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BEFORE THE

Federal Communications Commission

WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Cellular Service and Other Commercial)
Mobile Radio Services in the Gulf of Mexico)
)
Amendment of Part 22 of the Commission's)
Rules to Provide for Filing and Processing of)
Applications for Unserved Areas in the)
Cellular Service and to Modify Other)
Cellular Rules)

WT Docket No. 97-112

CC Docket No. 90-6

To: The Commission

COMMENTS
 OF THE
AMERICAN PETROLEUM INSTITUTE

The American Petroleum Institute ("API"), by its attorneys, pursuant to Section 1.415 of the Rules and Regulations of the Federal Communications Commission ("Commission"), respectfully submits the following Comments in response to the Commission's Second Further Notice of Proposed Rule Making ("Notice")^{1/} in the above-referenced proceeding. The Notice proposed new licensing and service rules for operation in the Gulf of Mexico by cellular, Personal Communications Service ("PCS") and Specialized Mobile Radio ("SMR") providers.

^{1/} WT Docket No. 97-112, FCC 97-110 (adopted Mar. 28, 1997).

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I. BACKGROUND

1. API is a national trade association representing approximately 350 companies involved in all phases of the petroleum and natural gas industries, including exploration, production, refining, marketing, and transportation of petroleum, petroleum products and natural gas. Among its many activities, API acts on behalf of its members as spokesperson before federal and state regulatory agencies. The API Telecommunications Committee is one of the standing committees of the organization's Information Systems Committee. The Telecommunications Committee evaluates and develops responses to state and federal proposals affecting telecommunications facilities used in the oil and gas industries.

2. The petroleum and natural gas industries were pioneers in the use of two-way mobile radio for industrial applications. While there remains a very critical requirement for privately-owned and operated two-way mobile radio systems in these industries, some private systems have, in recent years, been supplemented with Commercial Mobile Radio Services ("CMRS") such as cellular and SMR in areas where these services are offered and meet industry standards. The energy industries also expect to utilize PCS systems for selected functions, where available.

3. Many of API's member companies are active producers of petroleum and natural gas in offshore areas such as the Gulf of Mexico ("Gulf"). In fact, oil and gas is the dominant industry in the Gulf region. Furthermore, the Gulf currently hosts more than one-third of all of the offshore rigs deployed throughout the world.^{2/} This represents a significant increase during recent years in the level of oil and gas operations in the Gulf.^{3/}

4. Oil and gas companies with operations in the Gulf require reliable communications links to and from their offshore drilling rigs and production platforms. In 1990 alone, the oil and gas industry in the Gulf used an estimated 108 million minutes of communications capacity.^{4/} Market segments of the oil and gas industry which make up this demand for communication services in the Gulf include: exploration, drilling, construction, production, pipelines and oil field services. The following table describes the activities and communications needs of these major market segments.

^{2/} Houston Chronicle, "Gulf is Heart of Deepwater Drilling," (May 4, 1997), at 1J.

^{3/} The utilization rate for marketable rigs in the Gulf is now 100%, as compared with 98% a year ago and 55% in 1992. Id.

^{4/} This estimate was provided by Spears & Associates, a marketing consultant. No more recent study is known to exist.

SEGMENT	ACTIVITY	COMMUNICATION NEEDS
Exploration	Conducts geophysical studies, echo ranges and engineering studies	Significant transmission of seismographic data and voice
Drilling	Drills based on data provided by exploration	Voice for logistics support and drill logging
Construction	Constructs and maintains production platform and pipeline; salvages abandoned platforms	Voice, fax and data for operation and logistics
Production	Extracts and meters oil and gas	Voice and data for production reports, supply orders and production data
Pipelines	Collects oil and gas from various platforms and delivers it to shore via pipeline	Voice and data for operating and metering
Oil Field Services	Supplies a full range of services, including divers, crews and resupply	Voice, data and fax for management of boat fleets, resupply and mobile/portable communications

5. Like land-based requirements, these offshore communications needs are met with a combination of private and commercial services. The demand for these services has been increasing at a steady pace and are expected to continue their growth as the major petroleum producers move their operations ever farther out in the Gulf into

increasingly deeper waters.^{5/} Accordingly, the oil and gas industry undoubtedly would be among the primary users of any new communications services offered in the Gulf.

II. COMMENTS

6. API applauds the Commission's efforts to make additional CMRS licenses available in the Gulf of Mexico. The resolution of long-standing conflicts between land-based and water-based cellular carriers and the auctioning of licenses for other types of CMRS spectrum should enhance the range of service options available to satisfy the oil and gas industry's substantial communications needs in the Gulf. Consistent with this goal, API also requests that the Commission grant a pending Petition for Rule Making filed by Gulf Coast MDS Service Company ("Gulf Coast"), which asks the Commission to amend its rules to permit the licensing of Multipoint Distribution Service ("MDS") spectrum in the Gulf.^{6/} Because API does not believe, however, that PCS in the band

^{5/} Whereas waters more than 1,000 feet deep seemed beyond the industry's reach just a few years ago, drillships now are being commissioned for use in waters up to 10,000 feet deep. In recent months, the industry has been actively trying to develop approximately 55 oil and gas fields in waters deeper than 1,000 feet. Houston Chronicle, "Gulf is Heart of Deepwater Drilling," (May 4, 1997), at 1J and 4J.

