

(b) Any contract of sale executed under authority of this Act shall provide that in the event the United States shall, through purchase or requisition, acquire ownership of such vessels or vessel, the owner shall be paid therefor the value thereof, but in no event shall such payment exceed the actual depreciated sales price under such contract (together with the actual depreciated cost of capital improvements thereon), or the fair and reasonable scrap value of such vessel, as determined by the Maritime Administrator, whichever is the greater; that such determination shall be final; that in computing the depreciated acquisition cost of such vessel, the depreciation shall be computed on the vessels on the schedule adopted by the Internal Revenue Service for income tax purposes as applicable to each such vessel; that each such vessel shall remain documented under the laws of the United States during the remainder of the twenty-year economic life of the vessel or as long as there remains due the United States any principal or interest on account of the sales price, whichever is the longer period; and that the foregoing provisions respecting the requisition or the acquisition of ownership by the United States, and documentation shall run with the title to each such vessel and be binding on all owners thereof.

Requisition or
acquisition by
U. S.

Approved July 29, 1954.

Public Law 554

CHAPTER 643

AN ACT

To amend the Agricultural Act of 1949.

July 29, 1954
[S. 1381]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 407 of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof the following: "Nor shall the foregoing restrictions apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the Corporation's operations because of the small quantities involved, or because of age, location or questionable continued storability, but such sales shall be offset by such purchases of commodities as the Corporation determines are necessary to prevent such sales from substantially impairing any price-support program, but in no event shall the purchase price exceed the then current support price for such commodities."

Farm commodities,
sale.
63 Stat. 1055.
7 USC 1427.

Approved July 29, 1954.

Public Law 555

CHAPTER 644

AN ACT

To amend the Mineral Leasing Act of February 25, 1920, as amended.

July 29, 1954
[S. 2380]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of February 25, 1920, as amended (30 U. S. C. 226), is further amended as follows:

(1) Strike out the second paragraph of section 17 and insert the following language in lieu thereof:

"Any lease issued under this Act which is subject to termination by reason of cessation of production shall not terminate if within sixty days after production ceases, reworking or drilling operations are commenced on the land under lease and are thereafter conducted with

Oil or gas lands.
Leases.

60 Stat. 951.

Status during
nonproduction
period.

reasonable diligence during such period of nonproduction. No lease issued under the provisions of this Act shall expire because operations or production is suspended under any order, or with the consent, of the Secretary of the Interior. No lease issued under the provisions of this Act covering lands on which there is a well capable of producing oil or gas in paying quantities shall expire because the lessee fails to produce the same, unless the lessee is allowed a reasonable time, but not less than sixty days after notice by registered mail, within which to place such well on a producing status: *Provided*, That after such status is established production shall continue on the leased premises unless and until suspension of production is allowed by the Secretary of the Interior under the provisions of this Act."

(2) Strike out the third paragraph of section 17 and insert in lieu thereof:

Single extension
of noncompetitive
lease.

"Upon the expiration of the initial five-year term of any noncompetitive lease maintained in accordance with applicable statutory requirements and regulations, the record titleholder thereof shall be entitled to a single extension of the lease, unless then otherwise provided by law, for such lands covered by it as are not on the expiration date of the lease withdrawn from leasing under this section. A withdrawal, however, shall not affect the right to an extension if actual drilling operations on such lands were commenced prior to such withdrawal becoming effective and were being diligently prosecuted on such expiration date. No withdrawal shall be effective within the meaning of this section until ninety days after notice thereof shall be sent by registered mail, to each lessee to be affected by such withdrawal. A noncompetitive lease, as to lands not within the known geologic structure of a producing oil or gas field, shall be extended for a period of five years and so long thereafter as oil or gas is produced in paying quantities. A noncompetitive lease, as to lands within the known geologic structure of a producing oil or gas field, shall be extended for a period of two years and so long thereafter as oil or gas is produced in paying quantities. Any noncompetitive lease extended under this paragraph shall be subject to the rules and regulations in force at the expiration of the initial five-year term of the lease. No extension shall be granted, however, unless within a period of ninety days prior to such expiration date an application therefor is filed by the record titleholder or an assignee whose assignment has been filed for approval, or an operator whose operating agreement has been filed for approval."

Withdrawals.

Extension.

Application.

(3) Strike out the fifth paragraph of section 17 and insert the following language in lieu thereof:

Drainage com-
pensation.

"Whenever it appears to the Secretary of the Interior that lands owned by the United States are being drained of oil or gas by wells drilled on adjacent lands, he is hereby authorized and empowered to negotiate agreements whereby the United States, or the United States and its lessees, shall be compensated for such drainage, such agreements to be made with the consent of the lessees affected thereby, and the primary term including any extensions thereof of any lease for which compensatory royalty is being paid shall be extended for the period during which such compensatory royalty is paid and for a period of one year from discontinuance of such payment and so long thereafter as oil or gas is produced in paying quantities: *Provided*, That the Secretary of the Interior shall report to Congress at the beginning of each regular session, all such agreements entered into during the previous year which involve unleased Government lands."

Report to Con-
gress.

(4) Strike out the second sentence of the fourth paragraph of section 17 (b) and insert in lieu thereof the following language: "Any other lease issued under any section of this Act which has heretofore or may hereafter be committed to any such plan that contains a general provision for allocation of oil or gas, shall continue in force and effect as to the land committed, so long as the lease remains subject to the plan: *Provided*, That production is had in paying quantities under the plan prior to the expiration date of the term of such lease. Any lease hereafter committed to any such plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: *Provided, however*, That any such lease as to the non-unitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

60 Stat. 953.
30 USC 226e.
Unit plan leases.
Continuation.

Nonunitized portion.

(5) Strike out the words "and regardless of acreage limitations provided for in this Act" in the fifth paragraph of section 17 (b) and insert the following sentence at the end of that paragraph: "All leases operated under such approved operating, drilling, or development contracts, and interests thereunder, shall be excepted in determining holdings or control under the provisions of any section of this Act."

Special contracts.
Extension of rights.

(6) Strike out the last sentence of section 30 (a) and insert the following in lieu thereof: "Assignments under this section may also be made of parts of leases which are in their extended term because of any provision of this Act. The segregated lease of any undeveloped lands shall continue in full force and effect for two years and so long thereafter as oil or gas is produced in paying quantities."

60 Stat. 955.
30 USC 187a.
Assignment of parts of leases.

(7) Insert the following sentence immediately after the second paragraph of section 31: "Notwithstanding the provisions of this section, however, upon failure of a lessee to pay rental on or before the anniversary date of the lease, for any lease on which there is no well capable of producing oil or gas in paying quantities, the lease shall automatically terminate by operation of law: *Provided, however*, That when the time for payment falls upon any day in which the proper office for payment is not open, payment may be received the next official working day and shall be considered as timely made."

60 Stat. 956.
30 USC 188.
Defaults in rental payments.

Approved July 29, 1954.

Public Law 556

CHAPTER 645

AN ACT

To permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restrict further development.

July 29, 1954
[S. 3630]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Commerce is authorized and directed to release the city of Philadelphia from the fulfillment of any and all conditions for the benefit of the United States set forth in a deed of the United States, acting through the United States Shipping Board, dated the 23d day of July 1930, relating to a tract of land, known as Hog Island, situated partly in the township of Tinicum in the county of Delaware and State of

Philadelphia,
Pa.
Development of
Hog Island tract.