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DEPARTMENT OF THE TREASURY

Alcohol and Tobacco Tax and Trade Bureau

27 CFR Part 9

[Docket No. TTB-2013-0001]

[Notice No. 132]

RIN: 1513-AB98

Proposed Establishment of the Ballard Canyon Viticultural Area

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

ACTION: Notice of proposed rulemaking.

SUMMARY: The Alcohol and Tobacco Tax and Trade Bureau (TTB) proposes to establish the approximately 7,800-acre “Ballard Canyon” viticultural area in Santa Barbara County, California. The proposed viticultural area lies entirely within the larger Santa Ynez Valley viticultural area and the multicounty Central Coast viticultural area. TTB designates viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase. TTB invites comments on this proposed addition to its regulations.

DATES: Comments must be received by [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Please send your comments on this notice to one of the following addresses (please note that TTB has a new address for comments submitted by U.S. mail):

- Internet: <http://www.regulations.gov> (via the online comment form for this notice as posted within Docket No. TTB–2013–0001 at “Regulations.gov,” the Federal e-rulemaking portal);
- US Mail: Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW., Box 12, Washington, DC 20005; or
- Hand delivery/courier in lieu of mail: Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW., Suite 200–E, Washington, DC 20005.

See the **Public Participation** section of this notice for specific instructions and requirements for submitting comments, and for information on how to request a public hearing.

You may view copies of this notice, selected supporting materials, and any comments that TTB receives about this proposal at <http://www.regulations.gov> within Docket No. TTB–2013–0001. A link to that docket is posted on the TTB Web site at <http://www.ttb.gov/wine/wine-rulemaking.shtml> under Notice No. 132. You also may view copies of this notice, all related petitions, maps, or other supporting materials, and any comments that TTB receives about this proposal by appointment at the TTB Information Resource Center, 1310 G Street, NW., Washington, DC 20005. Please call 202–453–2270 to make an appointment.

FOR FURTHER INFORMATION CONTACT: Karen A. Thornton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G St. NW., Box 12, Washington, DC 20005; phone 202–453–1039, ext. 175.

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 provides that these regulations should, 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 FAA Act pursuant to section 1111(d) of the Homeland Security Act of 2002, codified at 6 U.S.C. 531(d). The Secretary has delegated various authorities through Treasury Department Order 120–01 (Revised), dated January 21, 2003, to the TTB Administrator to perform the functions and duties in the administration and enforcement of this law.

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) sets forth standards for the preparation and submission of petitions for the

establishment or modification of American viticultural areas and lists the approved American 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 having distinguishing features as described in part 9 of the regulations and a name and a delineated boundary as established 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 9.12 of the TTB regulations (27 CFR 9.12) prescribes standards for petitions for the establishment or modification of American viticultural areas.

Petitions to establish a viticultural area must include the following:

- Evidence that the area within the proposed viticultural area boundary is nationally or locally known by the viticultural area name specified in the petition;

- An explanation of the basis for defining the boundary of the proposed viticultural area;
- A narrative description of the features of the proposed viticultural area that affect viticulture, such as climate, geology, soils, physical features, and elevation, that make the proposed viticultural area distinctive and distinguish it from adjacent areas outside the proposed viticultural area boundary;
- A copy of the appropriate United States Geological Survey (USGS) map(s) showing the location of the proposed viticultural area, with the boundary of the proposed viticultural area clearly drawn thereon; and
- A detailed narrative description of the proposed viticultural area boundary based on USGS map markings.

Ballard Canyon Petition

TTB received a petition from Wesley D. Hagen, a vineyard manager and winemaker, on behalf of 26 other vintners and grape growers in the Ballard Canyon area of California, proposing the establishment of the “Ballard Canyon” American viticultural area. The proposed viticultural area contains approximately 7,800 acres, of which approximately 565 acres are dedicated to commercially-producing vineyards. The petition states that there are 10 commercial vineyards located within the proposed viticultural area, with Syrah being the primary grape variety grown. According to the petition, the distinguishing features of the proposed Ballard Canyon viticultural area include wind, temperature, and soils. Unless otherwise noted, all information and data pertaining to the proposed

viticultural area contained in this document are from the petition for the proposed Ballard Canyon viticultural area and its supporting exhibits.

The proposed Ballard Canyon viticultural area is located in Santa Barbara County, California, to the west of the town of Ballard. The proposed viticultural area lies at the center of the Santa Ynez Valley viticultural area (27 CFR 9.54) which, in turn, is within the larger multicounty Central Coast viticultural area (27 CFR 9.75). The Santa Ynez Valley viticultural area currently contains two smaller, established viticultural areas: Sta. Rita Hills (27 CFR 9.162), which lies to the west of the proposed viticultural area, and Happy Canyon of Santa Barbara (27 CFR 9.217), which lies to the east of the proposed Ballard Canyon viticultural area. The Sta. Rita Hills and the Happy Canyon of Santa Barbara viticultural areas do not share a boundary or overlap the proposed Ballard Canyon viticultural area.

