

2 South, Range 3 East. (Altamont Quadrangle)

(12) Then proceed south-southwest in a straight line approximately 1.1 miles to the intersection of the eastern boundary of Section 32 with Highway 580, Township 2 South, Range 3 East. (Altamont Quadrangle)

(13) Then proceed south-southeast in a straight line approximately 2.7 miles to BM 1602 in Patterson Pass in Section 10, Township 3 South, Range 3 East. (Altamont Quadrangle)

(14) Then proceed south-southeast in a straight line approximately 2.8 miles to BM 1600, adjacent to Tesla Road in Section 26. (Midway Quadrangle)

(15) Then proceed south in a straight line approximately 4.2 miles to BM 1878, 40 feet north of Mines Road, in Section 14, Township 4 South, Range 3 East. (Cedar Mtn. Quadrangle)

(16) Then proceed west-southwest in a straight line approximately 4.2 miles to the southeast corner of Section 19, Township 4 South, Range 3 East. (Mendenhall Springs Quadrangle)

\* \* \* \* \*

■ 3. Section 9.157 is amended by revising the introductory text of paragraph (b), removing the word “and” at the end of paragraph (b)(41), replacing the period with a semicolon followed by the word “and” at the end of paragraph (b)(42), adding a new paragraph (b)(43), and revising paragraphs (c)(13) through (c)(18) to read as follows:

**§ 9.157 San Francisco Bay.**

\* \* \* \* \*

(b) *Approved maps.* The appropriate maps for determining the boundary of the San Francisco Bay viticultural area are 43 United States Geological Survey topographic maps. They are titled:

\* \* \* \* \*

(43) Cedar Mtn., California, scale 1:24,000, dated 1956, Photorevised 1971; Minor Revision 1994.

(c) \* \* \*

\* \* \* \* \*

(13) Then proceed northeast in a straight line approximately 3.2 miles to BM 1878 in Section 14 on the Cedar Mtn. Quadrangle.

(14) Then proceed north in a straight line approximately 4.2 miles to BM 1600 adjacent to Tesla Road in Section 26, Township 3 South, Range 3 East on the Midway Quadrangle.

(15) Then proceed north-northwest in a straight line approximately 2.8 miles to Patterson Pass, BM 1602, in Section 10, Township 3 South, Range 3 East, on the Altamont Quadrangle.

(16) Then proceed north-northwest in a straight line approximately 2.7 miles

to the intersection of the eastern boundary of Section 32 with Highway 580 in Township 2 South, Range 3 East.

(17) Then proceed north-northeast in a straight line approximately 1.1 miles to an unnamed peak, elevation 1147, in Section 28, Township 2 South, Range 3 East.

(18) Then proceed north-northwest in a straight line approximately 1 mile to BM 720 in Section 21, Township 2 South, Range 3 East, and proceed northwest in a straight line approximately 1.8 miles to the northeast corner of Section 18 on the Byron Hot Springs Quadrangle, Township 2 South, Range 3 East.

\* \* \* \* \*

Dated: April 25, 2006.

**John J. Manfreda,**  
*Administrator.*

Approved: May 25, 2006.

**Timothy E. Skud,**  
*Deputy Assistant Secretary (Tax, Trade, and Tariff Policy).*

[FR Doc. E6-9364 Filed 6-14-06; 8:45 am]

**BILLING CODE 4810-31-P**

**DEPARTMENT OF THE TREASURY**

**Alcohol and Tobacco Tax and Trade Bureau**

**27 CFR Part 9**

**[T.D. TTB-49; Re: Notices No. 29 and 35]**

**RIN 1513-AA72**

**Realignment of the Santa Lucia Highlands and Arroyo Seco Viticultural Areas (2003R-083P)**

**AGENCY:** Alcohol and Tobacco Tax and Trade Bureau, Treasury.

**ACTION:** Final rule; Treasury decision.

**SUMMARY:** This Treasury decision realigns a portion of the common boundary line between the established Santa Lucia Highlands and Arroyo Seco viticultural areas in Monterey County, California. This realignment moves approximately 200 acres from the Arroyo Seco viticultural area to the Santa Lucia Highlands area. We designate viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase.

**DATES:** *Effective Date:* July 17, 2006.

**FOR FURTHER INFORMATION CONTACT:** Nancy Sutton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 925 Lakeville St., No. 158, Petaluma, California 94952; telephone 415-271-1254.

