

CHAPTER 7.

Industrial Timbering

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Establishing the Foundations for a History of Leveraged Buyouts

During their cadastral survey preceding confirmation of the Baca Location No. 1 (Baca Location) to Luis María Cabeza de Baca's heirs in 1876, Daniel Sawyer and William H. McBroom noted that the grant "contained an abundance of pine and aspen timber" (**Sawyer and McBroom 1876:14–15**).

Commercial timbering approached the Baca Location from lower elevations accessible to railroads. H. S. Buckman, a lumberman from Oregon, leased the timber rights on the nearby Ramón Vigil Land Grant in 1898. He logged the grant rapidly, destroying what was left of its native ecosystem (**Rothman 1989:203**).

In 1905 a Presidential proclamation created the 1,237,205-acre (501,000-ha) Jémez Forest Preserve, today part of the Santa Fe National Forest. The purpose of this preserve was to prevent indiscriminate logging and to manage the forest reserves for the benefit of the public. Through its permit and fee provision requirements, this executive action brought about notable changes in land use, and increased the use of private land holdings, which were not subject to Federal oversight.

The Baca Location's timber holdings accordingly increased in value. In a 1907 assessment, the land grant's rich forests included 425 million board feet of white pine and between 15 and 25 million board feet of spruce, a supply so abundant that it could "keep 6 to 8 mills busy for 35 to 60 years" (**Laughlin Papers 1907**).

After years of arguments with his brothers over the disposition of the property (**Martin 2003**), F. J. Otero sold the Baca Location to Redondo Development Company (based in Warren, Pennsylvania) on October 16, 1909. Its president, Edward D. Wetmore, later described himself as a capitalist in the lumber industry (1930 Federal Census, Warren County, Pennsylvania, in **Martin 2003:47**). Wetmore's enterprise reportedly bought the property for \$300,000, a sum that far exceeded the tract's assessed ranchland value of \$53,000 (**Bernalillo County, New Mexico 1849–1903**). The disparity suggests that Wetmore and his investors were speculating on a resource other than pasture. More than likely, they were speculating on the Baca Location's timber.

Redondo Development Company investigated developing a commercial logging operation on the Baca Location, but ultimately decided against it. The impediment was the

heavy capital investment needed to develop the roads and other infrastructure for hauling timber from this still-remote location (**Martin 2003:47**). Instead, Wetmore used his connections to mortgage the Baca Location on April 1, 1915, to a bank in his hometown, the Warren Savings Bank, for \$175,000. Redondo Development Company reserved the right to harvest and sell timber from the land for a stipulated total of not less than \$175,000. This stipulation suggests the now-familiar device of the leveraged buyout, which is a strategy where a buyer pays for a property by selling parts of itself. What the land could be expected to earn from renewable resources, such as pasture, and its market price (reflecting its speculative value) were getting further and further apart, something to be expected in a region where the cash and market economy was still young. Wetmore apparently was looking for another way to raise money from the Baca Location other than ranching, but the calculation concerning the timber was a fateful one.

The Severing of Timber Rights from Grazing Rights

George W. and Frank Bond, the biggest wool and sheep men in the region, leased the grazing rights to the Baca Location in 1917. In March 1918, Frank Bond made an inquiry about buying the tract. He proposed to give Redondo Development Company a 50-year timber right. Wetmore asked for a longer period, and this, together with the Bond brothers' simultaneous commitment to buy the Ramon Vigil Grant, and wartime market uncertainties, led the Bonds to put the matter off. With the end of the World War, the brothers took up the negotiation again. In a contract dated December 17, 1918, they agreed that Redondo Development Company would retain a 99-year right to the timber, and one half the mineral interests (**Baca Co. v. NM Timber, Inc. 1967**, Trial record on file, National Archives, Rocky Mountain Region, 8NN-021-89-022 #5648, FRC#76L0201, box 110A; see also **Bond and Son 1918–1919; Scurlock 1981:144**). The Bond brothers were to pay a total of \$400,000 for the property by the end of 1925; the deed of sale would not be executed until 1926.

The Bonds took the deed on April 8, 1926. With ownership came the deed's requirement that they maintain the property's timber reserves.

*As part of the consideration for this conveyance, and this conveyance is made upon the express understanding, covenant and agreement of the second party [the Bond brothers], that they will at all times hereafter exercise due care and use all reasonable means to protect the timber, trees and wood upon said premises from fire, and during the grazing season will keep at least three men riding in and about said timber, and will at all times co-operate with the United States Forestry Service, and the agents and employees of the party of the first part [Redondo Development Company] to protect said timber from fire, and this shall be a covenant running with the land and be binding upon the heirs, executors, administrators and assigns of the parties of the second part (**Baca Co. v. NM Timber, Inc. 1967**).*

Under the terms of their purchase contract, the Bond brothers could cut only timber sufficient “for building houses, sheds, barns, corrals and fences, and also such dead and down timber as may be necessary for firewood” (T. P. Gallagher, Jr., in **Baca Co. v. NM Timber, Inc. 1967**, Answers of New Mexico Timber, Inc., to Interrogatories, October 16, 1964, box 110A). Clearly, the Bond brothers bought the Baca Location as stockmen. The terms of the sale were designed to ensure that they would conduct their livestock operations in ways that did not adversely affect the timber.

