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DEPARTMENT OF THE AIR FORCE
WASHINGTON, D. C. 20330

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NOTED BY THE
SECRETARY OF
THE AIR FORCE

FEB 7 1967

OFFICE OF THE SECRETARY

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
January 31, 1967 and is submitted in accordance with
the January 16, 1967 memorandum from the Office of
the Secretary.

Feb 13

for *Harry P. Green*
JAMES FERGUSON
General, USAF
Director, MOL Program

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/as



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I. PROBLEMS

A. Funds

On January 7, 1967, the Deputy Secretary of Defense approved a FY 1967 budget of \$228.446 million for the MOL Program in lieu of the \$178.446 million previously approved. Simultaneously, the FY 1968 budget was reduced to \$430.0 million from the \$480.0 million previously approved. This action brought FY 1967 requirements and approved budget into agreement. However, the FY 1968 approved budget is now approximately \$157.0 million less than the Systems Office estimated requirements and \$381.0 million less than contractors' estimated requirements. The contracts for the MOL Program, which are predominantly of the fixed price incentive type, will have to be renegotiated in the near future unless the FY 1968 budget and anticipated contractor requirements for FY 68 funds can be brought into accord. The Vice Director, MOL will confer with contractors top management on February 2 on this problem. A second meeting is now scheduled for February 15th between government and contractor management for further discussions.

B. MOL Priorities

MOL Engineering Development Phase contracts with Douglas, McDonnell, and General Electric were negotiated on the basis of DX industrial priority. In the existing circumstances, the Government cannot execute these contracts as negotiated. As an interim device, to avoid delay in contract definitization and to provide contractual coverage to the contractors during the period required to reach a final determination on the MOL Brickbat .01/DX request, the Systems Office will continue with the definitization of existing contracts, amended to include provision for renegotiation in case DX industrial priority is not authorized. These contracts will be DO-rated at the time of distribution, and will provide for an equitable adjustment of price, incentives, and period of performance if DX rating is not authorized by March 15, 1967. It is the

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preliminary judgment of the Systems Office that an adjustment from DX to D0 rating for the program would add approximately \$100 million to negotiated program price, and would slip the first manned flight date approximately six months.

C. Review of Decision of MOL Subsystem Testing at Douglas Sacramento Test Facility

On January 23, the Secretary of the Air Force made a commitment to the New Mexico congressional delegation to re-evaluate the MOL Program decision to test two subsystems at the Douglas Sacramento test facility as originally planned, rather than at the NASA White Sands test facility, which had been surveyed by MOL personnel this past fall as a possible test site. An ad hoc group has been established to review this decision on a basis of overall national interest and to provide findings and recommendations which can serve as a basis for the re-evaluation. The group is composed of one representative from each of these offices: MOL Program Office, Office of Manned Space Flight, NASA Headquarters, and the new Directorate of Space, DCS/R&D, Headquarters USAF. A written report is to be provided to the Vice Director, MOL Program, on February 17, 1967.

II. CHANGE PAST MONTH

A. Authority to Proceed with Engineering Development

By memorandum dated January 13, 1967, Dr. Flax authorized continuation of the engineering development of the MOL System, subject to the following constraints:

1. FY 1967 funding is established at a maximum of \$228 million; all practicable actions to hold requirements below this figure should be taken.
2. FY 1968 funding levels will be established at a later date, following accumulation of actual program experience in obligation and expenditure of FY 67 funds, and resolution of certain other program issues.

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3. Actual obligations and expenditures of FY 67 funds are to be reviewed in detail prior to release of remaining deferred FY 67 funds.

4. FY 1967 and FY 1968 dollar requirements will be held to minimum levels compatible with approved program objectives.

B. Congressional

Inputs on MOL have been provided for posture statements, back-up material, and testimony to Congress by Secretary of Defense, DDR&E, Chief of Staff, and DCS/R&D. The status and problems of MOL FY 68 funding were presented to the Chief of Staff in one of the scheduled sessions in preparation for his Congressional appearances.

The accident at AMD, Brooks, involving a 100% oxygen atmosphere cabin, following so closely the Apollo accident, has generated a series of Congressional questions and investigations. Briefings to the Senate and House Committee Staffs on the subject of one-gas vs two-gas systems have been scheduled for February 7 and 8. Congressmen Stratton and Brooks of the House Armed Services Subcommittee No. 3, (Chairman Price), plan to visit Brooks on February 3 to assess the accident.

C. SIVB Checkout System to Support MOL Flights 1 and 2

An SIVB Checkout System currently located in the Saturn System Integration Laboratory at Douglas, Huntington Beach, has been declared in excess of needs there. If this equipment could be made available by NASA to the MOL Program, an approximate one million dollars savings could be made in support costs for MOL Flights 1 and 2. Requests for this equipment were made to the George C. Marshall Space Flight Center, Huntsville, by Douglas personnel and the Air Force Plant Representative's Office. A formal request has been submitted also by the Director, MOL to NASA Headquarters, where it is now under consideration.

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Since most of the equipment is general purpose telemetry equipment, other NASA activities also have expressed an interest in obtaining this system. A decision is expected by February 15, 1967.