**SUPPLEMENTARY INFORMATION:**

**Background on Viticultural Areas**

*TTB Authority*

Section 105(e) of the Federal Alcohol Administration Act (the FAA Act, 27 U.S.C. 201 *et seq.*) requires that alcohol beverage labels provide consumers with adequate information regarding a product's identity and prohibits the use of misleading information on those labels. The FAA Act also authorizes the Secretary of the Treasury to issue regulations to carry out its provisions. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers these regulations.

Part 4 of the TTB regulations (27 CFR part 4) allows the establishment of definitive viticultural areas and the use of their names as appellations of origin on wine labels and in wine advertisements. Part 9 of the TTB regulations (27 CFR part 9) contains the list of approved viticultural areas.

*Definition*

Section 4.25(e)(1)(i) of the TTB regulations (27 CFR 4.25(e)(1)(i)) defines a viticultural area for American wine as a delimited grape-growing region distinguishable by geographical features, the boundaries of which have been recognized and defined in part 9 of the regulations. These designations allow vintners and consumers to attribute a given quality, reputation, or other characteristic of a wine made from grapes grown in an area to its geographical origin. The establishment of viticultural areas allows vintners to describe more accurately the origin of their wines to consumers and helps consumers to identify wines they may purchase. Establishment of a viticultural area is neither an approval nor an endorsement by TTB of the wine produced in that area.

*Requirements*

Section 4.25(e)(2) of the TTB regulations outlines the procedure for proposing an American viticultural area and provides that any interested party may petition TTB to establish a grape-growing region as a viticultural area. Section 9.3(b) of the TTB regulations requires the petition to include—

- Evidence that the proposed viticultural area is locally and/or nationally known by the name specified in the petition;
- Historical or current evidence that supports setting the boundary of the proposed viticultural area as the petition specifies;
- Evidence relating to the geographical features, such as climate,

soils, elevation, and physical features, that distinguish the proposed viticultural area from surrounding areas;

- A description of the specific boundary of the proposed viticultural area, based on features found on United States Geological Survey (USGS) maps; and

- A copy of the appropriate USGS map(s) with the proposed viticultural area's boundary prominently marked.

A petition requesting the modification of an established viticultural area must include the appropriate evidence and maps described above to support the requested modification.

### **Santa Lucia Highlands and Arroyo Seco Viticultural Areas Realignment Petition and Rulemaking**

#### *General Background*

Paul Thorpe, on behalf of E. & J. Gallo Winery, submitted a petition to TTB requesting the realignment of a portion of the common boundary between the established Santa Lucia Highlands viticultural area (27 CFR 9.139) and the established Arroyo Seco viticultural area (27 CFR 9.59). Both viticultural areas are within the Monterey viticultural area (27 CFR 9.98) in Monterey County, California, which is in turn within the larger multi-county Central Coast viticultural area (27 CFR 9.75).

A portion of the original common boundary between the Santa Lucia Highlands and Arroyo Seco viticultural areas follows a straight line drawn between the intersection of Paraiso and Clark Roads and the northeast corner of section 5, T19S, R6E, as shown on the USGS Paraiso Springs, California, quadrangle map. The proposed realignment moves this portion of the two viticultural areas' common boundary line approximately 1,000 feet to the east of the Paraiso and Clark Roads intersection and slightly less than 500 feet to the east of the northeast corner of section 5, T19S, R6E. Overall, the proposed realignment transfers approximately 200 acres of land from the Arroyo Seco viticultural area to the Santa Lucia Highlands area.

#### *Rationale and Evidence for the Proposed Realignment*

The proposed realignment of this portion of the common boundary between the Santa Lucia Highlands and Arroyo Seco viticultural areas serves three purposes: (1) It brings the western boundary of the Arroyo Seco viticultural area into conformity with the western boundary of the historical Arroyo Seco Land Grant, which lends its name to the Arroyo Seco viticultural area; (2) it

conforms the boundary line to land ownership boundaries; and (3) it ends the current division of the Olsen Ranch vineyards between the two viticultural areas.

Currently, a thin strip of land outside of the Arroyo Seco Land Grant lies in the western-most portion of the Arroyo Seco viticultural area. By moving the common Santa Lucia Highlands and Arroyo Seco boundary line to the east, this portion of the Arroyo Seco viticultural area's western boundary will match that of the historic Arroyo Seco Land Grant.

The vast majority of the Olsen Ranch lies within the Santa Lucia Highlands viticultural area, while a small portion falls within the Arroyo Seco viticultural area. Thus, the vineyards on the Olson Ranch, which were planted after the establishment of the two viticultural areas, are divided between the Arroyo Seco and Santa Lucia Highlands viticultural areas. The proposed eastward realignment of the portion of the two viticultural areas' common boundary line between Clark Road and section 5, T19S, R6E allows the Olson Ranch vineyards to be totally in the Santa Lucia Highlands viticultural area.

