

**BEFORE THE  
U.S. DEPARTMENT OF TRANSPORTATION  
OFFICE OF SECRETARY OF STATE  
WASHINGTON, D.C.**

Application of:

SUNRISE AIRLINES, INC., a Utah corporation,

for a waiver of the 45-day advance filing requirement of 14 CFR 204.7 and notice of intent to resume commuter air service following a cessation of operations.

DOCKET NO. OST-01-8695

**APPLICATION OF SUNRISE AIRLINES, INC.**

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DATED: January 15, 2001

**BEFORE THE  
U.S. DEPARTMENT OF TRANSPORTATION  
OFFICE OF SECRETARY OF STATE  
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**APPLICATION OF SUNRISE AIRLINES, INC.**

Sunrise Airlines, Inc. ("Sunrise"), a Utah corporation, respectfully requests a waiver of 14 CFR §204.7 so that Sunrise may resume regularly scheduled commuter air service operations during its Chapter 11 reorganization case, on or before February 16, 2001. In support of its application, Sunrise states the following:<sup>1</sup>

**I. Introduction.**

Sunrise filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code on November 3, 2000 (the "Petition Date"), which initiated Chapter 11 Case No. 00-12083-ECF-SSC in the United States Bankruptcy Court for the District of Arizona. On November 4, 2000, Sunrise notified the Department of Transportation (the "DOT") and the Federal Aviation

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<sup>1</sup> This Application is supported by the accompanying "Appendix of Exhibits," which contains documents summarizing the financial data and various other information required by 14 CFR §§204.3 and 204.4.

Administration (the "FAA") of the Chapter 11 filing and of Sunrise's intent to temporarily suspend its FAR Part 121 regularly scheduled commuter air carrier service. On December 29, 2000, Sunrise filed the "Plan of Reorganization Proposed by the Debtor" (the "Plan") and the "Disclosure Statement Accompanying Plan of Reorganization Proposed by the Debtors" (the "Disclosure Statement") in the Chapter 11 case.<sup>2</sup> A hearing regarding approval of the Disclosure Statement is scheduled for January 16, 2001 at 10:00 a.m. A hearing regarding confirmation of the Plan is scheduled for January 31, 2001.

Among other things, the Plan provides for: (i) the sale of certain assets of Sunrise, which are not essential to the Sunrise commuter air carrier operations with proceeds used to pay estate creditors and interest holders in accordance with the Plan; (ii) the sale of the stock of Sunrise to Wallace J. Hilliard in exchange for a payment in the amount of \$750,000, which will also be used to pay estate creditors and interest holders in accordance with the Plan; and (iii) subject to FAA and DOT approval, the resumption of FAR Part 121 regularly scheduled commuter air carrier operations by Sunrise on or before February 16, 2001.

A waiver of the forty-five (45) day notice requirement of 14 CFR 204.7 is warranted and necessary for three (3) reasons: (i) the rural community that Sunrise intends to serve is currently without scheduled air service, which is essential to meet many of the community's basic needs; (ii) the closing of the sale of the stock of Sunrise provided for by the Plan, and the subsequent payment of the proceeds to creditors, is dependent upon Sunrise receiving DOT and FAA approval to resume

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<sup>2</sup> Copies of the Plan and Disclosure Statement were mailed to the DOT and the FAA Las Vegas Flights Standards District Office on December 29, 2000. However, for the convenience of the Fitness Division, an additional copy of the Disclosure Statement (the Plan is Exhibit 1 to the Disclosure Statement) is attached as Exhibit "1" to the Appendix of Exhibits.

FAR Part 121 commuter air carrier operations on or before February 16, 2001; and (iii) the majority of the information being submitted by Sunrise pursuant to §§ 204.3 and 204.4 is the same information, which supported the DOT's previous grant of economic authority to Sunrise.

