

**CANADIAN BIOMASS
FOURTH ISSUE INSIDE!**

May/
June
2009

**RE-DRYING
IS IT FOR YOUR MILL?**

CANADIAN **WOOD PRODUCTS**

SAWMILLING / PANELS / REMAN / ENGINEERED WOOD

BUCKING THE TREND

**Industry newcomer Conifex Inc.
starts up in Fort St. James, B.C.**

PLUS

- **Sitting Pretty in Alberta with a new decking product**
- **When the going gets tough, the tough get...together
– Wood Week, Quebec City**

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CANADIAN WOOD PRODUCTS

F E A T U R E S

Bucking the Trend

There's some good news out there, especially for the employees of a Fort St. James, B.C. sawmill who are starting up the saws for the first time after being down for 18 months.

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Sitting Pretty

With a recycled content of over 90% this Alberta decking materials manufacturer is getting attention in more ways than one.

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Is Re-drying for you?

It's not a new concept, but in the right circumstances it can provide a number of benefits to the sawmill. Our technical expert from FPInnovations walks you through the process.

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Conference, Show and Workshop Wrap-up

There has been no shortage of conferences, trade shows and technical workshops in the Pacific Northwest as audiences learn about panels, biomass and economics.

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Best of all Worlds

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This Month's Cover:

Conifex Inc. is bucking the trend. In the planer mill, graders (left to right) Danielle Villard, Kevin Ulrich and Lisa Button grade lumber with the help of a Newnes auto grade reader (blue box on left). See story on page 7. Photo: Bill Tice/CWP

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Sonny Dosanjh works at the infeed to the band mill trimmer on the headrig line. The sawmill also has two canter lines.

Signed, Sealed and Delivered

So with the paperwork signed, sealed and delivered, HelmKay, who also has responsibility for the day-to-day running of the operation and was the mill manager while the facility was under Pope and Talbot's control, teamed up with other senior managers to lay out a plan for the March start-up.

"We really had a lot to consider in our start-up plans," explains Lorraine Ducharme, vice president human resources and public relations for Conifex. "The mill had been down for a year and a half and we didn't want the equipment and buildings to deteriorate. We also knew we had former employees in the area that we could call back. We were very aware that the longer we waited, the less chance we would have of rehiring these people."

She credits several programs and numerous groups and individuals with helping Conifex get off the ground, including the B.C. Government's Community Development Trust Job Opportunities Program (JOP) and the Northern



Roy HelmKay

Development Initiative Trust.

JOP is a three-year program developed to create short-term forest management-type job opportunities of up to six months for unemployed forest industry workers in or near forest-dependent communities. Of the \$26.25 million available, \$2 million was allocated to the communities of Mackenzie and Fort St. James in the first year the



Lorraine Ducharme

program operated.

"JOP really helped the mill's former employees to stay in this area and that of course helped us when it came time to rehire people for the new company," notes Ducharme.

The Northern Development Initiative Trust program includes a capital investment and training rebate program that provides businesses with incentives for job

creation and can benefit participating businesses in several ways, including lowering the costs of purchasing productivity-increasing capital equipment and training employees. For Conifex, this program played an important role in its decision to purchase the assets in Fort St. James and to ramp up the timelines for training the workforce and starting up the mill.

A Bonus

Ducharme says it was also a bonus for Conifex that the former management team was still somewhat intact and that other stakeholders, including the union, stepped up to support the new company. "Our contractors gave us some very competitive pricing on what we needed and our salaried and hourly employees that came back allowed us to put some concessions in place. Everyone really gave a bit of themselves in helping us get off the ground," adds Ducharme.

In addition, she says the local community has been great and that they have had tremendous support from the past and present mayors, council members and the local chamber of commerce. In addition, Conifex has the support of the local first nations with the Naka'zdi, Tl'azt'en, and Takla First Nations taking on a partnership role in the mill with a 10% share.

"The opening of the Conifex mill, I believe, is the first step in bringing a sense of renewed hope for our community," says Fort St. James mayor Sandy Harwood. "It is not only a huge economic boost, but in addition it has changed the atmosphere from one of frustration and uncertainty to a positive outlook for our future."

Ducharme shares Harwood's opinion about the renewed optimism in town. "In terms of the local residents in the community, everyone has been very supportive," she adds. "Even former employees who haven't been called back yet are positive. Around town you can tell that the mill reopening has had a great impact. You go into the coffee shop and people are happy to

talk about the future and what it might hold for them."