The dominant physical feature of the proposed realignment area is the alluvial terracing that differentiates the highlands along the western edge of the Salinas Valley from the lower elevation valley floor. These terraces, which are above 600 feet in elevation, match the terrain found in the Santa Lucia Highlands viticultural area, generally between 600 feet and 1,200 feet, as shown on USGS topographic maps. Also, the terraces and higher elevations of the Santa Lucia Highlands area contrast to the flatter terrain and lower elevation valley floor found in the Arroyo Seco viticultural area.

The primary soils of the proposed realignment area are of the Arroyo Seco and Chualar series. These soils are generally loam or gravelly, sandy loam, with underlying very gravelly material, and they coincide with the dominant soils of the Santa Lucia Highlands viticultural area.

The climatic conditions of the realignment area are similar to those of the Santa Lucia Highlands viticultural area. The rainfall in the realignment area and the Santa Lucia Highlands area is 10 to 15 inches a year. In contrast, the lower valley floor found in the Arroyo Seco viticultural area averages less rain, totaling approximately 9.5 inches a year.

#### *Notice of Proposed Rulemaking and Comments Received*

On January 24, 2005, TTB published a notice of proposed rulemaking

regarding the realignment of the Santa Lucia Highlands and Arroyo Seco viticultural area boundaries in the **Federal Register** (70 FR 3333) as Notice No. 29. In that notice, TTB requested comments by March 25, 2005, from all interested persons. In response to a request for more time to study the proposal, on March 8, 2005, we published a notice to extend the comment period in the **Federal Register** (70 FR 11178) as Notice No. 35. In that notice, TTB requested comments by May 25, 2005, from all interested persons.

In total, TTB received three comments in response to the two notices. One comment strongly supported the proposed realignment. Kendall-Jackson Wine Estates submitted two comments, the first of which requested the additional time to review and evaluate the petition information. The second Kendall-Jackson comment proposed an additional boundary realignment of the Santa Lucia Highlands and the Arroyo Seco viticultural areas common boundary involving approximately 1,200 acres. This proposed boundary realignment lies north of the originally proposed Gallo boundary realignment. Although TTB believes the Kendall-Jackson proposed boundary realignment may have merit, we did not adopt the proposal in this final rulemaking since it has not been the subject of prior public notice and comment procedures. Kendall-Jackson may at any time submit its proposal as a separate viticultural area rulemaking petition with the required supporting evidence and maps as described above.

#### **TTB Finding**

After careful review of the petition and the comments received, TTB finds that the evidence submitted supports the boundary realignment proposed in Notice No. 29. Therefore, under the authority of the Federal Alcohol Administration Act and part 4 of our regulations, we realign the boundaries of the Santa Lucia Highlands and Arroyo Seco viticultural areas in Monterey County, California, effective 30-days from this document's publication date.

#### *Boundary Description*

See the amendments to the narrative boundary descriptions of the Arroyo Seco and Santa Lucia Highlands viticultural areas in the regulatory text published at the end of this notice.

#### *Maps*

The petitioner provided a copy of the USGS Paraiso Springs quadrangle map to document the proposed boundary

realignment. There are no changes to the lists of maps required to document the boundaries of the amended Arroyo Seco and Santa Lucia Highlands viticultural areas.

### Impact on Current Wine Labels

Part 4 of the TTB regulations prohibits any label reference on a wine that indicates or implies an origin other than the wine's true place of origin. With the realignment of the Santa Lucia Highlands and Arroyo Seco viticultural areas, wine bottlers using "Santa Lucia Highlands" or "Arroyo Seco" in a brand name, including a trademark, or in another label reference as to the origin of the wine, must continue to ensure that the product is eligible to use the relevant viticultural area's name as an appellation of origin.

For a wine to be eligible to use as an appellation of origin the name of a viticultural area specified in part 9 of the TTB regulations, at least 85 percent of the grapes used to make the wine must have been grown within the area represented by that name, and the wine must meet the other conditions listed in 27 CFR 4.25(e)(3). If the wine is not eligible to use the viticultural area name as an appellation of origin and that name appears in the brand name, then the label is not in compliance and the bottler must change the brand name and obtain approval of a new label. Similarly, if the viticultural area name appears in another reference on the label in a misleading manner, the bottler would have to obtain approval of a new label.

