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DEPARTMENT OF THE AIR FORCE
WASHINGTON 20330

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OFFICE OF THE SECRETARY

JUN 27 1968

Dr. Flax:

Attached (Tab A) is a summary chart of MOL Program options (content/costs/schedules) at the \$530 and \$500 million levels in FY 69, and approximately \$600 million in FY 70.

Options A-1 and A-2 represent stretch-outs of the present program. Options B-1 and B-2 are "manned-only" programs, in that they include the completion of Phase 1B for the unmanned system in FY 69, add a fourth manned launch for planning purposes to fill in the future gap, but defer further unmanned-unique development until FY 70 or later. Although all four program options show \$600 million in FY 70, cost estimates varied up to \$10 million from that figure (for example, option A-2 was \$607 million; option B-1 was \$592 million); however, our in-house estimating process is not all that precise until we work the problem with the contractors. Finally, all options contemplate the same manageable variance (e.g., so-called "exposure") at end-FY 69 as at end FY-68.

We very much need to provide General Bleymaier some program content/funding level information to-day or tomorrow so that appropriate consultation/direction actions with the Associate Contractors can be taken. He is scheduling a meeting with them early next week. With regard to funding/content options, I believe we could start at a \$530 million level for either the baseline or "manned-only" options and adjust back, if necessary, to \$500 million in 2-3 months without undue disruption. Likewise, I believe we could start on the realigned program and revert back to the baseline program in a few months at the same funding level without too much disruption. However, I do not feel we could start the fiscal year at the \$530 million level on the realigned program,

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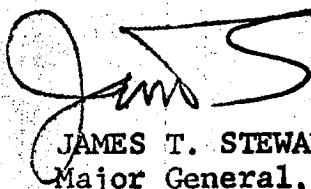
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proceed several months, and then adjust back both to \$500 million and the baseline program without considerable disruption.

For the reasons set forth in the draft letter to SecDef prepared earlier this month (Tab B), I still favor the "manned-only" approach, completing Phase 1B on schedule by the end of this calendar year, and then deferring further unmanned-unique effort until some time in FY 70 or later. Also, since the Phase 1B effort will be underway for the next six months, the final confirmation of the decision to realign the program will not be made until the FY 70 budget level is established.

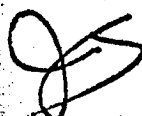
With your and/or Dr. Brown's concurrence, I would like to send the attached message (Tab C) to General Bleymaier not later than tomorrow. Mr. Palley has seen this package and concurs.



JAMES T. STEWART
Major General, USAF
Vice Director, MOL Program

Atchs
a/s

P.S. I will explore further with [redacted] the possibility of funding a future portion of the MOL Program in the Procurement Appropriation. For example, we probably could substantiate funding the T-IIIM's (after the first two) and the Gemini B's (after the unmanned qualification launch) in that account -- and perhaps one or more of the laboratory vehicles if desired. This would not impact on FY 69, but could impact on FY 70 (the total MOL requirements would not change, but the RDT&E load could be lessened in FY 70 and beyond). [redacted] and I will discuss our thoughts with you prior to my initiating any action with the budget people.



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SUMMARY

MOL PROGRAM OPTIONS

	<u>Funding (Millions)</u>			<u>Flight Schedule</u>		
	<u>FY69</u>	<u>FY70</u>	<u>FY71</u>	<u>TOTAL (1)</u>	<u>1st Manned Launch</u>	<u>1st Unmanned Launch</u>
<u>Baseline Pgm (2)</u>						
Present Pgm	\$600	600	485	\$2840	Nov 70	Aug 71
Option A-1	\$530	600	555	\$3035	Jan 71	Feb-Mar 72
Option A-2	\$500	600	565	\$3065	Jan 71	Mar-Apr 72
<u>Realigned Pgm (3)</u>						
Option B-1	\$530	600	480	\$2760	Jan 71	Nov-Dec 71
Option B-2	\$500	600	490	\$2820	Jan 71	Jan-Feb 72

NOTES

- 1) FY68 and Prior: \$722.3 million
- 2) Seven Launches (2 qual; 3 all-up manned; 2 all-up unmanned)
- 3) Six Launches (2 qual; 4 all-up manned); Complete Unmanned Phase 1B in FY69 but defer all other unmanned-unique development
- 4) 1st Unmanned launch possible in July 73 if Unmanned effort restarted in FY70. If so, add "deltas" of approx \$25 million in FY70 and \$60 million in FY71.

