

The main line of railway of the Oregon Railroad & Navigation

THIS AGREEMENT, made this.....day of.....  
A. D. 1902, between the NORTHERN PACIFIC RAILWAY COMPANY, a corporation under the laws of Wisconsin, hereinafter called the Northern Company, and the UNION PACIFIC RAILROAD COMPANY, a corporation under the laws of Utah, hereinafter called the Union Company.

WITNESSETH:

The Clearwater Short Line Railway Company, hereinafter called the Clearwater Company, is a corporation organized under the laws of Montana, and has complied with the laws of Idaho and Washington so as to entitle it to build, own and operate its lines of railway hereinafter described. It has built and now operates about 63 miles of railway and telegraph line, extending from a junction with the Spokane-Lewiston line of the Northern Company at the mouth of the Potlatch River, up the Clearwater River to Stites; and also has built and now operates about 12 miles of railway and telegraph line extending from a junction with the said Northern Company's line at the Nez Perces Indian Agency, up Lapwai Creek to Culdesac, all in the State of Idaho, and has acquired and owns certain locations, right of way and real property intended to be used in the construction of a line of railway from Lewiston, in the State of Idaho, to Riparia, in the State of Washington.

The Northern Company owns and operates, as a part of its Spokane-Lewiston line, a line of railway connecting with said constructed line of said Clearwater Company at Potlatch, Idaho, and extending thence to Lewiston, Idaho, a distance of about 22 1/2 miles said point of connection at Potlatch is hereinafter referred to as Potlatch Junction.

The Snake River Valley Railroad Company, hereinafter called the Snake River Company, has built and owns a line of railway and telegraph line from Wallula up the Snake River to a connection with



the main line of railway of the Oregon Railroad & Navigation Company, hereinafter called the Oregon Company, at Grange City, all in the State of Washington, and has also located and in part constructed a line of railway from a connection with the said line of railway of the said Oregon Company near the north end of the bridge of said Oregon Company across the Snake River at Riparia, up the Snake River to Lewiston, Idaho, and has acquired and owns certain right of way and real estate intended to be used in the construction of said line.

The Oregon Company owns and operates as part of its main line the line of railway from a connection with said constructed line of the Snake River Company at Grange City to a point of connection with the proposed line of said Snake River Company near the north end of the bridge across the Snake River at Riparia, all in Washington; ~~said~~ <sup>The</sup> point of connection between the lines of the Oregon Company and the proposed line of the Snake River Company near the north end of the bridge across the Snake River is hereinafter referred to as Texas Ferry.

The several lines and portions of lines hereinabove described will form, with the lines, branches and extension to be constructed as hereinafter provided, one connected and continuous system of railways, which can, in the best manner for the public good, be operated together as one continuous line or system ~~of railway~~.

Therefore, in consideration of the premises, and of the mutual dependent promises hereinafter stated, the parties do hereby agree as follows:

I.

A new railroad corporation shall be created and organized under the laws of some state which shall be found suitable for the purpose, with power to purchase, build, lease, own and operate the



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railway and telegraph lines in this contract specified and provided,  
which corporation shall be hereinafter referred to as the New Com-  
pany.

## II.

The capital stock of the New Company shall be fixed and au-  
thorized by its Articles of Association at an amount which shall  
be sufficient for the purposes of this agreement. The parties  
hereto shall each subscribe and pay for, at par, one-half of the  
capital stock of said New Company, <sup>first issue of</sup> ~~which shall be first issued~~, and  
thereafter, as additional stock shall be issued by said New Company,  
whether such stock is authorized by its original Articles of Asso-  
ciation or by any amendment thereof, it shall offer the same to the  
parties hereto in equal shares, and each party hereto agrees to take  
the stock so offered to it and pay therefor at par so as to keep  
the stockholding interest of each party equal at all times. Either  
party hereto may at its option hold its share of the capital stock  
of said New Company in the name or names of other corporations or of  
individuals designated by it for such purpose.

