

# Oregon and California Railroad To Hugo, Oregon

For Hugo History Day XI  
June 4, 2011

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Hugo Neighborhood Association & Historical Society



The Oregon and California Railroad was formed from the Oregon Central Railroad when it was the first to operate a 20-mile stretch south of Portland in 1869. This qualified the railroad for land grants in California, whereupon the name of the railroad soon changed to Oregon & California Rail Road Company. In 1883, the line was completed to Hugo, Oregon and in 1887, the line was completed over the Siskiyou Summit, the same year the Southern Pacific Railroad assumed control of the railroad, although it was not officially sold to Southern Pacific until January 3, 1927.

**GRANT OF PUBLIC LANDS** During the nineteenth century, the U.S. government promoted a national policy of settlement and development of the West, primarily by granting land to companies in exchange for building wagon roads, railroads, and other public purpose construction. Railroad companies were then required to sell the granted land to settlers to generate revenue to pay railroad construction costs. By the end of the Civil War, the United States had granted 130 million acres of land west of the Mississippi to a few private companies.



**In 1866 Congress established a land grant (Act of July 25, 1866, ch. 242, § 1, 14 Stat. 239, 239) to build a railroad from the valleys of northern California to Portland, Oregon,** leaving the Oregon Legislature to designate a company to do the Oregon work. It granted twenty alternate sections of public land per mile of railroad construction from Portland to the Central Pacific connection. Since no company was named in the bill for

the Oregon portion of the line, it was then up to the Oregon Legislature to designate the company which would receive the land grant. Congress later changed the law which established that the first railroad to complete and operate 20 miles of railroad southwest from Portland, Oregon would be the railroad to receive the land grant.

In 1869, a controversy between two competing Oregon railroads necessitated a congressional amendment to the 1866 grant. By that time, the fever to fund railroads to aid in westward expansion had cooled considerably. The public lands committees of Congress used the amendment (**Act of April 10, 1869 - 16 Stat. 47**) as an opportunity to reflect their greater concern for the national interest and “paramount interest of homesteaders.”

Congress added three new conditions with the Act of 1869:

1. the railroad companies could sell the granted lands to “actual settlers only,”
2. in quantities no greater than one-quarter section per purchaser, and
3. for not more than \$2.50 per acre.

Around the same time, the two Oregon railroad companies merged and became the Oregon and California Railroad Company (O&C Railroad Company). Throughout the 1870s and into the early 1880s, the company encountered constant financial difficulties; it frequently suspended construction, once entered receivership, and ultimately was absorbed by the Southern Pacific Railway Company. One of the causes of financial stress was the railroad’s inability to sell its granted land. The 1869 legislation assumed the grant lands would be marketable at the going rates for agricultural land—\$2.50 per acre—but in fact, the steep, heavily forested lands were unsuited for agriculture.

By the time construction was completed to the California border in 1887, the O&C Railroad Company had earned 3,728,000 acres of grant land. Yet by 1890, it had sold only 300,000 acres. Because the market for land was poor, the O&C Railroad Company did not bring most of its acreage to patent. This left more than 3 million unpatented acres for which the counties received no taxes and which the O&C Railroad Company held at very little cost.

The railroad’s financial prospects changed with the Oregon timber boom. By the end of the nineteenth century, the timber industry depleted the Great Lakes timber resources. Timber cruisers from the former “northwest” of Minnesota, Michigan, and Wisconsin were drawn to the new Northwest by reports of “simply prodigious” and “inexhaustible” amounts of timber. Soon, Weyerhaeuser and other Great Lakes firms entered the Pacific Northwest. In the 1890s, the price of timbered O&C lands rose as high as \$40 per acre, inflated by new legislation authorizing the President to reserve public domain land for forest conservation purposes.



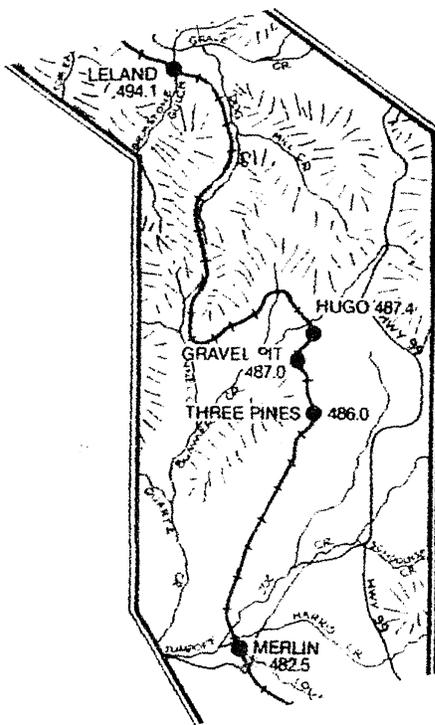
*O & C Railroad's "Old Betsy": ca., 1900*

