International Launch Services

November 4, 2003

Ms. Patricia G. Smith
Associate Administrator for
Commercial Space Transportation
Federal Aviation Administration
800 Independence Avenue, SW, Room 331
Washington, DC 20591

Re: Proposed Commercial Launch Regulations
(Docket No. FAA 2000-7953)

Dear Ms. Smith:

Thank you for taking the time to meet with me and other representatives of Lockheed Martin on 1 October to discuss the FAA's proposed commercial launch regulations. As we indicated at the meeting, ILS and Lockheed Martin understand fully the FAA's regulatory authority under the Commercial Space Launch Act, and the FAA's important role at the federal ranges. We are particularly appreciative of your efforts, and those of your team, in providing us timely licensing authorizations for our Atlas V launch activities.

The ability of the FAA and Air Force range organizations to respond quickly to the Atlas V program schedule has been very important to our success thus far. It is precisely because the current interaction between the FAA and the Air Force works so well that ILS and Lockheed Martin are concerned about the proposed new regulations on commercial launch activities. The US government (i.e., the Air Force) already regulates and operates the federal ranges, both for government and commercial launches and does an admirable job.

The FAA has repeatedly acknowledged that the proposed regulations are not intended to address any pressing safety issues or deficiencies associated with the Air Force safety regime. Indeed, if a safety issue or deficiency did exist, the Air Force would need to address it by changing its baseline safety requirements because it would affect all launch activity on the federal range not just commercial launches. Nor would the proposed regulations achieve greater efficiency in implementing safety requirements and procedures at the ranges. Instead, the new regulations would result in additional regulatory burden and associated additional costs, as we have documented in the detailed,

proprietary cost impact analyses we have submitted to address each version of the proposed regulations. While I appreciated your candor in acknowledging that the proposed regulations would lead to higher costs for commercial launch activities, it is of great concern that the FAA seems to view new cost burdens that are not necessitated by an improvement in safety as an acceptable by-product of this proceeding.
ILS's and Lockheed Martin's position has been, and continues to be, that new, costly regulations that are not driven by legitimate safety concerns are unwarranted and inappropriate. Increased costs due to additional, unnecessary regulatory burdens would significantly undermine current government/industry efforts aimed at maintaining a robust domestic space launch industrial base – and lowering the cost of government missions -- at a time when assured access to space is the USG's highest priority. Moreover, as a result of the severe downturn in the international launch market, our Atlas V vehicle is now the sole remaining domestic U.S. medium/heavy lift option available to commercial customers. Accordingly, with respect to launches from federal ranges, Atlas V operations are essentially the only activity to which revised FAA regulations and associated cost impacts would apply.

Let me again emphasize that any increase in costs not necessitated by safety issues will adversely impact the continued viability of the commercial component of the Atlas V program. On that note, during our meeting you mentioned your desire to better understand our methodology in calculating the cost impacts of the FAA's proposed rule. As I expressed to you then, ILS and Lockheed Martin would be glad to assemble a team to sit down directly with your staff to go over our data and explain our analysis.

ILS and Lockheed Martin, therefore, strongly urge the FAA to continue using the same approach in place today to license commercial launch activity at the federal ranges. ILS and Lockheed Martin also strongly support the FAA's attention to the commercial space transportation activities that do require new or additional FAA oversight and regulation – including those conducted at non-federal ranges and proposals involving next-generation space transportation systems intended for private citizen space travel. I believe that FAA attention to these areas would be very favorably received in all parts of the commercial space community, particularly given the complexity of the safety issues associated with these activities and the lengthy lead-time necessary to address them.

We would very much appreciate the FAA's full consideration of these recommendations as decisions are made on the next supplemental proposed regulations, and as Lockheed Martin and the Air Force address overall cost factors bearing on the Atlas V/EELV program. Again, thank you for taking the time to discuss these important issues for the continued success of U.S. commercial space transportation activity.

Sincerely,

Mark J. Albrecht

cc: FAA docket