

ORIGINAL
DEPT. OF TRANSPORTATION
BUSINESS
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**BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY**

59166

Application of)
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)

**STEVEN WILSON d/b/a
Air Excursions, d/b/a
Chilkat Aviation**

Docket OST-99-5948 - I

for a certificate of public convenience and)
necessity for interstate air transportation)
)

**APPLICATION OF
STEVEN WILSON d/b/a AIR EXCURSIONS d/b/a/ CHILKAT
AVIATION FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY**

Applicant Requests That This Application Be Processed By
Show-Cause Procedures Pursuant to Rules 1759(a)(4) And
1720 of the Department's Procedural Regulations (Subpart Q)

Communications with respect to this document should be addressed to:
Hank Myers
M&C Transportation Consultants
P.O. Box 7341
Bellevue, WA 98008
(425) 641-8243 - voice
Steven Wilson
Air Excursions
P.O. Box 6
Gustavus, AK 99826
(907) 697-2375

Any person may file an answer in support of or in opposition to this application. Any answer must contain a statement of that person's position, and must be filed with the Department of Transportation (1 original and 12 conformed copies) by August 9, 1999, with copies served upon all persons served with this application (see "Certificate of Service"), including those persons listed on this cover page.

July 12, 1999

BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

Application of)	
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STEVEN WILSON d/b/a)	Docket OST-99-
Air Excursions, d/b/a)	
Cbilkat Aviation)	
)	
for a certificate of public convenience and)	
necessity for interstate air transportation)	

APPLICATION OF
STEVEN WILSON d/b/a AIR EXCURSIONS d/b/a/ CHILKAT
AVIATION FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY

Steven Wilson d/b/a/ Air Excursions d/b/a Chilkat Aviation (Chilkat) hereby applies for certificate of public of public convenience and necessity under Section 4 1101 of Title 49 of the U.S. Code, showing as follows:

1. Chilkat is a sole proprietorship organized and operating under the laws of the State of Alaska. The mailing address of Chilkat is: P.O. Box 6, Gustavus, AK 99826. The telephone number is (907) 697-2375.

2. Chilkat is a citizen of the United States within the meaning of the governing statute. An Affidavit of Citizenship is attached as Appendix B.

3. Chilkat hereby applies for a certificate of public convenience and necessity for an indefinite term to perform scheduled, interstate transportation of persons, property and mail.

4. Chilkat proposes to provide air service as described herein with aircraft currently in its fleet, including Piper PA-32 aircraft. A description of these aircraft is included in Appendix E. Chilkat will not need to add aircraft to provide the service, and does not anticipate adding aircraft to do so.

5. Chilkat is not affiliated with, or a subsidiary of any firm engaged in a phase of aeronautical activity. Chilkat has no subsidiaries, does not engage in any form of aeronautical activity except its own operation.

Chilkat is owned by Steven Wilson, who has lengthy experience in Alaskan aviation, and particularly in startup operations, and operations and air service at Gustavus. Mr. Wilson is well aware of the demands and requirements of certificated air service. Mr. Wilson is a long time resident of Gustavus, and

been involved in commercial air service at Gustavus for nearly 20 years. In addition to working as a commercial pilot for other certificated air carriers, Mr. Wilson has owned and operated Air Excursions, with its bases at Gustavus and Juneau, for over seven years.

Chilkat will begin scheduled service on a small scale. It currently operates on-demand air service between Gustavus and Juneau, supplementing the scheduled service of two other carriers. Chilkat will begin service with one round trip a day, six days a week, anticipating startup after the summer tourist season is over. Chilkat will also offer general air taxi and charter service.

Mr. Wilson d/b/a name of Air Excursions in his air taxi service. This reflects the tourist and locally based flights he operates, including flightseeing, fishing and hunting trips, transportation of hikers and rafters, and other recreational or tourism excursions. Mr. Wilson intends to use the d/b/a name of Chilkat Aviation for his scheduled service, reflecting the cultural heritage of the area.

The carrier will be managed by competent and experienced personnel who have experience in Alaska and the specific markets involved. Director of Maintenance Mike Loverink has served as a pilot in command, line mechanic,

Director of Maintenance and Chief Pilot of a certificated air carrier in the Juneau area. He has flown commercially in southeastern Alaska since 1991, and has an excellent safety and compliance record. Bonnie Niemi, the Business Manager, is thoroughly familiar and experienced with all aspects of the business operation of Chilkat. Ms. Niemi has extensive small business management experience, having served as office manager of a medical practice for 12 years, and as a lodge manager in Alaska, Idaho and Wyoming.