The sales that followed grossly violated the 1869 Homestead Act’s conditions: land was sold to timber companies for well over \$2.50 per acre, often in huge tracts, and the timber firms certainly were not “actual” settlers. By 1903, Southern Pacific Railway (through the O&C Railroad Company) had sold 813,000 acres, and about 84% of the acreage sold violated the 1869 Act.

In 1902, Southern Pacific withdrew all its lands from sale. Because the timber boom was far from over, most Oregonians believed that the railroad company actually was hedging against expected further price increases, which only added to Oregonians’ distrust of the railroads. Oregon had become a leader in the Progressive movement, built on defending the “little” people against monopolistic corporations. Already unpopular in Oregon for their tax-avoidance techniques, the railroads were a natural target for Progressives. When the Portland *Oregonian*

rediscovered the 1869 “actual settlers” clause, it set off a campaign against the railroads. Around the same time, President Roosevelt initiated land-fraud investigations in Oregon and uncovered several decades of falsified records, bribery, and other illegal actions regarding Oregon’s public domain timber. More than a thousand people were eventually indicted in the investigations.

In response to these events, the Oregon Legislature pushed hard for Congress to ensure compliance with the terms of the 1869 grant. In 1908, Congress authorized the Attorney General to institute a forfeiture suit for the O&C Railroad Company’s breach of the terms of its contract with the federal government. In 1911, the Circuit Court for the District of Oregon held that the railroad company forfeited the contract set out in the 1866 Act by not following the conditions subsequent of the 1869 Act. Upon this judgment, the O&C Railroad Company filed an appeal and stopped paying county taxes on its remaining holdings. Five years later, the U.S. Supreme Court reversed the judgment, holding that the contract was not forfeited because the 1869 conditions were not conditions subsequent. The Supreme Court enjoined the railroad from further violating the terms of the 1869 conditions or disposing of its land in any way until Congress provided legislation to solve the problem.



*Hugo Depot (Mile Post 487.4)*

Applying the law in 1925, the Oregon District Court determined that the federal government owed the railroad at least \$4,077,478.35 at the time of revestment.

Congress’ solution was the **1916 Chamberlain-Ferris Act**, revesting ownership of unsold O & C lands in the federal government. The Act required the Secretary of the Interior to classify the O & C lands into three categories: 1. timberlands (land with at least 300,000 board feet of timber per 40-acre tract), 2. power-site lands (water power), and 3. agricultural lands (all land not in the other two categories). The DOI was required to sell the timber “as rapidly as reasonable prices [could] be secured therefor in a normal market.” The federal government would pay the O&C Railroad for the revested land, but only at \$2.50 per acre and less the amount of money already received for grant lands, including unpaid taxes. The balance would be paid from the revenue generated by O & C timber sales. After the O & C Railroad was paid in full and the U.S. Treasury was reimbursed for the county taxes it had paid on behalf of the O & C Railroad, 25% of revenue would go to the State treasurer, 25% to county treasurers, 40% to a Reclamation Act fund, and

In all, the O & C Railroad received grants in the 1860s to 3,728,000 acres of land in western Oregon in exchange for the construction of a railroad from Portland to the California border, on the grounds that the development of such a line was in the public interest. Under the provisions of the federal grant, as construction progressed, the O & C Railroad earned the right to sections of land in strips 20 miles wide on alternating sides of the constructed tracks. The public lands transferred to the company created a checkerboard pattern. The railroad was required by Congress to offer the grant lands for sale to "actual settlers," in parcels no greater than 160 acres, and at prices limited to a maximum of \$2.50 per acre. The purpose of these restrictions was to encourage settlement and economic development, while compensating the O & C Railroad for its costs of construction. Construction efforts were sporadic, finally reaching completion in 1887 after the financially troubled O & C Railroad was acquired by the Southern Pacific.



*Southern Pacific Railroad At Hugo, Oregon: 1916*

**O & C DEVELOPMENT TIME LINE** Congress granted lands to the Oregon & California (O & C) Railroad to help finance construction of a railroad from Portland, Oregon to the California border. The line was developed from Portland, Oregon south to the Oregon-California border from 1869 - 1887.