D. Easter Island

On January 20, the Government of Chile approved in principle, without unacceptable conditions, the use of Easter Island as a staging base for MOL powered flight abort recovery forces. An agreement in detail must now be negotiated. The formal agreement will probably take the form of an exchange of letters between the two Chiefs of Staff, Air Force, similar to the agreement covering the [REDACTED] operation.

E. Titan III Management Review

The management review of the total Titan III Program, requested by the MOL Vice Director in December 1966, has been completed. The group's report dated January 16, 1967 has been briefed to the Commander, AFSC, and the MOL Vice Director. It is planned that Dr. Flax will be briefed in the near future. Copies of the report have been furnished to the Commander, SSD, and the MOL Deputy Director for review. The group's conclusions and recommendations are under study by MOL Program, Hq AFSC and SSD personnel to determine actions which can be taken to make management and financial improvements in the Titan III programs, and particularly in the Titan IIIM program.

F. Acquisition and Tracking Scope Source

The General Electric Company has completed negotiations for a subcontract with ITEK for the Acquisition and Tracking Scope. Signature by GE is being withheld pending completion of the basic GE Engineering Development Phase contract definitization. The subcontractor is, however, being covered financially at the direction of the Systems Office so that long lead times and schedules will be protected.

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G. Publication of MOL Program Directive 67-1

MOL Program Directive No. 67-1, Policy Relating to MOL Astronauts, has been issued. The purpose of the Directive is to minimize any possibility of security compromise or unfavorable international incident in connection with MOL astronauts, with particular emphasis on their selection, training, and operational use. The MOL Program Office worked closely with the NRO Staff in formulating this Directive.

H. SIVB Orbital Workshop Experiment Integration Costs

In a letter to Dr. Mueller dated January 27, 1967, Mr. D. J. Fink, Deputy Director (Strategic and Space Systems) ODDR&E, expressed DoD concern over the NASA decision to prorate integration costs among the sponsors of Orbital Workshop experiments. The letter suggests a reevaluation of the decision to bill DoD for integration costs, and requests an estimate of the integration costs for each of the five DoD experiments involved in the event that these costs are to be borne by the experimenters. A response by February 10 was requested.

III. CURRENT STATUS

A. Funds

During January DoD released an additional \$120.0 million (FY 67) to the Air Force for a total of \$170.0 million (FY 67) released to date. Funds released to the MOL Program since program approval in August 1965 now total approximately \$336.2 million as of January 31, 1967. Funds in the amount of \$80.0 million were released to MOL operating activities during January, leaving a balance of approximately \$43.0 million retained by Director, MOL Program. It is estimated that these funds will cover program requirements through April 1967 at which time a request to DoD will be made for the remainder of FY 67 funds.

B. Space Launch Complex Number 6, VAFB

Seven bids for construction of the MOL launch complex were opened on January 17. The contract was awarded on January 24 to the low bidder, Santa Fe and Stolte of

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Lancaster, California. The total value of the contract is \$20.2 million. Completion of this portion of construction is scheduled for July 15, 1968. There still remains approximately \$3.5 million of short lead time construction to be contracted for later this year to complete the launch complex.

C. Aircraft Support

Action has been initiated to base MOL Program aircraft at the Los Angeles International Airport. The aircraft to be used for Space Flight Readiness Training of MOL Aerospace Research Pilots consist of one T-39 presently at SSD, two T-38s presently located at the Aerospace Research Pilot School, and three T-33s to be made available by Hq USAF. Phase-in of the T-38 and T-33 aircraft to Los Angeles International will begin in February 1967.

D. Follow-on Program

The first phase of the follow-on options study was completed by the Systems Office and presented to the Program Office on January 17, 1967. The study looked at seven different options with various mixtures of manned and unmanned configurations, launch rates and conversion modes. Five-year program totals ranged from \$1.037 billion for a three-per-year, all unmanned option, to \$3.965 billion for a 12-per-year, 50% manned, conversion capability option. The study is now in a second phase that will address two basic options, refine the accuracy of basic data and structure costs under funding procedures most likely to prevail. This second phase is scheduled for completion by February 15, 1967.

E. Flight Objectives Directive

MOL Program Directive No. 67-2, which will specify the general test objectives of the flight test phase of the MOL Program and define an orderly approach for achieving these objectives, is in final review. The document will provide broad guidance for program planning and actions during the development phase of the program. The MOL Systems Office will formulate the detailed test objectives for each individual flight. It is expected that this Directive will be issued in February 1967.

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IV. FORECAST FOR FUTURE

A. MOL Management Meeting

The monthly MOL Management Meeting for February, 1967, is scheduled for February 15 at Los Angeles. The agenda is included as TAB A.

B. Government-Contractor Management Meeting

Immediately following the regular MOL Management Meeting on February 15th, top Government and Contractor Management will meet to examine contractors' cost and schedule data resulting from an exercise initiated by the Vice Director, MOL at a similar meeting held on February 2. The principal purpose of these meetings is to define an optimum baseline program schedule which corresponds to anticipated funding levels for FY 68 and FY 69.

V. DUE DATE FOR NEXT PROGRESS REPORT

The next Monthly MOL Progress Report will be submitted March 7, 1967.

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