
CHAPTER III

1938-1941

The Move West and Building the Town

“Surely heaven must have something of the color and shape of whatever village or hill or cottage of which the believer says, This is my own.”

— Light In August by William Faulkner

The establishment of Gilchrist, Oregon, resulted, in part, from Mississippi’s tax laws on standing timber which created a burden on sawmill operators doing business in the state and which also stifled reforestation. The Gilchrists intended to remain in the lumber business. Doing so in Mississippi was not feasible. They already held 60,000 acres of timberland in Oregon in Klamath, Lake, and Deschutes Counties, so the decision was finalized to move to Oregon once the Laurel mill was cut out, then to begin to do business as the Gilchrist Timber Company, an entity which had been established in 1925.¹³⁴

In 1902, when Frank W. Gilchrist first dispatched Frank S. Dushau to Central Oregon, Prineville was the principal town in Central Oregon. The region was largely uninhabited. It had few residents, most of whom were ranchers. The officers of both the Great Northern Railroad and the Union Pacific Railroad deemed the area unlikely to ever produce enough freight to warrant the construction into it of a railroad. Central Oregon in 1902 was the largest area in the whole of the United States still without a railroad.¹³⁵

The Union Pacific constructed a feeder line, the Columbia Southern Railway, which reached Shaniko in 1900 which is where it stopped. The town is almost 150 miles from Gilchrist, Oregon, and is separated from it by the Ochoco Mountains. Edward Harriman had no interest in tackling the steep grades to the south of Shaniko. The town remained the Columbia Southern Railway terminus.

Frank S. Dushau began scouting the timberlands of Central Oregon for the Gilchrist family, while the ranchers of the area attempted to attract a railway to the area. It was not certain that railroad trackers would ever reach the region. Throughout the spring, summer, and into autumn, he traversed the region, first on horseback then later by automobile. His task was a solitary one that took him out in all types of weather. He cruised the region’s timber which entailed traversing tens of thousands of acres on foot and camping out for extended periods. By 1918, based on his recommendations, the Gilchrists had acquired almost 60,000 acres of timber. Most of it was located in Klamath and Lake Counties. Even after James J. Hill built the Oregon Trunk Line, which reached Bend, Oregon in 1911 then stopped, the timberlands, acquired at the recommendation of Frank S. Dushau, remained without access to a railway. The Gilchrist, Oregon, timber purchases were an act of faith, a gamble, that eventually there would exist a way to bring the timber to market. Until then, for all the quality of the standing timber as well as the suitability of the area’s terrain for logging operations, the value of the unharvested timber remained negligible.¹³⁶

Frank S. Dushau died on July 6, 1924. He was succeeded in 1925 by Benjamin V. Wright who had previously served as logging superintendent of the Gilchrist-Fordney Company. B. V. Wright arrived in Oregon in 1925. He operated out of an office located in Portland, Oregon, in the Bedell Building

until 1938, when Frank W. Gilchrist shifted the Gilchrist Timber Company's operations center to Gilchrist. He was responsible for expanding and managing the Gilchrist Timber holdings. He figured prominently in the founding of the Walker Range District, which still exists and is an association of timber owners who have banded together to manage their timber holdings, including providing fire protection. Eventually, his duties came to include tasks related to the establishment of the Gilchrist Timber Company in Central Oregon as well as the construction of Gilchrist, Oregon. He remained with the Gilchrist Timber Company until his death in 1944.

On February 27, 1925, the Gilchrist Timber Company was incorporated in Delaware with an office in Detroit, Michigan, and \$557,000 in paid capital stock. The company's first directors, Ralph E. Gilchrist, Grace Gilchrist Fletcher, and Stewart M. Jones (who was also then serving as the Gilchrist-Fordney Company's general manager) were elected when the company met for its incorporation meeting. The Gilchrist Timber Company's other stockholders, in addition to the directors, were Gilchrist & Company, Ltd. (the Gilchrist family's holding company), A. R. Owen, and Flora Smith Gilchrist (executrix of the estate of Frank Rust Gilchrist). On March 14, 1925, at the first meeting of the directors of the Gilchrist Timber Company, Ralph E. Gilchrist was elected president; with 1,911 shares, he was also the majority stockholder. Stewart M. Jones was elected vice president. The initial objective in organizing the Gilchrist Timber Company was to acquire the 55,122 acres of Central Oregon timberland that had been held in trust by Ralph E. Gilchrist.¹³⁷