- 1869 Portland to 20-mile stretch south of Portland in 1869.**  
Oregon City in 1869.
- 1870** Salem depot on October 11 in time for the Oregon State Fair.  
Albany on December 25, 1870.
- 1871** To Harrisburg, June 25, 1871.  
Eugene on October 15, 1871.
- 1872** Roseburg December 3, 1872.
- 1881** Construction of the O & C was resumed from Roseburg in June 1881.
- 1883** Trains were operated to Glendale May 13, 1883.  
Tunnel No. 9 July 4, 1883.  
**Gravel Pit Station/Hugo July 1881.**  
Grants Pass December 2, 1883.
- 1884** Medford to Phoenix, February 25, 1884.  
Ashland, May 4, 1884.
- 1887 Oregon California Border June 1, 1887.**  
"Last spike" ceremony on December 17, 1887.

**DETAILED O & C DEVELOPMENT TIME LINE** Congress granted lands to the Oregon & California (O & C) Railroad to help finance construction of a railroad from Portland, Oregon to the California border.

**1853** The 1853-54 Oregon Legislative session granted charters to four railroad companies, including the Oregon and California Railroad Company.

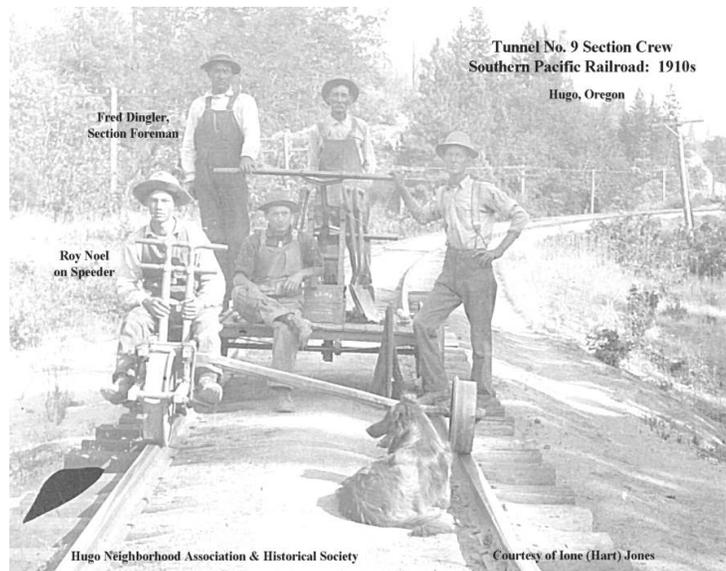
**1850s** Many proposals for railroad construction had been voiced in northern Oregon in the 1850s. However, no real efforts followed any of these proposals centered around the principal debaters for railroad construction, the Eastside and Westside groups which were split along geographic lines by the Willamette River.

**1863** The first proposal to build a railroad in Oregon, which was actually followed by continuous efforts to organize, was made by interests from Jacksonville in October of 1863. California & Oregon Railroad Company temporarily organized in 1863 to build to Portland, Oregon. Joseph Gaston promoted subscriptions in the Jacksonville area to help pay for a railroad survey.

**1863 - 1869** The "First Transcontinental Railroad" (known originally as the "Pacific Railroad" and later as the "Overland Route") was a railroad line built in the United States of America between 1863 and 1869 by the Central Pacific Railroad of California and the Union Pacific Railroad that connected its statutory Eastern terminus at Council Bluffs, Iowa/Omaha, Nebraska (via Ogden, Utah, and Sacramento, California) with the Pacific Ocean at Oakland, California on the eastern shore of San Francisco Bay opposite San Francisco.

By linking with the existing railway network of the Eastern United States, the road thus connected the Atlantic and Pacific coasts of the United States by rail for the first time. The construction and operation of the line was authorized by the Pacific Railroad Acts of 1862 and 1864 during the American Civil War. The Congress supported it with 30-year U.S. government bonds and extensive land grants of government-owned land. Completion of the railroad was the culmination of a decades-long movement to build such a line. It was one of the crowning achievements in the crossing of plains and high mountains westward by the Union Pacific and eastward by the Central Pacific. Opened for through traffic on May 10, 1869, with the driving of the "Last Spike" at Promontory Summit, Utah, the road established a mechanized transcontinental transportation network that revolutionized the population and economy of the American West.

