

the making of private investigations pursuant to section 19(c) of the Securities Act of 1933 (15 U.S.C. 77s(c)), section 21(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78u(b)), section 42(b) of the Investment Company Act of 1940 (15 U.S.C. 80a-41(b) and section 209(b) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-9(b)). Orders issued pursuant to this delegation during this period will continue to have effect after August 11, 2010.

\* \* \* \* \*

Dated: July 16, 2010.

**Florence E. Harmon,**  
Deputy Secretary.

[FR Doc. 2010-17897 Filed 7-21-10; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Alcohol and Tobacco Tax and Trade Bureau

#### 27 CFR Part 9

[Docket No. TTB-2009-0004; T.D. TTB-86;  
Re: Notice No. 97]

RIN 1513-AB64

#### Establishment of the Sierra Pelona Valley Viticultural Area (2010R-004P)

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

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

**SUMMARY:** This Treasury decision establishes the 9.7-square mile “Sierra Pelona Valley” American viticultural area in southern California. We designate viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase.

**DATES:** *Effective Date:* August 23, 2010.

**FOR FURTHER INFORMATION CONTACT:** Christina McMahon, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW., Room 200-E, Washington, DC 20220; phone 202-453-2256.

#### SUPPLEMENTARY INFORMATION:

##### Background on Viticultural Areas

###### TTB Authority

Section 105(e) of the Federal Alcohol Administration Act (FAA Act), 27 U.S.C. 205(e), authorizes the Secretary of the Treasury to prescribe regulations for the labeling of wine, distilled spirits, and malt beverages. The FAA Act requires that these regulations, among other things, prohibit consumer deception and the use of misleading

statements on labels, and ensure that labels provide the consumer with adequate information as to the identity and quality of the product. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers the regulations promulgated under the FAA Act.

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.

#### Sierra Pelona Valley Viticultural Area

Mr. Ralph Jens Carter submitted a petition proposing the establishment of the Sierra Pelona Valley viticultural area on behalf of local grape growers. The proposed viticultural area covers 9.7 square miles and contains 96 acres of commercial vineyards. The proposed viticultural area lies 30 miles north of the City of Los Angeles, 35 miles east of the Pacific Ocean, and 20 miles southwest of the Mojave Desert. TTB notes that the proposed viticultural area is not within any established American viticultural area, and that the boundary line of the proposed viticultural area neither overlaps nor runs along any other proposed or established viticultural area boundary line. The evidence submitted in support of the petition is summarized below.

###### Name Evidence

The USGS Sleepy Valley and Agua Dulce maps identify the Sierra Pelona Valley as a landform within Los Angeles County. The USGS Ritter Ridge, Sleepy Valley, and Agua Dulce maps identify Sierra Pelona as a mountain range to the immediate north of the proposed Sierra Pelona Valley viticultural area.

According to the petition, the Sierra Pelona Valley is located north of California State Highway 14, between the towns of Santa Clarita and Palmdale (Los Angeles Region map, California Regional Series, Automobile Club of Southern California, 2006 edition). The proposed viticultural area, including the expansive Sierra Pelona Valley region, is adjacent to the southern foothills of the Sierra Pelona range (DeLorme Southern and Central California Atlas and Gazetteer, Seventh Edition, 2005, page 79).

The petition explains that the large Sierra Pelona Valley region, oriented northeast-to-southwest, comprises Hauser Canyon, upper Agua Dulce Canyon, and Mint Canyon, including Sleepy Valley. The petition states that in local usage “Sierra Pelona” applies to the expansive valley, as well as the mountain range to the immediate north of the valley. The Sierra Pelona Valley is the name that best describes the proposed viticultural area, according to the petitioner.

###### Boundary Evidence

The petition provides historical, physiographical, and geographical data to define the boundary of the proposed viticultural area.

Viticulture in the proposed Sierra Pelona Valley viticultural area started in 1995, according to the petition. By 2008, the region had 96 acres of commercial vineyards.

The petition states that the boundary encompasses the alluvial valley fill and the gently sloping foothills just to the steep inclines. The foothills extend outward for as much as 1 mile.

The geology of the proposed viticultural area includes mostly consolidated alluvium between 23 and 37 million years old, but also includes some more recent alluvium, between 1.5 and 2 million years old, according to the petition. Further uniformity in the area is provided by a granitic intrusion, ranging from 195 to 225 million years old, that spans the Sierra Pelona Valley. In contrast to the valley alluvium and the granitic intrusion, the surrounding mountains, ranging from 195 million to 4.5 billion years old, consist mainly of very different rocks.

