

**To:** jeevacation@gmail.com[jeevacation@gmail.com]  
**From:** [REDACTED]  
**Sent:** Wed 10/9/2013 10:13:23 PM  
**Subject:** B727  
[B727engineinspection.pdf](#)  
[FuelpriceDubia.pdf](#)

Jeffrey, how does this email to the Sultan look? can you insert corrections please? I will send after you approve.  
thx, Larry

Dear Sultan,

in response to operational cost, Pleas see my comments in BLUE ink to your original email.

I have compiled actual cost to address these numbers that were presented to you,. many of these numbers are inflated. I have attached the actual cost of the #2 engine corrosion inspection for your review. Price for #2 engine was \$237,000.00 and will not be due until 2021 now, its a 8 year inspection on this engine.

Engines #1 and #3 are due every 9 years, and come due 2014, next year. I have included a verbal quote received today from Atlantic Gas Turbines in Miami, price for #1 and #3 engines is \$118,500 per engine, however that does not include possible repair of LLP turbine disc that may require additional replacement, "IF" needed price per engine is budged at \$225k to MAX of \$300k for each engine total, see email below: NOT the \$1M per engine your email states below:

Engines #1 and #3 are verbally quoted in this email from today:

**From:** [REDACTED]  
**Date:** October 9, 2013, 5:30:50 PM EDT  
**To:** [REDACTED]  
**Subject:** 219 Engines: Repair Estimate

Hi Larry,

I discussed with Atlantic Gas Turbine Corp today the two 219 engines that will require ASB 6435 HPC Corrosion Inspection

and Hot Section Inspection of exposed combustion hardware.

They verbally indicated a fixed price to accomplish

ASB 6435/ AD HPC Corrosion Inspection  
HSI Inspection  
Test/ Fuel and Oil  
all Build Up ( 100% expendables) parts  
Strip/ Repair and Recoat of HPC Disks  
Return engine to service. Preserve Long Term

Pricing was quoted at \$118,500.00 per engine.

LLP Replacement will be considered Over and Above this pricing  
as will any other requirements to the engine due to exposure for ASB 6435.

With replacement of LLPs and possibly requirements to the N1 Compressor/ Fan Section due to condition

a good budgetary estimate for Repair of the engines would be in the range of \$ 225K to \$300K per engine.

AGTC can provide a written quotation at your request.

Thanks

Michael Maier

Dear Sultan,

Re the B727 Super VIP, have been trying to put a number on the costs.

On first thought is that this a very expensive plane to operate, as it was manufactured in 1969, which makes it 44 years old.

Without seeing the current inspection status and what is due, it is hard to put a "cost" to the maintenance requirements.

If the aircraft was to be operated on a "Dry Lease" – ( A dry lease is a leasing arrangement whereby an aircraft financing entity, such as GECAS and ILFC (lessor), provides an aircraft without insurance, crew, ground staff, supporting equipment, maintenance, etc.) then you would pay a fixed cost for the "lease" of the aircraft and then be responsible for all other direct operating costs plus maintenance.

I have attached a breakdown of what the fixed costs are estimated to be. As you will see this is approx. \$1,220,651 per year.

FUEL Burn is 1350 gallons per hour fact at Mach .80 and if you fly at Mach .78 fuel burn is 1250 gallons per hour, our aircraft flies at 39,000 and 41,000 ft regularly, some pilots elect to fly lower such as 33,000 and 35,000 feet, this will give you the 1575 gallons per hour your sheet states.

The variable costs (ie the cost to fly the aircraft are estimated to be \$13,617 per hour) PLEASE NOTE THIS EXCLUDES ANY MAJOR PERIODIC MAINTENANCE DUE (i.e. Yearly C checks and D checks as well as engine visits.

There are No "D" checks on this maintenance program as stated above, this aircraft is MSG-3 maintenance specially formulated for Low utilization aircraft, New Gulfstream 550 and similar come from the factory with MSG-

3. We complete C1 and C2 checks in multiples of two, Next year, 2014 is a light "C" that we budgeted \$150,000.00 next heavy "C" check is 2016. MSG-3 programs section each part of the aircraft that is address each 24 months, such as Tail section, Wing internals, Lower Bilgde, Fuselage and below floor. We just completed the Lower bilge inspection during this maintenance visit, which required us to remove all the AUX Fuel tanks located in the fwd and aft fuselage, 11 total for inspection and overhaul.

The more hours you fly then your hourly cost comes down.

However, for example, x2 of the engines are due AD 2003-16-05, this involves a complete engine strip down, and I estimate this will cost approx. \$1 mill per engine as well as 3months down time.

\$1M per engine is not correct, I have attached the estimate for the corrosion inspection just completed on #2 engine, This requirement on #2 engine is 8 year intervals, next due is 2021. Total price for #2 engine which has 35,190 hours corrosion inspection was \$237,000.00 total, (I am in the process of obtaining a firm price for engine #1 and #3 which have a total time of only 3720 hours from the same shop that completed our #2 engine). Down time is quoted as 35 - 40 days.

I also see a "C" check is due in Feb 2014 – on a 1969 vintage aircraft, you are looking at an open cheque book.

TRAINING:

There is mention of Crew Training at a cost of \$99,000.00 per year, I use FAA approved PanAM Flight academy in Miami training my pilots for \$6,500 for TOTAL for all three crew member,.

FUEL Pricing:

I have firm fuel price for today in Dubai at \$3.30 per gallon, and Paris is \$5.90, your email below indicates an average fuel price of \$7.38 I have attached quote.

