

published by the Department of Commerce for the previous calendar year.”

Pursuant to § 375.308(x)(1) of the Commission’s Regulations, the authority for the publication of such cost limits, as adjusted for inflation, is delegated to the Director of the Office of Energy Projects. The cost limits for calendar year 2006, as published in Table I of § 157.208(d) and Table II of § 157.215(a), are hereby issued.

**List of Subjects in 18 CFR Part 157**

Administrative practice and procedure, Natural Gas, Reporting and recordkeeping requirements.

**J. Mark Robinson,**  
*Director, Office of Energy Projects.*

■ Accordingly, 18 CFR part 157 is amended as follows:

**PART 157—[AMENDED]**

■ 1. The authority citation for part 157 continues to read as follows:

**Authority:** 15 U.S.C. 717–717w, 3301–3432; 42 U.S.C. 7101–7352.

■ 2. Table I in § 157.208(d) is revised to read as follows:

**§ 157.208 Construction, acquisition, operation, replacement, and miscellaneous rearrangement of facilities.**

\* \* \* \* \*  
(d) \* \* \*

TABLE I

Year	Limit	
	Auto. proj. cost limit (Col. 1)	Prior notice proj. cost limit (Col. 2)
1982 .....	\$4,200,000	\$12,000,000
1983 .....	4,500,000	12,800,000
1984 .....	4,700,000	13,300,000
1985 .....	4,900,000	13,800,000
1986 .....	5,100,000	14,300,000
1987 .....	5,200,000	14,700,000
1988 .....	5,400,000	15,100,000
1989 .....	5,600,000	15,600,000
1990 .....	5,800,000	16,000,000
1991 .....	6,000,000	16,700,000
1992 .....	6,200,000	17,300,000
1993 .....	6,400,000	17,700,000
1994 .....	6,600,000	18,100,000
1995 .....	6,700,000	18,400,000
1996 .....	6,900,000	18,800,000
1997 .....	7,000,000	19,200,000
1998 .....	7,100,000	19,600,000
1999 .....	7,200,000	19,800,000
2000 .....	7,300,000	20,200,000
2001 .....	7,400,000	20,600,000
2002 .....	7,500,000	21,000,000
2003 .....	7,600,000	21,200,000
2004 .....	7,800,000	21,600,000
2005 .....	8,000,000	22,000,000
2006 .....	8,200,000	22,700,000

\* \* \* \* \*

■ 3. Table II in § 157.215(a)(5) is revised to read as follows:

**§ 157.215 Underground storage testing and development.**

(a) \* \* \*  
(5) \* \* \*

TABLE II

Year	Limit
1982 .....	\$2,700,000
1983 .....	2,900,000
1984 .....	3,000,000
1985 .....	3,100,000
1986 .....	3,200,000
1987 .....	3,300,000
1988 .....	3,400,000
1989 .....	3,500,000
1990 .....	3,600,000
1991 .....	3,800,000
1992 .....	3,900,000
1993 .....	4,000,000
1994 .....	4,100,000
1995 .....	4,200,000
1996 .....	4,300,000
1997 .....	4,400,000
1998 .....	4,500,000
1999 .....	4,550,000
2000 .....	4,650,000
2001 .....	4,750,000
2002 .....	4,850,000
2003 .....	4,900,000
2004 .....	5,000,000
2005 .....	5,100,000
2006 .....	5,250,000

\* \* \* \* \*

[FR Doc. 06–1435 Filed 2–15–06; 8:45 am]  
BILLING CODE 6717–01–P

**DEPARTMENT OF THE TREASURY**  
**Alcohol and Tobacco Tax and Trade Bureau**

**27 CFR Part 9**

[T.D. TTB–42; Re: Notice No. 32]

RIN 1513–AA90

**Establishment of the Covelo Viticultural Area (2003R–412P)**

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

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

**SUMMARY:** This Treasury decision establishes the 38,000-acre “Covelo” viticultural area in northern Mendocino County, California, about 150 miles north of San Francisco. 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:** March 20, 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 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 geographic 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.

**Covelo Petition and Rulemaking**

*General Background*

Mr. Ralph Carter of Sonoma, California, submitted a petition to establish the "Covelo" viticultural area in northern Mendocino County, California. The Covelo area is about 150 miles north of San Francisco and 45 miles north of Ukiah. The proposed Covelo viticultural area boundary line encompasses Round Valley, Williams Valley, and the surrounding foothills. The small, rural town of Covelo lies within Round Valley, and a portion of the Round Valley Indian Reservation overlaps with the northern end of the proposed Covelo viticultural area.

