2,000-foot contour line to its intersection with the eastern boundary of section 2, T21N, R13W, immediately south of State Route 162 (Dos Rios Quadrangle); then

(2) Proceed straight south along the section line, crossing the Middle Fork of the Eel River, to the southeast corner of section 11, T21N, R13W (Dos Rios Quadrangle); then

(3) Proceed 0.9 mile straight west along the southern boundary of section 11 to its intersection with the 2,000-foot elevation line, T21N, R13W (Dos Rios Quadrangle); then

(4) Proceed northerly then westerly along the meandering 2,000-foot contour line, crossing Big Water Canyon, Doghouse Creek, and Eastman Creek, to the contour line's intersection with the southern boundary of section 17, T21N, R13W (Dos Rios Quadrangle); then

(5) Proceed 2.1 miles straight west along the section line, crossing the Eel River, to the section line's intersection with the 2,000-foot contour line along the southern boundary of section 18, T21N, R13W (Dos Rios Quadrangle); then

(6) Proceed northerly along the meandering 2,000-foot contour line, crossing between the Dos Rios and Laytonville maps (passing around the Sims 2208 benchmark near the southeast corner of section 36, T22N, R14W), and, returning to the Laytonville map, continue westerly to the contour line's intersection with the southwest corner of section 36, T22N, R14W, at Windy Point (Laytonville Quadrangle); then

(7) Proceed 1.2 miles straight north along the section line to its intersection with the 2,000-foot elevation line, section 25, T22N, R14W (Laytonville Quadrangle); then

(8) Proceed northerly along the meandering 2,000-foot elevation, crossing between the Laytonville and Iron Peak maps, and, returning to the Iron Peak map, continue along the contour line to its intersection with the western boundary of section 14 immediately south of an unnamed unimproved road, T22N, R14W (Iron Peak Quadrangle); then

(9) Proceed straight north along the section line to the southeast corner of section 3, T22N, R14W (Iron Peak Quadrangle); then

(10) Proceed straight west along the section line to the southwest corner of section 3, T22N, R14W (Iron Peak Quadrangle); then

(11) Proceed straight north along the section line to the northwest corner of section 3, T22N, R14W (Iron Peak Quadrangle); then

(12) Proceed straight east along the section line, crossing the Eel River, to the northeast corner of section 2, which coincides with the Round Valley Indian Reservation's southern boundary, T22N, R14W (Iron Peak Quadrangle); then

(13) Proceed straight south along the section line to the southeast corner of section 2, T22N, R14W (Iron Peak Quadrangle); then

(14) Proceed 0.3 mile straight east to the section line's intersection with the 2,000-foot elevation line along the northern boundary of section 12, T22N, R14W, west of Eberle Ridge, (Iron Peak Quadrangle); and

(15) Proceed generally southeast along the meandering 2,000-foot elevation, crossing onto the Covelo West map and continuing southerly along the 2,000-foot contour line from Stoner Creek in section 18, T22N, R13W, and, returning to the Dos Rios map, continue southeasterly along the 2,000-foot contour line (crossing Goforth and Poonkinny Creeks), to the beginning point at the contour line's intersection with Poonkinny Road.

Signed: August 15, 2005.

Vicky I. McDowell,

Acting Administrator.

Approved: September 2, 2005.

Timothy E. Skud,

Deputy Assistant Secretary (Tax, Trade, and Tariff Policy).

[FR Doc. 05–20546 Filed 10–13–05; 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–35; Re: ATF Notices Nos. 960 and 966; TTB Notice Nos. 6 and 31]

RIN 1513–AA39

Establishment of the Red Hill Douglas County, OR Viticultural Area (2001R–88P)

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

ACTION: Final rule; Treasury decision.

SUMMARY: This Treasury decision establishes the 5,500-acre Red Hill Douglas County, Oregon viticultural area. It is totally within the Umpqua Valley viticultural area in Douglas County, Oregon. 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.

EFFECTIVE DATE: November 14, 2005.

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 the consumer with adequate information regarding a product's identity and prohibits the use of misleading information on such 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.

Red Hill Petition and Rulemakings

Background

The Bureau of Alcohol, Tobacco and Firearms (ATF), the predecessor agency to the Alcohol and Tobacco Tax and Trade Bureau (TTB), received a petition from Mr. Wayne Hitchings, a vineyard owner in the Red Hill area of Douglas County, Oregon, to establish the ''Red Hill'' viticultural area.

The proposed 5,500-acre area is entirely within the Umpqua Valley viticultural area (27 CFR 9.89) and near the small town of Yoncalla, in northeastern Douglas County, Oregon. At the time of the petition, approximately 194 acres were devoted to the cultivation of wine grapes, with the majority planted to pinot noir.

