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EX PARTE PRESENTATION

September 22, 2006

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: American Petroleum Institute
WT Docket No. 02-68 et al.
Supplement to Reply to Oppositions to Petition for Reconsideration

Dear Ms. Dortch:

The American Petroleum Institute ("API"), by its attorneys, pursuant to Section 1.1206 of the Commission's Rules, respectfully submits this letter supplementing its Reply to Oppositions to Petition for Reconsideration ("Reply") filed on August 31, 2006 in the above-captioned proceeding.¹ This letter details recent oil and natural gas industry developments that highlight the urgent need for favorable action by the Commission as it considers API's request to establish a Service Area for the Broadband Radio Service ("BRS") in the Gulf of Mexico.²

On September 5, 2006, in a much-publicized announcement,³ Chevron Corp., revealed that the results from tests at the Jack No. 2 well at the Walker Ridge Block 758 in the Gulf of

¹ See Reply To Oppositions To Petition For Reconsideration of the American Petroleum Institute 5, WT Docket No. 03-68 et al. (filed August 31, 2006). API's Reply rebutted claims made by Sprint Nextel Corporation ("Sprint Nextel") and the Wireless Communications Alliance International, Inc. ("WCAI") that API should have filed comments in support of the creation of a Gulf Service Area earlier in this proceeding.

² As described in API's Petition for Reconsideration, there is limited spectrum available for broadband services with favorable over-water propagation characteristics in the Gulf of Mexico. API's Reply describes several recent developments that have magnified the need for broadband in the Gulf, including the lessons learned, and adjustments made, as a result of Hurricanes Katrina and Rita, advances in new technology utilizing the 2.5 GHz band, and process and structural changes in oil and natural gas industry operations in the Gulf of Mexico.

³ See e.g., Steven Mufson, U.S. Oil Reserves Get a Big Boost, Wash. Post, Sept. 6, 2006, at D1; Russell Gold, In Gulf of Mexico, Industry Closes in on New Oil Source, Wall St. Journal, September 5, 2006, at A1; Gulf oil discovery may be bigger than Alaska's Prudhoe Bay, CNN.com, September 5, 2006, available online at <http://www.cnn.com/2006/TECH/science/09/05/oil.discovery.ap/index.html> (last visited September 11, 2006).

KELLER AND HECKMAN LLP

Marlene H. Dortch
September 22, 2006
Page 2

Mexico indicated the discovery of a potentially enormous oil and natural gas reserve.⁴ The Jack No. 2 well, drilled to a depth of 28,175 feet, is located 175 miles off the coast of Louisiana in a 300-square mile region known as the "lower tertiary." Reports indicate that the region in which the discovery is located could hold as much as 15 billion barrels of oil and natural gas. Chevron and its co-owners plan additional drilling in the field in 2007.

By all accounts, this is a major discovery. As detailed in API's Petition for Reconsideration, there are approximately 4,000 oil and natural gas platforms in the Gulf of Mexico. Currently, some 23% percent of U.S. natural gas production and approximately 30% of U.S. oil production occurs in the Federal portion of the Gulf.⁵ By comparison, estimates place the potential yield from this new field alone as accounting for as much as 11% of U.S. oil production in the next several years. The new reserve field could boost U.S. oil and natural gas reserves by as much as 50 percent making the discovery the largest since Prudhoe Bay in Alaska 38 years ago. In addition, some predict that the discovery will hasten the opening of the eastern Gulf of Mexico to oil and natural gas production.⁶

This recent discovery at Jack No. 2 underscores the oil and natural gas industry's critical need for access to broadband services via the 2.5 GHz band in the Gulf of Mexico. As activity and investment expand to take advantage of this new discovery, it is vital that oil and natural gas companies have access to the most modern, advanced communications services available in order to ensure that operations are conducted in a safe and effective manner. This requires the capabilities offered by broadband and IP-based technology and communications platforms.

The 2.5 GHz band is favorably suited to fulfill the need for broadband and IP-based services in an over-water environment. In fact, as previously demonstrated, current options for reliable (low latency) broadband services in the Gulf of Mexico are constrained by the unavailability of secure dedicated spectrum below 4 GHz. The 2.5 GHz band represents one item on a very short list of achievable near term avenues for providing relief for the growing bandwidth shortage in the Gulf.⁷ It is unthinkable that the Commission would authorize BRS throughout the country but decline to make it available in an area so critical to the U.S. oil and

⁴ See Chevron Press Release – Chevron Announces Record Setting Well Test at Jack, September 5, 2006, available online at <http://www.chevron.com/news/press/2006/2006-09-05.asp> (last visited September 11, 2006).