Preparing for Start-Up

As for the mechanical side of starting up the mill Helmkey says they took every precaution to make sure it went as smoothly as possible. "That meant maintaining the heat in the buildings while we were shut down, and then prior to start-up we lubricated all of our main components, evaluated the mill from end

to end and then completed a test run. We even brought in experts who specialize in vibration analysis to check for possible failures in the bearings so that we could change out any they thought may fail."

Helmkey says the investment made prior to start-up has paid off. "We had a few minor issues with process control where we had to do some repairs and replace a few components and we had a few electric motors burn out, but by the time



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Eli Seymour puts the finishing touches on a load of lumber as it goes through the wrapping station.

we brought the mill up to speed we had worked through most of the issues, which made for a relatively smooth and trouble-free start-up.”

With a green light for the mechanical side of the mill it was time to start using some of the logs the mill’s forestry and fibre supply group had started acquiring. Conifex’s two main local contractors, KDL and Newlands, delivered most of the logs required to take the mill through spring break-up on one shift with the first load delivered in January of this year. They also had 43,000 cubic metres left in the yard by the previous owners and acquired a smaller volume from another local contractor, Stones Bay Holdings.

“Our tenure is a forest licence with an annual allowable cut of 640,000 cubic metres,” explains Helmkay. “Initially we will be targeting as much beetle kill wood as possible so that we can use that up while it is still viable. We are estimating that to run on one shift we will need approximately 500,000 cubic metres on an



A Metriguard HTLC system grades for Machine Stress Rated (MSR) lumber. The facility has one of these systems in each of its two planer mills.

annualized basis. Since our goal is to run the mill on two shifts we will need around one million cubic metres per year so we will have to acquire about 35% of our fibre from other sources.”

With a second shift already started in the planer mill in April, they are well on their way to the goal of running two shifts throughout the

facility. Today, Conifex employs about 170 people, including 135 hourly employees and close to 35 people in forestry, administration and management. That includes corporate employees as Conifex has located the corporate office at the mill site in Fort St. James. “We want our senior staff to be on-site and have a hands-on

approach to the management of the mill,” explains Ducharme.

Production Flow

As for the production flow, Helm-kay says they didn’t make many significant changes when restarting the mill. “Really, the only thing we did was to add a new loading ramp so that we can take hog fuel that was going to the burner and send it to Pinnacle Pellet where it is used in their process. In these tough times, it’s another way for us to generate extra revenue from something that was just being burned in the past.”

The sawmill is a three-line complex that handles tree length logs and has one headrig line and two canter lines. The first stop for logs is the mill yard where incoming log trucks are unloaded with a Wagner loader and put into inventory or hot loaded on to one of two infeed decks – one deck is restricted to 60 ft logs, the other can handle lengths up to 100 ft. A Caterpillar 365 butt-n-top loader keeps the flow moving on the decks. Once in the system, the logs are evaluated by transverse scanners from Porter and then directed to one of two cutoff saw lines equipped with merchandizing saws from Murray Pacific.

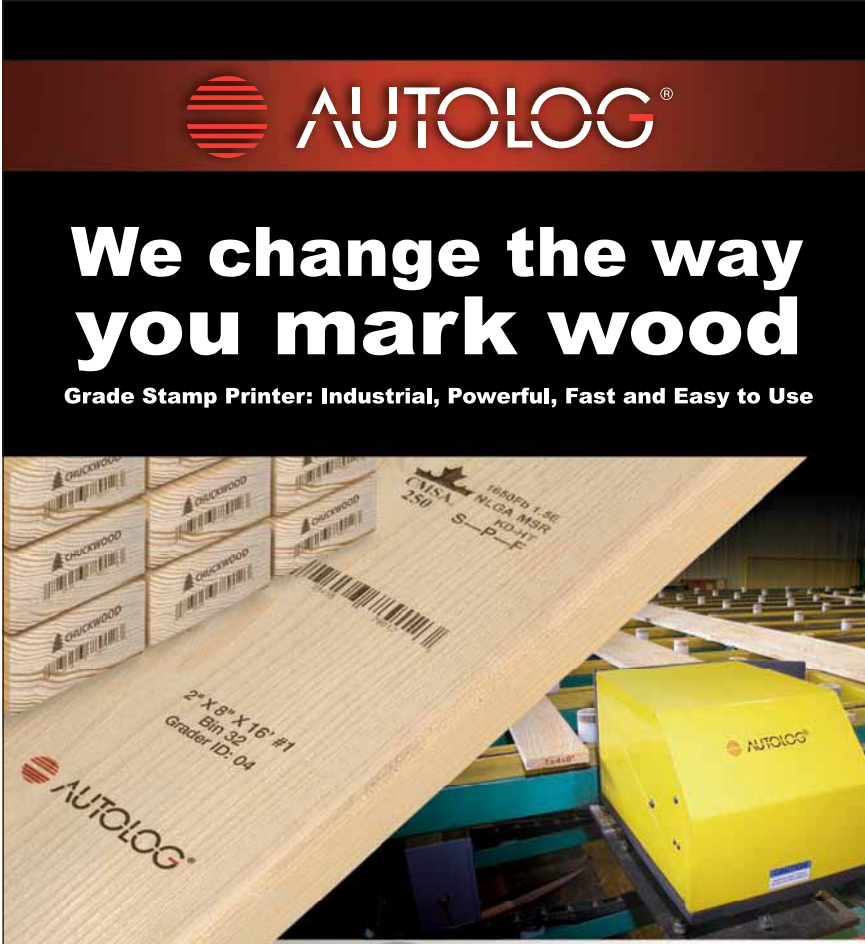
From the cutoff saws, the mill splits into three lines. Logs under 7 in in diameter generally go to the mill’s “West” canter line while logs from 7 in to 12 in normally go to the “East” canter line. Any logs above 12 in are directed to the mill’s “Headrig” line, which is the largest line and has a 40-in Cambio debarker upstream from an older model double cut 6 ft headrig with a slabber head and Innovex light curtain scanning gear. Next in the Headrig line is an older model single arbour 12-in gang edger followed by a drop sort station and a manual edger. Newnes equipment finishes off this line, including a newtronic lug loader, trimmer, electric fence system, multi-saw trimmer, 30-bin j-bar sorter and manual filled strip feeder and stacker.