A waiver of 14 CFR 204.7 is necessary so that Sunrise may resume regularly scheduled commuter air carrier service to the small rural community of Page, Arizona as soon as possible. The City of Page is located in a remote part of northern Arizona and relies on air service for many of its basic needs. The City of Page has been without regularly scheduled commuter air service since Sunrise was forced to temporarily suspend its operations on November 4, 2000. Since that time, in the context of the Chapter 11 case, Sunrise has diligently worked to resume operations. In the Chapter 11 case, Sunrise has located a new equity holder who is willing to provide the capital and aircraft necessary to allow Sunrise to successfully repay estate creditors in accordance with the Plan and resume commuter air carrier operations. Sunrise has already submitted a bid to the DOT to resume service to the City of Page under the Page DOT essential air service ("EAS") contract. Although Sunrise is hopeful that it will be awarded the City of Page EAS contract, Sunrise's new equity participant has the financial wherewithal and is prepared to resume scheduled commuter air carrier service to Page, Arizona immediately upon receiving DOT fitness approval and FAA approval.<sup>3</sup>

A waiver of 14 CFR 204.7 and the resumption of regularly scheduled FAR Part 121

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<sup>3</sup> In addition to the Page, Arizona essential air service contract, Sunrise has also submitted bids to resume providing essential air service to Moab, Utah, Vernal, Utah, and Ely, Nevada, which are the other communities Sunrise serviced prior to November 4, 2000. Sunrise intends to operate a route between Page, Arizona and Phoenix, Arizona even if it is not awarded the Page EAS contract. In addition, Sunrise will also continue to explore the possibility of adding additional routes, including EAS routes, which will allow Sunrise to remain profitable long term.

air carrier operations is also essential to the successful reorganization of Sunrise in the Chapter 11 case. The Plan proposed in the Sunrise Chapter 11 case provides for, among other things, the sale of the stock in Sunrise to Wallace J. Hilliard for \$750,000. The proceeds of the sale will be used to pay estate creditors in accordance with the Plan. Absent the sale of the Sunrise stock to Hilliard, the recovery of estate creditors such as employees and trade creditors will be severely reduced. In addition, the sale of the Sunrise stock to Hilliard represents the best and only current alternative available to Sunrise, which will enable Sunrise to both repay its creditors and resume its pre-petition commuter air carrier operations. However, the closing of the Hilliard transaction is dependent upon Sunrise obtaining DOT and FAA approval to resume scheduled commuter air carrier service on or before February 16, 2001. Therefore, a waiver of 14 CFR 204.7 and expedited consideration of this Application is essential to a successful reorganization of Sunrise.

Finally, as described below and evidenced by the attached Exhibits, the data and information submitted by Sunrise herein, is substantially the same data and information, which previously supported the DOT's grant of economic authority to Sunrise.<sup>4</sup> In addition, all changes have been identified and summarized herein, which should substantially reduce the time necessary to consider the Application. Therefore, Sunrise respectfully requests that the requirements of 14 CFR 204.7 be waived and that this Application be processed on an expedited basis.

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<sup>4</sup> The changes that have been made are calculated to ensure that Sunrise will be able to successfully reorganize and provide regularly scheduled commuter air carrier service long term. For example, under the Plan, Sunrise will continue to operate from the terminal and maintenance facility in Page, Arizona. However, under the Plan, the Terminal Facility will be sold to a new owner, who will lease space to Sunrise. By not owning the Terminal Facility, Sunrise's debt service obligations and fixed costs will be substantially reduced.

**II. Events Leading Up To The Sunrise Chapter 11 Filing.**

Through November 3, 2000, Sunrise conducted FAR Part 121 commuter air carrier operations, which consisted of providing EAS to the following rural communities in Arizona, Nevada, and Utah:

1. Page, Arizona, with service to Phoenix, Arizona;
2. Vernal, Utah, with service to Salt Lake City, Utah;
3. Moab, Utah, with service to Salt Lake City, Utah; and
4. Ely, Nevada, with service to Las Vegas, Nevada and Elko, Nevada.

In addition to its commuter air carrier operations, Sunrise operates a seasonal tour business providing sight seeing tours to National Park destinations such as the Grand Canyon, Bryce Canyon, Monument Valley, Lake Powell, Canyonlands, Capital Reef, Cataract Canyon, and other scenic destinations (the "Sunrise Tour Business"). Sunrise conducted its FAR Part 121 commuter air carrier operations and its ongoing FAR Part 135 air tour operations from a maintenance and terminal facility located at 238 10<sup>th</sup> Avenue, Page, Arizona 86040 (the "Terminal Facility"). Sunrise owns the Terminal Facility and leases the land where the Terminal Facility is located from the City of Page.