Interest renewed in the extension of the Oregon Trunk Line south of Bend during the 1920s. At the same time, the Southern Pacific Railroad began building a line which extended from Eugene, Oregon, over Willamette Pass then on to Klamath Falls, Oregon, where it joined with California and Northwestern Railroad, a subsidiary of Southern Pacific which had reached Klamath Falls from Weed, California, in 1909. During 1925, Southern Pacific was actively soliciting support for its line over the Willamette Pass. Ralph Gilchrist discussed Southern Pacific's efforts to solicit the

Gilchrist Timber Company's business in a letter to B. V. Wright which was dated October 2, 1925:

I have been of the opinion that our position should be one of being neutral, but, as you suggest, we may possibly have to come out and take a side. The difficulty with this is that the Southern Pacific has been very active in soliciting our support to their program, and in return have intimated that they would do whatever we might want in the way of Railroad building to our properties, while on the other hand the Hill people have done little or nothing in either soliciting our support or suggesting and promises. There may be something back of this that at you and I do not understand, but I think that we should be careful in volunteering too much to the Hill people as it might affect our position with them in the future. I hardly think we can volunteer anything to them until they have earnestly solicited our aid . . . The situation I would like to see develop is, have the Hill lines chase us and make promises and assurance as to the construction of their line before we actually take a position and volunteer anything to either side.¹³⁸

The Southern Pacific completed its line from Eugene to Klamath Falls in 1926. Late the following year, the Great Northern Railroad at last received permission from the Interstate Commerce Commission (I.C.C.) to extend the Oregon Trunk Line from Bend to Chemult, where it joined Southern Pacific's line to Klamath Falls. In letters from B. V. Wright to J. P. Applewhite, dated July 24, 1926, and in others dated January 12, 1927, from B. V. Wright to S. M. Jones, details were provided of the regulatory obstacles raised by the I.C.C. to Great Northern's plan to extend the Oregon Trunk Line.¹³⁹ In 1927 Great Northern began building its extension of the Oregon Trunk Line. Construction was completed in 1930.¹⁴⁰ Both railroad lines touched Gilchrist timberland. Great Northern came within five miles to the west of where Gilchrist, Oregon, was established. Southern Pacific was fourteen miles to the south of it. Completion came just in time since by then the end of the Gilchrist-Fordney Company was more or less settled. The completions of extensions of Southern Pacific and the Oregon Trunk Line provided

the Gilchrist Timber Company with an outlet to market for its lumber.

The Walker Range Fire Patrol Association was formed on May 31, 1927, by representatives of the Gilchrist Timber Company (including B. V. Wright), Ralph E. Gilchrist, the Fremont Land Company, and Shevlin-Hixon Company. The Walker Range Fire Patrol Association, which still exists, was one of the Gilchrist Timber Company's most enduring legacies. It was formed to preserve forest land, specifically to protect it from fire and the cyclical insect infestations that destroyed timber and increased the danger of fire. At first Walker Range's area of protection encompassed all the timberlands of its members in or adjacent to the Deschutes River Valley. In 1939 it expanded the area it protected to include the Deschutes and Fremont National Forests. Walker Range has proven singularly successful in preventing forest fires. The largest fire it ever had to fight was a 945-acre fire which occurred in 1990. The battle with insect infestations is an ongoing fight that continues to this day. The offices of the Walker Range Fire Patrol Association are located on the south end of Crescent, Oregon.¹⁴¹

By late 1927 B. V. Wright was routinely receiving solicitations from firms offering equipment or services for the mill which, it was rumored, would soon start milling timber taken from the Gilchrist holdings. B. V. Wright explained to C. W. Willette of Seattle, Washington, in a letter dated October 4, 1927, that even though a railroad line near the Gilchrist timber holdings was under construction, until the rates the railroad would charge were known it was impractical to make any plans, much less go into the details of planning a mill.¹⁴²

During 1934 B. V. Wright began working to establish clear title for the short line railroad, the Klamath Northern Railroad, which would eventually provide the Gilchrist Timber Company with access to Southern Pacific Railroad. On March 29, 1935, he filed a petition to vacate streets in the Crescent and Odell additions of Crescent where the track of the Klamath Northern Railroad would cross. In a letter dated June 26, 1936, from B. V. Wright to Ralph E. Gilchrist, fear was expressed that the principals of the Crescent Townsite Company would at last make their holdings pay by inflating the price of the lots needed by Gilchrist

