment Office, OSM—to be placed in an escrow account pending final determination of the assessment; and

(2) On the face of the payment an identification by number of the violations for which payment is being tendered.

(c) As required by section 518(c) of the act, failure to make timely payment of the proposed assessment in full shall result in a waiver of all legal rights to contest the violation or the amount of the penalty.

(d) No extension of time will be granted for full payment of the proposed assessment. If payment is not made within the time period provided in § 4.1151 (a) or (b), the appropriateness of the amount of the penalty, and the fact of the violation if there is no proceeding pending under section 525 of the Act of review the notice of violation or cessation order involved, shall be deemed admitted, the petition shall be dismissed, and the civil penalty assessed shall become a final order of the Secretary.

[43 FR 34386, Aug. 3, 1978, as amended at 51 FR 16321, May 2, 1986; 59 FR 1488, Jan. 11, 1994]

§ 4.1153 Answer.

OSM shall have 30 days from receipt of a copy of the petition within which to file an answer to the petition with the Hearings Division, OHA.

§ 4.1154 Review of waiver determination.

(a) Within 10 days of the filing of a petition under this part, petitioner may move the administrative law judge to review the granting or denial of a waiver of the civil penalty formula pursuant to 30 CFR 723.16 or 845.16.

(b) The motion shall contain a statement indicating all alleged facts relevant to the granting or denial of the waiver;

(c) Review shall be limited to the written determination of the Director of OSM granting or denying the waiver, the motion and responses to the motion. The standard of review shall be abuse of discretion.

(d) If the administrative law judge finds that the Director of OSM abused his discretion in granting or denying the waiver, the administrative law judge shall hold the hearing on the petition for review of the proposed assessment required by section 518(b) of the act and make a determination pursuant to §4.1157.

[43 FR 34386, Aug. 3, 1978, as amended at 59 FR 1488, Jan. 11, 1994]

§4.1155 Burdens of proof in civil penalty proceedings.

In civil penalty proceedings, OSM shall have the burden of going forward to establish a prima facie case as to the fact of the violation and the amount of the civil penalty and the ultimate burden of persuasion as to the amount of the civil penalty. The person who petitioned for review shall have the ultimate burden of persuasion as to the fact of the violation.

[53 FR 47694, Nov. 25, 1988]

§4.1156 Summary disposition.

(a) In a civil penalty proceeding where the person against whom the proposed civil penalty is assessed fails to comply on time with any prehearing order of an administrative law judge, the administrative law judge shall issue an order to show cause why—

(1) That person should not be deemed to have waived his right to a hearing; and

(2) The proceedings should not be dismissed and referred to the assessment officer.

(b) If the order to show cause is not satisfied as required, the administrative law judge shall order the proceedings summarily dismissed and shall refer the case to the assessment officer who shall enter the assessment as the final order of the Department.

(c) Where the person against whom the proposed civil penalty is assessed fails to appear at a hearing, that person will be deemed to have waived his right to a hearing and the administration law judge may assume for purposes of the assessment—

(1) That each violation listed in the notice of violation or order occurred; and

(2) The truth of any facts alleged in such notice or order.

(d) In order to issue an initial decision assessing the appropriate penalty when the person against whom the proposed civil penalty is assessed fails to appear at the hearing, an administrative law judge shall either conduct an ex parte hearing or require OSM to furnish proposed findings of fact and conclusions of law.

(e) Nothing in this section shall be construed to deprive the person against whom the penalty is assessed of his opportunity to have OSM prove the violations charged in open hearing with confrontation and cross-examination of witnesses, except where that person fails to comply with a prehearing order or fails to appear at the scheduled hearing.

§4.1157 Determination by administrative law judge.

(a) The administrative law judge shall incorporate in his decision concerning the civil penalty, findings of fact on each of the four criteria set forth in 30 CFR 723.13 or 845.13, and conclusions of law.

(b) If the administrative law judge finds that—

(1) A violation occurred or that the fact of violation is uncontested, he shall establish the amount of the penalty, but in so doing, he shall adhere to the point system and conversion table contained in 30 CFR 723.13 and 723.14 or 845.13 and 845.14, except that the administrative law judge may waive the use of such point system where he determines that a waiver would further abatement of violations of the Act. However, the administrative law judge shall not waive the use of the point system and reduce the proposed assessment on the basis of an argument that a reduction in the proposed assessment could be used to abate other violations of the Act; or

(2) No violation occurred, he shall issue an order that the proposed assessment be returned to the petitioner.

(c) If the administrative law judge makes a finding that no violation occurred or if the administrative law judge reduces the amount of the civil

penalty below that of the proposed assessment and a timely petition for review of his decision is not filed with the Board or the Board refuses to grant such a petition, the Department of the Interior shall have 30 days from the expiration of the date for filing a petition with the Board if no petition is filed, or 30 days from the date the Board refuses to grant such a petition, within which to remit the appropriate amount to the person who made the payment, with interest at the rate of 6 percent, or at the prevailing Department of the Treasury rate, whichever is greater.

(d) If the administrative law judge increases the amount of the civil penalty above that of the proposed assessment, the administrative law judge shall order payment of the appropriate amount within 30 days of receipt of the decision.

[43 FR 34386, Aug. 3, 1978, as amended at 59 FR 1488, Jan. 11, 1994]

§ 4.1158 Appeals.

Any party may petition the Board to review the decision of an administrative law judge concerning an assessment according to the procedures set forth in § 4.1270.

REVIEW OF SECTION 521 NOTICES OF VIOLATION AND ORDERS OF CESSATION

§ 4.1160 Scope.

These regulations govern applications for review of—

(a) Notices of violation or the modification, vacation, or termination of a notice of violation under section 521(a)(3) of the Act; and

(b) Orders of cessation which are not subject to expedited review under § 4.1180 or the modification, vacation, or termination of such an order of cessation under section 521(a)(2) or section 521(a)(3).

§ 4.1161 Who may file.

A permittee issued a notice or order by the Secretary pursuant to the provisions of section 521(a)(2) or section 521(a)(3) of the Act or any person having an interest which is or may be adversely affected by a notice or order subject to review under § 4.1160 may file an application for review with the Hearings Division, OHA, 4015 Wilson Boulevard, Arlington, Va. 22203.

§ 4.1162 Time for filing.

(a) Any person filing an application for review under § 4.1160 *et seq.* shall file that application within 30 days of the receipt of a notice or order or within 30 days of receipt of notice of modification, vacation, or termination of such a notice or order. Any person not served with a copy of the document shall file the application for review within 40 days of the date of issuance of the document.

(b) No extension of time will be granted for filing an application for review as provided by paragraph (a) of this section. If an application for review is not filed within the time period provided in paragraph (a) of this section, the application shall be dismissed.

[51 FR 16321, May 2, 1986]

§ 4.1163 Effect of failure to file.

Failure to file an application for review of a notice of violation or order of cessation shall not preclude challenging the fact of violation during a civil penalty proceeding.

§ 4.1164 Contents of application.

Any person filing an application for review shall incorporate in that application regarding each claim for relief—

(a) A statement of facts entitling that person to administrative relief;

(b) A request for specific relief;

(c) A copy of any notice or order sought to be reviewed;

(d) A statement as to whether the person requests or waives the opportunity for an evidentiary hearing; and

(e) Any other relevant information.

§ 4.1165 Answer.

(a) Where an application for review is filed by a permittee, OSM as well as any other person granted leave to intervene pursuant to § 4.1110 shall file an answer within 20 days of service of a copy of such application.

(b) Where an application for review is filed by a person other than a permittee, the following shall file an answer within 20 days of service of a copy of such application—

(1) OSM;
(2) The permittee; or
(3) Any other person granted leave to intervene pursuant to §4.1110.

§4.1166 Contents of answer.

An answer to an application for review shall incorporate—
(a) A statement specifically admitting or denying the alleged facts stated by the applicant;
(b) A statement of any other relevant facts;
(c) A statement whether an evidentiary hearing is requested or waived; and
(d) Any other relevant information.

§4.1167 Notice of hearing.

Pursuant to section 525(a)(2) of the act, the applicant and other interested persons shall be given written notice of the time and place of the hearing at least 5 working days prior thereto.

§4.1168 Amendments to pleadings.

(a) An application for review may be amended once as a matter of right prior to the filing of an answer and thereafter by leave of the administrative law judge upon proper motion.
(b) Upon receipt of an initial or amended application for review or subsequent to granting leave to amend, the administrative law judge shall issue an order setting a time for filing an amended answer if the judge determines that such an answer is appropriate.

§4.1169 Failure to state a claim.

Upon proper motion or after the issuance of an order to show cause by the administrative law judge, an administrative law judge may dismiss at any time an application for review which fails to state a claim upon which administrative relief may be granted.

§4.1170 Related notices or orders.

(a) An applicant for review shall file a copy of any subsequent notice or order which modifies, vacates, or terminates the notice or order sought to be reviewed within 10 days of receipt.
(b) An applicant for review of a notice shall file a copy of an order of cessation for failure timely to abate the violation which is the subject of the notice under review within 10 days of receipt of such order.
(c) If an applicant for review desires to challenge any subsequent notice or order, the applicant must file a separate application for review.
(d) Applications for review of related notices or orders are subject to consolidation.

§4.1171 Burden of proof in review of section 521 notices or orders.

(a) In review of section 521 notices of violation or orders of cessation or the modification, vacation, or termination thereof, including expedited review under §4.1180, OSM shall have the burden of going forward to establish a prima facie case as to the validity of the notice, order, or modification, vacation, or termination thereof.
(b) The ultimate burden of persuasion shall rest with the applicant for review.

EXPEDITED REVIEW OF SECTION 521(a)(2) OR 521(a)(3) ORDERS OF CESSATION

§4.1180 Purpose.

The purpose of §§4.1180—4.1187 is to govern applications filed under section 525(b) of the act for expedited review of orders of cessation for which temporary relief has not been granted under section 525(c) or section 526(c) of the act. If a person is qualified to receive a 30-day decision under these regulations, he may waive that right and file an application under §4.1164, and the procedures in §4.1160 *et seq.* shall apply. If there is a waiver as set forth in §4.1186, the final administrative decision shall be issued within 120 days of the filing of the application.

§4.1181 Who may file.

(a) An application for review of an order of cessation may be filed under this section, whenever temporary relief has not been granted under section 525(c) or section 526(c) of the act, by—
(1) A permittee who has been issued an order of cessation under section 521(a)(2) or section 521(a)(3) of the act; or
(2) Any person having an interest which is or may be adversely affected by the issuance of an order of cessation

under section 521(a)(2) or section 521(a)(3) of the act.

(b) A permittee or any person having an interest which is or may be adversely affected by a section 521(a)(2) or section 521(a)(3) order of cessation waives his right to expedited review upon being granted temporary relief pursuant to section 525(c) or section 526(c) of the act.

§ 4.1182 Where to file.

The application shall be filed in the Hearings Division, 4015 Wilson Boulevard, OHA, Arlington, Va. 22203.

§ 4.1183 Time for filing.

(a) Any person intending to file an application for expedited review under section 525(b) of the act shall notify the field solicitor, Department of the Interior, for the region in which the mine site is located, within 15 days of receipt of the order. Any person not served with a copy of the order shall file notice of intention to file an application for review within 20 days of the date of issuance of the order.

(b) Any person filing an application for review under § 4.1184 shall file the application within 30 days of receipt of the order. Any person not served with a copy of the order shall file an application for review within 40 days of the date of issuance of the order.

§ 4.1184 Contents of application.

(a) Any person filing an application for expedited review under section 525(b) of the act shall incorporate in that application regarding each claim for relief—

(1) A statement of facts entitling that person to administrative relief;

(2) A request for specific relief;

(3) A specific statement which delineates each issue to be addressed by the applicant during the expedited proceeding;

(4) A copy of the order sought to be reviewed;

(5) A list identifying each of applicant's witnesses by name, address, and place of employment, including expert witnesses and the area of expertise to which they will address themselves at the hearing, and a detailed summary of their testimony;

(6) Copies of all exhibits and other documentary evidence that the applicant intends to introduce as evidence at the hearing and descriptions of all physical exhibits and evidence which is not capable of being copied or attached; and

(7) Any other relevant information.

(b) If any applicant fails to comply with all the requirements of § 4.1184(a), the administrative law judge may find that the applicant has waived the 30-day decision requirement or the administrative law judge shall order that the application be perfected and the application shall not be considered filed for purposes of the 30-day decision until perfected. Failure to timely comply with the administrative law judge's order shall constitute a waiver of the 30-day decision.

§ 4.1185 Computation of time for decision.

In computing the 30-day time period for administrative decision, intermediate Saturdays, Sundays, Federal legal holidays, and other nonbusiness days shall be excluded in the computation.

§ 4.1186 Waiver of the 30-day decision requirement.

(a) Any person qualified to receive a 30-day decision may waive that right—

(1) By filing an application pursuant to § 4.1160–71;

(2) By failing to comply with all the requirements of § 4.1184(a); or

(3) In accordance with § 4.1187(j).

(b) Any person qualified to receive a 30-day decision shall waive that right—

(1) By obtaining temporary relief pursuant to section 525(c) or section 526(c) of the act;

(2) By failing to perfect an application pursuant to § 4.1184(b); or

(3) In accordance with § 4.1187(i).

§ 4.1187 Procedure if 30-day decision requirement is not waived.

If the applicant does not waive the 30-day decision requirement of section 525(b) of the act, the following special rules shall apply—

(a) The applicant shall serve all known parties with a copy of the application simultaneously with the filing of the application with OHA. If service is accomplished by mail, the applicant

shall inform all known parties by telephone at the time of mailing that an application is being filed and shall inform the administrative law judge by telephone that such notice has been given. However, no ex parte communication as to the merits of the proceeding may be conducted with the administrative law judge.

(b) Any party desiring to file a response to the application for review shall file a written response within 5 working days of service of the application.

(c) If the applicant has requested a hearing, the administrative law judge shall act immediately upon receipt of the application to notify the parties of the time and place of the hearing at least 5 working days prior to the hearing date.

(d) The administrative law judge may require the parties to submit proposed findings of fact and conclusions of law at the hearing which may be orally supplemented on the record at the hearing or, where proposed findings of fact and conclusions of law have not been submitted at the hearing, they may be orally presented for the record at the hearing.

(e) The administrative law judge shall make an initial decision. He shall either rule from the bench on the application, orally stating the reasons for his decision or he shall issue a written decision. If the administrative law judge makes an oral ruling, his approval of the record of the hearing shall constitute his written decision. The decision of the administrative law judge must be issued within 15 days of the filing of the perfected application under § 4.1184.

(f) If any party desires to appeal to the Board, such party shall—

(1) If the administrative law judge makes an oral ruling, make an oral statement, within a time period as directed by the administrative law judge, that the decision is being appealed and request that the administrative law judge certify the record to the Board; or

(2) If the administrative law judge issues a written decision after the close of the hearing, file a notice of appeal with the administrative law judge and with the Board within 2 working days of receipt of the administrative law judge's decision.

(g) If the decision of the administrative law judge is appealed, the Board shall act immediately to issue an expedited briefing schedule, and the Board shall act expeditiously to review the record and issue its decision. The decision of the Board must be issued within 30 days of the date the perfected application is filed with OHA pursuant to § 4.1184.

(h) If all parties waive the opportunity for a hearing and the administrative law judge determines that a hearing is not necessary, but the applicant does not waive the 30-day decision requirement, the administrative law judge shall issue an initial decision on the application within 15 days of receipt of the application. The decision shall contain findings of fact and an order disposing of the application. The decision shall be served upon all the parties and the parties shall have 2 working days from receipt of such decision within which to appeal to the Board. The Board shall issue its decision within 30 days of the date the perfected application is filed with OHA pursuant to § 4.1184.

(i) If at any time after the initiation of this expedited procedure, the applicant requests a delay or acts in a manner so as to frustrate the expeditious nature of this proceeding or fails to comply with any requirement of § 4.1187(a), such action shall constitute a waiver of the 30-day requirement of section 525(b) of the act.

(j) If the applicant seeks to offer witnesses, exhibits, or testimony at the hearing in addition to those identified, submitted, described, or summarized in the application for expedited review perfected in accordance with the requirements of § 4.1184, upon objection by an opposing party to such offer, the administrative law judge may allow such objecting party additional time in order to prepare for cross-examination of unidentified witnesses or to identify and prepare rebuttal evidence or otherwise uncover any additional prejudice which may result to such party. The administrative law judge may rule that the running of the 30-day time for decision is stayed for the period of any additional time allowed pursuant to this

subsection or may determine that the applicant has waived his right to the 30-day decision.

PROCEEDINGS FOR SUSPENSION OR REVOCATION OF PERMITS UNDER SECTION 521(a)(4) OF THE ACT

§ 4.1190 Initiation of proceedings.

(a) A proceeding on a show cause order issued by the Director of OSM pursuant to section 521(a)(4) of the Act shall be initiated by the Director of OSM filing a copy of such an order with the Hearings Division, OHA, 4015 Wilson Boulevard, Arlington, Va. 22203, at the same time the order is issued to the permittee.

(b) A show cause order filed with OHA shall set forth—

(1) A list of the unwarranted or willful violations which contribute to a pattern of violations;

(2) A copy of each order or notice which contains one or more of the violations listed as contributing to a pattern of violations;

(3) The basis for determining the existence of a pattern or violations; and

(4) Recommendations whether the permit should be suspended or revoked, including the length and terms of a suspension.

§ 4.1191 Answer.

The permittee shall have 30 days from receipt of the order within which to file an answer with the Hearings Division, OHA, Arlington, Va.

§ 4.1192 Contents of answer.

The permittee's answer to a show cause order shall contain a statement setting forth—

(a) The reasons in detail why a pattern of violations, as described in 30 CFR 722.16, does not exist or has not existed, including all reasons for contesting—

(1) The fact of any of the violations alleged by OSM as constituting a pattern of violations;

(2) The willfulness of such violations; or

(3) Whether such violations were caused by the unwarranted failure of the permittee;

(b) All mitigating factors the permittee believes exist in determining the terms of the revocation or the length and terms of the suspension;

(c) Any other alleged relevant facts; and

(d) Whether a hearing on the show cause order is desired.

§ 4.1193 Burden of proof in suspension or revocation proceedings.

In proceedings to suspend or revoke a permit, OSM shall have the burden of going forward to establish a prima facie case for suspension or revocation of the permit. The ultimate burden of persuasion that the permit should not be suspended or revoked shall rest with the permittee.

§ 4.1194 Determination by the administrative law judge.

(a) Upon a determination by the administrative law judge that a pattern of violations exists or has existed, pursuant to 30 CFR 722.16 (c)(2) or (c)(3), the administrative law judge shall order the permit either suspended or revoked. In making such a determination, the administrative law judge need not find that all the violations listed in the show cause order occurred, but only that sufficient violations occurred to establish a pattern.

(b) If the permit is suspended, the minimum suspension period shall be 3 working days unless the administrative law judge finds that imposition of the minimum suspension period would result in manifest injustice and would not further the purposes of the act. Also, the administrative law judge may impose preconditions to be satisfied prior to the suspension being lifted.

(c) The decision of the administrative law judge shall be issued within 20 days following the date the hearing record is closed by the administrative law judge or within 20 days of receipt of the answer, if no hearing is requested by any party and the administrative law judge determines that no hearing is necessary.

(d) At any stage of a suspension or revocation proceeding being conducted by an administrative law judge, the parties may enter into a settlement, subject to the approval of the administrative law judge.

§4.1195 Summary disposition.

(a) In a proceeding under this section where the permittee fails to appear at a hearing, the permittee shall be deemed to have waived his right to a hearing and the administrative law judge may assume for purposes of the proceeding that—

(1) Each violation listed in the order occurred;

(2) Such violations were caused by the permittee's unwarranted failure or were willfully caused; and

(3) A pattern of violations exists.

(b) In order to issue an initial decision concerning suspension or revocation of the permit when the permittee fails to appear at the hearing, the administrative law judge shall either conduct an ex parte hearing or require OSM to furnish proposed findings of fact and conclusions of law.

§4.1196 Appeals.

Any party desiring to appeal the decision of the administrative law judge shall have 5 days from receipt of the administrative law judge's decision within which to file a notice of appeal with the Board. The Board shall act immediately to issue an expedited briefing schedule. The decision of the Board shall be issued within 60 days of the date the hearing record is closed by the administrative law judge or, if no hearing is held, within 60 days of the date the answer is filed.

APPLICATIONS FOR REVIEW OF ALLEGED DISCRIMINATORY ACTS UNDER SECTION 703 OF THE ACT

§4.1200 Filing of the application for review with the Office of Hearings and Appeals.

(a) Pursuant to 30 CFR 830.13, within 7 days of receipt of an application for review of alleged discrimina- tory acts, OSM shall file a copy of the application in the Hearings Division, OHA, 4015 Wilson Boulevard, Arlington, Va. 22203. OSM shall also file in the Hearings Division, OHA, Arlington, Va., a copy of any answer submitted in response to the application for review.

(b) The application for review, as filed in the Hearings Division, OHA, shall be held in suspense until one of the following takes place—

(1) A request for temporary relief is filed pursuant to §4.1203;

(2) A request is made by OSM for the scheduling of a hearing pursuant to 30 CFR 830.14(a);

(3) A request is made by the applicant for the scheduling of a hearing pursuant to 30 CFR 830.14(a);

(4) A request is made by the applicant for the scheduling of a hearing pursuant to 30 CFR 830.14(b); or

(5) A request is made by OSM that OHA close the case because OSM, the applicant, and the alleged discriminating person have entered into an agreement in resolution of the discriminatory acts and there has been compliance with such agreement.

§4.1201 Request for scheduling of a hearing.

(a) If OSM determines that a violation of section 703(a) of the act has probably occurred and was not resolved at the informal conference, it shall file with the Hearings Division, OHA, a request on behalf of the applicant that a hearing be scheduled. The request shall be filed within 10 days of the completion of the informal conference, or where no conference is held, within 10 days following the scheduled conference. Where OSM makes such a request, it shall represent the applicant in the administrative proceedings, unless the applicant desires to be represented by private counsel.

(b) If OSM declines to request that a hearing be scheduled and to represent the applicant, it shall within 10 days of the completion of the informal conference, or where no conference is held, within 10 days following the scheduled conference, notify the applicant of his right to request the scheduling of a hearing on his own behalf. An applicant shall file a request for the scheduling of a hearing in the Hearings Division, OHA, within 30 days of service of such notice from OSM.

(c) If no request for the scheduling of a hearing has been made pursuant to paragraph (a) or (b) of this section and 60 days have elapsed from the filing of the application for review with OSM, the applicant may file on his own behalf a request for the scheduling of a hearing with the main office of OHA.

Where such a request is made, the applicant shall proceed on his own behalf, but OSM may intervene pursuant to § 4.1110.

§ 4.1202 Response to request for the scheduling of a hearing.

(a) Any person served with a copy of the request for the scheduling of a hearing shall file a response with the Hearings Division, OHA, Arlington, Va., within 20 days of service of such request.

(b) If the alleged discriminating person has not filed an answer to the application, such person shall include with the response to the request for the scheduling of a hearing, a statement specifically admitting or denying the alleged facts set forth in the application.

§ 4.1203 Application for temporary relief from alleged discriminatory acts.

(a) On or after 10 days from the filing of an application for review under this part, any party may file an application for temporary relief from alleged discriminatory acts.

(b) The application shall be filed in the Hearings Division, OHA, Arlington, Va.

(c) The application shall include—

(1) A detailed written statement setting forth the reasons why relief should be granted;

(2) A showing that the complaint of discrimination was not frivolously brought;

(3) A description of any exigent circumstances justifying temporary relief; and

(4) A statement of the specific relief requested.

(d) All parties to the proceeding to which the application relates shall have 5 days from receipt of the application to file a written response.

(e) The administrative law judge may convene a hearing on any issue raised by the application if he deems it appropriate.

(f) The administrative law judge shall expeditiously issue an order or decision granting or denying such relief.

(g) If all parties consent, before or after the commencement of any hearing on the application for temporary relief, the administrative law judge may order the hearing on the application for review of alleged discriminatory acts to be advanced and consolidated with the hearing on the application for temporary relief.

§ 4.1204 Determination by administrative law judge.

Upon a finding of a violation of section 703 of the act or 30 CFR 830.11, the administrative law judge shall order the appropriate affirmative relief including, but not limited to—

(a) The rehiring or reinstatement of the applicant to his former position with full rights and privileges, full backpay, and any special damages sustained as a result of the discrimination; and

(b) All other relief which the administrative law judge deems apropriate to abate the violation or to prevent recurrence of discrimination.

§ 4.1205 Appeals.

Any party aggrieved by a decision of an administrative law judge concerning an application for review of alleged discriminatory acts may appeal to the Board under procedures set forth in § 4.1271 *et seq.*

APPLICATIONS FOR TEMPORARY RELIEF

§ 4.1260 Scope.

These regulations contain the procedures for seeking temporary relief in section 525 review proceedings under the act. The special procedures for seeking temporary relief from an order of cessation are set forth in § 4.1266. Procedures for seeking temporary relief from alleged discrimina- tory acts are covered in § 4.1203.

§ 4.1261 When to file.

An application for temporary relief may be filed by any party to a proceeding at any time prior to decision by an administrative law judge.

§ 4.1262 Where to file.

The application shall be filed with the administrative law judge to whom

the case has been assigned. If no assignment has been made, the application shall be filed in the Hearings Division, OHA, 4015 Wilson Boulevard, Arlington, Va. 22203.

§4.1263 Contents of application.

The application shall include—

(a) A detailed written statement setting forth the reasons why relief should be granted;

(b) A showing that there is a substantial likelihood that the findings and decision of the administrative law judge in the matters to which the application relates will be favorable to the applicant;

(c) A statement that the relief sought will not adversely affect the health or safety of the public or cause significant, imminent environmental harm to land, air, or water resources;

(d) If the application relates to an order of cessation issued pursuant to section 521(a)(2) or section 521(a)(3) of the act, a statement of whether the requirement of section 525(c) of the act for decision on the application within 5 days is waived; and

(e) A statement of the specific relief requested.

§4.1264 Response to application.

(a) Except as provided in §4.1266(b), all parties to the proceeding to which the application relates shall have 5 days from the date of receipt of the application to file a written response.

(b) Except as provided in §4.1266(b), the administrative law judge may hold a hearing on any issue raised by the application if he deems it appropriate.

§4.1265 Determination on application concerning a notice of violation issued pursuant to section 521(a)(3) of the act.

Where an application has been filed requesting temporary relief from a notice of violation issued under section 521(a)(3) of the act, the administrative law judge shall expeditiously issue an order or decision granting or denying such relief.

§4.1266 Determination on application concerning an order of cessation issued pursuant to section 521(a)(2) or section 521(a)(3) of the act.

(a) If the 5-day requirement of section 525(c) of the act is waived, the administrative law judge shall expeditiously conduct a hearing and render a decision on the application.

(b) If there is no waiver of the 5-day requirement of section 525(c) of the act, the following special rules shall apply—

(1) The 5-day time for decision shall not begin to run until the application is filed pursuant to §4.1262 or a copy of the application is received by the field solicitor for the region in which the mine site subject to the order is located, whichever occurs at a later date (see §4.1109 for addresses);

(2) The application shall include an affidavit stating that telephone notice has been given to the field office of OSM serving the state in which the minesite subject to the order is located. The telephone notice shall identify the mine, the mine operator, the date and number of the order from which relief is requested, the name of the OSM inspector involved, and the name and telephone number of the applicant. OSM's field offices and their telephone numbers follow.

Alabama Field Office (also serving Georgia): 205–290–7282.
Illinois Field Office: 217–492–4495.
Indiana Field Office: 317–226–6700.
Kentucky Field Office: 606–233–2494.
Missouri Field Office (also serving Iowa, Kansas and Nebraska): 816–374–6405.
New Mexico Field Office: 505–766–1486.
Ohio Field Office (also serving Michigan): 614–866–0578.
Oklahoma Field Office (also serving Arkansas, Louisiana and Texas): 918–581–6430.
Pennsylvania Field Office (also serving Massachusetts and Rhode Island): 717–782–4036.
Tennessee Field Office: 615–545–4103.
Virginia Field Office: 703–523–4303.
West Virginia Field Office: 304–347–7158.
Wyoming Field Office (also serving Alaska, Idaho, Montana, North Dakota, Oregon, South Dakota and Washington): 307–261–5776.

(3) Prior to or at the hearing, the applicant shall file with OHA an affidavit stating the date upon which the copy

of the application was delivered to the office of the field solicitor or the applicant may make an oral statement at the hearing setting forth that information. For purposes of the affidavit or statement the applicant may rely upon telephone confirmation by the office of the field solicitor that the application was received.

(4) In addition to the service requirements of § 4.1266(b) (1) and (2), the applicant shall serve any other parties with a copy of the application simultaneously with the filing of the application. If service is accomplished by mail, the applicant shall inform such other parties by telephone at the time of mailing that an application is being filed, the contents of the application, and with whom the application was filed.

(5) The field solicitor and all other parties may indicate their objection to the application by communicating such objection to the administrative law judge and the applicant by telephone. However, no ex parte communication as to the merits of the proceeding may be conducted with the administrative law judge. The field solicitor and all other parties shall simultaneously reduce their objections to writing. The written objections must be immediately filed with the administrative law judge and immediately served upon the applicant.

(6) Upon receipt of communication that there is an objection to the request, the administrative law judge shall immediately order a location, time, and date for the hearing by communicating such information to the field solicitor, all other parties, and the applicant by telephone. The administrative law judge shall reduce such communications to writing in the form of a memorandum to the file.

(7) If a hearing is held—

(i) The administrative law judge may require the parties to submit proposed findings of fact and conclusions of law at the hearing which may be orally supplemented on the record at the hearing or where written proposed findings of fact and conclusions of law have not been submitted at the hearing, they may be orally presented for the record at the hearing.

(ii) The administrative law judge shall either rule from the bench on the application, orally stating the reasons for his decision or he shall within 24 hours of completion of the hearing issue a written decision. If the administrative law judge makes an oral ruling, his approval of the record of the hearing shall constitute his written decision.

(8) The order or decision of the administrative law judge shall be issued within 5 working days of the receipt of the application for temporary relief.

(9) If at any time after the initiation of this expedited procedure, the applicant requests a delay or acts in a manner so as to frustrate the expeditious nature of this proceeding or fails to supply the information required by § 4.1263 such action shall constitute a waiver of the 5-day requirement of section 525(c) of the act.

[43 FR 34386, Aug. 3, 1978, as amended at 49 FR 7565, Mar. 1, 1984; 59 FR 1489, Jan. 11, 1994]

§ 4.1267 Appeals.

(a) Any party desiring to appeal a decision of an administrative law judge granting temporary relief may appeal to the Board.

(b) Any party desiring to appeal a decision of an administrative law judge denying temporary relief may appeal to the Board or, in the alternative, may seek judicial review pursuant to section 526(a) of the act.

(c) The Board shall issue an expedited briefing schedule and shall issue a decision on the appeal expeditiously.

[43 FR 34386, Aug. 3, 1978, as amended at 45 FR 50753, July 31, 1980]

APPEALS TO THE BOARD FROM DECISIONS OR ORDERS OF ADMINISTRATIVE LAW JUDGES

§ 4.1270 Petition for discretionary review of a proposed civil penalty.

(a) Any party may petition the Board to review an order or decision by an administrative law judge disposing of a civil penalty proceeding under § 4.1150.

(b) A petition under this section shall be filed on or before 30 days from the date of receipt of the order or decision sought to be reviewed and the time for filing may not be extended.

(c) A petitioner under this section shall list the alleged errors of the administrative law judge and shall attach a copy of the order or decision sought to be reviewed.

(d) Any party may file with the Board a response to the petition for review within 10 days of receipt of a copy of such petition.

(e) Not later than 30 days from the filing of a petition under this section, the Board shall grant or deny the petition in whole or in part.

(f) If the petition is granted, the rules in §§4.1273 through 4.1277 are applicable and the Board shall use the point system and conversion table contained in 30 CFR part 723 in recalculating assessments; however, the Board shall have the same authority to waive the civil penalty formula as that granted to the administrative law judges in §4.1157(b)(1). If the petition is denied, the decision of the administrative law judge shall be final for the Department, subject to 43 CFR 4.5.

§4.1271 Notice of appeal.

(a) Any aggrieved party may file a notice of appeal from an order or decision of an administrative law judge disposing of a proceeding under §§4.1160 through 4.1171, 4.1200 through 4.1205, 4.1260 through 4.1267, 4.1290 through 4.1296, and 4.1350 through 4.1356.

(b) Except in an expedited review proceeding under §4.1180, or in a suspension or revocation proceeding under §4.1190, a notice of appeal shall be filed with the Board on or before 30 days from the date of receipt of the order or decision sought to be reviewed and the time for filing may not be extended.

[43 FR 34386, Aug. 3, 1978, as amended at 59 FR 1489, Jan. 11, 1994]

§4.1272 Interlocutory appeals.

(a) If a party has sought certification under §4.1124, that party may petition the Board for permission to appeal from an interlocutory ruling by an administrative law judge.

(b) A petition under this section shall be in writing and not exceed 10 pages in length.

(c) If the correctness of the ruling sought to be reviewed involves a controlling issue of law the resolution of which will materially advance final disposition of the case, the Board may grant the petition.

(d) Upon granting a petition under this section, the Board may dispense with briefing or issue a briefing schedule.

(e) Unless the Board or the administrative law judge orders otherwise, an interlocutory appeal shall not operate as a stay of further proceedings before the judge.

(f) In deciding an interlocutory appeal, the Board shall confine itself to the issue presented on appeal.

(g) The Board shall promptly decide appeals under this section.

(h) Upon affirmance, reversal or modification of the administrative law judge's interlocutory ruling or order, the jurisdiction of the Board shall terminate, and the case shall be remanded promptly to the administrative law judge for further proceedings.

§4.1273 Briefs.

(a) Unless the Board orders otherwise, an appellant's brief is due on or before 30 days from the date of receipt of notice by the appellant that the Board has agreed to exercise discretionary review authority pursuant to §4.1270 or a notice of appeal is filed.

(b) If any appellant fails to file a timely brief, an appeal under this part may be subject to summary dismissal.

(c) An appellant shall state specifically the rulings to which there is an objection, the reasons for such objections, and the relief requested. The failure to specify a ruling as objectionable may be deemed by the Board as a waiver of objection.

(d) Unless the Board orders otherwise, within 20 days after service of appellant's brief, any other party to the proceeding may file a brief.

(e) If any argument is based upon the evidence of record and there is a failure to include specific record citations, when available, the Board need not consider the arguments.

(f) Further briefing may take place by permission of the Board.

(g) Unless the Board provides otherwise, appellant's brief shall not exceed 50 typed pages and an appellee's brief shall not exceed 25 typed pages.

§ 4.1274 Remand.

The Board may remand cases if further proceedings are required.

§ 4.1275 Final decisions.

The Board may adopt, affirm, modify, set aside, or reverse any finding of fact, conclusion of law, or order of the administrative law judge.

§ 4.1276 Reconsideration.

(a) A party may move for reconsideration under § 4.21(c); however, the motion shall be filed with the Board within 30 days of the date of the decision.

(b) The filing of a petition for reconsideration shall not stay the effect of any decision or order and shall not affect the finality of any decision or order for purposes of judicial review.

APPEALS TO THE BOARD FROM DECISIONS OF THE OFFICE OF SURFACE MINING

§ 4.1280 Scope.

This section is applicable to appeals from decisions of the Director of OSM concerning small operator exemptions under 30 CFR 710.12(h) and to other appeals which are not required by the Act to be determined by formal adjudication under the procedures set forth in 5 U.S.C. 554.

§ 4.1281 Who may appeal.

Any person who is or may be adversely affected by a written decision of the Director of OSM or his delegate may appeal to the Board where the decision specifically grants such right of appeal.

§ 4.1282 Appeals; how taken.

(a) A person appealing under this section shall file a written notice of appeal with the office of the OSM official whose decision is being appealed and at the same time shall send a copy of the notice to the Board of Land Appeals, 4015 Wilson Boulevard, Arlington, Va. 22203.

(b) The notice of appeal shall be filed within 20 days from the date of receipt of the decision. If the person appealing has not been served with a copy of the decision, such appeal must be filed within 30 days of the date of the decision.

(c) The notice of appeal shall indicate that an appeal is intended and must identify the decision being appealed. The notice should include the serial number or other identification of the case and the date of the decision. The notice of appeal may include a statement of reasons for the appeal and any arguments the appellant desires to make.

(d) If the notice of appeal did not include a statement of reasons for the appeal, such a statement shall be filed with the Board within 20 days after the notice of appeal was filed. In any case, the appellant shall be permitted to file with the Board additional statements of reasons and written arguments or briefs within the 20-day period after filing the notice of appeal.

[43 FR 34386, Aug. 3, 1978, as amended at 49 FR 7565, Mar. 1, 1984]

§ 4.1283 Service.

(a) The appellant shall serve personally or by certified mail, return receipt requested, a copy of the notice of appeal and a copy of any statement of reasons, written arguments, or other documents on each party within 15 days after filing the document. Proof of service shall be filed with the Board within 15 days after service.

(b) Failure to serve may subject the appeal to summary dismissal pursuant to § 4.1285.

§ 4.1284 Answer.

(a) Any party served with a notice of appeal who wishes to participate in the proceedings on appeal shall file an answer with the Board within 20 days after service of the notice of appeal or statement of reasons where such statement was not included in the notice of appeal.

(b) If additional reasons, written arguments or other documents are filed by the appellant, a party shall have 20 days after service thereof within which to answer. The answer shall state the reasons the party opposes or supports the appeal.

§ 4.1285 Summary dismissal.

An appeal shall be subject to summary dismissal, in the discretion of the Board, for failure to file or serve, upon

all persons required to be served, a notice of appeal or a statement of reasons for appeal.

§4.1286 Request for hearings.

(a) Any party may request the Board to order a hearing before an administrative law judge in order to present evidence on an issue of fact. Such a request shall be made in writing and filed with the Board within 20 days after the answer is due. Copies of the request shall be served in accordance with §4.1283.

(b) The allowance of a request for a hearing is within the discretion of the Board, and the Board may, on its own motion, refer any case to an administrative law judge for a hearing on an issue of fact. If a hearing is ordered, the Board shall specify the issues upon which the hearing is to be held.

PETITIONS FOR AWARD OF COSTS AND EXPENSES UNDER SECTION 525(e) OF THE ACT

§4.1290 Who may file.

(a) Any person may file a petition for award of costs and expenses including attorneys' fees reasonably incurred as a result of that person's participation in any administrative proceeding under the Act which results in—

(1) A final order being issued by an administrative law judge; or

(2) A final order being issued by the Board.

(b) [Reserved]

§4.1291 Where to file; time for filing.

The petition for an award of costs and expenses including attorneys' fees must be filed with the administrative law judge who issued the final order, or if the final order was issued by the Board, with the Board, within 45 days of receipt of such order. Failure to make a timely filing of the petition may constitute a waiver of the right to such an award.

§4.1292 Contents of petition.

(a) A petition filed under this section shall include the name of the person from whom costs and expenses are sought and the following shall be submitted in support of the petition—

(1) An affidavit setting forth in detail all costs and expenses including attorneys' fees reasonably incurred for, or in connection with, the person's participation in the proceeding;

(2) Receipts or other evidence of such costs and expenses; and

(3) Where attorneys' fees are claimed, evidence concerning the hours expended on the case, the customary commercial rate of payment for such services in the area, and the experience, reputation and ability of the individual or individuals performing the services.

(b) [Reserved]

§4.1293 Answer.

Any person served with a copy of the petition shall have 30 days from service of the petition within which to file an answer to such petition.

§4.1294 Who may receive an award.

Appropriate costs and expenses including attorneys' fees may be awarded—

(a) To any person from the permittee, if—

(1) The person initiates or participates in any administrative proceeding reviewing enforcement actions upon a finding that a violation of the Act, regulations, or permit has occurred, or that an imminent hazard existed, and the administrative law judge or Board determines that the person made a substantial contribution to the full and fair determination of the issues, except that a contribution of a person who did not initiate a proceeding must be separate and distinct from the contribution made by a person initiating the proceeding; or

(2) The person initiates an application for review of alleged discriminatory acts, pursuant to 30 CFR part 830, upon a finding of discriminatory discharge or other acts of discrimination.

(b) From OSM to any person, other than a permittee or his representative, who initiates or participates in any proceeding under the Act, and who prevails in whole or in part, achieving at least some degree of success on the merits, upon a finding that such person made a substantial contribution to a full and fair determination of the issues.

(c) To a permittee from OSM when the permittee demonstrates that OSM issued an order of cessation, a notice of violation or an order to show cause why a permit should not be suspended or revoked, in bad faith and for the purpose of harassing or embarrassing the permittee; or

(d) To a permittee from any person where the permittee demonstrates that the person initiated a proceeding under section 525 of the Act or participated in such a proceeding in bad faith for the purpose of harassing or embarrassing the permittee.

(e) To OSM where it demonstrates that any person applied for review pursuant to section 525 of the Act or that any party participated in such a proceeding in bad faith and for the purpose of harassing or embarrassing the Government.

[43 FR 34386, Aug. 3, 1978, as amended at 50 FR 47224, Nov. 15, 1985]

§ 4.1295 Awards.

An award under these sections may include—

(a) All costs and expenses, including attorneys' fees and expert witness fees, reasonably incurred as a result of initiation and/or participation in a proceeding under the Act; and

(b) All costs and expenses, including attorneys' fees and expert witness fees, reasonably incurred in seeking the award in OHA.

§ 4.1296 Appeals.

Any person aggrieved by a decision concerning the award of costs and expenses in an administrative proceeding under this Act may appeal such award to the Board under procedures set forth in § 4.1271 *et seq.*, unless the Board has made the initial decision concerning such an award.

PETITIONS FOR REVIEW OF PROPOSED INDIVIDUAL CIVIL PENALTY ASSESSMENTS UNDER SECTION 518(f) OF THE ACT

SOURCE: 53 FR 8754, Mar. 17, 1988, unless otherwise noted.

§ 4.1300 Scope.

These regulations govern administrative review of proposed individual civil penalty assessments under section 518(f) of the Act against a director, officer, or agent of a corporation.

§ 4.1301 Who may file.

Any individual served a notice of proposed individual civil penalty assessment may file a petition for review with the Hearings Division, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, VA 22203. Phone: 703–235–3800.

§ 4.1302 Time for filing.

(a) A petition for review of a notice of proposed individual civil penalty assessment must be filed within 30 days of its service on the individual.

(b) No extension of time will be granted for filing a petition for review of a notice of proposed individual civil penalty assessment. Failure to file a petition for review within the time period provided in paragraph (a) shall be deemed an admission of liability by the individual, whereupon the notice of proposed assessment shall become a final order of the Secretary and any tardy petition shall be dismissed.

§ 4.1303 Contents and service of petition.

(a) An individual filing a petition for review of a notice of proposed individual civil penalty assessment shall provide—

(1) A concise statement of the facts entitling the individual to relief;

(2) A copy of the notice of proposed assessment;

(3) A copy of the notice(s) of violation, order(s) or final decision(s) the corporate permittee is charged with failing or refusing to comply with that have been served on the individual by OSM; and

(4) A statement whether the individual requests or waives the opportunity for an evidentiary hearing.

(b) Copies of the petition shall be served in accordance with § 4.1109 (a) and (b) of this part.

[53 FR 8754, Mar. 17, 1988; 53 FR 10036, Mar. 28, 1988]

§4.1304 Answer, motion, or statement of OSM.

Within 30 days from receipt of a copy of a petition, OSM shall file with the Hearings Division an answer or motion, or a statement that it will not file an answer or motion, in response to the petition.

§4.1305 Amendment of petition.

(a) An individual filing a petition may amend it once as a matter of right before receipt by the individual of an answer, motion, or statement of OSM made in accordance with §4.1304 of this part. Thereafter, a motion for leave to amend the petition shall be filed with the administrative law judge.

(b) OSM shall have 30 days from receipt of a petition amended as a matter of right to file an answer, motion, or statement in accordance with §4.1304 of this part. If the administrative law judge grants a motion to amend a petition, the time for OSM to file an answer, motion, or statement shall be set forth in the order granting the motion to amend.

§4.1306 Notice of hearing.

The administrative law judge shall give notice of the time and place of the hearing to all interested parties. The hearing shall be of record and governed by 5 U.S.C. 554.

§4.1307 Elements; burdens of proof.

(a) OSM shall have the burden of going forward with evidence to establish a prima facie case that:

(1) A corporate permittee either violated a condition of a permit or failed or refused to comply with an order issued under section 521 of the Act or an order incorporated in a final decision by the Secretary under the Act (except an order incorporated in a decision issued under sections 518(b) or 703 of the Act or implementing regulations), unless the fact of violation or failure or refusal to comply with an order has been upheld in a final decision in a proceeding under §4.1150 through 4.1158, §4.1160 through 4.1171, or §4.1180 through 4.1187, and §4.1270 or §4.1271 of this part, and the individual is one against whom the doctrine of collateral estoppel may be applied to preclude relitigation of fact issues;

(2) The individual, at the time of the violation, failure or refusal, was a director, officer, or agent of the corporation; and

(3) The individual willfully and knowingly authorized, ordered, or carried out the corporate permittee's violation or failure or refusal to comply.

(b) The individual shall have the ultimate burden of persuasion by a preponderance of the evidence as to the elements set forth in paragraph (a)(1) of this section and as to whether he was a director or officer of the corporation at the time of the violation or refusal.

(c) OSM shall have the ultimate burden of persuasion by a preponderance of the evidence as to whether the individual was an agent of the corporation, as to paragraph (a)(3) of this section, and as to the amount of the individual civil penalty.

§4.1308 Decision by administrative law judge.

(a) The administrative law judge shall issue a written decision containing findings of fact and conclusions of law on each of the elements set forth in §4.1307 of this part.

(b) If the administrative law judge concludes that the individual is liable for an individual civil penalty, he shall order that it be paid in accordance with 30 CFR 724.18 or 846.18, absent the filing of a petition for discretionary review in accordance with §4.1309 of this part.

§4.1309 Petition for discretionary review.

(a) Any party may petition the Board to review an order or decision by an administrative law judge disposing of an individual civil penalty proceeding under §4.1308 of this part.

(b) A petition under this section shall be filed on or before 30 days from the date of receipt of the order or decision sought to be reviewed, and the time for filing shall not be extended.

(c) A petitioner under this section shall list the alleged errors of the administrative law judge and shall attach a copy of the order or decision sought to be reviewed.

(d) Any party may file with the Board a response to the petition for review within 10 days of receipt of a copy of such petition.

(e) Not later than 30 days from the filing of a petition for review under this section, the Board shall grant or deny the petition in whole or in part.

(f) If the petition for review is granted the rules in §§ 4.1273–4.1276 of this part are applicable. If the petition is denied, the decision of the administrative law judge is final for the Department, subject to § 4.5 of this part.

(g) Payment of a penalty is due in accordance with 30 CFR 724.18 or 846.18.

REQUEST FOR HEARING ON A PRELIMINARY FINDING CONCERNING A DEMONSTRATED PATTERN OF WILLFUL VIOLATIONS UNDER SECTION 510(c) OF THE ACT, 30 U.S.C. 1260(c) (FEDERAL PROGRAM; FEDERAL LANDS PROGRAM; FEDERAL PROGRAM FOR INDIAN LANDS)

SOURCE: 52 FR 39526, Oct. 22, 1987, unless otherwise noted.

§ 4.1350 Scope.

These rules set forth the procedures for obtaining review of a preliminary finding by OSM, prior to approval or disapproval of a permit application, that the applicant, or operator specified in the application, controls or has controlled mining operations with a demonstrated pattern of willful violations of this Act or the applicable State or Federal program.

§ 4.1351 Preliminary finding by OSMRE.

If OSMRE determines during review of the permit application that the applicant or operator specified in the application controls or has controlled mining operations with a demonstrated pattern of willful violations of such nature and duration with such resulting irreparable damage to the environment as to indicate an intent not to comply, OSMRE shall issue the applicant or operator a notice of such preliminary finding. Notice by OSMRE shall be provided by certified mail, or by overnight delivery service if the applicant or operator has agreed to bear the expense for this service. The notice shall state with specificity the violations upon which the preliminary finding is based.

[56 FR 2143, Jan. 22, 1991]

§ 4.1352 Who may file; where to file; when to file.

(a) The applicant or operator may file a request for hearing on OSM's preliminary finding of a demonstrated pattern of willful violations.

(b) The request for hearing shall be filed with the Hearings Division, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203 (phone 703–235–3800), within 30 days of receipt by the applicant or operator of the notice of the preliminary finding.

(c) Failure to timely file a request shall constitute a waiver of the opportunity for a hearing prior to a final finding by OSM concerning a demonstrated pattern of willful violations, and the request shall be dismissed.

§ 4.1353 Contents of request.

The request for hearing shall include—

(a) A clear statement of the facts entitling the one requesting the hearing to administrative relief;

(b) An explanation of the alleged errors in OSM's preliminary finding; and

(c) Any other relevant information.

§ 4.1354 Determination by the administrative law judge.

The administrative law judge shall promptly set a time and place for and give notice of the hearing to the applicant or operator and shall issue a decision within 60 days of the filing of a request for hearing. The hearing shall be of record and governed by 5 U.S.C. 554.

§ 4.1355 Burden of proof.

OSM shall have the burden of going forward to establish a prima facie case and the ultimate burden of persuasion as to the existence of a demonstrated pattern of willful violations of the Act or the applicable State or Federal program which are of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent to comply.

§4.1356 Appeals.

(a) Any party aggrieved by the decision of the administrative law judge may appeal to the Board under procedures set forth in §4.1271 et seq. of this subpart, except that the notice of appeal must be filed within 20 days of receipt of the administrative law judge's decision.

(b) The Board shall order an expedited briefing schedule and shall issue a decision within 45 days of the filing of the appeal.

REQUEST FOR REVIEW OF APPROVAL OR DISAPPROVAL OF APPLICATIONS FOR NEW PERMITS, PERMIT REVISIONS, PERMIT RENEWALS, THE TRANSFER, ASSIGNMENT OR SALE OF RIGHTS GRANTED UNDER PERMIT (FEDERAL PROGRAM; FEDERAL LANDS PROGRAM; FEDERAL PROGRAM FOR INDIAN LANDS) AND FOR COAL EXPLORATION PERMITS (FEDERAL PROGRAM)

SOURCE: 56 FR 2143, Jan. 22, 1991, unless otherwise noted.

§4.1360 Scope.

These rules set forth the exclusive procedures for administrative review of decisions by OSMRE concerning—

(a) Applications for new permits, including applications under 30 CFR part 785, and the terms and conditions imposed or not imposed in permits by those decisions. They do not apply to decisions on applications to mine on Federal lands in states where the terms of a cooperative agreement provide for the applicability of alternative administrative procedures (see 30 CFR 775.11(c)), but they do apply to OSMRE decisions on applications for Federal lands in states with cooperative agreements where OSMRE as well as the state issue Federal lands permits;

(b) Applications for permit revisions, permit renewals, and the transfer, assignment, or sale of rights granted under permit;

(c) Permit revisions ordered by OSMRE; and

(d) Applications for coal exploration permits.

[56 FR 2143, Jan. 22, 1991; 56 FR 5061, Feb. 7, 1991]

§4.1361 Who may file.

The applicant, permittee, or any person having an interest which is or may be adversely affected by a decision of OSMRE set forth in §4.1360 may file a request for review of that decision.

§4.1362 Where to file; when to file.

(a) The request for review shall be filed with the Hearings Division, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203 (phone 703–235–3800), within 30 days after the applicant or permittee is notified by OSMRE of the written decision by certified mail or by overnight delivery service if the applicant or permittee has agreed to bear the expense for this service.

(b) Failure to file a request for review within the time specified in paragraph (a) of this section shall constitute a waiver of a hearing and the request shall be dismissed.

§4.1363 Contents of request; amendment of request; responses.

(a) The request for review shall include—

(1) A clear statment of the facts entitling the one requesting review to administrative relief;

(2) An explanation of each specific alleged error in OSMRE's decision, including reference to the statutory and regulatory provisions allegedly violated;

(3) A request for specific relief;

(4) A statement whether the person requests or waives the opportunity for an evidentiary hearing; and

(5) Any other relevant information.

(b) All interested parties shall file an answer or motion in response to a request for review, or a statement that no answer or motion will be filed, within 15 days of receipt of the request specifically admitting or denying facts or alleged errors stated in the request and setting forth any other matters to be considered on review.

(c) A request for review may be amended once as a matter of right prior to filing of an answer or motion or statement filed in accordance with paragraph (b) of this section. Thereafter, a motion for leave to amend the

request shall be filed with the Administrative Law Judge. An Administrative Law Judge may not grant a motion for leave to amend unless all parties agree to an extension of the date of commencement of the hearing under § 4.1364. A request for review may not be amended after a hearing commences.

(d) An interested party shall have 10 days from filing of a request for review that is amended as a matter of right or the time remaining for response to the original request, whichever is longer, to file an answer, motion, or statement in accordance with paragraph (b) of this section. If the Administrative Law Judge grants a motion to amend a request for review, the time for an interested party to file an answer, motion, or statement shall be set forth in the order granting it.

(e) Failure of any party to comply with the requirements of paragraph (a) or (b) of this section may be regarded by an Administrative Law Judge as a waiver by that party of the right to commencement of a hearing within 30 days of the filing of a request for review if the Administrative Law Judge concludes that the failure was substantial and that another party was prejudiced as a result.

[56 FR 2143, Jan. 22, 1991; 56 FR 5061, Feb. 7, 1991]

§ 4.1364 Time for hearing; notice of hearing; extension of time for hearing.

Unless all parties agree in writing to an extension or waiver, the Administrative Law Judge shall commence a hearing within 30 days of the date of the filing of the request for review or amended request for review and shall simultaneously notify the applicant or permittee and all interested parties of the time and place of such hearing before the hearing commences. The hearing shall be of record and governed by 5 U.S.C. 554. An agreement to waive the time limit for commencement of a hearing may specify the length of the extension agreed to.

§ 4.1365 Status of decision pending administrative review.

The filing of a request for review shall not stay the effectiveness of the OSMRE decision pending completion of administrative review.

§ 4.1366 Burdens of proof.

(a) In a proceeding to review a decision on an application for a new permit—

(1) If the permit applicant is seeking review, OSMRE shall have the burden of going forward to establish a prima facie case as to failure to comply with the applicable requirements of the Act or the regulations or as to the appropriateness of the permit terms and conditions, and the permit applicant shall have the ultimate burden of persuasion as to entitlement to the permit or as to the inappropriateness of the permit terms and conditions.

(2) If any other person is seeking review, that person shall have the burden of going forward to establish a prima facie case and the ultimate burden of persuasion that the permit application fails in some manner to comply with the applicable requirements of the Act or the regulations, or that OSMRE should have imposed certain terms and conditions that were not imposed.

(b) In a proceeding to review a permit revision ordered by OSMRE, OSMRE shall have the burden of going forward to establish a prima facie case that the permit should be revised and the permittee shall have the ultimate burden of persuasion.

(c) In a proceeding to review the approval or disapproval of an application for a permit renewal, those parties opposing renewal shall have the burden of going forward to establish a prima facie case and the ultimate burden of persuasion that the renewal application should be disapproved.

(d) In a proceeding to review the approval or disapproval of an application for a permit revision or an application for the transfer, assignment, or sale of rights granted under a permit—

(1) If the applicant is seeking review, OSMRE shall have the burden of going forward to establish a prima facie case as to failure to comply with applicable requirements of the Act or the regulations, and the applicant requesting review shall have the ultimate burden of persuasion as to entitlement to approval of the application; and

(2) If any other person is seeking review, that person shall have the burden of going forward to establish a prima facie case and the ultimate burden of persuasion that the application fails in some manner to comply with the applicable requirements of the Act and the regulations.

(e) In a proceeding to review a decision on an application for a coal exploration permit—

(1) If the coal exploration permit applicant is seeking review, OSMRE shall have the burden of going forward to establish a prima facie case as to failure to comply with the applicable requirements of the Act or the regulations, and the permit applicant shall have the ultimate burden of persuasion as to entitlement to the approval.

(2) If any other person is seeking review, that person shall have the burden of going forward to establish a prima facie case and the ultimate burden of persuasion that the application fails in some manner to comply with the applicable requirements of the Act or the regulations.

§4.1367 Request for temporary relief.

(a) Where review is requested pursuant to §4.1362, any party may file a request for temporary relief at any time prior to a decision by an Administrative Law Judge, so long as the relief sought is not the issuance of a permit where a permit application has been disapproved in whole or in part.

(b) The request shall be filed with the Administrative Law Judge to whom the case has been assigned. If no assignment has been made, the application shall be filed in the Hearings Division, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203 (phone 703–235–3800).

(c) The application shall include—

(1) A detailed written statement setting forth the reasons why relief should be granted;

(2) A statement of the specific relief requested;

(3) A showing that there is a substantial likelihood that the person seeking relief will prevail on the merits of the final determination of the proceeding; and

(4) A showing that the relief sought will not adversely affect the public health or safety or cause significant, imminent environmental harm to land, air, or water resources.

(d) The Administrative Law Judge may hold a hearing on any issue raised by the application.

(e) The Administrative Law Judge shall issue expeditiously an order or decision granting or denying such temporary relief. Temporary relief may be granted only if—

(1) All parties to the proceeding have been notified and given an opportunity to be heard on a request for temporary relief;

(2) The person requesting such relief shows a substantial likelihood of prevailing on the merits of the final determination of the proceeding; and

(3) Such relief will not adversely affect the public health or safety or cause significant, imminent environmental harm to land, air, or water resources.

(f) Appeals of temporary relief decisions.

(1) Any party desiring to appeal the decision of the Administrative Law Judge granting or denying temporary relief may appeal to the Board, or, in the alternative, may seek judicial review pursuant to section 526(a), 30 U.S.C. 1276(a), of the Act.

(2) The Board shall issue an expedited briefing schedule and shall issue a decision on the appeal expeditiously.

§4.1368 Determination by the Administrative Law Judge.

Unless all parties agree in writing to an extension or waiver, the Administrative Law Judge shall issue a written decision in accordance with §4.1127 within 30 days of the date the hearing record is closed by the Administrative Law Judge. An agreement to waive the time limit for issuing a decision may specify the length of the extension agreed to.

§4.1369 Petition for discretionary review; judicial review.

(a) Any party aggrieved by a decision of an Administrative Law Judge may file a petition for discretionary review

with the Board within 30 days of receipt of the decision or, in the alternative, may seek judicial review in accordance with 30 U.S.C. 1276(a)(2) (1982). A copy of the petition shall be served simultaneously on the Administrative Law Judge who issued the decision, who shall forthwith forward the record to the Board, and on all other parties to the proceeding.

(b) The petition shall set forth specifically the alleged errors in the decision, with supporting argument, and shall attach a copy of the decision.

(c) Any party may file a response to a petition for discretionary review within 20 days of receipt of the petition.

(d) The Board shall issue a decision denying the petition or granting the petition and deciding the merits within 60 days of the deadline for filing responses.

REVIEW OF DECISIONS OF THE OFFICE OF SURFACE MINING SUSPENDING OR RESCINDING IMPROVIDENTLY ISSUED PERMITS

SOURCE: 59 FR 54326, Oct. 28, 1994, unless otherwise noted.

§ 4.1370 Scope.

Sections 4.1370 through 4.1377 govern the procedures for review of notices from OSM of suspension of improvidently issued permits issued under 30 CFR 773.20(c) or of notices of proposed suspension and rescission of improvidently issued permits issued under 30 CFR 773.21.

§ 4.1371 Who may file, where to file, when to file.

(a) A permittee that is served with a notice of suspension under 30 CFR 773.20(c)(2) or a notice of proposed suspension and rescission under 30 CFR 773.21 may file a request for review with the Hearings Division, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203 (Telephone 703–235–3800) within 30 days of service of the notice.

(b) Failure to file a request for review within 30 days of service of the notice shall constitute a waiver of review of the notice. An untimely request for review shall be dismissed.

(c) Where appropriate under the Administrative Dispute Resolution Act, 5 U.S.C. §§ 571–583, the Hearings Division may use a dispute resolution proceeding, if the parties agree to such proceeding, before the procedures set forth in §§ 4.1373 through 4.1377.

§ 4.1372 Contents of request for review, response to request, amendment of request.

(a) The request for review shall include:

(1) A copy of the notice of suspension or the notice of proposed suspension and rescission;

(2) Documentary proof, or, where appropriate, offers of proof, concerning the matters set forth in 30 CFR 773.20(b) or 773.21(a)(1) through (4) showing that the person requesting review is entitled to administrative relief;

(3) A statement whether the person requesting review wishes an evidentiary hearing or waives the opportunity for such a hearing;

(4) A request for specific relief; and

(5) Any other relevant information.

(b) Within 20 days of service of the request for review by the permittee in accordance with 43 CFR 4.1109, OSM and all interested parties shall file an answer to the request for review or a motion in response to the request or a statement that no answer or motion will be filed. OSM or any interested party may request an evidentiary hearing even if the person requesting review has waived the opportunity for such a hearing.

(c) The permittee may amend the request for review once as a matter of right before a response in accordance with paragraph (b) of this section is required to be filed. After the period for filing such a response, the permittee may file a motion for leave to amend the request for review with the administrative law judge. If the administrative law judge grants a motion for leave to amend, he shall provide OSM and any other party that filed a response in accordance with paragraph (b) not less than 10 days to file an amended response.

§4.1373 Hearing.

(a) If a hearing is requested, the administrative law judge shall convene the hearing within 90 days of receipt of the responses under §4.1372(b). The 90-day deadline for convening the hearing may be waived for a definite time by the written agreement of all parties, filed with the administrative law judge, or may be extended by the administrative law judge, in response to a motion setting forth good cause to do so, if no other party is prejudiced by the extension.

(b) The administrative law judge shall give notice of the hearing at least 10 days in advance of the date of the hearing.

[59 FR 54362, Oct. 28, 1994; 59 FR 56573, Nov. 14, 1994]

§4.1374 Burdens of proof.

(a) OSM shall have the burden of going forward to present a prima facie case of the validity of the notice of suspension or the notice of proposed suspension and rescission.

(b) The permittee shall have the ultimate burden of persuasion by a preponderance of the evidence that the notice is invalid.

§4.1375 Time for initial decision.

The administrative law judge shall issue an initial decision within 30 days of the date the record of the hearing is closed, or, if no hearing is held, within 30 days of the deadline for filing responses under §4.1372(b).

§4.1376 Petition for temporary relief from notice of suspension or notice of proposed suspension and rescission; appeals from decisions granting or denying temporary relief.

(a) Any party may file a petition for temporary relief from the notice of suspension or the notice of proposed suspension and rescission in conjunction with the filing of the request for review or at any time before an initial decision is issued by the administrative law judge.

(b) The petition for temporary relief shall be filed with the administrative law judge to whom the request for review has been assigned. If none has been assigned, the petition shall be filed with the Hearings Division, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203 (Telephone 703–235–3800).

(c) The petition for temporary relief shall include:

(1) A statement of the specific relief requested;

(2) A detailed statement of why temporary relief should be granted, including—

(i) A showing that there is a substantial likelihood that petitioner will prevail on the merits, and

(ii) A showing that the relief sought will not adversely affect the public health or safety or cause significant, imminent environmental harm to land, air or water resources;

(3) A statement whether the petitioner requests an evidentiary hearing.

(d) Any party may file a response to the petition no later than 5 days after it was served and may request a hearing even if the petitioner has not done so.

(e) The administrative law judge may hold a hearing on any issue raised by the petition within 10 days of the filing of responses to the petition, and shall do so if a hearing is requested by any party.

(f) The administrative law judge shall issue an order or decision granting or denying the petition for temporary relief within 5 days of the date of a hearing on the petition or, if no hearing is held, of service of the responses to the petition on all parties.

(g) The administrative law judge may only grant temporary relief if:

(1) All parties to the proceeding have been notified of the petition and have had an opportunity to respond and a hearing has been held if requested;

(2) The petitioner has demonstrated a substantial likelihood of prevailing on the merits; and

(3) Temporary relief will not adversely affect public health or safety or cause significant, imminent harm to land, air or water resources.

(h) Any party may file an appeal of an order or decision granting or denying temporary relief with the Board within 30 days of receipt of the order or decision or, in the alternative, may seek judicial review within 30 days in accordance with section 526(a) of the

Act, 30 U.S.C. 1276(a). If an appeal is filed with the Board, the Board shall issue an expedited briefing schedule and shall decide the appeal expeditiously.

§ 4.1377 Petition for discretionary review of initial decision.

(a) Any party may file a petition for discretionary review of an initial decision of an administrative law judge issued under § 4.1375 with the Board within 30 days of receipt of the decision. An untimely petition shall be dismissed.

(b) The petition for discretionary review shall set forth specifically the alleged errors in the initial decision, with supporting argument, and shall attach a copy of the decision.

(c) Any party may file a response to the petition for discretionary review within 30 days of its service.

(d) The Board shall issue a decision denying the petition or granting the petition and deciding the merits within 60 days of the deadline for filing responses.

REVIEW OF OFFICE OF SURFACE MINING WRITTEN DECISIONS CONCERNING OWNERSHIP AND CONTROL

SOURCE: 59 FR 54363, Oct. 28, 1994, unless otherwise noted.

§ 4.1380 Scope.

Sections 4.1380 through 4.1387 govern the procedures for review of written decisions of OSM on challenges by an applicant or other person shown in the Applicant Violator System to an ownership or control link or the status of a violation.

§ 4.1381 Who may file; when to file; where to file.

(a) An applicant or any other person shown in the Applicant Violator System who receives a written decision by OSM, in response to a challenge to an ownership or control link or the status of a violation, on whether or not the ownership or control link has been shown to be erroneous or has been rebutted and/or whether the violation covered by a federal violation notice remains outstanding, has been corrected, or is the subject of a good faith appeal may file a request for review with the Hearings Division, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203 (Telephone 703–235–3800) within 30 days of service of the decision.

(b) Failure to file a request for review within 30 days of service of the decision constitutes a waiver of review of the decision. An untimely request for review shall be dismissed.

(c) Where appropriate under the Administrative Dispute Resolution Act, 5 U.S.C. §§ 571–583, the Hearings Division may use a dispute resolution proceeding, if the parties agree to such proceeding, before the procedures set forth in §§ 4.1383 through 4.1387.

§ 4.1382 Contents of request for review; response to request; amendment of request.

(a) The request for review shall include:

(1) A copy of the decision of OSM;

(2) A statement of the alleged errors in the decision and the facts that entitle the person requesting review to administrative relief;

(3) A statement whether the person requesting review wishes an evidentiary hearing or waives the opportunity for such a hearing;

(4) A request for specific relief; and

(5) Any other relevant information.

(b) Within 20 days of service of the request for review in accordance with 43 CFR 4.1109, OSM and all interested parties shall file an answer to the request for review or a motion in response to the request or a statement that no answer or motion will be filed. OSM or any interested party may request an evidentiary hearing even if the person requesting review has waived the opportunity for a hearing.

(c) The person filing the request for review may amend it once as a matter of right before the response in accordance with paragraph (b) of this section is required to be filed. After the period for filing such a response, the person may file a motion for leave to amend the request with the administrative law judge. If the administrative law judge grants a motion for leave to amend, he shall provide OSM and any other party that filed a response in accordance with paragraph (b) not less

than 10 days to file an amended response.

§4.1383 Hearing.

(a) If a hearing is requested, the administrative law judge shall convene the hearing within 90 days of receipt of responses under §4.1382(b). The 90-day deadline for convening the hearing may be waived for a definite time by the written agreement of all parties, filed with the administrative law judge, or may be extended by the administrative law judge, in response to a motion setting forth good cause to do so, if no other party is prejudiced by the extension.

(b) The administrative law judge shall give notice of the hearing at least 10 days in advance of the date of the hearing.

§4.1384 Burdens of proof.

(a) OSM shall have the burden of going forward to present a prima facie case of the validity of the decision.

(b) The person filing the request for review shall have the ultimate burden of persuasion by a preponderance of the evidence that the decision is in error.

§4.1385 Time for initial decision.

The administrative law judge shall issue an initial decision within 30 days of the date the record of the hearing is closed, or, if no hearing is held, within 30 days of the deadline for filing responses under §4.1382(b).

§4.1386 Petition for temporary relief from decision; appeals from decisions granting or denying temporary relief.

(a) Any party may file a petition for temporary relief from the decision of OSM in conjunction with the filing of the request for review or at any time before an initial decision is issued by the administrative law judge.

(b) The petition for temporary relief shall be filed with the administrative law judge to whom the request for review has been assigned. If none has been assigned, the petition shall be filed with the Hearings Division, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203 (Telephone 703–235–3800).

(c) The petition for temporary relief shall include:

(1) A statement of the specific relief requested:

(2) A detailed statement of why temporary relief should be granted, including:

(i) A showing that there is a substantial likelihood that petitioner will prevail on the merits, and

(ii) A showing that granting the relief requested will not adversely affect the public health or safety or cause significant, imminent environmental harm to land, air or water resources;

(3) A statement whether the petitioner requests an evidentiary hearing.

(d) Any party may file a response to the petition no later than 5 days after it was served and may request a hearing even if the petitioner has not done so.

(e) The administrative law judge may hold a hearing on any issue raised by the petition within 10 days of the filing of responses to the petition, and shall do so if a hearing is requested by any party.

(f) The administrative law judge shall issue an order or decision granting or denying the petition for temporary relief within 5 days of the date of a hearing on the petition or, if no hearing is held, of service of the responses to the petition on all parties.

(g) The administrative law judge may only grant temporary relief if:

(1) All parties to the proceeding have been notified of the petition and have had an opportunity to respond and a hearing has been held if requested;

(2) The petitioner has demonstrated a substantial likelihood of prevailing on the merits; and

(3) Temporary relief will not adversely affect public health or safety or cause significant, imminent environmental harm to land, air or water resources.

(h) Any party may file an appeal of an order or decision granting or denying temporary relief with the Board within 30 days of receipt of the order or decision or, in the alternative, may seek judicial review within 30 days in accordance with section 526(a) of the Act, 30 U.S.C. 1276(a). If an appeal is filed with the Board, the Board shall issue an expedited briefing schedule

and shall decide the appeal expeditiously.

§ 4.1387 Petition for discretionary review of initial decisions.

(a) Any party may file a petition for discretionary review of an initial decision of an administrative law judge issued under § 4.1385 with the Board within 30 days of receipt of the decision. An untimely petition shall be dismissed.

(b) The petition for discretionary review shall set forth specifically the alleged errors in the initial decision, with supporting argument, and shall attach a copy of the decision.

(c) Any party may file a response to the petition for discretionary review within 30 days of its service.

(d) The Board shall issue a decision denying the petition or granting the petition and deciding the merits within 60 days of the deadline for filing responses.

REQUEST FOR REVIEW OF OSM DETERMINATIONS OF ISSUES UNDER 30 CFR PART 761 (FEDERAL PROGRAM; FEDERAL LANDS PROGRAM; FEDERAL PROGRAM FOR INDIAN LANDS)

SOURCE: 52 FR 39530, Oct. 22, 1987, unless otherwise noted.

§ 4.1390 Scope.

These rules set forth procedures for obtaining review pursuant to 30 CFR 761.12(h) of a determination by OSM that a person holds or does not hold a valid existing right, or that surface coal mining operations did or did not exist on the date of enactment of the Act, on lands where operations are prohibited or limited by section 522(e) of the Act, 30 U.S.C. 1272(e), or that surface coal mining operations may be permitted within the boundaries of a national forest in accordance with section 522(e)(2).

§ 4.1391 Who may file; where to file; when to file; filing of administrative record.

(a) The applicant or any person with an interest which is or may be adversely affected by a determination of OSMRE that a person holds or does not hold a valid existing right, or that surface coal mining operations did or did not exist on the date of enactment of the Act, or that surface coal mining operations may be permitted within the boundaries of a national forest, may file a request for review of that determination with the office of the OSMRE official whose determination is being appealed and at the same time shall send a copy of the request to the Board of Land Appeals, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203 (phone 703–235–3750). The OSMRE official shall file with the Board the complete administrative record of the decision under review as soon as practicable.

(b)(1) Notice by OSMRE to the applicant or permittee of a determination under section (a) shall be provided by certified mail or by overnight delivery service if the applicant or permittee has agreed to bear the expense of this service. The request for review of a determination under section (a), when that determination is made independently of a decision on an application for a permit; permit revision; permit renewal; transfer, assignment, or sale of rights granted under permit; or coal exploration permit, shall be filed within 30 days after receipt of the determination by any person who has received a copy of the determination by certified mail or overnight delivery service. The request for review shall be filed within 30 days of the date of publication of notice in the FEDERAL REGISTER that a determination has been made for any person who has not received a copy by certified mail or overnight delivery service.

(2) The request for review of a determination under section (a), when that determination is made in conjunction with a decision on an application for a permit; permit revision; permit renewal, transfer, assignment, or sale of rights granted under permit; or coal exploration permit, shall be filed in accordance with 43 CFR 4.1362.

(c) Failure to file a request for review within the time specified in paragraph (b) of this section shall constitute a waiver of the right to review and the request shall be dismissed.

[56 FR 2145, Jan. 22, 1991]

§4.1392 Contents of request; amendment of request; responses.

(a) The request for review shall include—

(1) A clear statement of the reasons for appeal;

(2) A request for specific relief;

(3) A copy of the decision appealed from; and

(4) Any other relevant information.

(b) All interested parties shall file an answer or motion in response to a request for review or a statement that no answer or motion will be filed within 15 days of receipt specifically admitting or denying facts or alleged errors stated in the request and setting forth any other matters to be considered on review.

(c) A request for review may be amended once as a matter of right prior to receipt of an answer or motion or statement filed in accordance with paragraph (b) of this section. Thereafter, a motion for leave to amend the request shall be filed with the Board.

(d) An interested party shall have 10 days from receipt of a request for review that is amended as a matter of right or the time remaining for response to the original request to file an answer, motion, or statement in accordance with paragraph (b) of this section, whichever is longer. If the Board grants a motion to amend a request for review, the time for an interested party to file an answer, motion, or statement shall be set forth in the order granting the motion.

§4.1393 Status of decision pending administrative review.

43 CFR 4.21(a) applies to determinations of the Office of Surface Mining under 30 U.S.C. 1272(e).

§4.1394 Burden of proof.

(a) If the permit applicant is seeking review, OSM shall have the burden of going forward to establish a prima facie case and the permit applicant shall have the ultimate burden of persuasion.

(b) If any other person is seeking review, that person shall have the burden of going forward to establish a prima facie case and the ultimate burden of persuasion that a person holds or does not hold a valid existing right, or that surface coal mining operations did or did not exist on the date of enactment of the Act, or that surface coal mining operations may or may not be permitted within the boundaries of a national forest.

Subpart M—Special Procedural Rules Applicable to Appeals of Decisions Made Under OMB Circular A–76

AUTHORITY: 5 U.S.C. 301.

SOURCE: 45 FR 75213, Nov. 14, 1980. Redesignated at 52 FR 39525, Oct. 22, 1987.

EDITORIAL NOTE: Nomenclature changes to §§4.1600—4.1610 (Subpart M) appear at 52 FR 39525, Oct. 22, 1987.

§4.1600 Purpose and nature of the appeal process.

(a) This appeals procedure embodies an informal administrative review of agency decisions made under OMB Circular A–76, and is intended to assure that such decisions are fair, equitable, and in compliance with the provisions of the Circular. This procedure provides affected parties an opportunity to request that such decisions be objectively reviewed by a party independent of the A–76 decision process.

(b) This appeals procedure is administrative rather than judicial in nature, and does not provide for a judicial review or for further levels of appeal. The decisions of the appeals official are final.

(c) This procedure is intended to protect the rights of all affected parties and, therefore, neither the procedure nor agency determinations may be subject to negotiation, arbitration, or agreements with any one of the parties.

§4.1601 Basis for appeal.

(a) An appeal may be based only on a specific alleged material deviation (or deviations) by the agency from the provisions of OMB Circular A–76 or Supplement No. 1 thereto, the ''Cost Comparison Handbook.'' Appeals may not be based on other factors, such as the economic impact of the agency's decision on a community, or other socioeconomic issues.

(b) This appeals procedure shall be used only to resolve questions of the determination between contract and in-house performance of a commercial or industrial type requirement, and shall not apply to questions concerning award to one contractor in preference to another.

§ 4.1602 Who may appeal under this procedure.

An appeal may be filed by any affected party, viz, employees of the Federal activity under review, authorized employee representative organizations, contractors, and potential contractors.

§ 4.1603 Appeal period.

An appeal may be submitted at any time within 45 calendar days after announcement of an agency decision regarding the method of performance of a commercial or industrial type requirement.

§ 4.1604 Method of filing an appeal.

An appeal must be in writing, and must be submitted to: Director, Office of Hearings and Appeals, U.S. Department of the Interior, room 1111, Ballston Towers Building No. 3, 4015 Wilson Boulevard, Arlington, Virginia 22203.

§ 4.1605 Action by the Office of Hearings and Appeals.

(a) Upon receipt of an appeal, the Director, Office of Hearings and Appeals shall designate an appeals official, who shall process the appeal.

(b) The appeals official shall promptly docket the appeal and send copies of the docketing notice to the appellant, the director or other appropriate official of the bureau or office involved, and the Solicitor of the Department.

§ 4.1606 Department representation.

(a) Upon receipt of the docketing notice, the Solicitor shall appoint counsel to represent the Department in the appeal action, and so notify the appellant and the appeals official.

(b) Within seven calendar days of his designation the Department Counsel shall assemble and transmit to the appeals official a file containing the appealed agency decision and all documents relevant thereto, including the detailed analysis upon which the agency decision was based. At the same time, the Department Counsel shall send to the appellant a copy of the transmittal document, containing a table of contents of the file.

§ 4.1607 Processing the appeal.

(a) The appeals official shall arrange such conferences with the concerned parties as are necessary, including (if requested by the appellant) an oral presentation.

(b) The appeals official may require either party to submit any additional documents, oral or written testimony, or other items of evidence which he considers necessary for a complete review of the agency decision.

(c) All documentary evidence submitted by one party to the appeal action shall be made available to the other party (or parties), except that availability of proprietary information may be restricted by the party holding the proprietary interest in such information.

§ 4.1608 Oral presentations.

(a) Upon request of the appellant, an opportunity for an oral presentation to the appeals official shall be granted. The purpose of an oral presentation shall be to permit the appellant to discuss or explain factual evidence supporting his allegations, and/or to obtain oral explanations of pertinent evidence. The time and place of each oral presentation shall be determined by the appeals official, after consultation with the appropriate parties.

(b) The appellant may, but is not required to, be represented by legal counsel at an oral presentation.

(c) The Department Counsel and the bureau/office involved shall be invited to attend any oral presentation. The appeals official may require the attendance and participation of an official or employee of the Department, whether or not requested by the appellant, if, in the appeals official's judgment, such official or employee may possess knowledge or information pertinent to the agency decision being appealed, and if this knowledge or information is unobtainable elsewhere.

(d) An oral presentation shall not constitute a judicial proceeding, and no

such judicial proceeding or hearing shall be provided for in this appeals process. There shall be no requirement for legal briefs, sworn statements, interrogation under oath, official transcripts of testimony, etc., unless the appeals official determines such are necessary for effective disposition of the appeal.

§4.1609 Multiple appeals.

If two or more appellants submit appeals of the same agency decision, which are based on the same or similar allegations, the appeals official may, at his discretion, consider all such appeals concurrently and issue a single written decision resolving all of the several appeals.

§4.1610 Decision of the appeals official.

(a) Within 30 calendar days after receipt of an appeal by the Office of Hearings and Appeals, the appeals official shall issue a written decision, either affirming or denying the appeal. This decision shall be final, with no judicial review or further avenue of appeal.

(b) If the appeals official affirms the appeal, his decision regarding further action by the agency shall be binding upon the agency.

(c) If it proves impracticable to issue a decision within the prescribed 30 calendar days, the appeals official may extend this period, notifying all concerned parties of the anticipated decision date.

PART 5—MAKING PICTURES, TELEVISION PRODUCTIONS OR SOUND TRACKS ON CERTAIN AREAS UNDER THE JURISDICTION OF THE DEPARTMENT OF THE INTERIOR

5.1 Areas administered by U.S. Fish and Wildlife Service or National Park Service.

5.2 Areas administered by the Bureau of Indian Affairs.

AUTHORITY: R.S. 463, sec. 3, 39 Stat. 535, as amended, sec. 10, 45 Stat. 1224, as amended; 5 U.S.C. 301, 25 U.S.C. 2, 16 U.S.C. 715i.

§5.1 Areas administered by U.S. Fish and Wildlife Service or National Park Service.

(a) *Permit required.* No picture may be filmed, and no television production or sound track made on any area administered by the U.S. Fish and Wildlife Service or the National Park Service, of the Department of the Interior, by any person other than amateur or bona fide newsreel and news television photographers and soundmen, unless written permission has been obtained from the Service having jurisdiction over the area. Applications for permission should be submitted to the local official having administrative responsibility for the area involved.

(b) *Fees; bonds.* (1) No fees will be charged for the making of motion pictures, television productions or sound tracks on areas administered by the U.S. Fish and Wildlife Service or the National Park Service. The regular general admission and other fees currently in effect in any area under the jurisdiction of the National Park Service are not affected by this paragraph.

(2) A bond shall be furnished, or deposit made in cash or by certified check, in an amount to be set by the official in charge of the area to insure full compliance with all of the conditions prescribed in paragraph (d)(3) of this section.

(c) *Approval of application.* Permission to make a motion picture, television production or sound track on areas administered by the U.S. Fish and Wildlife Service or the National Park Service will be granted by the head of the Service or his authorized representative in his discretion and on acceptance by the applicant of the conditions set forth in paragraph (d)(3) of this section.

(d) *Form of application.* The following form is prescribed for an application for permission to make a motion picture, television production, or sound track on areas administered by the U.S. Fish and Wildlife Service or the National Park Service:

Date _____

To the head of the _____
Service, Department of the Interior _____
(Area)

(1) Permission is requested to make, in the area mentioned above, a _____

(2) The scope of the filming (or production or recording) and the manner and extent thereof will be as follows

Weather conditions permitting, work will commence on approximately _____ and will be completed on approximately _____

_____

_____

(An additional sheet should be used if necessary.)

(3) The undersigned accepts and will comply with the following conditions:

(i) Utmost care will be exercised to see that no natural features are injured, and after completion of the work the area will, as required by the official in charge, either be cleaned up and restored to its prior condition or left, after clean-up, in a condition satisfactory to the official in charge.

(ii) Credit will be given to the Department of the Interior and the Service involved through the use of an appropriate title or announcement, unless there is issued by the official in charge of the area a written statement that no such courtesy credit is desired.

(iii) Pictures will be taken of wildlife only when such wildlife will be shown in its natural state or under approved management conditions if such wildlife is confined.

(iv) [Reserved]

(v) Any special instructions received from the official in charge of the area will be complied with.

(vi) Any additional information relating to the privilege applied for by this application will be furnished upon request of the official in charge.

_____
(Applicant)

For _____
(Company)

Bond Requirement $ _____

Approved: _____
(Date)

_____
(Title)

[22 FR 1987, Mar. 26, 1957, as amended at 36 FR 2972, Feb. 13, 1971]

§ 5.2 Areas administered by the Bureau of Indian Affairs.

(a) *Individual Indians.* Anyone who desires to go on the land of an Indian to make pictures, television productions or sound tracks is expected to observe the ordinary courtesy of first obtaining permission from the Indian and of observing any conditions attached to such permission.

(b) *Indian groups and communities.* Anyone who desires to take pictures, including motion pictures, or to make a television production or a sound track of Indian communities, churches, kivas, plazas, or ceremonies performed in such places, must obtain prior permission from the proper officials of the place or community. Limitations which such officials may impose must be scrupulously observed.

(c) *Use of Indian lands.* If the filming of pictures or the making of television productions or sound tracks requires the actual use of Indian lands, a lease or permit must be obtained pursuant to 25 CFR part 131.

(d) *Employment of Indians.* Any motion picture or television producer who obtains a lease or permit for the use of Indian land pursuant to 25 CFR part 131 shall be expected to pay a fair and reasonable wage to any Indians employed in connection with the production activities.

[22 FR 1987, Mar. 26, 1957]

PART 6—PATENT REGULATIONS

Subpart A—Inventions by Employees

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AUTHORITY: 5 U.S.C. 301; sec. 2, Reorganization Plan No. 3 of 1950, 15 FR 3174; E.O. 10096, 15 FR 389; and E.O. 10930, 26 FR 2583.

SOURCE: 29 FR 260, Jan. 10, 1964; 29 FR 6498, May 19, 1964, unless otherwise noted.

Subpart A—Inventions by Employees

§ 6.1 Definitions.

As used in this subpart:

(a) The term *Department* means the Department of the Interior.

(b) The term *Secretary* means the Secretary of the Interior.

(c) The term *Solicitor* means the Solicitor of the Department of the Interior, or anyone authorized to act for him.

(d) The term *Commissioner* means the Commissioner of Patents, or any Assistant Commissioner who may act for the Commissioner of Patents.

(e) The term *invention* means any new and useful art, process, method, machine, manufacture, or composition of matter, or any new and useful improvement thereof, or any new variety of plant, or any new, original and ornamental design for an article of manufacture, which is or may be patentable under the laws of the United States.

(f) The term *employee* as used in this part includes a part time consultant, a part time employee or a special employee (as defined in 18 U.S.C. 202) of the Department insofar as inventions made during periods of official duty are concerned, except when special circumstances in a specific case require an exemption in order to meet the needs of the Department, each such exemption to be subject to the approval of the Commissioner.

(g) The term *governmental purpose* means the right of the Government of the United States (including any agency thereof, state, or domestic municipal government) to practice and have practiced (made or have made, used or have used, sold or have sold) throughout the world by or on behalf of the Government of the United States.

(h) The *making of the invention* means the conception or first actual reduction to practice of such invention.

§6.2 Report of invention.

(a) Every invention made by an employee of the Department shall be reported by such employee through his supervisor and the head of the bureau or office to the Solicitor, unless the invention obviously is unpatentable. If the invention is the result of group work, the report shall be made by the supervisor and shall be signed by all employees participating in the making of the invention. The original and two copies of the invention report shall be furnished to the Solicitor. The Solicitor may prescribe the form of the report.

(b) The report shall be made as promptly as possible, taking into consideration such factors as possible publication or public use, reduction to practice, and the necessity for protecting any rights of the Government in the invention. Although it is not necessary to withhold the report until the process or device is completely reduced to practice, reduction to practice assists in the preparation of a patent application and, if diligently pursued, protects the interests of the Government and of the inventor. If an invention is reduced to practice after the invention report is filed, the Solicitor must be notified forthwith.

(c) For the protection of the rights of the Government and of the inventor, invention reports and memoranda or correspondence concerning them are to be considered as confidential documents.

(d) An invention report shall include the following:

(1) A brief but pertinently descriptive title of the invention;

(2) The full name, residence, office address, bureau or office and division, position or title, and official working place of the inventor or inventors;

(3) A statement of the evidence that is available as to the making of the invention, including information relative to conception, disclosures to others, and reduction to practice. Examples of such information are references to signed, witnessed and dated laboratory notebooks, or other authenticated records pertaining to the conception of the invention, operational data sheets, analysis and operation evaluation reports pertaining to a reduction to practice, and visitor log books, letters and other documents pertaining to disclosures to others. These need not be submitted with the report, only the identifying data is required, e.g., volume and page number in a laboratory notebook;

(4) Information concerning any past or prospective publication, oral presentation or public use of the invention;

(5) The problem which led to the making of the invention;

(6) The objects, advantages, and uses of the invention;

(7) A detailed description of the invention;

(8) Experimental data;

(9) The prior art known to the inventor(s) and the manner in which the invention distinguishes thereover;

(10) A statement that the employee:

(i) Is willing to and does hereby assign to the Government:

(*a*) The entire rights (foreign and domestic) in the invention;

(*b*)The domestic rights only, but grants to the Government an option to file for patent protection in any foreign country, said option to expire as to any country when it is decided not to file thereon in the United States, or within six months after such filing;

(ii) Requests, pursuant to §6.2(e), a determination of the respective rights of the Government and of the inventor.

(e) If the inventor believes that he is not required by the regulations in this subpart to assign to the Government the entire domestic right, title, and interest in and to the invention, and if he is unwilling to make such an assignment to the Government, he shall, in his invention report, request that the Solicitor determine the respective rights of the Government and of the inventor in the invention, and he shall include in his invention report information on the following points, in addition to the data called for in paragraph (d) of this section:

(1) The circumstances under which the invention was made (conceived, actually reduced to practice or constructed and tested);

(2) The employee's official duties, as given on his job sheet or otherwise assigned, at the time of the making of the invention;

(3) The extent to which the invention was made during the inventor's official working hours, the extent use was made of government facilities, equipment, funds, material or information, and the time or services of other government employees on official duty;

(4) Whether the employee wishes a patent application to be prosecuted under the Act of March 3, 1883, as amended (35 U.S.C. 266), if it should be determined that he is not required to assign all domestic rights to the invention to the Government; and

(5) Whether the employee would be willing, upon request, to voluntarily assign foreign rights in the invention to the Government if it should be determined that an assignment of the domestic rights to the Government is not required.

§ 6.3 Action by supervisory officials.

(a) The preparation of an invention report and other official correspondence on patent matters is one of the regular duties of an employee who has made an invention and the supervisor of such employee shall see that he is allowed sufficient time from his other duties to prepare such documents. The supervisor shall ascertain that the invention report and other papers are prepared in conformity with the regulations of this part; and, before transmitting the invention report to the head of the bureau or office, shall check its accuracy and completeness, especially with respect to the circumstances in which the invention was developed, and shall add whatever comments he may deem to be necessary or desirable. The supervisor shall add to the file whatever information he may have concerning the governmental and commercial value of the invention.

(b) The head of the bureau or office shall make certain that the invention report is as complete as circumstances permit. He shall report whatever information may be available in his agency concerning the governmental and commercial value of the invention, and the foreign countries in which it is likely that the invention would be most useful and would have the greatest commercial value.

(c) If the employee inventor requests that the Solicitor determine his rights in the invention, the head of the bureau or office shall state his conclusions with respect to such rights.

(d) The head of the bureau or office shall indicate whether, in his judgment, the invention is liable to be used in the public interest, and he shall set out the facts supporting his conclusion whenever the employee's invention report does not contain sufficient information on this point.

§6.4 Action by Solicitor.

(a) If an employee inventor requests pursuant to §6.2(e), that such determination be made, the Solicitor shall determine the respective rights of the employee and of the Government in and to the invention. His determination shall be subject to review by the Commissioner in proper cases under Executive Orders 10096 and 10930 and the rules and regulations issued by the Commissioner with the approval of the President.

(b) If the Government is entitled to obtain the entire domestic right, title and interest in and to an invention made by an employee of the Department, the Solicitor, subject to review by the Commissioner in proper cases, may take such action respecting the invention as he deems necessary or advisable to protect the interests of the United States.

§6.5 Rights in inventions.

(a) The rules prescribed in this section shall be applied in determining the respective rights of the Government and of an employee of the Department in and to any invention made by the employee.

(b)(1) Except as indicated in the succeeding paragraphs, (b) (1) through (4), of this section, the Government shall obtain the entire domestic right, title, and interest in and to any invention made by an employee of the Department

(i) During working hours, or

(ii) With a contribution by the Government of facilities, equipment, materials, funds, or information, or of time or services of other government employees on official duty, or

(iii) Which bears a direct relation to or is made in consequence of the official duties of the inventor.

(2) In any case where the contribution of the Government, as measured by any one or more of the criteria set forth in paragraph (b)(1) of this section, to the invention is insufficient equitably to justify a requirement of assignment to the Government of the entire domestic right, title, and interest in and to such invention, or in any case where the Government has insufficient interest in an invention to obtain the entire domestic right, title, and interest therein (although the Government could obtain same under paragraph (b)(1) of this section), the Solicitor, subject to the approval of the Commissioner, shall leave title to such invention in the employee, subject, however, to the reservation to the Government of a nonexclusive, irrevocable, royalty-free license in the invention with power to grant sublicenses for all governmental purposes, such reservation, in the terms thereof, to appear, where practicable, in any patent, domestic or foreign, which may issue on such invention.

(3) In applying the provisions of paragraphs (b) (1) and (2) of this section to the facts and circumstances relating to the making of any particular invention, it shall be presumed that any invention made by an employee who is employed or assigned (i) to invent or improve or perfect any art, machine, manufacture, or composition of matter, or (ii) to conduct or perform research, development work, or both, or (iii) to supervise, direct, coordinate, or review Government financed or conducted research, development work, or both, or (iv) to act in a liaison capacity among governmental or nongovernmental agencies or individuals engaged in such work, falls within the provisions of paragraph (b)(1) of this section, and it shall be presumed that any invention made by any other employee falls within the provisions of paragraph (b)(2) of this section. Either presumption may be rebutted by a showing of the facts and circumstances in the case and shall not preclude a determination that these facts and circumstances justify leaving the entire right, title and interest in and to the invention in the government employee, subject to law.

(4) In any case wherein the Government neither (i) obtains the entire domestic right, title, and interest in and to an invention pursuant to the provisions of paragraph (b)(1) of this section, nor (ii) reserves a nonexclusive, irrevocable, royalty-free license in the invention, with power to grant sublicenses for all governmental purposes, pursuant to the provisions of paragraph (b)(2) of this section, the Solicitor, subject to the approval of the Commissioner, shall leave the entire right,

title, and interest in and to the invention in the employee, subject to law.

(c) In the event that the Solicitor determines, pursuant to paragraph (b) (2) or (4) of this section, that title to an invention will be left with an employee, the Solicitor shall notify the employee of this determination and promptly prepare, and preserve in appropriate files, accessible to the Commissioner, a written signed, and dated statement concerning the invention including the following:

(1) A description of the invention in sufficient detail to identify the invention and show the relationship to the employee's duties and work assignment;

(2) The name of the employee and his employment status, including a detailed statement of his official duties and responsibilities at the time the invention was made; and

(3) A statement of the Solicitor's determination and reasons therefor. The Solicitor shall, subject to considerations of national security, or public health, safety, or welfare, submit to the Commissioner a copy of this written statement. This submittal in a case falling within the provisions of paragraph (b) (2) of this section shall be made after the expiration of the period prescribed in §6.6 for the taking of an appeal, or it may be made prior to the expiration of such period if the employees acquiesces in the Solicitor's determination. The Commissioner thereupon shall review the determination of the Solicitor and the Commissioner's decision respecting the matter shall be final, subject to the right of the employee or the Solicitor to submit to the Commissioner within 30 days (or such longer period as the Commissioner may, for good cause, shown in writing, fix in any case) after receiving notice of such decision, a petition for the reconsideration of the decision. A copy of such petition must also be filed by the inventor with the Solicitor within the prescribed period.

§ 6.6 Appeals by employees.

(a) Any employee who is aggrieved by a determination of the Solicitor pursuant to §6.5(b) (1) or (2) may obtain a review of the determination by filing, within 30 days (or such longer period as the Commissioner may for good cause shown in writing, fix in any case) after receiving notice of such determination, two copies of an appeal with the Commissioner. The Commissioner then shall forward one copy of the appeal to the Solicitor.

(b) On receipt of a copy of an appeal filed pursuant to paragraph (a) of this section, the Solicitor shall, subject to considerations of national security, or public health, safety, or welfare, promptly furnish both the Commissioner and the inventor with a copy of a report containing the following information about the invention involved in the appeal:

(1) A copy of a statement containing the information specified in §6.5(c), and

(2) A detailed statement of the points of dispute or controversy, together with copies of any statements or written arguments that may have been filed, and of any other relevant evidence that the Solicitor considered in making his determination of Government interest. Within 25 days (or such longer period as the Commissioner may, for good cause shown, fix in any case) after the transmission of a copy of the Solicitor's report to the employee, the employee may file a reply thereto with the Commissioner and file one copy thereof with the Solicitor.

(c) After the time for the employee's reply to the Solicitor's report has expired and if the employee has so requested in his appeal, a date will be set for the hearing of oral arguments by the employee (or by an attorney whom he designates by written power of attorney filed before, or at the hearing) and the Solicitor. Unless it shall be otherwise ordered before the hearing begins, oral arguments will be limited to thirty minutes for each side. The employee need not retain an attorney or request an oral hearing to secure full consideration of the facts and his arguments. He may expedite such consideration by notifying the Commissioner when he does not intend to file a reply to the Solicitor's report.

(d) After a hearing on the appeal, if a hearing was requested, or after expiration of the period for the inventor's reply to the Solicitor's report, if no hearing is set, the Commissioner shall issue a decision on the matter, which

decision shall be final after the period for asking reconsideration expires or on the date that a decision on a petition for reconsideration is finally disposed of. Any request for reconsideration or modification of the decision must be filed within 30 days from the date of the original decision (or within such an extension thereof as may be set by the Commissioner before the original period expires). The Com- missioner's decision shall be made after consideration of the statements of fact in the employee's appeal, the Solicitor's report, and the employee's reply, but the Commissioner, at his discretion and with due respect to the rights and convenience of the inventor and the Solicitor, may call for further statements on specific questions of fact or may request additional evidence in the form of affidavits or depositions on specific facts in dispute.

§6.7 Domestic patent protection.

(a) The Solicitor, upon determining that an invention coming within the scope of §6.5(b) (1) or (2) has been made, shall thereupon determine whether patent protection will be sought in the United States by the Department for such invention. A controversy over the respective rights of the Government and of the inventor in any case shall not delay the taking of the actions provided for in this section. In cases coming within the scope of §6.5(b)(2), action by the Department looking toward such patent protection shall be contingent upon the consent of the inventor.

(b) Where there is a dispute as to whether paragraph (b) (1) or (2) of §6.5 applies in determining the respective rights of the Government and of an employee in and to any invention, the Solicitor will determine whether patent protection will be sought in the United States pending the Commissioner's decision on the dispute, and, if he determines that an application for patent should be filed, he will take such rights as are specified in §6.5(b)(2), but this shall be without prejudice to acquiring the rights specified in §6.5(b)(1) should the Commissioner so decide.

(c) Where the Solicitor has determined to leave title to an invention with an employee under §6.5(b)(2), the Solicitor will, upon the filing of an application for patent and pending review of the determination by the Commissioner, take the rights specified in that paragraph, without prejudice to the subsequent acquisition by the Government of the rights specified in §6.5(b)(1) should the Commissioner so decide.

(d) In the event that the Solicitor determines that an application for patent will not be filed on an invention made under the circumstances specified in §6.5(b)(1) giving the United States the right to title thereto, the Solicitor shall subject to considerations of national security, or public health, safety, or welfare, report to the Commissioner promptly upon making such determination, the following information concerning the invention:

(1) Description of the invention in sufficient detail to permit a satisfactory review;

(2) Name of the inventor and his employment status;

(3) Statement of the Solicitor's determination and reasons therefor.

The Commissioner, may, if he determines that the interest of the Government so requires and subject to considerations of national security, or public health safety, or welfare, bring the invention to the attention of any Government agency to whose activities the invention may be pertinent, or cause the invention to be fully disclosed by publication thereof.

§6.8 Foreign filing.

(a) *By Government*. (1) In every case where the employee has indicated pursuant to §6.2(d)(10), his willingness to assign the domestic patent rights in the invention to the Government, or where it has been determined pursuant to §6.5 that the Government shall obtain the entire domestic patent rights, the Government shall reserve an option to acquire assignment of all foreign rights including the rights to file foreign patent applications or otherwise to seek protection abroad on the invention.

(2) The Government's option shall lapse as regards any foreign country:

(i) When the Solicitor determines after consultation with the agency most directly concerned, not to cause

an application to be filed in said foreign country or otherwise to seek protection of the invention, as by publication;

(ii) When the Solicitor fails to take action to seek protection of the invention in said foreign country (*a*) within six months of the filing of an application for a United States patent on the invention, or (*b*) within six months of declassification of an invention previously under a security classification, whichever is later.

(b) *By Employee.* (1) No Department employee shall file or cause to be filed an application for patent in any foreign country on any invention in which the Government has acquired the entire (foreign and domestic) patent rights, or holds an unexpired option to acquire the patent rights in said foreign country, or take any steps which would preclude the filing of an application by or on behalf of the Government.

(2) An employee may file in any foreign country where the Government has not exercised its option acquired pursuant to §6.2(d)(10), to do so, or determines not to do so.

(3) The determination or failure to act as set forth in §6.8(a)(2) shall constitute a decision by the Government to leave the foreign patent rights to the invention in the employee, subject to a nonexclusive, irrevocable, royalty-free license to the Government in any patent which may issue thereon in any foreign country, including the power to issue sublicenses for governmental purposes or in furtherance of the foreign policies of the Government or both.

§ 6.9 Publication and public use of invention before patent application is filed.

(a) Publication or public use of an invention constitutes a statutory bar to the granting of a patent for the invention unless a patent application is filed within one year of the date of such publication or public use. In order to preserve rights in unpatented inventions, it shall be the duty of the inventor, or of his supervisor if the inventor is not available to make such report, to report forthwith to the Solicitor any publication or use (other than experimental) of an invention, irrespective of whether an invention report has previously been filed. If an invention report has not been filed, such a report, including information concerning the public use or publication, shall be filed at once. If an invention is disclosed to any person who is not employed by the Department or working in cooperation with the Department upon that invention, a record shall be kept of the date and extent of the disclosure, the name and address of the person to whom the disclosure was made, and the purpose of the disclosure.

(b) No description, specification, plan, or drawing of any unpatented invention upon which a patent application is likely to be filed shall be published, nor shall any written description, specification, plan, or drawing of such invention be furnished to anyone other than an employee of the Department or a person working in cooperation with the Department upon that invention, unless the Solicitor is of the opinion that the interests of the Government will not be prejudiced by such action. If any publication disclosing the invention, not previously approved by the Solicitor, comes to the attention of the inventor or his supervisor, it shall be the duty of such person to report such publication to the Solicitor.

§ 6.10 Publicity concerning the invention after patent application is filed.

In order that the public may obtain the greatest possible benefit from inventions in which the Secretary has transferable interests, inventions assigned to the Secretary upon which patent applications have been filed shall be publicized as widely as possible, within limitations of authority, by the Department, by the originating agency, by the division in which the inventor is employed, and by the inventor himself in his contacts with industries in which the invention is or may be useful. Regular organs of publication shall be utilized to the greatest extent possible. In addition, it shall be the duty of the Solicitor, upon being advised of the issuance of any patent assigned to the Secretary, to take steps towards listing the patent as available for licensing, where feasible.

§6.11 Condition of employment.

(a) The regulations in this subpart shall be a condition of employment of all employees of the Department and shall be effective as to all their inventions. These regulations shall be effective without regard to any existing or future contracts to the contrary entered into by any employee of the Department with any person other than the Government.

(b) If a patent application is filed upon an invention which has been made by an employee of the Department under circumstances that entitle the Government to the entire domestic right, title and interest in and to the invention, but which has not been reported to the Solicitor pursuant to the regulations in this subpart, title to such invention shall immediately vest in the Government, as represented by the Secretary, and the contract of employment shall be considered an assignment of such rights.

Subpart B—Licenses

§6.51 Purpose.

It is the purpose of the regulations in this subpart to secure for the people of the United States the full benefits of Government research and investigation in the Department of the Interior (a) by providing a simple procedure under which the public may obtain licenses to use patents and inventions in which the Secretary of the Interior has transferable interests and which are available for licensing; and (b) by providing adequate protection for the inventions until such time as they may be made available for licensing without undue risk of losing patent protection to which the public is entitled.

[31 FR 10796, Aug. 13, 1966]

§6.52 Patents.

Patents in which the Secretary of the interior has transferable interests, and under which he may issue licenses or sublicenses, are classified as follows:

(a) *Class A*. Patents, other than those referred to in paragraph (c) of this section, which are owned by the United States, as represented by the Secretary of the Interior, free from restrictions on licensing except such as are inherent in Government ownership;

(b) *Class B*. Patents in which the interest of the United States, as represented by the Secretary of the Interior, is less than full ownership, or is subject to some express restriction upon licensing or sublicensing (including patents upon which the Secretary of the Interior holds a license, patents assigned to the Secretary of the Interior as trustee for the people of the United States, and patents assigned to the Secretary of the Interior upon such terms as to effect a dedication to the public);

(c) *Class C*. Patents and patent rights acquired by the Secretary of the Interior pursuant to the Act of April 5, 1944 (58 Stat. 190; 30 U.S.C. 321—325), and any amendments thereof.

[29 FR 260, Jan. 10, 1964, as amended at 31 FR 10796, Aug. 13, 1966]

§6.53 Unpatented inventions.

The Secretary of the Interior may also have transferable interests in inventions which are not yet patented. In order to protect the patent rights of the Department, for the eventual benefit of the public, a license may be granted with respect to such an invention only if (a) a patent application has been filed thereon; (b) the invention has been assigned to the United States, as represented by the Secretary of the Interior, and the assignment has been recorded in the Patent Office; and (c) the Solicitor of the Department is of the opinion that the issuance of a license will not prejudice the interests of the Government in the invention. Such licenses shall be upon the same terms as licenses relating to patents of the same class, as described in §6.52.

§6.54 Use or manufacture by or for the Government.

A license is not required with respect to the manufacture or use of any invention assigned or required to be assigned without restrictions or qualifications to the United States when such manufacture or use is by or for the Government for governmental purposes. A license or sublicense may be required, however, for such manufacture or use in the case of Class B patents or patent rights when the terms

under which the Secretary of the Interior acquires interests therein necessitate the issuance of a license or sublicense in such circumstances.

[31 FR 10796, Aug. 13, 1966]

§ 6.55 Terms of licenses or sublicenses.

(a) No license or sublicense shall be granted under any patent in which the Secretary of the Interior has transferable interests, except as set forth under these regulations, the terms and conditions of which shall be expressly stated in such license and sublicense. The terms of licenses and sublicenses issued under this subpart shall not be unreasonably restrictive.

(b) To the extent that they do not conflict with any restrictions to which the licensing or sublicensing of Class B patents and unpatented inventions may be subject, all licenses and sublicenses relating to Class A and Class B patents and unpatented inventions shall be subject to the following terms and provisions, and to such other terms and conditions as the Solicitor may prescribe:

(1) The acceptance of a license or sublicense shall not be construed as a waiver of the right to contest the validity of the patent. A license or sublicense shall be revocable only upon a finding by the Solicitor of the Department that the terms of the license or sublicense have been violated and that the revocation of the license or sublicense is in the public interest. Such finding shall be made only after reasonable notice and an opportunity to be heard.

(2) Licenses and sublicenses shall be nontransferable. Upon a satisfactory showing that the Government or public will be benefited thereby, they may be granted to properly qualified applicants royalty-free. If no such showing is made, they shall be granted only upon a reasonable royalty or other consideration, the amount or character of which is to be determined by the Solicitor. A cross-licensing agreement may be considered adequate consideration.

(3) Licensees and sublicensees may be required to submit annual or more frequent technical or statistical reports concerning practical experience acquired through the exercise of the license or sublicense, the extent of the production under the license or sublicense, and other related subjects.

(4) A licensee or sublicensee manufacturing a patented article pursuant to a license or sublicense shall give notice to the public that the article is patented by affixing thereon the word ''patent'', together with the number of the patent, or when, from the character of the article, this cannot be done, by fixing to it, or to the package in which it is enclosed, a label containing such notice.

(c) Licenses and sublicenses relating to Class C patents and patent rights shall be granted upon such terms and conditions as may be prescribed pursuant to sections 3 and 5 of the Act of April 5 1944, and any amendments thereof.

[29 FR 260, Jan. 10, 1964, as amended at 31 FR 10796, Aug. 13, 1966]

§ 6.56 Issuance of licenses.

(a) Any person desiring a license relating to an invention upon which the Secretary of the Interior holds a patent or patent rights may file with the Solicitor of the Department of the Interior an application for a license, stating:

(1) The name, address, and citizenship of the applicant;

(2) The nature of his business;

(3) The patent or invention upon which he desires a license;

(4) The purpose for which he desires a license;

(5) His experience in the field of the desired license;

(6) Any patents, licenses, or other patent rights which he may have in the field of the desired license; and

(7) The benefits, if any, which the applicant expects the public to derive from his proposed use of the invention

(b) It shall be the duty of the Solicitor, after consultation with the bureau most directly interested in the patent or invention involved in an application for a license, and with the Evaluation Committee if royalties are to be charged, to determine whether the license shall be granted. If he determines that a license is to be granted, he shall execute on behalf of the Secretary, an appropriate license.

§6.57 Evaluation Committee.

At the request of the Solicitor, an Evaluation Committee will be appointed by the Secretary to recommend royalty rates with respect to any patents or inventions for which royalties may be charged.

PART 7—PROTECTION OF ARCHAEOLOGICAL RESOURCES

Subpart A—Uniform Regulations

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AUTHORITY: Pub. L. 96–95, 93 Stat. 721, as amended; 102 Stat. 2983 (16 U.S.C. 470aa–mm) (Sec. 10(a). Related authority: Pub. L. 59–209, 34 Stat. 225 (16 U.S.C. 432,433); Pub. L. 86–523; 74 Stat. 220, 221 (16 U.S.C. 469), as amended; 88 Stat. 174 (1974); Pub. L. 89–665, 80 Stat. 915 (16 U.S.C. 470a–t), as amended, 84 Stat. 204 (1970), 87 Stat. 139 (1973), 90 Stat. 1320 (1976), 92 Stat. 3467 (1978), 94 Stat. 2987 (1980); Pub. L. 95–341, 92 Stat. 469 (42 U.S.C. 1996).

Subpart A—Uniform Regulations

SOURCE: 49 FR 1027, Jan. 6, 1984, unless otherwise noted.

§7.1 Purpose.

(a) The regulations in this part implement provisions of the Archaeological Resources Protection Act of 1979, as amended (16 U.S.C. 470aa–mm) by establishing the uniform definitions, standards, and procedures to be followed by all Federal land managers in providing protection for archaeological resources, located on public lands and Indian lands of the United States. These regulations enable Federal land managers to protect archaeological resources, taking into consideration provisions of the American Indian Religious Freedom Act (92 Stat. 469; 42 U.S.C. 1996), through permits authorizing excavation and/or removal of archaeological resources, through civil penalties for unauthorized excavation and/or removal, through provisions for the preservation of archaeological resource collections and data, and through provisions for ensuring confidentiality of information about archaeological resources when disclosure would threaten the archaeological resources.

(b) The regulations in this part do not impose any new restrictions on activities permitted under other laws, authorities, and regulations relating to mining, mineral leasing, reclamation, and other multiple uses of the public lands.

[49 FR 1027, Jan. 6, 1984, as amended at 60 FR 5260, Jan. 26, 1995]

§7.2 Authority.

(a) The regulations in this part are promulgated pursuant to section 10(a) of the Archaeological Resources Protection Act of 1979 (16 U.S.C. 470ii), which requires that the Secretaries of the Interior, Agriculture and Defense and the Chairman of the Board of the Tennessee Valley Authority jointly develop uniform rules and regulations for carrying out the purposes of the Act.

(b) In addition to the regulations in this part, section 10(b) of the Act (16

U.S.C. 470ii) provides that each Federal land manager shall promulgate such rules and regulations, consistent with the uniform rules and regulations in this part, as may be necessary for carrying out the purposes of the Act.

§ 7.3 Definitions.

As used for purposes of this part:

(a) *Archaeological resource* means any material remains of human life or activities which are at least 100 years of age, and which are of archaeological interest.

(1) *Of archaeological interest* means capable of providing scientific or humanistic understandings of past human behavior, cultural adaptation, and related topics through the application of scientific or scholarly techniques such as controlled observation, contextual measurement, controlled collection, analysis, interpretation and explanation.

(2) *Material remains* means physical evidence of human habitation, occupation, use, or activity, including the site, location, or context in which such evidence is situated.

(3) The followiing classes of material remains (and illustrative examples), if they are at least 100 years of age, are of archaeological interest and shall be considered archaeological resources unless determined otherwise pursuant to paragraph (a)(4) or (a)(5) of this section:

(i) Surface or subsurface structures, shelters, facilities, or features (including, but not limited to, domestic structures, storage structures, cooking structures, ceremonial structures, artificial mounds, earthworks, fortifications, canals, reservoirs, horticultural/agricultural gardens or fields, bedrock mortars or grinding surfaces, rock alignments, cairns, trails, borrow pits, cooking pits, refuse pits, burial pits or graves, hearths, kilns, post molds, wall trenches, middens);

(ii) Surface or subsurface artifact concentrations or scatters;

(iii) Whole or fragmentary tools, implements, containers, weapons and weapon projectiles, clothing, and ornaments (including, but not limited to, pottery and other ceramics, cordage, basketry and other weaving, bottles and other glassware, bone, ivory, shell, metal, wood, hide, feathers, pigments, and flaked, ground, or pecked stone);

(iv) By-products, waste products, or debris resulting from manufacture or use of human-made or natural materials;

(v) Organic waste (including, but not limited to, vegetal and animal remains, coprolites);

(vi) Human remains (including, but not limited to, bone, teeth, mummified flesh, burials, cremations);

(vii) Rock carvings, rock paintings, intaglios and other works of artistic or symbolic representation;

(viii) Rockshelters and caves or portions thereof containing any of the above material remains;

(ix) All portions of shipwrecks (including, but not limited to, armaments, apparel, tackle, cargo);

(x) Any portion or piece of any of the foregoing.

(4) The following material remains shall not be considered of archaeological interest, and shall not be considered to be archaeological resources for purposes of the Act and this part, unless found in a direct physical relationship with archaeological resources as defined in this section:

(i) Paleontological remains;

(ii) Coins, bullets, and unworked minerals and rocks.

(5) The Federal land manager may determine that certain material remains, in specified areas under the Federal land manager's jurisdiction, and under specified circumstances, are not or are no longer of archaeological interest and are not to be considered archaeological resources under this part. Any determination made pursuant to this subparagraph shall be documented. Such determination shall in no way affect the Federal land manager's obligations under other applicable laws or regulations.

(6) For the disposition following lawful removal or excavations of Native American human remains and ''cultural items'', as defined by the Native American Graves Protection and Repatriation Act (NAGPRA; Pub. L. 101–601; 104 Stat. 3050; 25 U.S.C. 3001–13), the Federal land manager is referred to NAGPRA and its implementing regulations.

(b) *Arrowhead* means any projectile point which appears to have been designed for use with an arrow.

(c) *Federal land manager* means:

(1) With respect to any public lands, the secretary of the department, or the head of any other agency or instrumentality of the United States, having primary management authority over such lands, including persons to whom such management authority has been officially delegated;

(2) In the case of Indian lands, or any public lands with respect to which no department, agency or instrumentality has primary management authority, such term means the Secretary of the Interior;

(3) The Secretary of the Interior, when the head of any other agency or instrumentality has, pursuant to section 3(2) of the Act and with the consent of the Secretary of the Interior, delegated to the Secretary of the Interior the responsibilities (in whole or in part) in this part.

(d) *Public lands* means:

(1) Lands which are owned and administered by the United States as part of the national park system, the national wildlife refuge system, or the national forest system; and

(2) All other lands the fee title to which is held by the United States, except lands on the Outer Continental Shelf, lands under the jurisdiction of the Smithsonian Institution, and Indian lands.

(e) *Indian lands* means lands of Indian tribes, or Indian individuals, which are either held in trust by the United States or subject to a restriction against alienation imposed by the United States, except for subsurface interests not owned or controlled by an Indian tribe or Indian individual.

(f) *Indian tribe* as defined in the Act means any Indian tribe, band, nation, or other organized group or community, including any Alaska village or regional or village corporation as defined in, or established pursuant to, the Alaska Native Claims Settlement Act (85 Stat. 688). In order to clarify this statutory definition for purposes of this part, ''Indian tribe'' means:

(1) Any tribal entity which is included in the annual list of recognized tribes published in the FEDERAL REGISTER by the Secretary of the Interior pursuant to 25 CFR part 54;

(2) Any other tribal entity acknowledged by the Secretary of the Interior pursuant to 25 CFR part 54 since the most recent publication of the annual list; and

(3) Any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (85 Stat. 688), and any Alaska Native village or tribe which is recognized by the Secretary of the Interior as eligible for services provided by the Bureau of Indian Affairs.

(g) *Person* means an individual, corporation, partnership, trust, institution, association, or any other private entity, or any officer, employee, agent, department, or instrumentality of the United States, or of any Indian tribe, or of any State or political subdivision thereof.

(h) *State* means any of the fifty states, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands.

(i) *Act* means the Archaeological Resources Protection Act of 1979 (16 U.S.C. 470aa–mm).

[49 FR 1027, Jan. 6, 1984; 49 FR 5923, Feb. 16, 1984, as amended at 60 FR 5260, Jan. 26, 1995]

§7.4 Prohibited acts and criminal penalties.

(a) Under section 6(a) of the Act, no person may excavate, remove, damage, or otherwise alter or deface, or attempt to excavate, remove, damage, or otherwise alter or deface any archaeological resource located on public lands or Indian lands unless such activity is pursuant to a permit issued under §7.8 or exempted by §7.5(b) of this part.

(b) No person may sell, purchase, exchange, transport, or receive any archaeological resource, if such resource was excavated or removed in violation of:

(1) The prohibitions contained in paragraph (a) of this section; or

(2) Any provision, rule, regulation, ordinance, or permit in effect under any other provision of Federal law.

(c) Under section (d) of the Act, any person who knowingly violates or counsels, procures, solicits, or employs any other person to violate any prohibition contained in section 6 (a), (b), or

(c) of the Act will, upon conviction, be fined not more than $10,000.00 or imprisoned not more than one year, or both: provided, however, that if the commercial or archaeological value of the archaeological resources involved and the cost of restoration and repair of such resources exceeds the sum of $500.00, such person will be fined not more than $20,000.00 or imprisoned not more than two years, or both. In the case of a second or subsequent such violation upon conviction such person will be fined not more than $100,000.00, or imprisoned not more than five years, or both.

[49 FR 1027, Jan. 6, 1984, as amended at 60 FR 5260, Jan. 26, 1995]

§ 7.5 Permit requirements and exceptions.

(a) Any person proposing to excavate and/or remove archaeological resources from public lands or Indian lands, and to carry out activities associated with such excavation and/or removal, shall apply to the Federal land manager for a permit for the proposed work, and shall not begin the proposed work until a permit has been issued. The Federal land manager may issue a permit to any qualified person, subject to appropriate terms and conditions, provided that the person applying for a permit meets conditions in § 7.8(a) of this part.

(b) Exceptions:

(1) No permit shall be required under this part for any person conducting activities on the public lands under other permits, leases, licenses, or entitlements for use, when those activities are exclusively for purposes other than the excavation and/or removal of archaeological resources, even though those activities might incidentally result in the disturbance of archaeological resources. General earth-moving excavation conducted under a permit or other authorization shall not be construed to mean excavation and/or removal as used in this part. This exception does not, however, affect the Federal land manager's responsibility to comply with other authorities which protect archaeological resources prior to approving permits, leases, licenses, or entitlements for use; any excavation and/or removal of archaeological resources required for compliance with those authorities shall be conducted in accordance with the permit requirements of this part.

(2) No permit shall be required under this part for any person collecting for private purposes any rock, coin, bullet, or mineral which is not an archaeological resource as defined in this part, provided that such collecting does not result in disturbance of any archaelogical resource.

(3) No permit shall be required under this part or under section 3 of the Act of June 8, 1906 (16 U.S.C. 432), for the excavation or removal by any Indian tribe or member thereof of any archaeological resource located on Indian lands of such Indian tribe, except that in the absence of tribal law regulating the excavation or removal or archaeological resources on Indian lands, an individual tribal member shall be required to obtain a permit under this part;

(4) No permit shall be required under this part for any person to carry out any archaeological activity authorized by a permit issued under section 3 of the Act of June 8, 1906 (16 U.S.C. 432), before the enactment of the Archaeological Resources Protection Act of 1979. Such permit shall remain in effect according to its terms and conditions until expiration.

(5) No permit shall be required under section 3 of the Act of June 8, 1906 (16 U.S.C. 432) for any archaeological work for which a permit is issued under this part.

(c) Persons carrying out official agency duties under the Federal land manager's direction, associated with the management of archaeological resources, need not follow the permit application procedures of § 7.6. However, the Federal land manager shall insure that provisions of §§ 7.8 and 7.9 have been met by other documented means, and that any official duties which might result in harm to or destruction of any Indian tribal religious or cultural site, as determined by the Federal land manager, have been the subject of consideration under § 7.7.

(d) Upon the written request of the Governor of any State, on behalf of the State or its educational institutions, the Federal land manager shall issue a permit, subject to the provisions of

§§7.5(b)(5), 7.7, 7.8(a) (3), (4), (5), (6), and (7), 7.9, 7.10, 7.12, and 7.13(a) to such Governor or to such designee as the Governor deems qualified to carry out the intent of the Act, for purposes of conducting archaeological research, excavating and/or removing archaeological resources, and safeguarding and preserving any materials and data collected in a university, museum, or other scientific or educational institution approved by the Federal land manager.

(e) Under other statutory, regulatory, or administrative authorities governing the use of public lands and Indian lands, authorizations may be required for activities which do not require a permit under this part. Any person wishing to conduct on public lands or Indian lands any activities related to but believed to fall outside the scope of this part should consult with the Federal land manager, for the purpose of determining whether any authorization is required, prior to beginning such activities.

§7.6 Application for permits and information collection.

(a) Any person may apply to the appropriate Federal land manager for a permit to excavate and/or remove archaeological resources from public lands or Indian lands and to carry out activities associated with such excavation and/or removal.

(b) Each application for a permit shall include:

(1) The nature and extent of the work proposed, including how and why it is proposed to be conducted, proposed time of performance, locational maps, and proposed outlet for public written dissemination of the results.

(2) The name and address of the individual(s) proposed to be responsible for conducting the work, institutional affiliation, if any, and evidence of education, training, and experience in accord with the minimal qualifications listed in §7.8(a).

(3) The name and address of the individual(s), if different from the individual(s) named in paragraph (b)(2) of this section, proposed to be responsible for carrying out the terms and conditions of the permit.

(4) Evidence of the applicant's ability to initiate, conduct, and complete the proposed work, including evidence of logistical support and laboratory facilities.

(5) Where the application is for the excavation and/or removal of archaeological resources on public lands, the names of the university, museum, or other scientific or educational institution in which the applicant proposes to store all collections, and copies of records, data, photographs, and other documents derived from the proposed work. Applicants shall submit written certification, signed by an authorized official of the institution, of willingness to assume curatorial responsibility for the collections, records, data, photographs and other documents and to safeguard and preserve these materials as property of the United States.

(6) Where the application is for the excavation and/or removal of archaeological resources on Indian lands, the name of the university, museum, or other scientific or educational institution in which the applicant proposes to store copies of records, data, photographs, and other documents derived from the proposed work, and all collections in the event the Indian owners do not wish to take custody or otherwise dispose of the archaeological resources. Applicants shall submit written certification, signed by an authorized official of the institution, or willingness to assume curatorial responsibility for the collections, if applicable, and/or the records, data, photographs, and other documents derived from the proposed work.

(c) The Federal land manager may require additional information, pertinent to land management responsibilities, to be included in the application for permit and shall so inform the applicant.

(d) *Paperwork Reduction Act.* The information collection requirement contained in §7.6 of these regulations has been approved by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and assigned clearance number 1024–0037. The purpose of the information collection is to meet statutory and administrative requirements in the public interest. The information will

be used to assist Federal land managers in determining that applicants for permits are qualified, that the work proposed would further archaeological knowledge, that archaeological resources and associated records and data will be properly preserved, and that the permitted activity would not conflict with the management of the public lands involved. Response to the information requirement is necessary in order for an applicant to obtain a benefit.

§ 7.7 Notification to Indian tribes of possible harm to, or destruction of, sites on public lands having religious or cultural importance.

(a) If the issuance of a permit under this part may result in harm to, or destruction of, any Indian tribal religious or cultural site on public lands, as determined by the Federal land manager, at least 30 days before issuing such a permit the Federal land manager shall notify any Indian tribe which may consider the site as having religious or cultural importance. Such notice shall not be deemed a disclosure to the public for purposes of section 9 of the Act.

(1) Notice by the Federal land manager to any Indian tribe shall be sent to the chief executive officer or other designated official of the tribe. Indian tribes are encouraged to designate a tribal official to be the focal point for any notification and discussion between the tribe and the Federal land manager.

(2) The Federal land manager may provide notice to any other Native American group that is known by the Federal land manager to consider sites potentially affected as being of religious or cultural importance.

(3) Upon request during the 30-day period, the Federal land manager may meet with official representatives of any Indian tribe or group to discuss their interests, including ways to avoid or mitigate potential harm or destruction such as excluding sites from the permit area. Any mitigation measures which are adopted shall be incorporated into the terms and conditions of the permit under § 7.9.

(4) When the Federal land manager detemines that a permit applied for under this part must be issued immediately because of an imminent threat of loss or destruction of an archaeological resource, the Federal land manager shall so notify the appropriate tribe.

(b)(1) In order to identify sites of religious or cultural importance, the Federal land manager shall seek to identify all Indian tribes having aboriginal or historic ties to the lands under the Federal land manager's jurisdiction and seek to determine, from the chief executive officer or other designated official of any such tribe, the location and nature of specific sites of religious or cultural importance so that such information may be on file for land management purposes. Information on sites eligible for or included in the National Register of Historic Places may be withheld from public disclosure pursuant to section 304 of the Act of October 15, 1966, as amended (16 U.S.C. 470w–3).

(2) If the Federal land manager becomes aware of a Native American group that is not an Indian tribe as defined in this part but has aboriginal or historic ties to public lands under the Federal land manager's jurisdiction, the Federal land manager may seek to communicate with official representatives of that group to obtain information on sites they may consider to be of religious or cultural importance.

(3) The Federal land manager may enter into agreement with any Indian tribe or other Native American group for determining locations for which such tribe or group wishes to receive notice under this section.

(4) The Federal land manager should also seek to determine, in consultation with official representatives of Indian tribes or other Native American groups, what circumstances should be the subject of special notification to the tribe or group after a permit has been issued. Circumstances calling for notification might include the discovery of human remains. When circumstances for special notification have been determined by the Federal land manager, the Federal land manager will include a requirement in the terms and conditions of permits, under § 7.9(c), for permittees to notify the Federal land manger immediately upon the occurrence of such circumstances. Following the permittee's notification,

the Federal land manager will notify and consult with the tribe or group as appropriate. In cases involving Native American human remains and other ''cultural items'', as defined by NAGPRA, the Federal land manager is referred to NAGPRA and its implementing regulations.

[49 FR 1027, Jan. 6, 1984, as amended at 60 FR 5260, 5261, Jan. 26, 1995]

§7.8 Issuance of permits.

(a) The Federal land manager may issue a permit, for a specified period of time appropriate to the work to be conducted, upon determining that:

(1) The applicant is appropriately qualified, as evidenced by training, education, and/or experience, and possesses demonstrable competence in archaeological theory and methods, and in collecting, handling, analyzing, evaluating, and reporting archaeological data, relative to the type and scope of the work proposed, and also meets the following minimum qualifications:

(i) A graduate degree in anthropology or archaeology, or equivalent training and experience;

(ii) The demonstrated ability to plan, equip, staff, organize, and supervise activity of the type and scope proposed;

(iii) The demonstrated ability to carry research to completion, as evidenced by timely completion of theses, research reports, or similar documents;

(iv) Completion of at least 16 months of professional experience and/or specialized training in archaeological field, laboratory, or library research, administration, or management, including at least 4 months experience and/or specialized training in the kind of activity the individual proposes to conduct under authority of a permit; and

(v) Applicants proposing to engage in historical archaeology should have had at least one year of experience in research concerning archaeological resources of the historic period. Applicants proposing to engage in prehistoric archaeology should have had at least one year of experience in research concerning archaeological resources of the prehistoric period.

(2) The proposed work is to be undertaken for the purpose of furthering archaeological knowledge in the public interest, which may include but need not be limited to, scientific or scholarly research, and preservation of archaeological data;

(3) The proposed work, including time, scope, location, and purpose, is not inconsistent with any management plan or established policy, objectives, or requirements applicable to the management of the public lands concerned;

(4) Where the proposed work consists of archaelogical survey and/or data recovery undertaken in accordance with other approved uses of the public lands or Indian lands, and the proposed work has been agreed to in writing by the Federal land manager pursuant to section 106 of the National Historic Preservation Act (16 U.S.C. 470f), paragraphs (a)(2) and (a)(3) shall be deemed satisfied by the prior approval.

(5) Written consent has been obtained, for work proposed on Indian lands, from the Indian landowner and the Indian tribe having jurisdiction over such lands;

(6) Evidence is submitted to the Federal land manager that any university, museum, or other scientific or educational institution proposed in the application as the repository possesses adequate curatorial capability for safeguarding and preserving the archaeological resources and all associated records; and

(7) The applicant has certified that, not later than 90 days after the date the final report is submitted to the Federal land manager, the following will be delivered to the appropriate official of the approved university, museum, or other scientific or educational institution, which shall be named in the permit:

(i) All artifacts, samples, collections, and copies of records, data, photographs, and other documents resulting from work conducted under the requested permit where the permit is for the excavation and/or removal of archaeological resources from public lands.

(ii) All artifacts, samples and collections resulting from work under the requested permit for which the custody or disposition is not undertaken by the Indian owners, and copies of records, data, photographs, and other documents resulting from work conducted

under the requested permit, where the permit is for the excavation and/or removal of archaeological resources from Indian lands.

(b) When the area of the proposed work would cross jurisdictional boundaries, so that permit applications must be submitted to more than one Federal land manager, the Federal land managers shall coordinate the review and evaluation of applications and the issuance of permits.

[49 FR 1027, Jan. 6, 1984; 49 FR 5923, Feb. 16, 1984]

§ 7.9 Terms and conditions of permits.

(a) In all permits issued, the Federal land manager shall specify:

(1) The nature and extent of work allowed and required under the permit, including the time, duration, scope, location, and purpose of the work;

(2) The name of the individual(s) responsible for conducting the work and, if different, the name of the individual(s) responsible for carrying out the terms and conditions of the permit;

(3) The name of any university, museum, or other scientific or educational insitutions in which any collected materials and data shall be deposited; and

(4) Reporting requirements.

(b) The Federal land manager may specify such terms and conditions as deemed necessary, consistent with this part, to protect public safety and other values and/or resources, to secure work areas, to safeguard other legitimate land uses, and to limit activities incidental to work authorized under a permit.

(c) The Federal land manager shall include in permits issued for archaeological work on Indian lands such terms and conditions as may be requested by the Indian landowner and the Indian tribe having jurisdiction over the lands, and for archaeological work on public lands shall include such terms and conditions as may have been developed pursuant to § 7.7.

(d) Initiation of work or other activities under the authority of a permit signifies the permittee's acceptance of the terms and conditions of the permit.

(e) The permittee shall not be released from requirements of a permit until all outstanding obligations have been satisfied, whether or not the term of the permit has expired.

(f) The permittee may request that the Federal land manager extend or modify a permit.

(g) The permittee's performance under any permit issued for a period greater than 1 year shall be subject to review by the Federal land manager, at least annually.

§ 7.10 Suspension and revocation of permits.

(a) *Suspension or revocation for cause.* (1) The Federal land manager may suspend a permit issued pursuant to this part upon determining that the permittee has failed to meet any of the terms and conditions of the permit or has violated any prohibition of the Act or § 7.4. The Federal land manager shall provide written notice to the permittee of the suspension, the cause thereof, and the requirements which must be met before the suspension will be removed.

(2) The Federal land manager may revoke a permit upon assessment of a civil penalty under § 7.15 upon the permittee's conviction under section 6 of the Act, or upon determining that the permittee has failed after notice under this section to correct the situation which led to suspension of the permit.

(b) *Suspension or revocation for management purposes.* The Federal land manager may suspend or revoke a permit, without liability to the United States, its agents, or employees, when continuation of work under the permit would be in conflict with management requirements not in effect when the permit was issued. The Federal land manager shall provide written notice to the permittee stating the nature of and basis for the suspension or revocation.

[49 FR 1027, Jan. 6, 1984; 49 FR 5923, Feb. 16, 1984]

§ 7.11 Appeals relating to permits.

Any affected person may appeal permit issuance, denial of permit issuance, suspension, revocation, and terms and conditions of a permit through existing administrative appeal procedures, or through procedures which may be established by the Federal land manager pursuant to section 10(b) of the Act and this part.

§7.12 Relationship to section 106 of the National Historic Preservation Act.

Issuance of a permit in accordance with the Act and this part does not constitute an undertaking requiring compliance with section 106 of the Act of October 15, 1966 (16 U.S.C. 470f). However, the mere issuance of such a permit does not excuse the Federal land manager from compliance with section 106 where otherwise required.

§7.13 Custody of archaeological resources.

(a) Archaeological resources excavated or removed from the public lands remain the property of the United States.

(b) Archaeological resources excavated or removed from Indian lands remain the property of the Indian or Indian tribe having rights of ownership over such resources.

(c) The Secretary of the Interior may promulgate regulations providing for the exchange of archaeological resources among suitable universities, museums, or other scientific or educational institutions, for the ultimate disposition of archaeological resources, and for standards by which archaeological resources shall be preserved and maintained, when such resources have been excavated or removed from public lands and Indian lands.

(d) In the absence of regulations referenced in paragraph (c) of this section, the Federal land manager may provide for the exchange of archaeological resources among suitable universities, museums, or other scientific or educational institutions, when such resources have been excavated or removed from public lands under the authority of a permit issued by the Federal land manager.

(e) Notwithstanding the provisions of paragraphs (a) through (d) of this section, the Federal land manager will follow the procedures required by NAGPRA and its implementing regulations for determining the disposition of Native American human remains and other ''cultural items'', as defined by NAGPRA, that have been excavated, removed, or discovered on public lands.

[49 FR 1027, Jan. 6, 1984, as amended at 60 FR 5260, 5261, Jan. 26, 1995]

§7.14 Determination of archaeological or commercial value and cost of restoration and repair.

(a) *Archaeological value.* For purposes of this part, the archaeological value of any archaeological resource involved in a violation of the prohibitions in §7.4 of this part or conditions of a permit issued pursuant to this part shall be the value of the information associated with the archaeological resource. This value shall be appraised in terms of the costs of the retrieval of the scientific information which would have been obtainable prior to the violation. These costs may include, but need not be limited to, the cost of preparing a research design, conducting field work, carrying out laboratory analysis, and preparing reports as would be necessary to realize the information potential.

(b) *Commercial value.* For purposes of this part, the commercial value of any archaeological resource involved in a violation of the prohibitions in §7.4 of this part or conditions of a permit issued pursuant to this part shall be its fair market value. Where the violation has resulted in damage to the archaeological resource, the fair market value should be determined using the condition of the archaeological resource prior to the violation, to the extent that its prior condition can be ascertained.

(c) *Cost of restoration and repair.* For purposes of this part, the cost of restoration and repair of archaeological resources damaged as a result of a violation of prohibitions or conditions pursuant to this part, shall be the sum of the costs already incurred for emergency restoration or repair work, plus those costs projected to be necessary to complete restoration and repair, which may include, but need not be limited to, the costs of the following:

(1) Reconstruction of the archaeological resource;

(2) Stabilization of the archaeological resource;

(3) Ground contour reconstruction and surface stabilization;

(4) Research necessary to carry out reconstruction or stabilization;

(5) Physical barriers or other protective devices, necessitated by the disturbance of the archaeological resource, to protect it from further disturbance;

(6) Examination and analysis of the archaeological resource including recording remaining archaeological information, where necessitated by disturbance, in order to salvage remaining values which cannot be otherwise conserved;

(7) Reinterment of human remains in accordance with religious custom and State, local, or tribal law, where appropriate, as determined by the Federal land manager.

(8) Preparation of reports relating to any of the above activities.

§ 7.15 Assessment of civil penalties.

(a) The Federal land manager may assess a civil penalty against any person who has violated any prohibition contained in § 7.4 or who has violated any term or condition included in a permit issued in accordance with the Act and this part.

(b) *Notice of violation*. The Federal land manager shall serve a notice of violation upon any person believed to be subject to a civil penalty, either in person or by registered or certified mail (return receipt requested). The Federal land manager shall include in the notice:

(1) A concise statement of the facts believed to show a violation;

(2) A specific reference to the provision(s) of this part or to a permit issued pursuant to this part allegedly violated;

(3) The amount of penalty proposed to be assessed, including any initial proposal to mitigate or remit where appropriate, or a statement that notice of a proposed penalty amount will be served after the damages associated with the alleged violation have been ascertained;

(4) Notification of the right to file a petition for relief pursuant to paragraph (d) of this section, or to await the Federal land manager's notice of assessment, and to request a hearing in accordance with paragraph (g) of this section. The notice shall also inform the person of the right to seek judicial review of any final administrative decision assessing a civil penalty.

(c) The person served with a notice of violation shall have 45 calendar days from the date of its service (or the date of service of a proposed penalty amount, if later) in which to respond. During this time the person may:

(1) Seek informal discussions with the Federal land manager;

(2) File a petition for relief in accordance with paragraph (d) of this section;

(3) Take no action and await the Federal land manager's notice of assessment;

(4) Accept in writing or by payment the proposed penalty, or any mitigation or remission offered in the notice. Acceptance of the proposed penalty or mitigation or remission shall be deemed a waiver of the notice of assessment and of the right to request a hearing under paragraph (g) of this section.

(d) *Petition for relief*. The person served with a notice of violation may request that no penalty be assessed or that the amount be reduced, by filing a petition for relief with the Federal land manager within 45 calendar days of the date of service of the notice of violation (or of a proposed penalty amount, if later). The petition shall be in writing and signed by the person served with the notice of violation. If the person is a corporation, the petition must be signed by an officer authorized to sign such documents. The petition shall set forth in full the legal or factual basis for the requested relief.

(e) *Assessment of penalty*. (1) The Federal land manager shall assess a civil penalty upon expiration of the period for filing a petition for relief, upon completion of review of any petition filed, or upon completion of informal discussions, whichever is later.

(2) The Federal land manager shall take into consideration all available information, including information provided pursuant to paragraphs (c) and (d) of this section or furnished upon further request by the Federal land manager.

(3) If the facts warrant a conclusion that no violation has occurred, the Federal land manager shall so notify

the person served with a notice of violation, and no penalty shall be assessed.

(4) Where the facts warrant a conclusion that a violation has occurred, the Federal land manager shall determine a penalty amount in accordance with §7.16.

(f) *Notice of assessment.* The Federal land manager shall notify the person served with a notice of violation of the penalty amount assessed by serving a written notice of assessment, either in person or by registered or certified mail (return receipt requested). The Federal land manager shall include in the notice of assessment:

(1) The facts and conclusions from which it was determined that a violation did occur;

(2) The basis in §7.16 for determining the penalty amount assessed and/or any offer to mitigate or remit the penalty; and

(3) Notification of the right to request a hearing, including the procedures to be followed, and to seek judicial review of any final administrative decision assessing a civil penalty.

(g) *Hearings.* (1) Except where the right to request a hearing is deemed to have been waived as provided in paragraph (c)(4) of this section, the person served with a notice of assessment may file a written request for a hearing with the adjudicatory body specified in the notice. The person shall enclose with the request for hearing a copy of the notice of assessment, and shall deliver the request as specified in the notice of assessment, personally or by registered or certified mail (return receipt requested).

(2) Failure to deliver a written request for a hearing within 45 days of the date of service of the notice of assessment shall be deemed a waiver of the right to a hearing.

(3) Any hearing conducted pursuant to this section shall be held in accordance with 5 U.S.C. 554. In any such hearing, the amount of civil penalty assessed shall be determined in accordance with this part, and shall not be limited by the amount assessed by the Federal land manager under paragraph (f) of this section or any offer of mitigation or remission made by the Federal land manager.

(h) *Final administrative decision.* (1) Where the person served with a notice of violation has accepted the penalty pursuant to paragraph (c)(4) of this section, the notice of violation shall constitute the final administrative decision;

(2) Where the person served with a notice of assessment has not filed a timely request for a hearing pursuant to paragraph (g)(1) of this section, the notice of assessment shall constitute the final administrative decision;

(3) Where the person served with a notice of assessment has filed a timely request for a hearing pursuant to paragraph (g)(1) of this section, the decision resulting from the hearing or any applicable administrative appeal therefrom shall constitute the final administrative decision.

(i) *Payment of penalty.* (1) The person assessed a civil penalty shall have 45 calendar days from the date of issuance of the final administrative decision in which to make full payment of the penalty assessed, unless a timely request for appeal has been filed with a U.S. District Court as provided in section 7(b)(1) of the Act.

(2) Upon failure to pay the penalty, the Federal land manager may request the Attorney General to institute a civil action to collect the penalty in a U.S. District Court for any district in which the person assessed a civil penalty is found, resides, or transacts business. Where the Federal land manager is not represented by the Attorney General, a civil action may be initiated directly by the Federal land manager.

(j) *Other remedies not waived.* Assessment of a penalty under this section shall not be deemed a waiver of the right to pursue other available legal or administrative remedies.

§7.16 Civil penalty amounts.

(a) *Maximum amount of penalty.* (1) Where the person being assessed a civil penalty has not committed any previous violation of any prohibition in §7.4 or of any term or condition included in a permit issued pursuant to this part, the maximum amount of the penalty shall be the full cost of restoration and repair of archaeological

resources damaged plus the archaeological or commercial value of archaeological resources destroyed or not recovered.

(2) Where the person being assessed a civil penalty has committed any previous violation of any prohibition in §7.4 or of any term or condition included in a permit issued pursuant to this part, the maximum amount of the penalty shall be double the cost of restoration and repair plus double the archaeological or commercial value of archaeological resources destroyed or not recovered.

(3) Violations limited to the removal of arrowheads located on the surface of the ground shall not be subject to the penalties prescribed in this section.

(b) *Determination of penalty amount, mitigation, and remission.* The Federal land manager may assess a penalty amount less than the maximum amount of penalty and may offer to mitigate or remit the penalty.

(1) Determination of the penalty amount and/or a proposal to mitigate or remit the penalty may be based upon any of the following factors:

(i) Agreement by the person being assessed a civil penalty to return to the Federal land manager archaeological resources removed from public lands or Indian lands;

(ii) Agreement by the person being assessed a civil penalty to assist the Federal land manager in activity to preserve, restore, or otherwise contribute to the protection and study of archaeological resources on public lands or Indian lands;

(iii) Agreement by the person being assessed a civil penalty to provide information which will assist in the detection, prevention, or prosecution of violations of the Act or this part;

(iv) Demonstration of hardship or inability to pay, provided that this factor shall only be considered when the person being assessed a civil penalty has not been found to have previously violated the regulations in this part;

(v) Determination that the person being assessed a civil penalty did not willfully commit the violation;

(vi) Determination that the proposed penalty would constitute excessive punishment under the circumstances;

(vii) Determination of other mitigating circumstances appropriate to consideration in reaching a fair and expeditious assessment.

(2) When the penalty is for a violation on Indian lands, the Federal land manager shall consult with and consider the interests of the Indian landowner and the Indian tribe having jurisdiction over the Indian lands prior to proposing to mitigate or remit the penalty.

(3) When the penalty is for a violation which may have had an effect on a known Indian tribal religious or cultural site on public lands, the Federal land manager should consult with and consider the interests of the affected tribe(s) prior to proposing to mitigate or remit the penalty.

[49 FR 1027, Jan. 6, 1984, as amended at 52 FR 47721, Dec. 16, 1987]

§ 7.17 Other penalties and rewards.

(a) Section 6 of the Act contains criminal prohibitions and provisions for criminal penalties. Section 8(b) of the Act provides that archaeological resources, vehicles, or equipment involved in a violation may be subject to forfeiture.

(b) Section 8(a) of the Act provides for rewards to be made to persons who furnish information which leads to conviction for a criminal violation or to assessment of a civil penalty. The Federal land manager may certify to the Secretary of the Treasury that a person is eligible to receive payment. Officers and employees of Federal, State, or local government who furnish information or render service in the performance of their official duties, and persons who have provided information under §7.16(b)(1)(iii) shall not be certified eligible to receive payment of rewards.

(c) In cases involving Indian lands, all civil penalty monies and any item forfeited under the provisions of this section shall be transferred to the appropriate Indian or Indian tribe.

§ 7.18 Confidentiality of archaeological resource information.

(a) The Federal land manager shall not make available to the public, under subchapter II of chapter 5 of title 5 of the United States Code or any other

provision of law, information concerning the nature and location of any archaeological resource, with the following exceptions:

(1) The Federal land manager may make information available, provided that the disclosure will further the purposes of the Act and this part, or the Act of June 27, 1960, as amended (16 U.S.C. 469 through 469c), without risking harm to the archaeological resource or to the site in which it is located.

(2) The Federal land manager shall make information available, when the Governor of any State has submitted to the Federal land manager a written request for information, concerning the archaeological resources within the requesting Governor's State, provided that the request includes:

(i) The specific archaeological resource or area about which information is sought;

(ii) The purpose for which the information is sought; and

(iii) The Governor's written commitment to adequately protect the confidentiality of the information.

(b) [Reserved]

[49 FR 1027, Jan. 6, 1984; 49 FR 5923, Feb. 16, 1984]

§7.19 Report.

(a) Each Federal land manager, when requested by the Secretary of the Interior, will submit such information as is necessary to enable the Secretary to comply with section 13 of the Act and comprehensively report on activities carried out under provisions of the Act.

(b) The Secretary of the Interior will include in the annual comprehensive report, submitted to the Committee on Interior and Insular Affairs of the United States House of Representatives and to the Committee on Energy and Natural Resources of the United States Senate under section 13 of the Act, information on public awareness programs submitted by each Federal land manager under §7.20(b). Such submittal will fulfill the Federal land manager's responsibility under section 10(c) of the Act to report on public awareness programs.

(c) The comprehensive report by the Secretary of the Interior also will include information on the activities carried out under section 14 of the Act. Each Federal land manager, when requested by the Secretary, will submit any available information on surveys and schedules and suspected violations in order to enable the Secretary to summarize in the comprehensive report actions taken pursuant to section 14 of the Act.

[60 FR 5260, 5261, Jan. 26, 1995]

§7.20 Public awareness programs.

(a) Each Federal land manager will establish a program to increase public awareness of the need to protect important archaeological resources located on public and Indian lands. Educational activities required by section 10(c) of the Act should be incorporated into other current agency public education and interpretation programs where appropriate.

(b) Each Federal land manager annually will submit to the Secretary of the Interior the relevant information on public awareness activities required by section 10(c) of the Act for inclusion in the comprehensive report on activities required by section 13 of the Act.

[60 FR 5260, 5261, Jan. 26, 1995]

§7.21 Surveys and schedules.

(a) The Secretaries of the Interior, Agriculture, and Defense and the Chairman of the Board of the Tennessee Valley Authority will develop plans for surveying lands under each agency's control to determine the nature and extent of archaeological resources pursuant to section 14(a) of the Act. Such activities should be consistent with Federal agency planning policies and other historic preservation program responsibilities required by 16 U.S.C. 470 *et seq.* Survey plans prepared under this section will be designed to comply with the purpose of the Act regarding the protection of archaeological resources.

(b) The Secretaries of the Interior, Agriculture, and Defense and the Chairman of the Tennessee Valley Authority will prepare schedules for surveying lands under each agency's control that are likely to contain the most scientifically valuable archaeological resources pursuant to section 14(b) of

the Act. Such schedules will be developed based on objectives and information identified in survey plans described in paragraph (a) of this section and implemented systematically to cover areas where the most scientifically valuable archaeological resources are likely to exist.

(c) Guidance for the activities undertaken as part of paragraphs (a) through (b) of this section is provided by the Secretary of the Interior's Standards and Guidelines for Archeology and Historic Preservation.

(d) Other Federal land managing agencies are encouraged to develop plans for surveying lands under their jurisdictions and prepare schedules for surveying to improve protection and management of archaeological resources.

(e) The Secretaries of the Interior, Agriculture, and Defense and the Chairman of the Tennessee Valley Authority will develop a system for documenting and reporting suspected violations of the various provisions of the Act. This system will reference a set of procedures for use by officers, employees, or agents of Federal agencies to assist them in recognizing violations, documenting relevant evidence, and reporting assembled information to the appropriate authorities. Methods employed to document and report such violations should be compatible with existing agency reporting systems for documenting violations of other appropriate Federal statutes and regulations. Summary information to be included in the Secretary's comprehensive report will be based upon the system developed by each Federal land manager for documenting suspected violations.

[60 FR 5260, 5261, Jan. 26, 1995]

Subpart B—Department of the Interior Supplemental Regulations

SOURCE: 52 FR 9168, Mar. 23, 1987, unless otherwise noted.

§ 7.31 Scope and authority.

The regulations in this subpart are promulgated pursuant to section 10(b) of the Archaeological Resources Protection Act of 1979 (16 U.S.C. 470ii), which requires agencies to develop rules and regulations for carrying out the purposes of the Act, consistent with the uniform regulations issued pursuant to section 10(a) of the Act (subpart A of this part).

§ 7.32 Supplemental definitions.

For purposes of this subpart, the following definitions will be used:

(a) *Site of religious or cultural importance* means, for purposes of § 7.7 of this part, a location which has traditionally been considered important by an Indian tribe because of a religious event which happened there; because it contains specific natural products which are of religious or cultural importance; because it is believed to the be dwelling place of, the embodiment of, or a place conducive to communication with spiritual beings; because it contains elements of life-cycle rituals, such as burials and associated materials; or because it has other specific and continuing significance in Indian religion or culture.

(b) *Allotted lands* means lands granted to Indian individuals by the United States and held in trust for those individuals by the United States.

§ 7.33 Determination of loss or absence of archaeological interest.

(a) Under certain circumstances, a Federal land manager may determine, pursuant to § 7.3(a)(5) of this part, that certain material remains are not or are no longer of archaeological interest, and therefore are not to be considered archaeological resources under this part.

(b) The Federal land manager may make such a determination if he/she finds that the material remains are not capable of providing scientific or humanistic understandings of past human behavior, cultural adaptation, and related topics.

(c) Prior to making a determination that material remains are not or are no longer archaeological resources, the Federal land manager shall ensure that the following procedures are completed:

(1) A professional archaeological evaluation of material remains and similar materials within the area under consideration shall be completed, consistent with the Secretary

of the Interior's Standards and Guidelines for Archeology and Historic Preservation (48 FR 44716, Sept. 29, 1983) and with 36 CFR parts 60, 63, and 65.

(2) The principal bureau archaeologist or, in the absence of a principal bureau archaeologist, the Department Consulting Archeologist, shall establish whether the material remains under consideration contribute to scientific or humanistic understandings of past human behavior, cultural adaptation and related topics. The principal bureau archaeologist or the Department Consulting Archeologist, as appropriate, shall make a recommendation to the Federal land manager concerning these material remains.

(d) The Federal land manager shall make the determination based upon the facts established by and the recommendation of the principal bureau archaeologist or the Departmental Consulting Archeologist, as appropriate, and shall fully document the basis therefor, including consultation with Indian tribes for determinations regarding sites of religious or cultural importance.

(e) The Federal land manager shall make public notice of the determination and its limitations, including any permitting requirements for activities associated with the materials determined not to be archaeological resources for purposes of this part.

(f) Any interested individual may request in writing that the Departmental Consulting Archeologist review any final determination by the Federal land manager that certain remains, are not, or are no longer, archaeological resources. Two (2) copies of the request should be sent to the Departmental Consulting Archeologist, National Park Service, P.O. Box 37127, Washington, DC 20013–7127, and should document why the requestor disagrees with the determination of the Federal land manager. The Departmental Consulting Archeologist shall review the request, and, if appropriate, shall review the Federal land manager's determination and its supporting documentation. Based on this review, the Departmental Consulting Archeologist shall prepare a final professional recommendation, and shall transmit the recommendation and the basis therefor to the head of the bureau for further consideration within 60 days of the receipt of the request.

(g) Any determination made pursuant to this section shall in no way affect the Federal land manager's obligations under other applicable laws or regulations.

§ 7.34 Procedural information for securing permits.

Information about procedures to secure a permit to excavate or remove archaeological resources from public lands or Indian lands can be obtained from the appropriate Indian tribal authorities, the Federal land manager of the bureau that administers the specific area of the public lands or Indian lands for which a permit is desired, or from the state, regional, or national office of that bureau.

§ 7.35 Permitting procedures for Indian lands.

(a) If the lands involved in a permit application are Indian lands, the consent of the appropriate Indian tribal authority or individual Indian landowner is required by the Act and these regulations.

(b) When Indian tribal lands are involved in an application for a permit or a request for extension or modification of a permit, the consent of the Indian tribal government must be obtained. For Indian allotted lands outside reservation boundaries, consent from only the individual landowner is needed. When multiple-owner allotted lands are involved, consent by more than 50 percent of the ownership interest is sufficient. For Indian allotted lands within reservation boundaries, consent must be obtained from the Indian tribal government and the individual landowner(s).

(c) The applicant should consult with the Bureau of Indian Affairs concerning procedures for obtaining consent from the appropriate Indian tribal authorities and submit the permit application to the area office of the Bureau of Indian Affairs that is responsible for the administration of the lands in question. The Bureau of Indian Affairs shall insure that consultation with the appropriate Indian tribal authority or individual Indian landowner regarding

terms and conditions of the permit occurs prior to detailed evaluation of the application. Permits shall include terms and conditions requested by the Indian tribe or Indian landowner pursuant to §7.9 of this part.

(d) The issuance of a permit under this part does not remove the requirement for any other permit required by Indian tribal law.

§ 7.36 Permit reviews and disputes.

(a) Any affected person disputing the decision of a Federal land manager with respect to the issuance or denial of a permit, the inclusion of specific terms and conditions in a permit, or the modification, suspension, or revocation of a permit may request the Federal land manager to review the disputed decision and may request a conference to discuss the decision and its basis.

(b) The disputant, if unsatisfied with the outcome of the review or conference, may request that the decision be reviewed by the head of the bureau involved.

(c) Any disputant unsatisified with the higher level review, and desiring to appeal the decision, pursuant to §7.11 of this part, should consult with the appropriate Federal land manager regarding the existence of published bureau appeal procedures. In the absence of published bureau appeal procedures, the review by the head of the bureau involved will constitute the final decision.

(d) Any affected person may request a review by the Departmental Consulting Archeologist of any professional issues involved in a bureau permitting decision, such as professional qualifications, research design, or other professional archaeological matters. The Departmental Consulting Archeologist shall make a final professional recommendation to the head of the bureau involved. The head of the bureau involved will consider the recommendation, but may reject it, in whole or in part, for good cause. This request should be in writing, and should state the reasons for the request. See §7.33(f) for the address of the Departmental Consulting Archeologist.

§ 7.37 Civil penalty hearings procedures.

(a) *Requests for hearings.* Any person wishing to request a hearing on a notice of assessment of civil penalty, pursuant to §7.15(g) of this part, may file a written, dated request for a hearing with the Hearing Division, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203–1923. The respondent shall enclose a copy of the notice of violation and the notice of assessment. The request shall state the relief sought, the basis for challenging the facts used as the basis for charging the violation and fixing the assessment, and respondent's preference as to the place and date for a hearing. A copy of the request shall be served upon the Solicitor of the Department of the Interior personally or by registered or certified mail (return receipt requested), at the address specified in the notice of assessment. Hearings shall be conducted in accordance with 43 CFR part 4, subparts A and B.

(b) *Waiver of right to a hearing.* Failure to file a written request for a hearing within 45 days of the date of service of a notice of assessment shall be deemed a waiver of the right to a hearing.

(c) *Commencement of hearing procedures.* Upon receipt of a request for a hearing, the Hearing Division shall assign an administrative law judge to the case. Notice of assignment shall be given promptly to the parties, and thereafter, all pleadings, papers, and other documents in the proceeding shall be filed directly with the administrative law judge, with copies served on the opposing party.

(d) *Appearance and practice.* (1) Subject to the provisions of 43 CFR 1.3, the respondent may appear in person, by representative, or by counsel, and may participate fully in those proceedings. If respondent fails to appear and the administrative law judge determines such failure is without good cause, the administrative law judge may, in his/her discretion, determine that such failure shall constitute a waiver of the right to a hearing and consent to the making of a decision on the record made at the hearing.

(2) Departmental counsel, designated by the Solicitor of the Department, shall represent the Federal land manager in the proceedings. Upon notice to the Federal land manager of the assignment of an administrative law judge to the case, said counsel shall enter his/her appearance on behalf of the Federal land manager and shall file all petitions and correspondence exchanges by the Federal land manager and the respondent pursuant to §7.15 of this part which shall become part of the hearing record. Thereafter, service upon the Federal land manager shall be made to his/her counsel.

(e) *Hearing administration.* (1) The administrative law judge shall have all powers accorded by law and necessary to preside over the parties and the proceedings and to make decisions in accordance with 5 U.S.C. 554–557.

(2) The transcript of testimony, the exhibits, and all papers, documents and requests filed in the proceedings, shall constitute the record for decision. The administrative law judge shall render a written decision upon the record, which shall set forth his/her findings of fact and conclusions of law, and the reasons and basis therefor, and an assessment of a penalty, if any.

(3) Unless a notice of appeal is filed in accordance with paragraph (f) of this section, the administrative law judge's decision shall constitute the final administrative determination of the Secretary in the matter and shall become effective 30 calendar days from the date of this decision.

(4) In any such hearing, the amount of civil penalty assessed shall be determined in accordance with this part, and shall not be limited by the amount assessed by the Federal land manager under §7.15 of this part or any offer of mitigation or remission made by the Federal land manager.

(f) *Appeal.* (1) Either the respondent or the Federal land manager may appeal the decision of an administrative law judge by the filing of a ''Notice of Appeal'' with the Director, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203–1923, within 30 calendar days of the date of the administrative law judge's decision. Such notice shall be accompanied by proof of service on the administrative law judge and the opposing party.

(2) Upon receipt of such a notice, the Director, Office of Hearings and Appeals, shall appoint an *ad hoc* appeals board to hear and decide an appeal. To the extent they are not inconsistent herewith, the provision of the Department of Hearings and Appeals Procedures in 43 CFR part 4, subparts A, B, and G shall apply to appeal proceedings under this subpart. The decision of the board on the appeal shall be in writing and shall become effective as the final administrative determination of the Secretary in the proceeding on the date it is rendered, unless otherwise specified therein.

(g) *Report service.* Copies of decisions in civil penalty proceedings instituted under the Act may be obtained by letter of request addressed to the Director, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203–1923. Fees for this service shall be as established by the Director of that Office.

PART 8—JOINT POLICIES OF THE DEPARTMENTS OF THE INTERIOR AND OF THE ARMY RELATIVE TO RESERVOIR PROJECT LANDS

Sec.

8.0 Acquisition of lands for reservoir projects.
8.1 Lands for reservoir construction and operation.
8.2 Additional lands for correlative purposes.
8.3 Easements.
8.4 Blocking out.
8.5 Mineral rights.
8.6 Buildings.

AUTHORITY: Sec. 7, 32 Stat. 389, sec. 14, 53 Stat. 1197; 43 U.S.C. 421, 389.

SOURCE: 31 FR 9108, July 2, 1966, unless otherwise noted.

§8.0 Acquisition of lands for reservoir projects.

In so far as permitted by law, it is the policy of the Departments of the Interior and of the Army to acquire, as a part of reservoir project construction, adequate interest in lands necessary for the realization of optimum

values for all purposes including additional land areas to assure full realization of optimum present and future outdoor recreational and fish and wildlife potentials of each reservoir.

§ 8.1 Lands for reservoir construction and operation.

The fee title will be acquired to the following:

(a) Lands necessary for permanent structures.

(b) Lands below the maximum flowage line of the reservoir including lands below a selected freeboard where necessary to safeguard against the effects of saturation, wave action, and bank erosion and the permit induced surcharge operation.

(c) Lands needed to provide for public access to the maximum flowage line as described in paragraph (b) of this section, or for operation and maintenance of the project.

§ 8.2 Additional lands for correlative purposes.

The fee title will be acquired for the following:

(a) Such lands as are needed to meet present and future requirements for fish and wildlife as determined pursuant to the Fish and Wildlife Coordination Act.

(b) Such lands as are needed to meet present and future public requirements for outdoor recreation, as may be authorized by Congress.

§ 8.3 Easements.

Easements in lieu of fee title may be taken only for lands that meet all of the following conditions:

(a) Lands lying above the storage pool.

(b) Lands in remote portions of the project area.

(c) Lands determined to be of no substantial value for protection or enhancement of fish and wildlife resources, or for public outdoor recreation.

(d) It is to the financial advantage of the Government to take easements in lieu of fee title.

§ 8.4 Blocking out.

Blocking out will be accomplished in accordance with sound real estate practices, for example, on minor sectional subdivision lines; and normally land will not be acquired to avoid severance damage if the owner will waive such damage.

§ 8.5 Mineral rights.

Mineral, oil and gas rights will not be acquired except where the development thereof would interfere with project purposes, but mineral rights not acquired will be subordinated to the Government's right to regulate their development in a manner that will not interfere with the primary purposes of the project, including public access.

§ 8.6 Buildings.

Buildings for human occupancy as well as other structures which would interfere with the operation of the project for any project purpose will be prohibited on reservoir project lands.

PART 9—INTERGOVERNMENTAL REVIEW OF DEPARTMENT OF THE INTERIOR PROGRAMS AND ACTIVITIES

Sec.

9.1 What is the purpose of these regulations?
9.2 What definitions apply to these regulations?
9.3 What programs and activities of the Department are subject to these regulations?
9.4 [Reserved]
9.5 What is the Secretary's obligation with respect to Federal interagency coordination?
9.6 What procedures apply to the selection of programs and activities under these regulations?
9.7 How does the Secretary communicate with state and local officials concerning the Department's programs and activities?
9.8 How does the Secretary provide states an opportunity to comment on proposed federal financial assistance and direct federal development?
9.9 How does the Secretary receive and respond to comments?
9.10 How does the Secretary make efforts to accommodate intergovernmental concerns?
9.11 What are the Secretary's obligations in interstate situations?
9.12 How may a state simplify, consolidate, or substitute federally required state plans?

9.13 May the Secretary waive any provision of these regulations?

AUTHORITY: E.O. 12372, July 14, 1982 (47 FR 30959), as amended April 8, 1983 (48 FR 15887); and sec. 401 of the Intergovernmental Cooperation Act of 1968 as amended (31 U.S.C. 6506).

SOURCE: 48 FR 29232, June 24, 1983, unless otherwise noted.

§9.1 What is the purpose of these regulations?

(a) The regulations in this part implement Executive Order 12372, ''Intergovernmental Review of Federal Programs,'' issued July 14, 1982 and amended on April 8, 1983. These regulations also implement applicable provisions of section 401 of the Intergovernmental Cooperation Act of 1968.

(b) These regulations are intended to foster an intergovernmental partnership and a strengthened Federalism by relying on state processes and on state, areawide, regional and local coordination for review of proposed federal financial assistance and direct federal development.

(c) These regulations are intended to aid the internal management of the Department, and are not intended to create any right or benefit enforceable at law by a party against the Department or its officers.

§9.2 What definitions apply to these regulations?

Department means the U.S. Department of the Interior.

Order means Executive Order 12372, issued July 14, 1982, and amended April 8, 1983 and titled ''Intergovernmental Review of Federal Programs.''

Secretary means the Secretary of the U.S. Department of the Interior or an official or employee of the Department acting for the Secretary under a delegation of authority.

State means any of the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, the U.S. Virgin Islands, or the Trust Territory of the Pacific Islands.

§9.3 What programs and activities of the Department are subject to these regulations?

(a) The Secretary publishes in the FEDERAL REGISTER a list of the Department's programs and activities that are subject to these regulations and a list of programs and activities that have existing consultation processes.

(b) With respect to programs and activities that a state chooses to cover, and that have existing consultation processes, the state must agree to adopt those existing processes.

§9.4 [Reserved]

§9.5 What is the Secretary's obligation with respect to Federal interagency coordination?

The Secretary, to the extent practicable, consults with and seeks advice from all other substantially affected federal departments and agencies in an effort to assure full coordination between such agencies and the Department regarding programs and activities covered under these regulations.

§9.6 What procedures apply to the selection of programs and activities under these regulations?

(a) A state may select any program or activity published in the FEDERAL REGISTER in accordance with §9.3 of this part for intergovernmental review under these regulations. Each state, before selecting programs and activities, shall consult with local elected officials.

(b) Each state that adopts a process shall notify the Secretary of the Department's programs and activities selected for that process.

(c) A state may notify the Secretary of changes in its selections at any time. For each change, the state shall submit to the Secretary an assurance that the state has consulted with local elected officials regarding the change. The Department may establish deadlines by which states are required to inform the Secretary of changes in their program selections.

(d) The Secretary uses a state's process as soon as feasible, depending on individual programs and activities, after

the Secretary is notified of its selections.

§ 9.7 How does the Secretary communicate with state and local officials concerning the Department's programs and activities?

(a) For those programs and activities covered by a state process under § 9.6, the Secretary, to the extent permitted by law:

(1) Uses the state process to determine views of state and local elected officials; and,

(2) Communicates with state and local elected officials, through the state process, as early in a program planning cycle as in reasonably feasible to explain specific plans and actions.

(b) The Secretary provides notice to directly affected state, areawide, regional, and local entities in a state of proposed federal financial assistance or direct federal development if:

(1) The state has not adopted a process under the Order; or

(2) The assistance or development involves a program or activity not selected for the state process.

This notice may be made by publication in the FEDERAL REGISTER or other appropriate means, which the Department in its discretion deems appropriate.

§ 9.8 How does the Secretary provide states an opportunity to comment on proposed federal financial assistance and direct federal development?

(a) Except in unusual circumstances, the Secretary gives state processes or directly affected state, areawide, regional and local officials and entities:

(1) At least 30 days from the date established by the Secretary to comment on proposed federal financial assistance in the form of noncompeting continuation awards; and

(2) At least 60 days from the date established by the Secretary to comment on proposed direct federal development or federal financial assistance other than noncompeting continuation awards.

(b) This section also applies to comments in cases in which the review, coordination, and communication with the Department have been delegated.

§ 9.9 How does the Secretary receive and respond to comments?

(a) The Secretary follows the procedures in § 9.10 if:

(1) A state office or official is designated to act as a single point of contact between a state process and all federal agencies, and

(2) That office or official transmits a state process recommendation for a program selected under § 9.6.

(b)(1) The single point of contact is not obligated to transmit comments from state, areawide, regional or local officials and entities where there is no state process recommendation.

(2) If a state process recommendation is transmitted by a single point of contact, all comments from state, areawide, regional, and local officials and entities that differ from it must also be transmitted.

(c) If a state has not established a process, or is unable to submit a state process recommendation, state, areawide, regional and local officials and entities may submit comments either to the applicant or to the Department.

(d) If a program or activity is not selected for a state process, state, areawide, regional and local officials and entities may submit comments either to the applicant or to the Department. In addition, if a state process recommendation for a nonselected program or activity is transmitted to the Department by a single point of contact, the Secretary follows the procedures of § 9.10 of this part.

(e) The Secretary considers comments which do not constitute a state process recommendation submitted under these regulations and for which the Secretary is not required to apply the procedures of § 9.10 of this part, when such comments are provided by a single point of contact, by the applicant, or directly to the Department by a commenting party.

§ 9.10 How does the Secretary make efforts to accommodate intergovernmental concerns?

(a) If a state process provides a state process recommendation to the Department through its single point of contact, the Secretary either:

(1) Accepts the recommendation;

(2) Reaches a mutually agreeable solution with the state process; or

(3) Provides the single point of contact with such written explanation of the decision, as the Secretary in his or her discretion deems appropriate. The Secretary may also supplement the written explanation by providing the explanation to the single point of contact by telephone, other telecommunication, or other means.

(b) In any explanation under paragraph (a)(3) of the section, the Secretary informs the single point of contact that:

(1) The Department will not implement its decision for at least ten days after the single point of contact receives the explanation; or

(2) The Secretary has reviewed the decision and determined that, because of unusual circumstances, the waiting period of at least ten days is not feasible.

(c) For purposes of computing the waiting period under paragraph (b)(1) of this section, a single point of contact is presumed to have received written notification 5 days after the date of mailing of such notification.

§9.11 What are the Secretary's obligations in interstate situations?

(a) The Secretary is responsible for:

(1) Identifying proposed federal financial assistance and direct Federal development that have an impact on interstate areas;

(2) Notifying appropriate officials and entities in states which have adopted a process and which select the Department's program or activitiy;

(3) Making efforts to identify and notify the affected state, areawide, regional, and local officials and entities in those states that have not adopted a process under the Order or do not select the Department's program or activity;

(4) Responding pursuant to §9.10 of this part if the Secretary receives a recommendation from a designated areawide agency transmitted by a single point of contact, in cases in which the review, coordination, and communication with the Department have been delegated.

(b) The Secretary uses the procedures in §9.10 if a state process provides a state process recommendation to the Department through a single point of contact.

§9.12 How may a state simplify, consolidate, or substitute federally required state plans?

(a) As used in this section:

(1) *Simplify* means that a state may develop its own format, choose its own submission date, and select the planning period for a state plan.

(2) *Consolidate* means that a state may meet statutory and regulatory requirements by combining two or more plans into one document and that the state can select the format, submission date, and planning period for the consolidated plan.

(3) *Substitute* means that a state may use a plan or other document that it has developed for its own purposes to meet Federal requirements.

(b) If not inconsistent with law, a state may decide to try to simplify, consolidate, or substitute Federally required state plans without prior approval by the Secretary.

(c) The Secretary reviews each state plan that a state has simplified, consolidated, or substituted and accepts the plan only if its contents meet Federal requirements.

§9.13 May the Secretary waive any provision of these regulations?

In an emergency, the Secretary may waive any provision of these regulations.

PART 10—NATIVE AMERICAN GRAVES PROTECTION AND REPATRIATION REGULATIONS

Subpart A—Introduction

Sec.
10.1 Purpose and applicability.
10.2 Definitions

Subpart B—Human Remains, Funerary Objects, Sacred Objects, or Objects of Cultural Patrimony from Federal or Tribal Lands

10.3 Intentional archeological excavations.
10.4 Inadvertent discoveries.
10.5 Consultation.
10.6 Custody.

10.7 Disposition of unclaimed human remains, funerary objects, sacred objects, or objects of cultural patrimony. [Reserved]

Subpart C—Human Remains, Funerary Objects, Sacred Objects, or Objects of Cultural Patrimony in Museums and Federal Collections

10.8 Summaries.
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10.10 Repatriation.
10.11 Disposition of culturally unidentifiable human remains. [Reserved]
10.12 Civil penalties. [Reserved]
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Subpart D—General

10.14 Lineal descent and cultural affiliation.
10.15 Repatriation limitations and remedies.
10.16 Review committee.
10.17 Dispute resolution.

APPENDIX-A TO PART 10—SAMPLE SUMMARY.

APPENDIX-B TO PART 10—SAMPLE NOTICE OF INVENTORY COMPLETION.

AUTHORITY: 25 U.S.C. 3001 *et seq.*

SOURCE: 60 FR 62158, Dec. 4, 1995, unless otherwise noted.

Subpart A—Introduction

§ 10.1 Purpose and applicability.

(a) *Purpose.* These regulations carry out provisions of the Native American Graves Protection and Repatriation Act of 1990 (Pub.L. 101–601; 25 U.S.C. 3001–3013;104 Stat. 3048–3058). These regulations develop a systematic process for determining the rights of lineal descendants and Indian tribes and Native Hawaiian organizations to certain Native American human remains, funerary objects, sacred objects, or objects of cultural patrimony with which they are affiliated.

(b) *Applicability.* (1) These regulations pertain to the identification and appropriate disposition of human remains, funerary objects, sacred objects, or objects of cultural patrimony that are:

(i) In Federal possession or control; or

(ii) In the possession or control of any institution or State or local government receiving Federal funds; or

(iii) Excavated intentionally or discovered inadvertently on Federal or tribal lands.

(2) These regulations apply to human remains, funerary objects, sacred objects, or objects of cultural patrimony which are indigenous to Alaska, Hawaii, and the continental United States, but not to territories of the United States.

(3) Throughout these regulations are decision points which determine their applicability in particularly circumstances, e.g., a decision as to whether a museum ''controls'' human remains and cultural objects within the meaning of the regulations, or, a decision as to whether an object is a ''human remain,'' ''funerary object,'' ''sacred object,'' or ''object of cultural patrimony'' within the meaning of the regulations. Any final determination making the Act or these regulations inapplicable is subject to review pursuant to section 15 of the Act.

§ 10.2 Definitions.

In addition to the term *Act*, which means the Native American Graves Protection and Repatriation Act as described above, definitions used in these regulations are grouped in seven classes: Parties required to comply with these regulations; Parties with standing to make claims under these regulations; Parties responsible for implementing these regulations; Objects covered by these regulations; Cultural affiliation; Types of land covered by these regulations; and Procedures required by these regulations.

(a) *Who must comply with these regulations?* (1) *Federal agency* means any department, agency, or instrumentality of the United States. Such term does not include the Smithsonian Institution as specified in section 2 (4) of the Act.

(2) *Federal agency official* means any individual authorized by delegation of authority within a Federal agency to perform the duties relating to these regulations.

(3) *Museum* means any institution or State or local government agency (including any institution of higher learning) that has possession of, or control over, human remains, funerary objects,

sacred objects, or objects of cultural patrimony and receives Federal funds.

(i) The term ''*possession*'' means having physical custody of human remains, funerary objects, sacred objects, or objects of cultural patrimony with a sufficient legal interest to lawfully treat the objects as part of its collection for purposes of these regulations. Generally, a museum or Federal agency would not be considered to have possession of human remains, funerary objects, sacred objects, or objects of cultural patrimony on loan from another individual, museum, or Federal agency.