The EAS routes were operated by Sunrise using five (5) of the six (6) Jetstream Series 3100 aircraft leased from British Aerospace and Jet Acceptance Corporation ("JACO") pursuant to six (6) substantially identical lease contracts. On or about November 3, 2000, JACO notified Sunrise by letter of an alleged non-monetary default under the lease of the one (1) Jetstream aircraft not on the Sunrise Operating Certificate. By separate letter dated the same day, JACO declared all six (6) leases terminated based on a cross-default provision in the allegedly defaulted lease. At the time JACO declared the leases terminated, Sunrise was current on all of its lease payments to JACO.

Sunrise believes JACO's precipitous termination of the leases was improper. Accordingly, Sunrise will seek proper recourse against JACO through the Bankruptcy Court.

As a result of the loss of the JACO Jetstream aircraft, Sunrise was left temporarily unable to continue to operate the EAS routes. On or about November 3, 2000, Sunrise notified the FSDO and the DOT that it was temporarily suspending service for the EAS routes. Sunrise then filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code, Chapter 11 Case No. 00-12083-ECF-SSC in the United States Bankruptcy Court for the District of Arizona (the "Chapter 11 Case"). The DOT subsequently began soliciting bids from air carriers to take over the essential air service routes. Currently, no air carrier is servicing the EAS routes previously serviced by Sunrise.

In an effort to preserve its ability to ultimately resume FAR Part 121 air carrier operations, Sunrise retained its key management, maintenance, operations, and other essential personnel. Accordingly, from a maintenance, safety, and operations perspective, Sunrise remained ready and able to resume FAR Part 121 commuter air carrier operations once Jetstream Series 3100 aircraft became available to Sunrise.

### **III. Significant Events During the Reorganization Case.**

#### **A. Cash Collateral/Pre-Petition Wage Motions.**

Prior to the Petition Date, Sunrise employed approximately 105 employees in Arizona, Nevada, and Utah. In light of its suspension of the 121 Operations and because the Sunrise Tour Business was in the midst of the off-season, on or about November 5, 2000, the Debtor reduced its work force and retained only twenty-two (22) employees post-petition. The employees were retained

to: (i) protect and preserve the value of Sunrise's assets; (ii) preserve the going concern value of Sunrise's FAR Part 121 commuter air carrier operations and the Sunrise Tour Business; and (iii) to assist in the orderly liquidation of certain assets.

On November 9, 2000, Sunrise filed an emergency motion requesting the Bankruptcy Court to authorize the Debtor to pay: (i) ordinary and necessary post-petition operating expenses; and (ii) certain pre-petition obligations owed to or for the benefit of the retained employees. Thereafter, the Court approved Sunrise's use of cash collateral to pay such expenses, which allowed Sunrise to continue to operate during the Chapter 11 case. The Court's authorization was based in large part on an agreement reached between Sunrise and National Bank of Arizona, N.A. ("NBA"), Sunrise's primary secured creditor.

**B. The JACO Aircraft.**

On or about November 16, 2000, Sunrise and JACO executed a stipulated stay relief order with respect to the six (6) JACO Aircraft. The Court signed the stipulated Order on November 16, 2000. Pursuant to the stipulated Order, Sunrise consented to the immediate return of the JACO Aircraft, but reserved its right to dispute any claim asserted by JACO in the Chapter 11 Case, and also reserved its right to pursue damages against JACO based on Sunrise's claim that JACO's purported termination of the JACO Leases was improper.

**C. Proposed Plan of Reorganization.**

On December 29, 2000, Sunrise filed the Plan and Disclosure Statement. The Plan is structured to provide fair and equitable recoveries to all parties in the Chapter 11 Case and to allow Sunrise to resume providing FAR Part 121 commuter air carrier service under new ownership.



