

INTRODUCTION:

Part II of this Project requests an additional authorization of ^{137,627}~~252,754~~ to complete all phases of Technical service required to place this gun in production.

DESCRIPTION OF PROPOSED WORK:

Additional funds requested will cover unpredicted overruns in the various categories as follows:

| | <u>AUTHORIZED</u> 9/17/46 | <u>SPENT</u> 6/25/47 30 | <u>ESTIMATED</u> TOTAL | <u>ESTIMATED</u> (OVERRUN) |
|--|------------------------------|--|--|--|
| Design Specifications and Testing | \$ 67,145 | \$ ^{69,270.} 69,072 | \$ ^{75,500} 72,000 | \$ ^(8,355) (5,855) |
| Processing | 61,937 | ^{84,250.} 83,816 | ^{88,300} 85,000 | ^(26,363) (23,663) |
| Trial and Pilot Operations | 69,169 | ^{87,947} 82,425 | ^{107,173} 102,700 | ^(38,004) (33,531) |
| Tool Design, Tooling and Tooling Revisions | 283,826 | ^{327,643} 325,823 | ^{346,000} 329,000 | ^{62,174} (65,174) |
| Machinery and Production Aids | 399,346 | ^{400,944} 394,265 | 401,527 | (2,181) |
| Administrative | <u>15,950</u> | ^{15,024} 15,796 | <u>16,500</u> | (550) |
| Total Cost | \$ 897,373 | \$ ^{985,078} 970,427 | \$ ^{1,035,000} 1,028,527 | \$ ^(137,627) (321,527) |
| Indicated % Overrun | | | | 15% |

Additional Technical service is necessary to establish sustained production to required quality standards. The study cost of an R & M specialist on cutting tools to improve tool mortality is included.

Change in the design of the fire control to avoid patent infringement has been necessary subsequent to the authorization of Part I. Further engineering work is required to use off-standard parts for this mechanism until parts are received from the vendor to

-2-

required specifications.

REMARKS:

The extent of work required for revisions to processing and tooling and for trial and pilot operations to establish production of components to required standards of quality were not anticipated in September 1946 when Part I to the Project was authorized. At the time of the estimate for Part I, no provision for advancing costs was added as has subsequently been done on Projects for other new models. This would have amounted to \$55,000.

We had hoped to complete the Project within a 10% overrun but will be unable to do so and provide necessary Technical service. We underestimated our ability to provide new methods and facilities for successful production within the estimated cost as it looked to us in September 1946. We request this additional authorization to finish the job.

In the total expenditures on this Project is a quarter of a million dollars of new machine capacity which is not required exclusively for Model 721 and 722 production but is available for other models.

ml 6/30/47