(ii) The term ''*control*'' means having a legal interest in human remains, funerary objects, sacred objects, or objects of cultural patrimony sufficient to lawfully permit the museum or Federal agency to treat the objects as part of its collection for purposes of these regulations whether or not the human remains, funerary objects, sacred objects or objects of cultural patrimony are in the physical custody of the museum or Federal agency. Generally, a museum or Federal agency that has loaned human remains, funerary objects, sacred objects, or objects of cultural patrimony to another individual, museum, or Federal agency is considered to retain control of those human remains, funerary objects, sacred objects, or objects of cultural patrimony for purposes of these regulations.

(iii) The phrase ''*receives Federal funds*'' means the receipt of funds by a museum after November 16, 1990, from a Federal agency through any grant, loan, contract (other than a procurement contract), or other arrangement by which a Federal agency makes or made available to a museum aid in the form of funds. Federal funds provided for any purpose that are received by a larger entity of which the museum is a part are considered Federal funds for the purposes of these regulations. For example, if a museum is a part of a State or local government or a private university and the State or local government or private university receives Federal funds for any purpose, the museum is considered to receive Federal funds for the purpose of these regulations.

(4) *Museum official* means the individual within a museum designated as being responsible for matters relating to these regulations.

(5) *Person* means an individual, partnership, corporation, trust, institution, association, or any other private entity, or, any official, employee, agent, department, or instrumentality of the United States, or of any Indian tribe or Native Hawaiian organization, or of any State or political subdivision thereof that discovers human remains, funerary objects, sacred objects or objects of cultural patrimony on Federal or tribal lands after November 16, 1990.

(b) *Who has standing to make a claim under these regulations?*

(1) *Lineal descendant* means an individual tracing his or her ancestry directly and without interruption by means of the traditional kinship system of the appropriate Indian tribe or Native Hawaiian organization or by the common law system of descendance to a known Native American individual whose remains, funerary objects, or sacred objects are being claimed under these regulations.

(2) *Indian tribe* means any tribe, band, nation, or other organized Indian group or community of Indians, including any Alaska Native village or corporation as defined in or established by the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians. The Secretary will distribute a list of Indian tribes for the purposes of carrying out this statute through the Departmental Consulting Archeologist.

(3)(i) *Native Hawaiian organization* means any organization that:

(A) Serves and represents the interests of Native Hawaiians;

(B) Has as a primary and stated purpose the provision of services to Native Hawaiians; and

(C) Has expertise in Native Hawaiian affairs.

(ii)The term *Native Hawaiian* means any individual who is a descendant of the aboriginal people who, prior to 1778, occupied and exercised sovereignty in the area that now constitutes the State of Hawaii. Such organizations must include the Office of

Hawaiian Affairs and *Hui Mālama I Nā Kūpuna 'O Hawai'i Nei.*

(4) *Indian tribe official* means the principal leader of an Indian tribe or Native Hawaiian organization or the individual officially designated by the governing body of an Indian tribe or Native Hawaiian organization or as otherwise provided by tribal code, policy, or established procedure as responsible for matters relating to these regulations.

(c) *Who is responsible for carrying out these regulations?*

(1) *Secretary* means the Secretary of the Interior.

(2) *Review Committee* means the advisory committee established pursuant to section 8 of the Act.

(3) *Departmental Consulting Archeologist* means the official of the Department of the Interior designated by the Secretary as responsible for the administration of matters relating to these regulations. Communications to the Departmental Consulting Archeologist should be addressed to:

Departmental Consulting Archeologist
National Park Service,
PO Box 37127
Washington, DC 20013–7127.

(d) *What objects are covered by these regulations?* The Act covers four types of Native American objects. The term *Native American* means of, or relating to, a tribe, people, or culture indigenous to the United States, including Alaska and Hawaii:

(1) *Human remains* means the physical remains of a human body of a person of Native American ancestry. The term does not include remains or portions of remains that may reasonably be determined to have been freely given or naturally shed by the individual from whose body they were obtained, such as hair made into ropes or nets. For the purposes of determining cultural affiliation, human remains incorporated into a funerary object, sacred object, or object of cultural patrimony, as defined below, must be considered as part of that item.

(2) *Funerary objects* means items that, as part of the death rite or ceremony of a culture, are reasonably believed to have been placed intentionally at the time of death or later with or near individual human remains. Funerary objects must be identified by a preponderance of the evidence as having been removed from a specific burial site of an individual affiliated with a particular Indian tribe or Native Hawaiian organization or as being related to specific individuals or families or to known human remains. The term *burial site* means any natural or prepared physical location, whether originally below, on, or above the surface of the earth, into which as part of the death rite or ceremony of a culture, individual human remains were deposited, and includes rock cairns or pyres which do not fall within the ordinary definition of grave site. For purposes of completing the summary requirements in § 10.8 and the inventory requirements of § 10.9:

(i) *Associated funerary objects* means those funerary objects for which the human remains with which they were placed intentionally are also in the possession or control of a museum or Federal agency. Associated funerary objects also means those funerary objects that were made exclusively for burial purposes or to contain human remains.

(ii) *Unassociated funerary objects* means those funerary objects for which the human remains with which they were placed intentionally are not in the possession or control of a museum or Federal agency. Objects that were displayed with individual human remains as part of a death rite or ceremony of a culture and subsequently returned or distributed according to traditional custom to living descendants or other individuals are not considered unassociated funerary objects.

(3) *Sacred objects* means items that are specific ceremonial objects needed by traditional Native American religious leaders for the practice of traditional Native American religions by their present-day adherents. While many items, from ancient pottery sherds to arrowheads, might be imbued with sacredness in the eyes of an individual, these regulations are specifically limited to objects that were devoted to a traditional Native American religious ceremony or ritual and which have religious significance or function in the continued observance or renewal of such ceremony. The term *traditional*

religious leader means a person who is recognized by members of an Indian tribe or Native Hawaiian organization as:

(i) Being responsible for performing cultural duties relating to the ceremonial or religious traditions of that Indian tribe or Native Hawaiian organization, or

(ii) Exercising a leadership role in an Indian tribe or Native Hawaiian organization based on the tribe or organization's cultural, ceremonial, or religious practices.

(4) *Objects of cultural patrimony* means items having ongoing historical, traditional, or cultural importance central to the Indian tribe or Native Hawaiian organization itself, rather than property owned by an individual tribal or organization member. These objects are of such central importance that they may not be alienated, appropriated, or conveyed by any individual tribal or organization member. Such objects must have been considered inalienable by the culturally affiliated Indian tribe or Native Hawaiian organization at the time the object was separated from the group. Objects of cultural patrimony include items such as Zuni War Gods, the Confederacy Wampum Belts of the Iroquois, and other objects of similar character and significance to the Indian tribe or Native Hawaiian organization as a whole.

(e) *What is cultural affiliation?* Cultural affiliation means that there is a relationship of shared group identity which can reasonably be traced historically or prehistorically between members of a present-day Indian tribe or Native Hawaiian organization and an identifiable earlier group. Cultural affiliation is established when the preponderance of the evidence — based on geographical, kinship, biological, archeological, linguistic, folklore, oral tradition, historical evidence, or other information or expert opinion — reasonably leads to such a conclusion.

(f) *What types of lands to the excavation and discovery provisions of these regulations apply to?*

(1) *Federal lands* means any land other than tribal lands that are controlled or owned by the United States Government, including lands selected by but not yet conveyed to Alaska Native Corporations and groups organized pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.). United States ''control,'' as used in this definition, refers to those lands not owned by the United States but in which the United States has a legal interest sufficient to permit it to apply these regulations without abrogating the otherwise existing legal rights of a person.

(2) *Tribal lands* means all lands which:

(i) Are within the exterior boundaries of any Indian reservation including, but not limited to, allotments held in trust or subject to a restriction on alienation by the United States; or

(ii) Comprise dependent Indian communities as recognized pursuant to 18 U.S.C. 1151; or

(iii) Are administered for the benefit of Native Hawaiians pursuant to the Hawaiian Homes Commission Act of 1920 and section 4 of the Hawaiian Statehood Admission Act (Pub.L. 86–3; 73 Stat. 6).

(iv) Actions authorized or required under these regulations will not apply to tribal lands to the extent that any action would result in a taking of property without compensation within the meaning of the Fifth Amendment of the United States Constitution.

(g) *What procedures are required by these regulations?*

(1) *Summary* means the written description of collections that may contain unassociated funerary objects, sacred objects, and objects of cultural patrimony required by § 10.8 of these regulations.

(2) *Inventory* means the item-by-item description of human remains and associated funerary objects.

(3) *Intentional excavation* means the planned archeological removal of human remains, funerary objects, sacred objects, or objects of cultural patrimony found under or on the surface of Federal or tribal lands pursuant to section 3 (c) of the Act.

(4) *Inadvertent discovery* means the unanticipated encounter or detection of human remains, funerary objects, sacred objects, or objects of cultural patrimony found under or on the surface of Federal or tribal lands pursuant to section 3 (d) of the Act.

Subpart B—Human Remains, funerary objects, sacred objects, or objects of cultural patrimony from Federal or Tribal Lands

§ 10.3 Intentional archeological excavations.

(a) *General.* This section carries out section 3 (c) of the Act regarding the custody of human remains, funerary objects, sacred objects, or objects of cultural patrimony that are excavated intentionally from Federal or tribal lands after November 16, 1990.

(b) *Specific Requirements.* These regulations permit the intentional excavation of human remains, funerary objects, sacred objects, or objects of cultural patrimony from Federal or tribal lands only if:

(1) The objects are excavated or removed following the requirements of the Archaeological Resources Protection Act (ARPA) (16 U.S.C. 470aa et seq.) and its implementing regulations. Regarding private lands within the exterior boundaries of any Indian reservation, the Bureau of Indian Affairs (BIA) will serve as the issuing agency for any permits required under the Act. For BIA procedures for obtaining such permits, see 25 CFR part 262 or contact the Deputy Commissioner of Indian Affairs, Department of the Interior, Washington, DC 20240. Regarding lands administered for the benefit of Native Hawaiians pursuant to the Hawaiian Homes Commission Act, 1920, and section 4 of Pub. L. 86–3, the Department of Hawaiian Home Lands will serve as the issuing agency for any permits required under the Act, with the Hawaii State Historic Preservation Division of the Department of Land and Natural Resources acting in an advisory capacity for such issuance. Procedures and requirements for issuing permits will be consistent with those required by the ARPA and its implementing regulations;

(2) The objects are excavated after consultation with or, in the case of tribal lands, consent of, the appropriate Indian tribe or Native Hawaiian organization pursuant to § 10.5;

(3) The disposition of the objects is consistent with their custody as described in § 10.6; and

(4) Proof of the consultation or consent is shown to the Federal agency official or other agency official responsible for the issuance of the required permit.

(c) *Procedures.* (1) The Federal agency official must take reasonable steps to determine whether a planned activity may result in the excavation of human remains, funerary objects, sacred objects, or objects of cultural patrimony from Federal lands. Prior to issuing any approvals or permits for activities, the Federal agency official must notify in writing the Indian tribes or Native Hawaiian organizations that are likely to be culturally affiliated with any human remains, funerary objects, sacred objects, or objects of cultural patrimony that may be excavated. The Federal agency official must also notify any present-day Indian tribe which aboriginally occupied the area of the planned activity and any other Indian tribes or Native Hawaiian organizations that the Federal agency official reasonably believes are likely to have a cultural relationship to the human remains, funerary objects, sacred objects, or objects of cultural patrimony that are expected to be found. The notice must be in writing and describe the planned activity, its general location, the basis upon which it was determined that human remains, funerary objects, sacred objects, or objects of cultural patrimony may be excavated, and, the basis for determining likely custody pursuant to § 10.6. The notice must also propose a time and place for meetings or consultations to further consider the activity, the Federal agency's proposed treatment of any human remains, funerary objects, sacred objects, or objects of cultural patrimony that may be excavated, and the proposed disposition of any excavated human remains, funerary objects, sacred objects, or objects of cultural patrimony. Written notification should be followed up by telephone contact if there is no response in 15 days. Consultation must be conducted pursuant to § 10.5.

(2) Following consultation, the Federal agency official must complete a written plan of action (described in § 10.5(e)) and execute the actions called for in it.

(3) If the planned activity is also subject to review under section 106 of the National Historic Preservation Act (16 U.S.C. 470 *et seq.*), the Federal agency official should coordinate consultation and any subsequent agreement for compliance conducted under that Act with the requirements of §10.3 (c)(2) and §10.5. Compliance with these regulations does not relieve Federal agency officials of requirements to comply with section 106 of the National Historic Preservation Act (16 U.S.C. 470 *et seq.*).

(4) If an Indian tribe or Native Hawaiian organization receives notice of a planned activity or otherwise becomes aware of a planned activity that may result in the excavation of human remains, funerary objects, sacred objects, or objects of cultural patrimony on tribal lands, the Indian tribe or Native Hawaiian organization may take appropriate steps to:

(i) Ensure that the human remains, funerary objects, sacred objects, or objects of cultural patrimony are excavated or removed following §10.3 (b), and

(ii) make certain that the disposition of any human remains, funerary objects, sacred objects, or objects of cultural patrimony excavated intentionally or discovered inadvertently as a result of the planned activity are carried out following §10.6.

§10.4 Inadvertent discoveries.

(a) *General.* This section carries out section 3 (d) of the Act regarding the custody of human remains, funerary objects, sacred objects, or objects of cultural patrimony that are discovered inadvertently on Federal or tribal lands after November 16, 1990.

(b) *Discovery.* Any person who knows or has reason to know that he or she has discovered inadvertently human remains, funerary objects, sacred objects, or objects of cultural patrimony on Federal or tribal lands after November 16, 1990, must provide immediate telephone notification of the inadvertent discovery, with written confirmation, to the responsible Federal agency official with respect to Federal lands, and, with respect to tribal lands, to the responsible Indian tribe official. The requirements of these regulations regarding inadvertent discoveries apply whether or not an inadvertent discovery is duly reported. If written confirmation is provided by certified mail, the return receipt constitutes evidence of the receipt of the written notification by the Federal agency official or Indian tribe official.

(c) *Ceasing activity.* If the inadvertent discovery occurred in connection with an on-going activity on Federal or tribal lands, the person, in addition to providing the notice described above, must stop the activity in the area of the inadvertent discovery and make a reasonable effort to protect the human remains, funerary objects, sacred objects, or objects of cultural patrimony discovered inadvertently.

(d) *Federal lands.* (1) As soon as possible, but no later than three (3) working days after receipt of the written confirmation of notification with respect to Federal lands described in §10.4 (b), the responsible Federal agency official must:

(i) Certify receipt of the notification;

(ii) Take immediate steps, if necessary, to further secure and protect inadvertently discovered human remains, funerary objects, sacred objects, or objects of cultural patrimony, including, as appropriate, stabilization or covering;

(iii) Notify by telephone, with written confirmation, the Indian tribes or Native Hawaiian organizations likely to be culturally affiliated with the inadvertently discovered human remains, funerary objects, sacred objects, or objects of cultural patrimony, the Indian tribe or Native Hawaiian organization which aboriginally occupied the area, and any other Indian tribe or Native Hawaiian organization that is reasonably known to have a cultural relationship to the human remains, funerary objects, sacred objects, or objects of cultural patrimony. This notification must include pertinent information as to kinds of human remains, funerary objects, sacred objects, or objects of cultural patrimony discovered inadvertently, their condition, and the circumstances of their inadvertent discovery;

(iv) Initiate consultation on the inadvertent discovery pursuant to §10.5;

(v) If the human remains, funerary objects, sacred objects, or objects of cultural patrimony must be excavated or removed, follow the requirements and procedures in § 10.3 (b) of these regulations; and

(vi) Ensure that disposition of all inadvertently discovered human remains, funerary objects, sacred objects, or objects of cultural patrimony is carried out following § 10.6.

(2) *Resumption of activity*. The activity that resulted in the inadvertent discovery may resume thirty (30) days after certification by the notified Federal agency of receipt of the written confirmation of notification of inadvertent discovery if the resumption of the activity is otherwise lawful. The activity may also resume, if otherwise lawful, at any time that a written, binding agreement is executed between the Federal agency and the affiliated Indian tribes or Native Hawaiian organizations that adopt a recovery plan for the excavation or removal of the human remains, funerary objects, sacred objects, or objects of cultural patrimony following § 10.3 (b)(1) of these regulations. The disposition of all human remains, funerary objects, sacred objects, or objects of cultural patrimony must be following § 10.6.

(e) *Tribal lands*. (1) As soon as possible, but no later than three (3) working days after receipt of the written confirmation of notification with respect to Tribal lands described in § 10.4 (b), the responsible Indian tribe official may:

(i) Certify receipt of the notification;

(ii) Take immediate steps, if necessary, to further secure and protect inadvertently discovered human remains, funerary objects, sacred objects, or objects of cultural patrimony, including, as appropriate, stabilization or covering;

(iii) If the human remains, funerary objects, sacred objects, or objects of cultural patrimony must be excavated or removed, follow the requirements and procedures in § 10.3 (b) of these regulations; and

(iv) Ensure that disposition of all inadvertently discovered human remains, funerary objects, sacred objects, or objects of cultural patrimony is carried out following § 10.6.

(2) Resumption of Activity. The activity that resulted in the inadvertent discovery may resume if otherwise lawful after thirty (30) days of the certification of the receipt of notification by the Indian tribe or Native Hawaiian organization.

(f) *Federal agency officials*. Federal agency officials should coordinate their responsibilities under this section with their emergency discovery responsibilities under section 106 of the National Historical Preservation Act (16 U.S.C. 470 (f) *et seq.*), 36 CFR 800.11 or section 3 (a) of the Archeological and Historic Preservation Act (16 U.S.C. 469 (a-c)). Compliance with these regulations does not relieve Federal agency officials of the requirement to comply with section 106 of the National Historical Preservation Act (16 U.S.C. 470 (f) *et seq.*), 36 CFR 800.11 or section 3 (a) of the Archeological and Historic Preservation Act (16 U.S.C. 469 (a-c)).

(g) *Notification requirement in authorizations*. All Federal authorizations to carry out land use activities on Federal lands or tribal lands, including all leases and permits, must include a requirement for the holder of the authorization to notify the appropriate Federal or tribal official immediately upon the discovery of human remains, funerary objects, sacred objects, or objects of cultural patrimony pursuant to § 10.4 (b) of these regulations.

§ 10.5 Consultation.

Consultation as part of the intentional excavation or inadvertent discovery of human remains, funerary objects, sacred objects, or objects of cultural patrimony on Federal lands must be conducted in accordance with the following requirements.

(a) *Consulting parties*. Federal agency officials must consult with known lineal descendants and Indian tribe officials:

(1) from Indian tribes on whose aboriginal lands the planned activity will occur or where the inadvertent discovery has been made; and

(2) from Indian tribes and Native Hawaiian organizations that are, or are likely to be, culturally affiliated with the human remains, funerary objects, sacred objects, or objects of cultural patrimony; and

(3) from Indian tribes and Native Hawaiian organizations that have a demonstrated cultural relationship with the human remains, funerary objects, sacred objects, or objects of cultural patrimony.

(b) *Initiation of consultation*. (1) Upon receiving notice of, or otherwise becoming aware of, an inadvertent discovery or planned activity that has resulted or may result in the intentional excavation or inadvertent discovery of human remains, funerary objects, sacred objects, or objects of cultural patrimony on Federal lands, the responsible Federal agency official must, as part of the procedures described in § 10.3 and § 10.4, take appropriate steps to identify the lineal descendant, Indian tribe, or Native Hawaiian organization entitled to custody of the human remains, funerary objects, sacred objects, or objects of cultural patrimony pursuant to § 10.6 and § 10.14. The Federal agency official shall notify in writing:

(i) any known lineal descendants of the individual whose remains, funerary objects, sacred objects, or objects of cultural patrimony have been or are likely to be excavated intentionally or discovered inadvertently; and

(ii) the Indian tribes or Native Hawaiian organizations that are likely to be culturally affiliated with the human remains, funerary objects, sacred objects, or objects of cultural patrimony that have been or are likely to be excavated intentionally or discovered inadvertently; and

(iii) the Indian tribes which aboriginally occupied the area in which the human remains, funerary objects, sacred objects, or objects of cultural patrimony have been or are likely to be excavated intentionally or discovered inadvertently; and

(iv) the Indian tribes or Native Hawaiian organizations that have a demonstrated cultural relationship with the human remains, funerary objects, sacred objects, or objects of cultural patrimony that have been or are likely to be excavated intentionally or discovered inadvertently.

(2) The notice must propose a time and place for meetings or consultation to further consider the intentional excavation or inadvertent discovery, the Federal agency's proposed treatment of the human remains, funerary objects, sacred objects, or objects of cultural patrimony that may be excavated, and the proposed disposition of any intentionally excavated or inadvertently discovered human remains, funerary objects, sacred objects, or objects of cultural patrimony.

(3) The consultation must seek to identify traditional religious leaders who should also be consulted and seek to identify, where applicable, lineal descendants and Indian tribes or Native Hawaiian organizations affiliated with the human remains, funerary objects, sacred objects, or objects of cultural patrimony.

(c) *Provision of information*. During the consultation process, as appropriate, the Federal agency official must provide the following information in writing to the lineal descendants and the officials of Indian tribes or Native Hawaiian organizations that are or are likely to be affiliated with the human remains, funerary objects, sacred objects, or objects of cultural patrimony excavated intentionally or discovered inadvertently on Federal lands:

(1) A list of all lineal descendants and Indian tribes or Native Hawaiian organizations that are being, or have been, consulted regarding the particular human remains, funerary objects, sacred objects, or objects of cultural patrimony;

(2) An indication that additional documentation used to identify affiliation will be supplied upon request.

(d) *Requests for information*. During the consultation process, Federal agency officials must request, as appropriate, the following information from Indian tribes or Native Hawaiian organizations that are, or are likely to be, affiliated pursuant to § 10.6 (a) with intentionally excavated or inadvertently discovered human remains, funerary objects, sacred objects, or objects of cultural patrimony:

(1) Name and address of the Indian tribe official to act as representative in consultations related to particular human remains, funerary objects, sacred objects, or objects of cultural patrimony;

(2) Names and appropriate methods to contact lineal descendants who should be contacted to participate in the consultation process;

(3) Recommendations on how the consultation process should be conducted; and

(4) Kinds of cultural items that the Indian tribe or Native Hawaiian organization considers likely to be unassociated funerary objects, sacred objects, or objects of cultural patrimony.

(e) *Written plan of action*. Following consultation, the Federal agency official must prepare, approve, and sign a written plan of action. A copy of this plan of action must be provided to the lineal descendants, Indian tribes and Native Hawaiian organizations involved. Lineal descendants and Indian tribe official(s) may sign the written plan of action as appropriate. At a minimum, the plan of action must comply with § 10.3 (b)(1) and document the following:

(1) The kinds of objects to be considered as cultural items as defined in § 10.2 (b);

(2) The specific information used to determine custody pursuant to § 10.6;

(3) The planned treatment, care, and handling of human remains, funerary objects, sacred objects, or objects of cultural patrimony recovered;

(4) The planned archeological recording of the human remains, funerary objects, sacred objects, or objects of cultural patrimony recovered;

(5) The kinds of analysis planned for each kind of object;

(6) Any steps to be followed to contact Indian tribe officials at the time of intentional excavation or inadvertent discovery of specific human remains, funerary objects, sacred objects, or objects of cultural patrimony;

(7) The kind of traditional treatment, if any, to be afforded the human remains, funerary objects, sacred objects, or objects of cultural patrimony by members of the Indian tribe or Native Hawaiian organization;

(8) The nature of reports to be prepared; and

(9) The disposition of human remains, funerary objects, sacred objects, or objects of cultural patrimony following § 10.6.

(f) *Comprehensive agreements*. Whenever possible, Federal agencies should enter into comprehensive agreements with Indian tribes or Native Hawaiian organizations that are affiliated with specific human remains, funerary objects, sacred objects, or objects of cultural patrimony and have claimed, or are likely to claim, those human remains, funerary objects, sacred objects, or objects of cultural patrimony excavated intentionally or discovered inadvertently on Federal lands. These agreements should address all Federal agency land management activities that could result in the intentional excavation or inadvertent discovery of human remains, funerary objects, sacred objects, or objects of cultural patrimony. Consultation should lead to the establishment of a process for effectively carrying out the requirements of these regulations regarding standard consultation procedures, the determination of custody consistent with procedures in this section and § 10.6, and the treatment and disposition of human remains, funerary objects, sacred objects, or objects of cultural patrimony. The signed agreements, or the correspondence related to the effort to reach agreements, must constitute proof of consultation as required by these regulations.

(g) *Traditional religious leaders*. The Federal agency official must be cognizant that Indian tribe officials may need to confer with traditional religious leaders prior to making recommendations. Indian tribe officials are under no obligation to reveal the identity of traditional religious leaders.

§ 10.6 Custody.

(a) *Priority of custody*. This section carries out section 3 (a) of the Act, subject to the limitations of § 10.15, regarding the custody of human remains, funerary objects, sacred objects, or objects of cultural patrimony excavated intentionally or discovered inadvertently on Federal or tribal lands after November 16, 1990. For the purposes of this section, custody means ownership or control of human remains, funerary objects, sacred objects, or objects of cultural patrimony excavated intentionally or discovered inadvertently in

Federal or tribal lands after November 16, 1990. Custody of these human remains, funerary objects, sacred objects, or objects of cultural patrimony is, with priority given in the order listed:

(1) In the case of human remains and associated funerary objects, in the lineal descendant of the deceased individual as determined pursuant to § 10.14 (b);

(2) In cases where a lineal descendant cannot be ascertained or no claim is made, and with respect to unassociated funerary objects, sacred objects, and objects of cultural patrimony:

(i) In the Indian tribe on whose tribal land the human remains, funerary objects, sacred objects, or objects of cultural patrimony were discovered inadvertently;

(ii) In the Indian tribe or Native Hawaiian organization that has the closest cultural affiliation with the human remains, funerary objects, sacred objects, or objects of cultural patrimony as determined pursuant to § 10.14 (c); or

(iii) In circumstances in which the cultural affiliation of the human remains, funerary objects, sacred objects, or objects of cultural patrimony cannot be ascertained and the objects were discovered inadvertently on Federal land that is recognized by a final judgment of the Indian Claims Commission or the United States Court of Claims as the aboriginal land of an Indian tribe:

(A) In the Indian tribe aboriginally occupying the Federal land on which the human remains, funerary objects, sacred objects, or objects of cultural patrimony were discovered inadvertently, or

(B) If it can be shown by a preponderance of the evidence that a different Indian tribe or Native Hawaiian organization has a stronger cultural relationship with the human remains, funerary objects, sacred objects, or objects of cultural patrimony, in the Indian tribe or Native Hawaiian organization that has the strongest demonstrated relationship with the objects.

(b) Custody of human remains, funerary objects, sacred objects, or objects of cultural patrimony and other provisions of the Act apply to all intentional excavations and inadvertent discoveries made after November 16, 1990, including those made before the effective date of these regulations.

(c) *Final notice, claims and disposition with respect to Federal lands.* Upon determination of the lineal descendant, Indian tribe, or Native Hawaiian organization that under these regulations appears to be entitled to custody of particular human remains, funerary objects, sacred objects, or objects of cultural patrimony excavated intentionally or discovered inadvertently on Federal lands, the responsible Federal agency official must, subject to the notice required herein and the limitations of § 10.15, transfer custody of the objects to the lineal descendant, Indian tribe, or Native Hawaiian organization following appropriate procedures, which must respect traditional customs and practices of the affiliated Indian tribes or Native Hawaiian organizations in each instance. Prior to any such disposition by a Federal agency official, the Federal agency official must publish general notices of the proposed disposition in a newspaper of general circulation in the area in which the human remains, funerary objects, sacred objects, or objects of cultural patrimony were excavated intentionally or discovered inadvertently and, if applicable, in a newspaper of general circulation in the area(s) in which affiliated Indian tribes or Native Hawaiian organizations members now reside. The notice must provide information as to the nature and affiliation of the human remains, funerary objects, sacred objects, or objects of cultural patrimony and solicit further claims to custody. The notice must be published at least two (2) times at least a week apart, and the transfer must not take place until at least thirty (30) days after the publication of the second notice to allow time for any additional claimants to come forward. If additional claimants do come forward and the Federal agency official cannot clearly determine which claimant is entitled to custody, the Federal agency must not transfer custody of the objects until such time as the proper recipient is determined pursuant to these regulations. The Federal agency official must send a copy of the notice and information on when and in what newspaper(s) the notice was published to

the Departmental Consulting Archeologist.

§ 10.7 Disposition of unclaimed human remains, funerary objects, sacred objects, or objects of cultural patrimony. [Reserved]

Subpart C—Human remains, funerary objects, sacred objects, or objects of cultural patrimony in museums and Federal collections

§ 10.8 Summaries.

(a) *General.* This section carries out section 6 of the Act. Under section 6 of the Act, each museum or Federal agency that has possession or control over collections which may contain unassociated funerary objects, sacred objects, or objects of cultural patrimony must complete a summary of these collections based upon available information held by the museum or Federal agency. The purpose of the summary is to provide information about the collections to lineal descendants and culturally affiliated Indian tribes or Native Hawaiian organizations that may wish to request repatriation of such objects. The summary serves in lieu of an object-by-object inventory of these collections, although, if an inventory is available, it may be substituted. Federal agencies are responsible for ensuring that these requirements are met for all collections from their lands or generated by their actions whether the collections are held by the Federal agency or by a non-Federal institution.

(b) *Contents of summaries.* For each collection or portion of a collection, the summary must include: an estimate of the number of objects in the collection or portion of the collection; a description of the kinds of objects included; reference to the means, date(s), and location(s) in which the collection or portion of the collection was acquired, where readily ascertainable; and information relevant to identifying lineal descendants, if available, and cultural affiliation.

(c) *Completion.* Summaries must be completed not later than November 16, 1993.

(d) *Consultation.* (1) Consulting parties. Museum and Federal agency officials must consult with Indian tribe officials and traditional religious leaders:

(A) From whose tribal lands unassociated funerary objects, sacred objects, or objects of cultural patrimony originated;

(B) That are, or are likely to be, culturally affiliated with unassociated funerary objects, sacred objects, or objects of cultural patrimony; and

(C) From whose aboriginal lands unassociated funerary objects, sacred objects, or objects of cultural patrimony originated.

(2) Initiation of consultation. Museum and Federal agency officials must begin summary consultation no later than the completion of the summary process. Consultation may be initiated with a letter, but should be followed up by telephone or face-to-face dialogue with the appropriate Indian tribe official.

(3) Provision of information. During summary consultation, museum and Federal agency officials must provide copies of the summary to lineal descendants, when known, and to officials and traditional religious leaders representing Indian tribes or Native Hawaiian organizations that are, or are likely to be, culturally affiliated with the cultural items. A copy of the summary must also be provided to the Departmental Consulting Archeologist. Upon request by lineal descendants or Indian tribe officials, museum and Federal agency officials must provide lineal descendants, Indian tribe officials and traditional religious leaders with access to records, catalogues, relevant studies, or other pertinent data for the limited purposes of determining the geographic origin, cultural affiliation, and basic facts surrounding acquisition and accession of objects covered by the summary. Access to this information may be requested at any time and must be provided in a reasonable must be provided access to such materials.

(4) Requests for information. During the summary consultation, museum and Federal agency officials must request, as appropriate, the following information from Indian tribes and Native Hawaiian organizations that are,

or are likely to be, culturally affiliated with their collections:

(i) Name and address of the Indian tribe official to act as representative in consultations related to particular objects;

(ii) Recommendations on how the consultation process should be conducted, including:

(A) Names and appropriate methods to contact any lineal descendants, if known, of individuals whose unassociated funerary objects or sacred objects are included in the summary;

(B) Names and appropriate methods to contact any traditional religious leaders that the Indian tribe or Native Hawaiian organization thinks should be consulted regarding the collections; and

(iii) Kinds of cultural items that the Indian tribe or Native Hawaiian organization considers to be sacred objects or objects of cultural patrimony.

(e) Museum and Federal agency officials must document the following information regarding unassociated funerary objects, sacred objects, and objects of cultural patrimony in their collections and must use this documentation in determining the individuals, Indian tribes, and Native Hawaiian organizations with which they are affiliated:

(1) Accession and catalogue entries;

(2) Information related to the acquisition of unassociated funerary object, sacred object, or object of cultural patrimony, including:

(i) the name of the person or organization from whom the object was obtained, if known;

(ii) The date of acquisition;

(iii) The place each object was acquired, i.e., name or number of site, county, state, and Federal agency administrative unit, if applicable; and

(iv) The means of acquisition, i.e., gift, purchase, or excavation;

(3) A description of each unassociated funerary object, sacred object, or object of cultural patrimony, including dimensions, materials, and photographic documentation, if appropriate, and the antiquity of such objects, if known;

(4) A summary of the evidence used to determine the cultural affiliation of the unassociated funerary objects, sacred objects, or objects of cultural patrimony pursuant to §10.14 of these regulations.

(f) Notification. Repatriation of unassociated funerary objects, sacred objects, or objects of cultural patrimony to lineal descendants, culturally affiliated Indian tribes, or Native Hawaiian organizations as determined pursuant to §10.10 (a), must not proceed prior to submission of a notice of intent to repatriate to the Departmental Consulting Archeologist, and publication of the notice of intent to repatriate in the FEDERAL REGISTER. The notice of intent to repatriate must describe the unassociated funerary objects, sacred objects, or objects of cultural patrimony being claimed in sufficient detail so as to enable other individuals, Indian tribes or Native Hawaiian organizations to determine their interest in the claimed objects. It must include information that identifies each claimed unassociated funerary object, sacred object, or object of cultural patrimony and the circumstances surrounding its acquisition, and describes the objects that are clearly identifiable as to cultural affiliation. It must also describe the objects that are not clearly identifiable as being culturally affiliated with a particular Indian tribe or Native Hawaiian organization, but which, given the totality of circumstances surrounding acquisition of the objects, are likely to be culturally affiliated with a particular Indian tribe or Native Hawaiian organization. The Departmental Consulting Archeologist must publish the notice of intent to repatriate in the FEDERAL REGISTER. Repatriation may not occur until at least thirty (30) days after publication of the notice of intent to repatriate in the Federal Register.

§10.9 Inventories.

(a) *General.* This section carries out section 5 of the Act. Under section 5 of the Act, each museum or Federal agency that has possession or control over holdings or collections of human remains and associated funerary objects must compile an inventory of such objects, and, to the fullest extent possible based on information possessed by the

museum or Federal agency, must identify the geographical and cultural affiliation of each item. The purpose of the inventory is to facilitate repatriation by providing clear descriptions of human remains and associated funerary objects and establishing the cultural affiliation between these objects and present-day Indian tribes and Native Hawaiian organizations. Museums and Federal agencies are encouraged to produce inventories first on those portions of their collections for which information is readily available or about which Indian tribes or Native Hawaiian organizations have expressed special interest. Early focus on these parts of collections will result in determinations that may serve as models for other inventories. Federal agencies must ensure that these requirements are met for all collections from their lands or generated by their actions whether the collections are held by the Federal agency or by a non-Federal institution.

(b) *Consultation*—(1) *Consulting parties.* Museum and Federal agency officials must consult with:

(i) Lineal descendants of individuals whose remains and associated funerary objects are likely to be subject to the inventory provisions of these regulations; and

(ii) Indian tribe officials and traditional religious leaders:

(A) From whose tribal lands the human remains and associated funerary objects originated;

(B) That are, or are likely to be, culturally affiliated with human remains and associated funerary objects; and

(C) From whose aboriginal lands the human remains and associated funerary objects originated.

(2) *Initiation of consultation.* Museum and Federal agency officials must begin inventory consultation as early as possible, no later in the inventory process than the time at which investigation into the cultural affiliation of human remains and associated funerary objects is being conducted. Consultation may be initiated with a letter, but should be followed up by telephone or face-to-face dialogue.

(3) *Provision of information.* During inventory consultation, museums and Federal agency officials must provide the following information in writing to lineal descendants, when known, and to officials and traditional religious leaders representing Indian tribes or Native Hawaiian organizations that are, or are likely to be, culturally affiliated with the human remains and associated funerary objects.

(i) A list of all Indian tribes and Native Hawaiian organizations that are, or have been, consulted regarding the particular human remains and associated funerary objects;

(ii) A general description of the conduct of the inventory;

(iii) The projected time frame for conducting the inventory; and

(iv) An indication that additional documentation used to identify cultural affiliation will be supplied upon request.

(4) *Requests for information.* During the inventory consultation, museum and Federal agency officials must request, as appropriate, the following information from Indian tribes and Native Hawaiian organizations that are, or are likely to be, culturally affiliated with their collections:

(i) Name and address of the Indian tribe official to act as representative in consultations related to particular human remains and associated funerary objects;

(ii) Recommendations on how the consultation process should be conducted, including:

(A) Names and appropriate methods to contact any lineal descendants of individuals whose remains and associated funerary objects are or are likely to be included in the inventory; and

(B) Names and appropriate methods to contact traditional religious leaders who should be consulted regarding the human remains and associated funerary objects.

(iii) Kinds of cultural objects that the Indian tribe or Native Hawaiian organization reasonably believes to have been made exclusively for burial purposes or to contain human remains of their ancestors.

(c) *Required information.* The following documentation must be included, if available, for all inventories completed by museum or Federal agency officials:

(1) Accession and catalogue entries, including the accession/catalogue entries of human remains with which funerary objects were associated;

(2) Information related to the acquisition of each object, including:

(i) the name of the person or organization from whom the object was obtained, if known;

(ii) The date of acquisition,

(iii) The place each object was acquired, i.e., name or number of site, county, state, and Federal agency administrative unit, if applicable; and

(iv) The means of acquisition, i.e., gift, purchase, or excavation;

(3) A description of each set of human remains or associated funerary object, including dimensions, materials, and, if appropriate, photographic documentation, and the antiquity of such human remains or associated funerary objects, if known;

(4) A summary of the evidence, including the results of consultation, used to determine the cultural affiliation of the human remains and associated funerary objects pursuant to §10.14 of these regulations.

(d) *Documents.* Two separate documents comprise the inventory:

(1) A listing of all human remains and associated funerary objects that are identified as being culturally affiliated with one or more present-day Indian tribes or Native Hawaiian organizations. The list must indicate for each item or set of items whether cultural affiliation is clearly determined or likely based upon the preponderance of the evidence; and

(2) A listing of all culturally unidentifiable human remains and associated funerary objects for which no culturally affiliated present-day Indian tribe or Native Hawaiian organization can be determined.

(e) *Notification.* (1) If the inventory results in the identification or likely identification of the cultural affiliation of any particular human remains or associated funerary objects with one or more Indian tribes or Native Hawaiian organizations, the museum or Federal agency, not later than six (6) months after completion of the inventory, must send such Indian tribes or Native Hawaiian organizations the inventory of culturally affiliated human remains, including all information required under §10.9 (c), and a notice of inventory completion that summarizes the results of the inventory.

(2) The notice of inventory completion must summarize the contents of the inventory in sufficient detail so as to enable the recipients to determine their interest in claiming the inventoried items. It must identify each particular set of human remains or each associated funerary object and the circumstances surrounding its acquisition, describe the human remains or associated funerary objects that are clearly identifiable as to cultural affiliation, and describe the human remains and associated funerary objects that are not clearly identifiable as being culturally affiliated with an Indian tribe or Native Hawaiian organization, but which, given the totality of circumstances surrounding acquisition of the human remains or associated objects, are identified as likely to be culturally affiliated with a particular Indian tribe or Native Hawaiian organization.

(3) If the inventory results in a determination that the human remains are of an identifiable individual, the museum or Federal agency official must convey this information to the lineal descendant of the deceased individual, if known, and to the Indian tribe or Native Hawaiian organization of which the deceased individual was culturally affiliated.

(4) The notice of inventory completion and a copy of the inventory must also be sent to the Departmental Consulting Archeologist. These submissions should be sent in both printed hard copy and electronic formats. Information on the proper format for electronic submission and suggested alternatives for museums and Federal agencies unable to meet these requirements are available from the Departmental Consulting Archeologist.

(5) Upon request by an Indian tribe or Native Hawaiian organization that has received or should have received a notice of inventory completion and a copy of the inventory as described above, a museum or Federal agency must supply additional available documentation to supplement the information provided with the notice. For

these purposes, the term documentation means a summary of existing museum or Federal agency records including inventories or catalogues, relevant studies, or other pertinent data for the limited purpose of determining the geographical origin, cultural affiliation, and basic facts surrounding the acquisition and accession of human remains and associated funerary objects.

(6) If the museum or Federal agency official determines that the museum or Federal agency has possession of or control over human remains that cannot be identified as affiliated with a particular individual, Indian tribes or Native Hawaiian organizations, the museum or Federal agency must provide the Department Consulting Archeologist notice of this result and a copy of the list of culturally unidentifiable human remains and associated funerary objects. The Departmental Consulting Archeologist must make this information available to members of the Review Committee. Section 10.11 of these regulations will set forth procedures for disposition of culturally unidentifiable human remains of Native American origin. Museums or Federal agencies must retain possession of such human remains pending promulgation of § 10.11 unless legally required to do otherwise, or recommended to do otherwise by the Secretary. Recommendations regarding the disposition of culturally unidentifiable human remains may be requested prior to final promulgation of § 10.11.

(7) The Departmental Consulting Archeologist must publish notices of inventory completion received from museums and Federal agencies in the FEDERAL REGISTER.

(f) *Completion*. Inventories must be completed not later than November 16, 1995. Any museum that has made a good faith effort to complete its inventory, but which will be unable to complete the process by this deadline, may request an extension of the time requirements from the Secretary. An indication of good faith efforts must include, but not necessarily be limited to, the initiation of active consultation and documentation regarding the collections and the development of a written plan to carry out the inventory process. Minimum components of an inventory plan are: a definition of the steps required; the position titles of the persons responsible for each step; a schedule for carrying out the plan; and a proposal to obtain the requisite funding.

§ 10.10 Repatriation.

(a) *Unassociated funerary objects, sacred objects, and objects of cultural patrimony*—(1) *Criteria*. Upon the request of a lineal descendant, Indian tribe, or Native Hawaiian organization, a museum or Federal agency must expeditiously repatriate unassociated funerary objects, sacred objects, or objects of cultural patrimony if all the following criteria are met:

(i) The object meets the definitions established in § 10.2 (b) (4), (5) or (6); and

(ii) The cultural affiliation of the object is established:

(A) through the summary, consultation, and notification procedures in § 10.14 of these regulations; or

(B) by presentation of a preponderance of the evidence by a requesting Indian tribe or Native Hawaiian organization pursuant to section 7(c) of the Act; and

(iii) The known lineal descendant or culturally affiliated Indian tribe or Native Hawaiian organization presents evidence which, if standing alone before the introduction of evidence to the contrary, would support a finding that the museum or Federal agency does not have a right of possession to the objects as defined in § 10.10 (a)(2); and

(iv) The agency or museum is unable to present evidence to the contrary proving that it does have a right of possession as defined below; and

(v) None of the specific exceptions listed in § 10.10 (c) apply.

(2) *Right of possession*. For purposes of this section, ''right of possession'' means possession obtained with the voluntary consent of an individual or group that had authority of alienation. The original acquisition of a Native American unassociated funerary object, sacred object, or object of cultural patrimony from an Indian tribe or Native Hawaiian organization with the voluntary consent of an individual or group with authority to alienate such

object is deemed to give right of possession to that object.

(3) *Notification*. Repatriation must take place within ninety (90) days of receipt of a written request for repatriation that satisfies the requirements of § 10.10 (a)(1) from a culturally affiliated Indian tribe or Native Hawaiian organization, provided that the repatriation may not occur until at least thirty (30) days after publication of the notice of intent to repatriate in the FEDERAL REGISTER as described in § 10.8.

(b) *Human remains and associated funerary objects*—(1) *Criteria*. Upon the request of a lineal descendant, Indian tribe, or Native Hawaiian organization, a museum and Federal agency must expeditiously repatriate human remains and associated funerary objects if all of the following criteria are met:

(i) The human remains or associated funerary object meets the definitions established in § 10.2 (b)(1) or (b)(3); and

(ii) The affiliation of the deceased individual to known lineal descendant, present day Indian tribe, or Native Hawaiian organization:

(A) has been reasonably traced through the procedures outlined in § 10.9 and § 10.14 of these regulations; or

(B) has been shown by a preponderance of the evidence presented by a requesting Indian tribe or Native Hawaiian organization pursuant to section 7(c) of the Act; and

(iii) None of the specific exceptions listed in § 10.10 (c) apply.

(2) *Notification*. Repatriation must take place within ninety (90) days of receipt of a written request for repatriation that satisfies the requirements of § 10.10 (b)(1) from the culturally affiliated Indian tribe or Native Hawaiian organization, provided that the repatriation may not occur until at least thirty (30) days after publication of the notice of inventory completion in the FEDERAL REGISTER as described in § 10.9.

(c) *Exceptions*. These requirements for repatriation do not apply to:

(1) Circumstances where human remains, funerary objects, sacred objects, or objects of cultural patrimony are indispensable to the completion of a specific scientific study, the outcome of which is of major benefit to the United States. Human remains, funerary objects, sacred objects, or objects of cultural patrimony in such circumstances must be returned no later than ninety (90) days after completion of the study; or

(2) Circumstances where there are multiple requests for repatriation of human remains, funerary objects, sacred objects, or objects of cultural patrimony and the museum or Federal agency, after complying with these regulations, cannot determine by a preponderance of the evidence which requesting party is the most appropriate claimant. In such circumstances, the museum or Federal agency may retain the human remains, funerary objects, sacred objects, or objects of cultural patrimony until such time as the requesting parties mutually agree upon the appropriate recipient or the dispute is otherwise resolved pursuant to these regulations or as ordered by a court of competent jurisdiction; or

(3) Circumstances where a court of competent jurisdiction has determined that the repatriation of the human remains, funerary objects, sacred objects, or objects of cultural patrimony in the possession or control of a museum would result in a taking of property without just compensation within the meaning of the Fifth Amendment of the United States Constitution, in which event the custody of the objects must be as provided under otherwise applicable law. Nothing in these regulations must prevent a museum or Federal agency, where otherwise so authorized, or a lineal descendant, Indian tribe, or Native Hawaiian organization, from expressly relinquishing title to, right of possession of, or control over any human remains, funerary objects, sacred objects, or objects of cultural patrimony.

(4) Circumstances where the repatriation is not consistent with other repatriation limitations identified in § 10.15 of these regulations.

(d) *Place and manner of repatriation*. The repatriation of human remains, funerary objects, sacred objects, or objects of cultural patrimony must be accomplished by the museum or Federal agency in consultation with the requesting lineal descendants, or culturally affiliated Indian tribe or Native Hawaiian organization, as appropriate,

to determine the place and manner of the repatriation.

(e) The museum official or Federal agency official must inform the recipients of repatriations of any presently known treatment of the human remains, funerary objects, sacred objects, or objects of cultural patrimony with pesticides, preservatives, or other substances that represent a potential hazard to the objects or to persons handling the objects.

(f) *Record of repatriation*. (1) Museums and Federal agencies must adopt internal procedures adequate to permanently document the content and recipients of all repatriations.

(2) The museum official or Federal agency official, at the request of the Indian tribe official, may take such steps as are considered necessary pursuant to otherwise applicable law, to ensure that information of a particularly sensitive nature is not made available to the general public.

(g) *Culturally unidentifiable human remains*. If the cultural affiliation of human remains cannot be established pursuant to these regulations, the human remains must be considered culturally unidentifiable. Museum and Federal agency officials must report the inventory information regarding such human remains in their holdings to the Departmental Consulting Archeologist who will transmit this information to the Review Committee. The Review Committee is responsible for compiling an inventory of culturally unidentifiable human remains in the possession or control of each museum and Federal agency, and, for recommending to the Secretary specific actions for disposition of such human remains.

§ 10.11 Disposition of culturally unidentifiable human remains. [Reserved]

§ 10.12 Civil penalties. [Reserved]

§ 10.13 Future applicability. [Reserved]

Subpart D—General

§ 10.14 Lineal descent and cultural affiliation.

(a) *General*. This section identifies procedures for determining lineal descent and cultural affiliation between present-day individuals and Indian tribes or Native Hawaiian organizations and human remains, funerary objects, sacred objects, or objects of cultural patrimony in museum or Federal agency collections or excavated intentionally or discovered inadvertently from Federal lands. They may also be used by Indian tribes and Native Hawaiian organizations with respect to tribal lands.

(b) *Criteria for determining lineal descent*. A lineal descendant is an individual tracing his or her ancestry directly and without interruption by means of the traditional kinship system of the appropriate Indian tribe or Native Hawaiian organization or by the common law system of descendence to a known Native American individual whose remains, funerary objects, or sacred objects are being requested under these regulations. This standard requires that the earlier person be identified as an individual whose descendants can be traced.

(c) *Criteria for determining cultural affiliation*. Cultural affiliation means a relationship of shared group identity that may be reasonably traced historically or prehistorically between a present-day Indian tribe or Native Hawaiian organization and an identifiable earlier group. All of the following requirements must be met to determine cultural affiliation between a present-day Indian tribe or Native Hawaiian organization and the human remains, funerary objects, sacred objects, or objects of cultural patrimony of an earlier group:

(1) Existence of an identifiable present-day Indian tribe or Native Hawaiian organization with standing under these regulations and the Act; and

(2) Evidence of the existence of an identifiable earlier group. Support for this requirement may include, but is not necessarily limited to evidence sufficient to:

(i) Establish the identity and cultural characteristics of the earlier group,

(ii) Document distinct patterns of material culture manufacture and distribution methods for the earlier group, or

(iii) Establish the existence of the earlier group as a biologically distinct population; and

(3) Evidence of the existence of a shared group identity that can be reasonably traced between the present-day Indian tribe or Native Hawaiian organization and the earlier group. Evidence to support this requirement must establish that a present-day Indian tribe or Native Hawaiian organization has been identified from prehistoric or historic times to the present as descending from the earlier group.

(d) A finding of cultural affiliation should be based upon an overall evaluation of the totality of the circumstances and evidence pertaining to the connection between the claimant and the material being claimed and should not be precluded solely because of some gaps in the record.

(e) *Evidence.* Evidence of a kin or cultural affiliation between a present-day individual, Indian tribe, or Native Hawaiian organization and human remains, funerary objects, sacred objects, or objects of cultural patrimony must be established by using the following types of evidence: Geographical, kinship, biological, archeological, anthropological, linguistic, folklore, oral tradition, historical, or other relevant information or expert opinion.

(f) *Standard of proof.* Lineal descent of a present-day individual from an earlier individual and cultural affiliation of a present-day Indian tribe or Native Hawaiian organization to human remains, funerary objects, sacred objects, or objects of cultural patrimony must be established by a preponderance of the evidence. Claimants do not have to establish cultural affiliation with scientific certainty.

§10.15 Repatriation limitations and remedies.

(a) *Failure to claim prior to repatriation.* (1) Any person who fails to make a timely claim prior to the repatriation or transfer of human remains, funerary objects, sacred objects, or objects of cultural patrimony is deemed to have irrevocably waived any right to claim such items pursuant to these regulations or the Act. For these purposes, a ''timely claim'' means the filing of a written claim with a responsible museum or Federal agency official prior to the time the particular human remains, funerary objects, sacred objects, or objects of cultural patrimony at issue are duly repatriated or disposed of to a claimant by a museum or Federal agency pursuant to these regulations.

(2) If there is more than one (1) claimant, the human remains, funerary object, sacred object, or objects of cultural patrimony may be held by the responsible museum or Federal agency or person having custody thereof pending resolution of the claim. Any person who has custody of such human remains, funerary objects, sacred objects, or objects of cultural patrimony and does not claim entitlement to them must place the objects in the custody of the responsible museum or Federal agency for retention until the question of custody is resolved.

(b) *Failure to claim where no repatriation or disposition has occurred. [Reserved]*

(c) *Exhaustion of remedies.* No person is considered to have exhausted his or her administrative remedies with respect to the repatriation or disposition of human remains, funerary objects, sacred objects, or objects of cultural patrimony subject to subpart B of these regulations, or, with respect to Federal lands, subpart C of these regulations, until such time as the person has filed a written claim for repatriation or disposition of the objects with the responsible museum or Federal agency and the claim has been duly denied following these regulations.

(d) *Savings provisions.* Nothing in these regulations can be construed to:

(1) Limit the authority of any museum or Federal agency to:

(i) Return or repatriate human remains, funerary objects, sacred objects, or objects of cultural patrimony to Indian tribes, Native Hawaiian organizations, or individuals; and

(ii) Enter into any other agreement with the consent of the culturally affiliated Indian tribe or Native Hawaiian organization as to the disposition of, or control over, human remains, funerary objects, sacred objects, or objects of cultural patrimony.

(2) Delay actions on repatriation requests that were pending on November 16, 1990;

(3) Deny or otherwise affect access to court;

(4) Limit any procedural or substantive right which may otherwise be secured to individuals or Indian tribes or Native Hawaiian organizations; or

(5) Limit the application of any State or Federal law pertaining to theft of stolen property.

§ 10.16 Review committee.

(a) *General.* The Review Committee will advise Congress and the Secretary on matters relating to these regulations and the Act, including, but not limited to, monitoring the performance of museums and Federal agencies in carrying out their responsibilities, facilitating and making recommendations on the resolution of disputes as described further in § 10.17, and compiling a record of culturally unidentifiable human remains that are in the possession or control of museums and Federal agencies and recommending actions for their disposition.

(b) *Recommendations.* Any recommendation, finding, report, or other action of the Review Committee is advisory only and not binding on any person. Any records and findings made by the Review Committee may be admissible as evidence in actions brought by persons alleging a violation of the Act.

§ 10.17 Dispute resolution.

(a) *Formal and informal resolutions.* Any person who wishes to contest actions taken by museums, Federal agencies, Indian tribes, or Native Hawaiian organizations with respect to the repatriation and disposition of human remains, funerary objects, sacred objects, or objects of cultural patrimony is encouraged to do so through informal negotiations to achieve a fair resolution of the matter. The Review Committee may aid in this regard as described below. In addition, the United States District Courts have jurisdiction over any action brought that alleges a violation of the Act.

(b) *Review Committee Role.* The Review Committee may facilitate the informal resolution of disputes relating to these regulations among interested parties that are not resolved by good faith negotiations. Review Committee actions may include convening meetings between parties to disputes, making advisory findings as to contested facts, and making recommendations to the disputing parties or to the Secretary as to the proper resolution of disputes consistent with these regulations and the Act.

APPENDIX A TO PART 10—SAMPLE SUMMARY

The following is a generic sample and should be used as a guideline for preparation of summaries tailoring the information to the specific circumstances of each case.

Before November 17, 1993

Chairman or Other Authorized Official

Indian tribe or Native Hawaiian organization

Street

State

Dear Sir/Madame Chair:

I write to inform you of collections held by our museum which may contain unassociated funerary objects, sacred objects, or objects of cultural patrimony that are, or are likely to be, culturally affiliated with your Indian tribe or Native Hawaiian organization. This notification is required by section 6 of the Native American Graves Protection and Repatriation Act.

Our ethnographic collection includes approximately 200 items specifically identified as being manufactured or used by members of your Indian tribe or Native Hawaiian organization. These items represent various categories of material culture, including sea and land hunting, fishing, tools, household equipment, clothing, travel and transportation, personal adornment, smoking, toys, and figurines. The collection includes thirteen objects identified in our records as ''medicine bags.''

Approximately half of these items were collected by John Doe during his expedition to your reservation in 1903 and accessioned by the museum that same year (see Major Museum Publication, no. 65 (1965).

Another 50 of these items were collected by Jane Roe during her expeditions to your reservation between 1950–1960 and accessioned by the museum in 1970 (see Major Museum: no. 75 (1975). Accession information indicates that several of these items were collected from members of the Able and Baker families.

For the remaining approximately 50 items, which were obtained from various collectors between 1930 and 1980, additional collection information is not readily available.

In addition to the above mentioned items, the museum has approximately 50 ethnographic items obtained from the estate of a

private collector and identified as being collected from the ''northwest portion of the State.''

Our archeological collection includes approximately 1,500 items recovered from ten archeological sites on your reservation and another 5,000 items from fifteen sites within the area recognized by the Indian Claims Commission as being part of your Indian tribe's aboriginal territory.

Please feel free to contact Fred Poe at (012) 345–6789 regarding the identification and potential repatriation of unassociated funerary objects, sacred objects, or objects of cultural patrimony in this collection that are, or are likely to be, culturally affiliated with your Indian tribe or Native Hawaiian organization. You are invited to review our records, catalogues, relevant studies or other pertinent data for the purpose of determining the geographic origin, cultural affiliation, and basic facts surrounding acquisition and accession of these items. We look forward to working together with you.

Sincerely,

Museum Official

Major Museum

APPENDIX B TO PART 10—SAMPLE NOTICE OF INVENTORY COMPLETION

The following is an example of a Notice of Inventory Completion published in the FEDERAL REGISTER.

National Park Service

Notice of Inventory Completion for Native American Human Remains and Associated Funerary Objects from Hancock County, ME, in the Control of the National Park Service.

AGENCY: National Park Service, Interior.

ACTION: Notice.

Notice is hereby given following provisions of the Native American Graves Protection and Repatriation Act, 25 U.S.C. 3003(d), of completion of the inventory of human remains and associated funerary objects from a site in Hancock County, ME, that are presently in the control of the National Park Service.

A detailed inventory and assessment of these human remains has been made by National Park Service curatorial staff, contracted specialists in physical anthropology and prehistoric archeology, and representatives of the Penobscot Nation, Aroostook Band of Micmac, Houlton Band of Maliseet, and the Passamaquoddy Nation, identified collectively hereafter as the Wabanaki Tribes of Maine.

The partial remains of at least seven individuals (including five adults, one subadult, and one child) were recovered in 1977 from a single grave at the Fernald Point Site (ME Site 43–24), a prehistoric shell midden on Mount Desert Island, within the boundary of Acadia National Park. A bone harpoon head, a modified beaver tooth, and several animal and fish bone fragments were found associated with the eight individuals. Radiocarbon assays indicate the burial site dates between 1035–1155 AD. The human remains and associated funerary objects have been catalogued as ACAD–5747, 5749, 5750, 5751, 5752, 5783, 5784. The partial remains of an eighth individual (an elderly male) was also recovered in 1977 from a second grave at the Fernald Point Site. No associated funerary objects were recovered with this individual. Radiocarbon assays indicate the second burial site dates between 480–680 AD. The human remains have been catalogued as ACAD–5748. The human remains and associated funerary objects of all nine individuals are currently in the possession of the University of Maine, Orono, ME.

Inventory of the human remains and associated funerary objects and review of the accompanying documentation indicates that no known individuals were identifiable. A representative of the Wabanaki Tribes of Maine has identified the Acadia National Park area as a historic gathering place for his people and stated his belief that there exists a relationship of shared group identity between these individuals and the Wabanaki Tribes of Maine. The Prehistoric Subcommittee of the Maine State Historic Preservation Office's Archaeological Advisory Committee has found it reasonable to trace a shared group identity from the Late Prehistoric Period (1000–1500 AD) inhabitants of Maine as an undivided whole to the four modern Indian tribes known collectively as the Wabanaki Tribes of Maine on the basis of geographic proximity; survivals of stone, ceramic and perishable material culture skills; and probable linguistic continuity across the Late Prehistoric/Contact Period boundary. In a 1979 article, Dr. David Sanger, the archeologist who conducted the 1977 excavations at the Fernald Point Site and uncovered the abovementioned burials, recognizes a relationship between Maine sites dating to the Ceramic Period (2,000 B.P.–1600 A.D.) and present-day Algonkian speakers generally known as Abenakis, including the Micmac, Maliseet, Passamaquoddy, Penboscot, Kennebec, and Pennacook groups.

Based on the above mentioned information, officials of the National Park Service have determined that, pursuant to 25 U.S.C. 3001 (2), there is a relationship of shared group identity which can be reasonably traced between these human remains and associated funerary objects and the Wabanaki Tribes of Maine.

This notice has been sent to officials of the Wabanaki Tribes of Maine. Representatives of any other Indian tribe which believes itself to be culturally affiliated with these

human remains and associated funerary objects should contact Len Bobinchock, Acting Superintendent, Acadia National Park, P.O. Box 177, Bar Harbor, ME 04609, telephone: (207) 288–0374, before August 31, 1994. Repatriation of these human remains and associated funerary objects to the Wabanaki Tribes of Maine may begin after that date if no additional claimants come forward.

Dated: July 21, 1994

Francis P. McManamon,
Departmental Consulting Archeologist, Chief, Archeological Assistance Division.

[Published: August 1, 1994]

PART 11—NATURAL RESOURCE DAMAGE ASSESSMENTS

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APPENDIX III TO PART 11—FORMAT FOR DATA INPUTS AND MODIFICATIONS TO THE NRDAM/GLE

AUTHORITY: 42 U.S.C. 9651(c), as amended.

SOURCE: 51 FR 27725, Aug. 1, 1986, unless otherwise noted.

Subpart A—Introduction

§11.10 Scope and applicability.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended, 42 U.S.C. 9601 *et seq.*, and the Clean Water Act (CWA), 33 U.S.C. 1251–1376, provide that natural resource trustees may assess damages to natural resources resulting from a discharge of oil or a release of a hazardous substance covered under CERCLA or the CWA and may seek to recover those damages. This part supplements the procedures established under the National Oil and Hazardous Substances Pollution Contingency Plan (NCP), 40 CFR part 300, for the identification, investigation, study, and response to a discharge of oil or release of a hazardous substance, and it provides a procedure by which a natural resource trustee can determine compensation for injuries to natural resources that have not been nor are expected to be addressed by response actions conducted pursuant to the NCP. The assessment procedures set forth in this part are not mandatory. However, they must be used by Federal or State natural resource trustees in order to obtain the rebuttable presumption contained in section 107(f)(2)(C) of CERCLA. This part applies to assessments initiated after the effective date of this final rule.

[53 FR 5171, Feb. 22, 1988]

§11.11 Purpose.

The purpose of this part is to provide standardized and cost-effective procedures for assessing natural resource damages. The results of an assessment performed by a Federal or State natural resource trustee according to these procedures shall be accorded the evidentiary status of a rebuttable presumption as provided in section 107(f)(2)(C) of CERCLA.

[53 FR 5171, Feb. 22, 1988]

§11.12 Biennial review of regulations.

The regulations and procedures included within this part shall be reviewed and revised as appropriate 2 years from the effective date of these rules and every second anniversary thereafter.

§11.13 Overview.

(a) *Purpose.* The process established by this part uses a planned and phased approach to the assessment of natural resource damages. This approach is designed to ensure that all procedures used in an assessment, performed pursuant to this part, are appropriate, necessary, and sufficient to assess damages for injuries to natural resources.

(b) *Preassessment phase.* Subpart B of this part, the preassessment phase, provides for notification, coordination, and emergency activities, if necessary, and includes the preassessment screen. The preassessment screen is meant to be a rapid review of readily available information that allows the authorized official to make an early decision on whether a natural resource damage assessment can and should be performed.

(c) *Assessment Plan phase.* If the authorized official decides to perform an assessment, an Assessment Plan, as described in subpart C of this part, is prepared. The Assessment Plan ensures that the assessment is performed in a planned and systematic manner and that the methodologies chosen demonstrate reasonable cost.

(d) *Type A assessments.* The simplified assessments provided for in section 301(c)(2)(A) of CERCLA are performed using the standard procedures specified in subpart D of this part.

(e) *Type B assessments.* Subpart E of this part covers the assessments provided for in section 301(c)(2)(B) of CERCLA. The process for implementing type B assessments has been divided into the following three phases.

(1) *Injury Determination phase.* The purpose of this phase is to establish that one or more natural resources have been injured as a result of the discharge of oil or release of a hazardous substance. The sections of subpart E

comprising the Injury Determination phase include definitions of injury, guidance on determining pathways, and testing and sampling methods. These methods are to be used to determine both the pathways through which resources have been exposed to oil or a hazardous substance and the nature of the injury.

(2) *Quantification phase.* The purpose of this phase is to establish the extent of the injury to the resource in terms of the loss of services that the injured resource would have provided had the discharge or release not occurred. The sections of subpart E comprising the Quantification phase include methods for establishing baseline conditions, estimating recovery periods, and measuring the degree of service reduction stemming from an injury to a natural resource.

(3) *Damage Determination phase.* The purpose of this phase is to establish the appropriate compensation expressed as a dollar amount for the injuries established in the Injury Determination phase and measured in the Quantification phase. The sections of subpart E of this part comprising the Damage Determination phase include guidance on acceptable cost estimating and valuation methodologies for determining compensation based on the costs of restoration, rehabilitation, replacement, and/or acquisition of equivalent resources, plus, at the discretion of the authorized official, compensable value, as defined in § 11.83(c) of this part.

(f) *Post-assessment phase.* Subpart F of this part includes requirements to be met after the assessment is complete. The Report of Assessment contains the results of the assessment, and documents that the assessment has been carried out according to this rule. Other post-assessment requirements delineate the manner in which the demand for a sum certain shall be presented to a responsible party and the steps to be taken when sums are awarded as damages.

[51 FR 27725, Aug. 1, 1986, as amended at 59 FR 14281, Mar. 25, 1994]

§ 11.14 Definitions.

Terms not defined in this section have the meaning given by CERCLA or the CWA. As used in this part, the phrase:

(a) *Acquisition of the equivalent* or *replacement* means the substitution for an injured resource with a resource that provides the same or substantially similar services, when such substitutions are in addition to any substitutions made or anticipated as part of response actions and when such substitutions exceed the level of response actions determined appropriate to the site pursuant to the NCP.

(b) *Air* or *air resources* means those naturally occurring constituents of the atmosphere, including those gases essential for human, plant, and animal life.

(c) *Assessment area* means the area or areas within which natural resources have been affected directly or indirectly by the discharge of oil or release of a hazardous substance and that serves as the geographic basis for the injury assessment.

(d) *Authorized official* means the Federal or State official to whom is delegated the authority to act on behalf of the Federal or State agency designated as trustee, or an official designated by an Indian tribe, pursuant to section 126(d) of CERCLA, to perform a natural resource damage assessment. As used in this part, authorized official is equivalent to the phrase ''authorized official or lead authorized official,'' as appropriate.

(e) *Baseline* means the condition or conditions that would have existed at the assessment area had the discharge of oil or release of the hazardous substance under investigation not occurred.

(f) *Biological resources* means those natural resources referred to in section 101(16) of CERCLA as fish and wildlife and other biota. Fish and wildlife include marine and freshwater aquatic and terrestrial species; game, nongame, and commercial species; and threatened, endangered, and State sensitive species. Other biota encompass shellfish, terrestrial and aquatic plants, and other living organisms not otherwise listed in this definition.

(g) *CERCLA* means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. 9601 *et seq.*, as amended.

(h) *Committed use* means either: a current public use; or a planned public use of a natural resource for which there is a documented legal, administrative, budgetary, or financial commitment established before the discharge of oil or release of a hazardous substance is detected.

(i) *Control area* or *control resource* means an area or resource unaffected by the discharge of oil or release of the hazardous substance under investigation. A control area or resource is selected for its comparability to the assessment area or resource and may be used for establishing the baseline condition and for comparison to injured resources.

(j) *Cost-effective* or *cost-effectiveness* means that when two or more activities provide the same or a similar level of benefits, the least costly activity providing that level of benefits will be selected.

(k) *CWA* means the Clean Water Act, as amended, 33 U.S.C. 1251 *et seq.*, also referred to as the Federal Water Pollution Control Act.

(l) *Damages* means the amount of money sought by the natural resource trustee as compensation for injury, destruction, or loss of natural resources as set forth in section 107(a) or 111(b) of CERCLA.

(m) *Destruction* means the total and irreversible loss of a natural resource.

(n) *Discharge* means a discharge of oil as defined in section 311(a)(2) of the CWA, as amended, and includes, but is not limited to, any spilling, leaking, pumping, pouring, emitting, emptying, or dumping of oil.

(o) *Drinking water supply* means any raw or finished water source that is or may be used by a public water system, as defined in the SDWA, or as drinking water by one or more individuals.

(p) *EPA* means the U.S. Environmental Protection Agency.

(q) *Exposed to* or *exposure of* means that all or part of a natural resource is, or has been, in physical contact with oil or a hazardous substance, or with media containing oil or a hazardous substance.

(r) *Fund* means the Hazardous Substance Superfund established by section 517 of the Superfund Amendments and Reauthorization Act of 1986.

(s) *Geologic resources* means those elements of the Earth's crust such as soils, sediments, rocks, and minerals, including petroleum and natural gas, that are not included in the definitions of ground and surface water resources.

(t) *Ground water resources* means water in a saturated zone or stratum beneath the surface of land or water and the rocks or sediments through which ground water moves. It includes ground water resources that meet the definition of drinking water supplies.

(u) *Hazardous substance* means a hazardous substance as defined in section 101(14) of CERCLA.

(v) *Injury* means a measurable adverse change, either long- or short-term, in the chemical or physical quality or the viability of a natural resource resulting either directly or indirectly from exposure to a discharge of oil or release of a hazardous substance, or exposure to a product of reactions resulting from the discharge of oil or release of a hazardous substance. As used in this part, injury encompasses the phrases ''injury,'' ''destruction,'' and ''loss.'' Injury definitions applicable to specific resources are provided in § 11.62 of this part.

(w) *Lead authorized official* means a Federal or State official authorized to act on behalf of all affected Federal or State agencies acting as trustees where there are multiple agencies, or an official designated by multiple tribes where there are multiple tribes, affected because of coexisting or contiguous natural resources or concurrent jurisdiction.

(x) *Loss* means a measurable adverse reduction of a chemical or physical quality or viability of a natural resource.

(y) *Natural Contingency Plan* or *NCP* means the National Oil and Hazardous Substances Contingency Plan and revisions promulgated by EPA, pursuant to section 105 of CERCLA and codified in 40 CFR part 300.

(z) *Natural resources* or *resources* means land, fish, wildlife, biota, air, water, ground water, drinking water supplies, and other such resources belonging to, managed by, held in trust by, appertaining to, or otherwise controlled by the United States (including

the resources of the fishery conservation zone established by the Magnuson Fishery Conservation and Management Act of 1976), any State or local government, any foreign government, any Indian tribe, or, if such resources are subject to a trust restriction on alienation, any member of an Indian tribe. These natural resources have been categorized into the following five groups: Surface water resources, ground water resources, air resources, geologic resources, and biological resources.

(aa) *Natural resource damage assessment* or *assessment* means the process of collecting, compiling, and analyzing information, statistics, or data through prescribed methodologies to determine damages for injuries to natural resources as set forth in this part.

(bb) *Oil* means oil as defined in section 311(a)(1) of the CWA, as amended, of any kind or in any form, including, but not limited to, petroleum, fuel oil, sludge, oil refuse, and oil mixed with wastes other than dredged spoil.

(cc) *On-Scene Coordinator* or *OSC* means the On-Scene Coordinator as defined in the NCP.

(dd) *Pathway* means the route or medium through which oil or a hazardous substance is or was transported from the source of the discharge or release to the injured resource.

(ee) *Reasonable cost* means the amount that may be recovered for the cost of performing a damage assessment. Costs are reasonable when: the Injury Determination, Quantification, and Damage Determination phases have a well-defined relationship to one another and are coordinated; the anticipated increment of extra benefits in terms of the precision or accuracy of estimates obtained by using a more costly injury, quantification, or damage determination methodology are greater than the anticipated increment of extra costs of that methodology; and the anticipated cost of the assessment is expected to be less than the anticipated damage amount determined in the Injury, Quantification, and Damage Determination phases.

(ff) *Rebuttable presumption* means the procedural device provided by section 107(f)(2)(C) of CERCLA describing the evidentiary weight that must be given to any determination or assessment of damages in any administrative or judicial proceeding under CERCLA or section 311 of the CWA made by a Federal or State natural resource trustee in accordance with the rule provided in this part.

(gg) *Recovery period* means either the longest length of time required to return the services of the injured resource to their baseline condition, or a lesser period of time selected by the authorized official and documented in the Assessment Plan.

(hh) *Release* means a release of a hazardous substance as defined in section 101(22) of CERCLA.

(ii) *Replacement* or *acquisition of the equivalent* means the substitution for an injured resource with a resource that provides the same or substantially similar services, when such substitutions are in addition to any substitutions made or anticipated as part of response actions and when such substitutions exceed the level of response actions determined appropriate to the site pursuant to the NCP.

(jj) *Response* means remove, removal, remedy, or remedial actions as those phrases are defined in sections 101(23) and 101(24) of CERCLA.

(kk) *Responsible party or parties* and *potentially responsible party or parties* means a person or persons described in or potentially described in one or more of the categories set forth in section 107(a) of CERCLA.

(ll) *Restoration* or *rehabilitation* means actions undertaken to return an injured resource to its baseline condition, as measured in terms of the injured resource's physical, chemical, or biological properties or the services it previously provided, when such actions are in addition to response actions completed or anticipated, and when such actions exceed the level of response actions determined appropriate to the site pursuant to the NCP.

(mm) *SDWA* means the Safe Drinking Water Act, 42 U.S.C. 300f–300j–10.

(nn) *Services* means the physical and biological functions performed by the resource including the human uses of those functions. These services are the result of the physical, chemical, or biological quality of the resource.

(oo) *Site* means an area or location, for purposes of response actions under

the NCP, at which oil or hazardous substances have been stored, treated, discharged, released, disposed, placed, or otherwise came to be located.

(pp) *Surface water resources* means the waters of the United States, including the sediments suspended in water or lying on the bank, bed, or shoreline and sediments in or transported through coastal and marine areas. This term does not include ground water or water or sediments in ponds, lakes, or reserviors designed for waste treatment under the Resource Conservation and Recovery Act of 1976 (RCRA), 42 U.S.C. 6901–6987 or the CWA, and applicable regulations.

(qq) *Technical feasibility* or *technically feasible* means that the technology and management skills necessary to implement an Assessment Plan or Restoration and Compensation Determination Plan are well known and that each element of the plan has a reasonable chance of successful completion in an acceptable period of time.

(rr) *Trustee* or *natural resource trustee* means any Federal natural resources management agency designated in the NCP and any State agency designated by the Governor of each State, pursuant to section 107(f)(2)(B) of CERCLA, that may prosecute claims for damages under section 107(f) or 111(b) of CERCLA; or an Indian tribe, that may commence an action under section 126(d) of CERCLA.

(ss) *Type A assessment* means standard procedures for simplified assessments requiring minimal field observation to determine damages as specified in section 301(c)(2)(A) of CERCLA.

(tt) *Type B assessment* means alternative methodologies for conducting assessments in individual cases to determine the type and extent of short- and long-term injury and damages, as specified in section 301(c)(2)(B) of CERCLA.

(uu) *Indian tribe* means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village but not including any Alaska Native regional or village corporation, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5171, Feb. 22, 1988; 59 FR 14281, Mar. 25, 1994]

§ 11.15 What damages may a trustee recover?

(a) In an action filed pursuant to section 107(f) or 126(d) of CERCLA, or sections 311(f) (4) and (5) of the CWA, a natural resource trustee who has performed an assessment in accordance with this rule may recover:

(1) Damages as determined in accordance with this part and calculated based on injuries occurring from the onset of the release through the recovery period, less any mitigation of those injuries by response actions taken or anticipated, plus any increase in injuries that are reasonably unavoidable as a result of response actions taken or anticipated;

(2) The costs of emergency restoration efforts under § 11.21 of this part;

(3) The reasonable and necessary costs of the assessment, to include:

(i) The cost of performing the preassessment and Assessment Plan phases and the methodologies provided in subpart D or E of this part; and

(ii) Administrative costs and expenses necessary for, and incidental to, the assessment, assessment planning, and restoration, rehabilitation, replacement, and/or acquisition of equivalent resources planning, and any restoration, rehabilitation, replacement, and/or acquisition of equivalent resources undertaken; and

(4) Interest on the amounts recoverable as set forth in section 107(a) of CERCLA. The rate of interest on the outstanding amount of the claim shall be the same rate as is specified for interest on investments of the Hazardous Substance Superfund established under subchapter A of chapter 98 of the Internal Revenue Code of 1954. Such interest shall accrue from the later of: The date payment of a specified amount is demanded in writing, or the date of the expenditure concerned;

(b) The determination of the damage amount shall consider any applicable limitations provided for in section 107(c) of CERCLA.

(c) Where an assessment determines that there is, in fact, no injury, as defined in § 11.62 of this part, the natural resource trustee may not recover assessment costs.

(d) There shall be no double recovery under this rule for damages or for assessment costs, that is, damages or assessment costs may only be recovered once, for the same discharge or release and natural resource, as set forth in section 107(f)(1) of CERCLA.

(e) Actions for damages and assessment costs shall comply with the statute of limitations set forth in section 113(g), or, where applicable, section 126(d) of CERCLA.

[51 FR 27725, Aug. 1, 1986, as amended at 52 FR 9095, Mar. 20, 1987; 53 FR 5172, Feb. 22, 1988; 59 FR 14281, Mar. 25, 1994; 61 FR 20609, May 7, 1996]

§ 11.16 [Reserved]

§ 11.17 Compliance with applicable laws and standards.

(a) *Worker health and safety.* All worker health and safety considerations specified in the NCP shall be observed, except that requirements applying to response actions shall be taken to apply to the assessment process.

(b) *Resource protection.* Before taking any actions under this part, particularly before taking samples or making determinations of restoration or replacement, compliance is required with any applicable statutory consultation or review requirements, such as the Endangered Species Act; the Migratory Bird Treaty Act; the Marine Protection, Research, and Sanctuaries Act; and the Marine Mammal Protection Act, that may govern the taking of samples or in other ways restrict alternative management actions.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5172, Feb. 22, 1988]

§ 11.18 Incorporation by reference.

(a) The following publications or portions of publications are incorporated by reference:

(1) Part II only (Fish-Kill Counting Guidelines) of ''Monetary Values of Freshwater Fish and Fish-Kill Guidelines,'' American Fisheries Society Special Publication Number 13, 1982; available for purchase from the American Fisheries Society, 5410 Grosvenor Lane, Bethesda, MD 20814, ph: (301) 897–8616. Reference is made to this publication in §§ 11.62(f)(4)(i)(B) and 11.71(l)(5)(iii)(A) of this part.

(2) Appendix 1 (Travel Cost Method), Appendix 2 (Contingent Valuation (Survey) Methods), and Appendix 3 (Unit Day Value Method) only of Section VIII of ''National Economic Development (NED) Benefit Evaluation Procedures'' (Procedures), which is Chapter II of *Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies,* U.S. Department of the Interior, Water Resources Council, Washington, DC, 1984, DOI/WRC/–84/01; available for purchase from the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, VA 22161; PB No. 84–199–405; ph: (703) 487–4650. Reference is made to this publication in § 11.83(a)(3) of this part.

(3) ''Uniform Appraisal Standards for Federal Land Acquisition'' (Uniform Appraisal Standards), Interagency Land Acquisition Conference, Washington, DC, 1973; available for purchase from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402; Stock Number 052–059–00002–0; ph: (202) 783–3238. Reference is made to this publication in § 11.83(c)(2)(i) of this part.

(4) The CERCLA Type A Natural Resource Damage Assessment Model for Coastal and Marine Environments, Technical Documentation, Volumes I–VI, dated April 1996, prepared for the U.S. Department of the Interior by Applied Science Associates, Inc., A.T. Kearney, Inc., and Hagler Bailly Consulting, Inc. (NRDAM/CME technical document). Interested parties may obtain a copy of this document from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161; PB96–501788; ph: (703) 487–4650. Sections 11.34 (a) (b) and (e), 11.35(a), 11.36(b), 11.40(a), and 11.42(a), and Appendix II refer to this document.

(5) The CERCLA Type A Natural Resource Damage Assessment Model for Great Lakes Environments, Technical Documentation, Volumes I–IV, dated April 1996, prepared for the U.S. Department of the Interior by Applied

Science Associates, Inc., and Hagler Bailly Consulting, Inc. (NRDAM/GLE technical document). Interested parties may obtain a copy of this document from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161; PB96–501770; ph: (703) 487–4650. Sections 11.34 (a) (b) and (e), 11.35(a), 11.36(b), 11.40(a), and 11.42(a), and Appendix III refer to this document.

(b) The publications or portions of publications listed in paragraph (a) of this section are available for inspection at the Office of the Federal Register, 800 North Capitol Street, NW., Washington, DC 20408. These incorporations by reference were approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a). These materials are incorporated as they exist on the date of the approval and a notice of any change in these materials will be published in the FEDERAL REGISTER.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 9772, Mar. 25, 1988; 61 FR 20609, May 7, 1996]

§11.19 [Reserved]

Subpart B—Preassessment Phase

§11.20 Notification and detection.

(a) *Notification.* (1) Section 104(b)(2) of CERCLA requires prompt notification of Federal and State natural resource trustees of potential damages to natural resources under investigation and requires coordination of the assessments, investigations, and planning under section 104 of CERCLA with such trustees.

(2) The NCP provides for the OSC or lead agency to notify the natural resource trustee when natural resources have been or are likely to be injured by a discharge of oil or a release of a hazardous substance being investigated under the NCP.

(3) Natural resource trustees, upon such notification described in paragraphs (a) (1) and (2) of this section, shall take such actions, as may be consistent with the NCP.

(b) *Previously unreported discharges or releases.* If a natural resource trustee identifies or is informed of apparent injuries to natural resources that appear to be a result of a previously unidentified or unreported discharge of oil or release of a hazardous substance, he should first make reasonable efforts to determine whether a discharge or release has taken place. In the case of a discharge or release not yet reported or being investigated under the NCP, the natural resource trustee shall report that discharge or release to the appropriate authority as designated in the NCP.

(c) *Identification of co-trustees.* The natural resource trustee should assist the OSC or lead agency, as needed, in identifying other natural resource trustees whose resources may be affected as a result of shared responsibility for the resources and who should be notified.

[53 FR 5172, Feb. 22, 1988]

§11.21 Emergency restorations.

(a) *Reporting requirements and definition.* (1) In the event of a natural resource emergency, the natural resource trustee shall contact the National Response Center (800/424–8802) to report the actual or threatened discharge or release and to request that an immediate response action be taken.

(2) An emergency is any situation related to a discharge or release requiring immediate action to avoid an irreversible loss of natural resources or to prevent or reduce any continuing danger to natural resources, or a situation in which there is a similar need for emergency action.

(b) *Emergency actions.* If no immediate response actions are taken at the site of the discharge or release by the EPA or the U.S. Coast Guard within the time that the natural resource trustee determines is reasonably necessary, or if such actions are insufficient, the natural resource trustee should exercise any existing authority he may have to take on-site response actions. The natural resource trustee shall determine whether the potentially responsible party, if his identity is known, is taking or will take any response action. If no on-site response actions are taken, the natural resource trustee may undertake limited off-site restoration action consistent with its

existing authority to the extent necessary to prevent or reduce the immediate migration of the oil or hazardous substance onto or into the resource for which the Federal or State agency or Indian tribe may assert trusteeship.

(c) *Limitations on emergency actions.* The natural resource trustee may undertake only those actions necessary to abate the emergency situation, consistent with its existing authority. The normal procedures provided in this part must be followed before any additional restoration actions other than those necessary to abate the emergency situation are undertaken. The burden of proving that emergency restoration was required and that restoration costs were reasonable and necessary based on information available at the time rests with the natural resource trustee.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5173, Feb. 22, 1988]

§ 11.22 Sampling of potentially injured natural resources.

(a) *General limitations.* Until the authorized official has made the determination required in § 11.23 of this part to proceed with an assessment, field sampling of natural resources should be limited to the conditions identified in this section. All sampling and field work shall be subject to the provisions of § 11.17 of this part concerning safety and applicability of resource protection statutes.

(b) *Early sampling and data collection.* Field samples may be collected or site visits may be made before completing the preassessment screen to preserve data and materials that are likely to be lost if not collected at that time and that will be necessary to the natural resource damage assessment. Field sampling and data collection at this stage should be coordinated with the lead agency under the NCP to minimize duplication of sampling and data collection efforts. Such field sampling and data collection should be limited to:

(1) Samples necessary to preserve perishable materials considered likely to have been affected by, and contain evidence of, the oil or hazardous substance. These samples generally will be biological materials that are either dead or visibly injured and that evidence suggests have been injured by oil or a hazardous substance;

(2) Samples of other ephemeral conditions or material, such as surface water or soil containing or likely to contain oil or a hazardous substance, where those samples may be necessary for identification and for measurement of concentrations, and where necessary samples may be lost because of factors such as dilution, movement, decomposition, or leaching if not taken immediately; and

(3) Counts of dead or visibly injured organisms, which may not be possible to take if delayed because of factors such as decomposition, scavengers, or water movement. Such counts shall be subject to the provisions of § 11.71(l)(5)(iii) of this part.

§ 11.23 Preassessment screen—general.

(a) *Requirement.* Before beginning any assessment efforts under this part, except as provided for under the emergency restoration provisions of § 11.21 of this part, the authorized official shall complete a preassessment screen and make a determination as to whether an assessment under this part shall be carried out.

(b) *Purpose.* The purpose of the preassessment screen is to provide a rapid review of readily available information that focuses on resources for which the Federal or State agency or Indian tribe may assert trusteeship under section 107(f) or section 126(d) of CERCLA. This review should ensure that there is a reasonable probability of making a successful claim before monies and efforts are expended in carrying out an assessment.

(c) *Determination.* When the authorized official has decided to proceed with an assessment under this part, the authorized official shall document the decision in terms of the criteria provided in paragraph (e) of this section in a Preassessment Screen Determination. This Preassessment Screen Determination shall be included in the Report of Assessment described in § 11.90 of this part.

(d) *Content.* The preassessment screen shall be conducted in accordance with the guidance provided in this section and in § 11.24—Preassessment screen—information on the site and § 11.25—Preassessment

screen—preliminary identification of resources potentially at risk, of this part.

(e) *Criteria.* Based on information gathered pursuant to the preassessment screen and on information gathered pursuant to the NCP, the authorized official shall make a preliminary determination that all of the following criteria are met before proceeding with an assessment:

(1) A discharge of oil or a release of a hazardous substance has occurred;

(2) Natural resources for which the Federal or State agency or Indian tribe may assert trusteeship under CERCLA have been or are likely to have been adversely affected by the discharge or release;

(3) The quantity and concentration of the discharged oil or released hazardous substance is sufficient to potentially cause injury, as that term is used in this part, to those natural resources;

(4) Data sufficient to pursue an assessment are readily available or likely to be obtained at reasonable cost; and

(5) Response actions, if any, carried out or planned do not or will not sufficiently remedy the injury to natural resources without further action.

(f) *Coordination.* (1) In a situation where response activity is planned or underway at a particular site, assessment activity shall be coordinated with the lead agency consistent with the NCP.

(2) Whenever, as part of a response action under the NCP, a preliminary assessment or an OSC Report is to be, or has been, prepared for the site, the authorized official should consult with the lead agency under the NCP, as necessary, and to the extent possible use information or materials gathered for the preliminary assessment or OSC Report, unless doing so would unnecessarily delay the preassessment screen.

(3) Where a preliminary assessment or an OSC Report does not exist or does not contain the information described in this section, that additional information may be gathered.

(4) If the natural resource trustee already has a process similar to the preassessment screen, and the requirements of the preassessment screen can be satisfied by that process, the processes may be combined to avoid duplication.

(g) *Preassessment phase costs.* (1) The following categories of reasonable and necessary costs may be incurred in the preassessment phase of the damage assessment:

(i) Release detection and identification costs;

(ii) Trustee identification and notification costs;

(iii) Potentially injured resource identification costs;

(iv) Initial sampling, data collection, and evaluation costs;

(v) Site characterization and preassessment screen costs; and

(vi) Any other preassessment costs for activities authorized by §§11.20 through 11.25 of this part.

(2) The reasonable and necessary costs for these categories shall be limited to those costs incurred by the authorized official for, and specifically allocable to, site-specific efforts taken during the preassessment phase for assessment of damages to natural resources for which the agency or Indian tribe is acting as trustee. Such costs shall be supported by appropriate records and documentation and shall not reflect regular activities performed by the agency or Indian tribe in management of the natural resource. Activities undertaken as part of the preassessment phase shall be taken in a manner that is cost-effective, as that phrase is used in this part.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5173, Feb. 22, 1988]

§11.24 Preassessment screen—information on the site.

(a) *Information on the site and on the discharge or release.* The authorized official shall obtain and review readily available information concerning:

(1) The time, quantity, duration, and frequency of the discharge or release;

(2) The name of the hazardous substance, as provided for in Table 302.4—List of Hazardous Substances and Reportable Quantities, 40 CFR 302.4;

(3) The history of the current and past use of the site identified as the source of the discharge of oil or release of a hazardous substance;

(4) Relevant operations occurring at or near the site;

(5) Additional oil or hazardous substances potentially discharged or released from the site; and

(6) Potentially responsible parties.

(b) *Damages excluded from liability under CERCLA.* (1) The authorized official shall determine whether the damages:

(i) Resulting from the discharge or release were specifically identified as an irreversible and irretrievable commitment of natural resources in an environmental impact statement or other comparable environmental analysis, that the decision to grant the permit or license authorizes such commitment of natural resources, and that the facility or project was otherwise operating within the terms of its permit or license, so long as, in the case of damages to an Indian tribe occurring pursuant to a Federal permit or license, the issuance of that permit or license was not inconsistent with the fiduciary duty of the United States with respect to such Indian tribe; or

(ii) And the release of a hazardous substance from which such damages resulted have occurred wholly before enactment of CERCLA; or

(iii) Resulted from the application of a pesticide product registered under the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. 135–135k; or

(iv) Resulted from any other federally permitted release, as defined in section 101(10) of CERCLA; or

(v) Resulting from the release or threatened release of recycled oil from a service station dealer described in section 107(a)(3) or (4) of CERCLA if such recycled oil is not mixed with any other hazardous substance and is stored, treated, transported or otherwise managed in compliance with regulations or standards promulgated pursuant to section 3014 of the Solid Waste Disposal Act and other applicable authorities.

(2) An assessment under this part shall not be continued for potential injuries meeting one or more of the criteria described in paragraph (b)(1) of this section, which are exceptions to liability provided in sections 107(f), (i), and (j) and 114(c) of CERCLA.

(c) *Damages excluded from liability under the CWA.* (1) The authorized official shall determine whether the discharge meets one or more of the exclusions provided in section 311 (a)(2) or (b)(3) of the CWA.

(2) An assessment under this part shall not be continued for potential injuries from discharges meeting one or more of the CWA exclusions provided for in paragraph (c)(1) of this section.

[51 FR 27725, Aug. 1, 1986, as amended at 52 FR 9095, Mar. 20, 1987; 53 FR 5173, Feb. 22, 1988]

§ 11.25 Preassessment screen—preliminary identification of resources potentially at risk.

(a) *Preliminary identification of pathways.* (1) The authorized official shall make a preliminary identification of potential exposure pathways to facilitate identification of resources at risk.

(2) Factors to be considered in this determination should include, as appropriate, the circumstances of the discharge or release, the characteristics of the terrain or body of water involved, weather conditions, and the known physical, chemical, and toxicological properties of the oil or hazardous substance.

(3) Pathways to be considered shall include, as appropriate, direct contact, surface water, ground water, air, food chains, and particulate movement.

(b) *Exposed areas.* An estimate of areas where exposure or effects may have occurred or are likely to occur shall be made. This estimate shall identify:

(1) Areas where it has been or can be observed that the oil or hazardous substance has spread;

(2) Areas to which the oil or hazardous substance has likely spread through pathways; and

(3) Areas of indirect effect, where no oil or hazardous substance has spread, but where biological populations may have been affected as a result of animals moving into or through the site.

(c) *Exposed water estimates.* The area of ground water or surface water that may be or has been exposed may be estimated by using the methods described in appendix I of this part.

(d) *Estimates of concentrations.* An estimate of the concentrations of oil or a hazardous substance in those areas of potential exposure shall be developed.

(e) *Potentially affected resources.* (1) Based upon the estimate of the areas of potential exposure, and the estimate of concentrations in those areas, the authorized official shall identify natural resources for which he may assert trusteeship that are potentially affected by the discharge or release. This preliminary identification should be used to direct further investigations, but it is not intended to preclude consideration of other resources later found to be affected.

(2) A preliminary estimate, based on information readily available from resource managers, of the services of the resources identified as potentially affected shall be made. This estimate will be used in determining which resources to consider if further assessment efforts are justified.

Subpart C—Assessment Plan Phase

§11.30 What does the authorized official do if an assessment is warranted?

(a) If the authorized official determines during the Preassessment Phase that an assessment is warranted, the authorized official must develop a plan for the assessment of natural resource damages.

(b) *Purpose.* The purpose of the Assessment Plan is to ensure that the assessment is performed in a planned and systematic manner and that methodologies selected from subpart D for a type A assessment or from subpart E for a type B assessment, including the Injury Determination, Quantification, and Damage Determination phases, can be conducted at a reasonable cost, as that phrase is used in this part.

(c) *Assessment Plan phase costs.* (1) The following categories of reasonable and necessary costs may be incurred in the Assessment Plan phase of the damage assessment:

(i) Methodology identification and screening costs;

(ii) Potentially responsible party notification costs;

(iii) Public participation costs;

(iv) Exposure confirmation analysis costs;

(v) Preliminary estimate of damages costs; and

(vi) Any other Assessment Plan costs for activities authorized by §§11.30 through 11.38.

(2) The reasonable and necessary costs for these categories shall be limited to those costs incurred or anticipated by the authorized official for, and specifically allocable to, site specific efforts taken in the development of an Assessment Plan for a resource for which the agency or Indian tribe is acting as trustee. Such costs shall be supported by appropriate records and documentation, and shall not reflect regular activities performed by the agency or tribe in management of the natural resource. Activities undertaken as part of the Assessment Plan phase shall be taken in a manner that is cost-effective, as that phrase is used in this part.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5174, Feb. 22, 1988; 59 FR 14281, Mar. 25, 1994; 61 FR 20609, May 7, 1996]

§11.31 What does the Assessment Plan include?

(a) *General content and level of detail.* (1) The Assessment Plan must identify and document the use of all of the type A and/or type B procedures that will be performed.

(2) The Assessment Plan shall be of sufficient detail to serve as a means of evaluating whether the approach used for assessing the damage is likely to be cost-effective and meets the definition of reasonable cost, as those terms are used in this part. The Assessment Plan shall include descriptions of the natural resources and the geographical areas involved. The Assessment Plan shall also include a statement of the authority for asserting trusteeship, or co-trusteeship, for those natural resources considered within the Assessment Plan. The authorized official's statement of the authority for asserting trusteeship shall not have the force and effect of a rebuttable presumption under §11.91(c) of this part. In addition, for type B assessments, the Assessment Plan shall include the sampling locations within those geographical areas, sample and survey design, numbers and types of samples to be collected, analyses to be performed, preliminary determination of the recovery period, and

other such information required to perform the selected methodologies.

(3) The Assessment Plan shall contain information sufficient to demonstrate that the damage assessment has been coordinated to the extent possible with any remedial investigation feasibility study or other investigation performed pursuant to the NCP.

(4) The Assessment Plan shall contain procedures and schedules for sharing data, split samples, and results of analyses, when requested, with any identified potentially responsible parties and other natural resource trustees.

(b) *Identification of types of assessment procedures.* The Assessment Plan must identify whether the authorized official plans to use a type A procedure, type B procedures, or a combination. Sections 11.34 through 11.36 contain standards for deciding which types of procedures to use. The Assessment Plan must include a detailed discussion of how these standards are met.

(c) *Specific requirements for type B procedures.* If the authorized official plans to use type B procedures, the Assessment Plan must also include the following:

(1) The results of the confirmation of exposure performed under § 11.37;

(2) A Quality Assurance Plan that satisfies the requirements listed in the NCP and applicable EPA guidance for quality control and quality assurance plans;

(3) The objectives, as required in § 11.64(a)(2) of this part, of any testing and sampling for injury or pathway determination; and

(4) The Restoration and Compensation Determination Plan developed in accordance with the guidance in § 11.81 of this part. If existing data are not sufficient to develop the Restoration and Compensation Determination Plan as part of the Assessment Plan, the Restoration and Compensation Determination Plan may be developed later, at any time before the completion of the Injury Determination or Quantification phases. If the Restoration and Compensation Determination Plan is published separately, the public review and comment will be conducted pursuant to § 11.81(d) of this part.

(d) *Specific requirements for type A procedures.* If the authorized official plans to use a type A procedure, the Assessment Plan must also contain the information described in subpart D.

[51 FR 27725, Aug. 1, 1986, as amended at 52 FR 9095, Mar. 20, 1987; 53 FR 5174, Feb. 22, 1988; 59 FR 14281, Mar. 25, 1994; 61 FR 20609, May 7, 1996]

§ 11.32 How does the authorized official develop the Assessment Plan?

(a) *Pre-development requirements.* The authorized official shall fulfill the following requirements before developing an Assessment Plan.

(1) *Coordination.* (i) If the authorized official's responsibility is shared with other natural resource trustees as a result of coexisting or contiguous natural resources or concurrent jurisdiction, the authorized official shall ensure that all other known affected natural resource trustees are notified that an Assessment Plan is being developed. This notification shall include the results of the Preassessment Screen Determination.

(ii) Authorized officials from different agencies or Indian tribes are encouraged to cooperate and coordinate any assessments that involve coexisting or contiguous natural resources or concurrent jurisdiction. They may arrange to divide responsibility for implementing the assessment in any manner that is agreed to by all of the affected natural resource trustees with the following conditions:

(A) A lead authorized official shall be designated to administer the assessment. The lead authorized official shall act as coordinator and contact regarding all aspects of the assessment and shall act as final arbitrator of disputes if consensus among the authorized officials cannot be reached regarding the development, implementation, or any other aspect of the Assessment Plan. The lead authorized official shall be designated by mutual agreement of all the natural resource trustees. If consensus cannot be reached as to the designation of the lead authorized official, the lead authorized official shall be designated in accordance with paragraphs (a)(1)(ii) (B), (C), or (D) of this section:

(B) When the natural resources being assessed are located on lands or waters subject to the administrative jurisdiction of a Federal agency, a designated official of the Federal agency shall act as the lead authorized official.

(C) When the natural resources being assessed, pursuant to section 126(d) of CERCLA, are located on lands or waters of an Indian tribe, an official designated by the Indian tribe shall act as the lead authorized official.

(D) For all other natural resources for which the State may assert trusteeship, a designated official of the State agency shall act as the lead authorized official.

(iii) If there is a reasonable basis for dividing the assessment, the natural resource trustee may act independently and pursue separate assessments, actions, or claims so long as the claims do not overlap. In these instances, the natural resource trustees shall coordinate their efforts, particularly those concerning the sharing of data and the development of the Assessment Plans.

(2) *Identification and involvement of the potentially responsible party*. (i) If the lead agency under the NCP for response actions at the site has not identified potentially responsible parties, the authorized official shall make reasonable efforts to identify any potentially responsible parties.

(ii) In the event the number of potentially responsible parties is large or if some of the potentially responsible parties cannot be located, the authorized official may proceed against any one or more of the parties identified. The authorized official should use reasonable efforts to proceed against most known potentially responsible parties or at least against all those potentially responsible parties responsible for significant portions of the potential injury.

(iii)(A) The authorized official shall send a Notice of Intent to Perform an Assessment to all identified potentially responsible parties. The Notice shall invite the participation of the potentially responsible party, or, if several parties are involved and if agreed to by the lead authorized official, a representative or representatives designated by the parties, in the development of the type and scope of the assessment and in the performance of the assessment. The Notice shall briefly describe, to the extent known, the site, vessel, or facility involved, the discharge of oil or release of hazardous substance of concern to the authorized official, and the resources potentially at risk. The Notice shall also contain a statement of authority for asserting trusteeship, or co-trusteeship, over those natural resources identified as potentially at risk.

(B) The authorized official shall allow at least 30 calendar days, with reasonable extensions granted as appropriate, for the potentially responsible party or parties notified to respond to the Notice before proceeding with the development of the Assessment Plan or any other assessment actions.

(b) *Plan approval.* The authorized official shall have final approval as to the appropriate methodologies to include in the Assessment Plan and any modifications to the Assessment Plan.

(c) *Public involvement in the Assessment Plan*. (1) The authorized official must make the Assessment Plan available for review by any identified potentially responsible parties, other natural resource trustees, other affected Federal or State agencies or Indian tribes, and any other interested member of the public for a period of at least 30 calendar days, with reasonable extensions granted as appropriate. The authorized official may not perform any type B procedures described in the Assessment Plan until after this review period.

(2) Any comments concerning the Assessment Plan received from identified potentially responsible parties, other natural resource trustees, other affected Federal or State agencies or Indian tribes, and any other interested members of the public, together with responses to those comments, shall be included as part of the Report of Assessment, described in § 11.90 of this part.

(d) *Plan implementation*. At the option of the authorized official and if agreed to by any potentially responsible party, or parties acting jointly, the potentially responsible party or any other party under the direction, guidance, and monitoring of the authorized

official may implement all or any part of the Assessment Plan finally approved by the authorized official. Any decision by the authorized official to allow or not allow implementation by the potentially responsible party shall be documented in the Assessment Plan.

(e) *Plan modification.* (1) The Assessment Plan may be modified at any stage of the assessment as new information becomes available.

(2)(i) Any modification to the Assessment Plan that in the judgment of the authorized official is significant shall be made available for review by any identified potentially responsible party, any other affected natural resource trustees, other affected Federal or State agencies or Indian tribes, and any other interested members of the public for a period of at least 30 calendar days, with reasonable extensions granted as appropriate, before tasks called for in the modified plan are begun.

(ii) Any modification to the Assessment Plan that in the judgment of the authorized official is not significant shall be made available for review by any identified potentially responsible party, any other affected natural resource trustees, other affected Federal or State agencies or Indian tribes, and any other interested members of the public, but the implementation of such modification need not be delayed as a result of such review.

(f) *Plan review.* (1) After the Injury Determination phase is completed and before the Quantification phase is begun, the authorized official shall review the decisions incorporated in the Assessment Plan.

(2) The purpose of this review is to ensure that the selection of methodologies for the Quantification and Damage Determination phases is consistent with the results of the Injury Determination phase, and that the use of such methodologies remains consistent with the requirements of reasonable cost, as that term is used in this part.

(3) Paragraphs (f)(1) and (f)(2) of this section do not apply to the use of a type A procedure.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5174, Feb. 22, 1988; 59 FR 14282, Mar. 25, 1994; 61 FR 20609, May 7, 1996]

§ 11.33 What types of assessment procedures are available?

There are two types of assessment procedures:

(a) Type A procedures are simplified procedures that require minimal field observation. Subpart D describes the type A procedures. There are two type A procedures: a procedure for coastal or marine environments, which incorporates the Natural Resource Damage Assessment Model for Coastal and Marine Environments, Version 2.4 (NRDAM/CME); and a procedure for Great Lakes environments, which incorporates the Natural Resource Damage Assessment Model for Great Lakes Environments, Version 1.4 (NRDAM/GLE).

(b) Type B procedures require more extensive field observation than the type A procedures. Subpart E describes the type B procedures.

[61 FR 20610, May 7, 1996]

§ 11.34 When may the authorized official use a type A procedure?

The authorized official may use a type A procedure only if:

(a) The released substance entered an area covered by the NRDAM/CME or NRDAM/GLE. Section 3.4, Volume III of the NRDAM/CME technical document (incorporated by reference, see § 11.18) identifies the areas that the NRDAM/CME covers. Section 6.2, Volume III of the NRDAM/GLE technical document (incorporated by reference, see § 11.18) describes the areas that the NRDAM/GLE covers;

(b) The NRDAM/CME or NRDAM/GLE cover the released substance. Table 7.1, Volume I of the NRDAM/CME technical document lists the substances that the NRDAM/CME covers. Table 7.1, Volume I of the NRDAM/GLE technical document lists the substances that the NRDAM/GLE covers;

(c) The released substance entered water at or near the surface;

(d) At the time of the release, winds did not vary spatially over the area affected by the release in a way that would significantly affect the level or extent of injuries;

(e) The authorized official is not aware of any reliable evidence that, for species that are likely to represent a

significant portion of the claim, the species biomass is significantly lower than the species biomass assigned by the NRDAM/CME or the NRDAM/GLE Tables IV.2.1 through IV.2.115 and IV.5.1 through IV.5.77, Volume III of the NRDAM/CME technical document list the species biomasses in the NRDAM/CME. Tables III.3.17 through III.3.27 and III.3.40 through III.3.50, Volume III of the NRDAM/GLE technical document list the species biomasses in the NRDAM/GLE ; and

(f) Subsurface currents either: are not expected to significantly affect the level or extent of injuries; or are reasonably uniform with depth over the water column in the area affected by the release.

[61 FR 20610, May 7, 1996]

§11.35 How does the authorized official decide whether to use type A or type B procedures?

(a) If the authorized official determines under §11.34 that a type A procedure is available, the authorized official must then decide whether to use that procedure or use type B procedures. The authorized official must make this decision by weighing the difficulty of collecting site-specific data against the suitability of the averaged data and simplifying assumptions in the type A procedure for the release being assessed. The authorized official may use type B procedures if they can be performed at a reasonable cost and if the increase in accuracy provided by those procedures outweighs the increase in assessment costs. Section 1, Volume I of the NRDAM/CME technical document (incorporated by reference, see §11.18) lists the simplifying assumptions made in the NRDAM/CME. Volumes III through IV of the NRDAM/CME technical document list the data in the NRDAM/CME. Section 1, Volume I of the NRDAM/GLE technical document (incorporated by reference, see §11.18) lists the simplifying assumptions made in the NRDAM/GLE. Volume III of the NRDAM/GLE technical document lists the data in the NRDAM/GLE.

(b) The authorized official must use type B procedures rather than a type A procedure whenever a potentially responsible party:

(1) Submits a written request for use of type B procedures along with documentation of the reasons supporting the request; and

(2) Advances all reasonable costs of using type B procedures within a time frame acceptable to the authorized official.

(c) If there is no available type A procedure, the authorized official must use type B procedures to calculate all damages.

(d) Except as provided in paragraph (b) of this section, the authorized official may change the type of procedure used in light of comments received on the Assessment Plan. [See §11.32(e)(2) to determine if the authorized official must provide for additional public review.] However, if the authorized official decides to use type B procedures in lieu of a type A procedure, and cannot confirm exposure under §11.37, the authorized official may not then use a type A procedure.

[61 FR 20610, May 7, 1996]

§11.36 May the authorized official use both type A and type B procedures for the same release?

(a) The authorized official may use both a type A procedure and type B procedures for the same release if:

(1) The type B procedures are cost-effective and can be performed at a reasonable cost;

(2) There is no double recovery; and

(3) The type B procedures are used only to determine damages for injuries or compensable values that do not fall into the categories addressed by the type A procedure. [Sections 11.14(v) and 11.62 define ''injury.'' Section 11.83(c)(1) defines ''compensable value.'']

(b) The type A procedures address the following categories of injury and compensable value:

(1) Direct mortality of species covered by the NRDAM/CME or NRDAM/GLE resulting from short-term exposure to the released substance. Volume IV of the NRDAM/CME technical document (incorporated by reference, see §11.18) lists the species that the NRDAM/CME covers. Section 3, Volume III of the NRDAM/GLE technical document (incorporated by reference, see §11.18) lists the species that the NRDAM/GLE covers;

(2) Direct loss of production of species covered by the NRDAM/CME or NRDAM/GLE resulting from short-term exposure to the released substance;

(3) Indirect mortality of species covered by the NRDAM/CME or NRDAM/GLE resulting from disruption of the food web by direct mortality or direct loss of production;

(4) Indirect loss of production of species covered by the NRDAM/CME or NRDAM/GLE resulting from disruption of the food web by direct mortality or direct loss of production;

(5) Lost assimilative capacity of water column and sediments;

(6) Lost economic rent for lost commercial harvests resulting from any closures specified by the authorized official and/or from population losses;

(7) Lost recreational harvests resulting from any closures specified by the authorized official and/or from population losses;

(8) For the type A procedure for coastal and marine environments, lost wildlife viewing, resulting from population losses, by residents of the States bordering the provinces in which the population losses occurred. [A province is one of the geographic areas delineated in Table 6.1, Volume I of the NRDAM/CME technical document.] For the type A procedure for Great Lakes environments, lost wildlife viewing, resulting from population losses, by residents of local areas bordering the provinces in which the population losses occurred. [A province is one of the geographic areas delineated in Table 8.1, Volume I of the NRDAM/GLE technical document.];

(9) Lost beach visitation due to closure; and

(10) For the type A procedure for Great Lakes environments, lost boating due to closure.

(c) If the authorized official uses both type A and type B procedures, he or she must explain in the Assessment Plan how he or she intends to prevent double recovery.

(d) When the authorized official uses type B procedures for injuries not addressed in a type A procedure, he or she must follow all of subpart E (which contains standards for determining and quantifying injury as well as determining damages), § 11.31(c) (which addresses content of the Assessment Plan), and § 11.37 (which addresses confirmation of exposure). When the authorized official uses type B procedures for compensable values that are not included in a type A procedure but that result from injuries that are addressed in the type A procedure, he or she need not follow all of subpart E, § 11.31(c), and § 11.37. Instead, the authorized official may rely on the injury predictions of the type A procedure and simply use the valuation methodologies authorized by § 11.83(c) to calculate compensable value. When using valuation methodologies, the authorized official must comply with § 11.84.

[61 FR 20610, May 7, 1996]

§ 11.37 Must the authorized official confirm exposure before implementing the Assessment Plan?

(a) Before including any type B methodologies in the Assessment Plan, the authorized official must confirm that at least one of the natural resources identified as potentially injured in the preassessment screen has in fact been exposed to the released substance.

(b) *Procedures.* (1) Whenever possible, exposure shall be confirmed by using existing data, such as those collected for response actions by the OSC, or other available studies or surveys of the assessment area.

(2) Where sampling has been done before the completion of the preassessment screen, chemical analyses of such samples may be performed to confirm that exposure has occurred. Such analyses shall be limited to the number and type required for confirmation of exposure.

(3) Where existing data are unavailable or insufficient to confirm exposure, one or more of the analytical methodologies provided in the Injury Determination phase may be used. The collection and analysis of new data shall be limited to that necessary to confirm exposure and shall not include testing for baseline levels or for injury, as those phrases are used in this part.

[51 FR 27725, Aug. 1, 1986. Redesignated and amended at 61 FR 20610, 20611, May 7, 1996]

§11.38 Assessment Plan—preliminary estimate of damages.

(a) *Requirement.* When performing a type B assessment pursuant to the requirements of subpart E of this part, the authorized official shall develop a preliminary estimate of: the anticipated costs of restoration, rehabilitation, replacement, and/or acquisition of equivalent resources for the injured natural resources; and the compensable value, as defined in §11.83(c) of this part, of the injured natural resources, if the authorized official intends to include compensable value in the damage claim. This preliminary estimate is referred to as the preliminary estimate of damages. The authorized official shall use the guidance provided in this section, to the extent possible, to develop the preliminary estimate of damages.

(b) *Purpose.* The purpose of the preliminary estimate of damages is for reference in the scoping of the Assessment Plan to ensure that the choice of the scientific, cost estimating, and valuation methodologies expected to be used in the damage assessment fulfills the requirements of reasonable cost, as that term is used in this part. The authorized official will also use the preliminary estimate of damages in the review of the Assessment Plan, as required in §11.32(f) of this part, to ensure the requirements of reasonable cost are still met.

(c) *Steps.* The preliminary estimate of damages should include consideration of the ability of the resources to recover naturally and, if relevant, the compensable value through the recovery period with and without possible alternative actions. The authorized official shall consider the following factors, to the extent possible, in making the preliminary estimate of damages:

(1) The preliminary estimate of costs of restoration, rehabilitation, replacement, and/or acquisition of equivalent resources should include consideration of a range of possible alternative actions that would accomplish the restoration, rehabilitation, replacement, and/or acquisition of the equivalent of the injured natural resources.

(i) The preliminary estimate of costs should take into account the effects, or anticipated effects, of any response actions.

(ii) The preliminary estimate of costs should represent the expected present value of anticipated costs, expressed in constant dollars, and should include direct and indirect costs, and include the timing of those costs. The provisions detailed in §§11.80–11.84 of this part are the basis for the development of the estimate.

(iii) The discount rate to be used in developing the preliminary estimate of costs shall be that determined in accordance with the guidance in §11.84(e) of this part.

(2) The preliminary estimate of compensable value should be consistent with the range of possible alternatives for restoration, rehabilitation, replacement, and/or acquisition of equivalent resources being considered.

(i) The preliminary estimate of compensable value should represent the expected present value of the anticipated compensable value, expressed in constant dollars, accrued through the period for the restoration, rehabilitation, replacement, and/or acquisition of equivalent resources to baseline conditions, i.e., between the occurrence of the discharge or release and the completion of the restoration, rehabilitation, replacement, and/or acquisition of the equivalent of the injured resources and their services. The estimate should use the same base year as the preliminary estimate of costs of restoration, rehabilitation, replacement, and/or acquisition of equivalent resources. The provisions detailed in §§11.80–11.84 of this part are the basis for the development of this estimate.

(ii) The preliminary estimate of compensable value should take into account the effects, or anticipated effects, of any response actions.

(iii) The discount rate to be used in developing the preliminary estimate of compensable value shall be that determined in accordance with the guidance in §11.84(e) of this part.

(d) *Content and timing.* (1) In making the preliminary estimate of damages, the authorized official should rely upon existing data and studies. The authorized official should not undertake significant new data collection or perform significant modeling efforts at this

stage of the assessment planning phase.

(2) Where possible, the authorized official should make the preliminary estimate of damages before the completion of the Assessment Plan as provided for in § 11.31 of this part. If there is not sufficient existing data to make the preliminary estimate of damages at the same time as the assessment planning phase, this analysis may be completed later, at the end of the Injury Determination phase of the assessment, at the time of the Assessment Plan review.

(3) The authorized official is not required to disclose the preliminary estimate before the conclusion of the assessment. At the conclusion of the assessment, the preliminary estimate of damages, along with its assumptions and methodology, shall be included in the Report of the Assessment as provided for in § 11.91 of this part.

(e) *Review*. The authorized official shall review, and revise as appropriate, the preliminary estimate of damages at the end of the Injury Determination and Quantification phases. If there is any significant modification of the preliminary estimate of damages, the authorized official shall document it in the Report of the Assessment.

[59 FR 14282, Mar. 25, 1994. Redesignated at 61 FR 20610, May 7, 1996]

Subpart D—Type A Procedures

§ 11.40 What are type A procedures?

(a) A type A procedure is a standardized methodology for performing Injury Determination, Quantification, and Damage Determination that requires minimal field observation. There are two type A procedures: the type A procedure for coastal and marine environments; and the type A procedure for Great Lakes environments. The type A procedure for coastal and marine environments incorporates a computer model called the Natural Resource Damage Assessment Model for Coastal and Marine Environments Version 2.4 (NRDAM/CME). The NRDAM/CME technical document (incorporated by reference, see § 11.18) includes and explains the NRDAM/CME. The type A procedure for Great Lakes environments incorporates a computer model called the Natural Resource Damage Assessment Model for Great Lakes Environments Version 1.4 (NRDAM/GLE). The NRDAM/GLE technical document (incorporated by reference, see § 11.18) includes and explains the NRDAM/GLE. The authorized official must follow §§ 11.41 through 11.44 when using the type A procedures.

(b) The reasonable and necessary costs incurred in conducting assessments under this subpart shall be limited to those costs incurred or anticipated by the authorized official for, and specifically allocable to, incident-specific efforts taken in the assessment of damages for natural resources for which the agency or Indian tribe is acting as trustee. Such costs shall be supported by appropriate records and documentation, and shall not reflect regular activities performed by the agency or the Indian tribe in management of the natural resource. Activities undertaken as part of the damage assessment shall be taken in a manner that is cost-effective, as that phrase is used in this part.

[52 FR 9096, Mar. 20, 1987, as amended at 53 FR 5175, Feb. 22, 1988; 61 FR 20611, May 7, 1996]

§ 11.41 What data must the authorized official supply?

(a) The NRDAM/CME and the NRDAM/GLE require several data inputs to operate. The authorized official must develop the following data inputs:

(1) The identity of the released substance;

(2) The mass or volume of the identified substance that was released;

(3) The duration of the release;

(4) The time of the release;

(5) The location of the release;

(6) The wind conditions;

(7) The extent of response actions;

(8) The extent of any closures;

(9) The implicit price deflator; and

(10) For the NRDAM/CME, the condition of the currents and tides.

(b) The authorized official must change the data in the NRDAM/CME and the NRDAM/GLE for the following parameters if he or she is aware of more accurate data:

(1) Air temperature;

(2) Water temperature at the surface;

(3) Total suspended sediment concentration;

(4) Mean settling velocity of suspended solids; and

(5) Habitat type.

(c)(1) If the release occurred in Alaska and the authorized official is not aware of any reliable evidence that ice was absent from the site of the release, then he or she must turn on the ice modeling function. Otherwise, the authorized official must leave the ice modeling function off.

(2) If the release occurred in the Great Lakes and the authorized official is aware of reliable evidence that ice was absent from the site of the release, then he or she must turn off the ice modeling function.

(d) The authorized official must develop the data inputs and modifications and include them in the Assessment Plan in the format specified in Appendix II (for the NRDAM/CME) or Appendix III (for the NRDAM/GLE).

[61 FR 20611, May 7, 1996]

§11.42 How does the authorized official apply the NRDAM/CME or NRDAM/GLE?

(a) The authorized official must perform a preliminary application of the NRDAM/CME or NRDAM/GLE with the data inputs and modifications developed under §11.41. Volume II of the NRDAM/CME technical document (incorporated by reference, see §11.18) describes how to apply the NRDAM/CME. Volume II of the NRDAM/GLE technical document (incorporated by reference, see §11.18) describes how to apply the NRDAM/GLE. For cases involving releases of two or more substances or a release of a mixture of substances, the authorized official may only apply the NRDAM/CME or NRDAM/GLE once using only one of the substances.

(b) If the preliminary application of the NRDAM/CME or NRDAM/GLE indicates damages in excess of $100,000, then the authorized official must decide whether to:

(1) Limit the portion of his or her claim calculated with the type A procedure to $100,000; or

(2) Compute all damages using type B procedures.

[61 FR 20611, May 7, 1996]

§11.43 Can interested parties review the results of the preliminary application?

After completing the preliminary application of the NRDAM/CME or NRDAM/GLE, if the authorized official decides to continue with the type A procedure, he or she must issue an Assessment Plan for public comment as described in §11.32. The Assessment Plan must include the information described in §11.31, the data inputs and modifications developed under §11.41, and a summary of the results of the preliminary application. The Assessment Plan must also identify a contact from whom a complete copy of the printout of the preliminary application can be obtained.

[61 FR 20612, May 7, 1996]

§11.44 What does the authorized official do after the close of the comment period?

(a) The authorized official must carefully review all comments received on the Assessment Plan, provide substantive responses to all comments, and modify the Plan as appropriate. [See §11.32(e)(2) to determine if the authorized official must provide for additional public review.]

(b) If, after reviewing the public comments, the authorized official decides to continue with the type A procedure, he or she must then perform a final application of the NRDAM/CME or NRDAM/GLE, using final data inputs and modifications based on §11.41 and any reliable information received during the public review and comment period.

(c) After completing the final application of the NRDAM/CME or NRDAM/GLE, the authorized official must prepare a Report of Assessment. The Report of Assessment must include the printed output from the final application as well as the Preassessment Screen Determination and the Assessment Plan.

(d) If the authorized official is aware of reliable evidence that a private party has recovered damages for commercial harvests lost as a result of the

release, the authorized official must eliminate from the claim any damages for such lost harvests that are included in the lost economic rent calculated by the NRDAM/CME or NRDAM/GLE.

(e) If the authorized official is aware of reliable evidence that the NRDAM/CME or NRDAM/GLE application covers resources beyond his or her trustee jurisdiction, the authorized official must either:

(1) Have the other authorized official(s) who do have trustee jurisdiction over those resources join in the type A assessment; or

(2) Eliminate any damages for those resources from the claim for damages.

(f) If the final application of the NRDAM/CME or NRDAM/GLE, adjusted as needed under paragraphs (d) and (e), calculates damages in excess of $100,000, then the authorized official must limit the portion of his or her claim calculated with the type A procedure to $100,000.

(g) After preparing the Report of Assessment, the authorized official must follow the steps described in subpart F.

[61 FR 20612, May 7, 1996]

Subpart E—Type B Procedures

§ 11.60 Type B assessments—general.

(a) *Purpose.* The purpose of the type B assessment is to provide alternative methodologies for conducting natural resource damage assessments in individual cases.

(b) *Steps in the type B assessment.* The type B assessment consists of three phases: § 11.61—Injury Determination; § 11.70—Quantification; and § 11.80—Damage Determination, of this part.

(c) *Completion of type B assessment.* After completion of the type B assessment, a Report of Assessment, as described in § 11.90 of this part, shall be prepared. The Report of Assessment shall include the determinations made in each phase.

(d) *Type B assessment costs.* (1) The following categories of reasonable and necessary costs may be incurred in the assessment phase of the damage assessment:

(i) Sampling, testing, and evaluation costs for injury and pathway determination;

(ii) Quantification costs (including baseline service determination and resource recoverability analysis);

(iii) Restoration and Compensation Determination Plan development costs including:

(A) Development of alternatives;

(B) Evaluation of alternatives;

(C) Potentially responsible party, agency, and public reviews;

(D) Other such costs for activities authorized by § 11.81 of this part;

(iv) Cost estimating and valuation methodology calculation costs; and

(v) Any other assessment costs authorized by §§ 11.60–11.84 of this part.

(2) The reasonable and necessary costs for these categories shall be limited to those costs incurred or anticipated by the authorized official for, and specifically allocable to, site-specific efforts taken in the assessment of damages for a natural resource for which the agency or Indian tribe is acting as trustee. Such costs shall be supported by appropriate records and documentation, and shall not reflect regular activities performed by the agency or the Indian tribe in management of the natural resource. Activities undertaken as part of the damage assessment phase shall be taken in a manner that is cost-effective, as that phrase is used in this part.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5175, Feb. 22, 1988; 59 FR 14283, Mar. 25, 1994]

§ 11.61 Injury Determination phase—general.

(a) *Requirement.* (1) The authorized official shall, in accordance with the procedures provided in the Injury Determination phase of this part, determine: whether an injury to one or more of the natural resources has occurred; and that the injury resulted from the discharge of oil or release of a hazardous substance based upon the exposure pathway and the nature of the injury.

(2) The Injury Determination phase consists of § 11.61—general; § 11.62—injury definition; § 11.63—pathway determination; and § 11.64—testing and sampling methods, of this part.

(b) *Purpose.* The purpose of the Injury Determination phase is to ensure that

only assessments involving well documented injuries resulting from the discharge of oil or release of a hazardous substance proceed through the type B assessment.

(c) *Injury Determination phase steps.* (1) The authorized official shall determine whether the potentially injured resource constitutes a surface water, ground water, air, geologic, or biological resource as defined in §11.14 of this part. The authorized official shall then proceed in accordance with the guidance provided in the injury definition section, §11.62 of this part, to determine if the resource is injured.

(2) The authorized official shall follow the guidance provided in the testing and sampling methods section, §11.64 of this part, in selecting the methodology for determining injury. The authorized official shall select from available testing and sampling procedures one or more procedures that meet the requirements of the selected methodologies.

(3) The authorized official shall follow the guidance provided in the pathway section, §11.63 of this part, to determine the route through which the oil or hazardous substance is or was transported from the source of the discharge or release to the injured resource.

(4) If more than one resource, as defined in §11.14(z) of this part, has potentially been injured, an injury determination for each resource shall be made in accordance with the guidance provided in each section of the Injury Determination phase.

(d) *Selection of methodologies.* (1) One of the methodologies provided in §11.64 of this part for the potentially injured resource, or one that meets the acceptance criteria provided for that resource, shall be used to establish injury.

(2) Selection of the methodologies for the Injury Determination phase shall be based upon cost-effectiveness as that phrase is used in this part.

(e) *Completion of Injury Determination phase.* (1) Upon completion of the Injury Determination phase, the Assessment Plan shall be reviewed in accordance with the requirements of §11.32(f) of this part.

(2) When the authorized official has determined that one or more of the natural resources has been injured as a result of the discharge or release, the authorized official may proceed to the Quantification and the Damage Determination phases.

(3) When the authorized official has determined that an injury has not occurred to at least one of the natural resources or that an injury has occurred but that the injury cannot be linked to the discharge or release, the authorized official shall not pursue further assessment under this part.

§11.62 Injury Determination phase—injury definition.

(a) The authorized official shall determine that an injury has occurred to natural resources based upon the definitions provided in this section for surface water, ground water, air, geologic, and biological resources. The authorized official shall test for injury using the methodologies and guidance provided in §11.64 of this part. The test results of the methodologies must meet the acceptance criteria provided in this section to make a determination of injury.

(b) *Surface water resources.* (1) An injury to a surface water resource has resulted from the discharge of oil or release of a hazardous substance if one or more of the following changes in the physical or chemical quality of the resource is measured:

(i) Concentrations and duration of substances in excess of drinking water standards as established by sections 1411–1416 of SDWA, or by other Federal or State laws or regulations that establish such standards for drinking water, in surface water that was potable before the discharge or release;

(ii) Concentrations and duration of substances in excess of water quality criteria established by section 1401(1)(D) of SDWA, or by other Federal or State laws or regulations that establish such criteria for public water supplies, in surface water that before the discharge or release met the criteria and is a committed use, as the phrase is used in this part, as a public water supply;

(iii) Concentrations and duration of substances in excess of applicable

water quality criteria established by section 304(a)(1) of the CWA, or by other Federal or State laws or regulations that establish such criteria, in surface water that before the discharge or release met the criteria and is a committed use, as that phrase is used in this part, as a habitat for aquatic life, water supply, or recreation. The most stringent criterion shall apply when surface water is used for more than one of these purposes;

(iv) Concentrations of substances on bed, bank, or shoreline sediments sufficient to cause the sediment to exhibit characteristics identified under or listed pursuant to section 3001 of the Solid Waste Disposal Act, 42 U.S.C. 6921; or

(v) Concentrations and duration of substances sufficient to have caused injury as defined in paragraphs (c), (d), (e), or (f) of this section to ground water, air, geologic, or biological resources, when exposed to surface water, suspended sediments, or bed, bank, or shoreline sediments.

(2)(i) The acceptance criterion for injury to the surface water resource is the measurement of concentrations of oil or a hazardous substance in two samples from the resource. The samples must be one of the following types, except as specified in paragraph (b)(3) of this section:

(A) Two water samples from different locations, separated by a straight-line distance of not less than 100 feet; or

(B) Two bed, bank, or shoreline sediment samples from different locations separated by a straight-line distance of not less than 100 feet; or

(C) One water sample and one bed, bank, or shoreline sediment sample; or

(D) Two water samples from the same location collected at different times.

(ii) In those instances when injury is determined and no oil or hazardous substances are detected in samples from the surface water resource, it must be demonstrated that the substance causing injury occurs or has occurred in the surface water resource as a result of physical, chemical, or biological reactions initiated by the discharge of oil or release of a hazardous substance.

(3) If the maximum straight-line distance of the surface water resource is less than 100 feet, then the samples required in paragraph (b)(2)(i) (A) and (B) of this section should be separated by one-half the maximum straight-line distance of the surface water resource.

(c) *Ground water resources.* (1) An injury to the ground water resource has resulted from the discharge of oil or release of a hazardous substance if one or more of the following changes in the physical or chemical quality of the resource is measured:

(i) Concentrations of substances in excess of drinking water standards, established by sections 1411–1416 of the SDWA, or by other Federal or State laws or regulations that establish such standards for drinking water, in ground water that was potable before the discharge or release;

(ii) Concentrations of substances in excess of water quality criteria, established by section 1401(1)(d) of the SDWA, or by other Federal or State laws or regulations that establish such criteria for public water supplies, in ground water that before the discharge or release met the criteria and is a committed use, as the phrase is used in this part, as a public water supply;

(iii) Concentrations of substances in excess of applicable water quality criteria, established by section 304(a)(1) of the CWA, or by other Federal or State laws or regulations that establish such criteria for domestic water supplies, in ground water that before the discharge or release met the criteria and is a committed use as that phrase is used in this part, as a domestic water supply; or

(iv) Concentrations of substances sufficient to have caused injury as defined in paragraphs (b), (d), (e), or (f) of this section to surface water, air, geologic, or biological resources, when exposed to ground water.

(2) The acceptance criterion for injury to ground water resources is the measurement of concentrations of oil or hazardous substance in two ground water samples. The water samples must be from the same geohydrologic unit and must be obtained from one of the following pairs of sources, except as specified in paragraph (c)(3) of this section:

(i) Two properly constructed wells separated by a straight-line distance of not less than 100 feet; or

(ii) A properly constructed well and a natural spring or seep separated by a straight-line distance of not less than 100 feet; or

(iii) Two natural springs or seeps separated by a straight-line distance of not less than 100 feet.

(3) If the maximum straight-line distance of the ground water resource is less than 100 feet, the samples required in paragraph (c)(2) of this section should be separated by one-half of the maximum straight-line distance of the ground water resource.

(4) In those instances when injury is determined and no oil or hazardous substance is detected in samples from the ground water resource, it must be demonstrated that the substance causing injury occurs or has occurred in the ground water resource as a result of physical, chemical, or biological reactions initiated by the discharge of oil or release of hazardous substances.

(d) *Air resources.* An injury to the air resource has resulted from the discharge of oil or release of a hazardous substance if one or more of the following changes in the physical or chemical quality of the resource is measured:

(1) Concentrations of emissions in excess of standards for hazardous air pollutants established by section 112 of the Clean Air Act, 42 U.S.C. 7412, or by other Federal or State air standards established for the protection of public welfare or natural resources; or

(2) Concentrations and duration of emissions sufficient to have caused injury as defined in paragraphs (b), (c), (e), or (f) of this section to surface water, ground water, geologic, or biological resources when exposed to the emissions.

(e) *Geologic resources.* An injury to the geologic resource has resulted from the discharge of oil or release of a hazardous substance if one or more of the following changes in the physical or chemical quality of the resource is measured:

(1) Concentrations of substances sufficient for the materials in the geologic resource to exhibit characteristics identified under or listed pursuant to section 3001 of the Solid Waste Disposal Act, 42 U.S.C. 6921;

(2) Concentrations of substances sufficient to raise the negative logarithm of the hydrogen ion concentration of the soil (pH) to above 8.5 (above 7.5 in humid areas) or to reduce it below 4.0;

(3) Concentrations of substances sufficient to yield a salt saturation value greater than 2 millimhos per centimeter in the soil or a sodium adsorption ratio of more than 0.176;

(4) Concentrations of substances sufficient to decrease the water holding capacity such that plant, microbial, or invertebrate populations are affected;

(5) Concentrations of substances sufficient to impede soil microbial respiration to an extent that plant and microbial growth have been inhibited;

(6) Concentrations in the soil of substances sufficient to inhibit carbon mineralization resulting from a reduction in soil microbial populations;

(7) Concentrations of substances sufficient to restrict the ability to access, develop, or use mineral resources within or beneath the geologic resource exposed to the oil or hazardous substance;

(8) Concentrations of substances sufficient to have caused injury to ground water, as defined in paragraph (c) of this section, from physical or chemical changes in gases or water from the unsaturated zone;

(9) Concentrations in the soil of substances sufficient to cause a toxic response to soil invertebrates;

(10) Concentrations in the soil of substances sufficient to cause a phytotoxic response such as retardation of plant growth; or

(11) Concentrations of substances sufficient to have caused injury as defined in paragraphs (b), (c), (d), or (f), of this section to surface water, ground water, air, or biological resources when exposed to the substances.

(f) *Biological resources.* (1) An injury to a biological resource has resulted from the discharge of oil or release of a hazardous substance if concentration of the substance is sufficient to:

(i) Cause the biological resource or its offspring to have undergone at least one of the following adverse changes in viability: death, disease, behavioral abnormalities, cancer, genetic mutations, physiological malfunctions (including malfunctions in reproduction), or physical deformations; or

(ii) Exceed action or tolerance levels established under section 402 of the Food, Drug and Cosmetic Act, 21 U.S.C. 342, in edible portions of organisms; or

(iii) Exceed levels for which an appropriate State health agency has issued directives to limit or ban consumption of such organism.

(2) The method for determining injury to a biological resource, as defined in paragraph (f)(1)(i) of this section, shall be chosen based upon the capability of the method to demonstrate a measurable biological response. An injury can be demonstrated if the authorized official determines that the biological response under consideration can satisfy all of the following acceptance criteria:

(i) The biological response is often the result of exposure to oil or hazardous substances. This criterion excludes biological responses that are caused predominately by other environmental factors such as disturbance, nutrition, trauma, or weather. The biological response must be a commonly documented response resulting from exposure to oil or hazardous substances.

(ii) Exposure to oil or hazardous substances is known to cause this biological response in free-ranging organisms. This criterion identifies biological responses that have been documented to occur in a natural ecosystem as a result of exposure to oil or hazardous substances. The documentation must include the correlation of the degree of the biological response to the observed exposure concentration of oil or hazardous substances.

(iii) Exposure to oil or hazardous substances is known to cause this biological response in controlled experiments. This criterion provides a quantitative confirmation of a biological response occurring under environmentally realistic exposure levels that may be linked to oil or hazardous substance exposure that has been observed in a natural ecosystem. Biological responses that have been documented only in controlled experimental conditions are insufficient to establish correlation with exposure occurring in a natural ecosystem.

(iv) The biological response measurement is practical to perform and produces scientifically valid results. The biological response measurement must be sufficiently routine such that it is practical to perform the biological response measurement and to obtain scientifically valid results. To meet this criterion, the biological response measurement must be adequately documented in scientific literature, must produce reproducible and verifiable results, and must have well defined and accepted statistical criteria for interpreting as well as rejecting results.

(3) Unless otherwise provided for in this section, the injury determination must be based upon the establishment of a statistically significant difference in the biological response between samples from populations in the assessment area and in the control area. The determination as to what constitutes a statistically significant difference must be consistent with the quality assurance provisions of the Assessment Plan. The selection of the control area shall be consistent with the guidance provided in § 11.72 of this part.

(4) The biological responses listed in this paragraph have been evaluated and found to satisfy the acceptance criteria provided in paragraph (f)(2) of this section. The authorized official may, when appropriate, select from this list to determine injury to fish and wildlife resources or may designate another response as the determiner of injury provided that the designated response can satisfy the acceptance criteria provided in paragraph (f)(2) of this section. The biological responses are listed by the categories of injury for which they may be applied.

(i) *Category of injury—death.* Five biological responses for determining when death is a result of exposure to the discharge of oil or release of a hazardous substance have met the acceptance criteria.

(A) *Brain cholinesterase (ChE) enzyme activity.* Injury has occurred when brain ChE activity in a sample from the population has been inhibited by at least 50 percent compared to the mean for normal brain ChE activity of the wildlife species. These enzymes are in the nervous system of vertebrate organisms and the rate of ChE activity is associated with the regulation of nerve impulse transmission. This biological response may be used to confirm injury

when anti-ChE substances, such as organophosphorus and carbamate pesticides, are suspected to have resulted in death to bird and mammal species.

(B) *Fish kill investigations.* Injury has occurred when a significant increase in the frequency or numbers of dead or dying fish can be measured in accordance with the procedures for counting dead or dying fish contained in Part II (Fish-Kill Counting Guidelines) of ''Monetary Values of Freshwater Fish and Fish-Kill Counting Guidelines,'' American Fisheries Society Special Publication Number 13, 1982 (incorporated by reference, see § 11.18).

(C) *Wildlife kill investigations.* Injury has occurred when a significant increase in the frequency or number of dead or dying birds or mammal species can be measured in a population sample from the assessment area as compared to a population sample from a control area. Wildlife kill investigations may be used when acute mortality has occurred to multiple wildlife species, or when detectable quantities of oil or hazardous substances have adherred to, bound to, or otherwise covered surface tissue, or had been ingested or inhaled by dead or dying bird or mammal species.

(D) *In situ bioassay.* Injury has occurred when a statistically significant difference can be measured in the total mortality and/or mortality rates between population samples exposed in situ to a discharge of oil or a release of hazardous substance and those in a control site. In situ caged or confined bioassay may be used to confirm injury when oil or hazardous substances are suspected to have caused death to fish species.

(E) *Laboratory toxicity testing.* Injury has occurred when a statistically significant difference can be measured in the total mortality and/or mortality rates between population samples of the test organisms placed in exposure chambers containing concentrations of oil or hazardous substances and those in a control chamber. Published standardized laboratory fish toxicity testing methodologies for acute flow-through, acute static, partial-chronic (early life stage), and chronic (life cycle) toxicity tests may be used to confirm injury. The oil or hazardous substance used in the test must be the exact substance or a substance that is reasonably comparable to that suspected to have caused death to the natural population of fish.

(ii) *Category of injury—disease.* One biological response for determining when disease is a result of exposure to the discharge of oil or release of a hazardous substance has met the acceptance criteria.

(A) *Fin erosion.* Injury has occurred when a statistically significant difference can be measured in the frequency of occurrence of fin erosion (also referred to as fin rot) in a population sample from the assessment area as compared to a sample from the control area. Fin erosion shall be confirmed by appropriate histological procedures. Fin erosion may be used when oil or hazardous substances are suspected to have caused the disease.

(iii) *Category of injury—behavioral abnormalities.* Two biological responses for determining when behavioral abnormalities are a result of the exposure to the discharge of oil or release of a hazardous substance have met the acceptance criteria.

(A) *Clinical behavioral signs of toxicity.* Injury has occurred when a statistically significant difference can be measured in the frequency of occurrence of clinical behavioral signs of toxicity in a population sample from the assessment area as compared to a sample from the control area. Clinical behavioral signs of toxicity are characteristic behavioral symptoms expressed by an organism in reponse to exposure to an oil or hazardous substance. The clinical behavioral signs of toxicity used shall be those that have been documented in published literature.

(B) *Avoidance.* Injury has occurred when a statistically significant difference can be measured in the frequency of avoidance behavior in population samples of fish placed in testing chambers with equal access to water containing oil or a hazardous substance and the control water. The oil or hazardous substance used in the test must be the exact substance or a substance that is reasonably comparable to that suspected to have caused avoidance to

the natural populations of fish. This biological response may be used to confirm injury when oil or hazardous substances are suspected to have resulted in avoidance behavior in fish species.

(iv) *Category of injury—cancer.* One biological response for determining when cancer is a result of exposure to the discharge of oil or release of a hazardous substance has met the acceptance criteria.

(A) *Fish neoplasm.* Injury has occurred when a statistically significant difference can be measured in the frequency of occurrence of the fish neoplasia when comparing population samples from the assessment area and a control area. Neoplasms are characterized by relatively autonomous growth of abnormal cells that by proliferation infiltrate, press upon, or invade healthy tissue thereby causing destruction of cells, interference with physiological functions, or death of the organism. The following type of fish neoplasia may be used to determine injury: liver neoplasia and skin neoplasia. The neoplasms shall be confirmed by histological procedures and such confirmation procedures may also include special staining techniques for specific tissue components, ultra-structural examination using electron microscopy to identify cell origin, and to rule out or confirm viral, protozoan, or other causal agents. Fish neoplasm may be used to determine injury when oil or hazardous substances are suspected to have been the causal agent.

(v) *Category of injury—physiological malfunctions.* Five biological responses for determining when physiological malfunctions are a result of exposure to the discharge of oil or release of a hazardous substance have met the acceptance criteria.

(A) *Eggshell thinning.* Injury has occurred when eggshell thicknesses for samples for a population of a given species at the assessment area are thinner than those for samples from a population at a control area, or are at least 15 percent thinner than eggshells collected before 1946 from the same geographic area and stored in a museum. This biological response is a measure of avian eggshell thickness resulting from the adult bird having assimilated the oil or hazardous substance. This biological response may be used when the organochlorine pesticide DDT or its metabolites are suspected to have caused such physiological malfunction injury.

(B) *Reduced avian reproduction.* Injury has occurred when a statistically significant difference can be measured in the mean number of young fledged per active nest when comparing samples from populations in the assessment area and a control area. The fledging success (the number of healthy young leaving the nest) shall be used as the measurement of injury. Factors that may contribute to this measurement include egg fertility, hatching success, and survival of young. This biological response may be used when oil or hazardous substances are suspected to have reduced the nesting success of avian species.

(C) *Cholinesterase (ChE) enzyme inhibition.* Injury has occurred when brain ChE activity in a sample from the population at the assessment area shows a statistically significant inhibition when compared to the mean activity level in samples from populations in a control area. These enzymes are in the nervous systems of vertebrate organisms and the rate of ChE activity is associated with the regulation of nerve impulse transmission. This biological response may be used as a demonstration of physiological malfunction injury to birds, mammals, and reptiles when anti-ChE substances, such as organophosphorus and carbamate pesticides, have been discharged or released.

(D) *Delta-aminolevulinic acid dehydratase (ALAD) inhibition.* Injury has occurred when the activity level of whole blood ALAD in a sample from the population of a given species at an assessment area is significantly less than mean values for a population at a control area, and ALAD depression of at least 50 percent can be measured. The ALAD enzyme is associated with the formation of hemoglobin in blood and in chemical detoxification processes in the liver. This biological response is a measure of the rate of ALAD activity. This biological response may be used to determine injury to bird and mammal species that have been exposed to lead.

(E) *Reduced fish reproduction.* Injury has occurred when a statistically significant difference in reproduction success between the control organisms and the test organisms can be measured based on the use of published standardized laboratory toxicity testing methodologies. This biological response may be used when the oil or hazardous substance is suspected to have caused a reduction in the reproductive success of fish species. Laboratory partial-chronic and laboratory chronic toxicity tests may be used. The oil or hazardous substance used in the test must be the exact substance or a substance that is reasonably comparable to that suspected to have caused reduced reproductive success in the natural population of fish.

(vi) *Category of injury—physical deformation.* Four biological responses for determining when physical deformations are a result of exposure to the discharge of oil or release of a hazardous substance have met the injury acceptance criteria.

(A) *Overt external malformations.* Injury has occurred when a statistically significant difference can be measured in the frequency of overt external malformation, such as small or missing eyes, when comparing samples from populations of wildlife species from the assessment area and a control area. This biological response may be used as a demonstration of injury when such physical deformations are observed in wildlife species exposed to oil or hazardous substances.

(B) *Skeletal deformities.* Injury has occurred when a statistically signficant difference can be measured in the frequency of skeletal deformities, such as defects in growth of bones, when comparing samples from populations of wildlife species from the assessment area and a control area. This biological response may be used as a demonstration of injury when such physical deformations are observed in wildlife species exposed to oil or hazardous substances.

(C) *Internal whole organ and soft tissue malformation.* Injury has occurred when a statistically signficant difference can be measured in the frequency of malformations to brain, heart, liver, kidney, and other organs, as well as soft tissues of the gastrointestinal tract and vascular system, when comparing samples from populations of wildlife species in the assessment area and a control area. This biological response may be used as a demonstration of injury when such physical deformations are observed in wildlife species exposed to oil or hazardous substances.

(D) *Histopathological lesions.* Injury has occurred when a statistically signficant difference can be measured in the frequency of tissue or cellular lesions when comparing samples from populations of wildlife species from the assessment area and a control area. This biological response may be used as a demonstration of injury when such physical deformations are observed in wildlife species exposed to oil or hazardous substances.

§11.63 Injury Determination phase—pathway determination.

(a) *General.* (1) To determine the exposure pathways of the oil or hazardous substance, the following shall be considered:

(i) The chemical and physical characteristics of the discharged oil or released hazardous substance when transported by natural processes or while present in natural media;

(ii) The rate or mechanism of transport by natural processes of the discharged oil or released hazardous substance; and

(iii) Combinations of pathways that, when viewed together, may transport the discharged oil or released hazardous substance to the resource.

(2) The pathway may be determined by either demonstrating the presence of the oil or hazardous substance in sufficient concentrations in the pathway resource or by using a model that demonstrates that the conditions existed in the route and in the oil or hazardous substance such that the route served as the pathway.

(3) To the extent that the information needed to make this determination is not available, tests shall be conducted and necessary data shall be collected to meet the requirements of this section. Methods that may be used to conduct these additional tests and collect new information are described in §11.64 of this part.

(b) *Surface water pathway.* (1) When the surface water resource is suspected as the pathway or a component of the pathway, the authorized official shall determine, using guidance provided in this paragraph, whether the surface water resource, either solely or in combination with other media, served as the exposure pathway for injury to the resource.

(2)(i) Using available information and such additional tests as necessary, it should be determined whether the surface water resource downstream or downcurrent of the source of discharge or release has been exposed to the oil or hazardous substance.

(ii) When the source of discharge or release is on an open water body, such as a marsh, pond, lake, reservoir, bay, estuary, gulf,or sound, it should be determined, using available information and such additional tests as necessary, whether the surface water resource in the vicinity of the source of discharge or release has been exposed to the oil or hazardous substance.

(3)(i) If a surface water resource is or likely has been exposed, the areal extent of the exposed surface water resource should be estimated, including delineation of:

(A) Channels and reaches:

(B) Seasonal boundaries of open water bodies; and

(C) Depth of exposed bed, bank, or shoreline sediments.

(ii) As appropriate to the exposed resource, the following should be determined:

(A) Hydraulic parameters and streamflow characteristics of channels and reaches;

(B) Bed sediment and suspended sediment characteristics, including grain size, grain mineralogy, and chemistry of grain surfaces;

(C) Volume, inflow-outflow rates, degree of stratification, bathymetry, and bottom sediment characteristics of surface water bodies;

(D) Suspended sediment concentrations and loads and bed forms and loads of streams and tidally affected waters; and

(E) Tidal flux, current direction, and current rate in coastal and marine waters.

(4)(i) Using available information and data from additional tests as necessary, the mobility of the oil or hazardous substance in the exposed surface water resource should be estimated. This estimate should consider such physical and chemical characteristics of the oil or hazardous substance as aqueous solubility, aqueous miscibility, density, volatility, potential for chemical degradation, chemical precipitation, biological degradation, biological uptake, and adsorption.

(ii) Previous studies of the characteristics discussed in paragraph (b)(4)(i) of this section should be relied upon if hydraulic, physical, and chemical conditions in the exposed surface water resource are similar to experimental conditions of the previous studies. In the absence of this information, those field and laboratory studies necessary to estimate the mobility of the oil or hazardous substance in surface water flow may be performed.

(5)(i) The rate of transport of the oil or hazardous substance in surface water should be estimated using available information and with consideration of the hydraulic properties of the exposed resource and the physical and chemical characteristics of the oil or hazardous substance.

(ii) Transport rates may be estimated using:

(A) The results of previous time-of-travel and dispersion studies made in the exposed surface water resource before the discharge or release;

(B) The results of previous studies, conducted with the same or similar chemical substances to those discharged or released under experimental conditions similar to the hydraulic, chemical, and biological conditions in the exposed surface water resource;

(C) The results of field measurements of time-of-travel and dispersion made in the exposed or comparable surface water resource, using natural or artificial substances with transport characteristics that reasonably approximate those of the oil or hazardous substance; and

(D) The results of simulation studies using the results of appropriate time-of-travel and dispersion studies in the exposed or comparable surface water resource.

(c) *Ground water pathway.* (1) When ground water resources are suspected as the pathway or a component of the pathway, the authorized official shall determine, using guidance provided in this paragraph, whether ground water resources, either solely or in combination with other media, served as the exposure pathway for injury to the resource.

(2) Using available information and such additional tests as necessary, it should be determined whether the unsaturated zone, the ground water, or the geologic materials beneath or downgradient of the source of discharge or release have been exposed to the oil or hazardous substance.

(3) If a ground water resource is or likely has been exposed, available information and such additional tests should be used as necessary to determine the characteristics of the unsaturated zone, as well as any aquifers and confining units containing the exposed ground water, in the vicinity of the source of discharge or release. The characteristics of concern include:

(i) Local geographical extent of aquifers and confining units;

(ii) Seasonal depth to saturated zone beneath the site;

(iii) Direction of ground water flow in aquifers;

(iv) Local variation in direction of ground water flow resulting from seasonal or pumpage effects;

(v) Elevation of top and bottom of aquifer and confining units;

(vi) Lithology, mineralogy, and porosity of rocks or sediments comprising the unsaturated zone, aquifers, and confining units;

(vii) Transmissivity and hydraulic conductivity of aquifers and confining units; and

(viii) Nature and amount of hydraulic connection between ground water and local surface water resources.

(4)(i) Using available information and such additional tests as necessary, the mobility of the oil or hazardous substance within the unsaturated zone and in the exposed ground water resources should be estimated. This estimate should consider local recharge rates and such physical and chemical characteristics of the oil or hazardous substance as aqueous solubility, aqueous miscibility, density, volatility, potential for chemical degradation, chemical precipitation, biological degradation, biological uptake, and adsorption onto solid phases in the unsaturated zone, aquifers, and confining units.

(ii) Previous studies of the characteristics discussed in paragraph (c)(4)(i) of this section should be relied upon if geohydrologic, physical, and chemical conditions in the exposed ground water resource are similar to experimental conditions of the previous studies. In the absence of this information, field and laboratory studies may be performed as necessary to estimate the mobility of the oil or hazardous substance within the unsaturated zone and in ground water flows.

(5)(i) The rate of transport of the oil or hazardous substance in ground water should be estimated using available information and with consideration of the site hydrology, geohydrologic properties of the exposed resource, and the physical and chemical characteristics of the oil or hazardous substance.

(ii) Transport rates may be estimated using:

(A) Results of previous studies conducted with the same or similar chemical substance, under experimental geohydrological, physical, and chemical conditions similar to the ground water resource exposed to the oil or hazardous substance;

(B) Results of field measurements that allow computation of arrival times of the discharged or released substance at downgradient wells, so that an empirical transport rate may be derived; or

(C) Results of simulation studies, including analog or numerical modeling of the ground water system.

(d) *Air pathway.* (1) When air resources are suspected as the pathway or a component of the pathway, the authorized official shall determine, using guidance provided in this paragraph, whether the air resources either solely or in combination with other media, served as the exposure pathway for injury to the resource.

(2) Using available information, air modeling, and additional field sampling and analysis, it should be determined whether air resources have been

exposed to the discharge of oil or release of a hazardous substance.

(3)(i) If an air resource is or has likely been exposed, available information and such additional tests as necessary should be used to estimate the areal extent of exposure and the duration and frequency of exposure of such areas to emissions from the discharge of oil or release of a hazardous substance.

(ii) The areal extent of exposure is defined as the geographical surface area or space where emissions from the source of discharge or release are found or otherwise determined to be present for such duration and frequency as to potentially result in injury to resources present within the area or space.

(4) Previous studies of the characteristics discussed in paragraph (d)(3)(i) of this section should be relied upon if the conditions in the exposed air resource are similar to experimental conditions of the previous studies. In the absence of this information, air sampling and analysis methods identified in § 11.64(d) of this part, air modeling methods, or a combination of these methods may be used in identifying the air exposure pathway and in estimating the areal extent of exposure and duration and frequency of exposure.

(5) For estimating the areal extent, duration, and frequency of exposure from the discharge or release, the following factors shall be considered as may be appropriate for each emissions event:

(i) The manner and nature in which the discharge or release occurs, including the duration of the emissions, amount of the discharge or release, and emergency or other time critical factors;

(ii) The configuration of the emitting source, including sources such as ponds, lagoons, pools, puddles, land and water surface spills, and venting from containers and vessels;

(iii) Physical and chemcial properties of substances discharged or released, including volatility, toxicity, solubility, and physical state;

(iv) The deposition from the air and re-emission to the air of gaseous and particulate emissions that provide periodic transport of the emissions; and

(v) Air transport and dispersion factors, including wind speed and direction, and atmospheric stability and temperature.

(e) *Geologic pathway.* (1) When geologic resources are suspected as the pathway or a component of the pathway, the authorized official shall determine, using guidance provided in this paragraph, whether geologic resources, either solely or in combination with other media, served as the exposure pathway for injury to the resource.

(2)(i) Using available information and the methods listed in § 11.64(e) of this part, it should be determined whether any element of the geologic resource has been exposed to the oil or hazardous substance. If a geologic resource is or has likely been exposed, the areal extent of the exposed geologic resource, including the lateral and vertical extent of the dispersion, should be estimated.

(ii) To determine whether the unsaturated zone served as a pathway, the guidance provided in paragraph (c) of this section should be followed.

(f) *Biological pathway.* (1) When biological resources are suspected as the pathway or a component of the pathway, the authorized official shall determine, using the guidance provided in this paragraph, whether biological resources, either solely or in combination with other media, served as the exposure pathway for injury to the resource.

(2) Biological pathways that resulted from either direct or indirect exposure to the oil or hazardous substance, or from exposure to products of chemical or biological reactions initiated by the discharge or release shall be identified. Direct exposure can result from direct physical contact with the discharged oil or released hazardous substance. Indirect exposure can result from food chain processes.

(3) If the oil or hazardous substance adhered to, bound to, or otherwise covered surface tissue, or was ingested, or inhaled but not assimilated, the area of dispersion may be determined based upon chemical analysis of the appropriate tissues or organs (such as leaves, lungs, stomach, intestine, or their contents) that were directly exposed to the oil or hazardous substance.

(4) If the oil or hazardous substance was assimilated, the areal dispersion may be determined based upon one or more of the following alternative procedures:

(i) If direct exposure to the biological resource has occurred, chemical analysis of the organisms that have been exposed may be performed.

(ii) If indirect exposure to the biological resource has occurred, either chemical analysis of free-ranging biological resources using one or more indicator species as appropriate, or laboratory analysis of one or more in situ placed indicator species as appropriate may be performed.

(A) *Indicator species,* as used in this section, means a species of organism selected consistent with the following factors to represent a trophic level of a food chain:

(*1*) General availability of resident organisms in the assessment area;

(*2*) Potential for exposure to the oil or hazardous substance through ingestion, assimilation, or inhalation;

(*3*) Occurrence of the substance in a chemical form that can be assimilated by the organism;

(*4*) Capacity of the organism to assimilate, bioconcentrate, bioaccumulate, and/or biomagnify the substance;

(*5*) Capacity of the organism to metabolize the substance to a form that cannot be detected through available chemical analytical procedures; and

(*6*) Extent to which the organism is representative of the food chain of concern.

(B) Collection of the indicator species should be limited to the number necessary to define the areal dispersion and to provide sufficient sample volume for chemical analysis.

(C) When in situ procedures are used, indicator species that behave comparably to organisms existing under free-ranging conditions shall be collected. The indicator species used in this procedure shall be obtained either from a control area selected consistent with provisions of §11.72 of this part or obtained from a suitable supply of wild-strain organisms reared in a laboratory setting. Appropriate chemical analysis shall be performed on a representative subsample of the indicator species before in situ placement.

(iii) In situ placement procedures shall be used where the collection of samples would be inconsistent with the provisions of §11.17(b) of this part.

(5) Sampling sites and the number of replicate samples to be collected at the sampling sites shall be consistent with the quality assurance provisions of the Assessment Plan.

(6) Chemical analysis of biological resource samples collected for the purpose of this section shall be conducted in accordance with the quality assurance provisions of the Assessment Plan.

§11.64 Injury Determination phase—testing and sampling methods.

(a) *General.* (1) The guidance provided in this section shall be followed for selecting methodologies for the Injury Determination phase.

(2) Before selecting methodologies, the objectives to be achieved by testing and sampling shall be defined. These objectives shall be listed in the Assessment Plan. In developing these objectives, the availability of information from response actions relating to the discharge or release, the resource exposed, the characteristics of the oil or hazardous substance, potential physical, chemical, or biological reactions initiated by the discharge or release, the potential injury, the pathway of exposure, and the potential for injury resulting from that pathway should be considered.

(3) When selecting testing and sampling methods, only those methodologies shall be selected:

(i) For which performance under conditions similar to those anticipated at the assessment area has been demonstrated;

(ii) That ensure testing and sampling performance will be cost-effective;

(iii) That will produce data that were previously unavailable and that are needed to make the determinations; and

(iv) That will provide data consistent with the data requirements of the Quantification phase.

(4) Specific factors that should be considered when selecting testing and sampling methodologies to meet the requirements in paragraph (a)(3) of this section include:

(i) Physical state of the discharged or released substance;

(ii) The duration, frequency, season, and time of the discharge or release;

(iii) The range of concentrations of chemical compounds to be analyzed in different media;

(iv) Detection limits, accuracy, precision, interferences, and time required to perform alternative methods;

(v) Potential safety hazards to obtain and test samples;

(vi) Costs of alternative methods; and

(vii) Specific guidance provided in paragraphs (b), (c), (d), (e), and (f) of this section.

(b) *Surface water resources.* (1) Testing and sampling for injury to surface water resources shall be performed using methodologies described in the Assessment Plan.

(2) Chemical analyses performed to meet the requirements of the Injury Determination phase for surface water resources shall be conducted in accordance with methods that are generally accepted or have been scientifically verified and documented.

(3) The term ''water sample'' shall denote a volume of water collected and preserved to represent the bulk water and any dissolved or suspended materials or microorganisms occurring in the surface water resource.

(4) Sampling of water and sediments from surface water resources shall be conducted according to generally accepted methods.

(5) Measurement of the hydrologic properties of the resource shall be conducted according to generally accepted methods.

(6)(i) Interpretation of surface-water flow or estimation of transport of oil or hazardous substance in surface water through the use of models shall be based on hydrologic literature and current practice.

(ii) The applicability of models used during the assessment should be demonstrated, including citation or description of the following:

(A) Physical, chemical, and biological processes simulated by the model;

(B) Mathematical or statistical methods used in the model; and

(C) Model computer code (if any), test cases proving the code works, and any alteration of previously documented code made to adapt the model to the assessment area.

(iii) The validity of models used during the assessment should be established, including a description of the following:

(A) Hydraulic geometry, physiographic features, and flow characteristics of modeled reaches or areas;

(B) Sources of hydrological, chemical, biological, and meteorological data used in the model;

(C) Lists or maps of data used to describe initial conditions;

(D) Time increments or time periods modeled;

(E) Comparison of predicted fluxes of water and solutes with measured fluxes;

(F) Calibration-verification procedures and results; and

(G) Types and results of sensitivity analyses made.

(c) *Ground water resources.* (1) Testing and sampling for injury to ground water resources shall be performed using methodologies described in the Assessment Plan.

(2) Chemical analyses performed to meet the requirements of the Injury Determination phase for ground water resources shall be conducted in accordance with methods that are generally accepted or have been scientifically verified and documented.

(3)(i) The term ''water sample'' shall denote a volume of water collected and preserved to represent the bulk water and any dissolved or suspended materials or microorganisms occurring in the ground water resource.

(ii) The source of ground water samples may be from natural springs, in seeps, or from wells constructed according to generally accepted methods.

(4) Sampling of ground water or of geologic materials through which the ground water migrates shall be conducted according to generally accepted methods.

(5) Measurement of the geohydrologic properties of the resource shall be conducted according to generally accepted practice.

(6) Description of lithologies, minerals, cements, or other sedimentary characteristics of the ground water resource should follow generally accepted methods.

(7) Interpretation of the geohydrological setting, including identifying geologic layers comprising aquifers and any confining units, shall be based on geohydrologic and geologic literature and generally accepted practice.

(8)(i) Interpretation of ground-water flow systems or estimation of transport of oil or hazardous substances in ground water through the use of models shall be based on geohydrologic literature and current practice.

(ii) The applicability of models used during the assessment should be demonstrated, including citation or description of the following.

(A) Physical, chemical, and biological processes simulated by the model;

(B) Mathematical or statistical methods used in the model; and

(C) Model computer code (if any), test cases proving the code works, and any alteration of previously documented code made to adapt the model to the assessment area.

(iii) The validity of models used during the assessment should be established, including a description of the following:

(A) Model boundary conditions and stresses simulated;

(B) How the model approximates the geohydrological framework of the assessment area;

(C) Grid size and geometry;

(D) Sources of geohydrological, chemical, and biological data used in the model;

(E) Lists or maps of data used to describe initial conditions;

(F) Time increments or time periods modeled;

(G) Comparison of predicted fluxes of water and solutes with measured fluxes;

(H) Calibration-verification procedures and results; and

(I) Type and results of sensitivity analyses made.

(d) *Air resources.* (1) Testing and sampling for injury to air resources shall be performed using methodologies that meet the selection and documentation requirements in this paragraph. Methods identified in this section and methods meeting the selection requirements identified in this section shall be used to detect, identify, and determine the presence and source of emissions of oil or a hazardous substance, and the duration, frequency, period of exposure (day, night, seasonal, etc.), and levels of exposure.

(2) The sampling and analysis methods identified in this paragraph are the primary methods to be used for determining injury to the air resource. Air modeling methods may be used for injury determination only when air sampling and analysis methods are not available or the discharge or release occurred with no opportunity to monitor or sample the emissions.

(3)(i) Methods developed, evaluated, approved, and published by the U.S. Environmental Protection Agency may be used for sampling and analysis to determine injury to the air resource.

(ii) Methods selected for air sampling and analysis may include those methods that have been formally reviewed, evaluated, and published by the following government and professional organizations: the National Institute for Occupational Safety and Health, the American Society for Testing and Materials, and the American Public Health Association.

(iii) Methods selected for air sampling and analysis shall be methods that are documented for each of the following:

(A) The range of field conditions for which the methods are applicable;

(B) Quality assurance and quality control requirements necessary to achieve the data quality the methods are capable of producing;

(C) Operational costs of conducting the methods; and

(D) Time required to conduct the methods.

(iv) The determination of concentrations in excess of emission standards for hazardous air pollutants established under section 112 of the Clean Air Act, 42 U.S.C. 7412, shall be conducted in accordance with the primary methods or alternative methods as required in ''National Emission Standards for Hazardous Air Pollutants: Source Test and Analytical Methods,'' 40 CFR 61.14, and as may be applicable to the determination of injury to air resources.

(4) In selecting methods for testing and sampling for injury to air resources, the following performance factors of the sampling and analysis methods and the influencing characteristics of the assessment area and the general vicinity shall be considered:

(i) Method detection limits, accuracy, precision, specificity, interferences, and analysis of time and cost;

(ii) Sampling area locations and frequency, duration of sampling, and chemical stability of emissions; and

(iii) Meteorological parameters that influence the transport of emissions and the spatial and temporal variation in concentration.

(e) *Geologic resources.* (1) Testing and sampling for injury to geologic resources shall be performed using methodologies described in this paragraph.

(2) Testing pH level in soils shall be performed using standard pH measurement techniques, taking into account the nature and type of organic and inorganic constituents that contribute to soil acidity; the soil/solution ratio; salt or electrolytic content; the carbon dioxide content; and errors associated with equipment standardization and liquid junction potentials.

(3) Salinity shall be tested by measuring the electrical conductivity of the saturation extraction of the soil.

(4) Soil microbial respiration shall be tested by measuring uptake of oxygen or release of carbon dioxide by bacterial, fungal, algal, and protozoan cells in the soil. These tests may be made in the laboratory or in situ.

(5) Microbial populations shall be tested using microscopic counting, soil fumigation, glucose response, or adenylate enegry charge.

(6) Phytotoxicity shall be tested by conducting tests of seed germination, seedling growth, root elongation, plant uptake, or soil-core microcosms.

(7) Injury to mineral resources shall be determined by describing restrictions on access, development, or use of the resource as a result of the oil or hazardous substance. Any appropriate health and safety considerations that led to the restrictions should be documented.

(f) *Biological resources.* (1) Testing and sampling for injury to biological resources shall be performed using methodologies provided for in this paragraph.

(2)(i) Testing may be performed for biological responses that have satisfied the acceptance criteria of § 11.62(f)(2) of this part.

(ii) Testing methodologies that have been documented and are applicable to the biological response being tested may be used.

(3) Injury to biological resources, as such injury is defined in § 11.62(f)(1)(ii) of this part, may be determined by using methods acceptable to or used by the Food and Drug Administration or the appropriate State health agency in determining the levels defined in that paragraph.

§ 11.70 Quantification phase—general.

(a) *Requirement.* (1) Upon completing the Injury Determination phase, the authorized official shall quantify for each resource determined to be injured and for which damages will be sought, the effect of the discharge or release in terms of the reduction from the baseline condition in the quantity and quality of services, as the phrase is used in this part, provided by the injured resource using the guidance provided in the Quantification phase of this part.

(2) The Quantification phase consists of § 11.70—general; § 11.71—service reduction quantification; § 11.72—baseline services determination; and § 11.73—resource recoverability analysis, of this part.

(b) *Purpose.* The purpose of the Quantification phase is to quantify the effects of the discharge or release on the injured natural resources for use in determining the appropriate amount of compensation.

(c) *Steps in the Quantification phase.* In the Quantification phase, the extent of the injury shall be measured, the baseline condition of the injured resource shall be estimated, the baseline services shall be identified, the recoverability of the injured resource shall be determined, and the reduction in services that resulted from the discharge or release shall be estimated.

(d) *Completion of Quantification phase.* Upon completing the Quantification phase, the authorized official shall

make a determination as to the reduction in services that resulted from the discharge or release. This Quantification Determination shall be used in the Damage Determination phase and shall be maintained as part of the Report of Assessment described in §11.90 of this part.

§11.71 Quantification phase—service reduction quantification.

(a) *Requirements.* (1) The authorized official shall quantify the effects of a discharge of oil or release of a hazardous substance by determining the extent to which natural resource services have been reduced as a result of the injuries determined in the Injury Determination phase of the assessment.

(2) This determination of the reduction in services will be used in the Damage Determination phase of the assessment.

(3) Quantification will be done only for resources for which damages will be sought.

(b) *Steps.* Except as provided in §11.71(f) of this part, the following steps are necessary to quantify the effects:

(1) Measure the extent to which the injury demonstrated in the Injury Determination phase has occurred in the assessment area;

(2) Measure the extent to which the injured resource differs from baseline conditions, as described in §11.72 of this part, to determine the change attributable to the discharge or release;

(3) Determine the services normally produced by the injured resource, which are considered the baseline services or the without-a-discharge-or-release condition as described in §11.72 of this part;

(4) Identify interdependent services to avoid double counting in the Damage Determination phase and to discover significant secondary services that may have been disrupted by the injury; and

(5) Measure the disruption of services resulting from the discharge or release, which is considered the change in services or the with-a-discharge-or-release condition.

(c) *Contents of the quantification.* The following factors should be included in the quantification of the effects of the discharge or release on the injured resource:

(1) Total area, volume, or numbers affected of the resource in question;

(2) Degree to which the resource is affected, including consideration of subunits or subareas of the resource, as appropriate;

(3) Ability of the resource to recover, expressed as the time required for restoration of baseline services as described in §11.73 of this part;

(4) Proportion of the available resource affected in the area;

(5) Services normally provided by the resource that have been reduced as a result of the discharge or release; and

(6) Factors identified in the specific guidance in paragraphs (h), (i), (j), (k), and (l) of this section dealing with the different kinds of natural resources.

(d) *Selection of resources, services, and methodologies.* Specific resources or services to quantify and the methodology for doing so should be selected based upon the following factors:

(1) Degree to which a particular resource or service is affected by the discharge or release;

(2) Degree to which a given resource or service can be used to represent a broad range of related resources or services;

(3) Consistency of the measurement with the requirements of the economic methodology to be used;

(4) Technical feasibility, as that phrase is used in this part, of quantifying changes in a given resource or service at reasonable cost; and

(5) Preliminary estimates of services at the assessment area and control area based on resource inventory techniques.

(e) *Services.* In quantifying changes in natural resource services, the functions provided in the cases of both with- and without-a-discharge-or-release shall be compared. For the purposes of this part, services include provision of habitat, food and other needs of biological resources, recreation, other products or services used by humans, flood control, ground water recharge, waste assimilation, and other such functions that may be provided by natural resources.

(f) *Direct quantification of services.* The effects of a discharge or release on a resource may be quantified by directly

measuring changes in services provided by vhe resource, instead of quantifying the changes in the resource itself, when it is determined that all of the following conditions are met:

(1) The change in the services from baseline can be demonstrated to have resulted from the injury to the natural resource;

(2) The extent of change in the services resulting from the injury can be measured without also calculating the extent of change in the resource; and

(3) The services to be measured are anticipated to provide a better indication of damages caused by the injury than would direct quantification of the injury itself.

(g) *Statutory exclusions.* In quantifying the effects of the injury, the following statutory exclusions shall be considered, as provided in sections 107 (f), (i), and (j) and 114(c) of CERCLA, that exclude compensation for damages to natural resources that were a result of:

(1) An irreversible and irretrievable commitment of natural resources identified in an environmental impact statement or other comparable environmental analysis, and the decision to grant the permit or license authorizes such a commitment, and the facility was otherwise operating within the terms of its permit or license, so long as, in the case of damages to an Indian tribe occurring pursuant to a Federal permit or license, the issuance of that license or permit was not inconsistent with the fiduciary duty of the United States with respect to such Indian tribe; or

(2) The damages and the release of a hazardous substance from which such damages resulted have occurred wholly before the enactment of CERCLA; or

(3) The application of a pesticide product registered under the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. 135–135k; or

(4) Any other federally permitted release, as defined in secton 101(10) of CERCLA; or

(5) Resulting from the release or threatened release of recycled oil from a service station dealer as described in section 107(a) (3) or (4) of CERCLA if such recycled oil is not mixed with any other hazardous substance and is stored, treated, transported or otherwise managed in compliance with regulations or standards promulgated pursuant to section 3014 of the Solid Waste Disposal Act and other applicable authorities.

(h) *Surface water resources.* (1) The area where the injured surface water resource differs from baseline shall be determined by determining the areal extent of oil or hazardous substances in the water or on the sediments.

(2)(i) Areal variation in concentrations of the discharged or released substances dissolved in or floating on water, adhering to suspended sediments, or adhering to bed, bank, or shoreline sediments from exposed areas should be determined in sufficient detail to approximately map the boundary separating areas with concentrations above baseline from areas with concentrations equal to or less than baseline.

(ii) The size, shape, and location of the plume may be estimated using time of travel and dispersion data obtained under § 11.63 of this part, since plumes of dissolved or floating substances may be rapidly transported and dispersed in surface water.

(3) Water and sediment samples may be collected and chemically analyzed and stage, water discharge, or tidal flux measurements made, as appropriate, to collect new data required by this section.

(4)(i) Within the area determined in paragraph (h)(2) of this section to be above baseline, the services provided by the surface water or sediments that are affected should be determined. This determination may include computation of volumes of water or sediments affected, total areas of water or sediment affected, volume of water used from the affected surface water resource, or other appropriate measures.

(ii) The services should be determined with consideration of potential effects on downstream or downcurrent resources during the recovery period, as determined in § 11.73 of this part, resulting from transport of dissolved substances and of substances adhering to sediments.

(i) *Ground water resources.* (1) The area where the injured ground water resource differs from baseline should be determined by determining the areal

extent of oil or hazardous substances in water or geologic materials in the unsaturated zone and identified geohydrological units, which are aquifers or confining layers, within the assessment area.

(2)(i) The lateral and vertical extent of discharged or released substances in the unsaturated zone, if it is known to be exposed, should be determined.

(ii) The lateral and vertical extent of plumes within geohydrologic units known to be exposed should be determined. Concentrations of substances within and adjacent to each plume should be determined in sufficient detail to approximately locate the boundary separating areas with concentrations above baseline from areas with concentrations equal to or less than baseline.

(3) Water or geologic materials may be sampled and chemically analyzed, or surface-geophysical techniques may be used for collecting new data required by this section. General verification of the plume boundaries by chemical analysis of selected water samples should be done if boundary locations are initially determined by surface-geophysical measurements.

(4)(i) Within the area determined in paragraph (i)(2)(ii) of this section to be above baseline, the services provided by the ground water that is affected should be determined. This determination may include computation of the volume of water affected, volume of affected ground water pumped from wells, volume of affected ground water discharged to streams or lakes, or other appropriate measures.

(ii) The services should be determined with consideration of potential enlargement of the plume during the recovery period, as determined in § 11.73 of this part, resulting from ground water transport of the substances.

(iii) The effects on the ground water resource during the recovery period resulting from potential remobilization of discharged or released substances that may be adhering, coating, or otherwise bonding to geologic materials should be considered.

(j) *Air resources.* The area where the injured air resource differs from baseline should be determined by determining the geographical area affected, the degree of impairment of services, and the period of time impairment occurred.

(k) *Geologic resources.* The area where the injured geologic resource differs from baseline should be determined by determining:

(1) The surface area of soil with reduced ability to sustain the growth of vegetation from the baseline level;

(2) The surface area or volume of soil with reduced suitability as habitat for biota from the baseline level;

(3) The volume of geologic resources that may act as a source of toxic leachate;

(4) The tonnage of mineral resources whose access, development, or use is restricted as a result of the discharge or release.

(l) *Biological resources.* (1) The extent to which the injured biological resource differs from baseline should be determined by analysis of the population or the habitat or ecosystem levels. Although it may be necessary to measure populations to determine changes in the habitats or ecosystems, and vice versa, the final result should be expressed as either a population change or a habitat or ecosystem change in order to prevent double counting in the economic analysis. This separation may be ignored only for resources that do not interact significantly and where it can be demonstrated that double counting is being avoided.

(2) Analysis of population changes or habitat or ecosystem changes should be based upon species, habitats, or ecosystems that have been selected from one or more of the following categories:

(i) Species or habitats that can represent broad components of the ecosystem, either as representatives of a particular ecological type, of a particular food chain, or of a particular service;

(ii) Species, habitats, or ecosystems that are especially sensitive to the oil or hazardous substance and the recovery of which will provide a useful indicator of successful restoration; or

(iii) Species, habitats, or ecosystems that provide especially significant services.

(3) Analysis of populations, habitats, or ecosystems shall be limited to those populations, habitats, or ecosystems for which injury has been determined in the Injury Determination phase or those that can be linked directly through services to resources for which injury has been so determined. Documentation of the service link to the injured resource must be provided in the latter case.

(4) Population, habitat, or ecosystem measurement methods that provide data that can be interpreted in terms of services must be selected. To meet this requirement, a method should:

(i) Provide numerical data that will allow comparison between the assessment area data and the control area or baseline data;

(ii) Provide data that will be useful in planning efforts for restoration, rehabilitation, replacement, and/or acquisition of equivalent resources, and in later measuring the success of those efforts, and, where relevant, will allow calculation of compensable value; and

(iii) Allow correction, as applicable, for factors such as dispersal of organisms in or out of the assessment area, differential susceptibility of different age classes of organisms to the analysis methods and other potential systematic biases in the data collection.