Chilkat has established facilities and agents for ground handling which will support the proposed service. Their hangar facility has been approved for scheduled air carrier service. Chilkat has all office equipment and space necessary to support scheduled service, and owns computer programs and accounting systems which comply with all reporting requirements.

6. Under Part 3 12 of the department's Procedural Regulations as currently in effect (Regulation PR-218, effective April 25, 1980), no environmental evaluation is required.

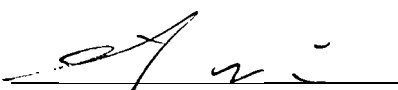
7. An illustrative service proposal is attached as Appendix I. An estimate of the fuel to be consumed in the first year, and a statement regarding the availability of the required fuel are included in Appendix I.
8. Data supporting a finding of fitness and reliability under Section 204 of the Department's Economic Regulations are attached as Appendix A.
9. Chilkat respectfully requests that its application be processed by show-cause or other non-hearing procedures. The proposed service of Chilkat is well within its operating capability and experience, and that of its owner and managers.
10. Chilkat is well qualified to hold a certificate of public convenience and necessity. Its owner and managers have extensive airline operating experience in the area proposed for service. They possess or have available to them all the facilities and equipment needed. Chilkat is adequately capitalized, and is supported by the additional resources of its owner. The need for a service such as Chilkat proposes has been well documented in the past, and exists today.

11. Pursuant to 18 United States Code section 1001, I, Steven Wilson, in my individual capacity and as the authorized representative of the applicant, have not in any manner knowingly and willfully falsified, concealed or covered up any material fact, or made any false, fictitious or fraudulent statement, or knowingly used any documents which contain such statements in connection with the preparation, filing or prosecution of this application. I understand that an individual who is found to have violated the provisions of 18 U.S.C. section 1001 shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

WHEREFORE, Steven Wilson d/b/a Air Excursions, d/b/a Chilkat Aviation respectfully requests that the Department grant it the certificate authority sought in this application, employ show-cause procedures, and grant such further and other authority or relief as the Department may deem proper.

Respectfully submitted,

Steven Wilson

A handwritten signature in black ink, appearing to read 'S. Wilson', is written over a horizontal line.

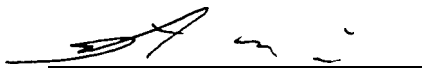
by Steven Wilson
its Owner

AFFIDAVIT OF STEVEN WILSON

STATE OF ALASKA)
) **ss.**
FIRST JUDICIAL DISTRICT)

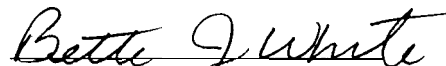
Steven Wilson, first duly being sworn, deposes and says:

1. That he is the owner of Air Excursions, and that he is authorized to and does make this statement for it.
2. That the preceding Application for a Certificate of Public Convenience and Necessity was prepared by him or under his direct control, that he has reviewed the application and its contents, and that the contents of the application are true and correct to the best of his knowledge and belief.
3. Pursuant to title 18, United States Code, section 1001, that he, in his individual capacity and as the authorized representative of the applicant, has not in any manner knowingly and willfully falsified, concealed or covered up any material fact or made any false, fictitious or fraudulent statement, or knowingly used any documents which contain such statements in connection with the preparation, filing or prosecution of the application. That he understands that an individual who is found to have violated the provisions of 18 U.S.C. section 1001 shall be fined not more than \$10,000 or imprisoned not more than five years or both.



Steven Wilson

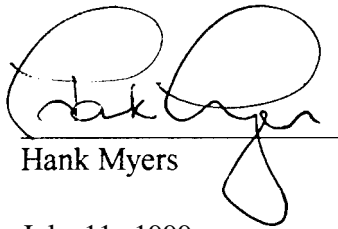
Subscribed and sworn before me this 9 day of April, 1999.


Notary Public for Alaska

My Commission Expires 4-9-03.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing application of Steven Wilson upon the Airport Manager, Juneau International Airport, 1873 Shell Simmons Drive, Juneau, AK, 99801, and the Airport Manager, Gustavus Airport, Gustavus, AK 99826 by first class mail, postage prepaid.