Notices of Proposed Rulemaking and Comments Received

Three notices were published regarding the establishment of the proposed viticultural area with the name ''Red Hill (Oregon),'' and one notice was published that proposed establishing the viticultural area with the name ''Red Hill Douglas County, Oregon.'' The multiple notices stemmed from requests for commenting-time extensions, based on opposition to the ''Red Hill (Oregon)'' proposed name and other concerns.

ATF Notice No. 960

ATF published the first notice of proposed rulemaking regarding the establishment of the Red Hill (Oregon) viticultural area in the **Federal Register** (67 FR 66079) as Notice No. 960 on October 30, 2002. Prior to the publication of Notice No. 960, which requested public comments on the proposed viticultural area, ATF decided to include the geographical modifier ''Oregon'' with the ''Red Hill'' name, making the proposed name ''Red Hill (Oregon).'' Notice No. 960 explained that both the ''Red Hill'' name and the Oregon-modified name were subject to public comment.

Below, we summarize the evidence presented in the petition and outlined in Notice No. 960.

1. Name Evidence.

The Red Hill name has been used in Douglas County, Oregon, for more than 150 years. The name ''Red Hill'' derives from the color of the soil exclusive to this area of Douglas County.

The USGS Drain, Oregon, map labels Red Hill in sections 35, 26, and 23, T23S/R5W. The map also identifies the light duty Red Hill Road that meanders through the region. Interstate 5 signage, at exit 150 in northern Douglas County, Oregon, includes the ''Red Hill'' name and directs travelers to the area. The USGS Geographic Names Information System identifies Red Hill as an area in Douglas County, Oregon. Douglas County is located in southwest Oregon, as noted on the Oregon-Washington American Automobile Association State Series map, published February 2003, and on page 92, ''Oregon,'' of the American Map 2002 Road Atlas.

Historically, the Applegate and Scott families settled at the foot of Red Hill in the mid-19th century. By 1879, settlers established a school district in the Red Hill area and built a schoolhouse on Red Hill Road (identified in the southeast corner of the USGS Drain, Oregon, map in section 26, T23S/R5W). The school district operated until 1943; the Red Hill School now stands abandoned. ''Douglas County Schools, A History Outline,'' by Larry Moulton, October 2000, includes a hand-drawn map and directions to the ''Red Hill School Site.''

2. Boundary Evidence.

Red Hill parallels and lies to the east of the Interstate 5 highway for approximately 8.5 miles. The hill is readily seen as a dominant geological structure at the Red Hill exit, number 150, on Interstate 5. The hill runs in a north-south direction, with predominantly westward sloping.

The boundaries are based on the hillside elevations and the preferred viticultural site on the southwest slope. The low elevation is the 800-foot contour line, and the average high elevation is 1,200 feet, the maximum altitude for quality grape production in the area. Areas below the 800-foot elevation become valley terrain consistent with the distinctive features of the Umpqua Valley viticultural area. Red Hill areas above the 1,200-foot elevation and on the east side are generally owned by a large timber concern and are dedicated to re-foresting efforts.

The dominant Jory series soils in the proposed viticultural area are mostly deep and well drained to the 15-foot depth. These soils are volcanic in origin and are formed in residuum. Jory soils are exclusive to the area of Douglas County that lies within the proposed viticultural area boundaries, but are also found at the higher, adjacent elevations, where climate conditions are not suitable for viticulture.

3. Distinguishing Features.

a. Geology.

Red Hill is geologically part of the Umpqua Formation, with numerous rising domes that present an undulating appearance. The landform is composed of basalts similar to the volcanic rocks on the Pacific Ocean floor.

b. Soil.

The Jory series, which predominates the area, includes the deepest soils and forms a uniform reservoir of texture and depth across the proposed viticultural area. Jory soil is found at 1,900 feet to the north and 1,900 feet to the west of the southwest corner of section 34, T23S and R5W. A soil analysis of the Jory soil in this area segregates it into six sections when taken to a depth of 60 inches. The first two sections (0 to 8 inches and 8 to 16 inches) are moderately acidic, silty clay loam of a reddish brown color. The third through the sixth sections (16 to 24 inches, 24 to 33 inches, 33 to 48 inches, and 48 to 60 inches, respectively) are all strongly acidic. The third section is dark reddish brown in color, and the fourth through sixth sections are dark red. Bedrock is found at 60 inches or deeper.

