THE HISTORY OF THE OREGON AND CALIFORNIA RAILROAD LAND GRANT

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INTRODUCTION

The introduction of railroads in the United States greatly affected our economic and political life. In these days of modern conveniences, we little realize how extensive the influence of the railroads were in the development of this nation. In the early days of this country, the railroads were the only bond between the eastern section of the country and the western states of today. Without this bond these western states might be a group of independent nations as exist in Europe today.

The development of the railroad in Oregon not only had a great influence upon the political status of this state, but also had another constructive influence, in that it inadvertently did much in the preservation of our invaluable forests. Congress enacted a law, granting certain lands to the railroads to aid in constructing these roads. Because the lands were being exploited by the railroad, however, the government reclaimed all the unsold land which consisted chiefly of forests. These forested lands have lain practically dormant up until the present day, thus creating a timber reserve unequalled in the United States today.

VISIONS OF TRANSCONTINENTAL RAILROADS

Twenty years after the first railroad was built in the United States men of imagination began to talk of a railroad to Oregon. One of the first advocates of such a plan was Judge S. W. Dexter who in 1832 proposed a plan to con-
struct a railroad from New York to the Columbia River. He suggested that the project might be financed or aided by a land grant of 3,000,000 acres. Though such plans at this time were only dreams, a similar plan was later to become a reality. Near the middle of the century, Congress accepting a suggestion by John Plumb established the railroad aid land grants which made a gift of alternate sections of government land to the railroads. This gift, however, so enhanced the value of the remaining sections of land that the government lost nothing on the transaction.

THE NEED OF A RAILROAD TO OREGON

Thus a realization of the need of a railroad to the west and especially to Oregon was realized. If the railroad could be built, the United States could establish a naval base at the mouth of the Columbia River, and from there command the whole Pacific, and control the Asiatic waters; the whole railroad would soon become settled by an industrious and frugal class of people; thus binding the west with the east. Without this common bond Oregon would become a separate nation, whose occupants would control the coastal fishing industry, and attract to her ports all the rich commerce of Mexico, South America, China, Japan, Australia, the Sandwich Islands, and India. This great project, therefore, would draw Oregon into the Union and would bring to our nation as a whole, the vast commerce of the Pacific.

FIRST ACTION BY CONGRESS

On March 3, 1845 the first congressional action was taken, when the House Committee on Roads and Canals sub-
mitted a report endorsing a transcontinental railroad project. Following this, groups in many cities over the country endorsed the plan of a transcontinental railroad and urged the members of Congress to support the project. Many petitions, bills, and reports for similar transcontinental railroads were presented in both houses of Congress. The opposers of such a plan were vehement in their disapproval of such a plan, for they stated that such a project to build a railroad over the expansive deserts and the practically insurmountable mountains would cost more than the railroads could earn in a hundred years.

The needed spur came with the discovery of gold in California in 1848, for then miners, traders, and settlers began to go west by the thousands, so that by 1850 there were nearly 300,000 people on the Pacific coast.

This vast jump in population of the far west so increased the need for better transportation that the reality of a transcontinental railroad loomed larger in the minds of the railroad enthusiasts, and the various possible routes began to assume definite form. The routes within the territory of the United States were distinctly limited by the barrier of the Rocky Mountains. In general only three routes were deemed feasible. The first was to run from Lake Michigan by the northern route to Oregon; the second was to run by way of the South Pass to San Francisco; the third was in the south, to pass the mountains at Yuma.

The northerners of course favored the more northerly
route through the South Pass which would give a direct line to San Francisco from either Chicago or St. Louis. Southerners were equally emphatic in favor of the southern route. This sectional controversy which resulted in a division in Congress, made legislation impossible. When Congress was persuaded in 1853 to make provision for a preliminary survey for a transcontinental railroad, for which $150,000 was appropriated, four expeditions were organized under the direction of the War Department. These surveys, furnishing a foundation for others, stimulated an effort in Oregon to build a railroad from the mouth of the Columbia south to the railroad projects in California.

GRANTS OF PUBLIC LANDS

The "public lands" lying in certain states were acquired by the government of the United States by treaty, cession by States, and purchase, and is disposed of under authority of Congress.

The supervision over the sales and the granting of lands for private enterprise has changed hands a number of times. In 1776 the Colonial Congress made the first land grants. After the establishment of the United States Board of Treasury, it made sales of public land up until 1812. The Secretary of the Treasury was charged with the execution of such duties relative to the sale of the lands belonging to the United States as might by law be required. In 1812 Congress created the office of the commissioner of the General Land Office and made his bureau subordinate to the Treasury
Department, giving him authority to issue patents and perform duties formerly executed by the several departments. The General Land Office was reorganized in 1836 and executive duties were devolved on the commissioner. By an act of March 3, 1849, Congress created the Home Department (which since has been changed to Interior) which also provided that the Secretary of Interior shall perform all the duties in relation to the General Land Office of supervision and appeal that were before discharged by the Secretary of the Treasury. From this time on the General Land Office has remained a bureau under the supervision of the Secretary of State.

DISPOSITION OF PUBLIC DOMAIN

The primary conception of Congress in dealing with the public lands was the realization of the largest possible cash return for their sale to meet the immediate necessities of national enterprise. The General Land Office was organized in accordance with this conception. This Office was practically a real estate agency acting for the United States in the sale of its public domain. Under the statutory provisions enacted, the conversion of public lands into cash funds was, in brief, the congressional definition of the powers and duties of the General Land Office.

Policies were changed from this idea of cash return to the enhancement of agricultural values, in which the entire nation would profit. This involved a broader conception of the proper foundation of our national institutions.
The first substantial recognition of this ideal was the pre-emption law of September 4, 1811. The law encouraged settlement of the land whereas before, settlement before sale was forbidden by law.

The logical successor of the pre-emption law was the homestead law in 1862 which required that the homesteader be a citizen, develop the land, and with the final entry unit ownership with settlement, and use of the land with taxation under the State.

As a natural outgrowth of the theory of development of our national resources, Congress early began to make liberal donations of the public lands to the several new States as they were admitted to the Union for the support of common schools and internal improvements, such grants were made sometimes to the States and sometimes directly to chartered companies in aid of railroad construction, a policy which broadened and at the same time unified the rapid growth of our nation.

RAILROAD HISTORY OF OREGON

In 1846 Oregon was more important economically and politically than California, but the discovery of gold immediately reversed the position of the two territories. This discovery gave to California the first transcontinental railroad which normally would have come to Oregon.

In 1851 the first proposition for a railroad in Oregon was made by H. M. Knighton, the original owner of the town-site of St. Helens. His purpose was to make the claim of his
town to the seaport head of navigation on the Columbia river a reality by building a railroad from St. Helens through the Cornelius Pass and across Washington county to the city of Lafayette, which was at that time the center of population of the Willamette valley. Crosby and Smith, the owners of the Milton townsite, also joined in the proposition. In an advertisement of this road in the Oregon Spectator, it was recommended as "a brilliant chance for an investment--that the road will be finished in six months."
The movement for a railroad started early in Oregon. These pioneers in railroad promotion would be gratified to see how Mr. James J. Hill has actually utilized their railroad pass and put an electric railroad from Portland into Washington county.