(5) When estimating population differences of animals, standard and widely accepted techniques, such as census, mark-recapture, density, and index methods, and other estimation techniques appropriate to the species and habitat shall be used. Frequencies of injury observed in the population shall be measured as applicable.

(i) In general, methods used for estimates of wildlife populations should follow standard and widely accepted techniques such as those recommendations provided in the ''Wildlife Management Techniques Manual'' (4th edition, Wildlife Society, 1980, available from the Wildlife Society, 5410 Grosvenor Lane, Bethesda, MD 20814), including references cited and recommended in that manual. The specific technique used need not be cited in that manual, but should meet its recommendations for producing reliable estimates or indices.

(ii) Measurement of age structures, life table statistics, or age structure models generally will not provide satisfactory measurement of changes due to a discharge of oil or release of a hazardous substance unless there is clear evidence that the oil or hazardous substance has differentially affected different age classes and there are reliable baseline age structure data available for the population being assessed.

(iii) Mortality from single incidents may be used to estimate changes in populations only when there are available baseline population data for the area, so that the proportion lost can be estimated, and when corrections can be made for potential sampling biases, such as natural mortality and factors influencing distribution of carcasses and ability of investigators to find them. Specific techniques for measuring mortality include the following:

(A) Fish mortality in freshwater areas may be estimated from counts of carcasses, using methods and guidelines for estimating numbers of fish killed contained in Part II (Fish-Kill Counting Guidelines) of the ''Monetary Values of Freshwater Fish and Fish-Kill Counting Guidlines,'' American Fisheries Society Special Publication Number 13, 1982 (incorporation by reference, see § 11.18), including use of appropriate random sampling methods and tagged carcasses as identified and discussed in Part II of that publication.

(B) The authorized official may adapt the techniques discussed in paragraph (l) (5) (iii) (A) of this section for counting dead aquatic birds or for counting marine or estuarine fish or birds. Such adaptation will require the documentation of the methods used to avoid sampling biases.

(C) Fish mortality may also be estimated by use of an in situ bioassay technique that is similar to that identified in § 11.62(f)(4)(i)(C) of this part, if the oil or hazardous substance is still present at levels that resulted in injury and if appropriate instream controls can be maintained at control areas.

(6) Plant populations may be measured using standard techniques, such as population density, species composition, diversity, dispersion, and cover,

(7) Forest and range resources may be estimated by standard forestry and

range management evaluation techniques.

(8) Habitat quality may be measured using techniques such as the Habitat Evaluation Procedures (HEP) developed and used by the U.S. Fish and Wildlife Service.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5175, Feb. 22, 1988; 59 FR 14283, Mar. 25, 1994]

§11.72 Quantification phase—baseline services determination.

(a) *Requirements.* The authorized official shall determine the physical, chemical, and biological baseline conditions and the associated baseline services for injured resources at the assessment area to compare that baseline with conditions found in §11.71 of this part.

(b) *General guidelines.* Baseline data shall be selected according to the following general guidelines:

(1) Baseline data should reflect conditions that would have been expected at the assessment area had the discharge of oil or release of hazardous substances not occurred, taking into account both natural processes and those that are the result of human activities.

(2) Baseline data should include the normal range of physical, chemical, or biological conditions for the assessment area or injured resource, as appropriate for use in the analysis in §11.71 of this part, with statistical descriptions of that variability. Causes of extreme or unusual value in baseline data should be identified and described.

(3) Baseline data should be as accurate, precise, complete, and representative of the resource as the data used or obtained in §11.71 of this part. Data used for both the baseline and services reduction determinations must be collected by comparable methods. When the same method is not used, comparability of the data collection methods must be demonstrated.

(4) Baseline data collection shall be restricted to those data necessary for conducting the assessment at a reasonable cost. In particular, data collected should focus on parameters that are directly related to the injuries quantified in §11.71 of this part and to data appropriate and necessary for the Damage Determination phase.

(5) The authorized official may use or authorize for use baseline data that are not expected to represent fully the baseline conditions, subject to the following requirements:

(i) The authorized official shall document how the requirements of this paragraph are met:

(ii) These substitute baseline data shall not cause the difference between baseline and the conditions in the assessment area to exceed the difference that would be expected if the baseline were completely measured; and

(iii) The authorized official has determined that it is either not technically feasible or not cost-effective, as those phrases are used in this part, to measure the baseline conditions fully and that these baseline data are as close to the actual baseline conditions as can be obtained subject to these limitations.

(c) *Historical data.* If available and applicable, historical data for the assessment area or injured resource should be used to establish the baseline. If a significant length of time has elapsed since the discharge or release first occurred, adjustments should be made to historical data to account for changes that have occurred as a result of causes other than the discharge or release. In addition to specialized sources identified in paragraphs (g) through (k) of this section, one or more of the following general sources of historical baseline data may be used:

(1) Environmental Impact Statements or Environmental Assessments previously prepared for purposes of the National Environmental Policy Act (NEPA), 42 U.S.C. 4321–4361, similar documents prepared under other Federal and State laws, and background studies done for any of these documents;

(2) Standard scientific and management literature sources appropriate to the resource;

(3) Computerized data bases for the resource in question;

(4) Public or private landholders in the assessment area or in neighboring areas;

(5) Studies conducted or sponsored by natural resource trustees for the resource in question;

(6) Federally sponsored research identified by the National Technical Information Service;

(7) Studies carried out by educational institutions; and

(8) Other similar sources of data.

(d) *Control areas.* Where historical data are not available for the assessment area or injured resource, or do not meet the requirements of this section, baseline data should be collected from control areas. Historical data for a control area should be used if available and if they meet the guidelines of this section. Otherwise, the baseline shall be defined by field data from the control area. Control areas shall be selected according to the following guidelines, and both field and historical data for those areas should also conform to these guidelines:

(1) One or more control areas shall be selected based upon their similarity to the assessment area and lack of exposure to the discharge or release;

(2) Where the discharge or release occurs in a medium flowing in a single direction, such as a river or stream, at least one control area upstream or upcurrent of the assessment area shall be included, unless local conditions indicate such an area is inapplicable as a control area;

(3) The comparability of each control area to the assessment area shall be demonstrated, to the extent technically feasible, as that phrase is used in this part;

(4) Data shall be collected from the control area over a period sufficient to estimate normal variability in the characteristics being measured and should represent at least one full cycle normally expected in that resource;

(5) Methods used to collect data at the control area shall be comparable to those used at the assessment area, and shall be subject to the quality assurance provisions of the Assessment Plan;

(6) Data collected at the control area should be compared to values reported in the scientific or management literature for similar resources to demonstrate that the data represent a normal range of conditions; and

(7) A control area may be used for determining the baseline for more than one kind of resource, if sampling and data collection for each resource do not interfere with sampling and data collection for the other resources.

(e) *Baseline services.* The baseline services associated with the physical, chemical, or biological baseline data shall be determined.

(f) *Other requirements.* The methodologies in paragraphs (g) through (k) of this section shall be used for determining baseline conditions for specific resources in addition to following the general guidelines identified in paragraphs (a) through (e) of this section. If a particular resource is not being assessed for the purpose of the Damage Determination phase, and data on that resource are not needed for the assessment of other resources, baseline data for the resource shall not be collected.

(g) *Surface water resources.* (1) This paragraph provides additional guidance on determining baseline services for surface water resources. The general guidance provided in paragraphs (a) through (f) of this section should be followed before beginning any work described in this paragraph.

(2) Applicable and available historical data shall be gathered to determine baseline conditions for the surface water resource at the assessment area. If deemed inadequate for determining baseline conditions, such data shall be used to the extent technically feasible, as that phrase is used in this part, in designating the control areas described in paragraph (g)(3) of this section for the surface water resource determined to be injured.

(3) Control areas shall be selected for the surface water resource subject to the general criteria in paragraph (d) of this section and additional criteria as follows:

(i) For each injured stream or river reach, a control area shall be designated consisting of a stream or river reach of similar size, that is as near to the assessment area as practical and, if practical, that is upstream or upcurrent from the injured resource, such that the channel characteristics, sediment characteristics, and streamflow characteristics are similar to the injured resource and the water and sediments of the control area, because of location, have not been exposed to the discharge or release.

(ii) For each injured standing water body, such as a marsh, pond, lake, bay, or estuary, a control area shall be designated consisting of a standing water body of similar size that is as near to the assessment area as practical, such that the sediment characteristics and inflow-outflow characteristics of the control area are similar to the injured resource and the water and sediments of the control area, because of location, have not been exposed to the discharge or release.

(4)(i) Within the control area locations shall be designated for obtaining samples of water and sediments.

(ii) The water discharge, stage, or tidal flux shall be measured and representative water and sediments collected as follows:

(A) Measure stage, water discharge, and tidal flux as appropriate at the same time that water and sediment samples are collected; and

(B) Obtain comparable samples and measurements at both the control and assessment areas under similar hydraulic conditions.

(iii) Measurement and samples shall be obtained as described in this paragraph in numbers sufficient to determine:

(A) The approximate range of concentration of the substances in water and sediments;

(B) The variability of concentration of the substances in water and sediments during different conditions of stage, water discharge, or tidal flux; and

(C) The variability of physical and chemical conditions during different conditions of stage, water discharge, or tidal flux relating to the transport or storage of the substances in water and sediments.

(5) Samples should be analyzed from the control area to determine the physical properties of the water and sediments, suspended sediment concentrations in the water, and concentrations of oil or hazardous substances in water or in the sediments. Additional chemical, physical, or biological tests may be made, if necessary, to obtain otherwise unavailable data for the characteristics of the resource and comparison with the injured resource at the assessment area.

(6) In order to establish that differences between surface water conditions of the control and assessment areas are statistically significant, the median and interquartile range of the available data or the test results should be compared using the Mann-Whitney and ranked squares tests, respectively.

(7) Additional tests may be made of samples from the control area, if necessary, to provide otherwise unavailable information about physical, chemical, or biochemical processes occurring in the water or sediments relating to the ability of the injured surface water resource to recover naturally.

(h) *Ground water resources.* (1) This paragraph provides additional guidance on determining baseline services for ground water resources. The general guidance provided in paragraphs (a) through (f) of this section should be followed before beginning any work described in this paragraph.

(2) Applicable and available historical data shall be gathered to determine baseline conditions for the ground water resource at the assessment area. If deemed inadequate for determining baseline conditions, such data shall be used to the extent technically feasible, as that phrase is used in this part, in designating the control areas described in paragraph (h)(3) of this section for the ground water resource determined to be injured.

(3) A control area shall be designated subject to the general criteria in paragraph (d) of this section and as near to the assessment area as practical, such that, within the control area, geological materials, geohydrological units, and hydrologic conditions are similar to the assessment area, and ground water resources are not exposed to substances from the discharge or release.

(4) Within the control area, wells shall be identified or drilled, designated as control wells, to obtain representative ground water samples for analysis. The location, depth, and number of control wells and the number of ground water samples collected should be sufficient to estimate the vertical and lateral variation in concentration of the substances in both the unsaturated zone and in ground water from

geohydrologic units similar to units tested in the assessment area.

(i) Representative water samples from each control well shall be collected and analyzed. The analyses should determine the physical and chemical properties of the ground water relating to the occurrence of oil or hazardous substances.

(ii) If the oil or hazardous substances are commonly more concentrated on geologic materials than in ground water, representative samples of geologic materials from aquifers and the unsaturated zone as appropriate should be obtained and chemically analyzed. The location, depth, and number of these samples should be sufficient to determine the vertical and lateral variation in concentration of the oil or hazardous substances absorbing or otherwise coating geologic materials in the control area. These samples may also be analyzed to determine porosity, mineralogy, and lithology of geologic materials if these tests will provide otherwise unavailable information on storage or mobility of the oil or hazardous substances in the ground water resource.

(5) In order to establish that differences between ground water conditions of the control and assessment areas are statistically significant, the median and interquartile range of available data or the test results from similar geohydrologic units should be compared using the Mann-Whitney and ranked squares test, respectively.

(6) Additional tests may be made of samples from the control area, if necessary, to provide otherwise unavailable information about chemical, geochemical, or biological processes occurring in the ground relating to the ability of the injured ground water resource to recover naturally.

(i) *Air resources.* (1) This paragraph provides additional guidance on determining baseline services for air resources. The general guidance provided in paragraphs (a) through (f) of this section should be followed before beginning any work described in this paragraph.

(2) Applicable and available historical data shall be gathered on ambient air quality and source emissions to determine baseline conditions for the air resource. These historical data may be used to determine baseline conditions if the data satisfy the general guidelines in paragraph (d) of this section and if all the following criteria are met:

(i) The methodology used to obtain these historical data would detect the oil or hazardous substance at levels appropriate for comparison to the concentrations measured in § 11.71 of this part;

(ii) The effect of known or likely emission sources near the assessment area other than the source of the discharge or release can be identified or accounted for in the historical data; and

(iii) The historical data show that normal concentrations of the oil or hazardous substance are sufficiently predictable that changes as a result of the discharge or release are likely to be detectable.

(3) If historical data appropriate to determine baseline conditions at the assessment area are lacking, one or more control areas, as needed, shall be designated subject to the general criteria of paragraph (d) of this section and the following additional factors, which shall also be considered in establishing a monitoring schedule;

(i) Applicable and available historical data shall be used to the extent technically feasible, as that phrase is used in this part, in designating control areas or, lacking historical data, the factors in paragraph (i)(3)(iii) of this section shall be considered;

(ii) Control areas shall be spatially representative of the range of air quality and meteorological conditions likely to have occurred at the assessment area during the discharge or release into the atmosphere; and

(iii) The following additional factors shall be considered:

(A) The nature of the discharge or release and of potential alternative sources of the oil or hazardous substance, including such factors as existing sources, new sources, intermittent sources, mobile sources, exceptional events, trends, cycles, and the nature of the material discharged or released;

(B) Environmental conditions affecting transport, such as wind speed and

direction, atmospheric stability, temperature, humidity, solar radiation intensity, and cloud cover; and

(C) Other factors, such as timing of the discharge or release, use patterns of the affected area, and the nature of the injury resulting from the discharge or release.

(4)(i) The preferred measurement method is to measure air concentrations of the oil or hazardous substance directly using the same methodology employed in § 11.71 of this part.

(ii) Nonspecific or chemical compound class methodologies may be used to determine baseline generically only in situations where it can be demonstrated that measuring indicator substances will adequately represent air concentrations of other components in a complex mixture.

(j) *Geologic resources.* (1) This paragraph provides additional guidance on determining baseline services for geologic resources. The general guidance provided in paragraphs (a) through (f) of this section should be followed before beginning any work described in this paragraph.

(2) Applicable and available historical data shall be gathered to determine baseline conditions for the geologic resource at the assessment area. If deemed inadequate for determining baseline conditions, such data shall be used to the extent technically feasible, as that phrase is used in this part, in designating the control areas described in paragraph (j)(3) of this section for the geologic resource determined to be injured.

(3) Control areas shall be selected for geologic resources subject to the general criteria in paragraph (d) of this section and additional criteria as follows:

(i) Similarity of exposed soil or geologic material in the assessment area with the geologic resource in the control area should be the primary factor in selecting the control area. Other factors, including climate, depth of ground water, vegetation type and area covered, land slope and land area, and hydraulic gradients and spatial relation to source should be comparable to the assessment area.

(ii) The control area shall be selected such that the geologic resource in the control area is not exposed to the discharge or release.

(4)(i) A sufficient number of samples from unbiased, randomly selected locations in the control area shall be obtained in order to characterize the areal variability of the parameters measured. Each sample should be analyzed to determine the physical and chemical properties of the geologic materials relating to the occurrence of the oil or hazardous substance. Additional chemical, physical, or biological tests may be made, if necessary, to obtain otherwise unavailable data for the characterization and comparison with the injured resource at the assessment area.

(ii) The mean and standard deviation of each parameter measured shall be used as the basis of comparison between the assessment and control areas.

(k) *Biological resources.* (1) This paragraph provides additional guidance on determining baseline services for biological resources. The general guidance provided in paragraphs (a) through (f) of this section should be followed before beginning any work described in this paragraph.

(2) Applicable and available historical data shall be gathered to determine baseline conditions for the biological resource at the assessment area and should include both population and habitat data if available. These data may be derived from the data sources identified in paragraph (c) of this section, as well as from the following:

(i) Aerial photographs or maps showing distribution and extent of habitat types or other biological resources before the discharge or release;

(ii) Biological specimens in systematic museum or herbarium collections and associated records, including labels and collectors' field notes; and

(iii) Photographs showing the nature of the habitat before the discharge or release when the location and date are well documented.

(3)(i) Control areas shall be selected for biological resources subject to the general criteria in paragraph (d) of this section and additional criteria as follows:

(A) The control area shall be comparable to the habitat or ecosystem at

the assessment area in terms of distribution, type, species composition, plant cover, vegetative types, quantity, and relationship to other habitats;

(B) Physical characteristics of the control and assessment areas shall be similar; and

(C) If more than one habitat or ecosystem type is to be assessed, comparable control areas should be established for each, or a control area should be selected containing those habitat types in a comparable distribution.

(ii) To the extent they are available, historical data should be gathered and used for the control area. Lacking adequate historical data for both the control and assessment areas, the control areas shall be used for the following purposes, as appropriate to the quantification:

(A) To measure baseline biota population levels or habitat or ecosystem quality, as discussed in § 11.71(l) of this part; and

(B) To measure the natural frequency, if any, of the injury being assessed in unaffected populations or to demonstrate the lack of that injury in unaffected populations if these have not been done for purposes of the Injury Determination, and if needed for purposes of the Quantification.

(4) In addition, a control area should be used to collect control specimens, as needed, for the Injury Determination procedures.

(5) The identity of species for which Damage Determinations will be made or that play an important role in the assessment shall be confirmed except in the case where collecting the specimens of a species is likely to compromise the restoration of the species. One or more of the following methods shall be used:

(i) Specimens of the species shall be provided to an independent taxonomist or systematic biologist, who has access to a major systematic biology collection for that taxon, and who shall provide written confirmation of their identity to the species level;

(ii) A reference collection of specimens of the species, prepared and preserved in a way standard for systematic collections for that taxon, shall be maintained at least through final resolution of the damage action at which time it should be transferred to a major systematic biology collection; or

(iii) In the case of a species where collecting specimens is likely to compromise the recovery or restoration of that species population, the authorized official shall determine and use an alternative method for confirming species identity that will be consistent with established management goals for that species.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5175, Feb. 22, 1988; 59 FR 14283, Mar. 25, 1994]

§ 11.73 Quantification phase—resource recoverability analysis.

(a) *Requirement.* The time needed for the injured resources to recover to the state that the authorized official determines services are restored, rehabilitated, replaced, and/or the equivalent have been acquired to baseline levels shall be estimated. The time estimated for recovery or any lesser period of time as determined in the Assessment Plan must be used as the recovery period for purposes of § 11.38 and the Damage Determination phase, §§ 11.80 through 11.84.

(1) In all cases, the amount of time needed for recovery if no restoration, rehabilitation, replacement, and/or acquisition of equivalent resources efforts are undertaken beyond response actions performed or anticipated shall be estimated. This time period shall be used as the ''No Action-Natural Recovery'' period for purposes of § 11.82 and § 11.84(g)(2)(ii) of this part.

(2) The estimated time for recovery shall be included in possible alternatives for restoration, rehabilitation, replacement, and/or acquisition of equivalent resources, as developed in § 11.82 of this part, and the data and process by which these recovery times were estimated shall be documented.

(b) *Restoration not feasible.* If the authorized official determines that restoration will not be technically feasible, as that phrase is used in this part, the reasoning and data on which this decision is based shall be documented as part of the justification for any replacement alternatives that may be considered or proposed.

(c) *Estimating recovery time.* (1) The time estimates required in paragraph (a) of this section shall be based on the best available information and where appropriate may be based on cost-effective models. Information gathered may come from one or more of the following sources, as applicable:

(i) Published studies on the same or similar resources;

(ii) Other data sources identified in §11.72 of this part;

(iii) Experience of managers or resource specialists with the injured resource;

(iv) Experience of managers or resource specialists who have dealt with restoration for similar discharges or releases elsewhere; and

(v) Field and laboratory data from assessment and control areas as necessary.

(2) The following factors should be considered when estimating recovery times:

(i) Ecological succession patterns in the area;

(ii) Growth or reproductive patterns, life cycles, and ecological requirements of biological species involved, including their reaction or tolerance to the oil or hazardous substance involved;

(iii) Bioaccumulation and extent of oil or hazardous substances in the food chain;

(iv) Chemical, physical, and biological removal rates of the oil or hazardous substance from the media involved, especially as related to the local conditions, as well as the nature of any potential degradation or decomposition products from the process including:

(A) Dispersion, dilution, and volatilization rates in air, sediments, water, or geologic materials;

(B) Transport rates in air, soil, water, and sediments;

(C) Biological degradation, depuration, or decomposition rates and residence times in living materials;

(D) Soil or sediment properties and adsorption-desorption rates between soil or sediment components and water or air;

(E) Soil surface runoff, leaching, and weathering processes; and

(F) Local weather or climatological conditions that may affect recovery rates.

[51 FR 27725, Aug. 1, 1986, as amended at 59 FR 14283, Mar. 25, 1994; 61 FR 20612, May 7, 1996]

§11.80 Damage determination phase—general.

(a) *Requirement.* (1) The authorized official shall make his damage determination by estimating the monetary damages resulting from the discharge of oil or release of a hazardous substance based upon the information provided in the Quantification phase and the guidance provided in this Damage Determination phase.

(2) The Damage Determination phase consists of §11.80—general; §11.81—Restoration and Compensation Determination Plan; §11.82—alternatives for restoration, rehabilitation, replacement, and/or acquisition of equivalent resources; §11.83—cost estimating and valuation methodologies; and §11.84—implementation guidance, of this part.

(b) *Purpose.* The purpose of the Damage Determination phase is to establish the amount of money to be sought in compensation for injuries to natural resources resulting from a discharge of oil or release of a hazardous substance. The measure of damages is the cost of restoration, rehabilitation, replacement, and/or acquisition of the equivalent of the injured natural resources and the services those resources provide. Damages may also include, at the discretion of the authorized official, the compensable value of all or a portion of the services lost to the public for the time period from the discharge or release until the attainment of the restoration, rehabilitation, replacement, and/or acquisition of equivalent of the resources and their services to baseline.

(c) *Steps in the Damage Determination phase.* The authorized official shall develop a Restoration and Compensation Determination Plan, described in §11.81 of this part. To prepare this Restoration and Compensation Determination Plan, the authorized official shall develop a reasonable number of possible alternatives for restoration, rehabilitation, replacement, and/or acquisition of

equivalent resources and select, pursuant to the guidance of § 11.82 of this part, the most appropriate of those alternatives; and identify the cost estimating and valuation methodologies, described in § 11.83 of this part, that will be used to calculate damages. The guidance provided in § 11.84 of this part shall be followed in implementing the cost estimating and valuation methodologies. After public review of the Restoration and Compensation Determination Plan, the authorized official shall implement the Restoration and Compensation Determination Plan.

(d) *Completion of the Damage Determination phase.* Upon completion of the Damage Determination phase, the type B assessment is completed. The results of the Damage Determination phase shall be documented in the Report of Assessment described in § 11.90 of this part.

[59 FR 14283, Mar. 25, 1994]

§ 11.81 Damage determination phase—restoration and compensation determination plan.

(a) *Requirement.* (1) The authorized official shall develop a Restoration and Compensation Determination Plan that will list a reasonable number of possible alternatives for restoration, rehabilitation, replacement, and/or acquisition of equivalent resources and the related services lost to the public associated with each; select one of the alternatives and the actions required to implement that alternative; give the rationale for selecting that alternative; and identify the methodologies that will be used to determine the costs of the selected alternative and, at the discretion of the authorized official, the compensable value of the services lost to the public associated with the selected alternative.

(2) The Restoration and Compensation Determination Plan shall be of sufficient detail to evaluate the possible alternatives for the purpose of selecting the appropriate alternative to use in determining the cost of restoration, rehabilitation, replacement, and/or acquisition of equivalent resources for the injured natural resources and the services those resources provided, and, where relevant, the compensable value of the services lost to the public through the completion of the restoration, rehabilitation, replacement, and/or acquisition of equivalent resources and their services to the baseline.

(b) The authorized official shall use the guidance in §§ 11.82, 11.83, and 11.84 of this part to develop the Restoration and Compensation Determination Plan.

(c) The authorized official shall list the methodologies he expects to use to determine the costs of all actions considered within the selected alternative and, where relevant, the compensable value of the lost services through the recovery period associated with the selected alternative. The methodologies to use in determining costs and compensable value are described in § 11.83 of this part.

(d)(1) The Restoration and Compensation Determination Plan shall be part of the Assessment Plan developed in subpart B of this part. If existing data are not sufficient to develop the Restoration and Compensation Determination Plan at the time that the overall Assessment Plan is made available for public review and comment, the Restoration and Compensation Determination Plan may be developed later, after the completion of the Injury Determination or Quantification phases.

(2) If the Restoration and Compensation Determination Plan is prepared later than the Assessment Plan, it shall be made available separately for public review by any identified potentially responsible party, other natural resource trustees, other affected Federal or State agencies or Indian tribes, and any other interested members of the public for a period of no less than 30 calendar days. Reasonable extensions may be granted as appropriate.

(3) Comments received from any identified potentially responsible party, other natural resource trustees, other affected Federal or State agencies or Indian tribes, or any other interested members of the public, together with responses to those comments, shall be included as part of the Report of Assessment, described in § 11.90 of this part.

(4) Appropriate public review of the plan must be completed before the authorized official performs the methodologies listed in the Restoration and Compensation Determination Plan.

(e) The Restoration and Compensation Determination Plan may be expanded to incorporate requirements from procedures required under other portions of CERCLA or the CWA or from other Federal, State, or tribal laws applicable to restoration, rehabilitation, replacement, and/or acquisition of the equivalent of the injured resources or may be combined with other plans for related purposes, so long as the requirements of this section are fulfilled.

[59 FR 14283, Mar. 25, 1994]

§11.82 Damage Determination phase—alternatives for restoration, rehabilitation, replacement, and/or acquisition of equivalent resources.

(a) *Requirement.* The authorized official shall develop a reasonable number of possible alternatives for the restoration, rehabilitation, replacement, and/or acquisition of the equivalent of the injured natural resources and the services those resources provide. For each possible alternative developed, the authorized official will identify an action, or set of actions, to be taken singly or in combination by the trustee agency to achieve the restoration, rehabilitation, replacement, and/or acquisition of equivalent natural resources and the services those resources provide to the baseline. The authorized official shall then select from among the possible alternatives the alternative that he determines to be the most appropriate based on the guidance provided in this section.

(b) *Steps.* (1) The authorized official shall develop a reasonable number of possible alternatives that would restore, rehabilitate, replace, and/or acquire the equivalent of the injured resources. Each of the possible alternatives may, at the discretion of the authorized official, consist of actions, singly or in combination, that would achieve those purposes.

(i) Restoration or rehabilitation actions are those actions undertaken to return injured resources to their baseline condition, as measured in terms of the physical, chemical, or biological properties that the injured resources would have exhibited or the services that would have been provided by those resources had the discharge of oil or release of the hazardous substance under investigation not occurred. Such actions would be in addition to response actions completed or anticipated pursuant to the National Contingency Plan (NCP).

(ii) Replacement or acquisition of the equivalent means the substitution for injured resources with resources that provide the same or substantially similar services, when such substitutions are in addition to any substitutions made or anticipated as part of response actions and when such substitutions exceed the level of response actions determined appropriate to the site pursuant to the NCP.

(iii) Possible alternatives are limited to those actions that restore, rehabilitate, replace, and/or acquire the equivalent of the injured resources and services to no more than their baseline, that is, the condition without a discharge or release as determined in §11.72 of this part.

(2) *Services provided by the resources.* (i) In developing each of the possible alternatives, the authorized official shall list the proposed actions that would restore, rehabilitate, replace, and/or acquire the equivalent of the services provided by the injured natural resources that have been lost, and the period of time over which these services would continue to be lost.

(ii) The authorized official shall identify services previously provided by the resources in their baseline condition in accordance with §11.72 of this part and compare those services with services now provided by the injured resources, that is, the with-a-discharge-or-release condition. All estimates of the with-a-discharge-or-release condition shall incorporate consideration of the ability of the resources to recover as determined in §11.73 of this part.

(c) *Range of possible alternatives.* (1) The possible alternatives considered by the authorized official that return the injured resources and their lost services to baseline level could range from: Intensive action on the part of the authorized official to return the various resources and services provided by those resources to baseline conditions as quickly as possible; to natural recovery with minimal management actions. Possible alternatives within this

range could reflect varying rates of recovery, combination of management actions, and needs for resource replacements or acquisitions.

(2) An alternative considering natural recovery with minimal management actions, based upon the ''No Action-Natural Recovery'' determination made in § 11.73(a)(1) of this part, shall be one of the possible alternatives considered.

(d) *Factors to consider when selecting the alternative to pursue.* When selecting the alternative to pursue, the authorized official shall evaluate each of the possible alternatives based on all relevant considerations, including the following factors:

(1) Technical feasibility, as that term is used in this part.

(2) The relationship of the expected costs of the proposed actions to the expected benefits from the restoration, rehabilitation, replacement, and/or acquisition of equivalent resources.

(3) Cost-effectiveness, as that term is used in this part.

(4) The results of any actual or planned response actions.

(5) Potential for additional injury resulting from the proposed actions, including long-term and indirect impacts, to the injured resources or other resources.

(6) The natural recovery period determined in § 11.73(a)(1) of this part.

(7) Ability of the resources to recover with or without alternative actions.

(8) Potential effects of the action on human health and safety.

(9) Consistency with relevant Federal, State, and tribal policies.

(10) Compliance with applicable Federal, State, and tribal laws.

(e) A Federal authorized official shall not select an alternative that requires acquisition of land for Federal management unless the Federal authorized official determines that restoration, rehabilitation, and/or other replacement of the injured resources is not possible.

[59 FR 14284, Mar. 25, 1994]]

§ 11.83 Damage determination phase—use value methodologies.

(a) *General.* (1) This section contains guidance and methodologies for determining: The costs of the selected alternative for restoration, rehabilitation, replacement, and/or acquisition of equivalent resources; and the compensable value of the services lost to the public through the completion of the restoration, rehabilitation, replacement, and/or acquisition of the equivalent of the injured resources and their services to baseline.

(2)(i) The authorized official shall select among the cost estimating and valuation methodologies set forth in this section, or methodologies that meet the acceptance criterion of either paragraph (b)(3) or (c)(3) of this section.

(ii) The authorized official shall define the objectives to be achieved by the application of the methodologies.

(iii) The authorized official shall follow the guidance provided in this section for choosing among the methodologies that will be used in the Damage Determination phase.

(iv) The authorized official shall describe his selection of methodologies and objectives in the Restoration and Compensation Determination Plan.

(3) The authorized official shall determine that the following criteria have been met when choosing among the cost estimating and valuation methodologies. The authorized official shall document this determination in the Report of the Assessment. Only those methodologies shall be chosen:

(i) That are feasible and reliable for a particular incident and type of damage to be measured.

(ii) That can be performed at a reasonable cost, as that term is used in this part.

(iii) That avoid double counting or that allow any double counting to be estimated and eliminated in the final damage calculation.

(iv) That are cost-effective, as that term is used in this part.

(b) *Costs of restoration, rehabilitation, replacement, and/or acquisition of equivalent resources.* (1) Costs for restoration, rehabilitation, replacement, and/or acquisition of equivalent resources are the amount of money determined by the authorized official as necessary to complete all actions identified in the selected alternative for restoration, rehabilitation, replacement, and/or acquisition of equivalent resources, as selected in the Restoration and Compensation Determination Plan of § 11.81

of this part. Such costs shall include direct and indirect costs, consistent with the provisions of this section.

(i) Direct costs are those that are identified by the authorized official as attributed to the selected alternative. Direct costs are those charged directly to the conduct of the selected alternative including, but not limited to, the compensation of employees for the time and effort devoted to the completion of the selected alternative; cost of materials acquired, consumed, or expended specifically for the purpose of the action; equipment and other capital expenditures; and other items of expense identified by the authorized official that are expected to be incurred in the performance of the selected alternative.

(ii) Indirect costs are costs of activities or items that support the selected alternative, but that cannot practically be directly accounted for as costs of the selected alternative. The simplest example of indirect costs is traditional overhead, e.g., a portion of the lease costs of the buildings that contain the offices of trustee employees involved in work on the selected alternative may, under some circumstances, be considered as an indirect cost. In referring to costs that cannot practically be directly accounted for, this subpart means to include costs that are not readily assignable to the selected alternative without a level of effort disproportionate to the results achieved.

(iii) An indirect cost rate for overhead costs may, at the discretion of the authorized official, be applied instead of calculating indirect costs where the benefits derived from the estimation of indirect costs do not outweigh the costs of the indirect cost estimation. When an indirect cost rate is used, the authorized official shall document the assumptions from which that rate has been derived.

(2) *Cost estimating methodologies.* The authorized official may choose among the cost estimating methodologies listed in this section or may choose other methodologies that meet the acceptance criterion in paragraph (b)(3) of this section. Nothing in this section precludes the use of a combination of cost estimating methodologies so long as the authorized official does not double count or uses techniques that allow any double counting to be estimated and eliminated in the final damage calculation.

(i) *Comparison methodology.* This methodology may be used for unique or difficult design and estimating conditions. This methodology requires the construction of a simple design for which an estimate can be found and applied to the unique or difficult design.

(ii) *Unit methodology.* This methodology derives an estimate based on the cost per unit of a particular item. Many other names exist for describing the same basic approach, such as order of magnitude, lump sum, module estimating, flat rates, and involve various refinements. Data used by this methodology may be collected from technical literature or previous cost expenditures.

(iii) *Probability methodologies.* Under these methodologies, the cost estimate represents an ''average'' value. These methodologies require information which is called certain, or deterministic, to derive the expected value of the cost estimate. Expected value estimates and range estimates represent two types of probability methodologies that may be used.

(iv) *Factor methodology.* This methodology derives a cost estimate by summing the product of several items or activities. Other terms such as ratio and percentage methodologies describe the same basic approach.

(v) *Standard time data methodology.* This methodology provides for a cost estimate for labor. Standard time data are a catalogue of standard tasks typically undertaken in performing a given type of work.

(vi) *Cost- and time-estimating relationships (CERs and TERs).* CERs and TERs are statistical regression models that mathematically describe the cost of an item or activity as a function of one or more independent variables. The regression models provide statistical relationships between cost or time and physical or performance characteristics of past designs.

(3) *Other cost estimating methodologies.* Other cost estimating methodologies that are based upon standard and accepted cost estimating practices and

are cost-effective are acceptable methodologies to determine the costs of restoration, rehabilitation, replacement, and/or acquisition of equivalent resources under this part.

(c) *Compensable value.* (1) Compensable value is the amount of money required to compensate the public for the loss in services provided by the injured resources between the time of the discharge or release and the time the resources and the services those resources provided are fully returned to their baseline conditions. The compensable value includes the value of lost public use of the services provided by the injured resources, plus lost nonuse values such as existence and bequest values. Compensable value is measured by changes in consumer surplus, economic rent, and any fees or other payments collectable by a Federal or State agency or an Indian tribe for a private party's use of the natural resources; and any economic rent accruing to a private party because the Federal or State agency or Indian tribe does not charge a fee or price for the use of the resources.

(i) Use value is the value of the resources to the public attributable to the direct use of the services provided by the natural resources.

(ii) Nonuse value is the difference between compensable value and use value, as those terms are used in this section.

(iii) Estimation of option and existence values shall be used only if the authorized official determines that no use values can be determined.

(2) *Valuation methodologies.* The authorized official may choose among the valuation methodologies listed in this section to estimate willingness to pay (WTP) or may choose other methodologies provided that the methodology can satisfy the acceptance criterion in paragraph (c)(3) of this section. Nothing in this section precludes the use of a combination of valuation methodologies so long as the authorized official does not double count or uses techniques that allow any double counting to be estimated and eliminated in the final damage calculation.

(i) *Market price methodology.* This methodology may be used if the natural resources are traded in the market. In using this methodology, the authorized official should make a determination as to whether the market for the resources is reasonably competitive. If the authorized official determines that the market for the resources, or the services provided by the resources, is reasonably competitive, the diminution in the market price of the injured resources, or the lost services, may be used to determine the compensable value of the injured resources.

(ii) *Appraisal methodology.* Where sufficient information exists, the appraisal methodology may be used. In using this methodology, compensable value should be measured, to the extent possible, in accordance with the applicable sections of the ''Uniform Appraisal Standards for Federal Land Acquisition'' (Uniform Appraisal Standards), Interagency Land Acquisition Conference, Washington, DC, 1973 (incorporated by reference, see § 11.18). The measure of compensable value under this appraisal methodology will be the difference between the with- and without-injury appraisal value determined by the comparable sales approach as described in the Uniform Appraisal Standards.

(iii) *Factor income methodology.* If the injured resources are inputs to a production process, which has as an output a product with a well-defined market price, the factor income methodology may be used. This methodology may be used to determine the economic rent associated with the use of resources in the production process. This methodology is sometimes referred to as the ''reverse value added'' methodology. The factor income methodology may be used to measure the in-place value of the resources.

(iv) *Travel cost methodology.* The travel cost methodology may be used to determine a value for the use of a specific area. An individual's incremental travel costs to an area are used as a proxy for the price of the services of that area. Compensable value of the area to the traveler is the difference between the value of the area with and without a discharge or release. When regional travel cost models exist, they may be used if appropriate.

(v) *Hedonic pricing methodology.* The hedonic pricing methodology may be

used to determine the value of nonmarketed resources by an analysis of private market choices. The demand for nonmarketed natural resources is thereby estimated indirectly by an analysis of commodities that are traded in a market.

(vi) *Unit value methodology*. Unit values are preassigned dollar values for various types of nonmarketed recreational or other experiences by the public. Where feasible, unit values in the region of the affected resources and unit values that closely resemble the recreational or other experience lost with the affected resources may be used.

(vii) *Contingent valuation methodology*—(A) The contingent valuation methodology includes all techniques that set up hypothetical markets to elicit an individual's economic valuation of a natural resource. This methodology can determine use values and explicitly determine option and existence values. This methodology may be used to determine lost use values of injured natural resources.

(B) The use of the contingent valuation methodology to explicitly estimate option and existence values should be used only if the authorized official determines that no use values can be determined.

(3) *Other valuation methodologies*. Other valuation methodologies that measure compensable value in accordance with the public's WTP, in a cost-effective manner, are acceptable methodologies to determine compensable value under this part.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5175, Feb. 22, 1988; 59 FR 14285, Mar. 25, 1994]

§11.84 Damage determination phase—implementation guidance.

(a) *Requirement*. The authorized official should use the cost estimating and valuation methodologies in §11.83 of this part following the appropriate guidance in this section.

(b) *Determining uses*. (1) Before estimating damages for compensable value under §11.83 of this part, the authorized official should determine the uses made of the resource services identified in the Quantification phase.

(2) Only committed uses, as that phrase is used in this part, of the resource or services over the recovery period will be used to measure the change from the baseline resulting from injury to a resource. The baseline uses must be reasonably probable, not just in the realm of possibility. Purely speculative uses of the injured resource are precluded from consideration in the estimation of damages.

(3)(i) When resources or resource services have mutually exclusive uses, the highest-and-best use of the injured resource or services, as determined by the authorized official, shall be used as the basis of the analyses required in this part. This determination of the highest-and-best use must be consistent with the requirements of paragraph (b)(2) of this section.

(ii) If the uses of the resource or service are not necessarily mutually exclusive, the sum of damages should be determined from individual services. However, the sum of the projected damages from individual services shall consider congestion or crowding out effects, if any, from the resulting projected total use of those services.

(c) *Double counting*. (1) Double counting of damages should be avoided. Double counting means that a benefit or cost has been counted more than once in the damage assessment.

(2) Natural resource damages are the residual to be determined by incorporating the effects, or anticipated effects, of any response actions. To avoid one aspect of double counting, the effects of response actions shall be factored into the analysis of damages. If response actions will not be completed until after the assessment has been initiated, the anticipated effects of such actions should be included in the assessment.

(d) *Uncertainty*. (1) When there are significant uncertainties concerning the assumptions made in all phases of the assessment process, reasonable alternative assumptions should be examined. In such cases, uncertainty should be handled explicitly in the analysis and documented. The uncertainty should be incorporated in the estimates of benefits and costs.

(2) To incorporate this uncertainty, the authorized official should derive a

range of probability estimates for the important assumptions used to determine damages. In these instances, the damage estimate will be the net expected present value of the costs of restoration, rehabilitation, replacement, and/or acquisition of equivalent resources and, if relevant, compensable value.

(e) *Discounting.* (1) Where possible, damages should be estimated in the form of an expected present value dollar amount. In order to perform this calculation, a discount rate must be selected.

(2) The discount rate to be used is that specified in ''Office of Management and Budget (OMB) Circular A–94 Revised'' (dated March 27, 1972, available from the Executive Office of the President, Publications, 726 Jackson Place, NW., Washington, DC 20503; ph: (202) 395–7372).

(f) *Substitutability.* In calculating compensable value, the authorized official should incorporate estimates of the ability of the public to substitute resource services or uses for those of the injured resources. This substitutability should be estimated only if the potential benefits from an increase in accuracy are greater than the potential costs.

(g) *Compensable value during the restoration, rehabilitation, replacement, and/or acquisition of equivalent resources.* (1) In determining the amount of damages, the authorized official has the discretion to compute compensable value for the period of time required to achieve the restoration, rehabilitation, replacement, and/or acquisition of equivalent resources.

(2) When calculating compensable value during the period of time required to achieve restoration, rehabilitation, replacement, and/or acquisition of equivalent resources, the authorized official should follow the procedures described below. The procedures need not be followed in sequence.

(i) The ability of the injured resources to recover over the recovery period should be estimated. This estimate includes estimates of natural recovery rates as well as recovery rates that reflect management actions or resource acquisitions to achieve restoration, rehabilitation, replacement, and/or acquisition of equivalent resources.

(ii) A recovery rate should be selected for this analysis that is based upon cost-effective management actions or resource acquisitions, including a ''No Action-Natural Recovery'' alternative. After the recovery rate is estimated, compensable value should be estimated.

(iii) The rate at which the uses of the injured resources and their services will be restored through the restoration or replacement of the services should be estimated. This rate may be discontinuous, that is, no uses are restored until all, or some threshold level, of the services are restored, or continuous, that is, restoration or replacement of uses will be a function of the level and rate of restoration or replacement of the services. Where practicable, the supply of and demand for the restored services should be analyzed, rather than assuming that the services will be utilized at their full capacity at each period of time in the analysis. Compensable value should be discounted using the rate described in paragraph (e)(2) of this section. This estimate is the expected present value of uses obtained through restoration, rehabilitation, replacement, and/or acquisition of equivalent resources.

(iv) The uses of the resource that would have occurred in the absence of the discharge or release should be estimated. This estimate should be done in accordance with the procedures in § 11.72 of this part. These uses should be estimated over the same time period using the same discount rate as that specified in paragraph (e)(2) of this section. This amount is the expected present value of uses forgone.

(v) Subtraction of the present value of uses obtained through restoration or replacement from the expected present value of uses forgone gives the amount of compensation that may be included, if positive, in a measure of damages.

(h) *Scope of the analysis.* (1) The authorized official must determine the scope of the analysis in order to estimate compensable value.

(2) In assessments where the scope of analysis is Federal, only the compensable value to the Nation as a whole should be counted.

(3) In assessments where the scope of analysis is at the State level, only the compensable value to the State should be counted.

(4) In assessments where the scope of analysis is at the tribal level, only the compensable value to the tribe should be counted.

[51 FR 27725, Aug. 1, 1986, as amended at 53 FR 5176, Feb. 22, 1988; 59 FR 14286, Mar. 25, 1994]

Subpart F—Post-Assessment Phase

§11.90 What documentation must the authorized official prepare after completing the assessment?

(a) At the conclusion of an assessment, the authorized official must prepare a Report of Assessment that consists of the Preassessment Screen Determination, the Assessment Plan, and the information specified in paragraphs (b) and (c) of this section as applicable.

(b) When the authorized official has used a type A procedure, the Report of Assessment must include the information specified in subpart D.

(c) When the authorized official has used type B procedures, the Report of Assessment must include all documentation supporting the determinations required in the Injury Determination phase, the Quantification phase, and the Damage Determination phase, and specifically including the test results of any and all methodologies performed in these phases. The preliminary estimate of damages shall be included in the Report of Assessment. The Restoration and Compensation Determination Plan, along with comments received during the public review of that Plan and responses to those comments, shall also be included in the Report of Assessment.

[51 FR 27725, Aug. 1, 1986, as amended at 59 FR 14287, Mar. 25, 1994; 61 FR 20612, May 7, 1996]

§11.91 How does the authorized official seek recovery of the assessed damages from the potentially responsible party?

(a) At the conclusion of the assessment, the authorized official must present to the potentially responsible party a demand in writing for the damages determined in accordance with this part and the reasonable cost of the assessment. [See §11.92(b) to determine how the authorized official must adjust damages if he or she plans to place recovered funds in a non-interest-bearing account.] The authorized official must deliver the demand in a manner that establishes the date of receipt. The demand shall adequately identify the Federal or State agency or Indian tribe asserting the claim, the general location and description of the injured resource, the type of discharge or release determined to have resulted in the injuries, and the damages sought from that party.

(b) *Report of assessment.* The demand letter shall include the Report of Assessment as an attachment.

(c) *Rebuttable presumption.* When performed by a Federal or State official in accordance with this part, the natural resource damage assessment and the resulting Damage Determination supported by a complete administrative record of the assessment including the Report of Assessment as described in §11.90 of this part shall have the force and effect of a rebuttable presumption on behalf of any Federal or State claimant in any judicial or adjudicatory administrative proceeding under CERCLA, or section 311 of the CWA.

(d) *Potentially responsible party response.* The authorized official should allow at least 60 days from receipt of the demand by the potentially responsible party, with reasonable extensions granted as appropriate, for the potentially responsible party to acknowledge and respond to the demand, prior to filing suit. In cases governed by section 113(g) of CERCLA, the authorized official may include a notice of intent to file suit and must allow at least 60 days from receipt of the demand by the potentially responsible party, with reasonable extensions granted as appropriate, for the potentially responsible party to acknowledge and respond to the demand, prior to filing suit.

(e) *Statute of limitations.* For the purposes of section 113(g) of CERCLA, the date on which regulations are promulgated under section 301(c) of CERCLA is the date on which the later of the revisions to the type A rule and the type B rule, pursuant to *State of Colorado* v. *United States Department of the Interior,*

880 F.2d 481 (D.C. Cir. 1989), and *State of Ohio* v. *United States Department of the Interior*, 880 F.2d 432 (D.C. Cir. 1989), is published as a final rule in the FEDERAL REGISTER.

[53 FR 5176, Feb. 22, 1988, as amended at 59 FR 14287, Mar. 25, 1994; 61 FR 20612, May 7, 1996]

§ 11.92 Post-assessment phase—restoration account.

(a) *Disposition of recoveries.* (1) All sums (damage claim and assessment costs) recovered pursuant to section 107(f) of CERCLA or sections 311(f)(4) and (5) of the CWA by the Federal government acting as trustee shall be retained by the trustee, without further appropriation, in a separate account in the U.S. Treasury.

(2) All sums (damage claim and assessment costs) recovered pursuant to section 107(f) of CERCLA, or sections 311(f)(4) and (5) of the CWA by a State government acting as trustee shall either:

(i) Be placed in a separate account in the State treasury; or

(ii) Be placed by the responsible party or parties in an interest bearing account payable in trust to the State agency acting as trustee.

(3) All sums (damage claim and assessment costs) recovered pursuant to section 107(f) of CERCLA or sections 311(f)(4) and (5) of the CWA by an Indian tribe shall either:

(i) Be placed in an account in the tribal treasury; or

(ii) Be placed by the responsible party or parties in an interest bearing account payable in trust to the Indian tribe.

(b) *Adjustments.* (1) In establishing the account pursuant to paragraph (a) of this section, the calculation of the expected present value of the damage amount should be adjusted, as appropriate, whenever monies are to be placed in a non-interest bearing account. This adjustment should correct for the anticipated effects of inflation over the time estimated to complete expenditures for the restoration, rehabilitation, replacement, and/or acquisition of equivalent resources.

(2) In order to make the adjustment in paragraph (b)(1) of this section, the authorized official should adjust the damage amount by the rate payable on notes or bonds issued by the United States Treasury with a maturity date that approximates the length of time estimated to complete expenditures for the restoration, rehabilitation, replacement, and/or acquisition of equivalent resources.

(c) *Payments from the account.* Monies that constitute the damage claim amount shall be paid out of the account established pursuant to paragraph (a) of this section only for those actions described in the Restoration Plan required by § 11.93 of this part.

[53 FR 5176, Feb. 22, 1988, as amended at 59 FR 14287, Mar. 25, 1994]

§ 11.93 Post-assessment phase—Restoration Plan.

(a) Upon determination of the amount of the award of a natural resource damage claim as authorized by section 107(a)(4)(C) of CERCLA, or sections 311(f)(4) and 311(f)(5) of the CWA, the authorized official shall prepare a Restoration Plan as provided in section 111(i) of CERCLA. The plan shall be based upon the Restoration and Compensation Determination Plan described in § 11.81 of this part. The Plan shall describe how the monies will be used to address natural resources, specifically what restoration, rehabilitation, replacement, or acquisition of the equivalent resources will occur. When damages for compensable value have been awarded, the Plan shall also describe how monies will be used to address the services that are lost to the public until restoration, rehabilitation, replacement, and/or acquisition of equivalent resources is completed. The Restoration Plan shall be prepared in accordance with the guidance set forth in § 11.81 of this part.

(b) No restoration activities shall be conducted by Federal agencies that would incur ongoing expenses in excess of those that would have been incurred under baseline conditions and that cannot be funded by the amount included in the separate account established pursuant to § 11.92(a) of this part unless such additional monies are appropriated through the normal appropriations process.

(c) Modifications may be made to the Restoration Plan as become necessary

as the restoration proceeds. Significant modifications shall be made available for review by any responsible party, any affected natural resource trustees, other affected Federal or State agencies or Indian tribes, and any other interested members of the public for a period of at least 30 days, with reasonable extensions granted as appropriate, before tasks called for in the modified plan are begun.

(d) If the measure of damages was determined in accordance with subpart D, the restoration plan may describe actions to be taken that are to be financed from more than one damage award, so long as the actions are intended to address the same or similar resource injuries as those identified in each of the subpart D assessment procedures that were the basis of the awards.

[51 FR 27725, Aug. 1, 1986, as amended at 52 FR 9100, Mar. 20, 1987; 53 FR 5176, Feb. 22, 1988; 59 FR 14287, Mar. 25, 1994]

APPENDIX I TO PART 11—METHODS FOR ESTIMATING THE AREAS OF GROUND WATER AND SURFACE WATER EXPOSURE DURING THE PREASSESSMENT SCREEN

This appendix provides methods for estimating, as required in §11.25 of this part, the areas where exposure of ground water or surface water resources may have occurred or are likely to occur. These methods may be used in the absence of more complete information on the ground water or surface water resources.

Ground Water

The longitudinal path length (LPL) factors in table 1 are to be applied in estimating the area potentially exposed downgradient of the known limit of exposure or of the boundary of the site. Estimates of lateral path width (LPW) are to be used when the LPW exceeds the width of the plume as determined from available data, or when the width of the plume at the boundary of the site is estimated as less than the LPW. In the absence of data to the contrary, the largest values of LPL and LPW consistent with the geohydrologic data available shall be used to make the estimates required in the preassessment screen. An example computation using the LPL and LPW factors follows table 1.

TABLE 1—FACTORS FOR ESTIMATION OF AREAS POTENTIALLY EXPOSED VIA THE GROUND WATER PATHWAY

Aquifer type	Hyd. conductivity/porosity factor (miles/year)	Hydraulic gradient estimate (feet/mile)	Time since release began (in years)	Longitudinal path length (in feet)	Lateral path width (in feet)
Sand	50	×	×	=	LPW=0.2LPL
Sand+silt	0.5	×	×	=	LPW=0.3LPL
Gravel	6000	×	×	=	LPW=0.2LPL
Sandstone	0.01	×	×	=	LPW=0.4LPL
Shale	3×10^{-6}	×	×	=	LPW=0.8LPL
Karst Limestone or Dolomite	10	×	×	=	LPW=0.2LPL
Limestone or Dolomite	0.01	×	×	=	LPW=0.4LPL
Fractured Crystalline Rocks	0.3	×	×	=	LPW=0.3LPL
Dense Crystalline Rocks	1×10^{-5}	×	×	=	LPW=0.8LPL

EXAMPLE OF COMPUTATION FOR ESTIMATING THE AREA POTENTIALLY EXPOSED VIA GROUND WATER PATHWAY

A release of hazardous substances occurs from a facility located in a glacial valley. Available data indicate the release may have occurred intermittently over a period of almost 1 year, although only one well about 300 feet downgradient of the facility boundary had detectable quantities of contaminants. The contaminated well is screened in the water table aquifer composed of gravelly sands. The facility boundary nearest the contaminated well is almost 3,000 feet in length, but a review of available data determined the release is probably localized along a 500-foot section of the boundary where a stream leaves the facility. Available water table data indicate hydraulic gradients in the valley range from 0.005 feet/mile up to 0.25 feet/mile near pumping wells. No pumping wells are known to be located near the release, and a mean hydraulic gradient of 0.1 feet/mile is estimated in the vicinity of the release site.

Using the gravel factor from table 1, the LPL and LPW are estimated:

$6000 \times 0.1 \times 1 = 600$ feet (LPL)
and
$600 \times 0.2 = 120$ feet (LPW).

Since the estimated LPW (120 feet) is less than the plume width (500 feet) determined from other available data, the greater number is used to compute the area potentially exposed:

(1) 600 feet×500 feet=300,000 square feet (about 6.9 acres). The available information allows an initial determination of area potentially exposed via the ground water pathway to be estimated:

(2) 300 feet×500 feet=150,000 square feet (about 3.5 acres).

The total area potentially exposed is the sum of (1) and (2):

6.9+3.5=10.4 acres.

Surface Water

The area of surface water resources potentially exposed should be estimated by applying the principles included in the examples provided below.

EXAMPLE 1: A release occurs and most of the oil or hazardous substance enters a creek, stream, or river instantaneously or over a short time interval (pulse input is assumed). The maximum concentration at any downstream location, past the initial mixing distance, is estimated by:

$C_p = 25(W_i)/(T^{0.7}Q)$

where C_p is the peak concentration, in milligrams/liter (mg/L),

W_i is the total reported (or estimated) weight of the undiluted substance released, in pounds,

Q is the discharge of the creek, stream, or river, in cubic feet/second, and

T is the time, in hours, when the peak concentration is estimated to reach a downstream location L, in miles from the entry point.

The time T may be estimated from:

$T = 1.5(L)/V_s$

where T and L are defined as above and .Q02

V_s is the mean stream velocity, in feet per second.

The mean stream velocity may be estimated from available discharge measurements or from estimates of slope of the water surface S (foot drop per foot distance downstream) and estimates of discharge Q (defined above) using the following equations:

for pool and riffle reaches $V_s = 0.38(Q^{0.40})(S^{0.20})$, or

for channel-controlled reaches $V_s = 2.69(Q^{0.26})(S^{0.28})$.

Estimates of S may be made from the slope of the channel, if necessary.

As the peak concentrations become attenuated by downstream transport, the plume containing the released substance becomes elongated. The time the plume might take to pass a particular point downstream may be estimated using the following equation:

$T_p = 9.25 \times 10^6 W_i/(QC_p)$

where

T_p is the time estimate, in hours, and W_i, C_p, and Q are defined above.

EXAMPLE 2: A release occurs and most of the oil or hazardous substance enters a creek, stream, or river very slowly or over a long time period (sustained input assumed). The maximum concentration at any downstream location, past the initial mixing distance, is estimated by:

$C_p = C(q)/(Q+q)$

where C_p and Q are defined above,

C is the average concentration of the released substance during the period of release, in mg/L, and

q is the discharge rate of the release into the streamflow, in cubic feet/second.

For the above computations, the initial mixing distance may be estimated by:

$L_m = (1.7 \times 10^{-5}) V_s B^2/(D^{1.5} S^{0.5})$

where

L_m is the initial mixing distance, in miles,

V_s is defined above,

B is the average stream surface width, in ft,

D is the mean depth of the stream, in ft, and

S is the estimated water-surface slope, in ft/ft.

EXAMPLE 3: A release occurs and the oil or hazardous substance enters a pond, lake, reservoir, or coastal body of water. The concentration of soluble released substance in the surface water body may be estimated by:

$C_p = CV_c/(V_w + V_c)$

where

C_p and C are defined above,

V_c is the estimated total volume of substance released, in volumetric units, and

V_w is the estimated volume of the surface water body, in the same volumetric units used for V_c.

[51 FR 27725, Aug. 1, 1986, as amended at 52 FR 9100, Mar. 20, 1987]

APPENDIX II TO PART 11—FORMAT FOR DATA INPUTS AND MODIFICATIONS TO THE NRDAM/CME

This appendix specifies the format for data inputs and modifications to the NRDAM/CME under §11.41. Consult the back of this appendix for definitions.

Starting Point for the NRDAM/CME

The NRDAM/CME begins its calculations at the point that the released substance entered water in an area represented by its geographic database. Any water within the geographic boundaries of the NRDAM/CME is a ''coastal or marine environment.'' The authorized official must determine all data inputs and modifications as of the time and location that the released substance entered a coastal or marine environment. In the case of a release that began in water in an area within the boundaries of the NRDAM/CME, this point will be the same as the point of the release. However, for releases that begin on land or that begin outside the boundaries of the NRDAM/CME, this point will not be the point of the release but rather the point at which the released substance migrates into a coastal or marine environment.

Required Data Inputs

Documentation of the source of the data inputs; and

Identity of Substance

For release of single substance:

Name of the substance that entered a coastal or marine environment as it appears in Table 7.1, Volume I of the NRDAM/CME technical document (incorporated by reference, see §11.18).

For releases of two or more substances or a release of a mixture of two or more substances:

Name of only one of the substances that entered a coastal or marine environment as it appears in Table 7.1, Volume I of the NRDAM/CME technical document.

Mass or Volume

For release of single substance:

Mass or volume of identified substance that entered a coastal or marine environment stated in tonnes, barrels, gallons, liters, pounds, or kilograms.

For releases of two or more substances or a release of a mixture of two or more substances:

Mass or volume of the one identified substance (rather than total mass) that entered a coastal or marine environment stated in tonnes, barrels, gallons, liters, pounds, or kilograms.

Duration

Length of time over which the identified substance entered a coastal or marine environment stated in hours.

Time

Year, month, day, and hour when the identified substance first entered a coastal or marine environment.

Location

Latitude and longitude, stated in degrees and decimal minutes, where the identified substance entered a coastal or marine environment.

Winds

At least one set of data on prevailing wind conditions for each day of the 30-day period beginning 24 hours before the identified substance entered a coastal or marine environment. Each set must include:

Wind velocity stated in knots or meters per second; and

Corresponding wind direction stated in the degree angle of the wind's origin.

[One possible source of information is the National Climatic Data Center, Asheville, NC (703) 271–4800.]

Response Actions

If removed from water surface:

A rectangular geographic area encompassing the surface water area over which the released substance was likely to have spread, stated in terms of the northern- and southern-most latitude, and the eastern- and western-most longitude;

One or more time frames for removal stated in terms of the number of days and hours after the identified substance entered a coastal or marine environment that removal began and ended; and

For each time frame, volume of the identified substance removed from the water surface (not the total volume of contaminated water or sediments removed) stated in barrels, gallons, or cubic meters.

If removed from shoreline:

A rectangular geographic area encompassing the shoreline area over which the released substance was likely to have spread, stated in terms of the northern- and southern-most latitude, and the eastern- and western-most longitude;

One or more time frames for removal stated in terms of the number of days and hours after the identified substance entered a coastal or marine environment that removal began and ended; and

For each time frame, volume of the identified substance removed (not the total volume of contaminated water or sediments removed) stated in barrels, gallons, or cubic meters.

Closures

Documentation that the closure was ordered by an appropriate agency as a result of the release;

Province(s) in which closure occurred; and

For beaches:

Whether the beach was Federal or State (including municipal or county);

Number of days of closure stated by calendar month; and

Length of shoreline closed, stated in kilometers, for each month in which closure occurred.

For fisheries and shellfish harvest areas:

Whether area closed was seaward open water, landward open water, or structured;

Number of days of closure; and

Area closed stated in square kilometers.

For furbearer hunting or trapping areas and waterfowl hunting areas:

Number of days of closure; and

Area closed stated in square kilometers.

Implicit Price Deflator

Quarterly implicit price deflator for the Gross National Product (base year 1992) for the quarter in which the identified substance entered a coastal or marine environment. [See the Survey of Current Business, published by the U.S. Department of Commerce/Bureau of Economic Analysis, 1441 L Street, NW, Washington, D.C., 20230, (202) 606–9900.]

Currents

For a rectangular geographic area encompassing the area affected by the release stated in terms of the northern- and southernmost latitude, and the eastern- and westernmost longitude:

At least one set of data concerning background (mean) current consisting of—

An east-west (U) velocity stated in centimeters per second or knots;

A north-south (V) velocity stated in centimeters per second or knots; and

Latitude and longitude of the origin of the U and V velocity components.

At least one set of data concerning tidal current at time of flood stage (i.e., rising tide) consisting of—

An east-west (U) velocity stated in centimeters per second or knots;

A north-south (V) velocity stated in centimeters per second or knots; and

Latitude and longitude of the origin of the U and V velocity components.

[Possible sources of information are: the National Ocean Service, U.S. Department of Commerce, Riverdale, MD (310) 436–6990; and the Eldridge Tide and Pilot Book, Robert Eldridge White Publisher, Boston, MA (617) 742–3045.]

Tides

Hour of high tide on the day that the identified substance entered a coastal or marine environment;

Tidal range at point that the identified substance entered a coastal or marine environment stated in meters; and

Whether the tide in the area affected by the release is diurnal (i.e., completes one full cycle every day) or semi-diurnal (i.e., completes two full cycles every day).

Modifications to the NRDAM/CME Databases (if Any)

Documentation of the source of the modification; and

For air temperature:

Air temperature, stated in degrees Celsius, assigned by the NRDAM/CME at the point that the identified substance entered a coastal or marine environment (see Table III.3.2, Volume III of the NRDAM/CME technical document); and

Substitute air temperature stated in degrees Celsius.

For water temperature at the surface:

Water temperature at the surface, stated in degrees Celsius, assigned by the NRDAM/CME at the point that the identified substance entered a coastal or marine environment (see Table III.3.3, Volume III of the NRDAM/CME technical document); and

Substitute water temperature stated in degrees Celsius.

For total suspended sediment concentration:

Total suspended sediment concentration, stated in milligrams per liter, assigned by the NRDAM/CME at the point that the identified substance entered a coastal or marine environment (see Section 3, Volume I of the NRDAM/CME technical document); and

Substitute suspended sediment concentration stated in milligrams per liter.

For mean settling velocity of suspended solids:

Mean settling velocity of suspended sediments, stated in meters per day, assigned by the NRDAM/CME at the point that the identified substance entered a coastal or marine environment (see Section 3, Volume I of the NRDAM/CME technical document); and

Substitute suspended sediment concentration stated in milligrams per liter.

For habitat type:

Latitude and longitude bounds of area for which the habitat type is being modified;

Habitat type assigned by the NRDAM/CME (see Section 3.4, Volume III of the NRDAM/CME technical document); and

Substitute habitat type.

For releases in Alaska, if the authorized official leaves the ice modeling function off, he or she must provide documentation that ice was absent at the site of the release.

Definitions

Background (mean) current—net long-term current flow (i.e., one direction only), attributable to forces such as winds, river flow, water density, and tides, that remains when all the oscillatory (tidal) components have been removed either mathematically or by measurement techniques.

Landward open water—a body of water that does not contain vegetation (e.g., wetland, seagrass, or kelp) or invertebrate reef (e.g., coral reef) and is classified as ''landward'' in

Table 6.2, Volume I of the NRDAM/CME technical document.

Province—one of the geographic areas delineated in Table 6.1, Volume I of the NRDAM/CME technical document.

Seaward open water—a body of water that does not contain vegetation (e.g., wetlands, seagrass, or kelp) or invertebrate reef (e.g., coral reef) and is classified as ''seaward'' in Table 6.2, Volume I of the NRDAM/CME technical document.

Structured—in an area that contains vegetation (e.g., wetlands, seagrass, or kelp) or invertebrate reef (e.g., coral reef).

Tidal current—currents caused by alternating rise and fall of the sea level due to the gravitational forces between the earth, moon, and sun.

Tidal range—difference between the highest and lowest height of the tide.

[61 FR 20612, May 7, 1996]

APPENDIX III TO PART 11—FORMAT FOR DATA INPUTS AND MODIFICATIONS TO THE NRDAM/GLE

This appendix specifies the format for data inputs and modifications to the NRDAM/GLE under §11.41. Consult the back of this appendix for definitions.

Point of Analysis

The NRDAM/GLE begins its calculations at the point that the released substance entered water in an area represented by its geographic database. Any water within the geographic boundaries of the NRDAM/GLE is a ''Great Lakes environment.'' The authorized official must determine all data inputs and modifications as of the time and location that the released substance entered a Great Lakes environment. In the case of a release that began in water in an area within the boundaries of the NRDAM/GLE, this point will be the same as the point of the release. However, for releases that begin on land or that begin outside the boundaries of the NRDAM/GLE, this point will not be the point of the release but rather the point at which the released substance migrates into a Great Lakes environment.

Required Data Inputs

Documentation of source of data inputs; and

Identity of Substance

For release of single substance:

Name of the released substance that entered a Great Lakes environment as it appears in Table 7.1, Volume I of the NRDAM/GLE technical document (incorporated by reference, see §11.18).

For releases of two or more substances or a release of a mixture of two or more substances:

Name of only one of the released substances that entered a Great Lakes environment as it appears in Table 7.1, Volume I of the NRDAM/GLE technical document.

Mass or Volume

For releases of single substance:

Mass or volume of identified substance that entered a Great Lakes environment stated in tonnes, barrels, gallons, liters, pounds, or kilograms.

For releases of two or more substances or a release of a mixture of two or more substances:

Mass or volume of the one identified substance (rather than total mass) that entered a Great Lakes environment stated in tonnes, barrels, gallons, liters, pounds, or kilograms.

Duration

Length of time over which the identified substance entered a Great Lakes environment stated in hours.

Time

Year, month, day, and hour when the identified substance first entered a Great Lakes environment.

Location

Latitude and longitude, stated in degrees and decimal minutes, where the identified substance entered a Great Lakes environment.

Winds

At least one set of data on prevailing wind conditions for each day of the 30-day period beginning 24 hours before the identified substance entered a Great Lakes environment. Each set must include:

Wind velocity stated in knots or meters per second; and Corresponding wind direction stated in the degree angle of the wind's origin.

[One possible source of information is the National Climatic Data Center, Asheville, NC (703) 271–4800.]

Response Actions

Percentage of identified substance removed from water surface, bottom sediments, and shoreline; and

For each medium cleaned (water surface, bottom sediments, or shoreline), the number of days after the identified substance entered a Great Lakes environment that removal began and ended.

Closures

Documentation that the closure was ordered by an appropriate agency as a result of the release; and

For boating areas:

Number of weekend days of closure stated by calendar month;

Number of weekday days of closure stated by calendar month; and

Area closed stated in square kilometers.

For beaches:

Whether the beach was Federal or State (including municipal or county);

Number of days of closure stated by calendar month; and

Length of shoreline closed stated in meters.

For fisheries:

Whether area closed was an offshore, nearshore, or wetland fishery;

Number of days of closure; and

Area closed stated in square kilometers.

For furbearer hunting or trapping areas and waterfowl hunting areas:

Number of days of closure; and

Area closed stated in square kilometers.

Implicit Price Deflator

Quarterly implicit price deflator for the Gross National Product (base year 1992) for the quarter in which the identified substance entered a Great Lakes environment. [See the Survey of Current Business, published by the U.S. Department of Commerce/Bureau of Economic Analysis, 1441 L Street, NW, Washington, D.C., 20230, (202) 606–9900.]

MODIFICATIONS TO THE NRDAM/GLE DATABASES (IF ANY)

Documentation of the source of the modifications; and

For air temperature:

Air temperature, stated in degrees Celsius, assigned by the NRDAM/GLE at the point that the identified substance entered a Great Lakes environment (see Table III.6.1, Volume III of the NRDAM/GLE technical document); and

Substitute air temperature stated in degrees Celsius.

For water temperature at the surface:

Water temperature at the surface, stated in degrees Celsius, assigned by the NRDAM/GLE at the point that the identified substance entered a Great Lakes environment (see Table III.6.2.6, Volume III of the NRDAM/GLE technical document); and

Substitute water temperature stated in degrees Celsius.

For total suspended sediment concentration:

Total suspended sediment concentration, stated in milligrams per liter, assigned by the NRDAM/GLE at the point that the identified substance entered a Great Lakes environment (see Section 3, Volume I of the NRDAM/GLE technical document); and

Substitute suspended sediment concentration stated in milligrams per liter.

For mean settling velocity of suspended solids:

Mean settling velocity of suspended sediments, stated in meters per day, assigned by the NRDAM/GLE at the point that the identified substance entered a Great Lakes environment (see Section 3, Volume I of the NRDAM/GLE technical document); and

Substitute suspended sediment concentration stated in milligrams per liter.

For habitat type:

Latitude and longitude bounds of area for which the habitat type is being modified;

Habitat type assigned by the NRDAM/GLE (see Section 6.2, Volume III of the NRDAM/GLE technical document); and

Substitute habitat type.

If the authorized official turns off the ice modeling function, then he or she must provide documentation that ice was absent from the site of the release.

Definitions

Nearshore fishery—fishery in an open water area that is less than 30 feet in depth or is in a connecting channel.

Offshore fishery—fishery in an open water area that is 30 feet or more in depth.

Wetland fishery—fishery that is not in an open water area.

[61 FR 20614, May 7, 1996]

PART 12—ADMINISTRATIVE AND AUDIT REQUIREMENTS AND COST PRINCIPLES FOR ASSISTANCE PROGRAMS

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APPENDIX A TO SUBPART F—CONTRACT PROVISIONS

AUTHORITY: 5 U.S.C. 301; 31 U.S.C. 6101 note, 7501; 41 U.S.C. 252a, 701 *et seq*; sec. 505, Pub. L. 104–46, 109 Stat. 419; sec. 307, Pub. L. 104–134, 110 Stat. 1321; E.O. 12549, 3 CFR, 1986 Comp., p. 189; E.O. 12674, 3 CFR, 1989 Comp., 215; E.O. 12689, 3 CFR, 1989 Comp., p. 235; E.O. 12731, 3 CFR, 1990 Comp., p. 306; OMB Circular A–102; OMB Circular A–110; OMB Circular A–128; and OMB Circular A–133.

CROSS REFERENCE: See also Office of Management and Budget notice published at 55 FR 21679, May 25, 1990, and 60 FR 33036, June 26, 1995.

EDITORIAL NOTE: For additional information, see related documents published at 49 FR 24958, June 18, 1984; 52 FR 20178 and 20360, May 29, 1987; 53 FR 8028, Mar. 11, 1988; 53 FR 19160, May 26, 1988; and 53 FR 34474, Sept. 6, 1988.

Subpart A—Administrative and Audit Requirements and Cost Principles for Assistance Programs

SOURCE: 50 FR 6176, Feb. 14, 1985 and 56 FR 45898, Sept. 9, 1991, unless otherwise noted.

§ 12.1 Scope of part.

This part prescribes administrative requirements and cost principles for grants and cooperative agreements entered into by the Department.

§ 12.2 Policy.

(a) All financial assistance awards and subawards, in the form of grants and cooperative agreements, in accordance with paragraph (b) below, are subject to subpart C of this part, OMB Circulars A–102, ''Grants and Cooperative Agreements with State and Local Governments,'' A–110, ''Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations,'' A–87, ''Cost Principles for State and Local Governments,'' A–21, ''Cost Principles for Educational Institutions,'' A–122, ''Cost Principles for Nonprofit Organizations,'' A–128, ''Audit Requirements for State and Local Governments, and A–133, ''Audits of Institutions of Higher Education and other Nonprofit Institutions,'' as revised. (The Department's implementation of OMB Circular A–128 is subpart B of this part.)

(b)(1) Governmental recipients and subrecipients are subject to subpart C of this part, Circulars A–87 and A–128.

(2) Institutions of higher education which are recipients or subrecipients are subject to Circulars A–110, A–21, and A–133.

(3) Nonprofit organizations which are recipients or subrecipients are subject to Circulars A–110, A–122, and A–133.

(c) The circulars prescribed by this part published in the FEDERAL REGISTER are made a part of this regulation and include changes published in the FEDERAL REGISTER by OMB.

(d)(1) Federal ethics and conduct regulations contained in 5 CFR part 2635 implement Executive Order 12674, 3 CFR, 1989 Comp., p. 215 (as modified by Executive Order 12731, 3 CFR, 1990 Comp., p. 306), ''Principles of Ethical Conduct for Government Officers and Employees,'' by prohibiting employees from endorsing in an official capacity the proprietary products or processes of manufacturers or the services of commercial firms for advertising, publicity, or sales purposes. The Department's use of materials, products, or services does not constitute official endorsement.

(2) The policy in paragraph (d)(1) of this section applies to a grant/cooperative agreement whose principal purpose is a partnership where the recipient/partner contributes resources to promote agency programs, publicize agency activities, assists in fundraising, or provides assistance to the agency. In the event that such a grant/cooperative agreement is awarded to a recipient, other than a State government, a local government, or a federally-recognized Indian tribal government, and authorizes joint dissemination of information and promotion of activities being supported, the following provision shall be made a term and condition of the award:

GRANT/COOPERATIVE AGREEMENT PROVISION

Recipient shall not publicize or otherwise circulate, promotional material (such as advertisements, sales brochures, press releases, speeches, still and motion pictures, articles, manuscripts or other publications) which states or implies governmental, Departmental, bureau, or government employee endorsement of a product, service, or position which the recipient represents. No release of

information relating to this award may state or imply that the Government approves of the recipient's work products, or considers the recipient's work product to be superior to other products or services.

All information submitted for publication or other public releases of information regarding this project shall carry the following disclaimer:

The views and conclusions contained in this document are those of the authors and should not be interpreted as representing the opinions or policies of the U.S. Government. Mention of trade names or commercial products does not constitute their endorsement by the U.S. Government.

Recipient must obtain prior Government approval for any public information releases concerning this award which refer to the Department of the Interior or any bureau or employee (by name or title). The specific text, layout photographs, etc. of the proposed release must be submitted with the request for approval.

A recipient further agrees to include this provision in a subaward to any subrecipient, except for a subaward to a State government, a local government, or to a federally-recognized Indian tribal government.

[End of Provision]

(3) Recipient requests for clearance of public releases will be reviewed using existing public information mechanisms through the appropriate Public Affairs Office and with consultation with the cognizant Ethics Officer.

[50 FR 6176, Feb. 14, 1985, as amended at 53 FR 8077, Mar. 11, 1988; 56 FR 45898, Sept. 9, 1991; 59 FR 17712, Apr. 14, 1994]

§ 12.3 Effect on prior issuances.

(a) All provisions of Department of the Interior nonregulatory program manuals, handbooks and other materials which are inconsistent with the above OMB Circulars are superseded, except to the extent that they are (1) required by statute, or (2) authorized in accordance with the exceptions provisions of each circular.

(b) Except to the extent inconsistent with the regulations in 43 CFR part 12, subpart C, all existing Department of the Interior regulations in 25 CFR parts 23, 27, 39, 40, 41, 256, 272, 278, and 276; 30 CFR parts 725, 735, 884, 886, and 890; 36 CFR parts 60, 61, 63, 65, 67, 72, and 800; 43 CFR parts 26 and 32; and 50 CFR parts 80, 81, 82, 83, and 401 are not superseded by these regulations nor are any paperwork approvals under the Paperwork Reduction Act.

[50 FR 6176, Feb. 14, 1985, as amended at 53 FR 8077, Mar. 11, 1988]

§ 12.4 Information collection requirements.

Information collections in addition to those required by applicable OMB Circulars will be cleared by responsible bureaus and offices on an individual basis.

§ 12.5 Waiver.

Only OMB can grant exceptions from the requirements of these Circulars when exceptions are not prohibited under existing laws.

Subpart B—Audit Requirements for State and Local Governments

SOURCE: 50 FR 25224, June 18, 1985, unless otherwise noted.

§ 12.11 Purpose.

This circular is issued pursuant to section 7505 of the Single Audit Act of 1984, (Pub. L. 98–502), and OMB Circular A–128. It establishes audit requirements for State and local governments that receive Federal aid, through the U.S. Department of the Interior and defines the Department's responsibilities for implementing and monitoring those requirements.

§ 12.12 Supersession.

The rule supersedes the requirements of Attachment P, ''Audit Requirements,'' dated October 22, 1979, to OMB Circular A–102, ''Uniform requirements for grants to State and local governments,'' among recipients of assistance for which the Department of the Interior is the cognizant audit agency.

§ 12.13 Background.

The Single Audit Act builds upon earlier efforts to improve audits of Federal aid programs. The Act requires State or local governments that receive $100,000 or more a year in Federal funds to have an audit made for that year. Section 7505 of the Act requires the Director of the Office of Management and Budget to prescribe policies,

procedures and guidelines to implement the Act. It specifies that the Director shall designate ''cognizant'' Federal agencies, determine criteria for making appropriate charges to Federal programs for the cost of audits, and provide procedures to assure that small firms or firms owned and controlled by disadvantaged individuals have the opportunity to participate in contracts for single audits.

§12.14 Policy.

The Single Audit Act requires the following:

(a) State or local governments that receive $100,000 or more a year in Federal financial assistance shall have an audit made in accordance with this Circular.

(b) State or local governments that receive between $25,000 and $100,000 a year have an audit made in accordance with this Circular, or in accordance with Federal laws and regulations governing the programs they participate in.

(c) State or local governments that receive less than $25,000 a year shall be exempt from compliance with the Act and other Federal audit requirements. These State and local governments shall be governed by audit requirements prescribed by State or local law or regulation.

(d) Nothing in this paragraph exempts State or local governments from maintaining records of Federal financial assistance or from providing access to such records to Federal agencies, as provided for in Federal law or in Circular A–102, ''Uniform requirements for grants to State or local governments.''

§12.15 Definitions.

For the purposes of this rule the following definitions from the Single Audit Act apply:

(a) *Cognizant agency* means the Federal agency assigned by the Office of Management and Budget to carry out the responsibilities described in §12.21 of this rule.

(b) *Federal financial assistance* means assistance provided by a Federal agency in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations, but does not include direct Federal cash assistance to individuals. It includes awards received directly from Federal agencies, or indirectly through other units of State or local governments.

(c) *Federal agency* has the same meaning as the term 'agency' in section 551 (1) of title 5, U.S. Code.

(d) *Generally accepted accounting principles* has the meaning specified in the generally accepted government auditing standards.

(e) *Generally accepted government auditing standards* means the *Standards for Audit of Government Organizations, Programs, Activities, and Functions,* developed by the Comptroller General, dated February 27, 1981.

(f) *Independent auditor* means:

(1) A State or local government auditor who meets the independence standards specified in generally accepted government auditing standards; or

(2) A public accountant who meets such independence standards.

(g) *Internal controls* means the plan of organization and methods and procedures adopted by management to ensure that:

(1) Resource use is consistent with laws, regulations, and policies;

(2) Resources are safeguarded against waste, loss, and misuse; and

(3) Reliable data are obtained, maintained, and fairly disclosed in reports.

(h) *Indian tribe* means any Indian tribe, band, nation, or other organized group or community, including any Alaskan Native village or regional or village corporations (as defined in, or established under, the Alaskan Native Claims Act) that is recognized by the United States as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(i) *Local government* means any unit of local government within a State, including a county, a borough, municipality, a city, town, township, parish, local public authority, special district, school district, intrastate district, council of governments, and any other instrumentality of local government.

(j) *Major Federal assistance program,* as defined by Public Law 98–502, is described in the appendix to this rule.

(k) *Public accountants* means those individuals who meet the qualification standards included in generally accepted government auditing standards for personnel performing government audits.

(l) *State* means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the trust Territory of the Pacific Islands, any instrumentality thereof, and any multi-State regional, or interstate entity that has governmental functions and any Indian tribe.

(m) *Subrecipient* means any person or government department, agency, or establishment that receives Federal financial assistance to carry out a program through a State or local government, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a direct recipient of Federal financial assistance.

§ 12.16 Scope of audit.

The Single Audit Act provides that:

(a) The audit shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial and compliance audits.

(b) The audit shall cover the entire operations of a State or local government or, at the option of that government, it may cover departments, agencies or establishment that received, expended, or otherwise administered Federal financial assistance during the year. However, if a State or local government receives $25,000 or more in General Revenue Sharing Funds in a fiscal year, it shall have an audit of its entire operations. A series of audits of individual departments, agencies, and establishments for the same fiscal year may be considered a single audit.

(c) Public hospitals and public colleges and universities may be excluded from State and local audits and the requirements of this rule. However, if such entities are excluded, audits of these entities shall be made in accordance with statutory requirements for grants to universities, hospitals, and other nonprofit organizations.

(d) The auditor shall determine whether:

(1) The financial statements of the government, department, agency or establishment present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles;

(2) The organization has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations; and

(3) The organization has complied with laws and regulations that may have a material effect on its financial statements and on each major Federal assistance program.

§ 12.17 Frequency of audit.

Audits shall be made annually unless the State or local government has, by January 1, 1987, a constitutional or statutory requirement for less frequent audits. For those governments, the cognizant agency shall permit biennial audits, covering both years, if the government so requests. It shall honor requests for biennial audits by governments that have administrative policy calling for audits less frequent than annual, but only for fiscal years beginning before January 1, 1987.

§ 12.18 Internal control and compliance reviews.

The Single Audit Act requires that the independent auditor determine and report on whether the organization has internal control systems to provide reasonable assurance that it is managing Federal assistance programs in compliance with applicable laws and regulations.

(a) *Internal control review*. In order to provide this assurance the auditor must make a study and evaluation of internal control systems used in administering Federal assistance programs. The study and evaluation must be made whether or not the auditor intends to place reliance on such systems. As part of this review, the auditor shall:

(1) Test whether these internal control systems are functioning in accordance with prescribed procedures.

(2) Examine the recipient's system for monitoring subrecipients and obtaining and acting on subrecipient audit reports.

(b) *Compliance review*. The law also requires the auditor to determine whether the organization has complied with laws and regulations that may have a material effect on each major Federal assistance program.

(1) In order to determine which major programs are to be tested for compliance, State and local governments shall identify in their accounts all Federal funds received and expended and the programs under which they were received. This shall include funds received from Federal agencies and through other State and local governments.

(2) The review must include the selection and testing of a representative number of charges from each major Federal assistance program. The selection and testing of transactions shall be based on the auditor's professional judgment considering such factors as the amount of expenditures for the program and the individual awards; the newness of the program or changes in its conditions; prior experience with the program, particularly as revealed in audits and other evaluations (e.g., inspections, program reviews); the extent to which the program is carried out through subrecipients; the extent to which the program contracts for goods or services; the level to which the program is already subject to program reviews or other forms of independent oversight; the adequacy of the controls for ensuring compliance; the expectation of adherence or lack of adherence to the applicable laws and regulations; and the potential impact of adverse findings.

(i) In making the test of transactions, the auditor shall determine whether:

The amounts reported as expenditures were for allowable services, and

The records show that those who received services or benefits were eligible to receive them.

(ii) In addition to transaction testing, the auditor shall determine whether:

Matching requirements, levels of effort and earmarking limitations were met,

Federal financial reports and claims for advances and reimbursements contain information that is supported by the books and records from which the basic financial statements have been prepared, and

Amounts claimed or used for matching were determined in accordance with OMB Circular A–87, ''Cost principles for State and local governments,'' and Attachment F of Circular A–102, ''Uniform requirements for grants to State and local governments.''

(iii) The principal compliance requirements of the largest Federal aid programs may be ascertained by referring to *Compliance Supplement for Single Audits of State and Local Governments,* issued by OMB and available from the Government Printing Office. For those programs not covered in the Compliance Supplement, the auditor may ascertain compliance requirements by researching the statutes, regulations, and agreements governing individual programs.

(3) Transactions related to other Federal assistance programs that are selected in connection with examinations of financial statements and evaluations of internal controls shall be tested for compliance with Federal laws and regulations that apply to such transactions.

§ 12.19 Subrecipients.

State or local governments that receive Federal financial assistance and provide $25,000 or more of it in a fiscal year to a subrecipient shall:

(a) Determine whether State or local subrecipients have met the audit requirements of this rule and whether subrecipients covered by Circular A–110, ''Uniform requirements for grants to universities, hospitals, and other nonprofit organizations,'' have met that requirement;

(b) Determine whether the subrecipient spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subrecipient made in accordance with this rule, OMB Circular A–110, or through other means (e.g. program reviews) if the subrecipient has not yet had such an audit.

(c) Ensure that appropriate corrective action is taken within six months

after receipt of the audit report in instances of noncompliance with Federal laws and regulations;

(d) Consider whether subrecipient audits necessitate adjustment of the recipient's own records; and

(e) Require each subrecipient to permit independent auditors to have access to the records and financial statements as necessary to comply with this rule.

§ 12.20 Relation to other audit requirements.

The Single Audit Act provides that an audit made in accordance with this rule shall be in lieu of any financial or financial compliance audit required under individual Federal assistance programs. To the extent that a single audit provides Federal agencies with information and assurances they need to carry out their overall responsibilities, they shall rely upon and use such information. However, a Federal agency shall make any additional audits which are necessary to carry out its responsibilities under Federal law and regulation. Any additional Federal audit effort shall be planned and carried out in such a way as to avoid duplication.

(a) The provisions of this rule do not limit the authority of Federal agencies to make, or contract for audits and evaluations of Federal financial assistance programs, nor do they limit the authority of any Federal agency Inspector General or other Federal audit official.

(b) The provisions of this rule do not authorize any State or local government or subrecipient thereof to constrain Federal agencies, in any manner, from carrying out additional audits.

(c) A Federal agency that makes or contracts for audits made by recipients pursuant to this rule shall, consistent with other applicable laws and regulations, arrange for funding the cost of such additional audits. Such additional audits include economy and efficiency audits, program results audits, and program evaluations.

§ 12.21 Department of the Interior responsibilities.

The Single Audit Act provides for cognizant Federal agencies to oversee the implementation of OMB Circular A–128 and this rule.

(a) The Office of Management and Budget will assign cognizant agencies for States and their subdivisions. Other Federal agencies may participate with an assigned cognizant agency, in order to fulfill the cognizance responsibilities. Smaller governments not assigned a cognizant agency will be under the general oversight of the Federal agency that provides them the most funds whether directly or indirectly.

(b) A cognizant agency shall have the following responsibilities:

(1) Ensure that audits are made and reports are received in a timely manner and in accordance with the requirements of this rule.

(2) Provide technical advice and liaison to State and local governments and independent auditors.

(3) Obtain or make quality control reviews of selected audits made by non-Federal organizations, and provide the results, when appropriate, to other interested organizations.

(4) Promptly inform other affected Federal agencies and appropriate Federal law enforcement officials of any reported illegal acts or irregularities. They should also inform State or local law enforcement and prosecuting authorities, if not advised by the recipient, of any violation of law within their jurisdiction.

(5) Advise the recipient of audits that have been found not to have met the requirements set forth in this rule. In such instances, the recipient will be expected to work with the auditor to take corrective action. If corrective action is not taken, the cognizant agency shall notify the recipient and Federal awarding agencies of the facts and make recommendations for followup action. Major inadequacies or repetitive substandard performance of independent auditors shall be referred to appropriate professional bodies for disciplinary action.

(6) Coordinate, to the extent practicable, audits made by or for Federal

agencies that are in addition to the audits made pursuant to this rule; so that the additional audits build upon such audits.

(7) Oversee the resolution of audit findings that affect the programs of more than one agency.

§12.22 Illegal acts or irregularities.

If the auditor becomes aware of illegal acts or other irregularities, prompt notice shall be given to recipient management officials above the level of involvement. (See also §12.23(a)(3) of this part for the auditor's reporting responsibilities.) The recipient, in turn, shall promptly notify the cognizant agency of the illegal acts or irregularities and of proposed and actual actions, if any. Illegal acts and irregularities include such matters as conflicts of interest, falsification of records or reports, and misappropriations of funds or other assets.

§12.23 Audit reports.

Audit reports must be prepared at the completion of the audit. Reports serve many needs of State and local governments as well as meeting the requirements of the Single Audit Act.

(a) The audit report shall state that the audit was made in accordance with the provisions of OMB Circular A–128. The report shall be made up of at least:

(1) The auditor's report on financial statements and on a schedule of Federal assistance; the financial statements; and a schedule of Federal assistance, showing the total expenditures for each Federal assistance program as identified in the *Catalog of Federal Domestic Assistance.* Federal programs or grants that have not been assigned a catalog number shall be identified under the caption ''other Federal assistance.''

(2) The auditor's report on the study and evaluation of internal control systems must identify the organization's significant internal accounting controls, and those controls designed to provide reasonable assurance that Federal programs are being managed in compliance with laws and regulations. It must also identify the controls that were evaluated, the controls that were not evaluated, and the material weaknesses identified as a result of the evaluation.

(3) The auditor's report on compliance containing:

A statement of positive assurance with respect to those items tested for compliance, including compliance with law and regulations pertaining to financial reports and claims for advances and reimbursements.

Negative assurance on those items not tested;

Summary of all instances of noncompliance; and

An identification of total amounts questioned, if any, for each Federal assistance award, as a result of noncompliance.

(b) The three parts of the audit report may be bound into a single report, or presented at the same time as separate documents.

(c) All fraud, abuse, or illegal acts or indications of such acts, including all questioned costs found as the result of these acts of which the auditors become aware, should normally be covered in a separate written report submitted in accordance with paragraph (f) of this section.

(d) In addition to the audit report, the recipient shall provide comments on the findings and recommendations in the report, including a plan for corrective action taken or planned and comments on the status of corrective action taken on prior findings. If corrective action is not necessary, a statement describing the reason it is not should accompany the audit report.

(e) The reports shall be made available by the State or local government for public inspection within 30 days after the completion of the audit.

(f) In accordance with generally accepted government audit standards, reports shall be submitted by the auditor to the organization audited and to those requiring or arranging for the audit. In addition, the recipient shall submit copies of the reports to each Federal department or agency that provided Federal assistance funds to the recipient. Subrecipients shall submit copies to the recipients that provided them Federal assistance funds. The reports shall be sent within 30 days after the completion of the audit, but no later than one year after the end of

the audit period unless a longer period is agreed to with the cognizant agency.

(g) Recipients of more than $100,000 in Federal funds shall submit one copy of the audit report within 30 days after issuance to a central clearinghouse to be designated by the Office of Management and Budget. The clearinghouse will keep completed audits on file and follow up with State and local governments that have not submitted required audit reports.

(h) Recipients shall keep audit reports on file for three years from their issuance.

§ 12.24 Audit resolution.

As provided in § 12.21, the cognizant agency shall be responsible for monitoring the resolution of audit findings that affect the programs of more than one Federal agency. Resolution of findings that relate to the programs of a single Federal agency will be the responsibility of the recipient and that agency. Alternate arrangements may be made on a case-by-case basis by agreement among the agencies concerned. Resolution shall be made within six months after receipt of the report by the Federal departments and agencies. Corrective action should proceed as rapidly as possible.

§ 12.25 Audit workpapers and reports.

Workpapers and reports shall be retained for minimum of three years from the date of the audit report, unless the auditor is notified in writing by the cognizant agency to extend the retention period. Audit workpapers shall be made available upon request to the cognizant agency or its designee or the General Accounting Office, at the completion of the audit.

§ 12.26 Audit costs.

The cost of audits made in accordance with the provisions of this Circular are allowable charges to Federal assistance programs.

(a) The charges may be considered a direct cost or an allocated indirect cost, determined in accordance with the provision of Circular A–87, ''Cost principles for State and local governments.''

(b) Generally, costs charged to Federal assistance programs for a single audit shall be consistent with the proportion of Federal funds to total funds expended by the recipient. These costs may be exceeded, however, if appropriate documentation demonstrates higher actual costs.

(c) The cost charged to any one program shall be reasonably proportionate to the cost of the audit effort devoted to that program.

§ 12.27 Sanctions.

The Single Audit Act provides that no cost may be charged to Federal assistance programs for audits required by the Act that are not made in accordance with OMB Circular A–128. In cases of continued inability or unwillingness to have a proper audit, the Department of the Interior will consider other appropriate sanctions including:

Withholding a percentage of assistance payments until the audit is satisfactorily completed,

Withholding or disallowing overhead costs, and

Suspending the Federal assistance agreement until the audit is made.

§ 12.28 Auditor selection.

In arranging for audit services, State and local governments shall follow the procurement standards prescribed by Attachment O of Circular A–102, ''Uniform requirements for grants to State and local governments.'' The standards provide that while recipients are encouraged to enter into intergovermental agreements for audit and other services, analysis should be made to determine whether it would be more economical to purchase the services from private firms. In instances where use of such intergovernmental agreements are required by State statutes (e.g., audit services) these statutes will take precedence.

§ 12.29 Small and minority audit firms.

Small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in contracts awarded to fulfill the requirements of this rule. Recipients of Federal assistance provided by this Department shall take the following steps to further this goal:

(a) Assure that small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals are used to the fullest extent practicable.

(b) Make information on forthcoming opportunities available and arrange timeframes for the audit so as to encourage and facilitate participation by small audit firms owned and controlled by socially and economically disadvantaged individuals.

(c) Consider in the contract process whether firms competing for larger audits intend to subcontract with small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals.

(d) Encourage contracting with small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals which have traditionally audited government programs and, in such cases where this is not possible, assure that these firms are given consideration for audit subcontracting opportunities.

(e) Encourage contracting with consortiums of small audit firms as described in paragraph (a) of this section when a contract is too large for an individual small audit firm or audit firm owned and controlled by socially and economically disadvantaged individuals.

(f) Use the services and assistance, as appropriate, of such organizations as the Small Business Administration in the solicitation and utilization of small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals.

§12.30 Reporting.

The Department of the Interior will report to the Director of OMB on or before March 1, 1987, and annually thereafter on the effectiveness of State and local governments in carrying out the provisions of Circular A–128. The report must identify each State or local government or Indian tribe that, in the opinion of the agency, is failing to comply with the circular.

§12.31 Supplemental program guidance.

Each bureau and office of this Department may issue appropriate supplemental guidance to implement the requirements of this rule within its federally-assisted programs, subsequent to the concurrence and approval of the text by the Assistant Secretary-Policy, Budget and Administration.

APPENDIX TO SUBPART B—DEFINITION OF MAJOR PROGRAM AS PROVIDED IN PUB. L. 98–502

''Major Federal Assistance Program,'' for State and local governments having Federal assistance expenditures between $100,000 and $100,000,000, means any program for which Federal expenditures during the applicable year exceed the larger of $300,000, or 3 percent of such total expenditures.

Where total expenditures of Federal assistance exceed $100,000,000, the following criteria apply:

Total expenditures of Federal financial assistance for all programs		Major Federal assistance program means any program that exceeds
More than	But less than	
$100 million	1 billion	$3 million
1 billion	2 billion	4 million
2 billion	3 billion	7 million
3 billion	4 billion	10 million
4 billion	5 billion	13 million
5 billion	6 billion	16 million
6 billion	7 billion	19 million
Over 7 billion		20 million

Subpart C—Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments

SOURCE: 53 FR 8077 and 8087, Mar. 11, 1988, unless otherwise noted.

GENERAL

§12.41 Purpose and scope of this part.

This part establishes uniform administrative rules for Federal grants and cooperative agreements and subawards to State, local and Indian tribal governments.

§12.42 Scope of subpart.

This subpart contains general rules pertaining to this part and procedures for control of exceptions from this part.

§12.43 Definitions.

As used in this part:

Accrued expenditures mean the charges incurred by the grantee during a given period requiring the provision of funds for: (1) Goods and other tangible property received; (2) services performed by employees, contractors, subgrantees, subcontractors, and other payees; and (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.

Accrued income means the sum of: (1) Earnings during a given period from services performed by the grantee and goods and other tangible property delivered to purchasers, and (2) amounts becoming owed to the grantee for which no current services or performance is required by the grantee.

Acquisition cost of an item of purchased equipment means the net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the grantee's regular accounting practices.

Administrative requirements mean those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records. These are distinguished from ''programmatic'' requirements, which concern matters that can be treated only on a program-by-program or grant-by-grant basis, such as kinds of activities that can be supported by grants under a particular program.

Awarding agency means (1) with respect to a grant, the Federal agency, and (2) with respect to a subgrant, the party that awarded the subgrant.

Cash contributions means the grantee's cash outlay, including the outlay of money contributed to the grantee or subgrantee by other public agencies and institutions, and private organizations and individuals. When authorized by Federal legislation, Federal funds received from other assistance agreements may be considered as grantee or subgrantee cash contributions.

Contract means (except as used in the definitions for ''grant'' and ''subgrant'' in this section and except where qualified by ''Federal'') a procurement contract under a grant or subgrant, and means a procurement subcontract under a contract.

Cost sharing or matching means the value of the third party in-kind contributions and the portion of the costs of a federally assisted project or program not borne by the Federal Government.

Cost-type contract means a contract or subcontract under a grant in which the contractor or subcontractor is paid on the basis of the costs it incurs, with or without a fee.

Equipment means tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

Expenditure report means: (1) For nonconstruction grants, the SF–269 ''Financial Status Report'' (or other equivalent report); (2) for construction grants, the SF–271 ''Outlay Report and Request for Reimbursement'' (or other equivalent report).

Federally recognized Indian tribal government means the governing body or a governmental agency of any Indian tribe, band, nation, or other organized group or community (including any Native village as defined in section 3 of the Alaska Native Claims Settlement Act, 85 Stat 688) certified by the Secretary of the Interior as eligible for the special programs and services provided by him through the Bureau of Indian Affairs.

Government means a State or local government or a federally recognized Indian tribal government.

Grant means an award of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, by the Federal Government to an eligible grantee. The term does not include technical assistance which provides services instead of money, or other assistance in the form

of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. Also, the term does not include assistance, such as a fellowship or other lump sum award, which the grantee is not required to account for.

Grantee means the government to which a grant is awarded and which is accountable for the use of the funds provided. The grantee is the entire legal entity even if only a particular component of the entity is designated in the grant award document.

Local government means a county, municipality, city, town, township, local public authority (including any public and Indian housing agency under the United States Housing Act of 1937) school district, special district, intrastate district, council of governments (whether or not incorporated as a nonprofit corporation under state law), any other regional or interstate government entity, or any agency or instrumentality of a local government.

Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

OMB means the U.S. Office of Management and Budget.

Outlays (expenditures) mean charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of inkind contributions applied, and the new increase (or decrease) in the amounts owed by the grantee for goods and other property received, for services performed by employees, contractors, subgrantees, subcontractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments.

Percentage of completion method refers to a system under which payments are made for construction work according to the percentage of completion of the work, rather than to the grantee's cost incurred.

Prior approval means documentation evidencing consent prior to incurring specific cost.

Real property means land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment.

Share, when referring to the awarding agency's portion of real property, equipment or supplies, means the same percentage as the awarding agency's portion of the acquiring party's total costs under the grant to which the acquisition costs under the grant to which the acquisition cost of the property was charged. Only costs are to be counted—not the value of third-party in-kind contributions.

State means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State exclusive of local governments. The term does not include any public and Indian housing agency under United States Housing Act of 1937.

Subgrant means an award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to an eligible subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases, nor does it include any form of assistance which is excluded from the definition of ''grant'' in this part.

Subgrantee means the government or other legal entity to which a subgrant is awarded and which is accountable to the grantee for the use of the funds provided.

Supplies means all tangible personal property other than ''equipment'' as defined in this part.

Suspension means depending on the context, either (1) temporary withdrawal of the authority to obligate grant funds pending corrective action

by the grantee or subgrantee or a decision to terminate the grant, or (2) an action taken by a suspending official in accordance with agency regulations implementing E.O. 12549 to immediately exclude a person from participating in grant transactions for a period, pending completion of an investigation and such legal or debarment proceedings as may ensue.

Termination means permanent withdrawal of the authority to obligate previously-awarded grant funds before that authority would otherwise expire. It also means the voluntary relinquishment of that authority by the grantee or subgrantee. ''Termination'' does not include: (1) Withdrawal of funds awarded on the basis of the grantee's underestimate of the unobligated balance in a prior period; (2) Withdrawal of the unobligated balance as of the expiration of a grant; (3) Refusal to extend a grant or award additional funds, to make a competing or noncompeting continuation, renewal, extension, or supplemental award; or (4) voiding of a grant upon determination that the award was obtained fraudulently, or was otherwise illegal or invalid from inception.

Terms of a grant or subgrant mean all requirements of the grant or subgrant, whether in statute, regulations, or the award document.

Third party in-kind contributions mean property or services which benefit a federally assisted project or program and which are contributed by non-Federal third parties without charge to the grantee, or a cost-type contractor under the grant agreement.

Unliquidated obligations for reports prepared on a cash basis mean the amount of obligations incurred by the grantee that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the grantee for which an outlay has not been recorded.

Unobligated balance means the portion of the funds authorized by the Federal agency that has not been obligated by the grantee and is determined by deducting the cumulative obligations from the cumulative funds authorized.

§ 12.44 Applicability.

(a) *General.* Subparts A–D of this part apply to all grants and subgrants to governments, except where inconsistent with Federal statutes or with regulations authorized in accordance with the exception provision of §12.46, or:

(1) Grants and subgrants to State and local institutions of higher education or State and local hospitals.

(2) The block grants authorized by the Omnibus Budget Reconciliation Act of 1981 (Community Services; Preventive Health and Health Services; Alcohol, Drug Abuse, and Mental Health Services; Maternal and Child Health Services; Social Services; Low-Income Home Energy Assistance; States' Program of Community Development Block Grants for Small Cities; and Elementary and Secondary Education other than programs administered by the Secretary of Education under Title V, Subtitle D, Chapter 2, Section 583—the Secretary's discretionary grant program) and Titles I–III of the Job Training Partnership Act of 1982 and under the Public Health Services Act (Section 1921), Alcohol and Drug Abuse Treatment and Rehabilitation Block Grant and Part C of Title V, Mental Health Service for the Homeless Block Grant).

(3) Entitlement grants to carry out the following programs of the Social Security Act:

(i) Aid to Needy Families with Dependent Children (Title IV–A of the Act, not including the Work Incentive Program (WIN) authorized by section 402(a)19(G); HHS grants for WIN are subject to this part);

(ii) Child Support Enforcement and Establishment of Paternity (Title IV–D of the Act);

(iii) Foster Care and Adoption Assistance (Title IV–E of the Act);

(iv) Aid to the Aged, Blind, and Disabled (Titles I, X, XIV, and XVI–AABD of the Act); and

(v) Medical Assistance (Medicaid) (Title XIX of the Act) not including the State Medicaid Fraud Control program authorized by section 1903(a)(6)(B).

(4) Entitlement grants under the following programs of The National School Lunch Act:

(i) School Lunch (section 4 of the Act),

(ii) Commodity Assistance (section 6 of the Act),

(iii) Special Meal Assistance (section 11 of the Act),

(iv) Summer Food Service for Children (section 13 of the Act), and

(v) Child Care Food Program (section 17 of the Act).

(5) Entitlement grants under the following programs of The Child Nutrition Act of 1966:

(i) Special Milk (section 3 of the Act), and

(ii) School Breakfast (section 4 of the Act).

(6) Entitlement grants for State Administrative expenses under The Food Stamp Act of 1977 (section 16 of the Act).

(7) A grant for an experimental, pilot, or demonstration project that is also supported by a grant listed in paragraph (a)(3) of this section.

(8) Grant funds awarded under subsection 412(e) of the Immigration and Nationality Act (8 U.S.C. 1522(e)) and subsection 501(a) of the Refugee Education Assistance Act of 1980 (Pub. L. 96–422, 94 Stat. 1809), for cash assistance, medical assistance, and supplemental security income benefits to refugees and entrants and the administrative costs of providing the assistance and benefits.

(9) Grants to local education agencies under 20 U.S.C. 236 through 241–1(a), and 242 through 244 (portions of the Impact Aid program), except for 20 U.S.C. 238(d)(2)(c) and 240(f) (Entitlement Increase for Handicapped Children); and

(10) Payments under the Veterans Administration's State Home Per Diem Program (38 U.S.C. 641(a)).

(b) *Entitlement programs.* Entitlement programs enumerated above in §12.44(a)(3) through (8) are subject to subpart E.

§12.45 Effect on other issuances.

All other grants administration provisions of codified program regulations, program manuals, handbooks and other nonregulatory materials which are inconsistent with this part are superseded, except to the extent they are required by statute, or authorized in accordance with the exception provision in §12.46.

§12.46 Additions and exceptions.

(a) For classes of grants and grantees subject to this part, Federal agencies may not impose additional administrative requirements except in codified regulations published in the FEDERAL REGISTER.

(b) Exceptions for classes of grants or grantees may be authorized only by OMB.

(c) Exceptions on a case-by-case basis and for subgrantees may be authorized by the affected Federal agencies.

PRE-AWARD REQUIREMENTS

§12.50 Forms for applying for grants.

(a) *Scope.* (1) This section prescribes forms and instructions to be used by governmental organizations (except hospitals and institutions of higher education operated by a government) in applying for grants. This section is not applicable, however, to formula grant programs which do not require applicants to apply for funds on a project basis.

(2) This section applies only to applications to Federal agencies for grants, and is not required to be applied by grantees in dealing with applicants for subgrants. However, grantees are encouraged to avoid more detailed or burdensome application requirements for subgrants.

(b) *Authorized forms and instructions for governmental organizations.* (1) In applying for grants, applicants shall only use standard application forms or those prescribed by the granting agency with the approval of OMB under the Paperwork Reduction Act of 1980.

(2) Applicants are not required to submit more than the original and two copies of preapplications or applications.

(3) Applicants must follow all applicable instructions that bear OMB clearance numbers. Federal agencies may specify and describe the programs, functions, or activities that will be used to plan, budget, and evaluate the work under a grant. Other supplementary instructions may be issued only with the approval of OMB to the extent required under the Paperwork Reduction Act of 1980. For any standard form, except the SF–424 facesheet,

Federal agencies may shade out or instruct the applicant to disregard any line item that is not needed.

(4) When a grantee applies for additional funding (such as a continuation or supplemental award) or amends a previously submitted application, only the affected pages need be submitted. Previously submitted pages with information that is still current need not be resubmitted.

§ 12.51 State plans.

(a) *Scope.* The statutes for some programs require States to submit plans before receiving grants. Under regulations implementing Executive Order 12372, ''Intergovernmental Review of Federal Programs,'' States are allowed to simplify, consolidate and substitute plans. This section contains additional provisions for plans that are subject to regulations implementing the Executive order.

(b) *Requirements.* A State need meet only Federal administrative or programmatic requirements for a plan that are in statutes or codified regulations.

(c) *Assurances.* In each plan the State will include an assurance that the State shall comply with all applicable Federal statutes and regulations in effect with respect to the periods for which it receives grant funding. For this assurance and other assurances required in the plan, the State may:

(1) Cite by number the statutory or regulatory provisions requiring the assurances and affirm that it gives the assurances required by those provisions,

(2) Repeat the assurance language in the statutes or regulations, or

(3) Develop its own language to the extent permitted by law.

(d) *Amendments.* A State will amend a plan whenever necessary to reflect: (1) New or revised Federal statutes or regulations or (2) a material change in any State law, organization, policy, or State agency operation. The State will obtain approval for the amendment and its effective date but need submit for approval only the amended portions of the plan.

§ 12.52 Special grant or subgrant conditions for "high-risk" grantees.

(a) A grantee or subgrantee may be considered ''high risk'' if an awarding agency determines that a grantee or subgrantee:

(1) Has a history of unsatisfactory performance, or

(2) Is not financially stable, or

(3) Has a management system which does not meet the management standards set forth in this part, or

(4) Has not conformed to terms and conditions of previous awards, or

(5) Is otherwise not responsible; and if the awarding agency determines that an award will be made, special conditions and/or restrictions shall correspond to the high risk condition and shall be included in the award.

(b) Special conditions or restrictions may include:

(1) Payment on a reimbursement basis;

(2) Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given funding period;

(3) Requiring additional, more detailed financial reports;

(4) Additional project monitoring;

(5) Requiring the grante or subgrantee to obtain technical or management assistance; or

(6) Establishing additional prior approvals.

(c) If an awarding agency decides to impose such conditions, the awarding official will notify the grantee or subgrantee as early as possible, in writing, of:

(1) The nature of the special conditions/restrictions;

(2) The reason(s) for imposing them;

(3) The corrective actions which must be taken before they will be removed and the time allowed for completing the corrective actions and

(4) The method of requesting reconsideration of the conditions/restrictions imposed.

POST-AWARD REQUIREMENTS

Financial Administration

§12.60 Standards for financial management systems.

(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—

(1) Permit preparation of reports required by this part and the statutes authorizing the grant, and

(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

(1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

(2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

(3) *Internal control.* Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

(4) *Budget control.* Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.

(5) *Allowable cost.* Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

(6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

(7) *Cash management.* Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

(c) An awarding agency may review the adequacy of the financial management system of any applicant for financial assistance as part of a preaward review or at any time subsequent to award.

§12.61 Payment.

(a) *Scope.* This section prescribes the basic standard and the methods under which a Federal agency will make payments to grantees, and grantees will make payments to subgrantees and contractors.

(b) *Basic standard.* Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205.

(c) *Advances.* Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.

(d) *Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement.

(e) *Working capital advances.* If a grantee cannot meet the criteria for advance payments described in paragraph (c) of this section, and the Federal agency has determined that reimbursement is not feasible because the grantee lacks sufficient working capital, the awarding agency may provide cash or a working capital advance basis. Under this procedure the awarding agency shall advance cash to the grantee to cover its estimated disbursement needs for an initial period generally geared to the grantee's disbursing cycle. Thereafter, the awarding agency shall reimburse the grantee for its actual cash disbursements. The working capital advance method of payment shall not be used by grantees or subgrantees if the reason for using such method is the unwillingness or inability of the grantee to provide timely advances to the subgrantee to meet the subgrantee's actual cash disbursements.

(f) *Effect of program income, refunds, and audit recoveries on payment.* (1) Grantees and subgrantees shall disburse repayments to and interest earned on a revolving fund before requesting additional cash payments for the same activity.

(2) Except as provided in paragraph (f)(1) of this section, grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

(g) *Withholding payments.* (1) Unless otherwise required by Federal statute, awarding agencies shall not withhold payments for proper charges incurred by grantees or subgrantees unless—

(i) The grantee or subgrantee has failed to comply with grant award conditions, or

(ii) The grantee or subgrantee is indebted to the United States.

(2) Cash withheld for failure to comply with grant award condition, but without suspension of the grant, shall be released to the grantee upon subsequent compliance. When a grant is suspended, payment adjustments will be made in accordance with § 12.83(c).

(3) A Federal agency shall not make payment to grantees for amounts that are withheld by grantees or subgrantees from payment to contractors to assure satisfactory completion of work. Payments shall be made by the Federal agency when the grantees or subgrantees actually disburse the withheld funds to the contractors or to escrow accounts established to assure satisfactory completion of work.

(h) *Cash depositories.* (1) Consistent with the national goal of expanding the opportunities for minority business enterprises, grantees and subgrantees are encouraged to use minority banks (a bank which is owned at least 50 percent by minority group members). A list of minority owned banks can be obtained from the Minority Business Development Agency, Department of Commerce, Washington, DC 20230.

(2) A grantee or subgrantee shall maintain a separate bank account only when required by Federal-State agreement.

(i) *Interest earned on advances.* Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (31 U.S.C. 6501 et seq.) and the Indian Self-Determination Act (23 U.S.C. 450), grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. The grantee or subgrantee may keep interest amounts up to $100 per year for administrative expenses.

§12.62 Allowable costs.

(a) *Limitation on use of funds.* Grant funds may be used only for:

(1) The allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and

(2) Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or subgrantee.

(b) *Applicable cost principles.* For each kind of organization, there is a set of Federal principles for determining allowable costs. Allowable costs will be determined in accordance with the cost principles applicable to the organization incurring the costs. The following chart lists the kinds of organizations and the applicable cost principles.

For the costs of a—	Use the principles in—
State, local or Indian tribal government.	OMB Circular A–87.
Private nonprofit organization other than an (1) institution of higher education, (2) hospital, or (3) organization named in OMB Circular A–122 as not subject to that circular.	OBM Circular A–122.
Educational institutions.	OMB Circular A–21.
For-profit organization other than a hospital and an organization named in OBM Circular A–122 as not subject to that circular.	48 CFR Part 31. Contract Cost Principles and Procedures, or uniform cost accounting standards that comply with cost principles acceptable to the Federal agency.

§12.63 Period of availability of funds.

(a) *General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

(b) *Liquidation of obligations.* A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF–269). The Federal agency may extend this deadline at the request of the grantee.

§12.64 Matching or cost sharing.

(a) *Basic rule: Costs and contributions acceptable.* With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:

(1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties.

(2) The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies.

(b) *Qualifications and exceptions*—(1) *Costs borne by other Federal grant agreements.* Except as provided by Federal statute, a cost sharing or matching requirement may not be met by costs borne by another Federal grant. This prohibition does not apply to income earned by a grantee or subgrantee from a contract awarded under another Federal grant.

(2) *General revenue sharing.* For the purpose of this section, general revenue sharing funds distributed under 31 U.S.C. 6702 are not considered Federal grant funds.

(3) *Cost or contributions counted towards other Federal costs-sharing requirements.* Neither costs nor the values of third party in-kind contributions may count towards satisfying a cost sharing or matching requirement of a grant agreement if they have been or will be counted towards satisfying a cost sharing or matching requirement of another Federal grant agreement, a Federal procurement contract, or any other award of Federal funds.

(4) *Costs financed by program income.* Costs financed by program income, as defined in §12.65, shall not count towards satisfying a cost sharing or matching requirement unless they are expressly permitted in the terms of the assistance agreement. (This use of general program income is described in §12.65(g).)

(5) *Services or property financed by income earned by contractors.* Contractors

under a grant may earn income from the activities carried out under the contract in addition to the amounts earned from the party awarding the contract. No costs of services or property supported by this income may count toward satisfying a cost sharing or matching requirement unless other provisions of the grant agreement expressly permit this kind of income to be used to meet the requirement.

(6) *Records.* Costs and third party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors. These records must show how the value placed on third party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.

(7) *Special standards for third party in-kind contributions.* (i) Third party in-kind contributions count towards satisfying a cost sharing or matching requirement only where, if the party receiving the contributions were to pay for them, the payments would be allowable costs.

(ii) Some third party in-kind contributions are goods and services that, if the grantee, subgrantee, or contractor receiving the contribution had to pay for them, the payments would have been an indirect costs. Costs sharing or matching credit for such contributions shall be given only if the grantee, subgrantee, or contractor has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of the contributions.

(iii) A third party in-kind contribution to a fixed-price contract may count towards satisfying a cost sharing or matching requirement only if it results in:

(A) An increase in the services or property provided under the contract (without additional cost to the grantee or subgrantee) or

(B) A cost savings to the grantee or subgrantee.

(iv) The values placed on third party in-kind contributions for cost sharing or matching purposes will conform to the rules in the succeeding sections of this part. If a third party in-kind contribution is a type not treated in those sections, the value placed upon it shall be fair and reasonable.

(c) *Valuation of donated services*—(1) *Volunteer services.* Unpaid services provided to a grantee or subgrantee by individuals will be 6valued at rates consistent with those ordinarily paid for similar work in the grantee's or subgrantee's organization. If the grantee or subgrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

(2) *Employees of other organizations.* When an employer other than a grantee, subgrantee, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. If the services are in a different line of work, paragraph (c)(1) of this section applies.

(d) *Valuation of third party donated supplies and loaned equipment or space.* (1) If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.

(2) If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

(e) *Valuation of third party donated equipment, buildings, and land.* If a third party donates equipment, buildings, or land, and title passes to a grantee or subgrantee, the treatment of the donated property will depend upon the purpose of the grant or subgrant, as follows:

(1) *Awards for capital expenditures.* If the purpose of the grant or subgrant is to assist the grantee or subgrantee in the acquisition of property, the market value of that property at the time of donation may be counted as cost sharing or matching,

(2) *Other awards.* If assisting in the acquisition of property is not the purpose of the grant or subgrant, paragraphs (e)(2) (i) and (ii) of this section apply:

(i) If approval is obtained from the awarding agency, the market value at the time of donation of the donated equipment or buildings and the fair rental rate of the donated land may be counted as cost sharing or matching. In the case of a subgrant, the terms of the grant agreement may require that the approval be obtained from the Federal agency as well as the grantee. In all cases, the approval may be given only if a purchase of the equipment or rental of the land would be approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost-sharing or matching.

(ii) If approval is not obtained under paragraph (e)(2)(i) of this section, no amount may be counted for donated land, and only depreciation or use allowances may be counted for donated equipment and buildings. The depreciation or use allowances for this property are not treated as third party in-kind contributions. Instead, they are treated as costs incurred by the grantee or subgrantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in §12.62, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's market value at the time it was donated.

(f) *Valuation of grantee or subgrantee donated real property for construction/acquisition.* If a grantee or subgrantee donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as cost sharing or matching. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost sharing or matching.

(g) *Appraisal of real property.* In some cases under paragraphs (d), (e) and (f) of this section, it will be necessary to establish the market value of land or a building or the fair rental rate of land or of space in a building. In these cases, the Federal agency may require the market value or fair rental value be set by an independent appraiser, and that the value or rate be certified by the grantee. This requirement will also be imposed by the grantee on subgrantees.

§12.65 Program income.

(a) *General.* Grantees are encouraged to earn income to defray program costs. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them.

(b) *Definition of program income.* Program income means gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. ''During the grant period'' is the time between the effective date of the award and the ending date of the award reflected in the final financial report.

(c) *Cost of generating program income.* If authorized by Federal regulations or the grant agreement, costs incident to the generation of program income may be deducted from gross income to determine program income.

(d) *Governmental revenues.* Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee are not program income unless the revenues are specifically identified in the grant agreement or Federal agency regulations as program income.

(e) *Royalties.* Income from royalties and license fees for copyrighted material, patents, and inventions developed by a grantee or subgrantee is program income only if the revenues are specifically identified in the grant agreement or Federal agency regulations as program income. (See §12.74.)

(f) *Property.* Proceeds from the sale of real property or equipment will be handled in accordance with the requirements of §§ 12.71 and 12.72.

(g) *Use of program income.* Program income shall be deducted from outlays which may be both Federal and non-Federal as described below, unless the Federal agency regulations or the grant agreement specify another alternative (or a combination of the alternatives). In specifying alternatives, the Federal agency may distinguish between income earned by the grantee and income earned by subgrantees and between the sources, kinds, or amounts of income. When Federal agencies authorize the alternatives in paragraphs (g) (2) and (3) of this section, program income in excess of any limits stipulated shall also be deducted from outlays.

(1) *Deduction.* Ordinarily program income shall be deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the Federal agency authorizes otherwise. Program income which the grantee did not anticipate at the time of the award shall be used to reduce the Federal agency and grantee contributions rather than to increase the funds committed to the project.

(2) *Addition.* When authorized, program income may be added to the funds committed to the grant agreement by the Federal agency and the grantee. The program income shall be used for the purposes and under the conditions of the grant agreement.

(3) *Cost sharing or matching.* When authorized, program income may be used to meet the cost sharing or matching requirement of the grant agreement. The amount of the Federal grant award remains the same.

(h) *Income after the award period.* There are no Federal requirements governing the disposition of program income earned after the end of the award period (i.e., until the ending date of the final financial report, see paragraph (a) of this section), unless the terms of the agreement or the Federal agency regulations provide otherwise.

§ 12.66 Non-Federal audit.

(a) *Basic rule.* Grantees and subgrantees are responsible for obtaining audits in accordance with the Single Audit Act of 1984 (31 U.S.C. 7501–7) and Federal agency implementing regulations. The audits shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial and compliance audits.

(b) *Subgrantees.* State or local governments, as those terms are defined for purposes of the Single Audit Act, that receive Federal financial assistance and provide $25,000 or more of it in a fiscal year to a subgrantee shall:

(1) Determine whether State or local subgrantees have met the audit requirements of the Act and whether subgrantees covered by OMB Circular A–110, ''Uniform Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations'' have met the audit requirement. Commercial contractors (private forprofit and private and governmental organizations) providing goods and services to State and local governments are not required to have a single audit performed. State and local govenments should use their own procedures to ensure that the contractor has complied with laws and regulations affecting the expenditure of Federal funds;

(2) Determine whether the subgrantee spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subgrantee made in accordance with the Act, Circular A–110, or through other means (e.g., program reviews) if the subgrantee has not had such an audit;

(3) Ensure that appropriate corrective action is taken within six months after receipt of the audit report in instance of noncompliance with Federal laws and regulations;

(4) Consider whether subgrantee audits necessitate adjustment of the grantee's own records; and

(5) Require each subgrantee to permit independent auditors to have access to the records and financial statements.

(c) *Auditor selection.* In arranging for audit services, § 12.36 shall be followed.

CHANGES, PROPERTY, AND SUBAWARDS

§12.70 Changes.

(a) *General.* Grantees and subgrantees are permitted to rebudget within the approved direct cost budget to meet unanticipated requirements and may make limited program changes to the approved project. However, unless waived by the awarding agency, certain types of post-award changes in budgets and projects shall require the prior written approval of the awarding agency.

(b) *Relation to cost principles.* The applicable cost principles (see §12.62) contain requirements for prior approval of certain types of costs. Except where waived, those requirements apply to all grants and subgrants even if paragraphs (c) through (f) of this section do not.

(c) *Budget changes*—(1) *Nonconstruction projects.* Except as stated in other regulations or an award document, grantees or subgrantees shall obtain the prior approval of the awarding agency whenever any of the following changes is anticipated under a nonconstruction award:

(i) Any revision which would result in the need for additional funding.

(ii) Unless waived by the awarding agency, cumulative transfers among direct cost categories, or, if applicable, among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget, whenever the awarding agency's share exceeds $100,000.

(iii) Transfer of funds allotted for training allowances (i.e., from direct payments to trainees to other expense categories).

(2) *Construction projects.* Grantees and subgrantees shall obtain prior written approval for any budget revision which would result in the need for additional funds.

(3) *Combined construction and nonconstruction projects.* When a grant or subgrant provides funding for both construction and nonconstruction activities, the grantee or subgrantee must obtain prior written approval from the awarding agency before making any fund or budget transfer from nonconstruction to construction or vice versa.

(d) *Programmatic changes.* Grantees or subgrantees must obtain the prior approval of the awarding agency whenever any of the following actions is anticipated:

(1) Any revision of the scope or objectives of the project (regardless of whether there is an associated budget revision requiring prior approval).

(2) Need to extend the period of availability of funds.

(3) Changes in key persons in cases where specified in an application or a grant award. In research projects, a change in the project director or principal investigator shall always require approval unless waived by the awarding agency.

(4) Under nonconstruction projects, contracting out, subgranting (if authorized by law) or otherwise obtaining the services of a third party to perform activities which are central to the purposes of the award. This approval requirement is in addition to the approval requirements of §12.76 but does not apply to the procurement of equipment, supplies, and general support services.

(e) *Additional prior approval requirements.* The awarding agency may not require prior approval for any budget revision which is not described in paragraph (c) of this section.

(f) *Requesting prior approval.* (1) A request for prior approval of any budget revision will be in the same budget formal the grantee used in its application and shall be accompanied by a narrative justification for the proposed revision.

(2) A request for a prior approval under the applicable Federal cost principles (see §12.62) may be made by letter.

(3) A request by a subgrantee for prior approval will be addressed in writing to the grantee. The grantee will promptly review such request and shall approve or disapprove the request in writing. A grantee will not approve any budget or project revision which is inconsistent with the purpose or terms and conditions of the Federal grant to the grantee. If the revision, requested by the subgrantee would result in a change to the grantee's approved

project which requires Federal prior approval, the grantee will obtain the Federal agency's approval before approving the subgrantee's request.

§ 12.71 Real property.

(a) *Title.* Subject to the obligations and conditions set forth in this section, title to real property acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.

(b) *Use.* Except as otherwise provided by Federal statutes, real property will be used for the originally authorized purposes as long as needed for that purposes, and the grantee or subgrantee shall not dispose of or encumber its title or other interests.

(c) *Disposition.* When real property is no longer needed for the originally authorized purpose, the grantee or subgrantee will request disposition instructions from the awarding agency. The instructions will provide for one of the following alternatives:

(1) *Retention of title.* Retain title after compensating the awarding agency. The amount paid to the awarding agency will be computed by applying the awarding agency's percentage of participation in the cost of the original purchase to the fair market value of the property. However, in those situations where a grantee or subgrantee is disposing of real property acquired with grant funds and acquiring replacement real property under the same program, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.

(2) *Sale of property.* Sell the property and compensate the awarding agency. The amount due to the awarding agency will be calculated by applying the awarding agency's percentage of participation in the cost of the original purchase to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the grant is still active, the net proceeds from sale may be offset against the original cost of the property. When a grantee or subgrantee is directed to sell property, sales procedures shall be followed that provide for competition to the extent practicable and result in the highest possible return.

(3) *Transfer of title.* Transfer title to the awarding agency or to a third-party designated/approved by the awarding agency. The grantee or subgrantee shall be paid an amount calculated by applying the grantee or subgrantee's percentage of participation in the purchase of the real property to the current fair market value of the property.

§ 12.72 Equipment.

(a) *Title.* Subject to the obligations and conditions set forth in this section, title to equipment acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.

(b) *States.* A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section.

(c) *Use.* (1) Equipment shall be used by the grantee or subgrantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.

(2) The grantee or subgrantee shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered if appropriate.

(3) Notwithstanding the encouragement in § 12.65(a) to earn program income, the grantee or subgrantee must not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by Federal statute.

(4) When acquiring replacement equipment, the grantee or subgrantee

may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency.

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) *Disposition.* When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

(1) Items of equipment with a current per-unit fair market value of less than $5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.

(2) Items of equipment with a current per unit fair market value in excess of $5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

(3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions.

(f) *Federal equipment.* In the event a grantee or subgrantee is provided federally-owned equipment:

(1) Title will remain vested in the Federal Government.

(2) Grantees or subgrantees will manage the equipment in accordance with Federal agency rules and procedures, and submit an annual inventory listing.

(3) When the equipment is no longer needed, the grantee or subgrantee will request disposition instructions from the Federal agency.

(g) *Right to transfer title.* The Federal awarding agency may reserve the right to transfer title to the Federal Government or a third part named by the awarding agency when such a third party is otherwise eligible under existing statutes. Such transfers shall be subject to the following standards:

(1) The property shall be identified in the grant or otherwise made known to the grantee in writing.

(2) The Federal awarding agency shall issue disposition instruction within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Federal awarding agency fails to issue disposition instructions within the 120 calendar-day period the grantee shall follow 12.72(e).

(3) When title to equipment is transferred, the grantee shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

§12.73 Supplies.

(a) *Title.* Title to supplies acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee respectively.

(b) *Disposition.* If there is a residual inventory of unused supplies exceeding $5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are

not needed for any other federally sponsored programs or projects, the grantee or subgrantee shall compensate the awarding agency for its share.

§ 12.74 Copyrights.

The Federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for Federal Government purposes:

(a) The copyright in any work developed under a grant, subgrant, or contract under a grant or subgrant; and

(b) Any rights of copyright to which a grantee, subgrantee or a contractor purchases ownership with grant support.

§ 12.75 Subawards to debarred and suspended parties.

Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, ''Debarment and Suspension.''

§ 12.76 Procurement.

(a) *States.* When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.

(b) *Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

(2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(3) Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

(i) The employee, officer or agent,

(ii) Any member of his immediate family,

(iii) His or her partner, or

(iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. Grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency may in regulation provide additional prohibitions relative to real, apparent, or potential conflicts of interest.

(4) Grantee and subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(5) To foster greater economy and efficiency, grantees and subgrantees are encouraged to enter into State and local intergovernmental agreements

for procurement or use of common goods and services.

(6) Grantees and subgrantees are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(7) Grantees and subgrantees are encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative anaylsis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(8) Grantees and subgrantees will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

(9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(10) Grantees and subgrantees will use time and material type contracts only—

(i) After a determination that no other contract is suitable, and

(ii) If the contract includes a ceiling price that the contractor exceeds at its own risk.

(11) Grantees and subgrantees alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the grantee or subgrantee of any contractual responsibilities under its contracts. Federal agencies will not substitute their judgment for that of the grantee or subgrantee unless the matter is primarily a Federal concern. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.

(12) Grantees and subgrantees will have protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency. A protestor must exhaust all administrative remedies with the grantee and subgrantee before pursuing a protest with the Federal agency. Reviews of protests by the Federal agency will be limited to:

(i) Violations of Federal law or regulations and the standards of this section (violations of State or local law will be under the jurisdiction of State or local authorities) and

(ii) Violations of the grantee's or subgrantee's protest procedures for failure to review a complaint or protest. Protests received by the Federal agency other than those specified above will be referred to the grantee or subgrantee.

(c) *Competition*. (1) All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of § 12.76. Some of the situations considered to be restrictive of competition include but are not limited to:

(i) Placing unreasonable requirements on firms in order for them to qualify to do business,

(ii) Requiring unnecessary experience and excessive bonding,

(iii) Noncompetitive pricing practices between firms or between affiliated companies,

(iv) Noncompetitive awards to consultants that are on retainer contracts,

(v) Organizational conflicts of interest,

(vi) Specifying only a ''brand name'' product instead of allowing ''an equal'' product to be offered and describing the performance of other relevant requirements of the procurement, and

(vii) Any arbitrary action in the procurement process.

(2) Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except

in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts State licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

(3) Grantees will have written selection procedures for procurement transactions. These procedures will ensure that all solicitations:

(i) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a ''brand name or equal'' description may be used as a means to define the performance or other salient requirements of a procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and

(ii) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(4) Grantees and subgrantees will ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, grantees and subgrantees will not preclude potential bidders from qualifying during the solicitation period.

(d) *Methods of procurement to be followed*—(1) *Procurement by small purchase procedures.* Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at $100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.

(2) Procurement by *sealed bids* (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in § 12.76(d)(2)(i) apply.

(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively and for the business; and

(C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(ii) If sealed bids are used, the following requirements apply:

(A) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;

(B) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;

(C) All bids will be publicly opened at the time and place prescribed in the invitation for bids;

(D) A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such

discounts are usually taken advantage of; and

(E) Any or all bids may be rejected if there is a sound documented reason.

(3) Procurement by *competitive proposals.* The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

(i) Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;

(ii) Proposals will be solicited from an adequate number of qualified sources;

(iii) Grantees and subgrantees will have a method for conducting technical evaluations of the proposals received and for selecting awardees;

(iv) Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

(v) Grantees and subgrantees may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(4) Procurement by *noncompetitive proposals* is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

(i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

(A) The item is available only from a single source;

(B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(C) The awarding agency authorizes noncompetitive proposals; or

(D) After solicitation of a number of sources, competition is determined inadequate.

(ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.

(iii) Grantees and subgrantees may be required to submit the proposed procurement to the awarding agency for pre-award review in accordance with paragraph (g) of this section.

(e) *Contracting with small and minority firms, women's business enterprise and labor surplus area firms.* (1) The grantee and subgrantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.

(2) Affirmative steps shall include:

(i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

(iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;

(iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;

(v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and

(vi) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (e)(2) (i) through (v) of this section.

(f) *Contract cost and price.* (1) Grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price resonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

(2) Grantees and subgrantees will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(3) Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles (see § 12.62). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.

(4) The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

(g) *Awarding agency review.* (1) Grantees and subgrantees must make available, upon request of the awarding agency, technical specifications on proposed procurements where the awarding agency believes such review is needed to ensure that the item and/or service specified is the one being proposed for purchase. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the grantee or subgrantee desires to have the review accomplished after a solicitation has been developed, the awarding agency may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(2) Grantees and subgrantees must on request make available for awarding agency pre-award review procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc. when:

(i) A grantee's or subgrantee's procurement procedures or operation fails to comply with the procurement standards in this section; or

(ii) The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation; or

(iii) The procurement, which is expected to exceed the simplified acquisition threshold, specifies a ''brand name'' product; or

(iv) The proposed award is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(v) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold.

(3) A grantee or subgrantee will be exempt from the pre-award review in paragraph (g)(2) of this section if the awarding agency determines that its procurement systems comply with the standards of this section.

(i) A grantee or subgrantee may request that its procurement system be reviewed by the awarding agency to determine whether its system meets these standards in order for its system

to be certified. Generally, these reviews shall occur where there is a continuous high-dollar funding, and third-party contracts are awarded on a regular basis.

(ii) A grantee or subgrantee may self-certify its procurement system. Such self-certification shall not limit the awarding agency's right to survey the system. Under a self-certification procedure, awarding agencies may wish to rely on written assurances from the grantee or subgrantee that it is complying with these standards. A grantee or subgrantee will cite specific procedures, regulations, standards, etc., as being in compliance with these requirements and have its system available for review.

(h) *Bonding requirements.* For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold, the awarding agency may accept the bonding policy and requirements of the grantee or subgrantee provided the awarding agency has made a determination that the awarding agency's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

(1) *A bid guarantee from each bidder equivalent to five percent of the bid price.* The ''bid guarantee'' shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

(2) *A performance bond on the part of the contractor for 100 percent of the contract price.* A ''performance bond'' is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(3) *A payment bond on the part of the contractor for 100 percent of the contract price.* A ''payment bond'' is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

(i) *Contract provisions.* A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy.

(1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)

(2) Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of $10,000)

(3) Compliance with Executive Order 11246 of September 24, 1965, entitled ''Equal Employment Opportunity,'' as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of $10,000 by grantees and their contractors or subgrantees)

(4) Compliance with the Copeland ''Anti-Kickback'' Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR Part 3). (All contracts and subgrants for construction or repair)

(5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a–7) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts in excess of $2000 awarded by grantees and subgrantees when required by Federal grant program legislation)

(6) Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327–330) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts awarded by grantees and subgrantees in excess of $2000, and in excess of $2500 for other contracts which involve the employment of mechanics or laborers)

(7) Notice of awarding agency requirements and regulations pertaining to reporting.

(8) Notice of awarding agency requirements and regulations pertaining

to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.

(9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.

(10) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

(11) Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.

(12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of $100,000)

(13) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94–163, 89 Stat. 871).

[53 FR 8077 and 8087, Mar. 11, 1988, as amended at 60 FR 19639, 19644, Apr. 19, 1995]

§ 12.77 Subgrants.

(a) *States.* States shall follow state law and procedures when awarding and administering subgrants (whether on a cost reimbursement or fixed amount basis) of financial assistance to local and Indian tribal governments. States shall:

(1) Ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations;

(2) Ensure that subgrantees are aware of requirements imposed upon them by Federal statute and regulation;

(3) Ensure that a provision for compliance with § 12.82 is placed in every cost reimbursement subgrant; and

(4) Conform any advances of grant funds to subgrantees substantially to the same standards of timing and amount that apply to cash advances by Federal agencies.

(b) *All other grantees.* All other grantees shall follow the provisions of this part which are applicable to awarding agencies when awarding and administering subgrants (whether on a cost reimbursement or fixed amount basis) of financial assistance to local and Indian tribal governments. Grantees shall:

(1) Ensure that every subgrant includes a provision for compliance with this part;

(2) Ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations; and

(3) Ensure that subgrantees are aware of requirements imposed upon them by Federal statutes and regulations.

(c) *Exceptions.* By their own terms, certain provisions of this part do not apply to the award and administration of subgrants:

(1) Section 12.50;

(2) Section 12.51;

(3) The letter-of-credit procedures specified in Treasury Regulations at 31 CFR part 205, cited in § 12.61; and

(4) Section 12.90.

REPORTS, RECORDS RETENTION, AND ENFORCEMENT

§ 12.80 Monitoring and reporting program performance.

(a) *Monitoring by grantees.* Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

(b) *Nonconstruction performance reports.* The Federal agency may, if it decides that performance information available from subsequent applications contains sufficient information to meet its programmatic needs, require the grantee to submit a performance

report only upon expiration or termination of grant support. Unless waived by the Federal agency this report will be due on the same date as the final Financial Status Report.

(1) Grantees shall submit annual performance reports unless the awarding agency requires quarterly or semi-annual reports. However, performance reports will not be required more frequently than quarterly. Annual reports shall be due 90 days after the grant year, quarterly or semi-annual reports shall be due 30 days after the reporting period. The final performance report will be due 90 days after the expiration or termination of grant support. If a justified request is submitted by a grantee, the Federal agency may extend the due date for any performance report. Additionally, requirements for unnecessary performance reports may be waived by the Federal agency.

(2) Performance reports will contain, for each grant, brief information on the following:

(i) A comparison of actual accomplishments to the objectives established for the period. Where the output of the project can be quantified, a computation of the cost per unit of output may be required if that information will be useful.

(ii) The reasons for slippage if established objectives were not met.

(iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

(3) Grantees will not be required to submit more than the original and two copies of performance reports.

(4) Grantees will adhere to the standards in this section in prescribing performance reporting requirements for subgrantees.

(c) *Construction performance reports.* For the most part, on-site technical inspections and certified percentage-of-completion data are relied on heavily by Federal agencies to monitor progress under construction grants and subgrants. The Federal agency will require additional formal performance reports only when considered necessary, and never more frequently than quarterly.

(d) *Significant developments.* Events may occur between the scheduled performance reporting dates which have significant impact upon the grant or subgrant supported activity. In such cases, the grantee must inform the Federal agency as soon as the following types of conditions become known:

(1) Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

(2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned.

(e) Federal agencies may make site visits as warranted by program needs.

(f) *Waivers, extensions.* (1) Federal agencies may waive any performance report required by this part if not needed.

(2) The grantee may waive any performance report from a subgrantee when not needed. The grantee may extend the due date for any performance report from a subgrantee if the grantee will still be able to meet its performance reporting obligations to the Federal agency.

§12.81 Financial reporting.

(a) *General.* (1) Except as provided in paragraphs (a) (2) and (5) of this section, grantees will use only the forms specified in paragraphs (a) through (e) of this section, and such supplementary or other forms as may from time to time be authorized by OMB, for:

(i) Submitting financial reports to Federal agencies, or

(ii) Requesting advances or reimbursements when letters of credit are not used.

(2) Grantees need not apply the forms prescribed in this section in dealing with their subgrantees. However, grantees shall not impose more burdensome requirements on subgrantees.

(3) Grantees shall follow all applicable standard and supplemental Federal agency instructions approved by OMB to the extend required under the Paperwork Reduction Act of 1980 for use in connection with forms specified in

paragraphs (b) through (e) of this section. Federal agencies may issue substantive supplementary instructions only with the approval of OMB. Federal agencies may shade out or instruct the grantee to disregard any line item that the Federal agency finds unnecessary for its decisionmaking purposes.

(4) Grantees will not be required to submit more than the original and two copies of forms required under this part.

(5) Federal agencies may provide computer outputs to grantees to expedite or contribute to the accuracy of reporting. Federal agencies may accept the required information from grantees in machine usable format or computer printouts instead of prescribed forms.

(6) Federal agencies may waive any report required by this section if not needed.

(7) Federal agencies may extend the due date of any financial report upon receiving a justified request from a grantee.

(b) *Financial Status Report*—(1) *Form.* Grantees will use Standard Form 269 or 269A, Financial Status Report, to report the status of funds for all nonconstruction grants and for construction grants when required in accordance with § 12.81(e)(2)(iii).

(2) *Accounting basis.* Each grantee will report program outlays and program income on a cash or accrual basis as prescribed by the awarding agency. If the Federal agency requires accrual information and the grantee's accounting records are not normally kept on the accural basis, the grantee shall not be required to convert its accounting system but shall develop such accrual information through and analysis of the documentation on hand.

(3) *Frequency.* The Federal agency may prescribe the frequency of the report for each project or program. However, the report will not be required more frequently than quarterly. If the Federal agency does not specify the frequency of the report, it will be submitted annually. A final report will be required upon expiration or termination of grant support.

(4) *Due date.* When reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period. When required on an annual basis, they will be due 90 days after the grant year. Final reports will be due 90 days after the expiration or termination of grant support.

(c) *Federal Cash Transactions Report*—(1) *Form.* (i) For grants paid by letter or credit, Treasury check advances or electronic transfer of funds, the grantee will submit the Standard Form 272, Federal Cash Transactions Report, and when necessary, its continuation sheet, Standard Form 272a, unless the terms of the award exempt the grantee from this requirement.

(ii) These reports will be used by the Federal agency to monitor cash advanced to grantees and to obtain disbursement or outlay information for each grant from grantees. The format of the report may be adapted as appropriate when reporting is to be accomplished with the assistance of automatic data processing equipment provided that the information to be submitted is not changed in substance.

(2) *Forecasts of Federal cash requirements.* Forecasts of Federal cash requirements may be required in the ''Remarks'' section of the report.

(3) *Cash in hands of subgrantees.* When considered necessary and feasible by the Federal agency, grantees may be required to report the amount of cash advances in excess of three days' needs in the hands of their subgrantees or contractors and to provide short narrative explanations of actions taken by the grantee to reduce the excess balances.

(4) *Frequency and due date.* Grantees must submit the report no later than 15 working days following the end of each quarter. However, where an advance either by letter of credit or electronic transfer of funds is authorized at an annualized rate of one million dollars or more, the Federal agency may require the report to be submitted within 15 working days following the end of each month.

(d) *Request for advance or reimbursement*—(1) *Advance payments.* Requests for Treasury check advance payments will be submitted on Standard Form 270, Request for Advance or Reimbursement. (This form will not be used for drawdowns under a letter of credit, electronic funds transfer or when Treasury check advance payments are

made to the grantee automatically on a predetermined basis.)

(2) *Reimbursements.* Requests for reimbursement under nonconstruction grants will also be submitted on Standard Form 270. (For reimbursement requests under construction grants, see paragraph (e)(1) of this section.)

(3) The frequency for submitting payment requests is treated in §12.81(b)(3).

(e) *Outlay report and request for reimbursement for construction programs*—(1) *Grants that support construction activities paid by reimbursement method.* (i) Requests for reimbursement under construction grants will be submitted on Standard Form 271, Outlay Report and Request for Reimbursement for Construction Programs. Federal agencies may, however, prescribe the Request for Advance or Reimbursement form, specified in §12.81(d), instead of this form.

(ii) The frequency for submitting reimbursement requests is treated in §12.81(b)(3).

(2) *Grants that support construction activities paid by letter of credit, electronic funds transfer or Treasury check advance.* (i) When a construction grant is paid by letter of credit, electronic funds transfer or Treasury check advances, the grantee will report its outlays to the Federal agency using Standard Form 271, Outlay Report and Request for Reimbursement for Construction Programs. The Federal agency will provide any necessary special instruction. However, frequency and due date shall be governed by §12.81(b)(3) and (4).

(ii) When a construction grant is paid by Treasury check advances based on periodic requests from the grantee, the advances will be requested on the form specified in §12.81(d).

(iii) The Federal agency may substitute the Financial Status Report specified in §12.81(b) for the Outlay Report and Request for Reimbursement for Construction Programs.

(3) *Accounting basis.* The accounting basis for the Outlay Report and Request for Reimbursement for Construction Programs shall be governed by §12.81(b)(2).

§12.82 Retention and access requirements for records.

(a) *Applicability.* (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

(i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or

(ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement.

(2) This section does not apply to records maintained by contractors or subcontractors. For a requirement to place a provision concerning records in certain kinds of contracts, see §12.76(i)(10).

(b) *Length of retention period.* (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section.

(2) If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 3-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later.

(3) To avoid duplicate recordkeeping, awarding agencies may make special arrangements with grantees and subgrantees to retain any records which are continuously needed for joint use. The awarding agency will request transfer of records to its custody when it determines that the records possess long-term retention value. When the records are transferred to or maintained by the Federal agency, the 3-year retention requirement is not applicable to the grantee or subgrantee.

(c) *Starting date of retention period*—(1) *General.* When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits

its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due.

(2) *Real property and equipment records.* The retention period for real property and equipment records starts from the date of the disposition or replacement or transfer at the direction of the awarding agency.

(3) *Records for income transactions after grant or subgrant support.* In some cases grantees must report income after the period of grant support. Where there is such a requirement, the retention period for the records pertaining to the earning of the income starts from the end of the grantee's fiscal year in which the income is earned.

(4) *Indirect cost rate proposals, cost allocations plans, etc.* This paragraph applies to the following types of documents, and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(i) *If submitted for negotiation.* If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the grantee) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.

(ii) *If not submitted for negotiation.* If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the grantee) for negotiation purposes, then the 3-year retention period for the proposal plan, or computation and its supporting records starts from end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

(d) *Substitution of microfilm.* Copies made by microfilming, photocopying, or similar methods may be substituted for the original records.

(e) *Access to records*—(1) *Records of grantees and subgrantees.* The awarding agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of grantees and subgrantees which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts.

(2) *Expiration of right of access.* The rights of access in this section must not be limited to the required retention period but shall last as long as the records are retained.

(f) *Restrictions on public access.* The Federal Freedom of Information Act (5 U.S.C. 552) does not apply to records Unless required by Federal, State, or local law, grantees and subgrantees are not required to permit public access to their records.

§ 12.83 Enforcement.

(a) *Remedies for noncompliance.* If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

(1) Temporarily withhold cash payments pending correction of the deficiency by the grantee or subgrantee or more severe enforcement action by the awarding agency,

(2) Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance,

(3) Wholly or partly suspend or terminate the current award for the grantee's or subgrantee's program,

(4) Withhold further awards for the program, or

(5) Take other remedies that may be legally available.

(b) *Hearings, appeals.* In taking an enforcement action, the awarding agency will provide the grantee or subgrantee an opportunity for such hearing, appeal, or other administrative proceeding to which the grantee or subgrantee is entitled under any statute or regulation applicable to the action involved.

(c) *Effects of suspension and termination.* Costs of grantee or subgrantee

resulting from obligations incurred by the grantee or subgrantee during a suspension or after termination of an award are not allowable unless the awarding agency expressly authorizes them in the notice of suspension or termination or subsequently. Other grantee or subgrantee costs during suspension or after termination which are necessary and not reasonably avoidable are allowable if:

(1) The costs result from obligations which were properly incurred by the grantee or subgrantee before the effective date of suspension or termination, are not in anticipation of it, and, in the case of a termination, are noncancellable, and,

(2) The costs would be allowable if the award were not suspended or expired normally at the end of the funding period in which the termination takes effect.

(d) *Relationship to Debarment and Suspension.* The enforcement remedies identified in this section, including suspension and termination, do not preclude grantee or subgrantee from being subject to ''Debarment and Suspension'' under E.O. 12549 (see §12.75).

§12.84 Termination for convenience.

Except as provided in §12.83 awards may be terminated in whole or in part only as follows:

(a) By the awarding agency with the consent of the grantee or subgrantee in which case the two parties shall agree upon the termination conditions, including the effective date and in the case of partial termination, the portion to be terminated, or

(b) By the grantee or subgrantee upon written notification to the awarding agency, setting forth the reasons for such termination, the effective date, and in the case of partial termination, the portion to be terminated. However, if, in the case of a partial termination, the awarding agency determines that the remaining portion of the award will not accomplish the purposes for which the award was made, the awarding agency may terminate the award in its entirety under either §12.83 or paragraph (a) of this section.

AFTER-THE-GRANT REQUIREMENTS

§12.90 Closeout.

(a) *General.* The Federal agency will close out the award when it determines that all applicable administrative actions and all required work of the grant has been completed.

(b) *Reports.* Within 90 days after the expiration or termination of the grant, the grantee must submit all financial, performance, and other reports required as a condition of the grant. Upon request by the grantee, Federal agencies may extend this timeframe. These may include but are not limited to:

(1) *Final performance or progress report.*

(2) *Financial Status Report (SF 269) or Outlay Report and Request for Reimbursement for Construction Programs (SF–271) (as applicable.)*

(3) *Final request for payment (SF–270) (if applicable).*

(4) *Invention disclosure (if applicable).*

(5) *Federally-owned property report:*

In accordance with §12.72(f), a grantee must submit an inventory of all federally owned property (as distinct from property acquired with grant funds) for which it is accountable and request disposition instructions from the Federal agency of property no longer needed.

(c) *Cost adjustment.* The Federal agency will, within 90 days after receipt of reports in paragraph (b) of this section, make upward or downward adjustments to the allowable costs.

(d) *Cash adjustments.* (1) The Federal agency will make prompt payment to the grantee for allowable reimbursable costs.

(2) The grantee must immediately refund to the Federal agency any balance of unobligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants.

§12.91 Later disallowances and adjustments.

The closeout of a grant does not affect:

(a) The Federal agency's right to disallow costs and recover funds on the basis of a later audit or other review;

(b) The grantee's obligation to return any funds due as a result of later refunds, corrections, or other transactions;

(c) Records retention as required in § 12.82;

(d) Property management requirements in §§ 12.71 and 12.72; and

(e) Audit requirements in § 12.66.

§ 12.92 Collection of amounts due.

(a) Any funds paid to a grantee in excess of the amount to which the grantee is finally determined to be entitled under the terms of the award constitute a debt to the Federal Government. If not paid within a reasonable period after demand, the Federal agency may reduce the debt by:

(1) Making an adminstrative offset against other requests for reimbursements,

(2) Withholding advance payments otherwise due to the grantee, or

(3) Other action permitted by law.

(b) Except where otherwise provided by statutes or regulations, the Federal agency will charge interest on an overdue debt in accordance with the Federal Claims Collection Standards (4 CFR Ch. II). The date from which interest is computed is not extended by litigation or the filing of any form of appeal.

ENTITLEMENTS—[RESERVED]

Subpart D—Governmentwide Debarment and Suspension (Nonprocurement) and Governmentwide Requirements for Drug-Free Workplace (Grants)

SOURCE: 53 FR 19199, and 19204, May 26, 1988, unless otherwise noted.

GENERAL

§ 12.100 Purpose.

(a) Executive Order (E.O.) 12549 provides that, to the extent permitted by law, Executive departments and agencies shall participate in a governmentwide system for nonprocurement debarment and suspension. A person who is debarred or suspended shall be excluded from Federal financial and nonfinancial assistance and benefits under Federal programs and activities. Debarment or suspension of a participant in a program by one agency shall have governmentwide effect.

(b) These regulations implement section 3 of E.O. 12549 and the guidelines promulgated by the Office of Management and Budget under section 6 of the E.O. by:

(1) Prescribing the programs and activities that are covered by the governmentwide system;

(2) Prescribing the governmentwide criteria and governmentwide minimum due process procedures that each agency shall use;

(3) Providing for the listing of debarred and suspended participants, participants declared ineligible (see definition of ''ineligible'' in § 12.105), and participants who have voluntarily excluded themselves from participation in covered transactions;

(4) Setting forth the consequences of a debarment, suspension, determination of ineligibility, or voluntary exclusion; and

(5) Offering such other guidance as necessary for the effective implementation and administration of the governmentwide system.

(c) These regulations also implement Executive Order 12689 (3 CFR, 1989 Comp., p. 235) and 31 U.S.C. 6101 note (Public Law 103–355, sec. 2455, 108 Stat. 3327) by—

(1) Providing for the inclusion in the *List of Parties Excluded from Federal Procurement and Nonprocurement Programs* all persons proposed for debarment, debarred or suspended under the Federal Acquisition Regulation, 48 CFR Part 9, subpart 9.4; persons against which governmentwide exclusions have been entered under this part; and persons determined to be ineligible; and

(2) Setting forth the consequences of a debarment, suspension, determination of ineligibility, or voluntary exclusion.

(d) Although these regulations cover the listing of ineligible participants and the effect of such listing, they do not prescribe policies and procedures governing declarations of ineligibility.

[60 FR 33040, 33061, June 26, 1995]

§12.105 Definitions.

The following definitions apply to this part:

Adequate evidence. Information sufficient to support the reasonable belief that a particular act or omission has occurred.

Affiliate. Persons are affiliates of each other if, directly or indirectly, either one controls or has the power to control the other, *or*, a third person controls or has the power to control both. Indicia of control include, but are not limited to: interlocking management or ownership, identity of interests among family members, shared facilities and equipment, common use of employees, or a business entity organized following the suspension or debarment of a person which has the same or similar management, ownership, or principal employees as the suspended, debarred, ineligible, or voluntarily excluded person.

Agency. Any executive department, military department or defense agency or other agency of the executive branch, excluding the independent regulatory agencies.

Civil judgment. The disposition of a civil action by any court of competent jurisdiction, whether entered by verdict, decision, settlement, stipulation, or otherwise creating a civil liability for the wrongful acts complained of; or a final determination of liability under the Program Fraud Civil Remedies Act of 1988 (31 U.S.C. 3801–12).

Conviction. A judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or a plea, including a plea of nolo contendere.

Debarment. An action taken by a debarring official in accordance with these regulations to exclude a person from participating in covered transactions. A person so excluded is ''debarred.''

Debarring official. An official authorized to impose debarment. The debarring official is either:

(1) The agency head, or

(2) An official designated by the agency head.

(3) The debarring official for the Department of the Interior is the Director, Office of Acquisition and Property Management.

Exception official. The official authorized to grant exceptions under §12.215 for the Department of the Interior is the Director, Office of Acquisition and Property Management.

Findings of fact official. The official authorized to conduct and prepare findings of fact, if required under §12.314(b)(2) or §12.413(b)(2), is the Director, Office of Hearings and Appeals, or designee.

Indictment. Indictment for a criminal offense. An information or other filing by competent authority charging a criminal offense shall be given the same effect as an indictment.

Ineligible. Excluded from participation in Federal nonprocurement programs pursuant to a determination of ineligibility under statutory, executive order, or regulatory authority, other than Executive Order 12549 and its agency implementing regulations; for exemple, excluded pursuant to the Davis-Bacon Act and its implementing regulations, the equal employment opportunity acts and executive orders, or the environmental protection acts and executive orders. A person is ineligible where the determination of ineligibility affects such person's eligibility to participate in more than one covered transaction.

Legal proceedings. Any criminal proceeding or any civil judicial proceeding to which the Federal Government or a State or local government or quasi-governmental authority is a party. The term includes appeals from such proceedings.

List of Parties Excluded from Federal Procurement and Nonprocurement Programs. A list compiled, maintained and distributed by the General Services Administration (GSA) containing the names and other information about persons who have been debarred, suspended, or voluntarily excluded under Executive Orders 12549 and 12689 and these regulations or 48 CFR part 9, subpart 9.4, persons who have been proposed for debarment under 48 CFR part 9, subpart 9.4, and those persons who have been determined to be ineligible.

Notice. A written communication served in person or sent by certified mail, return receipt requested, or its equivalent, to the last known address of a party, its identified counsel, its

agent for service of process, or any partner, officer, director, owner, or joint venturer of the party. Notice, if undeliverable, shall be considered to have been received by the addressee five days after being properly sent to the last address known by the agency.

Participant. Any person who submits a proposal for, enters into, or reasonably may be expected to enter into a covered transaction. This term also includes any person who acts on behalf of or is authorized to commit a participant in a covered transaction as an agent or representative of another participant.

Person. Any individual, corporation, partnership, association, unit of government or legal entity, however organized, except: foreign governments or foreign governmental entities, public international organizations, foreign government owned (in whole or in part) or controlled entities, and entities consisting wholly or partially of foreign governments or foreign governmental entities.

Preponderance of the evidence. Proof by information that, compared with that opposing it, leads to the conclusion that the fact at issue is more probably true than not.

Principal. Officer, director, owner, partner, key employee, or other person within a participant with primary management or supervisory responsibilities; or a person who has a critical influence on or substantive control over a covered transaction, whether or not employed by the participant. Persons who have a critical influence on or substantive control over a covered transaction are:

(1) Principal investigators.

(2) [Reserved]

Proposal. A solicited or unsolicited bid, application, request, invitation to consider or similar communication by or on behalf of a person seeking to participate or to receive a benefit, directly or indirectly, in or under a covered transaction.

Respondent. A person against whom a debarment or suspension action has been initiated.

State. Any of the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency of a State, exclusive of institutions of higher education, hospitals, and units of local government. A State instrumentality will be considered part of the State government if it has a written determination from a State government that such State considers that instrumentality to be an agency of the State government.

Suspending official. An official authorized to impose suspension. The suspending official is either:

(1) The agency head, or

(2) An official designated by the agency head.

(3) The suspending official for the Department of the Interior is the Director, Office of Acquisition and Property Management.

Suspension. An action taken by a suspending official in accordance with these regulations that immediately excludes a person from participating in covered transactions for a temporary period, pending completion of an investigation and such legal, debarment, or Program Fraud Civil Remedies Act proceedings as may ensue. A person so excluded is ''suspended.''

Voluntary exclusion or voluntarily excluded. A status of nonparticipation or limited participation in covered transactions assumed by a person pursuant to the terms of a settlement.

[53 FR 19199 and 19204, May 26, 1988, as amended at 60 FR 33040, 33061, June 26, 1995]

§ 12.110 Coverage.

(a) These regulations apply to all persons who have participated, are currently participating or may reasonably be expected to participate in transactions under Federal nonprocurement programs. For purposes of these regulations such transactions will be referred to as ''covered transactions.''

(1) *Covered transaction.* For purposes of these regulations, a covered transaction is a primary covered transaction or a lower tier covered transaction. Covered transactions at any tier need not involve the transfer of Federal funds.

(i) *Primary covered transaction.* Except as noted in paragraph (a)(2) of this section, a primary covered transaction is

any nonprocurement transaction between an agency and a person, regardless of type, including: grants, cooperative agreements, scholarships, fellowships, contracts of assistance, loans, loan guarantees, subsidies, insurance, payments for specified use, donation agreements and any other nonprocurement transactions between a Federal agency and a person. Primary covered transactions also include those transactions specially designated by the U.S. Department of Housing and Urban Development in such agency's regulations governing debarment and suspension.

(ii) *Lower tier covered transaction.* A lower tier covered transaction is:

(A) Any transaction between a participant and a person other than a procurement contract for goods or services, regardless of type, under a primary covered transaction.

(B) Any procurement contract for goods or services between a participant and a person, regardless of type, expected to equal or exceed the Federal procurement small purchase threshold fixed at 10 U.S.C. 2304(g) and 41 U.S.C. 253(g) (currently $25,000) under a primary covered transaction.

(C) Any procurement contract for goods or services between a participant and a person under a covered transaction, regardless of amount, under which that person will have a critical influence on or substantive control over that covered transaction. Such persons are:

(*1*) Principal investigators.

(*2*) Providers of federally-required audit services.

(2) *Exceptions.* The following transactions are not covered:

(i) Statutory entitlements or mandatory awards (but not subtier awards thereunder which are not themselves mandatory), including deposited funds insured by the Federal Government;

(ii) Direct awards to foreign governments or public international organizations, or transactions with foreign governments or foreign governmental entities, public international organizations, foreign government owned (in whole or in part) or controlled entities, entities consisting wholly or partially of foreign governments or foreign governmental entities;

(iii) Benefits to an individual as a personal entitlement without regard to the individual's present responsibility (but benefits received in an individual's business capacity are not excepted);

(iv) Federal employment;

(v) Transactions pursuant to national or agency-recognized emergencies or disasters;

(vi) Incidental benefits derived from ordinary governmental operations; and

(vii) Other transactions where the application of these regulations would be prohibited by law.

(viii) Transactions entered into pursuant to Public Law 93–638.

(ix) Under natural resources management programs, permits, licenses, exchanges and other acquisitions of real property, rights-of-way, and easements.

(x) Transactions concerning mineral patent claims entered into pursuant to 30 U.S.C. 22 *et seq.*

(xi) Water service contracts and repayment contracts entered into pursuant to 43 U.S.C. 485.

(3) Department of the Interior covered transactions. These Department of the Interior regulations apply to the Department's domestic assistance covered transactions (whether by a Federal agency, recipient, subrecipient, or intermediary) including, except as noted in paragraph (a)(2) of this section: grants, cooperative agreements, scholarships, fellowships, contracts of assistance, loans, loan guarantees, subsidies, insurance, payments for specified use, donation agreements, Federal acquisition of a leasehold interest or any other interest in real property, concession contracts, dispositions of Federal real and personal property and natural resources, subawards, subcontracts and transactions at any tier that are charged as direct or indirect costs, regardless of type (including subtier awards under awards which are statutory entitlement or mandatory awards), and any other nonprocurement transactions between the Department and a person.

(b) *Relationship to other sections.* This section describes the types of transactions to which a debarment or suspension under the regulations will apply. Subpart B, ''Effect of Action,'' § 12.200, ''Debarment or suspension,''

sets forth the consequences of a debarment or suspension. Those consequences would obtain only with respect to participants and principals in the covered transactions and activities described in § 12.110(a). Sections 12.325, ''Scope of debarment,'' and 12.420, ''Scope of suspension,'' govern the extent to which a specific participant or organizational elements of a participant would be automatically included within a debarment or suspension action, and the conditions under which affiliates or persons associated with a participant may also be brought within the scope of the action.

(c) *Relationship to Federal procurement activities.* In accordance with E.O. 12689 and section 2455 of Public Law 103–355, any debarment, suspension, proposed debarment or other governmentwide exclusion initiated under the Federal Acquisition Regulation (FAR) on or after August 25, 1995 shall be recognized by and effective for Executive Branch agencies and participants as an exclusion under this regulation. Similarly, any debarment, suspension or other governmentwide exclusion initiated under this regulation on or after August 25, 1995 shall be recognized by and effective for those agencies as a debarment or suspension under the FAR.

[53 FR 19199 and 19204, May 26, 1988, as amended at 60 FR 33041, 33061, June 26, 1995]

§ 12.115 Policy.

(a) In order to protect the public interest, it is the policy of the Federal Government to conduct business only with responsible persons. Debarment and suspension are discretionary actions that, taken in accordance with Executive Order 12549 and these regulations, are appropriate means to implement this policy.

(b) Debarment and suspension are serious actions which shall be used only in the public interest and for the Federal Government's protection and not for purposes of punishment. Agencies may impose debarment or suspension for the causes and in accordance with the procedures set forth in these regulations.

(c) When more than one agency has an interest in the proposed debarment or suspension of a person, consideration shall be given to designating one agency as the lead agency for making the decision. Agencies are encouraged to establish methods and procedures for coordinating their debarment or suspension actions.

EFFECT OF ACTION

§ 12.200 Debarment or suspension.

(a) *Primary covered transactions.* Except to the extent prohibited by law, persons who are debarred or suspended shall be excluded from primary covered transactions as either participants or principals throughout the Executive Branch of the Federal Government for the period of their debarment, suspension, or the period they are proposed for debarment under 48 CFR part 9, subpart 9.4. Accordingly, no agency shall enter into primary covered transactions with such excluded persons during such period, except as permitted pursuant to § 12.215.

(b) *Lower tier covered transactions.* Except to the extent prohibited by law, persons who have been proposed for debarment under 48 CFR part 9, subpart 9.4, debarred or suspended shall be excluded from participating as either participants or principals in all lower tier covered transactions (see § 12.110(a)(1)(ii)) for the period of their exclusion.

(c) *Exceptions.* Debarment or suspension does not affect a person's eligibility for—

(1) Statutory entitlements or mandatory awards (but not subtier awards thereunder which are not themselves mandatory), including deposited funds insured by the Federal Government;

(2) Direct awards to foreign governments or public international organizations, or transactions with foreign governments or foreign governmental entities, public international organizations, foreign government owned (in whole or in part) or controlled entities, and entities consisting wholly or partially of foreign governments or foreign governmental entities;

(3) Benefits to an individual as a personal entitlement without regard to the individual's present responsibility (but benefits received in an individual's business capacity are not excepted);

(4) Federal employment;

(5) Transactions pursuant to national or agency-recognized emergencies or disasters;

(6) Incidental benefits derived from ordinary governmental operations; and

(7) Other transactions where the application of these regulations would be prohibited by law.

(8) Transactions entered into pursuant to Public Law 93–638, 88 Stat. 2203.

(9) Under natural resources management programs, permits, licenses, exchanges and other acquisitions of real property, rights-of-way, and easements.

(10) Mineral patent claims entered into pursuant to 30 U.S.C. 33 *et seq.*

(11) Water service contracts and repayment contracts entered into pursuant to 43 U.S.C. 485.

[60 FR 33041, 33061, June 26, 1995]

§12.205 Ineligible persons.

Persons who are ineligible, as defined in §12.105(i), are excluded in accordance with the applicable statutory, Executive order, or regulatory authority.

§12.210 Voluntary exclusion.

Persons who accept voluntary exclusions under §12.315 are excluded in accordance with the terms of their settlements. The Department of the Interior shall, and participants may, contact the original action agency to ascertain the extent of the exclusion.

§12.215 Exception provision.

The Department of the Interior may grant an exception permitting a debarred, suspended, or voluntarily excluded person, or a person proposed for debarment under 48 CFR part 9, subpart 9.4, to participate in a particular covered transaction upon a written determination by the agency head or an authorized designee stating the reason(s) for deviating from the Presidential policy established by Executive Order 12549 and §12.200. However, in accordance with the President's stated intention in the Executive Order, exceptions shall be granted only infrequently. Exceptions shall be reported in accordance with §12.505(a).

[60 FR 33041, 33061, June 26, 1995]

§12.220 Continuation of covered transactions.

(a) Notwithstanding the debarment, suspension, proposed debarment under 48 CFR part 9, subpart 9.4, determination of ineligibility, or voluntary exclusion of any person by an agency, agencies and participants may continue covered transactions in existence at the time the person was debarred, suspended, proposed for debarment under 48 CFR part 9, subpart 9.4, declared ineligible, or voluntarily excluded. A decision as to the type of termination action, if any, to be taken should be made only after thorough review to ensure the propriety of the proposed action.

(b) Agencies and participants shall not renew or extend covered transactions (other than no-cost time extensions) with any person who is debarred, suspended, proposed for debarment under 48 CFR part 9, subpart 9.4, ineligible or voluntary excluded, except as provided in §12.215.

[60 FR 33041, 33061, June 26, 1995]

§12.225 Failure to adhere to restrictions.

(a) Except as permitted under §12.215 or §12.220, a participant shall not knowingly do business under a covered transaction with a person who is—

(1) Debarred or suspended;

(2) Proposed for debarment under 48 CFR part 9, subpart 9.4; or

(3) Ineligible for or voluntarily excluded from the covered transaction.

(b) Violation of the restriction under paragraph (a) of this section may result in disallowance of costs, annulment or termination of award, issuance of a stop work order, debarment or suspension, or other remedies as appropriate.

(c) A participant may rely upon the certification of a prospective participant in a lower tier covered transaction that it and its principals are not debarred, suspended, proposed for debarment under 48 CFR part 9, subpart 9.4, ineligible, or voluntarily excluded from the covered transaction (See Appendix B of these regulations), unless it knows that the certification is erroneous. An agency has the burden of proof that a participant did knowingly

do business with a person that filed an erroneous certification.

[60 FR 33041, 33061, June 26, 1995]

DEBARMENT

§ 12.300 General.

The debarring official may debar a person for any of the causes in § 12.305, using procedures established in §§ 12.310 through 12.314. The existence of a cause for debarment, however, does not necessarily require that the person be debarred; the seriousness of the person's acts or omissions and any mitigating factors shall be considered in making any debarment decision.

§ 12.305 Causes for debarment.

Debarment may be imposed in accordance with the provisions of §§ 12.300 through 12.314 for:

(a) Conviction of or civil judgment for:

(1) Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction;

(2) Violation of Federal or State antitrust statutes, including those proscribing price fixing between competitors, allocation of customers between competitors, and bid rigging;

(3) Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, or obstruction of justice; or

(4) Commission of any other offense indicating a lack of business integrity or business honesty that seriously and directly affects the present responsibility of a person.

(b) Violation of the terms of a public agreement or transaction so serious as to affect the integrity of an agency program, such as:

(1) A willful failure to perform in accordance with the terms of one or more public agreements or transactions;

(2) A history of failure to perform or of unsatisfactory performance of one or more public agreements or transactions; or

(3) A willful violation of a statutory or regulatory provision or requirement applicable to a public agreement or transaction.

(c) Any of the following causes:

(1) A nonprocurement debarment by any Federal agency taken before October 1, 1988, the effective date of these regulations, or a procurement debarment by any Federal agency taken pursuant to 48 CFR subpart 9.4;

(2) Knowingly doing business with a debarred, suspended, ineligible, or voluntarily excluded person, in connection with a covered transaction, except as permitted in § 12.215 or § 12.220;

(3) Failure to pay a single substantial debt, or a number of outstanding debts (including disallowed costs and overpayments, but not including sums owed the Federal Government under the Internal Revenue Code) owed to any Federal agency or instrumentality, provided the debt is uncontested by the debtor or, if contested, provided that the debtor's legal and administrative remedies have been exhausted;

(4) Violation of a material provision of a voluntary exclusion agreement entered into under § 12.315 or of any settlement of a debarment or suspension action; or

(5) Violation of any requirement of the drug-free workplace requirements for grants, relating to providing a drug-free workplace, as set forth in § 12.615 of this part.

(d) Any other cause of so serious or compelling a nature that it affects the present responsibility of a person.

[53 FR 19199, 19204, May 26, 1988, as amended at 54 FR 4950, 4963, Jan. 31, 1989; 55 FR 21701, May 25, 1990]

§ 12.310 Procedures.

The Department of the Interior shall process debarment actions as informally as practicable, consistent with the principles of fundamental fairness, using the procedures in §§ 12.311 through 12.314.

§ 12.311 Investigation and referral.

Information concerning the existence of a cause for debarment from any source shall be promptly reported, investigated, and referred, when appropriate, to the debarring official for consideration. After consideration, the debarring official may issue a notice of proposed debarment.

§12.312 Notice of proposed debarment.

A debarment proceeding shall be initiated by notice to the respondent advising:

(a) That debarment is being considered;

(b) Of the reasons for the proposed debarment in terms sufficient to put the respondent on notice of the conduct or transaction(s) upon which it is based;

(c) Of the cause(s) relied upon under §12.305 for proposing debarment;

(d) Of the provisions of §12.311 through §12.314, and any other Department of the Interior procedures, if applicable, governing debarment decisionmaking; and

(e) Of the potential effect of a debarment.

§12.313 Opportunity to contest proposed debarment.

(a) *Submission in opposition.* Within 30 days after receipt of the notice of proposed debarment, the respondent may submit, in person, in writing, or through a representative, information and argument in opposition to the proposed debarment.

(b) *Additional proceedings as to disputed material facts.* (1) In actions not based upon a conviction or civil judgment, if the debarring official finds that the respondent's submission in opposition raises a genuine dispute over facts material to the proposed debarment, respondent(s) shall be afforded an opportunity to appear with a representative, submit documentary evidence, present witnesses, and confront any witness the agency presents.

(2) A transcribed record of any additional proceedings shall be made available at cost to the respondent, upon request, unless the respondent and the agency, by mutual agreement, waive the requirement for a transcript.

§12.314 Debarring official's decision.

(a) *No additional proceedings necessary.* In actions based upon a conviction or civil judgment, or in which there is no genuine dispute over material facts, the debarring official shall make a decision on the basis of all the information in the administrative record, including any submission made by the respondent. The decision shall be made within 45 days after receipt of any information and argument submitted by the respondent, unless the debarring official extends this period for good cause.

(b) *Additional proceedings necessary.* (1) In actions in which additional proceedings are necessary to determine disputed material facts, written findings of fact shall be prepared. The debarring official shall base the decision on the facts as found, together with any information and argument submitted by the respondent and any other information in the administrative record.

(2) The debarring official may refer disputed material facts to another official for findings of fact. The debarring official may reject any such findings, in whole or in part, only after specifically determining them to be arbitrary and capricious or clearly erroneous.

(3) The debarring official's decision shall be made after the conclusion of the proceedings with respect to disputed facts.

(c)(1) *Standard of proof.* In any debarment action, the cause for debarment must be established by a preponderance of the evidence. Where the proposed debarment is based upon a conviction or civil judgment, the standard shall be deemed to have been met.

(2) *Burden of proof.* The burden of proof is on the agency proposing debarment.

(d) *Notice of debarring official's decision.* (1) If the debarring official decides to impose debarment, the respondent shall be given prompt notice:

(i) Referring to the notice of proposed debarment;

(ii) Specifying the reasons for debarment;

(iii) Stating the period of debarment, including effective dates; and

(iv) Advising that the debarment is effective for covered transactions throughout the executive branch of the Federal Government unless an agency head or an authorized designee makes the determination referred to in §12.215.

(2) If the debarring official decides not to impose debarment, the respondent shall be given prompt notice of that decision. A decision not to impose debarment shall be without prejudice

to a subsequent imposition of debarment by any other agency.

§ 12.315 Settlement and voluntary exclusion.

(a) When in the best interest of the Government, the Department of the Interior may, at any time, settle a debarment or suspension action.

(b) If a participant and the agency agree to a voluntary exclusion of the participant, such voluntary exclusion shall be entered on the Nonprocurement List (see subpart E).

§ 12.320 Period of debarment.

(a) Debarment shall be for a period commensurate with the seriousness of the cause(s). If a suspension precedes a debarment, the suspension period shall be considered in determining the debarment period.

(1) Debarment for causes other than those related to a violation of the requirements of the drug-free workplace requirements for grants of this subpart generally should not exceed three years. Where circumstances warrant, a longer period of debarment may be imposed.