Insurance cost for 2013 was \$125,000

### **BOEING VIP SUPER 727**

#### **ESTIMATED VARIABLE COSTS PER HOUR**

**Corporate**

Fuel (1)	\$11,623.50
Fuel Additives	0.00
Lubricants	0.00
Maintenance Labor (2)	427.50
Parts Airframe/Eng/Avion (3)	197.43
Engine Restoration (4)	627.06
Thrust Reverser Allowance	12.54
Propeller Allowance	0.00
APU Allowance	68.97
Major Periodic Maintenance	0.00
Misc Exp. Landing/Parking	216.21
- Crew Expenses	290.58
- Supplies/Catering	153.30
- Other	0.00
<b>Total Variable Cost/Hour</b>	<b>\$13,617.09</b>
<b>Cost per Nautical Mile</b>	<b>\$31.30</b>
Average Speed-Kts (5)	435.00

**REFERENCE**

Size of operation:

Date: 10/6/2013

Currency: \$

1. Fuel Cost

7.38

Gallons/Hour Blk Fuel/Flt Time

1,575

+15%		
2. Maint Labor Cost per Hr	90.00	
Maint. Hrs/Flt Hours	4.75	
Aircraft Model Year	1984	
3. Incl Engine Parts Cost	No	
Engine Model		JT8D-17 & 217C
4. Overhaul Cost Source	Estimated	
5. Block Speed Source	Mftr Data	

## ANNUAL FIXED COSTS

### B727 VIP Super 27

#### Corporate

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Crew Salaries - Captain (6)	\$161,000
- Co Pilot 120,000	
- Flt Attendant 90,000	
- Flt Eng/Other - Benefits	111,300 <sup>0</sup>
Hangar - Typical 179,600	
Insurance - Hull (7)	160,000
Single Limit Liability	16,000

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Recurrent Training

99,000	
Aircraft Modernization (8)	75,000
Navigation Chart Service	15,001
Refurbishing (9)	179,550
Computer Maintenance Program (10)	13,500
Weather Service (11)	700
Other Fixed Costs	0
Frac Mgmt Fee/Yr + Tax	0

**Cost/Year** **Total Fixed**  
**\$1,220,651**

**REFERENCE**

<b>Size of operation:</b>	<b>Date: 10/6/2013</b>	<b>Currency:</b>
	\$	
6. Crew Salary Source		12 NBAA
Number of Crew	3	
7. Ins Hull Value/Frac Share Cost		\$8,000,000
Hull Insurance Rate (%)	2.00	
8. Modernization		10 Yr Avg
9. Refurbish Labor Hrs/Seat	105	
10. Comp Mx Program Source	Typical	
11. Weather Service Source	Typical	

**ANNUAL BUDGET**

**B727 VIP Super 27**

**Corporate**

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Utilization - Nt. Miles	175,000
- Hours	402

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Variable Cost 5,474,070

Fixed Cost 1,220,651

**Total Cost (No Depreciation) \$6,694,721**

- Per Hour 16,654

- Per Nt. Mile 38.28

- Per Seat Nt. Mile 2.01

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Total Cost (No Depreciation) 6,694,721

Book Depreciation (12) 800,000

**Total Cost (Book Dep.) \$7,494,721**

- Per Hour 18,644

- Per Nt. Mile 42.86

- Per Seat Nt. Mile 2.26

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Total Cost (No Depreciation) 6,694,721

Market Depreciation (13)	320,000
<b>Total Cost (Market Dep)</b>	<b>\$7,014,721</b>
- Per Hour	17,450
- Per Nt. Mile	40.11
- Per Seat Nt. Mile	2.11

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**REFERENCE**

<b>Size of operation:</b>	<b>Date: 10/6/2013</b>	
<b>Currency:</b>	<b>\$</b>	
12. Book Depreciation Rate		10
13. Market Depreciation Rate		4

**GENERAL COMPARISON**

**B727 VIP Super 27**

**Corporate**

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Cabin Height (Ft)	6.90
- Width	11.50
- Length	92.70
Cabin Volume (Cu. Ft.)	6,425.00
Cabin Door Height (Ft.)	6.00
- Width	2.80
Baggage - Int. (Cu.Ft.)	10.00
- External	750.00

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Typical Crew/Pass Seating	3 /
19	

Weight - Max Take-off (Lbs.)	194,800
- Maximum Landing 158,000	
- Basic Operating 115,000	
- Usable Fuel 77,260	
Payload-Full Fuel (Lbs.)	3,240
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Maximum	26,000
Certified	Yes
IFR Certified Yes	
Price - New (Corporate)/1000	\$0
- Pre Owned Rng/1000 8000	5000 /
Years Produced 1968 1984	

## PERFORMANCE COMPARISON

### B727 VIP Super 27

#### Corporate

<b>Range - NBAA IFR Res (N. Mi.)</b>	
- 4 Passenger	3,900
- Ferry Range	4,050
<b>Range - 30 Min. Res (N. Mi.)</b>	0
- 4 Passenger	0
- Ferry Range	0

Balanced Field Length (Ft.)	5,550
Landing Distance - FAR 91	2,250
Landing Distance - FAR 121	3,750
Landing Distance - FAR 135	2,813

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Rate of Climb (Ft/Min)	2,380
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One Engine Out	0
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Cruise Speed - Max (KTAS)	485
- Normal	465
- Long Range	455
Stall Speed (IAS)	0

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Ceiling Certified MTOW (Ft.)	42,000
- Service	42,000
- Service OEI	31,000

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Ceiling Service HIGE (Helicopter Only)	0
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Ceiling Service HOGE (Helicopter Only)	0
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