Timber Company for Klamath Northern Railroad's right-of-way. In the same letter, B. V. Wright described three possible routes for Klamath Northern Railroad, and then recommended the one which didn't require crossing property controlled by Weyerhaeuser or Shevlin-Hixon. In a related letter from B. V. Wright to Ralph E. Gilchrist dated June 29, 1936, B. V. Wright continued advocating connecting Klamath Northern Railroad to Southern Pacific Railroad, by noting that the route to Southern Pacific Railroad offered the option of also using Klamath Northern Railroad to haul logs to the mill, as well as transporting lumber to market.¹⁴³ A few weeks later, in another letter to Ralph E. Gilchrist, B. V. Wright reported that he had entered into negotiations with the Crescent Townsite Company, the object of which was to purchase lots for Klamath Northern Railroad's right-of-way.¹⁴⁴

The site for the mill had been purchased by early 1935, though the decision to build the town and mill at that location wasn't finalized until early 1937.¹⁴⁵ Research and planning for the town continued during 1935 and 1936. In a letter from B. V. Wright to Ralph E. Gilchrist dated July 24, 1936, he reported that he was conducting fact-finding trips to company towns located throughout the Pacific Northwest. Wright reported that he had visited J. Neils' town at Klickitat, Washington. In the same letter, he also asked for more specific guidance before conducting further visits.¹⁴⁶

Gilchrist Timber Company continued to manage, organize, and expand its timber holdings at the same time it was preparing to build its mill town and railroad. In a letter dated October 24, 1935, B. V. Wright reported to Ralph E. Gilchrist unsuccessful efforts by Shevlin-Hixon to eradicate the beetles which were killing its timber. In the same letter, B. V. Wright advocated logging, then milling beetle-killed timber as quickly as possible.¹⁴⁷ Several weeks later, in a letter dated November 15, 1935, B. V. Wright reported to Ralph E. Gilchrist that no progress was possible in the matter of proposed exchanges of timberland with Shevlin-Hixon, the purpose of which was to organize timber holdings into adjoining blocks, because the decision-makers were out of state.¹⁴⁸ In another letter to Ralph Gilchrist dated July 10, 1936, B. V. Wright discussed the acquisition of timberlands

containing 2,710,000 board feet of timber¹⁴⁹ B. V. Wright, now in his sixties, continued to cruise timberland for the Gilchrist Timber Company as well as inspect property it had already acquired.

Ralph E. Gilchrist shaped the broad outlines for the Gilchrist Timber Company and its town. Both were very much creations of his vision. Harry Fletcher was given overall responsibility for planning the mill and its supporting infrastructure which included the town and the Klamath Northern Railroad. He was assisted by James P. Applewhite and Frank W. Gilchrist. Throughout 1936 and 1937, they made numerous trips to Oregon.¹⁵⁰

On August 31, 1936, at the age of 58, Ralph E. Gilchrist died at his home in Alpena, Michigan. Harry Fletcher succeeded Ralph E. Gilchrist as president of Gilchrist Timber Company. He was responsible for completing the plans for Gilchrist Timber Company's operations in Oregon. Execution of these plans became the responsibility of Frank W. Gilchrist.¹⁵¹ Throughout the next eighteen months he made numerous trips to Oregon. These trips soon changed from exploratory visits to ones whose purposes included negotiation, troubleshooting, and site inspections.

The site selected for the mill was located 50 miles south of Bend, Oregon, and was on the Little Deschutes River. This location was picked because it was at a place on the river where it was possible to erect a dam to form a millpond and provide water for the mill's boilers. B. V. Wright sent a letter dated November 20, 1936, to Peter Swan of Portland, the purpose of which was to inform him that a few days prior Frank W. Gilchrist and Harry Fletcher had decided to retain him to design the Gilchrist Timber Company's sawmill.¹⁵² A preliminary sketch of the millpond was sent to Frank W. Gilchrist by B. V. Wright with a letter dated December 12, 1936. The pond was seventeen feet at its deepest point which was at the dam. The pond covered 50 acres and was 3,000 feet long. The embankment for the Klamath Northern Railroad, located on the pond's west side, did additional duty as a levee. Some filling was required on the northwest end of the bank where the mill was located.¹⁵³ B. V. Wright described having to clear trees in order to establish the site lines he

needed to survey the site for the millpond. During the final days of 1936, B. V. Wright sent a letter dated December 22, 1936, to Frank W. Gilchrist in which he reported that negotiations were continuing with Southern Pacific and that he had to complete a series of surveys prior to March 1, 1937, when clearing was tentatively scheduled to commence.¹⁵⁴

