

SHAW PITTMAN
POTTS & TROWBRIDGE
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

2300 N Street, N.W.
Washington, D.C. 20037-1128
202.663.8000
Facsimile 202.663.8007

ROBERT E. COHN
202.663.8060
robert_cohn@shawpittman.com

New York
Virginia

January 22, 1998

By Facsimile

Mr. Paul L. Gretch
Director
Office of International Aviation
Department of Transportation
400 7th Street, S.W., Room 6402
Washington, D.C. 20590

**Re: Emergency Petition for Review of Staff Action
for a Statement of Authorization (Houston-Iquitos, Peru)**

Dear Mr. Gretch:

Antonov Design Bureau ("Antonov"), through its agent Air Foyle Ltd. ("Air Foyle"), hereby petitions for an emergency review of staff action orally disapproving the above-referenced application for a Statement of Authorization to operate three one-way all cargo charter flights from Houston to Iquitos, Peru. Because of the exigent circumstances and the extremely short period of time remaining to complete a complicated and urgently needed shipment of oil drilling equipment, Air Foyle/Antonov requests that the Department set an answer date of 3 p.m. today, and take final action on this petition by 5 p.m.

Reconsideration and immediate issuance of the requested Statement of Authorization is necessary to prevent severe and undue hardship to the U.S. shipper, Quitana Minerals Corporation of Houston ("QMC"), which is engaged in oil drilling operations at a remote location in Peru. Grant of the requested authority will also promote the export of U.S. products and protect the safety of U.S. workers engaged in the drilling operation.

In further support of this petition, Air Foyle/Antonov states as follows:

Mr. Paul L. Gretch
January 22, 1998
Page 2

1. We have been advised by the shipper that in order to prevent a costly and potentially hazardous work stoppage at QMC's drilling site in Peru, it is imperative that the cargo, consisting of approximately 600,000 pounds of oil well supply pipes, be delivered at Iquitos by no later than January 26, so that the pipes can be in place at the drilling site by no later than January 30.
2. QMC advises that it has experienced unexpected problems in the drilling, and must continue to drill deeper than anticipated into the well to reach the oil reservoir. Counsel has been told that once the drilling has begun, it must continue uninterrupted until the operators find oil. As of January 21, counsel was advised that there were only enough pipes and casings at the site for approximately nine more days of drilling. If drilling is stopped, the well must be "capped" and then un-capped to resume drilling, creating the risk of a "blow-out" from pent-up gasses and oil. As explained in the attached letter from QMC, a blow-out would be devastating for the site and could endanger the lives of workers employed by QMC. Separate from the dangers associated with any drilling stoppage, there are standby costs of \$80,000 per day. In these circumstances it is evident that any delay in receiving the drilling supplies would constitute an extreme and undue hardship on QMC.
3. Because the drilling site is remotely located, the entire air shipment must be consolidated and loaded onto a fast river barge, which QMC has arranged to have on standby at Iquitos. The shipment by river barge takes approximately four days. Therefore, in order to arrive at the drilling site by January 30, the entire shipment must arrive in Iquitos by January 26. Subject to favorable action on this petition, Antonov is prepared to operate the first flight today. The two remaining flights would be operated immediately upon return to Houston, stopping only for required crew rest and loading purposes. With this schedule, Antonov anticipates that it should be able to deliver the entire required cargo by January 26.

Mr. Paul L. Gretch
January 22, 1998
Page 3

4. Southern Air Transport, the only objector to this application, has stated unequivocally that it cannot meet the completion requirement of January 26. See attached letter from Southern Air Transport dated January 21. As explained above, the January 26 deadline is necessary because (1) there are only nine days of drilling supplies left at the site, and (2) the transshipment by barge will take an additional four days. QMC's current contract requirements are based on real-world constraints, not, as Southern's January 21, 1997 reply erroneously alleges, to somehow keep U.S. carriers from bidding for this business. Air Foyle/Antonov would accept a Statement of Authorization for a more limited time period covering only January 22-26, and apologizes for any confusion resulting from its initial 10 day request, which was intended to allow flexibility to cope with unexpected operational difficulties, assuming it could still deliver the shipment in time to avert a work stoppage. With QMC's current supply estimates, it is clear that the air portion of the shipment must now be completed by the 26th.

5. Grant of this petition will not only prevent extreme hardship to QMC, it will also promote the export of U.S. products and benefit U.S. business interests. Foreign-manufactured pipe is available from more proximate suppliers in Mexico and South America. As stated by QMC in the attached letter, the urgent need for these supplies could force it to cancel its U.S. contract in favor of foreign suppliers. Similarly situated companies might also be discouraged from buying U.S. products in the future if the delivery of urgently needed bulk supplies cannot be assured. The Department's assistance in allowing the timely completion of this shipment will help to ensure the competitiveness of U.S. drilling equipment suppliers in the global marketplace.

Mr. Paul L. Gretch
January 22, 1998
Page 4

For all the foregoing reasons, the reconsideration and grant of a Statement of Authorization to Air Foyle/Antonov is in the public interest. Such action will avoid severe and undue hardship to a U.S. shipper, will safeguard the lives of workers employed at QMC's drill site, and will prevent the loss of U.S. export business to foreign suppliers.

Respectfully submitted,



Robert E. Cohn
Sheryl R. Israel
Alexander Van der Bellen

Counsel for Air Foyle Ltd., as agent for
Antonov Design Bureau

cc: Gordon Bingham
Pierre Murphy
Paul Furlonger

Enclosures