Name Evidence

The United States Geological Survey's (USGS) Geographical Names Information System (GNIS; <http://geonames.usgs.gov/index.html>) lists "Ballard Canyon" as a valley in Santa Barbara County, California. The USGS "Zaca Creek," "Los Olivos," and "Solvang" quadrangle maps used to mark the boundary of the proposed viticultural area all indicate a geological feature marked "Ballard Canyon" within the proposed viticultural area boundary. The USGS maps also show a paved, light-duty road labeled "Ballard Canyon Road" running north and south through the eastern portion of the proposed Ballard Canyon viticultural area. According to the petition, residents refer to property as located in "Ballard

Canyon” if it is accessible from Ballard Canyon Road or its side streets. The petition also includes evidence that both the canyon and the road are mentioned in official documents of the State of California Water Resources Control Board and the Santa Barbara County Public Works Department.

The petition includes excerpts from articles published in national and international wine periodicals as evidence that the name and location of the proposed Ballard Canyon viticultural area are currently associated with viticulture. A review by wine critic Robert Parker states that, “[t]he stunning 2009 Malvasia Bianca Lerner Vineyard (Ballard Canyon) is just extraordinary.” (Wine Advocate, No. 190, August 2010; www.erobertparker.com.) In an article about Santa Barbara County wines, Sommelier Journal editor Randy Caparoso wrote that, “[i]n Ballard Canyon, we found something extra: brighter red fruits and sweet spices, revved up by slightly racier acidity.” (Caparoso, Randy; “Event Spotlight: 2010 SJ Terroir Experience,” Sommelier Journal, June 15, 2010, pp. 36–41.) Finally, an article in an October 2003 issue of Wine Enthusiast Magazine about wines of Santa Barbara County mentions that one grape grower attributes “the juicy ripeness of his monumental Syrah, grown at 1,000 feet in the Ballard Canyon area, to the micro-climate, which he calls ‘the best of both cool and warm.’” (Heimoff, Steve, and Chris Rubin; “Semi-rustic and Super-chic,” Wine Enthusiast Magazine, October 1, 2003; www.winemag.com.)

Boundary Evidence

As previously noted, the proposed Ballard Canyon viticultural area lies entirely within the Santa Ynez Valley viticultural area, which, in turn, lies within

the larger, multicounty Central Coast viticultural area. The proposed viticultural area does not overlap with any other existing or proposed viticultural area.

The region within the proposed Ballard Canyon viticultural area is comprised of steep north-south ranging slopes and maze-like canyons, with Ballard Canyon forming a crescent within the eastern portion. Elevations range from 400 feet at the southernmost portion of the proposed Ballard Canyon viticultural area to approximately 1,280 feet within the northernmost region. The proposed boundary also encompasses the majority of the Alisal Creek–Santa Ynez River watershed.

The proposed boundary follows a series of elevation contours and straight lines between points marked on the relevant USGS maps. A combination of the 1,000-foot elevation contour line and a series of straight lines between points defines the northern portion of the proposed boundary and approximately follows the northernmost edge of Ballard Canyon. The area to the north of the proposed viticultural area contains maze-like canyons and north-south ranges similar to those within the proposed Ballard Canyon viticultural area but generally has higher elevations and is more exposed to the cooling marine influence and strong breezes that travel from the Pacific Ocean through the adjacent Santa Maria Valley.

The eastern portion of the proposed boundary includes the eastern edge of Ballard Canyon and separates the canyonlands from the lower, flatter Los Olivos basin and Santa Ynez Valley, which lie to the immediate east and

northeast of the proposed Ballard Canyon viticultural area. Elevations in this region range from 660 feet in the Santa Ynez Valley to 880 feet near Los Olivos.

The southern portion of the proposed boundary follows the 400-foot elevation contour line, which separates the lower, flatter land near the Santa Ynez River from the higher, more rugged canyonlands located within the proposed Ballard Canyon viticultural area. The elevations south of the proposed viticultural area are lower than within the proposed viticultural area, with elevations ranging from 280 feet along the Santa Ynez River to 400 feet near the southernmost portion of the proposed Ballard Canyon viticultural area boundary line.

