

information. An authorized holder is any individual, including an individual external to the Department, who has been granted access to specific classified information in accordance with section 4.2(g) of the Executive Order 12958.

(b) Challenges shall be presented to an original classification authority with jurisdiction over the information. A formal challenge under Section 1.9 of the Executive Order 12958 must be in writing, but need not be any more specific than to question why information is or is not classified, or is classified at a certain level. The classification challenge provision is not intended to prevent an authorized holder from informally questioning the classification status of particular information. Such informal inquiries are encouraged in order to limit the number of formal challenges.

(c) Whenever the Department receives a classification challenge to information that has been the subject of a challenge within the past two years, or that is the subject of pending litigation, it is not required to process the challenge beyond informing the challenger of this fact and of the challenger's appeal rights, if any.

(d) Challenges, responses and appeals shall, if possible, be unclassified. However, classified information contained in a challenge, a response from the department or an appeal shall be handled and protected in accordance with this Executive Order 12958 and its implementing directives.

(e) Information being challenged for classification shall remain classified unless and until a decision is made to declassify it.

(f) The Secretary of State or the senior agency official of the Department shall establish procedures under which authorized holders of classified information may make such challenges. These procedures shall assure that:

(1) No retribution is taken against an authorized holder bringing a challenge in good faith;

(2) An opportunity is provided for review by an impartial official or panel; and

(3) Classification challenges shall be considered separately from FOIA or other access requests.

(g) Processing an initial written response to a challenge shall be provided within 60 days. If the Department is unable to respond to the challenge within 60 days, it must acknowledge the challenge in writing and provide a date by which it will respond. The Department's acknowledgement must state that if no response is received within 120 days, the challenger has the right to forward

the challenge to the Interagency Security Classification Appeals Panel. The challenger may also forward the challenge to the Interagency Security Classification Appeals Panel if the Department has not responded to an internal appeal within 90 days after receiving the appeal. Responses to challenges denied by the Department shall also include the challenger's appeal rights to the Interagency Security Classification Appeals Panel.

**§ 171.24 Access by historical researchers and former Presidential appointees.**

(a) Section 4.2(a)(3) of this Executive Order 12958 restricts access to classified information to individuals who have a need-to-know the information. This may be waived for persons who are engaged in historical research projects; or previously occupied policy-making positions to which they were appointed by the President. Access requests made under this provision must be submitted in writing and must include a general description of the records and the time period covered by the request.

(b) Access may be granted only if the Secretary of State or the senior agency official of the Department:

(1) Determines in writing that access is consistent with the interest of national security;

(2) Takes appropriate steps to protect classified information from unauthorized disclosure or compromise; and

(3) Ensures that the information is safeguarded in a manner consistent with the Executive Order 12958.

(c) Access granted to former Presidential appointees shall be limited to items the individual originated, reviewed, signed or received while serving as a Presidential appointee.

**§ 171.25 Exemptions.**

The Freedom of Information and Privacy Acts exemptions and any other exemptions under applicable law may be invoked by the Department to deny material on grounds other than classification.

Patrick F. Kennedy,

*Assistant Secretary for the Bureau of Administration.*

[FR Doc. 96-15513 Filed 7-30-96; 8:45 am]

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**DEPARTMENT OF THE TREASURY**

**Bureau of Alcohol, Tobacco and Firearms**

**27 CFR Parts 19 and 21**

[Notice No. 832; 95R-029P]

RIN 1512-AB60

**Formulas for Denatured Alcohol and Rum**

**AGENCY:** Bureau of Alcohol, Tobacco and Firearms (ATF), Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Bureau of Alcohol, Tobacco and Firearms (ATF) is proposing in this document to update the information provided for in parts 19 and 21 relating to the formulation of completely denatured alcohol (CDA), specially denatured alcohol (SDA), and specially denatured rum (SDR); the denaturants authorized for use in the manufacturing of these formulations; and the specifications for these denaturants. The updates being proposed include replacing the previously named "Scientific Services Division" and "Chemical Branch" with their new names, removing the only proprietary name listed with the denaturant denatonium benzoate, incorporating an ATF ruling that approves the use of two substitute denaturants, and making other amendments to provide clarity. ATF believes that the proposed updates will ensure that the information provided in this part is current.

As part of the President's regulatory reform initiative that calls for a complete review and revision of all Federal government regulations, ATF is proposing in this document to eliminate regulatory requirements that may pose an undue burden on industry members.