Mr. Jerry Maul, a former Douglas County extension agent, wrote in a letter dated March 2, 2001, about the appellation status of the Red Hill region of Douglas County. He stated that Jory soils found at Red Hill and in other regions of Oregon are accepted as the premier soils in the production of wine grapes. To some extent, these soils can be found to the north at Dundee Hills, Oregon, and in the foothills west of Corvallis, Oregon.

Mr. Walt Barton, an engineering technician for the Douglas Soil and Water Conservation District, stated in his March 7, 2001, letter, ''this soil [Jory series] in Douglas County is unique to the Red Hill District. * * * In contrast, the soils in the surrounding area [Umpqua Valley] are shallow or poorly drained and are formed from sedimentary rock.'' He also stated that the Jory series is deep, well drained, and derived from bedrock.

Appearing less often on Red Hill, and mixed within the Jory series, are the Nekia, Philomath, and Dixonville series. Like the Jory, these series are formed in residual soil material from weathered basalt and possess similar reddish soil

color and drainage characteristics. The noticeable difference is found in the depth of the soils, with the Jory at 5 to 15 feet in depth and the other series between 3 and 8 feet deep. These well-drained soils change in structure and depth below the 800-foot elevation line, delineating Red Hill on the western and southern flanks, with sedimentary rocks at the base.

c. Climate.

The Umpqua Valley and Douglas County regional climate is largely affected by the Pacific Ocean's coastal weather systems 50 miles to the west. These storm systems are buffered by the Callahans, a group of mountains running north and south in the Coast Range. The result is a moderate winter climate in the proposed viticultural area. During the summers, numerous Pacific highs replace the winter storm patterns with warm, dry weather. These climate changes typically occur in May and November.

Temperatures throughout the larger Umpqua Valley viticultural area differ greatly, creating numerous microclimates. In the Red Hill area, a portion of the Umpqua Valley viticultural area, daytime growing temperatures are moderated by elevation and surrounding terrain, in comparison to lower valley elevations that experience warmer daytime temperatures as high as 105 °F. Red Hill's average daytime temperature during the growing season is 75 °F. Temperature recordings at Oakland, Sutherlin, and Roseburg, all located along Interstate 5 in Douglas County, can increase as much as 11 °F from Red Hill daytime temperatures. Nighttime Red Hill temperatures are typically 7 °F lower than those in the surrounding areas during the summer months.

Growing season temperature data, collected between 1998 and 2000, came from the areas of Red Hill and from the Roseburg Regional Airport, which is located 20 miles south of Red Hill. During this 3-year collection period, the average high was 74.5 °F for Roseburg and 72.3 °F for Red Hill. The average low was 50 °F for Roseburg and 46.4 °F for Red Hill.

The Red Hill microclimate is one of a large number of different climates within a relatively short distance. The climate changes are primarily caused by associated landforms and elevation differences. Within the elevation range of the proposed viticultural area, the geographical landform provides cold air drainage that maintains frost-free grape-growing seasons. The nearby vineyards on the valley floor, without the benefit of the vertical cold air drainage, have frequent frosts.

The Red Hill microclimate also includes occasional fog in winter and summer. The fog can be extreme, completely covering the valley's floor, while Red Hill enjoys full sun. This fog condition can also reverse itself, with Red Hill being totally blanketed in fog, while the valley floor enjoys fog-free visibility.

Elevations of the proposed viticultural area are generally at or above 800 feet, with most of the terrain below 1,200 feet. This span of elevations has a significant effect on growing conditions. The hillside climate allows grapes to mature at a slower rate, producing small clusters of grapes with high acids and intense flavors.

In his March 2, 2001, letter, Jerry Maul explained that the Red Hill bloom and ripening dates may be 12 days later than the rest of the Umpqua Valley viticultural area and 4 to 7 days ahead of those of comparable varieties in the Willamette Valley viticultural area. Mr. Maul also stated that the Willamette Valley viticultural area has 10 inches more annual rain than the proposed viticultural area.

Average rainfall in the Red Hill area is 51 inches at the 1,000-foot elevation, which contrasts with 40 inches at the 600-foot elevation of the Umpqua Valley floor. Other areas close to Red Hill all have significantly less rainfall, as noted in the table below.

Location name (Oregon)	Average annual rainfall (inches)
Red Hill Road	51.53
Oakland	40.86
Drain	45.70
Sutherlin	41.81
Roseburg	32.44
Winchester	34.99

Notice No. 960 requested public comments by December 30, 2002, and ATF received nine comments, one in support, seven in opposition, and one that requested an extension of the comment period. The one supporting commenter stated that the proposed viticultural area is geologically and climatically distinct from surrounding areas.