(2) In the case of a debarment for a violation of the requirements of the drug-free workplace requirements for grants of this subpart (*see* 12.305(c)(5)), the period of debarment shall not exceed five years.

(b) [Reserved]

[53 FR 19199, 19204, May 26, 1988, as amended at 54 FR 4950, 4963, Jan. 31, 1989; 55 FR 21701, May 25, 1990]

§ 12.325 Scope of debarment.

(a) *Scope in general.* (1) Debarment of a person under these regulations constitutes debarment of all its divisions and other organizational elements from all covered transactions, unless the debarment decision is limited by its terms to one or more specifically identified individuals, divisions or other organizational elements or to specific types of transactions.

(2) The debarment action may include any affiliate of the participant that is specifically named and given notice of the proposed debarment and an opportunity to respond (see §§ 12.311 through 12.314).

(b) *Imputing conduct.* For purposes of determining the scope of debarment, conduct may be imputed as follows:

(1) *Conduct imputed to participant.* The fraudulent, criminal or other seriously improper conduct of any officer, director, shareholder, partner, employee, or other individual associated with a participant may be imputed to the participant when the conduct occurred in connection with the individual's performance of duties for or on behalf of the participant, or with the participant's knowledge, approval, or acquiescence. The participant's acceptance of the benefits derived from the conduct shall be evidence of such knowledge, approval, or acquiescence.

(2) *Conduct imputed to individuals associated with participant.* The fraudulent, criminal, or other seriously improper conduct of a participant may be imputed to any officer, director, shareholder, partner, employee, or other individual associated with the participant who participated in, knew of, or had reason to know of the participant's conduct.

(3) *Conduct of one participant imputed to other participants in a joint venture.* The fraudulent, criminal, or other seriously improper conduct of one participant in a joint venture, grant pursuant to a joint application, or similar arrangement may be imputed to other participants if the conduct occurred for or on behalf of the joint venture, grant pursuant to a joint application, or similar arrangement may be imputed to other participants if the conduct occurred for or on behalf of the joint venture, grant pursuant to a joint application, or similar arrangement or with the knowledge, approval, or acquiescence of these participants. Acceptance of the benefits derived from the conduct shall be evidence of such knowledge, approval, or acquiescence.

SUSPENSION

§ 12.400 General.

(a) The suspending official may suspend a person for any of the causes in § 12.405 using procedures established in §§ 12.410 through 12.413.

(b) Suspension is a serious action to be imposed only when:

(1) There exists adequate evidence of one or more of the causes set out in §12.405, and

(2) Immediate action is necessary to protect the public interest.

(c) In assessing the adequacy of the evidence, the agency should consider how much information is available, how credible it is given the circumstances, whether or not important allegations are corroborated, and what inferences can reasonably be drawn as a result. This assessment should include an examination of basic documents such as grants, cooperative agreements, loan authorizations, and contracts.

§12.405 Causes for suspension.

(a) Suspension may be imposed in accordance with the provisions of §§12.400 through 12.413 upon adequate evidence:

(1) To suspect the commission of an offense listed in §12.305(a); or

(2) That a cause for debarment under §12.305 may exist.

(b) Indictment shall constitute adequate evidence for purposes of suspension actions.

§12.410 Procedures.

(a) *Investigation and referral.* Information concerning the existence of a cause for suspension from any source shall be promptly reported, investigated, and referred, when appropriate, to the suspending official for consideration. After consideration, the suspending official may issue a notice of suspension.

(b) *Decisionmaking process.* The Department of the Interior shall process suspension actions as informally as practicable, consistent with principles of fundamental fairness, using the procedures in §12.411 through §12.413.

§12.411 Notice of suspension.

When a respondent is suspended, notice shall immediately be given:

(a) That suspension has been imposed;

(b) That the suspension is based on an indictment, conviction, or other adequate evidence that the respondent has committed irregularities seriously reflecting on the propriety of further Federal Government dealings with the respondent;

(c) Describing any such irregularities in terms sufficient to put the respondent on notice without disclosing the Federal Government's evidence;

(d) Of the cause(s) relied upon under §12.405 for imposing suspension;

(e) That the suspension is for a temporary period pending the completion of an investigation or ensuing legal, debarment, or Program Fraud Civil Remedies Act proceedings;

(f) Of the provisions of §12.411 through §12.413 and any other Department of the Interior procedures, if applicable, governing suspension decisionmaking; and

(g) Of the effect of the suspension.

§12.412 Opportunity to contest suspension.

(a) *Submission in opposition.* Within 30 days after receipt of the notice of suspension, the respondent may submit, in person, in writing, or through a representative, information and argument in opposition to the suspension.

(b) *Additional proceedings as to disputed material facts.* (1) If the suspending official finds that the respondent's submission in opposition raises a genuine dispute over facts material to the suspension, respondent(s) shall be afforded an opportunity to appear with a representative, submit documentary evidence, present witnesses, and confront any witness the agency presents, unless:

(i) The action is based on an indictment, conviction or civil judgment, or

(ii) A determination is made, on the basis of Department of Justice advice, that the substantial interests of the Federal Government in pending or contemplated legal proceedings based on the same facts as the suspension would be prejudiced.

(2) A transcribed record of any additional proceedings shall be prepared and made available at cost to the respondent, upon request, unless the respondent and the agency, by mutual agreement, waive the requirement for a transcript.

§12.413 Suspending official's decision.

The suspending official may modify or terminate the suspension (for example, see §12.320(c) for reasons for reducing the period or scope of debarment)

or may leave it in force. However, a decision to modify or terminate the suspension shall be without prejudice to the subsequent imposition of suspension by any other agency or debarment by any agency. The decision shall be rendered in accordance with the following provisions:

(a) *No additional proceedings necessary.* In actions: Based on an indictment, conviction, or civil judgment; in which there is no genuine dispute over material facts; or in which additional proceedings to determine disputed material facts have been denied on the basis of Department of Justice advice, the suspending official shall make a decision on the basis of all the information in the administrative record, including any submission made by the respondent. The decision shall be made within 45 days after receipt of any information and argument submitted by the respondent, unless the suspending official extends this period for good cause.

(b) *Additional proceedings necessary.* (1) In actions in which additional proceedings are necessary to determine disputed material facts, written findings of fact shall be prepared. The suspending official shall base the decision on the facts as found, together with any information and argument submitted by the respondent and any other information in the administrative record.

(2) The suspending official may refer matters involving disputed material facts to another official for findings of fact. The suspending official may reject any such findings, in whole or in part, only after specifically determining them to be arbitrary or capricious or clearly erroneous.

(c) *Notice of suspending official's decision.* Prompt written notice of the suspending official's decision shall be sent to the respondent.

§ 12.415 Period of suspension.

(a) Suspension shall be for a temporary period pending the completion of an investigation or ensuing legal, debarment, or Program Fraud Civil Remedies Act proceedings, unless terminated sooner by the suspending official or as provided in paragraph (b) of this section.

(b) If legal or administrative proceedings are not initiated within 12 months after the date of the suspension notice, the suspension shall be terminated unless an Assistant Attorney General or United States Attorney requests its extension in writing, in which case it may be extended for an additional six months. In no event may a suspension extend beyond 18 months, unless such proceedings have been initiated within that period.

(c) The suspending official shall notify the Department of Justice of an impending termination of a suspension, at least 30 days before the 12-month period expires, to give that Department an opportunity to request an extension.

§ 12.420 Scope of suspension.

The scope of a suspension is the same as the scope of a debarment (see § 12.325), except that the procedures of §§ 12.410 through 12.413 shall be used in imposing a suspension.

RESPONSIBILITIES OF GSA, DEPARTMENT OF THE INTERIOR AND PARTICIPANTS

§ 12.500 GSA responsibilities.

(a) In accordance with the OMB guidelines, GSA shall compile, maintain, and distribute a list of all persons who have been debarred, suspended, or voluntarily excluded by agencies under Executive Order 12549 and these regulations, and those who have been determined to be ineligible.

(b) At a minimum, this list shall indicate:

(1) The names and addresses of all debarred, suspended, ineligible, and voluntarily excluded persons, in alphabetical order, with cross-references when more than one name is involved in a single action;

(2) The type of action;

(3) The cause for the action;

(4) The scope of the action;

(5) Any termination date for each listing; and

(6) The agency and name and telephone number of the agency point of contact for the action.

§ 12.505 Department of the Interior responsibilities.

(a) The agency shall provide GSA with current information concerning

debarments, suspension, determinations of ineligibility, and voluntary exclusions it has taken. Until February 18, 1989, the agency shall also provide GSA and OMB with information concerning all transactions in which the Department of the Interior has granted exceptions under §12.215 permitting participation by debarred, suspended, or voluntarily excluded persons.

(b) Unless an alternative schedule is agreed to by GSA, the agency shall advise GSA of the information set forth in §12.500(b) and of the exceptions granted under §12.215 within five working days after taking such actions.

(c) The agency shall direct inquiries concerning listed persons to the agency that took the action.

(d) Agency officials shall check the Nonprocurement List before entering covered transactions to determine whether a participant in a primary transaction is debarred, suspended, ineligible, or voluntarily excluded (Tel. #).

(e) Agency officials shall check the Nonprocurement List before approving principals or lower tier participants where agency approval of the principal or lower tier participant is required under the terms of the transaction, to determine whether such principals or participants are debarred, suspended, ineligible, or voluntarily excluded.

§12.510 Participants' responsibilities.

(a) *Certification by participants in primary covered transactions.* Each participant shall submit the certification in appendix A to this subpart for it and its principals at the time the participant submits its proposal in connection with a primary covered transaction, except that States need only complete such certification as to their principals. Participants may decide the method and frequency by which they determine the eligibility of their principals. In addition, each participant may, but is not required to, check the Nonprocurement List for its principals (Tel. #). Adverse information on the certification will not necessarily result in denial of participation. However, the certification, and any additional information pertaining to the certification submitted by the participant, shall be considered in the administration of covered transactions.

(b) *Certification by participants in lower tier covered transactions.* (1) Each participant shall require participants in lower tier covered transactions to include the certification in appendix B to this subpart for it and its principals in any proposal submitted in connection with such lower tier covered transactions.

(2) A participant may rely upon the certification of a prospective participant in a lower tier covered transaction that it and its principals are not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction by any Federal agency, unless it knows that the certification is erroneous. Participants may decide the method and frequency by which they determine the eligiblity of their principals. In addition, a participant may, but is not required to, check the Nonprocurement List for its principals and for participants (Tel. #).

(c) *Changed circumstances regarding certification.* A participant shall provide immediate written notice to the Department of the Interior if at any time the participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances. Participants in lower tier covered transactions shall provide the same updated notice to the participant to which it submitted its proposals.

DRUG-FREE WORKPLACE REQUIREMENTS (GRANTS)

SOURCE: 55 FR 21688, 21701, May 25, 1990, unless otherwise noted.

EDITORIAL NOTE: Nomenclature changes for §§12.600 through 12.635 appear at 55 FR 21702, May 25, 1990.

§12.600 Purpose.

(a) The purpose of the drug-free workplace requirements for grants is to carry out the Drug-Free Workplace Act of 1988 by requiring that—

(1) A grantee, other than an individual, shall certify to the agency that it will provide a drug-free workplace;

(2) A grantee who is an individual shall certify to the agency that, as a condition of the grant, he or she will

not engage in the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance in conducting any activity with the grant.

(b) Requirements implementing the Drug-Free Workplace Act of 1988 for contractors with the agency are found at 48 CFR subparts 9.4, 23.5, and 52.2.

§ 12.605 Definitions.

(a) Except as amended in this section, the definitions of § 12.105 apply to the drug-free workplace requirements for grants.

(b) For purposes of the drug-free workplace requirements for grants—

(1) *Controlled substance* means a controlled substance in schedules I through V of the Controlled Substances Act (21 U.S.C. 812), and as further defined by regulation at 21 CFR 1308.11 through 1308.15;

(2) *Conviction* means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

(3) *Criminal drug statute* means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

(4) *Drug-free workplace* means a site for the performance of work done in connection with a specific grant at which employees of the grantee are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance;

(5) *Employee* means the employee of a grantee directly engaged in the performance of work under the grant, including:

(i) All *direct charge* employees;

(ii) All *indirect charge* employees, unless their impact or involvement is insignificant to the performance of the grant; and,

(iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll.

This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the payroll; or employees of subrecipients or subcontractors in covered workplaces);

(6) *Federal agency* or *agency* means any United States executive department, military department, government corporation, government controlled corporation, any other establishment in the executive branch (including the Executive Office of the President), or any independent regulatory agency;

(7) *Grant* means an award of financial assistance, including a cooperative agreement, in the form of money, or property in lieu of money, by a Federal agency directly to a grantee. The term grant includes block grant and entitlement grant programs, whether or not exempted from coverage under the grants management government-wide common rule on uniform administrative requirements for grants and cooperative agreements. The term does not include technical assistance that provides services instead of money, or other assistance in the form of loans, loan guarantees, interest subsidies, insurance, or direct appropriations; or any veterans' benefits to individuals, i.e., any benefit to veterans, their families, or survivors by virtue of the service of a veteran in the Armed Forces of the United States;

(8) *Grantee* means a person who applies for or receives a grant directly from a Federal agency (except another Federal agency);

(9) *Individual* means a natural person;

(10) *State* means any of the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency of a State, exclusive of institutions of higher education, hospitals, and units of local government. A State instrumentality will be considered part of the State government if it has a written determination from a State government that such State considers the instrumentality to be an agency of the State government.

§12.610 Coverage.

(a) The drug-free workplace requirements for grants applies to any grantee of the agency.

(b) The drug-free workplace requirements for grants applies to any grant, except where application of the drug-free workplace requirements for grants would be inconsistent with the international obligations of the United States or the laws or regulations of a foreign government. A determination of such inconsistency may be made only by the agency head or his/her designee.

(c) The provisions of subpart D apply to matters covered by the drug-free workplace requirements for grants, except where specifically modified by the drug-free workplace requirements for grants. In the event of any conflict between provisions of the drug-free workplace requirements for grants and other provisions of subpart D, the provisions of the drug-free workplace requirements for grants are deemed to control with respect to the implementation of drug-free workplace requirements concerning grants.

[55 FR 21688, 21701, May 25, 1990]

§12.615 Grounds for suspension of payments, suspension or termination of grants, or suspension or debarment.

A grantee shall be deemed in violation of the requirements of the drug-free workplace requirements for grants if the agency head or his or her official designee determines, in writing, that—

(a) The grantee has made a false certification under §12.630;

(b) With respect to a grantee other than an individual—

(1) The grantee has violated the certification by failing to carry out the requirements of paragraphs (A)(a)–(g) and/or (B) of the certification (Alternate I to appendix C) or

(2) Such a number of employees of the grantee have been convicted of violations of criminal drug statutes for violations occurring in the workplace as to indicate that the grantee has failed to make a good faith effort to provide a drug-free workplace.

(c) With respect to a grantee who is an individual—

(1) The grantee has violated the certification by failing to carry out its requirements (Alternate II to appendix C); or

(2) The grantee is convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity.

§12.620 Effect of violation.

(a) In the event of a violation of the drug-free workplace requirements for grants as provided in §12.615, and in accordance with applicable law, the grantee shall be subject to one or more of the following actions:

(1) Suspension of payments under the grant;

(2) Suspension or termination of the grant; and

(3) Suspension or debarment of the grantee under the provisions of subpart D.

(b) Upon issuance of any final decision under subpart D requiring debarment of a grantee, the debarred grantee shall be ineligible for award of any grant from any Federal agency for a period specified in the decision, not to exceed five years (*see* §12.320(a)(2) of subpart D).

§12.625 Exception provision.

The agency head may waive with respect to a particular grant, in writing, a suspension of payments under a grant, suspension or termination of a grant, or suspension or debarment of a grantee if the agency head determines that such a waiver would be in the public interest. This exception authority cannot be delegated to any other official.

§12.630 Certification requirements and procedures.

(a)(1) As a prior condition of being awarded a grant, each grantee shall make the appropriate certification to the Federal agency providing the grant, as provided in appendix C to subpart D.

(2) Grantees are not required to make a certification in order to continue receiving funds under a grant awarded before March 18, 1989, or under a no-cost time extension of such a grant. However, the grantee shall make a one-time drug-free workplace certification

for a non-automatic continuation of such a grant made on or after March 18, 1989.

(b) Except as provided in this section, all grantees shall make the required certification for each grant. For mandatory formula grants and entitlements that have no application process, grantees shall submit a one-time certification in order to continue receiving awards.

(c) A grantee that is a State may elect to make one certification in each Federal fiscal year. States that previously submitted an annual certification are not required to make a certification for Fiscal Year 1990 until June 30, 1990. Except as provided in paragraph (d) of this section, this certification shall cover all grants to all State agencies from any Federal agency. The State shall retain the original of this statewide certification in its Governor's office and, prior to grant award, shall ensure that a copy is submitted individually with respect to each grant, unless the Federal agency has designated a central location for submission.

(1) The Department of the Interior is not designating a central location for the receipt of the statewide certifications from States. Therefore, each State shall ensure that a copy of their certification is submitted individually with respect to each grant application sent to the Bureau/Office within the Department.

(d)(1) The Governor of a State may exclude certain State agencies from the statewide certification and authorize these agencies to submit their own certifications to Federal agencies. The statewide certification shall name any State agencies so excluded.

(2) A State agency to which the statewide certification does not apply, or a State agency in a State that does not have a statewide certification, may elect to make one certification in each Federal fiscal year. State agencies that previously submitted a State agency certification are not required to make a certification for Fiscal Year 1990 until June 30, 1990. The State agency shall retain the original of this State agency-wide certification in its central office and, prior to grant award, shall ensure that a copy is submitted individually with respect to each grant, unless the Federal agency designates a central location for submission.

(i) The Department of the Interior is not designating a central location for the receipt of State agency–wide certifications from State agencies. Therefore, each State agency shall ensure that a copy is submitted individually with respect to each grant application sent to the Bureau/Office within the Department.

(3) When the work of a grant is done by more than one State agency, the certification of the State agency directly receiving the grant shall be deemed to certify compliance for all workplaces, including those located in other State agencies.

(e)(1) For a grant of less than 30 days performance duration, grantees shall have this policy statement and program in place as soon as possible, but in any case by a date prior to the date on which performance is expected to be completed.

(2) For a grant of 30 days or more performance duration, grantees shall have this policy statement and program in place within 30 days after award.

(3) Where extraordinary circumstances warrant for a specific grant, the grant officer may determine a different date on which the policy statement and program shall be in place.

[55 FR 21688, 21701, May 25, 1990]

§ 12.635 Reporting of and employee sanctions for convictions of criminal drug offenses.

(a) When a grantee other than an individual is notified that an employee has been convicted for a violation of a criminal drug statute occurring in the workplace, it shall take the following actions:

(1) Within 10 calendar days of receiving notice of the conviction, the grantee shall provide written notice, including the convicted employee's position title, to every grant officer, or other designee on whose grant activity the convicted employee was working, unless a Federal agency has designated a central point for the receipt of such notifications. Notification shall include the identification number(s) for each of the Federal agency's affected grants.

(i) The Department of the Interior is not designating a central location for the receipt of these notices from grantees. Therefore, the grantee shall provide this written notice to every grant officer, or other designee within a Bureau/Office of the Department on whose grant activity the convicted employee was working.

(2) Within 30 calendar days of receiving notice of the conviction, the grantee shall do the following with respect to the employee who was convicted.

(i) Take appropriate personnel action against the employee, up to and including termination, consistent with requirements of the Rehabilitation Act of 1973, as amended; or

(ii) Require the employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.

(b) A grantee who is an individual who is convicted for a violation of a criminal drug statute occurring during the conduct of any grant activity shall report the conviction, in writing, within 10 calendar days, to his or her Federal agency grant officer, or other designee, unless the Federal agency has designated a central point for the receipt of such notices. Notification shall include the identification number(s) for each of the Federal agency's affected grants.

(1) The Department of the Interior is not designating a central location for the receipt of the notice from a grantee who is an individual. Therefore, the grantee who is an individual shall provide this written notice to the grant officer or other designee within the Bureau/Office within the Department.

(Approved by the Office of Management and Budget under control number 0991–0002)

[55 FR 21688 and 21702, May 25, 1990]

APPENDIX A TO SUBPART D—CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS—PRIMARY COVERED TRANSACTIONS

Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms *covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded,* as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled ''Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction,'' provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters—Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

[60 FR 33042, 33061, June 26, 1995]

APPENDIX B TO SUBPART D—CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION—LOWER TIER COVERED TRANSACTIONS

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms *covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal,* and *voluntarily excluded,* as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled ''Certification Regarding Debarment, Suspension,

Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction,'' without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion—Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

[60 FR 33042, 33061, June 26, 1995]

APPENDIX C TO SUBPART D—CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

Instructions for Certification

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.

2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

3. For grantees other than individuals, Alternate I applies.

4. For grantees who are individuals, Alternate II applies.

5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).

7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

8. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All *direct charge* employees; (ii) All *indirect charge* employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Certification Regarding Drug-Free Workplace Requirements

Alternate I. (Grantees Other Than Individuals)

A. The grantee certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an ongoing drug-free awareness program to inform employees about—

(1) The dangers of drug abuse in the workplace;

(2) The grantee's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will—

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

(f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted—

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

_____

_____

_____

Check ☐ if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

(a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;

(b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include

the identification number(s) of each affected grant.

[55 FR 21690, 21701, May 25, 1990]

Subpart E—Buy American Requirements for Assistance Programs

SOURCE: 59 FR 36715, July 19, 1994, unless otherwise noted.

BUY AMERICAN ACT—SUPPLIES

§12.700 Scope.

This subpart implements section 307 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104–134, 110 Stat. 1321) and section 505 of the Energy and Water Development Appropriations Act, 1996 (Public Law 104–46, 109 Stat. 419). For awards made under the authority of section 307(a) of Public Law 104–134, this subpart requires that no funds made available in the Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with sections 2 through 4 of the Act of March 31, 1933 (41 U.S.C. 10a–10c; popularly known as the ''Buy American Act''). It applies to procurement contracts under grants and cooperative agreements which provide for the purchase of equipment and products. Section 505 of Public Law 104–46, 109 Stat. 419, only applies to awards made by the Bureau of Reclamation. In addition, for these awards, there is only a requirement that in providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the Secretary, to the greatest extent practicable, will provide to the entity a notice describing a statement within the Act made by Congress. This statement concerns the sense of the Congress that to the greatest extent practicable, all equipment and products purchased with funds made available in the Act, should be American-made. Therefore, for Fiscal Year 1996 awards, only the requirements in §§12,700 and 12.710 will apply to awards made by the Bureau of Reclamation.

[61 FR 39084, July 26, 1996]

§12.705 Definitions.

Components, as used in this subpart, means those articles, materials, and supplies incorporated directly into the end products.

Concern, as used in this subpart, means any business entity organized for profit (even if its ownership is in the hands of a nonprofit entity) with a place of business located in the United States and which makes a significant contribution to the U.S. economy through payment of taxes and/or use of American products, to an individual, partnership, corporation, joint venture, association, or cooperative.

Domestic end product, as used in this subpart, means (a) an unmanufactured end product mined or produced in the United States; or (b) an end product manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. (In determining if an end product is domestic, only the end product and its components shall be considered.) The cost of each component includes transportation costs to the place of incorporation into the end product and any applicable duty (whether or not a duty-free entry certificate is issued). Components of foreign origin of the same class or kind for which determinations have been made in accordance with §12.710(c) (3) and (4) are treated as domestic. Scrap generated, collected, and prepared for processing in the United States is considered domestic. On acquisitions above $25,000 in value, components of Canadian origin are treated as domestic.

Domestic offer, as used in this subpart, means an offered price for a domestic end product, including transportation to destination.

End product, as used in this subpart, means those articles, materials, and supplies to be acquired for public use under the grant, cooperative agreement, or procurement contract awarded under the grant or cooperative agreement.

Foreign end product, as used in this subpart, means an end product other than a domestic end product.

Foreign offer, as used in this subpart, means an offered price for a foreign end

product, including transportation to destination and duty (whether or not a duty-free entry certificate is issued).

Instrumentality, as used in this subpart, does not include an agency or division of the government of a country.

Labor surplus area, as used in this subpart, means a geographical area identified by the Department of Labor in accordance with 20 CFR part 654, subpart A, as an area of concentrated unemployment or underemployment or an area of labor surplus.

Labor surplus area concern, as used in this subpart, means a concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price.

United States, as used in this subpart, means the states thereof, the District of Columbia, and the territories and possessions of the United States.

§ 12.710 Policy.

(a) In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available under Public Law 104–134, it is the sense of Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

(b) In awarding financial assistance under Public Law 104–134, 110 Stat. 1321, bureaus and offices excluding the Bureau of Reclamation will provide to each recipient of the assistance the following notice:

NOTICE

Pursuant to Sec. 307 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Public Law 104–134, 110 Stat. 1321, please be advised on the following:

In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

(c) In awarding financial assistance using funds made available under Public Law 104–46, to the greatest extent practicable, the Bureau of Reclamation will provide to each recipient of the assistance the following notice:

NOTICE

Pursuant to Sec. 505 of the Energy and Water Development Appropriations Act, 1996, Public Law 104–46, 109 Stat. 419, please be advised of the following:

It is the sense of the Congress, that to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(d) The Buy American Act requires that only domestic end products be acquired for public use, except articles, materials, and supplies—

(1) For use outside the United States;

(2) For which the cost would be unreasonable, as determined in accordance with § 12.715;

(3) For which the agency head determines that domestic preference would be inconsistent with the public interest; or

(4) That are not mined, produced, or manufactured in the United States in sufficient and reasonable available commercial quantities, of a satisfactory quality (see § 12.720).

(e) The grantee's contracting officer may make a nonavailability determination under § 12.710(d)(4) for a procurement contract awarded under the grant or cooperative agreement if—

(1) The procurement action was conducted by full and open competition;

(2) The procurement action was publicly advertised; and

(3) No offer for a domestic end product was received; or

(f) The head of the grantee's contracting activity or designee may make a nonavailability determination under § 12.710(d)(4) for any circumstance other than specified in paragraph (e) of this section.

[59 FR 36715, July 19, 1994, as amended at 59 FR 65500, Dec. 20, 1994; 61 FR 39084, July 26, 1996]

§ 12.715 Evaluating offers.

(a) Unless the head of the grantee organization or a designee at a level no lower than the grantee's designated awarding official determines otherwise,

the offered price of a domestic end product is unreasonable when the lowest acceptable domestic offer exceeds the lowest acceptable foreign offer (see §12.705), inclusive of duty, by—

(1) More than 6 percent, if the domestic offer is from a large business that is not a labor surplus area concern; or

(2) More than 12 percent, if the domestic offer is from a small business concern or any labor surplus area concern.

(b) The evaluation in paragraph (a) of this section shall be applied on an item-by-item basis or to any group of items on which award may be made as specifically provided by the solicitation.

(c) If an award of more than $250,000 would be made to a domestic concern if the 12-percent factor were applied, but not if the 6-percent factor were applied, the head of the grantee organization or a designee at a level no lower than the grantee's designated awarding official shall decide whether award to the domestic concern would involve unreasonable cost.

§12.720 Excepted articles, materials, and supplies.

(a) As indicated in the Federal Acquisition Regulation (FAR), one or more agencies have determined that the articles, materials, and supplies on the list referred to in paragraph (b) of this section are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities of a satisfactory quality. This referenced list in paragraph (b) of this section is furnished for information only; an article, material or supply listed therein may be treated as domestic only when the head of the grantee organization or a designee at a level no lower than the grantee's designated awarding official has made a determination that it is not mined, produced, or manufactured in the United States in sufficient and reasonably available quantities of a satisfactory quality.

(b) Refer to the current list of excepted articles, materials, and supplies in FAR 25.108 (48 CFR 25.108).

§12.725 Solicitation provisions and contract clause.

(a) When quotations are obtained orally, vendors shall be informed that only domestic end products, other than end products excepted on a blanket or individual basis (see §12.720), shall be acceptable, unless the price for an offered domestic end product is unreasonable (see §12.715).

(b) The grantee awarding officer shall insert the clause at §12.730, Buy American Act—Supplies, in solicitations for procurement contracts awarded under the grant or cooperative agreement for the purchase of supplies, or for services involving the furnishing of supplies, for use within the United States.

§12.730 Buy America Act—Supplies

As prescribed in §12.725, insert the following clause:

BUY AMERICAN ACT—SUPPLIES

(a) The Buy American Act (41 U.S.C. 10) provides that the Government give preference to domestic end products.

Components, as used in this clause, means those articles, materials, and supplies incorporated directly into the end products.

Domestic end product, as used in this clause, means an unmanufactured end product mined or produced in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. Components of foreign origin of the same class or kind as the products referred to in paragraphs (b)(2) or (3) of this clause shall be treated as domestic.

End products, as used in this clause, means those articles, materials, and supplies to be acquired for public use under this contract.

(b) The contractor shall deliver only domestic end products, except those—

(1) For use outside the United States;

(2) That the Government determines are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities of a satisfactory quality;

(3) For which the head of the grantee organization or a designee at a level no lower than the grantee's designated awarding official determines that domestic preference would be inconsistent with the public interest; or

(4) For which the head of the grantee organization or a designee at a level no lower than the grantee's designated awarding official determines the cost to be unreasonable (see §12.715).

(End of clause)

BUY AMERICAN ACT—CONSTRUCTION MATERIALS

§ 12.800 Scope.

This subpart implements the Buy American Act (41 U.S.C. 10). It applies to procurement contracts awarded under a grant or cooperative agreement for the construction, alteration, or repair of any public building or public work in the United States.

§ 12.805 Definitions.

Components, as used in this subpart, means those articles, materials, and supplies incorporated directly into construction materials.

Construction, as used in this subpart, means construction, alteration, or repair of any public building or public work in the United States.

Construction materials, as used in this subpart, means an article, material, and supply brought to the construction site for incorporation into the building or work.

Construction material also includes an item brought to the site pre-assembled from articles, materials, and supplies. However, emergency life safety systems, such as emergency lighting, fire alarm, and audio evacuation systems, which are discrete systems incorporated into a public building or work and which are produced as a complete system, shall be evaluated as a single and distinct construction material regardless of when or how the individual parts or components of such systems are delivered to the construction site.

Domestic construction material, as used in this section, means: (a) An unmanufactured construction material mined or produced in the United States, or (b) a construction material manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. (In determining whether a construction material is domestic, only the construction material and its components shall be considered.) The cost of each component includes transportation costs to the place of incorporation into the construction material and any applicable duty (whether or not a duty-free entry certificate is issued). Components of foreign origin of the same class or kind for which determinations have been made in accordance with § 12.810(a)(3) are treated as domestic.

Foreign construction material, as used in this section, means as construction material other than a domestic construction material.

United States (see § 12.705).

§ 12.810 Policy.

(a) The Buy American Act requires that only domestic construction materials be used in construction in the United States, except when—

(1) The cost would be unreasonable as determined in accordance with § 12.815;

(2) The head of the grantee organization or a designee at a level no lower than the grantee's designated awarding official determines that use of a particular domestic construction material would be impracticable; or

(3) The head of the grantee organization or a designee at a level no lower than the grantee's designated awarding official determines the construction material is not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities of a satisfactory quality (see § 12.720).

(b) When it is determined for any reasons stated in this section that certain foreign construction materials may be used, the excepted materials shall be listed in the agreement. Findings justifying the exception shall be available for public inspection.

§ 12.815 Evaluating offers.

(a) The restrictions of the Buy American Act do not apply when the head of the grantee organization or a designee at a level no lower than the grantee's designated awarding official determines that using a particular domestic construction material would unreasonably increase the cost or would be impracticable.

(b) When proposed awards are submitted to the head of the grantee organization or a designee at a level no lower than the grantee's designated awarding official for approval, each submission shall include a description of the materials, including unit and quantity, estimated costs, location of

the construction project, name and address of the proposed contractor, and a detailed justification of the impracticability of using domestic materials.

§12.820 Violations.

Violation of the Buy American Act in the performance of a procurement construction contract under a grant or cooperative agreement is a cause for debarment. Information concerning a failure to comply with the clause at §12.830, Buy American Act—Construction Materials, shall be promptly reported, investigated, and referred, when appropriate to the appropriate U.S. Department of the Interior employee responsible for administering the grant or cooperative agreement. (For debarment procedures, see subpart D of this part).

§12.825 Solicitation provision and contract clause.

The grantee awarding official shall insert the clause at §12.830, Buy American Act—Construction Materials, in solicitations for procurement contracts awarded under a grant or cooperative agreement for construction inside the United States.

§12.830 Buy American Act—Construction materials.

As prescribed in §12.825, insert the following clause in solicitations for procurement contracts awarded under a grant or cooperative agreement for construction inside the United States:

BUY AMERICAN ACT—CONSTRUCTION MATERIALS

(a) The Buy American Act (41 U.S.C. 10) provides that the Government give preference to domestic construction material.

Components, used in this clause, means those articles, materials, and supplies incorporated directly into construction materials.

Construction material, as used in this clause, means an article, material, or supply brought to the construction site for incorporation into the building or work. Construction material also includes an item brought to the site pre-assembled from articles, materials or supplies. However, emergency life safety systems, such as emergency lighting, fire alarm, and audio evacuation systems, which are discrete systems incorporated into a public building or work and which are produced as a complete system, shall be evaluated as a single and distinct construction material regardless of when or how the individual parts or components of such systems are delivered to the construction site.

Domestic construction material, as used in this clause, means (a) an unmanufactured construction material mined or produced in the United States, or (b) a construction material manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. Components of foreign origin of the same class or kind as the construction materials determined to be unavailable pursuant to §12.810(a)(3) of 43 CFR part 12, subpart E shall be treated as domestic.

(b) The contractor agrees that only domestic construction material will be used by the contractor, subcontractors, materialmen, and suppliers in the performance of this agreement, except for foreign construction materials, if any, listed in this agreement.

(End of clause)

Subpart F—Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

SOURCE: 60 FR 17238, Apr. 5, 1995, unless otherwise noted.

GENERAL

§12.901 Purpose.

This subpart establishes uniform administrative requirements for Federal grants and agreements awarded to institutions of higher education, hospitals, and other non-profit organizations.

§12.902 Definitions.

Accrued expenditures means the charges incurred by the recipient during a given period requiring the provision of funds for:

(1) goods and other tangible property received;

(2) services performed by employees, contractors, subrecipients, and other payees; and,

(3) other amounts becoming owed under programs for which no current services or performance is required.

Accrued income means the sum of:

(1) earnings during a given period from:

(i) services performed by the recipient, and

(ii) goods and other tangible property delivered to purchasers, and

(2) amounts becoming owed to the recipient for which no current services or performance is required by the recipient.

Acquisition cost of equipment means the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.

Advance means a payment made by Treasury check or other appropriate payment mechanism to a recipient upon its request either before outlays are made by the recipient or through the use of predetermined payment schedules.

Award means financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the Federal Government to an eligible recipient. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administered under procurement laws and regulations.

Cash contributions means the recipient's cash outlay, including the outlay of money contributed to the recipient by third parties.

Closeout means the process by which a Federal agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and Federal awarding agency.

Contract means a procurement contract under an award or subaward, and a procurement subcontract under a recipient's or subrecipient's contract.

Cost sharing or matching means that portion of project or program costs not borne by the Federal Government.

Date of completion means the date on which all work under an award is completed or the date on the award document, or any supplement or amendment thereto, on which Federal sponsorship ends.

Disallowed costs means those charges to an award that the Federal awarding agency determines to be unallowable, in accordance with the applicable Federal cost principles or other terms and conditions contained in the award.

Equipment means tangible nonexpendable personal property including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. However, consistent with recipient policy, lower limits may be established.

Excess property means property under the control of any Federal awarding agency that, as determined by the Secretary, is no longer required for its needs or the discharge of its responsibilities.

Exempt property means tangible personal property acquired in whole or in part with Federal funds, where the Federal awarding agency has statutory authority to vest title in the recipient without further obligation to the Federal Government. An example of exempt property authority is contained in the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6306), for property acquired under an award to conduct basic or applied research by a non-profit institution of higher education or non-profit organization whose principal purpose is conducting scientific research.

Federal funds authorized means the total amount of Federal funds obligated by the Federal Government for use by the recipient. This amount may include any authorized carryover of unobligated funds from prior funding periods when permitted by agency regulations or agency implementing instructions.

Federal share of real property, equipment, or supplies means that percentage of the property's acquisition costs and any improvement expenditures paid with Federal funds.

Funding period means the period of time when Federal funding is available for obligation by the recipient.

Intangible property and debt instruments means, but is not limited to, trademarks, copyrights, patents and patent applications and such property as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership, whether considered tangible or intangible.

Obligations means the amounts of orders placed, contracts and grants awarded, services received and similar transactions during a given period that require payment by the recipient during the same or a future period.

Outlays or expenditures means charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of cash disbursements for direct charges for goods and services, the amount of indirect expense charged, the value of third party in-kind contributions applied and the amount of cash advances and payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of: cash disbursements for direct charges for goods and services; the amount of indirect expense incurred; the value of in-kind contributions applied; and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subrecipients and other payees and other amounts becoming owed under programs for which no current services or performance are required.

Personal property means property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities.

Prior approval means written approval by an authorized official evidencing prior consent.

Program income means gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award (see exclusions in § 12.924 (e) and (h)). Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patients and copyrights, and interest on loans made with award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal awarding agency regulations or the terms and conditions of the award, program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.

Project costs means all allowable costs, as set forth in the applicable Federal cost principles, incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period.

Project period means the period established in the award document during which Federal sponsorship begins and ends.

Property means, unless otherwise stated, real property, equipment, supplies, intangible property and debt instruments.

Real property means land, including land improvements, structures and appurtenances thereto, but excludes movable machinery and equipment.

Recipient means an organization receiving financial assistance directly from Federal awarding agencies to carry out a project or program. The term includes public and private institutions of higher education, public and private hospitals, and other quasi-public and private non-profit organizations such as, but not limited to, community action agencies, research institutes, educational associations, and health centers. The term may include, at the discretion of the Federal awarding agency, foreign or international organizations (such as agencies of the United Nations) which are recipients, subrecipients, or contractors or subcontractors of recipients or subrecipients. The term does not include government-owned contractor-operated facilities or research centers providing continued support for mission-oriented,

large-scale programs that are government-owned or controlled, or are designated as federally-funded research and development centers.

Research and development means all research activities, both basic and applied, and all development activities that are supported at universities, colleges, and other non-profit institutions.

(1) *Research* is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied.

(2) *Development* is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

Small awards means a grant or cooperative agreement not exceeding the small purchase threshold fixed at 41 U.S.C. 403(11) (currently $100,000).

Subaward means an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of ''award'' in this section.

Subrecipient means the legal entity to which a subaward is made and which is accountable to the recipient for the use of the funds provided. The term may include foreign or international organizations (such as agencies of the United Nations) at the discretion of the Federal awarding agency.

Supplies means all personal property excluding equipment, intangible property, and debt instruments as defined in this section, and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement (''subject inventions''), as defined in 37 CFR part 401, ''Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements.''

Suspension means an action by a Federal awarding agency that temporarily withdraws Federal sponsorship under an award, pending corrective action by the recipient or pending a decision to terminate the award by the Federal awarding agency. Suspension of an award is a separate action from suspension under the Department of the Interior Regulations implementing E.O.'s 12549 and 12689, ''Debarment and Suspension.'' See subpart D of 43 CFR part 12.

Termination means the cancellation of Federal sponsorship, in whole or in part, under an agreement at any time prior to the date of completion.

Third party in-kind contributions means the value of noncash contributions provided by non-Federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

Unliquidated obligations, for financial reports prepared on a cash basis, means the amount of obligations incurred by the recipient that have not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

Unobligated balance means the portion of the funds authorized by Federal awarding agency that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.

Unrecovered indirect cost means the difference between the amount awarded and the amount which could have been awarded under the recipient's approved negotiated indirect cost rate.

Working capital advance means a procedure whereby funds are advanced to the recipient to cover its estimated

disbursement needs for a given initial period.

§12.903 Effect on other issuances.

For awards subject to this subpart, all administrative requirements of codified program regulations, program manuals, handbooks and other non-regulatory materials which are inconsistent with the requirements of this subpart shall be superseded, except to the extent they are required by statute, or authorized in accordance with the deviations provision in Section 12.904.

§12.904 Deviations.

The Office of Management and Budget (OMB) may grant exceptions for classes of grants or recipients subject to the requirements of this subpart when exceptions are not prohibited by statute. However, in the interest of maximum uniformity, exceptions from the requirements of this subpart shall be permitted only in unusual circumstances. Federal awarding agencies may apply more restrictive requirements to a class of recipients when approved by OMB. All requests for class deviations shall be processed through the Assistant Secretary-Policy, Management, and Budget. Federal awarding agencies may apply less restrictive requirements when awarding small awards, except for those requirements which are statutory. Exceptions on a case-by-case basis may also be made by Federal awarding agencies. Bureau/office application of less restrictive requirements when awarding small awards, except for those requirements which are statutory, as well as exceptions on a case-by-case basis, will be handled by designated officials identified in bureau/office procedures.

§12.905 Subawards.

Unless sections of this subpart specifically exclude subrecipients from coverage, the provisions of this subpart shall be applied to subrecipients performing work under awards if such subrecipients are institutions of higher education, hospitals, or other non-profit organizations. State and local government subrecipients are subject to the provisions of regulations implementing the grants management common rule, ''Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments,'' 43 CFR part 12.

PRE-AWARD REQUIREMENTS

§12.910 Purpose.

Sections 12.011 through 12.917 prescribe forms and instructions and other pre-award matters to be used in applying for Federal awards.

§12.911 Pre-award policies.

(a) *Use of Grants and Cooperative Agreements, and Contracts.* In each instance, the Federal awarding agency shall decide on the appropriate award instrument (i.e., grant, cooperative agreement, or contract). The Federal Grant and Cooperative Agreement Act (31 U.S.C. 6301–6308) governs the use of grants, cooperative agreements and contracts. A grant or cooperative agreement shall be used only when the principal purpose of a transaction is to accomplish a public purpose of support or stimulation authorized by Federal statute. The statutory criterion for choosing between grants and cooperative agreements is that for the latter, ''substantial involvement is expected between the executive agency and the State, local government, or other recipient when carrying out the activity contemplated in the agreement.'' Contracts shall be used when the principal purpose is acquisition of property or services for the direct benefit or use of the Federal Government.

(b) *Public Notice and Priority Setting.* Federal awarding agencies shall notify the public of their funding priorities for discretionary grant programs, unless funding priorities are established by Federal statute.

§12.912 Forms for applying for Federal assistance.

(a) Federal awarding agencies shall comply with the applicable report clearance requirements of 5 CFR part 1320, ''Controlling Paperwork Burdens on the Public,'' with regard to all forms used by the Federal awarding agency in place of or as a supplement to the Standard Form 424 (SF–424) series.

(b) Applicants shall use the SF–424 series or those forms and instructions prescribed by the Federal awarding agency.

(c) For Federal programs covered by E.O. 12372, ''Intergovernmental Review of Federal Programs,'' the applicant shall complete the appropriate sections of the SF–424 (Application for Federal Assistance) indicating whether the application was subject to review by the State Single Point of Contact (SPOC). The name and address of the SPOC for a particular State can be obtained from the Federal awarding agency or the *Catalog of Federal Domestic Assistance*. The SPOC shall advise the applicant whether the program for which application is made has been selected by that State for review. (See also 43 CFR part 9).

(d) Federal awarding agencies that do not use the SF–424 form will indicate whether the application is subject to review by the State under E.O. 12372.

§ 12.913 Debarment and suspension.

Federal awarding agencies and recipients shall comply with the nonprocurement debarment and suspension common rule implementing E.O.s 12549 and 12689, ''Debarment and Suspension,'' subpart D of 43 CFR part 12. This common rule restricts subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

§ 12.914 Special award conditions.

(a) Federal awarding agencies may impose additional requirements as needed, if an applicant or recipient:

(1) Has a history of poor performance;

(2) Is not financially stable;

(3) Has a management system that does not meet the standards prescribed in this part;

(4) Has not conformed to the terms and conditions of a previous award; or

(5) Is not otherwise responsible.

(b) Additional requirements may only be imposed provided that the applicant or recipient is notified in writing as to:

(1) The nature of the additional requirements;

(2) The reason why the additional requirements are being imposed;

(3) The nature of the corrective action needed;

(4) The time allowed for completing the corrective actions; and

(5) The method for requesting reconsideration of the additional requirements imposed.

(c) Any special conditions shall be promptly removed once the conditions that prompted them have been corrected.

§ 12.915 Metric system of measurement.

The Metric Conversion Act, as amended by the Omnibus Trade and Competitiveness Act (15 U.S.C. 205) declares that the metric system is the preferred measurement system for U.S. trade and commerce. The Act requires each Federal agency to establish a date or dates in consultation with the Secretary of Commerce when the metric system of measurement will be used in the agency's procurements, grants, and other business-related activities. Metric implementation may take longer where the use of the system is initially impractical or likely to cause significant inefficiencies in the accomplishment of federally-funded activities. Federal awarding agencies will follow the provisions of E.O. 12770, ''Metric usage in Federal Government Programs.'' When applicable, the awarding agency shall request that measurement-sensitive information to be included as part of the application, be expressed in metric units. When required by the awarding agency, for grants to recipients, the following term and condition will be incorporated into the grant:

Provision

All progress and final reports, other reports, or

All progress and final reports, other reports, or publications produced under this award shall employ the metric system of measurements to the maximum extent practicable. Both metric and inch-pound units (dual units) may be used if necessary during any transition period(s). However, the recipient may use non-metric measurements to the extent that the recipient has supporting documentation that the use of metric measurements is impracticable or is likely to cause significant inefficiencies or loss of

markets to the recipient, such as when foreign competitors are producing competing products in non-metric units.

End of Provision

§12.916 Resource Conservation and Recovery Act (RCRA) (Pub. L. 94–580 codified at 42 U.S.C. 6962).

Under the Act, any State agency or agency of a political subdivision of a State that is using appropriated Federal funds must comply with section 6002 of RCRA. Section 6002 of RCRA requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by the Environmental Protection Agency (EPA) (40 CFR parts 247–254). Accordingly, State and local institutions of higher education and hospitals that receive direct Federal awards or other Federal funds shall give preference in their procurement programs funded with Federal funds to the purchase of recycled products pursuant to the EPA guidelines.

§12.917 Certifications and representations.

Unless prohibited by statute or codified regulation, each Federal awarding agency is authorized and encouraged to allow recipients to submit certifications and representations required by statute, executive order, or regulation on an annual basis, if the recipients have ongoing and continuing relationships with the agency. Annual certifications and representations shall be signed by responsible officials with the authority to ensure recipients' compliance with the pertinent requirements.

POST-AWARD REQUIREMENTS

Financial and Program Management

§12.920 Purpose of financial and program management.

Sections 12.921 through 12.928 prescribe standards for financial management systems, methods for making payments and rules for: satisfying cost sharing and matching requirements, accounting for program income, budget revision approvals, making audits, determining allowability of cost, and establishing fund availability.

§12.921 Standards for financial management systems.

(a) Federal awarding agencies shall require recipients to relate financial data to performance data and develop unit cost information whenever practical.

(b) Recipients' financial management systems shall provide for the following:

(1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in §12.952. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient shall not be required to establish an accrual accounting system. These recipients may develop such accrual data for their reports on the basis of an analysis of the documentation on hand.

(2) Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.

(3) Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.

(4) Comparison of outlays with budget amounts for each award. Whenever appropriate, financial information should be related to performance and unit cost data.

(5) Written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient. To the extent that the provisions of the Cash Management Improvement Act (CMIA) (31 U.S.C. 6501 note) govern, payment methods of State agencies, instrumentalities, and fiscal agents shall be consistent with CMIA Treasury-State Agreements or the CMIA default procedures codified at 31 CFR part 205, ''Withdrawal of Cash from the Treasury for Advances

under Federal Grant and Other Programs.''

(6) Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

(7) Accounting records, including cost accounting records, that are supported by source documentation.

(c) Where the Federal Government guarantees or insures the repayment of money borrowed by the recipient, the Federal awarding agency, at its discretion, may require adequate bonding and insurance if the bonding and insurance requirements of the recipient are not deemed adequate to protect the interest of the Federal Government.

(d) The Federal awarding agency may require adequate fidelity bond coverage where the recipient lacks sufficient coverage to protect the Federal Government's interest.

(e) Where bonds are required in the situations described above in § 12.921 (c) and (d), the bonds shall be obtained from companies holding certificates of authority as acceptable sureties, as prescribed in 31 CFR part 223, ''Surety Companies Doing Business with the United States.''

§ 12.922 Payment.

(a) Payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Payment methods of State agencies or instrumentalities shall be consistent with Treasury-State CMIA agreements or default procedures codified at 31 CFR part 205.

(b) Recipients are to be paid in advance, provided they maintain or demonstrate the willingness to maintain or demonstrate written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient, and financial management systems that meet the standards for fund control and accountability as established in § 12.921. Cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purposes of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

(c) Whenever possible, advances will be consolidated to cover anticipated cash needs for all awards made by the Federal awarding agency to the recipient.

(1) Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer.

(2) Advance payment mechanisms are subject to 31 CFR part 205.

(3) Recipients shall be authorized to submit requests for advances and reimbursements at least monthly when electronic fund transfers are not used.

(d) Requests for Treasury check advance payment shall be submitted on SF–270, ''Request for Advance or Reimbursement,'' or other forms as may be authorized by OMB. This form is not to be used when Treasury check advance payments are made to the recipient automatically through the use of a predetermined payment schedule or if precluded by special Federal awarding agency instructions for electronic funds transfer.

(e) Reimbursement is the preferred method when the requirements in paragraph (b) of this section cannot be met. Federal awarding agencies may also use this method on any construction agreement, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal assistance constitutes a minor portion of the project.

(1) When the reimbursement method is used, the Federal awarding agency shall make payment within 30 days after receipt of the billing, unless the billing is improper.

(2) Recipients shall be authorized to submit a request for reimbursement at least monthly when electronic funds transfers are not used.

(f) If a recipient cannot meet the criteria for advance payments and the

Federal awarding agency has determined that reimbursement is not feasible because the recipient lacks sufficient working capital, the Federal awarding agency may provide cash on a working capital advance basis. Under this procedure, the Federal awarding agency shall advance cash to the recipient to cover its estimated disbursement needs for an initial period generally geared to the awardee's disbursing cycle. Thereafter, the Federal awarding agency shall reimburse the recipient for its actual cash disbursements. The working capital advance method of payment shall not be used for recipients unwilling or unable to provide timely advances to their subrecipient to meet the subrecipient's actual cash disbursements.

(g) To the extent available, recipients shall disburse funds available from repayments to and interest earned on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

(h) Unless otherwise required by statute, Federal awarding agencies shall not withhold payments for proper charges made by recipients at any time during the project period unless paragraph (h)(1) or (h)(2) of this section apply:

(1) A recipient has failed to comply with the project objectives, the terms and conditions of the award, or Federal reporting requirements; or

(2) The recipient or subrecipient is delinquent in a debt to the United States as defined in OMB Circular A–129, ''Managing Federal Credit Programs.'' Under such conditions, the Federal awarding agency may, upon reasonable notice, inform the recipient that payments shall not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.

(i) Standards governing the use of banks and other institutions as depositories of funds advanced under awards are as follows.

(1) Except for situations described in paragraph (i)(2) of this section, Federal awarding agencies shall not require separate depository accounts for funds provided to a recipient or establish any eligibility requirements for depositories for funds provided to a recipient. However, recipients must be able to account for the receipt, obligation and expenditure of funds.

(2) Advances of Federal funds shall be deposited and maintained in insured accounts whenever possible.

(j) Consistent with the national goal of expanding opportunities for women-owned and minority-owned business enterprises, recipients are encouraged to use women-owned and minority-owned banks (a bank which is owned at least 50 percent by women or minority group members).

(k) Recipients shall maintain advances of Federal funds in interest bearing accounts, unless paragraph (k)(1), (2) or (3) apply:

(1) The recipient receives less than $120,000 in Federal awards per year.

(2) The best reasonably available interest bearing account would not be expected to earn interest in excess of $250 per year on Federal cash balances.

(3) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

(l) For those entities where CMIA and its implementing regulations do not apply, interest earned on Federal advances deposited in interest bearing accounts shall be remitted annually to Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852. Interest amounts up to $250 per year may be retained by the recipient for administrative expense. In keeping with Electronic Funds Transfer rules, (31 CFR part 206), interest should be remitted to the HHS Payment Management System through an electronic medium such as the FEDWIRE Deposit system. Recipients which do not have this capability should use a check. State universities and hospitals shall comply with CMIA, as it pertains to interest. If an entity subject to CMIA uses its own funds to pay pre-award costs for discretionary awards without prior written approval from the Federal awarding agency, it waives its right to recover the interest under CMIA.

(m) Except as noted elsewhere in this subpart, only the following forms shall be authorized for the recipients in requesting advances and reimbursements. Federal agencies shall not require more than an original and two copies of these forms.

(1) SF–270, Request for Advance or Reimbursement. Each Federal awarding agency shall adopt the SF–270 as a standard form for all nonconstruction programs where electronic funds transfer or predetermined advance methods are not used. Federal awarding agencies, however, have the option of using this form for construction programs in lieu of the SF–271, ''Outlay Report and Request for Reimbursement for Construction Programs.''

(2) SF–271, Outlay Report and Request for Reimbursement for Construction Programs. Each Federal awarding agency shall adopt the SF–271 as the standard form to be used for requesting reimbursement for construction programs. However, a Federal awarding agency may substitute the SF–270 when the Federal awarding agency determines that it provides adequate information to meet Federal needs.

§ 12.923 Cost sharing or matching.

(a) All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria:

(1) Are verifiable from the recipient's records.

(2) Are not included as contributions for any other federally-assisted project or program.

(3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.

(4) Are allowable under the applicable cost principles.

(5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.

(6) Are provided for in the approved budget when required by the Federal awarding agency.

(7) Conform to other provisions of this subpart, as applicable.

(b) Unrecovered indirect costs may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.

(c) Values for recipient contributions of services and property shall be established in accordance with the applicable cost principles. If a Federal awarding agency authorizes recipients to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of paragraph (c) (1) or (2) of this section:

(1) The certified value of the remaining life of the property recorded in the recipient's accounting records at the time of donation.

(2) the current fair market value. However, when there is sufficient justification, the Federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.

(d) Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

(e) When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.

(f) Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies.

Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.

(g) The method used for determining cost sharing or matching for donated equipment, buildings and land for which title passes to the recipient may differ according to the purpose of the award, if paragraph (g) (1) or (2) of this section apply:

(1) If the purpose of the award is to assist the recipient to acquire equipment, buildings, or land, the total value of the donated property may be claimed as cost sharing or matching.

(2) If the purpose of the award is to support activities that require the use of equipment, buildings or land, normally only depreciation or use charges for equipment and buildings may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges.

(h) The value of donated property shall be determined in accordance with the usual accounting policies of the recipient, with the following qualifications.

(1) The value of donated land and buildings shall not exceed their fair market value at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the recipient.

(2) The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation.

(3) The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

(4) The value of loaned equipment shall not exceed its fair rental value.

(i) The following requirements pertain to the recipient's supporting records for in-kind contributions from third parties.

(1) Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees.

(2) The basis for determining the valuation for personal service, material, equipment, buildings and land shall be documented.

§12.924 Program income.

(a) Federal awarding agencies shall apply the standards set forth in this section in requiring recipient organizations to account for program income related to projects financed in whole or in part with Federal funds.

(b) Except as provided in paragraph (h) of this section, program income earned during the project period shall be retained by the recipient and, in accordance with Federal awarding agency regulations or the terms and conditions of the award, shall be used in one or more of the following ways:

(1) added to funds committed to the project or program by the Federal awarding agency and recipient and used to further eligible project or program objectives;

(2) used to finance the non-Federal share of the project or program; or

(3) deducted from the total project or program allowable cost in determining the net allowable costs upon which the Federal share of costs is based.

(c) When an agency authorizes the disposition of program income as described in paragraph (b)(1) or (b)(2) of this section, program income in excess of any limits stipulated shall be used in accordance with paragraph (b)(3) of this section.

(d) If the Federal awarding agency does not specify in its regulations or the terms and conditions of the award how program income is to be used, paragraph (b)(3) of this section shall apply automatically to all projects or programs except research. For awards that support research, paragraph (b)(1) of this section shall apply automatically unless the awarding agency indicates in the terms and conditions another alternative on the award or the recipient is subject to special award conditions, as indicated in §12.914.

(e) Unless Federal awarding agency regulations or the terms and conditions of the award provide otherwise, recipients shall have no obligation to

the Federal Government regarding program income earned after the end of the project period.

(f) If authorized by Federal awarding agency regulations or the terms and conditions of the award, costs incident to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award.

(g) Proceeds from the sale of property shall be handled in accordance with the requirements of the Property Standards (See §§ 12.930 through 12.937).

(h) Unless Federal awarding agency regulations or the terms and conditions of the award provide otherwise, recipients shall have no obligation to the Federal Government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award. However, Patent and Trademark Amendments (35 U.S.C. 18) apply to inventions made under an experimental, developmental, or research award.

§ 12.925 Revision of budget and program plans.

(a) The budget plan is the financial expression of the project or program as approved during the award process. It may include either the Federal and non-Federal share, or only the Federal share, depending upon Federal awarding agency requirements. It shall be related to performance for program evaluation purposes whenever appropriate.

(b) Recipients are required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions, in accordance with this section.

(c) For nonconstruction awards, recipients shall request prior approvals from Federal awarding agencies for one or more of the following program or budget related reasons:

(1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(2) Change in a key person specified in the application or award document.

(3) The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

(4) The need for additional Federal funding.

(5) The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the Federal awarding agency.

(6) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with OMB Circular A–21, ''Cost Principles for Institutions of Higher Education,'' OMB Circular A–122, ''Cost Principles for Non-Profit Organizations,'' or 45 CFR part 74, appendix E, ''Principles for Determining Costs Applicable to Research and Development under Grants and Contracts with Hospitals,'' or 48 CFR part 31, ''Contract Cost Principles and Procedures,'' as applicable.

(7) The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.

(8) Unless described in the application and funded in the approved award, the subaward, transfer or contracting out of any work under an award. This provision does not apply to the purchase of supplies, material, equipment or general support services.

(d) No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB.

(e) Except for requirements listed in paragraph (c)(1) and (c)(4) of this section, Federal awarding agencies are authorized, at their option, to waive cost-related and administrative prior written approvals required by this subpart and OMB Circulars A–21 and A–122. Such waivers may include authorizating recipients to do any one or more of the following:

(1) Incur pre-award costs 90 calendar days prior to award or more than 90 calendar days with the prior approval of the Federal awarding agency. All pre-award costs are incurred at the recipient's risk (i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the recipient does not receive an award

or if the award is less than anticipated and inadequate to cover such costs).

(2) Initiate a one-time extension of the expiration date of the award of up to 12 months unless one or more of the following conditions apply. For one-time extensions, the recipient must notify the Federal awarding agency in writing, with the supporting reasons and revised expiration date, at least 10 days before the expiration date specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances. The conditions that prevent issuance of a one-time extension are:

(i) the terms and conditions of award prohibit the extension;

(ii) the extension requires additional Federal funds; or

(iii) the extension involves any change in the approved objectives or scope of the project.

(3) Carry forward unobligated balances to subsequent funding periods.

(4) For awards that support research, unless the Federal awarding agency provides otherwise in the award or in the agency's regulations, the prior approval requirements described in paragraph (e)(1) through (3) of this section are automatically waived (i.e., recipients need not obtain such prior approvals) unless one of the conditions included in paragraph (e)(2) applies.

(f) The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for awards in which the Federal share of the project exceeds $100,000 and the cumulative amount of the transfer exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency. No Federal awarding agency shall permit a transfer that would cause any Federal appropriation or part thereof to be used for purposes other than those consistent with the original intent of the appropriation.

(g) No other changes to nonconstruction budgets, except for the changes described in paragraph (j) of this section, require prior approval.

(h) For construction awards, recipients shall request prior written approval promptly from Federal awarding agencies for budget revisions whenever paragraph (h) (1), (2) or (3) of this section apply:

(1) the revision results from changes in the scope or the objective of the project or program;

(2) additional Federal funds are needed to complete the project; or

(3) the recipient requests a revision that involves specific costs for which prior written approval requirements may be imposed under §12.927.

(i) No other prior approval requirements for specific items will be imposed unless OMB approves a deviation.

(j) When a Federal awarding agency makes an award that provides support for both construction and nonconstruction work, the Federal awarding agency may require the recipient to request prior approval before making any fund or budget transfers between the two types of work supported.

(k) For both construction and nonconstruction awards, Federal awarding agencies shall require recipients to notify the Federal awarding agency in writing promptly whenever the amount of Federal authorized funds is expected to exceed the needs of the recipient for the project period by more than $5,000 or five percent of the Federal award, whichever is greater. This notification shall not be required if an application for additional funding is submitted for a continuation award.

(l) When requesting approval for budget revisions, recipients shall use the budget forms that were used in the application unless the Federal awarding agency indicates that a letter of request suffices.

(m) Within 30 calendar days from the date of receipt of the request for budget revisions, the Federal awarding agencies shall review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal awarding agency shall inform the recipient in writing of the date when the recipient may expect the decision.

§12.926 Non-Federal audits.

Certain recipients and subrecipients shall be subject to non-Federal audits in accordance with the applicable directive from the table in this section.

Type of recipient	Applicable directive
Institution of higher education or other non-profit organization.	OMB Circular A–133.
State or local government	Single Audit Act 31 U.S.C. 7501–7507 and 43 CFR part 12, subpart B.
Hospital	OMB Circular A–133 or audit requirements of the Federal awarding agency.

§ 12.927 Allowable costs.

Federal awarding agencies shall determine allowable costs in accordance with the type of entity incurring the costs, using the appropriate directive from the table below.

Entity incurring costs	Applicable directive
State, local, or Federally recognized Indian Tribe.	OMB Circular A–87, Cost Principles for State and Local Governments.
Non-profit organization	OMB Circular A–122, Cost Principles for Non-profit Organizations and 43 CFR 12.927(b).
Institution of Higher Education	OMB Circular A–21, Cost Principles for Educational Institutions.
Hospital	45 CFR part 74, appendix E, Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts with Hospitals.
Commercial organization or non-profit organization listed in Attachment C of OMB Circular A–122.	48 CFR part 31, Contract Principles and Procedures or uniform cost accounting standards that comply with cost principles acceptable to the Federal agency.

§ 12.928 Period of availability of funds.

Where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency.

Property Standards

§ 12.930 Purpose of property standards.

Sections 12.931 through 12.937 set forth uniform standards governing management and disposition of property furnished by the Federal Government whose cost was charged to a project supported by a Federal award. Federal awarding agencies shall require recipients to observe these standards under awards and shall not impose additional requirements, unless specifically required by Federal statute. The recipient may use its own property management standards and procedures provided it observes the provisions of §§ 12.931 through 12.937.

§ 12.931 Insurance coverage.

Recipients shall, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired with Federal funds as provided to property owned by the recipient. Federally-owned property need not be insured unless required by the terms and conditions of the award.

§ 12.932 Real property.

Each Federal awarding agency shall prescribe requirements for recipients concerning the use and disposition of real property acquired in whole or in part under awards. Unless otherwise provided by statute, such requirements, at a minimum, shall contain the following.

(a) Title to real property shall vest in the recipient subject to the condition that the recipient shall use the real property for the authorized purpose of the project as long as it is needed and shall not encumber the property without approval of the awarding agency.

(b) The recipient shall obtain written approval by the Federal awarding agency for the use of real property in other federally-sponsored projects when the recipient determines that the property is no longer needed for the purpose of the original project. Use in other projects shall be limited to those under federally-sponsored projects (i.e., awards) or programs that have purposes consistent with those authorized for support by the Department of the Interior.

(c) When the real property is no longer needed as provided in paragraphs (a) and (b) of this section, the recipient shall request disposition instructions from the Federal awarding agency or its successor. The Federal awarding agency will give one or more

of the following disposition instructions:

(1) The recipient may be permitted to retain title without further obligation to the Federal Government after it compensates the Federal Government for that percentage of the current fair market value of the property attributable to the Federal participation in the project.

(2) The recipient may be directed to sell the property under guidelines provided by the Federal awarding agency and pay the Federal Government for that percentage of the current fair market value of the property attributable to the Federal participation in the project (after deducting actual and reasonable selling and fix-up expenses, if any, from the sales proceeds). When the recipient is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(3) The recipient may be directed to transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the recipient shall be entitled to compensation for its attributable percentage of the current fair market value of the property.

§12.933 Federally-owned and exempt property.

(a) *Federally-owned property*. (1) Title to federally-owned property remains vested in the Federal Government. Recipients shall submit annually to the Federal awarding agency an inventory listing of federally-owned property in their custody. Upon completion of the award or when the property is no longer needed, the recipient shall report the property to the Federal awarding agency for further utilization.

(2) If the Federal awarding agency has no further need for the property, it shall be declared excess and reported to the General Services Administration, unless the Federal awarding agency has statutory authority to dispose of the property by alternative methods (e.g., the authority provided by the Federal Technology Transfer Act (15 U.S.C. 3710(I)) to donate research equipment to educational and non-profit organizations in accordance with E.O. 12821, ''Improving Mathematics and Science Education in Support of the National Education Goals.'') Appropriate instructions shall be issued to the recipient by the Federal awarding agency.

(b) *Exempt property*. Exempt property. When statutory authority exists, the Federal awarding agency has the option to vest title to property acquired with Federal funds in the recipient without further obligation to the Federal Government and under conditions the Federal awarding agency considers appropriate. Such property is ''exempt property.'' Should a Federal awarding agency not establish conditions, title to exempt property upon acquisition shall vest in the recipient without further obligation to the Federal Government.

§12.934 Equipment.

(a) Title to equipment acquired by a recipient with Federal funds shall vest in the recipient, subject to conditions of this section.

(b) The recipient shall not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute, for as long as the Federal Government retains an interest in the equipment.

(c) The recipient shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds, and shall not encumber the property without approval of the Federal awarding agency. When no longer needed for the original project or program, the recipient shall use the equipment in connection with its other federally-sponsored activities, in the following order of priority:

(1) Activities sponsored by the Federal awarding agency, then

(2) Activities sponsored by other Federal agencies.

(d) During the time that equipment is used on the project or program for which it was acquired, the recipient shall make it available for use on other projects or programs if such other use

will not interfere with the work on the project or program for which the equipment was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by the Federal awarding agency that financed the equipment; second preference shall be given to projects or programs sponsored by other Federal agencies. If the equipment is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by the Federal awarding agency. User charges shall be treated as program income.

(e) When acquiring replacement equipment, the recipient may use the equipment to be replaced as trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment subject to the approval of the Federal awarding agency.

(f) The recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following.

(1) Equipment records shall be maintained accurately and shall include the following information.

(i) A description of the equipment.

(ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(iii) Source of the equipment, including the award number.

(iv) Whether title vests in the recipient or the Federal Government.

(v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.

(vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).

(vii) Location and condition of the equipment and the date the information was reported.

(viii) Unit acquisition cost.

(ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share.

(2) Equipment owned by the Federal Government shall be identified to indicate Federal ownership.

(3) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

(4) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the Federal Government, the recipient shall promptly notify the Federal awarding agency.

(5) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(6) Where the recipient is authorized or required to sell the equipment, proper sales procedures shall be established which provide for competition to the extent practicable and result in the highest possible return.

(g) When the recipient no longer needs the equipment, the equipment may be used for other activities in accordance with the following standards. For equipment with a current per unit fair market value of $5,000 or more, the recipient may retain the equipment for other uses provided that compensation is made to the original Federal awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the equipment. If the recipient has no need for the equipment, the recipient shall request disposition instructions from the Federal awarding agency. The Federal awarding agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall

be reported to the General Services Administration by the Federal awarding agency to determine whether a requirement for the equipment exists in other Federal agencies. The Federal awarding agency shall issue instructions to the recipient no later than 120 calendar days after the recipient's request and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the equipment and reimburse the Federal awarding agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the recipient shall be permitted to deduct and retain from the Federal share $500 or ten percent of the proceeds, whichever is less, for the recipient's selling and handling expenses.

(2) If the recipient is instructed to ship the equipment elsewhere, the recipient shall be reimbursed by the Federal Government by an amount which is computed by applying the percentage of the recipient's participation in the cost of the original project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the recipient is instructed to otherwise dispose of the equipment, the recipient will be reimbursed by the Federal awarding agency for such costs incurred in its disposition.

(h) The Federal awarding agency may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when the third party is otherwise eligible under existing statutes. The transfer shall be subject to the following standards.

(1) The equipment shall be appropriately identified in the award or otherwise made known to the recipient in writing.

(2) The Federal awarding agency shall issue disposition instructions within 120 calendar days after receipt of a final inventory. The final inventory shall list all equipment acquired with Federal funds and federally-owned equipment. If the Federal awarding agency fails to issue disposition instructions within the 120-calendar-day period, the recipient shall apply the standards of this section, as appropriate.

(3) When the Federal awarding agency exercises its right to take title, the equipment shall be subject to the provisions for federally-owned equipment.

§12.935 Supplies and other expendable property.

(a) Title to supplies and other expendable property shall vest in the recipient upon acquisition. If there is a residual inventory of unused supplies exceeding $5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federally-sponsored project or program, the recipient shall retain the supplies for use on non-Federal sponsored activities or sell them, but shall, in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as for equipment.

(b) The recipient shall not use supplies acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute as long as the Federal Government retains an interest in the supplies.

§12.936 Intangible property.

(a) The recipient may copyright any work that is subject to copyright and was developed, or for which ownership was purchased, under an award. The Federal awarding agency(ies) reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

(b) Recipients are subject to applicable regulations governing patents and inventions, including government-wide regulations issued by the Department of Commerce at 37 CFR part 401, ''Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements.''

(c) Unless waived by the Federal awarding agency, the Federal Government has the right to:

(1) Obtain, reproduce, publish or otherwise use the data first produced under an award; and

(2) Authorize others to receive, reproduce, publish, or otherwise use the data for Federal purposes.

(d) Title to intangible property and debt instruments acquired under an award or subaward vests upon acquisition in the recipient. The recipient shall use that property for the originally-authorized purpose, and the recipient shall not encumber the property without approval of the Federal awarding agency. When no longer needed for the originally authorized purpose, disposition of the intangible property shall occur in accordance with the provisions of § 12.934(g).

§ 12.937 Property trust relationship.

Real property, equipment, intangible property and debt instruments that are acquired or improved with Federal funds shall be held in trust by the recipient as trustee for the beneficiaries of the project or program under which the property was acquired or improved. Agencies may require recipients to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with Federal funds and that use and disposition conditions apply to the property.

Procurement Standards

§ 12.940 Purpose of procurement standards.

Sections 12.941 through 12.948 set forth standards for use by recipients in establishing procedures for the procurement of supplies and other expendable property, equipment, real property and other services with Federal funds. These standards are furnished to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders. No additional procurement standards or requirements shall be imposed by the Federal awarding agencies upon recipients, unless specifically required by Federal statute or executive order or approved by OMB.

§ 12.941 Recipient responsibilities.

The standards contained in this section do not relieve the recipient of the contractual responsibilities arising under its contract(s). The recipient is the responsible authority, without recourse to the Federal awarding agency, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of an award or other agreement. This includes disputes, claims, protests of award, source evaluation or other matters of a contractual nature. Matters concerning violation of statute are to be referred to such Federal, State or local authority as may have proper jurisdiction.

§ 12.942 Codes of conduct.

The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

§ 12.943 Competition.

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open

and free competition. The recipient shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bids or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient. Any and all bids or offers may be rejected when it is in the recipient's interest to do so.

§12.944 Procurement procedures.

(a) All recipients shall establish written procurement procedures. These procedures shall provide, at a minimum, that:

(1) Recipients avoid purchasing unnecessary items.

(2) Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal Government; and

(3) Solicitations for goods and services provide for all of the following:

(i) A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.

(ii) Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.

(iii) A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.

(iv) The specific features of ''brand name or equal'' descriptions that bidders are required to meet when such items are included in the solicitation.

(v) The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

(vi) Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

(b) Positive efforts shall be made by recipients to use small businesses, minority-owned firms, and women's business enterprises, whenever possible. Recipients of Federal awards shall take all of the following steps to further this goal.

(1) Ensure that small businesses, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.

(2) Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises.

(3) Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.

(4) Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.

(5) Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms and women's business enterprises.

(c) The type of procuring instruments used (e.g., fixed price contracts, cost reimbursable contracts, purchase orders, and incentive contracts) shall be determined by the recipient but shall be appropriate for the particular procurement and for promoting the best

interest of the program or project involved. The ''cost-plus-a-percentage-of-cost'' or ''percentage of construction cost'' methods of contracting shall not be used.

(d) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. In certain circumstances, contracts with certain parties are restricted by agencies' implementation of E.O.s 12549 and 12689, ''Debarment and Suspension.'' See 43 CFR part 12.

(e) Recipients shall, on request, make available for the Federal awarding agency, pre-award review of procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc., when any of the following conditions apply:

(1) A recipient's procurement procedures or operation fails to comply with the procurement standards in this part.

(2) The procurement is expected to exceed the small purchase threshold fixed at 41 U.S.C. 403 (11) (currently $100,000) and is to be awarded without competition or only one bid or offer is received in response to a solicitation.

(3) The procurement, which is expected to exceed the small purchase threshold, specifies a ''brand name'' product.

(4) The proposed award over the small purchase threshold is to be awarded to other than the apparent low bidder under a sealed bid procurement.

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the small purchase threshold.

§ 12.945 Cost and price analysis.

Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.

§ 12.946 Procurement records.

Procurement records and files for purchases in excess of the small purchase threshold shall include the following at a minimum:

(a) Basis for contractor selection;

(b) Justification for lack of competition when competitive bids or offers are not obtained; and

(c) Basis for award cost or price.

§ 12.947 Contract administration.

A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions and specifications of the contract and to ensure adequate and timely follow up of all purchases. Recipients shall evaluate contractor performance and documents, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.

§ 12.948 Contract provisions.

The recipient shall include, in addition to provisions to define a sound and complete agreement, the provisions below in all contracts and subcontracts.

(a) Contracts in excess of the small purchase threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.

(b) All contracts in excess of the small purchase threshold shall contain suitable provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

(c) Except as otherwise required by statute, an award that requires the

contracting (or subcontracting) for construction or facility improvements shall provide for the recipient to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the construction contract or subcontract exceeds $100,000. For those contracts or subcontracts exceeding $100,000, the Federal awarding agency may accept the bonding policy and requirements of the recipient, provided the Federal awarding agency has made a determination that the Federal Government's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. The ''bid guarantee'' shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder shall, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. A ''performance bond'' is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. A ''payment bond'' is one executed in connection with a contract to assure payment as required by statute of all persons supplying labor and material in the execution of the work provided for in the contract.

(4) Where bonds are required in the situations described herein, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR part 223, ''Surety Companies Doing Business with the United States.''

(d) All negotiated contracts (except those for less than the small purchase threshold) awarded by recipients shall include a provision to the effect that the recipient, the Federal awarding agency, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

(e) All contracts, including small purchases, awarded by recipients and their contractors shall contain the procurement provisions of appendix A to this subpart, as applicable.

Reports and Records

§12.950 Purpose of reports and records.

Sections 12.951 through 12.953 set forth the procedures for monitoring and reporting on the recipient's financial and program performance and the necessary standard reporting forms. They also set forth record retention requirements.

§12.951 Monitoring and reporting program performance.

(a) Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Recipients shall monitor subawards to ensure subrecipients have met the audit requirements as delineated in §12.926.

(b) The Federal awarding agency shall prescribe the frequency of submission for performance reports. Except as provided in §12.951(f), performance reports will not be required more frequently than quarterly or less frequently than annually. Annual reports shall be due 90 calendar days after the grant year; quarterly or semi-annual reports shall be due 30 days after the reporting period. The Federal awarding agency may require annual reports before the anniversary dates of multiple year awards in lieu of these requirements. The final performance reports are due 90 calendar days after the expiration or termination of the award.

(c) A final technical or performance report shall be required after completion of the project only if the awarding agency determines this to be appropriate.

(d) When required, performance reports shall generally contain, for each award, brief information on each of the following:

(1) A comparison of actual accomplishments with the goals and objectives established for the period, the findings of the investigator, or both. Whenever appropriate and the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

(2) Reasons why established goals were not met, if appropriate.

(3) Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

(e) Recipients shall not be required to submit more than the original and two copies of performance reports.

(f) Recipients shall immediately notify the Federal awarding agency of developments that have a significant impact on the award-supported activities. Also, notification shall be given in the case of problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.

(g) Federal awarding agencies may make site visits, as needed.

(h) Federal awarding agencies shall comply with clearance requirements of 5 CFR part 1320 when requesting performance data from recipients.

§ 12.952 Financial reporting.

(a) The following forms or such other forms as may be approved by OMB are authorized for obtaining financial information from recipients.

(1) *SF–269 or SF–269A, Financial Status Report.*

(i) Each Federal awarding agency will require recipients to use either the SF–269 or SF–269A to report the status of funds for all nonconstruction projects or programs. A Federal awarding agency may, however, have the option of not requiring the SF–269 or SF–269A when the SF–270, Request for Advance or Reimbursement, or SF–272, Report of Federal Cash Transactions, is determined to provide adequate information to meet its needs, except that a final SF–269 or SF–269A shall be required at the completion of the project when the SF–270 is used only for advances.

(ii) The Federal awarding agency shall prescribe whether the report shall be on a cash or accrual basis. If the Federal awarding agency requires accrual information and the recipient's accounting records are not normally kept on the accrual basis, the recipient shall not be required to convert its accounting system, but shall develop accrual information through best estimates based upon an analysis of the documentation on hand.

(iii) The Federal awarding agency shall determine the frequency of the Financial Status Report for each project or program, considering the size and complexity of the particular project or program. However, the report shall not be required more frequently than quarterly or less frequently than annually. A final report shall be required at the completion of the agreement.

(iv) The Federal awarding agency shall require recipients to submit the SF–269 or SF–269A (an original and no more than two copies) no later than 30 days after the end of each specified reporting period for quarterly and semiannual reports, and 90 calendar days for annual and final reports. Extensions of reporting due dates may be approved by the Federal awarding agency upon request by the recipient.

(2) *SF–272, Report of Federal Cash Transactions.*

(i) When funds are advanced to recipients, the Federal awarding agency shall require each recipient to submit the SF–272 and, when necessary, its continuation sheet, SF–272a. The Federal awarding agency shall use this report to monitor cash advanced to recipients and to obtain disbursement information for each agreement with the recipients.

(ii) Federal awarding agencies may require forecasts of Federal cash requirements in the ''Remarks'' section of the report.

(iii) When practical and deemed necessary, Federal awarding agencies may require recipients to report in the ''Remarks'' section the amount of cash advances received in excess of three days.

Recipients shall provide short narrative explanations of actions taken to reduce the excess balances.

(iv) Recipients shall be required to submit not more than the original and two copies of the SF–272 15 calendar days following the end of each quarter. The Federal awarding agencies may require a monthly report from those recipients receiving advances totaling $1 million or more per year.

(v) Federal awarding agencies may waive the requirement for submission of the SF–272 for any one of the following reasons:

(A) When monthly advances do not exceed $25,000 per recipient, provided that such advances are monitored through other forms contained in this section;

(B) If, in the Federal awarding agency's opinion, the recipient's accounting controls are adequate to minimize excessive Federal advances; or

(C) When the electronic payment mechanisms provide adequate data.

(b) When the Federal awarding agency needs additional information or more frequent reports, the following shall be observed:

(1) When additional information is needed to comply with legislative requirements, Federal awarding agencies shall issue instructions to require recipients to submit such information under the ''Remarks'' section of the reports.

(2) When a Federal awarding agency determines that a recipient's accounting system does not meet the standards in §12.921, additional pertinent information to further monitor awards may be obtained upon written notice to the recipient until such time as the system is brought up to standard. The Federal awarding agency, in obtaining this information, shall comply with report clearance requirements of 5 CFR part 1320.

(3) Federal awarding agencies are encouraged to shade out any line item on any report if not necessary.

(4) Federal awarding agencies may accept the identical information from the recipients in machine readable format or computer printouts or electronic outputs in lieu of prescribed formats.

(5) Federal awarding agencies may provide computer or electronic outputs to recipients when such action expedites or contributes to the accuracy or reporting.

§12.953 Retention and access requirements for records.

(a) This section sets forth requirements for record retention and access to records for awards to recipients. Federal awarding agencies shall not impose any other record retention or access requirements upon recipients.

(b) Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report. The only exceptions are the following:

(1) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.

(2) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.

(3) When records are transferred to or maintained by the Federal awarding agency, the 3-year retention requirement is not applicable to the recipient.

(4) Indirect cost rate proposals, cost allocation plans, etc., as specified in §12.953(g).

(c) Copies of original records may be substituted for the original records if authorized by the Federal awarding agency.

(d) The Federal awarding agency will request transfer of certain records to its custody from recipients when it determines that the records possess long term retention value. However, in order to avoid duplicate recordkeeping, a Federal awarding agency may make arrangements for recipients to retain any records that are continuously needed for joint use.

(e) The Federal awarding agency, the Inspector General, Comptroller General of the United States, or any of their duly authorized representatives, have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients that are pertinent to the awards, in order to make audits, examinations, excerpts, transcripts and copies of such documents. This right also includes timely and reasonable access to a recipient's personnel for the purpose of interview and discussion related to such documents. The rights of access in this paragraph are not limited to the required retention period, but shall last as long as records are retained.

(f) Unless required by statute, no Federal awarding agency shall place restrictions on recipients that limit public access to the records of recipients that are pertinent to an award, except when the Federal awarding agency can demonstrate that such records shall be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act (5 U.S.C. 552) if the records had belonged to the Federal awarding agency.

(g) *Indirect cost rate proposals, cost allocation plans, etc.* Paragraphs (g)(1) and (g)(2) of this section apply to the following types of documents, and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(1) *If submitted for negotiation.* If the recipient submits to the Federal awarding agency or the subrecipient submits to the recipient the proposal, plan, or other computation to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts on the date of the submission.

(2) *If not submitted for negotiation.* If the recipient is not required to submit to the Federal awarding agency or the subrecipient is not required to submit to the recipient the proposal, plan, or other computation for negotiation purposes, then the 3-year retention period for the proposal, plan, or other computation and its supporting records starts at the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

Termination and Enforcement

§ 12.960 Purpose of termination and enforcement.

Sections 12.961 and 12.962 set forth uniform suspension, termination and enforcement procedures.

§ 12.961 Termination.

(a) Awards may be terminated in whole or in part only if paragraph (a)(1), (a)(2) or (a)(3) of this section applies.

(1) By the Federal awarding agency, if a recipient materially fails to comply with the terms and conditions of an award.

(2) By the Federal awarding agency with the consent of the recipient, in which case the two parties shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.

(3) By the recipient upon sending to the Federal awarding agency written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if the Federal awarding agency determines in the case of partial termination that the reduced or modified portion of the grant will not accomplish the purposes for which the grant was made, it may terminate the grant in its entirety under either paragraph (a) (1) or (2) of this section.

(b) If costs are allowed under an award, the responsibilities of the recipient referred to in § 12.971(a), including those for property management as applicable, shall be considered in the termination of the award, and provision shall be made for continuing responsibilities of the recipient after termination, as appropriate.

§ 12.962 Enforcement.

(a) *Remedies for noncompliance.* If a recipient materially fails to comply with

the terms and conditions of an award, whether stated in a Federal statute, regulation, assurance, application, or notice of award, the Federal awarding agency may, in addition to imposing any of the special conditions outlined in §12.914, take one or more of the following actions, as appropriate in the circumstances.

(1) Temporarily withhold cash payments pending correction of the deficiency by the recipient or more severe enforcement action by the Federal awarding agency.

(2) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.

(3) Wholly or partly suspend or terminate the current award.

(4) Withhold further awards for the project or program.

(5) Take other remedies that may be legally available.

(b) *Hearings and appeals.* In taking an enforcement action, the awarding agency shall provide the recipient an opportunity for hearing, appeal, or other administrative proceeding to which the recipient is entitled under any statute or regulation applicable to the action involved.

(c) *Effects of suspension and termination.* Costs of a recipient resulting from obligations incurred by the recipient during a suspension or after termination of an award are not allowable unless the Federal awarding agency expressly authorizes them in the notice of suspension or termination or subsequently. Other recipient costs during suspension or after termination which are necessary and not reasonably avoidable are allowable if paragraphs (c) (1) and (2) of this section apply:

(1) The costs result from obligations which are properly incurred by the recipient before the effective date of suspension or termination, are not in anticipation of it, and in the case of a termination, are noncancellable.

(2) The costs would be allowable if the award were not suspended or expired normally at the end of the funding period in which the termination takes effect.

(d) *Relationship to debarment and suspension.* The enforcement remedies identified in this section, including suspension and termination, do not preclude a recipient from being subject to debarment and suspension under E.O.s 12549 and 12689 and the Federal awarding agency implementing regulations (see 43 CFR part 12).

AFTER-THE-AWARD REQUIREMENTS

§12.970 Purpose.

Sections 12.971 through 12.973 contain closeout procedures and other procedures for subsequent disallowances and adjustments.

§12.971 Closeout procedures.

(a) Recipients shall submit, within 90 calendar days after the date of completion of the award, all financial, performance, and other reports as required by the terms and conditions of the award. The Federal awarding agency may approve extensions when requested by the recipient.

(b) Unless the Federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions.

(c) The Federal awarding agency shall make prompt payments to a recipient for allowable reimbursable costs under the award being closed out.

(d) The recipient shall promptly refund any balances of unobligated cash that the Federal awarding agency has advanced or paid and that is not authorized to be retained by the recipient for use in other projects. OMB Circular A–129 governs unreturned amounts that become delinquent debts.

(e) When authorized by the terms and conditions of the award, the Federal awarding agency shall make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.

(f) The recipient shall account for any real and personal property acquired with Federal funds or received from the Federal Government in accordance with §§12.931 through 12.937.

(g) If a final audit has not been performed prior to the closeout of an award, the Federal awarding agency

shall retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

§ 12.972 Subsequent adjustments and continuing responsibilities.

(a) The closeout of an award does not affect any of the following.

(1) The right of the Federal awarding agency to disallow costs and recover funds on the basis of a later audit or other review.

(2) The obligation of the recipient to return any funds due as a result of later refunds, corrections, or other transactions.

(3) Audit requirements in § 12.926.

(4) Property management requirements in §§ 12.931 through 12.937.

(5) Records retention as required in § 12.953.

(b) After closeout of an award, a relationship created under an award may be modified or ended in whole or in part with the consent of the Federal awarding agency and the recipient, provided the responsibilities of the recipient referred to in § 12.973(a), including those for property management as applicable, are considered and provisions made for continuing responsibilities of the recipient, as appropriate.

§ 12.973 Collection of amounts due.

(a) Any funds paid to a recipient in excess of the amount to which the recipient is finally determined to be entitled under the terms and conditions of the award constitute a debt to the Federal Government. If not paid within a reasonable period after the demand for payment, the Federal awarding agency may reduce the debt by paragraph (*a*)(1), (2) or (3) of this section:

(1) Making an administrative offset against other requests for reimbursements.

(2) Withholding advance payments otherwise due to the recipient.

(3) Taking other action permitted by statute.

(b) Except as otherwise provided by law, the Federal awarding agency shall charge interest on an overdue debt in accordance with 4 CFR chapter II, ''Federal Claims Collection Standards.''

APPENDIX A TO SUBPART F—CONTRACT PROVISIONS

All contracts awarded by a recipient, including small purchases, shall contain the following provisions as applicable:

1. *Equal Employment Opportunity*—All contracts shall contain a provision requiring compliance with E.O. 11246, ''Equal Employment Opportunity,'' as amended by E.O. 11375, ''Amending Executive Order 11246 Relating to Equal Employment Opportunity,'' and as supplemented by regulations at 41 CFR part 60, ''Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.''

2. *Copeland ''Anti-Kickback'' Act (18 U.S.C. 874 and 40 U.S.C. 276c)*—All contracts and subgrants in excess of $100,000 for construction or repair awarded by recipients and subrecipients shall include a provision for compliance with the Copeland ''Anti-Kickback'' Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR part 3, ''Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States''). The Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to the Federal awarding agency.

3. *Davis-Bacon Act, as amended (40 U.S.C. 276a to a–7)*—When required by Federal program legislation, all construction contracts awarded by the recipients and subrecipients of more than $2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a–7) and as supplemented by Department of Labor regulations (29 CFR part 5, ''Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction''). Under this Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the Federal awarding agency.

4. *Contract Work Hours and Safety Standards Act (40 U.S.C. 327–333)*—Where applicable, all contracts awarded by recipients in excess of $100,000 for construction contracts and for other contracts that involve the employment

of mechanics or laborers shall include a provision for compliance with sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327–333), as supplemented by Department of Labor regulations (29 CFR part 5). Under section 102 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than 1½ times the basic rate of pay for all hours worked in excess of 40 hours in the work week. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

5. *Rights to Inventions Made Under a Contract or Agreement*—Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR part 401, ''Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,'' and any implementing regulations issued by the awarding agency.

6. *Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended*—Contracts and subgrants of amounts in excess of $100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 *et seq.*) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251 *et seq.*). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

7. *Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)*—Contractors who apply or bid for an award of more than $100,000 shall file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient.

8. *Debarment and Suspension (E.O.s 12549 and 12689)*—No contracts shall be made to parties listed on the General Services Administration's ''Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs'' in accordance with E.O.s 12549 and 12689, ''Debarment and Suspension.'' This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549. Contractors with awards that exceed the small purchase threshold shall provide the required certification regarding their exclusion status and that of their principals.

PART 13—VENDING FACILITIES OPERATED BY BLIND PERSONS

Sec.
13.1 Authority and purpose.
13.2 Application for permit.
13.3 Cooperation in selection of facilities.
13.4 Terms of permit.
13.5 Protection from competition.
13.6 Appeals.

AUTHORITY: Sec. 4, 68 Stat. 663; 20 U.S.C. 107.

SOURCE: 22 FR 9476, Nov. 27, 1957, unless otherwise noted.

§ 13.1 Authority and purpose.

The Randolph-Sheppard Vending Stand Act of June 20, 1936, as amended by section 4 of the Act of August 3, 1954 (68 Stat. 663; 20 U.S.C. 107), directs that, insofar as practicable, preference shall be given to blind persons in the operation of vending stands and machines on any Federal property. The regulations in this part prescribe the policies and procedures to achieve and protect that preference on property, including land, owned or leased by the United States and controlled by the Department of the Interior.

§ 13.2 Application for permit.

(a) State licensing agencies designated by the Department of Health, Education, and Welfare under the Randolph-Sheppard Vending Stand Act may apply for permits to establish and maintain vending facilities, including both vending stands and machines, to be operated by blind persons licensed by the State agencies. Application for a permit shall be made, in writing, by

the State licensing agency to the head of the Interior bureau or office having control of the property in question. In the regulations in this part the term ''head of the Interior bureau or office'' includes the authorized representatives of that bureau or office.

(b) The head of the Interior bureau or office may deny an application if he determines that the issuance of a permit would unduly inconvenience the bureau or office or adversely affect the interests of the United States. Such determination shall be in writing and shall state the reasons on which it is based. The fact that a permit will be without charge for rent shall not constitute a basis for denying an application.

(c) In considering applications for permits, due regard shall be given to the terms of any existing contractual arrangements.

§ 13.3 Cooperation in selection of facilities.

Upon request from a State licensing agency, the Interior bureau or office shall cooperate in selecting locations and arranging accommodations for vending facilities to be operated by blind persons. In making such selection, due consideration shall be given to the requirements of occupant agencies, availability of suitable space, and requirements for preparation and maintenance of the space.

§ 13.4 Terms of permit.

Every permit shall describe the location of the vending facilities and shall be subject to the following provisions:

(a) The permit shall be issued in the name of the applicant State licensing agency.

(b) The permit shall be for a definite term, not to exceed five years, and shall be without charge for rent.

(c) The permit may be revoked at any time upon not less than 30 days written notice to the permittee from the head of the Interior bureau or office having control of the property where the vending facilities are located. Such notice shall state the reasons on which it is based.

(d) Items sold at the vending facilities shall be limited to newspapers, periodicals, pre-packaged confections, tobacco products, articles dispensed automatically or in containers or wrappings in which they are placed before receipt by the vendor, and such other articles as may be approved by the head of the Interior bureau or office for each location. The head of the Interior bureau or office may require discontinuance of sale of any type of article, upon not less than 15 days' notice in writing.

(e) Vending facilities shall be operated in compliance with such standards of appearance, safety, health, sanitation, and efficiency as may be prescribed by the head of the Interior bureau or office. Such standards shall conform, so far as practicable with the provisions of State laws and regulations, whether or not the property is under the exclusive jurisdiction of the United States.

(f) The permittee shall arrange for the modification or relocation of the vending facilities when in the opinion of the head of the Interior bureau or office such action is essential to the satisfactory maintenance, operation, or use of the property concerned and shall not modify or relocate such facilities without such approval. Installation, modification, relocation, or removal of vending facilities shall be made only under the supervision of the head of the Interior bureau or office and without cost to the Department of the Interior. The permittee may be required to remove any vending device deemed undesirable by the head of the Interior bureau or office. Ownership of vending devices installed by the permittee or operator shall remain vested with the installer. All extra identifiable costs incurred by the Department of the Interior in restoring to its original condition any space vacated by removal or relocation of vending facilities shall be reimbursed by the permittee or the operator.

(g) In the event a vending facility is being operated in a manner unsatisfactory to the Interior bureau or office, the permittee will be notified in writing and required to take appropriate action to rectify the situation.

(h) The operator of the vending facility shall carry such insurance against losses by fire, public liability, employer's liability, or other hazards as is customary among prudent operators of

similar businesses under comparable circumstances.

§ 13.5 Protection from competition.

(a) The head of the Interior bureau or office shall protect the blind operator of the vending facility against direct competition from other vendors or vending machines on property which the head of the Interior bureau or office controls. Other vendors or vending machines shall be considered in direct competition with vending facilities permitted under the regulations in this part if they sell or dispense articles which are similar or identical to those on sale at the vending facilities in such proximity to the vending facility as to attract customers who might otherwise patronize the vending facilities.

(b) After a permit has been issued under the regulations in this part to a State licensing agency for operation of a vending facility, the head of the Interior bureau or office, except as provided in paragraphs (c) and (d) of this section, shall take action to terminate, as soon as possible and with minimum interruption to the service afforded customers, any existing competitive arrangement for the sale of any articles similar to or identical to those sold or to be sold under the permit. Notice of such termination shall be given as required under the terms of the existing arrangement, or if none is provided, a notice of not less than 30 days shall be given in writing.

(c) Existing arrangements with respect to vending machines need not be terminated if such vending machines are moved at the expense of their operators to locations elsewhere on the property which are noncompetitive with a blind-operated vending facility, or if the income from such machines is assigned to the blind operator.

(d) This section shall not apply to the sale and service of food and other articles considered as food and usually sold in connection with meals by cafeterias, restaurants, or similar food dispensing establishments.

§ 13.6 Appeals.

When the head of an Interior bureau or office has designated a representative to act for him under these regulations, he shall provide for the review of any matter in dispute between such representatives and the State licensing agency. In the event that they fail to reach agreement concerning the granting of a permit for the vending stand, the modification or revocation of a permit, the suitability of the stand location, the assignment of vending proceeds, the methods of operation of the stand, or other terms of the permit (including articles which may be sold) the State licensing agency shall have the right of appeal to the Director, Office of Hearings and Appeals. Such appeals shall be made in writing and shall be filed in the Office of the Director (address: Director, Office of Hearings and Appeals, 4015 Wilson Boulevard, Arlington, VA 22203) within 15 days from the date of notice of the decision from which the appeal is taken. Such appeals shall comply otherwise with the general rules of the Office of Hearings and Appeals in subpart B of part 4 of this title and with the special regulations set forth in subpart G of part 4 of this title applicable to proceedings in appeals cases which do not lie within the appellate jurisdiction of an established Appeals Board of the Office of Hearings and Appeals. Upon appeal, full investigation shall be undertaken. A full report shall be obtained from the Interior representative from whose decision the appeal is being taken. The State licensing agency shall be given opportunity to present information. The Department of Health, Education, and Welfare shall be available for general advice on program activities and objectives. A final decision of the Director, Office of Hearings and Appeals, or of an Ad Hoc Appeals Board appointed by him to consider the appeal and to issue decision thereon, shall be rendered within ninety days of the filing of the appeal. Notification of the decision on appeal and the action taken thereon shall be given to the State licensing agency and to the Department of Health, Education, and Welfare. The decision of the Director, Office of Hearings and Appeals, or of an Ad Hoc Appeals Board appointed by him, shall be final. At the end of each fiscal year the Office of the Secretary shall report to the Department of Health, Education, and Welfare the

total number of applications for vending stand locations received from State licensing agencies, the number accepted, the number denied, and the number still pending.

[36 FR 7206, Apr. 15, 1971]

PART 14—PETITIONS FOR RULEMAKING

Sec.
14.1 Scope.
14.2 Filing of petitions.
14.3 Consideration of petitions.
14.4 Publication of petitions.

AUTHORITY: 5 U.S.C. 553(e).

SOURCE: 46 FR 47789, Sept. 30, 1981, unless otherwise noted.

§ 14.1 Scope.

This part prescribes procedures for the filing and consideration of petitions for rulemaking.

§ 14.2 Filing of petitions.

Under the Administrative Procedure Act, any person may petition for the issuance, amendment, or repeal of a rule (5 U.S.C. 553(e)). The petition will be addressed to the Secretary of the Interior, U.S. Department of the Interior, Washington, DC 20240. It will identify the rule requested to be repealed or provide the text of a proposed rule or amendment and include reasons in support of the petition.

§ 14.3 Consideration of petitions.

The petition will be given prompt consideration and the petitioner will be notified promptly of action taken.

§ 14.4 Publication of petitions.

A petition for rulemaking may be published in the FEDERAL REGISTER if the official responsible for acting on the petition determines that public comment may aid in consideration of the petition.

PART 15—KEY LARGO CORAL REEF PRESERVE

Sec.
15.1 Scope.
15.2 Removal or destruction of natural features and marine life.
15.3 Dredging, filling, excavating and building activities.
15.4 Refuse and polluting substances.
15.5 Wrecks.
15.6 Markers.
15.7 Fishing.
15.8 Skin diving.
15.9 Collection of scientific specimens.
15.10 Operation of watercraft.
15.11 Explosives and dangerous weapons.
15.12 Closing of Preserve.
15.13 Report of accidents.
15.14 Applicability of laws.

AUTHORITY: Sec. 5, 67 Stat. 464; 43 U.S.C. 1334; Proc. 3339, 25 FR 2352.

SOURCE: 25 FR 8948, Sept. 17, 1960, unless otherwise noted.

§ 15.1 Scope.

The State of Florida has established a similar coral reef preserve on an area situated shoreward of a line three geographic miles from Key Largo and contiguous to the Key Largo Coral Reef Preserve. It is the policy of the Department of the Interior to cooperate with the State of Florida and its conservation agencies in the preservation of the reef.

§ 15.2 Removal or destruction of natural features and marine life.

No person shall destroy, injure, deface, mar, move, dig, harmfully disturb or remove from the Preserve any beach sand, gravel or minerals, corals, sea feathers and fans, shells and shell fish starfishes or other marine invertebrates, seaweeds, grasses, or any soil, rock, artifacts, stones or other materials. No person shall cut, carve, injure, mutilate, move, displace or break off any bottom formation or growth. Nor shall any person dig in, or in any other way injure or impair the natural beauty or usefulness of this Preserve. No rope, wire or other contrivance shall be attached to any coral, rock or other formation, whether temporary or permanent in character or use.

§ 15.3 Dredging, filling, excavating and building activities.

No dredging, excavating, or filling operations of any kind are permitted in the Preserve and no materials of any sort may be deposited in or on the waters thereof. No building or structure of any kind, whether permanent or temporary, may be constructed or

built, and no public service facility may be constructed or extended into, upon or across the Preserve.

§15.4 Refuse and polluting substances.

No person shall dump or deposit in or on the waters of this Preserve any oily liquids or wastes, acids or other deleterious chemicals, bottles, broken glass paper, boxes, cans, dirt, rubbish, waste garbage, refuse or other debris or polluting substance.

§15.5 Wrecks.

No person shall willfully destroy molest, remove, deface, displace, or tamper with any wrecks, parts of wrecks or any cargo pertaining to such wrecks within the Preserve in such manner as to injure or destroy any coral formation.

§15.6 Markers.

No person shall willfully mark, deface or injure in any way, or displace, remove or tamper with any Preserve signs, notices or placards, whether temporary or permanent, or with any monuments, stakes, posts or other boundary markers.

§15.7 Fishing.

(a) Spear fishing within the boundaries or confines of this Preserve is prohibited.

(b) The use of poisons, electric charges, or other such methods is prohibited.

§15.8 Skin diving.

Diving with camera, or diving for observation and pleasure is permitted and encouraged within the Preserve.

§15.9 Collection of scientific specimens.

Collection of natural objects and marine life for educational purposes and for scientific and industrial research shall be done only in accordance with the terms of written permits granted by the Director of the Florida Board of Parks and Historic Memorials. Such permits shall be issued only to persons representing reputable scientific, research, or educational institutions. No permits will be granted for specimens the removal of which would disturb the remaining natural features or mar their appearance. All permits are subject to cancellation without notice at the discretion of the issuing official. Permits shall be for a limited term and may be renewed at the discretion of the issuing official.

§15.10 Operation of watercraft.

No watercraft shall be operated in such a manner as to strike or otherwise cause damage to the natural features of the Preserve. Except in case of emergency endangering life or property, no anchor shall be cast or dragged in such a way as to damage any reef structure.

§15.11 Explosives and dangerous weapons.

No person shall carry, use or possess within the Preserve firearms of any description, air rifles, spring guns, bows and arrows, slings, spear guns, harpoons, or any other kind of weapon potentially harmful to the reef structure. The use of such weapons from beyond the boundaries of the Preserve and aimed or directed into the Preserve is forbidden. The use or possession of explosives within the Preserve is prohibited.

§15.12 Closing of Preserve.

The Preserve may be closed to public use in the event of emergency conditions encouraged within the Preserve.

§15.13 Report of accidents.

Accidents involving injury to life or property shall be reported as soon as possible by the person or persons involved to the officer in charge of the Preserve.

§15.14 Applicability of laws.

In areas to which this part pertains all Federal Acts shall be enforced insofar as they are applicable, and the laws and regulations of the State of Florida shall be invoked and enforced in accordance with the Act of June 25, 1948 (62 Stat. 686; 18 U.S.C. 13)

PART 16—CONSERVATION OF HELIUM

Sec.
16.1 Agreements to dispose of helium in natural gas.

16.2 Applications for helium disposition agreements.
16.3 Terms and conditions.
16.4 Consideration to the United States; renegotiation.
16.5 Bonds.

AUTHORITY: R.S. 2478, as amended, 60 Stat. 950, 74 Stat. 918, 922; 43 U.S.C. 1201, 30 U.S.C. 181, 50 U.S.C. 167a, 167g.

§ 16.1 Agreements to dispose of helium in natural gas.

(a) Pursuant to his authority and jurisdiction over Federal lands, the Secretary may enter into agreements with qualified applicants to dispose of the helium of the United States upon such terms and conditions as he deems fair, reasonable, and necessary to conserve such helium, whenever helium can be conserved that would otherwise be wasted or lost to Federal ownership or use in the production of oil or gas from Government lands embraced in an oil and gas lease or whenever federally owned deposits of helium-bearing gas are being drained. The precise nature of any agreement will depend on the conditions and circumstances involved in that particular case.

(b) An agreement shall be subject to the existing rights of the Federal oil and gas lessee.

(c) An agreement shall provide that in the extraction of helium from gas produced from Federal lands, it shall be extracted so as to cause no delay, except that required by the extraction process, in the delivery of the residue of the gas produced from such lands to the owner thereof. Title will be granted to the helium which is physically reduced to possession.

[30 FR 9218, July 23, 1965]

§ 16.2 Applications for helium disposition agreements.

The application for a helium disposition agreement need not be in any particular form, but must contain information sufficient to enable the Secretary to determine that the proposal will conserve helium that will otherwise be wasted, drained, or lost to Federal ownership or use, and to evaluate the suitability of the proposal.

[30 FR 9219, July 23, 1965]

§ 16.3 Terms and conditions.

The applicant must agree not to develop wells on Federal land with the principal purpose of recovering the helium component of natural gas unless permission to do so has been expressly granted by the Secretary.

[30 FR 9219, July 23, 1965]

§ 16.4 Consideration to the United States; renegotiation.

(a) The Secretary shall determine the royalty or other compensation to be paid by the applicant, which royalty or other compensation together with the royalties and other compensation paid by the oil and gas lessee, shall be in an amount sufficient to secure to the United States a return on all the values, including recovered helium.

(b) The Secretary may require that each agreement shall contain a renegotiation clause providing for renegotiation of the royalty percentage ten years from the effective date of the agreement and at five-year intervals thereafter.

[29 FR 9383, July 9, 1964. Redesignated at 30 FR 9218, July 23, 1965]

§ 16.5 Bonds.

The applicant shall be required to submit a bond in such amount and in such form as the Secretary may prescribe to secure the faithful performance of the terms of any agreement made.

[29 FR 9383, July 9, 1964. Redesignated at 30 FR 9218, July 23, 1965]

PART 17—NONDISCRIMINATION IN FEDERALLY-ASSISTED PROGRAMS OF THE DEPARTMENT OF THE INTERIOR

Subpart A—Nondiscrimination on the Basis of Race, Color, or National Origin

Sec.
17.1 Purpose.
17.2 Application of this part.
17.3 Discrimination prohibited.
17.4 Assurances required.
17.5 Compliance information.
17.6 Conduct of investigations.
17.7 Procedure for effecting compliance.
17.8 Hearings.
17.9 Decisions and notices.
17.10 Judicial review.

17.11 Effect on other regulations; forms and instructions.
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APPENDIX A TO SUBPART A
APPENDIX B TO SUBPART A

Subpart B—Nondiscrimination on the Basis of Handicap

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Subpart A—Nondiscrimination on the Basis of Race, Color, or National Origin

AUTHORITY: Sec. 602, 78 Stat. 252; 42 U.S.C. 2000d–1; and the laws referred to in Appendix A.

§ 17.1 Purpose.

The purpose of this part is to effectuate the provisions of title VI of the Civil Rights Act of 1964 to the end that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of the Interior.

[29 FR 16293, Dec. 4, 1964, as amended at 43 FR 4259, Feb. 1, 1978]

§ 17.2 Application of this part.

(a) This part applies to any program for which Federal financial assistance is authorized under a law administered by the Department, including programs and activities that are federally-assisted under the laws listed in appendix A to this subpart. It applies to money paid, property transferred, or other Federal financial assistance extended under any such program after the effective date of the regulation pursuant to an application approved prior to such effective date. This part does not apply to (1) any Federal financial assistance by way of insurance or guaranty contracts, (2) money paid, property transferred, or other assistance extended under any such program before the effective date of this part, (3) any assistance to any individual who is the ultimate beneficiary under any such program, or (4) except to the extent described in § 17.3, any employment practice, under any such program, of any employer, employment agency, or labor organization. The fact that a statute under which Federal financial assistance is extended to a program or activity is not listed in appendix A to subpart A shall not mean, if title VI is otherwise applicable, that such program or activity is not covered. Other statutes now in force or hereafter enacted may be added to this list by notice published in the FEDERAL REGISTER.

(b) In any program receiving Federal financial assistance in the form, or for the acquisition, of real property or an interest in real property, to the extent that rights to space on, over, or under any such property are included as part of the program receiving that assistance, the nondiscrimination requirement of that part shall extend to any facility located wholly or in part of the space.

[29 FR 16293, Dec. 4, 1964, as amended at 38 FR 17975, July 5, 1973; 43 FR 4259, Feb. 1, 1978]

§ 17.3 Discrimination prohibited.

(a) *General.* No person in the United States shall, on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program to which this part applies.

(b) *Specific discriminatory actions prohibited.* (1) A recipient under any program to which this part applies may not, directly or through contractual or other arrangements, on the grounds of race, color, or national origin:

(i) Deny an individual any service, financial aid, or other benefit provided under the program;

(ii) Provide any service, financial aid, or other benefit to an individual which is different, or is provided in a different manner, from that provided to others under the program;

(iii) Subject an individual to segregation or separate treatment in any matter related to his receipt of any service, financial aid, or other benefit under the program;

(iv) Restrict an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service, financial aid, or other benefit under the program;

(v) Treat an individual differently from others in determining whether he satisfies any admission, enrollment, quota, eligibility, membership or other requirement or condition which individuals must meet in order to be provided any service, financial aid, or other benefit provided under the program;

(vi) Deny an individual an opportunity to participate in the program

through the provision of services or otherwise or afford him an opportunity to do so which is different from that afforded others under the program (including the opportunity to participate in the program as an employee but only to the extent set forth in paragraph (c) of this section).

(vii) Deny a person the opportunity to participate as a member of a planning or advisory body which is an integral part of the program.

(2) A recipient, in determining the types of services, financial aid, or other benefits, or facilities which will be provided under any such program or the class of individuals to whom, or the situations in which, such services, financial aid, other benefits or facilities will be provided under any such program, or the class of individuals to be afforded an opportunity to participate in any such program, may not, directly or through contractual or other arrangements, utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination because of their race, color, or national origin, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program as respect individuals of a particular race, color, or national origin.

(3) In determining the site or location of facilities, a recipient or applicant may not make selections with the purpose or effect of excluding persons from, denying them the benefits of, or subjecting them to discrimination under any program to which this regulation applies, on the grounds of race, color, or national origin; or with the purpose or effect if defeating or substantially impairing the accomplishment of the objectives of the Act or this part.

(4)(i) In administering a program regarding which the recipient has previously discriminated against persons on the grounds of race, color, or national origin, the recipient must take affirmative action to overcome the effects of prior discrimination.

(ii) Even in the absence of such prior discrimination, a recipient in administering a program may take affirmative action to overcome the effects of conditions which resulted in limiting participation by persons of a particular race, color or national origin.

(5) References in this section to services, financial aid, or other benefits provided under a program receiving Federal financial assistance shall be deemed to include any service, financial aid, or other benefit provided in or through a facility provided with the aid of Federal financial assistance.

(6) The enumeration of specific forms of prohibited discrimination in this paragraph (b) and paragraph (c) of this section does not limit the generality of the prohibition in paragraph (a) of this section.

(c) *Employment practices.* (1) Where a primary objective of a program of Federal financial assistance to which this part applies is to provide employment, a recipient or other party subject to this part shall not, directly or through contractual or other arrangements, subject a person to discrimination on the ground of race, color, or national origin in its employment practices under such program (including recruitment or recruitment advertising, hiring, firing, upgrading, promotion, demotion, transfer, layoff, termination, rates of pay or other forms of compensation or benefits, selection for training or apprenticeship, use of facilities, and treatment of employees). Such recipient shall take affirmative action to insure that applicants are employed, and employees are treated during employment, without regard to their race, color, or national origin. The requirements applicable to construction employment under any such program shall be those specified in or pursuant to Part III of Executive Order 11246, as amended, or any Executive Order which supersedes it.

(2) The requirements of paragraph (c)(1) of this section apply to programs under laws funded or administered by the Department where a primary objective of the Federal financial assistance is (i) to reduce the unemployment of such individuals or to help them through employment to meet subsistence needs, (ii) to assist such individuals in meeting expenses incident to the commencement or continuation of their education or training, or (iii) to provide work experience which contributes to the education or training of

such individuals. Assistance given under the following laws has one of the above purposes as a primary objective: Water Resources Research Act of 1964, title I, 78 Stat. 329, and those statutes listed in appendix A to this subpart where the facilities or employment opportunities provided are limited, or a preference is given, to students, fellows, or other persons in training or related employment.

(3) Where a primary objective of the Federal financial assistance is not to provide employment, but discrimination on the ground of race, color, or national origin in the employment practices of the recipient or other persons subject to the regulation tends, on the ground of race, color, or national origin, to exclude individuals from participation in, to deny them the benefit of, or to subject them to discrimination under any program to which this regulation applies, the provisions of paragraph (c)(1) of this section shall apply to the employment practices of the recipient or other persons subject to this part, to the extent necessary to assure equality of opportunity to, and nondiscriminatory treatment of, beneficiaries.

(d) *Programs for Indians, natives of certain territories, and Alaska natives.* An individual shall not be deemed subjected to discrimination by reason of his exclusion from the benefits of a program which, in accordance with Federal law, is limited to Indians, natives of certain territories, or Alaska natives, if the individual is not a member of the class to which the program is addressed. Such programs include those authorized by statutes listed in appendix B to this subpart.

[29 FR 16293, Dec. 4, 1964, as amended at 38 FR 17976, July 5, 1973; 43 FR 4259, Feb. 1, 1978]

§ 17.4 Assurances required.

(a) *General.* (1) Every application for Federal financial assistance to carry out a program to which this part applies, except a program to which paragraph (b) of this section applies, and every application for Federal financial assistance to provide a facility shall, as a condition to its approval and the extension of any Federal financial assistance pursuant to the application, contain or be accompanied by, an assurance that the program will be conducted or the facility operated in compliance with all requirements imposed by or pursuant to this part. Every program of Federal financial assistance shall require the submission of such an assurance. In the case where the Federal financial assistance is to provide or is in the form of personal property, or real property or interest therein or structures thereon, or impovement of real property or structures, the assurance shall obligate the recipient, or, in the case of a subsequent transfer, the transferee, for the period during which the property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits, or for as long as the recipient retains ownership or possession of the property, whichever is longer. In all other cases the assurance shall obligate the recipient for the period during which Federal financial assistance is extended to the program. In the case where the assistance is sought for the construction of a facility or part of a facility, the assurance shall in any event extend to the entire facility and to facilities operated in connection therewith. The Secretary shall specify the form of the foregoing assurances for each program, and the extent to which like assurances will be required of subgrantees, contractors and subcontractors, transferees, successors in interest, and other participants in the program. Any such assurance shall include provisions which give the United States a right to seek its judicial enforcement.

(2) In the case where Federal financial assistance is provided in the form of a transfer of real property, structures, or improvements thereon, or interest therein, from the Federal Government, the instrument effecting or recording the transfer shall contain a covenant running with the land assuring nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

Where no transfer of property or interest therein from the Federal Government is involved, but property is acquired or improved under a program of Federal financial assistance, the recipient shall agree to include such covenant in any subsequent transfer of such property. When the property is obtained from the Federal Government, such covenant may also include a condition coupled with a right to be reserved by the Department to revert title to the property in the event of a breach of the covenant where, in the discretion of the Secretary, such a condition and right of reverter is appropriate to the program under which the real property is obtained and to the nature of the grant and the grantee. In such event if a transferee of real property proposes to mortgage or otherwise encumber the real property as security for financing construction of new, or improvement of existing facilities on such property for the purposes for which the property was transferred, the Secretary may agree, upon request of the transferee and if necessary to accomplish such financing, and upon such conditions as he deems appropriate, to subordinate such right of reversion to the lien of such mortgage or other encumbrance.

(b) *Continuing State programs.* (1) Every application by a State or any agency or political subdivision of a State to carry out a program involving continuing Federal financial assistance to which this regulation applies shall as a condition to its approval and the extension of any Federal financial assistance pursuant to the application (i) contain or be accompanied by a statement that the program is (or, in the case of a new program, will be) conducted in compliance with all requirements imposed by or pursuant to this part, or a statement of the extent to which it is not, at the time the statement is made, so conducted, and (ii) provide or be accompanied by provision for such methods of administration for the program as are found by the Secretary or his designee to give reasonable assurance that the applicant and all recipients of Federal financial assistance under such program will comply with all requirements imposed by or pursuant to this regulation, including methods of administration which give reasonable assurance that any noncompliance indicated in the statement under paragraph (b)(1)(i) of this section will be corrected.

(2) With respect to some programs which are carried out by States or agencies or political subdivisions of States and which involve continuing Federal financial assistance administered by the Department, there has been no requirement that applications be filed by such recipients. From the effective date of this part no Federal financial assistance administered by this Department will be extended to a State or to an agency or a political subdivision of a State unless an application for such Federal financial assistance has been received from the State or State agency or political subdivision.

(c) *Elementary and secondary schools.* The requirements of paragraph (a) or (b) of this section with respect to any elementary or secondary school or school system shall be deemed to be satisfied if such school or school system (1) is subject to a final order of a court of the United States for the desegregation of such school or school system, and provides an assurance that it will comply with such order, including any future modification of such order, or (2) submits a plan for the desegregation of such school or school system which the responsible official of the Department of Health, Education, and Welfare determines is adequate to accomplish the purposes of the Act and this part within the earliest practicable time and provides reasonable assurance that it will carry out such plan; in any case of continuing Federal financial assistance the responsible official of the Department of Health, Education, and Welfare may reserve the right to redetermine, after such period as may be specified by him, the adequacy of the plan to accomplish the purposes of the Act and this part. In any case in which a final order of a court of the United States for the desegregation of such school or school system is entered after submission of such a plan, such plan shall be revised to conform to such final order, including any future modification of such order.

(d) *Assurances from institutions.* (1) In the case of any application for Federal financial assistance to an institution of higher education (including assistance for construction, for research for a special training project, for a student assistance program, or for another purpose), the assurance required by this section shall extend to admission practices and to all other practices relating to the treatment of students.

(2) The assurance required with respect to an institution of higher education or any other institution, insofar as the assurance relates to the institution's practices with respect to admission or other treatment of individuals as students or clients of the institution or to the opportunity to participate in the provision of services or other benefits to such individuals, shall be applicable to the entire institution unless the applicant establishes, to the satisfaction of the Secretary or his designee, that the institution's practices in designated parts or programs of the institution will in no way affect its practices in the program of the institution for which Federal financial assistance is sought, or the beneficiaries of or participants in such program. If in any such case the assistance sought is for the construction of a facility or part of a facility, the assurance shall in any event extend to the entire facility and to facilities operated in connection therewith.

[29 FR 16293, Dec. 4, 1964, as amended at 38 FR 17976, July 5, 1973]

§ 17.5 Compliance information.

(a) *Cooperation and assistance.* The Secretary or his designee shall to the fullest extent practicable seek the cooperation of recipients in obtaining compliance with this part and shall provide assistance and guidance to recipients to help them comply voluntarily with this part.

(b) *Compliance reports.* Each recipient shall keep such records and submit to the Secretary or his designee timely, complete and accurate compliance reports, at such times, and in such form and containing such information, as the Secretary or his designee may determine to be necessary to enable him to ascertain whether the recipient has complied or is complying with this part. In general, recipients should have available for the Department racial and ethnic data showing the extent to which members of minority groups are beneficiaries of federally—assisted programs. In the case of any program under which a primary recipient extends Federal financial assistance to any other recipient, such other recipient shall also submit such compliance reports to the primary recipient as may be necessary to enable the primary recipient to carry out its obligations under this part.

(c) *Access to sources of information.* Each recipient shall permit access by the Secretary or his designee during normal business hours to such of its books, records, accounts, and other sources of information, and its facilities as may be pertinent to ascertain compliance with this part. Where any information required of a recipient is in the exclusive possession of any other agency, institution or person and this agency, institution or person shall fail or refuse to furnish this information, the recipient shall so certify in its report and shall set forth what efforts it has made to obtain the information.

(d) *Information to beneficiaries and participants.* Each recipient shall make available to participants, beneficiaries, and other interested persons such information regarding the provisions of this part and its applicability to the program under which the recipient receives Federal financial assistance, and make such information available to them in such manner as the Secretary or his designee finds necessary to apprise such persons of the protections against discrimination assured them by the Act and this part.

[38 FR 17976, July 5, 1973]

§ 17.6 Conduct of investigations.

(a) *Periodic compliance reviews.* The Secretary or his designee shall from time to time review the practices of recipients to determine whether they are complying with this part.

(b) *Complaints.* Any person who believes himself or any specific class of individuals to be subjected to discrimination prohibited by this part may by himself or by a representative file with the Secretary a written complaint. A complaint must be filed not later than

180 days from the date of the alleged discrimination, unless the time for filing is extended by the Secretary, or his designee.

(c) *Investigations.* Whenever a compliance review, report, complaint, or any other information indicates a possible failure to comply with this part, a prompt investigation shall be made. The investigation should include, where appropriate, a review of the pertinent practices and policies of the recipient, the circumstances under which the possible noncompliance with this part occurred, and other factors relevant to a determination as to whether the recipient has failed to comply with this part.

(d) *Resolution of matters.* (1) If an investigation pursuant to paragraph (c) of this section indicates a failure to comply with this part, the recipient shall be informed in writing and the matter will be resolved by informal means whenever possible. If it has been determined that the matter cannot be resolved by informal means, action will be taken as provided for in §17.7.

(2) If an investigation does not warrant action pursuant to paragraph (d)(1) of this section, the recipient and complainant, if any, shall be informed in writing.

(e) *Intimidatory or retaliatory acts prohibited.* No recipient or other person shall intimidate, threaten, coerce, or discriminate against any individual for the purpose of interfering with any right or privilege secured by section 601 of the act or this part, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under this part. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of this part, including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

[29 FR 16293, Dec. 4, 1964, as amended at 38 FR 17977, July 5, 1973]

§17.7 Procedure for effecting compliance.

(a) *General.* If there appears to be a failure or threatened failure to comply with this part, and if the noncompliance or threatened noncompliance cannot be corrected by informal means, compliance with this part may be effected by the suspension or termination of or refusal to grant or to continue Federal financial assistance or by any other means authorized by law. Such other means may include, but are not limited to, (1) a reference to the Department of Justice with a recommendation that appropriate proceedings be brought to enforce any rights of the United States under any law of the United States (including other titles of the Act), or any assurance or other contractual undertaking, and (2) any applicable proceeding under State or local law.

(b) *Noncompliance with §17.4.* If an applicant fails or refuses to furnish an assurance required under §17.4 or otherwise fails or refuses to comply with a requirement imposed by or pursuant to that section, Federal financial assistance may be refused in accordance with the procedures of paragraph (c) of this section. The Department shall not be required to provide assistance in such a case during the pendency of the administrative proceedings under such paragraph, except that the Department shall continue assistance during the pendency of such proceedings where such assistance is due and payable pursuant to an application therefor approved prior to the effective date of this part.

(c) *Termination of or refusal to grant or to continue Federal financial assistance.* No order suspending, terminating, or refusing to grant or continue Federal financial assistance shall become effective until (1) the Secretary or his designee has advised the applicant or recipient of his failure to comply and has determined that compliance cannot be secured by voluntary means, (2) there has been an express finding on the record, after opportunity for hearing, of a failure by the applicant or recipient to comply with a requirement imposed by or pursuant to this part, (3) the action has been approved by the Secretary pursuant to §17.9(e), and (4) the expiration of 30 days after the Secretary has filed with the committee of the House and the committee of the Senate having legislative jurisdiction over the program involved, a full written report of the circumstances and the

grounds for such action. Any action to suspend or terminate or to refuse to grant or to continue Federal financial assistance shall be limited to the particular political entity, or part thereof, or other applicant or recipient as to whom such finding has been made and shall be limited in its effect to the particular program, or part thereof, in which such noncompliance has been so found.

(d) *Other means authorized by law.* No action to effect compliance by any other means authorized by law shall be taken until (1) the Secretary or his designee has determined that compliance cannot be secured by voluntary means, (2) the recipient or other person has been notified of its failure to comply and of the action to be taken to effect compliance, and (3) the expiration of at least 10 days from the mailing of such notice to the recipient or other person. During this period of at least 10 days additional effort shall be made to persuade the recipient or other person to comply with this part and to take such corrective action as may be appropriate.

[29 FR 16293, Dec. 4, 1964, as amended at 38 FR 17977, July 5, 1973]

§ 17.8 Hearings.

(a) *Opportunity for hearing.* Whenever an opportunity for a hearing is required by § 17.7(c), reasonable notice shall be given by registered or certified mail, return receipt requested, to the affected applicant or recipient. This notice shall advise the applicant or recipient of the action proposed to be taken, the specific provision under which the proposed action against it is to be taken, and the matters of fact or law asserted as the basis for this action, and either (1) fix a date not less than 20 days after the date of such notice within which the applicant or recipient may request of the administrative law judge to whom the matter has been assigned that the matter be scheduled for hearing or (2) advise the applicant or recipient that the matter in question has been set down for hearing at a stated place and time. The time and place so fixed shall be reasonable and shall be subject to change for cause. The complainant, if any, shall be advised of the time and place of the hearing. An applicant or recipient may waive a hearing and submit written information and argument for the record. The failure of an applicant or recipient to request a hearing under this paragraph or to appear at a hearing for which a date has been set shall be deemed to be a waiver of the right to a hearing under section 602 of the act and § 17.7(c) and consent to the making of a decision on the basis of such information as is available.

(b) *Time and place of hearing.* Hearings shall be held at the Office of Hearings and Appeals of the Department in the Washington, DC, area, at a time fixed by the administrative law judge to whom the matter has been assigned unless he determines that the convenience of the applicant or recipient or of the Department requires that another place be selected. Hearings shall be held before an administrative law judge designated by the Office of Hearings and Appeals in accordance with 5 U.S.C. 3105 and 3344.

(c) *Right to counsel.* In all proceedings under this section, the applicant or recipient and the Department shall have the right to be represented by counsel.

(d) *Procedures, evidence, and record* (1) The hearing, decision, and any administrative review thereof shall be conducted in conformity with 5 U.S.C. 554—557, and in accordance with such rules of procedure as are proper (and not inconsistent with this section) relating to the conduct of the hearing, giving of notices subsequent to those provided for in paragraph (a) of this section, taking of testimony, exhibits, arguments and briefs, requests for findings, and other related matters. Both the Department and the applicant or recipient shall be entitled to introduce all relevant evidence on the issues as stated in the notice for hearing or as determined by the officer conducting the hearing at the outset of or during the hearing.

(2) Technical rules of evidence shall not apply to hearings conducted pursuant to this part, but rules or principles designed to assure production of the most credible evidence available and to

subject testimony to test by cross-examination shall be applied where reasonably necessary by the officer conducting the hearing. The hearing officer may exclude irrelevant, immaterial, or unduly repetitious evidence. All documents and other evidence offered or taken for the record shall be open to examination by the parties and opportunity shall be given to refute facts and arguments advanced on either side of the issues. A transcript shall be made of the oral evidence except to the extent that the substance thereof is stipulated for the record. All decisions shall be based upon the hearing record and written findings shall be made.

(e) *Consolidated or joint hearings.* In cases in which the same or related facts are asserted to constitute noncompliance with this part with respect to two or more programs to which this part applies or noncompliance with this part and the regulations of one or more other Federal departments or agencies issued under title VI of the act, the Secretary may, by agreement with such other departments or agencies, where applicable, provide for the conduct of consolidated or joint hearings, and for the application to such hearings of rules of procedure not inconsistent with this part. Final decisions in such cases, insofar as this part is concerned, shall be made in accordance with § 17.9.

[29 FR 16293, Dec. 4, 1964, as amended at 38 FR 17977, July 5, 1973]

§ 17.9 Decisions and notices.

(a) *Initial decision by an administrative law judge.* The administrative law judge shall make an initial decision and a copy of such initial decision shall be sent by registered mail, return receipt requested, to the recipient or applicant.

(b) *Review of the initial decision.* The applicant or recipient may file his exceptions to the initial decision, with his reasons therefor, with the Director, Office of Hearings and Appeals, within thirty days of receipt of the initial decision. In the absence of exceptions, the Director, Office of Hearings and Appeals, on his own motion within forty-five days after the initial decision, may notify the applicant or recipient that he will review the decision. In the absence of exceptions or a notice of review, the initial decision shall constitute the final decision subject to the approval of the Secretary pursuant to paragraph (f) of this section.

(c) *Decisions by the Director, Office of Hearings and Appeals.* Whenever the Director, Office of Hearings and Appeals, reviews the decision of a hearing examiner pursuant to paragraph (b) of this section, the applicant or recipient shall be given reasonable opportunity to file with him briefs or other written statements of its contention, and a copy of the final decision of the Director, Office of Hearings and Appeals, shall be given to the applicant or recipient and to the complainant, if any.

(d) *Decisions on record where a hearing is waived.* Whenever a hearing is waived pursuant to § 17.8(a), a decision shall be made by the Director, Office of Hearings and Appeals on the record and a copy of such decision shall be given in writing to the applicant or recipient and to the complainant, if any.

(e) *Rulings required.* Each decision of an administrative law judge or the Director, Office of Hearings and Appeals, shall set forth his ruling on each finding, conclusion, or exception presented, and shall identify the requirement or requirements imposed by or pursuant to this part with which it is found that the applicant or recipient has failed to comply.

(f) *Approval by Secretary.* Any final decision of a hearing examiner or of the Director, Office of Hearings and Appeals, which provides for the suspension or termination of, or the refusal to grant or continue Federal financial assistance, or the imposition of any other sanction available under this part of the act, shall promptly be transmitted to the Secretary, who may approve such decision, may vacate it, or remit or mitigate any sanction imposed.

(g) *Content of decisions.* The final decision may provide for the suspension or termination of, or refusal to grant or continue Federal financial assistance, in whole or in part, under the program involved, and may contain such terms, conditions, and other provisions as are consistent with and effectuate the purposes of the act and this part, including provisions designed

to assure that no Federal financial assistance will thereafter be extended under such program to the applicant or recipient determined by such decision to be in default in its performance of an assurance given by it pursuant to this regulation, or to have otherwise failed to comply with this part, unless and until it corrects its noncompliance and satisfies the Secretary that it will fully comply with this part.

(h) *Post termination proceedings.* (1) An applicant or recipient adversely affected by an order issued under paragraph (g) of this section shall be restored to full eligibility to receive Federal financial assistance if it satisfies the terms and conditions of that order for such eligibility or if it brings itself into compliance with this part and provides reasonable assurance that it will fully comply with this part.

(2) Any applicant or recipient adversely affected by an order entered pursuant to paragraph (g) of this section may at any time request the Secretary to restore fully its eligibility to receive Federal financial assistance.

(3) If the Secretary denies any such request, the applicant or recipient may submit to the Secretary a request for a hearing in writing, specifying why it believes the Secretary to have been in error. It shall thereupon be given an expeditious hearing, with a decision on the record in accordance with the procedures set forth in subpart I of part 4 of this title. The applicant or recipient shall be restored to such eligibility if it proves at such a hearing that it satisfied the requirements of paragraph (h)(1) of this section.

(4) While proceedings under this paragraph are pending, the sanctions imposed by the order issued under paragraph (g) of this section shall remain in effect.

[38 FR 17977, July 5, 1973; 44 FR 54299, Sept. 19, 1979]

§ 17.10 Judicial review.

Action taken pursuant to section 602 of the act is subject to judicial review as provided in section 603 of the act.

[29 FR 16293, Dec. 4, 1964]

§ 17.11 Effect on other regulations; forms and instructions.

(a) *Effect on other regulations.* All regulations, orders, or like directions heretofore issued by any officer of the Department which impose requirements designed to prohibit any discrimination against individuals on the grounds of race, color, or national origin under any program to which this regulation applies and which authorize the suspension or termination of or refusal to grant or to continue Federal financial assistance to any applicant for or recipient of such assistance under such program for failure to comply with such requirements are hereby superseded to the extent that such discrimination is prohibited by this part, except that nothing in this part shall be deemed to relieve any person of any obligation assumed or imposed under any such superseded regulation, order, instruction, or like direction prior to the effective date of this regulation. Nothing in this regulation, however, shall be deemed to supersede any of the following (including future amendments thereof): (1) Executive Orders 10925, 11114 and 11246, as amended and regulations issued thereunder, (2) Executive Order 11063 and regulations issued thereunder, or any other regulations or instructions insofar as such order, regulations, or instructions prohibit discrimination on the grounds of race, color, or national origin in any program or situation to which this part is inapplicable, or prohibit discrimination on any other ground.

(b) *Forms and instructions.* The Secretary or his designee shall issue and promptly make available to interested persons instructions and procedures for effectuating this part as applied to programs to which this part applies and for which he is responsible.

(c) *Supervision and coordination.* The Secretary may from time to time assign to such officials of the Department as he deems appropriate, or to officials of other departments or agencies of the Government with the consent of such departments or agencies, responsibilities in connection with the effectuation of the purposes of title VI

of the act and this part (other than responsibility for final decision as provided in §17.9), including the achievement of effective coordination and maximum uniformity within the Department and within the Executive Branch of the Government in the application of title VI of the act and this part to similar programs and in similar situations. Any action taken, determination made or requirement imposed by an official of another department or agency acting pursuant to an assignment of responsibility under this paragraph shall have the same effect as though such action had been taken by the Secretary of the Interior.

[29 FR 16293, Dec. 4, 1964, as amended at 43 FR 4259, Feb. 1, 1978]

§17.12 Definitions.

As used in this part:

(a) The term *act* means the Civil Rights Act of 1964 (Pub. L. 88–352 78 Stat. 241).

(b) The term *Department* means the Department of the Interior, and includes each of its bureaus and offices.

(c) The term *Secretary* means the Secretary of the Interior or, except in §17.9(f), any person to whom he has delegated his authority in the matter concerned.

(d) The term *United States* means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, the Canal Zone, and the territories and possessions of the United States, and the term ''State'' means any one of the foregoing.

(e) The term *Federal financial assistance* includes (1) grants and loans of Federal funds, (2) grants or donations of Federal property and interests in property, (3) the detail of Federal personnel (4) the sale or lease of, or the permission to use (on other than a casual or transient basis), Federal property or any interest in such property without consideration or at a nominal consideration or at a consideration which is reduced for the purpose of assisting the recipient or in recognition of the public interest to be served by such sale or lease to the recipient, and (5) any Federal agreement, arrangement, or other contract which has as one of its purposes the provision of assistance.

(f) The term *program* includes any program, project, or activity for the provision of services, financial aid, or other benefits to individuals (including education or training, health, welfare, rehabilitation, housing, or other services whether provided through employees of the recipient of Federal financial assistance or provided by others through contracts or other arrangements with the recipient, and including work opportunities and cash or loan or other assistance to individuals), or for the provision of facilities for furnishing services financial aid or other benefits to individuals. The services, financial aid, or other benefits provided under a program receiving Federal financial assistance shall be deemed to include any services, financial aid, or other benefits provided with the aid of Federal financial assistance or with the aid of any non-Federal funds, property, or other resources required to be expended or made available for the program to meet matching requirements or other conditions which must be met in order to receive the Federal financial assistance, and to include any services financial aid, or other benefits provided in or through a facility provided with the aid of Federal financial assistance or such non-Federal resources.

(g) The term *facility* includes all or any portion of structures, equipment, or other real or personal property or interests therein, and the provision of facilities includes the construction, expansion, renovation, remodeling, alteration or acquisition of facilities.

(h) The term *recipient* means any State, political subdivision of any State, or instrumentality of any State or political subdivision, any public or private agency, institution, or organization, or any other entity, or any individual, in any State, to whom Federal financial assistance is extended, directly or through another recipient, for any program, including any successor, assign, or transferee thereof, but such term does not include the ultimate beneficiary under such program.

(i) The term *primary recipient* means any recipient which is authorized or required to extend Federal financial assistance to another recipient for the purpose of carrying out a program.

(j) The term *applicant* means one who submits an application, request, or plan required to be approved by the head of a bureau or office, or by a primary recipient, as a condition to eligibility for Federal financial assistance, and the term ''application'' means such an application, request, or plan.

(k) The term *Office of Hearings and Appeals* refers to a constituent office of the Department established July 1, 1970. 35 FR 12081 (1970).

[29 FR 16293, Dec. 4, 1964, as amended at 38 FR 17978, July 5, 1973]

APPENDIX A TO SUBPART A

Federal financial assistance subject to Part 17 includes, but is not limited to, that authorized by the following statutes:

I. *Public Lands and Acquired Lands.* (a) Grants and loans of Federal funds.

1. Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181—287).
2. Mineral Leasing Act for Acquired Lands (30 U.S.C. 351—359).
3. Alaska Grazing Act (44 Stat. 1452, 48 U.S.C. 471, *et seq.*).
4. Proceeds of Certain Land Sales (R.S. sec. 3689, as amended, 31 U.S.C. 711 (17)).
5. Taylor Grazing Act (48 Stat. 1269, as amended, 43 U.S.C. 315 *et seq.*).
6. Oregon and California Railroad and Coos Bay Wagon Road Grant Lands Act (50 Stat. 874, 43 U.S.C. 1181f).
7. Payment to States for Swamp Lands Erroneously Sold by U.S. (R.S. sec. 3689, as amended, 31 U.S.C. 711 (18)).
8. Alaska Statehood Act, sec. 6(f), (72 Stat. 341, 48 U.S.C. note preceding sec. 21).

(b) Sale, lease, grant, or other disposition of, or the permission to use, Federal property or any interest in such property at less than fair market value.

1. Materials Act (61 Stat. 681, as amended 30 U.S.C. 601—604).
2. Rights-of-way for Tramroads, Canals, Reservoirs (28 Stat. 635, as amended, 43 U.S.C. 956, 957).
3. Highway Rights-of-way (R.S. sec. 2477 43 U.S.C. 932).
4. Small Tract Act (52 Stat. 609, as amended, 43 U.S.C. 682a—682e).
5. Rights-of-way for Dams, Reservoirs, Water Plants, Canals, etc. (33 Stat. 628, 16 U.S.C. 524).
6. Rights-of-way for Power and Communication Facilities (36 Stat. 1253, as amended, 43 U.S.C. 961).
7. Recreation and Public Purposes Act (44 Stat. 741, as amended, 43 U.S.C. 869—869–4).
8. Stock-Watering Reservoirs (29 Stat. 434, as amended, 43 U.S.C. 952—955).
9. Alaska Housing Authority Act (63 Stat. 60, 48 U.S.C. 484c).
10. Railroad Rights-of-way in Alaska (30 Stat. 409, 48 U.S.C. 411—419).
11. Grants to States in Aid Schools (44 Stat. 1026 as amended, 43 U.S.C. 870).
12. Carey Act (28 Stat. 422, as amended, 43 U.S.C. 641).
13. Airports and Aviation Fields (45 Stat. 728, as amended, 49 U.S.C. 211—214).
14. Special Land Use Permits (R.S. sec. 453, as amended, 43 U.S.C. 2).
15. Rights-of-way for Irrigation and Drainage (26 Stat. 1101, as amended, 43 U.S.C. 946).
16. Rights-of-way for Pipelines to Transport Oil or Natural Gas (41 Stat. 449, as amended, 30 U.S.C. 185).
17. Townsite Laws (R.S. 2380 *et seq.*, as amended, 43 U.S.C. 711 *et seq.*).
18. Leases of Lands near Springs (43 Stat. 1133, 43 U.S.C. 971).
19. Rights-of-way for Railroads (18 Stat. 482, 43 U.S.C. 934).
20. Grants of Easements (76 Stat. 1129, 40 U.S.C. 319—319c).

II. *Water and Power.* (a) Grants and loans of Federal funds.

1. Federal Reclamation Program (32 Stat. 388, 43 U.S.C. 391, and Acts amendatory or supplementary thereto).
2. Reservation of Land for Park, Playground, or Community Center (38 Stat. 727, 43 U.S.C. 569).
3. Distribution System Loan Program (69 Stat. 244, as amended, 43 U.S.C. 421a—421d).
4. Rehabilitation and Betterment Loan Program (63 Stat. 724, as amended, 43 U.S.C. 504).
5. Small Reclamation Project Loan Program (70 Stat. 1044, 43 U.S.C. 422a—422k).
6. Assistance to School Districts on Reclamation Projects (62 Stat. 1108, 43 U.S.C. 385a).
7. Payment from Colorado River Dam Fund, Boulder Canyon Project (54 Stat. 776 as amended, 43 U.S.C. 618(c)).
8. Payment on In Lieu of Taxes Lands Acquired Pursuant to Columbia Basin Project Act (57 Stat. 19, 16 U.S.C. 835c–1).
9. Payment in Lieu of Taxes on Land to Trinity County, California (69 Stat. 729).
10. Saline Water Research Program (66 Stat. 328, as amended, 42 U.S.C. 1951).
11. Water User Repayment Obligations on Reclamation Projects (43 Stat. 703, 43 U.S.C. 501, 62 Stat. 273, 66 Stat. 754).
12. Water Resources Research Act (78 Stat. 329).

(b) Sale, lease, grant or other disposition of, or the permission to use, Federal property or any interest in such property at less than fair market value.

1. Townsite Disposal on Reclamation Projects (34 Stat. 116, 43 U.S.C. 566).

2. Transfer of Federal Property in Coulee Dam, Washington (71 Stat. 529, 16 U.S.C. 835c note).

3. Transfer of Federal Property to Boulder City, Nevada (72 Stat. 1726, 43 U.S.C. 617u note).

4. Reservation of Land for Park, Playground, or Community Center (38 Stat. 727, 43 U.S.C. 569).

5. Saline Water Research Program-Donation of Laboratory Equipment (72 Stat. 1793, 42 U.S.C. 1892).

6. Reclamation Program-Conveyance of Land to School Districts (41 Stat. 326, 43 U.S.C. 570).

7. Recreation and Public Purposes Program (44 Stat. 741, as amended, 43 U.S.C. 869–869a).

8. Dedication of Land for Public Purposes, Page. Arizona (72 Stat. 1686, 1688).

9. Removal of Sand, Gravel, and Other Minerals, and Building Materials from Reclamation Project Lands (53 Stat. 1196, as amended, 43 U.S.C. 387).

III. *Mineral Resources.* Grants and loans of Federal funds.

1. Control of Coal Mine Fires (68 Stat. 1009, 30 U.S.C. 551—558 *et seq.*)

2. Anthracite Mine Drainage and Flood Control and Sealing of Abandoned Mines and Filling Voids (69 Stat. 352, as amended, 30 U.S.C. 571—576).

3. Sealing and filling of voids in abandoned coal mines, reclamation of surface mine areas, and extinguishing mine fires (79 Stat. 13, as amended, 40 U.S.C., App., 205).

IV. *Fish and Wildlife.* (a) Grants of Federal funds.

1. Pittman-Robertson Act (50 Stat. 917, as amended, 16 U.S.C. 669).

2. Dingell-Johnson Act (64 Stat. 430, 16 U.S.C. 777).

3. Sharing of Refuge Revenues (49 Stat. 383, as amended, 16 U.S.C. 715s).

4. Aid to Alaska (Section 6(e) of the Alaska Statehood Act, 72 Stat. 340, and Act of February 28, 1944, 58 Stat. 101, 16 U.S.C. 631e).

5. Anadromous Fish Act of 1965 (79 Stat. 1125, 16 U.S.C. 757a—757f).

6. Aid to Education (70 Stat. 1126, 16 U.S.C. 760d).

7. Jellyfish Act of 1966 (80 Stat. 1149, 16 U.S.C. 1201—1205).

(b) Sale, lease, grant, or other disposition of, or the permission to use, Federal property or any interest in such property at less than fair market value.

1. Cooperative Research and Training Program for Fish and Wildlife Resources (74 Stat. 733, 16 U.S.C. 753a)

2. Protection and Conservation of Bald and Golden Eagles (54 Stat. 251, as amended 16 U.S.C. 668a).

3. Wildlife Land Transfers (sec. 8 of Colorado River Storage Project Act of 1956, 70 Stat. 110, 43 U.S.C. 620g)

4. Fish and Wildlife Coordination Act (48 Stat. 401, as amended, 16 U.S.C. 661—664).

(c) Furnishing of services of a type for which the recipient would otherwise pay.

1. Lampry Eradication Program (60 Stat. 930, as amended, 16 U.S.C. 921)

2. Cooperative Research and Training Program for Fish and Wildlife Resources (74 Stat. 733, 16 U.S.C. 753a)

3. Fish and Wildlife Coordination Act (48 Stat. 401, as amended, 16 U.S.C. 661 *et seq.*).

V. *Parks and Territories.* (a) Grants and loans of Federal funds.

1. Payments to School Districts—Yellowstone National Park (62 Stat. 338, 16 U.S.C. 40a).

2. Payments in Lieu of Taxes—Grand Teton National Park (64 Stat. 851, 16 U.S.C. 406d–3).

3. Historic Preservation Act of 1966 (80 Stat. 915, 16 U.S.C. 47a).

4. Bureau of Outdoor Recreation (77 Stat. 49, 16 U.S.C. 460*l*).

5. Revised Organic Act of the Virgin Islands (68 Stat. 497, as amended, 48 U.S.C. 1541—1644).

6. Guam Rehabilitation Act (77 Stat. 302).

7. Organic Act of Guam (64 Stat. 384 as amended, 48 U.S.C. 1421—1425 except sec. 9(a), 48 U.S.C. 1422c(a)).

8. Guam Agricultural Act (P.L. 88–584, 78 Stat. 926).

9. Outdoor Recreation Programs (78 Stat. 897, as amended, 16 U.S.C. 460*l*—460*l*–11).

(b) Sale, lease, grant or other disposition of, or the permission to, use Federal property or any interest in such property at less than fair market value.

1. Puerto Rico Federal Relations Act (39 Stat. 954, 48 U.S.C. 748).

2. Virgin Islands Corporation Act (63 Stat. 350, as amended, 48 U.S.C. 1407 *et seq.*).

3. Territorial Submerged Lands Act (77 Stat. 338, 48 U.S.C. 1701—1704).

4. Organic Act of Guam (64 Stat. 392, 48 U.S.C. 1421f(c)).

(c) Furnishing of services by the Federal Government of a type for which the recipient would otherwise pay.

1. Bureau of Outdoor Recreation (77 Stat. 49, 16 U.S.C. 460*l*).

VI. *Indian Affairs.* (a) Grants and loans of Federal funds.

1. Menominee County, Wis. Educational Grants (76 Stat. 53).

(b) Sale, lease, grant, or other disposition of or the permission to use, Federal property or any interest in such property at less than fair market value.

1. Conveyance of School Property (67 Stat. 41, as amended, 25 U.S.C. 293a).

2. Adult Vocational Training Act (70 Stat. 986, 25 U.S.C. 309).

VII. *General.* 1. Department Projects under the Public Works Acceleration Act (76 Stat. 541, 42 U.S.C. 2641—2643).

2. Grants for Support of Scientific Research (72 Stat. 1793, 42 U.S.C. 1891—1893).
3. Special Use Permits (R.S. sec. 441, as amended, 43 U.S.C. 1457).
4. Land and Water Conservation Fund Act of 1964 (Pub. L. 88–578, 78 Stat. 897).

[29 FR 16293, Dec. 4, 1964, as amended at 38 FR 17978, July 5, 1973]

APPENDIX B TO SUBPART A

The following statutes authorize programs limited to individuals of a particular race, color, or national origin

I. *Indians and Alaska Natives.* 1. Snyder Act (42 Stat. 208, 25 U.S.C. 13).
2. Adult Vocational Training Act (70 Stat. 986, 25 U.S.C. 309).
3. Vocational and Trade School Act (48 Stat. 986, 25 U.S.C. 471)
4. Johnson-O'Malley Act (48 Stat. 596, as amended, 25 U.S.C. 452–53)
5. Revolving Fund for Loan to Indians (48 Stat. 986, 25 U.S.C. 470).
6. Revolving Fund for Loans to Tribes (77 Stat. 301).
7. Conveyance of Buildings, Improvements, or Facilities to Tribes (70 Stat. 1057, 25 U.S.C. 443a).
8. Alaska Reindeer Act (50 Stat. 900, 48 U.S.C. 250—250p)
9. Disposals to Alaskan Natives (44 Stat. 629, 48 U.S.C. 355a and 355c).

II. *Natives of Certain Territories.* 1. Acceptance of Samoan Cession Agreement (45 Stat. 1253, as amended, 48 U.S.C. 1661).
2. Samoan Omnibus Act (76 Stat. 586, 48 U.S.C. 1666)
3. Guam Organic Act (64 Stat. 387, 48 U.S.C. 1422c).

[29 FR 16293, Dec. 4, 1964]

Subpart B—Nondiscrimination on the Basis of Handicap

AUTHORITY: 29 U.S.C. 794.

SOURCE: 47 FR 29546, July 7, 1982, unless otherwise noted.

§ 17.200 Purpose.

The purpose of this subpart is to implement section 504 of the Rehabilitation Act of 1973 and its subsequent amendments, which are designed to eliminate discrimination on the basis of handicap in any program or activity receiving Federal financial assistance.

§ 17.201 Application.

This subpart applies to each recipient of Federal financial assistance from the Department of the Interior and to each program or activity that receives or benefits from such assistance.

§ 17.202 Definitions.

As used in this subpart, the term:

(a) *The Act* means the Rehabilitation Act of 1973, Public Law 93–112, as amended by the Rehabilitation Act Amendments of 1974, Public Law 93–516, and the Rehabilitation, Comprehensive Service, and Developmental Disabilities Act of 1978, Public Law 95–602, 29 U.S.C. 700 *et seq.*

(b) *Section 504* means section 504 of the Act.

(c) *Education of the Handicapped Act* means that statute as amended by the Education for All Handicapped Children Act of 1975, Public Law 94–142, 20 U.S.C. 1401 *et seq.*

(d) *Department* means the Department of the Interior.

(e) *Director* means the Director of the Office for Equal Opportunity of the Department.

(f) *Recipient* means any State or its political subdivision, any instrumentality of a State or its political subdivision, any public or private agency, institution, organization, or other entity, or any person to which Federal financial assistance is extended directly or through another recipient, including any successor, assignee, or transferee of a recipient, but excluding the ultimate beneficiary of the assistance.

(g) *Applicant for assistance* means one who submits an application, request, or plan required to be approved by a Department official or by a recipient as a condition to becoming a recipient.

(h) *Federal financial assistance* means any grant, cooperative agreement, loan, contract (other than a procurement contract or a contract of insurance or guaranty), or any other arrangement by which the Department provides or otherwise makes available assistance in the form of:

(1) Funds;

(2) Services of Federal personnel; or

(3) Real and personal property or any interest in or use of such property, including:

(i) Easements, transfers or leases of such property for less than fair market value or for reduced consideration; and

(ii) Proceeds from a subsequent transfer or lease of such property if the

Federal share of its fair market value is not returned to the Federal Government.

(i) *Facility* means all or any portion of buildings, structures, equipment, roads, walks, parking lots, outdoor recreation and program spaces, park sites, developed sites, or other real or personal property or interest in such property.

(j) *Handicapped person.* (1) Handicapped person means any person who (i) has a physical, mental or sensory impairment which substantially limits one or more major life activities, (ii) has a record of such an impairment, or (iii) is regarded as having such an impairment.

(2) As used in paragraph (j)(1)(i) of this section, the phrase:

(i) *Physical, mental or sensory impairment* means (A) any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: Neurological; musculoskeletal; special sense organs; respiratory, including speech organs; cardiovascular; reproductive; digestive; genito-urinary; hemic and lymphatic; skin; and endocrine; or (B) any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term ''physical, mental or sensory impairment'' includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech, and hearing impairments, cerebral palsy, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, mental retardation, emotional illness, drug addiction, and alcoholism.

(ii) *Major life activities* means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.

(iii) *Has a record of such an impairment* means has a history of, or has been misclassified as having a mental, physical or sensory impairment that substantially limits one or more major life activities.

(iv) *Is regarded as having an impairment* means

(A) Has a physical, mental or sensory impairment that does not substantially limit major life activities but that is treated by a recipient as constituting such a limitation;

(B) Has a physical, mental or sensory impairment that substantially limits major life activities only as a result of the attitudes of others toward such impairment; or

(C) Has none of the impairments defined in paragraph (j)(2)(i) of this section but is treated by a recipient as having such an impairment.

(k) *Qualified handicapped person* means:

(1) With respect to employment, a handicapped person who, with reasonable accommodation, can perform the essential functions of the job in question. Insofar as this part relates to employent of handicapped persons, the term ''handicapped person'' does not include any individual who is an alcoholic or drug abuser whose current use of alcohol or drugs prevents such individual from performing the duties of the job in question or whose employment, by reason of such current alcohol or drug abuse, would constitute a direct threat to property or the safety of others.

(2) With respect to public preschool, elementary, secondary, or adult education services, a handicapped person (i) of an age during which nonhandicapped persons are provided such services, (ii) of any age during which it is mandatory under State law to provide such services to handicapped persons, or (iii) to whom a State is required to provide a free appropriate public education under section 612 of the Education of the Handicapped Act.

(3) With respect to postsecondary and vocational education services, a handicapped person who meets the academic and technical standards requisite to admission or participation in the recipient's education program or activity.

(4) With respect to services, a handicapped person who meets the essential eligibility requirements for the receipt of such services.

(l) *Handicap* means any condition or characteristic that renders a person a handicapped person as defined in paragraph (j)(2)(i) of this section.

(m) *Integrated setting* means that whenever possible, programs should be

available to the handicapped in the same setting and under similar circumstances as are available to the nonhandicapped.

(n) *Ultimate beneficiary* means one among a class of persons who are entitled to benefit from, or otherwise participate in, programs receiving Federal financial assistance and to whom the protections of this subpart extend. The ultimate beneficiary class may be the general public or some narrower group of persons.

(o) *Advisory Council* means the Advisory Council on Historic Preservation.

(p) *ATBCB* means the Architectual and Transportation Barriers Compliance Board, an agency empowered by the Architectural Barriers Act of 1968 (Pub. L. 90–480) to establish accessibility standards under section 502.

§ 17.203 Discrimination prohibited.

(a) *General.* No qualified handicapped person shall, on the basis of handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity which receives or benefits from Federal financial assistance.

(b) *Discriminatory actions prohibited.* (1) A recipient, in providing any aid, benefit, or service, may not, directly or through contractual, licensing, or other arrangements, on the basis of handicap:

(i) Deny a qualified handicapped person the opportunity to participate in or benefit from the aid, benefit, or service;

(ii) Afford a qualified handicapped person an opportunity to participate in or benefit from the aid, benefit, or service that is not equal to that afforded others;

(iii) Provide a qualified handicapped person with an aid, benefit, or service that is not as effective as that provided to others;

(iv) Provide different or separate aids, benefits or services to handicapped persons or to any class of handicapped persons unless such action is necessary to provide qualified handicapped persons with aid, benefits, or services that are as effective as those provided to others;

(v) Aid or perpetuate discrimination against a qualified handicapped person by providing significant assistance to an agency, organization, or person that discriminates on the basis of handicap in providing any aid, benefit, or services to beneficiaries of the recipient's program;

(vi) Deny a qualified handicapped person the opportunity to participate as a member of planning or advisory boards; or

(vii) Otherwise limit a qualified handicapped person in the enjoyment of any right, privilege, advantage, or opportunity enjoyed by others receiving an aid, benefit, or service.

(2) Aids, benefits, and services, to be equally effective, are not required to produce the identical result of level of achievement for handicapped and nonhandicapped persons, but must afford handicapped persons equal opportunity to obtain the same result, to gain the same benefit, or to reach the same level of achievement, in the most integrated setting appropriate to the person's needs.

(3) Despite the existence of separate or different programs or activities, a recipient may not deny a qualified handicapped person the opportunity to participate in all programs or activities covered by this subpart that are not separate or different.

(4) A recipient may not, directly or through contractual or other arrangements, utilize criteria or methods of administration (i) that have the effect of subjecting qualified handicapped persons to discrimination on the basis of handicap, (ii) that have the purpose or effect of defeating or substantially impairing accomplishment of the objectives of the recipient's program with respect to handicapped persons, or (iii) that perpetuate the discrimination of another recipient if both recipients are subject to common administrative control or are agencies of the same State.

(5) In determining the site or location of a facility, an applicant for assistance or a recipient may not make selections (i) that have the effect of excluding handicapped persons from, denying them the benefits of, or otherwise subjecting them to discrimination

under any program or activity that receives or benefits from Federal financial assistance or (ii) that have the purpose of effect of defeating or substantially impairing the accomplishment of the objectives of the program or activity with respect to handicapped persons.

(6) As used in this section, the aid, benefit, or services provided under a program or activity receiving or benefiting from Federal financial assistance includes any aid, benefit, or service provided in or through a facility that has been constructed, expanded, altered, leased or rented, or otherwise acquired, in whole or in part, with Federal financial assistance for the period during which the facility is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

(7) Nothing in this section is to be construed as affecting the acquisition of historic sites or wilderness areas.

(c) *Programs limited by Federal law.* The exclusion of nonhandicapped persons from the benefits of a program limited by Federal statute or Executive Order to handicapped persons or the exclusion of a specific class of handicapped persons from a program limited by Federal statute or Executive Order to a different class of handicapped persons is not prohibited by this subpart.

(d) Recipients shall take appropriate steps to insure that communications with their applicants, employees, and beneficiaries are available to persons with impaired vision and hearing.

§17.204 Assurances required.

(a) *Assurances.* An applicant for Federal financial assistance for a program or activity to which this subpart applies shall provide assurances, in accordance with OMB Circular A–102, that the program will be operated in compliance with this subpart. An applicant may incorporate these assurances by reference in subsequent applications to the Department.

(b) *Duration of obligation.* (1) In the case of Federal financial assistance extended in the form of real property or to provide real property or structures on the property, the assurance will obligate the recipient or, in the case of a subsequent transfer, the transferee, for the period during which the real property or structures are used for the purpose for which Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

(2) In the case of Federal financial assistance extended to provide personal property, the assurance will obligate the recipient for the period during which it retains ownership or possession of the property.

(3) In all other cases the assurance will obligate the recipient for the period during which Federal financial assistance is extended.

(c) *Covenants.* (1) Where Federal financial assistance is provided in the form of real property or interest in the property from the Department, the instrument effecting or recording this transfer shall contain a covenant running with the land to assure nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

(2) Where no transfer of property is involved but property is purchased or improved with Federal financial assistance, the recipient shall agree to include the covenant described in paragraph (c)(1) of this section in the instrument effecting or recording any subsequent transfer of the property.

(3) Where Federal financial assistance is provided in the form of real property or interest in the property from the Department, the covenant shall unless prohibited by the conveyance authority, also include a condition coupled with a right to be reserved by the Department to revert title to the property in the event of a breach of the covenant. If a transferee of real property proposes to mortgage or otherwise encumber the real property as security for financing construction of new, or improvement of existing, facilities on the property for the purposes for which the property was transferred, the Director may, upon request of the transferee and if necessary to accomplish such financing and upon such

conditions as he or she deems appropriate, agree to forbear the exercise of such right to revert title for so long as the lien of such mortgage or other encumbrance remains effective.

(4) Every application by a State or any agency or political subdivision of a State to carry out a program involving continuing Federal financial assistance shall as a condition to its approval and the extension of any Federal financial assistance pursuant to the application (i) contain or be accompanied by a statement that the program is (or, in the case of a new program, will be) conducted in compliance with all requirements imposed by or pursuant to this subpart, or a statement of the extent to which it is not, at the time the statement is made, so conducted, and (ii) provide or be accompanied by provision for such methods of administration for the program as are found by the Secretary or his designee to give reasonable assurance that the applicant and all recipients of Federal financial assistance under such program will comply with all requirements imposed by or pursuant to this regulation, including methods of administration which give reasonable assurance that any noncompliance indicated in the statement under paragraph (c)(4)(i) of this section will be corrected.

§ 17.205 Remedial action, voluntary action, and self-evaluation.

(a) *Remedial action.* (1) If the Director finds that a recipient has discriminated against persons on the basis of handicap in violation of section 504 or this subpart, the recipient shall take such remedial action as the Director deems necessary to overcome the effects of the discrimination.

(2) Where a recipient is found to have discriminated against persons on the basis of handicap in violation of section 504 or this subpart and where another recipient exercises control over the recipient that has discriminated, the Director, where appropriate, may require either or both recipients to take remedial action.

(3) The Director may, where necessary to overcome the effects of discrimination in violation of section 504 or this subpart, require a recipient to take remedial action (i) with respect to handicapped persons who are no longer participants in the recipient's program but who were participants in the program when such discrimination occurred or (ii) with respect to handicapped persons who would have been participants in the program had the discrimination not occurred.

(b) *Voluntary action.* A recipient may take steps, in addition to any action that is required by this subpart, to overcome the effects of conditions that resulted in limited participation in the recipient's program or activity by qualified handicapped persons.

(c) *Self-evaluation.* (1) A recipient shall, within one year of the effective date of this subpart:

(i) Evaluate, with the assistance of interested persons, including handicapped persons or organizations representing handicapped persons, its current policies and practices and the effects thereof that do not or may not meet the requirements of this subpart;

(ii) Modify, after consultation with interested persons, including handicapped persons or organizations representing handicapped persons, any policies and practices that do not meet the requirements of this subpart; and

(iii) Take, after consultation with interested persons, including handicapped persons or organizations representing handicapped persons, appropriate remedial steps to eliminate the effects of any discrimination that resulted from adherence to these policies and practices.

(2) A recipient that employs fifteen or more persons shall, for at least three years following completion of the evaluation required under paragraph (c)(1) of this section, maintain on file, make available for public inspection, and provide to the Director upon request: (i) A list of the interested persons consulted, (ii) a description of areas examined and any problems identified, and (iii) a description of any modifications made and of any remedial steps taken.

(3) A recipient, whose application is approved after the effective date of this regulation, shall within one year of receipt of the Federal financial assistance, be required to comply with the provisions of this section.

§17.206 Designation of responsible employee and adoption of grievance procedures.

(a) *Designation of responsible employee.* A recipient that employs fifteen or more people shall designate at least one person to coordinate efforts to comply with this subpart.

(b) *Adoption of grievance procedures.* A recipient that employs fifteen or more people shall adopt grievance procedures that incorporate appropriate due process standards and that provide for the prompt and equitable resolution of complaints alleging any action prohibited by this subpart. Such procedures need not be established with respect to complaints from applicants for employment or from applicants for admission to postsecondary educational institutions.

§17.207 Notification.

(a) A recipient that employs fifteen or more people shall take appropriate initial and continuing steps to notify participants, beneficiaries, applicants, and employees, including those with impaired vision or hearing, the mentally retarded, the learning disabled, and any other disability that impairs the communication process, and unions or professional organizations holding collective bargaining or professional agreements with the recipient, that it does not discriminate on the basis of handicap in violation of section 504 and this subpart. The notification shall state, where appropriate, that the recipient does not discriminate in admission or access to, or treatment or employment in, its programs and activities. The notification shall also include an identification of the responsible employee designated pursuant to §17.206(a). A recipient shall make the initial notification required by this paragraph within 90 days of the effective date of this subpart. Methods of initial and continuing notification may include the posting of notices in recipients' publications, and distribution of memoranda or other written communications.

(b) If a recipient publishes or uses recruitment materials or publications containing general information that it makes available to participants, beneficiaries, applicants, or employees, it shall include in those materials or publications a statement of the policy described in paragraph (a) of this section. A recipient may meet the requirement of this paragraph either by including appropriate inserts in existing materials and publications or by revising and reprinting the materials and publications.

§17.208 Administrative requirements for small recipients.

The Director may require any recipient with fewer than fifteen employees, or any class of such recipients, to comply with §§17.206 and 17.207, in whole or in part, when the Director finds a violation of this subpart or finds that such compliance will not significantly impair the ability of the recipient or class of recipients to provide benefits or services.

§17.209 Effect of State or local law or other requirements and effect of employment opportunities.

(a) The obligation to comply with this subpart is not obviated or alleviated by the existence of any State or local law or other requirement that, on the basis of handicap, imposes prohibitions or limits upon the eligibility of qualified handicapped persons to receive services or to practice any occupation or profession.

(b) The obligation to comply with this subpart is not obviated or alleviated because employment opportunities in any occupation or profession are or may be more limited for handicapped persons than for nonhandicapped persons.

§17.210 Employment practices.

(a) *General.* (1) No qualified handicapped person shall, on the basis of handicap, be subjected to discrimination in employment under any program or activity to which this subpart applies.

(2) A recipient that receives assistance under the Education of the Handicapped Act shall take positive steps to employ and advance in employment qualified handicapped persons in programs assisted under the Act.

(3) A recipient shall make all decisions concerning employment under any program or activity to which this

subpart applies in a manner which insures that discrimination on the basis of handicap does not occur, and may not limit, segregate, or classify applicants or employees in any way that adversely affects their opportunities or status because of handicap.

(4) A recipient may not participate in a contractual or other relationship that has the effect of subjecting qualified handicapped applicants or employees to discrimination prohibited by this subpart. The relationships referred to in this subparagraph include relationships with employment and referral agencies, with labor unions, with organizations providing or administering fringe benefits to employees of the recipient, and with organizations providing training and apprenticeship programs.

(b) *Specific activities.* The provisions of this subpart apply to:

(1) Recruitment, advertising, and the processing of applications for employment;

(2) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff, and rehiring;

(3) Rates of pay or any other form of compensation and changes in compensation;

(4) Job assignments, job classifications, organizational structures, position descriptions, lines of progressions, and seniority lists;

(5) Leaves of absence, sick leave, or any other leave;

(6) Fringe benefits available by virtue of employment, whether or not administered by the recipient;

(7) Selection and financial support for training, including apprenticeship, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;

(8) Employer-sponsored activities, including social or recreation programs; and

(9) Any other term, condition, or privilege of employment, such as granting awards, recognition and/or monetary recompense for money-saving suggestions or superior performance.

(c) A recipient's obligation to comply with this subpart is not affected by any inconsistent term of any collective bargaining agreeement to which it is a party.

§ 17.211 Reasonable accommodation.

(a) A recipient shall make reasonable accommodation to the known physical or mental limitations of an otherwise qualified handicapped applicant or employee unless the recipient can demonstrate that the accommodation would impose an undue hardship on the operation of its program.

(b) Reasonable accommodation may include but is not limited to: (1) Making facilities used by employees readily accessible to and usable by handicapped persons, and (2) job restructuring, part-time or modified work schedules, acquisition or modification of equipment or devices, the provision of readers or interpreters, and other similar actions. This list is neither all inclusive nor meant to suggest that employers must follow all the actions listed.

(c) In determining pursuant to paragraph (a) of this section whether an accommodation would impose an undue hardship on the operation of a recipient's program, factors to be considered include:

(1) The overall size of the recipient's program with respect to number of employees, number and type of facilities, and size of budget;

(2) The type of the recipient's operations, including the composition and structure of the recipient's workforce; and

(3) The nature and cost of the accommodation needed.

(d) A recipient may not deny any employment opportunity to a handicapped employee or applicant if the basis for denial is the need to make reasonable accommodation to the physical or mental limitations of the employee or applicant.

§ 17.212 Employment criteria.

(a) A recipient may not make use of any employment test or other selection criterion that screens out or tends to screen out handicapped persons or any class of handicapped persons unless it can be demonstrated to the Director that (1) the test score or other selection criterion, as used by the recipient,

is shown to be job-related for the position in question, and (2) alternative job-related tests or criteria that do not screen out or tend to screen out as many handicapped persons are not shown by the Director to be available.

(b) A recipient shall select and administer tests concerning employment so as best to ensure that, when administered to an applicant or employee who has a handicap that impairs sensory, manual, or speaking skills the test results accurately reflect the applicant's or employee's job skills, aptitude, or whatever other factor the test purports to measure, rather than reflecting the applicant's or employee's impaired sensory, manual, or speaking skills (except where those skills are the factors that the test purports to measure).

(c) All job qualifications must be shown to be directly related to the job in question.

§17.213 Pre-employment inquiries.

(a) Except as provided in paragraphs (b) and (c) of this section, a recipient may not conduct a pre-employment medical examination or make a pre-employment inquiry as to whether the applicant is a handicapped person or as to the nature or severity of a handicap. A recipient may, however, make a pre-employment inquiry into an applicant's ability to perform job-related functions.

(b) When a recipient is taking remedial action to correct the effects of past discrimination pursuant to §17.205(a), when a recipient is taking voluntary action to overcome the effects of conditions that resulted in limited participation in its federally assisted program or activity pursuant to §17.205(b), or when a recipient is taking affirmative action pursuant to section 503 of the Act, the recipient may invite applicants for employment to indicate whether and to what extent they are handicapped, provided that:

(1) The recipient states clearly on any written questionnaire used for this purpose, or makes clear orally if no written questionnaire is used, that the information requested is intended for use solely in connection with its remedial action obligations or its voluntary or affirmative action efforts.

(2) The recipient states clearly that the information is being requested on a voluntary basis, that it will be kept confidential as provided in paragraph (d) of this section, that refusal to provide it will not subject the applicant or employee to any adverse treatment, and that it will be used only in accordance with this subpart.

(3) The recipient must communicate with the applicant in a manner that will ensure that the applicant understands clearly the reasons for the recipient's questions.

(c) Nothing in this section shall prohibit a recipient from conditioning an offer of employment on the results of a medical examination conducted prior to the employee's entrance on duty, provided that: (1) All entering employees are subjected to such an examination regardless of handicap, and (2) the results of such an examination are used only in accordance with the requirements of this subpart.

(d) Information obtained in accordance with this section as to the medical condition or history of the applicant shall be collected and maintained on separate forms that shall be accorded confidentiality as medical records, except that:

(1) Supervisors and managers may be informed regarding restrictions on the work or duties of handicapped persons and regarding necessary accommodations;

(2) First aid and safety personnel may be informed, where appropriate, if the condition might require emergency treatment;

(3) Government officials investigating compliance with the Act shall be provided relevant information upon request.

§§17.214—17.215 [Reserved]

§17.216 Program accessibility.

No handicapped person shall, because a recipient's facilities are inaccessible to or unusable by handicapped persons, be denied the benefits of, be excluded from participation in, or otherwise be subjected to discrimination under any program or activity to which this subpart applies.

§ 17.217 Existing facilities.

(a) *Program accessibility.* A recipient shall operate each program or activity so that the program or activity, when viewed in its entirety, is readily accessible to and usable by handicapped persons. This paragraph does not require a recipient to make each of its existing facilities or every part of a facility accessible to and usable by handicapped persons.

(b) *Methods.* A recipient may comply with the requirements of paragraph (a) of this section through such means as redesigning of equipment, reassignment of classes or other services to accessible buildings, assignment of aides to beneficiaries, delivery of services at alternate accessible sites, alterations of existing facilities and construction of new facilities in conformance with the requirements of § 17.218, or any other methods that result in making its program or activity accessible to handicapped persons. A recipient is not required to make structural changes in existing facilities where other methods are effective in achieving compliance with paragraph (a) of this section. In choosing among available methods for meeting the requirement of paragraph (a) of this section, a recipient shall give priority to those methods that offer programs and activities to handicapped persons in the most integrated setting appropriate.

(c) *Small recipients.* If a recipient with fewer than fifteeen employees that provides services finds, after consultation with a handicapped person seeking its services, that there is no method of complying with paragraph (a) of this section other than making a significant alteration in its existing facilities, the recipient may, as an alternative, refer the handicapped person to to other providers of those services whose facilities are accessible.

(d) *Time period.* A recipient shall comply with the requirement of paragraph (a) of this section within sixty days of the effective date of this subpart except that where structural changes in facilities are necessary, such changes shall be made as expeditiously as possible, but in no event later than three years after the effective date of this subpart. New recipients receiving Federal financial assistance shall comply with the requirement of paragraph (a) of this section, except that where structural changes in facilities are necessary, such changes shall be made as expeditiously as possible, but in no event later than three years after the date of approval of the application.

(e) *Transition plan.* In the event that structural changes to facilities are necessary to meet the requirement of paragraph (a) of this section a recipient shall develop, within one year of the effective date of this subpart, a transition plan setting forth the steps necessary to complete such changes. New recipients, receiving financial assistance after the effective date of this regulation, shall develop a transition plan within one year of receipt of the financial assistance. The plan shall be developed with the assistance of interested persons, including handicapped persons or organizations representing handicapped persons. A copy of the transition plan shall be made available for public inspection. The plan shall, at a minimum:

(1) Identify physical obstacles in the recipient's facilities that limit the accessibility of its program or activity to handicapped persons;

(2) Describe in detail the methods that will be used to make the facilities accessible and usable;

(3) Specify the schedule for taking the steps necessary to achieve full program accessibility and, if the time period of the transition plan is longer than one year, identify steps that will be taken during each year of the transition period; and

(4) Indicate the person responsible for implementation of the plan.

(f) *Notice.* The recipient shall adopt and implement procedures to insure that interested persons, including persons with impaired vision or hearing, can obtain information as to the existence and location of services, activities, and facilities that are accessible to and usable by handicapped persons.

§ 17.218 New construction.

(a) *Design and construction.* Each facility or part of a facility constructed by, on behalf of, or for the use of a recipient shall be designed and constructed in such manner that the facility or part of the facility is readily

assessible to and usable by handicapped persons, if the construction was commenced after the effective date of this subpart.

(b) *Alteration.* Each facility or part of a facility which is altered by, on behalf of, or for the use of a recipient after the effective date of this subpart, in a manner that affects or could affect the usability of the facility or part of the facility shall, to the maximum extent feasible, be altered in such manner that the altered portion of the facility is readily accessible to and usable by handicapped persons.

(c) *Conformance with Uniform Federal Accessibility Standards.* (1) Effective as of August 15, 1990, design, construction, or alteration of buildings in conformance with sections 3–8 of the Uniform Federal Accessibility Standards (UFAS) (appendix A to 41 CFR subpart 101–19.6) shall be deemed to comply with the requirements of this section with respect to those buildings. Departures from particular technical and scoping requirements of UFAS by the use of other methods are permitted where substantially equivalent or greater access to and usability of the building is provided.

(2) For purposes of this section, section 4.1.6(1)(g) of UFAS shall be interpreted to exempt from the requirements of UFAS only mechanical rooms and other spaces that, because of their intended use, will not require accessibility to the public or beneficiaries or result in the employment or residence therein of persons with physical handicaps.

(3) This section does not require recipients to make building alterations that have little likelihood of being accomplished without removing or altering a load-bearing structural member.

[47 FR 29546, July 7, 1982, as amended at 55 FR 28912, July 16, 1990]

§17.219 [Reserved]

§17.220 Preschool, elementary and secondary education.