## III.

Each party out of its stockholdings in said New Company will  
transfer fifty (50) shares of its capital stock in trust to a com-  
mittee to be composed of.....  
.....  
Trustee, and.....  
designated by the Board of Directors of the Northern Company, and  
.....designated  
by the Board of Directors of the Union Company, and of the respect-  
ive successors of such appointees to be designated as hereinafter  
provided. As soon as the said transfers of stock shall have been  
completed upon the books of the New Company the certificates there-



for shall be placed and kept on deposit with the said trustee, together with sufficient powers of attorney in blank for the transfer of said shares, duly executed by all three members of said committee, so as to make certain that all the said shares shall at all times be kept standing on the books of the New Company in the joint names of all the members of said committee then being; and from time to time as changes in the membership of the said committee shall be made as hereinafter provided, it shall be the duty of said Trustee to cause transfer of such stock to be made, vesting in all the members of the said committee, as then composed, the equal joint power of voting upon the said shares. Any new certificate, issued on any such transfer, with power of attorney as above required, shall, as soon as issued, be deposited with the said Trustee to be used by it as aforesaid. All dividends or other income upon said shares shall belong and be paid over to the Northern Company and the Union Company in equal parts. In case of the absence or temporary disability of the appointee upon such committee of either the Northern Company or the Union Company, such appointee may act by a proxy designated by him for the purpose, in writing, in all matters relating to the powers hereby conferred upon said committee. More than one such proxy may be designated in the alternative, and in such case they may act in the order of their designation in the instrument of proxy. In case of the death, permanent disability or refusal to act of either of the said two appointees, his successor to the powers hereby conferred shall be appointed by the Board of Directors of the Company which made the original appointment.



In case of a vacancy in the membership of said committee, whether caused by the death or disability or refusal to act of any member, the committee shall take no action until after the lapse of a reasonable time for the filling of the vacancy in the manner above provided.

At all meetings of the shareholders of the New Company the said committee, by the concurrence of a majority thereof, shall be entitled to cast the votes upon the said shares of stock standing in their names.

The Board of Directors of the New Company shall at all times be an odd number. The Northern Company and the Union Company shall each have the right to nominate and to have elected one-half of the next smaller even number; and it shall be the duty of the said committee to vote for such nominees the said shares standing in their names.

The remaining director shall be jointly nominated by the Northern Company and the Union Company, and it shall be the duty of the said committee to vote the said shares of stock standing in their names for such joint nominee. Should the Northern Company and the Union Company fail to agree upon a nominee for such director, the committee shall vote the shares standing in their names for such impartial person as it shall select. These provisions for the election of directors shall apply to every annual meeting of the stockholders of said New Company.

On all other questions than the election of directors the said committee shall exercise its powers hereby conferred impartially and as it shall judge best for promoting the welfare of the property and harmony in its management.



In the event of the death, disability or absence of the Trustee hereinbefore named, one of the following named persons <sup>and corporations</sup> shall, in the order of their designation below, act as such Trustee, and exercise the authority hereby intended to be conferred upon the Trustee, to-wit:

In the event of the death or permanent disability or refusal to act of the Trustee, and of all the said alternatives, their successors shall be designated by agreement in writing by the Northern Company and the Union Company; and, in the event of failure of said companies to agree upon a successor or successors, then some person disinterested between the parties may be designated to act as such Trustee by ~~a United States Court, or some judge thereof, for some district lying within the State of Washington or the State of Idaho,~~ <sup>the Circuit Court of the United States for the Southern District of New York</sup> upon the application of either or both the Northern and the Union Companies.

If it shall be necessary in order to satisfy any requirement of law that the odd director in said New Company ~~who shall be~~ selected as above provided shall be a holder of stock in said New Company, then said committee shall cause to be issued and held in the name of such odd director, as he shall be from time to time elected, a share or shares of stock, not exceeding two, out of the one hundred shares under the control of said committee, and such qualifying shares shall be placed and kept on deposit with the said Trustee, together with sufficient powers of attorney in blank from such director for the transfer of such shares, ~~together with an irrevocable proxy or power of attorney from such director to said committee to vote said shares at all meetings and for all purposes, and said director shall not vote such shares at any meeting or for any purpose, but the same shall be voted by said committee as a part of said one hundred shares placed in its control as above provided for the purposes and under the conditions herein set forth.~~



IV.

As soon as the New Company is prepared to do business the Northern Company will cause the Clearwater Company to sell and convey to the New Company the following described property, to-wit:

All its railroad and telegraph lines now constructed, owned and operated by said Clearwater Company extending from Potlatch Junction up the Clearwater River to Stites, about the distance of sixty-three miles.