RAILROAD SURVEY IN OREGON

In 1864, the citizens of Jacksonville, then a prosperous mining town and agricultural center of Southern Oregon, subscribed to a fund, payable in money and merchandise, to defray the cost of a Preliminary survey for a railroad in Oregon to connect with a line projected from Marysville, California north to the Oregon-California boundary. The survey was begun under the direction of S. G. Elliott, a California promoter and engineer, and George Belden, a Portland civil engineer, and was continued until they had reached Jacksonville, where the inadequate funds became exhausted. From here on, according to the understanding, Belden was to have charge of the survey to Portland. Since
this was a verbal agreement only and since the two men differed radically as to where the road should be located, neither would yield, so that the enterprise was wrecked and the surveying party of twelve men were stranded at Jacksonville. The crew was persuaded to spend the winter there, where they lived in the county hospital. Farmers contributed vegetables and meats for them to eat in return for one share of stock in the railroad per ten dollars. In the spring, the men under the supervision of A. C. Barry continued the survey to Portland, which point was reached on October 1, 1864. To carry on the business part of the undertaking and present the proposition to Congress, a company was organized under the name of "The California and Columbia River Railroad Company," and of which J. Gaston was made secretary, and A. C. Barry, chief engineer. In October, 1864, results of this survey were laid before the Oregon legislature and a bill, prepared by the secretary of the company was introduced in the senate (S. B. No. 114), which provided for granting to a railroad to be constructed through the Willamette, Umpqua and Rogue River valleys, the proceeds of the half million acres of public lands granted to Oregon for internal improvements. This bill was referred to the senate committee on corporations, reported the proposition back by recommending the passage of an act to levy a tax of one mill on the dollar on all the taxable property in the state, and apply the proceeds of such tax to the payment of the interest
on the construction bonds of a company to build the proposed road. The bill became a law, but was never utilized.

Immediately following the enactment of this bill, Colonel Barry prepared a report of his survey, with maps and profiles of the line, along with the first report ever made on the resources of Oregon which was prepared by the secretary of the company, was laid before Congress at the opening of the session in December, 1864.

AID TO THE OREGON RAILROAD

Mr. Cole, a member of Congress from California, introduced a bill which was passed and became a law on July 25, 1866. This bill granted twenty alternate sections of public land per mile from Portland to the California line. Judge Williams, a United States senator from Oregon, being influenced by the people on the east side of the Willamette River, who wanted a road to run on the east side in place of the west side of the river, introduced an amendment providing that the land grant should go to the company that would be designated by the Oregon Legislature. This amendment was adopted by Congress at this time. Representative Cole suggested to the California and Columbia River Railroad Company that the name of the company be changed to the Oregon Central Railroad Company; this was done. The articles of incorporation of the Oregon Central Railroad Company were signed by John H. Mitchell, William S. Ladd, H. W. Corbett, Captain J. C. Ainsworth, S. G. Reed, C. H. Lewis, and other influential citizens of Portland and Oregon. The Oregon legislature
which six weeks after Congress had given the land grant, passed a resolution introduced by E. B. Foudray of Jacksonville, which designated that the Oregon Central Railroad Company should be the company to receive the land grant.

THE OREGON CENTRAL RAILROAD

The newly formed Central Railroad Company began to sell subscriptions to the capital stock of what was known as the Barry survey. The company received no subscriptions whatever from Salem or from the country on the east side of the Willamette, but it received generous subscription from the people living on the west side of the Willamette.

A copy of the prospectus of the company, published in the Oregon papers on February 20, 1867, is as follows:

PROSPECTUS OF THE OREGON CENTRAL RAILROAD COMPANY

"We the undersigned incorporators of the 'Oregon Central Railroad Company' hereby appoint J. Gaston of Salem, Oregon, Secretary of the Board of Incorporators, and authorize and designate him, as one of the incorporators of said company, to prepare and open the stock books of said company, under the following rules and regulations:

1st. The shares of the capital stock in said company shall be subscribed for at their par value in gold coin or its equivalent in currency.

2nd. The Board of directors may levy assessments as often as once in every sixty days, but not more than ten per cent, shall be levied in such period.

3rd. Shares may be subscribed and paid for with 'claimed' or improved lands, rating them at a fair cash value.

4th. All persons who paid money or property in aid of 'Barry's Survey', made in 1864, shall be entitled to have the same credited to the amount of ten per cent upon any subscription of one or more shares, provided they furnish satisfactory evidence to the Board of Directors of payment in said year.
5th. The board of directors shall have the right to reject any subscription or subscriptions, for fraud, or any other matter bearing upon the interests of the company.

6th. Neither the board of incorporators, or board of directors shall ever have any right or power to sell or dispose of the corporate franchises of the company without a three-fourths vote of all the stock subscribed, in favor of such sale; but this provision shall not be construed to prevent the board of directors from raising money to construct the company's road by mortgage of its lands or other real estate, railroad or equipment; and in all questions upon which the board of directors may not unanimously agree, any stockholder may appeal to the decision of a majority of the stock, which decision shall be final.

7th. As soon as the capital stock, or one-half thereof, of said company shall have been subscribed, the said secretary is hereby directed to call a meeting of the stockholders, in pursuance of the general incorporation law, for the election of board of directors.

8th. The above articles are hereby made a part of the contract of subscriptions between the stockholders and said company.

9th. The said secretary shall open an office for the transaction of the company's business, and proceed to the work of canvassing for subscriptions of stock in the counties and towns along the route of said road; the Hon. F. A. Chenoweth being authorized to canvass Linn and Benton Counties.


The Californians who had secured the land grants in their home state were not disinterested spectators of what was going on in Oregon. In fact the record shows that they incorporated a company to take the land granted within the boundaries of Oregon even before the passage of incorporation in this state. On July 1, 1865, articles of incorporation to incorporate the Oregon and California Railroad Company were executed in San Francisco, and signed by
Alpheus Bull, S. G. Elliott, C. Temple Emmett, Thomas Bell, Joseph Barron, David M. Richards, S. F. Elliott, and filed in the office of the secretary of the state at Salem on July 13, 1865. These articles provided for a corporation with a capital stock of sixteen million dollars, that its principal office be at Jacksonville, Oregon, and that the company should build a railroad from some point on the state line between California and Oregon as should thereafter be designated, to some point on the navigable waters of the Columbia river, and should receive the lands that be granted by congress in aid of such a road.

Here was a carefully planned scheme gotten up in California, with not a single Oregonian connected with it, which caused a great battle to be waged between the United States and the companies claiming the lands, and which was a secret, stealthy attack on the vital interests of the people of Oregon.

ELLIOTT'S PLAN

S. G. Elliott of California, who had abandoned the railroad plan, in disgust came from California to Salem when he found that the Oregonians were making progress. He planned either to secure control of the Oregon Central Railroad Company, or to organize a new company. He had taken out articles of incorporation for the Oregon and California Railroad Company with offices in Jacksonville. Though the incorporators were Californians, the project had gone by the board. When he came to Salem he went to Gaston and offered
him a large block of stock in his proposed company and also
a position at a large salary, if Gaston would throw the
other company overboard. This Gaston refused to do. Elliot
after sounding out the incorporators of the Oregon Central
found that he could neither bribe nor bluff them. So on
April 22, 1867, he incorporated another railroad company
called the Oregon Central Railroad Company of Salem. He
incorporated it for $7,250,000. He had his proposed company
subscribe for seven million dollars worth of these bonds,
which was the same sort of scheme as to try to lift yourself
over the fence by pulling at your own bootstraps.

For geographical and engineering reasons, two railroads
through the Willamette Valley might have been justified if
there had been friendly cooperation instead of wasteful com-
petition between east side and west side interests from the
beginning. Though the resources of the community were limit-
ed in that early period, the people could with ultimate profit
to themselves have adopted this course suggested by Jesse
Applegate, who early pointed out the futility of trying to
serve the needs of Western Oregon with a single road.

CONSTRUCTION STARTED

On the 15th of April 1868, the Portland company headed
by Gaston commenced the work of grading their line at what
is now the south west corner of the county hospital block in
Caruthers' addition to the city of Portland. There was a
crowd of about two thousand people present at this occasion;
besides an address from the president of the Company showing
the prospects of the enterprise, speeches were made by Governor Gibbs, and Colonel W. W. Chapman. Mrs. Rebecca Lewis, wife of the chief engineer of the company, then cast the first shovel full of earth in grading the Oregon railroad system. The Salem Oregon Central Railroad Company formally began work on the opposite side of the river the following day, April 16, 1868, at a point not far from the present corner of East Fourth and East Morrison streets. Work upon both sides of the river was continued with vigor because of the spirit of competition that existed between the two companies. The more popular character of the west side movement was apparent. By September of the same year the west side grade had been completed for a distance of about three miles and a half, having been greatly aided by repeated appeals to local patriotism. Meanwhile the east side company had exhausted its ready funds in construction of the road in the direction of the Pudding River. Elliott, who was one of the original promoters of the Salem company, returned to Oregon to make a final effort to reorganize the financial affairs of the corporation but was not successful in this attempt.