The petition states that elevations of the proposed viticultural area vary from 2,400 to 3,400 feet. Those of the mountains to the west and of the mountain ridges to the north, east, and south vary from 3,401 to 5,187 feet. Elevations of a canyon in the Santa Clarita area, about 5 miles southwest of the proposed boundary line, drop to approximately 1,600 feet.

#### *Distinguishing Features*

The petition asserts that the distinguishing features of the proposed Sierra Pelona Valley viticultural area include climate, geology, soils, topography, and elevation. The inland location of the Sierra Pelona Valley both influences its distinguishing features and contributes to the success of its viticulture.

#### Climate

The petition, citing <http://www.wunderground.com> and the "Soil Survey of the Antelope Valley Area" (issued by the U.S. Department of Agriculture, Soil Conservation Service, 1970), states that precipitation in the proposed viticultural area averages between 9 and 12 inches per year and occurs mainly in winter. Citing "Daymet" (a database designed by Peter Thornton, National Center for Atmospheric Research, Climate and Global Dynamic Division, University of Colorado at Boulder), the petition states that in the Sierra Pelona Valley daily growing season temperatures can vary by 40 to 50 degrees F, with summer daytime temperatures reaching 102 degrees F, and summer nighttime temperatures frequently dropping to 50 to 60 degrees F.

To contrast the climate in the proposed viticultural area with that in the surrounding areas, the petition gives climate data for several locations outside the proposed area ("Soil Survey

of Antelope County, California"). Sandberg is at an elevation of 4,517 feet in the high mountains northwest of the proposed viticultural area, and although it has a total annual average precipitation of 12.1 inches, about the same as the upper-end precipitation in the proposed viticultural area, Sandberg has average daily growing season maximum and minimum temperatures of 77 and 54 degrees F. San Fernando, at an elevation of 977 feet in a low-lying area to the southwest of the proposed viticultural area, has a total average monthly precipitation of 16.9 inches and average daily growing season maximum and minimum temperatures of 85 and 52 degrees F. Palmdale, at an elevation of 2,665 feet in the desert due east of the proposed viticultural area, has a total average monthly precipitation of 8.9 inches and average daily growing season maximum and minimum temperatures of 87 and 55 degrees F.

Air drainage from surrounding higher elevations to the Sierra Pelona Valley floor, the petition explains, reduces the hazard of frost damage in spring. In addition, air movement across the slopes reduces the threat of leaf fungus and the need for heavy spraying of pesticides. Wind direction, according to Don McAdam, a valley resident, is frequently shifted and redirected by hills, knolls, and valleys.

The petition states that the climate of the mountainous surrounding areas does not support viticulture due to an excessively short growing season, cooler summers, and vine-killing, cold winters.

#### Geology

The petition states that the "Geological Map of California" (Department of Conservation, Division of Mines and Geology, compilation of Charles W. Jennings, 1977) shows that deposits of alluvium, mostly nonmarine and unconsolidated, cover most of the Sierra Pelona Valley floor. The petition further states that deposits of semiconsolidated Quaternary nonmarine alluvium cover the rest of the valley. The deposits of alluvium in the Sierra Pelona Valley have a sedimentary geology; that is, they are both sand and gravel in origin. They contrast sharply with the rocks in the areas surrounding the Sierra Pelona Valley.

The petition notes that soils on alluvial fans and terraces, like those in the proposed Sierra Pelona Valley viticultural area, are renowned throughout the world for winegrape growing ("Viticulture and the Environment," by John Gladstones, Winetitles, 1992).

The petition states that the alluvium that dominates the valley floor of the proposed viticultural area is significantly younger than the rocks in the surrounding regions. According to the petition, the alluvium dates from the Tertiary and Quaternary Periods of the Cenozoic Era, 37 million years old to present ("McGraw-Hill Concise Encyclopedia of Earth Science," 2005, and the "Geological Map of California"). The rocks on mountains to the north of the proposed viticultural area include Permian or Triassic Period schist, 195 to 280 million years old, and some Precambrian rocks, 570 million to 4.5 billion years old. The mountains to the south include Precambrian conglomerate, shale, gneiss, and sandstone.