In a letter dated January 2, 1937, from B. V. Wright to Frank W. Gilchrist, he stated that he intended to have the preliminary surveys completed prior to the spring of 1937.¹⁵⁵ Frank W. Gilchrist, in a letter to B. V. Wright dated January 6, 1937, expressed his frustration with the failure of the Southern Pacific regarding its connection with the Klamath Northern Railroad:

Company between the time we were in his office and the first of the year. I know it is your wish that we make the connection with the Southern Pacific, but, if they do not see fit to make us a proposal, maybe we had better contact the Great Northern.¹⁵⁶

Two weeks later, in a letter dated January 21, 1937, from B. V. Wright to Harry Fletcher and Frank W. Gilchrist, B. V. Wright wrote:

I had hoped to be able to give you something definite from the Southern Pacific long before this but there is nothing yet. A week ago last Monday, which is eleven days now, I jogged Mr. Kline on this and had a definite promise from him that their proposition would be in my hands within ten days.

I called his office this morning and am told that he is out of the city but will be back tomorrow so will wait until I talk to him before doing anything definite. However, it seems to me that the Southern Pacific has held up this program entirely too long and that unless Mr. Kline does come with a proposition tomorrow, we should take our program up with the Great Northern and see what we can get that.

I prefer, I admit, a Southern Pacific connection because it gives us quicker movement of freight from Portland or San Francisco into the plant and quicker movement of lumber out for the East. However, I do not feel that to make a connection with the Great Northern would

necessarily bar us making a Southern Pacific connection later when they find out they have slipped a cog.¹⁵⁷

B. V. Wright, in a letter dated January 29, 1937, to Harry Fletcher and Frank W. Gilchrist reported that he had at last received a letter from H. W. Kline.

I am attaching copy of letter from Mr. H. W. Kline, general freight agent for the Southern Pacific, outlining their proposition regarding Railroad connections for our proposed plant. From this you will see that the way the Southern Pacific proposes to tie us to their line is by making our line a common carrier and taking a division of the freight rates, plus a possible reduction in the price of the steel to build our line.

I have had Mr. Thompson check to see if the laws permit a Railroad company to give a division of freight rates where the spur line is not a common carrier, as to tell me the required procedure of building with the idea of eventually becoming a common carrier, in the event it was thought advisable to do so. Mr. Thompson's report is that a Railroad cannot give a division of freight rates to a private line like ours will be, and he suggests that the proper procedure would be to go ahead and build the line as a private carrier and when it seems best, to change to a common carrier, if that time should come, and I think there will be no trouble to do it that way. You will note that Mr. Kline suggests that procedure.

In the discussion of this matter with Mr. Kline, I told him that there were reasons why we do not want a common carrier line through the area between our mill site and the Southern Pacific Railroad, at least for the present, that everything favors a Great Northern connection is a common carrier line is to be built.

The reason, as I see it, is that a common carrier Railroad put through that area would completely block our chances to acquire the other timber we want in townships 24-8 and 25-8, and that we might find ourselves required to handle logs for shipment out of that area to mills on the Southern Pacific Railroad.

I have apparently gotten Mr. Kline to see that his people should offer some other inducement to us to build to their line so he has

written his superiors asking them to consider making us an offer for the Southern Pacific to build the Railroad, or share its construction, and make an agreement with us, giving up the option of paying them for the material that they put in this track (at a stipulated price) at some future date when we decide we want to make the line a common carrier, if we should decide this would be desirable, and to wire him their answer (he showed me this letter).

Mr. Kline now sees that there is an advantage to us in a shorter line and less additional Railroad for logs if we tap the Great Northern, so it is up to the Southern Pacific to offset this disadvantage and give us as favorable conditions as the Great Northern will. So I rather expect he will come back to me with the question: "What will be satisfactory to you people?" Should it take this turn we should discuss it in person, I think. At least I should hear something more from Mr. Kline next week.

I am convinced that we will need to make our line a common carrier after some of our present difficulties are ironed out. I doubt if the Southern Pacific will consider putting money in our connection without some definite way of being paid this money back other than by the freight from our plant. I think we will see that three cents per hundred weight on lumber to the East and a proper division of freight on local shipments will be so big that we will prefer to stand the necessary expense and hardship to operate our line as a common carrier.¹⁵⁸

Rumors regarding the Gilchrist Timber Company's activities were abundant. Some gained credibility they did not deserve, such as the one that appeared an article in *The Bend Bulletin*. B. V. Wright, in a letter to Loyde Blakley of Bend, responded to his query which was based on the paper's erroneous story. B. V. Wright wrote:

Replying to your letter of January 27th, the announcement you saw in the paper should never have been published as it was not authorized and is premature. We have not yet reached the stage where we know definitely what we will do and hence are not ready for any statements of this kind to be published.

