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Wednesday, November 10, 1999

HAND DELIVERED

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington DC, 20554

RECEIVED
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: RM-9718

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

Dear Ms. Salas:

On behalf of PetroCom License Corporation ("PetroCom") we respond to the letter filed on October 8, 1999 by Wilkinson Barker Knauer, LLP on behalf of the Wireless Communications Association International, Inc. ("WCA") with respect to the above referenced proceeding.

First, despite WCA's statements to the contrary, a demand exists in the Gulf of Mexico for services that can only be provided over fixed broadband spectrum such as Multipoint Distribution Service ("MDS") spectrum. PetroCom's developmental system, with paying users, demonstrates that demand exists for fixed voice, fax and high speed data services. Other networks simply cannot satisfy the demand for such services. Cellular telephone is a wide area system, but each license is limited to 25 MHz which, based on current technology, lacks sufficient bandwidth to be economically feasible for a fixed broadband network. Offshore radiotelephone, which is not licensed on a wide area basis, also provides insufficient bandwidth. Point-to-point microwave by definition cannot provide point-to-multipoint service and it, too, is not licensed on a wide area basis. Like cellular telephone, Wireless Communications Service ("WCS") spectrum provides insufficient bandwidth with which to develop an economically feasible system even when, as in the Gulf, all of the 30 MHz WCS spectrum is held by one licensee. It is not technically feasible to provide Local Multipoint Distribution Service in the Gulf at this time or in the foreseeable future. Finally, unlike MDS spectrum, it is not practicable to use satellite spectrum to provide the last mile connectivity to platforms in the Gulf.

Second, WCA's alleged interference issues are a red herring. The interference concerns of incumbents and adjacent MDS BTA licenses with respect to Gulf operations are no more

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complicated than the interference concerns of land-based systems with each other. As previously detailed by PetroCom, the solutions to these interference concerns are already found in the Commission's rules. In its reply comments, PetroCom stated that Gulf MDS licensees should be required to submit long form applications for MDS stations and repeaters, in the same manner as all other MDS BTA licensees. Each long form application must include an interference analysis showing that incumbent systems are not expected to experience interference from the operation of the new MDS station or repeater. This procedure, along with general interference protection techniques (e.g., frequency coordination, restricting power) resolves the interference concerns raised by the Harter Engineering Statement. It will ensure that incumbent MDS and ITFS licensees receive at least as much protection from interference from Gulf operations as these systems receive from each other. Moreover, as proposed by PetroCom in its Amended Petition, the requirement that a Gulf MDS licensee be limited to -75 dBw/m² at the boundary will provide the adjacent MDS BTA licensees with more interference protection than they receive from each other. A Gulf MDS BTA licensee, like any other MDS or ITFS licensee, cannot guarantee that its system will never cause interference. However, a Gulf MDS BTA licensee will have the same responsibility as other licensees to resolve interference problems, even if it means modifying or turning off its system. It is also worth noting that PetroCom has been operating its developmental system without causing interference to either adjacent BTA licensees or incumbent MDS and ITFS licensees. WCA's interference claims are a mere smokescreen that should not justify postponing the licensing of MDS spectrum in the Gulf.

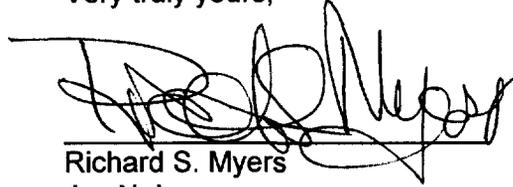
Third, PetroCom concurs that MDS BTA licensees should have a fair opportunity to secure MDS spectrum rights for portions of the Gulf. To achieve this goal, PetroCom agrees with WCA's suggestion that Gulf MDS licensees be permitted to partition and disaggregate their licenses. However, WCA's claim that BTA licensees adjacent to Gulf bid for their licenses in reliance that there would be no Gulf licensees is disingenuous. WCA has stated that the average price paid for a BTA bordering the Gulf was \$1.09 per "pop" while the average price for other BTAs was \$0.94 per "pop". However, further analysis reveals that licensees bordering the Gulf in Florida (where there are no oil platforms and hence no potential customers for a fixed service) paid an average of \$1.79 per "pop" while licensees bordering the western part of the Gulf in Texas, Louisiana, Mississippi and Alabama (where all the potential Gulf customers are located) paid an average of only \$0.45 per "pop". These numbers suggest that western side BTA licensees realized that they would be facing a neighboring Gulf licensee and thus were not willing to pay as much as Florida Gulf licensees (only about 1/4 as much) or even as much as other BTA licensees (less than half as much). WCA's use of auction statistics is misleading.

Finally, WCA's accusation that PetroCom deliberately timed its petition for rule making until after the land rule making was completed is simply without foundation. The land MDS auction, which commenced in March, 1996, was the culmination of a proceeding that began with a notice of proposed rule making in 1994. The idea for licensing this spectrum occurred even before that time. PetroCom did not start developing plans for an MDS network in the Gulf until early 1996. The timing of these events demonstrates that it is impossible to reasonably expect PetroCom to have participated in the land MDS rule making.

The Commission's processes would be better served if WCA ceased exaggerating its claims, dropped its ambitions to secure a vast amount of new service area territory for its members for free, and focused the debate on what rules should be adopted for licensing MDS in the Gulf.

Ms. Magalie Roman Salas
Wednesday, November 10, 1999
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Very truly yours,

A handwritten signature in black ink, appearing to read "Richard S. Myers". The signature is written in a cursive, somewhat stylized font with a horizontal line underneath it.

Richard S. Myers
Jay N. Lazrus

cc(hand del.): Barbara Kreisman
Charles Dzedzic
Dave Roberts