According to the petition, the Sierra Pelona Valley is on a formation of Mesozoic granitic and metamorphic rocks, mostly gneiss and other metamorphic rocks with granitic intrusions. The petition notes that these mineral-rich rocks are particularly well suited to producing several varieties of wine, especially Syrah. To the north of the proposed viticultural area, the rocks consist of varying metasedimentary schist types of Precambrian age, but mostly of Paleozoic or Mesozoic age. A minor fault line lying along the north edge of the Sierra Pelona Valley is at the contact line between the alluvium in the Sierra Pelona Valley on the south side of the fault and the schist on the north, upland side of the fault. The south side of the fault is subsiding in places.

To the south of the proposed viticultural area, the dominant rocks are marine sedimentary and metasedimentary conglomerate, shale, sandstone, limestone, dolomite, marble, gneiss, hornfels, and quartzite. To the south and east, in the Vasquez Rocks County Park of Los Angeles County, basaltic rocks are on a major portion of the lower Vasquez Formation. The basaltic rocks separate the alluvium of the proposed viticultural area from the surrounding regions to the south.

#### Soils

According to the petition, climate, especially rainfall and heat, influences soils through the growth of plant types, the decomposition rate of organic matter, and the weathering of minerals ("Soil Survey of the Antelope Valley Area, California"). Rainfall in the proposed viticultural area makes it a transitional zone between desert and forest.

The soils on the valley floor in the proposed viticultural area have significant differences compared to those on the surrounding mountains. On

the valley floor and on foot slopes at the edges of the valley floor, the soils are very deep and moderately drained (General Soil Map, "Soil Survey of the Antelope Valley Area, California").

The slope-wash soils on the foot slopes are poor, and have rock fragments on the surface in many areas. However, these rock fragments diffuse and reflect sunlight to lower leaves shaded by canopy, help keep the soil warm, and increase soil moisture, all of which benefits viticulture ("Terroir, The Role of Geology, Climate, and Culture in the Making of French Wines," by James E. Wilson, University of California Press, 1998).

And although the poor soils reduce the growth rate of the vines, the wines made from the grapes of those vines have more natural balance, according to the petition. The petition explains further that the soils of the area benefit the classic grape varieties, which generally produce well only in poor sandy soils ("Terroir, The Role of Geology, Climate, and Culture in the Making of French Wines"). The reduced vine growth rate decreases the need for summer pruning, irrigation, and use of farm equipment. On the other hand, these soils have multidirectional sun exposures, which allow for the planting of a variety of grapes.

In the proposed viticultural area soil depth is 60 inches or more. The petition states that soil depth is important for vine growth because most vine roots grow to a depth of 39 inches ("The University Wine Course: A Wine Appreciation Text & Self Tutorial," by Marianne W. Baldy, The Wine Appreciation Guild, 1998). Such deep roots are important because vines can extract 1 or 2 inches of moisture for each foot of rooting depth.

In contrast, the soils on the surrounding mountains are shallow, excessively drained, and infertile. They are dominantly on steep slopes, and are subject to erosion. These soils are suited to recreation, range, and wildlife, and to use as a watershed.

#### Topography

The petition explains that the large Sierra Pelona Valley region, oriented northeast-to-southwest, comprises Hauser Canyon, upper Agua Dulce Canyon, and Mint Canyon, including Sleepy Valley. The USGS Agua Dulce and Sleepy Valley maps show that the long, narrow, gentle side slopes of the Sierra Pelona Valley are surrounded by projecting mountain ridges to the north, east, and south and by a mountain and a chord of radiating canyons to the west. The petition states that the valley floor itself has many isolated knolls but that

most of the valley is on gentle slopes suited to viticulture.

The USGS Agua Dulce and Sleepy Valley maps also show that intermittent tributaries in the Sierra Pelona Valley flow into Agua Dulce Canyon and create a single, south-flowing stream that eventually joins the Santa Clara River. The petition explains that the alluvium derived from rocks at higher elevations is carried downstream by these tributaries. This pattern of alluvium deposition contributes to the unique mix of mineral and chemical soil properties in the proposed viticultural area.

The petition states that fine quality winegrapes are universally associated with soils on midslopes where outwash accumulates and deeper soils form ("Terroir, The Role of Geology, Climate, and Culture in the Making of French Wines"). These midslopes, the petition notes, are sometimes called viticulture "bellies," because they hold the sediment washed from the weathered rocks above and create vineyards. In most of the proposed viticultural area, winegrapes are grown on gentle midslopes.

The petition states that the proposed viticultural area has other features besides gentle slopes favorable for viticulture. Good water and air drainage and soils with low fertility and a high mineral content produce grapevines with reduced vigor but with more natural balance.