^{6/} In the Matter of Amendment of Parts 21 and 74 of the Commission's Rules With Regard to Licensing in the Multipoint Distribution Service and the Instructional Television Fixed Service for the Gulf of Mexico, Petition for Rule Making ("Gulf Coast Petition") (filed May 21, 1996).

1850-1990 MHz is suitable for application in the Gulf, API requests that the Commission rededicate this band for the provision of fixed point-to-point services in the Gulf region.

A. API Supports the Commission's Proposed New Rules for the Provision of Cellular Service in the Gulf

7. The Commission has proposed to divide the Gulf of Mexico Service Area ("GMSA") into two cellular service zones: a GMSA Coastal Zone and a GMSA Exclusive Zone. Notice at ¶ 27.^{2/} Seeking to ensure "wide-spread, reliable coverage along the shoreline," the Commission tentatively has concluded that both land-based and water-based carriers should be permitted to provide service in the Coastal Zone. *Id.* The Commission also has proposed to allow incumbent operations in the Coastal Zone to remain undisturbed and to accept new applications for any unserved areas. Notice at ¶¶ 36 and 41. In the Exclusive Zone, the two existing cellular carriers would be permitted to move their transmitters freely and to expand or modify their systems without being required to obtain prior approval. Notice at ¶ 28.

8. API believes that the implementation of these proposals would result in more extensive and reliable cellular coverage in the Gulf, thereby providing many of

^{2/} The proposed Coastal Zone would consist of the portion of the GMSA extending out twelve nautical miles from the coastline, while the Exclusive Zone would extend from the 12-mile limit to the southern limits of the GMSA. Notice at ¶¶ 32 and 46.

API's member companies with additional service options.^{3/} The proposed division of the GMSA into service area zones appears to be a reasonable resolution to the conflicts that have, to date, prevented prompt cellular deployment in some coastal areas of the Gulf. Above all, regulatory certainty is needed in this instance so that the licensing and implementation of new cellular systems in the Coastal Zone may proceed without undue administrative delay. Similarly, the ability of existing carriers to expand service in the Exclusive Zone without prior regulatory approval would enable these carriers to respond to the often immediate and shifting needs of entities engaged in deepwater drilling operations.

B. The Commission Also Should License Other Types of Spectrum in the Gulf

9. In its Notice, the Commission requested comment on whether it should adopt licensing and operational rules for non-cellular CMRS such as PCS and SMR in the Gulf region. API believes that there is more than adequate demand for SMR services in the Gulf to warrant the assignment of SMR licenses in the GMSA. SMR spectrum in the 800 MHz and 900 MHz bands is well-suited for communications between crew members

^{3/} The oil and gas industry in the Gulf uses cellular systems primarily for: communications with mobile operating units such as seismic work boats, drilling rigs, oil field service boats and other marine units; temporary exploration operations; drilling; construction workovers; oil field maintenance service groups; well logging gas metering; and marine support.

on an offshore platform and -- if interconnected with the switched telephone system -- for platform-to-shore and platform-to-platform communications. It is likely that the oil and gas industry would be able to benefit, in many cases, from the availability of reliable SMR service in the Gulf.

10. With respect to PCS, API believes that, while such services could be an asset to offshore operations, unfavorable propagation characteristics may make it technically infeasible to implement PCS in the Gulf. In particular, API believes that the platforms in the Gulf are too widely separated to accommodate the installation of the multiple transmitters needed to sustain mobile operations in the 1850-1990 MHz band allocated for PCS. Further, it is unlikely that PCS providers could build the platform infrastructure to support the necessary tower for conventional PCS. Accordingly, API recommends that the Commission rededicate this band for the provision of fixed point-to-point services in the Gulf of Mexico. Such continued use of this band would be beneficial as oil and gas production facilities are established in ever deeper water.

11. Finally, API urges the Commission to grant Gulf Coast's Petition for Rule Making regarding the assignment of MDS licenses in the Gulf. As Gulf Coast explained in its Petition, it desires to provide digital telecommunications, including voice and data services, to the oil and gas industry in the Gulf region, utilizing spectrum from the band 2500-2690 MHz. Gulf Coast Petition at ¶ 1. In contrast to PCS, the antenna directivity

associated with the Gulf Coast wireless local loop service will accommodate the propagation characteristics of this spectrum. Accordingly, the assignment of this spectrum would provide the oil and gas industry with another useful option for securing the vital communications services needed in the Gulf.

III. CONCLUSION

12. There is a growing demand for commercial services in the Gulf to supplement the private systems typically employed in connection with offshore oil and gas production activities. The prompt licensing and deployment of cellular, SMR and MDS systems would facilitate the efforts of the oil and gas industry to meet these important needs. API therefore urges the Commission to move forward with the measures proposed in its Notice, including the assignment of cellular and SMR licenses, the rededication of the 1850-1990 MHz band to point-to-point services in the Gulf and the granting of Gulf Coast's pending Petition for Rule Making.

WHEREFORE, THE PREMISES CONSIDERED, the American Petroleum Institute respectfully submits the foregoing Comments and urges the Federal Communications Commission to act in a manner consistent with the views expressed herein.

Respectfully submitted,

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