Hank Myers

July 11, 1999

INDEX OF APPENDICES

- A. Index of Regulatory Requirements
- B. Affidavit of Citizenship
- C. Biographies of Key Personnel, including stock ownership
- D. Historical Financial Statements
- E. Description of Current Fleet
- F. Affidavit of Aircraft Compliance
- G. Authorities Currently Held
- H. Map of Area to Be Served
- I. Illustrative Service Proposal
and Fuel Use Estimate
- J. Forecast Financial Results
- K. Corporate Certification
- L. Agreement 18900

INDEX OF REGULATORY REQUIREMENTS

Section 204.3 Fitness Data-

- a.-c. Application narrative. The full name of the carrier to be reflected on the certificate is Steven Wilson d/b/a Air Excursions d/b/a Chilkat Aviation.
- d. Appendix K
- e. Appendix E
- f. Appendix C
- g. Steven Wilson is the sole proprietor.
- h., i. Steven Wilson has no subsidiaries of any kind and holds no shares of stock in, or control of, any air carrier, foreign air carrier, common carrier, or person substantially engaged in the business of aeronautics.
- j. Steven Wilson does not file 10-K reports
- k. Financial statements for Steven Wilson are attached as Appendix D.
- l. Other than as provided under separate cover, there are no actions or outstanding judgments for \$5,000 or more against Steven Wilson or any relevant corporation, key person employed (or to be employed) by any relevant corporation, or person substantially engaged in the business of aeronautics.
- m. There are no outstanding actions or judgments for less than \$5,000 against any relevant corporation, key person, or person having a substantial interest in Steven Wilson.

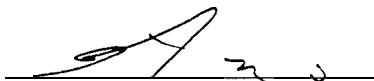
- n. Appendices E & F
- o. There are no pending investigations, enforcement actions, or formal complaints of any kind filed by the Department, including the F.A.A., involving Steven Wilson or any relevant corporation, any personnel employed (or to be employed) by any relevant corporation or person having a substantial interest in any relevant corporation, regarding compliance with the governing statute, or order, rules, regulations, or requirements issued pursuant to the governing statute.
- p. There have been no charges of unfair or deceptive or anti-competitive business practices, or of fraud, felony or anti-trust violation against any relevant corporation, key person, or person having a substantial interest in Steven Wilson.
- q. Steven Wilson d/b/a Air Excursions, nor any of its personnel nor any relevant corporation has suffered an accident or incident in the last year, nor at any time in the past which remains under investigation by the F.A.A., the N.T.S.B. or by the company itself.
- r. Application narrative
- s. Steven Wilson d/b/a Air Excursions holds an Air Carrier Operating Certificate from the F.A.A. with appropriate Operations Specifications. Air Excursions currently operates on-demand air service between Gustavus and Juneau, as well as other services in the Gustavus and Juneau areas.
- t. Appendices I & J
- u. Appendix L
- v. Application narrative

AFFIDAVIT OF CITIZENSHIP

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

Steven Wilson, first being sworn, deposes and says:

1. That he is the owner of Air Excursions, and that he is authorized to and does make this statement for it.
2. That Steven Wilson d/b/a Air Excursions is a citizen of the United States within the meaning of Title 49, United States Code. Further, all shareholders of the company are citizens of the United States.



Steven Wilson

Subscribed and sworn before me this da 9 of April, 1999.



Notary Public for Alaska

My Commission Expires 4-9-03

BIOGRAPHIES OF KEY PERSONNEL

Director of Operations/Chief Pilot/Owner
Steven Wilson
P.O Box 16
Gustavus, AK 99826

Air Transport Pilot license 574603598

Steve Wilson is a natural born citizen of the United States, having been born on November 13, 1965 in Juneau, AK. Mr. Wilson is the sole owner of Air Excursions, and holds a deviation from the F.A.A. to serve as both Director of Operations and Chief Pilot. After graduating from high school in 1983, Mr. Wilson immediately began his aviation career as a ramp agent for Alaska Airlines in Gustavus. Gustavus is a summer season operation for Alaska, and Mr. Wilson worked for Coombs-Gates on the flight line in Palm Springs, CA from October through May, 1984. While in Palm Springs he began his flying lessons in January, and completed his Private license on May 6, 1984. In May, 1984 he returned to Gustavus to work the summer for Alaska Airlines. He remained in Gustavus for the next 18 months, working as a commercial fisherman and in the constructions trades.