The western portion of the proposed boundary follows the 600-foot elevation contour line and several straight lines drawn between points to encompass the Alisal Creek–Santa Ynez River watershed. The western portion of the proposed boundary separates the north-south ranges within the proposed Ballard Canyon viticultural area from the east-west ranges to the west. The east-west orientation of the hills and canyons to the west of the proposed Ballard Canyon viticultural area allows more of the cooling marine influence to travel from the Pacific Ocean into this area, bringing stronger breezes, cooler daytime temperatures, and warmer nighttime temperatures than within the proposed Ballard Canyon viticultural area.

Distinguishing Features

The distinguishing features of the proposed Ballard Canyon viticultural area include wind, temperature, and soils.

Wind

To the west of the proposed Ballard Canyon viticultural area are the Purisima, Santa Rita, and Santa Rosa Hills. These mountain ranges run west to east from Lompoc to Buellton and form a “throat” that allows winds from the Pacific Ocean to flow inland and through the Sta. Rita Hills viticultural area. However, just east of the Sta. Rita Hills viticultural area and just west of the proposed Ballard Canyon viticultural area, the mountains are aligned in a north-south orientation. These north-south mountains shelter the proposed Ballard Canyon viticultural area from the strongest winds blowing from the west.

The petition provides a summary of average monthly wind and gust speeds in miles per hour (mph) from within the proposed Ballard Canyon viticultural area, as well as from areas to the north (Foxen Canyon), to the east (Happy Canyon of Santa Barbara viticultural area), to the south (Solvang), and to the west (Sta. Rita Hills viticultural area) of the proposed viticultural area. Data was collected from weather stations within the various locations from 2005 through 2009. Winds were measured each year from April through October, which is the grape growing season. The petition also notes that July, August, and September are the critical ripening months for vineyards in the Central Coast region of California, when climate can most affect grape production. TTB prepared the table below using data provided in the petition.

Region	Proposed Ballard Canyon viticultural area	Foxen Canyon (North)	Happy Canyon of Santa Barbara viticultural area (East)	Solvang (South)	Sta. Rita Hills viticultural area (West)
April–October (growing season)					
Average wind speed (miles per hour)	1.37	2.87	1.67	1.72	4.51
Average gust speed (miles per hour)	11.97	15.16	12.63	12.1	17.54
July–September (peak growing season)					
Average wind speed (miles per hour)	0.93	2.1	1.1	1.8	3.7
Average gust speed (miles per hour)	10.5	13.5	10.4	11.9	15.5

As shown in the table, the average growing season wind and gust speeds are lower within the proposed Ballard Canyon viticultural area than in the surrounding areas, with significant differences in wind and gust speeds evident from those in Sta. Rita Hills viticultural area to the west and Foxen Canyon to the north. The petition attributes the lower wind speeds within the proposed Ballard Canyon viticultural area to the north-south mountain ranges that block the stronger winds from the Pacific Ocean. The east-west coastal “throat” that funnels winds inland from the Pacific Ocean lies in the heart of the Sta. Rita Hills viticultural area and brings the strongest winds into that region. Foxen Canyon has north-south ranges similar to the proposed viticultural area; however, the adjacent Santa Maria Valley to the north channels more of the Pacific Ocean winds into the Foxen Canyon region.

According to the petition, low wind and gust speeds have a positive effect on viticulture within the proposed Ballard Canyon viticultural area. Constant winds and strong gusts cause the stomas on the leaves to close to prevent moisture loss; this reduces a vine's ability to photosynthesize efficiently, resulting in less energy and food for the vine. By contrast, a lack of persistently strong winds or gusts allows the stomas to stay open and the grapevines to photosynthesize more efficiently. As a result, the grapes are able to achieve high phenolic ripeness, the peak concentration of compounds (phenols) within the skin, seeds, stems, and pulp of the grape which contribute to the color, flavor, and aroma of the wine.

Temperature

The north-south mountain ranges of the proposed Ballard Canyon viticultural area shelter the proposed viticultural area from the marine influence that affects the areas to the west, north and south. As a result, the temperatures within the proposed Ballard Canyon viticultural area are generally warmer during the day and cooler at night than the areas to the west, north and south. The area to the east of the proposed Ballard Canyon viticultural area, however, is significantly warmer due to a lower marine influence resulting from its more inland location.

The petition provides a summary of high and low temperatures and growing degree day (GDD)¹ data gathered during the growing season (April through October) from 2005 through 2009. The petition also addresses the impact of the variation in temperature between the daytime high and nighttime low (diurnal shift) on viticulture within the proposed viticultural area, but did not calculate the shift. TTB calculated the diurnal shifts and included the information in the table below. The data represents points located within the proposed Ballard Canyon viticultural area, as well as points to the north, east, south, and west of the proposed viticultural area.