This section applies to preschool, elementary, secondary, and adult education programs and activities that receive or benefit from Federal financial assistance, and to recipients that operate, or that receive or benefit from Federal financial assistance for the operation of such programs or activities. For the purposes of this section, recipients shall comply with the Section 504 requirements promulgated by the Department of Education at 34 CFR part 104, subpart D.

§§17.221—17.231 [Reserved]

§17.232 Postsecondary education.

This section applies to postsecondary education and activities, including postsecondary vocational education programs and activities, that receive or benefit from Federal financial assistance and to recipients that operate, or that receive or benefit from Federal financial assistance for the operation of such programs or activities. For the purposes of this section, all recipients shall comply with the section 504 requirements promulgated by the Department of Education at 34 CFR part 104, subpart E.

§§17.233—17.249 [Reserved]

§17.250 Health, welfare, and social services.

This subpart applies to health, welfare, and other social service programs and activities that receive or benefit from Federal financial assistance and to recipients that operate, or that receive or benefit from Federal financial assistance for the operation of such programs or activities.

(a) *General.* In providing health, welfare, or other social services or benefits, a recipient may not, on the basis of handicap:

(1) Deny a qualified handicapped person these benefits or services;

(2) Afford a qualified handicapped person an opportunity to receive benefits or services that is not equal to that offered nonhandicapped persons;

(3) Provide a qualified handicapped person with benefits or services that are not as effective, as defined in §17.203(b), as the benefits or services provided to others;

(4) Provide benefits or services in a manner that limits or has the effect of limiting the participation of qualified handicapped persons; or

(5) Provide different or separate benefits or services to handicapped persons except where necessary to provide

qualified handicapped persons with benefits and services that are as effective as those provided to others.

(b) *Notice.* A recipient that provides notice concerning beneficiaries or services, or written material concerning waivers of rights or consent to treatment, shall take such steps as are necessary to insure that qualified handicapped persons, including those with impaired sensory or speaking skills, are not denied effective notice because of their handicap.

(c) *Emergency treatment for the hearing impaired.* A recipient hospital that provides health services or benefits shall establish a procedure for effective communication with persons with impaired hearing for the purpose of providing emergency health care.

(d) *Auxiliary aids.* (1) A recipient that employs fifteen or more persons shall provide appropriate auxiliary aids to persons with impaired sensory, manual, or speaking skills, where necessary to afford such persons an equal opportunity to benefit from the service in question.

(2) The Director may require recipients with fewer than fifteen employees to provide auxiliary aids where the provision of aids would not significantly impair the ability of the recipient to provide its benefits or services.

(3) For the purpose of this paragraph, auxiliary aids may include brailled and taped material, interpreters, visual aids, and other aids for persons with impaired hearing or vision.

§ 17.251 Drug and alcohol addicts.

A recipient that operates a general hospital or outpatient facility may not discriminate in admission or treatment against a drug or alcohol abuser or addict who is suffering from a medical condition, because of the person's drug or alcohol abuse or addiction.

§ 17.252 Education of institutionalized persons.

A recipient that operates or supervises a program or activity for persons who are institutionalized because of handicap shall ensure that each qualified handicapped person, as defined in § 17.202(d)(2), in its program or activity is provided an appropriate education, as defined in the regulation set forth by the Department of Education at 34 CFR 104.33(b). Nothing in this section shall be interpreted as altering in any way the obligations of recipients under § 17.216.

§§ 17.253—17.259 [Reserved]

§ 17.260 Historic preservation programs.

(a) *Definitions.* For the purposes of this section, the term ''historic preservation programs'' means programs receiving Federal financial assistance that has preservation of historic properties as a primary purpose.

Historic properties means those buildings or facilities that are listed or eligible for listing in the National Register of Historic Places, or such properties designated as historic under a statute of the appropriate State or local governmental body.

Substantial impairment means a permanent alteration that results in a significant loss of the integrity of finished materials, design quality or special character.

(b) *Obligations.* (1) In the case of historic preservation programs, program accessibility means that, when viewed in its entirety, a program is readily accessible to and usable by qualified handicapped persons. This paragraph does not necessarily require a recipient to make each of its existing historic properties or every part of an historic property accessible to and usable by qualified handicapped persons. Methods of achieving program accessibility include:

(i) Making physical alterations which enable qualified handicapped persons to have access to otherwise inaccessible areas or features of historic properties;

(ii) Using audio-visual materials and devices to depict otherwise inaccessible areas or features of historic properties;

(iii) Assigning persons to guide qualified handicapped persons into or through otherwise inaccessible portions of historic properties;

(iv) Adopting other innovative methods to achieve program accessibility.

Because the primary benefit of an historic preservation program is the experience of the historic property itself, in

taking steps to achieve program accessibility, recipients shall give priority to those means which make the historic property, or portions thereof, physically accessible to handicapped individuals.

(2) Where program accessibility cannot be achieved without causing a substantial impairment of significant historic features, the Secretary may grant a waiver of the program accessibility requirement. In determining whether program accessibility can be achieved without causing a substantial impairment, the Secretary shall consider the following factors:

(i) Scale of property, reflecting its ability to absorb alterations;

(ii) Use of the property, whether primarily for public or private purpose;

(iii) Importance of the historic features of the property to the conduct of the program; and,

(iv) Cost of alterations in comparison to the increase in accessibility.

The Secretary shall periodically review any waiver granted under this section and may withdraw it if technological advances or other changes so warrant.

(c) *Advisory Council comments.* Where the property is federally owned or where Federal funds may be used for alterations, the comments of the Advisory Council on Historic Preservation shall be obtained when required by section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), and 36 CFR part 800, prior to effectuation of structural alterations.

[47 FR 29546, July 7, 1982, as amended at 55 FR 28912, July 16, 1990]

§17.270 Recreation programs.

This section applies to recreation programs that receive or benefit from Federal financial assistance and to recipients that operate, or that receive or benefit from Federal financial assistance for the operation of such programs or activities.

(a) *Accessibility in existing recreation facilities.* In the case of existing recreation facilities, accessibility of programs or activities shall mean accessibility of programs or activities when viewed in their entirety as provided at §17.217. When it is not reasonable to alter natural and physical features, the following other methods of achieving accessibility may include, but are not limited to:

(1) Reassigning programs to accessible locations.

(2) Delivering programs or activities at alternate accessible sites operated by or available for such use by the recipient.

(3) Assignments of aides to beneficiaries.

(4) Construction of new facilities in conformance with the requirements of §17.218.

(5) Other methods that result in making the program or activity accessible to handicapped persons.

§§17.271—17.279 [Reserved]

§17.280 Enforcement procedures.

The compliance and enforcement provisions applicable to title VI of the Civil Rights Act of 1964 apply to this subpart. These procedures are found in 43 CFR part 17, subpart A, §§17.5–17.11 and 43 CFR part 4, subpart I.

Subpart C—Nondiscrimination on the Basis of Age

AUTHORITY: Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 *et seq.*; 45 CFR part 90.

SOURCE: 54 FR 3598, Jan. 25, 1989, unless otherwise noted.

GENERAL

§17.300 What is the purpose of the Age Discrimination Act of 1975?

The Age Discrimination Act of 1975, as amended, is designed to prohibit discrimination on the basis of age in programs and activities receiving Federal financial assistance. The Act also permits federally assisted programs and activities, and recipients of Federal funds, to continue to use certain age distinctions and factors other than age which meet the requirements of the Act and these regulations.

§17.301 What is the purpose of DOI's age discrimination regulations?

The purpose of these regulations is to set out DOI's policies and procedures under the Age Discrimination Act of 1975 and the general age discrimination

regulations at 45 CFR part 90. The Act and the general regulations prohibit discrimination on the basis of age in programs or activities receiving Federal financial assistance. The Act and the general regulations permit federally assisted programs and activities, and recipients of Federal funds, to continue to use age distinctions and factors other than age which meet the requirements of the Act and its implementing regulations.

§ 17.302 To what programs do these regulations apply?

(a) The Act and these regulations apply to each DOI recipient and to each program or activity operated by the recipient which receives or benefits from Federal financial assistance provided by DOI.

(b) The Act and these regulations do not apply to:

(1) An age distinction contained in that part of a Federal, State or local statute or ordinance adopted by an elected, general purpose legislative body which:

(i) Provides any benefits or assistance to persons based on age; or,

(ii) Establishes criteria for participation in age-related terms; or,

(iii) Describes intended beneficiaries or target groups in age-related terms; or

(2) Any employment practice of any employer, employment agency, or labor-management joint apprenticeship training program, except for any program or activity receiving Federal financial assistance for public service employment under the Job Partnership Training Act (29 U.S.C. 1501 *et seq.*).

§ 17.303 Definitions.

As used in these regulations, the term:

(a) *Act* means the Age Discrimination Act of 1975, as amended (Title III of Pub. L. 94–135).

(b) *Action* means any act, activity, policy, rule, standard, or method of administration; or the use of any policy, rule, standard, or method of administration.

(c) *Age* means how old a person is, or the number of years from the date of a person's birth.

(d) *Age distinction* means any action using age or an age-related term.

(e) *Age-related term* means a word or words which necessarily imply a particular age or range of ages (for example, ''children,'' ''adult,'' ''older persons,'' but not ''student'').

(f) *Discrimination* means unlawful treatment based on age.

(g) *DOI* means the United States Department of the Interior.

(h) *Federal financial assistance* means any grant, entitlement, loan, cooperative agreement, contract (other than a procurement contract or a contract of insurance or guaranty), or any other arrangement by which the agency provides or otherwise makes available assistance in the form of:

(1) Funds;

(2) Services of Federal personnel;

(3) Real and personal property or any interest in or use of property, including:

(i) Transfers or leases of property for less than fair market value or for reduced consideration; and

(ii) Proceeds from a subsequent transfer or lease of property if the Federal share of its fair market value is not returned to the Federal Government.

(i) *FMCS* means the Federal Mediation and Conciliation Service.

(j) *Recipient* means any State or its political subdivision, any instrumentality of a State or its political subdivision, any public or private agency, institution, organization, or other entity, or any person to which Federal assistance is extended, directly or through another recipient. Recipient includes any successor, assignee, transferee, or subrecipient, but excludes the ultimate beneficiary of the assistance.

(k) *Secretary* means the Secretary of the Department of the Interior or his or her designee.

(l) *Subrecipient* means any of the entities in the definition of ''recipient'' to which a recipient extends or passes on Federal financial assistance. A subrecipient is generally regarded as a recipient of Federal financial assistance and has all the duties of a recipient in these regulations.

(m) *United States* means the fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, American

Samoa, Guam, Wake Island, the Commonwealth of the Northern Marianas, and the territories and possessions of the United States.

STANDARDS FOR DETERMINING AGE DISCRIMINATION

§17.310 Rules against age discrimination.

The rules stated in this section are limited by the exceptions contained in §17.311.

(a) *General rule.* No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

(b) *Specific rules.* A recipient may not, in any program or activity receiving Federal financial assistance, directly or through contractual, licensing, or other arrangements, use age distinctions or take any other actions which have the effect, on the basis of age, of:

(1) Excluding individuals from, denying them the benefits of, or subjecting them to, discrimination under a program or activity receiving Federal financial assistance; or

(2) Denying or limiting individuals in their opportunity to participate in any program or activity receiving Federal financial assistance.

(c) The specific forms of age discrimination listed in paragraph (b) of this section do not necessarily constitute a complete list.

§17.311 Exceptions to the rules against age discrimination.

(a) Definitions. For purposes of this section, the terms ''normal operation'' and ''statutory objective'' shall have the following meaning:

(1) *Normal operation* means the operation of a program or activity without significant changes that would impair its ability to meet its objectives.

(2) *Statutory objective* means any purpose of a program or activity expressly stated in any Federal, State, or local statute or ordinance adopted by an elected, general purpose legislative body.

(b) Exceptions to the rules against age discrimination: Normal operation or statutory objective of any program or activity.

A recipient is permitted to take an action otherwise prohibited by §17.310 if the action reasonably takes into account age as a factor necessary to the normal operation or the achievement of any statutory objective of a program or activity. An action reasonably takes into account age as a factor necessary to the normal operation or the achievement of any statutory objective of a program or activity, if:

(1) Age is used as a measure or approximation of one or more other characteristics; and

(2) The other characteristic(s) must be measured or approximated in order for the normal operation of the program or activity to continue, or to achieve any statutory objective of the program or activity; and

(3) The other characteristic(s) can be reasonably measured or approximated by the use of age; and

(4) The other characteristic(s) are impractical to measure directly on an individual basis.

(c) Exceptions to the rules against age discrimination: Reasonable factors other than age. A recipient is permitted to take an action otherwise prohibited by §17.310 which is based on a factor other than age, even though that action may have a disproportionate effect on persons of different ages. An action may be based on a factor other than age only if the factor bears a direct and substantial relationship to the normal operation of the program or activity or to the achievement of a statutory objective.

§17.312 Burden of proof.

The burden of proving that an age distinction or other action falls within the exceptions outlined in §§17.311(b) and 17.311(c), is on the recipient of Federal financial assistance.

§17.313 Special benefits for children and the elderly.

If a recipient operating a program provides special benefits to the elderly or to children, such use of age distinctions shall be presumed to be necessary to the normal operation of the program, notwithstanding the provisions of §17.311.

§ 17.314 Age distinctions contained in DOI regulations.

Any age distinctions contained in a rule or regulation issued by DOI shall be presumed to be necessary to the achievement of a statutory objective of the program to which the rule or regulation applies, notwithstanding the provisions of § 17.311.

§ 17.315 Affirmative action by recipients.

Even in the absence of a finding of discrimination, a recipient may take affirmative action to overcome the effects of conditions that resulted in limited participation in the recipient's program or activity on the basis of age.

DUTIES OF DOI RECIPIENTS

§ 17.320 General responsibilities.

Each DOI recipient has primary responsibility to ensure that its programs and activities are in compliance with the Act and these regulations, and shall take steps to eliminate violations of the Act. A recipient also has responsibility to maintain records, provide information, and to afford DOI access to its records to the extent DOI finds necessary to determine whether the recipient is in compliance with the Act and these regulations.

§ 17.321 Notice to subrecipients and beneficiaries.

(a) Where a recipient extends Federal financial assistance from DOI to subrecipients, the recipient shall provide the subrecipients written notice of their obligations under the Act and these regulations.

(b) Each recipient shall make necessary information about the Act and these regulations available to its program beneficiaries in order to inform them of the protections against discrimination provided by the Act and these regulations.

§ 17.322 Assurance of compliance and recipient assessment of age distinctions.

(a) Each recipient of Federal financial assistance from DOI shall sign a written assurance as specified by DOI that it will comply with the Act and these regulations.

(b) *Recipient assessment of age distinctions.* (1) As part of a compliance review under § 17.330 or complaint investigation under § 17.331, DOI may require a recipient employing the equivalent of 15 or more employees to complete a written self-evaluation, in a manner specified by the responsible Department official, of any age distinction imposed in its program or activity receiving Federal financial assistance from DOI to assess the recipient's compliance with the Act.

(2) Whenever an assessment indicates a violation of the Act and the DOI regulations, the recipient shall take corrective action.

§ 17.323 Information collection requirements.

Each recipient shall:

(a) Keep records in a form and containing information which DOI determines may be necessary to ascertain whether the recipient is complying with the Act and these regulations.

(b) Provide to DOI, upon request, information and reports which DOI determines are necessary to ascertain whether the recipient is complying with the Act and these regulations.

(c) Permit reasonable access by DOI to the books, records, accounts, and other recipient facilities and sources of information to the extent DOI determines necessary to ascertain whether the recipient is complying with the Act and these regulations.

(d) The information collection requirements contained in this section have been approved by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and assigned clearance number 1084–0027. The information will be collected and used to assess recipients' compliance with the Act. Response is required to obtain a benefit.

(e) Public reporting burden for this information is estimated to average 8 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed; and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the

burden, to: Departmental Clearance Officer, U.S. Department of the Interior, 18th and C Streets, NW., Washington, DC 20240, Mail Stop 2242; and the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

INVESTIGATION, CONCILIATION, AND ENFORCEMENT PROCEDURES

§17.330 Compliance reviews.

(a) DOI may conduct compliance reviews and pre-award reviews of recipients or use other similar procedures that will permit it to investigate and correct violations of the Act and these regulations. DOI may conduct these reviews even in the absence of a complaint against a recipient. The reviews may be as comprehensive as necessary to determine whether a violation of the Act and these regulations has occurred.

(b) If a compliance review or pre-award review indicates a violation of the Act or these regulations, DOI will attempt to secure voluntary compliance with the Act. If voluntary compliance cannot be achieved, DOI will arrange for enforcement as described in §17.335.

§17.331 Complaints.

(a) Any person, individually or as a member of a class or on behalf of others, may file a complaint with DOI, alleging discrimination prohibited by the Act or these regulations based on an action occurring on or after July 1, 1979. A complaint must be filed within 180 days from the date the complainant had knowledge of the alleged act of discrimination. For good cause shown, however, DOI may extend this time limit.

(b) DOI will consider the date a complaint is filed to be the date upon which the complaint sufficiently meets the criteria for acceptance as described in paragraphs (a) and (c)(1) of this section.

(c) DOI will attempt to facilitate the filing of complaints wherever possible, including taking the following measures:

(1) Accepting as a sufficient complaint, any written statement which identifies the parties involved and the date the complainant first had knowledge of the alleged violation, describes generally the action or practice complained of, and is signed by the complainant.

(2) Freely permitting a complainant to add information to the complaint to meet the requirements of a sufficient complaint, as described in paragraphs (a) and (c)(1) of this section.

(3) Notifying the complainant and the recipient of their rights and obligations under the complaint procedure, including the right to have a representative at all stages of the complaint procedure.

(4) Notifying the complainant and the recipient (or their representatives) of their right to contact DOI for information and assistance regarding the complaint resolution process.

(d) DOI will return to the complainant any complaint outside the jurisdiction of these regulations, and will state the reason(s) why it is outside the jurisdiction of these regulations.

§17.332 Mediation.

(a) *Referral of complaints for mediation.* DOI will promptly refer to the FMCS all sufficient complaints that:

(1) Fall within the jurisdiction of the Act and these regulations unless the age distinction complained of is clearly within an exception; and,

(2) Contain all information necessary for further processing.

(b) Both the complainant and the recipient shall participate in the mediation process to the extent necessary to reach an agreement or make an informed judgment that an agreement is not possible.

(c) If the complainant and the recipient reach an agreement, FMCS shall prepare a written statement of the agreement and have the complainant and the recipient sign it. The FMCS shall send the agreement to DOI. DOI, however, retains the right to monitor the recipient's compliance with the agreement.

(d) The FMCS shall protect the confidentiality of all information obtained in the course of the mediation process. No mediator shall testify in any adjudicative proceeding, produce any document, or otherwise disclose any information obtained in the course of the

mediation process without prior approval of the head of the mediation agency.

(e) DOI will use the mediation process for a maximum of 60 days after receiving a complaint. Mediation ends if:

(1) 60 days elapse from the time the complaint is filed; or

(2) Prior to the end of that 60 day period, an agreement is reached; or

(3) Prior to the end of that 60 day period, the FMCS determines that an agreement cannot be reached.

(f) The FMCS shall return unresolved complaints to DOI.

§ 17.333 Investigation.

(a) *Informal investigation*. (1) DOI will investigate complaints that are unresolved after mediation or are reopened because of a violation of a mediation agreement.

(2) As part of the initial investigation, DOI will use informal fact finding methods, including joint or separate discussions with the complainant and recipient to establish the facts, and, if possible, settle the complaint on terms that are mutually agreeable to the parties. DOI may seek the assistance of any involved State program agency.

(3) DOI will put any agreement in writing and have it signed by the parties and an authorized official at DOI.

(4) The settlement shall not affect the operation of any other enforcement effort of DOI, including compliance reviews and investigation of other complaints which may involve the recipient.

(5) The settlement is not a finding of discrimination against a recipient.

(b) *Formal investigation*. If DOI cannot resolve the complaint through informal means, it will develop formal findings through further investigation of the complaint. If the investigation indicates a violation of these regulations, DOI will attempt to obtain voluntary compliance. If DOI cannot obtain voluntary compliance, it will begin enforcement as described in § 17.335.

§ 17.334 Prohibition against intimidation or retaliation.

A recipient may not engage in acts of intimidation or retaliation against any person who:

(a) Attempts to assert a right protected by the Act or these regulations; or

(b) Cooperates in any mediation, inquiry, hearing, or other part of DOI's investigation, conciliation, and enforcement process.

§ 17.335 Compliance procedure.

(a) DOI may enforce the Act and these regulations through:

(1) Termination of a recipient's Federal financial assistance from DOI under the program or activity involved where the recipient has violated the Act or these regulations. The determination of the recipient's violation may be made only after a recipient has had an opportunity for a hearing on the record before an administrative law judge.

(2) Any other means authorized by law including but not limited to:

(i) Referral to the Department of Justice for proceedings to enforce any rights of the United States or obligations of the recipient created by the Act or these regulations.

(ii) Use of any requirement of, or referral to, any Federal, State or local government agency that will have the effect of correcting a violation of the Act or these regulations.

(b) DOI will limit any termination under § 17.335(a)(1) to the particular recipient and particular program or activity or part of such program or activity DOI finds in violation of these regulations. DOI will not base any part of a termination on a finding with respect to any program or activity of the recipient that does not receive Federal financial assistance from DOI.

(c) DOI will take no action under paragraph (a) of this section until:

(1) The Secretary or his/her designee has advised the recipient of its failure to comply with the Act and these regulations and has determined that voluntary compliance cannot be obtained.

(2) Thirty days have elapsed after the Secretary or his/her designee has sent a written report of the circumstances and grounds of the action to the committees of Congress having legislative jurisdiction over the Federal program or activity involved. The Secretary or

his/her designee will file a report whenever any action is taken under paragraph (a) of this section.

(d) DOI also may defer granting new Federal financial assistance from DOI to a recipient when a hearing under §17.335(a)(l) is initiated.

(1) New Federal financial assistance from DOI includes all assistance for which DOI requires an application or approval, including renewal or continuation of existing activities or authorization of new activities, during the deferral period. New Federal financial assistance from DOI does not include increases in funding as a result of changed computation of formula awards or assistance approved prior to the beginning of a hearing under §17.335(a)(1).

(2) DOI will not begin a deferral until the recipient has received a notice of an opportunity for a hearing under §17.335(a)(1). DOI will not continue a deferral for more than 60 days unless a hearing has begun within that time or the time for beginning the hearing has been extended by mutual consent of the recipient and the Secretary. DOI will not continue a deferral for more than 30 days after the close of the hearing, unless the hearing results in a finding against the recipient.

§17.336 Hearings, decisions, post-termination proceedings.

Certain DOI procedural provisions applicable to title VI of the Civil Rights Act of 1964 apply to DOI's enforcement of these regulations. The procedural provisions of DOI's Title VI regulations can be found at 43 CFR 17.8 through 17.10 and 43 CFR part 4, subpart I.

§17.337 Remedial action by recipients.

Where DOI finds a recipient has discriminated on the basis of age, the recipient shall take any remedial action that DOI may require to overcome the effects of the discrimination. If another recipient exercises control over the recipient that has discriminated, DOI may require both recipients to take remedial action.

§17.338 Alternate funds disbursal procedure.

(a) When DOI withholds funds from a recipient under these regulations, where permissible the Secretary may disburse the withheld funds directly to an alternate recipient under the applicable regulations of the bureau or office providing the assistance.

(b) The Secretary will require any alternative recipient to demonstrate:

(1) The ability to comply with these regulations; and

(2) The ability to achieve the goals of the Federal statute authorizing the program or activity.

§17.339 Exhaustion of administrative remedies.

(a) A complainant may file a civil action following the exhaustion of administrative remedies under the Act. Administrative remedies are exhausted if:

(1) 180 days have elapsed since the complainant filed the complaint and DOI has made no finding with regard to the complaint; or

(2) DOI issues any finding in favor of the recipient.

(b) If DOI fails to make a finding within 180 days or issues a finding in favor of the recipient, DOI will:

(1) Promptly advise the complainant of this fact;

(2) Advise the complainant of his or her right to bring a civil action for injunctive relief; and

(3) Inform the complainant:

(i) That he or she may bring a civil action only in a United States district court for the district in which the recipient is found or transacts business;

(ii) That a complainant prevailing in a civil action has the right to be awarded the costs of the action, including reasonable attorney's fees, but that the complainant must demand these costs in the complaint;

(iii) That before commencing the action the complainant shall give 30 days notice by registered mail to the Secretary of HHS, the Attorney General of the United States, the Secretary of the Interior, and the recipient;

(iv) That the notice must state: the alleged violation of the Act; the relief requested; the court in which the complainant is bringing the action; and

whether or not attonrey's fees are demanded in the event the complainant prevails; and

(v) That the complainant may not bring an action if the same alleged violation of the Act by the same recipient is the subject of a pending action in any court of the United States.

Subpart D—[Reserved]

Subpart E—Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities Conducted by the Department of the Interior

AUTHORITY: 29 U.S.C. 794.

SOURCE: 52 FR 6553, Mar. 5, 1987, unless otherwise noted.

§ 17.501 Purpose.

The purpose of this part is to effectuate section 119 of the Rehabilitation, Comprehensive Services, and Developmental Disabilities Amendments of 1978, which amended section 504 of the Rehabilitation Act of 1973 to prohibit discrimination on the basis of handicap in programs or activities conducted by Executive agencies or the U.S. Postal Service.

§ 17.502 Application.

This part applies to all programs and activities conducted and/or administered and/or maintained by the agency except for programs or activities conducted outside the United States that do not involve handicapped persons in the United States.

§ 17.503 Definitions.

For purposes of this part, the term—

Agency means Department of the Interior.

Auxiliary aids means services or devices that enable persons with impaired sensory, manual, or speaking skills to have an equal opportunity to participate in, and enjoy the benefits of, programs or activities conducted by the agency. For example, auxiliary aids useful for persons with impaired vision include readers, Brailled materials, audio recordings, and other similar services and devices. Auxiliary aids useful for persons with impaired hearing include telephone handset amplifiers, telephones compatible with hearing aids, telecommunication devices for deaf persons (TDD's), interpreters, notetakers, written materials, and other similar services and devices.

Complete complaint means a written statement that contains the complainant's name and address and describe the agency's actions in sufficient detail to inform the agency of the nature and date of the alleged violation of section 504. It shall be signed by the complainant or by someone authorized to do so on his or her behalf. Complainant or behalf of classes or third parties shall describe or identify (by name, if possible) the alleged victims of discrimination.

Facility means all or any portion of buildings, structures, equipment, roads, walks, parking lots, outdoor recreation and program spaces, park sites, developed sites, rolling stock or other conveyances, or other real or personal property.

Handicapped person means any person who has a physical, mental, or sensory impairment that substantially limits one or more major life activities, has a record of such an impairment, or is regarded as having such an impairment. As used in this definition, the phrase:

(1) *Physical, mental, or sensory impairment* includes—

(i) Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: Neurological; musculoskeletal; special sense organs; respiratory, including speech organs; cardiovascular; reproductive; digestive; genitourinary; hemic and lymphatic; skin; and endocrine; or

(ii) Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term ''physical, mental or sensory impairment'' includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech, and hearing impairments, cerebral palsy, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, mental retardation, emotional illness, drug addiction, and alcoholism.

(2) *Major life activities* includes functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.

(3) *Has a record of such impairment* means has a history of, or has been misclassified as having, a mental, physical, or sensory impairment that substantially limits one or more major life activities.

(4) *Is regarded as having an impairment* means—

(i) Has a physical, mental, or sensory impairment that does not substantially limit major life activities but is treated by the agency as constituting such a limitation;

(ii) Has a physical, mental, or sensory impairment that substantially limits major life activities only as a result of the attitudes of others toward such impairment; or

(iii) Has none of the impairments defined in paragraph (1) of this definition but is treated by the agency as having such an impairment.

Historic preservation programs means programs conducted by the agency that have preservation of historic properties as a primary purpose.

Historic properties means those properties that are listed or eligible for listing in the National Register of Historic Places or properties designated as historic under a statute of the appropriate state or local government body.

Qualified handicapped person means—

(1) With respect to preschool, elementary, or secondary education services provided by the agency, a handicapped person who is a member of a class of persons otherwise entitled by statute, regulation, or agency policy to receive education services from the agency.

(2) With respect to any other agency program or activity under which a person is required to perform services or to achieve a level of accomplishment, a handicapped person who meets the essential eligibility requirements and who can achieve the purpose of the program or activity without modifications in the program or activity that the agency can demonstrate would result in a fundamental alteration in its nature; or

(3) With respect to any other program or activity, a handicapped person who meets the essential eligibility requirements for participation in, or receipt of benefits from that program or activity.

(4) *Qualified handicapped person* is defined for purposes of employment in 29 CFR 1613.702(f), which is made applicable to this part by §17.540.

Section 504 means section 504 of the Rehabilitation Act of 1973 (Pub. L. 93–112, 87 Stat. 394 (29 U.S.C. 794)), as amended by the Rehabilitation Act Amendments of 1974 (Pub. L. 93–516, 88 Stat. 1617), and the Rehabilitation, Comprehensive Services, and Developmental Disabilities Amendments of 1978 (Pub. L. 95–602, 92 Stat. 2955). As used in this part, section 504 applies only to programs or activities conducted by Executive agencies and not to federally assisted programs.

Substantial impairment means a significant loss of the integrity of finished materials, design quality, or special character resulting from a permanent alteration.

§§17.504—17.509 [Reserved]

§17.510 Self-evaluation.

(a) The agency shall, within one year of the effective date of this part, evaluate, with the assistance of interested persons, including handicapped persons or organizations representing handicapped persons, its current policies and practices, and the effects thereof, that do not or may not meet the requirements of this part, and, to the extent modification of any such policies and practices is required, the agency shall proceed to make the necessary modifications.

(b) The agency shall, for at least three years following completion of the evaluation required under paragraph (a) of this section, maintain on file and make available for public inspection—

(1) A list of the interested persons consulted;

(2) A description of areas examined and any problems identified; and

(3) A description of any modifications made.

§17.511 Notice.

The agency shall make available to employees, applicants, participants,

beneficiaries, and other interested persons such information regarding the provisions of this part and its applicability to the programs or activities conducted by the agency, and make such information available to them in such manner as the agency head finds necessary to apprise such persons of the protections against discrimination assured them by section 504 and this regulation.

§§ 17.512—17.529 [Reserved]

§ 17.530 General prohibitions against discrimination.

(a) No qualified handicapped person shall, on the basis of handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity conducted by the agency.

(b)(1) The agency, in providing any aid, benefit, or service, may not, directly or through contractual, licensing, or other arrangements, on the basis of handicap—

(i) Deny a qualified handicapped person the opportunity to participate in or benefit from the aid, benefit, or service;

(ii) Afford a qualified handicapped person an opportunity to participate in or benefit from the aid, benefit or service that is not equal to that afforded others;

(iii) Provide a qualified handicapped person with an aid, benefit, or service that is not as effective in affording equal opportunity to obtain the same result, to gain the same benefit, or to reach the same level of achievement as that provided to others;

(iv) Provide different or separate aid, benefits, or services to handicapped persons or to any class of handicapped persons than is provided to others unless such action is necessary to provide qualified handicapped persons with aid, benefits, or services that are as effective as those provided to others;

(v) Deny a qualified handicapped person the opportunity to participate as a member of planning or advisory boards; or

(vi) Otherwise limit a qualified handicapped person in the enjoyment of any right, privilege, advantage, or opportunity enjoyed by others receiving the aid, benefit, or service.

(2) The agency may not deny a qualified handicapped person the opportunity to participate in programs or activities that are not separate or different, despite the existence of permissibly separate or different programs or activities.

(3) The agency may not, directly or through contractual or other arrangements, utilize criteria or methods of administration the purpose or effect of which would—

(i) Subject qualified handicapped persons to discrimination on the basis of handicap; or

(ii) Defeat or substantially impair accomplishment of the objectives of a program or activity with respect to handicapped persons.

(4) The agency may not, in determining the site or location of a facility, make selections the purpose or effect of which would—

(i) Exclude handicapped persons from, deny them the benefits of, or otherwise subject them to discrimination under any program or activity conducted by the agency; or

(ii) Defeat or substantially impair the accomplishment of the objectives of a program or activity with respect to handicapped persons.

(5) The agency, in the selection of procurement contractors, may not use criteria that subject qualified handicapped persons to discrimination on the basis of handicap.

(6) The agency may not administer a licensing or certification program in a manner that subjects qualified handicapped persons to discrimination on the basis of handicap, nor may the agency establish requirements for the programs or activities of licensees or certified entities that subject qualified handicapped persons to discrimination on the basis of handicap. However, the programs or activities of entities that are licensed or certified by the agency are not, themselves, covered by this part.

(c) The exclusion of nonhandicapped persons from the benefits of a program limited by Federal statute or Executive order to handicapped persons or the exclusion of a specific class of handicapped persons from a program

limited by Federal statute or Executive order to a different class of handicapped persons is not prohibited by this part.

(d) The agency shall administer programs or activities in the most integrated setting appropriate to the needs of qualified handicapped persons.

§§17.531—17.539 [Reserved]

§17.540 Employment.

No qualified handicapped person shall, on the basis of handicap, be subjected to discrimination in employment under any program or activity conducted by the agency. The definitions, requirements and procedures of section 501 of the Rehabilitation Act of 1973 (29 U.S.C. 791), as established by the Equal Employment Opportunity Commission in 29 CFR part 1613, shall apply to employment in federally conducted programs or activities.

§§17.541—17.548 [Reserved]

§17.549 Program accessibility: Discrimination prohibited.

Except as otherwise provided in §17.550, no qualified handicapped person shall, because the agency's facilities are inaccessible to or unusable by handicapped persons, be denied the benefits of, be excluded from participation in, or otherwise be subjected to discrimination under any program or activity conducted by the agency.

§17.550 Program accessibility: Existing facilities.

(a) *General.* The agency shall operate each program or activity so that the program or activity, when viewed in its entirety, is readily accessible to and usable by handicapped persons. This paragraph does not—

(1) Necessarily require the agency to make each of its existing facilities or every part of a facility accessible to and usable by handicapped persons;

(2) In the case of historic preservation programs, require the agency to take any action that would result in a substantial impairment of significant historic features of an historic property; or

(3) Require the agency to take any action that it can demonstrate would result in a fundamental alteration in the nature of a program or activity or in undue financial and administrative burdens. In those circumstances where agency personnel believe that the proposed action would fundamentally alter the program or activity or would result in undue financial and administrative burdens, the agency has the burden of proving that compliance with §17.550(a) would result in such an alteration or burdens. The decision that compliance would result in such alteration or burdens must be made by the agency head or his or her designee after considering all agency resources available for use in the funding and operation of the conducted program or activity, and must be accompanied by a written statement of the reasons for reaching that conclusion. If an action would result in such an alteration or such burdens, the agency shall take any other action that would not result in such an alteration or such burdens but would nevertheless ensure that handicapped persons receive the benefits and services of the program or activity.

(b) *Methods*—(1) *General.* The agency may comply with the requirements of this section through such means as redesign of equipment, reassignment of services to accessible locations, assignment of aides to beneficiaries, home visits, delivery of services at alternate accessible sites, alteration of existing facilities and construction of new facilities, use of accessible rolling stock, or any other methods that result in making its programs or activities readily accessible to and usable by handicapped persons. The agency is not required to make structural changes in existing facilities where other methods are effective in achieving compliance with this section. The agency, in making alterations to existing buildings, shall meet accessibility requirements to the extent compelled by the Architectural Barriers Act of 1968, as amended (42 U.S.C. 4151–4157) and any regulations implementing it. In choosing among available methods for meeting the requirements of this section, the agency shall give priority to those methods that offer programs and activities to qualified handicapped persons in the most integrated setting appropriate.

(2) *Historic preservation programs.* In meeting the requirements of paragraph (a) of this section in historic preservation programs, the agency shall give priority to methods that provide physical access to handicapped persons. In cases where a physical alteration to an historic property is not required because of paragraph (a)(2) or (a)(3) of this section, alternative, methods of achieving program accessibility include—

(i) Using audio-visual materials and devices to depict those portions of an historic property that cannot otherwise be made accessible.

(ii) Assigning persons to guide handicapped persons into or through portions of historic properties that cannot otherwise be made accessible; or

(iii) Adopting other innovative methods.

(3) *Recreation programs.* In meeting the requirements of paragraph (a) in recreation programs, the agency shall provide that the program or activity, when viewed in its entirety, is readily accessible to and usable by handicapped persons. When it is not reasonable to alter natural and physical features, accessibility may be achieved by alternative methods as noted in paragraph (b)(1) of this section.

(c) *Time period for compliance.* The agency shall comply with the obligations established under this section within sixty (60) days of the effective date of this part except that where structural changes in facilities are necessary, such changes shall be made within three years of the effective date of this part, but in any event as expeditiously as possible.

(d) *Transition plan.* In the event that structural changes to facilities are necessary to achieve program accessibility, the agency shall develop, within six months of the effective date of this part, a transition plan setting forth the steps necessary to complete such changes. The plan shall be developed with the assistance of interested persons, including handicapped persons or organizations representing handicapped persons. A copy of the transition plan shall be made available for public inspection. The plan shall, at a minimum—

(1) Identify physical obstacles in the agency's facilities that limit the accessibility of its programs or activities to handicapped persons;

(2) Describe in detail the methods that will be used to make the facilities accessible;

(3) Specify the schedule for taking the steps necessary to achieve compliance with this section and, if the time period of the transition plan is longer than one year, identify steps that will be taken during each year of the transition period;

(4) Indicate the official responsible for implementation of the plan; and

(5) Identify the persons or groups with whose assistance the plan was prepared.

§ 17.551 Program accessibility: New construction and alterations.

Each building or part of a building that is constructed or altered by, on behalf of, or for the use of the agency shall be designed, constructed, or altered so as to be readily accessible to and usable by handicapped persons. The definitions, requirements, and standards of the Architectural Barriers Act (42 U.S.C. 4151–4157) as established in 41 CFR 101–19.600 to 101–19.607 apply to buildings covered by this section.

§§ 17.552—17.559 [Reserved]

§ 17.560 Communications.

(a) The agency shall take appropriate steps to ensure effective communication with applicants, participants, personnel of other Federal entities, and members of the public.

(1) The agency shall furnish appropriate auxiliary aids where necessary to afford a handicapped person an equal opportunity to participate in, and enjoy the benefits of, a program or activity conducted by the agency.

(i) In determining what type of auxiliary aid is necessary, the agency shall give primary consideration to the requests of the handicapped person.

(ii) The agency need not provide individually prescribed devices, readers for personal use or study, attendant services, or other devices of a personal nature.

(2) Where the agency communicate with applicants and beneficiaries by

telephone, telecommunications devices for deaf persons (TDD's) or equally effective telecommunication systems shall be used.

(b) The agency shall ensure that interested persons, including persons with impaired vision or hearing, can obtain information as to the existence and location of accessible services, activities, and facilities.

(c) The agency shall provide signage at a primary entrance to each of its inaccessible facilities, directing users to a location at which they can obtain information about accessible facilities. The international symbol for accessibility shall be used at each primary entrance of an accessible facility.

(d) This section does not require the agency to take any action that it can demonstrate would result in a fundamental alteration in the nature of a program or activity or in undue financial and administrative burdens. In those circumstances where agency personnel believe that the proposed action would fundamentally alter the program or activity or would result in undue financial and administrative burdens, the agency has the burden of proving that compliance with §17.560 would result in such alteration or burdens. The decision that compliance would result in such alteration or burdens must be made by the agency head or his or her designee after considering all agency resources available for use in the funding and operation of the conducted program or activity, and must be accompanied by a written statement of the reasons for reaching that conclusion. If an action required to comply with this section would result in such alteration or such burdens, the agency shall take any other action that would not result in such an alteration or such burdens but would nevertheless ensure that, to the maximum extent possible, handicapped persons receive the benefits and services of the program or activity.

§§17.561—17.569 [Reserved]

§17.570 Compliance procedures.

(a) Except as provided in paragraph (b) of this section, this section applies to all allegations of discrimination on the basis of handicap in programs or activities conducted by the agency.

(b) The agency shall process complaints alleging violations of section 504 with respect to employment according to the procedures established by the Equal Employment Opportunity Commission in 29 CFR part 1613 pursuant to section 501 of the Rehabilitation Act of 1973 (29 U.S.C. 791).

(c) Responsibility for implementation and operation of this section shall be vested in the Director of the Office for Equal Opportunity. Complaints filed pursuant to this section shall be delivered or mailed to the Director, Office for Equal Opportunity, U.S. Department of the Interior, Washington, DC 20240. If any agency official other than the Director of the Office for Equal Opportunity receives a complaint, he or she shall immediately forward the complaint to the agency's Director of the Office for Equal Opportunity.

(d)(1) The agency shall accept and investigate all complete complaints for which it has jurisdiction. All complete complaints must be filed within 180 days of the alleged act of discrimination. The agency may extend this time period for good cause.

(2) If the agency Director for the Office of Equal Opportunity receives a complaint that is not complete, he or she shall notify the complainant, within thirty (30) days of receipt of the incomplete complaint, that additional information is needed. If the complainant fails to complete and submit the requested information within thirty (30) days of receipt of this notice the agency Director of the Office for Equal Opportunity shall dismiss the complaint without prejudice.

(3) The agency Director of the Office for Equal Opportunity may require agency employees to cooperate and participate in the investigation and resolution of complaints. Employees who are required to cooperate and participate in any investigation under this section shall do so as part of their official duties.

(e) If the agency receives a complaint over which it does not have jurisdiction, it shall promptly notify the complainant and shall refer the complaint to the appropriate government entity.

(f) The agency shall notify the Architectural and Transportation Barriers

Compliance Board upon receipt of any complaint alleging that a building or facility that is subject to the Architectural Barriers Act of 1968, as amended (42 U.S.C. 4151–4157), or section 502 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 792), is not readily accessible to and usable by handicapped persons.

(g) Within 180 days of the receipt of a complete complaint for which it has jurisdiction, the agency shall notify the complainant of the results of the investigation in a letter containing—

(1) Findings of fact and conclusions of law:

(2) A description of a remedy for each violation found; and

(3) A notice of the right to appeal.

(h) Appeals of the findings of fact and conclusions of law or remedies must be filed by the complainant within ninety (90) days of receipt from the agency of the letter required by § 17.570(g). The agency may extend this time for good cause.

(i) Timely appeals shall be accepted and processed by the Under Secretary.

(j) The agency shall notify the complainant of the results of the appeal within sixty (60) days of the receipt of the request. If the agency determines that it needs additional information from the complainant, it shall have sixty (60) days from the date it receives the additional information to make its determination on the appeal.

(k) The time limits cited in paragraphs (g) and (j) of this may be extended for an individual case when the Under Secretary determines that there is good cause, based on the particular circumstances of that case, for the extension.

(l) The agency may delegate its authority for conducting complaint investigations to other Federal agencies, except that the authority for making the final determination may not be delegated.

PART 18—NEW RESTRICTIONS ON LOBBYING

Subpart A—General

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Appendix A to Part 18—CERTIFICATION REGARDING LOBBYING
Appendix B to Part 18—DISCLOSURE FORM TO REPORT LOBBYING

AUTHORITY: Sec. 319, Pub. L. 101–121 (31 U.S.C. 1352); 5 U.S.C. 301.

CROSS REFERENCE: See also Office of Management and Budget notice published at 54 FR 52306, December 20, 1989.

SOURCE: 55 FR 6737, 6753, Feb. 26, 1990, unless otherwise noted.

Subpart A—General

§ 18.100 Conditions on use of funds.

(a) No appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative ageement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(b) Each person who requests or receives from an agency a Federal contract, grant, loan, or cooperative agreement shall file with that agency a certification, set forth in appendix A to

this part, that the person has not made, and will not make, any payment prohibited by paragraph (a) of this section.

(c) Each person who requests or receives from an agency a Federal contract, grant, loan, or a cooperative agreement shall file with that agency a disclosure form, set forth in appendix B to this part, if such person has made or has agreed to make any payment using nonappropriated funds (to include profits from any covered Federal action), which would be prohibited under paragraph (a) of this section if paid for with appropriated funds.

(d) Each person who requests or receives from an agency a commitment providing for the United States to insure or guarantee a loan shall file with that agency a statement, set forth in appendix A to this part, whether that person has made or has agreed to make any payment to influence or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with that loan insurance or guarantee.

(e) Each person who requests or receives from an agency a commitment providing for the United States to insure or guarantee a loan shall file with that agency a disclosure form, set forth in appendix B to thisd part, if that person has made or has agreed to make any payment to influence or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with that loan insurance or guarantee.

§18.105 Definitions.

For purposes of this part:

(a) *Agency*, as defined in 5 U.S.C. 552(f), includes Federal executive departments and agencies as well as independent regulatory commissions and Government corporations, as defined in 31 U.S.C. 9101(1).

(b) *Covered Federal action* means any of the following Federal actions:

(1) The awarding of any Federal contract;

(2) The making of any Federal grant;

(3) The making of any Federal loan;

(4) The entering into of any cooperative agreement; and,

(5) The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

Covered Federal action does not include receiving from an agency a commitment providing for the United States to insure or guarantee a loan. Loan guarantees and loan insurance are addressed independently within this part.

(c) *Federal contract* means an acquisition contract awarded by an agency, including those subject to the Federal Acquisition Regulation (FAR), and any other acquisition contract for real or personal property or services not subject to the FAR.

(d) *Federal cooperative agreement* means a cooperative agreement entered into by an agency.

(e) *Federal grant* means an award of financial assistance in the form of money, or property in lieu of money, by the Federal Government or a direct appropriation made by law to any person. The term does not include technical assistance which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, loan insurance, interest subsidies, insurance, or direct United States cash assistance to an individual.

(f) *Federal loan* means a loan made by an agency. The term does not include loan guarantee or loan insurance.

(g) *Indian tribe* and *tribal organization* have the meaning provided in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450B). Alaskan Natives are included under the definitions of Indian tribes in that Act.

(h) *Influencing or attempting to influence* means making, with the intent to influence, any communication to or appearance before an officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.

(i) *Loan guarantee* and *loan insurance* means an agency's guarantee or insurance of a loan made by a person.

(j) *Local government* means a unit of government in a State and, if chartered, established, or otherwise recognized by a State for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.

(k) *Officer or employee of an agency* includes the following individuals who are employed by an agency:

(1) An individual who is appointed to a position in the Government under title 5, U.S. Code, including a position under a temporary appointment;

(2) A member of the uniformed services as defined in section 101(3), title 37, U.S. Code;

(3) A special Government employee as defined in section 202, title 18, U.S. Code; and,

(4) An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, title 5, U.S. Code appendix 2.

(l) *Person* means an individual, corporation, company, association, authority, firm, partnership, society, State, and local government, regardless of whether such entity is operated for profit or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

(m) *Reasonable compensation* means, with respect to a regularly employed officer or employee of any person, compensation that is consistent with the normal compensation for such officer or employee for work that is not furnished to, not funded by, or not furnished in cooperation with the Federal Government.

(n) *Reasonable payment* means, with respect to perfessional and other technical services, a payment in an amount that is consistent with the amount normally paid for such services in the private sector.

(o) *Recipient* includes all contractors, subcontractors at any tier, and subgrantees at any tier of the recipient of funds received in connection with a Federal contract, grant, loan, or cooperative agreement. The term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

(p) *Regularly employed* means, with respect to an officer or employee of a person requesting or receiving a Federal contract, grant, loan, or cooperative agreement or a commitment providing for the United States to insure or guarantee a loan, an officer or employee who is employed by such person for at least 130 working days within one year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract, grant, loan, cooperative agreement, loan insurance commitment, or loan guarantee commitment. An officer or employee who is employed by such person for less than 130 working days within one year immediately preceding the date of the submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.

(q) *State* means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a State, and a multi-State, regional, or interstate entity having governmental duties and powers.

§ 18.110 Certification and disclosure.

(a) Each person shall file a certification, and a disclosure form, if required, with each submission that initiates agency consideration of such person for:

(1) Award of a Federal contract, grant, or cooperative agreement exceeding $100,000; or

(2) An award of a Federal loan or a commitment providing for the United States to insure or guarantee a loan exceeding $150,000.

(b) Each person shall file a certification, and a disclosure form, if required, upon receipt by such person of:

(1) A Federal contract, grant, or cooperative agreement exceeding $100,000; or

(2) A Federal loan or a commitment providing for the United States to insure or guarantee a loan exceeding

$150,000, unless such person previously filed a certification, and a disclosure form, if required, under paragraph (a) of this section.

(c) Each person shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed by such person under paragraph (a) or (b) of this section. An event that materially affects the accuracy of the information reported includes:

(1) A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or

(2) A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or,

(3) A change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action.

(d) Any person who requests or receives from a person referred to in paragraph (a) or (b) of this section:

(1) A subcontract exceeding $100,000 at any tier under a Federal contract;

(2) A subgrant, contract, or subcontract exceeding $100,000 at any tier under a Federal grant;

(3) A contract or subcontract exceeding $100,000 at any tier under a Federal loan exceeding $150,000; or,

(4) A contract or subcontract exceeding $100,000 at any tier under a Federal cooperative agreement,

shall file a certification, and a disclosure form, if required, to the next tier above.

(e) All disclosure forms, but not certifications, shall be forwarded from tier to tier until received by the person referred to in paragraph (a) or (b) of this section. That person shall forward all disclosure forms to the agency.

(f) Any certification or disclosure form filed under paragraph (e) of this section shall be treated as a material representation of fact upon which all receiving tiers shall rely. All liability arising from an erroneous representation shall be borne solely by the tier filing that representation and shall not be shared by any tier to which the erroneous representation is forwarded. Submitting an erroneous certification or disclosure constitutes a failure to file the required certification or disclosure, respectively. If a person fails to file a required certification or disclosure, the United States may pursue all available remedies, including those authorized by section 1352, title 31, U.S. Code.

(g) For awards and commitments in process prior to December 23, 1989, but not made before that date, certifications shall be required at award or commitment, covering activities occurring between December 23, 1989, and the date of award or commitment. However, for awards and commitments in process prior to the December 23, 1989 effective date of these provisions, but not made before December 23, 1989, disclosure forms shall not be required at time of award or commitment but shall be filed within 30 days.

(h) No reporting is required for an activity paid for with appropriated funds if that activity is allowable under either subpart B or C.

Subpart B—Activities by Own Employees

§18.200 Agency and legislative liaison.

(a) The prohibition on the use of appropriated funds, in §18.100 (a), does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a Federal contract, grant, loan, or cooperative agreement if the payment is for agency and legislative liaison activities not directly related to a covered Federal action.

(b) For purposes of paragraph (a) of this section, providing any information specifically requested by an agency or Congress is allowable at any time.

(c) For purposes of paragraph (a) of this section, the following agency and legislative liaison activities are allowable at any time only where they are not related to a specific solicitation for any covered Federal action:

(1) Discussing with an agency (including individual demonstrations) the qualities and characteristics of the person's products or services, conditions or terms of sale, and service capabilities; and,

(2) Technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.

(d) For purposes of paragraph (a) of this section, the following agencies and legislative liaison activities are allowable only where they are prior to formal solicitation of any covered Federal action:

(1) Providing any information not specifically requested but necessary for an agency to make an informed decision about initiation of a covered Federal action;

(2) Technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and,

(3) Capability presentations by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Public Law 95–507 and other subsequent amendments.

(e) Only those activities expressly authorized by this section are allowable under this section.

§ 18.205 Professional and technical services.

(a) The prohibition on the use of appropriated funds, in § 18.100 (a), does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a Federal contract, grant, loan, or cooperative agreement or an extension, continuation, renewal, amendment, or modification of a Federal contract, grant, loan, or cooperative agreement if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal contract, grant, loan, or cooperative agreement or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal contract, grant, loan, or cooperative agreement.

(b) For purposes of paragraph (a) of this section, ''professional and technical services'' shall be limited to advice and analysis directly applying any professional or technical discipline. For example, drafting of a legal document accompanying a bid or proposal by a lawyer is allowable. Similarly, technical advice provided by an engineer on the performance or operational capability of a piece of equipment rendered directly in the negotiation of a contract is allowable. However, communications with the intent to influence made by a professional (such as a licensed lawyer) or a technical person (such as a licensed accountant) are not allowable under this section unless they provide advice and analysis directly applying their professional or technical expertise and unless the advice or analysis is rendered directly and solely in the preparation, submission or negotiation of a covered Federal action. Thus, for example, communications with the intent to influence made by a lawyer that do not provide legal advice or analysis directly and solely related to the legal aspects of his or her client's proposal, but generally advocate one proposal over another are not allowable under this section because the lawyer is not providing professional legal services. Similarly, communications with the intent to influence made by an engineer providing an engineering analysis prior to the preparation or submission of a bid or proposal are not allowable under this section since the engineer is providing technical services but not directly in the preparation, submission or negotiation of a covered Federal action.

(c) Requirements imposed by or pursuant to law as a condition for receiving a covered Federal award include those required by law or regulation, or reasonably expected to be required by law or regulation, and any other requirements in the actual award documents.

(d) Only those services expressly authorized by this section are allowable under this section.

§ 18.210 Reporting.

No reporting is required with respect to payments of reasonable compensation made to regularly employed officers or employees of a person.

Subpart C—Activities by Other Than Own Employees

§18.300 Professional and technical services.

(a) The prohibition on the use of appropriated funds, in §18.100 (a), does not apply in the case of any reasonable payment to a person, other than an officer or employee of a person requesting or receiving a covered Federal action, if the payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal contract, grant, loan, or cooperative agreement or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal contract, grant, loan, or cooperative agreement.

(b) The reporting requirements in §18.110 (a) and (b) regarding filing a disclosure form by each person, if required, shall not apply with respect to professional or technical services rendered directly in the preparation, submission, or negotiation of any commitment providing for the United States to insure or guarantee a loan.

(c) For purposes of paragraph (a) of this section, ''professional and technical services'' shall be limited to advice and analysis directly applying any professional or technical discipline. For example, drafting or a legal document accompanying a bid or proposal by a lawyer is allowable. Similarly, technical advice provided by an engineer on the performance or operational capability of a piece of equipment rendered directly in the negotiation of a contract is allowable. However, communications with the intent to influence made by a professional (such as a licensed lawyer) or a technical person (such as a licensed accountant) are not allowable under this section unless they provide advice and analysis directly applying their professional or technical expertise and unless the advice or analysis is rendered directly and solely in the preparation, submission or negotiation of a covered Federal action. Thus, for example, communications with the intent to influence made by a lawyer that do not provide legal advice or analysis directly and solely related to the legal aspects of his or her client's proposal, but generally advocate one proposal over another are not allowable under this section because the lawyer is not providing professional legal services. Similarly, communications with the intent to influence made by an engineer providing an engineering analysis prior to the preparation or submission of a bid or proposal are not allowable under this section since the engineer is providing technical services but not directly in the preparation, submission or negotiation of a covered Federal action.

(d) Requirements imposed by or pursuant to law as a condition for receiving a covered Federal award include those required by law or regulation, or reasonably expected to be required by law or regulation, and any other requirements in the actual award documents.

(e) Persons other than officers or employees of a person requesting or receiving a covered Federal action include consultants and trade associations.

(f) Only those services expressly authorized by this section are allowable under this section.

Subpart D—Penalties and Enforcement

§18.400 Penalties.

(a) Any person who makes an expenditure prohibited herein shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such expenditure.

(b) Any person who fails to file or amend the disclosure form (see Appendix B to this part) to be filed or amended if required herein, shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

(c) A filing or amended filing on or after the date on which an administrative action for the imposition of a civil penalty is commenced does not prevent the imposition of such civil penalty for a failure occurring before that date. An administrative action is commenced with respect to a failure when an investigating official determines in writing to commence an investigation of an allegation of such failure.

(d) In determining whether to impose a civil penalty, and the amount of any such penalty, by reason of a violation by any person, the agency shall consider the nature, circumstances, extent, and gravity of the violation, the effect on the ability of such person to continue in business, any prior violations by such person, the degree of culpability of such person, the ability of the person to pay the penalty, and such other matters as may be appropriate.

(e) First offenders under paragraph (a) or (b) of this section shall be subject to a civil penalty of $10,000, absent aggravating circumstances. Second and subsequent offenses by persons shall be subject to an appropriate civil penalty between $10,000 and $100,000, as determined by the agency head or his or her designee.

(f) An imposition of a civil penalty under this section does not prevent the United States from seeking any other remedy that may apply to the same conduct that is the basis for the imposition of such civil penalty.

§ 18.405 Penalty procedures.

Agencies shall impose and collect civil penalties pursuant to the provisions of the Program Fraud and Civil Remedies Act, 31 U.S.C. sections 3803 (except subsection (c)), 3804, 3805, 3806, 3807, 3808, and 3812, insofar as these provisions are not inconsistent with the requirements herein.

(a) The Department of the Interior implementation of the Program Fraud and Civil Remedies Act of 1985 is found at 43 CFR part 35.

[55 FR 6737, 6753, Feb. 26, 1990, as amended at 55 FR 6754, Feb. 26, 1990]

§ 18.410 Enforcement.

The head of each agency shall take such actions as are necessary to ensure that the provisions herein are vigorously implemented and enforced in that agency.

Subpart E—Exemptions

§ 18.500 Secretary of Defense.

(a) The Secretary of Defense may exempt, on a case-by-case basis, a covered Federal action from the prohibition whenever the Secretary determines, in writing, that such an exemption is in the national interest. The Secretary shall transmit a copy of each such written exemption to Congress immediately after making such a determination.

(b) The Department of Defense may issue supplemental regulations to implement paragraph (a) of this section.

Subpart F—Agency Reports

§ 18.600 Semi-annual compilation.

(a) The head of each agency shall collect and compile the disclosure reports (see appendix B to this part) and, on May 31 and November 30 of each year, submit to the Secretary of the Senate and the Clerk of the House of Representatives a report containing a compilation of the information contained in the disclosure reports received during the six-month period ending on March 31 or September 30, respectively, of that year.

(b) The report, including the compilation, shall be available for public inspection 30 days after receipt of the report by the Secretary and the Clerk.

(c) Information that involves intelligence matters shall be reported only to the Select Committee on Intelligence of the Senate, the Permanent Select Committee on Intelligence of the House of Representatives, and the Committees on Appropriations of the Senate and the House of Representatives in accordance with procedures agreed to by such committees. Such information shall not be available for public inspection.

(d) Information that is classified under Executive Order 12356 or any successor order shall be reported only to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives or the Committees on Armed Services of the Senate and the House of Representatives (whichever such committees have jurisdiction of matters involving such information) and to the Committees on Appropriations of the Senate and the House of Representatives in accordance with procedures agreed to by such committees. Such information shall not be available for public inspection.

(e) The first semi-annual compilation shall be submitted on May 31, 1990, and shall contain a compilation of the disclosure reports received from December 23, 1989 to March 31, 1990.

(f) Major agencies, designated by the Office of Management and Budget (OMB), are required to provide machine-readable compilations to the Secretary of the Senate and the Clerk of the House of Representatives no later than with the compilations due on May 31, 1991. OMB shall provide detailed specifications in a memorandum to these agencies.

(g) Non-major agencies are requested to provide machine-readable compilations to the Secretary of the Senate and the Clerk of the House of Representatives.

(h) Agencies shall keep the originals of all disclosure reports in the official files of the agency.

§ 18.605 Inspector General report.

(a) The Inspector General, or other official as specified in paragraph (b) of this section, of each agency shall prepare and submit to Congress each year, commencing with submission of the President's Budget in 1991, an evaluation of the compliance of that agency with, and the effectiveness of, the requirements herein. The evaluation may include any recommended changes that may be necessary to strengthen or improve the requirements.

(b) In the case of an agency that does not have an Inspector General, the agency official comparable to an Inspector General shall prepare and submit the annual report, or, if there is no such comparable official, the head of the agency shall prepare and submit the annual report.

(c) The annual report shall be submitted at the same time the agency submits its annual budget justifications to Congress.

(d) The annual report shall include the following: All alleged violations relating to the agency's covered Federal actions during the year covered by the report, the actions taken by the head of the agency in the year covered by the report with respect to those alleged violations and alleged violations in previous years, and the amounts of civil penalties imposed by the agency in the year covered by the report.

APPENDIX A TO PART 18—CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form–LLL, ''Disclosure Form to Report Lobbying,'' in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States

to insure or guarantee a loan, the undersigned shall complete and submit Standard Form–LLL, ''Disclosure Form to Report Lobbying,'' in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

APPENDIX B TO PART 18—DISCLOSURE FORM TO REPORT LOBBYING

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB
0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

1. Type of Federal Action:
☐ a. contract
b. grant
c. cooperative agreement
d. loan
e. loan guarantee
f. loan insurance

2. Status of Federal Action:
☐ a. bid/offer/application
b. initial award
c. post-award

3. Report Type:
☐ a. initial filing
b. material change
For Material Change Only:
year _____ quarter _____
date of last report _____

4. Name and Address of Reporting Entity:
☐ Prime ☐ Subawardee
Tier _____, *if known*:

Congressional District, *if known*:

5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime:

Congressional District, *if known*:

6. Federal Department/Agency:

7. Federal Program Name/Description:

CFDA Number, *if applicable*: _____

8. Federal Action Number, *if known*:

9. Award Amount, *if known*:
$

10. a. Name and Address of Lobbying Entity
(if individual, last name, first name, MI):

b. Individuals Performing Services *(including address if different from No. 10a)*
(last name, first name, MI):

(attach Continuation Sheet(s) SF-LLL-A, if necessary)

11. Amount of Payment *(check all that apply)*:
$ _____ ☐ actual ☐ planned

12. Form of Payment *(check all that apply)*:
☐ a. cash
☐ b. in-kind; specify: nature _____
value _____

13. Type of Payment *(check all that apply)*:
☐ a. retainer
☐ b. one-time fee
☐ c. commission
☐ d. contingent fee
☐ e. deferred
☐ f. other; specify: _____

14. Brief Description of Services Performed or to be Performed and Date(s) of Service, including officer(s), employee(s), or Member(s) contacted, for Payment Indicated in Item 11:

(attach Continuation Sheet(s) SF-LLL-A, if necessary)

15. Continuation Sheet(s) SF-LLL-A attached: ☐ Yes ☐ No

16. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature: _____
Print Name: _____
Title: _____
Telephone No.: _____ **Date:** _____

Federal Use Only:

Authorized for Local Reproduction
Standard Form - LLL

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLL-A Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, state and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee", then enter the full name, address, city, state and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, state and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.
12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.
13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.
14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.
15. Check whether or not a SF-LLL-A Continuation Sheet(s) is attached.
16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

Public reporting burden for this collection of information is estimated to average 30 mintues per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, D.C. 20503.

DISCLOSURE OF LOBBYING ACTIVITIES
CONTINUATION SHEET

Approved by OMB
0348-0046

Reporting Entity: _____ **Page** _____ **of** _____

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PART 19—WILDERNESS PRESERVATION

Subpart A—National Wilderness Preservation System

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19.2 Definitions.
19.3 Reviews of roadless areas and roadless islands.
19.4 Liaison with other governmental agencies and submission of views by interested persons.
19.5 Hearing procedures.
19.6 Regulations respecting administration and uses of wilderness areas under jurisdiction of the Secretary.
19.7 Private contributions and gifts.
19.8 Prospecting, mineral locations, mineral patents, and mineral leasing within National Forest Wilderness.

Subpart B—[Reserved]

AUTHORITY: 78 Stat. 890, R.S. 2478; 16 U.S.C. 1131–1136, 43 U.S.C. 1201.

SOURCE: Circ. 2203, 31 FR 3011, Feb. 22, 1966, unless otherwise noted.

Subpart A—National Wilderness Preservation System

§ 19.1 Scope and purpose.

This subpart sets forth sections dealings with the administration by the Department of the Interior of certain provisions of the Wilderness Act (78 Stat. 890; 16 U.S.C. 1131–1136).

§ 19.2 Definitions.

As used in this subpart the term:

(a) *National Forest Wilderness* means an area or part of an area of national forest lands designated by the Wilderness Act or by a subsequent act of Congress as a wilderness area.

(b) *National Park System* means all federally owned or controlled areas administered by the Secretary through the National Park Service.

(c) *National Wilderness Preservation System* means the Federally owned areas designated by the Wilderness Act or subsequent acts of Congress as wilderness areas.

(d) *National Wildlife Refuge System* means those lands and waters administered by the Secretary as wildlife refuges, wildlife ranges, game ranges, wildlife management areas, and waterfowl production areas established under any statute, proclamation, executive order, or public land order.

(e) *Roadless area* means a reasonably compact area of undeveloped Federal land which possesses the general characteristics of a wilderness and within which there is no improved road that is suitable for public travel by means of four-wheeled, motorized vehicles intended primarily for highway use.

(f) *Roadless island* means a roadless area that is surrounded by permanent waters or that is markedly distinguished from surrounding lands by topographical or ecological features such as precipices, canyons, thickets, or swamps.

(g) *Secretary* means the Secretary of the Interior or an official of the Department of the Interior who exercises authority delegated by the Secretary of the Interior.

(h) *Wilderness* means a wilderness as defined in section 2(c) of the Wilderness Act.

§ 19.3 Reviews of roadless areas and roadless islands.

(a) The Secretary is required by section 3(c) of the Wilderness Act to review every roadless area of 5,000 contiguous acres or more in each unit of the National Park System and every roadless area of 5,000 contiguous acres or more and every roadless island in the national wildlife refuges and game ranges of the National Wildlife Refuge System, which was under the supervision of the Secretary on September 3, 1964. The Secretary is further required to recommend to the President whether each such area and island is suitable or not suitable for preservation as wilderness. Reports and recommendations must be submitted by the Secretary in time to permit the President to advise the Congress of his recommendations thereon:

(1) Covering not less than one-third of such areas and islands by September 3, 1967;

(2) Covering not less than an additional one-third by not later than September 3, 1971; and

(3) Covering the remainder by not later than September 3, 1974.

(b) The primary objective of the Department of the Interior's review of

roadless areas and roadless islands pursuant to section 3(c) of the Wilderness Act and the regulations of this part shall be to identify and recommend for preservation as wilderness, by inclusion in the National Wilderness Preservation System, those areas which, after consideration of all relevant factors, it is concluded will achieve the policy of the Congress, as expressed in section 2(a) of the Wilderness Act.

(c) Nothing in the sections of this part shall, by implication or otherwise, be construed to lessen the authority of the Secretary with respect to the maintenance of roadless areas within units of the National Park System or the maintenance of roadless areas and islands within units of the National Wildlife Refuge System.

§ 19.4 Liaison with other governmental agencies and submission of views by interested persons.

(a) When a review is initiated under the provisions of section 3(c) of the Wilderness Act and the sections of this part, arrangements shall be made for appropriate consideration of problems of mutual concern with other Federal agencies and with regional, State, and local governmental agencies.

(b) Any person desiring to submit recommendations as to the suitability or nonsuitability for preservation as wilderness of any roadless area in any unit of the National Park System, or of any such area or any roadless island in any unit of the National Wildlife Refuge System, may submit such recommendations at any time to the superintendent or manager in charge of the unit. Such recommendations will be accorded careful consideration and shall be forwarded with the report of review to the Office of the Secretary.

§ 19.5 Hearing procedures.

(a) Before any recommendation of the Secretary concerning the suitability or nonsuitability of any roadless area or island for preservation as wilderness is submitted to the President, a public hearing or hearings shall be held thereon at a location or locations convenient to the area or areas affected. If the lands involved are located in more than one State, at least one such hearing shall be held in each State. At least 30 days before the date of any such hearing, public notice thereof shall be published in the FEDERAL REGISTER and in newspapers of general circulation in the area. The public notice shall contain or make reference to a map of the lands involved and a definition of boundaries and a statement of the action proposed to be taken by the Secretary thereon.

(1) Any hearing held under this section shall be presided over by a hearing officer designated by the Secretary.

(2) Any person may present testimony at the hearing orally or in writing, or both, by notification to the hearing officer in accordance with the published notice of the hearing. Witnesses shall not be subjected to cross-examination but the hearing officer may invite responses by witnesses to questions he may ask for the purpose of clarifying the testimony presented.

(3) The witnesses shall not be sworn, but statements made by them orally or in writing are subject to the provisions of 18 U.S.C. 1001, which makes it a crime for any person knowingly and willfully to make to any agency of the United States any false, fictitious, or fraudulent statement as to any matter within its jurisdiction.

(4) A verbatim record of the hearing shall be kept.

(5) The hearing officer may be instructed by the Secretary to prepare and submit a recommendation concerning the suitability or nonsuitability of the area or areas for preservation as wilderness.

(6) A copy of the transcript of the hearing record, and of any recommendation made by the hearing officer as a result thereof, shall, during the pendency of the subject matter, be maintained for public examination (i) in an office of the Department of the Interior convenient to the area or areas affected and (ii) in the headquarters office of the Department in Washington, DC.

(7) The Secretary reserves the right at all times to consider information available to his office from any source not limited to the record of the public hearing or hearings, in the further consideration of proposed recommendations concerning the suitability or the

nonsuitability of the area or areas for preservation as wilderness.

(b) At least 30 days before the date of any such public hearing, the hearing officer shall advise the Governor of each State and the governing board of each county, or in Alaska the borough, in which the lands are located, and the other Federal departments and agencies concerned, and invite such officials and agencies to submit their views at the hearing. The Governor, the governing board, and the other Federal agencies may also submit views following the hearing but such views must be received in the Office of the Secretary by no later than 30 days following the date of the hearing to assure that they will receive consideration.

(c) Any public views received pursuant to the provisions of this section will be accorded careful consideration and a summary thereof shall be forwarded with the recommendations of the Secretary to the President with respect to the area under consideration.

[31 FR 3011, Feb. 22, 1966, as amended at 37 FR 16079, Aug. 10, 1972]

§ 19.6 Regulations respecting administration and uses of wilderness areas under jurisdiction of the Secretary.

Regulations respecting administration and use of areas under the jurisdiction of the Secretary which may be designated as wilderness areas by statute shall be developed with a view to protecting such areas and preserving their wilderness character for the use and enjoyment of the American people in such manner as will leave them unimpaired for future use and enjoyment as wilderness, with inconsistent uses held to a minimum.

§ 19.7 Private contributions and gifts.

(a) The Secretary is authorized by section 6(b) of the Wilderness Act to accept on behalf of the United States private contributions and gifts to be used to further the purposes of the act. The Secretary, under the authorization of section 6(b), may accept on behalf of the United States any sums of money, marketable securities or other personal property (but not real property) to be used for such things as expediting reviews of roadless areas and islands under his jurisdiction, expediting mineral resource surveys of National Forest Wilderness, or fostering public information and research related to wilderness preservation.

(b) Anyone desiring to make a contribution or gift under the provisions of this section may submit an offer to the Secretary of the Interior, Washington, DC 20240, stating the amount of money or describing the securities or other personal property involved. If the offer involves property other than cash, the statement should set forth that the offeror is the owner of the property free and clear of all encumbrances and adverse claims. The offeror may specify a particular purpose for which the offer is made, but the Secretary may in his discretion reject any offer entailing purposes, terms, or conditions unacceptable to him.

(c) Sums of money and marketable securities received under this section that are not otherwise restricted and are allocated to furthering the purposes of the Wilderness Act as it relates to lands within the National Park System shall be transferred to a special account in the National Park Trust Fund and shall be administered in accordance with the provisions of 36 CFR part 9.

(d) Offers of gifts of land to promote the purposes of a grazing district or facilitate administration of public lands, including preservation and management of wilderness, values, may be tendered to the Secretary under the provisions of section 8(a) of the Taylor Grazing Act of June 28, 1934 (48 Stat. 1272) as amended (43 U.S.C. 315g). Offers of gifts of land or interests in land to facilitate administration or contribute to improvement, management, use, or protection of public lands and their resources, including the preservation and management of wilderness values, may be tendered to the Secretary under the provisions of section 103(a) of the Public Land Administration Act of July 14 1960 (74 Stat. 506: 43 U.S.C. 1364). Persons desiring to make such offers should follow the procedures established by 43 CFR subpart 2111.

(e) Under the provisions of the Act of June 5, 1920 (41 Stat. 917; 16 U.S.C. 6),

the Secretary is authorized, in his discretion, to accept donations of patented lands, rights-of-way over patented lands or other lands, buildings, or other property within the various national parks and national monuments for the purposes of the National Park System. Persons desiring to offer lands, rights-of-way, or buildings under the provisions of the Act of June 5, 1920, should make inquiry of the superintendent of the national park or monument within which the property is located.

§ 19.8 Prospecting, mineral locations, mineral patents, and mineral leasing within National Forest Wilderness.

Regulations issued under the provisions of the Wilderness Act pertaining to prospecting, mineral locations, mineral patents, and mineral leasing within National Forest Wilderness are contained in parts 3327 and 3638 of subchapter C of chapter II of this title.

EDITORIAL NOTE: See Redesignation Table No. 2 of 43 CFR which appears in Volume II of the List of CFR Sections Affected, 1964–1972 for the appropriate sections to former parts 3327 and 3638.

Subpart B—[Reserved]

PART 20—EMPLOYEE RESPONSIBILITIES AND CONDUCT

Subpart A—General Provisions

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20.735–2 Purpose, policy, and general responsibilites.
20.735–3 Responsibilities of ethics officials and channels for counseling.
20.735–4 Sanctions.

Subpart B—Ethical and Other Conduct and Responsibilities of Employees

20.735–6 Gifts and decorations from foreign governments.
20.735–7 Reimbursement of travel and related expenses.
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Subpart C—Conflict of Interest Prohibitions

20.735–20 Scope of subpart.
20.735–21 Statutory prohibitions.
20.735–22 Special provisions governing outside work and employee filing requirements.
20.735–23 Interests in Federal lands.
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20.735–25 Interests in mining activities.
20.735–26 Interests in trading with Indians.
20.735–27 Indian and Alaska Native organizations.

Subpart D—[Reserved]

Subpart E—Resolution of Conflicts of Interest

20.735–40 Procedures for resolving conflicts or prohibited holdings.
20.735–41 Appeal procedures.

AUTHORITY: 5 U.S.C. 301; sec. 12, Ch. 576, 48 Stat. 986 (25 U.S.C. 472); sec. 201(f), Public Law 95–87, 91 Stat. 450–51 (30 U.S.C. 1211 (Supp. V 1981)); E.O. 11222; E.O. 12674 (as modified by E.O. 12731); Public Law 101–194; 5 CFR 2634; 5 CFR part 2635.

SOURCE: 46 FR 58425, Dec. 1, 1981, unless otherwise noted.

Subpart A—General Provisions

§ 20.735–1 Definitions.

(a) *General.* The following terms are used throughout this part and have the following meanings:

(1) *Department* means the U.S. Department of the Interior and any of its components.

(2) *Secretary* means the Secretary of the Interior.

(3) *Bureau* means each major program operating organization of the Department, the Office of the Secretary, and each other Departmental Office.

(4) *Employee* means a regular employee, a special government employee, and a contract education employee in Indian Affairs as defined in 25 CFR 31(g)(2) (h) and (i) unless the text of a particular subpart, section, or paragraph indicates that either regular employees or special government employees are not intended to be covered by that subpart, section or paragraph. Volunteers in Parks accepted pursuant to 16 U.S.C. 18(g) are not employees.

(5) *Regular employee* means any officer or employee of the Department who is appointed or employed to serve more than 130 days in any period of 365 consecutive days.

(6) *Special government employee* means any employee or officer of the Department who is retained, designated, appointed, or employed to perform temporary duties, with or without compensation, for not to exceed 130 days during any period of 365 consecutive calendar days, either on a full-time, part-time or intermittent basis (18 U.S.C. 202). U.S. Mineral Surveyors are considered to be special government employees.

(7) *U.S. Mineral Surveyor* means a person appointed under the authority of 30 U.S.C. 39, and as such is included within the term ''officers, clerks, and employees'' of the Bureau of Land Management as that term is used in 43 U.S.C. 11 and construed in *Waskey* v. *Hammer,* 223 U.S. 85 (1912).

(8) *Executive Order* means Executive Order 11222 which was superseded by Executive Order 12674 on April 12, 1989 and subsequently modified by Executive Order 12731 on October 17, 1990.

(9) *Designated Agency Ethics Official* means the Principal Deputy Assistant Secretary—Policy, Management and Budget. In accordance with the rules in 5 CFR 2638.702, the Deputy Agency Ethics Official shall serve as alternate agency ethics official.

(10) *Ethics Counselor* means the head of each bureau, as that term is defined in paragraph (a)(3) of this section, except that the Deputy Assistant Secretary—Policy, Management and Budget is the Ethics Counselor for employees in the Office of the Secretary and other offices for which personnel services are provided by the Division of Personnel Services.

(11) *Deputy Ethics Counselor* means the bureau personnel officer or other qualified headquarters employee who has been delegated responsibility for the operational duties of the Ethics Counselor for the bureau. The Director, Division of Personnel Services is the Deputy Ethics Counselor for employees in the Office of the Secretary and other offices for which personnel services are provided by that Office.

(12) *Assistant Ethics Counselor* or *Associate Ethics Counselor* means a bureau, regional or area personnel officer or other qualified employee who has been delegated responsibility to perform the operational duties of the Ethics Counselor at the field level. Assistant Ethics Counselors or Associate Ethics Counselors may also be designated within the bureau headquarters.

(13) *Indian Affairs* means the Office of the Assistant Secretary—Indian Affairs and the Bureau of Indian Affairs.

(14) *Dependent child* means a son, daughter, stepson, or stepdaughter who (i) is unmarried and under age 21 and is living in the household of the employee or (ii) is a dependent of the employee within the meaning of section 152 of Internal Revenue Code of 1954 (26 U.S.C. 152).

(15) *Personal residence* means any real property used exclusively as a private dwelling by the reporting individual or his or her spouse, which is not rented for any period during a calendar year. There may be more than one personal residence, and the term may include a vacation home. The term is not limited to domicile.

(16) *Office of Personnel* means the Departmental Office of Personnel within the Department of the Interior, as distinguished from the Office of Personnel Management (formerly called the Civil Service Commission) and from personnel offices in each bureau within the Department of the Interior.

(b) *Specific definitions.* Additional definitions of terms specifically associated with a particular subpart or section are found in that subpart or section.

[46 FR 58425, Dec. 1, 1981; 47 FR 2995, Jan. 21, 1982, as amended at 47 FR 42359, Sept. 27, 1982; 49 FR 6374, Feb. 21, 1984; 58 FR 32447, June 10, 1993]

§ 20.735–2 Purpose, policy, and general responsibilities.

(a) *Purpose.* These regulations set forth Departmental policies and identify principal statutes and regulations which relate to employee conduct and responsibilities. These regulations ordinarily apply to all regular and special employees of the Department. Exceptions to this general rule are stated in the specific subpart, section or paragraph to which they apply.

(b) *General policy.* Employees of the Department are expected to maintain especially high standards of honesty, integrity, impartiality, and conduct to

ensure the proper performance of Government business and the continual trust and confidence of citizens in their Government. Employees are expected to comply with all Federal statutes, Executive Orders, Office of Personnel Management regulations and Departmental regulations. The conduct of employees should reflect the qualities of courtesy, consideration, loyalty to the United States, a deep sense of responsibility for the public trust, promptness in dealing with and serving the public, and a standard of personal behavior which will be a credit to the individual. These principles apply to official conduct and to private conduct which affects in any way the ability of the employee or the Department to effectively accomplish the work of the Department.

(c) *Equal employment opportunity policy*. It is the policy of the Federal Government that there shall be no discrimination in employment based on such factors as race, creed or religion, color, national origin, political affiliation, physical handicap, sex, age, union membership or non-membership, and similar matters not related to merit and fitness. This policy does not affect in any way the provisions of 25 U.S.C. 472 dealing with Indian preference in employment.

(d) *Conformance with policy and subordination to authority*. Employees are required to carry out the announced policies and programs of the Department and to obey proper requests and directions of supervisors. While policies related to one's work are under consideration employees may, and are expected to, express their professional opinions and points of view. Once a decision has been rendered by those in authority, each employee is expected to comply with the decision and work to ensure the success of programs or issues affected by the decision. An employee is subject to appropriate disciplinary action, including removal from office, if he or she fails to: (1) Comply with any lawful regulations, orders, or policies, or

(2) Obey the proper requests of supervisors having responsibility for his or her performance.

(e) *Applicability to Indian Affairs employees*. The provisions of this part apply to non-Indian employees in Indian Affairs in the same manner as they apply to all other employees employed elsewhere in the Department. Except where otherwise indicated, the provisions of this part shall also apply to Indian and Alaska Native employees in Indian Affairs.

(f) *Bureau responsibilities*. Ethics Counselors shall: (1) Establish and maintain internal procedures and guidelines to adequately and systematically inform employees of the content, meaning, and importance of the regulations in this part. Such supplementary guidelines may include specific or additional restrictions applicable to employees of the bureau. Supplementary guidelines must be approved by the Designated Agency Ethics Official before they are issued.

(2) Give a copy of the regulations in this part to each employee upon entrance to duty. At least once annually, each Ethics Counselor shall:

(i) Remind each employee of the regulations in this part; and

(ii) Inform each employee of the name, location and telephone number of bureau officials who can properly counsel them on ethics and conduct matters.

This annual reminder shall be accomplished through a publication or memorandum issued to all employees. In addition, vacancy announcements for those positions which require any statement of employment and financial interest shall alert applicants to the filling requirement.

(3) Notify the Designated Agency Ethics Official of the names and locations of each Deputy and Assistant Ethics Counselor and of changes in such designations.

(g) *Employee responsibilities*. It is the responsibility of employees (1) to be familiar with and to comply with the regulations in this part. Employees are expected to consult with their supervisors and personnel officers on general questions they may have regarding the applicability of the regulations. On specific matters and for guidance on questions of conflict of interest, employees may obtain advice and guidance from their Ethics Counselors, Deputy Ethics Counselors, Assistant Ethics Counselors, the Department

Ethics Official, or the Office of the Solicitor, (2) to be careful in dealing with the public and with representatives of private industry so as not to give an opinion or decision contrary to expressed Departmental or bureau policy, (3) to avoid expressing personal opinions or making unauthorized decisions about work situations where those opinions or decisions may be mistakenly taken to be the opinion or decision of the bureau or Department. A memorandum of discussion should be prepared by employees providing ethics advice to representatives of private industry, (4) to report directly or through appropriate channels to the Office of Inspector General matters coming to their attention which do or may involve violations of law or rule by employees, contractors, sub-contractors, grantees, subgrantees, lessees, licensees or other persons having official business with the Department.

(h) *Conduct codes for specific groups.* (1) Special codes of conduct not in derogation of this part may be developed or adopted (if established by the profession in which the employee is engaged, such as attorneys and accountants) by a bureau or the Department for specific groups of employees engaged in the same occupation or profession.

(2) Certain individuals, for example, volunteers in National Park Service programs and enrollees and corps members in youth and young adult programs administered by the Office of Youth Programs, are Federal employees only as specifically provided in the statute which authorizes their particular program. In the absence of a statutory provision which makes the individual in one of these programs a regular or special Government employee, the individual is not subject to the regulations in this part. However, the head of a bureau responsible for individuals in such a program may submit a proposal requesting that all or part of the regulations in this part be made applicable to the particular category.

(3) Proposals for special codes of conduct, including procedures for their implementation, and proposals for applying a portion of these regulations to specific categories of individuals shall be submitted to the Designated Agency Ethics Official for approval. The Office of Personnel and the Office of the Solicitor shall also approve such proposals before they are adopted.

(4)(i) Special codes of conduct have been approved in accordance with § 20.735–2(h) for two groups of employees:

(A) Bureau of Land Management Fire Management Teams—approved January 16, 1981.

(B) Office of Inspector General Auditors and Investigators—approved July 16, 1982.

(ii) Special codes are effective when signed by the Designated Agency Ethics Official and a representative of the Office of Personnel and the Office of the Solicitor. The listing of codes adopted will be revised when revisions are made to 43 CFR part 20. Copies of these codes may be obtained from the Department's Designated Agency Ethics Official or the Bureau Ethics Counselor for the bureau involved.

[46 FR 58425, Dec. 1, 1981, as amended at 47 FR 42360, Sept. 27, 1982; 49 FR 6375, Feb. 21, 1984]

§ 20.735–3 Responsibilities of ethics officials and channels for counseling.

(a) *Responsibilities of ethics officials.* (1) The Designated Agency Ethics Official (or the Deputy Agency Ethics Official in his or her absence) shall:

(i) Administer the regulations governing the conduct and responsibilities of employees in the Department;

(ii) Develop and administer an effective system and procedures for the collection, filing, review, and public inspection of financial disclosure statements in accordance with applicable statutes and regulations;

(iii) Provide advice, assistance, training, and guidance to all levels of Ethics Counselors and to any employee within the Department;

(iv) Monitor the conflict of interest program using reports requested of bureaus and periodic internal audits and administrative reviews performed by the Office of Inspector General, the Designated Agency Ethics Official, or others.

(v) Review statements of employment and financial interests for those Department employees cited in § 20.735–31(b);

(vi) Ensure that all financial disclosure statements filed by employees with bureaus are completely and effectively maintained and consistently reviewed for conformance to all applicable laws and statutes;

(vii) Assume the authorities and responsibilities of any Ethics Counselor within the Department, either for the duration of an individual case or for a period or periods not to exceed six months each;

(viii) Develop and supervise an education and counseling program for employees on all ethics and standards of conduct matters; the program shall include counseling on post employment matters and shall provide that adequate and specific records are kept on any advice rendered;

(ix) Evaluate periodically, in conjunction with the Office of Government Ethics, the Department's standards of conduct regulations, financial disclosure systems and post-employment enforcement systems to determine their adequacy and effectiveness in relation to current Departmental responsibilities;

(x) Act as liaison with and, as necessary or required, provide information to the Office of Government Ethics concerning the Department's ethics function.

(xi) Develop, maintain and publish a list of those circumstances or situations which have resulted or may result in noncompliance with ethics laws and regulations;

(xii) Keep appropriate records on advice rendered;

(xiii) Take prompt and effective action to insure that appropriate remedial actions are taken.

(2) Ethics Counselors are responsible for administering the regulations governing the conduct and responsibilities of employees in their respective bureaus. Ethics Counselors shall:

(i) Order remedial action in accordance with the provisions of § 20.735–40. This authority may not be redelegated;

(ii) Designate the Bureau Personnel Officer (or other qualified headquarters employee) as Deputy Ethics Counselor. Deputy Ethics Counselors may carry out operational duties of the Ethics Counselor within their bureaus under the general direction of the Ethics Counselor, including reviewing statements of employment and financial interests, informally resolving conflict of interest situations, and answering employee conduct questions;

(iii) Consolidate the final review, certification and filing of financial interest statements at the headquarters level; and,

(iv) Designate regional or area personnel officers (or other qualified employees) as Assistant Ethics Counselors to perform ethics counseling and the initial financial statement review at the field office level. Assistant Ethics Counselors may also be designated within the bureau headquarters.

(b) *Channels for counseling.* Employees may seek advice from any bureau ethics counselor, the Designated Agency Ethics Official or the Office of the Solicitor. It is the Department's policy to encourage responsible disposition of counseling requests and to strive for consistency in the application of employee responsibility and conduct regulations. To achieve this:

(1) Ethics Counselors shall, if possible, consolidate the operation of the ethics counseling function at the headquarters level. Employee inquiries should be directed to that office. In bureaus where consolidation is not feasible, Assistant Ethics Counselors shall seek concurrence in their final decisions from the bureau Deputy Ethics Counselor or Ethics Counselor. Ethics Counselors may seek advice from the Designated Agency Ethics Official, Regional Solicitors, the Associate Solicitor for General Law or other Solicitor Office officials designated by the Solicitor.

(2) The Designated Agency Ethics Official shall provide advice on any ethics matter to employees and to Ethics Counselors and shall seek advice from the Associate Solicitor—General Law.

(3) Employees wishing to request advice from the Solicitor's Office shall submit requests to Regional Solicitors or to the Associate Solicitor—General Law, in Washington, DC, as appropriate. Regional Solicitors called upon to render advice which will affect interpretations of the employee responsibility and conduct regulations shall

seek concurrence in their final decisions from the Associate Solicitor—General Law.

[46 FR 58425, Dec. 1, 1981, as amended at 49 FR 6375, Feb. 21, 1984]

§ 20.735–4 Sanctions.

(a) Violations of the regulations in this part by an employee may be cause for appropriate corrective, disciplinary or remedial action, which may be in addition to any criminal or civil penalty provided by law.

(b)(1) Disciplinary action may include oral or written warning or admonishment, reprimand, suspension, reduction in grade or pay, removal from position or removal from office. Such action shall be taken in accordance with Departmental policies and procedures, applicable statutes, Executive Orders, regulations, and any applicable collective bargaining agreement provisions. Disciplinary action for violation of conflict of interest laws or of the regulations in this part, may be imposed independently from and without prior application of remedial actions including those remedial actions cited in § 20.735–40.

(2) Remedial actions required may include those actions described in § 20.735–40. Failure to comply with appropriate remedial action may result in suspension or removal from office, or other disciplinary action. Employees may appeal divestiture orders in accordance with procedures contained in § 20.735–43.

(c) The procedures for disciplinary action involving contract education employees in Indian Affairs are contained in 25 CFR 38.6.

[49 FR 6375, Feb. 21, 1984]

Subpart B—Ethical and Other Conduct and Responsibilities of Employees

§ 20.735–6 Gifts and decorations from foreign governments.

(a) This section implements the Foreign Gifts and Decorations Act (5 U.S.C. 7342).

(b) *Definitions.* (1) *Employee* means all regular and special government employees of the Department, experts and consultants of the Department appointed under 5 U.S.C. 3109, spouses of all such individuals (unless such individual and his or her spouse are separated) and dependents (within the meaning of section 152 of the Internal Revenue Code, 26 U.S.C. 152) of such an individual.

(2) *Foreign government* means any unit of foreign governmental authority, including any foreign national, State, local and municipal government; any international or multinational organization whose membership is composed of any unit of foreign government; and any agent or representative of any such unit or organization while acting in that capacity.

(3) *Gift* means a tangible or intangible present, other than a decoration, tendered by, or received from, a foreign government. Examples of intangible gifts are travel and subsistence expenses.

(4) *Decoration* means an order, device, medal, badge, insignia, emblem or award tendered by, or received from, a foreign government.

(5) *Minimal Value* means a retail value in the United States at the time of acceptance of $140.00 or less. Refer to Federal Property Management Regulations Amendment H–130 dated September 29, 1981.

(c) *Prohibited activities.* An employee is prohibited from: (1) Requesting or otherwise encouraging the tender of a gift or decoration from a foreign government; or

(2) Accepting a gift or decoration from a foreign government, except in accordance with the rules and procedures of the Department. These prohibitions apply whether an employee is on or off duty.

(d) *Exceptions.* An employee may: (1) Accept and retain a gift of minimal value tendered and received as a souvenir or mark of courtesy; and

(2) Accept a gift of more than minimal value when such a gift is in the nature of an educational scholarship or medical treatment, or when it appears to refuse the gift would likely cause offense or embarrassment or otherwise adversely affect the foreign relations of the United States, provided that: (i) When a tangible gift of more than minimal value is accepted, it will be

deemed to have been accepted on behalf of the United States, shall become the property of the United States upon acceptance, and shall be deposited by the employee with the Department within 60 days of acceptance; and

(ii) An employee may accept gifts of travel or expenses for travel taking place entirely outside the United States (such as transportation, food, and lodging) of more than minimal value if such acceptance is appropriate, consistent with the interests of the United States, and determined by the Assistant Secretary—Policy, Management and Budget to be in the best interests of the Department. In such cases, an appropriate adjustment must be made to the travel voucher claim covering per diem, lodging, etc.;

(3) Accept, retain, and wear a decoration tendered in recognition of active field service in time of combat operations or awarded for other outstanding or unusually meritorious performance, subject to the approval of the Department, *Provided*, That: (i) Without such approval, the decoration is deemed to have been accepted on behalf of the United States, shall become the property of the United States upon acceptance, and shall be deposited by the employee with the Department within 60 days of acceptance; and

(ii) Requests for approval should be sent to the Assistant Secretary—Policy, Management and Budget.

[46 FR 58425, Dec. 1, 1981; 47 FR 2995, Jan. 21, 1982. Redesignated and amended at 58 FR 32447, June 10, 1993]

§ 20.735–7 Reimbursement of travel and related expenses.

(a) *Policy*. (1) Except as specifically authorized by law, when an employee is on official duty (no leave status) all travel and accommodations shall be at Government expense and his or her acceptance of outside reimbursement for travel expenses or services in kind from private sources, either in his or her behalf or in behalf of the government, is not allowed (18 U.S.C. 209). This includes instances where an employee is officially directed to participate in a convention, seminar, or similar meeting sponsored by a private source for the mutual interest of the Government and the private source. In such instances, expenses shall be charged to the appropriate bureau or Department appropriation.

(2) The Department may charge a fee or accept reimbursement for providing a service or thing of value to a private source when the service or thing of value provided benefits to both the Government and the particular private source (31 U.S.C 9701). In such instances only a portion of the costs can be accepted from the private source. The Department must pay expenses associated with its usual official business and for the benefits it receives from participating in the event. The private source can be charged or may reimburse the Department for that portion of the service provided that exceeds the Department's usual expenses and the benefits to the government. Under this provision, payments from private sources must be deposited in the U.S. Treasury unless the bureau receiving the payment is authorized by statute to accept such payments.

(3) When a bureau is authorized by statute to accept gifts, the travel expenses incurred by an employee directed to participate in a convention, seminar, or similar meeting sponsored by a private source for the mutual interest of the Government and the private source may be reimbursed to the bureau and credited to its appropriation. The employee shall be paid by the bureau in accordance with the law relating to reimbursement for official travel and any accommodations and goods or services in kind furnished an employee shall be treated as a donation to the bureau and an appropriate reduction shall be made to the employee's reimbursement (46 CG 689 (1967)).

(4) When participation at a function is not in an official capacity, an employee may accept reimbursement of travel and accommodation expenses from a private source, provided that such acceptance creates no conflict or appearance of a conflict of interest with one's official duties. Participation as a private citizen must occur on one's own time, such as while on leave. If participation should occur during the course of official travel (i.e., evening or weekend hours during official travel status), the travel voucher submitted

for Government reimbursement of official duty expenses must be adjusted to claim only that per diem and travel attributable to official duty. Employees who are appointed by the President and paid at a rate higher than the highest rate for GS–18 are on 24 hour duty and determinations of what constitutes official duty and what is private participation should be carefully made.

EXAMPLE: An employee who is a member of a professional society is asked to speak at a society meeting. The society offers the employee air fare to and from the meeting and meals, but hotel accommodations are not offered. In order for the employee to attend while on official duty (no leave status) a decision must be made by his or her supervisor that attendance will result in sufficient benefits to the Government. If it is decided that there will be benefit to the Government all expenses: Air fare, meals, and hotel, must be paid to the employee by the Government. In this situation, if the employee's bureau is authorized by statute to accept gifts then (1) the air fare offered by the Society can be paid to the bureau, (2) the employee may accept the meals and the employee expenses for air fare and per diem shall be paid by the bureau with an appropriate reduction for the meals. If the supervisor decides that attendance at the meeting will not benefit the Government the employee may participate in the meeting and accept the air fare and meals offered by the Society in a non-official capacity, while on leave, provided that such participation creates no conflict or appearance of conflict with his or her official duties. Hotel and other related costs will be at the employee's personal expense.

(b) *Exclusions.* (1) When on official duty, contributions and awards incident to training in non-Government facilities, and payment of travel, subsistence, and other expenses incident to attendance at meetings may be accepted by an employee when the payment is made by a nonprofit, tax exempt organization as described in 26 U.S.C. 501(c)(3) and when no real or apparent conflict of interest will result. Prior advice should be obtained from the employee's ethics counselor in this circumstance (5 U.S.C. 4111).

(2) Employees may accept reimbursement by the Department for travel and related expenses when assigned (official personnel action detail) to State and local governments and to universities in accordance with 5 U.S.C. 3375.

(3) Should the Director of the United States Information Agency, with the approval of the employing agency, assign a Departmental employee to a foreign government, reimbursement for the employee's pay and allowances shall be made to the United States in an amount equal to the compensation, travel expenses, and allowances payable to such person during the period of such assignment, in accordance with 22 U.S.C. 1451.

(4) Should an employee be detailed by the Secretary to an international organization which requests services, the employee is deemed to be (for the purpose of preserving his or her allowances, privileges, rights, seniority, and other benefits) an employee of the Department and the employee is entitled to pay, allowances, and benefits from funds available to the Department. The international organization may reimburse the Department for all or part of the pay, travel expenses, and allowances payable during the detail; or, the detailed employee may be paid or reimbursed directly by the international organization for allowances or expenses incurred in the performance of duties required by the detail without regard to 18 U.S.C. 209 (5 U.S.C. 3343).

[46 FR 58425, Dec. 1, 1981; 47 FR 2995, Jan. 21, 1982; 47 FR 42360, Sept. 27, 1982, as amended at 49 FR 6375, Feb. 21, 1984. Redesignated at 58 FR 32447, June 10, 1993]

§ 20.735–8 Nepotism.

(a) *Definition.* ''Relative'' means an individual who is related to the employee as a father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daugther-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister.

(b) *Policy.* An employee may not appoint, employ, promote, advance, or advocate for appointment, employment, promotion, or advancement, in or to a position in the Department or over which he or she exercises jurisdiction or control, any individual who is a relative of the employee. An individual may not be appointed, employed, promoted, or advanced in or to a position in the Department if such appointment, employment, promotion, or advancement has been advocated by an

employee, who is a relative of the individual and who is serving in or exercising jurisdiction, or control over the position. (5 U.S.C. 3110)

(c) *Exceptions.* (1) An employee may employ or appoint relatives to meet emergency needs without regard to the restrictions in 5 U.S.C. 3110 and this part. Appointments under these conditions are temporary not to exceed 1 month, but may be extended for a second month if the emergency needs still exist (refer to 5 CFR 310.202). Emergency needs means a national emergency as defined in the Federal Personnel Manual and includes emergencies posing immediate threat to life or property. Exceptions may also be made in situations involving special scientific needs, isolated field stations or locations where there is a shortage of quarters. In regard to summer employees, refer to current Department directives.

(2) This section shall not be construed to prohibit the appointment of an individual who is a preference eligible in any case in which the passing over of that individual on a certificate of eligibles furnished under 5 U.S.C. 3317(a) will result in the selection for appointment of an individual who is not a preference eligible.

(3) An employee may supervise a relative when: A bureau director or the Assistant Secretary—Policy, Management and Budget for Office of the Secretary and other Departmental office employees, (i) finds that all merit-related provisions of Federal law have been observed, (ii) determines that such supervision would result in a net benefit to the Government, and (iii) assigns a non-related individual as manager to conduct performance evaluations and recommend promotions or advancements.

Supervision under this exception is limited to activities other than appointing, employing, promoting, advancing or advocating the appointment, employment, promotion or advancement of a relative. Effectively then, this exception allows an employee to work with his or her relative on the same project and to direct the work of a relative. Appointment, employment, promotion or advancement of a relative, and the advocacy of these actions for a relative, are prohibited by statute (5 U.S.C. 3110) and this exception does not allow these activities. It is recognized that the policy of Indian Self Determination, the application of Indian Preference and the isolation of many Indian Affairs installations may create situations where Indian Affairs employees exercise supervision or administrative control over an individual who is a relative. In such instances, except for emergency situations, all supervisory or administrative controls to be exercised over a relative shall be referred, without recommendation or advocacy, to the next higher administrative level for review and action.

(d) *Violation.* An individual supervised, appointed, employed, promoted, or advanced in violation of this section shall not receive salary. And, an employee who supervises, appoints, employs, promotes, advances or advocates these actions in violation of this section shall be subject to the sanctions in § 20.735–4.

[46 FR 58425, Dec. 1, 1981, as amended at 47 FR 42360, Sept. 27, 1982. Redesignated and amended at 58 FR 32447, June 10, 1993]

§ 20.735–9 Political activity.

(a) *Hatch Act.* 5 U.S.C. 7324 states generally that an employee may not use his or her official authority or influence for the purpose of interfering with or affecting the results of an election; or take an active part in political management or in policital campaigns. An employee is subject to dismissal for violation of this prohibition. Persons who are employed on an irregular or occasional basis, e.g., experts and consultants, are subject to the political activity restrictions of 5 U.S.C. 7324 while in an active duty status only and for the entire 24 hours of any day of actual employment. In accordance with regulations contained in 5 CFR part 733, the following definitions, permissible activities and prohibited activities help to interpret the restrictions in 5 U.S.C. 7324.

(1) Definitions include: (i) *Political party* means a National political party, a State political party, and an affiliated organization;

(ii) *Election* includes a primary, special, and general election;

(iii) *Nonpartisan election* means: (A) An election at which none of the candidates is to be nominated or elected as representing a political party any of whose candidates for presidential election received votes in the last preceding election at which presidential electors were selected, and

(B) An election involving a question or issue which is not specifically identified with a political party, such as a constitutional amendment, referendum, approval of a municipal ordinance, or any question or issue of a similar character.

(iv) ''Partisan'' when used as an adjective refers to a political party.

(2) ''Permissible activities'' consistent with the restrictions imposed by 5 U.S.C. 7324 include the right to: (i) Register and vote in any election;

(ii) Express opinions as an individual privately and publicly on political subjects and candidates;

(iii) Display a political picture, sticker, badge, or button;

(iv) Participate to the extent consistent with law in the nonpartisan activities of a civic, community, social, labor, or professional organization, or of a similar organization;

(v) Be a member of a political party or other political organization and participate in its activities to the extent consistent with law;

(vi) Attend a political convention, rally, fund-raising function, or political gathering;

(vii) Sign a political petition as an individual;

(viii) Make a financial contribution to a political party or organization except as restricted by provisions explained in paragraph (c) of this section;

(ix) Take an active part as an independent candidate, or in support of an independent candidate, in a partisan election covered by rules in 5 CFR 733.124;

(x) Take an active part as a candidate or in support of a candidate, in a nonpartisan election;

(xi) Be politically active in connection with a question which is not specifically identified with a political party, such as a constitutional amendment, referendum, approval of a municipal ordinance or any other question or issue of a similar character;

(xii) Serve as an election judge or clerk, or in a similar position to perform nonpartisan duties as prescribed by State or local law; and

(xiii) Otherwise participate fully in public affairs, except as prohibited by law, in a manner which does not materially compromise one's efficiency or integrity as an employee or the neutrality, efficiency, or integrity of the Department.

(3) ''Prohibited activities'' include, but are not limited to: (i) Any activity listed in paragraph (a)(2) of this section if participation in the activity would interfere with the efficient performance of official duties or create a conflict or apparent conflict of interest;

(ii) Serving as an officer of a political party, a member of a National, State, or local committee of a political party, an officer or member of a committee of a partisan political club, an officer in a Political Action Committee, or being a candidate for any of these positions. With respect to membership in Political Action Committees employees should obtain guidance from their ethics counselor;

(iii) Organizing or reorganizing a political party organization or political club;

(iv) Directly or indirectly soliciting, receiving, collecting, handling, disbursing, or accounting for assessments, contributions, or other funds for a partisan political purpose;

(v) Organizing, selling tickets to, promoting, or actively participating in a fund-raising activity of a candidate in a partisan election or a political party, or political club;

(vi) Taking an active part in managing the political campaign of a candidate for public office in a partisan election or a candidate for political party office;

(vii) Becoming a candidate for, or campaigning for, an elective public office in a partisan election except as indicated in paragraph (a)(2)(ix) of this section;

(viii) Soliciting votes in support of or in opposition to a candidate for public office in a partisan election or a candidate for political party office;

(ix) Acting as recorder, watcher, challenger, or similar officer at the

polls on behalf of a political party or a candidate in a partisan election;

(x) Driving voters to the polls on behalf of a political party or a candidate in a partisan election;

(xi) Endorsing or opposing a candidate for public office in a partisan election or a candidate for political party office in a political advertisement, a broadcast, campaign literature, or similar material;

(xii) Serving as a delegate, alternate, or proxy to a political party convention;

(xiii) Addressing a convention, caucus, rally, or similar gathering of a political party in support of or in opposition to a partisan candidate for public office or political party office; and

(xiv) Initiating or circulating a partisan nominating petition.

(4) Additional information regarding employees' participation in political activities, including certain exceptions for employees appointed by the President, by and with the advice and consent of the Senate, is contained in 5 CFR part 733.

(b) *Political affiliation.* No person in the Executive Branch with authority to take or recommend a personnel action relative to a person in, or an eligible candidate or applicant for, a position in the competitive service, may make inquiry concerning his or her political affiliation. All disclosures concerning political affiliation shall be ignored. Except as may be authorized or required by law, discrimination may not be exercised, threatened, or promised by any person in the Executive Branch against or in favor of an employee in, or an eligible candidate or applicant for, a position in the competitive service because of his or her political affiliation (5 CFR 4.2).

(c) *Federal Election Campaign Act Amendments of 1979.* The Federal Election Campaign Act Amendments of 1979, 93 Stat. 1339, prohibit, under threat of criminal penalty, Federal employees from contributing to a person if the person receiving said contribution is the employer or employing authority of the contributor.

[46 FR 58425, Dec. 1, 1981, as amended at 47 FR 42360, Sept. 27, 1982. Redesignated at 58 FR 32447, June 10, 1993]

§ 20.735–10 Other conduct.

(a) *Sexual harassment*—(1) *Definition.* Sexual harassment means deliberate or repeated unsolicited verbal comments, gestures, or physical contact of a sexual nature which are unwelcome.

(2) No employee shall sexually harass another employee of the Executive Branch or a member of the public having business with the Department. All employees and members of the public are entitled to work or conduct official business in an environment free from sexual harassment. Sexual harassment debilitates morale and productivity, and undermines confidence in the fairness and integrity of government. Sexual harassment is, therefore, a form of employee misconduct which shall subject the employee engaging in such conduct to discipline. Sexual harassment also constitutes sex discrimination, which is a prohibited personnel practice, when it affects an employee's employment status or conditions on the basis of conduct related to gender rather than job performance, such as the taking or refusal to take a personnel action, including, but not limited to, promotion of employees who submit to sexual advances or refusal to promote employees who resist or protest sexual overtures. For example, a supervisor who, on or off duty, uses implicit or explicit sexual behavior to control, influence, or affect the career, salary, or job performance of an employee is engaging in sexual harassment, sex discrimination and a prohibited personnel practice.

(3) *Reporting a violation.* (i) If an employee believes he or she is being or has been sexually harassed, and such harassment relates to his or her employment status or conditions, such as promotion, training, step increase, work assignments, etc., the standard Equal Employment Opportunity complainant process or the appropriate grievance process can be followed. The affected employee may contact either his or her Equal Employment Opportunity Officer or Personnel Specialist for further information concerning these procedures.

(ii) Individuals may also report any incident of sexual harassment to the Inspector General either by using the hotline (703) 235–9399 or 800–424–5081

(toll free) or by writing to Post Office Box 1593, Arlington, VA 22210.

(iii) Individuals who in good faith report violations of this sexual harassment policy are assured of freedom from restraint, interference, coercion, discrimination or reprisal for reporting violations, and any employee found to have violated this assurance shall be disciplined pursuant to § 20.735–4.

(b) *Scope of authority.* Employees shall not engage in any conduct or activity which is in excess of his or her authority, or is otherwise contrary to any law or departmental policy.

(c) *Selling or soliciting.* Employees and other persons are prohibited from selling or soliciting for personal gain within any building or on any lands occupied or used by the Department. Exception is granted for Department authorized operations, including, but not limited to, the Interior Department Recreation Association, the Indian Arts and Crafts store, and for cafeteria, newsstand, snack bar and vending machine operations which are authorized by the Department for the benefit of employees or the public.

(d) *Habitual use of intoxicants.* An employee who habitually uses intoxicants to excess may be subject to removal (5 U.S.C. 7352). The provisions of 370 DM 792 should be thoroughly reviewed before considering any such action.

(e) *Community and professional activities.* (1) Employees are encouraged to participate in the activities of professional societies and civic organizations whose purpose and objectives are not inconsistent with those of the bureau in which they are employed.

(2) Participation in professional societies or organizations must not be incompatible with an employee's performance at his or her regularly assigned duties or detrimentally affect the Department's capacity to accomplish its missions.

(3) No Indian Affairs employee may hold a position on a tribal election board, or on a tribal school board which oversees Bureau of Indian Affairs schools. An employee in Indian Affairs may hold an office in other organizations, including organizations involving his or her own tribe in accordance with provisions in § 20.735–29(c).

(f) *Appropriations, legislation and lobbying.* (1) Unless expressly authorized by Congress, employees are prohibited from using any part of the money appropriated by any enactment of Congress to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any *legislation* or *appropriation* by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation; this prohibition does not prevent any employee from communicating to Members of Congress on the request of any Member *or* through proper official channels, requests for legislation or appropriations which they deem necessary for the efficient conduct of the public business (18 U.S.C. 1913). The right of employees, individually or collectively, to otherwise petition Congress or a Member of Congress or to furnish information to either House of Congress, or to a Committee or Member thereof, shall not be interfered with or denied (5 U.S.C. 7211).

(2) Employees are also required to refrain from promoting or opposing legislation relating to programs of the Department without the official sanction of the proper Departmental authority.

(g) *Unlawful organizations.* An employee may not advocate the violent overthrow of our constitutional form of government nor may an employee be a member of an organization that he or she knows advocates the violent overthrow of our constitutional form of government.

(h) *Patents.* Patent regulations issued by the Secretary, 43 CFR part 6, define the rights and obligations of employees with respect to any inventions made or developed while they are employed in the Department. Under the regulations each employee shall submit a report on any invention made or developed to the Solicitor through supervisory channels. This includes inventions developed on Government time and those developed on the employee's time and with his or her materials.

(i) *Notary.* An employee is prohibited from charging fees for performance of

any notarial act for any employee of the Federal Government acting in his or her official capacity or for any person during the hours of such notary's service to the Government (E.O. 977, Nov. 24, 1908).

(j) *Penalty and franked mail and official stationery.* An employee is prohibited from using official Government envelopes, with or without applied postage, or official letterhead stationery for personal business (18 U.S.C. 1719 and 39 U.S.C. 3201 *et seq.*). These statutory requirements prohibit employees from using Government envelopes to mail their own personal job applications.

(k) *Fraud or false statements in a Government matter.* Whoever, in any matter within the jurisdiction of any department or agency of the United States, knowingly or willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious, fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined the penalties applicable to violation of 18 U.S.C. 1001. Special attention is required in the certification of time and attendance reports, applications for employment, requests for travel reimbursement, and purchase orders and receiving forms.

(l) *Use of official title.* Employees are prohibited from using their official titles in conducting private business or participation in private or public group activities. Use is strictly limited to those occasions and circumstances where representation is official.

(m) *Carrying of firearms.* Employees, except those specifically designated to perform enforcement, police or other official duties requiring the use of firearms, are prohibited from carrying or having in their possession firearms on property under the control of the Secretary of the Interior. Employees who are officially stationed in parks, refuges, Indian reservations, other Tribal lands or other wilderness areas which are known to be inhabited by wild animals, are permitted, when on those lands, to carry and use firearms for personal protection as permitted by existing policy or as authorized by the park, refuge or area supervisor. Notwithstanding this paragraph, employees who are not on official duty may carry firearms on Departmental lands under the same conditions and in accordance with procedures and authorizations established for members of the general public.

(n) *Labor practices.* Employees are prohibited from striking against the Government of the United States (5 U.S.C. 7311). Additional information regarding affiliation with employee organizations is found in the Department Manual, Part 370, Chapter 711, Labor Management Relations.

[46 FR 58425, Dec. 1, 1981; 47 FR 42360, Sept. 27, 1982. Redesignated and amended at 58 FR 32447, June 10, 1993]

Subpart C—Conflict of Interest Prohibitions

§ 20.735–20 Scope of subpart.

(a) This subpart deals with restrictions on the outside financial and other interests of employees and on outside work by employees.

(b) General conflict of interest prohibitions based on Executive Order 12674 are contained in 5 CFR part 2635. Restrictions on outside work are contained in 5 CFR part 2635 (Subpart H). The remainder of Subpart C consolidates the Department's regulatory prohibitions against ownership of certain interests in areas of special Departmental responsibility: (1) Federal lands, (2) mining activity, and (3) Indians and Alaska natives.

(c) For purposes of applying the prohibitions in § 20.725–23, Interests in Federal lands; § 20.735–25, Interests in mining activities; and § 20.735–26, Interests in trading with Indians; of this subpart, the term ''Office of the Secretary and other Departmental Offices reporting directly to a Secretarial Officer'' means the following offices:

The Immediate Office of the Secretary (except for the Office of Historically Black College and University Programs and Job Corps);

Office of the Solicitor;

Office of Inspector General;

Office of Hearings & Appeals;

Office of Congressional and Legislative Affairs;
Office of Public Affairs;
All Assistant Secretaries, their immediate office staff and heads of bureaus which are subordinate to an Assistant Secretary.

The following offices under the Assistant Secretary—Policy, Management and Budget:

Office of Acquisition & Property Management;
Office of Budget;
Office of Environmental Affairs;
Office of Program Analysis.

(d) Except where otherwise indicated, the restrictions contained in this subpart apply without regard to grade level or the requirements for filing of financial interest statements.

[46 FR 58425, Dec. 1, 1981, as amended at 49 FR 6375, Feb. 21, 1984; 58 FR 32447, June 10, 1993]

§ 20.735–21 Statutory prohibitions.

(a) The criminal statutes generally spoken of as the conflict of interest laws, insofar as they relate to regular employees, are 18 U.S.C. 203, 205, 207, 208, and 209. These statutory prohibitions, discussed in 5 CFR 2635, generally apply to special government employees, as well.

(b) In addition to the prohibitions that are generally applicable, the following statutory prohibitions are imposed on specific classes of employees or former employees. These prohibitions apply to both regular and special government employees within the identified class.

(1) The officers, clerks, and employees in the Bureau of Land Management are prohibited from directly or indirectly purchasing or becoming interested in the purchase of any of the public land; and any person who violates this section shall forthwith be removed from his or her office (43 U.S.C. 11) See § 20.735–23 for prohibitions on interests in Federal lands by employees of the Department generally.

(2) Neither the Director nor any employee of the Bureau of Mines, in conducting inquiries and investigations authorized under 30 U.S.C. 1, 3, and 5–7 shall have any personal or private interest in any mine or the products of any mine under investigation, nor shall they accept employment from any private party for services in the examination of any mine or private mineral property or issue any report as to the valuation or the management of any mine or other private mineral property (30 U.S.C. 6). See § 20.735–25 for prohibitions on ownership of mining interests by employees generally.

(3) The Director and employees of the Geological Survey shall have no personal or private interests in the lands or mineral wealth of the region under survey, and shall execute no surveys or examinations of private parties or corporations. Members of the Geological Survey are prohibited from holding any personal or private direct interest, in lands whose title is in the United States. They are also prohibited from holding personal or private direct interests in the mineral wealth of such lands (43 U.S.C. 31(a)). The restrictions of 43 U.S.C. 31(a) are extended to the Director and employees of the Minerals Management Service. Refer to § 20.735–23 for prohibitions on interests on Federal lands and resources by employees of the Department generally.

(4) No person employed in the Bureau of Indian Affairs shall have any interest or concern in any trade with the Indians. See § 20.735–26 for prohibitions and exceptions concerning trade with Indians. Any person violating this prohibition shall be liable to a penalty of $5,000, imprisoned not more than six months, or both and shall be removed from his or her office. (Sec. 1, Pub. L. 96–277, 94 Stat. 544.)

(5) No employee of the Office of Surface Mining Reclamation and Enforcement and no other federal employee who performs functions or duties under the Surface Mining Control and Reclamation Act shall have any direct or indirect financial interest in surface or underground coal mining operations (30 U.S.C. 1211(f)). Regulations implementing this prohibition are found in 30 CFR part 706 and in § 20.735–24 of this part.

(Federal Land Policy and Management Act (43 U.S.C. 1701 et seq.))

[58 FR 32447, June 10, 1993]

§ 20.735–22 Special provisions governing outside work and employee filing requirements.

(a) General provisions governing outside work and activities are contained under 5 CFR part 2635 (Subpart H).

(b) *Requests for approval of outside work.* (1) Bureaus may require employees to obtain approval to engage in outside work by issuing supplementary requirements. (2) Employees who are uncertain about the propriety of a potential outside work or outside activity situation should seek guidance from their appropriate ethics or deputy ethics counselor prior to engaging in outside work or activity.

(c) Bureau of Land Management employees are prohibited from working as real estate agents and realty specialists. Appraisers employed in the Bureau of Indian Affairs are prohibited from working as real estate agents or appraisers. Such employees, however are not required to cancel a real estate license, but, rather, may maintain the license on an inactive basis.

(d) *Special filing conditions for special government employees.* (1) In an instance involving the proposed employment of a special government employee for highly specialized and limited duties, the head of the bureau or office may propose to the Designated Agency Ethics Official a reporting of financial interests restricted to such interests as may be determined to be relevant to the duties the special government employee is to perform. The Designated Agency Ethics Official may, under the provisions of 5 CFR 2634.905, exclude the special government employee from all or a portion of the confidential reporting requirements of the SF–450. Any reporting requirement of the SF–450 must be satisfied prior to the employment of the special government employee.

(2) In an instance involving the proposed employment of an expert, consultant or advisory committee member as a special government employee, it may be desirable to retain an individual who has personal financial interests in an industry or a company that may be affected by the performance of the person's official duties. In such instances retention of otherwise prohibited holdings will be allowed if the appointing officer certifies in writing that:

(i) No other equally qualified expert, consultant or member is available, or

(ii) The reason for proposing the special government employment of the individual is precisely because that individual will represent the industry involved as an employee of the industry.

(e) *Certificates of disclaimer.* (1) The following statutory restrictions apply specifically to the heads and employees of the bureaus and offices identified and shall also apply to employees in the Office of the Secretary and in other Departmental offices reporting directly to a Secretarial officer, who are in pay grades equivalent to GS–16 and above or who are in merit-pay positions as described in 5 U.S.C. 5401(b)(1): 43 U.S.C. 31(a)—Geological Survey; 18 U.S.C. 437—Indian Affairs; 43 U.S.C. 11—Bureau of Land Management; (4) 30 U.S.C. 6—Bureau of Mines. In addition, the statutory restrictions of 43 U.S.C. 31(a) shall apply to the Director and employees of the Materials Management Service. Refer to § 20.735–20(c) for the definition of Office of the Secretary and other Departmental Offices.

(2) Each employee covered by one or more of these restrictions shall sign a certificate of disclaimer upon entrance to or upon transfer to these bureaus or offices. The employee's signature will indicate that he or she:

(i) Is aware of the specific restrictions pertinent to his or her employment, and

(ii) Is in compliance with such restrictions.

(3) If an employee is unable to sign the certificate, he or she must submit a statement of facts to the appropriate ethics counselor for review and appropriate action.

(4) Signed certificates of disclaimer shall be filed and maintained by the employee's deputy ethics counselor.

[58 FR 32448, June 10, 1993]

§ 20.735–23 Interests in Federal lands.

(a) *Definitions.* (1) *Federal lands* means lands or resources or an interest in lands or resources administered or controlled by the Department of the Interior, including, but not limited to, the Outer Continental Shelf.

(2) *Outer Continental Shelf* means all submerged lands lying seaward outside

of the area of ''lands beneath navigable waters'' as defined in 43 U.S.C. 1301(a), and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.

(3) *Direct interest in Federal lands* means any employee ownership or part ownership in Federal lands or any participation in the earnings therefrom, or the right to occupy or use the property or to take any benefits therefrom, based upon a contract, grant, lease, permit, easement, rental agreement, or application. Direct interest in Federal lands also includes:

(i) Membership or outside employment in a business which has interests in Federal lands, and

(ii) Ownership of stock or other securities in corporations determined by the Department to have an interest in Federal lands directly or through a subsidiary.

(4) *Indirect interest in Federal lands* means any ownership or part ownership of an interest in Federal lands by an employee in the name of another where the employee still reaps the benefits. Indirect interest in Federal lands also includes:

(i) Holdings in land, mineral rights, grazing rights or livestock which in any manner are connected with or involve the substantial use of the resources or facilities of the Federal lands, or

(ii) Substantial holdings of a spouse or dependent child.

(b) *Prohibitions.* (1) The Director and members of the U.S. Geological Survey, Bureau of Land Management and of the Minerals Management Service are prohibited from:

(i) Voluntarily acquiring a direct or indirect interest in Federal lands; or

(ii) Retaining a direct interest in Federal lands acquired voluntarily or by any other method, before or during employment by the Department in their own name or in the name of their spouse, dependent child, or solely-owned or family-owned business except that they may acquire or retain such interests in accordance with the waiver criteria in paragraph (e) of this section.

(2) The Secretary and employees of the Office of the Secretary and other Departmental offices reporting directly to a Secretarial officer, who are in pay grades equivalent to GS–16 and above or who are in merit-pay positions as described in 5 U.S.C. 5401(b)(1), are prohibited from:

(i) Voluntarily acquiring a direct or indirect interest in Federal lands,

(ii) Retaining a direct interest in Federal lands acquired voluntarily or by any other method before or during employment by the Department. *Refer to § 20.735–20(c)* for the definition of Office of the Secretary and other Departmental Offices.

(3) All Department employees are prohibited from acquiring or retaining any claim, permit, lease, small tract entries, or other rights in Federal lands either in their own name or in the name of their spouse, dependent child, or solely-owned or family-owned business except that they may acquire or retain such interests in accordance with the waiver criteria in paragraph (e) of this section. Also, employees, other than those identified in paragraph (b)(1) and (2) of this section, may purchase or retain stocks or securities traded on the open market in companies having interests in Federal lands, provided that such acquisition will not interfere or appear to interfere with the proper and impartial performance of their official duties.

(4) No employee whose duties are connected in any way with Federal lands, may hold a direct or indirect financial interest in Federal lands that conflicts substantially or appears to conflict substantially with his or her Government duties or responsibilities.

(c) The prohibitions of this section apply to both regular and special government employees.

(d) *Exceptions.* (1) A Bureau of Land Management employee (or the spouse of a Bureau of Land Management employee) stationed in Alaska, may purchase or lease one tract of land, not exceeding five acres, for residence or recreation purposes in that state.

(2) Except for U.S. Mineral surveyors an individual employed on an intermittent or seasonal basis for a period not exceeding 180 working days in each calendar year, and a special government employee engaged in field work relating to land, range, forest, and mineral

conservation and management activities, and the spouse of such an individual shall not be precluded from retaining any interest, including renewal or continuation of existing rights, in Federal lands, provided that such an individual shall not acquire any additional interest in Federal lands during employment.

(3) An employee or any member of an employee's family may acquire wild free-roaming horses or burros from Federal lands for maintenance and protection through a cooperative agreement entered into in accordance with 43 CFR 4740.5 and 4740.4–2.

(4) Nothing in this section shall prohibit the recreational or other personal and noncommercial use of the Federal lands by an employee, the employee's spouse or dependent child, on the same terms as use of the Federal lands is available to the general public.

(5) Employees in Indian Affairs are not prohibited by the provisions of this section from acquiring or retaining interests in Federal lands controlled by the Department for the benefit of Indians and Alaska Natives provided such interests are otherwise legal.

(6) The prohibitions imposed on Minerals Management Service employees by paragraph (b) of this section are imposed by the Secretary through regulatory extension of the statutory provisions in 43 U.S.C. 31(a). Accordingly, the Secretary authorizes the Director, Minerals Management Service (LMS), to approve exceptions to this regulatory extension for individual LMS employees or for a class of LMS employees for cause. Exceptions granted by the Director for a class of employees shall be with the prior concurrence of the Designated Agency Ethics Official.

(e) *Waivers.* (1) The Designated Agency Ethics Official may approve the retention of an interest in Federal lands for employees identified in § 20.735–24(b) when there is little or no relationship between the employee's functions or duties and the particular interest in Federal lands and:

(i) The employee, or the spouse, or dependent child of the employee, acquired such an interest by gift, devise, bequest, or operation of law, or

(ii) The employee, or the spouse, or dependent child of the employee, acquired such an interest prior to the time the employee entered on duty in the Department, or

(iii) In the case of stock or securities traded on the open market, divestiture would constitute a financial hardship, or

(iv) The employee, or the spouse or dependent child of the employee acquired such an interest through a pre–existing trust or inherited trust (not established by themselves) provided, the employee has no control over its management or assets.

(2) No waiver is needed for holding an interest consistent with paragraph (d) of this section.

(3) Each request for waiver must consist of: (i) A written request submitted to the Designated Agency Ethics Official within 90 days from the effective date of these regulations, within 60 days of employment by the Department or within 60 days of being notified that the holding in Federal lands is a prohibited holding.

(ii) A full and complete disclosure of the interest in Federal lands,

(iii) A disclosure of the date and manner of acquisition (evidence to support this information may be required),

(iv) An explanation of why denial of the right to retain such interests will work a hardship upon the employee, and

(v) An opinion explaining why retention of the interest will not be contrary to the interests of the Department.

(4) Waivers for U.S. Geological Survey and Bureau of Land Management employees shall not be permitted where retention of the interest violates 43 U.S.C. 31(a) or 43 U.S.C. 11, respectively.

(f) *Advisory councils.* Nothing contained in this section shall disqualify individuals appointed pursuant to the Federal Land Policy and Management Act of 1976, 43 U.S.C. 1739, as members of advisory boards or councils from acquiring or retaining grazing licenses or permits issued pursuant to section 3 of the Taylor Grazing Act (43 U.S.C. 315b), or any other interest in land or resources administered by the Bureau of Land Management: Provided, that in no case shall the member of any such

board or council participate in any advice or recommendation concerning such license or permit in which such member is directly or indirectly interested.

(g) *Requests for advice.* When an employee is in doubt as to whether the acquisition or retention of any interest in lands or resources administered by the Department would violate the provisions of this section, a statement of the facts should be submitted promptly by the individual involved to his or her Ethics Counselor for transmittal to the Designated Agency Ethics Official for guidance.

[46 FR 58425, Dec. 1, 1981; 47 FR 2995, Jan. 21, 1982, as amended at 47 FR 42361, Sept. 27, 1982; 49 FR 6375, Feb. 21, 1984; 49 FR 18098, Apr. 27, 1984. Redesignated at 58 FR 32447, June 10, 1993]

§ 20.735–24 Interests in underground or surface coal mining operations.

(a) *Definitions.* (1) *Direct financial interest in underground or surface coal mining operations* means ownership or part ownership by an employee of lands, stocks, bonds, debentures, warrants, partnership shares, or other holdings and also means any other arrangement where the employee may benefit from his or her holding in or salary from coal mining operations. Direct financial interests also include employment, pensions, creditor, real property and other financial relationships.

(2) *Indirect financial interest in underground or surface coal mining operations* means the same financial relationships as for direct ownership, but where the employee reaps the benefits of such interests including interests held by his or her spouse, dependent child and other relatives, including in-laws, residing in the employee's home. The employee will not be deemed to have an indirect financial interest if there is no relationship between the employee's functions or duties and the coal mining operation in which the spouse, dependent children or other resident relatives hold a financial interest.

Refer to Note in § 20.735–21(b)(4) for examples of the kinds of interests that are not covered.

(3) *Coal mining operation* means the business of developing, producing, preparing or loading bituminous coal, subbituminous coal, anthracite or lignite or of reclaiming the areas upon which such activities occur.

(4) *Performing any function or duty under the Surface Mining Control and Reclamation Act of 1977* means those decisions or actions, which if performed or not performed by an employee, affect the programs under that Act.

(b) *Prohibitions.* (1) Neither the Director nor any member of the Office of Surface Mining Reclamation and Enforcement shall have a direct or indirect financial interest in underground or surface coal mining operations. The Assistant Secretary—Energy and Minerals, her or his staff, and no other employee performing any function or duty under the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1200 *et seq.*) shall have a direct or indirect financial interest in underground or surface coal mining operations. Section 201(f) of the Act provides that anyone who knowingly violates these prohibitions shall, upon conviction, be punished by a fine of not more than $2,500, or by imprisonment for not more than one year, or both.

(2) No other employee whose duties are connected in any way with coal mining activities may hold a direct or indirect financial interest in underground or surface coal mining operations or in mining enterprises conducting coal mining activities, when that financial interest conflicts substantially or appears to conflict substantially with his or her government duties or responsibilities (Executive Order 11222).

(c) The prohibitions of this section apply to both regular and special government employees.

(d) Employees are encouraged to review regulations contained in 30 CFR part 706 which pertain to the prohibitions of this section.

[46 FR 58425, Dec. 1, 1981. Redesignated at 58 FR 32447, June 10, 1993]

§ 20.735–25 Interests in mining activities.

(a) *Definitions.* (1) *Direct interest in mining activities* means any employee ownership or part ownership in mining activities or any participation in the earnings therefrom, or the right to take any benefits therefrom based upon

a contract, grant, lease, permit, easement, rental agreement, or application. Direct interest in mining activities includes:

(i) Membership or outside employment in a firm which has interests in mining activities, and

(ii) Ownership of stock or other securities in a corporation which has interests in mining activities directly or through a subsidiary.

(2) *Indirect interest in mining activities* means any ownership or part ownership of an interest in mining activities by an employee in the name of another where the employee still reaps the benefits. An indirect interest in mining activities also includes:

(i) Holdings in land, mineral rights, or other rights which in any manner are connected with mining activities, and

(ii) Substantial holdings of a spouse or dependent child.

Refer to Note § 20.735–21(b)(4) for examples of the kinds of interests that are not covered.

(3) *Mining activities* means any mining operations which: (i) Involve exploration, development, or extraction of oil, gas, coal or other minerals, or reclamation of lands after extraction, and

(ii) Are or will be affected by programs, policies, research or other actions initiated by this Department.

(4) *Investigation* means inquiries, scientific and technological research, tests and other activities conducted under provisions in 30 U.S.C. 1, 3, and 5 to 7.

(5) *Mine or products of any mine* means the specific mine or products of the specific mine under investigation and does not include other mines or the products of other mines owned by a company or other entity that are not under investigation.

(6) *Inside information* means Government information that is not available to members of the public upon request or through libraries.

(7) *Private mining enterprise* means any business organization involved in mining activities.

(b) *Prohibitions.* (1) Neither the Director nor any member of the Bureau of Mines shall: (i) Have any personal or private interest in any mine or the products of any mine under investigation;

(ii) Accept employment from any private party for services in the examination of any mine or private mineral property;

(iii) Issue any report as to the valuation or the management of any mine or other private mineral property; or

(iv) Use inside information obtained in the collection of mineral or energy resources statistics for private gain.

(2) Neither the Director nor any member of the Geological Survey shall hold substantial personal or private interests, direct or indirect, in any private mining activities in the United States. The Director of Geological Survey may authorize exceptions to this restriction for cause on an individual basis.

(3) The Secretary and employees of the Office of the Secretary and other Departmental offices reporting directly to a Secretarial officer, who are in pay grades equivalent to GS–16 and above or who are in merit-pay positions as described in 5 U.S.C. 5401(b)(1), are prohibited from: (i) Having any personal or private interest in any mine or the products of any mine under investigation by Bureau of Mines employees;

(ii) Accepting employment from any private party for services in the examination of any mine or private mineral property;

(iii) Issuing any report as to the valuation or the management of any mine or other private mineral property; and

(iv) Using inside information obtained in the collection of mineral or energy resources statistics for private gain.

See § 20.735–20(c) for the definition of Office of the Secretary and other Departmental Offices.

(4) No employee whose duties are connected in any way with mining activities may hold a direct or indirect interest in a mining activity or in a mining enterprise conducting mining activities when that interest conflicts substantially or appears to conflict substantially with his or her government duties or responsibilities.

(c) The prohibitions of this section apply to both regular and special government employees.

(d) The Bureau of Mines may temporarily employ in a consulting capacity or in the investigation of special subjects, any engineer or other expert whose principal professional practice is outside of employment by the Bureau of Mines as permitted in 30 U.S.C. 6.

(e) *Waivers.* (1) The Designated Agency Ethics Official may approve the retention of an interest in mining activities for employees identified in § 20.735–27(b) when there is little or no relationship between the employees functions or duties and the particular interest in mining activities, and:

(i) The employee or the spouse, or dependent child of the employee acquired such an interest by gift, devise, bequest, or by operation of law, or

(ii) The employee or the spouse, or dependent child of the employee, acquired such an interest prior to the time the employee entered on duty in the Department, or

(iii) In the case of stock or securities traded on the open market, divestiture would constitute a financial hardship, or

(iv) The employee or the spouse or dependent child of the employee acquired such an interest through a pre–existing trust or inherited trust (not established by themselves) provided, the employee has no control over its management or assets.

(2) Each request for waiver must consist of: (i) A written request submitted to the Designated Agency Ethics Official within 90 days from the effective date of these regulations, within 60 days of employment by the Department or within 60 days of being notified that the holding in mining activities is a prohibited holding.

(ii) A full and complete disclosure of the interest in mining activities,

(iii) A disclosure of the date and manner of acquisition (evidence to support this information may be required),

(iv) An explanation of why denial of the right to retain such interests will work a hardship upon the employee, and

(v) An opinion explaining why retention of the interest will not be contrary to the interest of the Department.

(3) Waivers shall not be applicable to cases where retention of the interest violates a statutory prohibition.

[46 FR 58425, Dec. 1, 1981; 47 FR 2995, Jan. 21, 1982, as amended at 47 FR 42361, Sept. 27, 1982. Redesignated at 58 FR 32447, June 10, 1993]

§ 20.735–26 Interests in trading with Indians.

(a) *Definitions.* For the purposes of this section,

(1) *Trade* means buying, selling, or bartering services, commodities or property with or without the use of money; and

(2) *Indian* means any member of an Indian tribe recognized as eligible for the services provided by the Bureau of Indian Affairs who is residing on a Federal Indian Reservation, on land held in trust by the United States for Indians, or on land subject to a restriction against alienation imposed by the United States. The term shall also include any such tribe and any Indian owned or controlled organization located on such a reservation or land.

(b) *Prohibitions.* No employee in Indian Affairs shall: (1) Have (other than as a lawful representative of the United States) any interest, in his or her own name, or in the name of another person where such employee benefits or appears to benefit from such interest—

(i) In any contract made or under negotiation with any Indian, for the purchase, transportation, or delivery of goods or supplies for any Indian, or

(ii) In any purchase or sale of any service of real or personal property (or any interest therein) from or to any Indian, or colludes with any person attempting to obtain any such contract, purchase, or sale.

(2) Make any purchase from or sale to an Indian of any real or personal property (or any interest therein) for the purpose of commercially selling, reselling, trading, or bartering such property; or

(3) Have any interest in any purchase or sale involving property or funds which are either held in trust by the United States for Indians or which are purchased, sold, utilized, or received in connection with a contract or grant to an Indian from the Bureau of Indian Affairs or the Indian Health Service, if

such officer, employee, or agent is employed in the office or installation of such Bureau or Service which recommends, approves, executes, or administers such transaction, grant, or contract on behalf of the United States except as authorized by 18 U.S.C. 437(b)(2)(B), as amended by section 1, Public Law 96–277, 94 Stat. 544.

(4) Acquire any interest in property held in trust, or subject to restriction against alienation imposed, by the United States unless the conveyance or granting of such interest in such property is otherwise authorized by law.

(c) *Extension of the prohibitions.* (1) The prohibitions in paragraph (b) of this section shall apply to the Secretary and employees of the Office of the Secretary and other Departmental offices reporting directly to a Secretarial officer, who are in pay grades equivalent to GS–16 and above or who are in merit-pay positions as described in 5 U.S.C. 5401(b)(1). *See § 20.735–20(c)* for the definition of Office of the Secretary and other Departmental Offices.

(2) The Designated Agency Ethics Official may grant a waiver to such employees when denial of the right to trade with Indians will work a hardship upon the employee, and for other good cause.

(d) The prohibitions of this section apply to both regular and special government employees covered by paragraphs (b) and (c) of this section.

(e) *Exceptions.* (1) Nothing contained in this section shall be construed as preventing any employee in Indian Affairs who is an Indian, of whatever degree of Indian blood, from obtaining or receiving any benefit or benefits made available to Indians generally or to any member of his or her particular tribe, under any Act of Congress, nor to prevent any such employee who is an Indian from being a member of or receiving benefits by reason of his or her membership in any Indian tribe, corporation, or cooperative association organized by Indians, when authorized under such rules and regulations as the Secretary or his designee shall prescribe.

(2) Employees in Indian Affairs, the Office of the Secretary and Other Departmental Offices may be permitted to trade with Indians or Indian organizations under rules or regulations prescribed by the President or his designee.

(f) *Penalties.* In addition to divestiture or disciplinary action, any person employed in Indian Affairs who violates the prohibitions contained in paragraph (b) of this section shall be liable to a penalty of $5,000 or imprisoned not more than six months or both, and shall be removed from his or her office notwithstanding any other provision of law concerning termination from Federal employment.

[46 FR 58425, Dec. 1, 1981; 47 FR 2996, Jan. 21, 1982. Redesignated at 58 FR 32447, June 10, 1993]

§ 20.735–27 Indian and Alaska Native organizations.

(a) *Definition.* The term *representative* means the occupant of an elective or other position in official governing body of the tribe, band, pueblo or corporation, or any position of the governing body which carries with it the right to vote in the proceedings of the body or to make substantial decisions on behalf of the governing body.

(b) *General restrictions.* Under the authority granted by 25 U.S.C. 472, the Secretary has determined that Indian and Alaska Native employees, whether regular or special government employees, are subject to the provisions of this part.

(c) *Interest in tribal affairs.* Many Indian or Alaska Native employees of the Department, especially within the Bureau of Indian Affairs, are members of federally-recognized tribes, bands, pueblos or corporations created under the Alaska Native Claims Settlement Act. These employees cannot absolve themselves of tribal membership or ownership in Indian or Alaska Native corporations. By law and policy, the Bureau of Indian Affairs must give preference to Indians in all personnel actions, and the Bureau is continually pursuing the policy of Indian Self-determination. In recognition of these factors, membership in an Indian tribe, band or pueblo which receives services from Interior, or ownership of interests in an Indian corporation established under the Indian Reorganization Act or Alaska Native corporation established

under the Alaska Native Claims Settlement Act, shall not be considered a conflicting interest except as restricted by the provisions of this section. Ownership of interests in an Indian or Alaska Native corporation shall be reported by the employee on the statement of employment and financial interests whenever such a statement is required.

(1) No person employed in Indian Affairs may hold a position on a tribal election board or on a tribal school board which oversees Bureau of Indian Affairs schools. Except for membership on a tribal election board and a tribal school board which oversees Bureau schools, an eligible person employed in Indian Affairs may, with the approval of the Deputy Assistant Secretary—Indian Affairs, become a candidate for office in his or her local tribe or may be appointed as a representative of his or her local tribe, if in the Deputy Assistant Secretary's judgment no real or apparent conflict of interest is created. *See § 20.735–21(b) for definitions of real and apparent conflict of interest.* Requests will be handled on a case-by-case basis and, if approved, will require that such duties be carried out while on:

(i) Off duty hours,

(ii) Leave without pay,

(iii) Administrative leave, or

(iv) An Intergovernmental Personnel Act assignment.

If service is provided to a tribe or Alaska Native Corporation in accordance with these special conditions, the employee may not thereafter, if the tribal organization with which he or she served is within the jurisdiction or area of responsibility of the office to which the employee is assigned, participate in his or her governmental capacity in a decision or recommendation involving a particular matter in which he or she participated while serving the tribal organization. It is the duty of the employee to identify to his or her supervisor the extent of participation in tribal matters and to request, when appropriate, to be relieved from acting on such matters in his governmental capacity.

(2) An Indian or Alaska Native may hold in the Bureau of Indian Affairs a policy or decisionmaking position, as defined in the Bureau of Indian Affairs Manual Part 735, on his or her home reservation, Area Office, or in the Central Office, with approval of the Deputy Assistant Secretary—Indian Affairs when the following conditions are met:

(i) During tenure the employee does not lease land more than $500 in value per year from the tribe or Alaska Native corporation for his or her personal benefit. The Deputy Assistant Secretary—Indian Affairs may authorize exceptions from the $500 limitation on an individual basis for cause;

(ii) There is divestiture of any tribal financial interest (as well as any personal outside financial interest) that creates an apparent or actual conflict situation, unless such divestiture is precluded by law or the Deputy Assistant Secretary—Indian Affairs determines that factors, such as, but not limited to, tribal custom or severe financial hardship, provide a basis for authorizing an individual exception;

(iii) Acquisition of Indian lands is limited to five (5) acres or less during tenure in office and may be further restricted to no acquisition of Indian lands if the employee presently holds any Indian lands;

(iv) Acquisition of any loans or grants through the tribal governing body is prohibited during tenure in office by the employee, spouse, dependent children or other relatives residing in the employee's home. As an exception, loans or grants are not prohibited for Higher Education and Adult Vocational Training programs;

(v) Any personal indebtedness to the tribal governing body is settled in full prior to appointment. The Appointing Office many grant extensions not to exceed 90 days after appointment; and

(vi) Any other specific conflict is satisfactorily resolved.

(3) An Indian or Alaska Native employee shall not make nor participate in a substantial manner in any decision of the Department if he or she has a private direct interest, as defined in § 20.735–21, in the results of the decision. If the decision is one which the employee would be expected to make if he or she had no direct interest, the matter shall be referred to the next higher authority of the Department

which does not have such private direct interest in an appropriate form but without recommendation by the employee having a direct private interest.

(4) The restrictions stated in this section shall apply to temporary and intermittent employees and consultants employed by the Department, except employees or consultants who are members of boards or other organizations which have as a principal purpose consultation with the Department related to Indians and Alaska Natives.

(d) *Special conditions for Bureau of Indian Affairs employees.* Approval may not be granted to Bureau of Indian Affairs employees to serve in a key decisionmaking role at their home agency or area office if a close relative or family member holds an elected position with any tribe under the jurisdiction of the home agency or area office. For the purpose of this condition, family members are defined as: Father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother or half sister.

[46 FR 58425, Dec. 1, 1981. Redesignated at 58 FR 32447, June 10, 1993]

Subpart D—[Reserved]

Subpart E—Resolution of Conflicts of Interest

§ 20.735–40 Procedures for resolving conflicts or prohibited holdings.

(a) *Remedial action to effect resolution.* (1) Violations of the regulations or the statutes referred to in this part by an employee may be cause for mandatory remedial action. Remedial action should normally be considered only after attempts to obtain voluntary resolution have failed. Voluntary resolution may include:

(i) Voluntary divestiture, or

(ii) Voluntary conversion to securities which are not prohibited or which do not create actual or apparent conflicts of interest with the employee's duties.

(2) If the Bureau Ethics Counselor decides that remedial action is required, immediate action shall be initiated to remedy the holding of prohibited financial interests or to eliminate the conflict or appearance of conflict of interest created by holding of a prohibited financial interest within a reasonable time, usually ninety days.

(b) Remedial action may include: (1) *Reassignment or restriction of the employee.* If an employee is in a job where there is a conflict of interest, it may be possible to reassign the employee to another job where no such conflict would exist. It may also be possible to restrict the employee from performing the particular duties that are creating the conflict or the appearance of a conflict of interest. Although the number of cases where this remedy can be used should be rare, the possibility should be explored before divestiture of the interest is ordered.

(2) *Divestiture of the interest.* If the conflict involves the ownership of stocks, lands, etc., or outside employment or business interest, the bureau Ethics Counselor may order the employee to divest himself or herself of the stocks, land, or business interest or to discontinue outside employment, whichever is appropriate. Divestiture of the interest shall be ordered in all situations where reassignment or restrictions of an employee will not resolve the conflict or where the conditions for a trust described below are not met. Evidence of divestiture must be provided in the form of broker's sale receipts or other appropriate documents.

(3) *Establishment of a qualified trust.* The Director, U.S. Office of Government Ethics, may allow an employee the option to place holdings in a qualified trust. A qualified trust is established when by written agreement, the employee gives control and legal title to a trustee. Detailed provisions covering the establishment of a qualified trust are contained in 5 CFR part 2634 (Subpart D).

(c) *Other forms of trust.* Employees who have pre-existing trusts or inherited trusts (not established by themselves) may, in rare instances and on a

case-by-case basis, receive authorization from the Designated Agency Ethics Official to continue the trust, provided the employee has no control over its management or assets.

(d) *Authority to order remedial action.* (1) Each bureau Ethics Counselor is authorized and shall order resolution of conflict of interest situations within his or her bureau. The advice of the appropriate Regional Solicitor, the Associate Solicitor—General Law, the Deputy Agency Ethics Official or the Designated Agency Ethics Official may be sought before such an order is issued. This authority to order remedial action may not be redelegated.

(2) A Deputy Assistant Secretary—Policy, Management and Budget is responsible for ordering resolution of conflict of interest situations for employees who file with the Director, Division of Personnel Services.

(3) The Deputy Secretary is responsible for ordering resolution of conflict of interest situations for employees who file with the Deputy Secretary or the Designated Agency Ethics Official. The Secretary shall order resolution of conflict of interest situations involving the Deputy Secretary.

(e) *Disciplinary action.* An employee who fails to comply with an order for remedial action is considered to be in violation of these regulations and shall be subject to disciplinary action, as provided by § 20.735–4.

[46 FR 58425, Dec. 1, 1981, as amended at 58 FR 32449, June 10, 1993]

§ 20.735–41 Appeal procedures.

(a) *When and how to appeal.* An employee has the right to appeal an order for remedial action under § 20.735–40 and shall have 30 days from the date of the remedial action order to exercise this right before any disciplinary action may be initiated. For appeals of remedial orders issued under § 20.735–40, the procedures described in 370 DM 771 may not be used in lieu of or in addition to those of this section. Each appeal shall be made in writing and shall contain:

(1) The basis for appeal,

(2) Facts supporting the basis, and

(3) The telephone number where appellant can be reached to discuss facts pertinent to the appeal.

(b) *Where to appeal.* (1) Orders for remedial action issued by the Assistant Secretary—Policy, Management and Budget or by a bureau Ethics Counselor may be appealed to the Deputy Secretary whose decision shall be final.

(2) Orders for remedial action issued by the Deputy Secretary may be appealed to the Secretary whose decision shall be final.

(c) *Review Board analysis and recommendations.* (1) Each appeal shall be considered by a Review Board consisting of a program Assistant Secretary selected by the Designated Agency Ethics Official, the Associate Solicitor—General Law, and the Director or Deputy Director Office of Personnel. Assistant Secretaries may delegate authority to serve on the Review Board to a Deputy Assistant Secretary who has not been involved, and who has not advised or made a decision on the issue or on the order for remedial action.

(2) The Deputy Agency Ethics Official shall serve as secretary to the Board, except for cases in which he or she has previously participated. In such cases, the Board shall designate an employee who has not previously been involved with the case to serve as secretary.

(3) The Review Board members shall:

(i) Obtain from the appropriate ethics counselor a full statement of actions and considerations which led to the order for remedial action including any supporting documentation or files used by the Ethics Counselor.

(ii) Obtain from the employee all facts, information, exhibits for documents which he or she feels should be considered before a final decision is made.

(iii) The secretary to the Board shall prepare a summary of the facts pertinent to the appeal. When appropriate, the Board may provide for personal appearance by the appellant before the Board if necessary to ascertain the circumstances concerning the appeal or may designate the Board secretary or another employee to conduct further fact finding, or may do both. Fact finding procedures shall be carried out by a person(s) who

(A) Has not been involved in the matter being appealed and

(B) Who does not occupy a position subordinate to any official who recommended, advised, made a decision on, or who otherwise is or was involved in, the matter being appealed.

(iv) Establish a file containing all documents related to the appeal, which shall be available to the appellant and his or her representative.

(v) Provide to the official who will decide the appeal an advisory recommendation on the appeal. The views of dissenting members of the review board shall also be provided.

(d) *Assurances to the appellant.* Each appellant is assured of:

(1) Freedom from restraint, interference, coercion, discrimination or reprisal in presenting an appeal,

(2) A reasonable amount of official time to present the appeal if the employee is otherwise in a duty status,

(3) The right to obtain counseling from an ethics counselor of the Department,

(4) The right to be accompanied, represented, and advised by a representative of his or her own choosing. The Board may disallow the choice of an individual as a representative if such representation would result in a conflict of interest or position which would conflict with the priority needs of the Department or which would give rise to unreasonable costs to the Government.

(e) *Assurances to the appellant's representative.* Each person chosen to represent an appellant is assured of:

(1) Freedom from restraint, interference, coercion, discrimination or reprisal, and

(2) A reasonable amount of official time to present the appeal if the representative is an employee of the Department and is otherwise in a duty status.

[46 FR 58425, Dec. 1, 1981. Redesignated and amended at 58 FR 32448, 32449, June 10, 1993]

PART 21—OCCUPANCY OF CABIN SITES ON PUBLIC CONSERVATION AND RECREATION AREAS

Sec.

21.1 Purpose.
21.2 Scope of regulations.
21.3 Definitions.
21.4 Occupancy under permit of privately owned cabins on recreation areas and conservation areas.
21.5 Occupancy under permit of Government-owned cabins on public recreation and conservation areas.
21.6 Cabin site occupancy where a recreation or conservation area has been leased to, or turned over to, another Federal or non-Federal public agency for administration.
21.7 Occupancy by trespassers.
21.8 Appeals.

AUTHORITY: Sec. 10, 32 Stat. 390; 43 U.S.C. 373; 52 Stat. 609, as amended, 43 U.S.C. 682; R.S. 2478, 43 U.S.C. 1201; 44 Stat. 471, as amended, 43 U.S.C. 869; 76 Stat. 653, 16 U.S.C. 460; 48 Stat. 402, as amended, 16 U.S.C. 664; 33 Stat. 614, 16 U.S.C. 686; 45 Stat. 448, 16 U.S.C. 690; 43 Stat. 651, 16 U.S.C. 725; 48 Stat. 1270, 43 U.S.C. 315; 39 Stat. 535, 16 U.S.C. 3.

SOURCE: 32 FR 8361, June 10, 1967, unless otherwise noted.

§ 21.1 Purpose.

This part establishes (a) when, and by what standards, use of conservation and recreation areas under private cabin permits must be modified or discontinued so as to allow the public use of such areas and (b) the procedures for renewing, extending, phasing out, or terminating private cabin permits. No current permits or any valid existing rights, are, per se, canceled by the provisions of this part. However, permits may be canceled for cause, or pursuant to termination provisions within the permit itself.

§ 21.2 Scope of regulations.

The provisions of this part apply to all recreation or conservation areas administered by the Department of the Interior, including recreation or conservation areas leased or transferred for administration to other Federal and non-Federal public agencies, wherever the Department of the Interior retains jurisdiction over the issuance of cabin site permits by such other agencies. The provisions of this part do not modify or cancel any existing arrangement whereby the Department of the Interior or bureau or office thereof has leased, or turned over for administration, a public recreation or conservation area to another Federal or non-Federal public agency. The provisions of this part will also provide policy

guidelines for the Departmental handling of assignments, amendments, or modifications of existing permits or agreements, but do not apply to areas transferred by deed where the United States retains a reversionary interest, nor to areas of the National Park System other than those where private cabin sites are located.

(a) The policies set out in this part shall not affect occupancy by private persons who have private rights, or rights of occupancy adjudicated or confirmed by court action, statute, or pursuant to a contract by which they conveyed to the Government the land on which a cabin or other substantial improvement is located.

(b) The policies set out in this part shall not apply to any concession contract or to any other permit or occupancy primarily granted to serve public rather than private or individual purposes— such as, permits granted to groups who assist in maintaining historic trails, or permits for youth and church group camp facilities, etc.

(c) The regulations in this part shall not supersede or substantially contravene the implementation of the Lower Colorado River Land Use Plan.

§ 21.3 Definitions.

(a) *Public recreation area* or *recreation area* means any land, title to which is in the United States and under the administration or jurisdiction of the Department of the Interior that is suitable for recreational purposes, including all such areas of the National Park System not excepted by § 21.2, Bureau of Reclamation Reservoir areas, and any other areas dedicated to or administered by the Department for public recreational use.

(b) *Conservation area* means any land, title to which is in the United States and under the administration or jurisdiction of the Department of the Interior that is designated for fish, wildlife, or other conservation purposes, including all such areas of the National Wildlife Refuge Systems, National Fish Hatchery Systems, and any other such areas administered by the U.S. Fish and Wildlife Service; also, land administered by the Bureau of Land Management and suitable for conservation or protection of fish or wildlife.

(c) *Permit* means any lease, license, or other contract whereby a public recreation or conservation area is made available, in whole or part, to an individual or group for recreational purposes for a stipulated period of time, but does not include leases or transfers to other Federal or non-Federal public agencies.

(d) *Cabin site* means any area within a public recreation or conservation area whose occupancy and use is granted to an individual or group for a period of time by permit.

(e) *Substantial improvement* means any building, structure, or other relatively permanent facility or improvement affixed to a cabin site, utilized for human occupancy or related purposes, and costing or worth $1,000 or more. It does not include trailers or similar removable facilities.

(f) *Investment* in a substantial improvement refers to the basic expenditure of moneys or property in kind in connection with a particular improvement. Thus, for example, where property is conveyed by testamentary or inter vivos gift, the donee will be seen only as occupying the position of the donor with respect to the time and amount of the investment since it was the donor who made the investment.

(g) *Amortization* is the process whereby the investor in a substantial improvement derives sufficient use and/or economic benefit from the improvement over a period of time as to reasonably compensate for his investment.

(h) *Trespasser* means any person who is occupying land in a public recreation or conservation area without a valid permit.

(i) *Authorized Officer* means any person or persons designated by the head of any bureau or office of the Department with administrative jurisdiction over a particular conservation or recreation area, to make determinations and take other actions, consistent with the regulations in this part with respect to such area.

§ 21.4 Occupancy under permit of privately owned cabins on recreation areas and conservation areas.

(a) In any areas where the Authorized Officer determines that the recreational requirements of the general

public are limited, and is an area where private cabin site use has heretofore been permitted, he may extend or renew permits. Each such existing permit and any extension or renewal thereof will be:

(1) Reviewed at least once in every 5-year period to determine that the continued use of the individual cabin site is not inconsistent with the needs of the general public for use of the area. In periodically reviewing whether the existence of private cabin sites conflicts with the best public use of an area, consideration shall be given to (i) existing and projected public need for the area, (ii) compatibility between public uses and private cabin sites, (iii) development potential and plans for the area, and (iv) other relevant factors.

(2) Whenever the Authorized Officer determines that the public need for use of a recreation or conservation area has grown to a point where continued private cabin site use is no longer in the public interest, the procedures set forth in paragraph (b) of this section will be invoked to phase out existing permits by reducing and eliminating renewals, or extensions, consistent with protection of legitimate investment in improvements. These determinations and the reasons therefor shall be published in the FEDERAL REGISTER, together with such other forms of public notice as may be appropriate and necessary as determined by the Authorized Officer.

(3) Except as otherwise provided in an existing permit, no substantial improvement may hereafter be placed on any cabin site under permit without the prior approval of the Authorized Officer, and on such terms as the Authorized Officer may provide, consistent with public need. All renewed or extended permits shall contain this provision. Any such provision shall expressly state that the permission to place a substantial improvement on the site is a limited license subject to public need for the area and does not give the owner of the improvement any interest in the land or any special rights or equities, other than the right to remove the improvement at any time, subject to the land being left in reasonably unimpaired condition. This provision shall expressly stipulate that the owner shall have as a time period within which to amortize his investment in a substantial improvement placed on the site after the date of the regulations in this part, only the period of his existing permit, together with such extensions of his permit as may be granted consistent with the regulations in this part.

(b) Whenever the Authorized Officer determines, pursuant to paragraph (a)(2) of this section that the needs of the general public for a particular public recreation or conservation area are sufficient to be inconsistent with further use of that area for private cabin sites, no further extension, or renewals of permits for any individual site shall, except as otherwise required by law, be granted for any period extending more than 5 years after the effective date of that determination: *Provided, however,* That, except as otherwise required by law, if an investment was made in a substantial improvement upon a site before the effective date of this part, the extension or renewal of the permit for such site shall be made for a period sufficient to permit 20 years amortization of the investment from the date of the investment in the improvement upon the site, unless the Authorized Officer finds that the needs of the general public for that site require that the extension or renewal be for a lesser period. Thus, for example, if a permit for the site is purchased before the effective date of the regulations in this part with the substantial improvement then in place, for a consideration of $1,000 or more, such amortization period runs from the purchase date, and is not affected, in any event, by the date of the determination under paragraph (a) of this section. The amortization period for any investment in a substantial improvement on or after the effective date of the regulations in this part is covered by paragraph (a)(3) of this section, this paragraph (b), and paragraph (b)(5) of this section.

(1) Any permit, in an area required for general public recreation or conservation use, that expires prior to 5 years after the determination described in this paragraph (b), may, if otherwise authorized by law, be extended to the end of such 5 years if the

Authorized Officer determines that such extension is necessary to the fair and efficient administration of this part.

(2) Any renewal or extension of a permit pursuant to this part shall be subject to the condition that the occupant maintain the site and the improvements thereon in a good and serviceable condition, ordinary wear and tear excluded.

(3) Any renewal or extension of a permit shall expressly state its termination date and that there will be no extension or renewal thereafter, except as provided by this part. Permits shall expressly state that they grant no vested property right but afford only a limited license to occupy the land, pending a greater public use.

(4) Upon termination of occupancy under a permit, its renewal or extension, the permittee shall remove his improvements from the site within 90 days from the date of termination, and the land shall be left in reasonably unimpaired condition and as near to its original undisturbed condition as possible. Any property not so removed shall become the property of the United States or may be moved off the site, at the cost of the permittee. Any renewal, or extension, of a permit shall state these requirements.

(5) Voluntary and involuntary transfers of cabin site permits, including by sale, devise, inheritance, or otherwise, may be permitted, subject to approval by the Authorized Officer, subject to the terms, conditions, and restrictions in the permit. No such transfer shall operate to extend the terms of a permit. A transfer after the effective date of the regulations in this part shall give the transferee no rights in addition to those which the transferor had. Where any transfer of a cabin site permit is approved, the approval shall state in writing the requirements of this paragraph, and include the statement that the amortization period for any substantial improvement located on the site shall be limited to the period to which the transferor would have been entitled under the regulations in this part.

(6) Nonuse of a site for a period of more than 2 consecutive calendar years shall terminate the permit without right of renewal (subject to the specific terms of the permit): *Provided, however,* That where the nonuse is the result of the death, illness, or military service of the permittee the Authorized Officer may waive such nonuse. In such case, sale or transfer of the improvement may be made for the unexpired portion of the permit and subject to the provisions for amortization set forth in this section. The Authorized Officer may make exceptions to this termination provision in any case where he determines that the needs of the general public so require (see introductory text of this paragraph (b)). All permits renewed, or extended after the effective date of this part shall state the requirements of this paragraph.

§ 21.5 Occupancy under permit of Government-owned cabins on public recreation and conservation areas.

(a) Those permittees who occupy Government-owned cabins, including those whose permits currently have expired, but previously have been renewed on a year-to-year basis, may have their permits renewed up to July 1, 1969. After that date, the permits shall not be renewed and shall be terminated finally except upon a determination by the Authorized Officer that a renewal or extension is fully consistent with the public use of the area.

(b) The provisions for amortization of substantial improvements do not apply to this type of occupancy.

§ 21.6 Cabin site occupancy where a recreation or conservation area has been leased to, or turned over to, another Federal or non-Federal public agency for administration.

(a) After the effective date of this part, any agreement whereby a recreation or conservation area is leased or turned over to another Federal or non-Federal public agency for administration, shall include the requirement that any permits to individuals, groups or others issued or extended by another Federal or non-Federal public agency to whom an area has been leased or transferred for administration, shall comply with, and set forth on the face of the permit, the requirements stated in this part. Similar requirements shall

be applied in situations where an existing agreement reserves such authority to this Department.

(b) All such arrangements between another public agency and a permittee (see § 21.2) shall be reviewed by the Authorized Officer to assure full compliance with those provisions of the permit which are designed to assure performance in the best interests of the general public.

(c) Renewals, extensions, or new leases or transfers to other Federal, State, or local agencies for administration of public recreation areas, shall be granted only pursuant to the policies set forth in this part, and only upon an affirmative finding by the Authorized Officer that they are fully consistent with present and future public uses. All applicable safeguards set forth in this part, including the protection of future public uses, shall be expressly incorporated into such leases or transfers.

§ 21.7 Occupancy by trespassers.

Occupants of cabin sites who do not hold a valid permit for the occupancy or use of the site, shall be required to surrender occupancy, failing which legal action shall be taken. Nothing herein shall grant any rights to a trespasser.

§ 21.8 Appeals.

Any determination made pursuant to any of the provisions of this part may be appealed to the Director, Office of Hearings and Appeals, in accordance with the general rules set forth in subpart B of part 4 of this title and the special procedural rules in subpart G of part 4 of this title, applicable to proceedings in appeals cases which do not lie within the appellate jurisdiction of an established Appeals Board of the Office of Hearings and Appeals.

[36 FR 7206, Apr. 15, 1971]

PART 22—ADMINISTRATIVE CLAIMS UNDER THE FEDERAL TORT CLAIMS ACT AND INDEMNIFICATION OF DEPARTMENT OF THE INTERIOR EMPLOYEES

Subpart A—Administrative Tort Claims

Sec.

22.1 Purpose.
22.2 Provisions of law and regulations thereunder.
22.3 Procedure for filing claims.
22.4 Denial of claims.
22.5 Payment of claims.

Subpart B—Indemnification of Department of the Interior Employees

22.6 Policy.

AUTHORITY: 28 U.S.C. 2671–2680; 5 U.S.C. 301.

SOURCE: 32 FR 6683, May 2, 1967, unless otherwise noted.

Subpart A—Administrative Tort Claims

§ 22.1 Purpose.

(a) The purpose of this part is to establish procedures for the filing and settlement of claims accruing on and after January 18, 1967, under the Federal Tort Claims Act (in part, 28 U.S.C. 2401(b), 2671–2680, as amended by Pub. L. 89–506, 80 Stat. 306).

[32 FR 6683, May 2, 1967, as amended at 47 FR 38329, Aug. 31, 1982]

§ 22.2 Provisions of law and regulations thereunder.

(a) Section 2672 of title 28 U.S. Code, as above amended, provides that:

The head of each Federal agency or his designee, in accordance with regulations prescribed by the Attorney General, may consider, ascertain, adjust, determine, compromise, and settle any claim for injury or death caused by the negligent or wrongful act or omission of any employee of the agency while acting within the scope of his office or employment, under circumstances where the United States, if a private person, would be liable to the claimant in accordance with the law of the place where the act or omission occurred: *Provided,* That any award, compromise, or settlement in excess of $25,000 shall be effected only with the prior written approval of the Attorney General or his designee.

Subject to the provisions of this title relating to civil actions on tort claims against the United States, any such award, compromise, settlement, or determination shall be final and conclusive on all officers of the Government, except when procured by means of fraud.

Any award, compromise, or settlement in an amount of $2,500 or less made pursuant to this section shall be paid by the head of the Federal agency concerned out of appropriations available to that agency. Payment of

any award, compromise, or settlement in an amount in excess of $2,500 made pursuant to this section or made by the Attorney General in any amount pursuant to section 2677 of this title shall be paid in a manner similar to judgments and compromises in like causes and appropriations or funds available for the payment of such judgments and compromises are hereby made available for the payment of awards, compromises, or settlements under this chapter.

The acceptance by the claimant of any such award, compromise, or settlement shall be final and conclusive on the claimant, and shall constitute a complete release of any claim against the United States and against the employee of the Government whose act or omission gave rise to the claim, by reason of the same subject matter.

(b) Subsection (a) of section 2675 of said title 28 provides that:

An action shall not be instituted upon a claim against the United States for money damages for injury or death caused by the negligent or wrongful act or omission of any employee of the Government while acting within the scope of his office or employment, unless the claimant shall have first presented the claim to the appropriate Federal agency and his claim shall have been finally denied by the agency in writing and sent by certified or registered mail. The failure of any agency to make final disposition of a claim within 6 months after it is filed shall, at the option of the claimant any time thereafter, be deemed a final denial of the claim for purposes of this section. The provisions of this subsection shall not apply to such claims as may be asserted under the Federal Rules of Civil Procedure by third party complaint, cross-claim, or counter-claim.

(c) Section 2678 of said title 28, as amended, provides that no attorney shall charge fees in excess of 25 percent of a judgment or settlement after litigation, or in excess of 20 percent of administrative settlements.

(d) Subsection (b) of section 2679 of said title 28 provides that tort remedies against the United States resulting from the operation of any employee of the Government of any motor vehicle while acting within the scope of his employment shall be exclusive of any other civil action or proceeding against the employee or his estate.

(e) Subsection (b) of section 2401 of said title 28 provides:

A tort claim against the United States shall be forever barred unless it is presented in writing to the appropriate Federal agency within 2 years after such claim accrues or unless action is begun within 6 months after the date of mailing, by certified or registered mail, of notice of final denial of the claim by the agency to which it was presented.

(f) The Federal Tort Claims Act, as amended, shall apply to claims accruing 6 months or more after date of its enactment (date of enactment, July 18, 1966).

(g) Pursuant to section 2672 of title 28, United States Code, as amended, the Attorney General has issued regulations (herein referred to as ''the Regulations''; 28 CFR part 14), prescribing standards and procedures for settlement of tort claims (31 FR 16616). The officers to whom authority is delegated to settle tort claims shall follow and be guided by such Regulations (28 CFR part 14).

§ 22.3 Procedure for filing claims.

(a) The procedure for filing and the contents of claims shall be pursuant to §§ 14.2, 14.3 and 14.4 of the regulations (28 CFR part 14).

(b) Claims shall be filed directly with the local field office of the Bureau or Office of the Department out of whose activities the accident or incident occurred.

(c) Upon receipt of a claim, the time and date of receipt shall be recorded. The claim shall be forwarded with the investigative file immediately to the appropriate Associate, Regional, or Field Solicitor for determination.

(5 U.S.C. 301, 5 U.S.C. 552)

[40 FR 53591, Nov. 19, 1975]

§ 22.4 Denial of claims.

Denial of a claim shall be communicated as provided by § 14.9 of the regulations (28 CFR part 14).

§ 22.5 Payment of claims.

(a) When an award of $2,500 or less is made, the voucher signed by the claimant shall be transmitted for payment to the appropriate Bureau or Office of the Department. When an award over $2,500 is made, transmittal for payment will be made as prescribed by § 14.10 of the regulations (28 CFR part 14).

(b) Prior to payment appropriate releases shall be obtained as provided in said section.

Subpart B—Indemnification of Department of the Interior Employees

§ 22.6 Policy.

(a) The Department of the Interior may indemnify a Department employee, who is personally named as a defendant in any civil suit in state or federal court or an arbitration proceeding or other proceeding seeking damages against a Department employee personally, for any verdict, judgment, or other monetary award which is rendered against such employee, provided that the conduct giving rise to the verdict, judgment, or award was taken within the scope of his or her employment and that such indemnification is in the interest of the Department of the Interior as determined by the Secretary or his designee.

(b) The Department of the Interior may settle or compromise a personal damage claim against a Department employee by the payment of available funds, at any time, provided the alleged conduct giving rise to the personal damage claim was taken within the employee's scope of employment and that such settlement or compromise is in the interest of the Department of the Interior as determined by the Secretary or his designee.

(c) Absent exceptional circumstances as determined by the Secretary or his designee, the Department will not entertain a request either to agree to indemnify or to settle a personal damage claim before entry of an adverse verdict, judgment, or award.

(d) A Department employee may request indemnification to satisfy a verdict, judgment, or award entered against the employee. The employee shall submit a written request, with appropriate documentation including copies of the verdict, judgment, award, or settlement proposal, in a timely manner to the Solicitor, who shall make a recommended disposition of the request. Where appropriate, the Department shall seek the views of the Department of Justice. The Solicitor shall forward the request, the accompanying documentation, and the Solicitor's recommendation to the Secretary or his designee for decision.

(e) Any payment under this section either to idemnify a Department of the Interior employee or to settle a personal damage claim shall be contingent upon the availability of appropriated funds of the Department of the Interior.

[55 FR 4610, Feb. 9, 1990]

PART 23—SURFACE EXPLORATION, MINING AND RECLAMATION OF LANDS

Sec.

23.1 Purpose.
23.2 Scope.
23.3 Definitions.
23.4 Application for permission to conduct exploration operations.
23.5 Technical examination of prospective surface exploration and mining operations.
23.6 Basis for denial of a permit, lease, or contract.
23.7 Approval of exploration plan.
23.8 Approval of mining plan.
23.9 Performance bond.
23.10 Reports: Inspection.
23.11 Notice of noncompliance: Revocation.
23.12 Appeals.
23.13 Consultation.

AUTHORITY: Sec. 32, 41 Stat. 450, as amended; 30 U.S.C. 189; sec. 5, 44 Stat. 1058; 30 U.S.C. 285; sec. 10, 61 Stat. 915; 30 U.S.C. 359; and sec. 2, 48 Stat. 1270; 43 U.S.C. 315.

SOURCE: 34 FR 852, Jan. 18, 1969, unless otherwise noted.

§ 23.1 Purpose.

It is the policy of this Department to encourage the development of the mineral resources under its jurisdiction where mining is authorized. However, the public interest requires that, with respect to the exploration for, and the surface mining of, such minerals, adequate measures be taken to avoid, minimize, or correct damage to the environment—land, water, and air—and to avoid, minimize, or correct hazards to the public health and safety. The regulations in this part prescribe procedures to that end.

§ 23.2 Scope.

(a) Except as provided in paragraph (b) of this section, the regulations in this part provide for the protection and conservation of nonmineral resources

during operations for the discovery, development, surface mining, and onsite processing of minerals under permits, leases, or contracts issued pursuant to: The Mineral Leasing Act of February 25, 1920, as amended (30 U.S.C. 181–287); the Mineral Leasing Act for Acquired Lands (30 U.S.C. 251–359); and title 23, United States Code, section 317, relating to appropriation for highway purposes of lands owned by the United States.

(b) The regulations in this part do not cover the exploration for oil and gas or the issuance of leases, or operations thereunder, for oil and gas under the mineral leasing acts, which are covered by regulations in subpart 3107 and part 3120 of this title and 30 CFR part 221; neither do they cover minerals underlying Indian tribal or allotted lanes, which are subject to regulations in title 25 CFR, nor minerals subject to the general mining laws (30 U.S.C. 21 through 54); nor minerals under the Materials Act; nor minerals underlying lands, the surface of which is not owned by the U.S. Government; nor minerals or operations subject to the provisions of 43 CFR subpart 3041.

NOTE: See Redesignation Table 2 of 43 CFR part 4000 to End, for appropriate sections of former subpart 3107 and part 3120 referred to in the above paragraph (b).

(c) The regulations in this part shall apply only to permits, leases, or contracts issued subsequent to the date on which the regulations become effective.

[34 FR 852, Jan. 18, 1969, as amended at 37 FR 12801, June 29, 1972; 41 FR 20273, May 17, 1976; 48 FR 27016, June 10, 1983]

§ 23.3 Definitions.

As used in the regulations in this part:

(a) *Mineral leasing acts* means the Mineral Leasing Act of February 25, 1920, as amended and supplemented (30 U.S.C. 181–287) and the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351–359);

(b) *Mining Supervisor* means the Area Mining Supervisor, or his authorized representative, of the Geological Survey authorized as provided in 30 CFR 211.3 and 231.2 to supervise operations on the land covered by a permit or lease;

(c) *District manager* means the manager of the district office or other authorized officer of the Bureau of Land Management having administrative jurisdiction of and responsibility for the land covered by a permit, lease, contract, application, or offer;

(d) *Overburden* means all the earth and other materials which lie above a natural deposit of minerals and such earth and other materials after removal from their natural state in the process of mining;

(e) *Area of land to be affected* or *area of land affected* means the area of land from which overburden is to be or has been removed and upon which the overburden or waste is to be or has been deposited, and includes all lands affected by the construction of new roads or the improvement or use of existing roads to gain access to an operation and for haulage;

(f) *Operation* means all of the premises, facilities, roads, and equipment used in the process of determining the location, composition or quality of a mineral deposit, or in developing, extracting, or onsite processing of a mineral deposit in a designated area;

(g) *Method of operation* means the method or manner by which a cut or open pit is made, the overburden is placed or handled, water is controlled or affected and other pacts performed by the operator in the process of exploring or uncovering and removing or onsite processing of a mineral deposit;

(h) *Holder* or *Operator* means the permittee, leasee, or contractor designated in a permit, lease, or contract;

(i) *Reclamation* means measures undertaken to bring about the necessary reconditioning or restoration of land or water that has been affected by exploration or mineral development, mining or onsite processing operations, and waste disposal, in ways which will prevent or control onsite and offsite damage to the environment.

[34 FR 852, Jan. 18, 1969, as amended at 38 FR 10009, Apr. 23, 1973; 48 FR 27016, June 10, 1983]

§ 23.4 Application for permission to conduct exploration operations.

No person shall, in any manner or by any means which will cause the surface

of lands to be disturbed, explore, test, or prospect for minerals (other than oil and gas) subject to disposition under the mineral leasing acts without first filing an application for, and obtaining, a permit, lease or contract which authorizes such exploring, testing, or prospecting.

[34 FR 852, Jan. 18, 1969, as amended at 48 FR 27016, June 10, 1983]

§ 23.5 Technical examination of prospective surface exploration and mining operations.

(a)(1) In connection with an application for a permit or lease under the mineral leasing acts, the district manager shall make, or cause to be made, a technical examination of the prospective effects of the proposed exploration or surface mining operations upon the environment. The technical examination shall take into consideration the need for the preservation and protection of other resources, including recreational, scenic, historic, and ecological values; the control of erosion, flooding, and pollution of water; the isolation of toxic materials; the prevention of air pollution; the reclamation by revegetation, replacement of soil, or by other means, of lands affected by the exploration or mining operations; the prevention of slides; the protection of fish and wildlife and their habitat; and the prevention of hazards to public health and safety.