This 38,000-acre proposed viticultural area has 2 acres of planted grape vines, with the potential for more vineyard development in the valley and on the surrounding hillsides. The petition did not document a history of grape growing in the Covelo area.

The bowl-shaped basin of Round Valley, which lies within the proposed Covelo viticultural area, is distinctly different from the long, narrow valleys more commonly found in Mendocino County. In addition, the soils in the Covelo area are, for the most part, very deep, nearly level loam, which differ significantly from the soils in the surrounding areas. The proposed Covelo viticultural area has a shorter growing season when compared with other Mendocino County viticultural areas and comparatively high annual rain levels with some snow.

Below, we summarize the evidence presented in the petition and the comments received in response to the notice for public comment.

*Name Evidence*

Covelo is the name of a small, rural town within Round Valley in Mendocino County, California. The town appears on the USGS quadrangle maps of Covelo East and Covelo West, and on the 2002 Rand McNally California map. The California State

Automobile Association Mendocino and Sonoma Coast map identifies Covelo as a rural township in northwest California. The 1988 DeLorme Northern California map displays the town of Covelo and "Covelo Road" (State Highway 162), which runs through the proposed viticultural area.

The National Oceanic and Atmospheric Administration California Climatological Data report of October 1999 includes temperature data for the Covelo weather station. The Covelo East USGS quadrangle map shows that the Covelo Ranger Station is situated about a mile north of the town.

*Boundary Evidence*

Distinctive elements of the proposed Covelo viticultural area include its geography, climate, and growing season. The Covelo area's geography, as noted on USGS maps, is largely a round, flat valley isolated from surrounding regions by a ring of foothills and mountains. The boundary line includes the foothills immediately adjacent to the valley floor because of the hillsides' viticultural potential, but excludes the higher and steeper mountainous terrain, which is less suitable for commercial viticulture.

The proposed Covelo area's microclimate is distinct from surrounding areas due to its geographic self-containment and inland location. The area's climate has significant day and night temperature differences, and a short grape-growing season. This isolated valley microclimate differs from the marine-influenced climates found in most of the surrounding regions of Mendocino County.

The boundary line of the proposed Covelo viticultural area connects a series of peaks and benchmarks in the hills surrounding the Round and Williams Valleys. These elevation points vary from a low of 1,762 feet on the southern boundary to a high of 2,792 feet on its northern boundary.

*Distinguishing Features*

*Geography*

The proposed Covelo viticultural area boundary surrounds Round Valley, a bowl-shaped basin that includes the town of Covelo. This broad, round, and flat-floored valley differs from the long, narrow valleys commonly found in mountainous areas of Mendocino County. The proposed boundary area also includes the smaller Williams Valley, located to Round Valley's northeast, and the hillsides that surround the two valleys. The USGS maps note that Round Valley's floor varies from 1,310 feet in elevation in the southeast to 1,480 feet in elevation in

the northwest, while the surrounding hillsides within the proposed boundaries are less than 2,800 feet high.

The elevations of the proposed area vary between 1,310 feet and approximately 2,800 feet, contrasting with the 4,000-foot to 7,000-foot mountain elevations around the Covelo area. These higher mountains geographically and climatically isolate the proposed Covelo viticultural area from surrounding regions.

*Climate*

The mountains surrounding Round Valley, together with the Coast Range to the valley's west, block the inland flow of climate-moderating Pacific marine air into the proposed Covelo viticultural area. Given this geographic isolation, the proposed Covelo viticultural area has a continental climate, which has greater temperature swings and a shorter growing season than the marine-influenced climate commonly found in the surrounding regions of Mendocino County.

The short growing season may be the most distinguishing characteristic of the proposed Covelo viticultural area. The frost-free growing season is commonly 125 days, or about 4 months long. Covelo's average growing season minimum temperature is also significantly lower than that of the Potter Valley viticultural area (27 CFR 9.82), which is about 33 miles south of Covelo.

The proposed Covelo viticultural area, with its annual 3,000 degree-days, marginally falls into Region 3, of Winkler's climate classification system. (Each degree of a day's mean temperature that is above 50 degrees F, which is the minimum temperature required for grapevine growth, is counted as one degree-day; see "General Viticulture," Albert J. Winkler, University of California Press, 1975). The table below shows a comparison of degree-days for grape-growing regions near the proposed Covelo viticultural area.