In March, 1986 he moved to Renton, WA to pursue commercial pilot training. He received his Instrument rating on April 4, 1986, and completed with Commercial certificate on November 7, 1986. He returned to Gustavus, and worked the winter and spring as a commercial fisherman. He was hired as a line pilot in May, 1987 by Skagway Air Service, and worked the summer flying scheduled and charter service. In September, 1987 we was hired as a line pilot by Wings of Alaska in Juneau, and worked there until October, 1988. From October until May, 1989, Mr. Wilson worked as a commercial fisherman. From May, 1989 until July, 1990, Mr. Wilson was a line pilot for Glacier Bay Airways. On November 28, 1989 he received his Airline Transport Pilot rating.

For the remainder of the summer of 1990, Mr. Wilson worked as a pilot for the Taku Glacier Lodge based in Juneau.

In September, 1990, Mr. Wilson started working on the F.A.A. certification for Air Excursions, and started flying in January, 1991. He has been continuously employed full time with Air Excursions ever since. Mr. Wilson has had one accident and two F.A.A. enforcement actions during his 9,000 flying hour career. In August, 1989, while employed as a pilot for Glacier Bay Airways, as a result of a ramp inspection by the F.A.A., he received a warning notice for not having a current weight and balance calculation before a flight.

On May 25, 1992, Mr. Wilson was flying from Juneau to Gustavus when he encountered deteriorating weather while flying through a low mountain pass enroute. While turning around in the pass, his wing brushed a tree top on the side of the pass. The plane continued to back to Juneau without further incident. The mishap was categorized as an accident because of the dollar amount of damage to the wing panels on the aircraft. Mr. Wilson was given a two month suspension of his flying privileges as a result of the accident. There have been no violations, accidents or incidents since.

Mr. Wilson has no officerships, directorships or stock ownership in any air carrier, foreign air carrier, common carrier, person substantially engaged in the business of aeronautics, or persons whose principal business (in purpose or in fact) is the holding of stock in or control of any air carrier, common carrier or person substantially engaged in the business of aeronautics other than Air Excursions.

There are no actions or outstanding judgments for more than \$5,000 against Mr. Wilson. There are no actions or judgments for \$5,000 or less against Mr. Wilson. There are no pending investigations, enforcement actions, or formal complaints filed by the Department, including the F.A.A., regarding compliance with the Statute, or orders, rules, regulations, or requirements issued pursuant to the Statute. There are no charges of unfair or deceptive or anticompetitive business practices, or of fraud, felony or antitrust violation brought against Mr. Wilson.

BIOGRAPHIES OF KEY PERSONNEL

Director of Maintenance
Michael L. Loverink
4467 Julep Street
Juneau, AK 99801

Pilot/Mechanic License #472783836

Mike Loverink is a natural born citizen of the United States, having been born on November 4, 1960 in Albert Lea, MN. Mr. Loverink has no ownership in Air Excursions/Chilkat Aviation. After graduating from high school Albert Lea High School in June, 1979, Mr. Loverink went to work as a heavy equipment operator and mechanic in his family's business, Loverink Drainage in Hollandale, MN. He continued to work in the business until August, 1985 when he entered LeTourneau University in Longview, Texas, where he studied aviation operations and maintenance. After completing his qualifications for his Airframe and Powerplant license in August, 1988, he worked as a line mechanic for LeTourneau University while continuing his flight instruction. After graduating from LeTourneau with a Bachelor of Science degree in Aviation Technology, he was employed as a flight instructor from January, 1990 until June, 1991.

Mr. Loverink was looking for a career opportunity after his experience at LeTourneau. Coincidentally, his wife, a certified nurse, was offered a position in Juneau. They moved their family to Juneau. Mr. Loverink spent the summer establishing the household, and looking for employment in the Juneau area. In October, 1991, he was hired as a line mechanic and pilot at Haines Airways. In May, 1995 he was appointed Director of Maintenance for Haines Airways. He held that position until May, 1997, when he was named Chief Pilot and Check Airman for the company.

In April, 1998, Mr. Loverink left Haines Airways to become a line pilot and Director of Maintenance for Air Excursions. Mr. Loverink is an Air Transport rated pilot with single and multi-engine land airplane licenses, as well as a single

engine-sea license. He is a flight and ground instructor for advanced and instrument training. He has 6,600 total flying hours, of which 6,300 is as pilot in command. He holds an airframe and powerplant mechanic license with inspection authorization. Mr. Loverink has been accepted in his position as Director of Maintenance by the F.A.A., and he is listed in that position on the approved Operations Specifications for Air Excursions.