Also its railway and telegraph line extending from a junction with the said Northern Company's line at the Nez Perces Indian Agency up the Lapwai Creek to Culdesac, a distance of about twelve miles, all in the State of Idaho, and also the certain location, right of way and real property owned and held by said Clearwater Company and intended to be used by said company in the construction of a line of railway from Lewiston, in the State of Idaho, to Riparia, in the State of Washington with the franchises pertaining to said lines of railway and property, and will cause the Clearwater Company to accept in full payment therefor the amount of the cost thereof to said Clearwater Company, the said amount being agreed to be the sum of \$..... It is hereby agreed that the New Company shall purchase said property and pay therefor the sum as above specified.

V.

The Northern Company agrees to lease to the New Company for 999 years <sup>from the date</sup> all of the railroad of the Northern Company from Potlatch Junction to Lewiston, with the appurtenant yards and grounds at Lewiston, for an annual rental of five per cent on the value of the leased property. For this purpose the value thereof is agreed to be \$.....



Permanent betterments may be made by the <sup>new</sup> ~~Northern~~ Company whenever it desires, and when such betterments are made the cost thereof shall be added to the agreed valuation of said property upon which the annual ~~interest~~ rental is based. The cost of repairs, maintenance and operation of said property shall be paid by the New Company, and the lease shall contain such other terms and conditions as are customary in similar contracts.

VI.

As soon as the New Company is prepared to do business the Union Company <sup>will</sup> ~~shall~~ cause the Snake River Company to sell and convey to the New Company the following described property, to-wit:

All its railroad and telegraph line now constructed, owned and operated by said Snake River Company extending from Wallula up the Snake River to a connection with the main line of railroad of the Oregon Company at Grange City, all in the State of Washington, about the distance of sixty-three miles, and also its location, right of way and property intended to be used by it in the construction of its line from Texas Ferry up the Snake River to Lewiston, Idaho, with the franchises pertaining to the said lines of railway and property, and will cause the Snake River Company to accept in full payment therefor the amount of the cost thereof to said Snake River Company, the said amount being agreed to be the sum of \$.....

It is agreed that the New Company shall purchase said property and pay therefor the sum ~~as~~ above stated.

VII.

The Union Company agrees to cause the Oregon Company to grant to the New Company for 999 years from the date hereof the right to use the property of the Oregon Company consisting of a railway from Grange City to Texas Ferry, <sup>Idaho</sup> ~~with~~ the appurtenant yards and grounds



for its engines, trains, cars and business, jointly with the Oregon Company, and such other parties as may be admitted to the use of the property. Said contract shall provide for compensation on the basis of the *New*.....Company paying a fair proportionate share of a five per cent interest charge on the value of the property described which is hereby fixed at \$.....plus a fair proportionate share of the cost of repairs, maintenance and operation of the leased property and such fair proportionate share shall be based upon car mileage. Permanent betterments may be made by the Oregon Company whenever it so desires, and when made the cost thereof shall be added to the said agreed valuation of said property upon which the annual rental is based. Said contract shall contain such other terms and conditions as are customary in similar contracts. The Oregon Company shall have the right to use the line from Grange City to *Riverton* Texas Ferry for its trains, but such contract shall prohibit the Oregon Company from doing any local business between stations on the portion of its line so leased.

#### VIII.

The New Company shall build and complete during the year 1902 a line of single track, standard gauge railway from Texas Ferry up the Snake River to a junction at Lewiston with the present line of the Northern Company, for the actual cash cost of which the New Company shall issue its capital stock at par, and the same shall be offered to and taken by the parties hereto as herein elsewhere provided. The New Company shall also build such extensions and branches, and acquire such real and personal property, including rolling stock and equipment, as its directors or stockholders shall hereafter lawfully determine, subject, however, to the restrictions as to territory herein elsewhere provided. The New Company shall issue such amount of its capital stock at par from time to time as may be necessary for the actual cash cost of such expenditures, and such capital stock so issued shall be offered to and taken by the parties as herein elsewhere provided.