RIVALRY CARRIED TO COURTS

The conflicting interests of the two corporations was now carried into the courts. While a violent controversy raged in the newspapers, both concerns bombarded prospective investors with circulars, each claiming the exclusive right to the name Oregon Central Railroad Company and each assert-
ing that the methods of the other were illegal and fraudulent. The west side company brought suit in the courts of Multnomah and Marion Counties to dissolve the east side company on the ground that not more than $700 of stock had been genuinely subscribed, that the subscription of a large sum of money by the company itself was in violation of law, and that the sale of non-assessable stock was illegal; other litigations were instituted in the Federal Court by a stockholder in the west side company, also asking for dissolution of the east side company, basing his claims on the grounds that his stock had been greatly depreciated in value by the fraudulent use of the name Oregon Central Railroad Company by the east side corporation. Countersuits were brought in the interests of the east side company seeking the dissolution of the west side company. This countersuit so impaired the marketability of the west side company's securities that work on this railroad was stopped.

HOLLADAY ENTERS THE LAND GRANT CONTEST

Ben Holladay, whose aid had been procured by Elliott, appeared in Oregon about six weeks before the meeting of the legislature in 1868, and immediately took energetic steps to attack the rights of the west side company to its land grant. With ready cash Holladay pushed the work of construction on the east side grade, subsidized newspapers to advocate his cause and sing his praises, and bought up politicians on all sides to do his bidding. He treated with imperious contempt the rights of all who dared to question his actions in any way. In 1868 with the help of a large and influential lobby,
he persuaded the legislature, to adopt a joint resolution reversing the resolution of the preceding session which had designated the west side Oregon Central Railroad Company as the one to receive the benefits of the federal land grant. He obtained this on the professed grounds that at the time of the adoption of the original resolution, October 10, 1866, no such company as the Oregon Central Railroad Company had existed. Therefore, he pointed out, the designation of the company to receive the land grant was still to be made and that the Oregon Central Railroad Company of Salem, was the one which should receive such a grant. The Oregon Legislature, complying with his wishes, made this concession to the Salem Company. All this was done in spite of the fact that the west side company had filed its acceptance of the land grant in the Department of the Interior at Washington City according to the law, and within the time provided, that this acceptance had been accepted by the Secretary of the Interior and that the time had passed by within which any company could file another acceptance of the grant. Such wholesale corruption of a whole legislature has probably never been enacted in any state, and was accomplished in Oregon only, as Holladay afterwards admitted, at a cost to him of thirty-five thousand dollars paid to members of the legislature.

Congress was induced, also through Holladay's efforts, to extend the time for acceptance of the land grant act. This was accomplished by a bill which stated that the company that should first complete twenty miles of road was to
be designated as the recipient of the grant—now the real object of the contest. George H. Williams, then representing Oregon in the Senate at Washington, was the active force that secured this enactment, which in itself, was a victory for the Salem Oregon Central Railroad. Holladay completed his first twenty miles by December, 1869, and his company thus earned the land grant.

THE WEST SIDE OBTAINS A LAND GRANT

The west side contractors, S. G. Reed and Company, presently abandoned their contract; whereupon the west side company salvaged as much of their investment as possible by completing grading as far as Hillsboro. It succeeded in obtaining from Congress an additional grant of land for construction as far as McMinnville. They contemplated constructing a branch from Forest Grove to Astoria, and made arrangements with a Philadelphia company to build the road. At this point, however, because of Holladay's mastery of the entire railway situation, the west side Oregon Central supporters in 1870 gave up the fight and sold out to him. Holladay solicited subscriptions in Portland amounting to one hundred thousand dollars and with this, completed the line as far as St. Joseph, on the Yamhill River. The first railroad service was inaugurated there on November 3, 1872.

HOLLADAY EXPERIENCES DIFFICULTIES

Even though the advancement of the Salem company seemed to be running smoothly, Holladay now was confronted by obstacles in the path toward his objective which would have
baffled a less shrewd and unscrupulous man. It had become generally understood and admitted that the Salem Oregon Central Railroad Company was not a corporation and had no legal rights of a corporation. The supreme court of Oregon afterwards decided that the Salem company was not a corporation, but a mere fraudulent enterprise, that it had no legal rights and could not take the land grant, and that the act of the legislature, of 1868, could not heal its defects. In addition to this, the west side company had finally forced the Salem company to stand trial before Justice M. P. Deady, of the United States district court as to its right to its corporate name, and the court had held that one corporation could not take and use the name of a prior organized company. This of itself nearly ruined the Salem company.

In this crisis of the Salem company, Holladay turned the whole matter over to the great lawyer, W. M. Evarts, who was secretary of the state to President Hayes. After many months of deliberation Mr. Evarts decided that the franchise to exercise corporate rights was a grant from the state, and could be questioned only by the state; since it had not been so questioned, the Salem company was at liberty to transfer any and all rights and franchises it was assuming to own. He similarly advised that since the land grant was concession from the federal government the right thereto could be disputed only by the grantor, and not having been so questioned the franchise to take such grant could be also assigned and transferred by the Salem company.
Mr. Evarts, therefore advised Mr. Holladay to lawfully organize a new Oregon corporation to take over all the rights, property, and franchises of the Salem company, and to have the Salem company make such a transfer. For this opinion Holladay paid Evarts twenty-five thousand dollars. In 1870 immediately thereafter Holladay incorporated and organized the Oregon and California Railroad Company, to which all the assets of the Salem company were conveyed. After thus clearing up the wreckage of the fictitious corporation, and concealing as best he could the scandals which had disgraced the lives and ruined the political fortunes of more men in Oregon than all other events in the history of the state, Holladay sold in Germany ten and a half million dollars of bonds upon the land grant and the road to be constructed. These bonds, if applied at the rate of thirty thousand dollars per mile of road, were estimated to build three hundred and fifty miles, or practically to the California line. But because of careless and dishonest management, only a little more than one half the money received from these bonds ever went into the construction of the road; as a result that by the time the track had reached Roseburg from Portland the proceeds of the bonds were exhausted, there the progress of the construction stopped, and Roseburg remained the terminus of the road for ten years. Then a reorganization took place, in which the holders of the bonds surrendered their securities for preferred stock and advanced more money on a new mortgage to extend the road
to Ashland in Jackson county. Here the track stood still for seven more years, after which Holladay attempted another reorganization. In this transaction the old bondholders refunded their second issue of bonds and received new bonds bearing a still lower rate of interest. This, however, soon resulted in Holladay's losing control of the corporation. Though this removed him as an active figure, it brought to the state another remarkable man, who within a few years undertook even greater railroad projects and established lines of vast importance to the state.