Mr. Loverink has had no violations or incidents in his 15 years of private and commercial flying. He was involved in an accident in June, 1996 near Glacier Bay. While enroute to Gustavus on a ferry flight from Skagway, the engine driven fuel pump failed and the engine quit operating due to fuel starvation. Mr. Loverink made a forced landing in a gravel river bed. The aircraft suffered moderate damage during the landing. The N.T.S.B. found that the probable cause of the accident was loss of engine power due to low fuel pressure from the engine driven pump and subsequent fuel starvation. No action was taken by the F.A.A. against Mr. Loverink.

Mr. Loverink has no officerships, directorships or stock ownership in any air carrier, foreign air carrier, common carrier, person substantially engaged in the business of aeronautics, or persons whose principal business (in purpose or in fact) is the holding of stock in or control of any air carrier, common carrier or person substantially engaged in the business of aeronautics.

There are no actions or outstanding judgments for more than \$5,000 against Mr. Loverink. There are no actions or judgments for \$5,000 or less against Mr. Loverink. There are no pending investigations, enforcement actions, or formal complaints filed by the Department, including the F.A.A., regarding compliance with the Statute, or orders, rules, regulations, or requirements issued pursuant to the Statute. There are no charges of unfair or deceptive or anticompetitive business practices, or of fraud, felony or antitrust violation brought against Mr. Loverink.

BIOGRAPHIES OF KEY PERSONNEL

Business Manager
Bonnie D. Niemi
P.O. Box 177
Gustavus, AK 99826

Bonnie Niemi is a natural born citizen of the United States, having been born on September 30, 1949 in Missoula, MT. Ms. Niemi has no ownership in Air Excursions/Chilkat Aviation. After graduating from high school in Clarkston, WA in 1967, Ms. Niemi worked as an office clerk at a retail store in Lewiston, ID full time, and then worked as the business office manager at Whitman Community Hospital (Colfax, WA), and then as office manager for an orthodontic practice in Lewiston. In August, 1990, she changed careers to work in the hospitality industry in unique and rural areas. She became lodge manager for the Cougar County Lodge on the Snake River in Idaho, alternating work seasonally at the W.T. Fugarwe Lodge in Glacier Bay, AK. In addition to general lodge operational duties, she was responsible for day to day oversight of guest activities. She worked at these two jobs until the end of 1992. During this period she also worked part time as a technician and customer service agent for Tongass Tele-Communications, as a volunteer librarian and support clerk at the Gustavus Library, and as a crab processor for the Icy Passage Fish Company in Gustavus.

After an extended winter vacation from November, 1992 through March, 1993, she returned to Gustavus to work at the Beartrack Mercantile and Open Gate Cafe. She alternated seasonal work in Gustavus with work in Buffalo, WY at the Purdy Ranches and Five Star Expeditions. Her duties included employee scheduling and training, bookkeeping, and payroll. Subsequently she worked for Alaska Seair Adventures seasonally until October, 1996. After an extended winter vacation, she went to work for Air Excursions in May, 1997 as office manager. She has worked at Air Excursions continuously since that time. Her responsibilities include flight scheduling and dispatching, bookkeeping, accounts

payable and receivable management, employee scheduling and training, handling reservations and documenting and handling freight.

At Air Excursions, Ms. Niemi's office management duties also include employee hiring (other than pilot and mechanic personnel), scheduling of public contact personnel, bookkeeping and financial management, and service as lead customer service representative in Gustavus.

Ms. Niemi has no officerships, directorships or stock ownership in any air carrier, foreign air carrier, common carrier, person substantially engaged in the business of aeronautics, or persons whose principal business (in purpose or in fact) is the holding of stock in or control of any air carrier, common carrier or person substantially engaged in the business of aeronautics.

There are no actions or outstanding judgments for more than \$5,000 against Ms. Niemi. There are no actions or judgments for \$5,000 or less against Ms. Niemi. There are no pending investigations, enforcement actions, or formal complaints filed by the Department, including the F.A.A., regarding compliance with the Statute, or orders, rules, regulations, or requirements issued pursuant to the Statute. There are no charges of unfair or deceptive or anticompetitive business practices, or of fraud, felony or antitrust violation brought against Ms. Niemi.