**1864** The railroad survey was completed from the Oregon-California to Portland in 1864.

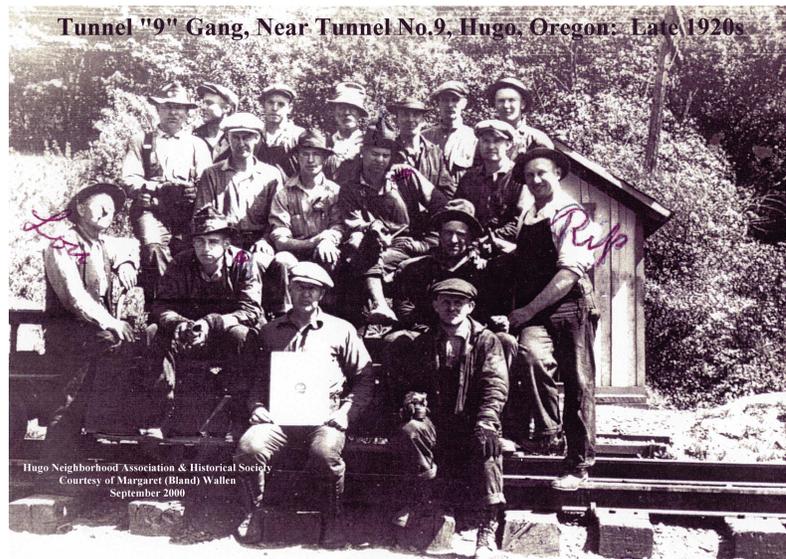


*Southern Pacific Railroad's Hugo Section Gang: 1910s*

- 1865** California & Oregon Railroad Company incorporated June 30, 1865 to build to Portland.
- 1866** Congressional Act of July 25, 1866 (14 Stat.239).
- 1868** The Oregon faction split into two rival groups: the Eastside and Westside groups. Each took the identical name of Oregon Central Railroad Company and each broke ground at Portland in April, 1868.
- 1869** Ben Holladay, a transportation magnate, with a large supply of cash took over the Eastside group. The Oregon and California Railroad was formed from the Oregon Central Railroad when it was the first to operate a 20-mile stretch south of Portland in 1869. This qualified the railroad for land grants in California, whereupon the name of the railroad soon changed to Oregon & California Rail Road Company. Under Holladay's leadership, railroad workers, many of them Chinese, extended tracks to Oregon City in 1869.
- 1870**
- On March 16, 1870 the railroad enterprise was reorganized as the Oregon & California Railroad Company. Holladay acquired control of the struggling Westside line which ended the contest between the "Westside" and "Eastside" Oregon Central companies.
  - Using the land grant and the promise of roads to be constructed as leverage, Holladay was able to sell \$10½ million in bonds in Germany. This money was to be used to complete the O & C Railroad to the Oregon-California border and the connection with the California and Oregon Railroad company. At a projected cost of \$30,000 per mile, the \$10,500,000 could have covered construction of the entire 355 miles to the border.
  - Trains were in operation to Salem depot on October 11 in time for the Oregon State Fair, and to Albany on December 25, 1870.
- 1871** To Harrisburg, June 25, and to Eugene on October 15, 1871, when the 345-mile stage coach journey to the California terminus of the railroad was cut to five days.
- 1872**
- As 1872 drew to a close, Holladay was in control of all major railroad construction in Oregon. The railroad reached Roseburg December 3, 1872.

- However, the tide had turned for Holladay. In the two years since he completed the first 20 miles of the O & C Railroad, he had expended most of his ready cash and his main line was still 160 miles short of its goal. . . the California border.
- The 200 miles of railroad constructed by Holladay had an average cost of \$27,000 per mile, which was within the \$30,000 figure originally estimated.

However, the brokerage fees and interest, and the \$10½ million in bonds sold in Germany had actually yielded only half that amount in cash for construction. In addition, the line



*Southern Pacific Railroad's Tunnel No. 9 Gang: Late 1920s*

completed were not producing adequate revenue to pay their own way. Also, the most expensive section of construction lay ahead in the mountains of Southern Oregon.

**1873** In 1873 Holladay could not meet interest payments to the German bond-holders. At this point Henry Villard entered the Oregon railroad picture on behalf of the German interests. Holladay was removed and Villard assumed control.

**1874** During the period from 1874 to 1884, Villard had not only been a major figure in railroad construction in Oregon, but also throughout the entire Pacific Northwest. However, like Ben Holladay previously, Villard was reaching the end of his reign. His resources had been taxed in completing his Northern Pacific Railroad. Then too, his projects, which had proven more costly than expected, were not generating the hoped-for revenue.