*Sho; should be from Riverton  
The cost should be paid from  
the same company's capital*



The purchase, leasing, construction and operation of railway lines by the New Company under this contract shall be confined to the lines herein specifically provided for, and such branches or extension as it may construct under the provisions of this agreement within that portion of the State of Idaho bounded on the south by the 6 1/2 Standard Parallel north of the Boise Base Line, and on the north by the south boundary of the Coeur d'Alene Indian Reservation. Within said described portion of the State of Idaho the New Company shall build such branches and extensions, and such only as it shall be jointly requested in writing by the Northern Company and the Union Company to build. A refusal by either of said two companies to join in a request to the New Company to build any such branch or extension shall not deprive the company desiring to have the same built of any right it might otherwise have to build the same itself; or cause the same to be built by some other corporation; and in the event of the building of any such branch or extension by one of the said two companies, or by some other corporation in its interest, under the circumstances aforesaid, the New Company shall allow connections thereof to be made and maintained with its line.

## X.

It is agreed that the New Company shall make a contract ~~at~~ ~~large~~ with the Oregon Company giving and granting the Oregon Company for the term of 999 years from the date hereof the right to run its own trains, cars and engines over the line of railway of the New Company between Wallula and Grange City, and the use of the stations and yard facilities of the New Company located upon any portion of said line, jointly with the New Company and such other parties as may be admitted to the use of said property.



Said contract shall provide for compensation on the basis of the ~~.....~~ *Oregon* Company paying a fair proportionate share of a five per cent interest charge on the value of the property described which is hereby fixed at \$.....plus a fair proportionate share of the cost of repairs, maintenance and operation of the leased property, and such fair proportionate share shall be ~~based upon car mileage.~~ *based upon value* The contract shall be in the usual and customary form of similar contracts. Betterments may be made by the New Company whenever it desires so to do, but the Oregon Company shall have the right to request the New Company at any time to make betterments of any character, and when such request is made the New Company shall make such betterments. When betterments are made the cost thereof shall be added to the agreed valuation of said property upon which the annual rental is based.

*Under the contract herein mentioned, and the contract mentioned in paragraph VII hereof,* the Oregon Company shall have the right to use the line between Wallula and Texas Ferry for any and all trains operated by it, but the Oregon Company shall not have the right to use its said trains to take up or lay down passengers or freight at any station on the line between Wallula and Texas Ferry save and except it pay to said New Company the full earnings therefrom for the carriage over the New Company's lines, said earnings to be computed at the rates which would have been charged by said New Company in the event that said passengers or freight had been carried by the trains of the New Company.



XI.

*See page 5 of original*

In case the Northern Company shall build from some point on its Montana lines westwardly to a connection with the railway of the New Company at Stites, or some point east thereof, and shall desire to use the railway of the New Company for all or part of its main line business, it agreed that the New Company shall make a contract of lease with the Northern Company, giving and granting to the Northern Company for the term of nine hundred and ninety-nine years from the date hereof the right to run its own trains, cars and engines over the line of railway between such point of connection and Wallula, and the use of the station and yard facilities located upon the portion of said line used by the Northern Company, jointly with the New Company and such other parties as said New Company may admit to the use of said property. Such contract shall prohibit the Northern Company from doing local business between stations on the line between such point of connection and Wallula, and shall prohibit the Northern Company from taking up or laying down passengers or freight at any station on the line of the New Company between said point of connection and Wallula save and except the Northern Company pay to the New Company, the full earnings therefor for the carriage over said line of the New Company, such earnings to be computed at the rates which would have been charged by said New Company in the event that such passengers or freight had been carried by the trains of the New Company.

Said contract shall provide the compensation on the basis of the *Northern* Company paying a fair proportionate share of a five per cent interest charge on the value of the property described which is hereby fixed at \$.....plus a fair proportionate charge of the cost of repairs, maintenance and operation of the leased property; such fair proportionate share shall be based upon car mileage.



Permanent betterments may be made by the New Company, and when made the cost thereof shall be added to the said agreed valuation of said property upon which the annual rental is based. The contract shall be in the usual and customary form.