HENRY VILLARD TAKES OVER

Henry Villard who was to control the Oregon railways for the next era was a German by birth who had been an American newspaper correspondent during the Civil war and afterward. While in Germany visiting his family in 1873, he became interested in the Oregon railway situation when he was consulted by an acquaintance regarding what was deemed an unfortunate investment in bonds of the Oregon and California Railroad Company of Oregon. He was informed that over eleven million dollars of these bonds had been sold in Germany and England at a little over seventy per cent of their face value and that there had been a default in interest. A committee of bondholders had gone to Oregon and returned with a report that only half of this amount of the bonds had been received by the company in money, that instead of 375 miles from Portland to the California state boundary only two hundred miles had been completed and were
in operation, and that owing to the small population and limited development of Western Oregon the road was producing only about one third of the interest charge. The committee stated their belief that the railroad could not be expected to yield any more than this for some time to come. Villard was employed to go to Oregon in the interest of the bondholders and to effect a compromise with Holladay. He discussed the situation with Holladay and his lawyers in New York, one of whom was Senator John H. Mitchell, of Oregon. Later he traveled to Oregon, where he arrived in July, 1874. He was met at the railroad terminus, which was then at Roseburg, by Holladay and his staff, and proceeded to Portland. What he saw of the state, and of the city and surroundings, filled him with enthusiasm. He returned to Germany with a favorable report on the condition of the railroad. He advised the establishment of an immigration bureau in the Atlantic States to promote the migration of people to Oregon. He favored this plan because he rightly appreciated the need of more people and greater development of Oregon to insure returns upon the capital invested in the railroads. The final result of prolonged negotiations which had shifted to New York City before they were concluded, was a complete surrender by Holladay of the management of the Oregon and California and the Oregon Central Railways and the Oregon Steamship Company in the interest of creditors. The cooperation of these three was to effect great changes in Oregon by inducing settlement,
by increasing steamer and train service and by an extension of the Oregon and California to Ashland where it connected with the Central Pacific system. Not only this but it so increased the mileage of the Oregon Central Railroad that it became a paying investment. Adversity soon overtook the project again when bonds dropped. This resulted in the bankruptcy of the Oregon and Transcontinental Company and the collapse of Villard's personal fortunes in December, 1883.

THE OREGON AND CALIFORNIA RAILROAD AGAIN CHANGES HANDS

The Oregon and California Railroad reverted in 1884, with the failure of the Oregon and Transcontinental, to its former owners, who operated it with some degree of success. They completed it to a connection with the line to California over the Siskiyou Mountains in December 17, 1887. Shortly after this it was absorbed by the Southern Pacific. The Southern Pacific thereby acquired title to all the land given to the Oregon Central Railroad Company by the land grants. By this time the best and most accessible agricultural lands contained in the grant had been sold. Those remaining were largely timberlands, which in those days in Western Oregon was a drug on the market, and heavily timbered land was not an attractive agricultural prospect. But in the nineties when the rising tide of timber speculation began to reach the coast, the grant lands became more and more in demand so that the Southern Pacific Company was able to sell many timbered sections at prices of ten to
twenty-five Dollars an acre above the statutory price set by the granting act.

Local speculation in timberlands apparently was increasing very rapidly in January 1903 when the Southern Pacific Railroad caused a great deal of resentment among the local people by announcing that it had withdrawn all its grant lands from sale. The local people felt that this action, was an unwarranted blockade of development.

E. H. Harriman, president of the railroad, later justified the company's action by stating it was the purpose of the company to hold the lands as a future source of timber for railroad ties and not for speculation. Mr. Harriman's statement was the signal for an open attack on the part of the local communities, which objected to the railroad's killing business in land and timber speculation. Charges were made that the company had violated its grant not only by refusing to sell the grant lands but by having negotiated past sales at more than $2.50 an acre. A memorial was sent to the President of the United States and to Congress, openly charging violation of the grant and requesting Congress to cancel it.

Out of this turmoil of local indignation came an investigation by the Attorney General of the United States which resulted in the passage of a joint resolution by Congress on April 30, 1908, directing the Attorney General to lay claim to the grant lands on the grounds of violation of grant terms and to test the government's claim by appro-
appropriate court action. In 1915, after many years of litigation during which the case was carried to the Supreme Court of the United States, the court handed down its decision sustaining the government's title to all grant lands which the railroad company had not already sold.

Congress then passed the revestment statute known as the Chamberlain-Ferris Act. This act appears to have been a compromise between the eastern and western viewpoints. The westerners, however, having a majority on the Public Lands Committee could have easily gotten the best of the bargain if the provisions in the act had been carried out in full. The Chamberlain-Ferris Act provided that the secretary of the Interior examine and classify the land into three classes: power sites, timber land, and agriculture lands. These were defined as: Power sites--those lands chiefly valuable for power sites, timber land--a forty acre subdivision of land containing 300,000 feet or over of timber, and agriculture land as any land that remains. The act also provided that all taxes unpaid and accrued on these lands would be paid to the counties, when the Secretary of the Interior determined and certified the amounts. The provision was carried out and $1,571,004 was paid to the counties from the United States Treasury. The act also provided that the government pay the railroad company $2.50 per acre for land revested, this amounted to approximately $6,250,000. After these accounts were paid receipts from the land and timber were to be distributed annually in
these proportions: twenty-five per cent to the counties, forty per cent to the United States Reclamation Fund, and ten per cent to the treasury of the United States. Funds with which to pay the counties and railroad were to be raised by throwing open to immediate entry, all agriculture land, under the general homestead laws, and by the sale of timber. However, the receipts from this source were barely sufficient to satisfy the railroad's claim, and there remained the United States Treasury's claim for $1,571,004 yet to be paid. It appeared that the state and the counties would have to wait for some time before receipts would be available for distribution to them.

THE STANFIELD ACT

At this time Mr. W. H. Gore became interested in the O and C lands. Mr. Gore earlier had promoted and been successful in getting Jackson county to construct through the county what is now part of the Pacific highway. Through his efforts Jackson county issued bonds to pay for the construction of the highway, as many other counties had done with the expectation that the bonds would be paid off with the tax money received from the railroads. The Chamberlain-Ferris Act proved to be a hardship upon the counties because the receipts were not as great as had been expected; this placed the counties in a very bad position. Mr. Gore, feeling responsible for this, because it was through his efforts that the bonds were issued, began a campaign to push through congress a bill, whose purpose was stated as for the relief
of certain counties in the state of Oregon and Washington, within whose boundaries the revested Oregon and California Railroad Company grant lands are located. He was successful in stirring up public opinion in Oregon for this bill and he then personally lobbied in Washington. The bill was introduced by Senator Stanfield of Oregon and was passed by Congress on July 13, 1926. This bill provided that the Treasurer of the United States should pay to these Oregon counties amounts of money equal to the taxes that would have been accrued against the O and C lands for the eleven years.

AN ACT FOR THE ADMINISTRATION OF THE O & C LANDS

On August 28, 1937, Congress passed a bill providing for the administration of the O & C land grants. As a result of this bill, a committee of experts were appointed to establish a standard set of forest rules and regulations. The men who served upon this committee consisted of E. P. Rand of the United States Land Office, Lee Muck, former chief forester of the Indian service, and W. H. Horning, formerly a special investigator in the Department of Interior. The rules and regulations which they established have been printed in a bulletin and are included in the appendix of this thesis.

THE ADMINISTRATION ORGANIZATION

As a result of this act of Congress, the administration of these lands was systematically organized. As an executive head of the O & C lands, Mr. W. H. Horning was appointed as chief forester. Two senior foresters who are in charge of
the sale and operation of the timber lands were appointed as his immediate subordinates. Under the direction of these two men are the chief clerk, cruisers, engineers, the director of civilian conservation camps, land survey crews, and three district rangers and their assistants. These district rangers are located in Eugene, Roseburg, and Medford, and have charge of the sale and administration of the land in their districts.

The O and C Administration plan to start a field survey of their approximately three and a half million acres of land to determine which of these lands are suitable for timber management and which for agricultural development.

SUSTAINED YIELD PLANNED

These lands are to be subdivided into sustained yield units where it is deemed advisable by the Secretary of the Interior, so that there will be a perpetual supply of raw material for the people of Oregon. The timber on these units are to be sold to the private logging industries, but the cutting of the timber will be so regulated that the forests will reseed themselves, thus producing a sustained yield forest. These units will be subject to selective logging practices so that our intolerant species, such as Ponderosa Pine, will be conserved; the areas containing our tolerant species of trees, however, will be logged by private concerns under the regulations of the O and C Land Organization. Selective Logging will be favored further in that the administration will encourage the cutting of
only the mature trees.

Aside from regulating the industrial aspects of the forests, the management plan to create certain intangible aspects for the benefit of the people of Oregon. The creating of recreational facilities, the provision for watershed protection, and the control of stream flow regulation have all been provided for in the act of Congress of August 28, 1937.