Mendocino grape-growing regions	Summation of growing season degree-day units
Covelo .....	3,000
Hopland .....	3,313
Potter Valley viticultural area (27 CFR 9.82) .....	3,341
Redwood Valley viticultural area (27 CFR 9.153) .....	2,914
Ukiah .....	3,460
Willits .....	2,224

The proposed Covelo viticultural area summer temperatures have greater day-

to-night variations (between 40 and 66 degrees in the valley) than the areas surrounding it. Also, in October (the final month of the summer growing season) the valley has 90 fewer degree-day units of heat than other Region 3 viticultural areas in the Mendocino region.

The Covelo area receives an average of 40 inches of rain a year, which is the highest average of any valley in northern Mendocino County. Annual rainfall varies widely in the Covelo area. In 1998, the area received 65 inches of rain, while in 2000 it received 36 inches, according to the National Oceanic and Atmospheric Administration's Climatological Data Annual Summary reports of California for 1997 through 2001. In addition, the Covelo valley basin receives about 7 inches of snow annually, with higher amounts falling on the surrounding hillsides.

#### Geology and Soils

The proposed Covelo viticultural area is composed of alluvial plains, alluvial fans, and a valley basin, which are geologically younger than the surrounding higher elevations. While the alluvial deposits on the valley floor share the mineralogy of the Franciscan rocks of the surrounding hills, the soils differ distinctly from the foothill soils surrounding the valley.

Feliz-Russian-Cole soils cover about 50 percent of the proposed Covelo viticultural area. These soils, which are found in the Round Valley basin, have neutral-to-alkaline soil pH chemistry, in contrast with the acidity found in the hillside soils.

The Sanhedren-Speaker-Kekawaka association, which is a deep to very deep, well-drained loam and gravelly loam, predominates in the northern, eastern, and western foothills surrounding Round Valley. In the southern foothills, the Dingman-Beaughton-Henneke association (a well-drained, gravelly loam and cobbly clay loam) and the Hopland-Yorktree-Witherell association (a well-drained loam and sandy loam) predominate.

The soils of the Franciscan Formation, a blue schist and semi-schist of Franciscan Complex, cover the mountainous terrain above proposed Covelo viticultural area boundary line.

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

TTB published a notice of proposed rulemaking regarding the establishment of the Covelo viticultural area in the **Federal Register** as Notice No. 32 on February 2, 2005 (70 FR 5393). In that notice, TTB requested comments by

April 4, 2005, from all interested persons. TTB received six comments in response to the notice with three supporting and three opposing the Covelo petition.

The three supporting comments focused on Covelo's unique climate, grape-growing conditions, and the lack of summer fog. A commenting winery owner agrees that Covelo should be recognized as a unique grape-growing region and that consumers should have a choice between Mendocino County and Covelo wines. The opposing issues are discussed below.

One opposing commenter suggested a public hearing, stating concerns about the impact on farms and the introduction or encouragement of significant viticulture activity in the proposed area. A second commenter questioned the ability of the Covelo area to support commercial viticulture due to the area's early and late frost-prone climate, poor hillside soils, Round Valley's high water table, and its isolation from markets.

A third commenter opposed the establishment of the Covelo viticultural area due to his concern over the possible negative effects of viticulture on the Round Valley Indian Tribes. Noting Round Valley's name, this commenter also expressed opposition to the "Covelo" name, and, while acknowledging that grapes can grow in the area, expressed doubt that commercial viticulture in the area would be economically feasible. In addition, this commenter also requested a 90-day extension of the comment period, but did not explain why this extension was required.

Holding a hearing during the rulemaking rarely takes place unless specifically required by a statute. Hearings to establish a viticultural area are not required under the FAA Act. TTB has consistently used the informal rulemaking process, such as it is doing in this matter, when considering establishing a viticultural area. In addition, both supportive and contrary comments have been substantive and thoughtful, and holding a public hearing would provide little, if any, additional value in the petitioning process. Also, based on a lack of compelling justification, TTB did not grant the request for an extension of the comment period for Notice No. 32.

In response to the opposition comments, the petitioner provided additional information and comments in a rebuttal. In response to comments questioning the legitimacy of the proposed viticultural area's name, the petitioner notes that he did consider the "Round Valley" name, among others,

but found that the name is used for many other places in the United States. Thus, the petitioner notes, "Round Valley" would not be an appropriate geographical name for this viticultural area. TTB agrees and notes that a search of the United States Geological Survey's Geographic Names Information System shows "Round Valley" is the name of 95 geographical places in 9 states, including places in 13 different California counties. On the other hand, according to the geographic names system, the name "Covelo" is associated only with the town of Covelo and the nearby ranger station. In light of the evidence presented, we believe the Covelo name is appropriate for the proposed viticultural area.