**DATES:** Written comments must be received on or before September 30, 1996.

**ADDRESSES:** Submit written comments to: Chief, Wine, Beer, and Spirits Regulations Branch; Bureau of Alcohol, Tobacco and Firearms; PO Box 50221; Washington, DC 20091-0221. Attn: Notice No. 832.

**FOR FURTHER INFORMATION CONTACT:** Mary A. Wood, Wine, Beer, and Spirits Regulations Branch, Bureau of Alcohol, Tobacco and Firearms, 650 Massachusetts Avenue, NW., Washington, DC 20226; (202) 927-8210.

**SUPPLEMENTARY INFORMATION:**

Background

27 CFR part 21 contains listings of information relating to the formulation

of CDA, SDA, and SDR, to the specifications for denaturants and to the denaturants authorized for use in the formulation of CDA, SDA, and SDR. ATF is authorized under section 5242 of the Internal Revenue Code of 1986 to prescribe the character and quantity of approved denaturing materials. Pursuant to § 21.91, ATF may authorize substitutions or variations from the specified list of denaturants pursuant to an application filed with ATF by the denaturer. This document proposes to amend part 21 to incorporate denaturants that have been approved pursuant to such applications but not yet published in this part, as well as to clarify the regulations where necessary. Additionally, this document proposes to make a technical correction to the wording of § 21.91 by replacing "of" with "or" in the second sentence.

#### Correcting Division and Branch Names

The ATF National Laboratory Center, Rockville, Maryland, underwent reorganization and the division and certain branches were renamed. The division previously named "Scientific Services Division" has been renamed "Laboratory Services Division" and the branch previously named "Chemical Branch" has been renamed "Alcohol and Tobacco Laboratory." The regulations are being corrected to reflect the new names. The division name correction affects § 21.11. The branch name correction affects §§ 21.3, 21.11, 21.21, 21.31, 21.33, 21.34, 21.56, 21.65, and 21.141.

#### Removal of a Proprietary Name

The appearance of the proprietary brand name "BITREX" in conjunction with the approved denaturant denatonium benzoate, N.F. may be mistakenly considered a product endorsement by ATF over all other proprietary names. Since "denatonium benzoate, N.F." is the actual chemical name for this denaturant, "BITREX" is eliminated every where it appears in parts 19 and 21.

#### Substitute Denaturants

ATF Ruling 94-4 approved the use of heptane as a substitute denaturant for toluene in SDA Formula No. 2-B (SDA 2-B) and alpha terpineol as a substitute denaturant in SDA Formula No. 38-B (SDA 38-B).

Heptane is currently approved as a substitute denaturant for rubber hydrocarbon solvent in SDA 28-A. This ruling allows for the use of heptane as a substitute, on an equal (1:1) basis, for any one of the denaturants (toluene, benzene or rubber hydrocarbon solvent) in SDA 2-B.

Alpha terpineol having similar specifications to those of pine oil, N.F., an approved denaturant for SDA 38-B, is now approved for use as a substitute denaturant in SDA 38-B.

#### Other Changes

27 CFR 21.6 and 21.141 are proposed to be amended to correctly cite referenced information.

#### Public Participation

ATF requests written comments from all interested persons. All comments received on or before the closing date will be carefully considered. Comments received after that date will be given the same consideration if it is practical to do so, but assurance of consideration cannot be given except as to comments received on or before the closing date.

ATF will not recognize any material as confidential. Any material which the commenter considers to be confidential or inappropriate for disclosure should not be included in the comment. The name of the person submitting the comment is not exempt from disclosure.

Any interested person who desires an opportunity to comment orally at a public hearing should submit a request, in writing, to the Director within the 60-day comment period. The Director, however, reserves the right to determine, in light of all circumstances, whether a public hearing will be scheduled.

Written comments will be available for public inspection during normal business hours at the following address: ATF Reading Room, Office of Public Affairs and Disclosure, Room 6480, 650 Massachusetts Avenue, NW., Washington, DC.

#### Regulatory Flexibility Act

It is hereby certified that this proposed regulation will not have a significant economic impact on a substantial number of small entities. The regulations will provide industry members with the most current listings of denaturants, denatured alcohol and rum formulations and their specifications. The regulations will not increase recordkeeping or reporting requirements. Accordingly, a regulatory flexibility analysis is not required because the proposal, if promulgated as a final rule, will not have a significant economic impact on a substantial number of small entities. Pursuant to section 7805(f) of the Internal Revenue Code, this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

#### Executive Order 12866

It has been determined that this proposed regulation is not a significant regulatory action as defined in Executive Order 12866. Accordingly, this proposal is not subject to the analysis required by this Executive Order.