Historical Financial Statements

Item	1996	1997	1998
Total Commercial Revenue	\$791,966	\$659,089	\$668,383
Expenses			
Aviation Gasoline	\$ 69,492	\$ 68,942	\$ 62,878
Wages	134,374	172,201	185,591
Payroll Taxes	14,019	29,722	19,298
Repairs & Maintenance	108,624	70,632	88,956
Insurance	88,272	29,020	86,503
Equipment Lease	0	0	15,760
Facility Rental	15,374	18,689	250
Depreciation	47,531	30,707	31,145
Advertising	2,662	765	558
Car & Truck Expense	2,782	1,608	365
Interest	1,824	1,488	1,000
Legal & Professional	120	9,101	3,621
Office Expense	5,759	5,366	2,948
Supplies	0	0	930
Taxes & Licenses	0	0	1,323
Travel	1,786	6,502	1,316
Meals & Entertainment	105	1,124	1,008
Utilities	10,035	9,777	9,067
Other	7,504	1,678	6,783
Total Expense	\$5 10,263	\$457,322	\$5 19,300
Profit Before Income Tax	<u>\$281,703</u>	<u>\$201,767</u>	<u>\$149,083</u>

Source- Federal Income Tax Returns

DESCRIPTION OF
CURRENT FLEET

Registration Number	Aircraft Type	Seats	Leased/Owned
N8908N	Piper PA-3 2	5	Owned
N8200M	Piper PA-32	5	Owned
N15950	Piper PA-3 2	5	Owned
N185FP	Cessna C-1 85	5	Owned
N84468	Cessna C- 172	3	Owned

AFFIDAVIT OF SAFETY COMPLIANCE

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

Steven Wilson, first being sworn, deposes and says: *

1. That he is the owner of Air Excursions., and that he is authorized to and does make this statement for it.
2. That all aircraft currently owned or leased by Air Excursions have been properly certified by the F.A.A., and comply with all F.A.A. safety standards.
3. That Air Excursions will only employ aircraft in its certificated service which are properly certified by the F.A.A. and comply with all F.A.A. safety standards.



Steven Wilson

Subscribed and sworn before me this 9 day of April, 1999.