All seven opposing commenters expressed concern about the proposed ''Red Hill (Oregon)'' name. They cited consumer confusion with other Red Hill wine regions in Oregon, California, New Zealand, and Australia. Several commenters who use the geographical term ''Red Hills of Dundee'' on wine labels believed the petitioner would be capitalizing on that established and recognized name. A commenter holding the ''Red Hill Vineyard'' trademark in California stated concerns about potential brand name confusion.

The ''Red Hill'' name, according to a commenter, is ''common'' and ''generic.'' Also, the ''Oregon'' modifier is too expansive and encompassing, the commenter continued, and suggested Douglas County or Umpqua as modifiers. The name ''Red Hill'' in Douglas County is not well known locally or nationally, according to several opposing commenters. One commenter questioned if the proposed Red Hill (Oregon) area is located in the Willamette Valley, in northwest Oregon, to the north of Douglas County.

The Red Hill area in Douglas County, according to several commenters, has no history of grape-growing or established viticulture reputation. They also stated that climate, soil, and topography are not distinguishable from the Red Hills of Dundee, located in the Willamette Valley in northwest Oregon. Another commenter stated there is red soil ''all over the planet.''

A commenter cited lack of justification in selecting the elevation range of 800 to 1,200 feet. Another commenter noted the entire Red Hill landform is not within the proposed boundary, and that the proposed viticultural area should be renamed to reflect the portion of Red Hill within the proposed boundary. The commenter suggested the name ''Pollack Creek,'' which is the name of an estuary running through the proposed area.

One commenter requested a 60-day extension to the comment period for more time to study the petition and prepare a comment.

ATF Notice No. 966

In response to the commenter's request for an extension of the comment period prescribed in Notice No. 960, ATF on January 16, 2003, published in the **Federal Register** (68 FR 2262) a second notice, No. 966, regarding the proposed establishment of the Red Hill (Oregon) viticultural area. Notice No. 966 re-opened the comment period and requested public comments by March 17, 2003. ATF received 16 comments, with 12 in support, 2 in opposition, 1 that suggested a name change, and 1 that requested an extension of the comment period.

The 12 supporting commenters, with the majority living and growing grapes in Douglas County, Oregon, stated their belief that the Red Hill region is distinct from the surrounding areas in soil, rainfall, and temperatures. Also, they stated that the geology and higher elevations on the hillsides are unique to the surrounding lower elevations.

According to one supporting commenter, the Red Hill terrain above the 1,200-foot elevation line and on the east side of the hill, located outside the proposed boundary line, is not conducive to successful viticulture. A supporting Corvallis, Oregon, vineyard owner stated that east-facing slopes make poor vineyard sites.

An Oakland, Oregon, supporting commenter stated that the proposed viticultural area has cool night temperatures, as compared to areas outside the proposed boundary, and enjoys a frost-free growing season. The same commenter noted that the reddish Jory soils are isolated on Red Hill from the surrounding region.

A supporting Medford, Oregon, horticultural advisor commented that the reddish soil is composed of silt-sized volcanic ash deposited by wind on the hilltops, not in the valleys. The commenter also stated that the marine influence provides a cooler and wetter climate, as compared to the surrounding Umpqua Valley area. The horticultural advisor stated his belief that the Red Hill area is unique to the region and deserves its own appellation.

A supporting Douglas County extension agent commented that the majority of the County grapes grow between 400 and 800 feet in elevation and that the elevation level of between approximately 800 and 1,200 feet of the proposed Red Hill viticultural area is the maximum elevation for successful ripening of grapes in the Umpqua climatic zone. The extension agent explained that increased winter and spring rainfall levels in the Red Hill region contrast to the rainfall of the adjacent lower elevation valley vineyard sites and that Red Hill has a very distinctive Jory soil type.

A supporting general manager of the Douglas County Farmers Co-op commented that unique characteristics of Red Hill include the soils, microclimate, and rainfall. The general manager also states that viticulture occurs at higher elevations than those of most other Douglas County grape-growing locations.

According to several supporting commenters, the Red Hill name is appropriate and has historical significance. The ''Red Hill'' sign at exit 150 of Interstate 5 in Oregon, according to one commenter, is the only ''Red Hill'' designation in that region of the Interstate system. Another commenter found humor in the idea of public confusion among the ''Red Hill,'' ''Red Hills of California,'' or the ''Red Hills of Dundee'' geographical names. The Douglas County extension agent confirmed the historical significance of the ''Red Hill'' name for the area.