Under the Plan, the Sunrise Tour Business will be liquidated. The Sunrise Liquidating Trust will be established and Sunrise's assets, other than the assets associated with Sunrise's FAR Part 121 commuter air carrier operations, will be transferred to the Sunrise Liquidating Trust to be liquidated for the benefit of creditors of Sunrise in accordance with the Plan. The Terminal Facility will be sold and space leased back to Sunrise. Sunrise's FAR Part 121 commuter air carrier operations and associated assets will be retained by Sunrise, and the equity interest in Sunrise will be sold to Wallace J. Hilliard in exchange for a payment in the amount of \$750,000 by Hilliard to the Sunrise Liquidating Trust. The payment will be used to pay estate creditors in accordance with the Plan. Thereafter, Sunrise will be operated using the same equipment, personnel, facilities, and type of aircraft previously used by Sunrise in its FAR Part 121 commuter air carrier operations.<sup>5</sup>

**D. The Sunrise Transition Plan.**

On December 22, 2000, Sunrise submitted a "Memorandum and Transition Plan" (the "Transition Plan") to the FAA Las Vegas Flight Standards District Office (the "FSDO"), which summarized Sunrise's plan for resuming FAR Part 121 regularly scheduled commuter air carrier operations, subject to FAA and DOT approval. A copy of the Transition Plan is attached as Exhibit "7" to the Disclosure Statement.

**E. Bankruptcy Court Approval Of The Aircraft Lease Agreement.**

In order to facilitate the resumption of FAR Part 121 commuter air carrier service, on

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<sup>5</sup> The foregoing is only a brief summary of the Plan proposed by Sunrise in the Chapter 11 Case more detailed information is provided in the Disclosure Statement and Plan.

December 22, 2000, Sunrise entered into a "Aircraft Lease Agreement"<sup>6</sup> with Dekkers Aviation Group, Inc. for the lease of one (1) Jetstream Series 3100 aircraft. On January 3, 2001, the Bankruptcy Court entered the "Order Approving Aircraft Lease Agreement".<sup>7</sup> Pursuant to the Order, the Court approved the Aircraft Lease Agreement and authorized Sunrise to take all actions necessary to obtain FAA and DOT approval to resume FAR Part 121 commuter air carrier service.

**IV. Specific Information Regarding Sunrise's Pre-petition And Post-Petition Operations.**

**A. Ownership.**

Before the Petition Date, Sunrise was 100% owned by JCMI, Inc., a Utah holding company ("JCMI"). The major shareholders of JCMI are (i) Clifford Langness (41%); (ii) Blaine M. Jones and Mary Lee Jones (16%); (iii) Robert C. Schwartz, TTEE (15%); (iv) Warner Rentals and Sales, LLC (13%); and James Powers (8%). Under the Plan, if Sunrise obtains FAA and DOT approval to resume regularly scheduled commuter air carrier operations, 100% of the capital stock of Sunrise will be sold to Wallace J. Hilliard. Otherwise, under the Plan, the Sunrise stock will be transferred to the Sunrise Liquidating Trust.<sup>8</sup> See "Affidavit of Citizenship" attached as Exhibit "B" to the Appendix of Exhibits.

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<sup>6</sup> A copy of the "Aircraft Lease Agreement" is attached to the Disclosure Statement as Exhibit "8".

<sup>7</sup> A copy of the "Order Approving Aircraft Lease Agreement" is attached as Exhibit "2" to the Appendix of Exhibits.

<sup>8</sup> See Plan at pp. 19-24; and "Agreement" dated December 15, 2000, attached as Exhibit "A" to the Plan and as Exhibit "6" to the Disclosure Statement. See, also, Sunrise Airlines, Inc. DOT Questionnaire attached as Exhibit "C" to the Appendix of Exhibits.