Region	Proposed Ballard Canyon viticultural area	Foxen Canyon (North)	Happy Canyon of Santa Barbara viticultural area (East)	Solvang (South)	Sta. Rita Hills viticultural area (West)
Average growing season GDD units	2916.58	2823.2	3139.5	2762.03	2176.14
April–October (growing season)					
Average high temperature	82.6	79.2	84.7	82.2	74.9
Average low temperature	48.9	50.2	49.0	52.5	50.0
Diurnal shift	33.7	29.0	35.7	29.7	24.9
July–September (peak growing season)					
Average high temperature	88.7	85.0	91.1	88.8	78.3
Average low temperature	51.5	53.2	52.5	57.7	53.2
Diurnal shift	37.2	31.8	38.6	31.3	25.1

¹ In the Winkler climate classification system, annual heat accumulation during the growing season, measured in annual GDD, defines climatic regions. One GDD accumulates for each degree Fahrenheit that a day's mean temperature is above 50 degrees, the minimum temperature required for grapevine growth ("General Viticulture," by Albert J. Winkler, University of California Press, 1974, pages 61-64).

The data in the table shows that the most significant difference in GGD units exists between the proposed viticultural area and the Sta. Rita Hills viticultural area to the west, where the cooling marine influence results in 25 percent fewer GDD units than within the proposed viticultural area. The high GDD unit accumulation within the proposed Ballard Canyon viticultural area indicates that the growing season temperatures rise far enough above the key 50 degrees Fahrenheit (F) mark to allow adequate time for grapes to develop and ripen fully. Heat accumulation strongly influences varietal planting decisions, making the proposed viticultural area particularly suited to warm-weather grape varieties such as Syrah, which is the primary grape variety grown in the proposed viticultural area.

The data in the table also shows that the proposed Ballard Canyon viticultural area has warmer days and cooler nights during the growing season than most of the surrounding area, which results in large diurnal shifts. The most significant differences in diurnal shifts are between the proposed viticultural area and Foxen Canyon to the north, Solvang to the south, and the Sta. Rita Hills viticultural area to the east, the differences being more pronounced during the peak growing season. According to the petition, large diurnal shifts like those found within the proposed viticultural area produce desirably high levels of sugar and acid in grapes because the daytime heat increases sugar production and the nighttime cooling reduces acid loss.

Soils

More than 95 percent of the acreage within the proposed Ballard Canyon viticultural area contains a unified soil association called the Chamise–Arnold–Crow Hill association. This soil group is defined as gently sloping to very steep, with well drained to somewhat excessively drained sands as well as clay loams on high terraces and uplands. A very small portion of the southern end of the proposed Ballard Canyon viticultural area contains the Positas–Ballard–Santa Ynez association and the Sorrento–Mocho–Camarillo association. The Positas–Ballard–Santa Ynez association is described in the Santa Barbara area soil map as being nearly level to moderately steep, with well drained and moderately well drained fine sandy loams to clay loams on terraces (“Northern Santa Barbara Area, California General Soil Map,” issued by the United States Department of Agriculture Soil Conservation Service, 1971). The same soil map describes the Sorrento–Mocho–Camarillo association as nearly level to moderately sloping, with well drained to somewhat poorly drained sandy loams to silty clay loams on flood plains and alluvial fans.

The soils of most of the area immediately adjacent to the proposed Ballard Canyon viticultural area are a continuation of the associations found within the proposed viticultural area, but they transition to other dominant soil types. To the north of the proposed viticultural area, the soils transition from the Chamise–Arnold–Crow Hill association to Shedd–Santa Lucia–Diablo and Toomes–Climara associations near the San Rafael Mountains. To the east and south of the proposed viticultural area, the soils begin as the Positas–Ballard–Santa Ynez

association and transition to the Toomes–Climara and Shedd–Santa Lucia–Diablo associations. To the southwest, the soils are of the Sorrento–Mocho–Camarillo and Positas–Ballard–Santa Ynez associations near the boundary of the proposed viticultural area and change to Shedd–Santa Lucia–Diablo farther south near the Santa Ynez Mountains. To the west, the soils begin as a continuation of the Chamise–Arnold–Crow Hill and Sorrento–Mocho–Camarillo associations and change to the Marina–Oceano association nearer to the Pacific Ocean.

The soil structure, pH values, and mineral levels of the proposed viticultural area also differ from that of the areas to the east and west. Information on these factors was not available concerning areas to the north and south of the proposed viticultural area. An analysis of soils from four vineyards within the proposed viticultural area indicates the soil profile is consistently a layer of loam on top of a layer of clay, which in turn is on a second layer of loam. By contrast, soils of the Sta. Rita Hills viticultural area, to the west, contain more sand, and soils of the Happy Canyon of Santa Barbara viticultural area, to the east, contain more clay.

