

**Response to NASA OIG Interim Memorandum ML-26-002 pursuant to the James M. Inhofe
National Defense Authorization Act for Fiscal Year 2023, Public Law 117-263, Section 5274**

Section 5274 of Public Law 117-263, the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, requires Offices of Inspector General (OIG) to notify all non-governmental organizations or business entities that are specifically mentioned in an OIG report. Section 5274 further requires the OIG to attach any response received from a non-governmental organization or business entity to the report in which they are mentioned. Therefore, in accordance with Section 5274, attached is a response provided to NASA OIG regarding the interim memorandum on *NASAs Management of Programs and Projects after Mission Termination—Canceled or Repurposed Artemis Campaign Systems*, report number ML-26-002, issued June 24, 2026.

This response represents the views of Bechtel National, Inc. NASA OIG did not evaluate this response, offers no comment, and makes no representations, expressed or implied, of any nature with respect to the matters stated therein.



July 22, 2026

Subject: Bechtel Response to OIG Report No. ML-26-002

Bechtel National, Inc. ("Bechtel") appreciates the opportunity to respond to the Office of Inspector General's (OIG) Interim Memorandum ML-26-002 and to provide additional context on the Mobile Launcher 2 (ML-2) project.

Background

In June 2019, NASA awarded Bechtel the design, build, and test of ML-2 to support the larger, more powerful SLS variants once central to the Artemis campaign. The launch tower's height, strength, and integrated systems were engineered to accommodate the Exploration Upper Stage (EUS) and related advanced configurations. Although initially scoped and procured as a taller version of Mobile Launcher 1, following contract award, ML-2 evolved as NASA requirements matured into a launch tower built for significantly higher launch loads than originally required.

As the OIG notes, *"Due to schedule pressures, NASA decided to award the ML-2 contract while the EUS — the main driver requiring a second mobile launcher — was early in its design cycle and lacked finalized requirements, impacting the contract approach and independent government cost estimate."* That decision, together with late-phase launch-induced environment (LIE) modifications driven by damage identified to ML-1 following the Artemis I launch in 2022, resulted in NASA directing more than 600 engineering and design changes to ML-2 post-original award. The scale of those changes required recurring, significant updates across engineering, procurement, and construction, producing cost and schedule impacts consistent with the NASA-directed expansion of scope. Impacts were tracked and regularly reported to NASA as the project developed. Cost and schedule forecasts were submitted monthly consistent with the contract.

External factors further shaped the program's trajectory. The COVID-19 pandemic created widespread, sustained disruption across the specialized supplier base producing the unique, NASA-qualified equipment — with workforce disruptions, material shortages, escalating costs, and production delays. These conditions constrained manufacturing and contributed materially to ML2's cost and schedule.

With NASA's February 2026 decision to streamline Artemis and continue flying the two-stage SLS, the requirement for an EUS-class launch tower was eliminated. ML-2 was cancelled as part of a broader shift in launch architecture rather than the performance of the ML-2 team. NASA Administrator Jared Isaacman stated at the February 27, 2026, Artemis II press conference: "First, today we're announcing a standardization of the SLS fleet to what we'll call essentially a near-Block 1 configuration. The idea is we want to reduce complexity to the greatest extent possible." The stated purpose of the shift was to improve launch cadence.

Response to OIG Report

Bechtel submits the following for additional context and clarification specific to content in the report:

1. Impact of NASA-Directed Changes

OIG Comment: ML-2 experienced substantial cost increases, inconsistent with expected performance.

Bechtel Input: More than 600 NASA-directed changes were issued after contract award, including changes implemented after design was considered complete and construction was underway. These included structural redesigns, modified systems to accommodate evolving EUS and SLS configurations, and modifications needed to address impacts recorded on ML-1 from the Artemis I launch. Each change required corresponding engineering updates, procurement adjustments, and construction modifications. Cost and schedule impacts align with the material scope increases reflected in NASA change documentation.



2. Collaboration with NASA

OIG Comment: Bechtel did not adequately collaborate with NASA expertise.

Bechtel Input: NASA's published evaluations throughout the project recognized Bechtel collaboration as a strength, see excerpts below:

"...the Contractor collaborated with the Government very effectively through information sharing via regular, frequent face-to-face interactions, and comprehensive trackers, facilitating numerous timely technical and commercial decisions..." 12th Period Award Fee CPARS

"The Contractor proactively engaged the Government on particularly challenging decisions, including termination of an under-performing electrical enclosure integrator as well as pivoting critical steel scope to 2nd tier subcontractors that had proven their ability to meet the commitments." 12th Period Award Fee CPARS

"The Contractor also collaborated very well with the Government in Acoustic-related loads, which is a particularly complex technical issue." 11th Period Award Fee Report

3. EVMS and Performance Visibility

OIG Comment: The "lack of a certified earned value management system impacted the contractor's cost, schedule, and performance."

Bechtel Input: The ML2 Earned Value Management System (EVMS) was certified in 2024. Bechtel established the initial project baseline in August 2019 and initiated contractually required monthly cost and schedule reporting as measured against the baseline in September 2019. Throughout project execution, the ML2 EVMS was subject to continuous surveillance by the Defense Contract Management Agency (DCMA), including regular compliance reviews, corrective action verification, and periodic surveillance events.

4. Risk Management

OIG Comment: NASA lacked visibility into emerging risks and mitigations.

Bechtel Input: Throughout execution, jointly implemented with NASA, the project maintained a formal Risk Management Program - a structured process to identify, analyze, prioritize, treat, and monitor risks using a documented risk register with assigned owners and mitigation actions. Joint Bechtel-NASA Risk Review Board meetings were conducted monthly, with participation from senior NASA and Bechtel management to review open and emerging risks, mitigation actions, and risk disposition. The project actively identified, tracked, and jointly managed risks throughout execution.

5. External Factors Affecting Cost and Schedule

OIG Comment: Bechtel did not adequately manage supply chain challenges including, "...deficiencies involving subcontractor oversight, supply scheduling, and workflow efficiency."

Bechtel Input: COVID-19-related industry impacts created sustained delays across suppliers producing specialized, NASA-qualified components. These effects were widespread, well-documented, and outside contractor control. Bechtel implemented mitigation steps including alternate sourcing, schedule resequencing, and enhanced supplier oversight.

6. Weight Growth and Technical Maturity

OIG Comment: Launcher weight growth reflected inadequate controls.

Bechtel Input: Bechtel implemented weight-management controls throughout design development, including detailed modeling, frequent configuration updates, and NASA-approved design adjustments. Changes to weight were frequently the result of NASA-directed modifications, including those derived from Artemis I post-launch data and updated interface requirements. All adjustments were documented and reviewed jointly.