**B. Personnel.**

As of the Petition Date, Sunrise's management team was comprised as follows: (i) Clifford Langness, President; (ii) Larry Mullis, Director of Operations; (iii) John Farren, Chief Pilot; (iv) Larry Martin, Director of Maintenance; (v) Charlie Hoffman, Director of Quality Control; and (vi) Robert Prickett, Director of Safety. Under the Plan, Sunrise's management team will remain the same, with one (1) exception. Craig Sanderson will replace Robert Prickett as Director of Safety. Sunrise submitted its request to make this change to the FAA Las Vegas Flight Standards District Office prior to the Petition Date. Current resumes and key position questionnaires for each member of Sunrise's management team are attached as Exhibits D, E, F, G, H, and I to the Appendix of Exhibits.

**C. Operations.**

Sunrise intends to resume FAR Part 121 regularly scheduled commuter air carrier operations as soon as possible. Pursuant to the January 3, 2001 "Third Interim Order Continuing Debtor's Authority To Use Funds Claimed As Cash Collateral To Pay Essential Post-Petition Operating Expenses" and the January 3, 2001 "Order Approving Aircraft Lease Agreement" Sunrise is authorized to operate its business and resume commuter air carrier operations during the Chapter 11 case.<sup>9</sup>

Until the Petition Date, Sunrise conducted its FAR Part 121 commuter air carrier operations using five (5) British Aerospace Jetstream Series 3100 aircraft leased from Jet Acceptance Corporation. The Sunrise Tour Business was operated with a fleet of seventeen (17) Cessna aircraft,

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<sup>9</sup> See Also Plan, attached as Exhibit 1 to the Disclosure Statement (Exhibit A, Appendix of Exhibits).

including: (i) two (2) Cessna nine (9) passenger Grand Caravan aircraft leased from Cessna Finance; (ii) one (1) Cessna nine (9) passenger Grand Caravan aircraft owned by Sunrise; (iii) four (4) Cessna five (5) passenger Centurion II aircraft owned by Sunrise; and (iv) nine (9) Cessna five (5) passenger Turbo Stationair 7 aircraft owned by Sunrise.

During the Chapter 11 case, Sunrise continued to conduct limited FAR Part 135 charter and air tour operations. However, the Sunrise Tour Business and the aircraft used to operate the Sunrise Tour Business will be liquidated through the Chapter 11 case. Under the Plan, Sunrise's allocations of authorization to conduct operations in the Grand Canyon Special Flight Rules Area will be transferred to Express Air, Inc., which will thereafter operate the Sunrise Tour Business.

Sunrise intends to resume scheduled commuter service on the route between Page, Arizona and Phoenix, Arizona using one (1) Jetstream Series 3100 aircraft leased from Dekkers Aviation Group, Inc. Sunrise has submitted bids to resume providing essential air service to Page, Arizona, Ely, Nevada, Moab, Utah, and Vernal, Utah. Sunrise will lease additional aircraft from Dekkers Aviation as essential air service and other routes are acquired. Sunrise plans to fly the Page, Arizona to Phoenix, Arizona route regardless of whether it is awarded the EAS service contract for Page. Sunrise continues to research additional EAS and Non-EAS routes, which will allow Sunrise to expand its route structure to a profitable long-term level.<sup>10</sup>

**D. Financial Information.**

1. Financial Statements for Sunrise Airlines, Inc. fiscal year 1999 are attached as

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<sup>10</sup> See "Memorandum And Transition Plan" (attached as Exhibit 7 to the Disclosure Statement), which was previously submitted to the FAA Las Vegas Flight Standards District Office.

Exhibit “J” to the Appendix of Exhibits.

2. Financial Statements for Sunrise Airlines, Inc. fiscal year 2000 are attached as Exhibit “K” to the Appendix of Exhibits.

3. Financial Statements for Sunrise Airlines, Inc. for July 2000 through September 2000 are attached as Exhibit “L” to the Appendix of Exhibits.

4. A copy of Sunrise Airlines, Inc.’s Bankruptcy Monthly Operating Report for November 2000 is attached as Exhibit “M” to the Appendix of Exhibits.<sup>11</sup>

5. A copy of Sunrise Airlines, Inc.’s Bankruptcy Monthly Operating Report for December 2000 is attached as Exhibit “N” to the Appendix of Exhibits.

6. A copy of the Sunrise essential air service bid sheet for Moab, Utah, Vernal, Utah, Ely, Nevada, and Page, Arizona is attached as Exhibit “O” to the Appendix of Exhibits.