(2) A technical examination of an area should be made with the recognition that actual potential mining sites and mining operations vary widely with respect to topography, climate, surrounding land uses, proximity to densely used areas, and other environmental influences and that mining and reclamation requirements should provide sufficient flexibility to permit adjustment to local conditions.

(b) Based upon the technical examination, the district manager shall formulate the general requirements which the applicant must meet for the protection of nonmineral resources during the conduct of exploration or mining operations and for the reclamation of lands or waters affected by exploration or mining operations. The general requirements shall be made known in writing to the applicant before the issuance of a permit or lease or the making of a contract, and upon acceptance thereof by the applicant, shall be incorporated in the permit, lease, or contract. If an application or offer is made under the Mineral Leasing Act for Acquired Lands and if the lands are under the jurisdiction of an agency other than the Department of the Interior, the requirements must incorporate provisions prescribed by that agency. If the application or offer is made under the Mineral Leasing Act of February 25, 1920, and if the lands are under the jurisdiction of an agency other than the Department of the Interior, the district manager shall consult representatives of the agency administering the land and obtain their recommendations for provisions to be incorporated in the general requirements. If the district manager does not concur in the recommendations, the issues shall be referred for resolution to the Under Secretary of the Department of the Interior and the comparable officer of the agency submitting the recommendations. In the case of disagreement on the issues which are so referred, the Secretary of the Interior shall make a determination on the recommendations which shall be final and binding.

(c) In each instance in which an application or offer is made under the mineral leasing acts, the mining supervisor shall participate in the technical examination and in the formulation of the general requirements. If the lands covered by an application or offer are under the jurisdiction of a bureau of the Department of the Interior other than the Bureau of Land Management, the district manager shall consult representatives of the bureau administering the land. If the lands covered by the application or offer are under the jurisdiction of an agency other than the Department of the Interior and that agency makes a technical examination of the type provided for in paragraph (a) of this section, district managers and mining supervisors are authorized to participate in that examination.

(d) Whenever it is determined that any part of the area described in an application or offer for a permit, lease, or contract is such that previous experience under similar conditions has

shown that operations cannot feasibly be conducted by any known methods or measures to avoid—

(1) Rock or landslides which would be a hazard to human lives or endanger or destroy private or public property; or

(2) Substantial deposition of sediment and silt into streams, lakes, reservoirs; or

(3) A lowering of water quality below standards established by the appropriate State water pollution control agency, or by the Secretary of the Interior; or

(4) A lowering of the quality of waters whose quality exceeds that required by the established standards—unless and until it has been affirmatively demonstrated to the State water pollution control agency and to the Department of the Interior that such lowering of quality is necessary to economic and social development and will not preclude any assigned uses made of such waters; or

(5) The destruction of key wildlife habitat or important scenic, historical, or other natural or cultural features; the district manager may prohibit or otherwise restrict operations on such part of an area.

(e) If, on the basis of a technical examination, the district manager determines that there is a likelihood that there will be a lowering of water quality as described in paragraphs (d) (3) and (4) of this section caused by the operation, no lease or permit shall be issued or contract made until after consultation with the Federal Water Pollution Control Administration and a finding by the Administration that the proposed operation would not be in violation of the Federal Water Pollution Control Act, as amended (33 U.S.C. section 466 *et seq.*) or of Executive Order No. 11288 (31 FR 9261). Where a permit or lease is involved the district manager's determination shall be made in consultation with the mining supervisor.

(f) Each notice of a proposed appropriation of a materials site filed by the Department of Transportation under 23 U.S.C. 317 shall be transmitted to the proper district manager. The district manager shall cause a technical examination to be made as provided in paragraph (a) of this section and shall formulate the requirements which the State highway department or its nominee must meet. If the land covered by the proposed appropriation is under the jurisdiction of a bureau of the Department other than the Bureau of Land Management, the district manager shall consult representatives of the bureau administering the land. If the district manager determines, or, in an instance in which the land is administered by another bureau, a representative of that bureau determines that the proposed appropriation is contrary to the public interest or is inconsistent with the purposes for which such land or materials are reserved, the district manager shall promptly submit the matter to the Secretary of the Interior for his decision. In other instances, the district manager shall notify the Department of Transportation of the requirements and conditions which the State highway department or its nominee must meet.

[34 FR 852, Jan. 18, 1969, as amended at 48 FR 27016, June 10, 1983]

§ 23.6 Basis for denial of a permit, lease, or contract.

An application or offer for a permit, lease, or contract to conduct exploratory or extractive operations may be denied any applicant or offeror who has forfeited a required bond because of failure to comply with an exploration or mining plan. However, a permit, lease, or contract may not be denied an applicant or offeror because of the forfeiture of a bond if the lands disturbed under his previous permit, lease, or contract have subsequently been reclaimed without cost to the Federal Government.

§ 23.7 Approval of exploration plan.

(a) Before commencing any surface disturbing operations to explore, test, or prospect for minerals covered by the mineral leasing acts the operator shall file with the mining supervisor a plan for the proposed exploration operations. The mining supervisor shall consult with the district manager with respect to the surface protection and reclamation aspects before approving said plan.

(b) Depending upon the size and nature of the operation and the requirements established pursuant to § 23.5 the mining supervisor or the district manager may require that the exploration plan submitted by the operator include any or all of the following:

(1) A description of the area within which exploration is to be conducted;

(2) Two copies of a suitable map or aerial photograph showing topographic, cultural and drainage features;

(3) A statement of proposed exploration methods, i.e. drilling, trenching, etc., and the location of primary support roads and facilities;

(4) A description of measures to be taken to prevent or control fire, soil erosion, pollution of surface and ground water, damage to fish and wildlife or other natural resources, and hazards to public health and safety both during and upon abandonment of exploration activities.

(c) The mining supervisor or the district manager shall promptly review the exploration plan submitted to him by the operator and shall indicate to the operator any changes, additions, or amendments necessary to meet the requirements formulated pursuant to § 23.5, the provisions of the regulations in this part, and the terms of the permit.

(d) The operator shall comply with the provisions of an approved exploration plan. The mining supervisor and the district manager may, with respect to such a plan, exercise the authority provided by paragraphs (f) and (g) of § 23.8 respecting a mining plan.

[34 FR 852, Jan. 18, 1969, as amended at 48 FR 27016, June 10, 1983]

§ 23.8 Approval of mining plan.

(a) Before surface mining operations may commence under any permit or lease issued under the mineral leasing acts the operator must file a mining plan with the mining supervisor and obtain his approval of the plan. Paragraphs (b) through (g) of this section confer authority upon mining supervisors with respect to mining plans pertaining to permits or leases issued under the mineral leasing acts. The mining supervisor shall consult with the district manager with respect to the surface protection and reclamation aspects before approving said plan.

(b) Depending on the size and nature of the operation and the requirements established pursuant to § 23.5, the mining supervisor or the district manager may require that the mining plan submitted by the operator include any or all of the following:

(1) A description of the location and area to be affected by the operations;

(2) Two copies of a suitable map, or aerial photograph showing the topography, the area covered by the permit, lease, or contract, the name and location of major topographic and cultural features, and the drainage plan away from the area to be affected;

(3) A statement of proposed methods of operating, including a description of proposed roads or vehicular trails; the size and location of structures and facilities to be built;

(4) An estimate of the quantity of water to be used and pollutants that are expected to enter any receiving waters;

(5) A design for the necessary impoundment, treatment or control of all runoff water and drainage from workings so as to reduce soil erosion and sedimentation and to prevent the pollution of receiving waters;

(6) A description of measures to be taken to prevent or control fire, soil erosion, pollution of surface and ground water, damage to fish and wildlife, and hazards to public health and safety; and

(7) A statement of the proposed manner and time of performance of work to reclaim areas disturbed by the holder's operation.

(c) In those instances in which the permit, lease, or contract requires the revegetation of an area of land to be affected the mining plan shall show:

(1) Proposed methods of preparation and fertilizing the soil prior to replanting;

(2) Types and mixtures of shrubs, trees, or tree seedlings, grasses or legumes to be planted; and

(3) Types and methods of planting, including the amount of grasses or legumes per acre, or the number and spacing of trees, or tree seedlings, or combinations of grasses and trees.

(d) In those instances in which the permit, lease, or contract requires regrading and backfilling, the mining plan shall show the proposed methods and the timing of grading and backfilling of areas to be affected by the operation.

(e) The mining supervisor or the district manager shall review the mining plan submitted to him by the operator and shall promptly indicate to the operator any changes, additions, or amendments necessary to meet the requirements formulated pursuant to § 23.5, the provisions of the regulations in this part and the terms of the permit, lease, or contract. The operator shall comply with the provisions of an approved mining plan.

(f) A mining plan may be changed by mutual consent of the mining supervisor or the district manager and the operator at any time to adjust to changed conditions or to correct any oversight. To obtain approval of a change or supplemental plan the operator shall submit a written statement of the proposed changes or supplement and the justification for the changes proposed. The mining supervisor or the district manager shall promptly notify the operator that he consents to the proposed changes or supplement or, in the event he does not consent, he shall specify the modifications thereto under which the proposed changes or supplement would be acceptable. After mutual acceptance of a change of a plan the operator shall not depart therefrom without further approval.

(g) If circumstances warrant, or if development of a mining plan for the entire operation is dependent upon unknown factors which cannot or will not be determined except during the progress of the operations, a partial plan may be approved and supplemented from time to time. The operator shall not, however, perform any operation except under an approved plan.

[34 FR 852, Jan. 18, 1969, as amended at 48 FR 27016, June 10, 1983]

§ 23.9 Performance bond.

(a)(1) Upon approval of an exploration plan or mining plan, the operator shall be required to file a suitable performance bond of not less than $2,000 with satisfactory surety, payable to the Secretary of the Interior, and the bond shall be conditioned upon the faithful compliance with applicable regulations, the terms and conditions of the permit, lease, or contract, and the exploration or mining plan as approved, amended or supplemented. The bond shall be in an amount sufficient to satisfy the reclamation requirements of an approved exploration or mining plan, or an approved partial or supplemental plan. In determining the amount of the bond consideration shall be given to the character and nature of the reclamation requirements and the estimated costs of reclamation in the event that the operator forfeits his performance bond.

(2) In lieu of a performance bond an operator may elect to deposit cash or negotiable bonds of the U.S. Government. The cash deposit or the market value of such securities shall be equal at least to the required sum of the bond.

(b) A bond may be a nationwide or statewide bond which the operator has filed with the Department under the provisions of the applicable leasing regulations in subchapter C of chapter II of this title, if the terms and conditions thereof are sufficient to comply with the regulations in this part.

(c) The district manager shall set the amount of a bond and take the necessary action for an increase or for a complete or partial release of a bond. He shall take action with respect to bonds for leases or permits only after consultation with the mining supervisor.

(d) Performance bonds will not be required of Federal, State, or other governmental agencies. Where the exploration or mining is actually performed for such Federal, State, or governmental agencies by a contractor who would have to post a bond under the terms of paragraph (a) of this section if he were the operator, such agencies shall require the contractor to furnish a bond payable to the United States which meets the requirements of paragraph (a) of this section. If, for some other purpose, the contractor furnishes a performance bond, an amendment to that bond which meets the requirements of paragraph (a) of this section

will be acceptable in lieu of an additional or separate bond.

[34 FR 852, Jan. 18, 1969, as amended at 35 FR 11237, July 14, 1970]

§23.10 Reports: Inspection.

(a)(1) The holder of a permit or lease under the mineral leasing acts shall file the reports required by this section with the mining supervisor.

(2) The provisions of this section confer authority and impose duties upon mining supervisors with respect to permits or leases issued under the mineral leasing acts.

(b) Operations report: Within 30 days after the end of each calendar year, or if operations cease before the end of a calendar year, within 30 days after the cessation of operations, the operator shall submit an operations report containing the following information:

(1) An identification of the permit, lease, or contract and the location of the operation;

(2) A description of the operations performed during the period of time for which the report is filed;

(3) An identification of the area of land affected by the operations and a description of the manner in which the land has been affected;

(4) A statement as to the number of acres disturbed by the operations and the number of acres which were reclaimed during the period of time;

(5) A description of the method utilized for reclamation and the results thereof;

(6) A statement and description of reclamation work remaining to be done.

(c) Grading and backfilling report: Upon completion of such grading and backfilling as may be required by an approved exploration or mining plan, the operator shall make a report thereon and request inspection for approval. Whenever it is determined by such inspection that backfilling and grading has been carried out in accordance with the established requirements and approved exploration or mining plan, the district manager shall issue a release of an appropriate amount of the performance bond for the area graded and backfilled. Appropriate amounts of the bond shall be retained to assure that satisfactory planting, if required, is carried out.

(d) Planting report: (1) Whenever planting is required by an approved exploration or mining plan, the operator shall file a report with the mining supervisor or district manager whenever such planting is completed. The report shall—

(i) Identify the permit, lease, or contract;

(ii) Show the type of planting or seeding, including mixtures and amounts;

(iii) Show the date of planting or seeding;

(iv) Identify or describe the areas of the lands which have been planted:

(v) Contain such other information as may be relevant.

(2) The mining supervisor or district manager, as soon as possible after the completion of the first full growing season, shall make an inspection and evaluation of the vegetative cover and planting to determine if a satisfactory growth has been established.

(3) If it is determined that a satisfactory vegetative cover has been established and is likely to continue to grow, any remaining portion of the performance bond may be released if all requirements have been met by the operator.

(e) Report of cessation or abandonment of operations: (1) Not less than 30 days prior to cessation or abandonment of operations, the operator shall report his intention to cease or abandon operations, together with a statement of the exact number of acres of land affected by his operations, the extent of reclamation accomplished and other relevant information.

(2)(i) Upon receipt of such report the mining supervisor or the district manager shall make an inspection to determine whether operations have been carried out and completed in accordance with the approved exploration or mining plan.

(ii) Whenever the lands in a permit, lease or contract issued under the mineral leasing acts are under the jurisdiction of a bureau of the Department of the Interior other than the Bureau of Land Management the mining supervisor or the district manager, as appropriate, shall obtain the concurrence of

the authorized officer of such bureau that the operation has been carried out and completed in accordance with the approved exploration or mining plan with respect to the surface protection and reclamation aspects of such plan before releasing the performance bond.

(iii) Whenever the lands in a permit, lease or contract issued under the Mineral Leasing Act of 1920 are under the jurisdiction of an agency other than the Department of the Interior, the mining supervisor or the district manager, as appropriate, shall consult representatives of the agency administering the lands and obtain their recommendations as to whether the operation has been carried out and completed in accordance with the approved exploration or mining plan with respect to the surface protection and reclamation aspects of such plan before releasing the performance bond. If the mining supervisor or district manager, as appropriate, do not concur in the recommendations of the agency regarding compliance with the surface protection and reclamation aspects of the approved exploration or mining plan, the issues shall be referred for resolution to the Under Secretary of the Department of the Interior and the comparable officer of the agency submitting the recommendations. In the case of disagreement on issues which are so referred, the Secretary of the Interior shall make a determination which shall be final and binding. In cases in which the recommendations are not concurred in by the mining supervisor or district manager, the performance bond shall not be released until resolution of the issues or until a final determination by the Secretary of the Interior.

(iv) Whenever the lands in a permit or lease issued under the Mineral Leasing Act for Acquired Lands are under the jurisdiction of an agency other than the Department of the Interior, the mining supervisor or the district manager, as appropriate, shall obtain the concurrence of the authorized officer of such agency that the operation has been carried out and completed in accordance with the approved exploration or mining plan with respect to the surface protection and reclamation aspects of such plan before releasing the performance bond.

[34 FR 852, Jan. 18, 1969, as amended at 48 FR 27016, June 10, 1983]

§ 23.11 Notice of noncompliance: Revocation.

(a) The provisions of this section confer authority and impose duties upon mining supervisors with respect to permits or leases issued under the mineral leasing acts. The Mining supervisor shall consult with the district manager before taking any action under this section.

(b) The mining supervisor or district manager shall have the right to enter upon the lands under a permit, lease, or contract, at any reasonable time, for the purpose of inspection or investigation to determine whether the terms and conditions of the permit, lease, or contract, and the requirements of the exploration or mining plan have been complied with.

(c) If the mining supervisor or the district manager determines that an operator has failed to comply with the terms and conditions of a permit, lease, or contract, or with the requirements of an exploration or mining plan, or with the provisions of applicable regulations under this part the supervisor or manager shall serve a notice of noncompliance upon the operator by delivery in person to him or his agent or by certified or registered mail addressed to the operator at his last known address.

(d) A notice of noncompliance shall specify in what respects the operator has failed to comply with the terms and conditions of a permit, lease, or contract, or the requirements of an exploration or mining plan, or the provisions of applicable regulations, and shall specify the action which must be taken to correct the noncompliance and the time limits within which such action must be taken.

(e) Failure of the operator to take action in accordance with the notice of noncompliance shall be grounds for suspension by the mining supervisor or the district manager of operations or

for the initiation of action for the cancellation of the permit, lease, or contract and for forfeiture of the performance bond required under § 23.9.

[34 FR 852, Jan. 18, 1969, as amended at 48 FR 27016, June 10, 1983]

§ 23.12 Appeals.

(a) A person adversely affected by a decision or order of a district manager or of a mining supervisor made pursuant to the provisions of this part shall have a right of appeal to the Board of Land Appeals, Office of Hearings and Appeals, whenever the decision appealed from was rendered by a district manager, or to the Director of the Geological Survey if the decision or order appealed from was rendered by a mining supervisor, and the further right to appeal to the Board of Land Appeals from an adverse decision of the Director of the Geological Survey unless such decision was approved by the Secretary prior to promulgation.

(b) Appeals to the Board of Land Appeals shall be made pursuant to part 4 of this title. Appeals to the Director of the Geological Survey shall be made in the manner provided in 30 CFR part 290.

(c) In any case involving a permit, lease, or contract for lands under the jurisdiction of an agency other than the Department of the Interior, or a bureau of the Department of the Interior other than the Bureau of Land Management, the officer rendering a decision or order shall designate the authorized officer of such agency as an adverse party on whom a copy of any notice of appeal and any statement of reasons, written arguments, or briefs must be served.

(d) Hearings to present evidence on an issue of fact before an administrative law judge may be ordered by the Board of Land Appeals or the Director of the Geological Survey, as the case may be, in accordance with the procedure set forth in part 4 of this title.

[35 FR 10009, June 18, 1970, as amended at 36 FR 7206, Apr. 15, 1971; 38 FR 10009, Apr. 23, 1973]

§ 23.13 Consultation.

Whenever the lands included in a permit, lease, or contract are under the jurisdiction of an agency other than the Department of the Interior or under the jurisdiction of a bureau of the Department of the Interior other than the Bureau of Land Management, the mining supervisor or the district manager, as appropriate, shall consult the authorized officer of such agency before taking any final action under §§ 23.7, 23.8, 23.10 (c) and (d) (2) and (3), and 23.11(c).

PART 24—DEPARTMENT OF THE INTERIOR FISH AND WILDLIFE POLICY: STATE-FEDERAL RELATIONSHIPS

Sec.

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AUTHORITY: 43 U.S.C. 1201.

SOURCE: 48 FR 11642, Mar. 18, 1983, unless otherwise noted.

§ 24.1 Introduction.

(a) In 1970, the Secretary of the Interior developed a policy statement on intergovernmental cooperation in the preservation, use and management of fish and wildlife resources. The purpose of the policy (36 FR 21034, Nov. 3, 1971) was to strengthen and support the missions of the several States and the Department of the Interior respecting fish and wildlife. Since development of the policy, a number of Congressional enactments and court decisions have addressed State and Federal responsibilities for fish and wildlife with the general effect of expanding Federal jurisdiction over certain species and uses of fish and wildlife traditionally managed by the States. In some cases, this expansion of jurisdiction has established overlapping authorities, clouded agency jurisdictions and, due to differing agency interpretations and accountabilities, has contributed to confusion and delays in the implementation of management programs. Nevertheless, Federal authority exists for specified purposes while State authority regarding fish and resident wildlife remains

the comprehensive backdrop applicable in the absence of specific, overriding Federal law.

(b) The Secretary of the Interior reaffirms that fish and wildlife must be maintained for their ecological, cultural, educational, historical, aesthetic, scientific, recreational, economic, and social values to the people of the United States, and that these resources are held in public trust by the Federal and State governments for the benefit of present and future generations of Americans. Because fish and wildlife are fundamentally dependent upon habitats on private and public lands managed or subject to administration by many Federal and State agencies, and because provisions for the protection, maintenance and enhancement of fish and wildlife and the regulation for their use are established in many laws and regulations involving a multitude of Federal and State administrative structures, the effective stewardship of fish and wildlife requires the cooperation of the several States and the Federal Government.

(c) It is the intent of the Secretary to strengthen and support, to the maximum legal extent possible, the missions of the States[1] and the Department of the Interior to conserve and manage effectively the nation's fish and wildlife. It is, therefore, important that a Department of the Interior Fish and Wildlife Policy be implemented to coordinate and facilitate the efforts of Federal and State agencies in the attainment of this objective.

§ 24.2 Purpose.

(a) The purpose of the Department of the Interior Fish and Wildlife Policy is to clarify and support the broad authorities and responsibilities of Federal[2] and State agencies responsible for the management of the nation's fish and wildlife and to identify and promote cooperative agency management relationships which advance scientifically-based resource management programs. This policy is intended to reaffirm the basic role of the States in fish and resident wildlife management, especially where States have primary authority and responsibility, and to foster improved conservation of fish and wildlife.

(b) In developing and implementing this policy, this Department will be furthering the manifest Congressional policy of Federal-State cooperation that pervades statutory enactments in the area of fish and wildlife conservation. Moreover, in recognition of the scope of its activities in managing hundreds of millions of acres of land within the several States, the Department of the Interior will continue to seek new opportunities to foster a ''good neighbor'' policy with the States.

§ 24.3 General jurisdictional principles.

(a) In general the States possess broad trustee and police powers over fish and wildlife within their borders, including fish and wildlife found on Federal lands within a State. Under the Property Clause of the Constitution, Congress is given the power to ''make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States.'' In the exercise of power under the Property Clause, Congress may choose to preempt State management of fish and wildlife on Federal lands and, in circumstances where the exercise of power under the Commerce Clause is available, Congress may choose to establish restrictions on the taking of fish and wildlife whether or not the activity occurs on Federal lands, as well as to establish restrictions on possessing, transporting, importing, or exporting fish and wildlife. Finally, a third source of Federal constitutional authority for the management of fish and wildlife is the treaty making power. This authority was first

[1] ''States'' refers to all of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, Guam, the Trust Territory of the Pacific Islands, the Commonwealth of Northern Mariana Islands and other territorial possessions, and the constituent units of government upon which these entities may have conferred authorities related to fish and wildlife matters.

[2] Hereinafter, the Bureau of Reclamation, Bureau of Land Management, Fish and Wildlife Service, and National Park Service will be referred to collectively as ''Federal agencies.''

recognized in the negotiation of a migratory bird treaty with Great Britain on behalf of Canada in 1916.

(b) The exercise of Congressional power through the enactment of Federal fish and wildlife conservation statutes has generally been associated with the establishment of regulations more restrictive than those of State law. The power of Congress respecting the taking of fish and wildlife has been exercised as a restrictive regulatory power, except in those situations where the taking of these resources is necessary to protect Federal property. With these exceptions, and despite the existence of constitutional power respecting fish and wildlife on Federally owned lands, Congress has, in fact, reaffirmed the basic responsibility and authority of the States to manage fish and resident wildlife on Federal lands.

(c) Congress has charged the Secretary of the Interior with responsibilities for the management of certain fish and wildlife resources, e.g., endangered and threatened species, migratory birds, certain marine mammals, and certain aspects of the management of some anadromous fish. However, even in these specific instances, with the limited exception of marine mammals, State jurisdiction remains concurrent with Federal authority.

§ 24.4 Resource management and public activities on Federal lands.

(a) The four major systems of Federal lands administered by the Department of the Interior are lands administered by the Bureau of Reclamation, Bureau of Land Management, units of the National Wildlife Refuge System and national fish hatcheries, and units of the National Park System.

(b) The Bureau of Reclamation withdraws public lands and acquires non-Federal lands for construction and operation of water resource development projects within the 17 Western States. Recreation and conservation or enhancement of fish and wildlife resources are often designated project purposes. General authority for Reclamation to modify project structures, develop facilities, and acquire lands to accommodate fish and wildlife resources is given to the Fish and Wildlife Coordination Act of 1946, as amended (16 U.S.C. 661–667e). That act further provides that the lands, waters and facilities designated for fish and wildlife management purposes, in most instances, should be made available by cooperative agreement to the agency exercising the administration of these resources of the particular State involved. The Federal Water Project Recreation Act of 1965, as amended, also directs Reclamation to encourage non-Federal public bodies to administer project land and water areas for recreation and fish and wildlife enhancement. Reclamation withdrawal, however, does not enlarge the power of the United States with respect to management of fish and resident wildlife and, except for activities specified in Section III.3 above, basic authority and responsibility for management of fish and resident wildlife on such lands remains with the State.

(c) BLM-administered lands comprise in excess of 300 million acres that support significant and diverse populations of fish and wildlife. Congress in the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 *et seq.*) directed that non-wilderness BLM lands be managed by the Secretary under principles of multiple use and sustained yield, and for both wilderness and non-wilderness lands explicitly recognized and reaffirmed the primary authority and responsibility of the States for management of fish and resident wildlife on such lands. Concomitantly, the Secretary of the Interior is charged with the responsibility to manage non-wilderness BLM lands for multiple uses, including fish and wildlife conservation. However, this authority to manage lands for fish and wildlife values is not a preemption of State jurisdiction over fish and wildlife. In exercising this responsibility the Secretary is empowered to close areas to hunting, fishing or trapping for specified reasons viz., public safety, administration, or compliance with provisions of applicable law. The closure authority of the Secretary is thus a power to close areas to particular activities for particular reasons and does not in and of itself constitute a grant of authority to the Secretary to manage wildlife or require or authorize the

issuance of hunting and/or fishing permits or licenses.

(d) While the several States therefore possess primary authority and responsibility for management of fish and resident wildlife on Bureau of Land Management lands, the Secretary, through the Bureau of Land Management, has custody of the land itself and the habitat upon which fish and resident wildlife are dependent. Management of the habitat is a responsibility of the Federal Government. Nevertheless, Congress in the Sikes Act has directed the Secretary of the Interior to cooperate with the States in developing programs on certain public lands, including those administered by BLM and the Department of Defense, for the conservation and rehabilitation of fish and wildlife including specific habitat improvement projects.

(e) Units of the National Wildlife Refuge System occur in nearly every State and constitute Federally owned or controlled areas set aside primarily as conservation areas for migratory waterfowl and other species of fish or wildlife. Units of the system also provide outdoor enjoyment for millions of visitors annually for the purpose of hunting, fishing and wildlife-associated recreation. In 1962 and 1966, Congress authorized the use of National Wildlife Refuges for outdoor recreation provided that it is compatible with the primary purposes for which the particular refuge was established. In contrast to multiple use public lands, the conservation, enhancement and perpetuation of fish and wildlife is almost invariably the principal reason for the establishment of a unit of the National Wildlife Refuge System. In consequence, Federal activity respecting management of migratory waterfowl and other wildlife residing on units of the National Wildlife Refuge System involves a Federal function specifically authorized by Congress. It is therefore for the Secretary to determine whether units of the System shall be open to public uses, such as hunting and fishing, and on what terms such access shall be granted. However, in recognition of the existing jurisdictional relationship between the States and the Federal Government, Congress, in the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd), has explicitly stated that nothing therein shall be construed as affecting the authority of the several States to manage fish and resident wildlife found on units of the system. Thus, Congress has directed that, to the maximum extent practicable, such public uses shall be consistent with State laws and regulations. Units of the National Wildlife Refuge System, therefore, shall be managed, to the extent practicable and compatible with the purposes for which they were established, in accordance with State laws and regulations, comprehensive plans for fish and wildlife developed by the States, and Regional Resource Plans developed by the Fish and Wildlife Service in cooperation with the States.

(f) Units of the National Park System contain natural, recreation, historic, and cultural values of national significance as designated by Executive and Congressional action. Specific enabling legislation has authorized limited hunting, trapping or fishing activity within certain areas of the system. As a general rule, consumptive resource utilization is prohibited. Those areas which do legislatively allow hunting, trapping, or fishing, do so in conformance with applicable Federal and State laws. The Superintendent may, in consultation with the appropriate State agency, fix times and locations where such activities will be prohibited. Areas of the National Park System which permit fishing generally will do so in accordance with applicable State and Federal Laws.

(g) In areas of exclusive Federal jurisdiction, State laws are not applicable. However, every attempt shall be made to consult with the appropriate States to minimize conflicting and confusing regulations which may cause undue hardship.

(h) The management of habitat for species of wildlife, populations of wildlife, or individual members of a population shall be in accordance with a Park Service approved Resource Management Plan. The appropriate States shall be consulted prior to the approval

of management actions, and memoranda of understanding shall be executed as appropriate to ensure the conduct of programs which meet mutual objectives.

(i) Federal agencies of the Department of the Interior shall:

(1) Prepare fish and wildlife management plans in cooperation with State fish and wildlife agencies and other Federal (non-Interior) agencies where appropriate. Where such plans are prepared for Federal lands adjoining State or private lands, the agencies shall consult with the State or private landowners to coordinate management objectives;

(2) Within their statutory authority and subject to the management priorities and strategies of such agencies, institute fish and wildlife habitat management practices in cooperation with the States to assist the States in accomplishing their fish and wildlife resource plans;

(3) Provide for public use of Federal lands in accordance with State and Federal laws, and permit public hunting, fishing and trapping within statutory and budgetary limitations and in a manner compatible with the primary objectives for which the lands are administered. The hunting, fishing, and trapping, and the possession and disposition of fish, game, and fur animals, shall be conducted in all other respects within the framework of applicable State and Federal laws, including requirements for the possession of appropriate State licenses or permits.

(4) For those Federal lands that are already open for hunting, fishing, or trapping, closure authority shall not be exercised without prior consultation with the affected States, except in emergency situations. The Bureau of Land Management may, after consultation with the States, close all or any portion of public land under its jurisdiction to public hunting, fishing, or trapping for reasons of public safety, administration, or compliance with provisions of applicable law. The National Park Service and Fish and Wildlife Service may, after consultation with the States, close all or any portion of Federal land under their jurisdictions, or impose such other restrictions as are deemed necessary, for reasons required by the Federal laws governing the management of their areas; and

(5) Consult with the States and comply with State permit requirements in connection with the activities listed below, except in instances where the Secretary of the Interior determines that such compliance would prevent him from carrying out his statutory responsibilities:

(i) In carrying out research programs involving the taking or possession of fish and wildlife or programs involving reintroduction of fish and wildlife;

(ii) For the planned and orderly removal of surplus or harmful populations of fish and wildlife except where emergency situations requiring immediate action make such consultation and compliance with State regulatory requirements infeasible; and

(iii) In the disposition of fish and wildlife taken under paragraph (i) (5)(i) or (i) (5)(ii) of this section.

§ 24.5 International agreements.

(a) International conventions have increasingly been utilized to address fish and wildlife issues having dimensions beyond national boundaries. The authority to enter into such agreements is reserved to the President by and with the advice and consent of the Senate. However, while such agreements may be valuable in the case of other nations, in a Federal system such as ours sophisticated fish and wildlife programs already established at the State level may be weakened or not enhanced.

(b) To ensure that effective fish and wildlife programs already established at the State level are not weakened, the policy of the Department of the Interior shall be to recommend that the United States negotiate and accede to only those international agreements that give strong consideration to established State programs designed to ensure the conservation of fish and wildlife populations.

(c) It shall be the policy of the Department to actively solicit the advice of affected State agencies and to recommend to the U.S. Department of State that representatives of such agencies be involved before and during negotiation of any new international

conventions concerning fish and wildlife.

§ 24.6 Cooperative agreements.

(a) By reason of the Congressional policy (e.g., Fish and Wildlife Coordination Act of 1956) of State-Federal cooperation and coordination in the area of fish and wildlife conservation, State and Federal agencies have implemented cooperative agreements for a variety of fish and wildlife programs on Federal lands. This practice shall be continued and encouraged. Appropriate topics for such cooperative agreements include but are not limited to:

(1) Protection, maintenance, and development of fish and wildlife habitat;

(2) Fish and wildlife reintroduction and propagation;

(3) Research and other field study programs including those involving the taking or possession of fish and wildlife;

(4) Fish and wildlife resource inventories and data collection;

(5) Law enforcement;

(6) Educational programs;

(7) Toxicity/mortality investigations and monitoring;

(8) Animal damage management;

(9) Endangered and threatened species;

(10) Habitat preservation;

(11) Joint processing of State and Federal permit applications for activities involving fish, wildlife and plants;

(12) Road management activities affecting fish and wildlife and their habitat;

(13) Management activities involving fish and wildlife; and,

(14) Disposition of fish and wildlife taken in conjunction with the activities listed in this paragraph.

(b) The cooperating parties shall periodically review such cooperative agreements and adjust them to reflect changed circumstances.

§ 24.7 Exemptions.

(a) Exempted from this policy are the following:

(1) The control and regulation by the United States, in the area in which an international convention or treaty applies, of the taking of those species and families of fish and wildlife expressly named or otherwise covered under any international treaty or convention to which the United States is a party;

(2) Any species of fish and wildlife, control over which has been ceded or granted to the United States by any State; and

(3) Areas over which the States have ceded exclusive jurisdiction to the United States.

(b) Nothing in this policy shall be construed as affecting in any way the existing authorities of the States to establish annual harvest regulations for fish and resident wildlife on Federal lands where public hunting, fishing or trapping is permitted.

PART 26—GRANTS TO STATES FOR ESTABLISHING YOUTH CONSERVATION CORPS PROGRAMS

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AUTHORITY: Sec. 4, 86 Stat. 1320, as amended, 88 Stat. 1067 (16 U.S.C. 1704)

SOURCE: 43 FR 41004, Sept. 13, 1978, unless otherwise noted.

§ 26.1 Introduction.

(a) The Youth Conservation Corps (YCC) is a program of summer employment for young men and women, aged 15 through 18, who work, earn, and learn together by doing projects which further the development and conservation of the natural resources of the United States. The corps is open to youth of both sexes, and youth of all social, economic, and racial classifications who are permanent residents of the United States, its territories, possessions, trust territories or commonwealths.

(b) The Youth Conservation Corps Act of 1970 (Pub. L. 91–378) provided for a 3-year pilot program to be carried out on lands and waters under the jurisdiction of the Secretary of Agriculture or the Secretary of the Interior. Public

Law 92–597 amended the 1970 Act to include a pilot program (beginning in fiscal year 1974) of grants to States to assist them in meeting the cost of Youth Conservation Corps projects on non-Federal public lands and waters within the States. Public Law 93–408 made the Youth Conservation Corps program permanent.

§ 26.2 Definitions.

(a) Terms used in these Regulations are defined as follows:

(1) *Act.* The Youth Conservation Corps Act of 1970. Public Law 91–378, as amended.

(2) *Secretaries.* The Secretaries of Agriculture and the Interior, or their designated representatives, who jointly administer the grant program. Within the Department of Agriculture, the YCC program is administered by the Forest Service; within the Department of the Interior it is administered by the Office of Youth Programs.

(3) *States.* Any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Trust Territory of the Pacific Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(4) *Grant.* Money or property provided in lieu of money, paid or furnished by the Secretaries pursuant to the Act to a State to carry out a YCC program on non-Federal public lands and waters. The amount of any grant shall be determined jointly by the Secretaries, except that no grant for any project may exceed 80 per centum of the cost (as determined by the Secretaries) of said project.

(5) *Grantee.* Any State which is a recipient of a Federal grant for the operation of a YCC program.

(6) *Subgrantee.* Any public organization, municipality, county, or agency which administers non-Federal public lands and waters which successfully applied through a State for the operation of a Youth Conservation Corps project within that State.

(7) *Contractor.* Any public agency or organization or any private nonprofit agency or organization which has been in existence for at least 5 years which operates a YCC project for a grantee or subgrantee.

(8) *Program agent.* Individual designated in writing by the Governor to have program responsibility for all aspects of YCC operations in that State except for those projects conducted under Federal auspices.

(9) *State grant program.* That part of the YCC program carried out on non-Federal public lands and waters by States receiving YCC grants-in-aid.

(10) *Project.* The operating unit of the State YCC grant program. A project will be designated as either residential or nonresidential.

(i) *Residential project.* One in which youth reside either 7 or 5 days per week at a site on or in proximity to the public lands where they conduct their work-learning program.

(ii) *Nonresidential project.* One in which youth reside at home and daily commute to the public lands to conduct their work-learning program.

(11) *Operating year.* January 1 through December 31.

(12) *Non-Federal public lands and waters.* Any lands or waters within the territorial limits of a State owned either in fee simple by a State or political subdivision thereof or over which a State or political subdivision thereof has, as determined by the Secretaries, sufficient long-term jurisdiction so that improvements made as the result of a grant will accrue primarily to the benefit of the public as a whole. Federally owned public lands and waters administered by a State or political subdivision thereof under agreement with a Department or Agency of the Federal Government are eligible under such definition if the Secretaries determine that the State or political subdivision thereof is entitled to or is likely to retain administrative responsibility for an extended period of time sufficient to justify classification as non-Federal public lands or waters.

§ 26.3 Program purpose and objectives.

(a) The purpose of the Act is to further the development and maintenance of the natural resources of the United States by American youth and in so doing prepare them for the ultimate responsibility of maintaining and managing these resources for the American

people. The Departments of Agriculture and the Interior have stressed the following three equally important objectives of the Youth Conservation Corps as reflected in the law:

(1) Accomplish needed conservation work on public lands.

(2) Provide gainful employment for 15- through 18-year-old males and females from all social, economic, and racial backgrounds.

(3) Develop an understanding and appreciation of the Nation's environment and heritage in participating youth.

(b) These objectives will be accomplished in a manner that will provide the youth with an opportunity to acquire increased self-dignity and self-discipline, better work and relate with peers and supervisors, and build lasting cultural bridges between youth from various social, ethnic, racial and economic backgrounds.

(c) Each YCC project will have, to the maximum extent possible as determined by the Secretaries' representatives, the following characteristics:

(1) A properly balanced and integrated environmental work-learning program in which environmental knowledge and awareness derives principally from meaningful work activities on public lands.

(2) A mixture of youth of both sexes from various social, economic, ethnic, and racial backgrounds which is representative of the youth residing within the recruiting area.

(3) A group-living component, both in residential and nonresidential programs, wherein enrollees have an opportunity to relate to each other and to staff during nonworking hours in activities which promote social interaction and group learning (e.g., evening cookouts, overnight or weekend camping).

(4) An enrollment of sufficient size (not less than 10 enrollees) that will permit social interaction and group learning. The program encourages projects of a size of 20 to 50 enrollees as the most desirable size.

§ 26.4 Legislation.

State programs must meet all of the requirements of section 4 of the act. Section 4 of the act which applies to the grant program reads as follows:

Sec. 4(a). The Secretary of the Interior and the Secretary of Agriculture shall jointly establish a program under which grants shall be made to States to assist them in meeting the cost of projects for the employment of young men and women to develop, preserve, and maintain non-Federal public lands and waters within the States. For purposes of this section, the term ''States'' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Trust Territory of the Pacific Islands, and American Samoa.

(b)(1) No grant may be made under this section unless an application therefor has been submitted to, and approved by, the Secretary of the Interior and the Secretary of Agriculture. Such application shall be in such form, and submitted in such manner, as the Secretaries shall jointly by regulation prescribe, and shall contain—

(A) Assurances satisfactory to the Secretaries that individuals employed under the project for which the application is submitted shall: (i) Have attained the age of 15 but not attained the age of 19, (ii) be permanent residents of the United States or its territories, possessions, or the Trust Territory of the Pacific Islands, (iii) be employed without regard to the personnel laws, rules, and regulations applicable to full-time employees of the applicant, (iv) be employed for a period of not more than 90 days in any calendar year, and (v) be employed without regard to their sex or social, economic, or racial classification; and

(B) Such other information as the Secretaries may jointly by regulation prescribe.

(2) The Secretaries may approve applications which they determine (A) meet the requirements of paragraph (1), and (B) are for projects which will further the development, preservation, or maintenance of non-Federal public lands or waters within the jurisdiction of the applicant.

(c)(1) The amount of any grant under this section shall be determined jointly by the Secretaries, except that no grant for any project may exceed 80 per centum of the cost (as determined by the Secretaries) of such project.

(2) Payments under grants under this section may be made in advance or by way of reimbursement and at such intervals and on such conditions as the Secretaries find necessary.

(d) Thirty per centum of the sum appropriated under section 6 for any fiscal year shall be made available for grants under this section for such fiscal year.

§ 26.5 Administrative requirements.

The following administrative requirements must be met:

(a) Recruitment and selection will be conducted in accordance with a Statewide plan designed to assure:

(1) An equal opportunity for both sexes, for all urban and rural youth regardless of social, economic, ethnic or racial background, with special outreach efforts toward minority, disadvantaged, non-public school youth, and youth having left school before graduation;

(2) That selections will be made on a random basis, without consideration of race, creed, religion, or national origin. Each project should be assigned as near as possible an equal number of slots for males and females;

(3) That enrollees have attained age 15 by June 1 but not age 19 by August 30;

(4) That not more than 10 percent of the enrollees in a project have been YCC enrollees in previous years and all returnees be designated as youth leaders and paid $1.50 per day in addition to their hourly rate of pay.

(b) To the maximum extent practicable, enrollees should be selected from an area within 1 day's surface travel from their home to a residential YCC project.

(c) Capital outlays for facilities should be kept at a minimum. No grant is to be made for construction of residential facilities other than to provide temporary facilities and their necessary basic infrastructure, and necessary renovation or modification of existing facilities.

(d) Operation of a project or session will be for a minimum of 26 consecutive calendar days. Projects during nonsummer periods may be authorized by the Secretaries when it can clearly be demonstrated that enrollment will not interfere with the established educational systems.

(e) The enrollee is an employee of the grantee or subgrantee. Depending on grantee's or subgrantee's work-week, grantees will insure that enrollees are engaged in up to 40 hours of work-learning activities each week, 25 percent of which will be in environmental awareness.

(f) To arrive at the enrollee weekly pay rate, the Federal or State minimum hourly wage (whichever is higher) should be multiplied by 30 hours per week, or 75 percent of the number of hours in the grantee or subgrantee established work-week, if less than 40 hours. To the maximum extent possible, the grantee should apply the same meal and lodging deduction as used by the Federal program.

(g) The Federal Government will cost-share as part of the grant enrollee pay based on up to 30 hours per week; any cost based on enrollee compensation for more than 30 hours per week will be assumed by the grantee or subgrantee and will not be part of the grant.

(h) Grantees must provide for an effective accident control, health, and safety program. As a minimum, grantees shall follow U.S. Department of Labor Bulletin No. 101, ''A Guide to Child Labor Provisions of the Fair Labor Standards Act.''

(i) Grantees will have a financial management system which will provide the information called for in attachment G of the Office of Management and Budget (OMB) circular A–102 (formerly FMC 74–7).

(j) ''Request for Advance or Reimbursement,'' as outlined in OMB circular A–102, attachment H, item 4(a), will be used to obtain an advance to start and/or maintain the program. It can also be used to obtain a reimbursement during or at the end of a project. An advance, not to exceed 1 month's needs, may be made after approval of the grant application.

(k) Grantees will prepare a ''Financial Status Report'' required by OMB circular A–102, attachment H, item (3)a. This report will be prepared on a cash basis. Instructions and forms will be supplied each grantee at the time of grant award. Grantees shall require similar reports from all subgrantees and contractors to facilitate their own reporting to the grantor agencies. The Financial Status Report will be prepared as of December 31 of each operating year. This report will be forwarded in time to reach the Secretaries by March 31 of the following operating year.

(l) Allowable costs under the grant program are defined in FMC 74–4 and OMB circular A–102.

(m) Records retention and custodial requirements for records are prescribed

by attachment C to OMB circular A–102.

(n) A budget revision is required in advance when the scope of the grant is to be changed through (1) addition or elimination of a project, (2) reduction in the State's grant program of 5 percent or more of enrollees, and/or (3) determination that the grantee will not utilize Federal funds in amount in excess of $5,000 or 5 percent of the Federal grant, whichever is greater. A budget revision must also be submitted when the State's matching ratio is reduced. No budget revision may be submitted later than March 31 following the end of the operating year. Procedures in attachment K of OMB circular A–102 will be followed.

(o) Grantees shall comply with the provisions of attachments N and O of OMB circular A–102 in regard to nonexpendable personal property and procurement standards.

(p) The Secretaries or their designees shall periodically review the conduct of the program of the State.

(q) Grantees will supervise those projects in the State being administered by subgrantees and contractors. Subgrantees and contractors will be required to operate in accordance with the procedures outlined in these regulations and the grant agreement with the State. Periodic inspection of subgrantee projects will be made by the grantee under the direction of the program agent or his designee. Grantees or subgrantees may contract with any public agency or organization or any private nonprofit agency or organization which has been in existence for at least 5 years.

(r) Grantees will meet the financial audit requirements of attachment G to OMB circular A–102 and will require the same of subgrantees. Copies of audits will be made available to the Secretaries upon request.

(s) Grantees shall provide accidental injury compensation and tort claims coverage under State laws for its enrollees. Enrollees shall be employed without regard to State personnel laws, rules, and regulations applicable to full-time employees. It is not intended that State enrollees be covered for retirement, unemployment compensation, health and life insurance purposes, or that they earn or be granted leave-with-pay or sick leave; such charges shall not be considered a qualifiying expense for Federal cost-share purposes.

(t) If the grantee fails to comply with the grant award stipulations, standards, or conditions, the Secretaries may jointly suspend the grant, in whole or in part, pending corrective action. Subsequent to or during any period of suspension of the grant, the Federal Government shall not be obligated to reimburse the grantee for any incurrence of obligations for suspended projects other than direct pay of enrollees and then only for a period of time which both the Secretaries shall determine to be reasonable. In addition, the Secretaries may jointly terminate the grant, in whole or in part. Termination shall be effected by notice of termination. Upon receipt of a notice of termination, the grantee shall:

(1) Discontinue further commitments of grant funds for the terminated project(s).

(2) Cancel all sub-grants or contracts, where possible, scheduled for payment with funds budgeted for the terminated project(s).

(3) Within 90 days after receipt of the notice of termination for the entire grant, supply either of the Secretaries with a financial status report, along with a refund check for any unused portion of funds advanced, or a request for reimbursement for allowable expenditures incurred in the grant program.

§ 26.6 Request for grant.

(a) Of the amount available for Youth Conservation Corps projects, 30 percent will be allocated for State projects. All States will be given an opportunity to participate in the program. Allocated funds not needed by a State will be reallocated, based on the merit of proposals submitted in accordance with paragraph (c) of this section.

(b) Pursuant to section (4)(c)(1) of Public Law 93–408, States may receive grants up to but not to exceed 80 percent of the cost of funding any project from the Federal Government. The

combined Federal/State costs of individual projects and other program expenses as established in the grant application determine the Federal/State cost-sharing ratio. Matching State costs can consist of either direct expenditures or services of an in-kind nature.

(c) Application for Federal Assistance (Standard Form 424) will be used by applicants in applying for grants under this program. Application forms will be supplied to Program Agents. Only a Program Agent may submit an application. A single grant application must be submitted for the entire summer program within each State. A separate application must be used for non-summer projects. A non-summer project is defined as one which extends beyond September 30, or begins prior to May 1.

(d) The Secretaries have designated individuals for each State who will jointly represent them. Grant applications (original and two copies) must be submitted to the designated reresentative of either Secretary. January 1 has been established as the deadline date for acceptance of applications for each operating year. Names and addresses of designated representatives will be furnished to each State. The Secretaries' representatives must jointly approve grant proposals. Approval or disapproval of proposals will be documented by a formal letter to the Program Agent. The Secretaries' representatives will also be available for technical assistance and will monitor the program.

§ 26.7 Application format and instructions.

Grant application must be made using the Office of Management and Budget approved form (SF–424) entitled ''Federal Assistance.'' Specific instructions and requirements which must be followed are included in the Secretaries' State Grant Procedures Handbook. General instructions for completing the form by part numbers are:

(a) Part I—(SF–424 Cover Sheet, Sections I and II) shall be completed.

(b) Part II—(Budget Data). See YCC State Grant Procedures Handbook for definitions of cost categories and for budget narrative instructions.

(c) Part III—(Program Narrative Statement). Complete a separate description of each project, which will include the following information (Items 13, 14, 15, and 16 may be consolidated, if common to all projects):

(1) Project number.

(2) Project name and address.

(3) Project location (nearest city or town and county).

(4) Name of grantee, sub-grantee and/or contractor.

(5) Land Ownership class(es) benefiting from the program—State, county, municipal or other non-Federal public lands (identify).

(6) Number of male and female youth planned for project, including youth leaders.

(7) Type of project (7-day residential; 5-day residential; non-residential; other).

(8) Length of session(s) (e.g., number of weeks) and proposed beginning and ending dates per session.

(9) Cost of project.

(10) Description of living conditions, if residential project (types of facilities, age, condition, tents, cabins, dormitories, food service).

(11) Project staff (number and position titles).

(12) Work-learning program. (Describe major projects, planned units of production if applicable, and any constraints that are anticipated. Explain how environmental learning will be integrated into projects.)

(13) Complete calculation for daily rate of enrollee pay, including deduction for food lodging.

(14) Description of health and safety program.

(15) Description of enrollee recruiting and selection system. (The Statewide recruiting and selection plan may be substituted.)

(16) Description of staff recruiting and selection system, including affirmative action measures to be taken.

(d) Part IV—(Assurances) is preprinted within Attachment M, Exhibit M–5, OMB Circular A–102, and is to be included as part of the application. The following assurance is not preprinted and must be included by the grantee in the grant application: The grantee agrees to administer tests and questionnaires; conduct interviews;

submit enrollee statistical and work accomplishment data; and otherwise assist the Federal Government in collecting information.

§ 26.8 Program reporting requirements.

(a) Monitoring and reporting of program performance will be in accordance with Attachment I of OMB Circular A–102.

(b) The reporting and/or recordkeeping requirements contained herein have been approved by the Office of Management and Budget in accordance with the Federal Reports Act of 1942.

§ 26.9 Consideration and criteria for awarding grants.

The decision by both of the Secretaries' representatives on grants to individual States will consider the following:

(a) The amount of grant funds allocated to the State.

(b) The quality of the proposed program in terms of meeting program characteristics and objectives.

(c) The overall cost per enrollee 8-week position.

(d) Actual prior performance of the State in administering YCC projects.

(e) The performance of the grantee in meeting the conditions of the grant and the requirements of OMB Circular A–102 and FMC 74–4.

PART 27—NONDISCRIMINATION IN ACTIVITIES CONDUCTED UNDER PERMITS, RIGHTS-OF-WAY, PUBLIC LAND ORDERS, AND OTHER FEDERAL AUTHORIZATIONS GRANTED OR ISSUED UNDER TITLE II OF PUBLIC LAW 93–153

Sec.

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27.14 Definitions.

AUTHORITY: Sec. 403, 87 Stat. 576 (1973)

SOURCE: 39 FR 34285, Sept. 24, 1974, unless otherwise noted.

§ 27.1 Purpose.

The purpose of this part is to effectuate section 403 of Public Law 93–153 (87 Stat. 576) to the end that no person shall on the grounds of race, creed, color, national origin, or sex, be excluded from receiving, or participating in any activity conducted under, any permit, right-of-way, public land order, or other Federal authorization granted or issued under title II of Public Law 93–153, 87 Stat. 584, the Trans-Alaska Pipeline Authorization Act.

§ 27.2 Application.

This part applies to all activities, including contracting, employment, services, financial aids, and other benefits, conducted under permits, rights-of-way, public land orders, and other Federal authorizations granted or issued under title II of the Act by recipients of those authorizations, their agents, contractors, and subcontractors at each of their facilities conducting such activities.

§ 27.3 Discrimination prohibited.

(a) *General.* No person shall on the grounds of race, creed, color, national origin, or sex, be excluded from receiving or participating in any activity conducted under, any permit, right-of-way, public land order, or other Federal authorization to which this part applies.

(b) *Specific discriminatory actions prohibited.* No recipient of any permit, right-of-way, public land order, or other Federal authorization to which this part applies, or its contractors, or subcontractors to which this part applies may directly or through contractual or other arrangements, on the grounds of race, creed, color, national origin, or sex, discriminate in offering or providing employment, contracting, services, financial aids, or other benefits as follows:

(1) *Employment practices.* No recipient, contractor, or subcontractor to which this part applies may, directly or

through contractual or other arrangements, subject an individual to discrimination on the grounds of race, creed, color, national origin, or sex in its employment practices, including recruitment advertising, hiring, firing, up-grading, promotion, demotion, or transfer, layoff, or terminations, rates of pay or other forms of compensation, or benefits, selection for training, or apprenticeship, use of facilities, treatment of employees or any other employment practice.

(2) *Contracting practices.* No recipient, contractor, or subcontractor to which this part applies may discriminate on the grounds of race, creed, color, national origin, or sex in its contracting practices, including but not limited to, determining qualification for placement on bidder lists, composition of bidder lists, pre-bid conferences, solicitation for bids, designation of quantities, or other specifications, delivery schedules, contract award and performance, or any other contracting practice.

(3) *Services, financial aids and other benefits.* No recipient, contractor, or subcontractor to which this part applies may, directly or through contractual or other arrangements, on the grounds of race, creed, color, national origin, or sex, discriminate in offering or providing services, financial aids, or other benefits as follows:

(i) Deny an individual any service, financial aid, or other benefit provided, in whole or in part, because of any Federal authorization to which this part applies;

(ii) Provide any service, financial aid, or other benefit to an individual which is different, or is provided in a different manner, from that provided to others;

(iii) Subject an individual to segregation or separate treatment in any matter related to his receipt of any service, financial aid, or other benefit provided, in whole or in part, because of any Federal authorization to which this part applies;

(iv) Restrict an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service, financial aid, or other benefit provided, in whole or in part, because of any Federal authorization to which this part applies;

(v) Treat an individual differently from others in determining whether he satisfies any admission, enrollment, eligibility, membership or other requirement or condition which individuals must meet in order to be provided any service, financial aid, or other benefit offered, in whole or in part, because of any Federal authorization to which this part applies;

(vi) Deny an individual an opportunity to participate in any activity made possible, in whole or in part, because of any Federal authorization to which this part applies, through the provision of services or otherwise, or afford him an opportunity to do so which is different from that afforded others;

(vii) Deny an individual the opportunity to participate as a member of a planning or advisory body participating in the provision of any service, financial aid, or other benefit which is integrally associated with any Federal authorization to which this part applies;

(4) *Determining and administering services, financial aids and other benefits.* In determining the types of services, financial aids or other benefits, or facilities which will be provided because of any Federal authorization to which this part applies, or the class of individuals or establishments to whom, or the situations in which, such services, financial aids, other benefits or facilities will be provided, or the class of individuals or establishments to be afforded an opportunity to participate in any activity made possible, in whole or in part, because of any Federal authorization to which this part applies, a recipient, contractor, or subcontractor to which this part applies, may not, directly or through contractual or other arrangements, utilize criteria or methods of administration which have the effect of subjecting individuals or establishments to discrimination because of their race, creed, color, national origin, or sex.

(5) *Site or location of facilities.* In determining the site or location of facilities, for the provision of services, financial aids, or other benefits, a recipient, contractor or subcontractor to which this part applies, may not make selections with the purpose or effect of

excluding individuals or establishments from, denying them the benefits of, or subjecting them to discrimination on the grounds of race, creed, color, national origin, or sex, or with the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of section 403 of Public Law 93–153 and implementing rules, regulations, and orders.

(6) *References to services, financial aides or other benefits.* References to services, financial aids or other benefits shall be deemed to include all services, financial aids, or other benefits provided in or through facilities, programs, or operations made possible, in whole or in part, because of any Federal authorizations to which this part applies.

(7) *Scope of prohibited discrimination.* The enumeration of specific forms of prohibited discrimination in this paragraph (b) does not limit the generality of the prohibitions in paragraph (a) of this section.

§ 27.4 Assurances.

Every application for a permit, right-of-way, public land order, or other Federal authorization to which this part applies, filed after the effective date of these regulations, and every contract covered hereunder to provide goods, services or facilities in the amount of $10,000 or more to the recipient of any Federal authorization to which this part applies, must contain an assurance that the recipient, contractor, or subcontractor does not and will not maintain any facilities in a segregated manner, and that all requirements imposed by or pursuant to section 403 of PubLic Law 93–153 shall be met, and that it will require a similar assurance in every subcontract over $10,000. The assurances shall be in a form specified by the Department Compliance Officer.

§ 27.5 Equal opportunity terms.

Each permit, right-of-way, public land order, or other Federal authorization to which this part applies, shall include by reference or incorporation by operation of law the terms, conditions, obligations, and responsibilities of this section, as follows:

(a) The recipient hereby agrees that it will not, directly or through contractual or other arrangements, on the grounds of race, creed, color, national origin, or sex, discriminate against any individual or establishment in offering or providing contracts, employment, services, financial aids, or other benefits. Recipient will take affirmative action to utilize minority business enterprises in the performance of contracts awarded by recipient, to assure that applicants for employment are employed and that employees are treated during employment, and that individuals are offered and provided services, financial aids, and other benefits without regard to their race, creed, color, national origin, or sex. Recipient agrees to post in conspicuous places available to contractors, employees, and other interested individuals, notices which set forth these equal opportunity terms and to notify interested individuals, such as bidders, purchasers, and labor unions or representatives of workers with whom it has collective bargaining agreements of recipient's obligations under section 403 of Public Law 93–153.

(b) The recipient will comply with all rules, regulations, and orders of the Department of the Interior which implement section 403 of Public Law 93–153.

(c) The recipient will furnish all information and reports required by or pursuant to rules, regulations, and orders implementing section 403 of Public Law 93–153 and permit access to its books, records, and accounts by the Secretary of the Interior, the Department Compliance Officer, or other designee of the Secretary, for purposes of investigation to ascertain compliance with rules, regulations, and orders of the Department of the Interior which implement section 403 of Public Law 93–153.

(d) The recipient recognizes and agrees that its obligation for compliance with section 403 of Public Law 93–153 and implementing rules, regulations, and orders extends not only to direct activities, but also to require that contractors, subcontractors, suppliers, and lessees, comply with section 403 and implementing rules, regulations and orders. To that end the recipient agrees that with regard to all contracts over $10,000 and all contracts of

indefinite quantity (unless there is reason to believe that the amount to be ordered in any year under the contract will not exceed $10,000) to:

(1) Obtain as part of its contractual arrangements with such parties, as a minimum form of assurance an agreement in writing, that:

(i) The contractor hereby agrees that it will not, directly or through contractual or other arrangements, on the grounds of race, creed, color, national origin, or sex, discriminate against any individual or establishment in offering or providing contracts, employment, services, financial aids, or other benefits. Contractor will take affirmative action to utilize minority business enterprises in the performance of subcontracts which is awards, and to assure that applicants are employed and that employees are treated during employment, and that individuals are offered and provided services, financial aids, and other benefits without regard to their race, creed, color, national origin, or sex. Contractor agrees to post in conspicuous places available to contractors, employees, and other interested individuals notices which set forth these equal opportunity terms and to notify interested individuals, such as bidders, purchasers, and labor unions or representatives of workers with whom it has collective bargaining agreements of contractor's obligations under section 403 of Public Law 93–153.

(ii) The contractor will comply with all rules, regulations, and orders of the Department of the Interior which implement section 403 of Public Law 93–153.

(iii) The contractor will furnish all information and reports required by or pursuant to rules, regulations, and orders implementing section 403 of Public Law 93–153 and permit access to its books, records, and accounts by the Secretary of the Interior, the Department Compliance Officer, or other designee of the Secretary, for purposes of investigation to ascertain compliance with rules, regulations, and orders of the Department of the Interior which implement section 403 of Public Law 93–153.

(iv) Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of said rules, regulations, and orders shall constitute a breach of its contractual arrangements whereby said arrangements may be cancelled, terminated, or suspended, or may be subject to enforcement otherwise by appropriate legal proceedings.

(v) Contractor will obtain the provisions of paragraph (d)(1) (i) through (v) of this section in all subcontracts over $10,000 and all subcontracts of indefinite quantity (unless there is reason to believe that the amount to be ordered in any year under the contract will not exceed $10,000).

(2) Recipient will make every good faith effort to secure the compliance and will assist and cooperate actively with the Department Compliance Officer and the Secretary or his designee in obtaining and enforcing the compliance of said contracting parties with the requirements of section 403 and implementing rules, regulations, and orders, and with their respective contractual arrangements; and will take such action with respect to any contract or purchase order that the Secretary of the Interior, the Department Compliance Officer, or other designee of the Secretary may direct as a means of enforcing such provisions: *Provided, however,* That in the event the recipient becomes involved in litigation with a noncomplying party, it may request the Department of the Interior to enter into such litigation to protect the interests of the United States in the enforcement of these obligations, and

(3) Recipient will obtain and furnish to the Department Compliance Officer such information as he may require for the supervision or securing of such compliance.

(e) In the event of the recipient's noncompliance with the equal opportunity terms, compliance may be effected by the suspension or termination or refusal to grant or to continue providing the Federal authorization in accordance with procedures authorized by section 403 of Public Law 93–153, and set forth in implementing rules, regulations, or orders, or by any other means authorized by law.

§ 27.6 Equal opportunity implementation.

Within sixty (60) days of the effective date of these regulations, or within

sixty (60) days from the commencement of a Federal authorization to which this part applies, whichever occurs later, recipients of Federal authorizations to which this part applies, shall prepare and submit an affirmative action plan for each of their establishments to which this part applies, to assure that the requirements of this part will be met. In addition, recipients and each of their prime contractors and subcontractors shall require each contractor and subcontractor with a contract of $50,000 or more and 50 or more employees to develop within sixty (60) days from the commencement of the contract and to keep on file a written affirmative action plan for each of its establishments, to which this part applies, with the exception of those establishments which the Department Compliance Officer determines are in all respects separate and distinct from performance of the activities of the prime contractor or subcontractor conducted under the Federal authorizations. Such plans shall include a set of specific and result-oriented procedures which the recipient, contractor or subcontractor commits itself to apply every good faith effort to achieve equal opportunity in all aspects of its operations. An acceptable program must include an analysis of all areas of operation of the recipient, contractor, or subcontractor in which it could be deficient in offering services, opportunities, or benefits to minority groups and women, and all areas of employment in which it could be deficient in the utilization of minority groups and women and all areas of contracting in which it could be deficient in the utilization of minority business enterprises, and, further, specific goals and specific timetables to which its efforts will be directed, to correct all deficiencies and thus to increase materially the participation of minorities and women in all aspects of its operation. The implementing affirmative action plans shall include the following:

(a) *Services, financial aids, and other benefits.* The implementing program is required to specifically address all areas of operation of the recipient, contractor or subcontractor which offer and provide services, financial aids, and other benefits; it shall identify those services, financial aids, and benefits; analyze the opportunities available to minorities and women in each area; and set forth affirmative action, including goals and time- tables, which will be taken to materially increase participation of minorities and women.

(b) *Employment practices.* The implementing plan shall address all aspects of employment operations and is required to contain all analyses and commitments, including goals and timetables, which are required in rules, regulations, and orders implementing Executive Order 11246, as amended, and to include additional commitments to employment goals for minorities and women in construction operations, to the extent that those goals are not established under Executive Order 11246.

(c) *Contracting practices.* Recipients to which this part applies and each of their contractors and subcontractors with a contract of $150,000 or more shall also include in their affirmative action plan a program in which the recipient, contractor or subcontractor agrees to take specific affirmative action as set forth below to utilize minority business enterprises as subcontractors and suppliers. For this purpose, the term *minority business enterprise* means a business enterprise that is owned or controlled by minority group members or women. The plan shall identify specific actions which the recipient, contractor or subcontractor will take to:

(1) Designate a liaison officer who will administer the minority business enterprises program;

(2) Provide adequate and timely consideration of the potentialities of minority business enterprises in all contracting decisions;

(3) Afford minority business enterprises an equitable opportunity to compete for contracts and subcontracts by arranging solicitations, time for preparation of bids, quantities, specifications, and delivery schedules so as to facilitiate the participation of minority business enterprises;

(4) Submit periodic reports of contracting opportunities, procedures, and awards to minority business enterprises, at such times, and in such form, and containing such information as the

Department Compliance Officer may prescribe, including reports showing:

(i) Procedures which have been adopted to comply with the policies set forth in this clause, including the establishment of a source list of minority business enterprises;

(ii) Awards to minority business enterprises on the source lists, and

(iii) Specific efforts to identify and award contracts to minority business enterprises.

(5) Establish specific goals and timetables to utilize minority business enterprises in the performance of contracts awarded.

(6) Inform minority business enterprises and organizations of minority business enterprises of contracting opportunities and procedures.

(7) Cooperate with the Department Compliance Officer in any studies and surveys of the recipient's minority business enterprise procedures and practices that the Department Compliance Officer may from time to time conduct.

(8) Assist potential minority business enterprises in obtaining and maintaining suitable bonding capabilities, in those instances where bonds are required.

(d) *Exemption.* Contracts and subcontracts are exempt from the requirements of the equal opportunity clause with regard to work performed outside the United States by employees who were not recruited within the United States.

§ 27.7 Compliance information.

(a) *Records, reports, and access to books.* Each recipient, contractor, or subcontractor to which this part applies, shall keep such records and submit to the Department Compliance Officer complete and accurate reports, at such times, and in such form, and containing such information, as he may determine to be necessary to enable him to ascertain whether the recipient, contractor or subcontractor has complied or is complying with rules, regulations and orders implementing section 403 of Public Law 93–153. In the case where the recipient, contractor or subcontractor contracts with another, such other contractor shall also submit such compliance reports to the recipient, contractor or subcontractor as may be necessary to enable the recipient, contractor or subcontractor to determine and carry out his obligations under section 403 of Public Law 93–153 and implementing rules, regulations, and orders.

(b) *Access to sources of information.* Each recipient, contractor and subcontractor to which this part applies, shall permit access by the Department Compliance Officer or his designee or by the Secretary or his designee during normal business hours to such of his books, records, accounts, and other sources of information, and his facilities, as may be pertinent to ascertain compliance with rules, regulations, and orders implementing section 403 of Public Law 93–153.

(c) *Information in possession of other agency, institution, or person.* Where any information required of a recipient, contractor or subcontractor is in the exclusive possession of any other agency, institution, or person and such agency, institution or person shall fail or refuse to furnish this information, the recipient, contractor or subcontractor shall so certify in a report and shall set forth what efforts it has made to obtain the information.

(d) *Failure to submit reports.* Failure to file timely, complete and accurate reports as required constitutes noncompliance with the equal opportunity clause and is ground for the imposition by the agency, recipient, contractor, or subcontractor of any sanctions as authorized by section 403 of Public Law 93–153 and implementating rules, regulations, and orders.

(e) *Information to beneficiaries and participants.* Each recipient, contractor and subcontractor to which this part applies, shall make available to participants in and beneficiaries of its operations and services, information regarding the provisions of this part and the details of the recipient's, contractor's or subcontractor's compliance with this part, to the extent that it will enhance their participation in nondiscrimination programs of recipient, contractor, or subcontractor, and aid the recipient, contractor, or subcontractor in meeting its obligations under this part.

§ 27.8 Compliance procedures.

(a) *Approval of affirmative action plans.* The Department Compliance Officer shall from time to time review the recipient's, contractor's or subcontractor's affirmative action plans to determine whether they meet the requirements of rules, regulations and orders implementing section 403 of Public Law 93–153. Where deficiencies are found to exist, the Department Compliance Officer or his designee will so inform the recipient, contractor or subcontractor and the matter will be resolved by informal means whenever possible. If it has been determined that the matter cannot be resolved by informal means, action will be taken as provided for in § 27.9.

(b) *Periodic compliance reviews.* The Department Compliance Officer shall from time to time review the practices of recipients, contractors and subcontractors to determine whether they are complying with the rules, regulations and orders implementing section 403 of Public Law 93–153. The purpose of the compliance review is to determine if the recipient, contractor or subcontractor maintains nondiscriminatory operations and practices and whether it is taking the action required by the rules, regulations, and orders implementing section 403 of Public Law 93–153 to assure that no person on the grounds of race, creed, color, national origin or sex is excluded from receiving or participating in any activity conducted under any permit, right-of-way, public land order or other Federal authorization to which this part applies. It shall consist of a comprehensive analysis of all aspects of the recipient's, contractor's or subcontractor's operations and practices which may be involved, and the policies and conditions resulting therefrom. Where necessary, recommendations for appropriate sanctions shall be made.

(c) *Complaints.* Any person who believes himself or any other individual to be subjected to discrimination prohibited by this part may file with the Department Compliance Officer or his designee, a written complaint. A complaint must be filed not later than 180 days from the date of the alleged discrimination, unless the time for filing is extended by the Department Compliance Officer or his designee.

(d) *Investigations.* The Department Compliance Officer or his designee will make a prompt investigation whenever a compliance review report, complaint, or any other information indicates a possible failure to comply with the rules, regulations, and orders implementing section 403 of Public Law 93–153. The investigation should include, where appropriate, a review of the pertinent practices and policies of the recipient, contractor, or subcontractor, the circumstances under which the possible noncompliance occurred and other factors relevant to a determination as to whether the recipient, contractor or subcontractor has failed to comply with section 403 of Public Law 93–153 and implementing rules, regulations, and orders.

(e) *Resolution of matters.* (1) If an investigation pursuant to paragraph (a), (b), (c), or (d) of this section indicates a failure to comply with the rules, regulations, and orders implementing section 403 of Public Law 93–153, the Department Compliance Officer or his designee will so inform the recipient, contractor or subcontractor and the matter will be resolved by informal means whenever possible. Before the recipient, contractor or subcontractor can be found to be in compliance, he must make specific commitments in writing, to correct all deficiencies. The commitments must include the precise actions to be taken and dates for completion. The time periods allotted shall be no longer than the minimum periods necessary to effect such changes. Upon approval of the Department Compliance Officer, the recipient, contractor or subcontractor, may be considered in compliance, on condition that the commitments are faithfully kept. The recipient, contractor or subcontractor shall be notified that making such commitments does not preclude future determinations of noncompliance when the commitments are not being met or when there is a determination by the Department Compliance Officer that the full facts were not known at the time commitments were accepted, and that commitments are not sufficient to correct deficiencies.

(2) If an investigation does not warrant action pursuant to paragraph (e)(1) of this section, the Department Compliance Officer shall so inform the recipient, contractor or subcontractor, and the complainant, if any, in writing.

(f) *Intimidatory or retaliatory acts prohibited.* No recipient, contractor or subcontractor shall intimidate, threaten, coerce, or discriminate against any individual for the purpose of interfering with any right or privilege secured by section 403 of Public Law 93–153 and implementing rules, regulations, and orders, or because he has made a complaint, testified, assisted, benefited from, or participated in any manner in an investigation, compliance review, proceeding, or hearing under this part. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of this part including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

(g) *Approval of action by Authorized Officer.* During the period of construction of the Trans-Alaska Pipeline, and until such time as this paragraph (g) is rescinded by the Secretary, the Department Compliance Officer shall coordinate all actions taken pursuant to this part with the Authorized Officer and shall secure the approval of the Authorized Officer prior to the taking of any final act hereunder.

§27.9 Procedures for effecting compliance.

(a) *General.* If there appears to be a failure or refusal of any recipient, contractor, or subcontractor to observe or comply substantially with section 403 of Public Law 93–153, or implementing rules, regulations, and orders, compliance may be effected through the use of conciliation conferences, informal hearings, and procedures to cause termination or suspension of or refusal to grant or to continue the permit, or other Federal authorization to which this part applies, or of the contracts to which this part applies, or by any other means authorized by law. Such other means may include, but are not limited to:

(1) A reference to the Department of Justice with a recommendation that appropriate proceedings be brought to enforce any rights of the United States under any law of the United States or any assurance or other contractural undertaking, and

(2) Any applicable proceeding under State or local law.

(b) *Noncompliance with §27.4.* In the event that a recipient fails or refuses to furnish an assurance required under §27.4, or otherwise fails or refuses to comply with a requirement imposed by or pursuant to that section the failure or refusal may, at the option of the Secretary, be grounds for authorizing proceedings to cause refusal of the Federal authorization in accordance with the procedures of paragraph (c) of this section. The Department of the Interior shall not be required to provide the authorization in such a case during the pendency of the administrative proceedings under such paragraph.

(c) *Termination of or refusal to grant or to continue the Federal authorization*—(1) *General.* In those instances where a recipient fails or refuses to observe or comply substantially with section 403 of Public Law 93–153 or implementing rules, regulations, and orders, noncompliance at the option of the Secretary, may be grounds for termination, suspension, refusal to grant or continue the Federal authorization.

(i) *Recommendation to proceed.* The Department Compliance Officer may request that the Secretary commence procedures to suspend, terminate, or refuse to grant or continue the Federal authorization or to cause such suspension, termination, or refusal to grant. He shall indicate the specific grounds for alleging noncompliance with section 403 and implementing rules, regulations, and orders, the actions which would create compliance, and the time necessary to achieve compliance.

(ii) *Commencement of proceedings.* Before the Secretary authorizes the commencement of an administrative proceeding for termination, suspension, or refusal to grant any Federal authorization to which this part applies, the Secretary or his designee shall give the recipient notice in writing of the alleged ground or grounds for termination or formal suspension, or refusal to grant, with sufficient particularity to enable the recipient to comply with

section 403 of Public Law 93–153 and implementing rules, regulations and orders. The recipient shall have sixty (60) days from the date of delivery of the notice within which to comply. If compliance cannot be achieved in sixty (60) days, the recipient shall be entitled to additional time if he demonstrates that compliance is not possible within the sixty (60) day period and that the necessary curative actions were undertaken promptly and have been diligently prosecuted toward completion; *Provided further* that the aforesaid additional time shall not exceed ninety (90) days from the last day of the said sixty (60) day period, without the prior written consent of the Secretary or his designee which shall specify the last day upon which the curative action must be completed to the satisfaction of the Secretary or his designee.

(iii) *Opportunity for a hearing.* No order suspending, terminating or refusing to grant or continue any Federal authorization to which this part applies shall become effective until there has been an express finding on the record, after opportunity for a formal hearing, of a failure by the applicant or recipient to comply substantially with section 403 of Public Law 93–153 or implementing rules, regulations, and orders and the action has been approved by the Secretary pursuant to § 27.11(e).

(d) *Other means authorized by law.* No action to effect compliance by any other means authorized by law shall be taken until (1) the action has been approved by the Secretary, (2) the recipient or other person has been notified of its failure to comply and of the action to be taken to effect compliance, and (3) the expiration of at least 10 days from the mailing of such notice to the recipient or other person. During this period of at least 10 days additional efforts shall be made to persuade the recipient or other person to comply and to take such corrective action as may be appropriate.

§ 27.10 Hearings.

(a) *Informal hearings*—(1) *Purpose.* The Department Compliance Officer may convene such informal hearings as may be deemed appropriate for the purpose of inquiring into the status of compliance of any recipient, contractor, or subcontractor to which this part applies.

(2) *Notice.* Recipients, contractors, and subcontractors shall be advised in writing as to the time and place of the informal hearings and may be directed to bring specific documents and records, or furnish other relevant information concerning their compliance status. When so requested, the recipient, contractor, or subcontractor shall attend and bring requested documents and records, or other requested information.

(3) *Conduct of hearings.* The hearing shall be conducted by hearing officers appointed by the Department Compliance Officer. Parties to informal hearings may be represented by counsel or other authorized representative as provided in 43 CFR part 1 and shall have a fair opportunity to present any relevant material. Formal rules of evidence will not apply to such proceedings.

(b) *Formal hearings*—(1) *Opportunity for hearing.* Whenever an opportunity for a hearing is required by § 27.9(c), reasonable notice shall be given by registered or certified mail, return receipt requested, to the affected applicant or recipient. This notice shall advise the applicant or recipient of the action proposed to be taken, the specific provision under which the proposed action against it is to be taken, and the matters of fact or law asserted as the basis for this action, and either (i) fix a date not less than twenty (20) days after the date of such notice within which the applicant or recipient may request of the Secretary or his designee or the administrative law judge to whom the matter has been assigned that the matter be scheduled for hearing or (ii) advise the applicant or recipient that the matter in question has been set down for hearing at a stated place and time. The time and place so fixed shall be reasonable and shall be subject to change for cause. The complainant, if any, shall be advised of the time and place of the hearing. An applicant or recipient may waive a hearing and submit written information and argument for the record. The failure of an applicant or recipient to request a hearing under this paragraph or to appear at a hearing for which a date has been set

shall be deemed to be a waiver of the right to a hearing under section 403 of Public Law 93–153 and implementing rules, regulations, and orders and consent to the making of a decision on the basis of information on the record.

(2) *Time and place of hearing.* Hearings shall be conducted by the Office of Hearings and Appeals of the Department, at a time and place fixed by the administrative law judge to whom the matter has been assigned. Hearings shall be held before an administrative law judge designated by the Office of Hearings and Appeals in accordance with its procedures.

(3) *Right to Counsel.* In all proceedings under this section, the applicant or recipient and the Department shall have the right to be represented by counsel or other authorized representative as provided in 43 CFR part 1.

(4) *Procedures, evidence, and record.* (i) The hearing, decision, and any administrative review thereof shall be conducted in conformity with 5 U.S.C. 554 through 557 and in accordance with such rules of procedure as are proper (and not inconsistent with this section) relating to the conduct of the hearing, giving of notices subsequent to those provided for in paragraph (b)(1) of this section, taking of testimony, exhibits, arguments and briefs, requests for findings, and other related matters. Both the Department and the applicant or recipient shall be entitled to introduce all relevant evidence on the issues as stated in the notice for hearing or as determined by the administrative law judge conducting the hearing at the outset of or during the hearing.

(ii) Technical rules of evidence shall not apply to hearings conducted pursuant to this part, but rules or principles designed to assure production of the most credible evidence available and to subject testimony to test by cross-examination shall be applied where determined reasonably necessary by the administrative law judge conducting the hearing. The administrative law judge may exclude irrelevant, immaterial, or unduly repetitious evidence. All documents and other evidence offered or taken for the record shall be open to examination by the parties and opportunity shall be given to refute facts and arguments advanced on either side of the issues. A transcript shall be made of the oral evidence except to the extent that the substance thereof is stipulated for the record. All decisions shall be based upon the hearing record and written findings shall be made.

(5) *Consolidated or joint hearings.* In cases in which the same or related facts are asserted to constitute noncompliance with this part with respect to two or more Federal authorizations to which this part applies, or asserted to constitute noncompliance with this part and the regulations of one or more other Federal departments or agencies, the Secretary may, by agreement with such other departments or agencies, where applicable, provide for the conduct of consolidated or joint hearings, and for the application to such hearings of rules of procedure not inconsistent with this part. Final decisions in such cases, insofar as this part is concerned, shall be made in accordance with §27.11.

§27.11 Decisions and notices.

(a) *Initial decision by an administrative law judge.* The administrative law judge shall make an initial decision and a copy of such initial decision shall be sent by registered mail, return receipt requested, to the recipient or applicant.

(b) *Review of the initial decision.* The applicant or recipient may file his exceptions to the initial decision, with his reasons therefor, with the Director, Office of Hearings and Appeals, within thirty (30) days of receipt of the initial decision. In the absence of exceptions, the Director, Office of Hearings and Appeals, on his own motion within forty-five (45) days after the initial decision, may notify the applicant or recipient that he will review the decision. In the absence of exceptions or a notice of review, the initial decision shall constitute the final decision subject to the approval of the Secretary pursuant to paragraph (f) of this section.

(c) *Decisions by the Director, Office of Hearings and Appeals.* Whenever the Director, Office of Hearings and Appeals, reviews the decision of an administrative law judge pursuant to paragraph

(b) of this section, the applicant or recipient shall be given reasonable opportunity to file with him briefs or other written statements of its contention, and a copy of the final decision of the Director, Office of Hearings and Appeals, shall be given to the applicant or recipient and to the complainant, if any.

(d) *Decisions on record where a hearing is waived.* Whenever a hearing is waived pursuant to §27.10 (b)(1), a decision shall be made by the Director, Office of Hearings and Appeals, on the record and a copy of such decision shall be given in writing to the applicant or recipient and to the complainant, if any.

(e) *Rulings required.* Each decision of an administrative law judge or the Director, Office of Hearings and Appeals, shall set forth his ruling on each finding, conclusion, or exception presented, and shall identify the requirement or requirements imposed by or pursuant to this part with which it is found that the applicant or recipient has failed to comply.

(f) *Approval by Secretary.* Any final decision of an administrative law judge or of the Director, Office of Hearings and Appeals, which provides for the suspension or termination of, or the refusal to grant or continue a Federal authorization, or the imposition of any other sanction available under this part, shall promptly be transmitted to the Secretary, who may approve such decision, may vacate it, or remit or mitigate any sanction imposed.

(g) *Content of decisions.* The final decision may provide for suspension or termination of, or refusal to grant or continue a Federal authorization, in whole or in part, and may contain such terms, conditions, and other provisions as are consistent with and will effectuate the purposes of section 403 of Public Law 93–153 and implementing rules, regulations, and orders, including provisions designated to assure that no Federal authorization will be extended under title II of Public Law 93–153 to the applicant or recipient determined by such decision to be in default in its performance of an assurance given by it pursuant to section 403 and implementing rules, regulations, and orders or to have otherwise failed to comply with this part, unless and until it corrects its noncompliance and satisfies the Secretary that it will fully comply with this part.

(h) *Post termination decisions.* An applicant or recipient adversely affected by an order issued under paragraph (g) of this section shall be restored to full eligibility to receive the Federal authorization if it satisfies the terms and conditions of that order for such eligibility and if it provides reasonable assurance that it will fully comply with this part.

§ 27.12 Judicial review.

Action taken pursuant to this part is subject to judicial review.

§ 27.13 Effect on other regulations; forms and instructions.

(a) *Effect on other regulations.* Nothing in these regulations shall be deemed to supersede any of the following (including future amendments thereof):

(1) Executive Order 11246, as amended, and regulations therefor;

(2) Executive Order 11063 and regulations issued thereunder, or any other regulations or instructions insofar as such Order, regulations, or instructions prohibit discrimination on the ground of race, creed, color, national origin, or sex in any program or situation to which this part is inapplicable, or prohibit discrimination on any other ground.

(3) Regulations to effectuate title VI of the Civil Rights Act of 1964.

(b) *Forms and instructions.* The Department Compliance Officer may issue and make available to interested persons instructions and procedures for effectuating this part.

(c) *Supervision and coordination.* The Secretary may from time to time assign to such officials of the Department as he deems appropriate, or to officials of other departments or agencies of the Government with the consent of such departments or agencies, responsibilities in connection with the effectuation of the purposes of this part (other than responsibility for final decision as provided in §27.11), including the achievement of effective coordination and maximum uniformity within the Department and within the Executive Branch of the Government

in the application of this part. Any action taken, determination made, or requirement imposed by an official of another department or agency acting pursuant to an assignment of responsibility under this paragraph shall have the same effect as though such action had been taken by the Secretary of the Interior.

§27.14 Definitions.

As used in this part:

(a) The term *Secretary* means the Secretary of the Interior.

(b) The term *applicant* means one who submits an application for any Federal authorization to which this part applies.

(c) The term *recipient* means any entity or individual who receives a permit, right-of-way, public land order, or other Federal authorization granted or issued under title II of Public Law 93–153 and its agent or agents.

(d) The term *contract* means any agreement or arrangement between a recipient and any person (in which the parties do not stand in the relationship of an employer and an employee) in any way related to the activities of the recipient conducted under any permit, right-of-way, public land order, or other Federal authorization granted or issued under title II.

(e) The term *subcontract* means any agreement or arrangement between a contractor and any person (in which the parties do not stand in the relationship of an employer and an employee) in any way related to the performance of any one or more contracts as defined above.

(f) The Authorized Officer means the employee of the Department, designated to act on behalf of the Secretary pursuant to the Agreement and Grant of Right-of-Way for Trans-Alaska Pipeline or such other person to whom the Authorized Officer redelegates his authority pursuant to the delegation of authority to the Authorized Officer from the Secretary.

(g) The Department Compliance Officer means that officer of the Department of the Interior so designated by the Secretary.

PART 28—FIRE PROTECTION EMERGENCY ASSISTANCE

Sec.
28.1 Purpose.
28.2 Definitions.
28.3 Emergency assistance.

AUTHORITY: Act of May 27, 1955 (42 U.S.C. 1856, 1856b).

SOURCE: 41 FR 51794, Nov. 24, 1976, unless otherwise noted.

§28.1 Purpose.

The purpose of this part is to provide criteria for agencies in the Department to render fire protection emergency assistance to fire organizations not within the Department.

§28.2 Definitions.

As used in this part:

(a) The term *agency head* means the Secretary of the Interior or an official of the Department of the Interior who exercises authority delegated by the Secretary of the Interior.

(b) The term *fire protection* includes personnel services and equipment required for fire prevention, the protection of life and property, and firefighting; and

§28.3 Emergency assistance.

In the absence of a reciprocal fire protection agreement, each agency head may provide emergency fire protection will not jeopardize the property of the United States by making it impossible for the agency head to protect the property of the United States and such assistance is determined to be in the best interest of the United States. The providing of emergency assistance shall not be in the best interest of the United States and may not be granted by an agency head if:

(a) Persons other than those currently employed by the agency at the time of the emergency and trained in the type of emergency assistance being provided would be used in the providing of the emergency assistance.

(b) Assistance is provided to a place more than an hour's travel from where the agency maintains fire protection facilities. Assistance which requires more than an hour's travel may be

given for those fire emergencies threatening to last more than 12 hours, or endangering human life.

PART 29—TRANS-ALASKA PIPELINE LIABILITY FUND

Sec.
29.1 Definitions.
29.2 Creation of the Fund.
29.3 Fund administration.
29.4 General powers.
29.5 Officers and employees.
29.6 Financing, accounting, and audit.
29.7 Imposition of strict liability.
29.8 Notification and advertisement.
29.9 Claims, settlement and adjudication.
29.10 Subrogation.
29.11 Investment.
29.12 Borrowing.
29.13 Termination.
29.14 Information collection.

AUTHORITY: Sec. 204(c), Trans-Alaska Pipeline Authorization Act, 43 U.S.C. 1653(c); secs. 311(p)(1) and 311(p)(2) of the Federal Water Pollution Control Act, 33 U.S.C. 1321 (p)(1), (2).

SOURCE: 53 FR 3396, Feb. 5, 1988, unless otherwise noted.

§ 29.1 Definitions.

As used in this part:

(a) *Act* means the Trans-Alaska Pipeline Authorization Act, title II of Public Law 93–153, 43 U.S.C. secs. 1651, *et seq.*

(b) *Affiliated* means:

(1) Any person owned or effectively controlled by the vessel Owner or Operators; or

(2) Any person that effectively controls or has the power to effectively control the vessel Owner or Operator by—

(i) Stock interest, or

(ii) Representation on a board of directors or similar body, or

(iii) Contract or other agreement with other stockholders, or

(iv) Otherwise, or;

(3) Any person which is under common ownership or control with the vessel Owner or Operator.

(c) *Claim* means a demand in writing for payment for damage allegedly caused by an incident.

(d) *Contact person* means a person designated by the Owner or Operator and identified to the Fund Administrator and the National Response Center operated by the Coast Guard as the official responsible for coordinating with the Fund the resolution of claims filed as a result of a TAPS oil spill.

(e) *Damage* or *damages* means any economic loss, arising out of or directly resulting from an incident, including but not limited to:

(1) Removal costs;

(2) Injury to, or destruction of, real or personal property;

(3) Loss of use of real or personal property;

(4) Injury to, or destruction of, natural resources;

(5) Loss of use of natural resources; or

(6) Loss of profits or impairment of earning capacity due to injury or destruction of real or personal property or natural resources, including loss of subsistence hunting, fishing and gathering opportunities.

(f) *Fund* means the Trans-Alaska Pipeline Liability Fund established as a non-profit corporate entity by section 204(c)(4) of the Trans-Alaska Pipeline Authorization Act.

(g) *Guarantor* means the person, other than the Owner or Operator who provides evidence of financial responsibility for an Owner or Operator, and includes an underwriter, insurer or surety company.

(h) *Incident* (or ''spill'') means a discharge of oil from a vessel which is carrying TAPS oil loaded on that vessel at the terminal facilities of the Pipeline and which:

(1) Violates applicable water quality standards, or

(2) Causes a film or sheen upon or discoloration of the surface of the water or adjoining shorelines or causes a sludge or emulsion to be deposited beneath the surface of the water or upon adjoining shorelines.

(i) *Operator of the Pipeline* means the common agent designated by the Permittees to operate the Pipeline.

(j) *Owner of the oil* means the Owner of TAPS oil at the time that such oil is loaded on a vessel at the terminal facilities of the Pipeline.

(k)(1) *Owner* means, in the case of a vessel, the person owning the vessel carrying TAPS oil at the time of an incident, and

(2) *Operator* means, in the case of a vessel, the person operating, or chartering by demise, the vessel carrying TAPS oil at the time of an incident.

(l) *Person* means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, an unincorporated organization, or a Government entity.

(m) *Person in charge of the vessel* means the individual on board the vessel with the ultimate responsibility for vessel navigation and operations.

(n) *Permittees* means the holders of the Pipeline right-of-way for the Trans-Alaska Pipeline System.

(o) *Pipeline* means any Pipeline in the Trans-Alaska Pipeline System.

(p) *Secretary* means the Secretary of the Interior or an authorized representative of the Secretary.

(q) *TAPS oil* means oil which was transported through the Trans-Alaska Pipeline and loaded on a vessel at the terminal facilities of the Pipeline.

(r) *Terminal facilities* means those facilities of the Trans-Alaska Pipeline System at which oil is taken from the Pipeline and loaded on vessels or placed in storage for future loading onto vessels.

(s) *Trans-Alaska Pipeline System* or *System* means any Pipeline or terminal facilities constructed by the Permittees under the authority of the Act.

(t) *United States* includes the various States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(u) *Vessel* means any type of watercraft or other artificial contrivance, used or capable of being used as a means of transportation on water, which is engaged in any segment of transportation between the terminal facilities of the Pipeline and ports under the jurisdiction of the United States, and which is carrying TAPS oil.

§ 29.2 Creation of the Fund.

(a) The Trans-Alaska Pipeline Liability Fund (Fund) was created by the Act as a non-profit corporation to be administered by the holders of the Trans-Alaska Pipeline right-of-way under regulations prescribed by the Secretary. The vessel Owner and Operator are strickly liable for the first $14 million of claims for any one incident. The vessel Owner and Operator remain liable for claims over that amount whenever the damages involved were caused by the unseaworthiness of the vessel or by negligence and should the Fund pay any claims under those circumstances, the Fund retains the right of subrogation. The Fund's maximum liability for any one incident is the amount of the claims over $14 million but not to exceed $100 million.

(b) The Fund shall be subject to, and shall take all steps necessary to carry out its responsibilities under, the Act and these implementing regulations.

(c) The right to repeal, alter, or amend these regulations is expressly reserved.

§ 29.3 Fund administration.

(a) The Fund shall be administered by a Board of Trustees designated by the Permittees and the Secretary as provided in paragraph (b) of this section.

(b)(1) The Board of Trustees shall be comprised of one member designated by each Permittee and three members designated by the Secretary. At least one member designated by the Secretary shall be chosen from persons nominated by the Governor of the State of Alaska. Each member shall serve for a period of three years and may succeed himself or herself. Each member shall have the right to vote. If additional persons become holders of rights-of-way, each such additional Permittee shall have the right to designate a trustee, and if any holder of right-of-way sells the interest in such right-of-way, such holder's designated trustee shall resign from the Board. The Board shall elect by a majority vote a Chairman and a Secretary annually.

(2) Where any activity of the Fund creates a conflict of interest, or the appearance of a conflict of interest, on the part of any member of the Board of Trustees, the member involved shall excuse himself or herself from any consideration of such activity by the Board of Trustees.

(c) The Board of Trustees by a majority vote shall select an Administrator to direct the day-to-day operations of the Fund.

(d) The Board of Trustees shall hold meetings every six months, or more frequently when necessary to consider pressing matters, including pending claims under § 29.9.

(e)(1) Each Board Member and officer of the Fund now or hereafter serving as such, shall be indemnified by the Fund against any and all claims and liabilities to which he or she has or shall become subject by reason of serving or having served as such Board Member or officer, or by reason of any action alleged to have been taken, omitted, or neglected by him or her as such Board Member or officer; and the Fund shall reimburse each such person for all legal expenses reasonably incurred by him or her in connection with any such claim or liability: *Provided*, however, That no such person shall be indemnified against, or be reimbursed for any expenses incurred in connection with, any claim or liability arising out of his or her own willful misconduct or gross negligence.

(2) The amount paid to any officer or Board Member by way of indemnification shall not exceed his or her actual liabilities and actual, reasonable, and necessary expenses incurred in connection with the matter involved. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Fund in advance of the final disposition of such action, suit, or proceeding as authorized by the Board in the specific case upon receipt of an undertaking by or on behalf of the Board Member or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Fund as authorized herein.

(3) The indemnification provided by this section shall continue as to a person who has ceased to be a Board Member or officer and shall inure to the benefit of the heirs, executors, and administrators of such a person. The right of indemnification hereinabove provided for shall not be exclusive of any rights to which any Board Member or officer of the Fund may otherwise be entitled by law.

§ 29.4 General powers.

The Fund shall have such powers as may be necessary and appropriate for the exercise of the powers herein specifically and impliedly conferred upon the Fund and all such incidental powers as are customary in non-profit corporations generally, including but not limited to the following:

(a) By resolution of the Board of Trustees, the fund shall adopt a corporate seal.

(b) The Fund may sue and be sued in its corporate name and may employ counsel to represent it.

(c) The Fund shall be a resident of the State of Alaska with its principal place of business in Alaska, and the Board of Trustees shall establish a business office or offices as deemed necessary for the operation of the Fund.

(d) In any civil action for the recovery of damages resulting from an incident, the Fund shall waive personal jurisdiction upon being furnished with a copy of the summons and complaint in the action.

(e) The Board of Trustees of the Fund, by a majority of those present and voting, shall adopt and may amend and repeal by-laws governing the performance of its statutory duties.

(f) The Fund shall do all things necessary and proper in conducting its activities as Trustee including

(1) Receipt of fee collections pursuant to section 204(c)(6) of the Act;

(2) Payment of costs and expenses reasonably necessary to the administration of the Fund as well as costs required to satisfy claims against the Fund;

(3) Investment of all sums not needed for administration and the satisfaction of claims in income-producing securities as hereinafter provided; and

(4) Seeking recovery of any monies to which it is entitled as subrogee under circumstances set forth in section 204(c)(8) of the Act.

(g) The Fund shall determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid. The Board of Trustees shall establish an annual budget, subject to the approval of the Secretary.

(h) All costs and expenses reasonably necessary to the administration of the Fund, including costs and expenses incident to the termination, settlement, or payment of claims, are properly chargeable as expenses and payable out of fees or other income of the Fund.

§29.5 Officers and employees.

(a) The Administrator is the Chief Executive Officer of the Fund and is responsible for carrying out all executive and administrative functions as authorized by the Board of Trustees in accordance with the Act including the receipt and verification of fees collected from Owners of TAPS oil pursuant to §29.6(a), the investment of Fund assets in securities according to guidelines approved by the Board of Trustees and consistent with these regulations, and the disbursement of such assets in payment of expenses and approved claims.

(b) The Fund may employ such other persons as may be necessary to carry out its functions.

§29.6 Financing, accounting, and audit.

(a)(1) The Operator of the Pipeline shall notify each Permittee within a reasonable time as to the date of the tanker loadings and the volumes of TAPS oil loaded. The Permittee will send an invoice for transportation charges for TAPS oil (which includes five cents per barrel for the Fund) to the Owner of the oil. The Permittee will receive the five cents per barrel fee from the Owner of the oil in accordance with the terms of its particular pipeline tariff, filed with the appropriate governmental agency, and shall transfer the fee on or before the next business day to a Fund bank account designated by the Administrator. Collection of fees shall cease at the end of the month following the month in which $100 million has been accumulated in the Fund from any source. Collection of fees shall be resumed when the accumulation falls below $100 million. The Administrator shall notify the Pipeline carriers by the fifteenth of the month if fees are to be collected during the following month.

(2) The value of the Fund shall be the current market value of the Fund on the day at the end of each month or other agreed upon accounting period.

(b) Costs of the administration shall be paid from the money received by the Fund, and all sums not needed for administration and the satisfaction of claims shall be invested in accordance with §29.11. The interest on and the proceeds from the sale of any obligations held in the Fund shall be credited to and form a part of the Fund. Income from such securities shall be added to the principal of the Fund if not used for costs of administration or settlement of claims.

(c) At the end of each month that fees are payable under the Act, or other agreed upon accounting period, the Operator of the Pipeline shall provide the Fund with a statement of the respective volumes of crude oil transported by the Operator of the Pipeline and delivered to vessels, the amount of fees charged and collected, and the Owners of TAPS oil from whom such fees were or are due. The Administrator shall provide a copy of the statement to the Owners of the oil, and to the State of Alaska.

(d) The Fund shall undertake an annual accounting.

(e) The Fund shall be subject to an annual audit by the Comptroller General, in coordination with the Administrator and the Secretary. Authorized representatives of the Comptroller General and the Secretary shall have complete access, for purposes of the audit or otherwise, to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Fund and they shall be afforded full facilities for verifying among other things, transactions with the balances on securities held by depositories, fiscal agents, and custodians. A report of each audit made by the Comptroller General shall be submitted to the Congress.

§29.7 Imposition of strict liability.

(a) Notwithstanding the provisions of any other law, where a vessel is engaged in any segment of transportation between the terminal facilities of the Pipeline and ports under the jurisdiction of the United States, and is carrying TAPS oil, the Owner and Operator

(jointly and severally), and the Fund established by section 204(c) of the Act, shall be strictly liable without regard to fault in accordance with that section for all damages, including clean-up costs, sustained by any person or entity, public or private, including residents of Canada, as a result of any discharge of TAPS oil from such vessel. Strict liability under this section shall cease when the TAPS oil has first been brought ashore at a port under the jurisdiction of the United States.

(b) Strict liability shall not be imposed under this part if the Owner or Operator of the vessel, or the Fund, can prove that the damages were caused by an act of war or by the negligence of the United States or other governmental agency. Strict liability shall not be imposed under the Act with respect to the claim of a damaged party if the Owner or Operator of the vessel, or the Fund, can prove that the damage was caused by the negligence of such damaged party.

(c)(1) Strict liability for all claims arising out of any one incident shall not exceed $100 million. The Owner and Operator of the vessel shall be jointly and severally liable for the first $14 million of the claims that meet the definition of damages as provided for in these regulations. The Fund shall be liable for the balance of the claims that meet the same definition up to $100 million. If the total of these claims exceeds $100 million, they shall be reduced proportionately. The unpaid portion of any claim may be asserted and adjudicated under other applicable Federal or State law.

(2) The Fund shall establish uniform procedures to determine whether claims from a TAPS oil spill might exceed $14 million and $100 million. These procedures shall provide that when a determination is made that claims may exceed $100 million, payment of claims may be withheld in full or in part for a twenty-four month period so that claims may be proportionately reduced prior to payment.

(d)(1) Each Owner or Operator of a vessel shall obtain from the Federal Maritime Commission a ''Certificate of Financial Responsibility (Alaska Pipeline)'' demonstrating compliance with the provisions of section 311(p) of the Federal Water Polution Control Act, as amended (33 U.S.C. 1321(p)), and regulations promulgated pursuant to such act (33 CFR part 131). Notwithstanding inconsistent language in such act, financial responsibility in the amount of $14 million for all such vessels must be established.

(2) The certificate obtained in accordance with this subsection shall be carried on board the vessel. No TAPS oil may be loaded on any vessel which has not been issued a valid certificate which is still in effect at the time of loading.

§ 29.8 Notification and advertisement.

(a) As soon as the person in charge of a vessel has knowledge of an incident in which the vessel is involved, he shall immediately notify the Owner or Operator and the National Response Center, (800) 424–6802, of the incident. Notification under this section is in addition to any notification requirements under section 311(b)(5) of the Federal Water Pollution Control Act, as amended, and the regulations of the Coast Guard and the Environmental Protection Agency promulgated thereunder (33 CFR 153.203 and 40 CFR 110.10, respectively).

(b) Upon receiving notice of an incident, the National Response Center shall immediately notify the Fund.

(c)(1) At the time of a spill of TAPS oil, the vessel Owner and Operator shall consult with each other and identify a single contact person to both the Fund Administrator and the National Response Center as the official who is responsible for coordinating with the Fund the resolution of claims from a spill of TAPS oil. The National Response Center shall provide the identity of the contact person to appropriate officials of the Coast Guard.

(2) The Fund shall establish procedures for coordination of the handling of claims with the contact person.

(d) Pursuant to its procedures, the Fund shall ascertain if the spill may result in damage claims in excess of $14 million. If it concludes that that level may be reached, the Fund shall commence advertisement no later than 45 days from the date the Fund receives notice of the incident and shall continue advertising for a period of not less than thirty days.

(e) The advertisement must appear in one or more local newspapers of general circulation and the Fund shall establish procedures governing the format and the information to be included in the advertisement of an incident. All advertisements must include:

(1) The date and location of the incident;

(2) The name of the Owner or Operator;

(3) The name and address of the contact person or of the Fund Administrator to whom claims should be sent.

§ 29.9 Claims, settlement and adjudication.

(a)(1) Claims in accordance with this section may be submitted by any damaged party, his or her duly authorized agent, or his or her successor in interest.

(2) Claims submitted in accordance with this section must contain the following information:

(i) A detailed statement of the circumstances, if known, by which the claimed loss occurred.

(ii) A detailed listing of damages incurred, categorized according to the type of damage involved (§ 29.1(e)), and including a monetary claim for each type of damage listed.

(iii) Documentation of all monetary claims asserted.

(b) The contact person must provide copies of all claims filed with the vessel Owner or Operator to the Fund Administrator upon request of the Administrator. Once such claims are paid, the contact person shall notify the Fund and upon request of the Administrator supply any adjuster's reports.

(c) Prior to reaching $14 million in claims filed, the contact person shall notify the Fund whether the vessel Owner or Operator will assume responsibility to pay damages over the $14 million level.

(d)(1) In the event the vessel Owner or Operator refuses to pay claims over the $14 million level, the Fund shall determine if the $14 million in claims already filed meet the definition of damage as established by this section. The Fund shall pay the claims, or portion of claims, over $14 million, which have been determined to meet that definition.

(2) The Fund shall establish uniform procedures and standards for the appraisal and settlement of claims against the Fund, including but not limited to procedures for appraising claims made to the vessel Owner or Operator to determine when $14 million of claims meeting the definition of damages has been reached; procedures to determine whether claims over the $14 million level which it receives meet the definition of damages; and procedures for determining when the services of a private insurance and claims adjuster shall be used.

(e) In the event the vessel Owner or Operator refuses payment of any claims up to $14 million, the injured parties have recourse to the district court for the Federal district in which the spill occurred or the appropriate State court for the State in which the spill occurred. The Fund only becomes liable after $14 million in claims meeting the definition of damages have been paid or have been acknowledged as payable by the vessel Owner or Operator.

(f) The Fund may settle or compromise any claim presented to it.

(g) No claim may be presented, nor any action be commenced, for damages recoverable under this part unless that claim is presented to or that action is commenced against the vessel Owner or Operator, or their guarantor, or against the Fund, as to their respective liabilities, within two years from the date of discovery of the damages caused by an incident, or of the date of the incident causing the damages, whichever is earlier.

(h)(1) The Board of Trustees, by a majority vote, shall decide to allow or deny claims or settlements presented to the Fund in accordance with this section. In its discretion the Board may delegate the authority to settle classes of claims to the Administrator.

(2)(i) Where a claim is presented to the Fund by or on behalf of any person having a close business, personal or governmental association with any member of the Board of Trustees, such as to create a conflict of interest or the appearance of such conflict of interest on the part of such member of the

Board of Trustees, the member involved shall excuse himself or herself from any consideration of such claim.

(ii) Where a claim presented to the Fund has previously been presented to the Owner or Operator and such Owner or Operator has a close business, personal or governmental association with any member of the Board of Trustees, such as to create a conflict of interest or the appearance of a conflict of interest on the part of such member of the Board of Trustees, the member involved shall excuse himself or herself from any consideration of such claim.

(i) Any claimant aggrieved by the Fund's decision on a claim under this section may appeal the decision in the appropriate Federal district court.

§ 29.10 Subrogation.

If the Fund pays compensation to any claimant, the Fund shall be subrogated to all rights, claims, and causes of action which that claimant has to the extent permitted by law.

§ 29.11 Investment.

(a) The monies accumulated in the Fund shall be prudently invested in the following types of income-producing obligations having a high degree of reliability and security, or in such other obligations as the Secretary may approve:

(1) Fixed income securities issued by the United States or any of its agencies, at the same interest rates and terms available to private investors; and

(2) Fixed income securities or obligations issued by a corporation or issued or guaranteed by a State or local government or any political subdivision, agency or instrumentality thereof, provided such obligations have a rating by Standard and Poors, or Moody, of ''A'' or better, or an equivalent rating, or provided further that the security or obligation is of the same priority as another security or obligation of the same issuer which has been rated ''A'' or better, and provided that the portfolio has an overall rating of ''AA.'' *Provided,* however, That no securities or obligations of the permittees or their affiliates or of any investment advisor or custodian to the Fund, or their affiliates may be purchased or held by the Fund.

(3) Time certificates of deposit and commercial paper provided that the commercial paper has a rating of either ''A1'' or ''P1'' or both.

(b) No more than two percent of the total principal amount outstanding of fixed income obligations of a single issuer may be held by the Fund at any one time, *Provided,* however, That this restriction shall not apply to obligations of the United States or any of its agencies.

§ 29.12 Borrowing.

In the event the Fund is unable to satisfy a claim determined to be justified, or is in need of money with which to initiate the operation of the Fund, the Fund may borrow the money needed from any commercial credit source at the lowest available rate of interest. If the amount to be borrowed is $500,000 or less, the Administrator may arrange to pledge the credit of the Fund pursuant to a resolution of the Board of Trustees. If the proposed borrowing exceeds $500,000, the Administrator shall, prior to issuance of a note or other security pledging the credit of the Fund, secure the approval of the Secretary. No money may be borrowed from any of the Permittees or their affiliates.

§ 29.13 Termination.

Upon termination of operations of the Pipeline, the full disposition of all claims, and the expiration of time for the filing of claims against the Fund, all assets remaining in the Fund shall be placed in a temporary trust fund account within the State of Alaska. The terms of the trust arrangement shall be determined by the Secretary. During the next succeeding session of Congress, the Secretary shall request that Congress provide for final disposition of the Fund. If Congress at any time establishes a comprehensive oil pollution liability fund which supersedes or repeals the Fund, the Fund assets and any pending claims shall be disposed of as Congress or the Secretary shall direct.

§ 29.14 Information collection.

The information collection requirements contained in 43 CFR 29.9 have

been approved by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and assigned approval No. 1084–0026. The information being collected is the information required to substantiate claims submitted to the Fund. The information will be used to determine whether the claims are appropriate for payment by the Fund. Submission of this information is required of claimants before a claim can be considered.

PART 32—GRANTS TO STATES FOR ESTABLISHING YOUNG ADULT CONSERVATION CORPS (YACC) PROGRAM

Sec.
32.1 Introduction.
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32.6 Request for grant.
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AUTHORITY: Pub. L. 95–93, sec. 806, 91 Stat. 630 (29 U.S.C. 801).

SOURCE: 43 FR 12266, Mar. 23, 1978, unless otherwise noted.

§ 32.1 Introduction.

(a) The Young Adult Conservation Corps (YACC) is authorized by title I of the Youth Employment and Demonstration Projects Act of 1977 (Pub. L. 95–93), which amends the Comprehensive Employment and Training Act (CETA) of 1973 by adding a new title VIII.

(b) The Young Adult Conservation Corps (YACC) is a year-round employment program for young men and women aged 16 through 23 inclusive. Financial assistance is available through grants-in-aid for employment and work to be performed on projects affecting both Federal and non-Federal public lands and waters or projects limited to non-Federal public lands and waters. YACC grants do not require matching.

(c) The YACC grant program is jointly managed by the Secretaries of the Interior and Agriculture under an interagency agreement with the Secretary of Labor.

(d) Thirty percent of the sums appropriated to carry out the YACC program for any fiscal year will be available for grants during such year. Grant funds will be allocated on the basis of the total youth population within each State. State YACC programs must consist of both residential and nonresidential projects. At least 25 percent of the State YACC program must be residential by September 30, 1978.

§ 32.2 Definitions.

The terms used in these regulations are defined as follows:

(a) *Act.* The Comprehensive Employment and Training Act of 1973, as amended.

(b) *YACC.* Young Adult Conservation Corps.

(c) *Secretaries.* The Secretaries of the Interior and Agriculture or their designated representatives. The YACC program is managed within Interior by the Office of Youth Programs, and within Agriculture, by the Forest Service.

(d) *State.* Any of the several States of the United States, District of Columbia, Commonwealth of Puerto Rico, Virgin Islands, Guam, American Samoa, and The Trust Territories of the Pacific Islands and the Northern Marianas.

(e) *Refugee/parolee.* An alien who is admitted into the United States under the Immigration and Nationality Act, and who is legally authorized to take permanent employment in the United States.

(f) *Enrollee.* An individual enrolled in the YACC grant program.

(g) *Grant.* Funding furnished by the Secretaries to a State pursuant to the Act in order to carry out the YACC program.

(h) *Grantee.* Any State recipient of a grant for the operation of a YACC program affecting both Federal and non-Federal public lands and waters, or projects limited to non-Federal public lands and waters as designated by the Governor in each State.

(i) *Subgrantee.* Any unit of general local government or any public agency or organization or any private nonprofit agency or organization which has been in existence at least 2 years which has successfully applied to a

State for funds to operate a YACC project affecting both Federal and non-Federal public lands and waters within that State or projects limited to non-Federal public lands and waters.

(j) *Contractor.* Any public agency or organization, or any private non-profit agency or organization which has been in existence for at least 2 years and is under contract with the grantee or subgrantee for the conduct of a YACC project affecting both Federal and non-Federal public lands or waters, or projects limited to non-Federal public lands and waters.

(k) *State grant program.* The YACC program consisting of one or more projects operated by a State with Federal Funding.

(l) *Project.* A YACC residential camp operation or nonresidential project:

(1) *Residential camp.* A YACC facility established and maintained to provide 7 days-per-week, 24 hours-per-day residential support services for enrollees.

(2) *Nonresidential project.* A designated area from which daily work activities are assigned and to/from which nonresidential enrollees commute daily.

(m) *In consultation with.* Advance discussion shall occur on the matter under consideration.

(n) *Non-Federal public lands and waters.* Any lands or waters within the territorial limits of a State owned either in fee simple by a State or political subdivision thereof or over which a State or political subdivision thereof has, as determined by the Secretaries, sufficient long-term jurisidiction so that improvements made as the result of a grant will accrue primarily to the benefit of the public as a whole. Federally owned public lands and waters administered by a State or political subdivision thereof under agreements with a Department or Agency of the Federal Government are eligible under such definition if the Secretaries determine that the State or political subdivision thereof is entitled or is likely to retain administrative responsibility for an extended period of time sufficient to justify treatment as non-Federal public lands or waters.

(o) *Total youth population.* Number of youth in a State ages 16 through 23, consistent with the most current Bureau of Census estimate.

(p) *Labor.* U.S. Department of Labor.

(q) *Interior.* U.S. Department of the Interior.

(r) *Forest Service.* Agency within the U.S. Department of Agriculture.

§ 32.3 Program purpose and objectives.

It is the purpose of the Young Adult Conservation Corps to provide employment and other benefits to youths of both sexes from all social, economic and racial classifications who would not otherwise be currently productively employed. The youths will be employed for a period of service during which they engage in useful conservation work which would otherwise be accomplished if adequate funding were made available.

§ 32.4 Program operation requirements.

(a) The State agencies cooperating with Interior and Forest Service having natural resource management responsibilities should be involved in the planning and implementation of the program.

(b) Grantees shall be responsible for the management of each Corps camp and project, final selection of enrollees, determination of enrollee work assignments, training, discipline and termination, and camp operations in accordance with this part and guidelines issued by Interior and Forest Service.

(1) Grantees shall assure that YACC program activities will not result in the displacement of employed workers (including partial displacement such as reduction in the hours of non-overtime work or wages or employment benefits), or impair existing contracts for services, or result in the substitution of YACC funds for other funds in connection with work that would otherwise be performed, or substitute jobs assisted under YACC for existing Federally-assisted jobs, or result in the hiring of any youth when any other person is on layoff from the same or any substantially equivalent job.

(2) Grantees shall assure that the activities in which the YACC enrollees are employed will result in an increase in employment opportunities over those opportunities which would otherwise be available.

(3) In addition, Grantees shall see that YACC enrollees do not, at the same time, share common facilities or property with, or work with members of the Job Corps, under title IV of the Act, except in emergency situations as outlined in paragraph (l)(4)(i) of this section.

(c) Enrollee eligibility: Membership in the Corps will be limited to youths between the ages of 16 to 23, inclusive who are unemployed at the time of application. Citizens, lawfully permanent residents of the United States, or lawfully admitted refugees, or parolees, may apply for enrollment. Applicants also must be capable of carrying out the work of the Corps for the estimated duration of their enrollment.

(d) Candidate recruitment and referral: (1) Interested youth may apply to their local Employment Service/Job Service for enrollment. State Employment Security Agencies (SESA) and their local Employment Service/Job Service (ES/JS) offices shall take applications for YACC from all interested youth and shall refer all candidates who self-certify that they meet eligibility requirements to Grantees for selection of those to be enrolled. Self-certification by applicants ages 16 through 18 who have left school shall include an assurance that they did not leave school for the purpose of enrolling in the Corps. Such referrals shall include all interested youth, including veterans, from both sexes, and all social, economic and racial classifications. Labor shall recruit candidates for YACC through the SESA and their local ES/JS offices, prime sponsors qualified under section 102 of the act, sponsors of Native-American programs qualified under section 302 of the act, sponsors of migrant and seasonal farmworkers programs under section 303 of the act, Interior and Agriculture and such other agencies and organizations as deemed appropriate by Labor. All candidates must be referred through the local ES/JS offices.

(2) An equitable proportion of candidates shall be referred from each State, based on the State's total youth population. For YACC program purposes, total youth population is the number of youth, 16 through 23, as determined on the basis of the best available data. Youth of both sexes and of all social, economic, and racial classifications shall be referred equitably.

(e) Enrollee selection: Grantees shall—(1) Notify ES offices when openings are available;

(2) Select enrollees for the Corps only from those candidates referred by Labor and, in selection and assignment, shall provide, to the extent feasible, for equitable participation for youth of both sexes and of all social, economic, and racial classifications, and for equitable participation of youth from each State;

(3) Notify selected applicants of the date, time and place to which they should report for work, and that enrollees must provide their own transportation to and from the project or camp;

(4) Require that enrollees complete physical examinations prior to official enrollment (expenses, if any, for the physical examination will be borne by the prospective enrollee);

(5) Require parental consent for those youth who have not reached the age of majority as defined by State law;

(6) Require enrollees to provide their own clothing, with the exception of certain safety equipment which will be furnished;

(7) Notify the referring ES/JS office as soon as possible but no later than 30 days after receipt of application, which applicants have been selected and have reported for employment and which have not been so selected.

Preference in enrollee selection shall be given to applicants in rural and urban areas having substantial unemployment rates equal to or in excess of 6.5 per centum as determined by the Department of Labor. Grantees shall comply with section 808 of the act, concerning antidiscrimination.

(f) Enrollment duration: (1) Grantees shall assure that no individual is enrolled in the Corps for a total period of more than 12 months. Such period may be completed in up to three separate enrollment periods so long as the youth meets the eligibility requirements at the time of each separate enrollment. An individual who attains age 24 while enrolled may remain in the program to complete the current period of enrollment.

(2) No youth shall be enrolled if he or she desires such enrollment only for the normal periods between school terms.

(g) Corpsmember activities. Grantees shall assure that work project activities on which YACC enrollees are employed are consistent with the Forest and Rangeland Renewable Resource Planning Act of 1974, as amended by the National Forest Management Act of 1976. Enrollees will be assigned to work projects which are designed to diminish the backlog of work in such fields as:

(1) Tree nursery operations, planting, pruning, thinning and other silvicultural measures;

(2) Wildlife habitat improvement and preservation;

(3) Range management improvements;

(4) Recreation development, rehabilitation and maintenance;

(5) Fish habitat and culture measures;

(6) Forest insect and disease prevention and control;

(7) Road and trail maintenance and improvements;

(8) General sanitation, cleanup, and maintenance and improvements;

(9) Erosion control and flood damage;

(10) Drought damage measures; and

(11) Other natural disaster damage measures.

(h) Project criteria. YACC projects will be operated on a residential and nonresidential basis. Each project location will be jointly approved by Interior and Forest Service through their Regional/Area Offices. To the maximum extent practicable, projects shall:

(1) Be labor-intensive;

(2) Be projects for which work plans exist or can be readily developed;

(3) Be able to be initiated promptly;

(4) Be productive with positive impacts on both the Enrollee as well as the Corps from the standpoint of work performed and benefit to participating youth;

(5) Provide work experience to participants in skill areas required for the projects;

(6) If a residential camp, to the maximum extent feasible, be located in areas where existing residential facilities are available. The use of existing but unoccupied or underutilized Federal, State, and local government facilities and equipment shall be maximized; such utilization is subject to the approval of the Federal agency, State or local government having administrative control thereof;

(7) If a non-residential project, be located within acceptable normal commuting distance from the geographic center of areas of substantial unemployment as designated by Labor;

(8) Be similar to activities of persons employed in seasonal and part-time work by Federal natural resource agencies.

(i) Cooperation with agencies and institutions: (1) Grantees shall, to the extent feasible, arrange for local linkages with educational systems, CETA and other employment and training programs, employment service offices, local apprenticeship sponsors and information centers, and employers, in order to arrange for the provision of available services to enrollees, both during non-work hours while enrolled, and after termination from YACC. Grantees shall establish procedures to ensure that enrollees are made aware of established linkages and related information and opportunities.

(2) Grantees shall notify appropriate local ES/JS offices regarding enrollee status, in advance of the end of the enrollment period or upon termination and shall, to the extent feasible, assist the enrollee in making contact with ES/JS or other organizations to enhance the possibilities for placement.

(3) Labor shall work with the Department of Health, Education, and Welfare to make suitable arrangements whereby academic credit may be awarded by educational institutions and agencies for competencies derived from work experience obtained through the YACC program. Labor shall also encourage Grantees, through Interior and Forest Service, to make necessary arrangements with local education agencies so that academic credit for such work experience may be granted.

(j) Enrollee wages and hours of work: (1) Grantees shall assure that enrollees in the State Grant Program are paid at the Federal minimum wage rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended. As

an exception, Grantees shall provide for an additional cost-of-living adjustment for enrollees in the State of Alaska, not to exceed 25 percent of the Federal Wage Rate.

(2) Wages in the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, and the Northern Marianas shall be consistent with provisions of Federal, State, or local laws, otherwise applicable. Wages in the Trust Territory of the Pacific Islands shall be consistent with local law, except on Eniwetok and Kwajalein Atoll where section 6(a)(1) of the Fair Labor Standards Act applies.

(3) As an incentive, Grantees may authorize incremental increases, above the minimum wage, for a limited number of enrollees, to reflect additional responsibilities or competencies. For this purpose, two promotional categories may be established: (i) Enrollee Leader, and (ii) Enrollee Assistant Leader. No more than 15 percent of the enrollment of any individual camp or project shall be given such increases. For each enrollee thus compensated, the wage increase shall be 50 percent for the enrollee leader and 15 percent for the enrollee assistant leader, of the applicable basic hourly minimum wage.

(4) Grantees shall reduce enrollee wages for each hour of unexcused absence.

(5) Enrollees assigned to residential camps may be required to assume responsibility for housekeeping and maintenance duties. Such duties shall not be considered compensable, unless scheduled during the regular work day, in which case enrollees shall be paid at the same rate as for regular work assignments.

(6) Enrollees may not be required to work more than 8 hours per day or 40 hours per week, except that Grantees may authorize overtime which shall not exceed 10 hours per week per enrollee, in which event they shall pay them at his or her regular rate.

(7) Enrollees assigned to residential camps shall be charged for daily food and lodging as follows: 75 cents per meal furnished and 75 cents per day lodging. Grantees shall arrange for payment of such charges by payroll deduction.

(8) Grantees shall establish a collection procedure for collecting payments made by program staff and visitors for meals, lodging, or other items requiring reimbursement. Amounts collected shall be treated as program income and shall be netted against total YACC program outlays by Grantees.

(9) Income taxes shall be withheld from enrollee wages pursuant to the Federal Internal Revenue Code of 1954 (26 U.S.C. 1 *et seq.*), and such State income tax laws as are applicable. Grantees shall provide each enrollee with the forms required to effect income tax deductions and withholding exemptions and shall assure that appropriate wage and tax statements are provided to enrollees.

(10) Interior and Forest Service shall assure that the payroll procedures for both the Federal and State programs are the same. State and local grantees shall utilize the payroll forms used by the Federal Government for payment of enrollees in accordance with the guidelines issued by Forest Service and Interior as appropriate.

(11) Grantees may utilize the payroll services of the Administrative Service Center (ASC), Bureau of Reclamation, P.O. Box 11568, Salt Lake City, Utah 84147 for enrollee pay at no direct cost to the Grantee. Grantees may elect to payroll the enrollees through their own payroll system if the payroll system is consistent with regulations contained herein. Those Grantees electing to payroll enrollees through ASC will be furnished appropriate forms and instructions.

(k) Enrollee leave: (1) Grantees shall provide enrollees with paid annual leave at a rate of 4 hours for every full pay period which shall consist of 2 normal work weeks. Accrual shall commence at the beginning of the first full pay period after the day of official enrollment, and shall end on the date of official termination. Such leave may be accrued up to a maximum of 13 days for 52 weeks of uninterrupted enrollment: Enrollees may use accrued leave at any time, subject to approval by the Grantee, but shall use all accrued leave prior to each formal termination. Accrued leave may be used for such purposes as personal business and sick time. The date of formal termination

shall be the final date upon which the youth is eligible to receive pay, whether this is a work day or an accrued but unused leave day. Compensation shall not be paid for unused accrued leave.

(2) Grantees may grant administrative leave with pay for enrollee participation in job search and employment development activities. Such leave with pay is to be counted as time in employment.

(3) Emergency or administrative leave, without pay may be granted at the discretion of the Grantee. Such leave without pay shall not be counted as time in employment.

(4) Grantees shall pay enrollees for all regular State holidays, if they are in a pay status for 8 hours on the workdays immediately preceding and following the holiday. Approved leave with pay shall count as time in employment for approved paid holidays. Such holidays shall not count as annual leave.

(l) Federal status of enrollees: Except as otherwise specifically provided in this subpart, YACC enrollees in the State Grant Program shall not be deemed Federal employees, and shall not be subject to the provisions of law relating to Federal employment including those regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits. Enrollees in the State Grant Program shall be considered Federal employees for the following purposes:

(1) For purposes of section 5911 of title 5 of the U.S. Code, relating to allowances for living quarters, enrollees whose housing is provided by the Federal Government shall be deemed civil employees of the United States within the meaning of the term ''employee'' as defined in that section, and provisions of that section shall apply.

(2) For purposes of the Internal Revenue code of 1954 (26 U.S.C. 1 *et seq.*) and title II of the Social Security Act (42 U.S.C. 401 *et seq.*), enrollees shall be deemed employees of the United States, and any service performed by a person as an enrollee shall be deemed to be performed in the employ of the United States.

(3) For purposes of chapter 171 of title 28 of the U.S. Code, relating to tort claims procedures, enrollees in the State Grant Program shall be deemed employees of the United States within the meaning of the term ''employee of the Government'' as defined in section 2671 of title 28 U.S. Code, and provisions of that chapter shall apply.

(i) In the event an enrollee is alleged to be involved in the damage, loss or destruction of the property of others or of causing personal injury to or the death of other individual(s) while in the performance of duty, claims may be filed by the owner(s) of the property, the injured person(s) or by a duly authorized agent or legal representative of the claimant to the Grantee who shall collect all of the facts and submit the claim to the Regional/Area Offices, Interior and Forest Service for appropriate action.

(ii) Tort claims shall be made on Standard Form 95, Claim for Damage or Injury form or a similar document, supported by necessary justification.

(4) For purposes of subchapter 1 of chapter 81 of title 5 of the U.S. Code, relating to compensation to Federal employees for work injuries, enrollees in the State Grant Program shall be deemed employees of the United States within the meaning of the term ''employee'' as defined in section 8101 of title 5 U.S. Code and provisions of that subchapter shall apply, except that the term ''performance of duty'' shall not include any act of an enrollee while absent without authorization from the enrollee's assigned post of duty, but shall include time spent participating in an activity (including an activity while on pass or during travel to or from such post of duty) authorized by or under the direction of YACC program staff.

(i) Residential enrollees are generally considered under Federal Employees' Compensation Act to be Federal employees from the time each begins Government authorized travel to the assigned YACC camp, to the time each completes Government authorized travel after termination from the program. Residential enrollees shall be generally considered in ''performance of duty'' at all times during any and all of their activities, 24 hours a day, 7 days a week, except when they are absent without authorization from their

assigned post of duty. Whether a residential enrollee is in ''performance of duty'' shall be determined by the Office of Workers' Compensation Programs (OWCP).

(ii) Nonresidential enrollees, after official enrollment are generally considered, under Federal Employees Compensation Act (FECA), to be in ''performance of duty'' as Federal employees from the time they arrive daily at the designated area from which activities are assigned, until they leave such designated area or activity. Nonresidential enrollees are generally not covered by FECA while commuting between a designated area/authorized activity and their residence. Whether a nonresidential enrollee is in ''performance of duty'' shall be determined by OWCP.

(iii) Whenever an enrollee is injured, develops an occupation related illness, or dies while in the performance of duty, the Grantee shall immediately comply with the procedures set out in the Employment Standards Administration regulations of 20 CFR chapter 1. The Grantee shall also see that a thorough investigation of the circumstances, and a medical evaluation are made, and shall see that required forms are submitted to the Regional/Area Offices, Interior and Forest Service, for appropriate action.

(iv) If an enrollee dies, the Grantee, in addition to making proper notifications, in accordance with procedures established by Interior and Forest Service shall:

(A) Notify the appropriate district office of Workers' Compensation Programs (OWCP) through the Regional/Area Office, Interior and Forest Service of the death and the circumstances surrounding it, and file appropriate forms with that office.

(B) Be responsible for assuring that the next of kin is informed of benefits which may be available from Federal Employees' Compensation;

(C) Consult the decedent's family as to the final disposition of the remains before any final action is taken in this regard; and

(D) If the next of kin refuses to accept the remains, arrange for burial at a site close to the camp/project and at a cost not to exceed the amount authorized in section 8134(a) of the Federal Employees' Compensation Act (FECA).

(v) Safety and health: (A) Grantees shall assure that enrollees are not required or permitted to work or receive services in buildings or surroundings or under condition which are unsanitary, hazardous, or lack proper ventilation. Such work or services shall be conducted or provided in accordance with the standards set forth in the regulations under the Occupational Safety and Health Act of 29 CFR parts 1910, 1926, and 1960 subpart B.

(B) Grantees shall conduct safety and health inspections of every residential camp and work project area connected therewith, at least annually, consistent with the requirements of 29 CFR 1960.26(d).

(C) Grantees shall issue such items of protective and safety clothing and equipment to enrollees as are necessary and appropriate to insure a maximum of safety in field and construction activities, including, at a minimum, hard hats, gloves, and boots. Grantees shall also see that proper use of such clothing and equipment is taught to enrollees and enforced. Enrollees are expected to provide all other clothing.

(D) Grantees shall provide complete safety orientation to enrollees in all work situations to alert them to any hazards to which they may be exposed.

(vi) Residential living conditions: (A) Grantees shall provide for residential support facilities and services which ensure healthful and secure living conditions, 7 days a week, 24 hours a day.

(B) Grantees shall assure that all residential facilities are well maintained and shall comply with applicable Federal, State and local safety, health, and housing codes for multipurpose group residences. Adequate supervision and assistance are to be provided for the safety and welfare of the enrollees.

(vii) Enrollee services: Grantees shall provide enrollees with such transportation related to camp and/or project operations, lodging, subsistence, medical treatment and other services, supplies, equipment and faciliies as may be needed consistent with this part.

(viii) Enrollee complaints: Grantees shall establish procedures for resolving

enrollee complaints and issues which arise between the grantee and any enrollee regarding adverse action, civil rights, equal employment opportunity, enrollment, or upgrading from the time at which their referrals are received from ES/JS to the time of formal termination. Such procedure shall:

(*1*) Provide the enrollee with the opportunity for an informal conference,

(*2*) Provide prior notice of intended adverse action against the enrollee setting forth the grounds and permitting response,

(*3*) Provide an opportunity for a formal hearing, and if the enrollee is not satisfied, with an opportunity for an appeal and

(*4*) Provide an offer of assistance in preparation for hearings and appeals.

(ix) Emergency disaster work: (A) Grantees may utilize enrollees aged 18 years and over to perform work in emergency disaster situations. Enrollees may volunteer but may not be required to participate while natural disasters are occurring; enrollees may, however, be required to perform work on damage which has been caused by such disasters. The use of YACC enrollees in such activities must provide for qualified supervision and training for the enrollee. All such activity shall be conducted in accordance with regular Grantee policy: and procedures shall meet health, safety and work standards established by Labor in 29 CFR parts 97B, 22, 23, 24, and 25.

(B) Such enrollees shall be used only to supplement compensated firefighters, and shall be paid at the rates set by the Grantee as established in pay plans for emergency firefighters, in accordance with established policies, procedures and practices.

(C) No YACC enrollee is required to work for a greater number of hours per day than other firefighters.

(D) Cost incurred in using YACC enrollees in emergency disaster situations shall be borne by the funds of the benefitting organizations whenever possible; however, YACC funds may be used to provide such assistance subject to the approval of the Secretaries.

(E) Grantees shall see that the work activity of enrollees under age 18 is in compliance with Hazardous Occupation Orders issued pursuant to the Fair Labor Standards Act (29 CFR 570.50 *et seq.*).

(F) All YACC work and services are to be conducted consistent with the requirement of the Occupational Health & Safety Act (29 CFR parts 1910, 1926, and 1960 subpart B).

(x) Prohibited activities: Grantees shall not permit YACC enrollees to participate in emergency relief in connection with labor stoppages, strikes, riots, or civil disturbances. Enrollees shall not participate in activities on private property except as incidental to emergency work provided for in paragraph (i) of this section.

(xi) Transportation: Grantees shall assign selected enrollees to the residential camps nearest to their home as practicable; and to nonresidential projects within normal commuting distance from their homes. Daily transportation to and from home and work site for nonresidential enrollees may not be provided, except from established staging areas to work site and return to staging area. YACC will not pay the initial transportation from home to residential camp; however, residential YACC enrollees may be advanced a portion of their wages for the purpose of traveling to the camp upon a determination by the grantee that the youth is in need thereof. Grantees shall arrange for repayment of such advances by payroll deduction.

(xii) Project identification: Buildings, campgrounds and other permanent projects shall be marked with appropriate signs identifying each project as built by or under construction by the YACC.

(xiii) Post termination assistance: Grantees shall notify appropriate local ES/JS offices regarding enrollee status, in advance of the end of the enrollment period or upon termination, and shall, to the extent feasible, assist the enrollee in making contact with ES/JS or other organizations to enhance the possibilities for placement.

§ 32.5 Administrative requirements.

(a) The Governor in each State shall designate the State agency having program administration responsibility as the recipient YACC grantee. The non-Federal component of YACC in each

State will be carried out by the designated agency. Other State agencies, lower tier governmental organizations, units of local government, any public agency or organization or any private nonprofit agency or organization which has been in operation at least 2 years, may apply to the designated State agency for a YACC sub-grant or contract.

(b) At least 25 percent of the enrollees in each State YACC program must be residential by September 30, 1978. However, the Secretaries may waive this residential requirement where State funding allocations provide for minimum enrollment numbers. Cost per enrollee limitations imposed on Interior and Forest Service in the total program will also be applicable to Grantee programs; limitation information will be furnished through planning advice to Grantees.

(c) All grantee camp/project site selections/locations shall be approved by Interior and Forest Service through their Regional/Area Offices.

(d) Federal Management Circular (FMC) 74–4 and Office of Management and Budget Circular (OMB) A–102 (formerly FMC 74–7) are applicable to all grants, agreements, and contracts entered into under this part. Copies of these documents can be obtained through any of the several regional offices of the Secretaries.

(e) Grantees shall establish procedures to insure that operational directives, guidelines, controls, and records, including appropriate and sufficient enrollee records, are established, promulgated, and maintained, in accordance with established policies and procedures contained herein and consistent with the requirements in Attachment C to OMB Circular A–102.

(f) ''Request for advance or reimbursement'' as outlined in Attachment H to OMB Circular A–102 will be used to obtain advance funding or for reimbursement. Advances are limited to 30-day needs and may not be made before approval of the grant application.

(g) Except where specifically excluded in Circulars 74–4 and A–102, grantees shall impose the requirements of this part on all State and local government subgrantees and contractors. Grantees are responsible for administering their subgrants and contracts under these guidelines, and shall make a periodic review of all non-Federal YACC projects under its administrative control during each operating year.

§ 32.6 Request for grant.

(a) All States will be given an opportunity to participate in the program. Thirty percent of each appropriation will be allocated among the States on the basis of total youth population as defined in § 32.2(o) of this part.

(b) States may apply for grants under the program in accordance with Attachment M of OMB Circular A–102. Forms and instructions may be obtained from either Forest Service or Interior Regional/Area locations throughout the country.

(c) The Grantee shall submit a consolidated application for all YACC projects included in its program.

(d) Allocated grant funds not needed by a State may be reallocated to another State at the discretion of the Secretaries. The Secretaries may choose to reallocate such funds to any one or several of the applicants in order to maximize employment. Section 32.9 of this part shall also apply to fund reallocation.

(e) The Secretaries have designated officials at their respective Regional/Area Offices to receive and approve State applications for YACC grants. These officials must jointly act on all applications and will furnish technical assistance and advice concerning all YACC program matters. The names and addresses of these designated Federal officials will be furnished to each State.

(f) The initial YACC State Grant Program year shall be from April 1, 1978, to March 31, 1979. Program years beginning in FY 79 will be consistent with the Federal fiscal year (October 1 to September 30).

§ 32.7 Application format, instructions, and guidelines.

Grant Applications will be made using the Office of Management and Budget approved form entitled ''Application for Federal Assistance'' (short form)—Attachment M. Exhibit M–5 of OMB Circular A–102, Uniform Administrative Requirements for Grants-in-Aid

to States and Local Governments. The application form consists of 4 parts. The application shall be prepared in accordance with Attachment M and the following supplemental criteria:

(a) Part III—Program Narrative Statement. Complete a consolidated description of all Grant projects summarizing all Grantee, Sub-grantees, and Contractor projects.

Complete a separate profile for each project location and each residential or non-residential project which will include the following information:

Name of Grantee, Sub-grantee or Contractor for each project.

Type project—Residential or Nonresidential.

The name of the Project Manager/Camp Director.

The project number—Number projects consecutively.

The name and address for the project.

The project location—Show county, nearest city or town, and State.

The land ownership class(es) benefiting from the program—State, county, municipal or other non-Federal public (identify).

The number of enrollees at full project capacity.

The planned start-up date.

The type of work enrollees will engage in—State the primary mission of the project, brief explanation of units of expected accomplishments and any hazards that might be encountered.

The staff—Show official position titles, the tour of duty days and hours, and a brief description of the duties and/or responsibilities for all project staff.

Health and safety—A statement as to the project's conformance to health and safety policies and procedures which are consistent with the standards set forth in the Secretaries' Regulations.

(b) Priority should be given to project proposals according to the following general work categories.

(1) Conservation projects which protect or expand the availability of natural resources and/or enhance the care and use thereof.

(2) Projects designed for general sanitation, clean-up maintenance and/or improvements.

§ 32.8 Program reporting requirements.

Grantees shall submit the following reports to the Secretaries quarterly within 15 days after the end of December, March, June, and September. In addition, a final report is required within 60 days from the end of each grant period. Forms for completing the reports will be supplied to the grantee at time of grant award. The required reports are:

(a) Quarterly Financial and Program Progress Reports: (1) *Financial Status.* Grantees shall submit a quarterly accrual basis ''Financial Status Report'' and a final report.

(2) *Enrollee Characteristics and Program Progress.* Based on the payroll data system, Administrative Service Center (ASC) provides a quarterly summary of enrollee characteristics and program progress to Forest Service, Departments of the Interior, and Labor within 15 days of the end of the quarter. For States not using the ASC, the same data is required to be submitted to the ASC. All States shall submit the required final report.

(b) ''YACC Work Accomplishment'' (YACC Form 5): The purpose of this form is to provide program data such as enrollee man-years worked and quantity of work accomplished as expressed in normal units of measure. Instructions regarding this report will accompany the form.

(c) The reporting requirements contained herein have been approved by the Office of Management and Budget in accordance with the Federal Reports Act of 1942.

§ 32.9 Consideration and criteria for awarding grants.

(a) The decision by the Secretaries' designated officials for award of YACC grants will consider the following:

(1) Amount of grant funds appropriated and available.

(2) The total youth population ages 16 to 23, inclusive, in each State in relation to the total for all States.

(3) The ability of State agencies to operate at the funding level provided in any given Federal fiscal year.

(4) The quality of each proposed project in terms of meeting program objectives as reflected in each application. After the initial grant year, actual performance of the Grantee in administering the YACC program in prior years will be considered.

(5) The cost to the Federal Government of the State program in relation

to the quality and quantity of projects proposed.

(6) The following imposed limitations: (i) National average cost per enrollee, (ii) Percent in residential program.

(7) The capability and past performance by Grantees in meeting their responsibilities as required by FMC 74–4 and OMB Circular A–102.

(8) Project Location Approval. Each project location will be approved by Forest Service and Interior through their Regional/Area Offices.

(b) The demonstrated capability of the Grantee to establish and implement an effective mechanism to assure equal employment opportunity in staff hiring by the Grantee or any subgrantees will be considered prior to award. If the Grantee's performance is found to be so unsatisfactory or inadequate as to warrant denial, suspension, modification or termination, then appropriate action will be taken in accordance with the regulations implementing title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d.

PART 33—ALLOCATION OF DUTY-FREE WATCHES FROM THE VIRGIN ISLANDS, GUAM, AND AMERICAN SAMOA [NOTE]

NOTE: Public Law 89–805 (19 U.S.C. 1202) authorizes the Secretary of the Interior and the Secretary of Commerce to issue joint regulations governing the allocation of duty-free quotas for watches and watch movements assembled in the Virgin Islands, Guam, and American Samoa. For the text of these joint regulations, see 15 CFR part 303, published at 42 FR 62907, Dec. 14, 1977, and revised at 49 FR 17740, Apr. 25, 1984.

PART 34—REQUIREMENTS FOR EQUAL OPPORTUNITY DURING CONSTRUCTION AND OPERATION OF THE ALASKA NATURAL GAS TRANSPORTATION SYSTEM

Sec.

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34.11 Enforcement sanctions.

AUTHORITY: Sec. 17, Pub. L. 94–586, 15 U.S.C. 719 (1976).

SOURCE: 45 FR 31104, May 12, 1980, unless otherwise noted.

§ 34.1 Statement of purpose.

The purpose of these regulations is to implement both section 17 of the ANGTA and Condition 11 of the President's *Decision*.

§ 34.2 Applicability.

These regulations apply to all activities including, but not limited to, contracting for goods and services, employment, and any other benefits that flow from activities conducted under permits, rights-of-way, public land orders, and other Federal authorizations granted or issued pursuant to ANGTA, by recipients of those authorizations, their agents, contractors, and subcontractors, including labor unions or other persons.

§ 34.3 Definitions.

(a) As used in this part, the term, *ANGTA* means the Alaska Natural Gas Transportation Act of 1976, Public Law 94–586, 15 U.S.C. 719.

(b) *ANGTS* means the Alaska Natural Gas Transportation System as designated and described in the President's *Decision and Report to Congress on the Alaska Natural Gas Transportation System*, September 1977, pursuant to section 7(a) of ANGTA, S.J. Res. 82, 91 Stat. 1268 (1977).

(c) The term *affirmative action plan* means a statement of those actions appropriate to overcome the effects of past or present practices, policies, or other barriers to equal opportunity in employment, procurement, and the provision of services, financial aid or other benefits, and includes goals for achieving equal opportunity and a description of specific result-oriented procedures to which the recipient, contractor or subcontractor commits itself to apply a good faith effort in order to achieve the goals.

(d) The term *applicant* means a person who has applied for and is seeking Federal authorization under ANGTA to construct and operate the ANGTS, but

has not received or been denied the authorization sought.

(e) The term *contract* means any agreement or arrangement (in which the parties do not stand in the relationship of employer and employee) between a recipient or an applicant and any person for the furnishing of supplies or services to a recipient or applicant, or for the use of real or personal property including lease arrangements by a recipient or applicant. The term contract also includes any agreement or arrangement, whether oral or written, express or implied, between two persons and which is related in any way to the activities conducted under any certificate, permit, right-of-way, lease or other Federal authorization granted or issued pursuant to ANGTA, or in any way connected with ANGTS.

(f) The term *contractor* means a person who is a party to a contract with a recipient or an applicant.

(g) The term *discrimination* means an action or a failure to act which has the effect or would tend to have the effect of excluding a person from participation, denying a person benefits, subjecting a person to unequal treatment, or harassing a person because of and on the basis of race, creed, color, national origin or sex.

(h) The term *Federal Inspector* means the official appointed by the President pursuant to section 7(a)(5) of ANGTA to coordinate governmental actions with respect to ANGTS, including the monitoring and enforcement of the terms and conditions attached to government authorizations issued under ANGTA. The term also includes authorized representatives of the Federal Inspector.

(i) The term *female business enterprise* (FBE) means a sole proprietorship, partnership, unincorporated association, joint venture or corporation that is owned and controlled by women. To qualify as an enterprise owned and controlled by women, 51% of the beneficial ownership interests and 51% of the voting interests must be held and actually voted by women. Further, the enterprise must in fact be controlled and managed by women.

(j) The terms *minority* and *minority groups* include:

(1) Black, all persons having origins in any of the Black African racial groups not of Hispanic origin;

(2) Hispanic, all persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin regardless of race;

(3) Asian and Pacific Islander, all persons having origins in any of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands including persons having origin, for example, in China, India, Japan, Korea, the Philippine Islands, Samoa; and

(4) American Indian or Alaskan Native, all persons having origins in any of the original people of North America and maintaining identifiable tribal affiliations through membership and participation or community identification.

(k) The term *minority business enterprise* (MBE) means a sole proprietorship, partnership, unincorporated association, joint venture or corporation that is owned and controlled by minorities. To qualify as an enterprise owned and controlled by minorities, 51% of the beneficial ownership interest and 51% of the voting interests must be held and actually voted by minority people. Further, the enterprise must in fact be controlled and managed by minority people.

(l) The term *person* includes recipients, contractors, subcontractors, governmental agencies, corporations, associations, firms, partnerships, joint stock companies, labor unions, employment agencies, and individuals.

(m) The term *President's Decision* means the President's *Decison and Report to Congress on the Alaska Natural Gas Transportation System*, September 1977, pursuant to section 7(a) of ANGTA, approved and adopted S.J. Res. 82, 91 Stat. 1268 (1977).

(n) The term *procurement* means the acquisition (and directly related matters) of personal property and nonpersonal services (including construction) by such means as purchasing, renting, leasing, (including real property) contracting, or bartering, but not by condemnation or donation.

(o) The term *procurement practice* means any course of conduct or activity taken to effect procurement.

(p) The term *recipient* means any corporation association, joint stock company, partnership, firm, agency or individual who receives a certificate, permit, right-of-way, lease, or other Federal authorization granted or issued under ANGTA to construct and operate the ANGTS, whether directly or through another recipient including any successor, assignee or transferee thereof.

(q) The term *subcontract* means any agreement or arrangement between a contractor and any person, regardless of tier, (in which the parties do not stand in the relationship of employer and employee) in any way related to the performance of any one or more contracts as defined above.

(r) The term *vendor* means a person who sells or provides goods or services for the construction and operation of ANGTS. A vendor may be a contractor or subcontractor.

§ 34.4 Discrimination prohibited.

(a) *General.* No person shall, on the grounds of race, creed, color, national origin, or sex, be discriminated against or excluded from receiving any benefit from or participating in any activity conducted under any certificates, permits, rights-of-way, leases, and other Federal authorizations to which this part applies.

(b) *Specific actions in which discrimination is prohibited.* No person shall directly or through contractural or other arrangements, discriminate in any activity to which this part applies, including the following:

(1)(i) Employment policies and practices of employers, including advertising, hiring or firing, up-grading, promotion, or demotion, transfer, layoff, or termination, rates of pay, and other forms of compensation or benefits, or other terms and conditions of employment;

(ii) Employment policies and practices of labor unions, including, acceptance of applications for membership, enrolling or expelling members, classification of members, referrals for employment, training and apprenticeship programs, and the provision of other benefits of membership;

(iii) Employment policies and practices of employment agencies including acceptance of applications for employment services, referrals for employment, classification of individuals for employment, and the provision of other benefits and services.

(2) Procurement practices, including manner of procurement, qualification for contracting or placement on procurement source lists, the composition of sources solicited, the use of pre-bid conferences, solicitation for proposals or bids, the designation of quantities, delivery schedules or other specifications, selection procedures, or performance standards.

(3) The provision of services, financial aid and other benefits provided in whole or in part, under any Federal authorization to which this part applies, more specifically including actions that result in the:

(i) Denial to an individual or establishment of any service, financial aid, or other benefits;

(ii) Provision of any service, financial aid, or other benefit to an individual, or establishment which is different, or is provided in a different manner, from that provided to others;

(iii) Subjection of an individual to segregation or separate treatment in any matter related to the receipt of any service, financial aid, or other benefits;

(iv) Restriction of an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service, financial aid, or other benefit;

(v) Treatment of an individual that is different from others in the determination of any admission, enrollment, eligibility, membership requirements or other conditions which individuals must meet in order to be provided any service, financial aid, or other benefit;

(vi) Denial to an individual of an opportunity to participate in any activity that is different from that afforded others;

(vii) Denial to an individual of the opportunity to participate as a member of any planning or advisory body that participates in the provision of any service, financial aid, or other benefit;

(viii) Use of criteria or methods of administration which have the effect of

subjecting individuals or establishments to discrimination in the determination of the types of services, financial aid, or other benefits, or the facilities that will be provided; or the class of individuals or establishments to which, or the situation in which, such services, financial aids, other benefits, or facilities will be provided; or the class of individuals or establishments to be provided an opportunity to participate in any activity; and

(ix) Selection of a site or location for facilities for the provision of services, financial aid, or other benefits, with the purpose or effect of substantially impairing the objectives of section 17, the President's *Decision*, and implementing rules, regulations, and orders.

(c) *Scope of prohibited discrimination*. (1) The enumeration of specific forms of prohibited discrimination in paragraph (b) of this section does not limit the general prohibition in paragraph (b) of this section.

(2) Action taken in compliance with an affirmative action plan developed pursuant to these regulations shall not be deemed a violation of this section.

§ 34.5 Assurances.

Every application for a certificate, permit, right-of-way, lease, public land order, or other Federal authorization to which this part applies, filed after the effective date of these regulations, and every contract covered hereunder to provide goods, services, or facilities in the amount of $10,000 or more to a recipient, contractor, or subcontractor to which this Part applies, must contain an assurance that the recipient, contractor, or subcontractor does not and will not maintain any segregated facilities, and that all requirements imposed by or pursuant to section 17, Condition 11 of the President's *Decision* and implementing rules, regulations, and orders shall be met, and that it will require a similar assurance in every subcontract of $10,000 or more.

§ 34.6 Equal opportunity clause.

Each certificate, permit, right-of-way, lease, or other Federal authorization to which this part applies, shall include the following Equal Opportunity Clause:

(a) The recipient, contractor, or subcontractor hereby agrees that it will not discriminate directly or indirectly against any individual or establishment in offering or providing procurements, employment, services, financial aid, other benefits, or other activities to which these regulations apply. The recipient, contractor, or subcontractor will take affirmative action to utilize business enterprises owned and controlled by minorities and/or women in its procurement practices; to assure that applicants for employment are employed, and that employees are treated during employment, without discrimination on the basis of race, creed, color, national origin, or sex; and to assure that individuals and establishments are offered and provided services, financial aid, and other benefits without discrimination on the basis of race, creed, color, national origin, or sex. The recipient, contractor, or subcontractor agrees to post in conspicuous places available to contractors, subcontractors, employees, and other interested individuals, notices which set forth these equal opportunity terms; and to notify interested individuals, such as bidders, contractors, purchasers, and labor unions or representatives of workers with whom it has collective bargaining agreements, of its obligations under section 17, Condition 11 of the President's *Decision*, and the implementing rules, regulations, and orders thereunder;

(b) The recipient, contractor, or subcontractor will comply with all rules, regulations, and orders which implement section 17 and Condition 11 of the President's *Decision*;

(c) The recipient, contractor, or subcontractor will furnish all information and reports required by or pursuant to rules, regulations, and orders implementing section 17 and Condition 11 of the President's *Decision*, and will permit access to its facilities, books, records, and accounts by the Federal Inspector for purposes of ascertaining compliance with such rules, regulations, and orders;

(d) In the event of a recipient's, contractor's, or subcontractor's noncompliance with these equal opportunity terms, compliance may be effected through procedures authorized

by ANGTA and set forth in implementing rules, regulations, and orders, or by any other means authorized by law;

(e) The recipient, contractor, or subcontractor will include the provisions of paragraphs (a) to (e) of this section in all agreements to assign authorizations, all contracts over $10,000, and all contracts of indefinite quantity, unless there is reason to believe that the amount to be ordered in any year under the contract will not exceed $10,000. The recipient, contractor, or subcontractor will take such action with respect to any contract or purchase order that the Federal Inspector may direct as a means of enforcing such provisions, including sanctions for noncompliance: *Provided, however,* That in the event the recipient, contractor, or subcontractor becomes involved in or is threatened with litigation with a subcontractor or vendor, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

(f) Any project labor agreement which may be entered into between the applicants and any union must be consistent with the provisions of these regulations and must contain an Equal Opportunity Clause.

§34.7 Incorporation by operation of law.

(a) The Equal Opportunity Clause shall be deemed incorporated into every Federal authorization, agreement to assign an authorization, contract and subcontract where §34.6(e) of these regulations requires the inclusion of such a clause whether or not the clause is physically incorporated in such Federal authorization, agreement to assign authorization, contract or subcontract, and whether or not the agreement or contract is written.

(b) The affirmative action plans prepared pursuant to this part shall be deemed incorporated into the Federal authorizations, contracts, and subcontracts to which these regulations apply.

§34.8 Affirmative action plans.

(a)(1) Within one hundred and twenty (120) days after the effective date of this part, applicants or recipients shall have an acceptable affirmative action plan which has been approved by the Federal Inspector pursuant to paragraph (d) of this section and which conforms to the requirements of paragraph (c) of this section. The affirmative action plan must set forth overall goals and timetables for the employment of minorities and women and the utilization of MBE's and FBE's in the construction and operation of the applicant's or recipient's segment of the Alaska Natural Gas Transportation System. The approved goals and timetables shall be published in accordance with paragraph (d)(4) of this section and included in contract bid specifications in accordance with paragraph (b)(1) of this section.

(2) Each contractor and subcontractor with fifty (50) or more employees and with a contract of $1,000,000 or more that is in effect on the effective date of this part shall, within one hundred and fifty (150) days after the effective date of this part, submit an affirmative action plan to the Federal Inspector for approval pursuant to paragraph (d) of this section. All contractors and subcontractors, with fifty (50) or more employees, which are awarded contracts for $1,000,000 or more after the effective date of this part shall submit an affirmative action plan to the Federal Inspector pursuant to paragraph (d) of this section at the time the contract is awarded or 150 days after the effective date of this part, whichever is later.

(b)(1) In addition, recipients and each of their contractors and subcontractors shall require, as one of the specifications for all bids for contracts in the amount of $50,000 or more, that all bidders which have, or would have if awarded the contract, a workforce of 50 or more employees, must develop a written affirmative action plan consistent with paragraphs (c) (1) and (2) of this section prior to bidding, unless an exemption under paragraph (d)(5) of this section has been obtained by the bidder. Such a plan must apply to each of the bidder's facilities which are associated with any activities conducted pursuant to Federal authorizations to which this part applies. A summary of such plan should be included with the bid submitted to the contractor or subcontractor. The ability of the bidder to

comply with these regulations shall be a factor considered in evaluating the bid. The plan must be included in the contract which is executed between the contractor or subcontractor and the bidder subject to whatever revision may be required by the Federal Inspector.

(2) The requirements of paragraph (b)(1) of this section also apply to any bidder which has previously been awarded a contract or contracts where the total amount of such contract or contracts taken together with the amount of the contract upon which the bid is to be made total $50,000 or more and the bidder has a workforce of 50 or more employees.

(3) All bidders for contracts of $150,000 or more must develop a written affirmative action plan under paragraph (c)(3) of this section regarding procurement and contracting practices. All such plans developed under paragraph (c)(3) of this section must be submitted to the Federal Inspector for approval at the time the contract is awarded.

(c) An acceptable affirmative action plan must include an analysis of all areas of operation of the recipient, contractor, or subcontractor in which it could be deficient in offering services, opportunities, or benefits to minority groups and women, all areas of employment in which it could be deficient in the utilization of minority groups and women, and all areas of procurement in which it could be deficient in the utilization of MBE's and FBE's; and, further, the plan must include specific goals and specific timetables to which the recipient, contractor, or subcontractor will direct its best efforts and undertake specific action to correct all deficiencies, and to materially increase the participation of minorities and women in all aspects of its operation. Such plans shall be updated annually.

In addition, the affirmative action plan shall include the following:

(1) *Services, financial aid, and other benefits.* The recipient, contractor, or subcontractor is required to specifically address and analyze all areas of its operation in which services, financial aid, and other benefits are offered or provided at each of its facilities to which this part applies. The analysis should include:

(i) An identification of services, financial aid, and other benefits that the recipient, contractor or subcontractor provides or may provide;

(ii) A description of the population eligible to be served or to participate, by race, color, national origin, and sex;

(iii) An identification of specific actions that will be taken to assure that no discrimination occurs in providing services, financial aid, and other benefits;

(iv) If relevant, the location of all existing or proposed facilities connected with the services, financial aid, or other benefits, as well as related information adequate for determining whether the location has or could have the effect of denying access to any individual on the basis of prohibited discrimination;

(v) Where relocation of facilities is involved, the steps that will be taken to guard against adverse socio-economic effects on individuals on the basis of race, color, creed, national origin, or sex;

(vi) Information on all areas of the recipient's, contractor's, or subcontractor's operations that require change to assure that specific actions prohibited in paragraph (b)(3) of this section do not occur in the provision of any of its services, financial aid, or benefits;

(vii) A monitoring system to assure that no discrimination occurs.

(2) *Employment practices.* (i) The affirmative action plan shall address all aspects of employment in construction and non-construction operations and shall contain the analysis and commitments which are required in regulations promulgated by the Department of Labor pursuant to Executive Order 11246, specifically, those at 41 CFR 60–4.3(a)(7), (13), and (14) for the employment of construction employees, and those at 41 CFR 60–2.21, 60–2.22, 60–2.24, 60–2.26 for the employment of non-construction employees.

(ii)(A) The affirmative action plan of the applicants or recipients shall contain goals and timetables applicable to each segment of the ANGTS, employing the method of analysis set forth at 41 CFR 60–2.11(b). In developing goals

the standards set out at 41 CFR 60–2.12(a)—(j) should be followed as well as the specific guidelines set forth below:

(*1*) Current national statistics, such as those available from the U.S. Bureau of the Census, should be used to determine the available minority and female workforce populations unless it can be shown that a particular part of the project can be reasonably expected to draw labor only from a small area. If such a showing is made then statistics from such smaller area shall be employed in setting goals for that part of the project.

(*2*) Goals should be set separately for each minority group, as set out in paragraph (j) of this section, and for women, by each job group.

(*3*) Goals should be set in proportion to the group's general availability in the population taking into consideration

(*i*) The number of group members currently available in that job group,

(*ii*) The reason members of the group are not available in that job group in proportion to their existence in the general population, and

(*iii*) The degree to which the provision of training could be expected to increase the availability of the group's members in the particular job group within the time available.

(B) The affirmative action plan of each contractor and subcontractor shall contain goals and timetables based upon the overall goals and timetables set by the applicant or recipient for the segment of the ANGTS upon which the contractor or subcontractor will work.

(iii) It shall not be a violation of this part for a recipient, contractor or subcontractor to extend a preference in employment consistent with 41 CFR 60–2.12(j). For the purpose of this section the term ''reservation'' in Alaska shall be the same as in 25 CFR 80.1, 91.1, and 93.1.[1]

(3) *Procurement and contracting practices.* (i) Applicants or recipients and each of their contractors and subcontractors with contracts of $150,000 or more shall develop for the Federal Inspector's approval an affirmative action plan that identifies specific actions which the applicant or recipient, contractor or subcontractor, will take to afford MBE's and FBE's the maximum practicable opportunity to participate in the construction and operation of ANGTS.

(ii) The affirmative action plan of the applicant or recipient shall contain specific dollar goals set separately for MBE's and FBE's, and timetables for achieving these goals. The applicant's or recipient's goals and timetables shall be applicable to all procurement and contracting on its respective segment of the ANGTS. In setting goals the following factors should be considered:

(A) The availability and capability of existing MBE's and FBE's in each procurement and contracting area;

(B) The anticipated levels of procurement and contracting activities;

(C) The extent to which procurement and contracting procedures can be amended to utilize contract breakouts and other methods, as described in paragraph (c)(3)(iii)(D)(*2*) of this section, to increase opportunities for MBE's and FBE's;

(D) The extent to which new firms can be organized and the capability of existing firms expanded either through the efforts of the applicant or recipient and its contractors and subcontractors or through the efforts of government or other organizations and institutions.

(iii) Affirmative action plans developed and submitted pursuant to paragraph (c)(3)(i) of this section shall contain the following elements:

(A) An in-depth analysis of all areas of procurement and contracting procedures to determine if these procedures offer maximum opportunity for the utilization of MBE's and FBE's. All deficiencies must be identified along with steps that will be taken to correct them.

(B) A description of all contracting opportunities to be offered in the succeeding year, or for such longer period of time for which projections are available. The plan shall identify the types

[1] EDITORIAL NOTE: In the March 30, 1982, FEDERAL REGISTER, these sections were redesignated as 25 CFR 286.1, 101.1, and 103.1 respectively.

of services and supplies for which contracts are to be let, with as much specificity as possible, indicating the anticipated dollar amounts of such contracts.

(C) Specific dollar goals for MBE's and FBE's and timetables for achieving such goals based upon the overall goals and timetables set by the applicant or recipient for the segment of ANGTS upon which the contractor or subcontractor will work.

(D) A description of all actions that will be taken to provide the maximum practicable opportunity for MBE's and FBE's to participate in the construction and operation of the ANGTS including the following:

(*1*) The appointment of a liaison officer who will administer the MBE and FBE program, the identification of that officer, and a description of the officer's duties and authority;

(*2*) Identification of steps that will be taken to insure timely and full consideration of MBE's and FBE's in all procurement and contracting decisions, and the identification of how those procedures will be implemented. This shall include procedures relevant to (*i*) the arrangement of solicitations, (*ii*) time for preparation of bids, (*iii*) quantity requirements, (*iv*) determination of specifications, (*v*) determination of delivery schedules, (*vi*) the determination of the manner of contracting, and (*vii*) breaking out contracts into smaller subcontracts;

(*3*) An identification of contracting arrangements that will be adopted to increase the use of MBE's and FBE's, including analysis of the circumstances in which and the extent to which the following types of contracting practices can be used: (*i*) Noncompetitive contracting, (*ii*) contracting based upon competition between a limited number of enterprises, and (*iii*) negotiated contracts;

(*4*) Specific procedures for identifying capable MBE's and FBE's and for the dissemination of information on business opportunities and procurement practices to minority and women's business organizations and associations, in sufficient detail, and affording sufficient time, to offer full opportunities for participation by MBE's and FBE's;

(*5*) An identification of financial assistance, such as investment in Minority Enterprise Small Business Investment Companies (MESBIC) and direct investment in MBE's and FBE's, that the recipient, contractor, or subcontractor determines to be feasible and financially appropriate to offer MBE's and FBE's;

(*6*) The identification and elimination of non-essential technical requirements and procedures, including non-essential bonding and insurance requirements;

(*7*) Holding regularly scheduled meetings with procurement and contracting officials of the recipient, contractor, or subcontractor to explain MBE and FBE policies and procedures;

(*8*) Identification of specific procedures for certifying and verifying ownership and control of companies identified as MBE's and FBE's. The plan shall include the requirements that firms submit affidavits as to their status as MBE's and FBE's as defined in § 34.3.

(E) As an integral part of the affirmative action plan, develop and maintain separate source listings of MBE's and FBE's. Such lists or files should contain whenever possible the following information on each company:

(*1*) A description of each business, including the type of organization,

(*2*) The product or service offered,

(*3*) Information on ownership and control,

(*4*) All relevant data and affidavits which establish that the enterprise is in fact owned, controlled, and managed by minorities and/or women.

(4) *Complaint system for affirmative action plans.* (i) The affirmative action plan must include a grievance mechanism for resolving disputes arising from the implementation of the plan.

(ii) A copy of all complaints, related records, and specific resolutions must be maintained.

(5) *Data to support affirmative action plans and access to plans.* (i) Data supporting the analyses and plans required by these regulations shall be compiled and maintained as part of the affirmative action plan.

(ii) Copies of the affirmative action plan and supporting data shall be made available to the Federal Inspector upon

his request as may be appropriate for the fulfillment of the Inspector's responsibilities under these regulations.

(d) *Review of affirmative action plan.* (1) Applicants and their contractors and subcontractors which are required by paragraphs (a) and (b) of this section to submit affirmative action plans to the Federal Inspector for approval shall provide the Federal Inspector with the following information at the time the affirmative action plan is submitted:

(i) A brief description of pending applications to any Federal agency for Federal financial assistance or the award of a government contract, as well as any Federal assistance being received, or any government contracts or subcontracts being performed;

(ii) Whether the applicant, contractor, or subcontractor has been the subject of a compliance review conducted by the Department of Labor pursuant to 41 CFR part 60–1 within the preceding twelve months;

(iii) Whether any Federal, State or local government agency has found the applicant, contractor, or subcontractor in non-compliance or has found reasonable cause to believe the applicant, contractor, or subcontractor is in violation of, or in non-conpliance with, any civil rights requirements;

(iv) A description of the methods by which the applicant, contractor, or subcontractor will insure that its contractors and subcontractors comply with the provisions of the affirmative action plans during the term of the contracts;

(2) The Federal Inspector shall consider conducting an on-site review before the award of any Federal authorizations, agreements to assign Federal authorizations, contracts or subcontracts under which substantial employment or procurement opportunities will be offered;

(3) The Federal Inspector will determine whether the affirmative action plans are adequate. If deficiencies are found to exist in a plan, the recipient, contractor, or subcontractor shall correct the deficiencies in consultation with the Federal Inspector. If deficiencies are not corrected to the satisfaction of the Federal Inspector, the Inspector may enforce compliance with this section through measures authorized by ANGTA or any other provision of law.

(4) Upon approval of the affirmative action plan—including the goals and timetables—of the applicants or recipients, the Federal Inspector shall publicize the goals and timetables which are approved for each segment. Notice should be sent to all parties who submitted comments to the Department of the Interior in response to the Notice of Proposed Rulemaking issued about these regulations on October 12, 1979 (44 FR 59096).

(5) The Federal Inspector may, upon request, grant exemptions from the requirements of paragraph (b) of this section to any bidder which can demonstrate that no significant employment opportunities will result from an award of a contract to the bidder.

§ 34.9 Compliance reporting.

(a) *Records, reports, and access to books.* Each recipient, contractor, or subcontractor to which these regulations apply shall submit to the Federal Inspector reports in the form and manner that the Federal Inspector determines to be necessary to insure compliance with the rules, regulations, and orders implementing section 17 and Condition 11 of the President's *Decision*.

(b) *Access to sources of information.* Each person to whom this part applies shall permit access by the Federal Inspector during normal business hours to books, records, accounts, and other sources of information, and to facilities, as the Federal Inspector determines to be necessary to insure compliance with the rules, regulations, and orders implementing section 17 and the President's *Decision*.

(c) *Failure to submit reports.* Failure to file timely, complete, and accurate reports, or failure to permit access to sources of information as required constitutes non-compliance with the Equal Opportunity Clause and with these regulations and, therefore, constitutes grounds for action by the Federal Inspector, recipient, contractor, or subcontractor to enforce compliance or levy sanctions as authorized by ANGTA, by the implementing rules, regulations, and orders thereunder, by

contractual agreement, or by any other means authorized by law.

(d) *Information for beneficiaries and participants.* Each recipient or other entity required to develop an affirmative action plan pursuant to these regulations shall make the plan available for inspection by employees, participants, beneficiaries, local, State, and Federal government officials, and members of the public upon request. A copy of the plan shall be maintained at each place of employment, and a notice posted at each such place to advise employees and members of the public that the plan is available for inspection upon request.

§ 34.10 Compliance reviews.

(a) *Periodic compliance procedures.* (1) The Federal Inspector will review the practices of recipients, contractors, or subcontractors, which offer significant opportunities for employment or procurement, to determine whether such recipient, contractor, or subcontractor are complying with its affirmative action plans and the rules, regulations, and orders implementing section 17 and Condition 11 of the President's *Decision*. The review will consist of a comprehensive analysis of all aspects of the recipient's, contractor's, or subcontractor's operations and practices and the conditions resulting therefrom. The review will include an on-site visit if the Federal Inspector determines that such a review is necessary.

(2) The Federal Inspector will continually monitor and verify the status of MBE's and FBE's through procedures as the Inspector may determine appropriate.

(b) *Complaints.* (1) Complaints alleging discrimination or non-compliance with affirmative action plans shall be filed with the Federal Inspector.

(2) A complaint must be filed within 180 days from the date of the alleged discrimination, unless the time for filing is extended by the Federal Inspector for good cause shown.

(3) The complaint should include the name, address, and telephone number of the complainant; the name and address of the person alleged to have discriminated; a description of the alleged discriminatory acts; and any other pertinent information which will assist the investigation and resolution of the complaint. The complaint should be signed by the complainant or his or her authorized representative.

(4) The filing of a complaint with the Federal Inspector shall not constitute the filing of a complaint pursuant to title VII of the Civil Rights Act of 1964 with the Equal Opportunity Commission unless, by agreement between the two agencies, the Federal Inspector and the Equal Employment Opportunity Commission so provide.

(c) *Investigations.* The Federal Inspector will make a prompt investigation whenever information indicates that a person may have failed to comply with section 17 or Condition 11 of the President's *Decision* or the implementing rules, regulations, or orders thereunder. The investigation should include, where appropriate, a review of the pertinent practices and policies of the person under investigation, the circumstances under which the possible noncompliance occurred, and other factors relevant to determine whether the person has failed to comply with section 17, Condition 11 of the President's *Decision*, or the implementing rules, regulations, and orders thereunder.

(d) *Resolution of complaints and investigations.* (1) In exercising the broad authority to enforce these regulations, the Federal Inspector shall, within 90 days of the effective date of these regulations, establish the procedures to be followed in enforcing these regulations. These regulations shall thereafter be amended to incorporate these procedures. The procedures shall, to the extent consistent with ANGTA, be similar to those proposed to be adopted by the Department of Energy to resolve complaints of violations of title VI of the Civil Rights Act of 1964. See regulations proposed to be codified at 10 CFR 1040.104, (Nov. 16, 1978). At a minimum the procedures must incorporate the following paragraphs (d) (2) through (5) of this section.

(2) The Federal Inspector will initiate action upon all complaints within 35 days of the date the complaint is filed with the Federal Inspector.

(3) If an investigation pursuant to paragraphs (a) through (c) of this section indicates probable non-compliance with section 17, Condition 11 of the

President's *Decision*, or the implementing rules, regulations, or orders thereunder, the Federal Inspector will attempt to resolve the matter by informal methods of conference, conciliation, and persuasion.

(4) Resolution shall be effected through a written agreement between the Federal Inspector, the complainant, if any, and the person who has failed to comply. The agreement shall contain commitments to promptly eliminate all discriminatory conditions, shall identify the precise remedial actions to be taken and dates for completion of remedial actions, and shall include a provision that breath of the agreement may result in further enforcement actions by the Federal Inspector. The Federal Inspector will then certify compliance, on condition that the commitments are kept. Such certification will not preclude a subsequent determination by the Federal Inspector that the full facts were not known at the time agreement was executed, or the commitments undertaken are not sufficient to correct deficiencies.

(5) If the Federal Inspector's investigation does not warrant enforcement action, the Federal Inspector shall so inform the complainant, if any, and the person who was investigated. The complainant shall also be notified of any action taken including the achievement of voluntary compliance.

(6) Between the period of these effective dates of these regulations and the effective date of the enforcement procedures established by the Federal Inspector, pursuant to paragraph (d)(1) of this section, the Federal Inspector shall at a minimum adhere to paragraphs (d)(2) through (5) of this section.

(e) *Acts of intimidation or retaliation prohibited.* No person shall intimidate, threaten, coerce, harass, or retaliate against any individual for the purpose of interfering with any right or privilege secured by section 17, Condition 11 the President's *Decision*, and implementing rules, regulations, orders, because such individual has opposed a practice prohibited by section 17 or by this part, made a complaint, testified, assisted in, benefited from, or participated in any manner in an investigation, compliance review, proceeding or hearing, conducted pursuant to these regulations. The identity of complainants may be kept confidential except to the extent necessary to carry out the purpose of this part, including investigatory actions, hearings, or judicial proceedings.

§34.11 Enforcement sanctions.

The provisions of section 17, the President's *Decision*, and implementing rules, regulations, and orders, as appropriate, will be enforced through:

(a) The issuance of a compliance order by the Federal Inspector pursuant to section 11 of ANGTA; or

(b) The commencement of a civil action for appropriate relief, including a permanent or temporary injunction, or a civil penalty not to exceed $25,000 per day; or

(c) By any other means authorized by law.

PART 35—ADMINISTRATIVE REMEDIES FOR FRAUDULENT CLAIMS AND STATEMENTS

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AUTHORITY: 5 U.S.C. 301; 31 U.S.C. 3801–3812.

SOURCE: 53 FR 4160, Feb. 12, 1988, unless otherwise noted.

§ 35.1 Basis and purpose.

(a) *Basis.* This part implements the Program Fraud Civil Remedies Act of 1986, Public Law 99–509, sections 6101–6104, 100 Stat. 1874 (Oct. 21, 1986), to be codified at 31 U.S.C. 3801–3812. 31 U.S.C. 3809 of the statute requires each authority head to promulgate regulations necessary to implement the provisions of the statute.

(b) *Purpose.* This part:

(1) Establishes administrative procedures for imposing civil penalties and assessments against persons who make, submit, or present, or cause to be made, submitted, or presented, false, fictitious, or fraudulent claims or written statements to authorities or to their agents, and

(2) Specifies the hearing and appeal rights of persons subject to allegations of liability for such penalties and assessments.

§ 35.2 Definitions.

As used in this part:

(a) *ALJ* means an administrative law judge in the Department of the Interior appointed pursuant to 5 U.S.C. 3105 or detailed to the Department of the Interior pursuant to 5 U.S.C. 3344.

(b) *Benefit* means, in the context of ''statement'', anything of value, including but not limited to any advantage, preference, privilege, license, permit, favorable decision, ruling, status, or loan guarantee.

(c) *Claim* means any request, demand, or submission—

(1) Made to the Department of the Interior for property, services, or money (including money representing grants, loans, insurance, or benefits);

(2) Made to a recipient of property, services, or money from the Department of the Interior or to a party to a contract with the Department of the Interior—

(i) For property or services if the United States—

(A) Provided such property or services;

(B) Provided any portion of the funds for the purchase of such property or services; or

(C) Will reimburse such recipient or party for the purchase of such property or services; or

(ii) For the payment of money (including money representing grants, loans, insurance, or benefits) if the United States—

(A) Provided any portion of the money requested or demanded; or

(B) Will reimburse such recipient or party for any portion of the money paid on such request or demand; or

(3) Made to the Department of the Interior which has the effect of decreasing an obligation to pay or account for property, services, or money.

(d) *Complaint* means the administrative complaint served by the reviewing official on the defendant under § 35.7 of this part.

(e) *Defendant* means any person alleged in a complaint under § 35.7 to be liable for a civil penalty or assessment under § 35.3 of this part.

(f) *Department* means the Department of the Interior.

(g) *Director* means the Director of the Office of Hearings and Appeals, Office of the Secretary, who is the designee of the Secretary of the Interior authorized to consider and decide finally for the Department appeals under this part. The authority delegated to the Director includes the authority to redelegate appellate review authority to an *ad hoc* board of appeals appointed in accordance with 43 CFR 4.1(b)(4). Appeals to the Secretary under this part

should be mailed or delivered to the Director, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203. Documents will be considered filed when received in the office of the Director.

(h) *Government* means the U.S. Government.

(i) *Individual* means a natural person.

(j) *Initial decision* means the written decision of the ALJ required by § 35.10 or § 35.37 of this part, and includes a revised initial decision issued following a remand or a motion for reconsideration

(k) *Investigating official* means the Inspector General of the Department of the Interior or an officer or employee of the Office of Inspector General designated by the Inspector General and serving in a position for which the rate of basic pay is not less than the minimum rate of basic pay for grade GS–16 under the General Schedule.