For your information, regarding the questions you ask, the chances are that when we do build, we will build more in line with the McCloud plant – that is, all the residences and

businesses at the mill village will be conducted by the company and while all those things will have to come in, the drug store feature will be part of the general merchandise program.¹⁵⁹

The next day B. V. Wright answered yet another inquiry which had been based on *The Bend Bulletin's* story regarding the Gilchrist Timber Company's plans. He warned F. L. Newton of Sterling Electric Motors to wait for an announcement from the Gilchrist Timber Company and not to take seriously the stories printed in newspapers.¹⁶⁰ B. V. Wright reported in *The Bend Bulletin* the erroneous story about the Gilchrist Timber Company's activities to Harry Fletcher and Frank W. Gilchrist, furnished them with a copy of the article, informed them that the story had spread throughout the West Coast, and stated that he had already been inundated with inquiries which were based on the paper's baseless story. He attributed its origins to a talkative man named Stevens who met a newspaper reporter with an unfettered imagination who worked for an editor indifferent to the factual basis of his copy.¹⁶¹

The Gilchrist Timber Company had begun developing plans for sustained-yield forestry on its Oregon timberlands as part of its long-term plans for its Central Oregon business plan.¹⁶² During the late 1930s, Oregon was hospitable to business. The state's tax and regulatory policies, coupled with the Forest Service's timber management policies, were conducive to sustained-yield forestry. The Gilchrist Timber Company's timberland management was without peer and endured until, once again, as had been the case in Mississippi, it was destroyed by taxation and regulation.

The duration of the Hoover-Roosevelt Depression and the tax and regulatory burdens imposed by the Roosevelt administration were factors in the speed with which the Gilchrist Timber Company accomplished the construction of its Central Oregon complex of mill, town, and railroad. In early 1937, West Coast mills were running at 38.28 percent capacity. The year before, the West Coast mills had operated at 61.12 percent.¹⁶³ The Gilchrist Timber Company proceeded prudently and with caution.

The Gilchrist Timber Company needed to complete the Klamath Northern Railroad before

it could begin building its mill and town. It used the railroad to bring in materials and tools for both projects. B. V. Wright sent a telegram to H. W. Klein of Southern Pacific Railroad in which he reported that no steel had arrived with which to build track on the five miles which had already been graded, that this late delivery was slowing work on all the Gilchrist Timber Company's projects.¹⁶⁴

During March 1937, Frank W. Gilchrist, his wife, Mary, and James Applewhite returned to Oregon to meet with officers of Southern Pacific Railroad, to visit sites for the mill and town, and to discuss the lumber market with officers of Brooks-Scanlon and Shevlin-Hixon. The officers of these timber companies (both located in Bend, Oregon) had hoped to purchase the Gilchrist Timber Company's holding, not have it as a neighbor. Gilchrist's reception when they met with officials of the United States Forest Service was no warmer. They already had established relationships with Brooks-Scanlon and Shevlin-Hixon. In time the Gilchrist Timber Company, Brooks-Scanlon, Shevlin-Hixon, and the Forest Service developed cordial relationships. Frank W. Gilchrist, his wife, and James Applewhite visited the Gilchrist Timber Company's holding. Here they discovered that 10,000 of the company's acres were infested with pine beetles and that 50,000 acres of adjoining federal and private lands were also infested with the timber-killing insects.¹⁶⁵

Frank W. Gilchrist, by March 1937, had made numerous trips to the Pacific Northwest. He had visited more than 100 mills and in excess of 50 logging camps located throughout the region. Gilchrist Timber Company's directors decided, based on the information he and his subordinates had gathered, to construct a state-of-the-art mill of medium size with a capacity of not more than 60 million board feet per year. The directors also decided to build, in phases, a thoroughly up-to-date town which would include a commercial district. It was projected that the town might eventually grow to have a population of 1,500.¹⁶⁶

During April 1937, B. V. Wright wrote a letter to Fred Peterson, Superintendent of the Klamath County School District. He urged the superintendent to develop plans for a larger school, one capable of accommodating the children of the

employees of the Gilchrist Timber Company. At that time, the only school available was a one-room school that was located in Crescent in a structure that now houses the Baptist Church.¹⁶⁷