The two opposing commenters stated their concern about the proposed ''Red Hill (Oregon)'' name. They cited consumer confusion with the Red Hills of Dundee grape-growing region in the Willamette Valley viticultural area of northwest Oregon. A commenter explained that the grapes from the proposed viticultural area lack ''Red Hill'' marketplace recognition. The same commenter stated his belief that the petition information refers to new plantings that have not been commercially harvested. In conjunction, the commenter questioned the distinguishing climatic features evidence of the petition, as related to the viticultural bloom and ripening dates. The other commenter contended that there is inadequate historical viticultural evidence to support the contention that the area produces unique wines. Also, the commenter stated that no current demand for wines from the Red Hill area of Douglas County, Oregon, exists.

One commenter suggested ''Red Hill of Oregon'' as an alternate name to the ''Red Hill (Oregon)'' proposed name.

One commenter requested an additional comment period of 60 days to allow time for receipt and evaluation of a copy of the original petition.

TTB Notice No. 6

In response to the commenter's request for an extension of the comment period prescribed in Notice No. 966, TTB, as the successor agency to ATF, on April 24, 2003, published in the **Federal Register** (68 FR 20090) Notice No. 6. This third notice re-opened the comment period regarding the proposed establishment of the Red Hill (Oregon) viticultural area. Notice No. 6 requested public comments by May 27, 2003. TTB received nine comments, three in support, one in opposition, and five that requested a public hearing.

The three comments in support of the proposed Red Hill (Oregon) viticultural area focused on the unique climate conditions for viticulture. The owner of an Oakland, Oregon, vineyard, located about 10 miles south of Red Hill, commented that Red Hill is distinct from other growing areas in the Umpqua Valley viticulture area. The distinctive combination of soil, temperature, and rainfall pattern, the commenter continues, is not repeated elsewhere in the Umpqua Valley. Another Oakland vineyard owner concurred that the Red Hill area is a unique viticultural area. The managing partner of an Elkton, Oregon, vineyard, located to the west-northwest of Red Hill, commented, ''I have been to this vineyard a number of times and the soils, elevation, rainfall and climate differentiate this site from all others in the Umpqua [Valley] AVA.''

In addition, one supporting commenter explained that early settlers started using the ''Red Hill'' name and that the petitioner did not coin the ''Red Hill'' name for the purpose of petitioning for the establishment of a viticultural area.

The one opposing commenter of the proposed Red Hill (Oregon) viticultural area discussed possible trade and consumer confusion related to the proposed name of the viticultural area. Two Oregon trademarks in use since 1970, ''Red Hills Estate'' and ''Red Hills Vineyard,'' are held by a Willamette Valley, Oregon, winery. The commenter believes consumer confusion between the two trademark names and the proposed Red Hill (Oregon) viticultural area names will occur. The commenter suggested ''Pollack Creek'' as an alternate viticultural area name.

The five commenters who requested a public hearing wished to debate the establishment of the proposed Red Hill (Oregon) viticultural area. Specific reasons included a belief that the name Red Hill (Oregon) is not locally or nationally recognized and a concern that the proposed name could be confused with the Red Hills of Dundee grape-growing region in the Willamette Valley of northwest Oregon. Also, the commenters contended that the proposed area lacks viticultural history.

TTB Notice No. 31

Based on the comments opposed to the proposed ''Red Hill (Oregon)'' name, TTB decided to solicit comments on ''Red Hill Douglas County, Oregon'' as a new name for the proposed viticultural area. Accordingly, on February 2, 2005, TTB published in the **Federal Register** (70 FR 5397) Notice No. 31, which included a revised boundary description in the proposed regulatory text and re-opened the period for public comments through March 4, 2005. TTB revised the boundary description to provide more detail for ease in determining the proposed lines on the USGS maps. TTB received no comments in response to this notice.

Discussion of Comments

As indicated above, ATF and TTB received a total of 34 public comments in response to the three proposed Red Hill (Oregon) notices and none in response to the notice proposing the ''Red Hill Douglas County, Oregon'' name. Opposing commenters supported their positions by addressing a number

of points, which we summarize and respond to below.

• Lack of name recognition, specifically, that the name Red Hill (Oregon) is not locally or nationally recognized.

TTB disagrees with this contention. As noted in Notice No. 960, the Red Hill name, based on reddish soils, has been used in Douglas County, Oregon, for over 150 years. Today, use of the name ''Red Hill'' continues to identify the Red Hill landform and farmlands in the area and is used on the Interstate 5 exit sign number 150. The USGS Drain, Oregon, map includes in section 26, T23S/R5W, a number of references to place and road names that include the words ''Red Hill.''

• Name confusion (with other areas, brands, and trademarks). Many commenters expressed concern that the name is easily confused with other names, such as the Red Hills (plural) area of Willamette Valley, Red Hills of Dundee (Oregon), Red Hills (New Zealand), Red Hills Estate (Oregon trademark), Red Hills Vineyard (Oregon trademark), and Red Hill Vineyard (California trademark).