**1881** Construction of the O & C was resumed from Roseburg in June 1881.

**1883** Trains were operated to Glendale May 13, 1883,  
Tunnel No. 9 July 4, 1883,  
Gravel Pit Station/Hugo July 1881, and  
Grants Pass December 2, 1883.

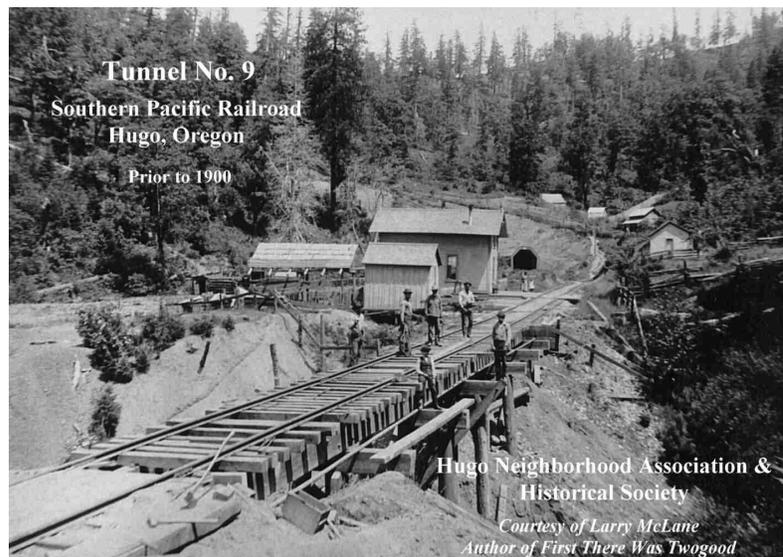
By January 1883 funds for construction of the O & C's extension to Ashland were running out. Villard managed to continue the line to Ashland and begin grading beyond that point into the Siskiyou.

**1884** Trains were operated through Medford to Phoenix, February 25, 1884; and to Ashland, May 4. However, by mid-summer the economic situation for the O & C had become hopeless and in August of 1884 Villard severed his connection with the O & C Company.

**1885** For a time the O & C bondholders undertook completion of the line to the California border. This attempt failed and on January 19, 1885 Richard Koehler was appointed receiver for the O & C properties. During this period until 1887 the Southern Oregon Company began negotiations with the O & C Company stockholders.

**1887** At this point Villard's regime crashed. The O&C was forced into receivership and on July 1, 1887, the properties were formally acquired under lease by the Southern

Pacific Railroad. The O & C main line was completed over the Siskiyou to a connection with the Southern Pacific-controlled line from California which had been completed by the Central Pacific on June 1, 1887. The "last spike" ceremony on December 17, 1887, was staged in the south end of the railroad yard at Ashland. Thus, was formed a continuous rail connection from Portland to Sacramento, and for the Southern Pacific Railroad to New Orleans (approximately 3,200 miles) – all under one management.



*Tunnel No. 9: Prior to 1900*

- 1902** In 1902 the O & C announced that it had no plans to sell any more of their land, putting them in violation of the terms of the grant. While construction was still ongoing, multiple charges of land fraud arose. The Southern Pacific was accused of rounding up individuals from saloons in Portland's waterfront district, and paying them to sign applications to purchase 160-acre parcels of O & C lands as "settlers," then selling these fraudulent instruments in large blocks to corporate interests through corrupt middlemen. This elaborate money laundering and land fraud scheme was only the beginning. Southern Pacific Railroad eventually abandoned the pretense of nonexistent settlers, and sold lands in large parcels directly to developers for as much as US \$40 per acre. By 1902, with land prices soaring, company declared it was terminating land sales altogether.
- 1903** Newly elected President Theodore Roosevelt, as part of his plan of progressive reforms, vowed in 1903 to "clean up the O & C land fraud mess, once and for all!" Over the following two years, Roosevelt's investigators collected evidence, and over 1,000 politicians, businessmen, railroad executives and others were indicted. Many were eventually tried and convicted on charges including fraud, bribery and other corruption. The federal government sought return of the grant lands from the railroad not actually part of the right of way for the railroad line itself.
- 1904** When the scandal broke in 1904 through an investigation by The Oregonian it had grown to such a magnitude that the paper reported that more than 75% of the land sales had violated federal law.
- 1915** In 1915, the U.S. Supreme Court decided that the railroad had been built as promised, so the railroad company should not be forced to completely forfeit the lands, despite having violated the terms of the grant.
- 1916** The counties appealed to the federal government, and in 1916 the U.S. Congress responded with the **Chamberlain-Ferris Act** which reclaimed over 2 million acres of unsold O & C lands. This law put the lands back in U.S. federal government control, and compensated the company at an amount equivalent to what it would have received had it abided by the \$2.50 per acre limit. That result was that 2.4 million acres were recovered, removing them from private control and back into federal ownership.
- 1927** The railroad lands were sold to Southern Pacific Railroad January 3, 1927.



