



DEPARTMENT OF THE ARMY
 UNITED STATES ARMY TANK - AUTOMOTIVE AND ARMAMENTS COMMAND
 ARMAMENT RESEARCH, DEVELOPMENT AND ENGINEERING CENTER
 PICATINNY ARSENAL, NEW JERSEY 07806-5000



July 26, 1996

Systems Life Cycle Readiness Office

040-00672/040-00066

Nuclear Regulatory Commission
 Region 1
 475 Allendale Road
 King of Prussia, Pennsylvania 19406-1415

Dear Mr. Hehl,

This office has been tasked by higher headquarters, at the direction of the House Appropriations Committee (HAC), to study the industrial base involved with the production of 120mm kinetic energy tank ammunition. The HAC has expressed concern about the health of the industrial base in general and the tank ammunition base in particular. They want to be assured that the kinetic energy tank ammunition base will be maintained adequately to ensure that future Army requirements will be satisfied. They want the report of this study NLT December 1, 1996.

This office's mission includes doing the necessary planning and programming to assure that facilities required for production are available when needed, ready to produce. If licensing is necessary for such to happen, we would provide whatever assistance we could to facilitate obtaining or maintaining the license in question. With regard to NMI's licensing dilemma, assuming the study cited above dictates that NMI should be kept viable to ensure adequate KE tank ammunition production, we would plan and program a Production Base Support project to enable NMI to become compliant with NRC and/or local environmental requirements. If the study found that NMI were no longer needed after its current production ends in CY 1999, a project to effect decommissioning currently estimated at \$5.5M, would be requested and would be included in the appropriate FY President's budget, subject to availability of funds. This project would require Congressional approval.

Inasmuch as NMI currently has a production contract that runs through CY 1999 and is part of an ongoing study concerning future tank production requirements and capability (to be completed within 60 days), it is recommended that their license be extended without interruption to ensure their continued viability. Since they are also a key contributor to the Comanche Helicopter Progr. cess, their continued viability should be assured. This is evide he enclosed memorandum from PN Comanche.

If I can be an any further assistance, please contact me at 201-724-3560.

[Handwritten Signature]
 Kalman N. Kolis
 Director, Systems Life Cycle
 Readiness Office

Enclosure

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