(l) *Knows or has reason to know,* means that a person, with respect to a claim or statement—

(1) Has actual knowledge that the claim or statement is false, fictitious, or fraudulent;

(2) Acts in deliberate ignorance of the truth or falsity of the claim or statement; or

(3) Acts in reckless disregard of the truth or falsity of the claim or statement.

(m) *Makes,* wherever it appears, shall include the terms ''presents,'' ''submits,'' and ''causes to be made, presented, or submitted.'' As the context requires, ''making'' or ''made'', shall likewise include the corresponding forms of such terms.

(n) *Person* means any individual, partnership, corporation, association, or private oganization, and includes the plural of that term.

(o) *Representative* means an attorney who is a member in good standing of the bar of any State, Territory, or possession of the United States or of the District of Columbia or the Commonwealth of Puerto Rico, or other representative meeting the qualifications of a non-attorney representative found at 43 CFR 1.3 and designated in writing.

(p) *Reviewing official* means the Solicitor of the Department of the Interior or his designated representative, who is:

(1) Not subject to supervision by, or required to report to, the investigating official; and

(2) Serving in a position for which the rate of basic pay is not less than the minimum rate of basic pay for grade GS–16 under the General Schedule.

(q) *Secretary* means the Secretary of the Interior or his designated representative.

(r) *Statement* means any representation, certification, affirmation, document, record, or accounting or bookkeeping entry made—

(1) With respect to a claim or to obtain the approval or payment of a claim (including relating to eligibility to make a claim); or

(2) With respect to (including relating to eligibility for)—

(i) A contract with, or a bid or proposal for a contract with; or

(ii) A grant, loan, or benefit from, the Department of the Interior, or any State, political subdivision of a State, or other party, if the United States Government provides any portion of the money or property under such contract or for such grant, loan, or benefit, or if the Government will reimburse such State, political subdivision, or party for any portion of the money or property under such contract or for such grant, loan, or benefit.

§ 35.3 Basis for civil penalties and assessments.

(a) *Claims.* (1) Except as provided in paragraph (c) of this section, any person who makes a claim that the person knows or has reason to know—

(i) Is false, fictitious, or fraudulent;

(ii) Includes or is supported by any written statement which asserts a material fact which is false, fictitious, or fraudulent,

(iii) Includes or is supported by any written statement that—

(A) Omits a material fact;

(B) Is false, fictitious, or fraudulent as a result of such omission; and

(C) Is a statement in which the person making such statement has a duty to include such material fact; or

(iv) Is for payment for the provision of property or services which the person has not provided as claimed, shall be subject, in addition to any other remedy that may be prescribed by law, to a civil penalty of not more than $5,000 for each such claim.

(2) Each voucher, invoice, claim form, or other individual request or demand for property, services, or money constitutes a separate claim.

(3) A claim shall be considered made to the Department, a recipient, or party when such claim is actually made to an agent, fiscal intermediary, or other entity, including any State or Territory, or political subdivision thereof, acting for or on behalf of the Department, recipient, or party.

(4) Each claim for property, services or money is subject to a civil penalty regardless of whether such property, services, or money is actually delivered or paid.

(5) If the Government has made any payment (including transferred property or provided services) on a claim, a person subject to a civil penalty under paragraph (a)(1) of this section shall also be subject to an assessment of not more than twice the amount of such claim or that portion thereof that is determined to be in violation of paragraph (a)(1) of this section. Such assessment shall be in lieu of damages sustained by the Government because of such claim.

(b) *Statements.* (1) Except as provided in paragraph (c) of this section, any person who makes a written statement that—

(i) The person knows or has reason to know—

(A) Asserts a material fact which is false, fictitious, or fraudulent; or

(B) Is false, fictitious, or fraudulent because it omits a material fact that the person making the statement has a duty to include in such statement; and

(ii) Contains or is accompanied by an express certification or affirmation of the truthfulness and accuracy of the contents of the statement, shall be subject, in addition to any other remedy that may be prescribed by law, to a civil penalty of not more than $5,000 for each such statement.

(2) Each written representation, certification, or affirmation constitutes a separate statement.

(3) A statement shall be considered made to the Department when such statement is actually made to an agent, fiscal intermediary, or other entity, including any State or Territory, or political subdivision thereof, acting for or on behalf of the Department.

(c) No proof of specific intent to defraud is required to establish liability under this section.

(d) In any case in which it is determined that more than one person is liable for making a claim or statement, each such person may be held liable for a civil penalty under this section.

(e) In any case in which it is determined that more than one person is liable for making a claim under this section on which the Government has made payment (including transferred property or provided services), an assessment may be imposed against any such person or jointly and severally against any combination of such persons.

§ 35.4 Investigation.

(a) If the investigating official concludes that a subpoena pursuant to the authority conferred by 31 U.S.C. 3804(a) is warranted—

(1) The subpoena so issued shall notify the person to whom it is addressed of the authority under which the subpoena is issued and shall identify the records or documents sought;

(2) The investigating official may designate a person to act on his or her behalf to receive the documents sought; and

(3) The person receiving such subpoena shall be required to tender to the investigating official or the person designated to receive the documents a certification that the documents sought have been produced, or that such documents are not available and the reasons therefor, or that such documents, suitably identified, have been withheld based upon the assertion of an identified privilege.

(b) If the investigating official concludes that an action under the Program Fraud Civil Remedies Act may be warranted, the investigating official shall submit a report containing the

findings and conclusions of such investigation to the reviewing official.

(c) Nothing in this section shall preclude or limit the investigating official's discretion to refer allegations directly to the Department of Justice for suit under the False Claims Act or other civil relief, or to defer or postpone a report or referral to the reviewing official to avoid interference with a criminal investigation or prosecution.

(d) Nothing in this section modifies any responsibility of the investigating official to report violations of criminal law to the Attorney General.

§35.5 Review by reviewing official.

(a) If, based on the report of the investigating official under §35.4(b), the reviewing official determines that there is adequate evidence to believe that a person is liable under §35.3, the reviewing official shall transmit to the Attorney General a written notice of the reviewing official's intention to issue a complaint under §35.7 of this part.

(b) Such notice shall include—

(1) A statement of the reviewing official's reasons for issuing a complaint;

(2) A statement specifying the evidence that supports the allegations of liability;

(3) A description of the claims or statements upon which the allegations of liability are based;

(4) An estimate of the amount of money, or the value of property, services, or other benefits, requested or demanded in violation of §35.3 of this part;

(5) A statement of any exculpatory or mitigating circumstances that may relate to the claims or statements known by the reviewing official or the investigating official; and

(6) A statement that there is a reasonable prospect of collecting an appropriate amount of penalties and assessments.

§35.6 Prerequisites for issuing a complaint.

(a) The reviewing official may issue a complaint under §35.7 of this part only if—

(1) The Department of Justice approves the issuance of a complaint in a written statement described in 31 U.S.C. 3803(b)(1), and

(2) In the case of allegations of liability under §35.3(a) with respect to a claim, the reviewing official determines that, with respect to such claim or a group of related claims submitted at the same time such claim is submitted (as defined in paragraph (b) of this section), the amount of money, or the value of property or services, demanded or requested in violation of §35.3(a) of this part does not exceed $150,000.

(b) For the purposes of this section, a related group of claims submitted at the same time shall include only those claims arising from the same transaction (e.g., grant, loan, application, or contract) that are submitted simultaneously as part of a single request, demand, or submission.

(c) Nothing in this section shall be construed to limit the reviewing official's authority to join in a single complaint against a person claims that are unrelated or were not submitted simultaneously, regardless of the amount of money, or the value of property or services, demanded or requested.

§35.7 Complaint.

(a) On or after the date the Department of Justice approves the issuance of a complaint in accordance with 31 U.S.C. 3803(b)(1), the reviewing official may serve a complaint on the defendant, as provided in §35.8 of this part.

(b) The complaint shall state—

(1) The allegations of liability against the defendant, including the statutory basis for liability, an identification of the claims or statements that are the basis for the alleged liability, and the reasons why liability allegedly arises from such claims or statements;

(2) The maximum amount of penalties and assessments for which the defendant may be held liable;

(3) Instructions for filing an answer to request a hearing, including a specific statement of the defendant's right to request a hearing by filing an answer and to be represented by a representative; and

(4) That failure to file an answer within 30 days of service of the complaint will result in the imposition of the maximum amount of penalties and

assessments without right to appeal, as provided in § 35.10.

(c) At the same time the reviewing official serves the complaint, he or she shall serve the defendant with a copy of these regulations.

§ 35.8 Service of complaint.

(a) Service of a complaint must be made by certified or registered mail or by delivery in any manner authorized by Rule 4(d) of the Federal Rules of Civil Procedure. *Service is complete upon receipt.*

(b) Proof of service, stating the name and address of the person on whom the complaint was served, and the manner and date of service, may be made by—

(1) Affidavit of the individual serving the complaint by delivery;

(2) A United States Postal Service return receipt card acknowledging receipt; or

(3) Written acknowledgement of receipt by the defendant or his or her representative.

§ 35.9 Answer.

(a) The defendant may request a hearing by filing an answer with the reviewing official within 30 days of service of the complaint. An answer shall be deemed to be a request for hearing.

(b) In the answer, the defendant—

(1) Shall admit or deny each of the allegations of liability made in the complaint;

(2) Shall state any defense on which the defendant intends to rely;

(3) May state any reasons why the defendant contends that the penalties and assessments should be less than the statutory maximum; and

(4) Shall state the name, address, and telephone number of the person authorized by the defendant to act as defendant's representative, if any.

(c) If the defendant is unable to file an answer meeting the requirements of paragraph (b) of this section within the time provided, the defendant may, before the expiration of 30 days from service of the complaint, file with the reviewing official a general answer denying liability and requesting a hearing, and a request for an extension of time within which to file an answer meeting the requirements of paragraph (b) of this section. The reviewing official shall file promptly with the ALJ the complaint, the general answer denying liability, and the request for an extension of time as provided in § 35.11. For good cause shown, the ALJ may grant the defendant up to 30 additional days within which to file an answer meeting the requirements of paragraph (b) of this section.

§ 35.10 Default upon failure to file an answer.

(a) If the defendant does not file an answer within the time prescribed in § 35.9(a) of this part, the reviewing official may refer the complaint to the Office of Hearings and Appeals, Hearings Division, Department of the Interior, for assignment to an ALJ.

(b) Upon the referral of the complaint, the ALJ shall promptly serve on defendant in the manner prescribed in § 35.8 of this part, a notice that an initial decision will be issued under this section.

(c) The ALJ shall assume the facts alleged in the complaint to be true and, if such facts establish liability under § 35.3 of this part, the ALJ shall issue an initial decision imposing the maximum amount of penalties and assessments allowed under the statute.

(d) Except as otherwise provided in this section, by failing to file a timely answer the defendant waives any right to further review of the penalties and assessments imposed under paragraph (c) of this section, and the initial decision shall become final and binding upon the parties 30 days after it is issued.

(e) If, before such an initial decision becomes final, the defendant files a motion with the ALJ seeking to reopen on the grounds that extraordinary circumstances prevented the defendant from filing an answer, the initial decision shall be stayed pending the ALJ's decision on the motion.

(f) If, on such motion, the defendant can demonstrate extraordinary circumstances excusing the failure to file a timely answer, the ALJ shall withdraw the initial decision in paragraph (c) of this section, if such a decision has been issued, and shall grant the defendant an opportunity to answer the complaint.

(g) A decision of the ALJ denying a defendant's motion under paragraph (e) of this section is not subject to reconsideration under §35.38 of this part.

(h) The defendant may appeal the decision denying a motion to reopen by filing a notice of appeal with the Director within 15 days after the ALJ denies the motion. The timely filing of a notice of appeal shall stay the initial decision until the appeal is decided.

(i) If the defendant files a timely notice of appeal with the Director, the ALJ shall forward the record of the proceeding to the Director.

(j) The Director shall decide expeditiously whether extraordinary circumstances excuse the defendant's failure to file a timely answer based solely on the record before the ALJ.

(k) If the Director decides that extraordinary circumstances excused the defendant's failure to file a timely answer, the Director shall remand the case to the ALJ with instructions to grant the defendant an opportunity to answer.

(l) If the Director decides that the defendant's failure to file a timely answer is not excused, the Director shall reinstate the initial decision of the ALJ, which shall become final and binding upon the parties 30 days after the Director issues such decision.

§35.11 Referral of complaint and answer to the ALJ.

Upon receipt of an answer, the reviewing offical shall file the complaint and answer with the Office of Hearings and Appeals, Hearings Division, Department of the Interior, for assignment to an ALJ. The reviewing official shall include the name, address, and telephone number of a representative for the Government.

§35.12 Notice of hearing.

(a) When the ALJ receives the complaint and answer, the ALJ shall promptly serve a notice of hearing upon the defendant in the manner prescribed by §35.8 of this part. At the same time, the ALJ shall send a copy of such notice to the representative for the Government.

(b) Such notice shall include—

(1) The time and place, and the nature of the hearing;

(2) The legal authority and jurisdiction under which the hearing is to be held;

(3) The matters of fact and law to be asserted;

(4) A description of the procedures for the conduct of the hearing;

(5) The name, address, and telephone number of the representative of the Government and of the defendant, if any; and

(6) Such other matters as the ALJ deems appropriate.

§35.13 Parties to the hearing.

(a) The parties to the hearing shall be the defendant and the Department of the Interior.

(b) Pursuant to 31 U.S.C. 3730(c)(5), a private plaintiff under the False Claims Act may participate in these proceedings to the extent authorized by the provisions of that Act.

§35.14 Separation of functions.

(a) The investigating official, the reviewing official, and any employee or agent of the Department who takes part in investigating, preparing, or presenting a particular case may not, in such case or a factually related case—

(1) Participate in the hearing as the ALJ;

(2) Participate or advise in the initial decision or the review of the initial decision, except as a witness or a representative in public proceedings; or

(3) Make the collection of penalties and assessments under 31 U.S.C. 3806.

(b) The ALJ shall not be responsible to, or subject to the supervision or direction of, the investigating official or the reviewing official.

(c) Except as provided in paragraph (a) of this section, the representative for the Government may be employed anywhere in the Department, including in the offices of either the investigating official or the reviewing official.

§35.15 Ex parte contacts.

No party or person (except employees of the ALJ's office) shall communicate in any way with the ALJ on any matter at issue in a case, unless on notice and opportunity for all parties to participate. This provision does not prohibit a person or party from inquiring about the status of a case or asking

routine questions concerning administrative functions or procedures.

§ 35.16 Disqualification of reviewing official or ALJ.

(a) A reviewing offical or ALJ in a particular case may disqualify himself or herself at any time.

(b) A party may file with the ALJ a motion for disqualification of a reviewing official or an ALJ. Such motion shall be accompanied by an affidavit alleging personal bias or other reason for disqualification.

(c) Such motion and affidavit shall be filed promptly upon the party's discovery of reasons requiring disqualification, or such objections shall be deemed waived.

(d) Such affidavit shall state specific facts that support the party's belief that personal bias or other reason for disqualification exists and the time and circumstances of the party's discovery of such facts. It shall be accompanied by a certificate of the representative of record that it is made in good faith.

(e) Upon the filing of such a motion and affidavit, the ALJ shall proceed no further in the case until he or she resolves the matter of disqualification in accordance with paragraph (f) of this section.

(f)(1) If the ALJ determines that a reviewing official is disqualified, the ALJ shall dismiss the complaint without prejudice.

(2) If the ALJ disqualifies himself or herself, the case shall be reassigned promptly to another ALJ.

(3) If the ALJ denies a motion to disqualify, the Director may determine the matter only as part of the review of the initial decision upon appeal, if any.

§ 35.17 Rights of parties.

Except as otherwise limited by this part, all parties may—

(a) Be accompanied, represented, and advised by a representative;

(b) Participate in any conference held by the ALJ;

(c) Conduct discovery;

(d) Agree to stipulations of fact or law, which shall be made part of the record;

(e) Present evidence relevant to the issues at the hearing;

(f) Present and cross-examine witnesses;

(g) Present oral arguments at the hearing as permitted by the ALJ; and

(h) Submit written briefs and proposed findings of fact and conclusions of law after the hearing.

§ 35.18 Authority of the ALJ.

(a) The ALJ shall conduct a fair and impartial hearing, avoid delay, maintain order, and assure that a record of the proceeding is made.

(b) The ALJ has the authority to—

(1) Set and change the date, time, and place of the hearing upon reasonable notice to the parties;

(2) Continue or recess the hearing in whole or in part for a reasonable period of time;

(3) Hold conferences to identify or simplify the issues, or to consider other matters that may aid in the expeditious disposition of the proceeding;

(4) Administer oaths and affirmations;

(5) Issue subpoenas requiring the attendance of witnesses and the production of documents at depositions or at hearings;

(6) Rule on motions and other procedural matters;

(7) Regulate the scope and timing of discovery;

(8) Regulate the course of the hearing and the conduct of representatives and parties;

(9) Examine witnesses;

(10) Receive, rule on, exclude, or limit evidence;

(11) Take official notice of facts;

(12) Upon motion of a party, decide cases, in whole or in part, by summary judgment where there is no disputed issue of material fact;

(13) Conduct any conference, argument, or hearing on motions in person or by telephone; and

(14) Exercise such other authority as is necessary to carry out the responsibilities of the ALJ under this part.

(c) The ALJ does not have the authority to find Federal statutes or regulations invalid.

§ 35.19 Pre-hearing conferences.

(a) The ALJ may schedule pre-hearing conferences as appropriate.

(b) Upon the motion of any party, the ALJ shall schedule at least one pre-hearing conference at a reasonable time in advance of the hearing.

(c) The ALJ may use pre-hearing conferences to discuss the following:

(1) Simplification of the issues;

(2) The necessity or desirability of amendments to the pleadings, including the need for a more definite statement;

(3) Stipulations and admissions of fact or as to the contents and authenticity of documents;

(4) Whether the parties can agree to submission of the case on a stipulated record;

(5) Whether a party chooses to waive appearance at an oral hearing and to submit only documentary evidence (subject to the objection of other parties) and written argument;

(6) Limitation of the number of witnesses;

(7) Scheduling dates for the exchange of witness lists and of proposed exhibits;

(8) Discovery;

(9) The time and place for the hearing; and

(10) Such other matters as may tend to expedite the fair and just disposition of the proceedings.

(d) The ALJ may issue an order containing all matters agreed upon by the parties or ordered by the ALJ at a pre-hearing conference.

§35.20 Disclosure of documents.

(a) Upon written request to the reviewing official, the defendant may review any relevant and material documents, transcripts, records, and other materials that relate to the allegations set out in the complaint and upon which the findings and conclusions of the investigating official under §35.4(b) of this part are based, unless such documents are subject to a privilege under Federal law. Upon payment of fees for duplication, the defendant may obtain copies of such documents.

(b) Upon written request to the reviewing official, the defendant also may obtain a copy of all exculpatory information in the possession of the reviewing official or investigating official relating to the allegations in the complaint, even if it is contained in a document that would otherwise be privileged. If the document would otherwise be privileged, only that portion containing exculpatory information must be disclosed.

(c) The notice sent to the Attorney General from the reviewing official as described in §35.5 of this part is not discoverable under any circumstances.

(d) The defendant may file a motion to compel disclosure of the documents subject to the provisions of this section. Such a motion may only be filed with the ALJ following the filing of an answer pursuant to §35.9 of this part.

§35.21 Discovery.

(a) The following types of discovery are authorized:

(1) Requests for production of documents for inspection and copying;

(2) Requests for admissions of the authenticity of any relevant document or of the truth of any relevant fact;

(3) Written interrogatories; and

(4) Depositions.

(b) For the purposes of this section and §§35.22 and 35.23 of this part, the term ''documents'' includes information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence. Nothing contained herein shall be interpreted to require the creation of a document.

(c) Unless mutually agreed to by the parties, discovery is available only as ordered by the ALJ. The ALJ shall regulate the timing of discovery.

(d) *Motions for discovery*. (1) A party seeking discovery may file a motion with the ALJ. Such a motion shall be accompanied by a copy of the requested discovery, or in the case of depositions, a summary of the scope of the proposed deposition.

(2) Within ten days of service, a party may file an opposition to the motion and/or a motion for protective order as provided in §35.24 of this part.

(3) The ALJ may grant a motion for discovery only if he or she finds that the discovery sought—

(i) Is necessary for the expeditious, fair, and reasonable consideration of the issues;

(ii) Is not unduly costly or burdensome;

(iii) Will not unduly delay the proceeding; and

(iv) Does not seek privileged information.

(4) The burden of showing that discovery should be allowed is on the party seeking discovery.

(5) The ALJ may grant discovery subject to a protective order under § 35.24 of this part.

(e) *Depositions.* (1) If a motion for deposition is granted, the ALJ shall issue a subpoena for the deponent, which may require the deponent to produce documents. The subpoena shall specify the time and place at which the deposition will be held.

(2) The party seeking to depose shall serve the subpoena in the manner prescribed in § 35.8 of this part.

(3) The deponent may file with the ALJ a motion to quash the subpoena or a motion for a protective order within ten days of service.

(4) The party seeking to depose shall provide for the taking of a verbatim transcript of the deposition, which it shall make available to all other parties for inspection and copying.

(f) Each party shall bear its own costs of discovery.

§ 35.22 Exchange of witness lists, statements and exhibits.

(a) At least 15 days before the hearing or at such other time as may be ordered by the ALJ, the parties shall exchange witness lists, copies of prior statements of proposed witnesses, and copies of proposed hearing exhibits, including copies of any written statements that the party intends to offer in lieu of live testimony in accordance with § 35.33(b) of this part. At the time the above documents are exchanged, any party that intends to rely on the transcript of deposition testimony in lieu of live testimony at the hearing, if permitted by the ALJ, shall provide each party with a copy of the specific pages of the transcript it intends to introduce into evidence.

(b) If a party objects, the ALJ shall not admit into evidence the testimony of any witness whose name does not appear on the witness list or any exhibit not provided to the opposing party as provided above unless the ALJ finds good cause for the failure or that there is no prejudice to the objecting party.

(c) Unless another party objects within the time set by the ALJ, documents exchanged in accordance with paragraph (a) of this section shall be deemed to be authentic for the purpose of admissibility at the hearing.

§ 35.23 Subpoenas for attendance at hearing.

(a) A party wishing to procure the appearance and testimony of any individual at the hearing may request that the ALJ issue a subpoena.

(b) A subpoena requiring the attendance and testimony of an individual may also require the individual to produce documents at the hearing.

(c) A party seeking a subpoena shall file a written request therefor not less than 15 days before the date fixed for the hearing unless otherwise allowed by the ALJ for good cause shown. Such request shall specify any documents to be produced and shall designate the witnesses and describe the address and location thereof with sufficient particularity to permit such witnesses to be found.

(d) The subpoena shall specify the time and place at which the witness is to appear and any documents the witness is to produce.

(e) The party seeking the subpoena shall serve it in the manner prescribed in § 35.8 of this part. A subpoena on a party or upon an individual under the control of a party may be served by first class mail.

(f) A party or the individual to whom the subpoena is directed may file with the ALJ a motion to quash the subpoena within ten days after service or on or before the time specified in the subpoena for compliance if it is less than ten days after service.

§ 35.24 Protective order.

(a) A party or a prospective witness or deponent may file a motion for a protective order with respect to discovery sought by an opposing party or with respect to the hearing, seeking to limit the availability or disclosure of evidence.

(b) In issuing a protective order, the ALJ may make any order which justice requires to protect a party or person

from annoyance, embarrassment, oppression, or undue burden or expense, including one or more of the following:

(1) That the discovery not be had;

(2) That the discovery may be had only on specified terms and conditions, including a designation of the time or place;

(3) That the discovery may be had only through a method of discovery other than that requested;

(4) That certain matters not be inquired into, or that the scope of discovery be limited to certain matters;

(5) That discovery be conducted with no one present except persons designated by the ALJ;

(6) That the contents of discovery or evidence be sealed;

(7) That a deposition after being sealed be opened only by order of the ALJ;

(8) That a trade secret or other confidential research, development, or commercial information, or facts pertaining to any criminal investigation, proceeding, or other administrative investigation not be disclosed or be disclosed only in a designated way; or

(9) That the parties simultaneously file specified documents or information enclosed in sealed envelopes to be opened as directed by the ALJ.

§35.25 Fees.

The party requesting a subpoena shall pay the cost of the fees and mileage of any witness subpoenaed in the amounts that would be payable to a witness in a proceeding in U.S. District Court. A check for witness fees and mileage shall accompany the subpoena when served, except that when a subpoena is issued on behalf of the Department, a check for witness fees and mileage need not accompany the subpoena.

§35.26 Form, filing and service of papers.

(a) *Form.* (1) Every pleading and paper filed in the proceeding shall contain a caption setting forth the title of the action, the case number assigned by the ALJ, and a designation of the paper (e.g., motion to quash subpoena).

(2) Every pleading and paper shall be signed by, and shall contain the address and telephone number of the party or the person on whose behalf the paper was filed, or his or her representative.

(3) Papers are considered filed when they are mailed. Date of mailing may be established by a certificate from the party or its representative or by proof that the document was sent by certified or registered mail.

(b) *Service.* A party filing a document with the ALJ shall, at the time of filing, serve a copy of such document on every other party. Service upon any party of any document other than those required to be served as prescribed in §35.8 shall be made by delivering a copy, or by placing a copy of the document in the U.S. mail, postage prepaid and addressed, to the party's last known address. When a party is represented by a representative, service shall be made upon such representative in lieu of the actual party.

(c) *Proof of service.* A certificate of the individual serving the document by personal delivery or by mail, setting forth the manner of service, shall be proof of service.

§35.27 Computation of time.

(a) In computing any period of time under this part or in an order issued thereunder, the time begins with the day following the act, event, or default, and includes the last day of the period, unless it is a Saturday, Sunday, or legal holiday observed by the Federal government, in which event it includes the next business day.

(b) When the period of time allowed is less than seven days, intermediate Saturdays, Sundays, and legal holidays observed by the Federal government shall be excluded from the computation.

(c) Where a document has been served or issued by placing it in the mail, an additional five days will be added to the time permitted for any response.

§35.28 Motions.

(a) Any application to the ALJ for an order or ruling shall be by motion. Motions shall state the relief sought, the authority relied upon, and the facts alleged, and shall be filed with the ALJ and served on all other parties.

(b) Except for motions made during a pre-hearing conference or at the hearing, all motions shall be in writing. The ALJ may require that oral motions be reduced to writing.

(c) Within 15 days after a written motion is served, or such other time as may be fixed by the ALJ, any party may file a response to such motion.

(d) The ALJ may not grant a written motion before the time for filing responses thereto has expired, except upon consent of the parties or following a hearing on the motion, but may overrule or deny such motion without awaiting a response.

(e) The ALJ shall make a reasonable effort to dispose of all outstanding motions prior to the beginnings of the hearing.

§ 35.29 Sanctions.

(a) The ALJ may sanction a person, including any party or representative, for—

(1) Failing to comply with an order, rule, or procedure governing the proceeding;

(2) Failing to prosecute or defend an action; or

(3) Engaging in other misconduct that interferes with the speedy, orderly, or fair conduct of the hearing.

(b) Any such sanction, including but not limited to those listed in paragraphs (c), (d), and (e) of this section, shall reasonably relate to the severity and nature of the failure or misconduct.

(c) When a party fails to comply with an order, including an order for taking a deposition, the production of evidence within the party's control, or a request for admission, the ALJ may—

(1) Draw an inference in favor of the requesting party with regard to the information sought;

(2) In the case of requests for admission, deem each matter of which an admission is requested to be admitted;

(3) Prohibit the party failing to comply with such order from introducing evidence concerning, or otherwise relying upon, testimony relating to the information sought; and

(4) Strike any part of the pleadings or other submissions of the party failing to comply with such request.

(d) If a party fails to prosecute or defend an action under this part commenced by service of a notice of hearing, the ALJ may dismiss the action or may issue an initial decision imposing penalties and assessments.

(e) The ALJ may refuse to consider any motion, request, response, brief or other document which is not filed in a timely fashion.

§ 35.30 The hearing and burden of proof.

(a) The ALJ shall conduct a hearing on the record in order to determine whether the defendant is liable for a civil penalty or assessment under § 35.3 of this part and, if so, the appropriate amount of any such civil penalty or assessment considering any aggravating or mitigating factors.

(b) The authority shall prove defendant's liability and any aggravating factors by a preponderance of the evidence.

(c) The defendant shall prove any affirmative defenses and any mitigating factors by a preponderance of the evidence.

(d) The hearing shall be open to the public unless otherwise ordered by the ALJ for food cause shown.

§ 35.31 Determining the amount of penalties and assessments.

(a) In determining an appropriate amount of civil penalties and assessments, the ALJ and the Director, upon appeal, should evaluate any circumstances that mitigate or aggravate the violation and should articulate in their opinions the reasons that support the penalties and assessments they impose. Because of the intangible costs of fraud, the expense of investigating such conduct, and the need to deter others who might be similarly tempted, ordinarily double damages and a significant civil penalty should be imposed.

(b) Although not exhaustive, the following factors are among those that may influence the ALJ and the Director in determining the amount of penalties and assessments to impose with respect to the misconduct (i.e., the false, fictitious, or fraudulent claims or statements) charged in the complaint:

(1) The number of false, fictitious, or fraudulent claims or statements;

(2) The time period over which such claims or statements were made;

(3) The degree of the defendant's culpability with respect to the misconduct;

(4) The amount of money or the value of the property, services, or benefit falsely claimed;

(5) The value of the Government's actual loss as a result of the misconduct, including foreseeable consequential damages and the costs of investigation.

(6) The relationship of the amount imposed as civil penalties to the amount of the Government's loss;

(7) The potential or actual impact of the misconduct upon national defense, public health or safety, or public confidence in the management of Government programs and operations, including particularly the impact on the intended beneficiaries of such programs;

(8) Whether the defendant has engaged in a pattern of the same or similar misconduct;

(9) Whether the defendant attempted to conceal the misconduct;

(10) The degree to which the defendant has involved others in the misconduct or in concealing it;

(11) Where the misconduct of employees or agents is imputed to the defendant, the extent to which the defendant's practices fostered or attempted to preclude such misconduct;

(12) Whether the defendant cooperated in or obstructed an investigation of the misconduct;

(13) Whether the defendant assisted in identifying and prosecuting other wrongdoers;

(14) The complexity of the program or transaction, and the degree of the defendant's sophistication with respect to it, including the extent of the defendant's prior participation in the program or in similar transactions;

(15) Whether the defendant has been found, in any criminal, civil, or administrative proceeding to have engaged in similar misconduct or to have dealt dishonestly with the government of the United States or of a State, directly or indirectly; and

(16) The need to deter the defendant and others from engaging in the same or similar misconduct.

(c) Nothing in this section shall be construed to limit the ALJ or the Director from considering any other factors that in any given case may mitigate or aggravate the offense for which penalties and assessments are imposed.

§35.32 Location of hearing.

(a) The hearing may be held—

(1) In any judicial district of the United States in which the defendant resides or transacts business;

(2) In any judicial district of the United States in which the claim or statement in issue was made; or

(3) In such other place as may be agreed upon by the defendant and the ALJ.

(b) Each party shall have the opportunity to present argument with respect to the location of the hearing.

(c) The hearing shall be held at the place and at the time ordered by the ALJ.

§35.33 Witnesses.

(a) Except as provided in paragraph (b) of this section, testimony at the hearing shall be given orally by witnesses under oath or affirmation.

(b) At the discretion of the ALJ, testimony may be admitted in the form of a written statement or deposition. Any such written statement must be provided to all other parties along with the last known address of such witness, in a manner which allows sufficient time for other parties to subpoena such witness for cross-examination at the hearing. Prior written statements of witnesses proposed to testify at the hearing and deposition transcripts shall be exchanged as provided in §35.22(a) of this part.

(c) The ALJ shall exercise reasonable control over the mode and order of interrogating witnesses and presenting evidence so as to

(1) Make the interrogation and presentation effective for the ascertainment of the truth,

(2) Avoid needless consumption of time, and

(3) Protect witnesses from harassment or undue embarrassment.

(d) The ALJ shall permit the parties to conduct such cross-examination as may be required for a full and true disclosure of the facts.

(e) At the discretion of the ALJ, a witness may be cross-examined on matters relevant to the proceeding without regard to the scope of his or her direct examination. To the extent permitted by the ALJ, cross-examination on matters outside the scope of direct examination shall be conducted in the manner of direct examination and may proceed by leading questions only if the witness is a hostile witness, an adverse party, or a witness identified with an adverse party.

(f) Upon motion of any party, the ALJ shall order witnesses excluded so that they cannot hear the testimony of other witnesses. The rule does not authorize exclusion of—

(1) A party who is an individual;

(2) In the case of a party that is not an individual, an officer or employee of the party appearing for the entity pro se or designated by the party's representative; or

(3) An individual whose presence is shown by a party to be essential to the presentation of its case, including an individual employed by the Government engaged in assisting the representative for the Government.

§ 35.34 Evidence.

(a) The ALJ shall determine the admissibility of evidence.

(b) Except as provided in this part, the ALJ shall not be bound by the Federal Rules of Evidence. However, the ALJ may apply the Federal Rules of Evidence where appropriate, e.g., to exclude unreliable evidence.

(c) The ALJ shall exclude irrelevant and immaterial evidence.

(d) Although relevant, evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or by considerations of undue delay or needless presentation of cumulative evidence.

(e) Although relevant, evidence may be excluded if it is privileged under Federal law.

(f) Evidence concerning offers of compromise or settlement shall be inadmissible to the extent provided in Rule 408 of the Federal Rules of Evidence.

(g) The ALJ shall permit the parties to introduce rebuttal witnesses and evidence.

(h) All documents and other evidence offered or taken for the record shall be open to examination by all parties, unless otherwise ordered by the ALJ pursuant to § 35.24.

§ 35.35 The record.

(a) The hearing will be recorded and transcribed. Transcripts may be obtained following the hearing from the ALJ at a cost not to exceed the actual cost of duplication.

(b) The transcript of testimony, exhibits and other evidence admitted at the hearing, and all papers and requests filed in the proceeding constitute the record for the decision by the ALJ and the Director.

(c) The record may be inspected and copied (upon payment of a reasonable fee) by anyone, unless otherwise ordered by the ALJ pursuant to § 35.24 of this part.

§ 35.36 Post-hearing briefs.

The ALJ may require the parties to file post-hearing briefs. In any event, any party may file a post-hearing brief. The ALJ shall fix the time for filing such briefs, not to exceed 60 days from the date the parties receive the transcript of the hearing or, if applicable, the stipulated record. Such briefs may be accompanied by proposed findings of fact and conclusions of law. The ALJ may permit the parties to file reply briefs.

§ 35.37 Initial decision.

(a) The ALJ shall issue an initial decision based only on the record, which shall contain findings of fact, conclusions of law, and the amount of any penalties and assessments imposed.

(b) The findings of fact shall include a finding on each of the following issues:

(1) Whether the claims or statements identified in the complaint, or any portions thereof, violate § 35.3 of this part;

(2) If the person is liable for penalties or assessments, the appropriate amount of any such penalties or assessments considering any mitigating or aggravating factors that he or she finds in the case, such as those described in § 35.31 of this part.

(c) The ALJ shall promptly serve the initial decision on all parties within 90

days after the time for submission of post-hearing briefs and reply briefs (if permitted) has expired. The ALJ shall at the same time serve all parties with a statement describing the right of any defendant determined to be liable for a civil penalty or assessment to file a motion for reconsideration with the ALJ or a notice of appeal with the Director. If the ALJ fails to meet the deadline contained in this paragraph, he or she shall notify the parties of the reason for the delay and shall set a new deadline.

(d) Unless the initial decision of the ALJ is timely appealed to the Secretary, or a motion for reconsideration of the initial decision is timely filed, the initial decision shall constitute the final decision of the Department and shall be final and binding on the parties 30 days after it is issued by the ALJ.

§35.38 Reconsideration of initial decision.

(a) Except as provided in paragraph (d) of this section, any party may file a motion for reconsideration of the initial decision within 20 days of receipt of the initial decision. If service was made by mail, receipt will be presumed to be five days from the date of mailing in the absence of contrary proof.

(b) Every such motion must set forth the matters claimed to have been erroneously decided and the nature of the alleged errors. Such motion shall be accompanied by a supporting brief.

(c) Responses to such motions shall be allowed only upon request of the ALJ.

(d) No party may file a motion for reconsideration of an initial decision that has been revised in response to a previous motion for reconsideration.

(e) The ALJ may dispose of a motion for reconsideration by denying it or by issuing a revised initial decision.

(f) If the ALJ denies a motion for reconsideration, the initial decision shall constitute the final decision of the Department and shall be final and binding on the parties 30 days after the ALJ denies the motion, unless the initial decision is timely appealed to the Secretary in accordance with §35.39 of this part.

(g) If the ALJ issues a revised initial decision, that decision shall constitute the final decision of the Department and shall be final and binding on the parties 30 days after it is issued, unless it is timely appealed to the Secretary in accordance with §35.39 of this part.

§35.39 Appeal to the Secretary of the Interior.

(a) Any defendant who as filed a timely answer and who is determined in an initial decision to be liable for a civil penalty or assessment may appeal such decision to the Secretary by filing a notice of appeal with the Director in accordance with this section.

(b)(1) A notice of appeal may be filed at any time within 30 days after the ALJ issues an initial decision. However, if another party files a motion for reconsideration under §35.38 of this part, consideration of the appeal shall be stayed automatically pending resolution of the motion for reconsideration.

(2) If a motion for reconsideration is timely filed, a notice of appeal may be filed within 30 days after the ALJ denies the motion or issues a revised initial decision, whichever applies.

(3) The Director may extend the initial 30 day period for an additional 30 days if the defendant files with the Director a request for an extension within the initial 30 day period and shows good cause.

(c) If the defendant files a timely notice of appeal with the Director and the time for filing motions for reconsideration under §35.38 of this part has expired, the ALJ shall forward the record of the proceeding to the Director.

(d) A notice of appeal shall be accompanied by a written brief specifying exceptions to the initial decision and reasons supporting the exceptions.

(e) The representative for the Government may file a brief in opposition to exceptions within 30 days of receiving the notice of appeal and accompanying brief.

(f) There is no right to appear personally before the Director.

(g) There is no right to appeal any interlocutory ruling by the ALJ.

(h) In reviewing the initial decision, the Director shall not consider any objection that was not raised before the

ALJ unless a demonstration is made of extraordinary circumstances causing the failure to raise the objection.

(i) If any party demonstrates to the satisfaction of the Director that additional evidence not presented at such hearing is material and that there were reasonable grounds for the failure to present such evidence at such hearing, the Director shall remand the matter to the ALJ for consideration of such additional evidence.

(j) The Director may affirm, reduce, reverse, compromise, remand, or settle any penalty or assessment determined by the ALJ in any initial decision.

(k) The Director shall promptly serve each party to the appeal with a copy of the Department's decision and a statement describing the right of any person determined to be liable for a civil penalty or assessment to seek judicial review.

(l) Unless a petition for review is filed as provided in 31 U.S.C. 3805 after a defendant has exhausted all administrative remedies under this part and within 60 days after the date on which the Director serves the defendant with a copy of the Department's decision, a determination that a defendant is liable under § 35.33 of this part is final and is not subject to judicial review.

§ 35.40 Stays ordered by the Department of Justice.

If at any time the Attorney General or an Assistant Attorney General designated by the Attorney General transmits to the Secretary a written finding that continuation of the administrative process described in this part with respect to a claim or statement may adversely affect any pending or potential criminal or civil action related to such claim or statement, the Secretary shall stay the process immediately. The Secretary may order the process resumed only upon receipt of the written authorization of the Attorney General.

§ 35.41 Stay pending appeal.

(a) An initial decision is stayed automatically pending disposition of a motion for reconsideration or of an appeal to the Secretary.

(b) No administrative stay is available following a final decision of the Secretary.

§ 35.42 Judicial review.

Section 3805 of title 31, U.S. Code, authorizes judicial review by an appropriate U.S. District Court of a final decision of the Secretary imposing penalties or assessment under this part and specifies the procedures for such review.

§ 35.43 Collection of civil penalties and assessments.

Sections 3806 and 3808(b) of title 31, U.S. Code, authorize actions for collection of civil penalties and assessments imposed under this part and specify the procedures for such actions.

§ 35.44 Right to administrative offset.

The amount of any penalty or assessment which has become final, or for which a judgment has been entered under § 35.42 or § 35.43, or any amount agreed upon in a compromise or settlement under § 35.46 of this part, may be collected by administrative offset under 31 U.S.C. 3716, except that an administrative offset may not be made under this section against a refund of an overpayment of Federal taxes, then or later owing by the United States to the defendant.

§ 35.45 Deposit in Treasury of United States.

All amounts collected pursuant to this part shall be deposited as miscellaneous receipts in the Treasury of the United States, except as provided in 31 U.S.C. 3806(g).

§ 35.46 Compromise or settlement.

(a) Parties may make offers of compromise or settlement at any time.

(b) The reviewing official has the exclusive authority to compromise or settle a case under this part at any time after the date on which the reviewing official is permitted to issue a complaint and before the date on which the ALJ issues an initial decision.

(c) The Secretary has exclusive authority to compromise or settle a case under this part at any time after the date on which the ALJ issues an initial decision, except during the pendency of

any review under §35.42 or during the pendency of any action to collect penalties and assessments under §35.43 of this part.

(d) The Attorney General has exclusive authority to compromise or settle a case under this part during the pendency of any review under §35.42 of this part or of any action to recover penalties and assessments under 31 U.S.C. 3806.

(e) The investigating official may recommend settlement terms to the reviewing official, the Secretary, or the Attorney General, as appropriate. The reviewing official may recommend settlement terms to the Secretary, or the Attorney General, as appropriate.

(f) Any compromise or settlement must be in writing.

§35.47 Limitations.

(a) The notice of hearing with respect to a claim or statement must be served in the manner specified in §35.8 of this part within 6 years after the date on which such claim or statement is made.

(b) If the defendant fails to file a timely answer, service of a notice under §35.10(b) of this part shall be deemed a notice of hearing for purposes of this section.

(c) The statute of limitations may be extended by agreement of the parties.

PART 36—TRANSPORTATION AND UTILITY SYSTEMS IN AND ACROSS, AND ACCESS INTO, CONSERVATION SYSTEM UNITS IN ALASKA

Sec.

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AUTHORITY: 16 U.S.C. 1, 3, 668dd *et seq.*, and 3101 *et seq.;* 43 U.S.C. 1201.

SOURCE: 51 FR 31629, Sept. 4, 1986, unless otherwise noted.

§36.1 Applicability and scope.

(a) The regulations in this part apply to any application for access in the following forms within any conservation system unit (CSU), national recreation area or national conservation area within the State of Alaska which is administered by the Bureau of Land Management (BLM), Fish and Wildlife Service (FWS) or National Park Service (NPS):

(1) A transportation or utility system (TUS) is any portion of the route of the system within any of the aforementioned areas and the system is not one which the Department or agency having jurisdiction over the unit or area is establishing incident to its management of the unit or area;

(2) Access to inholdings within these areas, as well as within public lands administered by the BLM designated as wilderness study areas;

(3) Special access within these areas, as well as within public lands administered by the BLM designated as wilderness study areas;

(4) Temporary access within the aforementioned areas, as well as the National Petroleum Reserve in Alaska and public lands administered by the BLM designated as wilderness study areas or managed to maintain the wilderness character or potential thereof.

(b) Except as specifically provided in this part, applicable law shall apply with respect to the authorization and administration of TUSs.

§36.2 Definitions.

As used in this part, the term:

(a) *ANILCA* means the Alaska National Interest Lands Conservation Act (94 Stat. 2371; Pub. L. 96–487).

(b) *Applicable law* means a law or regulation of general applicability, other than title XI of ANILCA, under which a Federal department or agency has jurisdiction to grant an authorization (including but not limited to, a right-of-way permit, license, lease or certificate) without which a TUS cannot, in whole or in part, be established or operated.

(c) *Applicant* means an individual, partnership, corporation, association or other business entity, and a Federal,

State or local government entity including a municipal corporation submitting an application under this part.

(d) *Appropriate Federal agency* means a Federal agency (or the agency official to whom the authority has been delegated) that has jurisdiction to grant any authorization without which a TUS cannot, in whole or in part, be established or operated.

(e) *Area* means a CSU, National Recreation Area, or National Conservation Area in Alaska administered by the NPS, the FWS or the BLM.

(f) *Compatible with the purposes for which the unit was established* means that the system will not significantly interfere with or detract from the purposes for which the area was established.

(g) *Conservation System Unit* (CSU) means any unit in Alaska of the National Park System, National Wildlife Refuge System, National Wild and Scenic Rivers System, National Trails System or the National Wilderness Preservation System administered by the NPS, the FWS or the BLM.

(h) *Economically feasible and prudent alternate route* means an alternate route must meet the requirements for being both economically feasible and prudent. To be economically feasible, the alternate route must be able to attract capital to finance its construction and an alternate route will be considered to be prudent only if the difference of its benefits minus its costs is equal to or greater than that of the benefits of the proposed TUS minus its costs.

(i) *Improved right-of-ways* means routes which are of a permanent nature and would involve substantial alteration of the terrain or vegetation such as grading and graveling of surfaces or other such construction. Trail right-of-ways which are annually or periodically marked, brushed, or broken for off-road vehicles are excluded.

(j) *Incident to its management of the unit or area* means a type of TUS which is used directly or indirectly in support of authorized activities, and which is built by or for the Federal agency which has jurisdiction over the area.

(k) *Other system of general transportation* means private and commercial transportation of passengers and/or shipment of goods or materials.

(l) *Public values* means those values relating to the purposes for which the area was established as defined by the enabling legislation for the area.

(m) *Related structures and facilities* means those structures, facilities and right-of-ways which are reasonably and minimally necessary for the construction, operation and maintenance of a TUS, and which are listed as part of the TUS on the consolidated application form, Standard Form 299, ''Application for Transportation and Utility Systems and Facilities on Federal Lands'' (SF 299).

(n) *Right-of-way permit* means a right-of-way permit, lease, license, certificate or other authorization for all or part of a TUS in an area.

(o) *Secretary* means the Secretary of the Interior.

(p) *Transportation or utility system* (TUS) means any of the systems listed in paragraphs (p) (1) through (7) of this section, if a portion of the route of the system will be within an area and the system is not one that the Department or agency having jurisdiction over the area is establishing incident to its management of the area. The systems shall include related structures and facilities.

(1) Canals, ditches, flumes, laterals, pipes, pipelines, tunnels and other systems for the transportation of water.

(2) Pipelines and other systems for the transportation of liquids other than water, including oil, natural gas, synthetic liquid and gaseous fuels and any refined product produced therefrom.

(3) Pipelines, slurry and emulsion systems and conveyor belts for the transportation of solid materials.

(4) Systems for the transmission and distribution of electric energy.

(5) Systems for transmission or reception of radio, television, telephone, telegraph and other electronic signals and other means of communication.

(6) Improved rights-of-way for snowmachines, air cushion vehicles and other all-terrain vehicles.

(7) Roads, highways, railroads, tunnels, tramways, airports, landing strips, docks and other systems of general transportation.

§ 36.3 Preapplication.

(a) Anyone interested in obtaining approval of a TUS is encouraged to establish early contact with each appropriate Federal agency so that filing procedures and details may be discussed, resource concerns and potential constraints may be identified, the proposal may be considered in agency planning, preapplication activities may be discussed and processing of an application may be tentatively scheduled.

(b) Reasonable preapplication activities in areas shall be permitted following a determination by the appropriate Federal agency that the activities are necessary to obtain information for filing the SF 299, that the activities would not cause significant or permanent damage to the values for which the area was established or unreasonably interfere with other authorized uses or activities and that it would not significantly restrict subsistence uses. In areas administered by the NPS or the FWS, a permit shall be obtained from the appropriate agency prior to engaging in any preapplication activities. Prior to approval and issuance of such a permit, the appropriate Federal agencies must find that the proposed preapplication activity is compatible with the purposes for which the area was established.

§ 36.4 Filing of application.

(a) A SF 299, which may be obtained from an appropriate Federal agency, shall be completed by the applicant according to the instructions on the form. The form shall be filed on the same day (except in compliance with paragraph (c) of this section) with each appropriate Federal agency from which an authorization, such as a permit, license, lease or certificate is required for the TUS. Filing with any appropriate Interior agency in Alaska shall be considered to be a filing with all of its agencies. Any filing fee required by the appropriate Federal agency pursuant to applicable law must be paid at the time of filing.

(b) Prior to filing the SF 299, the applicant shall determine whether additional information to that requested on the form is required by the appropriate Federal agencies. If so, the applicant shall file the additional information as an attachment to the SF 299.

(c) When, because of separate filing points, an applicant is not able to file with each appropriate Federal agency on the same day, the applicant shall file all applications as soon as possible. All applications must be filed within a 15 calendar day period. For purposes of the time requirements provided for in this part, the application shall not be considered to have been filed until the last appropriate Federal agency receives the application. The lead agency, determined pursuant to § 36.5(a), shall determine the date of filing or that the application was not filed within the 15 day period and inform all appropriate Federal agencies.

(d) The information collection requirements contained in these regulations have been approved by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and assigned clearance numbers 1024–0026 and 1004–0060. The information collected by the appropriate Federal agency will be used to determine whether or not to issue a permit to obtain a benefit. A response is required to obtain or retain a benefit.

§ 36.5 Application review.

(a) When there is more than one appropriate Federal agency, the Federal agency having management jurisdiction over the longest lineal portion of the right-of-way requested in the TUS application shall be the lead agency for the purpose of coordinating appropriate Federal agency actions in the review and processing of the SF 299, as well as for the purpose of compliance with the provisions of the National Environmental Policy Act (NEPA), 42 U.S.C. 4321 *et seq.*

(1) By agreement among the appropriate Federal agencies, a different Federal agency may be designated the lead agency for any or all parts of the review, processing or NEPA compliance.

(2) Upon identification of the lead agency, other involved agencies will provide assistance as requested by the lead agency.

(b) Upon receipt of an application, the lead agency will review it and determine the filing date pursuant to

§ 36.4. If it is determined that the applicant has not met the 15 calendar day filing deadline, pursuant to § 36.4(c) of this part, the lead agency shall notify each appropriate Federal agency to return the application to the applicant without further action.

(c) Within 60 days of the date of filing, each appropriate Federal agency shall inform the applicant and the lead agency, in writing, whether the application on its face:

(1) Contains the required information; or

(2) Is insufficient, together with a specific listing of the additional information the applicant must submit.

(d) When the application is insufficient, the applicant must furnish the specific information requested within 30 days of receipt of notification of deficiency:

(1) If the applicant needs more time to obtain information, additional time may be granted by the appropriate Federal agency upon request of the applicant, provided the applicant agrees that the application filing date will change to the date of filing of the specific additional information.

(2) Unless extended pursuant to the provisions of paragraph (d)(1) of this section, failure of the applicant to respond within the 30 day period will result in return of the application without further action.

(3) The lead agency shall keep all appropriate Federal agencies informed of actions occurring under paragraphs (d)(1) and (2) of this section, in order that such agencies may note their application records accordingly.

(e) Within 30 days of the receipt of additional information requested by the appropriate Federal agency, the applicant shall be notified in writing whether the supplemental information is sufficient.

(1) If the applicant fails to provide all the requested information, the application shall be rejected and returned to the applicant along with a list of the specific deficiencies.

(2) When the applicant furnishes the additional information, the application will be reinstated, and it will be considered filed as of the date the final supplemental information is actually received by the appropriate Federal agency.

(3) The lead agency shall notify appropriate Federal agencies of any final rejection under paragraph (e)(1) of this section.

§ 36.6 NEPA compliance and lead agency.

(a) The provisions of NEPA and the Council for Environmental Quality regulations (40 CFR parts 1500–1508) will be applied to determine whether an Environmental Assessment (EA) or an Environmental Impact Statement (EIS) is required, or that a categorical exclusion applies.

(1) The lead agency, with cooperation of all appropriate Federal agencies, shall complete an EA or a draft environmental impact statement (DEIS) within nine months of the date the SF 299 was filed.

(2) If the lead agency determines, for good cause, that the nine-month period is insufficient, it may extend such period for a reasonable specific time. Notification of the extension, together with the reasons therefore, shall be provided to the applicant and published in the FEDERAL REGISTER at least 30 days prior to the end of the nine-month period.

(3) If the lead agency determines that an EIS is not required, a Finding of No Significant Impact (FONSI) will be prepared.

(4) If an EIS is determined to be necessary, the lead agency shall hold a public hearing on the joint DEIS in Washington, DC, and at least one location in Alaska.

(5) The appropriate Federal agencies shall solicit and consider the views of other Federal departments and agencies, the Alaska Land Use Council, the State, affected units of local government in the State and affected corporations formed pursuant to the Alaska Native Claims Settlement Act. After public notice, the agencies shall receive and consider statements and recommendations regarding the application submitted by interested individuals and organizations.

(6) The lead agency shall ensure compliance with section 810 of ANILCA.

(b) When an EIS is determined to be necessary, within three months of completing the DEIS or within one year of the filing of the application, whichever is later, the lead agency shall complete the EIS and publish a notice of its availability in the FEDERAL REGISTER.

(c) Cost reimbursement. (1) The costs to the United States of application processing, other than costs for EIS preparation and review as provided in paragraph (c)(2) of this section, shall be reimbursed by the applicant, if such reimbursement is required pursuant to the applicable law and procedures of the appropriate Federal agency incurring the costs.

(2) The reasonable administrative and other costs of EIS preparation shall be reimbursed by the applicant, according to the BLM's cost recovery procedures and regulations implementing section 304 of FLPMA, 43 U.S.C. 1734.

§ 36.7 Decision process.

There are two separate decision processes. The first is used when the appropriate Federal agencies have an applicable law to issue a right-of-way permit and the area involved is outside the National Wilderness Preservation System. The second is used when an area involved in the application is within the National Wilderness Preservation System or an appropriate Federal agency has no applicable law with respect to issuing a right-of-way permit across all or any area covered by a TUS application.

(a) When the appropriate Federal agencies have an applicable law and the area involved is outside the National Wilderness Preservation System:

(1) Within four months of the date of the notice of availability of a FONSI or final EIS, each appropriate Federal agency shall make a decision based on applicable law to approve or disapprove the TUS and so notify the applicant in writing.

(2) Each appropriate Federal agency in making its decision shall consider and make detailed findings supported by substantial evidence as to the portion of the TUS, within that agency's jurisdiction, with respect to:

(i) The need for and economic feasibility of the TUS;

(ii) Alternative routes and modes of access, including a determination with respect to whether there is any economically feasible and prudent alternative to routing the system through or within an area and, if not, whether there are alternate routes or modes which would result in fewer or less severe adverse impacts upon the area;

(iii) The feasibility and impacts of including different TUSs in the same area;

(iv) Short and long term social, economic and environmental impacts of national, State or local significance, including impacts on fish and wildlife and their habitat and on rural, traditional lifestyles;

(v) The impacts, if any, on the national security interests of the United States, that may result from approval or denial of the application for the TUS;

(vi) Any impacts that would affect the purposes for which the Federal unit or area concerned was established;

(vii) Measures which should be instituted to avoid or minimize negative impacts;

(viii) The short and long term public values which may be adversely affected by approval of the TUS versus the short and long term public benefits which may accrue from such approval; and

(ix) Impacts, if any, on subsistence uses.

(3) To the extent the appropriate Federal agencies agree, the decisions may be developed jointly, singularly or in some combination thereof.

(4) If an appropriate Federal agency disapproves any portion of the TUS, the application in its entirety is disapproved and the applicant may file an administrative appeal pursuant to section 1106(a) of ANILCA.

(b) When an area involved is within the National Wilderness Preservation System or an appropriate Federal agency has no applicable law with respect to granting all or any part of a TUS application:

(1) Within four months of the date of publication of the notice of the availability of the final EIS or FONSI, each

appropriate Federal agency shall determine whether to tentatively approve or disapprove each right-of-way permit within its jurisdiction that applies with respect to the TUS and the Secretary of the Interior shall make notification pursuant to section 1106(b) of ANILCA.

(i) The Federal agency having jurisdiction over a portion of a TUS for which there is no applicable law shall recommend approval of that portion of the TUS if it is determined that:

(A) Such system would be compatible with the purposes for which the area was established; and

(B) There is no economically feasible and prudent alternate route for the system.

(ii) If there is applicable law for a portion of the TUS which is outside the National Wilderness Preservation System, the applicable law shall be applied in making the determination to approve or disapprove that portion of the TUS.

(2) The notification shall be accompanied by a statement of the reasons and findings supporting each appropriate Federal agency's position. The findings shall include, but not be limited to, the findings required in paragraph (a)(2) of this section. The notification shall also be accompanied by the final EIS, the EA or statement that a categorical exclusion applies and any comments of the public and other Federal agencies.

§ 36.8 Administrative appeals.

(a) If any appropriate Federal agency disapproves a TUS application pursuant to § 36.7(a), the applicant may appeal the denial pursuant to section 1106(a) of ANILCA.

(b) There is no administrative appeal for a denial issued under the provisions of § 36.7(b).

§ 36.9 Issuing permit.

(a) Once an application is approved under the provisions of § 36.7(a), a right-of-way permit will be issued by the appropriate Federal agency or agencies, according to that agency's authorizing statutes and regulations or, if approved pursuant to the provisions of § 36.7(b), according to the provisions of title V of the the Federal Land Policy Management Act of 1976 (43 U.S.C. 1701) or other applicable law. The permit shall not be issued until all fees and other charges have been paid in accordance with applicable law.

(b) All TUS right-of-way permits shall include, but not be limited to, the following terms and conditions:

(1) Requirements to ensure that to the maximum extent feasible, the right-of-way is used in a manner compatible with the purposes for which the affected area was established or is managed;

(2) Requirements for restoration, revegetation and curtailment of erosion of the surface of the land;

(3) Requirements to ensure that activities in connection with the right-of-way will not violate applicable air and water quality standards and related facility siting standards established pursuant to law;

(4) Requirements, including the minimum necessary width, designed to control or prevent:

(i) Damage to the environment (including damage to fish and wildlife habitat);

(ii) Damage to public or private property; and

(iii) Hazards to public health and safety.

(5) Requirements to protect the interests of individuals living in the general area of the right-of-way permit who rely on the fish, wildlife and biotic resources of the area for subsistence purposes; and

(6) Requirements to employ measures to avoid or minimize adverse environmental, social or economic impacts.

(c) Any TUS approved pursuant to this part which occupies, uses or traverses any area within the boundaries of a unit of the National Wild and Scenic Rivers System shall be subject to such conditions as may be necessary to assure that the stream flow of, and transportation on, such river are not interfered with or impeded and that the TUS is located and constructed in an environmentally sound manner.

(d) In the case of a pipeline described in section 28(a) of the Mineral Leasing Act of 1920, a right-of-way permit issued pursuant to this part shall be issued in the same manner as a right-of-way is granted under section 28, and

the provisions of subsections (c) through (j), (l) through (q), and (u) through (y) of section 28 shall apply to right-of-way permits issued pursuant to this part.

§36.10 Access to inholdings.

(a) This section sets forth the procedures to provide adequate and feasible access to inholdings within areas in accordance with section 1110(b) of ANILCA. As used in this section, the term:

(1) *Adequate and feasible access* means a route and method of access that is shown to be reasonably necessary and economically practicable but not necessarily the least costly alternative for achieving the use and development by the applicant on the applicant's non-federal land or occupancy interest.

(2) *Area* also includes public lands administered by the BLM designated as wilderness study areas.

(3) *Effectively surrounded by* means that physical barriers prevent adequate and feasible access to State or private lands or valid interests in lands except across an area(s). Physical barriers include but are not limited to rugged mountain terrain, extensive marsh areas, shallow water depths and the presence of ice for large periods of the year.

(4) *Inholding* means State-owned or privately owned land, including subsurface rights of such owners underlying public lands or a valid mining claim or other valid occupancy that is within or is effectively surrounded by one or more areas.

(b) It is the purpose of this section to ensure adequate and feasible access across areas for any person who has a valid inholding. A right-of-way permit for access to an inholding pursuant to this section is required only when this part does not provide for adequate and feasible access without a right-of-way permit.

(c) Applications for a right-of-way permit for access to an inholding shall be filed with the appropriate Federal agency on a SF 299. Mining claimants who have acquired their rights under the General Mining Law of 1872 may file their request for access as a part of their plan of operations. The appropriate Federal agency may require the mining claimant applicant to file a SF 299, if in its discretion, it determines that more complete information is needed. Applicants should ensure that the following information is provided:

(1) Documentation of the property interest held by the applicant including, for claimants under the General Mining Law of 1872, as amended (30 U.S.C. 21–54), a copy of the location notice and recordations required by 43 U.S.C. 1744;

(2) A detailed description of the use of the inholding for which the applied for right-of-way permit is to serve; and

(3) If applicable, rationale demonstrating that the inholding is effectively surrounded by an area(s).

(d) The application shall be filed in the same manner as under §36.4 and shall be reviewed and processed in accordance with §§36.5 and 36.6.

(e)(1) For any applicant who meets the criteria of paragraph (b) of this section, the appropriate Federal agency shall specify in a right-of-way permit the route(s) and method(s) of access across the area(s) desired by the applicant, unless it is determined that:

(i) The route or method of access would cause significant adverse impacts on natural or other values of the area and adequate and feasible access otherwise exists; or

(ii) The route or method of access would jeopardize public health and safety and adequate and feasible access otherwise exists; or

(iii) The route or method is inconsistent with the management plan(s) for the area or purposes for which the area was established and adequate and feasible access otherwise exists; or

(iv) The method is unnecessary to accomplish the applicant's land use objective.

(2) If the appropriate Federal agency makes one of the findings described in paragraph (e)(1) of this section, another alternate route(s) and/or method(s) of access that will provide the applicant adequate and feasible access shall be specified by that Federal agency in the right-of-way permit after consultation with the applicant.

(f) All right-of-way permits issued pursuant to this section shall be subject to terms and conditions in the same manner as right-of-way permits issued pursuant to §36.9.

(g) The decision by the appropriate Federal agency under this section is the final administrative decision.

§ 36.11 Special access.

(a) This section implements the provisions of section 1110(a) of ANILCA regarding use of snowmachines, motorboats, nonmotorized surface transportation, aircraft, as well as off-road vehicle use.

As used in this section, the term:

(1) *Area* also includes public lands administered by the BLM and designated as wilderness study areas.

(2) *Adequate snow cover* shall mean snow of sufficient depth, generally 6–12 inches or more, or a combination of snow and frost depth sufficient to protect the underlying vegetation and soil.

(b) Nothing in this section affects the use of snowmobiles, motorboats and nonmotorized means of surface transportation traditionally used by rural residents engaged in subsistence activities, as defined in Tile VIII of ANILCA.

(c) The use of snowmachines (during periods of adquate snow cover and frozen river conditions) for traditional activities (where such activities are permitted by ANILCA or other law) and for travel to and from villages and homesites and other valid occupancies is permitted within the areas, except where such use is prohibited or otherwise restricted by the appropriate Federal agency in accordance with the procedures of paragraph (h) of this section.

(d) Motorboats may be operated on all area waters, except where such use is prohibited or otherwise restricted by the appropriate Federal agency in accordance with the procedures of paragraph (h) of this section.

(e) The use of nonmotorized surface transportation such as domestic dogs, horses and other pack or saddle animals is permitted in areas except where such use is prohibited or otherwise restricted by the appropriate Federal agency in accordance with the procedures of paragraph (h) of this section.

(f) *Aircraft*. (1) Fixed-wing aircraft may be landed and operated on lands and waters within areas, except where such use is prohibited or otherwise restricted by the appropriate Federal agency, including closures or restrictions pursuant to the closures of paragraph (h) of this section. The use of aircraft for access to or from lands and waters within a national park or monument for purposes of taking fish and wildlife for subsistence uses therein is prohibited, except as provided in 36 CFR 13.45. The operation of aircraft resulting in the harassment of wildlife is prohibited.

(2) In imposing any prohibitions or restrictions on fixed-wing aircraft use the appropriate Federal agency shall:

(i) Publish notice of prohibition or restrictions in ''Notices to Airmen'' issued by the Department of Transportation; and

(ii) Publish permanent prohibitions or restrictions as a regulatory notice in the United States Flight Information Service ''Supplement Alaska.''

(3) Except as provided in paragraph (f)(3)(i) of this section, the owners of any aircraft downed after December 2, 1980, shall remove the aircraft and all component parts thereof in accordance with procedures established by the appropriate Federal agency. In establishing a removal procedure, the appropriate Federal agency is authorized to establish a reasonable date by which aircraft removal operations must be complete and determine times and means of access to and from the downed aircraft.

(i) The appropriate Federal agency may waive the requirements of this paragraph upon a determination that the removal of downed aircraft would constitute an unacceptable risk to human life, or the removal of a downed aircraft would result in extensive resource damage, or the removal of a downed aircraft is otherwise impracticable or impossible.

(ii) Salvaging, removing, possessing or attempting to salvage, remove or possess any downed aircraft or component parts thereof is prohibited, except in accordance with a removal procedure established under this paragraph and as may be controlled by the other laws and regulations.

(4) The use of a helicopter in any area other than at designated landing areas pursuant to the terms and conditions of a permit issued by the appropriate Federal agency, or pursuant to a

memorandum of understanding between the appropriate Federal agency and another party, or involved in emergency or search and rescue operations is prohibited.

(g) *Off-road vehicles.* (1) The use of off-road vehicles (ORV) in locations other than established roads and parking areas is prohibited, except on routes or in areas designated by the appropriate Federal agency in accordance with Executive Order 11644, as amended or pursuant to a valid permit as prescribed in paragraph (g)(2) of this section or in §36.10 or §36.12.

(2) The appropriate Federal agency is authorized to issue permits for the use of ORVs on existing ORV trails located in areas (other than in areas designated as part of the National Wilderness Preservation System) upon a finding that such ORV use would be compatible with the purposes and values for which the area was established. The appropriate Federal agency shall include in any permit such stipulations and conditions as are necessary for the protection of those purposes and values.

(h) *Closure procedures.* (1) The appropriate Federal agency may close an area on a temporary or permanent basis to use of aircraft, snowmachines, motorboats or nonmotorized surface transportation only upon a finding by the agency that such use would be detrimental to the resource values of the area.

(2) *Temporary closures.* (i) Temporary closures shall not be effective prior to notice and hearing in the vicinity of the area(s) directly affected by such closures and other locations as appropriate.

(ii) A temporary closure shall not exceed 12 months.

(3) Permanent closures shall be published by rulemaking in the FEDERAL REGISTER with a minimum public comment period of 60 days and shall not be effective until after a public hearing(s) is held in the affected vicinity and other locations as deemed appropriate by the appropriate Federal agency.

(4) Temporary and permanent closures shall be: (i) Published at least once in a newspaper of general circulation in Alaska and in a local newspaper, if available; posted at community post offices within the vicinity affected; made available for broadcast on local radio stations in a manner reasonably calculated to inform residents in the affected vicinity; and designated on a map which shall be available for public inspection at the office of the appropriate Federal agency and other places convenient to the public; or

(ii) Designated by posting the area with appropriate signs; or

(iii) Both.

(5) In determining whether to open an area that has previously been closed pursuant to the provisions of this section, the appropriate Federal agency shall provide notice in the FEDERAL REGISTER and shall, upon request, hold a hearing in the affected vicinity and other locations as appropriate prior to making a final determination.

(6) Nothing in this section shall limit the authority of the appropriate Federal agency to restrict or limit uses of an area under other statutory authority.

(i) Except as otherwise specifically permitted under the provisions of this section, entry into closed areas or failure to abide by restrictions established under this section is prohibited.

(j) Any person convicted of violating any provision of the regulations contained in this section, or as the same may be amended or supplemented, may be punished by a fine or by imprisonment in accordance with the penalty provisions applicable to the area.

[51 FR 31629, Sept. 4, 1986; 51 FR 36011, Oct. 8, 1986]

§36.12 Temporary access.

(a) For the purposes of this section, the term:

(1) *Area* also includes public lands administered by the BLM designated as wilderness study areas or managed to maintain the wilderness character or potential thereof, and the National Petroleum Reserve—Alaska.

(2) *Temporary access* means limited, short-term (i.e., up to one year from issuance of the permit) access which does not require permanent facilities for access to State or private lands.

(b) This section is applicable to State and private landowners who desire temporary access across an area for the

purposes of survey, geophysical, exploratory and other temporary uses of such non-federal lands, and where such temporary access is not affirmatively provided for in §§36.10 and 36.11. State and private landowners meeting the criteria of §36.10(b) are directed to use the procedures of § 36.10 to obtain temporary access.

(c) A landowner requiring temporary access across an area for survey, geophysical, exploratory or similar temporary activities shall apply to the appropriate Federal agency for an access permit by providing the relevant information requested in the SF 299.

(d) The appropriate Federal agency shall grant the desired temporary access whenever it is determined, after compliance with the requirements of NEPA, that such access will not result in permanent harm to the area's resources. The area manager shall include in any permit granted such stipulations and conditions on temporary access as are necessary to ensure that the access granted would not be inconsistent with the purposes for which the area was established and to ensure that no permanent harm will result to the area's resources and section 810 of ANILCA is complied with.

§ 36.13 Special provisions.

(a) *Gates of the Arctic National Park and Preserve.* (1) Access for surface transportation purposes across Gates of the Arctic National Park and Preserve (from the Ambler Mining District to the Alaska Pipeline Haul Road (Dalton Highway)) shall be permitted in accordance with the provisions of this section.

(2) Upon the filing of an application in accordance with § 36.4 for a right-of-way across the western (Kobuk River) unit of the preserve, including the Kobuk Wild River, the Secretary shall give notice in the FEDERAL REGISTER, and other such notice as may be appropriate, of a 30 day period for other applicants to apply for access. The original application and any additional applications received during the 30 day period will be reviewed in accordance with § 36.5.

(3) The Secretary and the Secretary of Transportation shall jointly prepare an environmental and economic analysis solely for the purpose of determining the most desirable route for the right-of-way and terms and conditions which may be required for the issuance of that right-of-way. This analysis shall be completed within one year and the draft thereof within nine months of the receipt of the application and shall be prepared in lieu of an EIS which would otherwise be required under section 102(2)(C) of NEPA. This analysis shall be deemed to satisfy all requirements of that Act and shall not be subject to judicial review. This analysis shall be prepared in accordance with the procedural requirements of § 36.6.

(4) The Secretaries, in preparing this analysis, shall consider the following:

(i) Alternate routes including the consideration of economically feasible and prudent alternate routes across the preserve which would result in fewer, or less severe, adverse impacts upon the preserve.

(ii) The environmental, social and economic impacts of the right-of-way including impacts upon wildlife, fish, and their habitat, and rural and traditional lifestyles including subsistence activities and measures which should be instituted to avoid or minimize negative impacts and enhance positive impacts.

(5) Within 60 days of the completion of the enviornmental and economic analysis, the Secretaries shall jointly agree upon a route for issuance of the right-of-way across the preserve. Such right-of-way shall be issued in accordance with the provisions of § 36.9.

(b) *Yukon-Charley Rivers National Preserve.* (1) Any application filed by Doyon, Limited, for a right-of-way to provide access in a southerly direction across the Yukon River from its landholdings in the watersheds of the Kandik and Nation Rivers shall be processed in accordance with this part.

(2) No right-of-way shall be granted which would cross the Charley River or which would involve any lands within the watershed of the Charley River.

(3) An application shall be approved by the appropriate Federal agency if it is determined that there exists no economically feasible or otherwise reasonably available alternate route.

(c) *Oil and Gas Pipelines—Arctic Slope Regional Corporation.* (1) Upon the filing

by Arctic Slope Regional Corporation for an oil and gas TUS across lands identified in section 1431(j) of ANILCA, the appropriate Federal agency shall review the filing, determine the alignment and location of facilities across/on Federal lands, and issue such authorizations as are necessary with respect to the establishment of the TUS.

(2) No environmental document pursuant to NEPA shall be required.

(3) Investigations as to the proper final alignment of the pipeline and location of related facilities are at the discretion of the Federal agency and the costs associated with such investigations are not recoverable under § 36.6.

(d) *Forty Mile Component of National Wild and Scenic Rivers System.* The classification of segments of the Forty Mile Components as Wild Rivers shall not preclude access across those river segments where the appropriate Federal agency determines such access is necessary to permit commercial development of asbestos deposits in the North Fork drainage.

[51 FR 31629, Sept. 4, 1986; 51 FR 36011, Oct. 8, 1986]

PART 37—CAVE MANAGEMENT

Subpart A—Cave Management—General

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37.1 Purpose.
37.2 Policy.
37.3 Authority.
37.4 Definitions.
37.5 Collection of information.

Subpart B—Cave Designation

37.11 Nomination, evaluation, and designation of significant caves.
37.12 Confidentiality of cave location information.

AUTHORITY: 16 U.S.C. 4301–4309; 43 U.S.C. 1740.

SOURCE: 58 FR 51554, Oct. 1, 1993, unless otherwise noted.

Subpart A—Cave Management—General

§ 37.1 Purpose.

The purpose of this part is to provide the basis for identifying and managing significant caves on Federal lands administered by the Secretary of the Interior.

§ 37.2 Policy.

It is the policy of the Secretary that Federal lands be managed in a manner which, to the extent practical, protects and maintains significant caves and cave resources. The type and degree of protection will be determined through the agency resource management planning process with full public participation.

§ 37.3 Authority.

Section 4 of the Federal Cave Resources Protection Act of 1988 (102 Stat. 4546; 16 U.S.C. 4301) authorizes the Secretary to issue regulations providing for the identification of significant caves. Section 5 authorizes the Secretary to withhold information concerning the location of significant caves under certain circumstances.

§ 37.4 Definitions.

(a) *Authorized officer* means the agency employee delegated the authority to perform the duties described in this part.

(b) *Cave* means any naturally occurring void, cavity, recess, or system of interconnected passages beneath the surface of the earth or within a cliff or ledge, including any cave resource therein, and which is large enough to permit a person to enter, whether the entrance is excavated or naturally formed. Such term shall include any natural pit, sinkhole, or other feature that is an extension of a cave entrance or which is an integral part of the cave.

(c) *Cave resources* means any materials or substances occurring in caves on Federal lands, including, but not limited to, biotic, cultural, mineralogic, paleontologic, geologic, and hydrologic resources.

(d) *Federal lands,* as defined in the Federal Cave Resources Protection Act, means lands the fee title to which is owned by the United States and administered by the Secretary of the Interior.

(e) *Secretary* means the Secretary of the Interior.

(f) *Significant cave* means a cave located on Federal lands that has been

determined to meet the criteria in § 37.11(c).

§ 37.5 Collection of information.

(a) The collections of information contained in this part have been approved by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and assigned clearance numbers 1004–0165 (cave nominations) and 1004–0166 (confidential information). The information provided for the cave nominations will be used to determine which caves will be listed as ''significant'' and the information in the requests to obtain confidential cave information will be used to decide whether to grant access to this information. Response to the call for cave nominations is voluntary. No action may be taken against a person for refusing to supply the information requested. Response to the information requirements for obtaining confidential cave information is required to obtain a benefit in accordance with Section 5 of the Federal Cave Resources Protection Act of 1988 (102 Stat. 4546; 16 U.S.C. 4301).

(b) The public reporting burden is estimated to average 3 hours per response for the cave nomination and one-half hour per response for the confidential cave information request. The estimated response time for both of the information burdens includes time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Bureau of Land Management Clearance Officer, WO–873, Mail Stop 401 LS, 1849 C Street NW., Washington, DC 20240; and the Office of Management and Budget, Paperwork Reduction Project 1004–0165/6, Washington, D.C. 20503.

Subpart B—Cave Designation

§ 37.11 Nomination, evaluation, and designation of significant caves.

(a) *Nominations for initial and subsequent listings.* The authorized officer will give governmental agencies and the public, including those who utilize caves for scientific, educational, and recreational purposes, the opportunity to nominate potential significant caves. The authorized officer will give public notice, including a notice published in the FEDERAL REGISTER, calling for nominations for the initial listing, including procedures for preparing and submitting the nominations. Nominations for subsequent listings will be accepted from governmental agencies and the public by the agency that manages the land where the cave is located as new cave discoveries are made or as new information becomes available. Nominations not approved for designation during the listing process may be resubmitted if better documentation or new information becomes available.

(b) *Evaluation for initial and subsequent listings.* The evaluation of the nominations for significant caves will be carried out in consultation with individuals and organizations interested in the management and use of cave resources, within the limits imposed by the confidentiality provisions of § 37.12 of this part. Nominations will be evaluated using the criteria in § 37.11(c).

(c) *Criteria for significant caves.* A significant cave on Federal lands shall possess one or more of the following features, characteristics, or values.

(1) *Biota.* The cave provides seasonal or yearlong habitat for organisms or animals, or contains species or subspecies of flora or fauna that are native to caves, or are sensitive to disturbance, or are found on State or Federal sensitive, threatened, or endangered species lists.

(2) *Cultural.* The cave contains historic properties or archaeological resources (as described in 36 CFR 60.4 and 43 CFR 7.3) or other features that are included in or eligible for inclusion in the National Register of Historic Places because of their research importance for history or prehistory, historical associations, or other historical or traditional significance.

(3) *Geologic/Mineralogic/Paleontologic.* The cave possesses one or more of the following features:

(i) Geologic or mineralogic features that are fragile, or that exhibit interesting formation processes, or that are otherwise useful for study.

(ii) Deposits of sediments or features useful for evaluating past events.

(iii) Paleontologic resources with potential to contribute useful educational and scientific information.

(4) *Hydrologic.* The cave is a part of a hydrologic system or contains water that is important to humans, biota, or development of cave resources.

(5) *Recreational.* The cave provides or could provide recreational opportunities or scenic values.

(6) *Educational or Scientific.* The cave offers opportunities for educational or scientific use; or, the cave is virtually in a pristine state, lacking evidence of contemporary human disturbance or impact; or, the length, volume, total depth, pit depth, height, or similar measurements are notable.

(d) *National Park Service policy.* The policy of the National Park Service, pursuant to its Organic Act of 1916 (16 U.S.C. 1, *et seq.*) and Management Policies (Chapter 4:20, Dec. 1988), is that all caves are afforded protection and will be managed in compliance with approved resource management plans. Accordingly, all caves on National Park Service-administered lands are deemed to fall within the definition of ''significant cave.''

(e) *Special management areas.* Within special management areas that are designated wholly or in part due to cave resources found therein, all caves within the so-designated special management area shall be determined to be significant.

(f) *Designation and documentation.* If the authorized officer determines that a cave nominated and evaluated under paragraphs (a) and (b) of this section meets one or more of the criteria in paragraph (c), the authorized officer will designate the cave as significant. The authorized officer will designate all caves identified in paragraphs (d) and (e) of this section to be significant. The authorized officer will notify the nominating party of the results of the evaluation and designation. Each agency Field Office will retain appropriate documentation for all significant caves located within its administrative boundaries. At a minimum, documentation shall include a statement of finding signed and dated by the authorized officer, and the information used to make the determination. This documentation will be retained as a permanent record in accordance with the confidentiality provision in §37.12 of this part.

(g) *Decision final.* Decisions to designate or not designate a cave as significant are made at the sole discretion of the authorized officer and are not subject to further administrative review or appeal under 43 CFR part 4.

(h) If a cave is determined to be significant, its entire extent, including passages not mapped or discovered at the time of the determination, is deemed significant. This includes caves that extend from lands managed by any Federal agency into lands managed by one or more other bureaus or agencies of the Department of the Interior, as well as caves initially believed to be separate for which interconnecting passages are discovered after significance is determined.

§37.12 Confidentiality of cave location information.

(a) *Information disclosure.* No Department of the Interior employee shall disclose information that could be used to determine the location of any significant cave or cave under consideration for determination, unless the authorized officer determines that disclosure will further the purposes of the Act and will not create a substantial risk to cave resources of harm, theft, or destruction.

(b) *Requesting confidential information.* Notwithstanding paragraph (a) of this section, the authorized officer may make confidential cave information available to a Federal or State governmental agency, bona fide educational or research institute, or individual or organization assisting the land managing agency with cave management activities. To request confidential cave information, such entities shall make a written request to the authorized officer that includes the following:

(1) Name, address, and telephone number of the individual responsible for the security of the information received.

(2) A legal description of the area for which the information is sought.

(3) A statement of the purpose for which the information is sought, and

(4) Written assurances that the requesting party will maintain the confidentiality of the information and protect the cave and its resources.

(c) *Decision final.* Decisions to permit or deny access to confidential cave information are made at the sole discretion of the authorized officer and are not subject to further administrative review or appeal under 5 U.S.C. 552 or 43 CFR parts 2 or 4.

PART 38—PAY OF U.S. PARK POLICE—INTERIM GEOGRAPHIC ADJUSTMENTS

Sec.
38.1 Definitions.
38.2 Computation of hourly, daily, weekly, and biweekly adjusted rates of pay.
38.3 Administration of adjusted rates of pay.

AUTHORITY: 104 Stat. 1462.

SOURCE: 56 FR 33719, July 23, 1991, unless otherwise noted.

§ 38.1 Definitions.

In this subpart: *Adjusted annual rate of pay* means an employee's scheduled annual rate of pay multiplied by 1.08 and rounded to the nearest whole dollar, counting 50 cents and over as a whole dollar.

Employee means a U.S. Park Police officer whose official duty station is located in an interim geographic adjustment area.

Interim geographic adjustment area means any of the following Consolidated Metropolitan Statistical Areas (CMSAs) as defined by the Office of Management and Budget (OMB).

(1) New York-Northern New Jersey-Long Island, NY–NJ–CT; and

(2) San Francisco-Oakland-San Jose, CA.

Official duty station means the duty station for an employee's position of record as indicated on his or her most recent notification of personnel action.

Scheduled annual rate of pay means—

(1) The U.S. Park Police rate of basic pay for the employee's rank and step, exclusive of additional pay of any kind;

(2) A retained rate of pay, where applicable, exclusive of additional pay of any kind.

§ 38.2 Computation of hourly, daily, weekly, and biweekly adjusted rates of pay.

When it is necessary to convert the adjusted annual rate of pay to an hourly, daily, weekly, or biweekly rate, the following methods apply:

(a) To derive an hourly rate, divide the adjusted annual rate of pay by 2,087 and round to the nearest cent, counting one-half cent and over as a whole cent;

(b) To derive a daily rate, multiply the hourly rate by the number of daily hours of service required;

(c) To derive a weekly or biweekly rate, multiply the hourly rate by 40 or 80, as the case may be.

§ 38.3 Administration of adjusted rates of pay.

(a) An employee is entitled to be paid the greater of—

(1) The adjusted annual rate of pay; or

(2) His or her rate of basic pay (including a local special salary rate, where applicable), without regard to any adjustment under this section.

(b) An adjusted rate of pay is considered basic pay for purposes of computing:

(1) Retirement deductions and benefits;

(2) Life insurance premiums and benefits;

(3) Premium pay;

(4) Severance pay;

(c) When an employee's official duty station is changed from a location not in an interim geographic adjustment area to a location in an interim geographic adjustment area, payment of the adjusted rate of pay begins on the effective date of the change in official duty station.

(d) An adjusted rate of pay is paid only for those hours for which an employee is in a pay status.

(e) An adjusted rate of pay shall be adjusted as of the effective date of any change in the applicable scheduled rate of pay.

(f) Except as provided in paragraph (g) of this section, entitlement to an adjusted rate of pay under this subpart terminates on the date.

(1) An employee's official duty station is no longer located in an interim geographic adjustment area;

(2) An employee moves to a position not covered;

(3) An employee separates from Federal service; or

(4) An employee's local special salary rate exceeds his or her adjusted rate of pay.

(g) In the event of a change in the geographic area covered by a CMSA, the effective date of a change in an employee's entitlement to an adjusted rate of pay under this subpart shall be the first day of the first pay period beginning on or after the date on which a change in the definition of a CMSA is made effective.

(h) Payment of or an increase in, an adjusted rate of pay is not an equivalent increase in pay.

(i) An adjusted rate of pay is included in an employee's ''total remuneration,'' and ''straight time rate of pay,'' for the purpose of computations under the Fair Labor Standards Act of 1938, as amended.

(j) Termination of an adjusted rate of pay under paragraph (f) of this section is not an adverse action.

Subtitle B—Regulations Relating To Public Lands

CHAPTER I—BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

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PART 402—SALE OF LANDS IN FEDERAL RECLAMATION PROJECTS

Subpart A—Public Lands

Sec.
402.1 Purpose of this subpart.
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402.3 Power to sell.
402.4 Citizenship requirement.
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Subpart B—Small Tracts; Public and Acquired Lands; Gila Project, Arizona

402.21 Purpose of this subpart.
402.22 Provisions of Subpart A applicable.
402.23 Special provisions.

Subpart A—Public Lands

AUTHORITY: Sec. 10, 32 Stat. 390, as amended, sec. 6, 46 Stat. 368, sec. 5, 64 Stat. 40; 43 U.S.C. 373, 424e, 375f. Interpret or apply 41 Stat. 605, 46 Stat. 367, sec. 11, 53 Stat. 1197, 64 Stat. 39; 43 U.S.C. 375, 424 through 424d, 375a, 375b through 375f.

SOURCE: 18 FR 316, Jan. 15, 1953, unless otherwise noted.

§ 402.1 Purpose of this subpart.

The regulations in this subpart apply to the sale of certain classes of lands that are subject to the reclamation laws and that may be sold under one of the following statutes:

(a) The Act of May 20, 1920 (41 Stat. 605; 43 U.S.C. 375);

(b) The Act of May 16, 1930 (46 Stat. 367; 43 U.S.C. 424 through 424e); or

(c) The Act of March 31, 1950 (64 Stat. 39; 43 U.S.C. Sup. 375b through 375f).

§ 402.2 What lands may be sold; method of sale; limit of acreage.

(a) Lands which may be sold under the Act of May 20, 1920 (41 Stat. 605; 43 U.S.C. 375) are lands, not otherwise reserved, which have been withdrawn in connection with a Federal irrigation project and improved at the expense of the reclamation fund for administration or other like purposes and which are no longer needed for project purposes. Not more than 160 acres of such lands may be sold to any one person. With one exception, such lands must be sold at public auction. If, however, a tract is appraised at not more than $300, it may be sold at private sale or at public auction and without regard to the provisions of the Act of May 20, 1920 respecting notice of publication and mode of sale.

(b) Lands which may be sold under the Act of May 16, 1930 (46 Stat. 367; 43 U.S.C. 424 through 424e) are tracts of temporarily or permanently unproductive land of insufficient size to support a family. A purchaser must be a resident farm owner or entryman on the Federal irrigation project where such lands are located and is permitted to purchase not more than 160 acres or an area which together with lands already owned or entered on such project, does not exceed 320 acres. A resident farm owner means a farm owner who is actually residing on the farm he owns, and a resident entryman means a homestead entryman who is actually residing on the land in his homestead entry. These lands may be sold either at public auction or at private sale.

(c) Lands which may be sold under the Act of March 31, 1950 (64 Stat. 39; 43 U.S.C. Sup., 375b through 375f) are tracts of land too small to be classed as farm units under the Federal reclamation laws. A purchaser must be a resident farm owner or entryman (as defined in paragraph (b) of this section) on the Federal irrigation project where such lands are located and is permitted to purchase not more than 160 acres or an area which, together with land already owned or entered on such project, does not exceed 160 irrigable acres. These lands may be sold either at public auction or at private sale.

§ 402.3 Power to sell.

The Commissioner of Reclamation may, in accordance with the regulations in this subpart, sell lands under each of the three statutes listed in § 402.1. An Assistant Commissioner or an official in charge of an office, region, division, district, or project of the Bureau of Reclamation, if authorized in writing by the Commissioner of Reclamation, may also sell lands under the statutes mentioned in accordance with this subpart, and whenever the

term ''Commissioner'' is used in this subpart, it includes any official so authorized.

§402.4 Citizenship requirement.

Before patent may be issued to a purchaser under the regulations in this subpart, he must furnish satisfactory evidence that he is a citizen of the United States.

§402.5 Procedures within the Department.

(a) Before offering any land for sale under any of the statutes listed in §402.1, the Commissioner should determine that the sale will be in the best interest of the project in which the lands are located and, if the lands sold are to be irrigated, that there is a sufficient water supply for such irrigation.

(b) When a decision is made to offer lands for sale under any of the statutes listed in §402.1: (1) The Commissioner should notify the State Supervisor of the Bureau of Land Management in whose State the lands are located, (2) a report showing the status of the lands should be obtained from the Manager of the appropriate office of the Bureau of Land Management, and (3) a report should be obtained from the Geological Survey with respect to the mineral resources of the lands. A copy of the report of the Geological Survey should be furnished to the Manager of the appropriate land office of the Bureau of Land Management for his use in preparing the final certificate.

§402.6 Price.

The price of land sold under this subpart shall be not less than that fixed by independent appraisal approved by the Commissioner.

§402.7 Notice of sale.

The sale of lands at public auction under this part shall be administered by the Commissioner. Notice of such sales shall be given by publication in a newspaper of general circulation in the vicinity of the lands to be sold for either not less than 30 days or once a week for five consecutive weeks prior to the date fixed for any such sale. Under the Act of May 20, 1920 (41 Stat. 605; 43 U.S.C. 375) notice of sales of lands appraised at more than $300 shall also be given by posting upon the land. In the case of all sales under this subpart notice may be given by such other means as the Commissioner may deem appropriate. Where lands are to be sold at private sale, no public notice shall be required.

§402.8 Terms of sale.

(a) Under the Acts of May 16, 1930 (46 Stat. 367; 43 U.S.C. 424 through 424e) and March 31, 1950 (64 Stat. 39; 43 U.S.C. Sup., 375b through 375f) lands may be sold either for cash or upon deferred payments. A sale providing for deferred payments shall be upon terms to be established by the Commissioner, except that the Commissioner shall require the annual payment of interest at six percent per annum on the unpaid balance.

(b) Under the Act of May 20, 1920 (41 Stat. 605; 43 U.S.C. 375) lands may be sold either for cash or upon deferred payments. In connection with a sale providing for deferred payments the Commissioner shall require that not less than one-fifth the purchase price in cash be paid at the time of sale and that the remainder be payable in not more than four annual payments with interest at six percent per annum on the unpaid balance.

(c) All payments shall be made to the official of the Bureau of Reclamation specified in the contract of sale.

§402.9 Contracts.

A contract in form approved by the Commissioner shall be signed by the purchaser at the time of sale and executed on behalf of the United States by the Commissioner. A copy of the contract shall be furnished to the appropriate land office of the Bureau of Land Management for entering in the tract books. The contract shall contain a description of the land to be sold, the price and terms of sale, a full statement by the purchaser respecting his qualifications, including citizenship, a description by the purchaser of his present holdings, and a statement by him of the irrigable acreage of those holdings. The contract shall also contain a statement by the purchaser with respect to his knowledge as to whether the land is mineral or non-mineral in character, as well as all appropriate

reservations, mineral and otherwise, required by law to be made on entries and patents. Assignments of contracts may be made only with the consent of the Commissioner and to persons legally qualified to be purchasers.

§ 402.10 Patent.

When a purchaser has complied fully with the provisions of his contract and with the applicable provisions of law, including the regulations in this subpart, the Commissioner shall issue to the purchaser a final receipt so stating. The receipt shall show any liens that, under the reclamation laws, must be indicated in the final certificate and patent and shall state the statutory authority for such liens. The receipt shall be submitted to the Manager of the appropriate land office of the Bureau of Land Management and the Manager shall prepare a final certificate for the issuance of patent to the purchaser. The Manager shall show in the final certificate the above-mentioned reclamation liens and any reservations that are required by law to be made on the patent.

§ 402.11 Termination or cancellation.

Immediately upon the termination or cancellation of any contract for nonpayment or other appropriate reason the Commissioner shall notify the proper office of the Bureau of Land Management in order that the tract books located there may reflect the termination or cancellation of the contract.

Subpart B—Small Tracts; Public and Acquired Lands; Gila Project, Arizona

AUTHORITY: Sec. 15, 53 Stat. 1198, sec. 7, 61 Stat. 630; 43 U.S.C. 485i, 613e. Interpret or apply secs. 3–4, 61 Stat. 629; 43 U.S.C. 613b through 613c.

§ 402.21 Purpose of this subpart.

The regulations in this subpart apply to the sale of small tracts of public and acquired lands on the Gila Project, Arizona, that are subject to the reclamation laws and that may be sold to actual settlers or farmers under the Act of July 30, 1947 (61 Stat. 628; 43 U. S. C. 613—613e).

[19 FR 431, Jan. 26, 1954]

§ 402.22 Provisions of subpart A applicable.

The regulations in subpart A of this part relative to the sale of public lands under the Act of March 31, 1950 (64 Stat. 39; 43 U. S. C., Sup. 375b through 375f) shall be applicable to all sales proposed to be made under this subpart, except that the provisions of § 402.23(b) relative to deeds shall apply in lieu of the provisions of § 402.10 relative to patents; and excepting further that the residence requirements of § 402.2(b) shall not apply.

[18 FR 316, Jan. 15, 1953, as amended at 34 FR 5066, Mar. 11, 1969]

§ 402.23 Special provisions.

(a) After disposition of any lands under this subpart by contract of sale and during the time such contract shall remain in effect, said lands shall be (1) subject to the provisions of the laws of the State of Arizona relating to the organization, government, and regulation of irrigation, electrical power, and other similar districts, and (2) subject to legal assessment or taxation by any such district and by said State or political subdivisions thereof, and to liens for such assessments and taxes and to all proceedings for the enforcement thereof, in the same manner and to the same extent as privately-owned lands; *Provided*, however, That the United States shall not assume any obligation for amounts so assessed or taxed: *And provided further*, That any proceedings to enforce said assessments or taxes shall be subject to any title then remaining in the United States, to any prior lien reserved to the United States for unpaid installments under contracts of sale made under this subpart, and to any obligation for any other charges, accrued or unaccrued, for special improvements, construction, or operation and maintenance costs of the Gila Project. Any such lands situate within the Wellton-Mohawk Division of said project shall also be subject to the provisions of the Contract Between the United States and Wellton-Mohawk Irrigation and

Drainage District for Construction of Works and for Delivery of Water, dated March 4, 1952, including but not limited to the provisions of subdivisions (b) and (c) of Article 22.

(b) When a purchaser has complied fully with the provisions of his contract and with the applicable provisions of law, including the regulations in this subpart, the Commissioner shall issue a deed to the purchaser. The deed shall recite the reservations described in the contract of sale.

[19 FR 431, Jan. 26, 1954]

PART 413—ASSESSMENT BY IRRIGATION DISTRICTS OF LANDS OWNED BY THE UNITED STATES, COLUMBIA BASIN PROJECT, WASHINGTON

Sec.
413.1 Purpose.
413.2 Definitions.
413.3 Assessment of settlement lands.
413.4 Assessment of other project act lands and rights of way.
413.5 Reports on status of settlement lands.

AUTHORITY: Sec. 8, 57 Stat. 20; 16 U.S.C. 835c–4.

SOURCE: 23 FR 10360, Dec. 25, 1958, unless otherwise noted.

§ 413.1 Purpose.

The provisions of this part shall govern the levy and enforcement of assessments by or on behalf of irrigation districts against lands owned by the United States within the Columbia Basin Project, pursuant to the provisions of subsection 5 (b) and section 8 of the Columbia Basin Project Act (57 Stat. 14; 16 U. S. C. 835c–1 and 835c–4) and in keeping with the provisions of section 14, Chapter 275, Laws of Washington, 1943. (Section 89.12.120, Revised Code of Washington).

§ 413.2 Definitions.

As used in this part:

(a) *Project Manager* means the Project Manager of the Columbia Basin Project, a Federal reclamation project.

(b) *District* means any one of the irrigation districts organized under the laws of Washington which has contracted with the United States under the Columbia Basin Project Act to repay a portion of the construction cost of the project.

(c) *Settlement lands* means those public lands of the United States within the project or those lands acquired by the United States under the authority of the Columbia Basin Project Act, title to which is vested in the United States and which are being held pending their conveyance in accordance with the project settlement and development program.

(d) *Other project act lands* means those public lands within the project and those lands or interests acquired and being held by the United States under the Columbia Basin Project Act, which are being held other than for conveyance in accordance with the project settlement and development program.

(e) *Rights of way* means lands or interests in lands acquired by the United States under the Federal Reclamation Laws (Act of June 17, 1902, 32 Stat. 388, 43 U. S. C. 391, and acts amendatory thereof or supplementary thereto) for the construction and operation of project works, rights of way, including improvements thereon, reserved to the United States, under the Act of August 30, 1890 (26 Stat. 391; 43 U. S. C. 945) or section 90.40.050 of the Revised Code of Washington and being asserted for project purposes.

§ 413.3 Assessment of settlement lands.

(a) Settlement lands, which the United States is not under contract to sell or exchange at the time a district makes its annual levy of assessments shall not be assessed, except as provided in paragraph (c) of this section. If the United States thereafter contracts to sell or exchange such lands before the end of the irrigation season following the date of the annual levy, the purchaser will be required to make appropriate payment to the district for the water service which will be available to the purchaser during that irrigation season or the remaining portion thereof.

(b) From the date the United States contracts to sell or exchange settlement lands until title thereto passes to the purchaser under such contract, or until the rights of the purchaser are terminated or reacquired by the United

States settlement lands shall be subject to assessment by a district on the same basis as other lands of like character within the operation of the district.

(c) Settlement lands, which the United States is not under contract to sell or exchange at the time a district makes its levy may be assessed by a district to the extent of the construction charge obligation installment required to be levied for the following year on such lands on account of the district's construction cost obligation to the United States. No other levies shall be made by a district against settlement lands in this status.

(d) While settlement lands which the United States has leased for use as irrigated lands and which the United States has not contracted to sell or exchange may not be assessed by a district except as provided in paragraph (c) of this section, lessees shall pay the district the same amounts annually that would be required to be paid for water service if the lands were subject to assessment therefor, in addition to any assessment levied under paragraph (c) of this section.

(e) Assessments made by a district against settlement lands while the United States is under contract to sell or exchange such lands shall be subject to all interest and penalties for delinquency as provided by the laws of Washington, but interest and penalties shall cease to accumulate on the date such contract is terminated or the purchaser's interest therein reacquired by the United States.

(f) No action shall be taken by or for a district to enforce any lien created as permitted under the regulations in this part by assessment foreclosure or other means that would purport to transfer any right in or title to any land or interests therein while title thereto is vested in the United States. Although the United States does not assume any obligation for the payment of such liens, it will in any conveyance of settlement lands covered thereby convey subject to those liens.

§ 413.4 Assessment of other project act lands and rights of way.

(a) A district shall, as to other project act lands and rights of way the title to which passes to the United States on or after January 1 of any year and before the district has levied its assessments for that year, immediately remove the lands from its assessment rolls and shall not thereafter take any proceedings to complete or enforce the assessments. Any such removal from the rolls shall be effective as of January 1 of the year in which title passes to the United States Action so to remove shall be taken promptly after the giving of written notice by the Project Manager to the district as to the lands involved, and the district shall provide the United States with a certificate stating that the lands have not been and will not be assessed so long as title thereto remains in the United States.

(b) There is no authority in law for the assessment of rights of way owned by the United States. Accordingly, a district shall make no assessment thereof while title thereto remains in the United States.

(c) Other project act lands while title thereto remains in the United States shall not be assessed for any district charge so long as they are in the ''other project act lands'' category.

§ 413.5 Reports on status of settlement lands.

The Project Manager will furnish each district prior to its annual levy every year a list of all the settlement lands owned by the United States for which water is available and which are not under contract of sale or exchange and therefore are not to be assessed by the district, except for construction charge obligation installments under § 413.3(c) when such charges are required to be levied.

PART 417—PROCEDURAL METHODS FOR IMPLEMENTING COLORADO RIVER WATER CONSERVATION MEASURES WITH LOWER BASIN CONTRACTORS AND OTHERS

Sec.

417.1 Scope of part.
417.2 Consultation with Contractors.
417.3 Notice of recommendations and determinations.
417.4 Changed conditions, emergency, or hardship modifications.

417.5 Duties of the Commissioner of Indian Affairs with respect to Indian Reservations.
417.6 General regulations.

AUTHORITY: 45 Stat. 1057, 1060; 43 U.S.C. 617; and Supreme Court Decree in ''Arizona v. California,'' 376 U.S. 340.

SOURCE: 37 FR 18076, Sept. 7, 1972, unless otherwise noted.

§417.1 Scope of part.

The procedures established in this part shall apply to every public or private organization (herein termed ''Contractor'') in Arizona, California, or Nevada which, pursuant to the Boulder Canyon Project Act or to provisions of other Reclamation Laws, has a valid contract for the delivery of Colorado River water, and to Federal establishments other than Indian Reservations enumerated in Article II(D) of the March 9, 1964, Decree of the Supreme Court of the United States in the case of ''Arizona v. California et al.'', 376 U.S. 340 (for purposes of this part each such Federal establishment is considered as a ''Contractor''), except that (a) neither this part nor the term ''Contractor'' as used herein shall apply to any person or entity which has a contract for the delivery or use of Colorado River water made pursuant to the Warren Act of February 21, 1911 (36 Stat. 925) or the Miscellaneous Purposes Act of February 25, 1920 (41 Stat. 451), (b) Contractors and permittees for small quantities of water, as determined by the Regional Director, Bureau of Reclamation, Boulder City, Nev. (herein termed ''Regional Director''), and Contractors for municipal and industrial water may be excluded from the application of these procedures at the discretion of the Regional Director, and (c) procedural methods for implementing Colorado River water conservation measures on Indian Reservations will be in accordance with §417.5 of this part.

§417.2 Consultation with Contractors.

The Regional Director or his representative will, prior to the beginning of each calendar year, arrange for and conduct such consultations with each Contractor as the Regional Director may deem appropriate as to the making by the Regional Director of annual recommendations relating to water conservation measures and operating practices in the diversion, delivery, distribution and use of Colorado River water, and to the making by the Regional Director of annual determinations of each Contractor's estimated water requirements for the ensuing calendar year to the end that deliveries of Colorado River water to each Contractor will not exceed those reasonably required for beneficial use under the respective Boulder Canyon Project Act contract or other authorization for use of Colorado River water.

§417.3 Notice of recommendations and determinations.

Following consultation with each Contractor and after consideration of all relevant comments and suggestions advanced by the Contractors in such consultations, the Regional Director will formulate his recommendations and determinations relating to the matters specified in §417.2. The recommendations and determinations shall, with respect to each Contractor, be based upon but not necessarily limited to such factors as the area to be irrigated, climatic conditions, location, land classifications, the kinds of crops raised, cropping practices, the type of irrigation system in use, the condition of water carriage and distribution facilities, record of water orders, and rejections of ordered water, general operating practices, the operating efficiencies and methods of irrigation of the water users, amount and rate of return flows to the river, municipal water requirements and the pertinent provisions of the Contractor's Boulder Canyon Project Act water delivery contract. The Regional Director shall give each Contractor written notice by registered or certified mail, return receipt requested, of his recommendations and determinations. If the recommendations and determinations include a reduction in the amount of water to be delivered, as compared to the calendar year immediately preceding, the notice shall be delivered to the Contractor or timely sent by registered or certified mail, return receipt requested, so that it may reasonably be delivered at least 30 days prior to the first date water delivery would be affected thereby, and

shall specify the basis for such reduction including any pertinent factual determinations. The recommendations and determinations of the Regional Director shall be final and conclusive unless, within 30 days of the date of receipt of the notice, the Contractor submits his written comments and objections to the Regional Director and requests further consultation. If, after such further consultation, timely taken, the Regional Director does not modify his recommendations and determinations and so advises the Contractor in writing, or if modifications are made but the Contractor still feels aggrieved thereby after notification in writing of such modified recommendations and determinations, the Contractor may, before 30 days after receipt of said notice, appeal to the Secretary of the Interior. During the pendency of such appeal, and until disposition thereof by the Secretary, the recommendations and determinations formulated by the Regional Director shall be of no force or effect. In the event delivery of water is scheduled prior to the new recommendations and determinations becoming final, said delivery shall be made according to the Contractor's currently proposed schedule or to the schedules approved for the previous calendar year, whichever is less.

§ 417.4 Changed conditions, emergency, or hardship modifications.

A Contractor may at any time apply in writing to the Regional Director for modification of recommendations or determinations deemed necessary because of changed conditions, emergency, or hardship. Upon receipt of such written application identifying the reason for such requested modification, the Regional Director shall arrange for consultation with the Contractor with the objective of making such modifications as he may deem appropriate under the then existing conditions. The Regional Director may initiate efforts for further consultation with any Contractor on his own motion with the objective of modifying previous recommendations and determinations, but in the event such modifications are made, the Contractor shall have the same opportunity to object and appeal as provided in § 417.3 of this part for the initial recommendations and determinations. The Regional Director shall afford the fullest practicable opportunity for consultation with a Contractor when acting under this section. Each modification under this section shall be transmitted to the Contractor by letter.

§ 417.5 Duties of the Commissioner of Indian Affairs with respect to Indian Reservations.

(a) The Commissioner of Indian Affairs (herein termed ''Commissioner'') will engage in consultations with various tribes and other water users on the Indian Reservations listed in Article II (D) of said Supreme Court Decree, similar to those engaged in by the Regional Director with regard to Contractors as provided in § 417.2 of this part. After consideration of all comments and suggestions advanced by said tribes and other water users on said Indian Reservations concerning water conservation measures and operating practices in the diversion, delivery, distribution and use of Colorado River water, the Commissioner shall, within the limits prescribed in said decree, make a determination as to the estimated amount of water to be diverted for use on each Indian Reservation covered by the above decree. Said determination shall be made prior to the beginning of each calendar year. That determination shall be based upon, but not necessarily limited to, such factors as: The area to be irrigated, climatic conditions, location, land classifications, the kinds of crops raised, cropping practices, the type of irrigation system in use, the condition of water carriage and distribution facilities, record of water orders, and rejections of ordered water, general operating practices, the operating efficiencies and methods of irrigation of the tribes and water users on each reservation, the amount and rate of return flows to the river, municipal water requirements, and other uses on the reservation. The Commissioner of Indian Affairs shall deliver to the Regional Director written notice of the amount of water to be diverted for use upon each Indian Reservation for each year 60 days prior to the beginning of

each calendar year and the basis for said determination. The determination of the Commissioner shall be final and conclusive unless within 30 days of the date of receipt of such notice the Regional Director submits his written comments and objections to the Commissioner of Indian Affairs and requests further consultation. If after such further consultation, timely taken, the Commissioner does not modify his determination and so advises the Regional Director in writing or if modifications are made by the Commissioner but the Regional Director still does not agree therewith, the Regional Director may, within 30 days after receipt of the Commissioner's response, appeal to the Secretary of the Interior for a decision on the matter. During the pendency of such appeal and until disposition thereof by the Secretary, water deliveries will be made to the extent legally and physically available according to the Commissioner's determination or according to the Commissioner's determination for the preceding calendar year, whichever is less.

(b) Modifications of said determinations due to changed conditions, emergency or hardship may be made by the Commissioner, subject, however, to the right of the Regional Director to appeal to the Secretary, as provided in the case of an initial determination by the Commissioner. During the pendency of such an appeal, water deliveries will be made on the basis of the initial determination.

§ 417.6 General regulations.

In addition to the recommendations and determinations formulated according to the procedures set out above, the right is reserved to issue regulations of general applicability to the topics dealt with herein.

PART 418—NEWLANDS RECLAMATION PROJECT, NEVADA; TRUCKEE RIVER STORAGE PROJECT, NEVADA; AND WASHOE RECLAMATION PROJECT, NEVADA-CALIFORNIA (TRUCKEE AND CARSON RIVER BASINS, CALIFORNIA-NEVADA); PYRAMID LAKE INDIAN RESERVATION, NEVADA; STILLWATER AREA, NEVADA

Sec.

418.1 Statement of considerations leading to the proposed adoption of general operating criteria and principles relating to the captioned stream systems.
418.2 Definitions.
418.3 Procedures for operation, management and control of the Truckee and Carson Rivers in regard to exercise of water rights of the United States.
418.4 District's operation of the irrigation works.
418.5 Water rights.

AUTHORITY: Sec. 10, 32 Stat. 388, *et seq.*; 43 U.S.C. 373.

SOURCE: 32 FR 3098, Feb. 21, 1967, unless otherwise noted.

§ 418.1 Statement of considerations leading to the proposed adoption of general operating criteria and principles relating to the captioned stream systems.

(a) Under authority of the Act of Congress approved June 17, 1902 (32 Stat. 388), commonly known as the Reclamation Act, and acts amendatory thereof or supplementary thereto, including the Washoe Project Act of August 1, 1956 (70 Stat. 775), as amended by the Act of August 21, 1958 (72 Stat. 705), and the Federal Water Pollution Control Act of July 9, 1956, as amended (33 U.S.C. 466 *et seq.*) the Secretary of the Interior is charged with responsibility for the management of the water supplies available to the Newlands Project, Nevada, to the Truckee River Storage Project, Nevada, and to the Washoe Project, California-Nevada. He is also required to provide for the construction, operation

and maintenance of the authorized facilities and to provide for the proper management and administration of such facilities as well as of project lands and services.

(b) Under the Constitution and various acts of Congress, the United States is trustee for the Indians and in that status it is obligated to protect and preserve the rights and interests of the Pyramid Lake Tribe of Indians in the Truckee River and in Pyramid Lake. This trust responsibility is vested in the Secretary of the Interior. It is in the national interest that the fishery resource of Pyramid Lake be restored, that agricultural use be developed, and that the water inflow to the Lake be such as to allow realization of the great potential thereof, including recreation. The regulations in this part will initiate Departmental controls, lacking in the past, to limit diversions by TCID from the Truckee River within decreed rights, and thereby make additional water available for delivery to Pyramid Lake.

(c) The Secretary is charged by law with the protection and conservation of migratory birds, and with maintaining the integrity of the refuge system developed pursuant to the Migratory Bird Treaty Act (16 U.S.C. 703 through 711), and the Migratory Bird Conservation Act (16 U.S.C. 715 through 715r). The lower Carson River Basin is within a major division of the Pacific Flyway and provides part of the refuge system.

(d) The Secretary is charged with the responsibility of preparing comprehensive programs for eliminating or reducing the pollution of interstate waters and tributaries thereof and improving the quality of surface and underground waters pursuant to the Federal Water Pollution Control Act, as amended (33 U.S.C. 466 *et seq.*).

(e) The area of the Truckee and the Carson River Basins is one of short water supply and is continuously subject to increasing competitive demands. To effectuate the acts of Congress and treaties with Great Britain and Mexico for the conservation of migratory birds affecting these river basins, to meet the reasonable water use demands under water rights either decreed or to be decreed or otherwise vested, and to obtain the best combination of uses of the waters of the basins in the public interest requires modification of existing patterns of water use. Extended negotiations have been undertaken with the Truckee-Carson Irrigation District for the purpose of reaching agreement regarding these matters. These negotiations will be continued.

(f) Meanwhile, recurring flood conditions along the Truckee River and its tributaries have created a situation which makes it imperative to proceed in the Stampede Division of the Washoe Project by construction of Stampede Dam on the Little Truckee River.

(g) The rules and regulations in this part are formulated and issued by reason of the foregoing considerations and they have been developed within the framework of agreements, decrees, understandings, and obligations of the United States or to which the United States is a party. The rules and regulations in this part will be revised as experience indicates the need or to conform to any agreement reached between the United States and the Truckee-Carson Irrigation District amending the existing contract with that District.

§ 418.2 Definitions.

As used in this part:

(a) *District* means the Truckee-Carson Irrigation District, organized under Nevada law with its office at Fallon, Nev.

(b) *Truckee River Decree* means decree entered in the action entitled ''United States v. Orr Water Ditch Co. et al.,'' in the U.S. District Court, Nevada, Equity No. A–3.

(c) *Carson River Decree* means orders, temporary and final, entered in the action entitled ''United States v. Alpine Land and Reservoir Co. et al.,'' in U.S. District Court, Nevada (Equity No. D–183).

(d) *Contract* means that contract between United States and Truckee- Carson Irrigation District dated December 18, 1926, as amended.

(e) *Irrigation works* means the works of the United States constructed for the primary purpose of irrigating the lands of the Newlands Project within the boundaries of the District, and including Derby Dam, Lake Tahoe Dam,

the Truckee canal, Lahontan Dam and Reservoir, Carson Diversion Dam, T canal, V canal, and all other canals, turnouts, pumping plants and works necessary to irrigate and drain District lands, the operation of which was transferred to the District pursuant to Article 6 of the contract.

§418.3 Procedures for operation, management and control of the Truckee and Carson Rivers in regard to exercise of water rights of the United States.

In order to make the most efficient use of the available water:

(a) On or before October 1, 1967, the Regional Director of the Bureau of Reclamation as chairman, the Area Director of the Bureau of Indian Affairs, the Regional Director of the Bureau of Sport Fisheries and Wildlife, the Regional Director of the Federal Water Pollution Control Administration, the Regional Director of the Bureau of Outdoor Recreation, and the designee of the Geological Survey shall recommend operating criteria and procedures consistent with the guidelines set forth herein for the approval of the Secretary for the coordinated operation and control of the Truckee and Carson Rivers in regard to the exercise of water rights of the United States, so as to (1) comply with all of the terms and provisions of the Truckee River Decree and the Carson River Decree; and (2) maximize the use of the flows of the Carson River in satisfaction of Truckee-Carson Irrigation District's water entitlement and minimize the diversion of flows of the Truckee River for District use in order to make available to Pyramid Lake as much water as possible. Any change in subsequent years of the adopted operating criteria and procedures shall be formulated and approved in the same manner as set forth above.

(b) The departmental representatives designated in paragraph (a) of this section shall select a committee of water contractors and users and other directly affected interests, including the Pyramid Lake Tribe and those using water for fishing, hunting and recreation in both river basins. The departmental representatives shall consult with this advisory committee in the formulation of the operating criteria and procedures.

§418.4 District's operation of the irrigation works.

(a) The District's operation of the irrigation works, including the diversion of water, shall be in compliance with all of the terms and provisions of the Truckee River Decree and the Carson River Decree, the rules and regulations in this part, and the operating criteria and procedures adopted by the Secretary.

(b) It is determined that a water supply of not more than 406,000 acre-feet from both Truckee and Carson Rivers, if available, may be diverted in any year to irrigate District irrigable lands.

(c) It is further determined in regard to the operation and control of the Truckee and Carson Rivers during the water year beginning October 1, 1966, that 406,000 acre-feet, if available, will be diverted for the District. For future water years this quantity may be reduced by determinations about operating criteria and procedures made in accordance with the standards set forth in §418.3(a).

(d) The District's water supply noted in paragraphs (b) and (c) of this section shall be measured at the gaging station below Lahontan Dam and at diversion points along the Truckee Canal. Measurements shall be made by the District through facilities and by methods satisfactory to the Secretary of the Interior or his representative and shall be compiled on a water-year basis extending from October 1 to September 30.

(e) All water passing the gaging station below Lahontan Dam shall be charged against the District's yearly supply of not more than four hundred and six thousand (406,000) acre-feet, excepting uncontrollable spillage from Lahontan Reservoir, and further excepting precautionary drawdown of the Reservoir to create space for storing flood waters from the Carson River basin, provided, such drawdown is neither stored downstream in District facilities nor used by the District for irrigation.

(f) The United States may temporarily store part of the District's supply in upstream facilities provided that

water so stored which is within the District's entitlement shall be credited to the District and shall be released to the District at its request. At any one time the sum of the storage in Lahontan Reservoir and the total related creditable storage upstream shall not exceed the present storage capacity of Lahontan Reservoir, which is here defined as two hundred and ninety thousand (290,000) acre-feet, plus, however, in the event of such storage upstream, an additional amount equal to anticipated losses in transmission downstream to the District. In addition the District may store in District reservoirs downstream of Lahontan Reservoir a quantity of water presently estimated to be 35,000 acre-feet.

(g) Deliveries of water from the Truckee Canal into Lahontan Reservoir (when water is available and the District is entitled to it) shall be permitted only so long as the total storage credited to Lahontan Reservoir in that reservoir and in upstream facilities, at any one time, is not more than two hundred and ninety thousand (290,000) acre-feet plus an amount equal to anticipated losses in transmission downstream from storage reservoir to Lahontan Reservoir.

(h) Hydropower generation at Lahontan and V canal power plants shall be incidental only to releases or diversions of water for beneficial consumptive uses, except that power may be generated from water that would otherwise constitute uncontrollable spill or precautionary drawdown.

§ 418.5 Water rights.

The regulations in this part prescribe water uses within existing rights. The regulations in this part do not, in any way, change, amend, modify, abandon, diminish, or extend existing rights.

PART 420—OFF-ROAD VEHICLE USE

Sec.

420.1 Objectives.
420.2 General closure.
420.3 Adjacent lands.
420.4 Enforcement.
420.5 Definitions.

Subpart A—Operating Criteria

420.11 Requirements—vehicles.
420.12 Requirements—operators.

Subpart B—Designated Areas and Permitted Events

420.21 Procedure for designating areas for off-road vehicle use.
420.22 Criteria for off-road vehicle areas.
420.23 Public notice and information.
420.24 Permits for organized events.
420.25 Reclamation lands administered by other agencies.

AUTHORITY: 32 Stat. 388 (43 U.S.C. 391 *et seq.*) and acts amendatory thereof and supplementary thereto; EO 11644 (37 FR 2877).

SOURCE: 39 FR 26893, July 24, 1974, unless otherwise noted.

§ 420.1 Objectives.

The provisions of this part establish regulations for off-road vehicle use on reclamation lands to protect the land resources, to promote the safety of all users, to minimize conflicts among the various uses, and to ensure that any permitted use will not result in significant adverse environmental impact or cause irreversible damage to existing ecological balances.

§ 420.2 General closure.

Reclamation lands are closed to off-road vehicle use, except for an area or trail specifically opened to use of off-road vehicles in accordance with § 420.21.

§ 420.3 Adjacent lands.

When administratively feasible, the regulation of off-road vehicle use on Reclamation lands will be compatible with such use as permitted by recreation-managing agencies on adjacent lands (both public and private).

§ 420.4 Enforcement.

The provisions of this part will be enforced to the extent of Bureau authority, including entering into cooperative agreements with Federal, State, county, or local law enforcement officials.

§ 420.5 Definitions.

As used in this part, the term:

(a) *Off-road vehicle* means any motorized vehicle (including the standard automobile) designed for or capable of cross-country travel on or immediately over land, water, sand, snow, ice,

marsh, swampland, or natural terrain. The term excludes: (1) Nonamphibious registered motorboats; (2) military, fire, emergency, or law enforcement vehicles when used for emergency purpose; (3) self-propelled lawnmowers, snowblowers, garden or lawn tractors, and golf carts while being used for their designed purpose; (4) agricultural, timbering, construction, exploratory, and development equipment and vehicles while being used exclusively as authorized by permit, lease, license, agreement, or contract with the Bureau; (5) any combat or combat support vehicle when used in times of national defense emergencies; and (6) ''official use'' vehicles.

(b) *Bureau* means the Bureau of Reclamation.

(c) *Reclamation lands* mean all lands under the custody and control of the Commissioner, Bureau of Reclamation.

(d) *Off-road vehicle area* means a portion or all of a specifically designated parcel of Reclamation lands opened to off-road vehicle use in accordance with the procedure in section 420.21.

(e) *Off-road vehicle trail* means a specifically delineated path or way varying in width which is designated to be used by and maintained for hikers, horsemen, snow travelers, bicyclists and for motorized vehicles.

(f) *Official use* means use of a vehicle by an employee, agent, or designated representative of the Federal Government who, with special permission from the Bureau of Reclamation, uses a vehicle for an officially authorized purpose.

(g) *Organized Event* means a structured, or consolidated, or scheduled meeting involving 15 or more vehicles for the purpose of recreational use of Reclamation lands involving the use of off-road vehicles. The term does not include family groups participating in informal recreational activities.

[39 FR 26893, July 24, 1974, as amended at 44 FR 34909, June 15, 1979]

Subpart A—Operating Criteria

§ 420.11 Requirements—vehicles.

Each off-road vehicle that is operated on Reclamation lands shall meet the following requirements:

(a) It shall conform to applicable State laws and vehicle registration requirements.

(b) It shall be equipped with a proper muffler and spark arrestor in good working order and in constant operation. The spark arrestor must conform to Forest Service Spark Arrestor Standard 5100–1a, and there shall be no muffler cutout, bypass, or similar device.

(c) It shall have adequate brakes and, for operation from dusk to dawn, working headlights and taillights.

§ 420.12 Requirements—operators.

(a) In addition to the regulation of part 420, operators shall comply with any applicable State laws pertaining to off-road vehicles; if State laws are lacking or less stringent than the regulations established in this part, then the regulations in part 420 are minimum standards and are controlling.

(b) Each operator of an off-road vehicle operated on Reclamation lands shall possess a valid motor vehicle operator's permit or license; or, if no permit or license is held, he/she shall be accompanied by or under the immediate supervision of a person holding a valid permit or license.

(c) During the operation of snowmobiles, trail bikes, and any other off road vehicle the operator shall wear safety equipment, generally accepted or prescribed by applicable State law or local ordinance for use of the particular activity in which he/she is participating.

(d) No person may operate an off-road vehicle:

(1) In a reckless, careless or negligent manner;

(2) In excess of established speed limits;

(3) While under the influence of alcohol or drugs;

(4) In a manner likely to cause irreparable damage or disturbance of the land, wildlife, vegetative resources, or archeological and historic values of resources; or

(5) In a manner likely to become an unreasonable nuisance to other users of Reclamation or adjacent lands.

Subpart B—Designated Areas and Permitted Events

§ 420.21 Procedure for designating areas for off-road vehicle use

The Regional Director shall, to the extent practicable, hold public hearings to obtain interested user groups, local populace, and affected Federal, State, and county agencies' opinions for opening or closing an area or trail in a manner that provides an opportunity for the public to express themselves and have their views taken into account. The Regional Director may act independently if he/she deems emergency action to open or close or restrict areas and trails is necessary to attain the objectives of the regulations of this part.

(a) Regional Directors shall designate and publicize those areas and trails which are open to off-road vehicle use in accordance with § 420.23.

(b) Before any area or trail is opened to off-road vehicle use, the Regional Director will establish specific regulations which are consistent with the criteria in these regulations.

(c) The Regional Director will inspect designated areas and trails periodically to determine conditions resulting from off-road vehicle use. If he determines that the use of off-road vehicles will cause or is causing considerable adverse effects on the soil, vegetation, wildlife, wildlife habitat, or cultural or historic resources of particular areas or trails of the public lands, he shall immediately close such areas or trails to the type of off-road vehicle causing such effects. No area or trail shall be reopened until the Regional Director determines that adverse effects have been eliminated and that measures have been implemented to prevent future recurrence. The public shall be notified of restrictions or closure in accordance with § 420.23.

[39 FR 26893, July 24, 1974, as amended at 44 FR 34909, June 15, 1979]

§ 420.22 Criteria for off-road vehicle areas.

(a) Areas and trails to be opened to off-road vehicle use shall be located:

(1) To minimize the potential hazards to public health and safety, other than the normal risks involved in off-road vehicle use.

(2) To minimize damage to soil watershed, vegetation, or other resources of the public lands.

(3) To minimize harassment of wildlife or significant disruption of wildlife habitats.

(4) To minimize conflicts between off-road vehicle use and other existing or proposed recreational uses of the same or neighboring public lands, and to ensure compatibility of uses with existing conditions in populated areas, taking into account noise and other factors.

(5) In furtherance of the purposes and policy of the National Environmental Policy Act of 1969 (Pub. L. 91–190, 83 Stat. 852).

(b) Areas and trails shall not be located in areas possessing unique natural, wildlife, historic, cultural, archeological, or recreational values unless the Commissioner determines that these unique values will not be adversely affected.

§ 420.23 Public notice and information.

Areas and trails may be marked with appropriate signs to permit, control or prohibit off-road vehicle use on Reclamation lands. All notices concerning the regulation of off-road vehicles shall be posted in a manner that will reasonably bring them to the attention of the public. A copy of any notice shall be made available to the public in the regional office and field offices where appropriate. Such notice, and the reasons therefore, shall be published in the FEDERAL REGISTER together with such other forms of public notice or news release as may be appropriate and necessary to adequately describe the conditions of use and the time periods when the areas involved in an action under these regulations are to be (a) opened to off-road vehicle use, (b) restricted to certain types of off-road vehicle use and (c) closed to off-road vehicle use.

§ 420.24 Permits for organized events.

Regional Directors may issue permits for the operation of off-road vehicles in organized races, rallies, meets, endurance contests, and other events on

areas designed for each event. The application for such an event shall:

(a) Be received by the Regional Director at least 60 days before the event;

(b) Provide a plan for restoration and rehabilitation of trails and areas used, and demonstrate that the prospective permittee can be bonded for or deposit the amount that may be required to cover the cost;

(c) Demonstrate that special precautions will be taken to:

(1) Protect the health, safety, and welfare of the public; and

(2) Minimize damage to the land and related resources.

(d) Application fees (in amounts to be determined) as authorized by section 2 of the Land and Water Conservation Fund Act of 1965 (78 Stat. 897), as amended, shall accompany all applications.

§ 420.25 Reclamation lands administered by other agencies.

(a) Off-road vehicle use will be administered in accordance with Executive Order 11644, by those Federal and non-Federal agencies which have assumed responsibility for management of Reclamation lands for recreation purposes.

Specifically:

(1) Reclamation lands managed by the National Park Service, the Bureau of Sport Fisheries and Wildlife, the Bureau of Land Management, the Forest Service, and other Federal agencies will be administered in accordance with regulations of those agencies.

(2) Reclamation lands managed by non-Federal entities will be administered in a manner consistent with both part 420 and applicable non-Federal laws and regulations.

(b) Public lands withdrawn, but not yet utilized for Reclamation purposes, will be administered by the Forest Service or by the Bureau of Land Management in accordance with regulations of those agencies, but consistent with Reclamation requirements for retaining the land.

PART 421—RULES OF CONDUCT AT HOOVER DAM

Sec.

421.1 Applicability.
421.2 Preservation of property.
421.3 Conformity with signs and emergency directions.
421.4 Disturbances.
421.5 Vehicular and pedestrian traffic.
421.6 Gambling.
421.7 Alcoholic beverages and narcotics.
421.8 Soliciting, vending, advertising, and distribution of handbills.
421.9 Photography and motion pictures.
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421.12 Abandoned and unattended property.
421.13 Closing of areas.
421.14 Nondiscrimination.
421.15 Penalties and other laws.

AUTHORITY: 62 Stat. 281, as amended (40 U.S.C. 318; 63 Stat. 377, as amended; 38 FR 23838 and 38 FR 27945).

SOURCE: 39 FR 4755, Feb. 7, 1974, unless otherwise noted.

§ 421.1 Applicability.

These rules and regulations apply to Hoover Dam and all structures, buildings, and grounds appurtenant thereto which are situated on lands over which the United States has concurrent legislative jurisdiction, and to all persons entering in or on such property.

§ 421.2 Preservation of property.

The following are prohibited: The improper disposal of rubbish; the creation of any hazard to persons or things; the throwing of articles of any kind from the roadway, walks, or guardrails across the top of the dam, from the parking areas or visitor observation points, or from any other structure or building; the climbing upon the guardrails of the dam or upon the roof or any part of any building or structure; and the willful destruction, damage, or removal of property or any part thereof.

§ 421.3 Conformity with signs and emergency directions.

Official signs of a prohibitory or directory nature and the directions of uniformed police officers shall be complied with.

§ 421.4 Disturbances.

The following conduct is prohibited: That which is disorderly; which creates loud and unusual noise; which obstructs the usual use of roadways, parking lots, observation points, entrances, foyers, corridors, walkways, elevators, stairways, offices, and other

work areas; which otherwise tends to impede or disturb the general public in viewing the property or obtaining the services available thereon; or which tends to impede or disturb public or contractor employees in the performance of their duties.

§ 421.5 Vehicular and pedestrian traffic.

(a) Vehicle operators shall drive in a careful and safe manner at all times and shall comply with the signals and directions of uniformed police officers and all posted traffic signs.

(b) Vehicles shall not block entrances, driveways, walks, loading platforms, or fire hydrants.

(c) Vehicles shall not be parked in unauthorized locations, in locations reserved for specific uses, continuously in excess of 25 hours without permission, or contrary to the direction of posted signs (see 43 CFR 421.12), or contrary to the direction of uniformed police officers.

(d) Pedestrians shall use the walkways on the dam and designated crosswalks, and shall not walk in the vehicle lanes.

This paragraph may be supplemented from time to time by the issuance and posting of specific traffic directives as may be required and when so issued and posted such directives shall have the same force and effect as if made a part hereof.

§ 421.6 Gambling.

Participating in games for money or other personal property, the operation of gambling devices, the conduct of lottery or pool, and the selling or purchasing of numbers tickets are prohibited.

§ 421.7 Alcoholic beverages and narcotics.

Operating a motor vehicle on property by a person under influence of alcoholic beverages, narcotic drugs, hallucinogens, marijuana, barbiturates, or amphetamines is prohibited. Entering property under the influence of any narcotic drug, hallucinogen, marijuana, barbiturate, amphetamine, or alcoholic beverage is prohibited (unless prescribed by a physician). The use or possession of any narcotic drug, hallucinogen, marijuana, barbiturate, amphetamine, or alcoholic beverage on property is prohibited (unless prescribed by a physician).

§ 421.8 Soliciting, vending, advertising, and distribution of handbills.

All soliciting, vending, or advertising is prohibited. The distribution of material such as handbills, pamphlets, and flyers is prohibited. This rule does not apply to national or local drives for funds for welfare, health and other purposes sponsored or approved by the Bureau of Reclamation.

§ 421.9 Photography and motion pictures.

Photographs may be taken in or from any area open to the public. Use of photographic equipment in any manner or from any position which may create a hazard to persons or property is prohibited. Written permission by the Bureau of Reclamation is required for the filming of any professional or commercial motion or sound pictures except by bona fide newsreel and news television photographers and soundmen. Cameras and other equipment carried on guided tours within the dam and powerplant are subject to inspection.

§ 421.10 Weapons and explosives.

The carrying of firearms, other dangerous or deadly weapons, or explosives, either openly or concealed, except for official purposes, is prohibited.

§ 421.11 Audio devices.

The operation or use of a public address system is prohibited, except when specifically authorized by the Bureau of Reclamation.

§ 421.12 Abandoned and unattended property.

(a) Abandonment of any vehicle or other personal property is prohibited, and such property may be impounded by the Bureau of Reclamation.

(b) Leaving any vehicle or other personal property unattended for longer than 25 hours, without prior permission of the Bureau of Reclamation, is prohibited and such property may be impounded by the Bureau of Reclamation.

In the event unattended property interferes with the safe and orderly management of the Hoover Dam facilities, it may be impounded by the Bureau of Reclamation at any time.

§ 421.13 Closing of areas.

The Project Manager may establish a reasonable schedule of visiting hours for all or portions of the area. He may close or restrict the public use of all or any portion of the property when necessary for protection of the property or the safety and welfare of persons. All persons shall obey signs designating closed areas and visiting hours.

§ 421.14 Nondiscrimination.

There shall be no discrimination by segregation or otherwise against any persons because of race, color, religion, sex, or national origin in furnishing or refusing to furnish the use of any facility of a public nature, including all services, privileges, accommodations, and activities provided.

§ 421.15 Penalties and other laws.

Whoever shall be found guilty of violating these rules and regulations while on property over which the United States exercises exclusive or concurrent legislative jurisdiction, is subject to fine of not to exceed $50 or imprisonment of not more than 30 days, or both (see 40 U.S.C. 318c). Nothing contained in these rules and regulations shall be construed to abrogate any other Federal laws or regulations, or any State or local laws and regulations, applicable to any area in which property is situated.

PART 424—REGULATIONS PERTAINING TO STANDARDS FOR THE PREVENTION, CONTROL, AND ABATEMENT OF ENVIRONMENTAL POLLUTION OF CONCONULLY LAKE AND CONCONULLY RESERVOIR, OKANOGAN COUNTY, WASH.

§ 424.1 Regulations.

Pursuant to the provisions of Article 34 and 25 of repayment contract I1r–1534, dated September 20, 1948, between the United States and the Okanogan Irrigation District, it is ordered as follows:

The Okanogan Irrigation District shall require that all recipients of cabinsite and recreation resort leases on Federal lands situated on Conconully Lake (formerly Salmon Lake) and Conconully Reservoir, Okanogan County, Wash., comply with applicable Federal, state and local laws, rules and regulations pertaining to water quality standards and effluent limitations for the discharge of pollutants into said reservoirs, including county regulations governing subsurface waste disposal systems.

(The Reclamation Act of June 17, 1902, as amended and supplemented, Articles 34, and 25 of the Repayment Contract I1r–1534 dated Sept. 20, 1948, between the United States and the Okanagon Irrigation District)

[42 FR 60144, Nov. 25, 1977]

PART 426—RULES AND REGULATIONS FOR PROJECTS GOVERNED BY FEDERAL RECLAMATION LAW

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AUTHORITY: 43 U.S.C. 371–383; 43 U.S.C. 390aa–390zz–1; 31 U.S.C. 9701.

SOURCE: 52 FR 11954, Apr. 13, 1987, unless otherwise noted.

§ 426.1 Objectives.

Reclamation law establishing terms and conditions pursuant to which

project water may be supplied is designed:

(a) To provide viable farm opportunities on land receiving Reclamation project water.

(b) To distribute widely the benefits from the Reclamation program.

(c) To preclude the accrual of speculative gain in the disposition of excess land.

(d) To require reimbursement to the Federal Government of the full cost of providing irrigation water to landholdings which exceed established limits.

§ 426.2 Applicability.

(a) These regulations shall become effective on May 13, 1987. An election by a water district or a landowner or a lessee to come under the discretionary provisions of the Reclamation Reform Act made after April 12, 1987, but on or before the effective date of these final rules shall be considered if it were made on April 12, 1987.

(b) These regulations apply to all irrigation land subject to the acreage limitation and/or full-cost provisions of Reclamation law. (Included are excess lands, whether under recordable contract or not, and nonexcess land.)

(c) Sections 426.5 through 426.12 of these regulations apply variously to all districts subject to the acreage limitation and full-cost provisions of Reclamation law. The way in which they apply depends upon whether the district has (1) a contract which was in force on October 12, 1982, (2) a contract which was amended after October 12, 1982, or (3) a contract which was entered into after October 12, 1982.

Application of these sections will also vary depending upon whether an individual or entity subject to Reclamation law has made an irrevocable election to conform to the discretionary provisions of the Reclamation Reform Act of 1982.

(d) The remainder of these rules, §§ 426.13 through 426.23, may not apply to all districts, but if they do apply, they apply equally.

(e) In many cases, hypothetical examples illustrating the application of a specific rule have been provided. This approach is in direct response to the public's expressed need. The examples provided should not be construed, however, as being exclusive interpretations of a rule. They are provided only as an interpretative tool.

§ 426.3 Authority.

These rules and regulations are written under the authority vested in the Secretary by the Congress in the Administrative Procedure Act, 60 Stat. 237, 5 U.S.C. 552; the Reclamation Reform Act of 1982, Public Law 97–293, 96 Stat. 1263; and the Reclamation Act of 1902, as amended and supplemented, 32 Stat. 388 (43 U.S.C. 371, *et seq.*).

§ 426.4 Definitions.

As used in these rules:

(a) The term *arable land* means land which, when farmed in adequate size units for the prevailing climatic and economic setting and provided with essential on farm improvements, will generate sufficient income under irrigation to pay farm production expenses; provide a return to the farm operation, labor, management, and capital; and at least pay the operation, maintenance, and replacement costs of related project irrigation and drainage facilities.

(b) The term *contract* means any repayment or water service contract between the United States and a district providing for the payment of construction charges to the United States including normal operation, maintenance, and replacement costs pursuant to Federal Reclamation law. All water service and repayment contracts are considered contracts even if the contract does not specifically identify that portion of the payment which is to be attributed to operation and maintenance and that which is to be attributed to construction.

(c) The term *contract rate* means the repayment or water service rate that is set forth in a contract that is to be paid by a district to the United States.

(d) The term *dependent* means any natural person within the meaning of the term dependent in the Internal Revenue Code of 1954 (26 U.S.C. 152 as it may from time to time be amended.

(e) The term *discretionary provisions of title II* or *discretionary provisions* refers to sections 203 through 208 of Public Law 97–293.

(f) The term *district* means any individual or any legal entity established under State law which has entered into a contract or is eligible to contract with the Secretary for irrigation water. This definition includes entities which contract for construction or improvement of water storage and/or delivery facilities.

(g) The term *excess land* means irrigable land, other than exempt land, owned by any landowner in excess of the maximum ownership entitlement under the applicable provision of Reclamation law.

(h) The term *exempt land* means irrigation land in a district to which the acreage limitation and pricing provisions of Reclamation law do not apply.

(i) The term *full cost* means an annual rate as determined by the Secretary that shall amortize the expenditures for construction properly allocable to irrigation facilities in service, including all operation and maintenance deficits funded, less payments, over such periods as may be required under Federal Reclamation law or applicable contract provisions, with interest on both accruing from October 12, 1982, on costs outstanding at that date, or from the date incurred in the case of costs arising subsequent to October 12, 1982. When used in these regulations, the term ''full-cost rate'' means the full-cost charge plus actual operation, maintenance, and replacement costs required under Federal Reclamation law.

(j) The term *individual* means any natural person, including his or her spouse, and including other dependents within the meaning of the Internal Revenue Code of 1954 (26 U.S.C. 152,) as it may from time to time be amended; provided that, with respect to the ownership limitations established by prior law, the term individual does not include his or her spouse or dependents.

(k) The term *irrevocable election* means the legal instrument which a landowner or lessee uses to make his or her owned and/or leased irrigation land subject to the discretionary provisions of Title II. The election is binding on the elector and the irrigation land in his or her holding, but will not be binding on a subsequent landholder of that land.

(l) The term *irrigable land* means arable land under a specific project plan for which irrigation water is, can be, or is planned to be provided, and for which facilities necessary for sustained irrigation are provided or are planned to be provided. For the purpose of determining the areas to which acreage limitations are applicable, it is that acreage possessing permanent irrigated crop production potential, after excluding areas occupied by and currently used for homesites, farmstead buildings, and corollary permanent structures such as feedlots, equipment storage yards, permanent roads, permanent ponds, and similar facilities, together with roads open for unrestricted use by the public. Areas used for field roads, farm ditches and drains, tailwater ponds, temporary equipment storage, and other improvements subject to change at will by the landowner, are included in the irrigable acreage.

(m) The term *irrigation land* means all irrigable land receiving irrigation water and other land receiving irrigation water.

(n) The term *irrigation water* means water made available for agricultural purposes from the operation of Reclamation project facilities pursuant to a contract with the Secretary.

(o) The term *landholder* means a qualified or limited recipient or a prior law recipient who owns and/or leases land subject to the acreage limitation and pricing provisions of Federal Reclamation law.

(p) The term *landholding* means total acreage of one or more tracts of land situated in one or more districts owned and/or operated under a lease which is served with irrigation water pursuant to a contract with the Secretary. In determining the extent of a landholding, the Secretary shall add to any landholding held directly by a qualified or limited recipient that portion of any landholding held indirectly by such qualified or limited recipient which benefits that qualified or limited recipient in proportion to that landholding.

(q) The term *lease* means a contract by which one party (the landlord or lessor) gives to another (the tenant or lessee):

(1) The use and possession of land (including, in some cases, associated buildings, machinery, etc.);

(2) For a specified time;

(3) For agreed upon payments (cash or other considerations); and

(4) By which the lessee assumes the economic interest in the operation and management of the leased land.

(r) The term *legal entity* means any business or property ownership arrangement established under State or Federal law, including, but not limited to, corporations, partnerships, associations, joint tenancies, and tenancies-in-common.

(s) The term *limited recipient* means any legal entity established under State or Federal law benefiting more than 25 natural persons. In these rules, the term ''limited recipient'' does not include legal entities which are prior law recipients.

(t) The term *nondiscretionary provisions of Title II* or *nondiscretionary provisions* refers to sections 209 through 230 of Public Law 97–293. These provisions of the law are of general application and became effective immediately upon enactment. These provisions apply to all individuals and districts regardless of whether they are subject to the discretionary provisions of title II.

(u) The term *non-full-cost entitlement* means the maximum acreage a landholder may irrigate with less than full-cost irrigation water.

(v) The term *non-full-cost rate* means all water rates other than full-cost rates. Non-full-cost rates are paid for irrigation water made available to land in a landholder's non-full-cost entitlement.

(w) The term *nonresident alien* means any natural person who is neither a citizen nor a resident alien of the United States.

(x) The term *nonresident alien entitlement* refers to the amount of land on which a nonresident alien may receive irrigation water. Under the discretionary provisions, a nonresident alien may only receive irrigation water on an interest in land held through a legal entity as defined in § 426.4(r) and in no instance may a nonresident alien entitlement exceed that of an individual as defined in § 426.4(j).

(y) The term *prior law* means the Act of June 17, 1902, and acts supplementary thereto and amendatory thereto (32 Stat. 388) which were in effect prior to the enactment of the Reclamation Reform Act of 1982, Public Law 97–293 (96 Stat. 1263) as that law is amended or supplemented by the Reclamation Reform Act of 1982 (Pub. L. 97–293).

(z) The term *prior law recipient* means individuals or entities which have not become subject to the discretionary provisions.

(aa) The term *project* means any Reclamation or irrigation project, including incidental features thereof, authorized by Federal Reclamation law, or constructed by the United States pursuant to such law, or in connection with which there is a repayment or water service contract executed by the United States pursuant to such law, or any project constructed by the Secretary through the Bureau of Reclamation for the reclamation of lands.

(bb) The term *qualified recipient* means an individual who is a citizen of the United States or a resident alien thereof or any legal entity established under State or Federal law which benefits 25 natural persons or less. In these rules, the term ''qualified recipient'' does not include individuals or legal entities which are prior law recipients.

(cc) The term *Reclamation fund* means a special fund established by the Congress under the Reclamation Act of June 17, 1902, as amended, for the receipts from the sale of public lands and timber, proceeds from the Mineral Leasing Act, and certain other revenues. The Congress makes appropriations from this fund for the investigation, construction, operation, and administration of Bureau of Reclamation projects. Collections from water users for reimbursable costs of these projects are returned to the fund unless Congress has specified otherwise for specific projects.

(dd) The term *recordable contract* means a written contract between the Secretary and a landowner capable of being recorded under State law, providing for the sale or disposition of land held by that landowner in excess of the ownership limitations of Federal Reclamation law.

(ee) The term *resident alien* means any natural person within the meaning of the term as defined in the Internal Revenue Act of 1954 (26 U.S.C. 7701) as it may from time to time be amended.

(ff) The term *Secretary* means the Secretary of the Interior or his designee.

(gg) The term *Title II* refers to sections 201 through 230 of Public Law 97–293, without differentiation between the discretionary and nondiscretionary provisions of that law.

(hh) The term *westwide* or *Reclamation wide* mean the 17 Western States in which Reclamation projects are located, namely: Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

§ 426.5 Contracts.

(a) *In general.* Title II of Public Law 97–293 will be applied to repayment and water service contracts (hereafter contracts) by the following rules:

(1) *Contracts in force on October 12, 1982.* Contracts in force on October 12, 1982, which have not been amended to conform to the discretionary provisions shall continue in effect, provided however, that full-cost rates for irrigation water may be applicable, as set forth in § 426.7(c)(3), to certain individuals and entities in these districts.

(2) *New contracts.* Contracts executed after October 12, 1982, shall be subject to all provisions of title II. Districts which have an existing contract(s) with the United States but enter into a new contract after October 12, 1982, shall be subject to all provisions of title II, except as provided in § 426.13(a)(3). The execution date of the new contract determines the date upon which the discretionary provisions apply to the contract. In these rules, individuals and entities subject to the provisions of new contracts are termed either ''qualified recipients'' or ''limited recipients.'' *Note:* A district's action to execute a new contract as discussed in this paragraph makes the discretionary provisions binding on all individuals and legal entities with landholdings in that district but does not make the discretionary provisions binding on the members of the legal entity as to their landholding held outside the legal entity and outside of the district. Land held by a prior law member of a legal entity is counted toward the member's 160 acre entitlement.

(3) *Amended contracts.* (i) Contracts amended for conformance to the discretionary provisions. Contracts which are amended at the request of the district to conform with the discretionary provisions of title II need be amended only to the extent required for conformance with that title. A district shall be subject to the discretionary provisions from the date the district's request is submitted to the Secretary. The district's request to the Secretary must be accompanied by a duly adopted resolution dated and signed by the governing board of the district obligating the district to take, in a timely manner, the action required by applicable State law to amend its contract. In these rules, individuals and entities subject to the provisions of these contracts are termed either ''qualified recipients'' or ''limited recipients.''

(ii) Contracts amended to provide additional or supplemental benefits. All contracts which are amended after October 12, 1982, to provide a district supplemental or additional benefits, shall be amended at the same time to conform to the discretionary provisions. The date that the contract amendment is executed by the Secretary will establish the date for determining the application of the discretionary provisions. All contract amendments will be construed as providing supplemental or additional benefits except those amendments which do not require the United States to expend significant funds, to commit to significant additional water supplies, or to substantially modify contract payments due the United States. More specifically, amendments to existing contracts providing for the following shall not be considered to provide additional or supplemental benefits:

(A) The construction of those facilities for conveyance of irrigation water that were contracted for by the district on or before October 12, 1982;

(B) Minor drainage and construction work contracted for under a preexisting repayment or water service contract;

(C) O&M (operation and maintenance) amendments, including Rehabilitation and Betterment loans that are considered loans for maintenance under § 426.13(a)(5).

(D) The deferral of payments, provided the deferral is for a period of 12 months or less;

(E) A temporary supply of irrigation water as set forth in § 426.13(a)(3);

(F) The transfer of water on an annual basis from one district to another, provided that (1) both districts have contracts with the United States, (2) the rate paid by the district receiving the transferred water is the higher of the applicable water rate for either district, and provided further that the rate paid does not result in any increased operating losses to the United States above those which would have existed in the absence of the transfer and the rate paid does not result in any decrease in capital repayment to the United States below that which would have existed in the absence of the transfer, and (3) the recipients of the transferred water pay a rate for the water which is at least equal to the actual O&M costs or the full-cost rate in those cases where, for whatever reason, the recipients would have been subject to such costs had the water not been considered transferred water; and

(G) Other contract amendments which the Secretary determines do not provide additional or supplemental benefits.

In these rules, individuals and entities subject to the provisions of contracts amended for the purpose of conforming to the discretionary provisions or for the receipt of new and supplemental benefits are termed either ''qualified recipients'' or ''limited recipients.'' *Note:* A district's action to amend its contract as discussed in paragraphs (a)(3) (i) and (ii) of this section makes the discretionary provisions binding on all individuals and legal entities with landholdings in that district but does not make the discretionary provisions binding on the members of the legal entity as to their landholding held outside the legal entity and outside of the district. Land held by a prior law member of a legal entity is counted toward the member's 160-acre entitlement.

(b) *Standard article for contract amendments.* New contracts executed after October 12, 1982, or contracts which are amended to conform to the discretionary provisions of title II shall contain the following provision:

The parties agree that the delivery of irrigation water or use of Federal facilities pursuant to this contract is subject to Reclamation law, as amended and supplemented, including but not limited to the Reclamation Reform Act of 1982 (Pub. L. 97–293).

(c) *Master contract-subcontract arrangements.* Where a district is a party to a contract which permits the district to distribute the irrigation water made available to the district to other districts pursuant to subcontracts, the applicable acreage limitation and pricing provisions of Reclamation law shall apply exclusively to those districts and landholders who are entitled to receive such irrigation water. In cases in which the United States is a party to a subcontract which conforms to prior law, the subcontract may be amended to conform to the discretionary provisions without affecting the terms of the master contract or any other subcontracts arising from the master contract and without subjecting the master contractor or any other subcontractor to the discretionary provisions. In cases in which the United States is not a party to a subcontract which conforms to prior law, such subcontract may not be amended to conform to the discretionary provisions absent it being further amended to make the United States an additional party to that subcontract.

(1) The application of this rule may be illustrated by the following:

Example (1). Districts A, B, and C are members of a water conservancy district which entered into a master contract with the United States prior to October 12, 1982. The water conservancy district has allocated all the irrigation water made available to it under the master contract to Districts A and B, pursuant to pre-October 12, 1982, subcontracts with the conservancy district to which the United States is a party. However, the irrigation water is not made available to

District C or any other districts or landholders within the water conservancy district. Consequently, Districts A and B are subject to the acreage limitation and pricing provisions of prior law. Districts A and B may amend their subcontracts to conform to the discretionary provisions without making it necessary for the conservancy district or the other subcontracting entity with the conservancy district to so amend their contract or the subcontract.

Example (2). District XYZ has a pre-October 12, 1982, contract with the United States for the delivery of irrigation water. The district also has allocated that irrigation water pursuant to subcontracts with six subcontracting entities. However, the United States is not a party to these subcontracts. A subcontractor may choose to come under the discretionary provisions only if it makes the United States a party to the subcontract. Such action will not require the prior law master contractor or the other subcontractors to so amend.

Example (3). District A, a master contracting agency, executes a water service contract with the United States after October 12, 1982. The irrigation water is to be delivered to only two of the eight member agencies within District A. Subcontracts are executed between District A, the United States, and each of the two member agencies to provide irrigation water service to the two member agenices. In this instance, the discretionary provisions become applicable to only the two member agencies which execute subcontracts with District A and the United States.

(d) *Individual elections to conform to the discretionary provisions*—(1) *Individual election.* Landowners or lessees who meet the requirements for becoming either a qualified or limited recipient, as set forth in § 426.4, may elect to become subject to the discretionary provisions even if the district has not taken action to become subject to the discretionary provisions. The individual election is effected by executing an irrevocable election in a form provided by the Secretary. The landholder exercising the election shall be considered a qualified or limited recipient, as appropriate, and all irrigation land in the recipient's landholding shall be subject to the discretionary provisions. The election shall be binding on the elector and the irrigation land in his or her holding but will not be binding on a subsequent landholder of that land. The irrevocable election by a legal entity is binding only upon that entity and not on the members of that entity. Similarly, an irrevocable election by a member of a legal entity binds only that member making the election and not the entity.

(2) *Disposition of irrevocable election forms.* The recipient's original irrevocable election form shall be filed with the Bureau of Reclamation and shall be accompanied by a completed certification form, the contents of which are discussed in § 426.10. Copies of the irrevocable election and certification form(s) must be filed concurrently with each district. The Bureau shall prepare a letter advising the recipient of the approval or disapproval of the election. If approved, the letter of approval, with a copy of the irrevocable election form and the original certification form(s), will be sent to each district in which the elector owns or leases land. Such forms shall be retained by the district(s). If disapproved, the landowner and the district will be advised by letter along with the reasons for disapproval.

(3) *District reliance on election information.* The district shall be entitled to rely on the information contained in the election form without being required to make an independent investigation of the information.

(e) *Time limits*—(1) *District amendments.* There are no time limits on when a district may request its contract be amended to conform to the discretionary provisions, provided, should a district not amend its contract to conform to the discretionary provisions by April 12, 1987, the full-cost rate must be paid by prior law recipients for irrigation water to land in excess of their non-full-cost entitlement, as set forth in § 426.7(c)(3).

(2) *Individual elections.* There are also no time limits on when an individual landowner or lessee may make an irrevocable election.

§ 426.6 Ownership entitlement.

(a) *In general.* Ownership entitlement is determined by whether the landowner is a ''qualified recipient,'' a ''limited recipient,'' or a ''prior law recipient.'' All irrigation land shall be considered in the ownership computations except as stipulated in paragraphs (e) and (f) of this section.

(b) *Qualified recipient entitlement.* Except as provided in paragraph (b)(4) of this section and in §§426.9, 426.11, and 426.16, a qualified recipient is entitled to irrigate a maximum of 960 acres of owned land with irrigation water. This entitlement applies on a westwide basis. All individual ownership and multiownership arrangements are qualified recipients provided they meet the following conditions:

(1) *Individual landowners.* All individual landowners are qualified recipients if they are citizens of the United States or resident aliens thereof and have met the contract requirements for a qualified recipient as set forth in §426.5. As such, they are entitled to receive irrigation water for use on a maximum of 960 acres of land owned westwide in addition to land owned that is subject to a recordable contract and land acquired in the past 5 years through an involuntary process of law as described in §426.16.

(i) The application of this rule may be illustrated by the following:

Example (1). Farmer X is a citizen of the United States and receives irrigation water on 160 acres owned in District A. District A amends its contract to conform to the discretionary provisions. Farmer X automatically becomes a qualified recipient by virtue of the district decision and is entitled to receive irrigation water on a maximum of 960 acres of irrigation land in his ownership.

Example (2). Farmer Y is a citizen of Germany, but has taken up permanent residency in the United States. Farmer Y owns 160 acres in District A and desires to purchase an additional 800 acres. District A has not amended its contract to conform to the discretionary provisions. Farmer Y, however, decides to execute an irrevocable election. After the election, Farmer Y becomes eligible to receive irrigation water on 960 acres of owned land. This eligibility as a qualified recipient remains in force so long as Farmer Y, as a resident alien, maintains permanent residency in the United States. If Farmer Y were to become a United States citizen, his eligibility as a qualified recipient would, of course, remain in force.

Example (3). Farmer Z is a citizen and resident of Switzerland. Farmer Z owns 160 acres of irrigation land in District A. District A amends its contract to conform to the discretionary provisions. Because Farmer Z, as an individual nonresident alien, cannot meet the requirements of either a qualified recipient or limited recipient and because he owned the irrigation land prior to the district's contract amendment, Farmer Z may, as set forth in §426.11(k), place the land under recordable contract and receive irrigation water at the non-full-cost rate for 5 years. (If the land were not placed under recordable contract or had Farmer Z not acquired the irrigation land prior to the district's contract amendment, the 160 acres owned would be ineligible for service until such time as it was sold or otherwise transferred to an eligible recipient or Farmer Z qualifies as a resident alien in the United States.)

(2) *Husband and wife.* A husband and wife, and all dependents, are considered as one qualified recipient and are entitled to irrigate a maximum of 960 acres of land owned on a westwide basis with irrigation water, provided, either husband or wife is a citizen of the United States or a resident alien thereof and the contract requirements as set forth in §426.5 have been met. A qualified recipient may also hold and receive irrigation water on land under recordable contract and land acquired in the last 5 years through an involuntary process of law as described in §426.16.

(i) The application of this rule may be illustrated by the following:

Example (1) Farmer X and her husband are a qualified recipient by virtue of an irrevocable election. They own in joint tenancy 960 acres of land eligible for irrigation water. They are in compliance with the ownership entitlement applicable to a qualified recipient.

Example (2). Farmer Y and Farmer Z are a married couple, and each owns 480 acres of irrigation land under separate title in District A. District A has amended its contract to conform to the discretionary provisions. Even though the land is held in separate title, Farmer Y and Farmer Z have reached the limits of eligibility to receive irrigation water as a qualified recipient.

(3) *Multiownership arrangement.* All multiownership legal entities are considered to be qualified recipients, provided that: the ownership is a legal entity established under State or Federal law, the entity does not benefit more than 25 natural persons, and the entity has met the contract requirements for a qualified recipient as set forth in §426.5. As qualified recipients, they are eligible to receive irrigation water on a maximum of 960 acres of land owned westwide in addition to land subject to recordable contract and land received in the past 5 years through an involuntary process of law as described in

§ 426.16. In a corporate ownership, irrigation land held by a subsidiary entity is counted against the ownership of its parent entity. The requirement of U.S. residency for aliens does not apply to individual interests in multiownership legal entities. However, a nonresident alien may not receive irrigation water for a cumulative westwide ownership in excess of 960 acres through corporate or any other legal entity ownership arrangement.

(i) The application of this rule may be illustrated by the following:

Example (1). XYZ Farms is a general partnership comprised of four individuals who are qualified recipients who own equal and separable interest in the 960-acre partnership. All other requirements as set forth in § 426.6(b)(3) have also been met. Therefore, XYZ Farms satisfies the requirements for a qualified recipient and may receive irrigation water for all 960 acres in its ownership. Moreover, the members of the partnership, as qualified recipients, may each receive irrigation water on a maximum of 720 acres in some ownership or ownerships other than XYZ Farms.

Example (2). Six brothers who are citizens and residents of Canada form a family corporation with each holding equal shares in the corporation. They are able to satisfy all other conditions set forth in paragraph (b)(3) of this section; therefore, the corporation is a qualified recipient and as such is entitled to receive irrigation water on 960 acres or less of owned land. In this example, each brother may receive irrigation water on up to an additional 800 acres owned in legal entities other than the family corporation. Nonresident aliens may receive irrigation water only on lands held by legal entities and may not receive irrigation water on land they own directly. Under the discretionary provisions, the brothers cannot meet the requirements of a qualified recipient under individual ownership, as set forth in paragraph (b)(1) of this section, since none are citizens of the United States or residents aliens thereof.

Example (3). Corporation A is a qualified recipient receiving irrigation water on a landholding of 960 acres. Farmer Brown is also a qualified recipient who owns 25 percent of Corporation A and farms 800 acres of owned land using irrigation water. In this instance, Farmer Brown exceeds his individual ownership entitlement by 80 acres and must either divest an appropriate share of his ownership in Corporation A or designate 80 acres owned as ineligible.

Example (4). Corporation W and Corporation X, subsidiaries of Corporation Z, each own 480 acres in District A which has amended its contract to conform to the discretionary provisions. The landholdings of Corporation W and X are counted against the entitlement of the parent corporation, Corporation Z. Since Corporation Z is a qualified recipient, all of the 960 acres are eligible to receive irrigation water.

(4) *Trusts.* (i) An individual or corporate trustee holding land in a fiduciary capacity is not subject to the ownership or pricing limitations imposed by title II nor the ownership provisions of prior law for land held in this capacity; provided, the trust agreement: is in writing and is approved by the Secretary, identifies the beneficiaries, describes the interests of the beneficiaries and in the case of revocable trusts, the trust agreement also identifies the grantor(s) of all lands held in the trust, identifies the person(s) or entity (entities) who may revoke the trust and to whom title to the lands held in the trust will be conveyed upon the revocation of the trust, and provided further that the trusted land is not attributable to a grantor acting as trustee pursuant to § 426.6(b)(4)(iii). The Secretary shall be notified of any changes in the above conditions.

(ii) In the case of irrevocable trusts and revocable trusts other than those described in paragraph (b)(4)(iii) of this section, the lands held in the trust will be attributed to the beneficiary or beneficiaries of the trust according to the interest held in the trust by each beneficiary. The eligible acreage attributable to each beneficiary in trust land in combination with other land directly or indirectly owned by such beneficiary shall not exceed that beneficiary's ownership entitlement unless the land is either under recordable contract or was acquired and is eligible under the involuntary acquisition provided in § 426.16.

(iii) In the case of revocable trusts which may be revoked at the discretion of the grantor(s) of the lands held in the trust and such revocation results in title to the trust lands reverting to the grantor(s) either directly or indirectly, or if the terms of the trust require that it be revoked or terminated upon the expiration of a specified period of time and such revocation or termination results in the title to the lands held in the trust reverting either directly or indirectly to the grantor(s), the lands

held in that trust will be attributed to the grantor(s) of the lands. Therefore, in the case of such revocable trusts, the eligible acreage attributable to each grantor in trust land in combination with other land directly or indirectly owned by such grantor shall not exceed that grantor's ownership entitlement unless the land is either under recordable contract or was acquired and is eligible under the involuntary acquisition process provided in § 426.16. However, a revocable trust in which a grantor retains the power to change the beneficiaries or to modify the terms of the trust, but does not provide that the title to trust property will revert to the grantor upon revocation or termination shall not result in an attribution to the grantor of the trust property.

(iv) If the attribution of trust property described in paragraph (b)(4)(iii) of this section results in the grantor of such property becoming subject to the payment of full cost for irrigation water delivered to lands within his landholding, such full cost will not apply to the grantor if the trust agreement was revised before April 20, 1988, to avoid or preclude the attribution of the trust property to the grantor. If such a trust agreement was not so revised by that date, the grantor must pay full cost for irrigation water delivered to that portion of the grantor's landholding that exceeds the non-full-cost entitlement, commencing December 23, 1987, until such trust agreement is so revised. The application of this rule may be illustrated by the following:

Example (1). Bank X is the trustee for five irrevocable trusts, each of which has more than one beneficiary. The irrevocable trusts contain 1,280, 960, 640, 800, and 400 acres, respectively. The land in the irrevocable trusts is in districts which have amended their contracts to conform to the discretionary provisions of title II. Since the ownership and pricing limitations of title II do not apply to Bank X as trustee for the trusts and all beneficiaries who are qualified recipients are within their respective ownership entitlements, all 4,080 acres in the five irrevocable trusts are eligible to receive irrigation water at the contract rate. However, if a beneficiary owned directly or indirectly other irrigation land which, when combined with his beneficial interest in the subject irrevocable trusts, caused him to exceed the 960-acre ownership limitation, either that beneficiary or the trustee would be required to designate the nonexcess land for which irrigation water could be supplied, depending upon whether the land to be so designated is directly held by the beneficiary or the trust.

Example (2). Farmer X, a qualified recipient, provides in his will for the establishment of a trust and the conveyance of 640 acres of his land receiving irrigation water into that trust for his minor child upon his death. Farmer X designates his brother as trustee of that testamentary (irrevocable) trust. The land is located in a district which has amended its contract to come under the discretionary provisions of title II. The brother, who is designated as trustee for the trust, owns 800 acres in the same district which receives an irrigation water supply. Farmer X dies, and the testamentary trust he has established is activated. The brother, as trustee, is entitled to receive irrigation water for the land in trust as well as the land he owns.

NOTE.—The land placed in the testamentary trust by Farmer X is counted against his ownership entitlement during his lifetime as long as the land remained in his ownership.

Example (3). Farmer X, a qualified recipient, owns 960 acres eligible to receive irrigation water in a district subject to the provisions of title II. He decides to place 160 acres of his land in an irrevocable trust with his daughter as the life tenant. The 160 acres of trust land shall be attributed to the daughter's entitlement if she is independent. If she is dependent, the 160 acres of trust land shall be attributed to Farmer X or to the person upon whom she is dependent.

Example (4). ABC Corporation, a prior law recipient, establishes a revocable trust and places 160 acres of land receiving irrigation water in the trust for the benefit of J. Jones. Under the terms of the revocable trust, the trust will terminate and title to the 160 acres will revert back to ABC Corporation in 10 years. All 160 acres of the land in trust is attributed to the corporation with all stockholders attributed an indirect interest in proportion to their percent of stock held in the Corporation.

Example (5). As in Example (4) above, ABC Corporation establishes a trust for the benefit of J. Jones, which is revocable at the discretion of ABC Corporation, the trustor. But Corporation X, a fully independent legal entity, rather than Corporation ABC, contributes the 160 acres to the trust. In this example, the 160 acres is attributed to the beneficiary of the trust, J. Jones, since the criteria for attribution to the grantor (Corporation X) have not been met; namely, the 160 acres will revert in 10 years to the trustor (Corporation ABC), not the grantor, and the

grantor does not have the power to revoke the trust.

Example (6). Farmer X, a qualified recipient, places 960 acres of land receiving irrigation water in a trust for his son. The trust agreement provides that the trust shall expire in 20 years, and ownership of the trust land shall be vested in Corporation Y, of which Farmer X is a part owner with 5 percent interest. Because title to 5 percent of the trust land will revert indirectly to Farmer X upon termination of the trust, 48 acres (960 x 5 percent) of the trust land is attributed to Farmer X. The remaining 912 acres of trust land is attributable to the beneficiaries of the trust. If Farmer X's interest in Corporation Y changes during the term of the trust, the amount of trust land attributed to Farmer X will change accordingly.

(c) *Limited recipient entitlement.* Except as provided in §§ 426.9, 426.11, and 426.16, a limited recipient is entitled to irrigate 640 acres of owned land with irrigation water. This entitlement applies on a westwide basis. All legal entities established under State or Federal law benefiting more than 25 persons are limited recipients provided they have met the contract requirements for a limited recipient as set forth in § 426.5. In a corporate ownership, irrigation land held by a subsidiary entity is counted against the ownership of its parent entity. The requirement of U.S. residency does not apply to aliens who have an interest in a limited recipient. However, a nonresident alien may not receive irrigation water for a cumulative westwide ownership in excess of 960 acres through corporate or any other legal entity ownership arrangement.

(1) The application of this rule may be illustrated by the following:

Example (1). ABC Fertilizer Company is a corporation registered in Nebraska and owns 640 acres in District A. District A has amended its contract to conform to the discretionary provisions of title II. ABC Fertilizer Company benefits more than 25 persons and therefore automatically becomes a limited recipient, with all 640 acres of owned land in the corporation eligible to receive irrigation water.

Example (2). XYZ Land Company, a corporation benefiting more than 25 persons and registered in the State of California, owns 320 acres in District A. In the absence of district action, the company makes an irrevocable election to conform to the discretionary provisions of title II. Thereby XYZ Land Company becomes a limited recipient and is entitled to receive irrigation water on 640 acres or less owned westwide.

Example (3). CDE Development Company is a corporation with more than 25 shareholders which chose to incorporate in the Greater Antilles. CDE Development Company buys 320 acres in a district which has amended its contract to conform to the discretionary provisons of title II. However, until such time as CDE Development Company establishes itself as a legal entity under State or Federal law, none of its land is eligible for irrigation water. Had CDE Development Company been receiving irrigation water on 160 acres prior to the district's amendment, it could have continued to receive irrigation water for 5 years under the conditions set forth in § 426.11.

Example (4). Corporation X owns 640 acres in District A as does Corporation Y. Both are subsidiaries of Corporation Z. District A has amended its contract to conform to the discretionary provisions of title II. The landholdings of Corporation X and Y, since they are subsidiaries of Corporation Z, are counted against the entitlement of the parent corporation, Corporation Z. Corporation Z is a limited recipient; therefore, only 640 acres of the 1,280 acres are eligible to receive irrigation water.

Example (5). Farmer X, a qualified recipient, owns 960 acres of land receiving an irrigation water supply. Farmer X is also a shareholder in the XYZ Corporation, a limited recipient, which receives irrigation water for 640 acres it owns. Farmer X's interest in the land in the XYZ Corporation is not counted against his entitlement because he holds less than 4 percent of the stock in the limited recipient corporation, § 426.10(D). Thus, Farmer X is entitled to receive irrigation water for the 960 acres he owns, and the XYZ Corporation is entitled to receive irrigation water for the 640 acres it owns.

(d) *Prior law recipients*—(1) *Individuals.* Individuals are entitled to receive irrigation water on a maximum of 160 acres owned in each district; provided, the land was acquired on or before December 6, 1979. The 160-acre entitlement for an individual applies on a westwide basis to all land acquired after December 6, 1979.

(i) The application of this rule may be illustrated by the following:

Example (1). Farmer X owns 160 acres of irrigation land in each of four districts. None of the districts in which Farmer X owns land has amended its contract to conform to the discretionary provisions, and Farmer X held title to the land prior to December 6, 1979. Thus, Farmer X remains eligible to receive irrigation water on the 640 acres owned in the four different districts. Note: If title to

the irrigated land changes hands, the 160-acre westwide entitlement will automatically apply to the transferred land.

Example (2). Farmer Y owns 160 acres in each of two nonamending districts, and all of the acreage is eligible for irrigation water by virtue of the fact Farmer Y owned the land prior to December 6, 1979. On January 1, 1983, Farmer Y purchases another 160 acres of Farmer Z's nonexcess land which is located in a third nonamending district. The land newly purchased in this district becomes ineligible for service until such time as it is either sold to an eligible buyer at a price approved by the Secretary, the sale is canceled, the land is redesignated with approval by the Secretary, or Farmer Y becomes subject to the provisions as set forth in §426.11(c)(2)(i).

(2) *Husband and wife.* A husband and wife, or surviving spouse until remarriage, are entitled to receive irrigation water on a maximum of 320 acres of land jointly owned in each district; provided, each spouse holds an equal interest and provided further that the land was acquired on or before December 6, 1979. The 160-acre entitlement for an individual (320 acres for husband and wife) applies on a westwide basis to all land acquired after December 6, 1979.

(i) The application of this rule may be illustrated by the following:

Example. Farmer X and his wife own 320 acres of irrigation land in District A and also 320 acres in District B. The couple purchased both parcels of land in 1976. Districts A and B remain subject to prior law, and Farmer X and his wife have not made an irrevocable election. Since the land was purchased prior to December 6, 1979, Farmer X and his wife are entitled to receive irrigation water on all 320 acres in each district. The couple has reached the limit of their ownership entitlement for receiving irrigation water in these two districts.

(3) *Tenants-in-common and joint tenancies.* Each individual in a tenancy-in-common or a joint tenancy subject to prior law is entitled to receive irrigation water on a maximum of 160 acres owned through his or her interest in the tenancy. A prior law recipient may receive irrigation water, through this interest and any other ownership arrangements, on no more than 160 acres owned in each district; provided, the land was acquired on or before December 6, 1979. The 160-acre entitlement for an individual (320 acres for a married couple) applies on a westwide basis to all land acquired after December 6, 1979. An individual subject to the discretionary provisions, through his or her interest in a prior law tenancy and any other ownership arrangements, may receive irrigation water on no more than 960 acres westwide.

(i) The application of this rule may be illustrated by the following:

Example. Farmer X and Farmer Y have formed a tenancy-in-common in which each holds equal interest. The tenancy owns 320 acres of irrigation land in District A. District A has not amended its contract to become subject to the discretionary provisions. Both Farmers X and Y own irrigation land only through their interests in the tenancy; however, Farmer Y wishes to purchase additional land in the district so he makes an irrevocable election.

Since the tenancy remains subject to prior law, Farmers X and Y may each receive irrigation water on a maximum of 160 acres through their interests in the entity. Therefore, the tenancy's 320 acres remain eligible to receive irrigation water, but the tenancy and Farmer X have both reached the limits of their ownership entitlements under prior law. However, as a qualified recipient, Farmer Y may receive irrigation water on an additional 800 acres of land owned either as an individual or through other ownership arrangements.

(4) *Partnerships.* Each individual who is a partner in a partnership subject to prior law is entitled to receive irrigation water on a maximum of 160 acres owned through his or her interest in the partnership, provided each partner has a separable interest in the partnership and the right to alienate that interest. A prior law recipient may receive irrigation water, through this interest and any other ownership arrangements, on no more than 160 acres in each district, provided the land was acquired on or before December 6, 1979. A partner subject to the discretionary provisions, through his or her interest in the partnership and any other ownership arrangements, may receive irrigation water on no more than 960 acres westwide. A partnership in which each partner does not have a separable interest and the right to alienate that interest is entitled to receive irrigation water on a maximum of 160 acres of land owned by the partnership.

(i) The application of this rule may be illustrated by the following:

Example. XYZ Farms, a partnership composed of four individuals who hold equal and separable interests in the partnership, owns 960 acres of irrigation land located in District A. District A has not amended its contract to become subject to the discretionary provisions. XYZ Farms and two of the partners are subject to prior law; the other two partners have made irrevocable elections. Neither XYZ Farms nor any of the partners owns irrigation land outside the partnership. Based on these facts, each partner may own and receive irrigation water on a maximum of 160 acres through the partnership. Therefore, 640 of XYZ Farms' 960 acres are entitled to receive irrigation water. The two partners who have made irrevocable elections may each purchase and receive irrigation water on another 800 acres outside the partnership in order to complete their individual 960-acre ownership entitlement for qualified recipients.

(5) *Corporations.* All corporations are considered to be individual entities and as such are entitled to receive irrigation water on a maximum of 160 acres owned in each district; provided, the land was acquired on or before December 6, 1979. The 160-acre entitlement applies on a westwide basis for all land acquired after December 6, 1979. No shareholder in a corporation through his or her interest in the corporation and any other ownership arrangement shall receive irrigation water on land owned in excess of his or her individual entitlement under Reclamation law. Irrigation land held by a subsidiary entity is counted against the ownership entitlement of its parent entity.

(i) The application of this rule may be illustrated by the following:

Example (1). Two brothers are the sole stockholders and hold equal shares in Corporation XYZ. The corporation owns 160 acres of irrigation land in District A. District A has not amended its contract to become subject to the discretionary provisions and neither the brothers nor the corporation has made an irrevocable election. Thus, the corporation has reached its ownership entitlement for receiving irrigation water under prior law. Based on their 50 percent interests in the corporation, 80 acres will be counted against each of the two brothers' individual entitlements. Each brother may also purchase and receive irrigation water on another 80 acres outside the corporation to complete his individual 160-acre ownership entitlement.

Example (2). Corporation ABC owns 320 acres in District A. Corporation ABC's two shareholders, Farmer X and Farmer Y, hold equal interests in the corporation. Both District A and Farmer X are subject to prior law; however, Farmer Y is a qualified recipient by virtue of having made an irrevocable election. As a corporation subject to prior law, only 160 of Corporation ABC's 320 acres are eligible to receive irrigation water. Eighty acres of the corporation's ownership is attributed to each shareholder. As a prior law recipient, Farmer X may receive irrigation water on another 80 acres of irrigation land through ownership arrangements outside the corporation in order to complete his individual 160-acre ownership entitlement. To complete his 960-acre ownership entitlement as a qualified recipient, Farmer Y may receive irrigation water on an additional 880 acres outside the corporation.

Example (3). Corporation P and Corporation S, which are established under Canadian law, each owns 160 acres of irrigation land in District A. Corporation S is a wholly owned subsidiary of Corporation P. District A has not amended its contract to become subject to the discretionary provisions. Since Corporation S is a subsidiary of Corporation P, its entitlement is counted against Corporation P. Therefore, only 160 acres of the 320 acres are eligible to receive irrigation water.

(6) See § 426.6(b)(4).

(e) *Exemptions from ownership limitation.* Irrigation land owned in districts which have been exempted, § 426.13(a)(1) and (2), will not be counted against ownership entitlement. Neither will isolated tracts, § 426.13(a)(4), be counted against ownership entitlement.