#### Paperwork Reduction Act

The provisions of the Paperwork Reduction Act of 1980, Public Law 96-511, 44 U.S.C. chapter 35, and its implementing regulations, 5 CFR part 1320, do not apply to this document because no new information collection requirements are being proposed.

The collections of information referenced in this notice of proposed rulemaking have been previously reviewed and approved by the Office of Management and Budget in accordance with the requirements of the Paperwork Reduction Act of 1980 (44 U.S.C. 3504(h); 27 CFR parts 19 and 20).

#### Drafting Information

The principal author of this document is Mary A. Wood of the Wine, Beer, and Spirits Regulations Branch, Bureau of Alcohol, Tobacco, and Firearms.

#### List of Subjects

##### *27 CFR Part 19*

Administrative practice and procedure, Alcohol and alcoholic beverages, Authority delegations (Government agencies), Chemicals, Claims, Customs duties and inspection, Electronic fund transfers, Excise taxes, Exports, Gasohol, Imports, Labeling, Liquors, Packaging and containers, Puerto Rico, Reporting and recordkeeping requirements, Research, Security measures, Spices and flavorings, Stills, Surety bonds, Transportation, Vinegar, Virgin Islands, Warehouses, Wine.

##### *27 CFR Part 21*

Alcohol and alcoholic beverages, Authority delegation, Chemicals, Gasohol.

#### Authority and Issuance

Accordingly, ATF is proposing to amend chapter I, of title 27 of the Code of Federal Regulations as follows:

Sec. A. The regulations in 27 CFR part 19 are amended as follows:

#### **PART 19—DISTILLED SPIRITS PLANTS**

Para. 1. The authority citation for part 19 continues to read as follows:

Authority: 19 U.S.C. 81c, 1311; 26 U.S.C. 5001, 5002, 5004-5006, 5008, 5010, 5041, 5061, 5062, 5066, 5081, 5101, 5111-5113,

5142, 5143, 5146, 5171-5173, 5175, 5176  
5178-5181, 5201-5204, 5206, 5207, 5211-  
5215, 5221-5223, 5231, 5232, 5235, 5236,  
5241-5243, 5271, 5273, 5301, 5311-5313,  
5362, 5370, 5373, 5501-5505, 5551-5555,  
5559, 5561, 5562, 5601, 5612, 5682, 6001,  
6065, 6109, 6302, 6311, 6676, 6806, 7011,  
7510, 7805; 31 U.S.C. 9301, 9303, 9304, 9306.

#### § 19.460 [Amended]

Para. 2. Section 19.460(a) is amended by removing the word "(BITREX)," wherever it appears.

#### § 19.1005 [Amended]

Para. 3. Section 19.1005(c) is amended by removing the word "(Bitrex)," wherever it appears.

Sec. B. The regulations in 27 CFR part 21 are amended as follows:

#### PART 21—FORMULAS FOR DENATURED ALCOHOL AND RUM

Para. 1. The authority citation for part 21 continues to read as follows:

Authority: 5 U.S.C. 552(a); 26 U.S.C. 5242, 7805.

#### §§ 21.3, 21.21, 21.31, 21.34, and 21.56 [Amended]

Para. 2. Sections 21.3(b), 21.21 (b) and (c), 21.31(c), 21.34(c), and 21.56(a) are amended by removing the words "Chemical Branch" and adding in their place the words "Alcohol and Tobacco Laboratory."

Para. 3. Section 21.6 is amended by revising the first sentence of paragraph (a) to read as follows:

#### § 21.6 Incorporations by reference.

(a) "The United States Pharmacopoeia and the National Formulary" published together as "The USP and NF Compendia," are incorporated by reference in this part. \* \* \*

\* \* \* \* \*

#### § 21.11 [Amended]

Para. 4. Section 21.11 is amended in the definition "Chief, Chemical Branch" by removing the words "Scientific Services Division" and adding in their place the words "Laboratory Services Division" and by removing the words "Chemical Branch" and adding in their place the words "Alcohol and Tobacco Laboratory."

#### § 21.32 [Amended]

Para. 5. Section 21.32(a) is amended by removing the word "(BITREX)."

