

J. NEILS LUMBER COMPANY

MANUFACTURERS

PONDOSA PINE AND FIR

MILLS AT
LIBBY, MONTANA
KLICKITAT, WASHINGTON
SALES OFFICES
PORTLAND, OREGON
MINNEAPOLIS, MINN.

Saw Mill
Klickitat, Washington

July 22, 1930

Mr. W.C. Geddes,
c/o Craig Mountain Lumber Co.,
Winchester, Idaho.

Dear Mr. Geddes:

I am inclosing herewith blueprint of our fuel supply system at our saw mill. When we built our new mill, we thought that we might be able to use enough fuel in our power plant and sell enough wood so as to eliminate the need of a refuse burner. We discovered, however, that this would not be possible -- at least until there was a better market for fuel wood or hog fuel. We, therefore, installed a blower system to blow the hog fuel from the mill up on to the side hill to a point about 350' above the mill. This installation cost us about \$4,000.00.

This year, in view of the contemplated prolonged periods of in-operation, the need of a return system became apparent, so we had the Burns Company install a system permitting the fuel to be returned from the hillside to the power plant. This installation cost us around \$600.00, and this is what I had reference to when talking to you over the telephone.

This spring we burned the fuel until about a month before we shut down. At that time we extinguished the fire and accumulated a sufficient supply of fuel to keep our power plant in operation for a period of thirty days while the mill was shut down. The system works very well and we do not hesitate to recommend it to others.

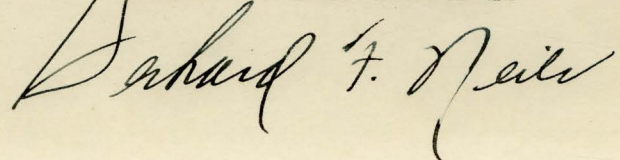
We have an arrangement permitting the hog fuel to be blown directly into open cars should we find a market for hog fuel. During the time fuel is being returned to the power plant, we have two men up in the fuel pile feeding the return pipe. We did not install the pipe marked "out" on the blueprint. This was intended to supply a draft for the fire, but we found that fuel would burn well without a forced draft.

I am unable to give you any information as to the distance required between the fuel pile and the saw mill to avoid an insurance rate penalty. Possibly a distance of 50' would be acceptable to the underwriters, but in our case we were compelled to blow the fuel about 350' as we burn the excess fuel whenever we do not anticipate having use for it.

I appreciate having your comments on the lumber market. My brother, Paul, was here when we received the information of the last cut of \$2.00 per thousand on Shop. He told me then that he was selling 5/4 Shop at a higher price than we are now asking, back in 1914 when he was manager at the Libby plant. At that time, however, the operating costs were considerably less than they are at present, and he was able to show a fair margin of profit on Pondsosa Pine. Our sales' average has dropped \$5.00 per thousand during the first six months of this year and, if the present rapid downward movement continues for a few months longer, our Pondsosa Pine average will probably be in the neighborhood of \$15.00 per thousand. The present situation would not be so serious if the outlook for the future were more promising. If economic forces are left to themselves to correct the situation, it will be a long time before the lumber industry is again on a profitable basis. The lumbermen could very likely recover a fair degree of prosperity within a reasonable time, but it seems to me that they will have to learn to cooperate much better than they have in the past, if they are to reach this goal.

Yours very truly,

J. NEILS LUMBER COMPANY.



G. F. NEILS
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B. Print inc.