(f) *How ownership entitlement is to be computed.* With the exception of land under recordable contract, § 426.11(e), all designated nonexcess land, § 426.11(b), and all acreage receiving irrigation water on other than a temporary or short-term basis, as defined in § 426.13(a)(3), from a Reclamation project in a district which is subject to acreage limitation shall be counted against the appropriate ownership entitlement; i.e., qualified recipient, limited recipient, etc.

(1) The principles of this rule may be illustrated by the following:

Example (1). Farmer X, a qualified recipient, owns 1,400 acres in District A and has designated 960 acres as nonexcess and eligible to receive irrigation water. Even though Farmer X may not irrigate all 960 acres every year, all of the designated acreage is counted against his entitlement.

Example (2). Farmer Y, a qualified recipient, owns 640 acres receiving irrigation water in District A. Farmer Y also owns 320 acres which are not in a district, but Farmer Y has

entered into a 10-year contract with the United States for irrigation water for that land. All 960 acres receiving irrigation water must be counted for purposes of determining ownership entitlement.

Example (3). Farmer Z, a prior law recipient, owns 180 acres in District A. This acreage was classified as to its arability during project planning and only 120 acres were deemed irrigable and eligible to receive irrigation water. Some years subsequent to this determination, Farmer X installed a center pivot irrigation system and now irrigates 160 acres with the same amount of water as he once used to irrigate 120 acres. For purposes of entitlement, all 160 acres must be counted.

(g) *Multidistrict ownerships.* Landowners may own irrigable and/or irrigation land in more than one district (multidistrict ownerships). If any one of the districts in which a landowner owns irrigation land becomes subject to the discretionary provisions, the multidistrict landowner automatically becomes subject to the discretionary provisions. Thus, the irrigation land owned by that recipient in all districts becomes subject to the acreage entitlement of a qualified or limited recipient, provided the landowner can meet the requirement for being such a recipient. However, as set forth in § 426.5, a contract action which causes a district to be subject to the discretionary provisions is binding on individuals and legal entities with landholdings within that district but is not binding on the members of legal entities as to their landholdings outside the legal entity if the individual owns no irrigation land within the district. If a landowner with multidistrict ownership makes an irrevocable election in one district, the irrigation land he, she, or it owns in all districts becomes subject to the discretionary provisions. As stated in § 426.5(d), an irrevocable election by a multidistrict landowner which is a legal entity shall be binding on the legal entity but not on the members of that entity. If all districts in which a prior law recipient holds irrigation land remain subject to prior law, the 160-acre ownership entitlement shall apply on a district-by-district basis, provided the land was acquired prior to December 6, 1979. If any of the owned land was acquired after December 6, 1979, its eligibility will be determined on a westwide basis.

(1) The application of this rule may be illustrated by the following:

Example (1). Landowner X is a U.S. citizen and owns 160 acres in each of Districts A, B, C, and D. All of this land is receiving irrigation water. District A amends its contract to conform to title II. Thereby, Landowner X automatically becomes a qualified recipient by virtue of the fact he is a U.S. citizen and is entitled to receive irrigation water on 960 acres owned westwide. Since, in this case, Landowner X's total present ownership is 640 acres, he would be entitled to receive irrigation water on another 320 acres owned.

Example (2). Landowner Y is a citizen of the United States and owns 160 acres in each of Districts A, B, C, D, E, and F. All of his land is receiving irrigation water. In the absence of district action, Landowner Y makes an irrevocable election in District A. By this action Landowner Y automatically becomes a qualified recipient and all owned land receiving water in Districts B, C, D, E, and F must be included in his ownership entitlement considerations. Since in this case the landowner already owns 960 acres of irrigation land, he has reached his maximum ownership entitlement.

(h) *Loss of eligibility.* An owner who is receiving irrigation water, and acquires additional irrigable land, shall lose eligibility on any newly purchased land that exceeds the owner's entitlement unless:

(1) If irrigation facilities are available to land which is purchased from nonexcess status in excess of an owner's entitlement, eligibility shall be reestablished if the land is (i) redesignated as nonexcess, § 426.11(b), or (ii) sold at a price approved by the Secretary to an eligible buyer, (iii) the sale is canceled, or (iv) if the landowner is a prior law recipient, such land can regain eligibility if the landowner becomes subject to the discretionary provisions and redesignates such land up to his entitlement as nonexcess, as set forth in § 426.11(c)(2)(i).

(2) In the case of land for which irrigation water is not available because facilities have not been constructed to provide such water, the landholder may, in addition to the options available in the preceding paragraph, place the land under recordable contract.

(i) The principles of this rule are illustrated by the following:

Example. Farmer X meets all of the criteria for a qualified recipient as set forth in § 426.6(b)(1) but remains under prior law.

Farmer X irrigates 160 acres of owned land in District A as he is entitled to do. Subsequent to his determination of eligibility, Farmer X buys, in District B, a 160-acre farm which is also receiving irrigation water. All land purchased by Farmer X in District B thereby becomes ineligible for service until such time as Farmer X either redesignates the land as nonexcess, cancels the sale, sells the farm in District B at a price approved by the Secretary, or he makes the land eligible by electing to come under the discretionary provisions. If the 160 acres which Farmer X purchased had never received irrigation water and were in an area for which water distribution facilities had not been constructed, Farmer X could, as provided for in § 426.11(e), place the 160 acres under recordable contract when the facilities became available to serve the land.

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§ 426.7 Leasing and full-cost pricing.

(a) *What constitutes a lease.* A lease is a contract by which one party (the landlord or lessor) gives to another (the tenant or lessee):

(1) The use and possession of land (including, in some cases, associated buildings, machinery, etc.);

(2) For a specified time.

(3) For agreed upon payments (cash or other consideration); and

(4) The lessee assumes the economic risk in the operation and management of the leased land.

(1) *Exceptions.* (i) Management arrangements or consulting agreements in which (1) the manager or consultant performs a management or consulting service for the landowner for a fee but does not assume the economic risk in the farming operation, and (2) the landowner retains the right to the use and possession of the land, is responsible for payment of the operating expense, and is entitled to receive the profits from the farming operation, shall not be considered a lease. At the Secretary's request, the landowner shall be responsible for providing information concerning a farm management arrangement or a consulting arrangement.

(A) The application of this rule may be illustrated as follows:

Example (1). (a) Farmer W is a surviving spouse who has elected under the discretionary provisions and receives irrigation water on 960 acres in District A. Her son, Farmer S, is subject to prior law and owns and receives water on 160 acres, also in District A. (b) In addition to farming his own 160 acres, Farmer S operates Farmer W's equipment in performance of all the physical farm work on his mother's 960 acres and receives compensation for such services, which does not consist of a share of the crop or is not based, in advance, on the degree of economic success or failure of the production or marketing of the crop. Farmer W retains at all times the economic risk associated with both crop production and marketing from her 960 acres. Such an arrangement between Farmer W and Farmer S constitutes a farm management arrangement and not a lease.

Example (2). Same facts as in example (1), part (a). In addition to farming his own 160 acres, Farmer S has use and possession of his mother's land and utilizes his farm equipment in the operation of his mother's farm in exchange for a fee. The fee received by Farmer S depends materially upon the degree of economic success or failure of the crop production or marketing of the crops grown on his mother's farm. This arrangement between Farmer W and Farmer S constitutes a lease and not a farm management arrangement or agreement.

(ii) Nonreclamation dependent activities. A contract arrangement for nonreclamation dependent activities which allow for limited use of the land shall also not be considered a lease. Examples of such activities are incidental grazing or use of crop residue from irrigated crops grown on the land.

(b) *The form and provisions of a lease*—(1) *Present leases.* All leases must be in writing and made available by the leaseholders to the Secretary for inspection at the Secretary's request. The term of the lease may not exceed 10 years, including any exercisable option, except in the case of a lease of land for the production of perennial crops having an average life of more than 10 years. In that case, the lease may be for a period of time equal to the average life of the perennial crop, as determined by the Secretary, provided the lease does not exceed 25 years.

(2) *Written leases in existence prior to October 12, 1982.* Land under written leases which were in existence prior to October 12, 1982, and which have a remaining term of longer than 10 years will become ineligible to receive irrigation water after October 12, 1992, unless

the leased land is used for the production of perennial crops having an average life of more than 10 years. In that case, the leased land may be eligible for a period of time equal to the average life of the perennial crop, as determined by the Secretary, provided the lease does not exceed 25 years.

(c) *Full-cost acreage thresholds.* There is a limit on the amount of land for which a landholder may receive irrigation water at a non-full-cost rate. The maximum acreage a landholder may irrigate with less-than-full-cost irrigation water is called the landholder's non-full-cost entitlement. All owned or leased land receiving irrigation water counts against a landholder's non-full-cost entitlement, with the following exceptions: Exempt land, except for isolated tracts, as provided in § 426.13(a)(4); and land acquired through involuntary processes, as provided in § 426.16. All land counted against a landholder's non-full-cost entitlement shall be counted on a cumulative basis during any one water year. A landholder in excess of the non-full-cost entitlement may select in each water year, from nonexempt eligible land in the holding, that land which will be subject to the full-cost rate. That selection may include owned land, leased land, land under recordable contract, or a combination of all three. However, land under recordable contract may not be selected as land subject to the full-cost rate if such land is already subject to full-cost pricing under an extended recordable contract as provided in § 426.11(i)(4). Once a landholder reaches the limits of his or her non-full-cost entitlement during a water year, the selection of non-full-cost land is binding for the remainder of that water year. Land subject to full-cost pricing due to the status of either the owner or the lessee can receive irrigation water only at full cost. Districts shall collect full-cost rates from those landholders to whom such costs are attributable rather than averaging the costs over the entire district. Land which is subleased (the lessee transfers his or her interest to a sublessee) will be attributed to the landholding of the sublessee.

(1) *Non-full-cost entitlement for qualified recipients.* The non-full-cost entitlement for qualified recipients is 960 acres, or the class 1 equivalent thereof, computed on a cumulative basis during any one water year. The full-cost rate must be paid for irrigation water delivered to all eligible land owned or leased in excess of a qualified recipient's non-full-cost entitlement, except for (i) land subject to a recordable contract unless as otherwise provided in §§ 426.11(e) and 426.11(i)(4); (ii) exempt land other than isolated tracts, as provided in § 426.13(a)(4); and (iii) land acquired through involuntary processes, as provided in § 426.16.

(i) The application of this rule may be illustrated as follows:

Example (1). Farmer X, a qualified recipient, receives irrigation water on 900 of the 960 acres of irrigable land in his ownership in District A. Farmer X leases and receives irrigation water on another 320 acres in District B. Since Farmer X receives water on 260 acres in excess of his non-full-cost entitlement, he must select 260 acres—whether owned land, leased land, or a combination of both, and pay the full-cost rate for water delivered to that land.

Example (2). Farmer Y, a qualified recipient, owns and receives irrigation water on 960 acres in District A. Farmer Y decides to lease all 960 acres to another qualified recipient, Farmer Z. Farmer Z, however, already farms 960 acres receiving irrigation water. Therefore, the full-cost rate would have to be paid for irrigation water delivered to 960 acres of Farmer Z's landholding.

Example (3) Landholder X, a qualified recipient, owns 500 acres of irrigation land in District A which he leases to another farmer. Landholder X also leases 960 acres of irrigation land from Landholder Y in District B. Thus, there are 500 acres in Landholder X's total landholding which receive irrigation water in excess of his 960-acre non-full-cost entitlement and for which a full-cost rate must be paid.

Example (4). Landholder Y, a qualified recipient, receives irrigation water on 960 acres owned in District A and 800 acres leased in District B. At the beginning of the water year, Landholder Y selects 360 owned acres plus 600 leased acres to receive irrigation water at the non-full-cost rate. He pays the full-cost rate for water delivered to the remaining 800 acres. In July, Landholder Y terminates the lease on the 600 acres of leased land which are part of his non-full-cost entitlement. However, since non-full-cost acreage is counted against one's entitlement on a cumulative basis during any one water year, Landholder Y has already reached the limits of his non-full-cost entitlement for this water year. Therefore, Landholder Y

may not replace in that water year those 600 non-full-cost acres, even though they no longer receive irrigation water, with 600 acres from his full-cost land. Landholder Y must pay the full-cost rate for irrigation water delivered to any other land he irrigates during that water year.

Example (5). Landholder Z, a qualified recipient, owns and irrigates 1,120 acres, 160 of which are subject to a nonextended recordable contract. Landholder Z also irrigates 160 acres leased from another party. All of Landholder Z's landholding, a total of 1,280 acres, counts against his non-full-cost entitlement; therefore, he is in excess of his non-full-cost entitlement by 320 acres. However, the 160 acres under recordable contract are not subject to full-cost pricing, so Landholder Z need select only 160 acres from his total landholding for full-cost pricing.

(2) *Non-full-cost entitlement for limited recipients.* The non-full-cost entitlement for limited recipients that received irrigation water on or before October 1, 1981, is 320 acres or the class 1 equivalent thereof. The non-full-cost entitlement for limited recipients that did not receive irrigation water on or prior to October 1, 1981, is zero. The full-cost rate must be paid for irrigation water delivered to all eligible land owned or leased in excess of a limited recipient's non-full-cost entitlement, except for (i) land subject to a recordable contract unless as otherwise provided in § 426.11 (e) and (i)(4); (ii) exempt land other than isolated tracts, as provided in § 426.13(a)(4); and (iii) land acquired through involuntary processes, as provided in § 426.16.

(i) The application of this rule may be illustrated by the following:

Example (1). ABC Farms qualifies as a limited recipient but remains under prior law. It owns and was receiving irrigation water on 640 acres in District A prior to October 1, 1981. Of the total, 480 acres were and continue to be under a nonextended recordable contract. ABC Farms may continue to receive irrigation water at the non-full-cost rate on the 640 acres until the end of the recordable contract period. Upon electing, ABC Farms may amend the recordable contract to allow it to own and receive irrigation water on 640 acres owned. ABC Farms may receive irrigation water at the non-full-cost rate on 320 acres, but it must pay the full-cost rate on the additional 320 acres owned.

Example (2). XYZ Farms, a limited recipient, owns 640 acres of land eligible to receive irrigation water. The purchase of the land took place after October 1, 1981, and XYZ Farms was not receiving irrigation water on any other land on or before October 1, 1981. Therefore, in order for XYZ Farms to receive irrigation water for any eligible land, it must pay the full-cost rate for that water.

Example (3). FGH Fertilizer Company, a limited recipient, buys 160 acres of land receiving irrigation water in District A. The purchase of the land is made subsequent to October 1, 1981. However, the company was receiving irrigation water on 160 leased acres in District B prior to October 1, 1981. Therefore, the 160 acres recently purchased are eligible to receive irrigation water at the non-full-cost rate. If FGH Fertilizer Company buys or leases additional land, the company would have to select and pay the full-cost rate for any irrigation water delivered to land in excess of its 320-acre non-full-cost entitlement.

Example (4). The XYZ Corporation, a limited recipient, owns 640 acres of irrigation land in District A. Since the corporation was receiving irrigation water prior to October 1, 1981, it is entitled to irrigate 320 acres at the non-full-cost rate and 320 acres at the full-cost rate. If the corporation were to lease the owned land subject to full cost to another, the full-cost rate would still apply.

(3) *Non-full-cost entitlement for prior law recipients.* There is no full-cost pricing requirement until April 13, 1987, for prior law recipients, unless their land becomes subject to full-cost pricing through leasing to or from a party subject to the discretionary provisions. As of April 13, 1987, the full-cost rate must be paid for irrigation water delivered to all land leased in excess of a prior law recipient's maximum ownership entitlement as set forth in § 426.6(d); provided however, that for the purpose of computing the acreage subject to the full-cost rate, all owned and leased land receiving water westwide must be considered and further provided, that the full-cost rate will not apply to water delivered to land in excess of a prior law recipient's non-full-cost entitlement if the land is (i) subject to a recordable contract unless as otherwise provided in § 426.11 (e) and (i)(4); (ii) exempt other than isolated tracts, as provided in § 426.13(a)(4); (iii) acquired through involuntary processes, as provided in § 426.16.

A prior law recipient may select the land to be subject to full cost from any owned or leased land in his landholding, provided it is eligible and nonexempt.

(i) The application of this rule may be illustrated by the following:

Example (1). Farmer X and his wife receive irrigation water on 320 owned acres of irrigation land and on 40 leased acres in District A. District A has not amended its contract to become subject to the discretionary provisions and Farmer X and his wife have not made an irrevocable election. Since Farmer X and his wife receive irrigation water on 40 acres in excess of their 320-acre non-full-cost entitlement, the couple must select 40 acres in their landholding and, beginning April 13, 1987, pay the full-cost-rate for water delivered to that land. If Farmer X and his wife make an irrevocable election or if District A amends its contract to become subject to the discretionary provisions, the couple would thereby become a qualified recipient with a non-full-cost entitlement of 960 acres. Since their landholding is within that entitlement, Farmer X and his wife would be able to receive irrigation water at the non-full-cost rate on all 360 acres.

Example (2). Farmer X and his wife lease 640 acres of irrigation land in District A and another 640 acres of irrigation land in District B. Districts A and B have not amended their contracts to become subject to the discretionary provisions and Farmer X and his wife have not made an irrevocable election. Since there are 960 acres of land in excess of the couple's 320-acre non-full-cost entitlement, Farmer X and his wife must select 960 acres in their landholding and, beginning April 13, 1987, pay the full-cost rate for water delivered to that land.

Example (3). Four brothers hold equal and separable interests in a partnership they formed. The partnership owns 160 acres of irrigation land in District A and also leases another 320 acres from Farmer Y in District B. The partnership and Districts A and B remain subject to prior law. Since the partnership's landholding is within its 640-acre non-full-cost entitlement (160 x 4), no full-cost charges will be assessed to water delivered to any land in the holding.

Example (4). Farmer X, a prior law recipient, owns 5,000 acres of irrigation land in District A, 4,840 of which are under recordable contract. He receives irrigation water also on another 320 acres which he leases in this same district. Beginning on April 13, 1987, Farmer X will be receiving irrigation water on 5,160 acres (5,320–160) in excess of his non-full-cost entitlement. However, his recordable contract land is not subject to full-cost pricing; therefore, Farmer X must select 320 acres (5,160–4,840) for full-cost pricing. Although his recordable contract land is not subject to full-cost pricing, Farmer X may, at his option, select part or all of the 320 full-cost acres from the land under recordable contract in lieu of his nonexcess or leased land.

(d) *Multidistrict landholding.* If a landholder has multidistrict landholdings, only one of those districts in which he receives irrigation water needs to amend its contract for the landholder to automatically become a qualified or limited recipient and the landholder's owned and/or leased land receiving irrigation water in all districts to become subject to the discretionary provisions. Furthermore, a qualified or limited recipient remains such a recipient even after he disposes of his ownership or leasehold interest in land within a district subject to the discretionary provisions. An amendment by a district is also binding on legal entities with landholdings within a district but is not binding on the members of the legal entity as to their landholdings outside the legal entity and outside the district. In no case, however, shall a prior law recipient become a qualified or limited recipient by virtue of leasing irrigation land from a lessor who has made an irrevocable election.

(e) *Calculating full cost*—(1) *What constitutes full cost.* As set forth in § 426.4, the term ''full cost'' means an annual rate as determined by the Secretary that shall amortize the expenditures for construction properly allocable to irrigation facilities in service, including all operation and maintenance deficits funded, less payments, over such periods as may be required under Federal Reclamation law or applicable contract provisions, with interest on both accruing from October 12, 1982, on costs outstanding at that date, or from the date incurred in the case of costs arising subsequent to October 12, 1982. Operation, maintenance, and replacement charges required under Federal Reclamation law shall be collected in addition to the full-cost payment.

(i) *Amortization period.* The amortization period for calculating the full-cost rate shall be the remaining balance of the repayment period for the district as specified in its repayment contract. However, in those cases, such as in water service contracts, where payment by a district through its existing contract term will not fully discharge its obligation for repayment of construction costs and where, in accordance with the project authorization the district must renew its water service contract, the district may extend the amortization period for the calculation

of full costs by renegotiating its current water service contract at the time it amends its contract to conform to the discretionary provisions. The amortization period may extend up to the expiration date of the new contract, and the term of the new contract cannot exceed the payback period authorized by Congress. In cases where water services rates are designed to completely repay applicable Federal expenditures in a specific time period, that time period may be used as the amortization period for full-cost calculations related to these expenditures. Such an amortization period may not exceed the payback period authorized by Congress.

(ii) *Allocable construction expenditures.* For determining full cost, the construction costs properly allocable to irrigation are those Federal project costs which have been assigned to irrigation within the overall allocation of total project construction costs. Total project construction costs include all direct expenditures necessary to install or implement a project, such as planning, design, land, rights-of-way, water-rights acquisitions, construction expenditures, interest during construction, and when appropriate, transfer costs associated with services provided from other projects.

(iii) *Facilities in service (irrigation).* Facilities in service are those facilities which are in operation and providing irrigation services.

(iv) *Operation and maintenance deficits funded.* O&M deficits funded are the annual O&M costs including project-use pumping power allocated to irrigation which have been federally funded and which have not been paid by the irrigation contracting entity.

(v) *Payments.* In calculating the payments which have been received, all receipts and credits applied to repay or reduce allocated irrigation construction costs in accordance with Reclamation law, policy, and applicable contract provisions shall be considered. These may include: (A) direct repayment contract revenues, (B) net water service contract income, (C) contributions, (D) ad valorem taxes, and (E) other miscellaneous revenues and credits excluding power and M&I (municipal and industrial) revenues.

(vi) *Unpaid balance.* The unpaid balance is the irrigation allocated construction costs plus cumulative federally funded O&M deficits, less payments.

(2) *Calculating the full-cost rate.* The Secretary will calculate a district's full-cost rate using accepted accounting procedures. The definition of ''full cost'' contained in title II does not recover interest charges retroactively before October 12, 1982, but interest charges on the unpaid full cost do accrue from the date of the act. The full-cost rate for amended contracts will be determined as of the date of enactment. The full-cost rate for districts which enter into contracts after the date of enactment will be determined at the time the new contract is executed. For repayment contracts, the full-cost rate will fix equal annual payments over the amortization period. For water service contracts, the full-cost rate will fix equal payments per acre-foot of projected water deliveries over the amortization period. If there are additional construction expenditures or the cost allocated to irrigation changes, then a new full-cost rate will be determined. The Secretary will notify the respective districts of changes in the full-cost rate at the time he notifies the district of other payments due the United States.

(i) The application of this rule may be illustrated by the following:

Example (1). District A contains 90,000 irrigable acres. The construction costs allocated to irrigation for the project and to be repaid by District A amount to $240 milion. As of October 12, 1982, the district's accumulated repayments are $174 million, the unpaid obligation on District A's repayment contract is $66 million, and 11 years remain on its contract term. The established annual contract rate is $66.67 per acre. This amount repays the outstanding balance of the contractual obligation in 11 years. As of October 12, 1982, the unpaid balance for full cost is $66 million (allocated cost, less payments) or $733.33 per acre, and the applicable interestrate is determined to be 7½ percent. Therefore, the equal annual payments for full cost would be $100.24. This payment is calculated using standard amortization tables and is equivalent to the annual payment necessary to retire a debt of $733.33 at a 7½ percent rate of interest over 11 years. This rate will apply regardless of when District A amends its contract.

Example (2). District B has a water service contract which establishes a rate of $6.50 an acre-foot for 90,000 acre-feet of water delivered to the district, a rate which is fixed over the remaining 10 years of the contract term. Currently, $1.00 of the $6.50 rate is used to pay annual O&M charges. The remainder is credited to the repayment of irrigation construction costs, although inflation over the next 10 years is expected to leave a $5.00 per acre-foot payment to irrigation, averaged over the remaining 10 years. The construction costs to be repaid from irrigation revenues and assignable to be repaid by the land in District B are $24 million, and the district has paid $15.5 million of those costs to date.

As of October 12, 1982, the accumulated payments credited to repayment on construction are $15.5 million. The unpaid balance for full cost is $8.5 million ($24 million less $15.5 million), and the applicable interest rate is determined to be 7½ percent. Amortizing the unpaid balance over the remaining contract term of 10 years results in an annual full-cost rate of $1,384,016, or $15.38 per acre-foot. Normal O&M charges would be collected annually in addition to this rate.

Upon expiration of the current contract, the district expects to enter into a subsequent water service contract in order to expand its water deliveries. If District B desires to amortize its unpaid balance for full cost over a longer period than 10 years, it can choose to renegotiate its existing contract before the current contract expires to bring it into conformance with current Bureau policy. When the district renegotiates its contract, the unpaid balance for full cost could be reamortized, at the district's option, for any period up to the term of the new water service contract, which cannot exceed the repayment period authorized by Congress. For example, suppose the new water service contract runs for 18 years and is executed immediately. If the district chooses to amortize full cost over the longest permissible repayment period (18 years), then the full-cost rate would be $10.88 per acre-foot. If the district chooses to amortize over 15 years, the full-cost rate would be $11.96 per acre-foot, assuming the unpaid costs remain the same.

Example (3). District C contains 90,000 irrigable acres, and the construction costs allocated to irrigation for the project and assignable to be repaid amount to $240 million. As of October 12, 1982, the accumulated repayments of the district are $174 million. The district's repayment obligation is $200 million. (The $40 million difference between construction costs allocated to irrigation and the repayment obligation is scheduled to be paid from other project revenues.) The unpaid obligation on District C's repayment contract is $26 million, and 11 years remain on its contract term. The annual rate established by the contract is $26.26 per acre. This amount repays the outstanding balance of the contractual obligation in 11 years. As of October 12, 1982, the unpaid balance for full cost is $66 million (allocated cost, less payments) or $733.33 per acre, and the applicable interest rate is determined to be 7½ percent. Therefore, the equal annual payment for full cost would be $100.24 per acre.

Example (4). District D has a 40-year water service contract for 90,000 acre-feet of water per year. The District's current contract expires in 1997 and will be renewed for another 40-year term, resulting in an expiration date of 2036. Construction costs assigned to District D are $24 million, and such costs are to be repaid from irrigation water service revenues. As of October 12, 1982, the accumulated payments credited to construction costs are $15.5 million. The unpaid balance for full-cost is $8.5 million and the applicable interest rate is determined to be 7½ percent. Water service rates for this project are designed to completely repay applicable expenditures by the end of the authorized repayment period, which occurs in 2030. Amortizing the unpaid balance over the remaining authorized repayment period of 48 years results in an annual full-cost charge of $657,945 or $7.31 per acre-foot. Normal O&M charges would be collected annually in addition to this rate. It should be noted that even though the contract renewal extends beyond 2030, the repayment period is limited to the authorized repayment period ending 2030, with full-cost rates calculated accordingly.

(f) *Interest rate calculations for full cost.* In determining full cost, the interest rates to be used will be determined by the Secretary of the Treasury as follows:

(1) Interest rates applicable to (i) qualified recipients, (ii) limited recipients receiving water on or before October 1, 1981, and (iii) extended recordable contract land owned by prior law recipients after December 22, 1987.

(A) The interest rates for expenditures made on or before October 12, 1982, shall be the greater of 7½ percent per annum or the weighted average yield of all interest-bearing marketable issues sold by the Treasury during the fiscal year in which the expenditures were made by the United States.

(B) The interest rate for expenditures made after October 12, 1982, shall be the arithmetic average of (*1*) the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations which are neither due nor callable for redemption for 15 years from the date of issuance

at the beginning of the fiscal year in which the expenditures are made and (*2*) the weighted average yield on all interest-bearing marketable issues sold by the Treasury during the fiscal year preceding the fiscal year in which the expenditures are made.

(2) Interest rates applicable to (i) limited recipients not receiving irrigation water on or before October 1, 1981, and (ii) prior law recipients, except for land owned under extended recordable contract after December 22, 1987. The interest rate shall be determined as of the fiscal year preceding the fiscal year in which expenditures are made except that the interest rate for expenditures made before October 12, 1982, shall be determined as of October 12, 1982. The interest rate shall be based on the arithmetic average of (A) the computed average interest payable by the Treasury upon its outstanding marketable public obligations which are neither due nor callable for redemption for 15 years from the date of issuance and (B) the weighted average yield on all interest-bearing marketable issues sold by the Treasury.

NOTE: Prior law recipients who become subject to the discretionary provisions after April 12, 1987, will then become eligible for the full-cost interest rate specified in paragraph (f)(1) of this section, unless they are limited recipients that did not receive irrigation water on or before October 1, 1981.

(g) *Proportional charges for full-cost water.* Methods for assessment of full-cost water charges. In situations where water delivery charges are contractually or customarily levied on a per-acre basis, full-cost charges shall also be assessed on a per-acre basis. In situations where water delivery charges are contractually or customarily levied on a per acre-foot basis, one of the following methods must be used to assess full-cost charges:

(1) *Direct assessment.* In situations where measuring devices are in use to reasonably determine the amounts of irrigation water being delivered to full-cost and non-full-cost land to the satisfaction of the Secretary, assessments shall be based on the actual amounts of water used.

(2) *Proportional charges.* In situations where, in the opinion of the Secretary, measuring devices are not a reliable method for determining the amounts of water being delivered to full-cost and non-full-cost land, then water charges must be based on the assumption that equal amounts of water per acre are being delivered to both types of land during periods when both types of land are actually being irrigated.

(i) The application of rules pertaining to the assessment of full-cost charges may be illustrated by the following:

Example (1). Farmer A, a qualified recipient, owns 960 acres receiving irrigation water in Alpha Irrigation District. Farmer A also leases 100 acres receiving irrigation water in Alpha Irrigation District from another party. Alpha Irrigation District's repayment contract specifies an annual assessment of $5.00 per irrigable acre. Alpha Irrigation District's annual full-cost rate is calculated to be $15.00 per irrigable acre. Therefore, Farmer A's total water charge for that year is (960 acres × $5.00) plus (100 acres × $15.00), for a total of $6,300.

Example (2). Farmer B and his wife own 320 acres receiving irrigation water in Beta Irrigation District and lease another 320 acres receiving irrigation water in the same district. Farmer B, his wife, and Beta Irrigation District all remain subject to prior law. Beta Irrigation District's water service contract specifies a rate of $10.00 per acre-foot, and its full-cost rate is calculated to be $25.00 per acre-foot. Farmer B has a turnout and measuring device to the 320 acres he has selected to pay full cost, and a separate turnout and measuring device to the 320 acres receiving water at the contract rate. At the end of the water year, district records show that Farmer B received 1,000 acre-feet of water on his full-cost land, and 1,050 acre-feet of water on his non-full-cost land. These measurements are judged to be accurate and reliable; therefore, Farmer B's water charges for that year are (1,000 acre-feet × $25.00) plus (1,050 acre-feet × $10.00) for a total of $35,500. If accurate records showing the amounts of water delivered to Farmer B's full-cost and non-full-cost land had not been maintained, it would have been necessary to assume that equal amounts of water per acre had been delivered to both types of land. Without accurate water delivery records, Farmer B's water charges for that year would have been (1,025 acre-feet × $25.00) plus (1,025 acre-feet × $10.00) or $35,875.

Example (3). Farmer C, a qualified recipient, leases 1,000 acres in Gamma Irrigation District where the contract rate is $5.00 per acre-foot, and the full-cost rate is $15.00 per acre-foot. Farmer C applies irrigation water to 960 acres and irrigates the remaining 40 acres from a private well. In one particular year, Farmer C applied water to the land six

times during the irrigation season; but in the final two applications, his well failed, so he chose to apply irrigation water to his entire landholding. Because there were no separate measuring devices for the 40 full-cost acres, it was necessarily assumed that equal amounts of water per acre were applied to the full-cost and non-full-cost land during the final two applications of water. Gamma Irrigation District's record showed that 600 acre-feet were delivered to Farmer D during each of the first four applications, and 625 acre-feet during each of the last two applications. Farmer C's water charges for that year were calculated as follows: The first four applications did not include any full-cost water; therefore, the appropriate charge was (4 × 600 acre-feet × $5.00) or $12,000. The final two applications were 96 percent contract rate and 4 percent full cost. Thus, the appropriate charges were (2 × 625 acre-feet × .96 × $5.00) plus (2 × 625 × .04 × $15.00), or $6.750. Farmer D's total water charge for the year was $12,000 for the first four applications plus $6,750 for the last two applications, for a total of $18,750.

(h) *Disposition of revenues obtained through full-cost water pricing.* The interest and full-cost revenues, less the appropriate non-full-cost rate, shall be credited to the Reclamation fund unless otherwise provided by law. The portion of the full-cost rate, which would have been collected if the land has not been subject to full cost, shall be credited to the annual payments due under contractual obligation from the district.

[52 FR 11954, Apr. 13, 1987, as amended at 53 FR 50536, Dec. 16, 1988]

§ 426.8 Operation and Maintenance (O&M) charges.

(a) *Districts with new or amended contracts.* A district which becomes subject to the discretionary provisions as set forth in § 426.5(a) (2) and (3), will be required to pay annually the actual O&M costs chargeable to the district. They are to be paid to the United States on a schedule that is acceptable to the Secretary. O&M costs shall include minor replacement costs for facilities funded during the year. Each year the Secretary shall estimate and advise the district of its O&M charges, and the price of irrigation water will be modified, if necessary, to reflect any changes in O&M costs. The difference between the estimated and actual O&M costs, as determined at the end of the annual period, will be reflected through adjustment of the following year's O&M charges. One effect of this provision is that if a district's contract rate, less the O&M costs of delivering water, is positive at the time a district amends its contract solely for the purpose of becoming subject to the discretionary provisions, as set forth in § 426.5(a)(3)(i), that positive difference will continue to be paid annually to the United States, in addition to any adjusted O&M costs, during the remaining term of the contract. Major replacement costs, such as those caused by disaster, obsolescence, or otherwise, will be capitalized under regular Bureau accounting practices.

(1) The principles of this rule may be illustrated by the following:

Example (1). A district amends its water service contract to conform to the discretionary provisions. Prior to its amendment, the water service contract obligated the district to pay a fixed rate of $3.50 per acre-foot for water for the remaining 10 years of its 30-year contract term. At the time of contract amendment, $3.00 of the contract rate are needed to pay current O&M costs. If the district's O&M costs increase by $0.50 per acre-foot from $3.00 to $3.50 per acre-foot in the year after the district's amendment, then the current $3.50 rate will be adjusted to $4.00 to reflect the $0.50 increase in O&M costs. If the district's O&M costs increase by $0.25 per acre-foot the following year, the district's rate would be $4.25 per acre-foot. Similar adjustments to O&M costs would continue throughout the remaining term of the district's contract. One effect of these adjustments is that, subsequent to amendment and continuing throughout the remaining contract term, the district's annual payments will be $0.50 per acre-foot higher than its actual O&M costs.

Example (2). A district amends its water service contract for the sole purpose of conforming to the discretionary provisions. Prior to its amendment, the district's contract obligated it to pay a rate of $3.00 per acre-foot of water for the remaining 10 years of its 30-year contract. At the time of the contract amendment, the district's actual O&M costs are $6.50 per acre-foot. Since the current contract rate of $3.00 does not cover these O&M costs, the district's rate will be increased to $6.50. If the district's O&M costs increase by $.50 per acre-foot the following year, the district's rate would then be adjusted to $7.00 per acre-foot.

Example (3). A district's repayment contract obligates it to pay $4.00 per acre for the remaining 5 years of its 40-year contract. It

is also obligated under the terms of its contract to pay the full O&M costs due the United States on an annual basis in addition to its repayment obligation. If the district were to amend its contract to conform to the discretionary provisions, no change in its present repayment arrangement with the United States would be necessary since under the terms of its contract it is already paying its full O&M costs on an annual basis.

NOTE: Although the district's contract repayment rate would not change, it would be further obligated because of the amendment to conform to the discretionary provisions to collect full-cost payments from landholders whose holdings make them subject to such payments.

(b) *Landholders who make irrevocable elections.* Landholders who make an irrevocable election (thereby becoming limited or qualified recipients) must pay their portion of the full O&M costs annually for land in their landholding. The district(s) in which the recipient's landholding is situated shall be required to collect from the recipient his or her portion of the full O&M charges due and to forward such collections to the United States. If the district's contract rate, less the O&M costs of delivering water, is positive at the time of the election, that positive difference will continue to be paid annually to the United States, in addition to any adjusted O&M costs, during the remaining term of the contract.

(c) *Districts remaining under prior law.* Beginning April 13, 1987, districts remaining subject to prior law, in addition to collecting such revenues as defined in §426.8(b), shall also collect and forward to the United States full-cost rates for water delivered to land subject to full cost as set forth in §426.7(c).

§426.9 Class 1 equivalency.

(a) *In general.* Upon the request of any district having a contract which conforms to the discretionary provisions, or as provided in paragraph (g) of this section, the Bureau of Reclamation shall make a Class 1 equivalency determination for that district. This determination will establish for the district the acreage of land with lower productive potential (Classes 2, 3, and 4) that would be necessary to be equivalent in productive potential to the most suitable land in the local agricultural economic setting (Class 1). Once these determinations have been made, individual landowners with Classes 2, 3, and 4 land will have the right to an increased acreage entitlement equivalent in productive potential to 960 acres of Class 1 land, in the case of a qualified recipient, or 640 acres of Class 1 land, in the case of a limited recipient.

(b) *Data requirements and use.* Class 1 land and land in lower classes shall be identified on a district basis by the Bureau of Reclamation using a standard approach in which the land classification for the entire district is considered. Equivalency factors shall then be computed for the district and applied to specific tracts within individual landholdings. If adequate land classification data are not available, they shall be developed using standard procedures as set forth in Reclamation Instructions Series 110, Part 115, Land Resources Investigations; and Series 510, Land Classification Techniques and Standards. Economic data will be developed using procedures found in Reclamation Instructions Series 110, Part 116, Economic Investigations.

(1) *Definition of Class 1 land.* Class 1 land is defined and will be classified as that irrigable land within a particular agricultural economic setting which: (i) Most completely meets the various parameters and specifications established for irrigable land classes; (ii) has the relatively highest level of suitability for continuous, successful irrigation farming; and (iii) is estimated to have the highest relative productive potential measured in terms of net income per acre (reflecting both productivity and costs of production).

The objective is to establish the acreage of each of the lower classes of land which is equal in productive potential (measured in terms of net farm income) to 1 acre of Class 1 land. All land that has not been classified will be considered Class 1 land for the purposes of determining acreage entitlement under these rules until such time as the land has actually been classified.

(2) *How land classes are determined.* The extent and location of class 1 land and land in lower land classes in a district have been, or will be, determined by the Bureau of Reclamation, taking into account the influence of economic

and physical factors upon the productive potential of the land lying within the district. These factors include, but are not limited to: The physical and chemical characteristics of the soil, topography, drainage status, costs of production, land development costs, water quality and adequacy, elevation, crop adaptability, and length of growing season and their effect on agricultural practices.

(3) *Level of detail.* Acceptable levels of detail for land classification studies to be utilized in making class 1 equivalency determinations for a given district shall be evaluated on the basis of the physical and agricultural economic characteristics of the area. In areas for which no current classification exists or the existing classification is unacceptable, the level of detail of the land classification to be made will never be greater than that required to make class 1 equivalency determinations where the sole purpose of the classification is such a determination.

(4) *Economic studies.* The economic studies related to class 1 equivalency determinations will measure net farm income by land classes within the district. Net farm income shall be determined by the disposable income accruing to the farm operator's labor, management, and equity from the sale of farm crops and livestock produced on irrigated land after all fixed and variable costs of production, including costs of irrigation service, are accounted for. Net farm income will be the measure of productivity to establish equivalency factors reflecting the acreage of each of the lower classes of land which is equal in productive potential to 1 acre of class 1 land.

(5) *Equivalency factors.* Equivalency factors shall be determined by comparing the weighted average farm size required to produce a given level of income on each of the lower classes of land with the farm size required to produce that income level on class 1 land.

(i) The principles of this rule may be illustrated by the following:

Example. Farmer X has a total landholding of 1,300 acres in District A. That acreage includes 800 acres of class 1 land, 300 acres of class 2 land, and 200 acres of class 3 land. The equivalency factors for the district have been determined to be: Class 1=1.0, class 2=1.20, and class 3=1.50. Using these equivalency factors, the following landholding in terms of class 1 equivalency would apply:

Class 1—800 acres divided by 1.0=800 acres class 1 equivalent

Class 2—300 acres divided by 1.2=250 acres class 1 equivalent

Class 3—200 acres divided by 1.5=133 acres class 1 equivalent

Thus, Farmer X's total landholding of 1,300 acres is equal to 1,183 acres of class 1 land in terms of productive capacity. It will be necessary for him to declare the equivalent of 223 acres of class 1 land (1,183 acres minus 960 acres), as excess and ineligible to receive irrigation water while in his landholding. This can be accomplished in any of several ways. If Farmer X desires to maximize his actual acreage, he declares 223 acres of class 1 land as excess and designates 577 acres of class 1, 300 acres (250 acres class 1 equivalent) of class 2, and 200 acres (133 acres class 1 equivalent) of class 3 as nonexcess and eligible to receive irrigation water. This would result in a total of 1,077 actual acres which would equal 960 acres of class 1 land in production capacity. Or, he could maximize his holding of class 1 and 2 lands by designating as nonexcess 800 acres of class 1 land and 192 acres (192 divided by 1.2=160 acres class 1 equivalent) of class 2 land. This total landholding of 992 acres would, again, be equal in productive capacity to 960 acres of class 1 land. In the latter case, all 200 acres of Farmer X's class 3 land and 108 acres of his class 2 land would be considered excess and ineligible to receive irrigation water in his landholding.

(6) *Special considerations.* For equivalency purposes, all irrigable land will be classified as either class 1, class 2, or class 3; no other classifications are permissible. Class 4 and special-use land classes will be allocated to one of these three classes on a case-by-case basis.

(c) *Scheduling.* District requests for equivalency determinations will be scheduled by region, with the Regional Director of each of the six regions of the Bureau of Reclamation having responsibility for such scheduling. Generally, requests will be honored on a first-come-first-served basis. However, if requests exceed the region's ability to fulfill them expeditiously, priority will be given on the basis of greatest immediate need.

(d) *Land classification costs.* The Bureau of Reclamation has provided basic land classification data as part of the project development process since 1924. Where the Secretary determines that acceptable land classification data are

not available for making requested class 1 equivalency determinations and where the provision of these data was the responsibility of the Bureau of Reclamation during the project development process, such data will be made available at Bureau of Reclamation expense. Districts in projects authorized for construction prior to 1924 must pay one-half the costs of new land classification studies required to make accurate equivalency determinations.

(e) *Economic study cost.* The cost of performing new or additional economic studies and computations inherent in the equivalency process shall be the responsibility of the requesting district.

(f) *Appeals.* When basic land classification data are available for a district, but the district does not agree with its accuracy or assets that the data have become outdated, the district may request, and the Bureau of Reclamation may perform, a reclassification under the authority contained in the Reclamation Project Act of 1939 (Pub. L. 76–260). The requesting district shall pay for one-half of the cost of performing such reclassifications and the full cost of all other studies inherent in the equivalency process.

(g) *Individual requests.* Individual requests for class 1 equivalency determinations will be accepted if the individual landowner, in the absence of district action, has made an irrevocable election to come under the discretionary provisions and if the district agrees to pay for the determination for the entire district. (The arrangement between the landowner and the district to pay the cost of the equivalency determination does not involve or concern the United States.) Requests for equivalency must be made by or through the district. Equivalency will be applied only to that land which is the subject of an individual election for which equivalency has been requested.

(1) The application of this rule may be illustrated by the following:

Example (1). A district with an existing contract decides not to amend its contract to come under the discretionary provisions. However, an individual landowner within the district may make an irrevocable election to come under these provisions. The landowner can request equivalency through the district, and the district may request the Secretary to make the equivalency determination for the entire district. The district would be required to pay the United States for the cost of making the equivalency determination. The payment of the costs between the landowner and the district would be a district matter. The application of equivalency would be available only to the landowner(s) who exercise an irrevocable election.

Example (2). A district decides to amend its contract to come under the discretionary provisions, but it elects not to request equivalency. Thus, individual landholders within the district are not entitled to equivalency until after the district makes the equivalency request and the Bureau of Reclamation has acted upon that request.

(h) *Excess land.* Until a final determination has been made by the Bureau of Reclamation on the district's request for equivalency, all land exceeding the basic ownership entitlement for qualified or limited recipients must be under recordable contract in order to be eligible for irrigation water. Once the determination has been made, the qualified recipient may withdraw land from the recordable contract in order to reach an acreage equivalent to 960 acres of class 1 land, and the limited recipient may withdraw land from the recordable contract in order to reach an acreage equivalent to 640 acres of class 1 land. The requirement that land under recordable contract be sold at a price approved by the Secretary does not apply to land which is withdrawn from a recordable contract and included as part of a landowner's nonexcess land as a result of an equivalency determination.

(1) *Protection during classification.* The Bureau of Reclamation will protect the excess landowner's property interests by ensuring that equivalency determinations are completed in advance of maturity dates on recordable contracts, provided the district's request for an equivalency determination was made at least 6 months prior to the maturity of the recordable contract and the district fulfills its obligations under § 426.9 of these rules.

(2) *Protection during appeal.* In cases of equivalency determination appeals, the Secretary will not undertake the sale of the reasonable increment of the excess land under material recordable contract which could be affected by a reclassification as long as the appeal is determined by the Secretary not to be

an attempt to thwart the sale of excess land.

(i) *Full-cost charges.* Once the Bureau of Reclamation has acted upon the district's request and made a final equivalency determination, the full-cost water pricing structure would not come into effect until the total landholding westwide exceeds the qualified or limited recipient's non-full-cost entitlement with equivalency. During the time when the determinations were being made, however, the full-cost rate would be assessed on land receiving water in excess of the qualified or limited recipient's non-full-cost entitlement. If the qualified or limited recipient's basic entitlement is increased because of the equivalency determination, he or she shall be reimbursed any overcharges which were paid during the period between the time of the request for an equivalency determination and the Bureau of Reclamation's final determination.

(1) The principles of this paragraph may be illustrated by the following:

Example (1). Landholder X is a qualified recipient who owns no land, but leases 1,100 acres in a district which has requested equivalency. The land leased is a mix of classes 1, 2, and 3 land. During the time the equivalency determination was being made, Landholder X would be required to pay the full-cost water rate on 140 acres (1,100 acres leased minus the basic 960-acre non-full-cost entitlement) if he elected to continue to receive irrigation water on that land. Once the equivalency determinations had been completed, Landowner X would be entitled to lease the equivalent of 960 acres of class 1 land at the non-full-cost rate (something greater than 960 acres). Landowner X would also be reimbursed for full-cost payments made for land which became non-excess as a result of the equivalency determination.

Example (2). Landholder Y is a limited recipient who owns 600 acres of irrigation land and leases another 160 acres in District A. District A has requested and received an equivalency determination. However, Landholder Y was not receiving project water on or before October 1, 1981. Thus, even with equivalency, he would be required to pay the full-cost water rate for all land served in his landholding. (If Landholder Y had been receiving project water on or before October 1, 1981, he would have been entitled to receive water on the equivalent of 320 acres of class 1 land at the non-full-cost rate. Deliveries on the remaining 440 acres or less, would be at the full-cost rate.)

(j) *Multidistrict landholdings.* A landholder with holdings in more than one district is entitled to equivalency only in those districts which have requested equivalancy (or are already subject to equivalency). That part of the landholding in a district or districts not requesting equivalency will be counted as class 1 land for purposes of overall entitlement.

(1) The application of this rule may be illustrated by the following:

Example (1) Landholder X is a qualified recipient and owns 320 acres in each of three districts. One of those districts, District A, requests and receives an equivalency determination. From the equivalency determination, Landholder X is shown to own the equivalent of 240 acres of class 1 land in District A. Landholder X is therefore entitled to buy and receive irrigation water on an additional 80 acres of irrigation land in some other district or he could lease 80 acres in some other district and receive irrigation water for it at the non-full-cost rate. In District A itself, Landholder X could buy an addition 80 acres of class 1 land or something greater than 80 acres of class 2 or 3 land. If Landholder X preferred to lease in District A, he could lease 80 acres of class 1 land or something greater than 80 acres of class 2 or 3 land and receive irrigation water for that leased land at the non-full-cost rate.

Example (2). Landholder Y owns 1,200 acres in District A and 160 acres in District B. Landholder Y is a qualified recipient and has designated 800 acres in District A as nonexcess and put the 400 acres of excess land under recordable contract so that it can be irrigated while still in his ownership. Subsequent to this nonexcess land designation, District A requests and receives an equivalency determination. Landholder Y is then free to withdraw excess land from recordable contract to take advantage of the equivalency determination in District A. Landholder Y, when able to show good cause, may even redesignate the nonexcess land under recordable contract, §426.11(b), if an appraisal of the excess land has not already been requested and performed. The maturity date as determined in the original contract, however, would not change.

(k) *Existing equivalency determinations.* In districts where equivalency was a provision of project authorization, those equivalency factor determinations will be honored as originally calculated unless the district request a reclassification.

§ 426.10 Information requirements.

(a) *In general.* Districts, qualified recipients, limited recipients, prior law recipients and natural persons or legal entities operating irrigation land under an agreement described in § 426 7(a)(1)(i) shall provide the Secretary upon request in a form suitable to the Secretary such records and information as the Secretary may deem reasonably necessary to implement Pub. L. 97–293 and Federal Reclamation law.

(b) *Certification.* Landowners and lessees within a district which has a contract that conforms to all provisions of Title II shall furnish the district, in a form provided by the Bureau of Reclamation, a certificate declaring the irrigable and irrigation land that they own and lease and providing other information pertinent to their compliance with Reclamation law.

(1) *Irrevocable electors.* Landowners or lessees who, in the absence of a district amending its contract, have made an irrevocable election to be subject to Title II must also certify through the nonamending district that they are in compliance.

(c) *Reporting.* Prior law landowners and lessees must report through the district the irrigable and irrigation land in their ownership and the extent and conditions of any leases. They must declare the irrigation land that they own and lease and provide other information pertinent to their compliance with Reclamation law. The reporting form will be provided to the district by the Bureau of Reclamation.

(d) *Certification and reporting form data requirements.* (1) Certification and reporting forms will require a full disclosure of irrigable and irrigation land owned and leased in all districts; the identification of the operator or operators of that land; the number of acres leased; the terms of any lease; and in the case of the certification forms, certification that the rent paid reflects the reasonable value of the irrigation water to the productivity of the land. The Secretary may require the parties to any lease to submit to him or her a complete copy of the leases.

(2) If requested by the Secretary, all members of a qualified recipient must be identified. Similarly, a limited recipient can be required to identify only those participants or shareholders who: (i) Own more than 4 percent of the limited recipient and (ii) such ownership interest would constitute an attribution of ownership to such participant or shareholder of more than 40 acres.

(e) *Schedule for completing certification and reporting forms.* Certification and reporting forms will be required annually as a condition for the receipt of irrigation water except as provided in paragraphs (f) and (g) of this section. If a landholder's ownership or leasing arrangements change in some way, the landholder shall notify the district office, either verbally or in writing, within 15 days of the change and submit new certification or reporting forms within 30 days of the change.

(f) *Short form availability.* If no change has occurred in a land ownership or leasing arrangement between annual certification and reporting dates, a short verification form will be available for completion to satisfy the certification or reporting requirement. This form will make it possible for the landowner or lessee to simply validate that the information contained on the last fully completed form is still accurate.

(g) *Exemptions.* Landowners and lessees whose total direct and indirect interest in a landholding on a westwide basis is 40 acres or less are exempt from the certification and reporting requirements.

(h) *District participation.* Each district shall be required to make the necessary blank certification and/or reporting forms available to district landholders and to keep the current certification and reporting forms on file and available for Bureau of Reclamation inspection. All superseded certificates and reports should be retained by the district for 3 years, and thereafter may be destroyed by the district, except that the last fully completed certification and reporting form (other than the verification form) must always be kept on file with the current verification form so that all the landowners' and lessees' land may be identified. Additionally, each district will be required to summarize the information contained on these documents and submit the summary to the Bureau of Reclamation annually. The summary

form to be used by the district will be provided by the Bureau of Reclamation. The district shall notify the Bureau of Reclamation of any discrepancies in the certification and reporting forms.

(i) *Auditing.* The Secretary will conduct field audits, as necessary, to ensure compliance with Reclamation law and these regulations.

(j) *False statements.* The following statement will be included in all certification and reporting forms:

> Under the provisions of 18 U.S.C. 1001, it is a crime punishable by 5 years imprisonment or a fine of up to $10,000, or both, for any person knowingly and willfully to submit or cause to be submitted to any agency of the United States any false or fraudulent statement(s) as to any matter within the agency's jurisdiction.

False statements by the landowner or lessee will result also in loss of eligibility. Eligibility could only be regained upon the approval of the Secretary.

(k) *Failure to report.* Failure to submit the required certification or reporting form to the district will result in loss of eligibility to receive irrigation water by the individual landowner or lessee. Eligibility will be regained once the certification or reporting form is submitted to the district.

(l) *OMB approval.* The information collection requirements contained in this section have been approved by the Office of Management and Budget under 44 U.S.C. 3501 et seq. and assigned clearance Nos. 1006–0004, 1006–0005, 1006–0006. The information is being collected to comply with sections 206, 224(c), and 228 of Public Law 97–293. These sections require that, as a condition to the receipt of irrigation water, each landowner and lessee in a contracting entity which is subject to the acreage limitation provisions of Reclamation law, as amended and supplemented by Public Law 97–293, will furnish to his or her district annually a certificate/report which indicates that he or she is in compliance with the provisions of Reclamation law. The information collected on each landholding will be summarized by the district and submitted to the Bureau in a form prescribed by the Secretary. Completion of these forms is required to obtain the benefit of irrigation water.

(m) *Application of Privacy Act of 1974.* The information submitted in accordance with the certification and reporting requirement is subject to the provisions of the Privacy Act of 1974. As a condition to the execution of a contract, the Secretary shall require the inclusion of a standard contract article providing that the district agrees to comply with the Privacy Act of 1974 and 43 CFR part 2, subpart D, in maintaining the landholder certification and reporting forms.

[52 FR 11954, Apr. 13, 1987, as amended at 53 FR 50537, Dec. 16, 1988]

§ 426.11 Excess land.

(a) *In general.* As set forth in § 426.4(g), *excess land* means irrigable land, other than exempt land, owned in excess of a landowner's ownership entitlement under Reclamation law. In determining excess land, all irrigable land in all districts held by any landowner shall be considered. Delivery of irrigation water to excess lands is allowed only if any one of the following conditions applies: (1) The excess land has been placed under recordable contract by the landowner, or (2) the land was involuntarily acquired into excess status through inheritance, foreclosure, or other similar involuntary process.

(b) *Designation of nonexcess land.* The owner of excess land shall designate that portion of his or her irrigable land that is to be considered nonexcess, in accordance with the instructions on the certification and reporting forms. If a landowner does not make a designation on these forms, designation shall be in accordance with provisions in the district's repayment or water service contract, provided designation procedures are specified in the contract and the entire landholding is in one district.

(1) *Designation procedures when not established by contract.* If designation provisions are not specified in the district contract, the landowner must designate that portion of the land in the ownership which is to constitute the nonexcess entitlement within 30 days

of Secretarial notification to the district and that landowner. The designation will take into account all irrigable land owned by the landowner. If the landowner fails to make the nonexcess designation within 30 days, the district shall make the designation within 30 days thereafter. If the district does not make the required designation, the Secretary shall then make the designation.

(2) *Designation procedures if land is owned in more than one district.* If the land in the ownership is situated in more than one district, the landowner has 60 days from the date of notification to the district and the landowner to make the designation. The Secretary shall make the designation for the landowner if designation is not made within 60 days.

(3) *Status of nonexcess land and redesignation.* The nonexcess designation, whether made by the landowner, the district, or the Secretary, will be binding on the land and will be filed with the district and the Bureau of Reclamation. These regulations governing excess land will apply to the excess land resulting from that designation. A landowner may redesignate his or her nonexcess land from excess land in the ownership in accordance with the following procedures: Redesignations may be made without the approval of the Secretary in those cases where:

(i) The excess land becomes eligible to receive irrigation water as a result of a landowner becoming subject to the discretionary provisions as set forth in paragraphs (c) (1) and (2) of this section,

(ii) Recordable contracts are amended to conform to the expanded acreage limitations of the discretionary provisions as set forth in paragraph (g) of this section, or

(iii) The excess land becomes eligible to receive irrigation water as a result of equivalency determinations, § 426.9.

All other situations involving redesignation of nonexcess land from excess land must be approved by the Secretary. A redesignation proposal will not be approved if it is being used for the purpose of achieving, through repeated redesignation, an effective farm size in excess of that permitted by Reclamation Law. Furthermore, excess land in the ownership may not be designated as nonexcess once an owner sells some or all of the land in his or her current nonexcess designation. When a redesignation involves an exchange of nonexcess land for excess land, a landowner who is not eligible for equivalency must make an equal exchange of acreage through the redesignation. If the landowner is eligible for equivalency, the redesignation may be made on the basis of equivalent acres. The application of this rule may be illustrated by the following:

Example (1). Landowner X owns 1,200 acres of irrigable land in District A. He purchased this land before the district entered its first repayment contract with the United States after October 12, 1982. Landowner X, as a qualified recipient, designates 960 of his 1,200 acres as nonexcess. With the approval of the Secretary, Landowner X may designate the 240 acres, which are now excess, as nonexcess and eligible to receive irrigation water, provided he redesignates 240 acres of presently nonexcess land as excess.

Example (2). Landowner Y is a U.S. citizen and a qualified recipient by virtue of District A's contract amendment to conform to the discretionary provisions. Landowner Y purchased 1,400 acres of irrigable land in this district before the district entered a repayment contract to receive an irrigation water supply. After the district's amendment, Landowner X designates 960 acres of this land as nonexcess. Subsequent to this designation, the district requests and receives an equivalency determination. All 1,400 acres of Landowner Y's land is class 3 land, and in District A, 1 acre of class 1 land is equal to 1.4 acres of class 3 land. With equivalency, Landowner Y may irrigate 1,344 acres of class 3 land in District A. Thus, he may redesignate everything in his ownership as nonexcess except for 56 acres. In the future, if Landowner Y sells some of this 1,344 acres of nonexcess land, he may not designate any of the 56 excess acres as nonexcess.

(4) *Acquisition of excess land.* A landowner may purchase or otherwise acquire excess land and nonexcess land subject to a deed covenant as set forth in § 426.11(h) at a Secretarially approved price, to be held as nonexcess, up to his or her ownership entitlement and, upon expiration of the terms of the deed covenant, resell such land at fair market value only once. Once a landowner has reached this limit, any additional excess land or land subject to a deed covenant becomes ineligible to receive irrigation water until it is

sold to an eligible buyer at a Secretarially approved price as set forth in § 426.12.

(i) The application of this rule may be illustrated by the following:

Example. Farmer Y, who owns irrigable land in excess of his ownership entitlement, sells 960 acres of his excess land to Farmer X, a qualified recipient, at a Secretarially approved price. Farmer X owns no other irrigable land and designates the 960 acres as nonexcess and eligible to recieve irrigation water in his ownership. After the 10-year period of the deed covenant expires, Farmer X sells the 960 acres at fair market value and purchases another 960 acres of irrigable land located in yet another district. Farmer X purchases the latter parcel at a Secretarially approved price because the land was excess in the seller's holding. However, since Farmer X has already reached his 960-acre limit for recapturing the fair market value of land purchased at a Secretarially approved price, the newly purchased land is not eligible to receive irrigation water while in his holding. In order to regain eligibility, the land must be sold to an eligible buyer at a Secretarially approved price. Farmer X may purchase and receive irrigation water on another 960 acres, provided it is bought from nonexcess status.

(c) *Treatment of land ineligible under prior law.* Irrigable land ineligible under prior law will be treated as follows:

(1) Irrigable land owned on the date of a district's first repayment or water service contract. Irrigable land owned on the date of the district's first water service or repayment contract and which becomes ineligible for service because it is in excess of the ownership limitations under prior law may be made eligible as follows: The landowner can become subject to the discretionary provisions through either an irrevocable election or a contract amendment by the district and may designate the excess land, up to his or her entitlement, as nonexcess. If the landowner does not become subject to the discretionary provisions, or if there is any excess land remaining after the landowner becomes subject to the discretionary provisions, the excess land can be made eligible by placing it under recordable contract, provided the period for executing recordable contracts under the district's contract has not expired. The excess land can also be sold to an eligible buyer at a Secretarially approved price, as set forth in § 426.12, or redesignated as nonexcess with the approval of the Secretary, as set forth in paragraph (b)(3) of this section.

(i) The principles of this rule may be illustrated by the following:

Example (1). Landowner Z is a resident alien and owns 480 acres of irrigable land in District A. Landowner Z has designated 160 acres as nonexcess, and it is receiving irrigation water. Following this designation, District A amends its contract to conform to the discretionary provisions. As a result of the district amendment, Landowner Z satisfies the requirements for a qualified recipient and may designate all 480 acres owned as nonexcess.

Example (2). Landowner Y and his wife own 1,200 acres of irrigable land in District B which is subject to prior law. They owned this land even before District B entered into a repayment contract with the United States. Landowner Y and his wife have designated 320 acres as nonexcess and eligible to receive irrigation water. The remaining 880 acres are excess and ineligible to receive irrigation water. This excess land cannot be placed under recordable contract because the 10-year grace period for executing recordable contracts, as provided in the district's contract, has expired.

Landowner Y makes an irrevocable election to conform to the discretionary provisions. By that election, Landowner Y becomes a qualified recipient, and is entitled to own and receive irrigation water on 960 acres. Landowner Y's remaining 240 acres can become eligible if he sells it to an eligible buyer at an approved price or redesignates it, with the approval of the Secretary, as nonexcess.

(2) Irrigable land acquired after the date of a district's first repayment or water service contract. Irrigable land acquired by a landowner after the date of a district's first repayment or water service contract and which is ineligible for service under prior law may become eligible as follows:

(i) Nonexcess land purchased into excess. Land which is ineligible because it was purchased from nonexcess status into excess status may become eligible to receive irrigation water if the landowner becomes subject to the discretionary provisions and redesignates the

land, up to his entitlement, as nonexcess. If the landowner does not become subject to the discretionary provisions in accordance with these procedures, or if there is any excess land remaining after the landowner becomes subject to the discretionary provisions, the excess land can regain eligibility as follows: Irrigation land acquired from nonexcess status into excess status after irrigation water was available to the land can regain eligibility if either the sale is canceled or the land is sold to an eligible buyer in a sale or transfer at a price and on terms approved by the Secretary or if redesignation of the land is approved by the Secretary. In addition, if the land was acquired into excess before irrigation water was available to it, the land can be placed under recordable contract when the water supply becomes available.

(ii) Excess land acquired without price approval and other ineligible land. Land which is ineligible because it was acquired from excess status without Secretarial price approval or because the landowner did not comply with some other requirements of law as determined by the Secretary can regain eligibility if it is sold to an eligible buyer at a price approved by the Secretary. Land purchased without Secretarial price approval can also regain eligibility if the sale price is reformed to conform to the excess land value.

(A) The principle of this rule may be illustrated by the following:

Example (1). Landowner Z is a resident alien and owns 160 acres of irrigation land in District A. District A is subject to prior law. Landowner Z purchases an additional 160 acres which had been designated nonexcess while in the landholding of the seller. Since Landowner Z has purchased himself into excess status, the newly purchased land becomes ineligible to receive irrigation water in his holding. However, 3 weeks later, Landowner Z makes an irrevocable election. Since he meets the requirements of a qualified recipient and since he has become subject to the discretionary provisions, Landowner Z may designate the newly purchased 160 acres as nonexcess. As a qualified recipient, he may also purchase and receive irrigation water on another 640 acres of eligible land.

Example (2). In 1986, Landowner X bought 160 acres of irrigable land from excess status in District A. Landowner X, however, failed to get sale price approval from the Secretary. This land is ineligible for service in his holding unless the seller is willing to reform the sale price to conform to the excess land value. If the price is not reformed, the 160 acres must be sold to an eligible buyer at a Secretarially approved price in order to be eligible for irrigation water.

(d) *Irrigable land which becomes ineligible under the discretionary provisions.* Irrigable land which becomes ineligible under the discretionary provisions shall be treated as follows:

(1) In a district which first becomes subject to Reclamation law because it enters a repayment or water service contract after October 12, 1982, irrigable land owned on the date of the district's contract and which is in excess of the ownership limitations under the discretionary provisions can be made eligible if it is: (i) Placed under recordable contract, provided the period for executing recordable contracts under the district's contract has not expired; (ii) sold to an eligible buyer in a sale or transfer at a price and on terms approved by the Secretary; or (iii) redesignated as nonexcess with the approval of the Secretary as set forth in paragraph (b)(3) of this section.

(2) In a district which first becomes subject to the ownership limitations of Reclamation law after October 12, 1982, if irrigable land for which irrigation water is available is acquired from nonexcess status into excess status after the date of the district's contract, it shall remain ineligible until the sale is canceled, or the land is sold to an eligible buyer at a price and on terms approved by the Secretary, or redesignated with approval by the Secretary. If irrigation water was not available to such land at the time of purchase, the land can be placed under recordable contract when the water becomes available. In such districts, if land is ineligible because it was purchased from excess status without price approval, eligibility can be regained if the sale price is reformed to conform to a Secretarially approved price or if the land is sold to an eligible buyer at a price approved by the Secretary.

(3) In a district which was once subject to prior law but which has become subject to the discretionary provisions, irrigable land which becomes ineligible after the discretionary provisions are

applicable, can be made eligible in the same ways described in the preceding paragraph, § 426.11(d)(2).

(i) The principle of these rules may be illustrated by the following:

Example. In 1980, Landowner X, a U.S. citizen, buys 1,920 acres of land in District A. In addition to its own water supply, District A wishes to receive supplemental irrigation water. Therefore, it enters into a water service contract with the United States on May 14, 1984. Thereby, the landowners in the district become subject to the discretionary provisions. As a qualified recipient, Landowner X may receive irrigation water on any 960 acres which he designates as nonexcess. The remaining 960 acres are excess and ineligible for service until Landowner X places the land under recordable contract, sells it to an eligible buyer at a price approved by the Secretary, or receives Secretarial approval to redesignate the land as nonexcess.

If Landowner X had purchased the 1,920 acres from nonexcess status in 1985, rather than before the date of the district's contract, he still would have been able to designate 960 acres as nonexcess and eligible to receive irrigation water. However, the remaining 960 acres of excess land would not have been eligible until sold to an eligible buyer at a Secretarially approved price, the sale is canceled, or he receives Secretarial approval to redesignate the land as nonexcess. The excess acres could not have been placed under recordable contract unless irrigation water had not been available when the land was purchased.

(e) *Recordable contracts.* Excess land may become eligible to receive irrigation water if the owner enters into a recordable contract with the Secretary, provided such excess land is eligible to be placed under recordable contract. The excess owner must agree to dispose of the excess land, excluding mineral rights and easements, to an eligible owner under terms and conditions and at a sale price approved by the Secretary in accordance with § 426.12. The period allowed for the disposition of excess land under recordable contracts executed after October 12, 1982, may not exceed 5 years from the date the recordable contract is executed by the Secretary (except for the Central Arizona Project where the disposition period provided will be 10 years from the date water becomes available to the land). Water deliveries may begin on the date the Secretary receives a written request from the landowner to execute a recordable contract. The landowner has 20 working days from the date to execute the recordable contract unless the Secretary waives the 20-day limitation. Land placed under recordable contract may receive irrigation water at the rate specified in the contract of the district so long as it is in the landholding of a prior law recipient. In the case of qualified and limited recipients, the rate must cover at least the annual O&M costs. However, land under recordable contract which is leased to another may become subject to the full-cost provisions if the lessee's landholding exceeds the specified non-full-cost entitlement. Furthermore, if a landowner with land under recordable contract exceeds his or her non-full-cost entitlement, nothing precludes the landowner from selecting land under recordable contract as the land for which the full-cost rate must be paid, unless such land is already subject to full-cost pricing under an extended recordable contract as set forth in paragraph (i)(4) of this section.

(1) The principles of this rule may be illustrated by the following:

Example (1). Landowner X is a qualified recipient and owns 1,400 acres of irrigable land in District A. The landowner places 440 acres under recordable contract so that he may receive irrigation water at the non-full-cost rate on all owned land in the district. Subsequently, Landowner X leases the 440 acres under recordable contract to Landowner Y who is a limited recipient that did not receive irrigation water prior to October 1, 1981. Therefore, the full-cost rate must be paid for irrigation water delivered to the 440 leased acres. Leasing the land to Landholder Y does not affect other terms of the recordable contract.

Example (2). Farmer X owns 1,280 acres of irrigable land in District A. District A, which is subject to prior law, has a fixed-rate water service contract which no longer covers actual O&M costs. Farmer X has designated 160 acres of his land as nonexcess and has placed the remaining 1,120 acres under recordable contract. This means that Farmer X is able to receive irrigation water at the contract rate on all his owned land. Subsequently, District A amends its contract to become subject to the discretionary provisions. As provided in § 426.11(g), Farmer X withdraws 800 acres from under recordable contract and redesignates that land as part of his 960-acre entitlement as a qualified recipient. Since Farmer X is now a qualified recipient, the higher of the contract rate or

full O&M costs must be paid for all land in his landholding, including the 320 acres remaining under recordable contract.

(f) *Restriction on placing excess land under recordable contract.* Except as provided in § 426.6(h), if a landowner acquires irrigation land for which irrigation water is available and by so doing places himself or herself in excess status, the landowner shall not be permitted to place the land so acquired under recordable contract. Such excess land can only regain eligible status as described in paragraphs (c)(2) and (d)(2) and (3) of this section.

(g) *Recordable contracts in effect prior to October 12, 1982.* Recordable contracts executed prior to October 12, 1982, will continue in effect. However, landowners with such existing recordable contracts may request that their contracts be amended to conform to the expanded ownership limitations contained in title II. The Secretary shall amend those contracts when requested by a landowner if: (1) Any district where the landholder holds land, enters into a new or amended contract which conforms to the discretionary provisions or (2) the excess landowner makes an individual election.

The disposition period for such amended recordable contracts shall not be extended as provided in paragraph (i) of this section. If a landowner becomes subject to the discretionary provisions and amends his or her nonexcess designation to include land that had been under recordable contract, such land shall not be subject to the 10-year deed covenant requiring Secretarial sale price approval as set forth in paragraph (h) of this section.

(h) *Price approval on excess land*—(1) *Deed covenant.* In order for land acquired from excess status after October 12, 1982, whether under recordable contract or not, to be eligible to receive irrigation water, the following covenant controlling the sale price of such land must be placed in the deed transferring the land to the purchase, except as provided in paragraphs (j) and (k) of this section.

This covenant is to satisfy the requirements in § 209(f)(2) of Pub. L. 97–293. This covenant expires on ———. Until the expiration date specified herein, sale price approval is required on this land. Sale by the landowner and his or her assigns of these lands for any value that exceeds the sum of the value of newly added improvements plus the value of the land as increased by the market appreciation unrelated to the delivery of irrigation water will result in the ineligibility of this land to receive Federal project water, *provided however:*

(i) The terms of this covenant requiring price approval shall not apply to this land if it is acquired into excess status pursuant to a *bona fide* involuntary foreclosure or similar involuntary process of law, conveyance in satisfaction of a debt (including, but not limited to, a mortgage, real estate contract, or deed of trust), inheritance, or devise, (hereinafter Involuntary Conveyance). Thereafter, this land may be sold to a landholder at its fair market value without regard to any other provision of the Reclamation Reform Act of 1982 approved October 12, 1982, (43 U.S.C. 390aa, *et seq.*), or to Section 46 of the Act entitled ''An Act to adjust water rights charges, to grant certain relief on the Federal irrigation projects, and for other purposes'', approved May 25, 1926 (43 U.S.C. 423e);

(ii) If the status of this land changes from nonexcess into excess land after a mortgage or deed of trust in favor of a lender is recorded and this land is subsequently acquired by a *bona fide* Involuntary Conveyance by reason of a default under that loan, this land may thereupon or thereafter be sold to a landholder at its fair market value;

(iii) The terms of this covenant requiring price approval shall not apply to the sale price obtained at the time of the Involuntary Conveyances described in subparagraphs (i) and (ii), nor to any subsequent voluntary sales by a landholder of this land after the Involuntary Conveyances or any subsequent Involuntary Conveyance;

(iv) Upon the completion of an Involuntary Conveyance, the Secretary of the Interior shall reconvey or otherwise terminate this covenant of record.

NOTE: The date to be included shall be 10 years from the date the land was first transferred from excess to nonexcess status.

(2) Involuntarily acquired land. Upon acquisition of land burdened by such a deed convenant through involuntary foreclosure or similar involuntary process of law, conveyance in satisfaction of a debt (including, but not limited to, a mortage, real estate contract, or deed of trust), inheritance, or devise, the deed covenant shall be removed by the Secretary at the request of the acquiring party, by a release of equitable servitude or other appropriate legal instrument.

(i) *Extension of disposition periods for recordable contracts.* Owners of excess

land under recordable contract who were prevented from selling their excess land because of Secretarial moratorium or court order shall be allowed an additional period of time to sell their excess land under recordable contract in the manner described in paragraphs (i) (1), (2), and (3) of section.

(1) *Westlands Water District, California.* Beginning July 10, 1984, the Secretary again commenced processing the sales of excess land under recordable contract in the Westlands Water District, California. Such land will be allowed a period of time equal to the time remaining on that recordable contract on August 13, 1976, to sell land under recordable contract. The Secretary will notify the affected landowners as to applicable dates.

(i) The principles of this rule may be illustrated by the following:

Example. A landowner in the Westlands Water District entered into a recordable contract on October 13, 1972. The recordable contract provided for a 10-year disposition period which would end on October 13, 1982. On August 13, 1976 (the date of the court-ordered moratorium on processing sales of excess land in the Westlands District), there were 6 years and 2 months remaining in the disposition period. The court-ordered moratorium was lifted and the Secretary commenced processing sales of excess land in the Westlands Water District on July 10, 1984, the disposition period for the recordable contract will be extended for 6 years and 2 months from that date or to September 10, 1990. The contract will mature at that time and the Secretary's power-of-attorney to sell the land will vest.

(2) *All other districts.* A moratorium on processing sales of excess land was issued by the Secretry on June 27, 1977. This moratorium applied to all landowners with recordable contracts in all districts other than the Westlands Water District. The Commissioner of Reclamation delayed sales by other directives. Landowners affected by these actions were given an additional period of time to dispose of their land. The extension was calculated from the May 21, 1984, date that processing sales of excess land was resumed and was equal to the time remaining on the recordable contract when the moratorium was imposed. The resumption date was determined by the Secretary, and he notified all affected landowners.

(i) The principles of this rule may be illustrated by the following:

Example. A landowner in District A entered into a recordable contract on June 27, 1975. The recordable contract provided for a 10-year disposition period which would end June 27, 1985. The landowner was prevented from selling the land under recordable contract by the Secretarial moratorium of June 27, 1977. At that date, the recordable contract had a remaining disposition period of 8 years. The disposition period for the recordable contract will be extended 8 years from the date processing sales is resumed. The resumption date of May 21, 1984, was determined by the Secretary.

(3) *How extensions of recordable contracts are to be accomplished.* The Secretary shall prepare and execute amendatory agreements to extend recordable contracts for the appropriate period of time. The amendatory agreement will establish the new maturity date for the recordable contract and will be recorded by the Secretary in the official records of the county in which the land covered by the recordable contract is located. A copy of the amendatory agreement will also be sent to the affected landowner by the Secretary.

(4) *Water rates for land under extended recordable contracts.* Land under recordable contract may continue to receive irrigation water deliveries at the non-full-cost rate for the original disposition period of the recordable contract. The rate for irrigation water deliveries to land under recordable contract during the extended contract period shall be determined as follows:

(i) For land under recordable contract owned by qualified and limited recipients, the non-full-cost rate shall apply until the date 18 months after the date the Secretary resumes the processing of excess land sales, or until the extended contract period expires, whichever occurs first, and after the date 18 months from the date the Secretary resumes the processing of excess lands sales, water deliveries shall be made at the full-cost rate through the effective termination date of the extended recordable contract,

(ii) For land under extended recordable contract owned by prior law recipients, water deliveries shall be made at the full-cost rate described in § 426.7(f)(1) commencing December 23,

1987, through the effective termination date of the extended recordable contract. The principles of this rule may be illustrated by the following:

Example (1). Landowner X entered into a recordable contract on June 27, 1972. The recordable contract provided for a 10-year disposition period which ended on June 27, 1982. However, Landowner X was prevented from selling the land by the Secretarial moratorium of June 27, 1977. The district in which the land is located amended its contract to conform to the discretionary provisions on January 1, 1983. Since Landowner X had 5 years remaining on the original recordable contract when the moratorium was imposed, the contract will be extended for 5 years from the date the processing of the sale is resumed. The resumption date will be determined by the Secretary. Landowner X must pay the full-cost rate, however, for any irrigation water delivered to the land under extended recordable contract beginning 18 months from the date the moratorium is lifted.

Example (2). Landowner Y entered into a recordable contract with a 10–year disposition period on June 27, 1976. Landowner Y was prevented from selling the land by the Secretarial moratorium of June 27, 1977. At that time, 9 years remained in the disposition period of the recordable contract. The district in which the land is located amended its contract to conform with the discretionary provisions of title II on January 1, 1983. The Secretary resumes the processing of the excess land sale on May 21, 1984. The original disposition period of the recordable contact expires on June 27, 1986, which is more than 18 months after the Secretary resumed the processing of the excess land sale. Therefore, Landowner Y must pay the full-cost rate for water deliveries to that land beginning June 27, 1986, for the duration of the extended contract period. The extended contract period will expire on May 21, 1993, 9 years after the Secretary resumed the processing of the excess land sale.

Example (3). Landholder Z entered into a recordable contract on June 27, 1974. The recordable contract provided for a 10–year disposition period that ended on June 27, 1984. However, Landowner Z was prevented from selling the land by the Secretarial moratorium of June 27, 1977. The Secretary resumed the processing of excess land sales on May 21, 1984. Landholder Z had 7 years remaining on his recordable contract when the moratorium was imposed; therefore, the contract will be extended for 7 years from May 21, 1984, or until May 21, 1991. Landholder Z's land is located in a district that remains subject to prior law, and Landholder Z has not made an irrevocable election to become subject to the discretionary provisions. Since Landholder Z is a prior law recipient and the land was under extended recordable contract prior to December 23, 1987, water deliveries to this land prior to December 23, 1987, were properly made at the contract rate. However, for all water deliveries taking place on or after December 23, 1987, Landholder Z must pay the full-cost rate, as described in §426.7(f)(1), through the effective termination date of the extended recordable contract.

(j) *Sale of excess land under recordable contract by the Secretary.* All recordable contracts shall provide that a power-of-attorney shall vest in the Secretary to sell the land under recordable contract if the landowner does not dispose of the excess land within the period specified. The land shall be deemed ''disposed of'' for this purpose if the landowner has complied with all requirements for the sale of excess land under these rules within the period specified whether the Secretary gives his final approval of the sale within that period or thereafter. The Secretary shall conduct such excess land sales, once the power-of-attorney has vested. The Secretary shall use the following procedures:

(1) *Surveys.* A qualified surveyor shall make a land survey when determined necessary by the Secretary. The cost of the survey initially will be paid by the United States and added to the sale price for the land. The cost shall be reimbursed to the United States from the proceeds of the sale.

(2) *Appraisals.* The Secretary shall appraise the excess land to determine the approvable sale price. The cost of the appraisal shall be paid by the United States. Such cost shall be added to the approved sale price and shall be reimbursed to the United States out of the proceeds of the sale.

(3) *Advertising.* The Secretary shall advertise the sale of the property in the newspapers within the county in which the land lies, in farm journals, in other similar publications, and by other public notices he determines advisable. The notices shall state (i) the minimum acceptable sale price for the property (which equals the appraised value plus the cost of the appraisal, survey, and advertising), (ii) that the land will be sold by auction for cash or on terms acceptable to the landowner to the highest bidder whose bid equals or exceeds the minimum acceptable sale price, and (iii) the date for such

sale (which shall not exceed 90 days from date of the advertisement).

The advertisement costs for the sale will be added to the sale price for the land and reimbursed to the United States from the sale proceeds.

(4) *Distribution of proceeds.* The proceeds from the sale of the land shall be paid first, to the landowner in the amount of appraised value; second, to costs due the United States for costs of the survey, appraisal, advertising, etc.; and third, to the United States any remaining proceeds, which will be credited to the Reclamation fund or other funds as prescribed by law.

(5) *Closing.* The sale of the excess land shall be closed by the Secretary when all sale arrangements have been completed. The Secretary shall execute a deed conveying the land to the purchaser. There shall be no requirement for a covenant in the deed, paragraph (h) of this section, restricting the resale of the land.

(6) *Water deliveries.* Excess land under matured recordable contracts will be eligible to continue to receive irrigation water at the current applicable rate until the land is sold by the Secretary.

(k) *Land which becomes excess because of westwide application or enforcement of other requirements of law*—(1) *Land previously subject to prior law.* Irrigable land and other land which was subject to prior law and which was nonexcess and receiving or eligible to receive irrigation water under that law may become either: (i) Excess because of the westwide application of acreage limitation for qualified or limited recipients or (ii) ineligible because of the restriction on delivery of water to nonresident aliens and entities not established under State or Federal law.

To remain eligible for water, such land, up to the amount which was nonexcess and eligible under prior law, must be placed under recordable contract as provided in paragraph (e) of this section. The recordable contract in such situations shall be modified to permit the landowner to sell the land to an eligible purchaser without price approval by the Secretary. The deed conveying the excess land shall not contain the standard covenant, as set forth in paragraph (h) of this section, requiring sale price approval by the Secretary for a period of 10 years following initial sale. The land shall be sold in accordance with the procedures established in paragraph (j) of this section if the Secretary's power-of-attorney to sell the land vests. In these situations, the excess or ineligible land shall also become eligible to receive irrigation water if it is sold to an eligible buyer. Those acres which were held as nonexcess and eligible under prior law may be sold at fair market value.

(2) *Land not previously subject to prior law.* The provisions in paragraph (1) do not apply to land in districts which first entered a contract with the United States after October 12, 1982. In such districts, excess land can only gain eligibility as described in paragraphs (d)(1) and (d)(2) of this section. Land that becomes ineligible in these districts because it is owned by nonresident aliens or by an entity not established under State or Federal law can be placed under a recordable contract requiring Secretarial sale price approval, as set forth in paragraph (e) of this section, only if the land was acquired before the date of the district's contract. If the land was acquired after the date of the district's contract, it must be sold to an eligible buyer at an approved price in order to regain eligibility.

(l) This rule may be illustrated by the following:

Example (1). Landowner X and his wife are U.S. citizens and own 320 acres of irrigation land designated as nonexcess in each of Districts A, B, C, and D. In June of 1980, Landowner X purchased an additional 280 acres in District E. District A amends its contract to conform to title II. Landowner X and his wife automatically and without benefit of choice become a qualified recipent and as such are entitled to irrigate no more than 960 acres westwide with irrigation water. Their present ownership exceeds their 960-acre ownership entitlement by 600 acres. Since the 280 acres in District E were purchased after December 6, 1979, that land was ineligible to receive irrigation water even under prior law. Therefore, no part of that parcel can be placed under recordable contract and the land remains ineligible until sold to an eligible buyer at an approved price or the sale is cancelled, or the land is redesignated with Secretarial approval. The remaining 320 excess acres, however, had been eligible under prior law. Therefore, that land

can continue to receive irrigation water if Landowner X either sells it to an eligible buyer or places the land under a 5-year recordable contract. In either case, Landowner X could sell the land at fair market value.

Example (2). Corporation X, which was established under the laws of Switzerland, is owned by two shareholders who are citizens and residents of Switzerland. The corporation owns 480 acres of irrigation land in District A and has designated 160 acres as nonexcess and eligible to receive irrigation water. District A amends its contract to conform to the discretionary provisions. Thereby, Corporation X becomes ineligible to receive irrigation water as a qualified recipient because it is not established under State or Federal law. However, since 160 acres of its land were eligible to receive irrigation water under prior law, this land will continue to be eligible if it is placed under a recordable contract or sold to an eligible buyer. The 160 acres, whether or not under recordable contract, may be sold at fair market value; however, the 320 acres which were excess under prior law remain ineligible until sold to an eligible buyer at an approved price.

Example (3). Corporation W, a foreign corporation owned by two shareholders who are citizens and residents of Norway, purchased 480 acres of irrigation land in District A. Subsequent to the purchase, District A entered its first contract with the United States, thereby becoming subject to the discretionary provisions. Corporation W, however, is not eligible to receive irrigation water as a qualified recipient because it was not established under State or Federal law. Since Corporation W's land had never been subject to prior law, it does not come under the purview of paragraph (k)(1) of this section. However, since the land was purchased before the date of the district's contract, the corporation can receive irrigation water by placing the land under a recordable contract requiring Secretarial sale price approval.

[52 FR 11954, Apr. 13, 1987, as amended at 52 FR 39919, Oct. 26, 1987; 53 FR 50537, Dec. 16, 1988]

§ 426.12 Excess land appraisals.

(a) *In general.* The following regulations shall apply to all appraisals of excess land and land burdened by a deed covenant except when the land is subject to a recordable contract and/or a contract which was in force on October 12, 1982, and these regulations are inconsistent with the provisions of those contracts.

(1) All appraisals of excess land and land burdened by a deed covenant will be based on the fair market value of the land at the time of appraisal without reference to the construction of the irrigation works. Standard appraisal procedures including the income, comparable sales, and cost methods shall be used as applicable. Nonproject water supply factors as provided in paragraph (a)(3) of this section shall be considered as appropriate.

(2) Improvements shall be appraised on the basis of their contributory fair market value as of the date of appraisal, using standard appraisal procedures.

(3) The nonproject water supply factors of: (i) Ground-water pumping lift, (ii) surface water supply, (iii) water quality, and (iv) trends associated with paragraphs (a)(3) (i), (ii), and (iii) of this section shall be considered by the appraiser where appropriate.

The Bureau of Reclamation, in conjunction with the district, if the district desires to participate, shall develop the nonproject water supply and trend information. Landowners of excess land or land burdened by a deed covenant and prospective buyers may submit information relevant to these determinations to the district or the Bureau of Reclamation. The Bureau of Reclamation may also conduct public meetings and forums and solicit input from other sources to obtain data that may be considered in developing the ground-water trend information. Data submitted may include historic geological data, changing crops and cropping patterns, and other factors associated with the nonproject water supply. If the Bureau of Reclamation and the district cannot reach agreement on the data within 60 days, the Secretary shall review and update the trend information as he deems necessary and make all final determinations considering the data provided by the Bureau of Reclamation and the district. These data will be provided to appraisers and shall be considered in the appraisal process. Each appraisal will clearly explain how the data were used in the valuation of the lands.

(4) The date of appraisal shall be the date of last inspection by the appraiser(s) unless there is an existing signed instrument such as an option, contract for sale, agreement for sale, etc., affecting the property, in which

case the date of appraisal will be the date of such instrument.

(b) *When appraisals are to be made.* Appraisals of excess land or land burdened by a deed covenant shall be made upon request of the landowner(s) or when required by the Secretary. If a request for an appraisal is not received from the landowner(s) within 6 months of the maturity date of the recordable contract, the Secretary may initiate the appraisal.

(c) *Appraiser slection and appraisal cost.* Each appraisal of excess land or land burdened by a deed covenant shall be made by a qualified appraiser selected by the Secretary except as provided in paragraph (d) of this section. The cost of the first appraisal of any excess land shall be paid by the United States. When the excess land or land burdened by a deed covenant is sold, the cost of the first appraisal shall be added to the sale price and reimbursed to the United States by the excess land purchaser. Any costs associated with additional appraisals requested by the landower shall be paid by that landowner provided the value of the land established by a reappraisal does not exceed the value established in the first appraisal by more than 10 percent. However, if the difference in the appraisal values exceeds 10 percent, the United States will pay for the reappraisal.

(d) *Appeals.* The owner of excess land or land burdened by a deed covenant who requested the appraisal, may request a second appraisal if such landowner disagrees with the first appraisal. The second appraisal shall be prepared by a panel of three qualified appraisers, one designated by the United States, one designated by the district, and the third designated jointly by the first two. This appraisal shall be binding on both parties after review and approval as provided in paragraph (e) of this section. As such, it fixes the maximum vaue of the excess land.

(e) *Review process.* All appraisals of excess land or land burdened by a deed covenant shall be reviewed by the Bureau of Reclamation for technical accuracy and compliance with these rules and regulations, applicable portions of Uniform Appraisal Standards for Federal Land Acquisition-Interagency Land Acquisition Conference 1973, Reclamation Instructions, and any detailed instructions provided by the Secretary setting conditions applicable to an individual appraisal.

§ 426.13 Exemptions.

(a) *In general.* The following are exempt from acreage limitation, pricing, and other provisions of Federal Reclamation law as indicated:

(1) *Corps of Engineers project.* Land receiving an agricultural water supply from Corps of Engineers projects is exempt from title II and other provisions of Reclamation law unless it has, by Federal statute, explicitly been designated, made a part of, or integrated with a Federal Reclamation project or the Secretary has provided project works for the control or conveyance of an agricultural water supply from the Corps project to the subject land. This exemption does not relieve district agricultural water users from obligations, pursuant to contracts with the Secretary, to repay their share of construction, O&M, and contract administration costs of the Corps project allocated to conservation or irrigation storage. The Secretary shall determine the exemption status for land receiving an agricultural water supply from Corps of Engineers projects. He shall notify affected districts of the exemption status of that land. District repayment or water service contracts containing provisions imposing acreage limitation for those lands served from Corps projects which are exempt will be amended to delete those provisions at the request of the district.

(2) *Reclamation projects.* Land in districts shall be exempt from the ownership and full-cost pricing provisions of Reclamation law when the district has repaid all obligated construction costs for project facilities for that land in accordance with the terms of the district's contract with the United States. Payments by periodic installments over the contract repayment term, as well as lump-sum and accelerated payment allowed in the district's contract shall qualify the district or individual for exemption. An individual landowner will be exempt upon repayment of construction charges allocated to that owner's land, if provided for in a

contract with the United States. When a district has discharged its obligation to repay construction costs for project facilities, the Secretary shall notify the district that it is exempt from acreage limitation and the full-cost provisions of law; however, such an exemption shall not relieve a district or individual from paying, on an annual basis, the O&M costs chargeable to that district or individual. At the request of an owner of a landholding for which repayment has occurred, the Secretary shall provide a certificate to that owner acknowledging the landholding is free of the ownership and full-cost pricing limitations of Federal Reclamation law. The certification and reporting requirements for acreage limitation and full-cost pricing will no longer apply to districts or landholders for exempt land. The continuation of the exemption will be considered on a case-by-case basis if additional construction funds for the project are requested.

(3) *Temporary supplies of water.* Supplies of water made possible as a result of an unusually large water supply not otherwise storable for project purposes or infrequent and otherwise unmanaged floodflows of short duration can be made available to land without regard to the acreage limitation and full-cost provisions of Federal Reclamation law for a temporary period not to exceed 1 year. Such water supplies can be made available by the Secretary as temporary supplies to excess land. The Secretary shall announce the availability of such temporary supplies to districts. Districts desiring deliveries of such temporary water supplies to excess land shall request the Secretary to make such deliveries. Upon approval by the Secretary, the district shall be notified of the availability of the temporary supply and the conditions for its use. The temporary supply of water shall be delivered under contracts not to exceed 1 year in accordance with existing policies and priorities. Such deliveries must not have any adverse effect on other authorized project purposes. The Secretary shall determine the price, if any, a district is to be charged and other conditions that may apply to such temporary water deliveries.

(4) *Isolated tracts.* Isolated tracts which can be farmed economically only if included in a larger farming operation shall not be subject to the ownership limitations of Federal Reclamation law. However, the full-cost rate shall apply to water deliveries to isolated tracts that are in excess of the landowner's non-full-cost entitlement. Isolated tract determinations shall be made by the Secretary at the request of the landowner.

(5) *Rehabilitation and Betterment Programs.* R&B (Rehabilitation and Betterment) loans, pursuant to the R&B Act of October 7, 1949, as amended, are not considered loans for construction, but rather loans for maintenance, including replacements which cannot be financed currently; provided, that the project for which the loan is requested or made is a project authorized under Federal Reclamation law prior to the submittal of the request for an R&B loan to the Bureau of Reclamation by or for the district. Because funds advanced for R&B loans do not constitute construction charges, they are not to be considered in determining whether the obligation of a district for the repayment of the construction costs of project facilities used to make project water available for delivery to such land has been discharged by the district. A loan for an R&B program shall not be the basis for reinstating acreage limitation in a district which has completed payment of its construction obligation nor for increasing the construction obligation of the district and extending the period during which acreage limitation will apply to that district.

§ 426.14 Residency.

Residency is not a requirement for the delivery of irrigation water from Reclamation project facilities. Existing recordable contracts and certificates containing provisions requiring the purchaser of excess land to be a resident or agree to become a resident within a specified time period shall be revised to delete this requirement.

§ 426.15 Religious and charitable organizations.

(a) *Ownership entitlement under the discretionary provisions.* Each parish,

congregation, school, ward, or similar organization of a religious or charitable organization which is exempt from taxation under section 501 of the Internal Revenue Code of 1954, and owns or operates landholdings in Federal Reclamation projects, will be treated as a qualified recipient: Provided,

(1) That either the district in which the land is situated enters into a new or amended contract, or the religious or charitable organization or its subdivision owning or operating land in the district elects to come under the discretionary provisions;

(2) That the agricultural produce and the proceeds of sales of such produce are used only for charitable purposes;

(3) That the land is operated by the individual religious or charitable entity or organization (or subdivision); and

(4) That no part of the net earnings of the religious or charitable entity or organization (or subdivision) shall accrue to the benefit of any private shareholder or individual.

If a religious or charitable organization subject to the discretionary provisions does not meet the last three criteria in this paragraph, the entire organization, including all of its subdivisions, will be treated as one limited recipient as set forth in § 426.6(c).

(b) *Ownership entitlement under prior law.* The provisions of the prior law will apply if neither the district nor the religious or charitable organization or its subdivision elects to conform to the discretionary provisions. Each parish, ward, congregation, or other subdivision of the organization shall be considered an individual under prior law, provided it meets the last three criteria set forth in paragraph (a) of this section. If the organization does not meet those three criteria, the entire organization, including all of its subdivisions, will be treated as one corporation subject to prior law as set forth in § 426.6(d)(5).

(1) The principles of this rule may be illustrated by the following:

Example (1). A charitable organization which meets the requirements of title II has subdivisions in each of five different districts. Each of these districts amends its contract to conform to the discretionary provisions. Therefore, each subdivision is entitled to own and farm 960 acres of irrigation land.

Example (2). A religious organization which meets the requirements of title II has subdivisions in each of Districts A, B, C, and D. Each subdivision operates 800 acres of irrigation land. Districts A and B amend their respective contracts to conform to the discretionary provisions; therefore, the subdivisions in Districts A and B are entitled to own or operate 960 acres of irrigation land. Districts C and D do not amend their contracts to conform to the discretionary provisions and remain subject to the acreage restrictions contained in the prior law. The subdivisions in Districts C and D, however, make individual elections to conform to the discretionary provisions and are therefore entitled to own or operate 960 acres of irrigation land.

(c) *Affiliated farm management.* A religious or charitable organization or its subdivision which elects to conform to the discretionary provisions or owns or operates land in a district which enters into a new or amended contract may retain its status as a qualified recipient and still affiliate with a more central organization of the same faith in farm operation and management. Affiliated farm management shall be permitted regardless of whether the subdivision is the owner of record of the land being operated.

(1) The principles of this rule may be illustrated by the following:

Example. A religious organization holds title to 1,280 acres in District A and 1,280 acres in District B. The acreage in District A is operated jointly by two subdivisions and the acreage in District B is operated by three subdivisions in separate farms of 300, 300, and 680 acres. Farm operations are coordinated by the religious organization through managers at each farm. Each subdivision is a qualified recipient and entitled to operate 360 acres of irrigation land. The religious organization is entitled to own the acreage being operated by its affiliated subdivisions in each district.

(d) *Leasing.* The full-cost provisions dealing with leased land shall apply to religious or charitable organizations or their subdivisions.

(1) The principles of this rule may be illustrated by the following:

Example. A charitable organization has subdivisions in each of Districts A, B, C, and D. Each of these districts has amended its contract to conform to the discretionary provisions. Each subdivision in Districts A,

B, and C owns and operates 800 acres of irrigation land. The subdivision in District D owns and operates 960 acres and leases another 160 acres, all of which are receiving irrigation water. The subdivision in District D is obligated to pay the full-cost rate for irrigation water delivered to the 160 acres in its landholding.

§ 426.16 Involuntary acquisition of land.

(a) *Nonexcess land.* Nonexcess land, irrespective of whether it is subject to a 10-year deed covenant requiring Secretarial sale price approval, and which becomes excess because it is acquired through involuntary foreclosure or similar involuntary process of law, conveyance in satisfaction of a debt (including, but not limited to, a mortgage, real estate contract, or deed of trust), inheritance, or devise is eligible to receive irrigation water in the new ownership for a period of 5 years. Such land may not be placed under recordable contract by the new owner. The new owner will be required during the 5-year period to pay a rate for the water which is equal to the rate paid by the former owner, unless the land becomes subject to full-cost pricing through leasing. Acquisition of land from nonexcess status in any of the manners noted in this paragraph will allow removal of the deed covenant (if present) as provided in § 426.11(h)(2); and the land may be sold at any time by the new owner without price approval and without the deed covenant required in § 426.11(h)(1). However, it will become ineligible to receive irrigation water 5 years after it was acquired and will remain ineligible until it has been sold to an eligible owner.

(1) The application of this rule can be illustrated by the following:

Example (1). Farmer X owns 160 acres of irrigation land in District A. District A has not amended its contract to become subject to the discretionary provisions. Farmer X inherits another 480 acres of irrigation land in District B through settlement of his uncle's estate. District B has amended its contract to become subject to the discretionary provisions. Even though Farmer X has reached the limits of his individual ownership entitlement under prior law, since the 480 inherited acres had been designated nonexcess and eligible in his uncle's ownership, the land continues to be eligible to receive irrigation water for a period of 5 years in Farmer X's ownership. However, since this land is located in a district subject to the discretionary provisions, the price of water delivered to this land must include at least full O&M costs and, if the land is leased to another landholder, the full-cost rate may apply, depending on whether the lessee has exceeded his non-full-cost entitlement. Farmer X also has the option of selling the 480 acres at any time at full market value. As explained in paragraph (e) of this section, Farmer X would not become subject to the discretionary provisions by virtue of the fact that he involuntarily acquired land from a landowner subject ot the discretionary provisions. However, Farmer X has the option of becoming subject to the discretionary provisions through an irrevocable election. If he chooses this option, he can then include the 480 acres as part of his 960-acre ownership entitlement as a qualified recipient.

Example (2). Farmer A, a qualified recipient who owns 500 acres of irrigation land, purchases 160 acres of excess land from Farmer B. Farmer A designates this 160 acres as nonexcess, eligible to receive irrigation water. The deed transferring the land contains the 10-year deed covenant requiring Secretarial sale price approval. Farmer A finances this purchase through Bank ABC. Subsequently, Bank ABC forecloses on Farmer A's 160 acres. The bank may receive irrigation water on this land for a period of 5 years at the same price which was paid by Farmer A, unless the land becomes subject to full-cost pricing through leasing. In addition, the bank may sell the land at fair market value without affecting the land's eligibility to receive irrigation water. The deed covenant shall be removed by the Secretary at the bank's request.

Example (3). Farmer X owns 160 acres of excess irrigation land in District A. He decides to sell this land to his neighbor, Farmer Y, an eligible buyer. Farmer X provides Farmer Y with the financing necessary for the purchase. The deed transferring the land to Farmer Y contains the 10-year covenant requiring sale price approval. The 160 acres of land burdened by a deed covenant becomes eligible to receive irrigation water in Farmer Y's ownership. Subsequent to the purchase, Farmer Y fails to meet his financial obligation to Farmer X. Consequently, the land once again becomes part of Farmer X's ownership by foreclosure. Since this land was involuntarily acquired into excess status by Farmer X, he may receive water on the land at the contract rate for 5 years following the date of foreclosure, and may resell the land at fair market value without affecting the land's eligibility. At Farmer X's request, the Secretary shall remove the deed covenant in accordance with § 426.11(h)(2).

(b) *Ineligible land.* Irrigable land which is involuntarily acquired and

which was ineligible in the holding of the former owner remains ineligible to receive irrigation water in the holding of the new owner, unless: (i) The land becomes nonexcess in the new ownership, and (ii) the deed to the land contains the 10-year covenant requiring Secretarial price approval, commencing when the land becomes eligible to receive irrigation water. If either of these conditions is not met, the land remains ineligible until sold to an eligible buyer at an approved price and the 10-year covenant requiring Secretarial price approval must be placed in the deed transferring the land to the buyer.

(c) *Excess land under recordable contract.* Excess land which is under recordable contract and which is acquired by involuntary foreclosure or other involuntary process may continue to receive irrigation water under the terms of the recordable contract. However, the new owner must agree, to the extent the land continues to be excess in his landholding, to assume the recordable contract and execute an assumption agreement provided by the Secretary. Such excess land will be eligible to receive irrigation water for 5 years from the date it was acquired involuntarily or for the remainder of the recordable contract period, whichever is longer. The sale of such land shall be under terms and conditions set forth in the recordable contract and must be satisfactory to and at a price approved by the Secretary.

(1) The application of this rule can be illustrated by the following:

Example. Landowner X, a qualified recipient, owns 800 acres of irrigation land in District A. Landowner X inherits 640 acres of land in District B from his grandfather. The inherited land was placed under a 10-year recordable contract by his grandfather 7 years ago. Landowner X signs an agreement to assume his grandfather's recordable contract to the 480 acres that remain excess in his landholding; however, even though the original recordable contract term expires in 3 years, since the excess land was involuntarily acquired, it remains eligible to receive irrigation water for an additional 2 years in Landowner X's ownership. Within that 5-year period, however, Landowner X must sell the excess land at a Secretarially approved price.

(d) *Mortgaged land.* Mortgaged land which changes from nonexcess into excess after the mortgage is recorded and is subsequently acquired by the lender by involuntary foreclosure or similar involuntary process of law or by bona fide conveyance in satisfaction of the mortgage, (1) is eligible to receive irrigation water in the new ownership for a period of 5 years or until transferred to an eligible landower, whichever occurs first, and (2) may be sold at its fair market value.

During the 5-year period the water rate will be the same as it was for the former owner, unless the land becomes subject to full-cost pricing through leasing.

(e) *Other.* A party acquiring irrigation land involuntarily shall not become subject to the discretionary provisions by virtue of the fact that the former owner had been subject to the discretionary provisions. When irrigation land is involuntarily acquired through inheritance, the 5-year eligibility period for receiving irrigation water on the newly acquired land begins on the date of the devisor's death.

[52 FR 11954, Apr. 13, 1987, as amended at 52 FR 39919, Oct. 26, 1987]

§ 426.17 Land held by governmental agencies.

(a) *Acreage limitation.* Irrigable and irrigation land held by States, political subdivisions or agencies thereof, and agencies of the Federal Government, which are farmed primarily for a nonrevenue producing function, as determined by the Secretary, shall not be subject to the acreage limitation and full-cost provisions of Federal Reclamation law.

(b) *Sales.* Irrigable and irrigation land held by States, political subdivisions or agencies thereof, and agencies of the Federal Government, may be sold without price approval. Once sold, such land will be eligible to receive irrigation water provided the purchaser meets the eligibility requirements to own land and receive irrigation water.

(c) *Leasing.* States, political subdivisions or agencies thereof, and agencies of the Federal Government may lease irrigation land they own or control to an eligible landholder, provided that

the irrigation land leased from such entities plus any irrigation land owned by the landholder does not exceed the landholder's basic entitlement under Federal Reclamation law (960 acres for a qualified recipient, 640 acres for a limited recipient, or 160 acres for a prior law recipient, unless otherwise provided by law).

(1) The principles of this rule may be illustrated by the following:

Example (1). Farmer X is a qualified recipient in the State of Colorado and owns and irrigates 160 acres of land with irrigation water. The State of Colorado may lease Farmer X an additional 800 acres of State-owned land which will make up the balance of Farmers X's basic entitlement. Farmer X is still entitled, however, to lease additional acreage which may be irrigated at the full-cost rate provided that additional acreage is not owned by a government agency.

Example (2). In 1976, Farmer X purchased 100 acres of irrigation land in District A and 100 acres in District B. Districts A and B remain subject to prior law and Farmer X has not made an irrevocable election. Since Farmer X purchased the land prior to December 6, 1979, all 200 acres are eligible to receive irrigation water. In addition, Farmer X wants to lease 60 acres of irrigation land from the State of Colorado. If he does so, the leased land will be ineligible to receive irrigation water because Farmer X already owns in excess of the basic 160-acre entitlement for prior law recipients. However, if Farmer X becomes a qualified recipient through either a contract amendment by the district or an irrevocable election, he will be entitled to receive irrigation water on not only the 60 acres he wishes to lease from the State, but also on another 700 acres of irrigation land, whether in his ownership or leased from another party, including a governmental agency.

§ 426.18 Commingling.

(a) *Existing commingling provisions in contracts.* Provisions in contracts entered into prior to October 1, 1981, which define irrigation and agricultural water from other sources (nonproject water) or describe the delivery of irrigation water through nonproject facilities or nonproject water through project facilities, shall continue in effect. They shall apply to renewed contracts the district enters into with the United States as well.

(b) *Establishment of commingling provisions in contracts.* (1) New, amended, or renewed contracts may provide that irrigation water may be commingled with nonproject water as provided in paragraphs (b)(1) (i) and (ii) of this section:

(i) Where the facilities utilized for commingling irrigation water and nonproject water are constructed without funds made available pursuant to Federal Reclamation law, the provisions of Federal Reclamation law and these regulations will be applicable only to the landholders who receive irrigation water, *Provided,* That the water requirements for eligible lands can be established and the quality of irrigation water to be utilized is less than or equal to the quantity necessary to irrigate eligible lands; or

(ii) Where the facilities utilized for commingling irrigation water and nonproject water are constructed with funds made available pursuant to Federal Reclamation law, nonproject water will be subject to Federal Reclamation law and these regulations *unless* the district collects and pays to the United States an incremental fee which reasonably reflects an appropriate share of the cost to the Federal Government, including interest, of storing and/or covering the nonproject water. Such fee shall be established by the Secretary and shall be in addition to the district's obligation to pay for capital, operation, maintenance, and replacement costs associated with the facilities required to provide the service. The provisions of Federal Reclamation law and these regulations will be applicable to all landholders who receive irrigation water and, in the case of a district which does not pay the incremental fee specified in this paragraph (b)(i)(ii), to all landholders who receive nonproject water delivered through Reclamation program funded facilities.

(iii) (A) The principles of this rule as they relate to irrigation water commingled in facilities constructed without funds made available pursuant to Federal Reclamation law may be illustrated by the following:

Example (1). District A has a distribution system constructed without funds made available pursuant to Federal Reclamation law and irrigates land therein with nonproject surface supplies and groundwater distributed to users within the district through its distribution system. The district enters into a contract with the United States for a

supplemental irrigation water supply and intends to distribute that supplemental water through its distribution system. Only the landholders within the district who are eligible to receive a supply of irrigation water are subject to Reclamation law. The district is not restricted in its use of the nonproject surface water or groundwater, and will be in compliance with the provisions of its contract so long as there is sufficient eligible land to receive the irrigation water supply.

Example (2). District A has a contract with the Bureau for a supply of irrigation water. Within the boundary of the district there are several parcels of ineligible excess lands which are not supplied with irrigation water. Those lands are irrigated from the groundwater resources under them. If irrigation water furnished to the district pursuant to the contract reaches the underground strata of these ineligible lands as an unavoidable result of the furnishing of the irrigation water by the district to eligible lands, the continued irrigation of the ineligible excess lands with that groundwater shall not be deemed to be in violation of the Reclamation law. Note: Example 2 also is applicable to the issue of unavoidable groundwater recharge and can also serve as an example in § 426.13.

(B) The principles of this rule as they relate to commingling in one or more Federal Reclamation program funded facilities or jointly financed facilities may be illustrated by the following:

Example (1). A district has nonproject water available to deliver to lands considered not eligible (ineligible) for irrigation water under provisions of Federal Reclamation law and these regulations. To eliminate the need to build a duplicate private conveyance system to transport nonproject water, the district would like to transport such water through facilities constructed with finds made available pursuant to Federal Reclamation law without the nonproject water being subject to Federal Reclamation law and these regulations. If the district agrees, with prior approval of the Secretary, the nonproject water may be commingled in federally financed facilities and delivered to ineligible lands if the district pays the incremental fee, as determined by the Secretary, for the use of the federally financed facilities required to deliver the nonproject water. The fee will be in addition to the capital, operation, maintenance, and replacement costs the district is obligated to pay and will be based on a methodology designed to reasonably reflect an approprite share of the cost to the Federal Government, including interest, of providing the service.

Example (2). The State of Euphoria has a water supply it wishes to transport in the same direction and at the elevation as planned in the Federal Reclamation project. If the Bureau of Reclamation and the State each finance their share of the costs to construct and operate the project, the water supply of the State will not be subject to Federal Reclamation law and these regulations.

(2) Acquisition of irrigation water from federally financed facilities by exchange shall not subject the users of such water to Federal Reclamation law and these regulations if no material benefit results from the exchange to the recipient of water from the federally financed facilities.

(i) The principles of this rule may be illustrated by the following:

Example. District A has water rights to divert water from a river. These water rights are adequate to meet its requirements. It is located immediately adjacent to a federally subsidized facility. District B is located immediately adjacent to the river but several miles from the Federal facility. District B contracts with the United States for a supply of irrigation water, but rather than construct several miles of conveyance facility, District B, with the approval of the United States, contracts with District A to allow District A's water rights water to flow down the river for use by District B and the irrigation water is in turn delivered to District A. District A is not subject to Federal Reclamation law and these regulations by virtue of this exchange, provided it does not materially benefit from that exchange. District B, however, is subject to Federal Reclamation law and these regulations since it is the beneficiary of the exchange; i.e. a water supply.

§ 426.19 Water conservation.

(a) *In general.* The Secretary shall encourage the full consideration and incorporation of prudent and responsible water conservation measures in all districts and for the operations by non-Federal recipients of irrigation and M&I (municipal and industrial) water from Federal Reclamation projects.

(b) *Development of a plan.* Districts that have entered into repayment contracts or water service contracts according to Federal Reclamation law or the Water Supply Act of 1958, as amended (43 U.S.C. 390b), shall develop and submit to the Bureau of Reclamation a water conservation plan which contains definite objectives which are economically feasible and a time schedule for meeting those objectives. In the event the contractor also has provisions for the supply of M&I water

under the authority of the Water Supply Act of 1958 or has invoked a provision of that act, the water conservation plan shall address both the irrigation and M&I water supply activities.

(c) *Federal assistance.* The Bureau of Reclamation will cooperate with the district, to the extent possible, in studies to identify opportunities to augment, utilize, or conserve the available water supply.

§ 426.20 Public participation.

(a) *In general.* The Bureau of Reclamation will publish notice of proposed irrigation or amendatory irrigation contract actions in newspapers of general circulation in the affected area at least 60 days prior to contract execution. The Bureau of Reclamation announcements of irrigation contract actions will be published in newspapers of general circulation in the areas determined by the Bureau of Reclamation to be affected by the proposed action. Announcements may be in the form of news releases, legal notices, official letters, memorandums, or other forms of written material. Meetings, workshops, and/or hearings may also be used, as appropriate, to provide local publicity. The public participation requirements do not apply to proposed contracts for the sale of surplus or interim irrigation water for a term of 1 year or less. The Secretary or the district may invite the public to observe any contract proceedings. All public participation procedures will be coordinated with those involved in complying with the National Environmental Policy Act if the Bureau determines that the contract action may or will have ''significant'' environmental effects.

(1) Each public notice or news release shall include, as appropriate:

(i) A brief description of the proposed contract terms and conditions being negotiated;

(ii) Date, time, and place of meeting or hearings;

(iii) The address and telephone number of a Bureau employee to address inquiries and comments; and

(iv) The period of time in which comments will be accepted.

(2) Only persons authorized to act on behalf of the contracting entities may negotiate the terms and conditions of a specific contract proposal.

(3) Advance notice of meetings or hearings will be furnished to those parties that have made a timely written request for such notice to the appropriate regional or project office of the Bureau of Reclamation.

(4) All written correspondence regarding proposed contracts will be made available to the general public pursuant to the terms and procedures of the Freedom of Information Act (80 Stat. 383), as amended.

(5) Written comments on a proposed contract or contract action must be submitted to the appropriate Bureau of Reclamation officials at locations and within time limits set forth in the advance public notices.

(6) All written comments received and testimony presented at any public hearings will be reviewed and summarized by the appropriate regional office for use by the contract approving authority.

(7) Copies of specified proposed contracts may be obtained from the appropriate Regional Director or his designated public contact as they become available for review and comment.

(8) In the event modifications are made in the form of proposed contract, the appropriate Regional Director shall determine whether republication of the notice and/or extension of the 60-day comment period is necessary. Factors which shall be considered in making such a determination shall include, but are not limited to: (i) The significance of the impact(s) of the modification and (ii) the public interest which has been expressed over the course of the negotiations. As a minimum, the Regional Director shall furnish revised contracts to all parties which requested the contract in response to the initial public notice.

§ 426.21 Small reclamation projects.

(a) Small Reclamation Project Acts (SRPA) loan contracts entered into after October 12, 1982, shall be subject to the provisions of the Act of August 6, 1956 (43 U.S.C. 422e), as amended by section 223 of Public Law 97–293 and as amended by title III of Public Law 99–546.

(b) SRPA loan contracts which were entered into prior to October 12, 1982, shall continue to be subject to the provisions of those loan contracts, provided however that those contracts that are amended to conform to the Act of August 6, 1956, as amended by section 223 of Public Law 97–293, shall also be subject to the increased acreage provisions in section 223 of Public Law 97–293. It is provided further that no other provisions of the loan contract shall be altered, modified, or amended without the consent of the non-Federal party.

(c) No other section of these regulations shall be deemed applicable to SRPA loans.

(d) In districts which have a water service or repayment contract in addition to an SRPA contract, the SRPA loan is not to be considered in determining whether the district has discharged its construction cost obligation for the project facilities. Neither shall an SRPA loan be the basis for reinstating acreage limitation in a district which has completed payment of its construction cost obligation nor for increasing the construction obligation of the district and extending the period during which acreage limitation will apply to that district.

(e) In a district which has both an SRPA loan contract and a contract as defined in § 426.5(b), (for example, a repayment contract, a water service contract, or a distribution system loan contract (Pub. L. 84–130)), the requirements applicable to such contracts are not superseded by the SRPA contract.

(1) The application of this rule can be illustrated by the following:

Example. District A has entered into both a repayment contract and an SRPA loan contract. In 1983, District A amended its SRPA loan contract pursuant to section 223 of title II in order to increase the interest threshold for its owners to 960 acres for a qualified recipient and 320 acres for a limited recipient. However, District A has not amended its repayment contract to become subject to the discretionary provisions, and is, therefore, still subject to the acreage limitations of prior law. Even though this SRPA contract permits an increased threshold for interest payments, until District A becomes subject to the discretionary provisions, it may not deliver irrigation water to land in excess of 160 acres (320 acres for a married couple), except in those cases where such land is under recordable contract, is owned by an individual who has made an irrevocable election, or commingling provisions in the district's contract allow nonprofit water to be delivered to excess land, see § 426.18.

§ 426.22 Decisions and appeals.

(a) Unless otherwise provided by the Secretary, the Regional Director shall make any determination required under these rules and regulations. A party directly affected by such a determination may appeal in writing to the Commissioner of Reclamation within 60 days from the date of a Regional Director's determination. The affected party shall have 90 days from the date of a Regional Director's determination within which to submit a supporting brief or memorandum to the Commissioner. The date of a Regional Director's determination will be considered to be the date shown on the letter or other document transmitting the determination. The Commissioner may extend the time for submitting a supporting brief or memorandum, provided the affected party submits a request to the Commissioner and the Commissioner determines the appellant has shown good cause for such an extension. A Regional Director's determination will have full force and effect during the time an appeal is being reviewed, except that upon specific request and showing of good cause by the appellant in a timely notice of appeal, the Commissioner may hold a Regional Director's determination in abeyance until a decision has been rendered.

(b) The affected party may appeal the Commissioner's decision to the Secretary by writing to the Director, Office of Hearings and Appeals (OHA), within 30 days from the date of mailing of the Commissioner's decision. The appeal provided in this paragraph (b) shall be governed by 43 CFR part 4, subpart G, and other provisions of 43 CFR part 4, where applicable.

(c) Interest on any underpayments will continue to accrue during the time any appeal is pending as provided in 43 CFR 426.23.

(d) Final decisions on appeals rendered by the Commissioner prior to the effective date of this section are hereby validated and may not be further appealed.

(e) Pertinent addresses are shown below:

Commissioner, Bureau of Reclamation, Department of the Interior, 18th and C Streets NW., Washington, DC 20240.

Director, Office of Hearings and Appeals, 4015 Wilson Boulevard, Room 1103 Ballston Tower No. 3, Arlington, VA 22203.

Regional Director, Pacific Northwest Region, Bureau of Reclamation, 550 West Fort Street, PO Box 043, Boise, ID 83724.

Regional Director, Mid-Pacific Region, Bureau of Reclamation, Federal Office Building, 2800 Cottage Way, Sacramento, CA 95825.

Regional Director, Lower Colorado Region, Bureau of Reclamation, Nevada Highway and Park Street, PO Box 427, Boulder City, NV 89005.

Regional Director, Upper Colorado Region, Bureau of Reclamation, 125 South State Street, PO Box 11568, Salt Lake City, UT 84147.

Regional Director, Great Plains Region, Bureau of Reclamation, 316 North 26th Street, PO Box 36900, Billings, MT 59107.

[56 FR 43554, Sept. 3, 1991]

§ 426.23 Interest on underpayments.

When the Bureau finds that any individual or legal entity subject to Federal Reclamation law has not paid the required amount for irrigation water delivered to a landholding pursuant to Reclamation law, the Bureau will collect the amount of any underpayment with interest accruing from the date the required payment was due until paid. The due date is the date the required payment should have been paid by the district to the United States for water delivered to a landholding. The interest rate shall be determined by the Secretary of the Treasury on the basis of the weighted average yield of all interest-bearing marketable issues sold by the Treasury during the period of underpayment.

[53 FR 50537, Dec. 16, 1988]

§ 426.24 Assessments of administrative costs.

(a) *Forms submittal.* A district will be assessed for the administrative costs described in paragraph (e) of this section when irrigation water has been delivered to landholders that did not submit certification or reporting forms before receiving irrigation water in accordance with § 426.10(e). The assessment will be applied on a yearly basis in each district for each landholder that received irrigation water but failed to comply with § 426.10(e). In applying the assessment to legal entities, compliance by an entity will be treated independently from compliance by its part owners or beneficiaries. The assessment in this paragraph will be applied independently of the assessment set forth in paragraph (b) of this section.

(b) *Forms corrections.* Where corrections are needed on certification or reporting forms, the requirements of § 426.10(a) will be deemed to have been met so long as the district provides corrected forms to Reclamation within 60 calendar days of the date of Reclamation's written request for corrections. A district will be assessed for the administrative costs described in paragraph (e) of this section when corrected forms are not provided within this 60-day time period. The assessment will be applied on a yearly basis in each district for each landholder that received irrigation water and for whom corrected forms are not provided within the applicable 60-day time period. In applying the assessment to legal entities, compliance by an entity will be treated independently from compliance by its part owners or beneficiaries. The assessment in this paragraph will be applied independently of the assessment set forth in paragraph (a) of this section.

(c) *Parties responsible for paying assessments.* Districts shall be responsible for payment of the assessments described in paragraphs (a) and (b) of this section.

(d) *Disposition of assessments.* The administrative costs assessed and collected under paragraphs (a) and (b) of this section will be deposited to the general fund of the United States Treasury as miscellaneous receipts.

(e) *Amount of assessment.* The assessment for administrative costs shall be set periodically on the basis of the average costs associated with performing activities to address certification and

reporting form violations. Initially the amount shall be $260. This assessment for administrative costs will be reviewed at least once every 5 years and adjusted, if needed, to reflect new cost data. Notice of the revised assessment for administrative costs will be published in the FEDERAL REGISTER in December of the year the data is reviewed.

[60 FR 10036, Feb. 23, 1995]

§ 426.25 Severability.

If any provision of these rules or the applicability thereof to any person or circumstances is held invalid, the remainder of these rules and the application of such provisions to other persons or circumstances shall not be affected thereby.

[52 FR 11954, Apr. 13, 1987. Redesignated at 53 FR 50537, Dec. 16, 1988. Redesignated at 60 FR 10036, Feb. 23, 1995]

PART 429—PROCEDURE TO PROCESS AND RECOVER THE VALUE OF RIGHTS–OF–USE AND ADMINISTRATIVE COSTS INCURRED IN PERMITTING SUCH USE

Sec.
429.1 Purpose.
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429.10 Decisions and appeals.
429.11 Addresses.

AUTHORITY: 43 U.S.C. 387 (53 Stat. 1196), as amended by 64 Stat. 463, c. 752 (1950); Department of the Interior Manual Part 346, Chapters 1, 2, 3, and 4; 43 U.S.C. 501; Independent Offices Appropriation Act (31 U.S.C. 483a); and Budget Circular A–25, as amended by transmittal memorandums 1 and 2 of Oct. 22, 1963, and April 16, 1974.

SOURCE: 48 FR 56223, Dec. 20, 1983, unless otherwise noted.

§ 429.1 Purpose.

The purpose of this part is to meet the requirements of the Independent Offices Appropriation Act (31 U.S.C. 483a) and Departmental Manual Part 346, Chapters 1.6 and 4.10, to set forth procedures for the Bureau of Reclamation (Reclamation) to recover the value of rights-of-use interests granted to applicants, and for the collection of administrative costs associated with the issuing of rights-of-use over lands administered by Reclamation. This part also refers to costs incurred by Reclamation when, at the request of other agencies and parties, Reclamation gives aid and assistance in rights-of-use matters.

These regulations apply to uses of lands and interests in land under the jurisdiction of Reclamation granted to others by the Commissioner of the Bureau of Reclamation. Those interests issued or granted for the replacement or relocation of facilities belonging to others under section 14 of the Reclamation Project Act of August 4, 1939, 43 U.S.C. 389 are excepted.

§ 429.2 Definitions.

As used in this part:

(a) *Commissioner* means the Commissioner of the Bureau of Reclamation or his designated representative.

(b) *Reclamation* means the Bureau of Reclamation.

(c) *Regional Director* means any one of the seven representatives of the Commissioner designated to act for the Commissioner in specified rights-of-use of actions. The Regional Directors may redelegate certain of their authorities for granting rights-of-use to the supervising heads of field offices.

(d) *Rights-of-use* includes rights-of-way, easements, leases, permits, licenses, or agreements issued or granted by the Regional Directors to permit the occupying, using, or traversing of lands under the jurisdiction, administration or management of the Bureau of Reclamation, and issued under the authority granted to him for the purpose. The term ''rights-of-use'' does not include the leasing of land in the custody or under the control of Reclamation for grazing, agriculture, or any other purpose where a greater return will be realized by the United States through a competitive bidding process.

(e) *Other agencies or others* means all Federal, State, private individuals,

partnerships, firms or corporations, and local governments agencies not connected in any way with Reclamation, that request rights-of-use either directly or indirectly from Reclamation.

(f) *Rights-of-use assistance* means any assistance to obtain a use authorization given upon request to another party. Such assistance includes, but is not limited to, work in the processing of environmental requirements and the preparing, checking, and inspecting of engineering data and standards.

(g) *Value of rights-of-use* means the value of the rights, privileges, and interests granted by Reclamation for the use of land under its custody and control, as determined by an appraisal by a qualified appraiser using approved methods, in accordance with §429.3 of this part.

(h) *Administrative costs* means all direct or indirect costs including appraisal costs if required, incurred by Reclamation in reviewing, issuing, and processing of rights-of-use requests or the assisting of others in their rights-of-use matters, calculated in accordance with the procedures established by Departmental Manual 346, ''Cost Recovery,'' Chapters 1, 2, 3, and 4.

(i) *Grantor or Permitter* means the Bureau of Reclamation, U.S. Department of the Interior.

(j) *Grantee or User* means the agency, firm, partnership, or individual who requested and to whom is granted the right-of-use.

(k) *Documentation of administrative costs.* This documentation shall mean documentation in accordance with the provisions of part 346, chapters 1, 2, 3, and 4 of the Departmental Manual. Administrative costs will be documented through the accurate recording and accounting of costs associated with a right-of-use. This documentation shall include both direct and indirect costs, such as:

(1) Personnel costs.

(i) Direct labor.

(ii) Fringe benefits.

(iii) Additional benefits.

(2) Material costs, printing costs, and other costs related directly with a specific right-of-use.

(3) Exclusions.

(i) Management overhead.

(ii) Normal costs not directly associated with the specific right-of-use.

(l) *Secretary* shall mean the Secretary of the Interior.

§429.3 Establishment of the value of rights-of-use.

(a) The value of a right-of-use shall be determined by Reclamation. The appraised value of a right-of-use shall be established by a Reclamation staff or contract appraiser in accordance with Reclamation Instructions for *Land Appraisal.* The appraisal shall be for the fair market value for the requested right or privilege, and result from the diminution of value of the remainder using the before and after appraisal approach, or any other method generally approved within the real estate appraising profession for such valuation.

(b) If the applicant has been or is currently using the right-of-use area without authorization, and if it can be determined that the unauthorized use of Federal Lands was unintentional and not due to carelessness or neglect on the part of the applicant, then the value of a right-of-use shall not include the value of any prior unauthorized use by the applicant of the Reclamation land.

(c) If the applicant's prior unauthorized use can be determined to be intentional on his part or to be a result of his carelessness or neglect, then the value of such previous use shall be determined as assessed to the user in addition to the apprised value of the right-of-use.

§429.4 Request by other governmental agencies and nonprofit organizations for rights-of-use.

Rights-of-use requested by nonprofit organizations or nonprofit corporations may be provided with no charge being made for the value of these rights-of-use when it is determined that the use will not interfere with the authorized current or planned use of the land by Reclamation. Rights-of-use requested by other Federal or other governmental agencies will be granted with fair market value reimbursement unless, a reasonable opportunity exists for the exchange of rights-of-use privileges, and there exists an interagency

agreement providing for such exchange. Other agencies and nonprofit organizations will be required to reimburse Reclamation for all administrative costs which are deemed to be excessive to normal costs for granting similar rights-of-use request. All billings for administrative costs will be well documented (§ 429.2(k)). All requests will provide the information required in § 429.6(a), and (b).

§ 429.5 Request by others for assistance.

The agency requesting assistance from Reclamation in acquiring a right-of-use shall be required to reimburse Reclamation for any administrative costs deemed to be in excess of the average normal for the specific service or assistance (§ 429.2(h)) and would not normally be foreseen and covered in the Reclamation regular appropriation requests. Any billing for these excessive costs shall be well documented (§ 429.2(k)).

§ 429.6 Applications for rights-of-use.

The applicant for a right-of-use over land or estate in land, in the custody and control of Reclamation, must make application to the Regional Director of the region in which the land is located or to the affected field office. The addresses for the seven Regional Directors are located in § 429.11. A right-of-use will not be granted when it is determined that the proposed right-of-use will interfere with the functions of Reclamation or its ability to maintain its facilities.

(a) The application does not have to be in any particular form but must be in writing. The application must contain at least the following items:

(1) A detailed description of the proposed use of Reclamation's lands.

(2) A legal description of either aliquot parts or metes and bounds, or as an absolute minimum, a description of the route or area of use desired on Reclamation's lands, and as accurate delineation of the use area on a map as it is possible to provide without making a survey.

(3) A map or drawing showing the approximate location of the requested right-of-use.

(b) An initial deposit fee of $200 must accompany the initial application. If, after a preliminary review of the application Reclamation determines the granting of a right-of-use is incompatible with present or future uses of the land and the right-of-use cannot be granted, $150 of the $200 fee will be returned. The remaining $50 of the $200 fee will be retained by Reclamation regardless of its disposition of the right-of-use request. No refund will be made for any deposits if the applicant refuses to accept the right-of-use after it is prepared and offered. Applicants will be required to pay any administrative costs which are in excess of the $200 deposit for the preparation of right-of-use as well as the value to the right granted. Any administrative costs less than $150 will result in an appropriate refund to the applicant or may be applied to the value of the right-of-use at the discretion of the applicant. This shall apply equally to requested rights-of-use which are offered by Reclamation and are rejected by the applicant, as to those which the applicant accepts. Any billing for administrative costs shall be well documented. (§ 429.2(k).) At the discretion of the Regional Director, applications made by other Federal agencies need not be accompanied by either of the above deposits or fees.

(c) All fees and costs may be waived or reduced at the discretion of the Regional Director, when:

(1) It is determined that the applicant for the right-of-use will soon be, or is in the position of granting a right-of-use to the United States, and an opportunity for a reciprocal agreement exists, providing an agreement between Reclamation and the applicant is on file permitting such an exchange of uses.

(2) The initial deposit and the administrative costs would exceed the value of the interests and rights to be granted. The $50 minimum fee will usually be retained.

(3) The holder provides without charges, or at a reduced charge, a valuable service to the general public or to the programs of the Department of the Interior; or

(4) The right-of-use is a result of a service requested by the Federal Government or a governmental agency.

(d) The applicant also may, at the discretion of the Regional Director, be required to furnish, or agree to furnish, the following additional material before Reclamation grants a right-of-use:

(1) A legal land description and/or a map or plat of the requested right-of-use. The description map or plat should relate to Reclamation's land boundaries.

(2) Detailed construction details, construction specifications, engineering drawings, power flow diagrams, one-line diagrams, and any other plans and specifications which may be applicable.

(3) Statements, reports, or other documents already prepared or which normally will be prepared by the applicant which may be used by Reclamation to satisfy the requirements of the National Environmental Policy Act (42 U.S.C. 4321 through 4347) or other legal requirements of Reclamation in granting the applications right-of-use request.

(4) An agreement to complete or assist in completing Reclamation's requirements towards compliance with cultural resource policies.

(e) The applicant shall pay any excess administrative costs which Reclamation incurs which are in excess to the initial deposit of $200 required by paragraph (b) of this section prior to the issuance of the right-of-use. All billing for administrative costs shall be well documented by Reclamation.

(f) Prior to the issuance of the right-of-use instrument the applicant shall also pay Reclamation a fair market value of the right and privilege requested for the use of Reclamation's lands.

This value shall be determined by an appraisal made, as prescribed in §429.3 of this regulation. Those applicants meeting the provisions of §429.4 may be excepted from this provision. The decision to grant an exemption under §429.4 will have the justification well documented.

(g) Information Collection: The information collection requirements contained in §429.6 have been approved by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.*, OMB 1006–003. The information is being collected to assist in the determination for the granting of a right-of-use. The information will be used to assure the appropriateness of such a grant and that the technical and financial resources of the applicant are sufficient to complete the project. Response is required to obtain the right-of-use.

§429.7 Terms and conditions of and for the rights-of-use.

(a) The right-of-use granting document shall contain all special conditions or requirements which are determined by the Regional Director to be necessary to protect the interest of the United States.

(b) Any grant of a right-of-use for a term of 25 years or longer must have the consent of any involved water user organization pursuant to the legal requirements of 43 U.S.C. 387. Concurrence in and approval of uses for less than a 25-year period may be requested of the water users organization at the discretion of the responsible Regional Director. As a minimum, the water user's organization shall be notified of the right-of-use application prior to its being granted.

(c) Reclamation's land-use stipulation appearing in §429.8 shall be included in all perpetual right-of-way easements granted, excepting grants to other Federal agencies.

(d) Temporary rights-of-use instruments shall contain a termination clause in the event the applicants use becomes, or may become, an interference with the Reclamation's use of the land.

(e) Except for grants of rights-of-use to Federal agencies, the use instruments shall contain a hold harmless clause found in §429.9.

(f) The applicant must show that any legally required permits to construct power transmission lines in excess of 100 kilovolt have been secured by the applicant from the appropriate power marketing authority prior to Reclamation's granting a right-of-way for such line.

§429.8 Reclamation land-use stipulation.

There is reserved from the rights herein granted, the prior rights of the United States acting through the Bureau of Reclamation, Department of the Interior, to construct, operate, and

maintain public works now or hereafter authorized by the Congress without liability for severance or other damage to the grantee's work; provided, however, that if such reserved rights are not identified in at least general terms in this grant and exercised for works authorized by the Congress within 10 years following the date of this grant, they will not be exercised unless the grantee, or grantee's successor in interest is notified of the need, and grants an extension or waiver. If no extension or waiver is granted, the Government will compensate, or institute mitigation measures for any resultant damages to works placed on said lands pursuant to the rights herein granted. Compensation shall be in the amount of the cost of reconstruction of grantee's works to accommodate the exercise of the Government's reserved rights. As alternatives to such compensation, the United States, at its option and at its own expense, may mitigate the damages by reconstructing the grantee's works to accommodate the Government facilities, or may provide other adequate mitigation measures for any damage to the grantee's property or right. The decision to compensate or mitigate is that of the appropriate Regional Director.

§ 429.9 Hold harmless clause.

(a) The following clause shall be a part of every land-use document issued by Reclamation:

The grantee hereby agrees to indemnify and hold harmless the United States, its employees, agents, and assigns from any loss or damage and from any liability on account of personal injury, property damage, or claims for personal injury or death arising out of the grantee's activities under this agreement.

(b) To meet local and special conditions, the Regional Director, upon advice of the Solicitor, may modify this or any other provision of these rules with respect to the contents of the right-of-use instrument.

§ 429.10 Decisions and appeals.

(a) The Regional Director, acting as designee of the Commissioner, shall make the determinations required under these rules and regulations. A party directly affected by such determinations may appeal in writing to the Commissioner, Bureau of Reclamation, within 30 days of receipt of the Regional Director's determinations. The affected party shall have an additional 30 days thereafter within which to submit a supporting brief memorandum to the Commissioner. The Regional Director's determinations will be held in abeyance until the Commissioner has reviewed the matter and rendered a decision.

(b) Any party to a case adversely affected by final decision of the Commissioner of the Bureau of Reclamation, under this part, shall have a right of appeal to the Director, Office of Hearing and Appeals, Office of the Secretary, in accordance with the procedures in title 43 CFR part 4, subpart G.

§ 429.11 Addresses.

Regional Director,
Pacific Northwest Region,
Bureau of Reclamation,
Federal Building, U.S. Court House,
550 W. Fort Street,
Boise, Idaho 83724

Regional Director,
Lower Colorado Region,
Bureau of Reclamation,
Nevada Highway and Park Street,
Boulder City, Nevada 89005

Regional Director,
Southwest Region,
Bureau of Reclamation,
Commerce Building,
714 S. Tyler, Suite 201,
Amarillo, Texas 79101

Regional Director,
Lower Missouri Region,
Bureau of Reclamation,
Building 20, Denver Federal Center,
Denver, Colorado 80225

Regional Director,
Mid-Pacific Region,
Bureau of Reclamation,
Federal Office Building,
2800 Cottage Way,
Sacramento, California 95825

Regional Director,
Upper Colorado Region,
Bureau of Reclamation,
125 S. State Street,
Salt Lake City, Utah 84147

Regional Director,
Upper Missouri Region,
Bureau of Reclamation,
Federal Office Building,
316 N. 26th Street,
Billings, Montana 59103

PART 430—RULES FOR MANAGEMENT OF LAKE BERRYESSA

AUTHORITY: Title VII, Pub. L. 93–493, 88 Stat. 1494.

§ 430.1 Concessioners' appeal procedures.

The procedures detailed in title 43 CFR part 4, subpart G, are made applicable to the concessioners at Lake Berryessa, Napa County, California, as the procedure to follow in appealing decisions of the contracting officer of the Bureau of Reclamation, Department of the Interior, or his authorized representatives on disputed questions concerning termination for default or unsatisfactory performance under the concession contracts.

[40 FR 27658, July 1, 1975]

PART 431—GENERAL REGULATIONS FOR POWER GENERATION, OPERATION, MAINTENANCE, AND REPLACEMENT AT THE BOULDER CANYON PROJECT, ARIZONA/NEVADA

Sec.
431.1 Purpose.
431.2 Scope.
431.3 Definitions.
431.4 Power generation responsibilities.
431.5 Cost data and fund requirements.
431.6 Power generation estimates.
431.7 Administration and management of the Colorado River Dam Fund.
431.8 Disputes.
431.9 Future regulations.

AUTHORITY: Reclamation Act of 1902 (32 Stat. 388), Boulder Canyon Project Act of 1928 (43 U.S.C. 617 *et seq.*), Boulder Canyon Project Adjustment Act of 1940 (43 U.S.C. 618 *et seq.*), Colorado River Storage Project Act of 1956 (43 U.S.C. 620 *et seq.*), Colorado River Basin Project Act of 1968 (43 U.S.C. 1501 *et seq.*), and Hoover Power Plant Act of 1984 (98 Stat. 1333).

SOURCE: 51 FR 23962, July 1, 1986, unless otherwise noted.

§ 431.1 Purpose.

(a) The Secretary of the Interior (Secretary), acting through the Commissioner of Reclamation (Commissioner), is authorized and directed to operate, maintain, and replace the facilities at the Hoover Powerplant, and also to promulgate regulations as the Secretary finds necessary and appropriate in accordance with the authorities in the Reclamation Act of 1902, and all acts amendatory thereof and supplementary thereto.

(b) In accordance with the Boulder Canyon Project Act of 1928, as amended and supplemented (Project Act), the Boulder Canyon Project Adjustment Act of 1940, as amended and supplemented (Adjustment Act), and the Hoover Power Plant Act of 1984 (Hoover Power Plant Act), the Bureau of Reclamation (Reclamation) promulgates these ''General Regulations for Power Generation, Operation, Maintenance, and Replacement at the Boulder Canyon Project, Arizona/Nevada'' (General Regulations) which include procedures to be used in providing Contractors and the Western Area Power Administration (Western) with cost data and power generation estimates, a statement of the requirements for administration and management of the Colorado River Dam Fund (Fund), and methods for resolving disputes.

§ 431.2 Scope.

These General Regulations shall be effective on June 1, 1987, and shall apply to power generation, operation, maintenance, and replacement activities at the Boulder Canyon Project after May 31, 1987. ''General Regulations for the Charges for the Sale of Power from the Boulder Canyon Project'' are the subject of a separate rule, under 10 CFR part 904, by the Secretary of Energy, acting by and through the Administrator of Western. The ''General Regulations for Generation and Sale of Power in Accordance with the Boulder Canyon Project Adjustment Act,'' dated May 20, 1941, and the ''General Regulations for Lease of Power,'' dated April 25, 1930, terminate May 31, 1987.

§ 431.3 Definitions.

As used in this part:

Additions and betterments shall mean such work, materials, equipment, or facilities which enhance or improve the Project and do more than restore the Project to a former good operating condition.

Colorado River Dam Fund or *Fund* shall mean that special fund established by section 2 of the Project Act and which is to be used only for the purposes specified in the Project Act, the Adjustment Act, the Colorado River Basin Project Act, and the Hoover Power Plant Act.

Contractor shall mean any entity which has a fully executed contract with Western for electric service pursuant to the Hoover Power Plant Act.

Project or *Boulder Canyon Project* shall mean all works authorized by the Project Act, the Hoover Power Plant Act, and any future additions authorized by Congress, to be constructed and owned by the United States, but exclusive of the main canal and appurtenances authorized by the Project Act, now known as the All-American Canal.

Replacements shall mean such work, materials, equipment, or facilities as determined by the United States to be necessary to keep the Project in good operating condition, but shall not include (except where used in conjunction with the word ''emergency'' or the phrase ''however necessitated'') work, materials, equipment, or facilities made necessary by any act of God, or of the public enemy, or by any major catastrophe.

Uprating Program shall mean the program authorized by section 101(a) of the Hoover Power Plant Act for increasing the capacity of existing generating equipment and appurtenances at Hoover Powerplant, as generally described in the report of Reclamation, entitled ''Hoover Powerplant Uprating, Special Report,'' issued in May 1980, supplemented in January 1985, and further supplemented in September 1985.

§ 431.4 Power generation responsibilities.

(a) Power generation, and the associated operation, maintenance, and making of replacements, however necessitated, of facilities and equipment at the Hoover Powerplant, are the responsibilities of Reclamation.

(b) Subject to the statutory requirement that Hoover Dam and Lake Mead shall be used: First, for river regulation, improvement of navigation and flood control; second, for irrigation and domestic uses and satisfaction of present perfected rights mentioned in section 6 of the Project Act; and third, for power, Reclamation shall release water, make available generating capacity, and generate energy, in such quantities, and at such times, as are necessary for the delivery of the capacity and energy to which Contractors are entitled.

(c) Reclamation reserves the right to reschedule, temporarily discontinue, reduce, or increase the delivery of water for the generation of electrical energy at any time for the purpose of maintenance, repairs, and/or replacements, and for investigations and inspections necessary thereto, or to allow for changing reservoir and river conditions, or for changes in kilowatthours generation per acre-foot, or by reason of compliance with the statutory requirement as referred to in paragraph (b) of this section; *Provided, however,* That Reclamation shall, except in case of emergency, give Western reasonable notice in advance of any change in delivery of water, and that Reclamation shall make such inspections and perform such maintenance and repair work at such times and in such manner as to cause the least inconvenience possible to Contractors and that Reclamation shall prosecute such work with diligence and, without unnecessary delay, resume delivery of water as scheduled.

(d) Should a Contractor have concerns regarding power generation and related matters and request a meeting in writing, including a description of areas of concern, Reclamation shall convene such meeting within 10 days of receipt of such request and shall notify all Contractors and Western of the date and location of the meeting, and the areas of concern to be discussed.

[51 FR 23962, July 1, 1986; 51 FR 24531, July 7, 1986]

§ 431.5 Cost data and fund requirements.

Reclamation shall submit annually on or before April 15 to Western and Contractors, cost data, including one year of actual costs for the last completed fiscal year and estimated costs

for the next 5 fiscal years, for operation, maintenance, replacements, additions and betterments, non-Federal funds advanced for the uprating program by non-Federal purchasers, and interest on and amortization of the Federal investment. Such cost data shall identify major items. Upon 5 days prior written notice to Reclamation, any Contractor shall have the right, subject to applicable Federal laws and regulations, to review records used to prepare such cost data at Reclamation offices during regular business hours. Contractors shall have an opportunity to present written views within 30 days of the transmittal of the cost data. Reclamation responses to written views shall be provided within 60 days of transmittal of the cost data or 30 days after a meeting with Contractors convened pursuant to § 431.4(d), whichever is later.

§ 431.6 Power generation estimates.

Reclamation shall submit annually on or before April 15 to Western and Contractors, an estimated annual operation schedule for the Hoover Powerplant showing estimated power generation and estimated maintenance outages for review, and shall provide an opportunity to present written views within 30 days of the transmittal of the schedule. Reclamation responses to written views shall be provided within 60 days of the transmittal of the schedule or 30 days after a meeting with Contractors convened pursuant to § 431.4(d), whichever is later. The estimated annual operation schedule of Hoover Powerplant shall be subject to necessary modifications, in accordance with § 431.4(c). Upon 5 days prior written notice to Reclamation, any Contractor shall have the right, subject to applicable Federal laws and regulations, to review records used to prepare such power generation estimates at Reclamation offices during regular business hours.

§ 431.7 Administration and management of the Colorado River Dam Fund.

Reclamation is responsible for the repayment of the Project and the administration of the Colorado River Dam Fund and the Lower Colorado River Basin Development Fund.

(a) All receipts to the Project shall be deposited in the Fund along with electric service revenues deposited by Western and shall be available without further appropriation for:

(1) Defraying the costs of operation (including purchase of supplemental energy to meet temporary deficiencies in firm energy which the Secretary of Energy is obligated by contract to supply), maintenance, and replacements of all Project facilities, including emergency replacements necessary to insure continuous operations;

(2) Payment of annual interest on the unpaid investments in accordance with appropriate statutory authorities;

(3) Repayment of capital investments including amounts readvanced from the Treasury;

(4) Payments to the States of Arizona and Nevada as provided in section 2(c) of the Adjustment Act and section 403(c)(2) of the Colorado River Basin Project Act;

(5) Transfers to the Lower Colorado River Basin Development Fund and subsequent transfers to the Upper Colorado River Basin Fund, as provided in section 403(c)(2) of the Colorado River Basin Project Act and section 102(c) of the Hoover Power Plant Act, as reimbursement for the monies expended heretofore from the Upper Colorado River Basin Fund to meet deficiencies in generation at Hoover Dam during the filling period of storage units of the Colorado River Storage Project in accordance with the provisions of sections 403(g) and 502 of the Colorado River Basin Project Act, such transfers, totalling $27,591,621.25, to be effected by 17 annual payments of $1,532,868.00 beginning in 1988 and a final payment of $1,532,865.25 in 2005; and

(6) Any other purposes authorized by existing and future Federal law.

(b) Appropriations for the visitor facilities program and any other purposes authorized by existing and future Federal law advanced or readvanced to the Fund shall be disbursed from the Fund for those purposes.

(c) All funds advanced by non-Federal Contractors for the Uprating Program shall be deposited in the Fund, shall be

available without further appropriation, and shall be disbursed from the Fund to accomplish the Uprating Program.

(d) The Fund shall be administered and managed in accordance with applicable Federal laws and regulations, by the Secretary acting through the Commissioner.

[51 FR 23962, July 1, 1986; 51 FR 24531, July 7, 1986]

§ 431.8 Disputes.

(a) All actions by Reclamation or the Secretary shall be binding unless and until reversed or modified in accordance with the provisions herein.

(b) Any disputes or disagreements as to interpretation or performance of the provisions of these General Regulations under the responsibility of the Secretary shall first be presented to and decided by the Commissioner. The Commissioner shall be deemed to have denied the Contractor's contention or claim if it is not acted upon within 60 days of its having been presented. The decision of the Commissioner shall be subject to appeal to the Secretary by a notice of appeal accompanied by a statement of reasons filed with the Secretary within 30 days after such decision. The Secretary shall be deemed to have denied the appeal if it is not acted upon within 60 days of its having been presented.

(c) The decision of the Secretary shall be final unless, within 30 days from the date of such decision, a written request for arbitration is received by the Secretary. The Secretary shall have 90 days from the date of receipt of a request for arbitration either to concur in or deny in writing the request for such arbitration. Failure by the Secretary to take any action within the 90 day period shall be deemed a denial of the request for arbitration. In the event of a denial of a request for arbitration, the decision of the Secretary shall become final. Upon a decision becoming final, the disputing Contractor's remedy lies with the appropriate Federal court. Any claim that a final decision of the Secretary violates any right accorded the Contractor under the Project Act, the Adjustment Act, or title I of the Hoover Power Plant Act is barred unless suit asserting such claim is filed in a Federal court of competent jurisdiction within one year after final refusal by the Secretary to correct the action complained of, in accordance with section 105(h) of the Hoover Power Plant Act.

(d) When a timely request for arbitration is received by the Secretary and the Secretary concurs in the request, the disputing Contractor and the Secretary shall, within 30 days of receipt of such notice of concurrence, each name one arbitrator to the panel of arbitrators which will decide the dispute. All arbitrators shall be skilled and experienced in the field pertaining to the dispute. In the event there is more than one disputing Contractor in addition to the Secretary, the disputing Contractors shall collectively name one arbitrator to the panel of arbitrators. In the event of their failure collectively to name such arbitrator within 15 days after their first meeting, that arbitrator shall be named as provided in the Commercial Arbitration Rules of the American Arbitration Association. The two arbitrators thus selected shall name a third arbitrator within 30 days of their first meeting. In the event of their failure to so name such third arbitrator, that arbitrator shall be named as provided in the Commercial Arbitration Rules of the American Arbitration Association. The third arbitrator shall act as chairperson of the panel. The arbitration shall be governed by the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be limited to the issue submitted. The panel of arbitrators shall render a final decision in this dispute within 60 days after the date of the naming of the third arbitrator. A decision of any two of the three arbitrators named to the panel shall be final and binding on all parties involved in the dispute.

§ 431.9 Future regulations.

(a) Reclamation may from time to time promulgate additional or amendatory regulations deemed necessary for the administration of the Project, in accordance with applicable law; *Provided*, That no right under any contract made under the Hoover Power Plant Act shall be impaired or obligation thereunder be extended thereby.

(b) Any modification, extension, or waiver of any provision of these General Regulations granted for the benefit of any one or more Contractors shall not be denied to any other Contractor.

PARTS 432–999—[RESERVED]

FINDING AIDS

A list of CFR titles, subtitles, chapters, subchapters and parts and an alphabetical list of agencies publishing in the CFR are included in the CFR Index and Finding Aids volume to the Code of Federal Regulations which is published separately and revised annually.

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(Revised as of October 1, 1996)

The Director of the Federal Register has approved under 5 U.S.C. 552(a) and 1 CFR Part 51 the incorporation by reference of the following publications. This list contains only those incorporations by reference effective as of the revision date of this volume. Incorporations by reference found within a regulation are effective upon the effective date of that regulation. For more information on incorporation by reference, see the preliminary pages of this volume.

43 CFR SUBTITLE A

OFFICE OF THE SECRETARY OF THE INTERIOR, DEPARTMENT OF THE INTERIOR

	43 CFR
American Fisheries Society 5410 Grosvenor Lane, Bethesda, MD 20814	
Monetary Values of Freshwater Fish and Fish-Kill Counting Guidelines, Special Publication No. 13, Part II, Fish-Kill Counting Guidelines.	11.18; 11.62(f)(4)(i)(B); 11.71(1)(5)(iii)(A)
Department of the Interior 1801 ''C'' St., N.W., Washington, DC 20240 Also available from the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, VA 22161 (703) 487–4650	
Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies, Chapter II, Section VIII, Appendix 1 ''Travel Cost Method'', Appendix 2 ''Contingent Value Method'', and Appendix 3 ''Unit Day Value Method''.	11.18; 11.83(a)(3)
The CERCLA Type A Natural Resource Damage Assessment Model for Coastal and Marine Environments, Technical Documentation, Volumes I–VI, dated April, 1996 (NRDAM/CME technical document).	11.18(a)(4); 11.34(a); 11.34(b); 11.34(e); 11.35(a); 11.36(b); 11.40(a); 11.42(a); App. II
The CERCLA Type A Natural Resource Damage Assessment Model for Great Lakes Environments, Technical Documentation, Volumes I–IV, dated April, 1996 (NRDAM/GLE technical document).	11.18(a)(5); 11.34(b); 11.34(e); 11.35(a); 11.36(b); 11.40(a); 11.42(a); App. III
Interagency Land Acquisition Conference Washington, DC Available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402	
Uniform Appraisal Standards for Federal Land Acquisition	11.18; 11.83(c)(2)(i)

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(AS OF OCTOBER 1, 1996)

EDITORIAL NOTE: This listing is provided for informational purposes only. It is compiled and kept up-to-date by the Bureau of Land Management, Department of the Interior.

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At 52 FR 11954, Apr. 13, 1987, 43 CFR part 426 was revised. For the convenience of the user, the following distribution table, as set out in that FEDERAL REGISTER document, shows where provisions from the December 6, 1983, rule were relocated in the new final rules.

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426.4(aa)	426.4(gg)
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426.5(a)	426.5(a)
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426.5(e)(3)	Deleted
426.6	426.6
426.7(a) through (c)(2)	426.7(a) through (c)(2)
New provision	426.7(c)(3)
426.7(d) and (e)	426.7(c)
426.7(f)	Deleted
426.7(g)	426.7(d)
426.7(h)	426.7(e)
426.7(i)	426.7(f)
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426.7(k)	426.7(h)
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426.9	426.9
New provision	426.10(a)
426.10(a)	426.10(b)
426.10(b)	426.10(c)
426.10(c)	426.10(d)
426.10(d)	426.10(e)
426.10(e)	426.10(f)
426.10(f)	426.10(g)
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426.10(h)	426.10(i)
426.10(i)	426.10(j)
426.10(j)	426.10(k)
426.10(k)	426.10(l)
New provision	426.10(m)
426.11 (a) through (b)(3)	426.11 (a) through (b)(3)
426.11(b)(4)	426.11 (c)(1) and (c)(2)
New provision	426.11(b)(4)
426.11(c)	Deleted
New provisions	426.11 (c), (c)(1), and (c)(2)
426.11(d)	426.11(c)
New provisions	426.11 (d), (d)(1), (d)(2), and (d)(3)
426.11 (e) through (h)	426.11 (e) through (h)(1)
New provision	426.11(h)(2)
426.11 (i) and (j)	426.11(i) and (j)
426.11(k)	426.11(k)(1)
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426.12	426.12
426.13	426.13
426.14	426.14
426.15	426.15
426.16(a)	426.16(a)
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426.16(c)	426.16(d)
New provision	426.16(e)
426.17	426.17
426.18 (a) and (b)(1)	426.18 (a) and (b)(1)
426.18(b)(2)	426.18(b)(1)
426.18(b)(3)	426.18(b)(2)
426.19	426.19
426.20	426.20
426.21 (a), (b), and (c)	426.21 (a), (b), and (c)
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List of CFR Sections Affected

All changes in this volume of the Code of Federal Regulations which were made by documents published in the FEDERAL REGISTER since January 1, 1986, are enumerated in the following list. Entries indicate the nature of the changes effected. Page numbers refer to FEDERAL REGISTER pages. The user should consult the entries for chapters and parts as well as sections for revisions.

For the period before January 1, 1986, see the ''List of CFR Sections Affected, 1949–1963, 1964–1972 and 1973–1985,'' published in seven separate volumes.

1986

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2 Appendix B amended 5197
4 Correctly designated 18328
4.202 Revised 35220
4.208 Added 35220
4.222 Revised 18328
4.251 Introductory text and (b) revised 35219
4.280 Removed 35219
4.320 (a) amended 18327
4.1151 (c) added 16321
4.1152 (d) added 16321
4.1162 Revised 16321
11 Added 27725
36 Added; eff. 10–6–86 31629
Technical correction 36011
36.11 (g) correctly designated; (h)(4)(i) corrected 36011
36.13 (c)(3) corrected 36011

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431 Added 23962
Eff. date corrected to 6–1–87 24531
431.4 (a) and (b) corrected 24531
431.7 (a)(5) corrected 24531

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2 Heading revised 45586
2.11—2.22 (Subpart B) Revised 45586

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2 Appendixes A and B revised 45592
4.5 (a) (1) and (2) and (b) revised 46355
(a)(1) corrected 47097
4.202 Correctly revised 32130
4.231 (b) revised 26345
4.236 (a)(3) and (b) revised 26345
(b) correctly revised 35557
4.320 (c) revised 26345
(c) correctly revised 35558
4.323 Revised 26345
Correctly revised 35558
4.403 Added 21308
4.1105 (a)(2) revised 39526
4.1109 (a) revised 39526
4.1300 Redesignated as 4.1600 39525
4.1301 Redesignated as 4.1601 39525
4.1302 Redesignated as 4.1602 39525
4.1303 Redesignated as 4.1603 39525
4.1304 Redesignated as 4.1604 39525
4.1305 Redesignated as 4.1605 39525
4.1306 Redesignated as 4.1606 39525
4.1307 Redesignated as 4.1607 39525
4.1308 Redesignated as 4.1608 39525
4.1309 Redesignated as 4.1609 39525
4.1310 Redesignated as 4.1610 39525
4.1350—4.1356 Undesignated center heading added 39526
4.1350 Added 39526
4.1351 Added 39526
4.1352 Added 39526
4.1353 Added 39527
4.1354 Added 39527
4.1355 Added 39527

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4.1356 Added 39527
4.1360—4.1369 Undesignated center heading added 39527
4.1360 Added 39527
4.1361 Added 39527
4.1362 Added 39527
4.1363 Added 39527
4.1364 Added 39527
4.1365 Added 39527
4.1366 Added 39527
4.1367 Added 39528
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4.1370—4.1379 Undesignated center heading added 39528
4.1370 Added 39528
4.1371 Added 39528
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4.1373 Added 39528
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4.1375 Added 39529
4.1376 Added 39529
4.1377 Added 39529
4.1378 Added 39529
4.1379 Added 39529
4.1380—4.1388 Undesignated center heading added 39529
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4.1382 Added 39529
4.1383 Added 39530
4.1384 Added 39530
4.1385 Added 39530
4.1386 Added 39530
4.1387 Added 39530
4.1388 Added 39530
4.1390—4.1394 Undesignated center heading added 39530
4.1390 Added 39530
4.1391 Added 39530
4.1392 Added 39531
4.1393 Added 39531
4.1394 Added 39531
4.1600—4.1610 (Subpart M) Nomenclature change 39525
4.1600 Redesignated from 4.1300 39525
4.1601 Redesignated from 4.1301 39525
4.1602 Redesignated from 4.1302 39525
4.1603 Redesignated from 4.1303 39525
4.1604 Redesignated from 4.1304 39525

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4.1605 Redesignated from 4.1305 39525
4.1606 Redesignated from 4.1306 39525
4.1607 Redesignated from 4.1307 39525
4.1608 Redesignated from 4.1308 39525
4.1609 Redesignated from 4.1309 39525
4.1610 Redesignated from 4.1310 39525
7 Heading and authority citation revised 9168
7.1—7.19 (Subpart A) Heading added 9168
7.16 (a)(1) and (2) revised 47721
7.31—7.37 (Subpart B) Added 9168
11 Existing regulations unchanged 22454
11 Technical information documents available 43763
11.15 (a)(1)(iii) added 9095
11.18 (a)(4) added 9095
11.19 Added 9095
11.24 (c) added 9095
11.31 (d) added 9095
11.33 Text added 9095
11.40—11.41 (Subpart D) Added 9096
11.91 (a) revised 9100
11.93 (d) added 9100
17.501—17.570 (Subpart E) Added 6553
20 Appendix C availability 3011

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426 Revised 11954
426.11 (h)(2) revised 39919
426.16 (a) amended 39919

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2 Preamble amendment 24
2.11—2.22 (Subpart B) Preamble amendment 24
2.46 (o) added 3749
2.61 (c)(2) revised; (c) (3) and (4) added 3749
2.64 (c)(2) revised; (c) (3) and (4) added 3749
2.65 (a) and (b) revised 3749

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2.72 (c) and (e)(2) revised; (e) (3) and (4) added 3750
2.73 (a) and (b) revised 3750
2.74 (a) and (b) revised 3750
2.75 (a) and (b)(1) revised 3750
2Appendix B amended 16128
4.22 (b) and (c) revised 49660
4.24 (a)(4) revised 49660
4.27 (b)(1) revised 49660
4.31 Added 49661
4.234 Amended 27686
4.260 (a) amended 48648
4.413 Revised 13267
4.1155 Revised 47694
4.1300—4.1309 Undesignated center heading added 8754
Undesignated center heading corrected 10036
4.1300 Added 8754
4.1301 Added 8754
4.1302 Added 8754
4.1303 Added 8754
(a)(2) corrected 10036
4.1304 Added 8755
4.1305 Added 8755
4.1306 Added 8755
4.1307 Added 8755
4.1308 Added 8755
4.1309 Added 8755
11 Authority citation revised 5171
11.10 Revised 5171
11.11 Revised 5171
11.14 (a), (d), (g), (l), (r), (w), (z), (cc), (ff), (ii), (ll), and (rr) revised; (uu) added 5171
11.15 (a) introductory text and (c) revised; (a)(3)(ii) amended; (a)(4), (d), and (e) added 5172
11.16 Removed 5172
11.17 (a) revised 5172
11.18 (a)(4) correctly revised 9772
11.20 Revised 5172
11.21 (a)(1), (b), and (c) revised 5173
11.23 (b), (e) introductory text and (2), (f) (1), (2), and (4), and (g)(2) revised 5173
11.24 (b)(1)(i) and (2) revised; (b)(1)(iv) amended; (b)(1)(v) added 5173
11.30 (c)(2) revised 5174
11.31 (a)(4) and (c) introductory text and (3) revised 5174
11.32 (a) introductory text and (1), (c), and (e) revised 5174

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11.40 (c) revised 5175
11.41 (c)(4) and (6)(ii) revised 5175
(g)(1)(i) correctly revised 9772
11.60 (d)(2) revised 5175
11.71 (g) introductory text and (1) revised; (g)(4) amended; (g)(5) added 5175
11.72 (c)(5) revised 5175
11.82 (d)(2)(iv)(B) removed; (d)(2)(iv)(A) redesignated as (d)(2)(iv); (e) (1) and (2) revised 5175
11.83 (b) revised 5175
11.84 (i) revised 5176
11.91 Revised 5176
11.92 Revised 5176
11.93 (c) revised 5176
12 Authority citation revised 8077, 19198
12.2 (b)(1) amended 8077
12.3 (b) amended 8077
12.41—12.92 (Subpart C) Added 8077, 8087
12.100—12.510 (Subpart D) Added; nomenclature change; eff. 10–1–88 ..... 19199, 19204
12.105 (g)(3), (t)(3), (w), and (x) added; eff. 10–1–88 19199
12.110 (a)(2)(viii) and (3) added; eff. 10–1–88 19199
12.200 (c)(8) added; eff. 10–1–88 19199
20 Appendix C availability 8186
29 Revised 3396
35 Added 4160

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426 Authority citation revised 50535
426.6 (b)(4) and (d)(6) revised 50535
426.7 (f) revised 50536
426.10 (a) and (i) revised 50537
426.11 (i)(4) revised 50537
426.23 Redesignated as 426.24; new 426.23 added 50537
426.24 Redesignated from 426.23 50537

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4.1 (b)(2) revised 6485
4.200 Amended 6485
4.210 (b)(1) revised 8329

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4.261 Revised 8329
4.310—4.317 Authority citation removed 6485
4.310 Revised 6485
4.311—4.317 Revised 6486
4.314 Correctly designated 7504
4.318 Added 6487
4.320—4.323 Authority citation removed; sections revised 6487
4.330—4.340 Authority citation removed; sections revised 6487
12 Authority citation revised 4963
Technical correction 6363
12.100—12.630 (Subpart D) Heading revised; sections revised; interim 4963
Appendix C added 4950, 4963
12.305 (c)(5) added; (c) (3), (4), and (5) amended; interim 4950, 4963
12.320 (a) revised; new (a) (1) and (2) amended; interim 4963
12.600—12.630 Undesignated center heading and sections added; interim 4951, 4963
12.600 Nomenclature change; interim 4963
12.605 Nomenclature change, interim 4963
12.610 Nomenclature change, interim 4963
12.615 Nomenclature change, interim 4963
12.620 Nomenclature change, interim 4963
12.630 Nomenclature change, interim 4963
17.300—17.339 (Subpart C) Added 3598
20 Appendix C availability 8195

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423 Added; interim 14229

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4 Technical correction 46132
4.200 Amended 43132
4.205 (a) and (b) amended 43132
4.207 (c) amended 43132
4.210 (d) removed 43132
4.230 (b) amended 43133
4.270 Amended 43133
4.272 (a) amended 43133

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4.273 (a) and (d) amended 43133
4.274 (a) amended 43133
4.302 (a) amended 43133
Corrected 46132
4.305 (c) amended 43133
12.305 Regulation at 54 FR 4950, 4963 confirmed 21701
12.320 Regulation at 54 FR 4950, 4963 confirmed 21701
12.600—12.635 (Subpart D) Revised 21688, 21701
12.600 Nomenclature change 21702
12.605 Nomenclature change 21702
12.610 Nomenclature change; (c) amended 21701, 21702
12.615 Nomenclature change 21702
12.620 Nomenclature change 21702
12.625 Nomenclature change 21702
12.630 Nomenclature change; (c)(1) and (d)(2)(i) added 21701, 21702
12.635 Nomenclature change; (a)(1)(i) and (b)(1) added 21702
12 Appendix C revised 21690, 21701
17.200—17.280 (Subpart B) Authority citation revised 28912
17.218 (c) revised 28912
17.260 (a) amended 28912
18 Added; interim 6737, 6753
20 Appendix C availability 5011
22 Heading and authority citation revised 4610
22.1—22.5 Designated as Subpart A 4610
22.6 (Subpart B) Added 4610

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Subtitle A
4.200—4.357 (Subpart D) Authority citation revised 61383
4.350—4.357 Undesignated center heading added 61383
4.350 Added 61383
(c)(6) corrected 65782
4.351 Added 61384
(b)(1), (2)(ii) and (4) corrected 65782
4.352 Added 61384
(b)(2) corrected 65782
4.353 Added 61385
4.354 Added 61385
4.355 Added 61385
4.356 Added 61385
4.357 Added 61386

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4.1105 (a)(2) revised 2142
4.1109 (a) revised 2142
(a) corrected 5061
4.1351 Revised 2134
4.1360—4.1369 Undesignated center heading and sections revised 2143
4.1360 (a) and (b) corrected 5061
4.1363 (e) corrected 5061
4.1370—4.1379 Undesignated center heading and sections removed 2145
4.1380—4.1388 Undesignated center heading and sections removed 2145
4.1391 Revised 2145
12 Authority citation revised 45897
Heading revised 45898
12.1—12.5 (Subpart A) Heading revised; eff. 10–9–91 45898
12.2 (a) and (b) revised 45898
20 Appendix C availability 6991
38 Added 33719
426.22 Revised; eff. 10–3–91 43554

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Subtitle A Policy statement and advisory guidelines 52730
4.352 (b)(4) corrected 2319
20 Appendix X availability 10293

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2 Appendix B amended 48973
4.21 (a) in part, (b) and (c) redesignated as (b), (c) and (d); new (a), (b), and (c) revised 4942
20 Authority citation revised 32447
20.735–1 (a)(8) through (11) revised 32447
20.735–6 Removed; new 20.735–6 redesignated from 20.735–8 32447
20.735–7 Removed; new 20.735–7 redesignated from 20.735–9 32447
20.735–8 (d)(2)(ii) and (3)(ii) amended; redesignated as 20.735–6; new 20.735–8 redesignated from 20.735–12 32447

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20.735–9 Redesignated as 20.735–7; new 20.735–9 redesignated from 20.735–14 32447
20.735–10 Removed; new 20.735–10 redesignated from 20.735–17; (d), (e) and (f) removed; (g) through (q) redesignated as (d) through (n); (a)(3)(ii) revised; (k) amended 32447
20.735–11 Removed 32447
20.735–12 (c)(3) amended; redesignated as 20.735–8 32447
20.735–13 Removed 32447
20.735–14 Redesignated as 20.735–9 32447
20.735–15 Removed 32447
20.735–16 Removed 32447
20.735–17 Redesignated as 20.735–10 32447
20.735–20 (b), (c) and (d) revised 32447
20.735–21 Removed; new 20.735–21 redesignated from 20.735–22 and revised 32447
20.735–22 Redesignated as 20.735–21; new 20.735–22 redesignated from 20.735–23 32447
Revised 32448
20.735–23 Redesignated as 20.735–22; new 20.735–23 redesignated from 20.735–24 32447
20.735–24 Redesignated as 20.735–23; new 20.735–24 redesignated from 20.735–26 32447
20.735–25 Redesignated from 20.735–27 32447
20.735–26 Redesignated as 20.735–24; new 20.735–26 redesignated from 20.735–28 32447
20.735–27 Redesignated as 20.735–25; new 20.735–27 redesignated from 20.735–29 32447
20.735–28 Redesignated as 20.735–26 32447
20.735–29 Redesignated as 20.735–27 32447
20.735–30—20.735–37 (Subpart D) Removed 32448
20.735–40 (b)(3), (d)(2) and (3) revised 32449
20.735–41 Redesignated from 20.735–43 32448
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20.735–42 Removed 32448

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20.735–43 Redesignated as 20.735–41 32448
20.735–50—20.735.53 (Subpart F) Removed 32449
20.735–60—20.735.62 (Subpart G) Removed 32449
20.735–70 (Subpart H) Removed 32449
20 Appendixes A–1 through A–6, B and C removed 32449
37 Added; eff. 11-1-93 51554

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4.1100 (d) removed; (e) and (f) redesignated as new (d) and (e) 1488
4.1105 (a)(5) added 1488
(a)(2) introductory text revised 54362
4.1109 (a) amended 1488, 42774
4.1151 (b) revised 1488
4.1152 (a)(2) revised 1488
4.1154 (a) revised 1488
4.1157 (a) and (b)(1) revised 1488
4.1266 (b)(2) amended 1488
4.1271 (a) revised 1489
4.1370—4.1377 Undesignated center heading added 54362
4.1370 Added 54362
4.1371 Added 54362
4.1372 Added 54362
4.1373 Added 54362
(a) corrected 56573
4.1374 Added 54362
4.1375 Added 54362
4.1376 Added 54362
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4.1380—4.1387 Undesignated center heading added 54363
4.1380 Added 54363
4.1381 Added 54363
4.1382 Added 54363
4.1383 Added 54363
4.1384 Added 54364
4.1385 Added 54364
4.1386 Added 54364
4.1387 Added 54364
11.13 (e)(3) revised 14281
11.14 (qq) revised 14281
11.15 (a)(3)(ii) revised 14281
11.30 (c)(1)(v) revised 14281

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11.31 (a)(2) revised; (c)(2) removed; (c)(3) and (4) redesignated as (c)(2) and (3) and amended; new (c)(4) added 14281
11.32 (a)(2)(iii)(A) and (f)(2) revised; (f)(3) removed 14282
11.35 Revised 14282
11.60 (d)(1)(iii) and (iv) revised 14283
11.71 (a)(2) and (l)(4)(ii) revised 14283
11.72 (b)(4) revised 14283
11.73 (a) revised 14283
11.80 Revised 14283
11.81 Revised 14283
11.82 Revised 14284
11.83 (a) and (b) revised; (c) removed; (b)(2), (d)(5)(i) and (ii) redesignated as (c)(1)(iii), (2)(vii)(A) and (B); new (c)(1) introductory text, (1)(i), (ii), (2) introductory text, (i) through (vi), (vii) heading and (3) added; new (c)(2)(vii)(A) amended; (d) removed 14285
11.84 (h) removed; (i) redesignated as (h); (a), (b)(1), (d)(2), (f), (g) heading, (1), (2) introductory text, (i), (ii), (iii) and new (h) revised 14286
11.90 (c) revised 14287
11.91 (e) added 14287
11.92 (b) revised 14287
11.93 (a) revised 14287
12 Authority citation revised 17712, 36715, 44041, 65499
12.2 (d) added 17712
12.700—12.830 (Subpart E) Added 36715
12.700 Revised 65499
12.710 (a), (b) and (c) revised 65500
12.901—12.973 (Subpart F) Added; interim 44041

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230 Removed 18491
406 Removed 18491
419 Removed 18492
423 Removed 18492

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2 Appendix B correctly added; CFR correction 10030
4.413 (c)(1) and (2) introductory text revised; (c)(2)(i), (ii), (iv), (v), (vi), (vii), (ix), (xi) and (xii) amended; (c)(2)(v)(A) and (B) added 58242
4.477 (a) removed; (b) amended 9958
4.1109 (a) revised 58243
7 Authority citation revised 5260
7.1 (a) amended 5260
7.3 (a)(6) added; (i) revised 5260
7.4 Heading and (a) revised; (c) added 5260
7.7 (b)(4) added 5260, 5261
7.13 (e) added 5260, 5261
7.19 Revised 5260, 5261
7.20 Added 5260, 5261
7.21 Added 5260, 5261
10 Added 62158
12 Notice 9786
12 Clarification 57543
Authority citation revised 17238, 33061
12.76 (d), (g), (h) and (i) revised 19639, 19644
12.100—12.635 (Subpart D) Appendixes A and B revised 33042, 33061
12.100 Revised 33040, 33061
12.105 Amended 33041, 33061
12.110 (c) revised 33041
(a)(2)(ix), (x) and (xi) added; (a)(3) revised 33061
12.200 Revised 33041, 33061
(c)(8) through (11) added 33061
12.215 Revised 33041, 33061
12.220 Revised 33041
12.225 Revised 33041, 33061
12.901—12.973 (Subpart F) Revised 17238
18 Notice 9786

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426 Authority citation revised 10036
426.24 Redesignated as 426.25; new 426.24 added 10036
426.25 Redesignated from 426.24 10036

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4.1 (a) revised 47434
Footnote 1 removed; (b)(2)(ii) revised 49976
4.413 (c)(2)(iv) amended 40347
4.1109 (a)(2) undesignated paragraphs designated as (a)(2)(i) through (vii); new (a)(2)(iii), (v) and (vii) revised 40348
11.15 Heading and (a)(1) revised 20609
11.18 (a)(4) revised; (a)(5) added 20609
11.19 Removed 20609
11.30 Heading, (a) and (c)(1)(vi) revised 20609
11.31 Heading, (a)(1), (b), (c) introductory text, (1) and (d) revised 20609
11.32 Heading and (c)(1) revised; (f)(3) added 20609
11.33 Revised 20610
11.34 Redesignated as 11.37; new 11.34 added 20610
11.35 Redesignated as 11.38; new 11.35 added 20610
11.36 Added 20610
11.37 Redesignated from 11.34 20610
Heading and (a) revised 20611
11.38 Redesignated from 11.35 20610
11.40—11.41 (Subpart D) Heading revised 20611
11.40 Heading and (a) revised; (b) and (c) heading removed; (c) redesignated as (b) 20611
11.41 Revised 20611
11.42 Added 20611
11.43 Added 20612
11.44 Added 20612
11.60—11.84 (Subpart E) Heading revised 20612
11.73 (a) amended 20612
11.90 Heading, (a) and (b) revised; (c) amended 20612
11.91 Heading revised; (a) amended 20612
11 Appendixes II and III added 20612
12 Authority citation revised 39084
Clarification 40525
12.700 Revised 39084
12.710 (a), (b) and (c) revised 39084

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