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SAFSL

Date: 27 June 1968

Precedence

Addressee(s)

PRIORITY

Action: [REDACTED]

Info: [REDACTED]

[REDACTED]
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FOR GENERAL BLEYMAIER FROM GENERAL STEWART

DR. FLAX HAS DIRECTED THAT THE MOL PROGRAM BE REALIGNED AND ADJUSTED AS NECESSARY IN ACCORD WITH THE FOLLOWING:

1. PLAN ON \$530 MILLION NOA IN FY 69 AND \$600 MILLION NOA IN FY 70.
2. PLAN ON CONTINUING THE PRESENT FISCAL-MANAGEMENT UNDERSTANDINGS WITH THE ASSOCIATE CONTRACTORS THROUGH BOTH FY 69 AND FY 70 TO INSURE THE BEST POSSIBLE UTILIZATION OF AVAILABLE OBLIGATING AUTHORITY IN THOSE YEARS.
3. REALIGN THE PRESENT BASELINE PROGRAM TOWARD A SIX-LAUNCH MANNED-ONLY PROGRAM. HOWEVER, COMPLETE PHASE 1B FOR THE UNMANNED SYSTEM AS PRESENTLY SCHEDULED IN FY 69, BUT DEFER ALL OTHER DEVELOPMENT AND/OR

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PROCUREMENT UNIQUE TO UNMANNED SYSTEMS UNLESS DIRECTED OTHERWISE.

4. IN THE REALIGNED SIX LAUNCH PROGRAM: RESCHEDULE THE PRESENTLY PLANNED TWO UNMANNED QUALIFICATION LAUNCHES AS NECESSARY; SCHEDULE THE FIRST MANNED LAUNCH (FV-3) NOT LATER THAN DECEMBER 1971 -- NOVEMBER, IF POSSIBLE, AND ESTABLISH A 4-5 MONTH LAUNCH INTERVAL FOR SUBSEQUENT MANNED LAUNCHES.

5. DO NOT EXPECT GUIDANCE BEFORE DECEMBER, WHEN THE FY 70 BUDGET ESTIMATE FOR MOL IS OFFICIALLY ESTABLISHED, AS TO POSSIBLE REINITIATION OF THE UNMANNED DEVELOPMENT EFFORT IN FY 70. IN THAT REGARD, THE FY 69 AND FY 70 NOA PLANNING FIGURES GIVEN IN PARA 1 ABOVE PERTAIN ONLY TO THE SIX-LAUNCH REALIGNED PROGRAM (WHICH INCLUDES COMPLETION OF PHASE 1B IN FY 69). IF THE UNMANNED EFFORT IS REINITIATED IN FY 70, AN APPROPRIATE BUDGET ADJUSTMENT WILL BE MADE. ~~IF NOT, GUIDANCE WILL BE GIVEN IN DECEMBER WITH REGARD TO FURTHER MANNED SYSTEMS BEYOND FV-6 IN THE REALIGNED PROGRAM~~

6. INSURE THAT THE ASSOCIATE CONTRACTORS CLEARLY UNDERSTAND THAT, AT THIS POINT IN TIME, EXCEPT FOR COMPLETING PHASE 1B IN FY 69, WE HAVE ONLY DEFERRED UNTIL FY 70 OR LATER FURTHER DEVELOPMENT TOWARD AN UNMANNED MOL. THE SYSTEMS OFFICE AND THE ASSOCIATE CONTRACTORS MUST INSURE THAT NO CONFIGURATION CHANGES ARE MADE OR OTHER ACTIONS TAKEN WHICH WOULD MAKE UNDULY DIFFICULT REINITIATION OF THE UNMANNED EFFORT AT A LATER DATE IF SO DIRECTED.

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MajGen JAMES T. STEWART

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MAJ GEN JAMES T.
STEWART