Through May 1937, work continued on the Klamath Northern Railroad. James Applewhite, following the closure of the Gilchrist-Fordney Mill, was dispatched to Oregon to oversee preliminary construction of the Klamath Northern Railroad, mill, and town. On May 24, 1937, he was on-site surveying the route for the Klamath Northern Railroad.¹⁶⁸ Frank W. Gilchrist, in a letter to B. V. Wright dated May 24, 1937, informed him that Southern Pacific Railroad very much wanted the business of the Gilchrist Timber Company, that he was very pleased with their attitude. He also wrote, “I have very definite plans as to just what we are going to do out west and it will be some weeks before I know definitely what the plans are to be.”¹⁶⁹

Work continued on the Klamath Northern Railroad during June of 1937. B. V. Wright informed Frank W. Gilchrist, in a letter dated June 7, 1937, that the railroad’s grade was one-and-a-half percent.¹⁷⁰ Frank W. Gilchrist informed B. V. Wright in a letter dated June 16, 1937, that the directors had decided that Klamath Northern Railroad would join with the Southern Pacific Railroad, not the Great Northern Railroad. In the same letter, he also notified B. V. Wright that it was the intent of the directors to complete the dam for the millpond and the Klamath Northern Railroad by April 1, 1938. Construction of the sawmill was scheduled to commence on April 1, 1938. On June 28, 1937, James Applewhite was in Crescent where he was working to resolve right-of-way issues for the Klamath Northern Railroad.¹⁷¹

Towards the middle of the month B. V. Wright wrote a letter to Frank W. Gilchrist, dated June 14, 1937, in which he informed his employer that the Forest Service had decided to stop selling timber from federal lands to Brooks-Scanlon and Shevlin-Hixon. The Forest Service required firms who purchased federal timber to practice sustained-yield forestry on their timberlands. Brooks-Scanlon and Shevlin-Hixon weren’t, so they were ineligible for federal timber sales.¹⁷²

The Gilchrist Timber Company awarded the



*Frank Gilchrist and James Applewhite inspecting work on Klamath Northern Railroad.
Collection of Mrs. Mary G. Ernst.*

contract to build the Klamath Northern Railroad and the dam for the millpond to Kern & Kibbe. The contract for the construction of the railroad was for \$74,530.74. The Gilchrist Timber Company furnished the contractors with the rails and fittings needed for the installation of the rails. The contract for the construction of the millpond dam was \$19,168 plus the cost of grouting the rock formation on which the dam was erected. No price was agreed upon for the cost of the grouting, since it was impossible to determine the magnitude of the grouting work until the construction of the dam commenced. Kern & Kibbe dispatched their equipment to Gilchrist, Oregon, on August 3, 1937. Their employees began arriving on the jobsite on August 5, 1937.¹⁷³ A separate contract was entered into for the clearing the millpond site of timber, brush, and stumps. The cost for clearing each acre of the millpond’s 50-acre area, including removal of the stumps, varied from \$70 to \$80 an acre.¹⁷⁴ Projected completion



*Back of dam seen prior to filling of mill pond.
Stewart J. Gilchrist's photo album, Gilchrist Timber Company papers, Klamath County Museum.*

of the clearing of the pond and most of the mill site was set for autumn.¹⁷⁵ James Applewhite was responsible for overseeing the work done by the contractors on the dam, millpond, and railroad.¹⁷⁶ By the August of 1939, when the mill commenced operation, Gilchrist Timber Company had spent in excess of \$2 million building its mill, railroad, and town. It was the largest construction project undertaken by the productive sector in Oregon during 1938 and 1939.

During August and September of 1939, B. V. Wright continued to work to expand and consolidate the Gilchrist Timber Company's timber holdings. Negotiations continued with Shevlin-Hixon in the matter of land exchanges for the purpose of blocking their timber holdings.¹⁷⁷ B. V. Wright wrote a letter dated September 13, 1937, to H. A. Utley of Fawell Utley Realty Company, in which he noted that conflicting patents had been recorded for a property that Utley's firm was offering to sell to the Gilchrist Timber Company.¹⁷⁸