Different rules apply if a wine has a brand name containing a viticultural area name that was used as a brand name on a label approved before July 7, 1986. See 27 CFR 4.39(i)(2) for details.

### Regulatory Flexibility Act

We certify that this regulation will not have a significant economic impact on a substantial number of small entities. This regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of a viticultural area name is the result of a proprietor's efforts and consumer acceptance of wines from that area. Therefore, no regulatory flexibility analysis is required.

### Executive Order 12866

This rule is not a significant regulatory action as defined by Executive Order 12866 (58 FR 51735). Therefore, it requires no regulatory assessment.

### Drafting Information

Nancy Sutton of the Regulations and Rulings Division drafted this document.

### List of Subjects in 27 CFR Part 9

Wine.

### The Regulatory Amendment

■ For the reasons discussed in the preamble, we amend 27 CFR, chapter 1, part 9, as follows:

#### PART 9—AMERICAN VITICULTURAL AREAS

■ 1. The authority citation for part 9 continues to read as follows:

**Authority:** 27 U.S.C. 205.

■ 2. Section 9.59 is amended by revising paragraph (c)(13), redesignating paragraphs (c)(14) through (c)(19) as (c)(16) through (c)(21), and adding new paragraphs (c)(14) and (c)(15) to read as follows:

#### § 9.59 Arroyo Seco.

\* \* \* \* \*

(c) \* \* \*

\* \* \* \* \*

(13) Then east-northeasterly along Clark Road for approximately 1,000 feet to its intersection with an unnamed light-duty road to the south.

(14) Then in a straight south-southeasterly line for approximately 1.9 miles to the line's intersection with the southeast corner of section 33, T18S, R6E (this line coincides with the unnamed light duty road for approximately 0.4 miles and then with the eastern boundaries of sections 29, 32 and 33, T18S, R6E, which mark this portion of the western boundary of the historical Arroyo Seco Land Grant).

(15) Then straight west along the southern boundary of section 33, T18S, R6E, to its southwest corner.

\* \* \* \* \*

■ 3. Section 9.139 is amended by revising paragraphs (c)(9) and (c)(10), redesignating paragraphs (c)(11) through (c)(21) as (c)(12) through (c)(22), and adding a new paragraph (c)(11) to read as follows:

#### § 9.139 Santa Lucia Highlands.

\* \* \* \* \*

(c) \* \* \*

\* \* \* \* \*

(9) Then east-northeasterly along Clark Road for approximately 1,000 feet to its intersection with an unnamed light-duty road to the south.

(10) Then in a straight south-southeasterly line for approximately 1.9 miles to the line's intersection with the southeast corner of section 33, T18S, R6E (this line coincides with the

unnamed light duty road for about 0.4 miles and then with the eastern boundaries of sections 29, 32 and 33, T18S, R6E, which mark this portion of the western boundary of the historical Arroyo Seco Land Grant).

(11) Then straight west along the southern boundaries of sections 33, 32, and 31, T18S, R6E, to the southwest corner of section 31.

\* \* \* \* \*

Dated: April 16, 2006.

**John J. Manfreda,**  
Administrator.

Approved: May 25, 2006.

**Timothy E. Skud,**  
Deputy Assistant Secretary (Tax, Trade, and  
Tariff Policy).

[FR Doc. E6-9365 Filed 6-14-06; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Alcohol and Tobacco Tax and Trade Bureau

#### 27 CFR Part 9

[T.D. TTB-47; Re: Notice No. 43]

RIN 1513-AA54

#### Expansion of the Livermore Valley Viticultural Area (2002R-202P)

**AGENCY:** Alcohol and Tobacco Tax and Trade Bureau, Treasury.

**ACTION:** Final rule; Treasury decision.

**SUMMARY:** This Treasury decision expands the existing 96,000-acre Livermore Valley viticultural area into northern Alameda County and southern Contra Costa County, California. The expansion adds 163,000 acres to the Livermore Valley viticultural area. We designate viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase.

**DATES:** *Effective Date:* July 17, 2006.

**FOR FURTHER INFORMATION CONTACT:** N.A. Sutton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 925 Lakeville St., No. 158, Petaluma, California 94952; telephone 415-271-1254.

#### SUPPLEMENTARY INFORMATION:

#### Background on Viticultural Areas

##### TTB Authority

Section 105(e) of the Federal Alcohol Administration Act (the FAA Act, 27 U.S.C. 201 *et seq.*) requires that alcohol beverage labels provide consumers with adequate information regarding product