*Southern Pacific Railroad At Hugo, Oregon: 1916*

**2011** That result was that over 2 million acres were recovered, removing them from private control and back into federal ownership. As of 2011, their retention by the federal government, and therefore not subject to local and state taxation, remains a political issue.

Today, the Bureau of Land Management under the U.S. Interior Department manages more than 750,000 acres of former O & C land. The checkerboard pattern of these lands makes management especially challenging since federal regulations and management plans do not apply to the private lands that are scattered among the former O & C holdings.

## APPENDIX A. STATE AND RAILROAD LAND GRANTS

Muhn, James, and Stuart, Hanson R. September 1988. *Opportunity and Challenge: The Story of BLM*. Bureau of Land Management, U.S. Department of the Interior. U.S. Government Printing Office, Washington, D.C.

[http://www.nps.gov/history/history/online\\_books/blm/history/chap1.htm](http://www.nps.gov/history/history/online_books/blm/history/chap1.htm)

**State And Railroad Land Grants** Congress shared the bounty of the public domain with more than miners and settlers. Soon after passage of the Homestead Act, it provided immense grants of lands to the states and railroad corporations.

The Morrill Act of 1862 provided each state within the Union 30,000 acres of public land for each senator and representative to finance agricultural and mechanical arts colleges. States with public lands chose the acreage from the public lands within their boundaries. States having no public land, or little remaining acreage, were given scrip. Scrip, which was issued in 160-acre increments and sold to private parties by the states, could be used to locate and pay for any non-mineral public lands open to sale or private entry. From this grant, schools such as Cornell and Illinois State University were established.

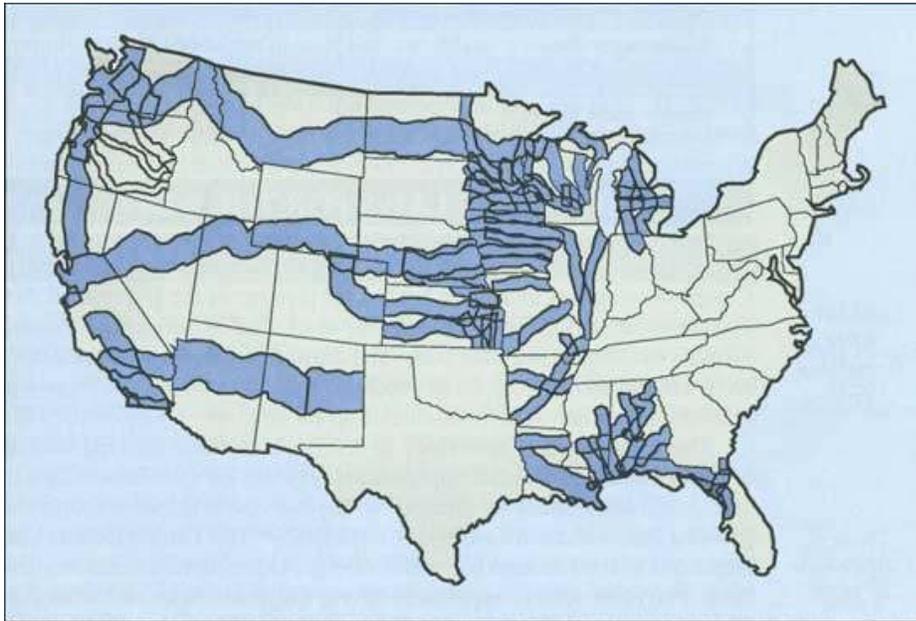
By providing lands to the states for the establishment of agricultural colleges, Congress was simply continuing its tradition of granting public lands for schools. The Confederation, in the Land Ordinance of 1785, had reserved Section 16 in each township to finance public education in the Ohio Country. The federal government reinstated this practice when it admitted Ohio into the Union in 1802. The practice was continued with other states, partly to placate them for having to disclaim any right, title, or interest to the public lands within their boundaries. After 1848, states received two sections of land from each township, which increased to four sections with the admission of Utah, Arizona, and New Mexico.