The soil analysis of the four vineyards within the proposed Ballard Canyon viticultural area reveals a wide range of soil pH values. Soil pH values affect the ability of grapevines to uptake nutrients, and the analysis notes that the desired pH range for viticulture is 6.5 to 7.5. Moderately acidic soils reduce the ability of the vines to uptake nutrients, resulting in less vigorous vine and leaf growth and the production of berries that have high concentrations of desirable flavors,

sugars, and acids. The pH values within the proposed viticultural area range from 5.5 (moderately acidic) to 7.5 (slightly alkaline), with the more acidic soils appearing in the surface portions of the samples and the neutral and alkaline soils appearing at greater depths, where most root activity takes place. By contrast, soil pH values in the Happy Canyon of Santa Barbara viticultural area, to the east, are consistently alkaline (7.25). Soil pH values for the Sta. Rita Hills, to the west, are slightly acidic, with values from 6.1 to 6.7.

With regard to mineral levels within the soils, the analysis reveals that nitrogen levels within the proposed viticultural area are between 1.5 and 13 ppm, with the most common total being 5 ppm. Nitrogen levels in the soils to the west, within the Sta. Rita Hills viticultural area, are also very low.² By contrast, to the east, within the Happy Canyon of Santa Barbara viticultural area, nitrogen levels in the soil are very high, with levels two to three times higher than recommended for viticulture, which requires growers to ameliorate their soils in order to achieve a lower, more desirable nitrogen level.³ The petition notes that the optimal nitrogen level for viticulture is between 4 and 8 ppm, and that low levels of nitrogen in the soil, such as those commonly found within the proposed viticultural area, result in lower vine vigor, smaller berries, and more intensity in the resulting wines.

Potassium levels within the soils of the proposed viticultural area are described as moderately deficient, with levels varying from 70 to 220 ppm and

² All soil nutrient information for Sta. Rita Hills viticultural area can be found in the soil analysis in Addendum Exhibit 2 of the petition.

³ All soil nutrient information for the Happy Canyon of Santa Barbara viticultural area can be found in the soil analysis in Addendum Exhibit 1 of the petition.

most soil samples having a range from 120 to 160 ppm. The analysis notes the optimal soil potassium level for grape-growing is between 100 to 500 ppm, as this level is sufficient to provide protein synthesis support, but is low enough to prevent overly vigorous vine growth. By contrast, the Sta. Rita Hills viticultural area has soils that are highly deficient in potassium, with levels as low as 1 ppm in some soils, mostly due to the sandy nature of the soils. Potassium levels in the soils of the Happy Canyon of Santa Barbara viticultural area are higher than those of the proposed Ballard Canyon viticultural area, with average soil levels of 200 ppm.

Finally, exchangeable levels of calcium in the soils within the proposed Ballard Canyon viticultural area are between 1,000 and 1,400 ppm, within the range generally preferred for viticulture. According to the petition, calcium affects the thickness of grape skins, with high levels producing thicker skins, lower juice-to-skin ratios during ferment, and wines of deeper color and richness. The soils of the Sta. Rita Hills viticultural area to the west contain higher levels of calcium than the proposed Ballard Canyon viticultural area, around 1,220 ppm, but the lower amounts of clay in the soil in that region limit the ability of the vines to uptake the calcium. The soils of the Happy Canyon of Santa Barbara viticultural area to the east contain calcium levels up to ten times higher than those of the proposed Ballard Canyon viticultural area and also have high clay levels, enabling an efficient transfer of calcium to the vines.

Summary of Distinguishing Features

In summary, the evidence provided in the petition indicated that the geographic features of the proposed Ballard Canyon viticultural area distinguish it from the surrounding regions in each direction. To the north, the winds are stronger, the diurnal shifts in temperature are lower during the peak growing season, and the soils transition to the Shedd–Santa Lucia–Diablo and Toomes–Climara associations. To the east, within the Happy Canyon of Santa Barbara viticultural area, the average temperature and GDD units are higher, and the soils contain more clay and higher levels of nitrogen and potassium. To the south, the winds are stronger, the diurnal shifts in temperature are lower during the peak growing season, and the soils are of the Shedd–Santa Lucia–Diablo and Toomes–Climara associations. To the west, within the Sta. Rita Hills viticultural area, the winds are significantly stronger, the GDD units are fewer and temperatures are significantly lower, the diurnal shifts in temperature are significantly lower during the peak growing season, and the soils are sandier, less acidic, and lower in potassium.

Comparison of the Proposed Ballard Canyon Viticultural Area to the Existing Santa Ynez Valley and Central Coast Viticultural Areas

Santa Ynez Valley Viticultural Area

The Santa Ynez Valley viticultural area was established by T.D. ATF–132, which published in the **Federal Register** on April 15, 1983 (48 FR 16252). The Santa Ynez Valley viticultural area encompasses the Sta. Rita Hills and the

Happy Canyon of Santa Barbara viticultural areas, as well as the proposed Ballard Canyon viticultural area.