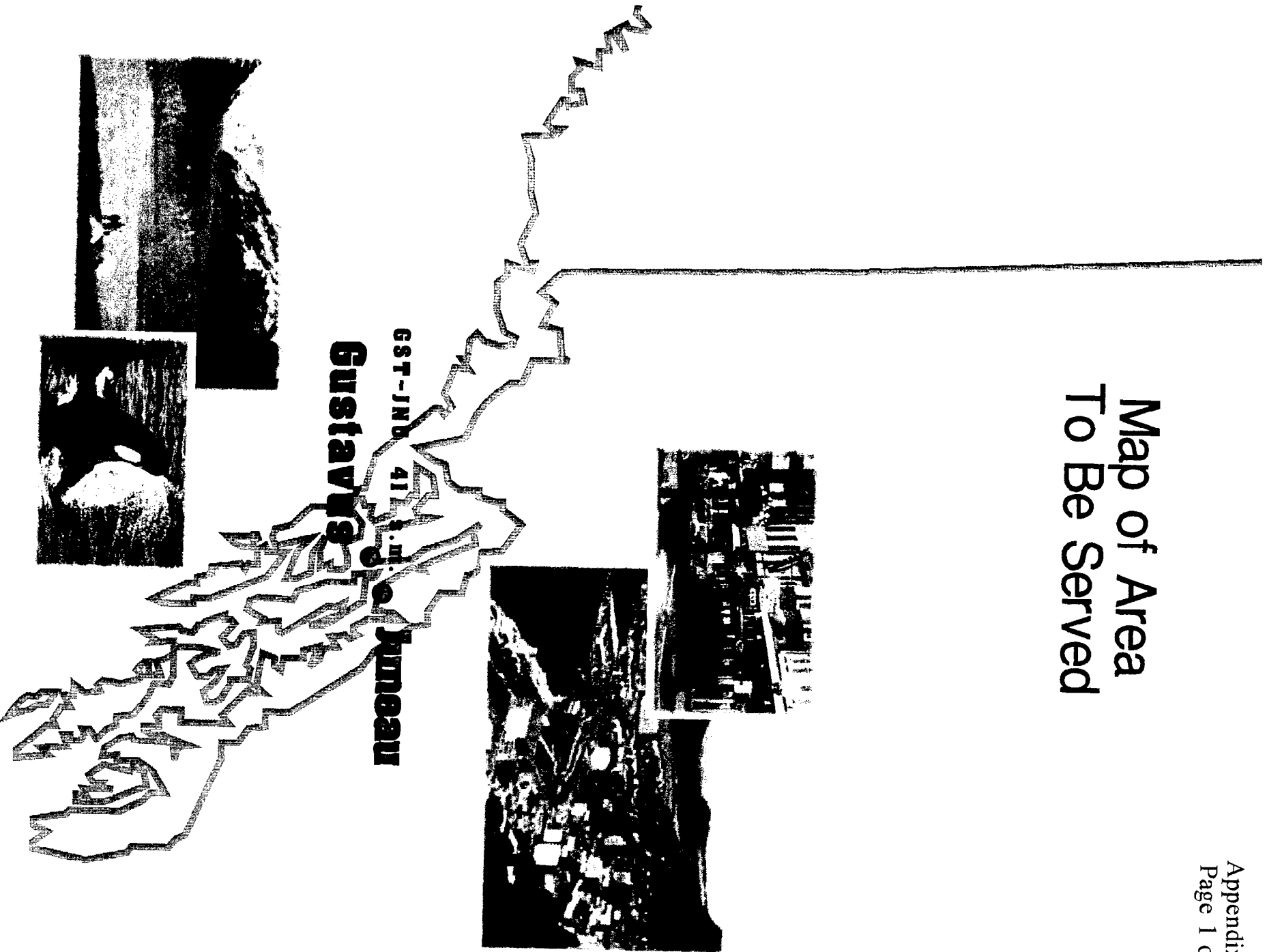
Notary Public for Alaska

My Commission Expires 4-9-03.

**STEVEN WILSON d/b/a/ AIR EXCURSIONS
AUTHORITIES CURRENTLY HELD**

Steven Wilson d/b/a Air Excursions holds an Air Carrier Operating Certificate from the Federal Aviation Administration.

Map of Area To Be Served



ILLUSTRATIVE SERVICE PROPOSAL
AND FUEL USE ESTIMATE

Proposed Schedule

Depart	Gustvus	0000
Arrive	Juneau	0030
Depart	Juneau	0100
Arrive	Gustavus	0130

Service operates once per day, six days a week year around. All service "S" class. All service operated with Piper PA-32 "Cherokee 6" aircraft with 5 passenger seats.

Capacity Statistics

Total Round Trip Flights	312
Total Aircraft Miles	12,972
Total Available Seat Miles	64,860
Total Available Ton Miles	7,135
Total Aircraft Hours	312
Total Fuel Consumed	4,992 gallons

Air Excursions has been operating charter service in this market since 1992, and has never been restricted in its fuel purchases. They have been assured that any fuel they desire for this or any other service will be available.

FORECAST FINANCIAL RESULTS

Revenue Projections

Item	Note	1Q99	2Q99	3Q99	4Q99
Passengers	1	\$ 11,856	\$ 17,784	\$ 17,784	\$ 11,856
Mail	2	\$ 2,184	\$ 2,184	\$ 2,184	\$ 2,184
Freight	3	\$ 1,248	\$ 1,248	\$ 1,248	\$ 1,248
<u>TOTAL REVENUE</u>		<u>\$ 15,288</u>	<u>\$21,216</u>	<u>\$ 21,216</u>	<u>\$ 15,288</u>

Expense Projections

Direct Operating Expense, 3 12 block hours per year					
Crew	@ \$42/hr	\$ 3,276	\$ 3,276	\$ 3,276	\$ 3,276
Fuel & Oil	@ \$32/hr	\$ 2,496	\$ 2,498	\$ 2,496	\$ 2,496
Other	@ \$13/hr	\$ 1,014	\$ 1,014	\$ 1,014	\$ 1,014
Maintenance	@ \$27/hr	\$ 2,106	\$ 2,106	\$ 2,106	\$ 2,106
Aircraft Lease	@ \$12/hr	\$ 936	\$ 936	\$ 936	\$ 936
Sub Total		\$ 9,828	\$ 9,838	\$ 9,828	\$ 9,828
Indirect Expense	@ 50%	\$ 4,914	\$ 4,914	\$ 4,914	\$ 4,914
<u>TOTAL EXPENSE</u>		<u>\$ 14,742</u>	<u>\$ 14,742</u>	<u>\$ 14,742</u>	<u>\$ 14,742</u>
<u>OPERATING PROFIT</u>		<u>\$ 1,138</u>	<u>\$ 2,600</u>	<u>\$ 2,600</u>	<u>\$ 1,138</u>
Estimated Pax Load Factor		40.0%	60.0%	60.0%	40.0%

Annualized Projections, YE 12/31/98

Total Revenue	\$ 167,900
Total Operating Expense	\$ 139,224
Operating Profit	\$ 28,676

Notes:

1. Average fare yield of \$38 (\$60 base less 30% dilution & CRS fees),
6 pax/RT 2Q& 3Q, 4 pax/RT 1Q & 4Q.
2. Priority mail, ¼ share @ mainline rates 2Q&3Q, 1/3 share @ bush rates 1Q&4Q
3. \$16/round trip average (40 lbs.) freight/small package revenue