Congress also provided public lands to the states to finance institutions such as schools for the deaf and blind, and prisons. Most important to the economic development of the public land states were the grants for internal improvements. Under the land grants, roads and canals could be built and waterways improved. In 1841, Congress granted each of the public land states 500,000 acres of land for such purposes. Congress also gave lands classified as swamp and overflow to various states prior to the Civil War.

The day before President Lincoln signed the Morrill Act, he approved a law granting lands to aid the construction of the **first transcontinental railroad**. Congress gave the Central Pacific and Union Pacific railroad companies "every alternate section of public land, designated by odd numbers, to the amount of five alternate sections per mile on each side of said railroad, on the line thereof, and within the limits of ten miles on each side of said road." In 1864, the grant was increased to 20 alternate sections for each mile of track. Lands reserved by the United States, to which a preemption or homestead claim had been attached at the time the railroad's route was fixed, were excluded, as were all mineral lands except those known to be chiefly valuable for iron or coal.

Before the Central Pacific and Union Pacific grant, Congress had given public lands to the states to encourage railroad construction. The practice began in 1850 with the Illinois grant for the Illinois Central Railroad and extended to other states in the Midwest and South in the decade that followed. But with few states between the Missouri River and the Pacific Ocean, and a vast territory to be crossed, a new policy for granting lands directly to railroad corporations became necessary.

The Central Pacific and Union Pacific grant was followed by others. The largest went to the Northern Pacific Railroad Company, which built a line from Lake Superior to Puget Sound. Northern Pacific received 20 odd numbered sections for each mile of right-of-way across states



*Limits Of The Railroad Land Grants*

and 40 odd numbered sections for each mile across the territories. The massive grant, if it had been entirely fulfilled, would have provided 47 million acres of public land to the company, more than twice the acreage provided for the first transcontinental route. From 1862 to 1871, Congress granted nearly 128 million acres to corporations for the construction of railroads.

These multimillion-acre "checkerboard" empires came under criticism in the late 1860s. Many westerners raised the cry of monopoly as railroads failed to bring their lands to market; the people demanded that the public lands be reserved for actual settlers. They called for an end to the grants and for the forfeiture of unearned and unsold land grants. Congress responded at first by placing "homestead clauses" on any railroad land grant legislation that required companies to sell their grants in quarter-section tracts for \$2.50 an acre to actual settlers. After 1871, Congress refused all further railroad land grants. Legislation on forfeiture came years later, but few land grants were revoked as a result.

<b>Selected Railroad Land Grants as of 1941</b>	
<b>Company</b>	<b>Acres</b>
Central Pacific	11,199,560
Union Pacific	19,156,460
Santa Fe Pacific (Atlantic & Pacific)	11,595,341
Northern Pacific	39,064,567
Southern Pacific	7,907,966
Oregon and California	2,777,632

## **APPENDIX B. THE OREGON AND CALIFORNIA REVESTED LANDS**

Muhn, James, and Stuart, Hanson R. September 1988. *Opportunity and Challenge: The Story of BLM*. Bureau of Land Management, U.S. Department of the Interior. U.S. Government Printing Office, Washington, D.C.

[http://www.nps.gov/history/history/online\\_books/blm/history/chap1.htm](http://www.nps.gov/history/history/online_books/blm/history/chap1.htm)

**Oregon And California Revested Lands** The Oregon and California Revested Lands Sustained Yield Management Act of August 28, 1937 gave the General Land Office even more conservation responsibilities. The revested lands had been granted in 1866 to the Oregon and California (O & C) Railroad Company for construction of a line from Portland to the California border. Congress stipulated in 1869 that the 3.7 million acres granted the railroad had to be sold in tracts no larger than 160 acres to actual settlers and for no more than \$2.50 an acre. The company and its successors ignored the conditions; so, in 1916, after lengthy litigation, Congress revoked title to more than 2 million acres of the grant. In 1919, the federal government reclaimed another 93,000 acres from the nearby Coos Bay Wagon Road Grant.

The revested lands had some of the best timber stands in the United States. Naturally, the Forest Service wanted jurisdiction over the former land grant lands, but Congress gave it to the General Land Office because of the ill will Oregonians had toward the Forest Service. The GLO's mandate was to classify the revested lands in terms of their value for power sites, agriculture, or timber. Lands were then to be disposed of accordingly, although, trees on timberlands had be cut before the land itself was sold. Revenues from the lands and timber sold were to be divided among the federal government, Oregon, and the counties in which the lands were located.