TTB agrees that establishing a viticultural area named Red Hill (Oregon) could create potential conflicts and/or confusion with other geographical area, brand, and trademark names used by wine industry members. As stated in Notice No. 31, TTB determined that the proposed ''Red Hill Douglas County, Oregon'' name adequately describes and geographically identifies the proposed viticultural area and does not create confusion with other geographical areas or create conflict with other wine industry brand or trademark names currently in use.

• Insufficient boundary evidence. Several opposing commenters stated the boundaries do not reflect the geographical area known as Red Hill in Douglas County, Oregon.

TTB notes that the petition and Notice No. 960 both detail the rationale for the boundary line determination. Although portions of the Red Hill geographical formation are outside the boundaries, the area conducive to successful viticulture, based on soil and climate evidence, is included.

After careful consideration, TTB has determined that the proposed Red Hill Douglas County, Oregon viticultural area boundary lines are appropriate and accurate.

• Lack of justification in selecting the elevation range of 800 to 1,200 feet.

Several commenters questioned the use of the approximate 800- to 1,200-foot elevation lines for the proposed boundaries.

TTB believes the specified elevation is correct. One factor that supports the upper range of elevation, as presented by the petitioner and confirmed in public comments, is the timber industry's extensive land ownership on Red Hill. Much of the land at the higher elevations, above about 1,200 feet in elevation and to the east side of the hill, beyond the proposed boundaries, is dedicated to reforesting. The Douglas County extension agent Steve Renquist explained that the proposed upper boundary, at the 1,200-foot contour line, is the maximum elevation for successful grape-ripening in the region.

TTB, therefore, considers the 800- to 1,200-foot elevation band to be a defining feature of this proposed viticultural area.

• Insufficient distinguishing features, for example, climate (especially relating to the viticultural bloom and ripening dates), soil, and topography.

The petition stated that the area's growing season temperatures, including those of spring and fall, are warmer during the day and cooler at night, which contrasts to the surrounding Umpqua region. According to a former Douglas County extension agent, Red Hill bloom and ripening dates vary from the rest of the Umpqua Valley viticultural area and those of comparable varieties in the Willamette Valley viticultural area.

The petition also stated that, according to horticultural advisor Brian Wolf, the Red Hill climate enjoys a marine influence, generally cooler and wetter, than the surrounding areas. Also, it contrasts to the Willamette Valley to the north, which has more rainfall and cooler temperatures than Red Hill. From a climatic perspective, including growing temperatures and solar radiation, commenters explain that the Red Hill area's east-facing slopes and elevations above 1,200 feet are not conducive to successful viticulture, and, thus, are outside the boundaries of the proposed viticultural area. Moreover, the proposed Red Hill Douglas County, Oregon viticultural area experiences distinctive rainfall and temperature patterns, a relatively frost-free growing season, a west-facing orientation and its related solar exposure, and a marine influence, as commenters describe. The commenters opposed to the proposed viticultural area provided no specific data to refute the information provided in the petition in this regard.

Regarding the reddish soil of this proposed viticultural area, horticultural advisor Brian Wolf also stated, according to the petition, that it is not clay, but silt-sized volcanic ash deposited by wind. This red volcanic ash exists only on the tops of hills, not at the lower elevation valleys, and has extraordinary water-holding capability that facilitates viticulture. In addition, a vineyard owner 4 miles south of Red Hill describes his soil as poorly draining silt clay mudstone, which contrasts to the deep, red, well-drained soil in the proposed viticultural area. Finally, the letter from engineering technician Walt Barton that was submitted with the petition stated that, within Douglas County, the red Jory series is unique to the Red Hill area. Areas surrounding the Red Hill region, Mr. Barton explained, have contrasting shallow or poorly drained soils of sedimentary origin, unlike the Red Hill Jory series soils that are well drained and derive from bedrock.

TTB believes that these statements support the conclusion that the red Jory soils of the Red Hill area are a unique and distinguishing factor in that area of the Umpqua Valley and Douglas County, Oregon. The fact that there is red soil ''all over the planet,'' as claimed by one opposing commenter, does not deny the significance of the soil found in the proposed viticultural area.

As regards topography, the petition pointed out that the hillside climate allows grapes to mature at a slower rate, producing small clusters of grapes with high acids and intense flavors. Therefore, the hillside elevations of the proposed viticultural area are distinctive. The proposed boundaries are generally limited by the 1,200-foot upper elevation and by the east-facing hillside slopes where viticulture tends to be less successful. Also, below the 800-foot proposed elevation boundary line, the area trends to the Umpqua Valley growing environment. The opposing commenters provided no specific information to refute these statements.