#### Elevation

According to the USGS maps of the region and the petition, elevations in the proposed viticultural area vary from 2,400 to 3,400 feet. Elevations also gradually decline approximately 1,000 feet over the 5 miles from the east side to the west side of the proposed boundary line. At the town of Agua Dulce and the Agua Dulce Air Park in the Sierra Pelona Valley floor, elevations range from 2,500 to 2,600 feet.

The petition states that elevations outside of the proposed viticultural area are generally higher than those in the valley. Some close-in peaks in the Sierra Pelona Range are 5,187-foot Mount McDill to the north, and west of Mount McDill, a 4,973-foot promontory at Bear Springs and a 4,859-foot peak at Willow Springs. According to the petition and the USGS Sleepy Valley map, southeast of Sierra Pelona Valley, Windy Mountain stands at 3,785 feet and two unnamed peaks reach elevations of 3,791 and 3,706 feet, all within  $\frac{1}{4}$  to  $\frac{1}{2}$  mile of the 3,200-foot proposed boundary line.

#### Notice of Proposed Rulemaking and Comments Received

TTB published Notice No. 97 regarding the proposed Sierra Pelona Valley viticultural area in the **Federal Register** (74 FR 35146) on July 20, 2009. In that notice, TTB invited comments by September 18, 2009, from all interested persons. We solicited comments on the sufficiency and accuracy of the name, climate, soils, and other required information submitted in support of the petition. We expressed particular interest in receiving comments concerning the inclusion, within the boundary line, of the valleys and canyons to the west and north that surround the Sierra Pelona Valley landform, as well as comments regarding whether there would be a conflict between the terms "Sierra Pelona Valley" or "Sierra Pelona" and any currently used brand names.

In response to that notice, we received 17 comments, and 16 of those comments were clearly in support of establishing the proposed viticultural area. Several comments expressed the belief that the Sierra Pelona Valley is a unique grape growing area with a climate that is distinctive from neighboring areas. We also received comments stating that the establishment of the Sierra Pelona Valley viticultural area will have a positive effect on the local and State economy.

One commenter did not express any direct opposition to the establishment of the proposed viticultural area, but was strongly in favor of making the Antelope Valley part of the Sierra Pelona Valley AVA region. TTB notes, however, that the commenter did not submit any evidence to establish that the name "Sierra Pelona Valley" is known as referring to this additional area or any data concerning geographical features in support of this request. TTB further notes that two commenters specifically asserted that the conditions in Antelope Valley are different from those in the Sierra Pelona region. The owner of Antelope Valley Winery stated that unique conditions in the Sierra Pelona Valley lead to the creation of wines that are different from the Santa Clarita area as well as the Antelope Valley area. The President of the Antelope Valley Winegrowers Association commented that the soil and temperature conditions in the Sierra Pelona Valley differ from Antelope Valley, and that grapes in the Sierra Pelona region have a longer hang time and later harvest date than grapes in Antelope Valley.

**TTB Finding**

After careful review of the petition and the comments received, TTB finds that the evidence submitted supports the establishment of the proposed viticultural area. Accordingly, under the authority of the Federal Alcohol Administration Act and part 4 of our regulations, we establish the “Sierra Pelona Valley” American viticultural area in Los Angeles County, California, effective 30 days from the publication date of this document.

**Boundary Description**

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

**Maps**

The maps for determining the boundary of the viticultural area are listed 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, “Sierra Pelona Valley,” is recognized under 27 CFR 4.39(i)(3) as a name of viticultural significance. The text of the new regulation clarifies this point.

In addition we believe that “Sierra Pelona” standing alone also is a term of viticultural significance because consumers and vintners could reasonably attribute the quality, reputation, or other characteristic of wine made from grapes grown in the proposed “Sierra Pelona Valley” viticultural area to the name “Sierra Pelona.” See 27 CFR 4.39(i)(3), which also provides that a name has viticultural significance when so determined by the appropriate TTB officer. Therefore, the part 9 regulatory text set forth in this document specifies “Sierra Pelona Valley” and “Sierra Pelona” as terms of viticultural significance for purposes of part 4 of the TTB regulations.

Once this final rule becomes effective, wine bottlers using “Sierra Pelona Valley” or “Sierra Pelona” in a brand name, including a trademark, or in another label reference as to the origin of the wine, will have to ensure that the product is eligible to use “Sierra Pelona Valley” as an appellation of origin.