According to T.D. ATF-132, the Santa Ynez Valley viticultural area is a valley that surrounds the Santa Ynez River and is bounded by the Purisima Hills and San Rafael Mountains to the north, Lake Cachuma and the Los Padres National Forest to the east, the Santa Ynez Mountains to the south, and the Santa Rita Hills to the west. Vineyards are planted on elevations ranging from 200 feet along the Santa Ynez River to 1,500 feet in the foothills of the San Rafael Mountains. The Santa Ynez Valley viticultural area has seven major soil associations, but vineyards are primarily planted on soils of the Positas-Ballard-Santa Ynez, Chamise-Arnold-Crow Hill, Shedd-Santa Lucia-Diablo, and Sorrento-Mocho-Camarillo series. The Santa Ynez Valley viticultural area has less marine influence from the Pacific Ocean than the more coastal regions to the west because the hills to the west of the region prevent much of the marine influence from reaching deep into the valley, resulting in a less moderated climate and overall warmer temperatures than those of areas closer to the coast. Even without a heavy marine influence, fog is still common at elevations between 1,000 and 1,200 feet. The valley averages 2,680 GDD units annually, making it a Region II area on the Winkler scale.

The proposed Ballard Canyon viticultural area is located in the center of the Santa Ynez Valley viticultural area and shares some broad characteristics of the larger Santa Ynez Valley viticultural area. Like much of the Santa Ynez Valley viticultural area, the proposed Ballard Canyon viticultural area is sheltered

from the strongest marine influence of the Pacific Ocean and is warmer than the coastal regions. However, due to its much smaller size and more inland location, the geographic features of the proposed Ballard Canyon viticultural area are more uniform. The proposed viticultural area is a region of north-south ranging hills and maze-like canyons, compared to the more level topography of the Santa Ynez Valley as a whole. In contrast to the varied soils of the Santa Ynez Valley viticultural area, the proposed Ballard Canyon viticultural area soils are predominately of the Chamise–Arnold–Crow Hill association. In addition, due to its more central location within the Santa Ynez Valley, the proposed viticultural area is also warmer than the western portion of the Santa Ynez Valley (Sta. Rita Hills viticultural area) and cooler than the eastern region (Happy Canyon of Santa Barbara viticultural area).

Central Coast Viticultural Area

The large, 1 million-acre Central Coast viticultural area was established by T.D. ATF–216, which published in the **Federal Register** on October 24, 1985 (50 FR 43128). The Central Coast viticultural area encompasses the California counties of Monterey, Santa Cruz, Santa Clara, Alameda, San Benito, San Luis Obispo, and Santa Barbara, and it contains 27 established American viticultural areas. T.D. ATF–216 describes the Central Coast viticultural area as extending from Santa Barbara to the San Francisco Bay area, and east to the California Coastal Ranges. The only distinguishing feature of the California Coast viticultural area addressed in T.D. ATF–216 is that all of the included counties experience marine climate influence due to their proximity to the Pacific Ocean.

The proposed Ballard Canyon viticultural area, due to its location within Santa Barbara County, is located within the Central Coast viticultural area. Although the north-south ranges of the proposed Ballard Canyon viticultural area block some of the marine influence characteristic of the Central Coast viticultural area, viticulture in the region is still affected by slight breezes and mild gusts from the Pacific Ocean that reach the area during the growing season. The proposed viticultural area has greater uniformity in geographical features such as wind, temperature and soils.

TTB Determination

TTB concludes that the petition to establish the approximately 7,800-acre Ballard Canyon viticultural area merits consideration and public comment, as invited in this notice.

Boundary Description

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

Maps

The petitioner provided the required maps, and they are listed below in the proposed 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. If TTB establishes this proposed viticultural area, its name, "Ballard Canyon," will be recognized as a name of viticultural significance under 27 CFR 4.39(i)(3). The

text of the proposed regulation clarifies this point. Consequently, wine bottlers using the name “Ballard Canyon” in a brand name, including a trademark, or in another label reference as to the origin of the wine, would have to ensure that the product is eligible to use the viticultural name as an appellation of origin if this proposed rule is adopted as a final rule. TTB does not believe that “Ballard,” standing alone, should have viticultural significance if the proposed viticultural area is established, due to the widespread use of “Ballard” as a geographical name. GNIS shows the name “Ballard” used in reference to over 300 locations in 44 States. Accordingly, the proposed part 9 regulatory text set forth in this document specifies only the full name “Ballard Canyon” as a term of viticultural significance for purposes of part 4 of the TTB regulations.