The matter of the Highway 58 overpass, in retrospect, was a harbinger of what the future held for Oregon's timber industry as well as the rest of

the state's productive sector. Klamath Northern Railroad crosses Highway 58, a two-lane road that departs from Interstate 5 near Goshen, Oregon, and then merges with Highway 97 approximately ten miles north of Chemult, Oregon. Much of it remained unpaved during 1938. One of the Oregon Highway Department's senior bureaucrats envisioned Highway 58 as a super highway that would stretch from Eugene, Oregon, to Klamath Falls, Oregon. A gated crossing for Klamath Northern Rail across Highway 58, identical to the gated crossing which still existed as of 2011 across Highway 97 near Wickiup Junction for Burlington Northern Railroad, was not consistent with the bureaucrat's vision for Highway 58. In 1938, the Progressives were advocates of the automobile foes of railroads. Klamath Northern Railroad's application to cross Highway 58 was barred by the Oregon Highway Department, unless Gilchrist Timber Company built either an underpass or an overpass to cross Highway 58.¹⁷⁹ Members of Central Oregon's productive sector rallied to the defense of the Gilchrist Timber Company. E. L. Isted, Shevlin-Hixon's general manager, wrote a



*Front of dam seen prior to filling mill pond.
Collection of Ike Bay.*

letter dated August 25, 1937, to N. G. Wallace, Oregon's Utility Commissioner, in which he argued in favor of granting Gilchrist Timber Company right-of-way without requiring the construction of an overpass.¹⁸¹ The president of the Bend Chamber of Commerce wrote:

Certain highway engineers are trying to insist that Gilchrists pay for either an underpass or an overpass which will naturally run into thousands of dollars. If, in our judgment, there were any danger to highway travel, we would agree with the highway engineers, but apparently they are using every effort to coerce the Gilchrist interests by bringing into the matter of controversy other government agencies. Information which we possess, leads us to believe that the Gilchrist interests have done everything reasonable to assure the highway engineers that this grade crossing would be entirely safe for highway travel. The fact that there would be only two trains a day of not over fifteen cars; that Gilchrists have agreed to stop each train at the highway and to furnish any sort of electrical stop signals that the highway engineers desire, leads us to the conclusion that

the engineers are quite unreasonable, in view of the further fact the Gilchrists have agreed to put in such underpass as they require at a later date providing the grade crossing does prove dangerous.

It is regrettable that outside capital coming into the State of Oregon should be continuously harassed as is generally considered it has been in the past. These people wish to and are making a very large investment of private funds, which seems to me justifies the encouragement of adjacent communities and the State itself, particularly when they are helping to increase the state's payrolls and from their past record, are known to be fair and just in the operations.

It is little wonder, if this is to continue to be the attitude of some of our State Departments that the State of Washington and the State of California have developed so much more rapidly than our own state which have similar natural resources.¹⁸¹

The coercive power of the state prevailed. Gilchrist Timber Company built the overpass, even though it was only Oregon Highway Department



*Highway 58 Overpass, circa 1938.
Collection of Ike Bay.*

bureaucrats who wanted it. The construction of the overpass delayed the completion of the Klamath Northern Railroad as well as added thousands in additional costs, including a \$900 expenditure for the purchase of girders from the Southern Pacific Railroad.¹⁸²

During October of 1937, in Laurel, Mississippi, the last of the Gilchrist-Fordney Company's remaining inventory was prepared for delivery to buyers. It was anticipated that by the end of the month none would remain.¹⁸³ Frank W. Gilchrist selected machine tools from the Gilchrist-Fordney mill, and then shipped them to Oregon for use by the Gilchrist Timber Company. Engine Number 204 was selected for use by the Klamath Northern Railroad. Gilchrist-Fordney Company's other locomotives were sold.¹⁸⁴ Walter Smallwood (master mechanic for the Gilchrist-Fordney Company, then the Gilchrist Timber Company) and his crew rebuilt Locomotive Number 204. Throughout the next eighteen years, the locomotive would haul lumber out to Southern Pacific Railroad's main line then haul freight back to the Gilchrist Timber Company and Gilchrist. The locomotive, effectively, was remanufactured. Number 204's fuel

supply was converted from coal to oil. Coal was not as readily available in Central Oregon as it was in Mississippi. Firing the locomotive's boiler with wood was certain to eventually result in a forest fire which might have destroyed much unharvested timber. Moreover, wood isn't as efficient a fuel source as is oil. Locomotive Number 204's tender was equipped with fire-fighting equipment, provided with new brass fittings and was then painted Gilchrist Brown. Gilchrist Timber Company was emblazoned on the sides of the tender with aluminum paint which was also used on the smoke box, stack, and for the striping and all other lettering. Engine Number 204, once Walter Smallwood and his crew had completed their overhaul, was all but a new engine.¹⁸⁵

During the autumn of 1937, it was anticipated that construction of the mill would commence the following spring.¹⁸⁶ Filling cavities found in the rock formation slowed the dam's completion. B. V. Wright was advised in a letter dated September 10, 1937, for Boar & Cunningham Civil Engineers, that Kern & Kibbe had failed to explore a cavity found in the foundation rock near the dam's center. The civil engineers advised B. V.