FORECAST FINANCIAL RESULTS

Estimated Startup Expense

F.A.A. & D.O.T. certifications expense	\$ 8,850
Printing, Stationery, Schedules	\$ 600"
TOTAL STARTUP EXPENSE	\$ 9,450

* Daystar is currently operating in the market

To Be Supplied



AGREEMENT

The undersigned carriers (hereinafter referred to as "the Carriers") hereby agree as follows:

1. Each of the Carriers shall, effective May 16, 1966, include the following in its conditions of carriage, including tariffs embodying conditions of carriage filed by it with my government:

The Carrier shall avail itself of the limitation of liability provided in the Convention for the Unification of Certain Rules Relating to International Carriage by Air signed at Warsaw October 12th, 1929, or provided in the said Convention as amended by the Protocol signed at The Hague September 28th, 1955. However, in accordance with Article 22(1) of said Convention, or said Convention as amended by said Protocol, the Carrier agrees that, as to all international transportation by the Carrier as defined in the said Convention or said Convention as amended by said Protocol, which, according to the contract of Carriage, includes a point in the United States of America as a point of origin, point of destination, or agreed stopping place

- (1) The limit of liability for each passenger for death, wounding, or other bodily injury shall be the amount of US \$75,000 inclusive of legal fees and costs, except that, in case of a claim brought in a State where provision is made for separate award of legal fees and costs, the limit shall be the amount of US \$58,000 exclusive of legal fees and costs.
- (2) The Carrier shall not, with respect to claims arising from the death, wounding, or other bodily injury of a passenger, avail itself of any defense under Article 20(1) of said Convention or said Convention as amended by said Protocol.

Nothing herein shall be deemed to affect the rights and liabilities of the Carrier with regard to my claims brought, by, on behalf of, or in respect of any person who has willfully caused damage which resulted in death, wounding, or other bodily injury of a passenger."

2. Each Carrier shall, at the time of delivery of the ticket, furnish to each passenger whose transportation is governed by the Convention, or the Convention as amended by the Hague Protocol, and by the special contract described in paragraph 1, the following notice, which shall be printed in type at least as large as 10 point modern type and in ink contrasting with the stock on (i) each ticket; (ii) a piece of paper either placed in the ticket envelope with the ticket or attached to the ticket; or (iii) on the ticket envelope:

*ADVICE TO INTERNATIONAL PASSENGER ON LIMITATION OF LIABILITY

Passengers on a journey involving an ultimate destination or a stop in a country other than the country of origin are advised that the provisions of a treaty known as the Warsaw Convention may be applicable to the entire journey, including my portion entirely within the country of origin or destination. For such passengers on a journey to, from, or with an agreed stopping place in the United States of America, the Convention and special contracts of carriage embodied in applicable tariffs provide that the liability of [certain] carriers parties to such special contracts for death or personal injury to passengers is limited in most cases to proven damages not to exceed US \$75,000 per passenger, and that this liability up to such limit shall not depend on negligence on the part of the writer. For such passengers traveling by a carrier not a party to such special contracts or on a journey not to, from, or having an agreed stopping place in the United States of America, liability of the carrier for death or personal injury to passengers is limited in most cases to approximately US \$10,000 or US \$20,000.

The names of Carriers parties to such special contracts are available at all ticket offices of such carriers and may be examined on request.


Additional protection can usually be obtained by purchasing insurance from a private company. Such insurance is not affected by any limitation of the carrier's liability under the Warsaw Convention or such special contracts of carriage. For further information please consult your insurance company representative."

3. [The Agreement was filed with the Civil Aeronautics Board of the United States. The Board approved it by Order E-23680, adopted May 13, 1966. The Agreement (Agreement 18900) became effective May 16, 1966. On January 1, 1915, this Agreement became the responsibility of the Department of Transportation (DOT) by operation of law.]

4. This Agreement may be signed in any number of counterparts, all of which shall constitute one Agreement. Any Carrier may become a party to this Agreement by signing a counterpart hereof and depositing it with DOT.

5. Any Carrier party hereto may withdraw from this Agreement by giving twelve (12) months' written notice of withdrawal to DOT and the other Carriers parties to the Agreement.

* Either alternative may be used.

 [signature and title]

Air Excursions [name of carrier]

P.O. Box 16 [address of carrier]

Gustafvas Air 22806