## XII.

In case the Union Company, either through itself or some other company whose stock is owned or controlled by the Union Company, shall build or cause to be built a line of railroad from Huntington, Oregon, or some other point on the lines of the Oregon Short Line Railroad Company, or the Oregon Railroad & Navigation Company, near Huntington, Oregon, to some connection with the lines of the New Company at or near Lewiston, and shall desire to use the railway of the New Company into Lewiston, and from Lewiston to Wallula it is agreed that the New Company shall make a contract of lease giving and granting to the Union Company, for the term of 999 years from the date hereof, the right to run its own trains, cars and engines over the line of railway of the New Company into Lewiston and from Lewiston to Wallula, and the use of the station and yard facilities located upon the portion of the said line used by the Union Company jointly with the New Company and such other parties as the New Company may admit to the use of said property. Said contract shall provide for compensation on the basis of the <sup>Union</sup>..... Company paying a fair proportionate share of a five per cent interest charge on the value of the property described which is hereby fixed at \$.....plus a fair proportionate share of the cost of repairs, maintenance and operation of the leased property, and such fair proportionate share shall be based upon car mileage. Permanent betterments may be made by the New Company and when made the cost thereof shall be added to the said agreed valuation of said property upon which the annual rental is based. Such



XI.

It is agreed that the New Company make a contract with the Northern Company giving and granting unto the Northern Company for the term of 999 years from the date hereof the right to run its own trains, cars and engines over the line of railway between ~~Pettlatch Junction~~ <sup>Lewiston</sup> and Wallula, and the use of all station and yard facilities upon any portion of said line jointly with the New Company and such other parties as may be admitted to the use of said property.

Said contract shall provide for compensation on the basis of the Northern Company paying a fair proportionate share of a five per cent interest charge on the value of the property described, which is hereby fixed at \$.....plus a fair proportionate share of the cost of repairs, maintenance and operation of the leased property, and such fair proportionate share shall be based on car mileage.

The contract shall be in the usual and customary form of similar contracts. Betterments may be made by the New Company when it desires so to do, and when such betterments are made the cost thereof shall be added to the agreed value of said property upon which the annual rental is based. Such contract shall prohibit the Northern Company from doing any local business between stations on the line between ~~Pettlatch Junction~~ <sup>Lewiston</sup> and Wallula, and shall prohibit the Northern Company from taking up or laying down passengers or freight at any station on the line of the New Company between ~~Pettlatch Junction~~ <sup>Lewiston</sup> and Wallula save and except the Northern Company pay to the New Company the full earnings therefor for the carriage over said line of the New Company, such earnings to be computed at the rate which would have been charged by the New Company in the event that such passengers and freight had been carried by the trains of the New Company.



In case the Northern Company shall build from some point on its Montana lines westwardly to a connection with the railway of the New Company at Stites, or <sup>elsewhere</sup> ~~some point east thereof~~, and shall desire to use the railway of the New Company for its main line business, it is agreed that the New Company <sup>shall permit such connection to be made and maintained</sup> shall make a contract with the Northern Company extending in all respects the provisions of the contract hereinbefore mentioned in this paragraph to the entire line between Wallula and Stites, or such point of connection east of ~~Stites~~.



contract shall be in the usual and customary form and shall prohibit the Union Company from doing any local business on the line of the New Company between Lewiston and Wallula, and shall prohibit the Union Company from taking up or laying down passengers or freight at any station on the line of the New Company between Lewiston and Wallula, except the Union Company pay to the New Company the full earnings therefrom for the carriage over said line of the New Company, such earnings to be computed at the rates which would have been charged by the said new Company in the event that such passengers or freight had been carried by the trains of the New Company.

In construing this paragraph the words "Union Company" shall be held to mean either the Union Company or any other company building such line in the interest of the Union Company.

#### XIII.

In connection with the contracts mentioned in the VII, X, XI <sup>and XII</sup> paragraphs hereof, it is understood and agreed that the company having the right under such <sup>when made</sup> contracts to operate trains but to do no local business, may operate such trains over all or any part of the lines of the New Company covered by the contract which such company is by either said paragraphs permitted or required to make with the New Company, thus under such contracts the Oregon Company may operate its trains between Grange City and Texas Ferry, or between Grange City and Wallula; the Northern Company may operate its trains between Stites or the point of connection east thereof <sup>and between Potlatch Junction and Wallula</sup> and Potlatch Junction; and the Union Company, or the company building from or near Huntington may operate its trains between Lewiston and Texas Ferry, or between Lewiston and Grange City.



XIV.