The Oregon and California Revested Lands Sustained Yield Management Act of 1937 sought to enhance the GLO's administration of the O & C lands. The law called for implementation of a sustained yield cutting program (lumber production would not exceed forest regeneration), so that continuous forest production could be assured. Lands could be used for grazing and recreation, and watersheds, wildlife, and other resources were to be protected. Receipts from the sale of timber were generously shared with counties having O & C lands.

An O & C Revested Lands Administration was placed under the General Land Office in 1938 to implement the act, and Walter Horning was appointed chief forester. Under his guidance, district offices were established, timber cutting regulations written, rights-of-way acquired, and timber inventory work begun.

Along with the establishment of the O & C Administration, Secretary of the Interior Harold Ickes appointed an O & C Advisory Board. The board represented state government, county, lumber, and public interests and advised the O & C Administration's chief forester on policy matters.

District advisory boards were also established.



To supplement the O & C Administration's meager budget, several Civilian Conservation Corps camps were assigned to the revested lands. CCC enrollees constructed

*Revested Lands Of The Oregon And California Railroad And The Coos Bay Wagon Road*

roads, planted trees, worked on insect control, and fought fires. This work did much to conserve and improve the management of O & C lands.

## APPENDIX C. GENERAL HISTORY OF THE O&C LANDS

Adapted from Gerald W. Williams, Ph.D. - USDA Forest Service Pacific Northwest Region  
 Downloaded June 2, 2011 (<http://www.blm.gov/or/plans/wopr/files/OChistory.htm>)

The Oregon and California Railroad grant lands, commonly called the O & C lands, came into existence shortly after the Civil War. Congress provided subsidies, in the form of land grants from the Public Domain (Federally owned land), to the various States for the purpose of aiding the construction of rail and wagon roads and to encourage westward expansion.

**The Oregon O&C California Railroad Land Grant** Congress granted specific lands to the State of Oregon in 1866 for the construction of a railroad from Portland, Oregon, southward to the California border near Ashland. (Another land grant was given to the State of California for that portion of the railroad.) The O & C land grant gave both States the authority to designate a company to construct the railroad and receive the land grant as a subsidy to offset construction costs. The intent of the land grant was for the private company or corporation to sell the land so that it could recover its "up-front" expenses in the construction of the rail line. After the sale of the land, the company would profit, as any business would, through the services that it offered to the public in the form of passenger travel and freight hauling.

The O & C railroad land grant included all odd-numbered sections of Public-Domain land, non-mineral in character, within 20 miles of each side of the proposed railroad line. If land within the grant land was already homesteaded or otherwise claimed, then the company was allowed to extend the strip to 30 miles from the rail line. The total acreage of the Oregon portion of the land grant was 4,220,000 acres. However, no company came forward with a proposal within the time set by the Act for the land grant. In 1869, Congress amended the granting Act to permit the Oregon and California Railroad Company to meet a new deadline. By this time, enough land had already gone into private ownership that the grant contained only 3,728,000 acres. The amended legislation also placed three conditions on the disposal of the lands granted to the company.

1. The land had to be sold to bona fide settlers.
2. No more than 160 acres could be sold to one individual.
3. The land could not be sold for more than \$2.50 per acre.

**Violations of the O&C Act** Construction of the rail line was begun by the Oregon and California Railroad Company, but completed by the Southern Pacific Railroad Company, which acquired the O&C Railroad in 1887. Both companies violated all three conditions of the land-disposition rules. These actions went uncontested until 1903, when the Southern Pacific Railroad decided to discontinue the sales of the railroad grant land so that it could retain ownership of the increasingly valuable timber and land.

The Oregon Legislature believed the cessation of the railroad grant-lands sales would curtail continued settlement and development in western Oregon. After the State asked for assistance, the Federal Government responded on April 30, 1908, when Congress passed a joint resolution (35 Stat. 571) directing the U.S. Attorney to reclaim, through court action, all unsold O & C railroad grant lands. Seven years of litigation followed, culminating in a decision handed down by the U.S. Supreme Court in 1915. The Supreme Court issued an injunction forbidding the Southern Pacific Railroad Company to make further land sales, but also stating that the actual disposition of the unsold O&C land was a legislative rather than a judicial function (238 U.S. 411). After considerable testimony from all the parties involved, Congress passed the O & C Revestment Act on June 9, 1916, returning 2.4 million acres of unsold O&C grant lands in Oregon, but not in California, to Federal ownership. Management of these lands fell under the jurisdiction of the General Land Office in the Department of the Interior (DOI), although several hundred-thousand acres were within the National Forest boundaries under the management of the Department of Agriculture (USDA), at that time.

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