For a wine to be labeled with a viticultural area name or with a brand name that includes a viticultural area name or other term identified as being viticulturally significant in part 9 of the

TTB regulations, at least 85 percent of the wine must be derived from grapes grown within the area represented by that name or other term, and the wine must meet the other conditions listed in 27 CFR 4.25(e)(3). If the wine is not eligible for labeling with the viticultural area name or other viticulturally significant term and that name or term 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 or other viticulturally significant term appears in another reference on the label in a misleading manner, the bottler would have to obtain approval of a new label. Accordingly, if a previously approved label uses the name “Sierra Pelona Valley” or “Sierra Pelona” for a wine that does not meet the 85 percent standard, the previously approved label will be subject to revocation upon the effective date of the establishment of the Sierra Pelona Valley viticultural area.

Different rules apply if a wine has a brand name containing a viticultural area name or other viticulturally significant term 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. Therefore, it requires no regulatory assessment.

**Drafting Information**

Christina McMahon of the Regulations and Rulings Division drafted this notice.

**List of Subjects in 27 CFR Part 9**

Wine.

**The Regulatory Amendment**

■ For the reasons discussed in the preamble, we amend title 27 CFR, chapter I, 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. Subpart C is amended by adding § 9.218 to read as follows:

**§ 9.218 Sierra Pelona Valley.**

(a) *Name.* The name of the viticultural area described in this section is “Sierra Pelona Valley”. For purposes of part 4 of this chapter, “Sierra Pelona Valley” and “Sierra Pelona” are terms of viticultural significance.

(b) *Approved maps.* The three United States Geological Survey 1:24,000 scale topographic maps used to determine the boundary of the Sierra Pelona Valley viticultural area are titled:

- (1) Agua Dulce, CA, 1995;
- (2) Sleepy Valley, CA, 1995; and
- (3) Ritter Ridge, Calif., 1958,

Photorevised 1974.

(c) *Boundary.* The Sierra Pelona Valley viticultural area is located in Los Angeles County, California. The boundary of the Sierra Pelona Valley viticultural area is as described below:

(1) The beginning point is on the Agua Dulce map at the intersection of the section 26 east boundary line, the pipeline, and Escondido Canyon Road, a secondary highway, T5N, R14W. From the beginning point, proceed in a straight line south 0.3 mile to the line’s intersection with the northeast corner of the Vasquez Rocks County Park, T5N, R14W; then

(2) Proceed southwest through section 26 along the straight lines and 90-degree turns of the county park boundary line to the line’s intersection with the southeast corner of section 27, T5N, R14W; then

(3) Proceed southwest in a straight line 0.4 mile to the line’s intersection with BM 2258, section 34, T5N, R14W; then

(4) Proceed west-northwest in a straight line 0.15 mile, crossing over the Agua Dulce Road, to the line’s intersection with the 2,400-foot elevation line and an unimproved dirt road, section 34, T5N, R14W; then

(5) Proceed generally west along the meandering 2,400-foot elevation line to the line’s intersection with the section 34 west boundary line, T5N, R14W; then

(6) Proceed north along the section 34 west boundary line 1 mile to the line’s intersection with the 2,800-foot elevation line and the section 27 west boundary line; then

(7) Proceed along the 2,800-foot elevation line first generally northeast, then northwest around Saddleback Mountain, and then north across a trail and an unimproved dirt road, to the line's intersection with the section 21 south boundary line, T5N, R14W; then

(8) Proceed straight east along the section 21 south boundary line 0.25 mile to the southeast corner of section 21, T5N, R14W; then

(9) Proceed north along the section 21 south boundary line onto the Sleepy Valley map 0.6 mile to the line's intersection with the 2,800-foot elevation line and the section 22 west boundary line, T5N, R14W; then

(10) Proceed along the 2,800-foot elevation line generally northeast around the 3,166-foot and 3,036-foot pinnacles, then continue southwest to the line's intersection with the section 22 north boundary line, T5N, R14W; then

(11) Proceed west along the section 22 north boundary line 0.2 mile to the line's intersection with the 2,600-foot elevation line, T5N, R14W; then

(12) Proceed generally west-southwest along the 2,600-foot elevation line to the line's intersection with the section 21 west boundary line, T5N, R14W; then

(13) Proceed north along the section 21 west boundary line 0.2 mile to the line's intersection with the 2,400-foot elevation line and the section 20 east boundary line, T5N, R14W; then

(14) Proceed generally southwest along the 2,400-foot elevation line to the line's intersection with an unimproved dirt road in section 20, T5N, R14W; then

(15) Proceed northwest along the unimproved dirt road 0.15 mile to its intersection with the Sierra Highway, a secondary highway, section 20, T5N, R14W; then