• Lack of grape-growing history and established viticulture reputation.

Several opposing commenters voiced concern about the lack of viticultural history of the Red Hill area in Douglas County, Oregon, and a lack of commercial grape harvesting. They stated that the area does not have a proven record of producing unique wines. Another commenter stated that there is little commercial demand for wines originating from this area.

TTB notes that the regulations pertaining to the establishment of viticultural areas do not require the existence of a substantial viticultural history, a production of unique wines, or a demand for wines originating in the proposed viticultural area. Therefore, in evaluating a petition, TTB does not consider as determining factors the

questions of whether the viticulture of the proposed area is new or established, whether the area is producing unique wines, or whether wine from the area is in demand in the marketplace.

• Need for public hearings.

Five opposing commenters requested a public hearing to openly discuss the petition and present oral arguments.

However, TTB determined that the written comments received in response to Notice Nos. 960, 966, and 6, together with the information submitted with the petition, provided adequate information, evidence, and documentation on which to base a decision.

TTB Finding

After careful review of the petition and the public comments, TTB believes that the evidence submitted with the petition supports the establishment of the proposed viticultural area under the name proposed in Notice No. 31. Therefore, under the authority of the Federal Alcohol Administration Act and part 4 of our regulations, we establish the ''Red Hill Douglas County, Oregon'' viticultural area in Douglas County, Oregon, effective 30 days from this document's publication date.

Boundary Description

See the narrative boundary description of the viticultural area in the regulatory text published at the end of this notice.

Maps

The petitioner provided the required maps, and we list them below in the regulatory text.

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 establishment of this viticultural area and its inclusion in part 9 of the TTB regulations, its name, ''Red Hill Douglas County, Oregon'' is recognized as a name of viticultural significance. Consequently, wine bottlers using ''Red Hill Douglas County, Oregon'' in a brand name, including a trademark, or in another label reference as to the origin of the wine, must ensure that the product is eligible to use the 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, Regulations and Procedures 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. Amend subpart C by adding § 9.190 to read as follows:

Subpart C—Approved American Viticultural Areas

§ 9.190 Red Hill Douglas County, Oregon.

(a) *Name.* The name of the viticultural area described in this section is ''Red Hill Douglas County, Oregon''. For purposes of part 4 of this chapter, ''Red Hill Douglas County, Oregon'' is a term of viticultural significance.

(b) *Approved Maps.* The appropriate maps for determining the boundary of the Red Hill Douglas County, Oregon viticultural area are three United States Geological Survey (USGS), 1:24,000 scale, topographic maps. They are:

(1) Sutherlin, OR (Provisional edition 1988);

(2) Scotts Valley, OR (Provisional edition 1987); and

(3) Yoncalla, OR (Provisional edition 1987).

(c) *Boundary.* The Red Hill Douglas County, Oregon viticultural area is located in Douglas County, Oregon, east of Interstate 5 near the hamlet of Rice Hill, between the villages of Yoncalla and Oakland.

(1) Beginning on the Yoncalla map along the southern boundary of section 35, T23S/R5W, at the point where a pipeline crosses the T23S/T24S township line, proceed due west 0.8 mile along the T23S/T24S township line to its intersection with the 800-foot contour line just west of Pollock Creek in section 34, T23S/R5W (Yoncalla Quadrangle); then

(2) Proceed southerly along the meandering 800-foot contour line, cross onto the Sutherlin map in section 10, T24S/R5W, and continue westerly along the 800-foot contour line to its first intersection with the eastern boundary of section 8, T24S/R5W (Sutherlin Quadrangle); then

(3) Proceed northerly along the meandering 800-foot contour line, return to the Yoncalla map in section 9, T23S/R5W, and continue northerly along the 800-foot contour line to its intersection with the T23S/T24S township line very near the northwest corner of section 4, T24S/R5W (Yoncalla Quadrangle); then

(4) Proceed northeasterly along the 800-foot contour line, cross Wilson Creek in the northern portion of section 23, T23S/R5W, pass onto the Scotts Valley map at Section 14, T23S/R5W, and continue northeasterly along the 800-foot contour line to its intersection with the R4W/R5W range line, which at that point is also the eastern boundary of section 1, T23S/R5W (Scotts Valley Quadrangle); then

(5) Proceed southwesterly along the 800-foot contour line, re-cross the R4W/R5W range line, and continue to the second intersection of the 800-foot contour line and the pipeline in section 1, T23/R5W (Scotts Valley Quadrangle); then

(6) Proceed 5.75 miles southwesterly along the pipeline, cross Wilson Creek in section 24, T23S/R5W, return to the Yoncalla map in section 26, T23S/R5W,

and continue southwesterly along the pipeline to the point of beginning at the intersection of the pipeline intersection and the T23S/T24S township line in section 35, T23S/R5W (Yoncalla Quadrangle).