In response to commenters who question the ability of the proposed Covelo area to support commercial viticulture due to its climate, poor soil, high water table, and isolation, the petitioner notes that one commercial winery is currently using Covelo grapes in its production, and that several Covelo area vineyards produce wine and table grapes for non-commercial use. In addition, while the petitioner acknowledges that the proposed area has a short growing season climate, he quotes an Oregon wine industry member who notes, "The pinnacle of wine quality always comes from grapes grown in marginal climates." The petitioner also notes that other Mendocino County viticultural areas, such as Anderson Valley (27 CFR 9.86), Potter Valley (27 CFR 9.82), and Redwood Valley (27 CFR 9.153), have short growing seasons similar to Covelo, and that select varieties, including pinot noir and chardonnay, do well in shorter growing seasons.

The petitioner notes some growers prefer the thinner soils and increased drainage of hillside locations, which naturally devigor the vine and improve the quality while decreasing labor intensity. As for the high water table found on the valley floor, the petitioner states that the water table is lower during the growing season, and states that successful vineyards result from the selection of proper varieties and rootstock, as well as proper irrigation management.

As for the proposed area's isolation from the market, the petitioner states that the distance from the proposed Covelo viticultural area to some of the grape-buying wineries of Mendocino County is not excessive. The Covelo area, the petitioner states, is within an hour's driving time of the wineries in Potter Valley, Redwood Valley, and Ukiah, and that the Vin De Tevis winery is only 12 miles from Covelo.

TTB agrees that while the proposed Covelo viticultural area has a number of potentially stressful growing conditions, many winemakers prefer grapes grown in more stressful conditions. The success of commercial viticulture with the proposed area will be determined by climatic and market conditions and by the efforts of vineyard proprietors, not by the designation or non-designation of Covelo as an American viticultural area.

In response to the concern over the impact of viticulture on Round Valley's Native American residents, the petitioner states that vineyard operations will offer employment opportunities to the area's residents, including Native Americans, who often must leave the region to find work. Although this information is noteworthy, it has no bearing on whether a viticultural area should be established. In addition, TTB notes that the viticultural area's designation does not impose any requirements on the Round Valley tribes, and the tribes are under no obligation to lease or sell any land for vineyard development. Retail alcohol sales within the Round Valley reservation and within the Covelo region remain under the control of their respective local officials and voters.

#### *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.

#### **TTB Finding**

After careful review of the petition, TTB finds that the evidence submitted supports the establishment of the proposed viticultural area. Therefore, under the authority of the Federal Alcohol Administration Act and part 4 of our regulations, we establish the "Covelo" viticultural area in Mendocino County, California, effective 30 days from this document's publication date.

#### **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, "Covelo," is recognized as a name of viticultural significance. Consequently, wine bottlers using "Covelo" 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 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.

#### **Subpart C—Approved American Viticultural Areas**

■ 2. Amend subpart C by adding § 9.187 to read as follows:

##### **§ 9.187 Covelo.**

(a) *Name.* The name of the viticultural area described in this section is "Covelo". For purposes of part 4 of this chapter, "Covelo" is a term of viticultural significance.

(b) *Approved Maps.* The appropriate maps for determining the boundaries of the Covelo viticultural area are four United States Geological Survey 1:24,000 scale topographic maps. They are titled:

- (1) Dos Rios, California Quadrangle,—Mendocino Co., 7.5 Minute Series, edition of 1967, revised 1994;
- (2) Covelo West, California Quadrangle,—Mendocino Co., 7.5 Minute Series, edition of 1967, photoinspected 1973;
- (3) Covelo East, California Quadrangle,—Mendocino Co., 7.5 Minute Series, edition of 1967, revised 1994; and
- (4) Jamison Ridge, California Quadrangle,—Mendocino Co., 7.5 Minute Series, edition of 1967, revised 1994.