The East canter line starts with a Nicholson A4 debarker followed by a 20-in Cancar canter with close-

coupled quad circular saws. Downstream is a 12-in capacity double vertical arbour gang edger from Ukiah and a Newnes optimized board edger.

The West canter line starts out with a Nicholson A5 debarker that feeds a Comact line with a double length infeed and slew and skew technology. After the Comact line is a Newnes curve saw gang and a McGehee optimized board edger. Mill crews have the ability to

direct product from either canter line to either board edger. The mill is also versatile in that they can send product from the canter lines to the headrig sorter or to the main sorter line, which is equipped with a 20 ft multisaw trimmer and a 65-bin J-bar sorter, both from Moore, and a Lundleen stacker with automatic strip placement. All stacked lumber from the sawmill is then sent to one of six direct gas fired kilns from Wellons.



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Once dry, the lumber is sent to one of the mill's two planers, although in most cases Helmkey says it will be their "Number One" planer. "This is the newest of the two planer mills and we will only run the Number Two planer a few days a month when we need to process shorter wood such as 6 ft lengths," he explains.

Planer One, which is set up to handle longer lengths and wides, is equipped with a Stetson Ross 614

planer with 20-knife heads. Following the Stetson Ross, an Autolog high grader assists the mill's manual graders with wane and knots and then a Metriguard HTLC grades for Machine Stress Rated (MSR) lumber. The planer has three grade stations equipped with auto board turners and Coe Newnes grade readers. Next in the flow is a newtronic lug loader that feeds a 20 ft trimmer, a 35-bin J-bar sorter and a stacker with magazine-filled

lathe placement, all from Newnes. J-Grade packages are then protected with a poly under top tier (PUTT) vapour wrap before being sent with other grade packages through an Acme strapper and an Acme semi-automatic wrapping station. Planer Two also has a Stetson Ross planer and a Metriguard HTLC system for MSR but has a tray system with carts for sorting finished lumber.

Products and Markets

With the mill configuration, equipment and fibre supply they currently have, Conifex can run 2x4 to 2x12 in 6 ft to 20 ft lengths in various grades, including J-Grade for Japan and MSR lumber for structural applications. "We are looking at all markets, including a small niche market for the premium 2x12 that we are able to produce here," notes Helmkey. "We are in the process of doing some analytical work right now that will help us determine what product mix and improvements to the mill will lower our cost and increase our recovery factor."

Sales are handled through Welco Lumber Corporation, a privately owned lumber marketing and distribution company in Vancouver. Helmkey says it is too early to tell what the breakdown will be for sales by region, but he expects about 75% of the finished products will go south to the U.S., 20% will stay in Canada and the balance will go to Japan and China.

In an open letter to shareholders, CEO Shields summarized the goals of the company. "We believe we will position ourselves as a top quartile producer, able to compete head on with the best mills operating in North America."

Shields can move the new company forward with confidence, knowing that many of the people who work at the mill are happy to have another chance at making this facility profitable and will do what it takes to make it happen. After all, they are already trendsetters, moving forward in the toughest lumber market in history, while others are curtailing production and simply hanging on.

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