There shall be made, published and at all times kept in force joint tariffs between the New Company and the parties to this agreement as well as any other railway or systems controlled by either party, or operating in connection with or in the interest of either, which tariffs shall be alike for like service, <sup>under</sup> and similar conditions, ~~to each party and to said other railways or systems.~~ The New Company shall handle and exchange traffic of all kinds with each party hereto, and with said other railways or systems, upon equal terms for like service under similar circumstances and conditions, and afford to the business of every of them equal facilities and accommodations. Proportions to the New Company of rates in joint tariffs with the Northern and Union Companies, respectively shall be fair and equitable and shall be alike on like articles to both the latter named companies and in handling the traffic exchanged by the New Company with the Northern Company and the Union Company respectively, loaded cars shall be allowed to pass over both the delivering and receiving line without breaking bulk, so far as can be permitted with regard to reasonable economy in operation. Neither <sup>The New Company</sup> ~~it~~ nor its officers, agents or servants shall solicit business for either party hereto, or recommend or suggest to passengers or shippers travel or shipment by the line of either party hereto, allowing the public full freedom to select its own route. The officers, agents and servants of the New Company shall conduct themselves in an entirely impartial manner as between the parties hereto and the other railways or systems hereinbefore mentioned. Any <sup>(except those appointed directly by its board of directors)</sup> officer, agent or servant of the New Company shall be promptly discharged on complaint of either party hereto lodged with the chief operating officer of the New Company. The Oregon Company shall be considered a part of the Union Company for the purposes of this section.



XV.

All traffic destined to points on the lines to be owned or operated by the New Company under this agreement, namely, the lines from Stites to Wallula and all branches or extensions thereof now constructed or hereafter to be constructed by the New Company shall be delivered to the New Company at the first junction point reached by the business. Until the Northern Company constructs its line across the Bitter Root Mountains from some point on its Montana lines the Northern Company shall deliver its business from the north and from the east to the New Company at Potlatch Junction, and its business from the west at Wallula. If the Northern Company constructs such line across the Bitter Root Mountains then and in that event the Northern Company shall deliver its business from the north and from the east either at Potlatch Junction or at Stites and its business from the west at Wallula. The Oregon Company shall deliver its eastbound business at Wallula and its westbound business at Texas Ferry. If the Union Company, or some company in its interest, constructs a line from or near Huntington to a point of connection with the lines of the New Company at or near Lewiston then the Union Company or such other company shall deliver the business passing over such line to the New Company at such point of connection at or near Lewiston.

XVI.

In all cases where it is agreed herein that the cost of permanent betterments shall be added to the agreed valuation of any property in determining the rental to be paid for the use thereof, it is understood, anything herein to the contrary notwithstanding, that such increase of agreed valuation shall apply to all contracts or leases herein provided to be made, and shall be used in calculating the rentals to be paid by each and every company using such property under any of such contracts or leases.



## XVII.

For the purposes of this agreement taxes shall be treated as an expense of operation, and in the several instances where it is provided herein that operating expenses are to be apportioned between two or more parties using any section of the property, it is agreed that the taxes to be apportioned shall be the taxes legally assessed against said section of the property; and if said section of the property is not separately assessed, but is assessed as a part of the railway line which includes other property, then the taxes to be paid upon such section shall be ascertained by dividing the taxes so assessed on the whole line on the basis of road mileage.

## XVIII.

If any difference shall arise between the parties as to the true construction, scope, interpretation or effect of this contract, or any of the contracts to be hereafter entered into to carry out the terms of this contract, such controversy shall be conclusively settled by the committee hereinbefore provided for; and each party covenants to stand to and abide by the determination of said committee.

## XIX.

The parties hereto agree that all such contracts, leases and conveyances as shall be requisite and convenient to carry out this agreement and the purpose and intent thereof shall be made and executed by the appropriate parties and companies whenever and as soon as occasion therefor arises.

## XX.

This contract shall bind and inure to the benefit of the respective successors and assigns of each party.



IN TESTIMONY WHEREOF, the parties have caused this contract to be executed under their respective corporate seals and the hands of their proper officers, the day and year above written.

NORTHERN PACIFIC RAILWAY COMPANY,

By

President.

Attest:

Secretary.

UNION PACIFIC RAILROAD COMPANY.

By

President.

Attest:

Secretary.