Para. 6. Section 21.33 is amended as follows:

1. Paragraph (a) is revised to read as follows:

#### § 21.33 Formula No. 2-B.

(a) *Formula*. To every 100 gallons of alcohol add:

One-half gallon of benzene, ½ gallon of rubber hydrocarbon solvent, ½ gallon of toluene, or ½ gallon of heptane.

\* \* \* \* \*

2. Paragraph (c) is amended by removing the words "Chemical Branch" and adding in their place "Alcohol and Tobacco Laboratory."

#### § 21.65 [Amended]

Para. 7. Section 21.65(a) is amended as follows:

1. The words "Alpha terpineol" are added at the top of the list of substances.

2. In the concluding text, the words "Chemical Branch" are removed and added in their place are the words "Alcohol and Tobacco Laboratory" every place they appear.

#### § 21.76 [Amended]

Para. 8. Section 21.76(a) is amended by removing the word "(BITREX)."

#### § 21.91 [Amended]

Para. 9. Section 21.91 is amended by removing "of" where it appears for the second time in the second sentence and adding "or" in its place.

#### §§ 21.95 through 21.132 [Redesignated as § 21.96 through 21.133]

Para. 10. Sections 21.95 through 21.132 are redesignated as §§ 21.96 through 21.133.

Para. 11. A new § 21.95 is added to read as follows:

#### § 21.95 Alpha terpineol.

(a) Boiling point at 752mm 218.8-219.4 °C.

(b) Density at 15° 0.9386.

(c) Refractive index at 20° 1.4831.

#### § 21.141 [Amended]

Para. 12. Section 21.141 is amended as follows:

1. Formula 40-B is added to the end of the list in the column entitled "Formulas authorized for the entry "External pharmaceuticals, miscellaneous, U.S.P. or N.F.", Code No. 249."

2. The words "Chemical Branch" are removed from footnote 1 and added in their place are the words "Alcohol and Tobacco Laboratory."

#### § 21.151 [Amended]

Para. 13. Section 21.151 is amended as follows:

1. "Alpha Terpineol \* \* \* S.D.A. 38-B" is added directly after, "Almond oil, bitter, N.F.X \* \* \* S.D.A. 38-B."

2. "(BITREX)" is removed from the reference to "Denatonium benzoate, N.F. S.D.A. 1, 40-B."

3. "2-B" is added between "S.D.A." and "28-A" across from "Heptane."

Signed: May 29, 1996.

John W. Magaw,

Director.

Approved: June 6, 1996.

John P. Simpson,

Deputy Assistant Secretary (Regulatory, Tariff and Trade Enforcement).

[FR Doc. 96-19388 Filed 7-30-96; 8:45 am]

BILLING CODE 4810-31-U

## DEPARTMENT OF THE INTERIOR

### Minerals Management Service

#### 30 CFR Part 206

#### RIN 1010-AC06

### Amendments to Transportation Allowance Regulations for Federal and Indian Leases to Specify Allowable Costs and Related Amendments to Gas Valuation Regulations

AGENCY: Minerals Management Service, Interior.

ACTION: Proposed rulemaking.

**SUMMARY:** The Minerals Management Service (MMS) proposes to amend its regulations governing valuation for royalty purposes of gas produced from Federal and Indian leases. The proposed rule primarily addresses allowances for transportation of gas. The amendments would clarify the methods by which gas royalties and deductions for gas transportation are calculated.

**DATES:** Comments must be submitted on or before September 30, 1996.

**ADDRESSES:** Comments should be sent to: David S. Guzy, Chief, Rules and Procedures Staff, Minerals Management Service, Royalty Management Program, P.O. Box 25165, MS 3101, Denver, Colorado 80225-0165, courier delivery to Building 85, Denver Federal Center, Denver, CO 80225, telephone (303) 231-3432, fax (303) 231-3194, e-Mail David\_Guzy@smtp.mms.gov.

**FOR FURTHER INFORMATION CONTACT:** David S. Guzy, Chief, Rules and Procedures Staff, Minerals Management Service, Royalty Management Program, telephone (303) 231-3432, fax (303) 231-3194, e-Mail David\_Guzy@smtp.mms.gov.

**SUPPLEMENTARY INFORMATION:** The principal authors of this proposed rule are Theresa Walsh Bayani at (303) 275-7247, Susan Lupinski at (303) 275-7246, and Gregory Smith at (303) 275-7102 from MMS's Offices in Lakewood, Colorado, and Geoffrey Heath at (202) 208-3051 and Peter Schaumberg at (202) 208-4036 from the Office of the Solicitor in Washington, D.C.