Though this new administration of the O and C land is relatively new, they have already received many applications for the purchase of timber and have begun to make a reality of the success of these plans.

Just what value are these plans to the logging industry of Oregon? There are, intermingled with the public lands, private forests which are still open to exploitation by the logging industries of Oregon. Since it is these companies, that must purchase the timber on the O and C lands, the administration can force the private concerns to adopt good logging methods by refusing to sell them timber unless they agree to conform to the forest rules and regulations which have been established. Thus a good percentage of our timbered lands will be of a sustained yield type of forest.

CONCLUSION

And so it came about by mere chance that the O and C lands were developed for the good of all the people of Oregon. After many big promotion schemes, many unscrupulous railroad deals, and after wandering off on many tangents and assuming many new aspects, the greatest development in
the history of forestry became a fact. All these brought to Oregon on a large scale basis the first sustained yield forest, our O and C lands.
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APPENDIX
This material has been copied from Circular 1448 published by the General Land Office of Washington under the United States Department of the Interior.

REGULATIONS AND FOREST PRACTICE RULES FOR THE SALE OF TIMBER FROM THE REVESTED OREGON AND CALIFORNIA RAILROAD AND RECONVEYED COOS BAY WAGON ROAD GRANT LANDS SITUATED IN THE STATE OF OREGON

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UNITED STATES
DEPARTMENT OF THE INTERIOR
General Land Office
Washington

I. THE ACT OF AUGUST 28, 1937 (50 Stat. 874)

Title I of the Act of August 28, 1937, entitled, "An Act Relating to the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant lands situated in the State of Oregon", provides:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any provisions in the Acts of June 9, 1916 (39Stat. 218), and February 26, 1919 (40 Stat. 1179), as amended, such portions of the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant lands as are or may hereafter come under the jurisdiction of the Department of the Interior, which have heretofore or may hereafter be classified as timberlands, and power-site lands valuable for timber, shall be managed, except as provided in section 3 hereof, for permanent forest production, and the timber thereon shall be sold, cut, and removed in conformity with the principle of sustained yield for the purpose of providing a permanent source of timber supply, protecting watersheds, regulating stream-flow, and contributing to the economic stability of local communities and industries, and providing recreational facilities; Provided, That nothing herein shall be construed to interfere with the use and development of power sites as may be authorized by law."
The annual productive capacity for such lands shall be determined and declared as promptly as possible after the passage of this Act, but until such determination and declaration are made the average annual cut therefrom shall not exceed one half billion feet board measure: Provided, That timber from said lands in an amount not less than one half billion feet board measure, or not less than the annual sustained yield capacity when the same has been determined and declared, shall be sold annually, or so much thereof as can be sold at reasonable prices on a normal market.

If the Secretary of the Interior determines that such action will facilitate sustained-yield management, he may subdivide such revested lands into sustained-yield forest units, the boundary lines of which shall be so established that a forest unit will provide, insofar as practicable, a permanent source of raw materials for the support of dependent communities and local industries of the region; but until such subdivision is made the land shall be treated as a single unit in applying the principle of sustained yield: Provided, That before the boundary lines of such forest units are established, the Department, after published notice thereof, shall hold a hearing thereon in the vicinity of such lands open to the attendance of State and local officers, representatives of dependent industries, residents, and other persons interested in the use of such lands. Due consideration shall be given to established lumbering operations in subdividing such lands when necessary to protect the economic stability of dependent communities. Timber sales from a forest unit shall be limited to the productive capacity of such unit and the Secretary is authorized, in his discretion, to reject any bids which may interfere with the sustained-yield management plan of any unit.

Sec. 2. The Secretary of the Interior is authorized, in his discretion, to make co-operative agreements with other Federal or State forest administrative agencies or with private forest owners or operators for the co-ordinated administration, with respect to time, rate, method of cutting, and sustained yield, of forest units comprising parts of revested or reconveyed lands, together with lands in private ownership or under the administration of other public agencies, when by such agreements he may be aided in accomplishing the purposes hereinbefore mentioned.
Sec. 3. The Secretary of the Interior is authorized to classify, either on application or otherwise, and restore to homestead entry, or purchase under the provisions of section 14 of the Act of June 28, 1934 (48 Stat. 1269), any of such re vested or reconveyed land which, in his judgment, is more suitable for agricultural use than for afforestation, reforestation, stream-flow protection, recreation, or other public purposes.

Any of said lands heretofore classified as agricultural may be reclassified as timber lands, if found, upon examination, to be more suitable for the production of trees than agricultural use, such reclassified timber lands to be managed for permanent forest production as herein provided.

Sec. 4. The Secretary of the Interior is authorized, in his discretion, to lease for grazing any of said re vested or reconveyed lands which may be so used without interfering with the production of timber or other purposes of this Act as stated in section 1: Provided, That all the moneys received on account of grazing leases shall be covered either into the "Oregon and California land-grant fund" or the "Coos Bay Wagon Road grant fund" in the Treasury as the location of the leased lands shall determine, and be subject to distribution as other moneys in such funds: Provided, further, That the Secretary is also authorized to formulate rules and regulations for the use, protection, improvement, and rehabilitation of such grazing lands.

Sec. 5. The Secretary of the Interior is hereby authorized to perform any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this Act into full force and effect. The Secretary of the Interior is further authorized, in formulating forest-practice rules and regulations, to consult with the Oregon State Board of Forestry, representatives of timber owners and operators on or contiguous to said re vested and reconveyed lands, and other persons or agencies interested in the use of such lands.

In formulating regulations for the protection of such timberlands against fire, the Secretary is authorized, in his discretion, to consult and advise with Federal, State, and county agencies engaged in forest-fire-protection work, and to make agreements with such agencies for the cooperative administration
of fire regulations therein: Provided, That rules and regulations for the protection of the revested lands from fire shall conform with the requirements and practices of the State of Oregon insofar as the same are consistent with the interests of the United States."

II. POLICY STATEMENT

The Act of August 28, 1937 (50 Stat. 874), is a measure providing for the conservation of land, water, forest and forage on a permanent basis, the prudent utilization of these resources for the purposes to which they are best adapted, and the realization of the highest current income consistent with undiminished future returns. Title I of the Act seeks through application of the principles of sustained yield management to provide perpetual forests which will serve as a secure foundation for continuing industry and permanent communities. The Act also provides for the flow of a full measure of the benefits produced by a well managed forest to the people of the region in which the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant lands are situated.

Proceeding in accordance with the requirements of the Act, it will be the policy of the Department of the Interior to restrict the cutting of the timber on the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant lands to a total volume of 500,000,000 feet B. M. per annum pending an intensive examination of the property, the determination of the productive capacity of the land, and
the formulation of a detailed forest working plan. It will further be the policy of the Department to direct such cutting under rules of forest practice providing for partial or selective logging in its various forms of tree, group and area selection. Tree selection will be required in stands of Ponderosa Pine and other intolerant species, and group and area selections will be favored in Douglas Fir and the more tolerant species. There are many different ways in which selective cutting may be applied and a reasonable degree of discretion will be permitted field officers in the exercise of their judgment in prescribing the method or methods to be applied to a given sale unit. However, destructive methods which may tend to prevent an early restocking of the area under development are not authorized by the Act of August 28, 1937, and will not be permitted.

Prompt reforestation, following cutting of timber, so that the land may be kept continuously productive and to the end that the sustained yield of timber products may be maintained at a high level will be among the principal objectives of management.

Short term sales of restricted quantities of timber will be favored during the formulation of the detailed working plan, the division of the area into sustained yield forest units, and the development of co-operative agreements with operators, private timber owners and State and Federal agencies. During this period the quantities of
timber offered for sale will be sufficient to supply the normal needs of industry and to keep labor employed. Consideration will be given to the requirements of established operations to avoid unnecessary interference with their normal plans of development. However, contracts extending over periods of more than three years will not ordinarily be approved prior to the placing of the area under a permanent plan of management.