(16) Proceed southwest along the Sierra Highway 0.15 mile to its intersection with an unnamed stream, section 20, T5N, R14W; then

(17) Proceed in a straight line north-northwest approximately 0.3 mile to the line's intersection with the Angeles National Forest boundary line, an unnamed stream running through Rowher Canyon, and the section 17 south boundary line, T5N, R14W; then

(18) Proceed straight east, north, and east, making 90-degree turns, along the Angeles National Forest boundary line to the line's intersection with the section 7 southwest corner, T5N, R13W; then

(19) Proceed straight north along the Angeles National Forest boundary line and the section 7 west boundary line 0.5 mile to the line's intersection with the 3,400-foot elevation line, T5N, R13W; then

(20) Proceed along the 3,400-foot elevation line generally east, north, then west to the line's intersection with the section 6 west boundary line, T5N, R13W; then

(21) Proceed north along the section 6 west boundary line 0.4 mile to the line's intersection with the 3,400-foot elevation line, T5N, R13W; then

(22) Proceed generally southeast along the 3,400-foot elevation line, crossing over Latteau, Willow Springs, and Hauser Canyons and continuing onto the Ritter Ridge map, to the line's intersection with an unimproved dirt road at Summit, section 16, T5N, R13W; then

(23) Proceed south along the unnamed dirt road less than 0.1 mile, crossing the Sierra Highway, to its intersection with the 3,400-foot elevation line, section 16, T5N, R13W; then

(24) Proceed generally southwest along the 3,400-foot elevation line, meandering between the Sleepy Valley and Ritter Ridge maps and then returning to the Sleepy Valley map, to the line's intersection with the section 20 north boundary line, T5N, R13W; then

(25) Proceed in a straight line west along the section 20 north boundary line 0.2 mile to the line's intersection with the 3,200-foot elevation line, section 20, T5N, R13W; then

(26) Proceed generally southwest along the 3,200-foot elevation line to the line's intersection with the section 19 west boundary line, T5N, R13W; then

(27) Proceed in a straight line north along the section 19 west boundary line 0.15 mile to the line's intersection with a pipeline, T5N, R13W; and then

(28) Proceed southwest onto the Agua Dulce map 1.25 miles along the pipeline, returning to the beginning point.

Signed: February 17, 2010.

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

Approved: March 19, 2010.

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

[FR Doc. 2010-17960 Filed 7-21-10; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Alcohol and Tobacco Tax and Trade Bureau

#### 27 CFR Parts 40, 41, 44, 46, and 71

[Docket No. TTB-2009-0001; T.D. TTB-85; Re: T.D. TTB-75 and Notice No. 93]

RIN 1513-AB70

#### Increase in Tax Rates on Tobacco Products and Cigarette Papers and Tubes; Floor Stocks Tax on Certain Tobacco Products, Cigarette Papers, and Cigarette Tubes; and Changes to Basis for Denial, Suspension, or Revocation of Permits

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

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

**SUMMARY:** The Alcohol and Tobacco Tax and Trade Bureau is adopting as a final rule, with minor technical changes, temporary regulations that implemented certain provisions of the Children's Health Insurance Program Reauthorization Act of 2009 (the Act). The regulatory amendments involved increases in the Federal excise tax rates on tobacco products and cigarette papers and tubes, the floor stocks tax provisions of the Act, and the new statutory criteria for denial, suspension, or revocation of tobacco permits.

**DATES:** *Effective Date:* August 23, 2010.

**FOR FURTHER INFORMATION CONTACT:** For questions concerning floor stocks tax, contact the National Revenue Center, Alcohol and Tobacco Tax and Trade Bureau (*FloorStocksTax@ttb.gov*, 513-684-3334 or 1-877-TTB-FAQS (1-877-882-3277)); for other questions concerning this document, contact Amy Greenberg, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau (202-453-2265).

#### SUPPLEMENTARY INFORMATION:

##### Background

##### *TTB Authority*

Chapter 52 of the Internal Revenue Code of 1986 (IRC) contains permit, Federal excise tax payment, and related provisions regarding tobacco products and cigarette papers and tubes. The Alcohol and Tobacco Tax and Trade Bureau (TTB) has authority to issue, deny, suspend, and revoke permits of manufacturers, importers, and export warehouse proprietors pursuant to regulations contained in parts 40, 41, 44, and 71 of title 27 of the Code of Federal Regulations (CFR). TTB also collects Federal excise taxes on tobacco products and cigarette papers and tubes