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DEPARTMENT OF THE AIR FORCE
WASHINGTON 20330

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OFFICE OF THE SECRETARY

6 DEC 1967

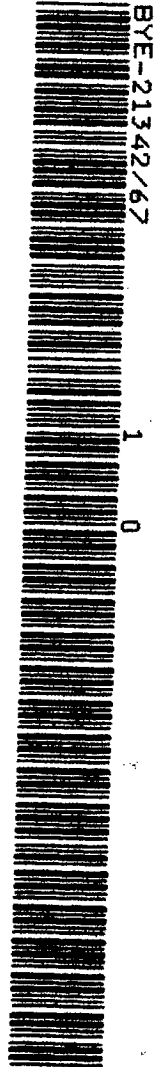
MEMORANDUM FOR THE SECRETARY OF THE AIR FORCE

SUBJECT: Manned Orbiting Laboratory Monthly Status Report

The attached Status Report on the Manned Orbiting Laboratory (MOL) Program covers activities through November 30, 1967 and is submitted in accordance with the November 16, 1967 memorandum from the Office of the Secretary.

for 
JAMES FERGUSON
General, USAF
Director, MOL Program

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a/s



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I. PROBLEM

Schedule and Funds

Since early in calendar year 1967, the MOL Program has been engaged in a continuing effort to achieve a realistic balance among program scope, schedules, and funding for the Engineering Development Phase of the MOL System. The present launch schedule, which envisions a first manned mission in December of 1970, was understood as early as last April to require approximately \$510 million in FY 1968 NOA. As projected MOL funding decreased progressively from \$510 million, through \$480 million, to the present level of \$430 million, a major effort has been made to hold program schedules intact by deferring FY 1968 expenditures to later years. New requirements, which have been identified as Engineering Development progresses, have added to the complexity of the funding problem, as has the recent reduction of anticipated FY 1969 funding from \$680 million to \$640 million.

As noted in the October progress report, the above factors have now combined to create a situation in which existing program scope and schedules are altogether inconsistent with anticipated funding levels.

Consequently, a major effort is now in progress to adjust program schedules and/or content to existing and projected fiscal constraints. The Associate Contractors are meeting at Huntington Beach during the period November 30 through December 6 to devise, and propose to the Air Force, a program which meets both the goals and constraints now recognized for MOL. This recommended program will be presented to Air Force management on December 7 and 8.

II. CHANGE PAST MONTH

A. Visit of Dr. Cannon to General Electric and Eastman

On November 20 and 21, Dr. Robert Cannon, Air Force Chief Scientist, visited General Electric and Eastman Kodak for status briefings on GAMBIT and DORIAN. The presentations were generally well-received.

B. MOL Program Review Council Meeting

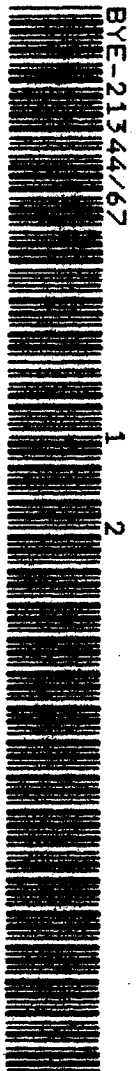
A MOL Program Review Council (PRC) meeting was convened in Washington on November 17 to discuss the program's technical, financial and schedule status.

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Of particular concern were the increased total program costs and later flight schedules being proposed by the associate contractors. Their contention is that the combination of changes to program scope and content, together with reductions to current year and projected funding levels, is causing costs to escalate, and schedule to slip.

The PRC made known its dissatisfaction with the contractors' position. As a result of subsequent meetings and discussions, the contractors were directed to undertake a comprehensive program review with the objective of identifying a program which will achieve basic program goals within reasonable cost and time parameters. The results are to be presented to the Air Force on December 7 and 8.

C. AFSC Operation Order for Support of MOL

Air Force Systems Command Operation Order No. 67-21, Support of the Manned Orbiting Laboratory Program, was issued on November 14. This order, which supersedes a previous AFSC Operation Order for support of MOL, defines the general framework within which Systems Command resources will be applied to MOL.

III. CURRENT STATUS

A. Funds

No fund releases to MOL operating activities were made by the Director, MOL during November. With the realignment in schedule now anticipated, funds available to the Air Force will cover program requirements into early January. A request for OSD release of additional funds will be made at that time.

B. Easter Island Recovery Base

On November 14, 1967, the State Department received a translation of a letter from the Defense Minister of Chile, Mr. Carmona to Mr. Dean of the American Embassy in Chile. The Air Force General Counsel's Office has advised the MOL Program Office that the letter, in effect, constitutes agreement for MOL Recovery Operations from Easter Island. An exchange of letters between the USAF and Chilean Air Force Chiefs of Staff will be initiated shortly so that the necessary teams can be assigned to work out detailed arrangements.

C. Cost/Schedule Planning and Control System

The Air Force team evaluating the Cost Schedule Planning and Control System at Douglas met at the contractor's plant during the first two weeks of November for a demonstration of the system.

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The team reconvened at the Systems Office during the last week of November to complete its evaluation. The team concluded that the Douglas approach was sound, although certain areas require improvement and refinement. Therefore, the Douglas system was given a conditional acceptance. The results have been briefed to General Bleymaier; Secretary Marks will be briefed on December 12. The final report will be published the latter part of December.

IV. FORECAST FOR FUTURE

Management Meeting

An internal management meeting is scheduled for December 7-8 in Los Angeles. Its purpose will be to determine the acceptability of the contractors' program proposals to be presented to MOL Program management at the meeting.

Subsequent program actions will depend on the acceptability of the contractors' proposals or the alternatives thereto.

V. DUE DATE FOR NEXT PROGRESS REPORT

The next monthly MOL Program Progress Report will be submitted January 8, 1968.

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