Signed: July 22, 2005.

John J. Manfreda,

Administrator.

Approved: September 2, 2005.

Timothy E. Skud,

Deputy Assistant Secretary (Tax, Trade, and Tariff Policy).

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PENSION BENEFIT GUARANTY CORPORATION

29 CFR Parts 4022 and 4044

Benefits Payable in Terminated Single-Employer Plans; Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing and Paying Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: The Pension Benefit Guaranty Corporation's regulations on Benefits Payable in Terminated Single-Employer Plans and Allocation of Assets in Single-Employer Plans prescribe interest assumptions for valuing and paying benefits under terminating single-employer plans. This final rule amends the regulations to adopt interest assumptions for plans with valuation dates in November 2005. Interest assumptions are also published on the PBGC's Web site (*http://www.pbgc.gov*).

DATES: Effective November 1, 2005.

FOR FURTHER INFORMATION CONTACT: Catherine B. Klion, Attorney, Legislative and Regulatory Department, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202–326–4024. (TTY/TDD users may call the Federal relay service toll-free at 1–800–877–8339 and ask to be connected to 202–326–4024.)

SUPPLEMENTARY INFORMATION: The PBGC's regulations prescribe actuarial assumptions—including interest assumptions—for valuing and paying plan benefits of terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974. The interest assumptions are intended to reflect current conditions in the financial and annuity markets.

Three sets of interest assumptions are prescribed: (1) a set for the valuation of benefits for allocation purposes under section 4044 (found in Appendix B to Part 4044), (2) a set for the PBGC to use to determine whether a benefit is payable as a lump sum and to determine lump-sum amounts to be paid by the PBGC (found in Appendix B to Part 4022), and (3) a set for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC's historical methodology (found in Appendix C to Part 4022).

This amendment (1) adds to Appendix B to Part 4044 the interest assumptions for valuing benefits for allocation purposes in plans with valuation dates during November 2005, (2)adds to Appendix B to Part 4022 the interest assumptions for the PBGC to use for its own lump-sum payments in plans with valuation dates during November 2005, and (3) adds to Appendix C to Part 4022 the interest assumptions for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC's historical methodology for valuation dates during November 2005.

For valuation of benefits for allocation purposes, the interest assumptions that the PBGC will use (set forth in Appendix B to part 4044) will be 3.70 percent for the first 20 years following the valuation date and 4.75 percent thereafter. These interest assumptions represent an increase (from those in effect for October 2005) of 0.20 percent for the first 20 years following the valuation date and are otherwise unchanged.

The interest assumptions that the PBGC will use for its own lump-sum payments (set forth in Appendix B to part 4022) will be 2.50 percent for the period during which a benefit is in pay status and 4.00 percent during any years preceding the benefit's placement in pay status. These interest assumptions represent an increase (from those in effect for October 2005) of 0.25 percent for the period during which a benefit is in pay status and are otherwise unchanged.

For private-sector payments, the interest assumptions (set forth in Appendix C to part 4022) will be the same as those used by the PBGC for determining and paying lump sums (set forth in Appendix B to part 4022).

The PBGC has determined that notice and public comment on this amendment are impracticable and contrary to the public interest. This finding is based on the need to determine and issue new interest assumptions promptly so that the assumptions can reflect, as accurately as possible, current market conditions.

Because of the need to provide immediate guidance for the valuation and payment of benefits in plans with valuation dates during November 2005, the PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

The PBGC has determined that this action is not a ''significant regulatory action'' under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

List of Subjects

29 CFR Part 4022

Employee benefit plans, Pension insurance, Pensions, Reporting and recordkeeping requirements.

29 CFR Part 4044

Employee benefit plans, Pension insurance, Pensions.

■ In consideration of the foregoing, 29 CFR parts 4022 and 4044 are amended as follows:

PART 4022—BENEFITS PAYABLE IN TERMINATED SINGLE-EMPLOYER PLANS

■ 1. The authority citation for part 4022 continues to read as follows:

Authority: 29 U.S.C. 1302, 1322, 1322b, 1341(c)(3)(D), and 1344.

■ 2. In appendix B to part 4022, Rate Set 145, as set forth below, is added to the table.

Appendix B to Part 4022—Lump Sum Interest Rates For PBGC Payments

* * * * *

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)				
	On or after	Before		i_1	i_2	i_3	n_1	n_2