7. Projected forecast of revenue and expenses for service to Page, Arizona is attached as Exhibit “P” to the Appendix of Exhibits.

8. Projected forecast of revenue and expenses for service to Page, Arizona and Ely, Nevada is attached as Exhibit “Q” to the Appendix of Exhibits.<sup>12</sup>

9. Projected forecast of revenue and expenses for service to Page, Arizona, Ely, Nevada, and Vernal, Utah is attached as Exhibit “R” to the Appendix of Exhibits.

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<sup>11</sup> Sunrise’s Bankruptcy Monthly Operating Reports for November and December 2000 detail all costs incurred in the Chapter 11 case, including all costs associated with Sunrise’s preparation to resume scheduled commuter air carrier service.

<sup>12</sup> Wallace J. Hilliard and Dekkers Aviation Group, Inc. have committed to provide additional funding necessary to cover start-up costs associated with resuming service between Page, Arizona and Phoenix, Arizona. See “Agreement” attached as Exhibit A to the Plan; and “Aircraft Lease Agreement” attached as Exhibit B to the Plan.

10. Projected forecast of revenue and expenses for service to Page, Arizona, Ely, Nevada, Vernal, Utah, and Moab, Utah is attached as Exhibit "S" to the Appendix of Exhibits.

**E. Specific Information Required By §§ 204.3 And 204.4.**

**1. §204.3.**

(a) §§204.3(a) - (e).<sup>13</sup>

Sunrise Airlines, Inc.  
Utah corporation  
238 Tenth Avenue  
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520.645.4167

(b) §204.3(f), Key Personnel, See Sec. (IV)(B) supra.

(c) §204.3(g). Under the Plan, if FAA and DOT approval to resume scheduled commuter service is obtained and the Hilliard Transaction closes, Wallace J. Hilliard will acquire 100% of the capital stock of Sunrise. Mr. Hilliard resides at 2610 Bulrush Lane, Naples, Florida 34105 and is a U.S. citizen. Mr. Hilliard will be the chief executive officer of Sunrise Airlines, Inc., which will have 1000 shares of voting stock issued and outstanding. If the Hilliard Transaction does not close, the Sunrise Liquidating Trust will acquire 100% of the capital stock of Sunrise Airlines, Inc.<sup>14</sup>

(d) §204.3(h). Sunrise has no subsidiaries.

(e) §204.3(i). None.

(f) §204.3(j) - (k). See Appendix of Exhibits, Exhibits J - N.

(g) §204.3(l). No actions or judgments exceeding \$5,000. However, for claims against Debtor, see Disclosure Statement attached as Exhibit "A" to the Appendix of Exhibits.

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<sup>13</sup> See "Affidavit Of Citizenship" attached as Exhibit "B" to the Appendix of Exhibits.

<sup>14</sup> See, also, "Sunrise Airlines, Inc. DOT Questionnaire" attached as Exhibit "C" to the Appendix of Exhibits.

(h) §204.3(m). See Disclosure Statement attached as Exhibit "A" to the Appendix of Exhibits.

(i) §204.3(n). See "Aircraft Lease Agreement" attached as Exhibit "8" to the Disclosure Statement. Sunrise is in the process of conducting and audit on the Jetstream Series 3100 aircraft leased from Dekkers Aviation Group, Inc. and will request FAA inspection and certification for the aircraft prior to resuming scheduled commuter service. See, also, "Affidavit of Safety Compliance" attached as Exhibit "T" to the Appendix of Exhibits as to Part 135 aircraft used in the Sunrise Tour Business.

(j) §204.3(o). See correspondence from FAA Las Vegas Flight Standards District Office, attached as Exhibit "U" to the Appendix of Exhibits.

(k) §§204.3(p) - (q). None.

(l) §204.3(r). See Appendix of Exhibits, Exhibit "V".

(m) §204.3(s). FAR Part 121 and 135. Mike Murphy, Principal Operations Inspector, FAA Las Vegas Flight Standards District Office, Las Vegas, Nevada.