The property as a whole will ultimately be subdivided into local sustained yield units, after making a careful study of the economic factors which must be weighed before the definite establishment of such units and after consultation with the local and State interests which are involved. The allocation of timber to particular units will be carried out as fairly and equitably as possible, giving full consideration to existing operations and the policy of stabilizing and perpetuating substantial dependent communities. Cutting will be encouraged in and directed toward mature and overmature Douglas Fir stands and will be discouraged in young thrifty types that show a high current increment.

The Act refers to certain secondary benefits of the forest which are to be conserved by the new plan of management. It requires that the management practices employed shall provide agricultural opportunities, recreational facilities, watershed protection, and stream-flow regulation.

In compliance with this mandate, all lands classified for continuous timber production shall be so managed as to
maintain or restore on them the best obtainable forest cover, to the end that soil may be protected from erosion, rainfall stored and its run-off retarded, floods avoided and the landscape kept green and attractive. In furtherance of this policy and in order to furnish recreational facilities, scenic strips of merchantable timber may be reserved adjacent to public roads, along stream courses and surrounding lakes.

When reservations of this character are made they shall be of such form and extent as to minimize the danger of damage due to storms or other natural causes. They shall be so planned as to avoid unnecessary interference with the normal and proper conduct of logging operations on adjacent lands. Dead and dying and overmature trees may be selectively cut and removed from the reserved stands where this can be accomplished economically and without serious damage to recreational values.

Land shall be classified for agricultural use only where conditions indicate the probability of a permanent agriculture of better than marginal economy.

Grazing under regulation is authorized where it will not interfere with the attainment of the principal goal of forest management, namely, a high sustained yield of commercial timber from all areas classified as permanent forest land.
III. REGULATIONS GOVERNING THE SALE OF TIMBER

1. Applications for the Purchase of Timber:
Applications for the purchase of timber from the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant lands under authority of the Act of August 28, 1937, should be made in writing to the Chief Forester, O. & C. Lands at Portland, Oregon, on forms provided therefor. Upon the receipt of applications for purchase the Chief Forester will conduct an investigation of the timber applied for and if the sale as proposed meets with the requirements of the Act of August 28, 1937, that officer will authorize the advertisement of the timber or recommend such advertisement to the Commissioner of the General Land Office or the Secretary of the Interior, as provided in these regulations. Offerings of timber for sale may also be made from time to time without the receipt of application when in the judgment of the Department such action is necessary to effective management.

2. Qualifications of Purchasers: Limitations on Sales:
No sale will be made for less than the appraised price and the right to purchase at any sale will be limited, in accordance with law, to citizens of the United States, associations of such citizens, and corporations organized under the laws of the United States, or any State, Territory, or district thereof. Native born citizens will be required to file an affidavit to that effect in connection with the first
purchase, and naturalized citizens will be required to furnish either the original certificate of naturalization or duly certified or attested copy thereof, which copy, if of a certificate of naturalization issued after September 26, 1906, must be on the form prescribed by the Bureau of Naturalization. Corporations will be required to furnish either the original certificate of incorporation, or a duly certified or attested copy thereof. A corporation organized outside of the State of Oregon must also show by a certificate by a proper State official that it has been authorized to do business within the State of Oregon.

3. Examination and Report: Before any timber is advertised or sold it shall be examined and appraised by the Chief Forester or his representative, and a complete report covering the sale area filed with the officer who is to approve the sale. The report should consist of a description of the area, an estimate of the volume to be removed, an appraisal of the value of the timber by species, the plan of development best adapted to the area, the cost of development, the investment required, and the market value of the products manufactured from the timber.

The report should also include details with respect to the silvicultural practice to be followed, plans for brush disposal, fire protection and any special considerations which should be incorporated in the contract in protection of the interest of the United States. The report should be
accompanied by a copy of the form of advertisement to be used, a copy of the proposed contract and bond, and a map of the sale area.

4. Advertisement of Sales: All sales of timber of a stumpage value in excess of $100 shall be made only after due advertisement and under sealed bids, and each advertisement must be approved by the officer who will approve the contract. If the stumpage value of the timber offered does not exceed $2,000, the advertisement may be made in a newspaper or by posters and circular letters. If the stumpage value exceeds $2,000 the advertisement must be made in at least one newspaper of general circulation in the locality where the timber is situated. For sales in which the stumpage value of the timber does not exceed $10,000 the advertisement shall be for not less than two weeks; for sales exceeding $10,000 but not over $100,000 not less than four weeks, and for all sales exceeding $100,000 not less than eight weeks.

5. Deposits with Bids: Cash deposits shall be submitted with each proposal for the purchase of timber from the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant lands. Such deposits shall be at least 20 per cent of any estimated stumpage value which is less than $1,000; at least 10 percent of any estimated stumpage value between $1,000 and $10,000; at least 5 per cent of any estimated stumpage value between $10,000 and $100,000; and at least 3 per cent of any estimated stumpage
value exceeding $100,000. Every deposit must be made in cash or in the form of a duly certified check on a solvent national bank, drawn payable to the order of the Chief Forester of the O. & C. Lands. Deposits with bids are required as a guarantee of good faith, and when a bond is not executed the deposit of the successful bidder will be retained until the contract is completed. In the final settlement the deposit will be credited as a portion of the whole amount due for the timber purchased and any balance returned, provided the Purchaser has faithfully performed the terms of the contract. If a bond is furnished and accepted, the deposit will be credited as a first installment in the payment for the timber. Checks of unsuccessful bidders will be returned upon the award of the bid.

6. Acceptance and Rejection of Bids: Under ordinary circumstances the high bid received in connection with any advertisement issued under authority of these regulations will be accepted. However, the officer authorized to approve the contract shall have the right to reject the high bid and readvertise if he considers the high bidder to be unqualified to fulfill the contractual requirements of the advertisement. The right is also reserved to reject any bids which may interfere with the sustained yield management plan of any sustained yield unit.

7. Financial Position of Purchasers: In all sales in excess of $5,000, and in smaller sales when necessary, the successful bidder will be required, prior to the award of
the timber, to submit a complete financial statement of his ability to fulfill the terms of the contract. Additional information with respect to the ability of the bidder to perform the contract, inclusive of data covering plant and equipment, etc., may be required before the award of the bid, in the discretion of the officer approving the contract.

8. Contracts: Every timber sale contract shall be a clear statement of the obligations of the purchaser and of the Government. As a matter of convenience a standard form of timber contract has been provided and all sales of timber having a stumpage value in excess of $100 will be consummated through the use of the standard form, unless a special form for a particular sale is approved by the Secretary of the Interior. The standard form provides for a reasonable degree of flexibility to meet variable conditions and no essential departure from the fundamental requirements thereof may be authorized, except with the approval of the Secretary. The Forest Practice Rules which have been incorporated in and made a part of these regulations shall be attached to and made a part of each timber sale contract.

All contracts should be executed in quadruplicate by the parties in interest. In connection with contracts approved by the Chief Forester, C. & O. Lands, that officer will sign as both party of the first part and as the approving officer. A copy of such contract, together with a complete report covering the essential facts in connection
therewith, should be submitted to the Commissioner of the General Land Office for examination and filing. In contracts requiring the approval of the Commissioner of the General Land Office or the Secretary of the Interior, the Chief Forester, O. & C. Lands, will sign as the party of the first part, and all copies thereof, together with a report and a recommendation, will be submitted to the approving officer for final action.

9. **Bonds:** In sales of timber in which the value of the stumpage does not exceed $5,000 the initial deposit may be retained as a cash bond until the contract is completed. In sales of timber in which the stumpage value exceeds $5,000 but is not over $10,000 a bond of approximately 20 per cent of the value of the timber will be required. In sales of timber in which the stumpage value exceeds $10,000 but is not over $100,000 a bond in an amount of approximately 10 per cent of the estimated value of the timber will be required and in sales in which the stumpage value exceeds $100,000, a bond will be required in an amount to be fixed by the Secretary of the Interior. Ordinarily corporate surety bonds will be required. However, if personal sureties are furnished in lieu thereof, such sureties will be accepted and the bond approved only upon a clear showing by the principals and the bondsmen that they are fully capable of carrying out the terms of the agreement.