(c) *Boundary.* The Covelo viticultural area surrounds the town of Covelo in northern Mendocino County, California. The area's boundaries are defined as follows—

- (1) Beginning on the Dos Rios map at the intersection of State Highway 162 and the southern boundary of section 25, T22N, R13W (labeled Inspiration Point on the map), proceed west 0.3 miles on Highway 162 to BM 2006 in section 36, T22N, R13W; then
- (2) Proceed straight west-northwest 1.5 miles to the 2,537-foot elevation point in the northwest quadrant of section 26, T22N, R13W, Dos Rios map; then
- (3) Proceed straight northwest 1.6 miles to the 2,488-foot peak in the northwest quadrant of section 22, T22N, R13W, Covelo West map; then
- (4) Proceed straight north-northwest 0.75 miles to the 2,262-foot peak on the section 15 and 16 boundary line, T22N, R13W, and continue straight north 1.6 miles to the 2,247-foot peak on the section 3 and 4 boundary line, T22N, R13W, Covelo West map; then
- (5) Proceed straight northerly 1 mile to the 1,974-foot peak on the T22N/T23N boundary line, and continue straight north 1.6 miles to the 2,290-foot peak in the northwest quadrant of section 27, T23N, R13W, Covelo West map; then
- (6) Proceed straight northeast 1.2 miles to the 2,397-foot peak in the

northeast quadrant of section 22, and continue straight northeast 1.5 miles to BM 2210 in the northeast quadrant of section 14, T23N, R13W, Covelo West map; then

(7) Proceed straight east-southeast 1.75 miles to the 2,792-foot peak in the southwest quadrant of section 18, T23, R12W, Covelo East map; then

(8) Proceed straight north-northeasterly 0.9 mile to the 2,430-foot elevation point in the southeast quadrant of section 7, T23N, R12W, Covelo East map; then

(9) Proceed straight east-northeast 1.6 miles to the peak of Coyote Rock in section 9, T23N, R12W, Covelo East map; then

(10) Proceed straight east-southeast 1.55 miles to the 2,435-foot elevation point in the northern half of section 15, and continue straight southeast 2.3 miles to the 2,066-foot peak in the southwest quadrant of section 24, T23N, R12W, Covelo East map; then

(11) Proceed straight south-southwest 0.6 mile to the 2,024-foot peak near the section 26 eastern boundary line, T23N, R12W, Covelo East map; then

(12) Proceed straight west-southwest 1.9 miles to the 2,183-foot peak in the northwest quadrant of section 34, T23N, R12W, Covelo East map; then

(13) Proceed straight south-southeast 1.2 miles to the 1,953-foot peak in the northeast quadrant of section 3, T22N, R12W, Covelo East map; then

(14) Proceed straight southerly 0.9 mile to the 2,012-foot peak in the northeast quadrant of section 10, T22N, R12W, Covelo East map; then

(15) Proceed straight south-southeast 1.4 miles along Dingman Ridge to the 2,228-foot peak along the section 14 and 15 boundary line, T22N, R12W, Covelo East map; then

(16) Proceed straight southeast 0.95 mile to the 2,398-foot peak in the northeast quadrant of section 23, T22N, R12W, Covelo East map; then

(17) Proceed straight south-southeast 1.75 miles to the 2,474-foot elevation point along the section 25 and 26 boundary line, T22N, R12W, Jamison Ridge map; then

(18) Proceed straight west-southwest 0.9 mile to BM 2217 in the southwest quadrant of section 26, and continue straight westerly 1.5 miles to the 2,230-foot peak northwest of Iron Spring, in the southeast quadrant of section 28, T22N, R12W, Jamison Ridge map; then

(19) Proceed straight southwest 0.65 mile to the 2,022-foot peak very near an unimproved road in section 33, T22N, R12W, Jamison Ridge map; then

(20) Proceed straight west-northwest 1.5 miles to the 1,762-foot peak in the northeast quadrant of section 31, T22N,

R12W, Jamison Ridge map, and continue in the same line of direction 1.1 miles to the beginning point at the intersection of State Highway 162 and the southern boundary of section 25, T22N, R13W (labeled Inspiration Point), on the Dos Rios map.

Signed: December 15, 2005.

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

Approved: January 19, 2006.

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

[FR Doc. 06-1457 Filed 2-15-06; 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-43; Re: Notice No. 47]

RIN: 1513-AA77

#### Establishment of the Rattlesnake Hills Viticultural Area (2004R-678P)

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

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

**SUMMARY:** This Treasury decision establishes the Rattlesnake Hills viticultural area in Yakima County in south-central Washington State. The 68,500-acre area is entirely within the established Yakima Valley and Columbia Valley viticultural areas. 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:** March 20, 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 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, elevation, physical features, and soils 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.