Engine 204.
Collection of Mrs. Mary G. Ernst

Wright that no portion of the dam proper had been poured, that pouring had been delayed until the extent and number of the cavities had been determined. They further reported that the slab for the sluiceway had been poured, and that the concrete for the sluiceway piers had been poured to a sufficient height that it was now possible to divert water through the sluiceway.¹⁸⁷ Arrangements for the purchase of the rails and fastenings for the Klamath Northern Railroad had been arranged by the middle of September 1937.¹⁸⁸ B. V. Wright, in a letter dated September 13, 1937, reported to Frank W. Gilchrist that Kern & Kibbe was requesting delivery of the rails for the track, that they had attempted during the preceding four or five weeks to learn the width of the rails so that they could order the plates to fasten the rails to the sleepers.

In response to a query from the Stulman-Enrick Lumber Company in the matter of the placement of lumber, B. V. Wright answered in a letter dated October 13, 1937:

It will be sometime in the early part of 1939 before we are in a position to offer any lumber for sale as our plant has not yet been started,

other than some Railroad work and some concrete work preparing a dam.¹⁸⁹

Rail for Klamath Northern Railroad was purchased from the Hammond Lumber Company. The sixty-eight pound rail was taken from a defunct railroad line which the firm selling the material to the Gilchrist Timber Company had operated near Mill City, Oregon. Southern Pacific Railroad was engaged to move the rails from Mill City to the site where the Klamath Northern Railroad was under construction.¹⁹⁰ Horse teams were employed by the Deschutes Lumber Company of Mowich, Oregon, to skid logs from the Klamath Northern Railroad's right-of-way. By the end of October 1937, 449 logs already been removed. Completion of the work was slowed by a lack of horses.¹⁹¹ Prior to the beginning of October 1937, Ora F. Blay had entered into a contract to clear the millpond site for \$1,188.¹⁹² Other sections of the dam's foundation was ready for final inspection by the end of October 1937. The contractor had reached solid rock and was clearing and preparing it for the pouring of the dam's concrete.¹⁹³ A contract for clearing the site for the Gilchrist



*Railroad, dam and mill site, circa 1937-1938.
Stewart J. Gilchrist's photo album, Gilchrist Timber Company papers, Klamath County Museum.*

Timber Company's mill was awarded to J. H. Haner on October 30, 1937. October 1937 concluded with B. V. Wright answering another query from a man interested in Gilchrist, Oregon. Benjamin V. Wright wrote in response to a letter from C. S. Starrett, who was interested in entering into an arrangement with the Gilchrist Timber Company for the town's drugstore concession: "However, the details of all this will likely be worked out during next year while the mill building, planing mill and sorting sheds are being built."¹⁹⁴

By the beginning of November 1939, late deliveries of rail by the Southern Pacific Railroad were slowing the construction of the Klamath Northern Railroad. Frank W. Gilchrist wrote to B. V. Wright in a letter dated November 4, 1937: "I have a letter from Applewhite today in which he advises that the Southern Pacific has been very slow in delivering the rail to him and this is delaying his work considerably."¹⁹⁵ Benjamin V. Wright contacted Mr. H. W. Klein of the Southern Pacific Railroad. Two weeks later B. V. Wright reported to Frank W. Gilchrist that the Southern Pacific Railroad had begun delivering the rail the Gilchrist Timber

Company had purchased and track, under the supervision of James P. Applewhite, had already been laid from the junction with the Southern Pacific Railroad near Mowich, Oregon, to the site where the trestle would cross Highway 58. In the same letter, he also cautioned Frank W. Gilchrist that he anticipated winter weather would soon slow construction of the railroad, and that it threatened to stop James P. Applewhite's plans to conduct a series of tests on the millpond's dam to confirm that it would hold back water.¹⁹⁶ The plans for the dam, Frank W. Gilchrist informed B. V. Wright, included a fish ladder and that he was to test the dam by holding some water in the millpond.¹⁹⁷ Frank W. Gilchrist wrote to Peter Swann in a letter dated November 5, 1937, that the location of the mill had been decided.¹⁹⁸ The Southern Pacific proposed to B. V. Wright during the final week of November 1937, naming the junction of the Southern Pacific Railroad and the Klamath Northern Railroad "Pumice," "Scoria," or "Cone" B. V. Wright recommended "Gilchrist" as the junction's name.¹⁹⁹

During the final weeks of 1937, B. V. Wright