10. **Approval of Contracts and Bonds:** Contracts covering sales of timber having a stumpage value of $25,000 or less
may be approved by the Chief Forester, O. & C. Lands. Contracts covering sales of timber having a stumpage value between $25,000 and $50,000 will be approved by the Commissioner of the General Land Office. Contracts covering sales in which the stumpage value exceeds $50,000 shall be made only with the express approval of the Secretary of the Interior. Bonds guaranteeing the faithful performance of contracts shall be approved by the officer approving the contracts.

11. Payments for Timber: Payments for timber shall be required in advance of cutting, either as a single payment or in the form of installments. In sales having a stumpage value of not more than $1,000 payment will ordinarily be required in full before cutting is started. In sales of timber having a stumpage value of $1,000 to $5,000 payment shall be made in installments of not less than $1,000 each; in sales of from $5,000 to $25,000 in installments of not less than $2,500 each; and in sales of from $25,000 to $100,000 in installments of not less than $5,000 each; provided that the last installment on any sale may be in an amount equal to the balance due and payable thereon. In sales in which the stumpage value is in excess of $100,000 the amount of the installments shall be determined at the time such sales are authorized; provided that the amount so fixed shall not be less than $5,000 for each installment.
12. **Time for Cutting and Removal of Timber:** The maximum periods which shall be allowed for the cutting and removal of timber after the date the contract has been approved shall be as follows: For sales having a stumpage value of from $1,000 to $5,000, two years; for sales of timber having a stumpage value of $5,000 to $10,000, three years; for sales over $10,000 but not exceeding $25,000, five years; and for sales exceeding $25,000 the number of years to be fixed by the Commissioner of the General Land Office or the Secretary of the Interior at the time such sales are authorized.

13. **Reappraisals:** Timber sale contracts of more than five years' duration will provide for the redetermination of stumpage prices after reappraisal at stipulated intervals. Ordinarily reappraisals will be made and new rates established by the Secretary every three years subsequent to the year in which cutting operations are initiated. Special contract forms similar to the standard form but inclusive of a reappraisal clause will be formulated and approved by the Secretary for all sales of more than five years' duration.

14. **Timber Cutting Permits:** All timber cutting which is not done under formal contract may be authorized on the standard permit form. The permit form has been devised as a convenience in meeting the requirements of homesteaders, ranchers and local persons for limited quantities of timber for domestic, agricultural and grazing purposes. It should not be used as a substitute for the regular contract form.
The maximum value of the stumpage which may be cut under permit in one year by any individual shall not exceed $100. Permits for the cutting of dead and down timber or for stand improvement may be issued by O. & C. officers without charge. However, a reasonable charge should be made for such merchantable timber as may be authorized for cutting under permit.

15. **Measurement of Products:** All living timber cut under authority of the standard form of contract or permit provided for herein shall be marked or otherwise designated by an authorized officer of the General Land Office. Timber shall be paid for on the basis of the cruised volume which, in group and area selection, will be determined in the accepted commercial manner, and in tree selection, will be determined by individual tree scale.

In view of the scattered location of a large part of the revested Oregon and California Railroad and conveyed Coos Bay Wagon Road grant lands the determination of volume by cruising or tree measurement will be more or less generally applied.

On comparatively large timber sales when the regular method of log scaling is practicable of application this method may be used since it insures a higher degree of accuracy than does cruising or the tree measurement method. The Scribner Decimal C log rule shall be used on all sales where logs are scaled after the timber is cut, and this rule shall be the basis of volume determination in cruising or
tree measurement.

16. Records and Reports: A complete record of timber sale activities shall be maintained in the Office of the Chief Forester, O. & C. Lands at Portland, Oregon, and that officer shall make monthly and annual reports to the Commissioner of the General Land Office concerning all details of administration.

The field record of timber sales shall consist of scale books, scale reports and a register of scale reports showing the volume scaled or measured on each sale unit, the payments received therefor and the disposition of the moneys so received.

Progress reports of the timber scaled or measured in each unit under development should be mailed each month to the Commissioner of the General Land Office, together with a summary of all sales and an analysis of the cost of administration. At the close of the fiscal year a detailed annual report must be rendered to the Commissioner by the Chief Forester, O. & C. Lands. This report should include a summary of the business conducted during the year, an analysis of the cost of administration, a detailed budget setup of administrative requirements and a complete statement of the progress achieved in connection with the formulation of a permanent forest working plan for the property.

17. Acquisition of Rights of Way: The procedure governing the filing of applications and the granting of rights of way over public domain land under the various
rights of way acts will be followed with respect to
rights of way over the revested and reconveyed lands;
provided, a sum sufficient to cover the estimated damage
shall be deposited with the Chief Forester prior to con-
struction, and provided further, that suitable stipulations
will be required in connection with the granting of all
rights of way for the protection of the various conserva-
tion measures contemplated by law.

IV. FOREST PRACTICE RULES AND GENERAL
CONTRACT STIPULATIONS

The following forest practice rules and general con-
tract stipulations are hereby prescribed for use in all
contracts for the sale of timber from revested Oregon and
California Railroad and reconveyed Coos Bay Wagon Road
grant lands situated in the State of Oregon, except as
special provision shall be made by the Secretary of the
Interior with respect to particular sales.

18. Definitions: The word "Chief Forester" as used
in these forest practice rules and contract stipulations
signifies the Chief Forester, O. & C. Lands. His office
and principal place of business shall be in the City of
Portland, Oregon.

The term "officer in charge" whenever used in these
stipulations signifies the forest officer of highest rank
assigned to the administration of timber sales within the
District in which the sale is located, or such other
officer as may be designated by the Chief Forester to
supervise the sale.
Foresters, logging engineers, log scalers and other officers authorized to administer timber sales will be appointed by the Secretary of the Interior and receive their instructions from the Chief Forester or the officer in charge.

19. **Basis of Sale:** Timber shall be sold on the basis of cruise, tree scale or log scale, and no timber except that necessary for improvements or that which interferes with the economical conduct of a logging enterprise shall be cut unless it has been marked or designated in advance by the officer in charge. Where volumes are determined on the basis of a scale of the standing trees, such volumes shall be checked for accuracy by a periodic scaling of the logs on sample areas. The purchaser shall be permitted to witness such check scaling. Where the volume is determined by log measurement the Scribner Decimal C log rule will be used in scaling the logs.

20. **Deposits:** Cash deposits in advance of cutting will be required as stipulated in the contract. The title to standing timber or forest products covered by the contract will not pass to the purchaser until such timber or products are paid for. If at any time the stumpage value of the timber cut and unpaid for shall approach or equal the total amount then on deposit, an additional advance deposit shall be required.

21. **Logging areas designated by:** The priority of areas to be logged, when economically feasible, may be designated
by the officer in charge if such action is necessary to prevent deterioration from fire, insects or disease, and to fully protect the interests of the United States.

22. **Selective Logging:** The logging of areas in such manner as to preserve a part of the merchantable timber, promote the growth of young trees, or preserve the forest cover, shall be practiced on all lands chiefly valuable for the production of timber. The general plan of selective logging to be followed may take any of the various forms of tree selection, group selection or area selection, or combinations thereof, which in the judgment of the Chief Forester will assure the successful conservation and protection of the resources under development.

23. **Reservations for Public Purposes:** In the discretion of the officer in charge, a strip of suitable width on each side of lakes, streams, roads, and trails and in the vicinity of camping places and recreation grounds may be reserved, in which little or no cutting will be allowed. In carrying out the selective cutting in these areas all reasonable care shall be taken to avoid injury to the remaining standing timber. Within these reserved areas trees shall be felled in such manner as to leave the right of way, streams and lake shores free from slash deposits.