⁵ See <http://www.gomr.mms.gov/homepg/whoismms/regdir.html>, (last visited September 11, 2006).

⁶ See Brad Foss, Vast Oil Pool Tapped in Gulf of Mexico, Associated Press, Sept. 6, 2006, available online at: http://hosted.ap.org/dynamic/stories/M/MAJOR_OIL_DISCOVERY?SITE=CAGRA&SECTION=HOME&TEMPLATE=DEFAULT (last visited September 14, 2006).

⁷ See API, *Petition for Reconsideration*, Docket No. 03-66 at para. 14 (filed July 19, 2006).

KELLER AND HECKMAN LLP

Marlene H. Dortch
September 22, 2006
Page 3

natural gas industry and the public it serves, especially in the face of repeated requests for such service.

The Jack No. 2 discovery also highlights a fatal problem with the approach advocated by some commenters in this proceeding, that certain regions of the U.S. should be singled out for differential treatment with regard to license availability based solely on perceived, prospective demand at any given moment. Unanticipated developments such as the one highlighted in Walker Ridge Block 758, as well as unforeseen new technologies and even new price-points, can radically affect market demand for communications services in the future. Such occurrences are difficult, if not impossible, to predict in advance with any reliable degree of certainty. Indeed, tapping “ultra deep water” reservoirs of the sort found at the Jack No. 2 well was technically impossible just a few years ago.⁸

There is no justifiable public policy reason to delay making BRS spectrum available for use in the Gulf of Mexico or to require a further rulemaking proceeding isolated to that particular geographic area. Regulatory policies should be crafted so as to maximize the opportunity for industry sectors to use critical, cutting-edge communications without requiring parties to return repeatedly to the Commission with rulemaking requests. With respect to the 2.5 GHz band, a policy of exclusion with respect to the Gulf of Mexico serves no purpose except to inhibit the deployment of broadband in direct contravention of the stated goals of this proceeding.⁹

⁸ See Wash. Post, Sept. 21, 2006, at A5. See also, Antoine Agasse, US oil Eldorado deep in Gulf of Mexico, AFP, Sept. 10, 2006, available online at http://news.yahoo.com/s/afp/20060910/sc_afp/uscompanyoilenergychevronstatoil (last visited September 22, 2006).

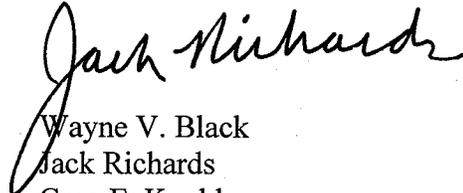
⁹ See Amendment of Parts 1, 21, 73, 74 and 101 of the Commission's Rules to Facilitate the Provision of Fixed and Mobile Broadband Access, Educational and Other Advanced Services in the 2150-2162 and 2500-2690 MHz Bands, *Notice Of Proposed Rule Making And Memorandum Opinion And Order*, 18 FCC Rcd 6722 at para. 32-43 (2003) (stating policy goals and objectives of 2.5 GHz proceeding including the promotion of the “availability of broadband to all Americans”, the fulfillment of “Increasing Demand for Spectrum-Based Services”, the promotion of “Increased Access to Spectrum”, promotion of “effective and timely licensing activities that encourage efficient use of the spectrum”).

KELLER AND HECKMAN LLP

Marlene H. Dortch
September 22, 2006
Page 4

API urges the Commission to make available the 2.5 GHz band for immediate use in the Gulf of Mexico, consistent with API's previous filings in this proceeding. Should you have any questions or require any additional information, please feel free to contact the undersigned.

Sincerely,


Wayne V. Black
Jack Richards
Greg E. Kunkle

cc: Attached Service List

CERTIFICATE OF SERVICE

I, Neenah Gay, a secretary at the law firm of Keller and Heckman, LLP, do hereby certify that on this 22nd day of September, 2006, a copy of the foregoing Supplement to Reply to Oppositions to Petition for Reconsideration of the American Petroleum Institute has been served via first class mail on the following:

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