The approval of the proposed Ballard Canyon viticultural area would not affect any existing viticultural area, and any bottlers using “Santa Ynez Valley” or “Central Coast” as an appellation of origin or in a brand name for wines made from grapes grown within the Santa Ynez Valley or Central Coast viticultural areas would not be affected by the establishment of this new viticultural area. The establishment of the proposed Ballard Canyon viticultural area would allow vintners to use “Ballard Canyon,” “Santa Ynez Valley,” and “Central Coast” as appellations of origin for wines made from grapes grown within the proposed Ballard Canyon viticultural area if the wines meet the eligibility requirements for the appellation.

For a wine to be labeled with a viticultural area name or with a brand name that includes a viticultural area name, at least 85 percent of the wine must

be derived from grapes 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 for labeling with a viticultural area name 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 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.

Public Participation

Comments Invited

TTB invites comments from interested members of the public on whether it should establish the proposed viticultural area. TTB is also interested in receiving comments on the sufficiency and accuracy of the name, boundary, soils, climate, and other required information submitted in support of the petition. In addition, given the proposed Ballard Canyon viticultural area's location within the existing Santa Ynez Valley and Central Coast viticultural areas, TTB is interested in comments on whether the evidence submitted in the petition regarding the distinguishing features of the proposed viticultural area sufficiently differentiates it from the existing Santa Ynez Valley and Central Coast viticultural areas. TTB is also interested in comments whether the geographic features of the proposed viticultural area are so distinguishable from the surrounding Santa

Ynez Valley and Central Coast viticultural areas that the proposed Ballard Canyon viticultural area should no longer be part of those viticultural areas. Please provide any available specific information in support of your comments.

Because of the potential impact of the establishment of the proposed Ballard Canyon viticultural area on wine labels that include the term “Ballard Canyon” as discussed above under **Impact on Current Wine Labels**, TTB is particularly interested in comments regarding whether there will be a conflict between the proposed area name and currently used brand names. If a commenter believes that a conflict will arise, the comment should describe the nature of that conflict, including any anticipated negative economic impact that approval of the proposed viticultural area will have on an existing viticultural enterprise. TTB is also interested in receiving suggestions for ways to avoid conflicts, for example, by adopting a modified or different name for the viticultural area.

Submitting Comments

You may submit comments on this notice by using one of the following three methods (please note that TTB has a new address for comments submitted by U.S. Mail):

- Federal e-Rulemaking Portal: You may send comments via the online comment form posted with this notice within Docket No. TTB–2013–0001 on “Regulations.gov,” the Federal e-rulemaking portal, at <http://www.regulations.gov>. A direct link to that docket is available under Notice No. 132 on the TTB Web site at <http://www.ttb.gov/wine/wine-rulemaking.shtml>. Supplemental files may be

attached to comments submitted via Regulations.gov. For complete instructions on how to use Regulations.gov, visit the site and click on “User Guide” under “How to Use this Site.”

- U.S. Mail: You may send comments via postal mail to the Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW., Box 12, Washington, DC 20005.

- Hand Delivery/Courier: You may hand-carry your comments or have them hand-carried to the Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW., Suite 200-E, Washington, DC 20005.

Please submit your comments by the closing date shown above in this notice. Your comments must reference Notice No. 132 and include your name and mailing address. Your comments also must be made in English, be legible, and be written in language acceptable for public disclosure. TTB does not acknowledge receipt of comments, and TTB considers all comments as originals.

In your comment, please clearly state if you are commenting for yourself or on behalf of an association, business, or other entity. If you are commenting on behalf of an entity, your comment must include the entity’s name as well as your name and position title. If you comment via Regulations.gov, please enter the entity’s name in the “Organization” blank of the online comment form. If you comment via postal mail or hand delivery/courier, please submit your entity’s comment on letterhead.

You may also write to the Administrator before the comment closing date to ask for a public hearing. The Administrator reserves the right to determine whether to hold a public hearing.

Confidentiality

All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure.

Public Disclosure

TTB will post, and you may view, copies of this notice, selected supporting materials, and any online or mailed comments received about this proposal within Docket No. TTB–2013–0001 on the Federal e-rulemaking portal, Regulations.gov, at <http://www.regulations.gov>. A direct link to that docket is available on the TTB Web site at http://www.ttb.gov/wine/wine_rulemaking.shtml under Notice No. 132. You may also reach the relevant docket through the Regulations.gov search page at <http://www.regulations.gov>. For information on how to use Regulations.gov, click on the site's Help or FAQ tabs.

All posted comments will display the commenter's name, organization (if any), city, and State, and, in the case of mailed comments, all address information, including e-mail addresses. TTB may omit voluminous attachments or material that the Bureau considers unsuitable for posting.

