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March 18, 1938

Burroughs Adding Machine Co.,
Shreveport, La.

Gentlemen:

The Lufkin, Hemphill and Gulf Railway Company was abandoned on December 13, 1937 per authority of Interstate Commerce Commission Finance Docket No. 11739, therefore will thank you to cancel your bill No. 3425 covering mechanical service for the period ending Sept. 17, 1938.

Yours truly,

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April 6, 1938

Mr. R. E. Minton,
Lufkin, Texas.

Dear Sir:

Am enclosing two copies of balance sheet of the Lufkin, Hemphill and Gulf Railway Company as of December 13, 1937.

The only actual liability shown on that date was $530.58, audited accounts and wages payable. We also have a liability of approximately $2,500.00 covering unadjusted transit claims, however this amount will not be set up in the books but will be handled as a liquidation matter when paid.

The only thing I am able to locate resembling a trackage agreement is a copy of a letter dated February 4, 1922 agreeing to a flat rental for the tracks used and do not believe a formal agreement was ever signed. Various rates have been used since that date and effective with August 1937 the monthly bill was reducted to $100.00 and continued at this rate until date of abandonment.

Yours very truly,

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LUFKIN, HEMPHILL AND GULF RAILWAY COMPANY

COMPARATIVE GENERAL BALANCE SHEET-LIABILITY SIDE

DECEMBER 13, 1937

STOCK		
Capital stock		$ 94,500.00
CURRENT LIABILITIES		
Audited accounts and wages payable		530.58
UNADJUSTED CREDITS		
Insurance and casualty reserves	$ 3,565.30	
Accrued depreciation-Road	119,888.09	
Accrued depreciation-Equipment	11,781.07	135,234.46
CORPORATE SURPLUS		
Additions to property through income and surplus	$ 641.64	
Profit and loss-Debit balance	2,091.43 Red	1,449.79 Red
GRAND TOTAL		$228,815.25

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LUFKIN, HEMPHILL AND GULF RAILWAY COMPANY

COMPARATIVE GENERAL BALANCE SHEET-ASSET SIDE

DECEMBER 13, 1937

INVESTMENTS			
Investment in road and equipment:			
Road	$121,577.02		
Equipment	14,363.00		
General	5,751.00	$142,191.02	
Investment in affiliated companies:			
Notes (TLCo)	$ 60,450.00		
Advances (RCC)	179.76	60,629.76	$202,820.78
CURRENT ASSETS			
Cash		$ 25,052.50	
Traffic and car-service balances receivable		591.18	
Net balance receivable from agents and conductors		5.19	
Miscellaneous accounts receivable		34.39	
Material and supplies		305.81	25,989.07
UNADJUSTED DEBITS			
Other unadjusted debits			5.40
GRAND TOTAL			$228,815.25

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cc - H. G. Temple - Diboll, Texas. ✓

SOUTHERN PINE LUMBER COMPANY

TEXARKANA, TEXAS

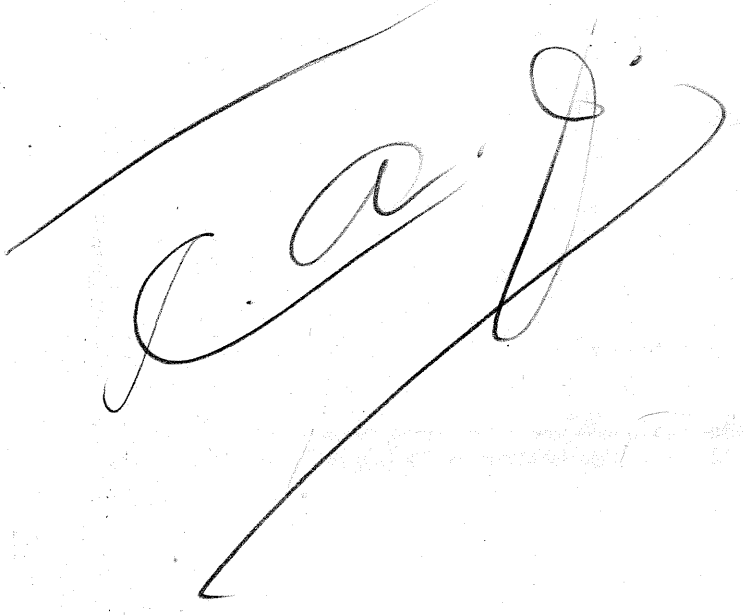
To G. S. Smith From Arthur Temple Date January 6, 1939.

Temple Lumber Company
Pineland, Texas.

