

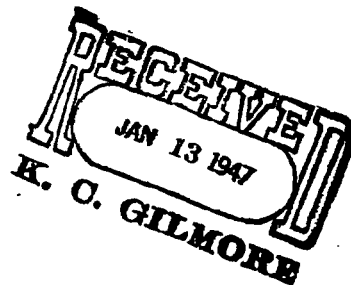
CC: H. A. Brown) In
S. M. Alvis) Turn
H. J. Hackman

January 13th, 1947

TO: K. C. Gilmore
R. H. Grace
J. Hammond
P. B. Rutherford
R. M. Smith

FROM: V. G. DeReus

SUBJECT: MODEL 721 PROJECT REVIEW



Up to the present time we have been verbally discussing and estimating the costs on the Model 721-722 (five calibers) to complete the work required. A request has now been made for the Wilmington Estimating Group to visit the Technical Department for the purpose of reviewing the FD-721 Project - particularly with reference to over-runs.

In the reports submitted to date, we have indicated an over-run of approximately \$4000 in the Gun Design Section - \$3000 of which was the amount expended on the design of Fire Controls resulting from the question of patent infringement.

In the case of Specifications, we have estimated an over-run of \$1500 which is the result of the charge for scrap on the first lot of barrel steel on which a 20% scrap developed.

An estimated \$19000 over-run has been used for Tool Design, Tool Design Revisions and Tool Revisions.

No estimated over-run has been submitted to date for Process Engineering, Trial Run and Pilot Operations. However, on a quick review with W. Gregg on Thursday, January 9th, it was indicated to him that there would be an approximate over-run in the amounts shown below:

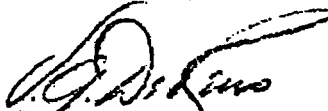
Process Engineering	\$ 13000 (Dec. 29 Report showed an over-expenditure of \$3740).
Trial Run	\$ 3100 (Dec. 29 Report showed an unexpended balance of \$3100).

In addition, we were authorized to complete Design and Testing work on the Double Sear by G. O. Clifford. We have been authorized to over-run the Project in the amount of \$10,000 to cover this charge. This is covered in a separate letter.

1/20 - no increase necessary

1-13-47

Will you please review with your personnel the estimated amount of over-run which will be required by your Section in order to complete the work on the Model 721-722 (five calibers)? The information shown above is furnished you only to indicate what has already been covered with Management. Will you please have your explanation of anticipated over-run and the details sent to this office not later than Wednesday, January 15th, 1947?



V. G. DeRue
Project Engineer
Technical Department

VGDeR.HIF