(n) §204.3(t). See Appendix of Exhibits, Exhibits O - S. See, also, "Projected Balance Sheet 12/31/01" attached as Exhibit "W" to the Appendix of Exhibits.

(o) §204.3(u). See "OST Form 4523" attached as Exhibit "X" to the Appendix of Exhibits.

(p) §204.3(v). See "Sworn Statement of Clifford N. Langness" attached as Exhibit "Y" to the Appendix of Exhibits.

**2. §204.4(b).**

(a) §204.4(b)(1). See Sec. IV(A) - (E) supra.

(b) §204.4(b)(2).

(i) §204.4(a)(2). Initially, Sunrise will conduct its FAR Part 121 operations using one (1) Jetstream Series 3100 aircraft leased from Dekkers Aviation Group, Inc. Sunrise will lease additional Jetstream Aircraft from either Dekkers Aviation Group, Inc. or Finova on a power by the hour basis. Sunrise will maintain one (1) spare aircraft for every five (5) to seven (7) dedicated aircraft.

(ii) §204.4(a)(3). Sunrise will purchase fuel from Valley Oil at Page, Arizona; Las Vegas, Nevada; Elko, Nevada; salt Lake City, Utah; and Moab, Utah. Sunrise

will purchase fuel from Swift Aviation at Phoenix, Arizona and AvFuel at Vernal, Utah.

(iii) §204.4(a)(4). See "Sunrise Airlines Reliability Report" attached as Exhibit "Z" to the Appendix of Exhibits.

(iv) §204.4(a)(5). Until November 4, 2000, Sunrise provided essential air service to Page, Arizona; Ely, Nevada; Moab, Utah; and Vernal, Utah. See, also, "Sunrise Airlines, Flight Schedules and Fares," attached as Exhibit "AA" to the Appendix of Exhibits.

(v) §204.4(a)(6) - (7). N/A.

(vi) §204.4(a)(8). See "Proposed Flight Schedule For Sunrise Airlines," attached as Exhibit "BB" to the Appendix of Exhibits.

(vii) §204.4(a)(9). See Appendix of Exhibits, Exhibits Q - S.

(c) §204.4(b)(3).

(i) See Sunrise essential air service bid sheet for Moab, Utah; Vernal, Utah; Ely, Nevada; and Page, Arizona, attached as Exhibit "O" to the Appendix of Exhibits.

(ii) Estimated block hours and revenue miles for all Sunrise essential air service routes are as follows:

	<b>Block Hours</b>	<b>Revenue Miles</b>
<b>Page, Arizona</b>	2,144	416,735
<b>Ely, Nevada</b>	2,111	387,884
<b>Vernal, Utah</b>	1,453	237,875
<b>Moab, Utah</b>	1,141	205,330

(iii) See Appendix of Exhibits, Exhibits Q - S.<sup>15</sup>

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<sup>15</sup> All estimates are based on historical data converted to block hours expense, landing expense, or functions of revenue or expense categories. Specifically, sales, marketing, and reservations are combined and estimated as 7% of passenger revenue. Most G & A expenses are driven off the expense categories which proceed them.



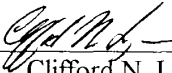
**V. Conclusion.**

As discussed throughout, additional information in support of Sunrise's waiver application and fitness to resume the proposed commuter operations is contained in the accompanying Appendix of Exhibits, Exhibits A - BB.

The contents of this application and the attached exhibits are true and correct to the best of my knowledge, information, and belief. Pursuant to Title 18 U.S.C. § 1001, I Clifford N. Langness, in my individual capacity and as the authorized representative of Sunrise Airlines, Inc., have not in any manner knowingly and willfully falsified, concealed or failed to disclose 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. § 1001 shall be fined or imprisoned not more than five years, or both.

WHEREFORE, Sunrise Airlines, Inc. respectfully requests that the Department grant the waiver and determine that Sunrise Airlines, Inc. is fit to resume commuter air service, and grant any such other relief as it may find to be in the public interest.

Respectfully submitted,

By  \_\_\_\_\_  
Clifford N. Langness  
President  
Sunrise Airlines, Inc.