The one thing we did not discuss to a conclusion while you and Henry Temple were here was the final liquidation of the LH&G, and the disposal of the railroad's indebtedness to Temple Lumber Company. It has been so long since we had this problem up for discussion and, not knowing what has been done in the meantime, it is rather difficult for me to advise. I would suggest, however, that you discuss the problem with Mr. Nye when he is with you next week. I am inclined to think that he would be able to give you some helpful suggestions, and I am sure that whatever you and he decide is the best thing to do will be entirely satisfactory to the rest of us.

I enjoyed very much your visit to Texarkana, but it was all too short. Wish that you could have stayed longer. However, I will try to get down to Pineland ere long and I might make it the early part of next week.

AT.IM



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January 12, 1939

Mr. C. S. Smith,
Pineland, Texas.

Dear Mr. Smith:

With reference to letter to you from Mr. Arthur Temple under date of January 6, concerning the final liquidation of the L. N. & G.

My understanding is that in order to meet the legal requirements this stock was actually issued to individual stockholders but that the Temple Lumber Company is still carrying the amount as an asset.

According to my records we have turned over the following assets to the Temple Lumber Company to apply on the liquidation of the $94,500.00 capital stock.

Various notes due L.N.& G. cancelled	$60,450.00
Cash	22,000.00
Weed Burner	500.00
Total	$82,950.00.

Kindly advise if you are still carrying these items as a liability or if the amount has actually been distributed to the stockholders and if so the amounts paid to each.

This information necessary in order to file forms 1096 and 1099 for the year 1938.

Yours very truly,

cc:MPT.

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January 26, 1939.

L.H.& G.Ry.

Messrs. Arthur Temple,
H.G.Temple,

Gentlemen:

Referring to Mr. G.S.Smith's letter to you on the 11th inst. pertaining to the final abandonment of the railroad.

The statute authorizes the continued existence of a corporation for three years after the expiration of its charter within which the directors, as trustees, may liquidate its affairs. The L.H.& G.Ry is now being so handled.

You will recall that some suits were filed by the owners of the fee of the land over which the right of way ran. These have all been dismissed except the Fuller suit. It was for a tract east of the end of the Railroad.

Unless you finish with the use of the road from Hemphill to Bronson before October 14, 1940 and remove the rails and other salvage from the right of way, or unless you buy a right of way from such as you do not now have one for the Lumber Company, you are sure to be faced with other suits over the rails, bridges etc. then.

And since the statute gives the three years in which to liquidate and to remove them, I do not know that I can successfully defend such a suit then.

This seems to require that a definite policy be now outlined determining how the matter is to be handled, and that all things to be done be so shaped in advance that they will be consummated before that date.

Please advise me as far in advance as you may what this definite plan is to be.

Yours etc

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Diboll, Texas

Mr. J. J. Pollard H. G. Temple January 27, 1939

I have a letter from Mr. R. E. Minton dated the twenty-sixth with reference to the L. H. & G. Railroad Company, one paragraph reading:

> "Unless you finish with the use of the road from Hemphill to Bronson before October 14, 1940 and remove the rails and other salvage from the right of way, or unless you buy a right of way from such as you do not now have one for the Lumber Company, you are sure to be faced with other suits over the rails, bridges etc. then."

> "Since the statute gives the three years in which to liquidate and to remove them, I do not know that I can successfully defend such a suit then."

Since you contemplate taking up the rail from Hemphill about half way to Bronson and intend leaving the other half into Bronson remain as is for several years we should find out from Reggie if the right of way is entirely in the clear on that which you want to leave for logging purposes, and we want to find out from Mr. Minton if we leave half of the track could we then be sued after October 14, 1940.

HGT:BG

cc: Mr. G. S. Smith
Mr. C. A. Jordan
Mr. R. G. Goodrich
Mr. R. E. Minton

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ARTHUR TEMPLE, PREST.
H.G.TEMPLE, VICE PREST.
G.S.SMITH, SEC. & TREAS.

TEMPLE LUMBER COMPANY

MANUFACTURERS OF
BAND AND GANG SAWN
YELLOW PINE, HARDWOOD LUMBER
AND OAK FLOORING

E.G.PRUD'HOMME
SUPERINTENDENT

PINELAND, TEXAS

January 31, 1939

Mr.C.A.Jordan,
Texas South-Eastern Railroad Company,
Diboll, Texas.

Dear Mr. Jordan:

This is to acknowledge receipt of and thank you for your letter dated January twenty-seventh, with Temple Lumber Company's notes in favor of the L.H. & G. Ry. Company attached, aggregating $60,450.00. We are cancelling the notes on our records.

Yours very truly,

TEMPLE LUMBER COMPANY

G S Smith

GSS:R

cc-H G Temple
Arthur Temple