You may also view copies of this notice, all related petitions, maps and other supporting materials, and any electronic or mailed comments that TTB receives about this proposal by appointment at the TTB Information Resource

Center, 1310 G Street, NW., Washington, DC 20005. You may also obtain copies at 20 cents per 8.5- x 11-inch page. Contact TTB's information specialist at the above address or by telephone at 202-453-2270 to schedule an appointment or to request copies of comments or other materials.

Regulatory Flexibility Act

TTB certifies that this proposed regulation, if adopted, would not have a significant economic impact on a substantial number of small entities. The proposed regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of a viticultural area name would be 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 proposed rule is not a significant regulatory action as defined by Executive Order 12866. Therefore, no regulatory assessment is required.

Drafting Information

Karen A. Thornton of the Regulations and Rulings Division drafted this notice.

List of Subjects in 27 CFR Part 9

Wine.

Proposed Regulatory Amendment

For the reasons discussed in the preamble, TTB proposes to amend title 27, chapter I, part 9, Code of Federal Regulations, 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.____ to read as follows:

§ 9.____ Ballard Canyon.

(a) Name. The name of the viticultural area described in this section is “Ballard Canyon”. For purposes of part 4 of this chapter, “Ballard Canyon” is a term of viticultural significance.

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

- (1) Los Olivos, CA, 1995;
- (2) Zaca Creek, Calif., 1959; and
- (3) Solvang, CA, 1995.

(c) Boundary. The Ballard Canyon viticultural area is located in Santa Barbara County, California. The boundary of the Ballard Canyon viticultural area is as described below:

(1) The beginning point is on the Los Olivos map at the intersection of State Route 154 and Foxen Canyon Road, section 23, T7N/R31W.

(2) From the beginning point, proceed southwesterly in a straight line approximately 0.3 mile, crossing onto the Zaca Creek map, to the intersection of

Ballard Canyon Road and an unnamed, unimproved road known locally as Los Olivos Meadows Drive, T7N/R31W; then

(3) Proceed south-southeasterly in a straight line approximately 1 mile, crossing onto the Los Olivos map, to a marked, unnamed large structure located within a circular-shaped 920-foot contour line in the southwest corner of section 26, T7N/R31W; then

(4) Proceed south-southwesterly in a straight line approximately 1.25 miles, crossing onto the Zaca Creek map, to the marked by the "Ball" 801-foot elevation control point, T6N/R31W; then

(5) Proceed south-southwesterly in a straight line approximately 1.45 miles, crossing onto the Solvang map, to a marked, unnamed 775-foot peak, T6N/R31W; then

(6) Proceed south-southwesterly in a straight line approximately 0.55 mile to a marked communication tower" located within the 760-foot contour line, T6N/R31W; then

(7) Proceed west-southwesterly in a straight line approximately 0.25 mile to the intersection of Chalk Hill Road and an unnamed light-duty road known locally as Mesa Vista Lane, T6N/R31W; then

(8) Proceed west-southwesterly in a straight line approximately 0.6 mile to the southern-most terminus of a marked, unnamed stream known locally as Ballard Creek, T6N/R31W; then

(9) Proceed northerly (upstream) along Ballard Creek approximately 0.35 miles to the creek's intersection with the 400-foot contour line, T6N/R31W; then

(10) Proceed southerly and then northwesterly along the 400-foot contour line approximately 1.5 miles, to the contour line's first intersection with Ballard Canyon Road, T6N/R31W; then

(11) Proceed north-northeasterly in a straight line approximately 1.7 miles, crossing onto the Zaca Creek map, to the western-most intersection of the 800-foot contour line and the T6N/T7N boundary line (approximately 0.9 mile east of U.S Highway 101); then

(12) Proceed west along the T6N/T7N boundary line approximately 0.4 miles to the boundary line's third intersection with the 600-foot contour line (approximately 0.5 mile east of U.S. Highway 101); then

(13) Proceed northerly along the meandering 600-foot elevation contour line to the contour line's intersection with Zaca Creek, T7N/R31W; then

(14) Proceed northeasterly in a straight line for approximately 1.2 miles to the western-most intersection of the southern boundary of the Corral de Quati Land Grant and the 1,000-foot contour line (approximately 0.4 mile east of U.S. Highway 101), T7N/R31W; then

(15) Proceed easterly along the meandering 1,000-foot contour line approximately 1.5 miles to the contour line's third intersection with the southern boundary of the Corral de Quati Land Grant (approximately 0.1 mile west of State Route 154), section 22, T7N/R31W; then

(16) Proceed southeasterly in a straight line approximately 0.8 miles, crossing onto the Los Olivos map, returning to the beginning point.

Signed: January 8, 2013.

John J. Manfreda,

Administrator.

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