24. **Protection of Young Growth:** The young growth shall be protected as fully as possible in every branch of the logging operations and its use in the construction of improvements may be restricted by the officer in charge.
25. **Fire Code:** Section 5 of the Act of August 28, 1937, provides in part, "That rules and regulations for the protection of the revested lands from fire shall conform with the requirements and practices of the State of Oregon insofar as the same are consistent with the interests of the United States", and proceeding in accordance therewith, contractors will be required to comply with applicable provisions of the State fire code, as well as the following:

(a) The slash resulting from logging operations shall be burned only under written permit from the Chief Forester acting in co-operation with the State Forester. In the Douglas fir type on areas logged in the group or area selection manner the burning of slash, where required, shall be carried out in accordance with the best and safest practices recognized in the "Forest Practice Handbook" of the Pacific Northwest Loggers and the West Coast Lumbermen's Associations. Adequate special protection shall be given to all reserved timber. Proper fire trails shall be constructed as required by the Chief Forester where necessary in advance of slash burning to protect green timber areas, islands of immature timber and previously logged areas that have been cleared of slash. Where the tree selection method of logging is used special methods economically possible shall be worked out by the Chief Forester in co-operation with the State Forester and the purchaser. In the Ponderosa pine type slash disposal shall be carried out in accordance with the Rules of Forest Practice (Oregon) of the Western Pine Association. Special provisions may be developed by the Chief Forester in co-operation with the State Forester and the purchaser.

(b) Smoking and lunch fires shall be restricted during periods of fire hazard and shall be permitted only in especially prepared places.

(c) The contractor shall be required to stop logging operations in especially hazardous fire weather upon request from the Chief Forester.
26. **Responsibility for Damage**: The contractor shall be held accountable for any damage to virgin timber, reserve stands or young growth, occurring as a result of slash burning or other fires originating on the sale area or adjacent lands and shall be required to pay for such damage on the basis of an appraisal to be conducted by the Chief Forester; provided the Purchaser, his subcontractors or employees are directly or indirectly responsible for the origin or spread of the fire.

27. **Sales**: Rights of way: Other sales within a sale area may be made of products and kinds of timber not sold under a previous sale, provided such sales will not, in the judgment of the officer having authority to make such sale, interfere with the operations of the previous purchaser. The previous purchaser shall not be held liable for any damage by fire or other causes for which such additional purchasers are directly or indirectly responsible. Rights of way may be granted through portions of the sale area during the contract period, provided they do not interfere with the operations of the previous purchaser.

28. **Firewood: Improvements**: As far as possible only unmerchantable timber other than young growth shall be used for firewood and improvements, and material so used will not be charged to the Purchaser. Wood and improvements taken from merchantable material will be scaled or measured, charged, and paid for at its appraised value.
29. **Stumps**: Stumps will be cut low so as to avoid unnecessary waste.

30. **Waste**: Unnecessary waste of merchantable timber not previously paid for in high stumps, butts, tops, breaks, skids, and partially sound logs and all trees designated for logging which are not logged and all trees which are left felled or lodged or badly damaged by the logging operations will be scaled for their merchantable contents and charged against the Purchaser.

31. **Carelessness**: Breakage: Carelessness on the part of fellers or other employees of the Purchaser that results in unnecessary breaking of trees not previously cruised or scaled will be penalized by scaling such trees full as if they had not been broken.

32. **Sanitation**: The vicinity of logging camps and stables will be kept in a clean and sanitary condition, and rubbish will be removed and properly burned or buried during the occupancy and upon the removal of the camps and stables.

33. **Pollution**: Obstruction of Streams: Streams shall not be obstructed by felled trees or otherwise, nor shall they be polluted by sawdust, manure, or any other refuse from a camp or mill.

34. **Utility Facilities**: Existing telephone lines, fences, roads, trails, and other improvements shall be protected as far as possible in the logging operations, and whenever they are broken or obstructed the Purchaser shall
promptly repair the damage. If he fails to make the repairs promptly, the officer in charge may make the repairs and purchasers may be charged with double the expense thereof.

35. **Necessary Improvements:** Improvements necessary to execute his contracts, such as camps, sawmills, railroads, roads, telephone lines, chutes, bridges, sluices, and dams may be constructed and maintained by the Purchaser on and across the contracted area, subject to regulation by the Commissioner of the General Land Office.

36. **Existing Improvements:** Improvements already on the area which are necessary for logging purposes may be used by the Purchaser, subject to regulation by the Commissioner of the General Land Office.

37. **Time for Removal of Improvements:** The time limit for the removal of the improvements and other property of the Purchaser is one year after the expiration of the contract. After that time the title to improvements, including camps, will attach to the land, and no personal property of the purchaser will thereafter be removed except with the written consent of the officer in charge; Provided, That improvements necessary for the logging of other O. & C. timber may be left for such time and on such terms as may be prescribed by the Commissioner of the General Land Office.

38. **Extension of Time:** Extension of time for the performance of any contract may be granted the Purchaser by the officer approving the contract, in his discretion and subject to such conditions as he may impose.
39. **Extension of Time Denied**: If extension of time to cut and remove the timber is not granted by the officer approving a contract, the Purchaser shall not cut timber after the expiration of the contract, but he may remove the timber previously cut and paid for, within one year of the expiration of the contract. If not removed within the time allowed, the title will revert to the United States notwithstanding the Purchaser may have paid for the timber.

40. **Assignments by Purchaser**: Assignment of any contract in whole or in part by the Purchaser will not relieve him of his contract obligations unless the assignment is approved by the officer approving the contract and the bond is satisfactorily renewed.

41. **Records: Reports**: The Purchaser shall furnish the Chief Forester annually on forms provided therefor, a report of the amount of lumber sold and the average grade prices received f.o.b. the mill during the preceding year; the amount of ties and timber sold, with average price per M; and the amount of by-products sold and the total receipts for the same, and such other information as may be requested. These reports will be regarded as confidential.

42. **Suspension of Operations**: When: Suspension of the Purchaser's operations may be made by the Chief Forester after due notice if any requirements of the contract and of these stipulations are disregarded and until there is satisfactory compliance. Failure to comply with any one of the requirements of the contract after written notice addressed
to the Purchaser by the officer in charge will be ground for revocation by the officer approving the contract of all rights of the Purchaser under this and other contracts, and the forfeiture of his bond and of all moneys paid, and the Purchaser will be liable for all damage resulting from his breach of contract.

43. Appeal: An appeal as provided by the Rules of Practice of the Department of the Interior may be taken to the Commissioner of the General Land Office and Secretary of the Interior from the final decision of the Chief Forester or his staff.

44. Bond unsatisfactory: Whenever any bond furnished to guarantee obligations under a sale shall be unsatisfactory to the officer approving the sale he may require a new bond which shall be satisfactory to him.

45. Default: Wilful failure of the Purchaser to complete his contract or to log as promptly as economically possible an area damaged by fire, wind, insects, or other causes, or the commission by him of any act for which the officer approving his contract shall declare the contract forfeited, will render the Purchaser and his bondsmen liable for the depreciation in the value of the remaining timber on an estimate of value and quantity to be made under the direction of the officer approving this contract.

46. Persons Excluded: No member of or delegate to Congress shall be admitted to any share, part, or interest in any contract, or to any benefit derived therefrom (see
Secs. 114 and 116, Act of March 4, 1909, entitled "An Act to codify, revise and amend the penal laws of the United States," 35 Stats. L., 1088, 1109, and no person undergoing a sentence of imprisonment at hard labor shall be employed in carrying out any contract (see Executive Order of May 18, 1905).

47. **Forms:** Forms for application, bid, contract, and bond heretofore approved by the Secretary of the Interior will be made available through the commissioner of the General Land Office.

48. These regulations shall be effective and operative sixty days from the date of approval.

(Sgd) Fred W. Johnson,
Commissioner.

Approved: July 7, 1938
(Sgd) Harold L. Ickes,
Secretary of the Interior.