The Early History of Timbering on the Baca Location

By 1900, several small sawmills were processing timber from the Cañon de San Diego Land Grant or under permit from the Jemez Forest Preserve in the upper Río Jemez Valley (**Scurlock 1981:142**, citing Kintzinger 1978 and Smith 1979). Jim Smith ran a water turbine-powered mill at Battleship Rock from the late nineteenth century to about 1912. Surveyors noted that the Frelove sawmill, which was on San Antonio Creek to the northwest of Redondo Creek, was working between 1913 and 1914. Lew Caldwell started a sawmill on his homestead at Vallecito de los Indios in 1925. The Hughes brothers started a mill at Ponderosa farther downstream in 1930 (**Scurlock 1981**).

Guy H. Porter and his son, Frank H., established the White Pine Lumber Company in 1922. They invested \$2,000,000 to build a sawmill at Bernalillo and a rail line from this mill to San Ysidro near Zia Pueblo (**Scurlock 1981:148**). By 1924, White Pine Lumber Company mill was in operation and the company extended its line—known first as the Santa Fe Northwestern and subsequently as the Santa Fe Northern—to Porter, the operation’s main logging camp in Guadalupe Canyon. Like some other area mills, White Pine Lumber Company processed lumber primarily from private holdings on the Cañon de San Diego Land Grant. By 1927 White Pine Lumber Company averaged 145,000 board feet of lumber daily, until a shortage of timber forced a reduction in production levels (**Scurlock 1981:148**, citing Southwest History Class 1976:66–67). To restore its timber output, White Pine Lumber Company extended its tracks from Porter to various

landings higher up Guadalupe Canyon, following the Río Vacas (**Scurlock 1981:148**, citing Weinstein 1979). The White Pine Lumber Company cut about 100 million board feet of lumber from the beginning of its major operations in 1924 until its shutdown in 1931. With the onset of the Depression and a drop in demand for lumber, economic conditions forced the company to close.

While White Pine Lumber Company failed, New Mexico Lumber and Timber Company, which had also worked the 110,000-acre (44,515-ha) Cañon de San Diego Land Grant since 1922, expanded its operations. The company’s president, T. P. Gallagher, Jr., bought White Pine Lumber Company later that year and continued working its timber rights in the upper San Diego Land Grant through 1936, depleting the tract’s commercial timber reserves (**Scurlock 1981:138, 148**, citing Southwest History Class 1976). Before exhausting its timber rights, however, New Mexico Lumber and Timber Company began searching for new privately owned tracts.

The Baca Location was the company’s obvious choice. Not only was the tract rich in timber, the introduction of logging trucks and the Civilian Conservation Corps’ construction of the first graded road between Los Alamos and Cuba in 1935 freed commercial loggers from the heavy expense of building a rail line. Redondo Development Company had waited 26 years for the conditions that would make its investment profitable (Vernon Glover, personal communication 2002, in **Martin 2003:85**).

Redondo Development Company, with the approval of Warren Savings Bank and Trust Company, sold the logging rights on the Baca Location to the Firesteel Lumber Company on July 19, 1935, for \$150,000. On tax assessment forms filed between 1931 and 1935, Firesteel’s owner, Robert Anderson, had variously claimed that the Baca Location had anywhere from 270 to 312 million board feet of commercially valuable timber (**Baca Co. v. NM Timber, Inc. 1967**, box 110A; see also chapter 4).

New Mexico Lumber and Timber Company immediately signed an agreement with Firesteel Lumber Company and began the first industrial logging on the Baca Location (**Baca Co. v. NM Timber, Inc. 1967**, box 110A; see also chapter 4). The company’s president, T. P. Gallagher, Jr., decided to log the stands of ponderosa pine, white fir, and Douglas fir that had been growing largely untouched on Redondo Border and Banco Bonito, and between Redondo Creek and Vallecito de los Indios for countless generations. According to Gallagher, the logging focused exclusively on this timber because it could be cut “in high grade because of economic reasons and because it could be sold in the market” (**Baca Co. v. NM Timber, Inc. 1967**, box 110A; see also Vernon Glover, in **Martin 2003:85**). The “economic reasons” included the great size of the trees and the comparatively flat terrain.

*A sawmill in Redondo Meadow handled the logs, and the lumber was shipped on the good downhill grades through Jemez Springs to the railroad landing at Cañones. Anderson reported that 42 million board feet of timber was cut in 1935 (Glover 1990:36, in **Martin 2003:85–86**).*

As the U.S. emerged from the Great Depression and trucking of timber became practical, the mortgage on the Baca Location's timber changed hands among banks, agencies, and speculators (*Baca Co. v. NM Timber, Inc. 1967*, Abstract of Title to Timber Interest, box 110A). In the short term, mortgage holders moved to consolidate their interests. Warren Savings Bank and Trust Company sold Redondo Development Company's bond of \$130,000 and first mortgage on the Baca Location timber rights to Blue Diamond Trading Corporation of New York on May 26, 1936. The Reconstruction Finance Corporation received Redondo Development Company's 1933 promissory note for \$65,000 from Warren Savings Bank and Trust Company on May 28, 1936. It immediately re-signed the note to Warren Savings Bank.

New Mexico Lumber and Timber Company established a logging camp, called Camp Redondo or Redondo Camp, for about 25 employees and their families near the mouth of Redondo Creek. The camp consisted of 12 by 16 foot (3.7 by 4.9 m) log cabins, transportable skid-mounted frame houses, sheds, stables, a mess hall, a log schoolhouse, and miscellaneous huts and tents (*Scurlock 1981*:148, citing Darnell 1979 and Weinstein 1979). The remnants of some of these structures, particularly those of the log cabins (e.g., sites BG-24, BG-25, BG-27, BG-28, and BG-29) and the old schoolhouse (site BG-26), are visible today. Dick Cotton, a New Mexico Timber Company employee who arrived at Camp Redondo from Missouri in 1937, built and lived in an outlying cabin (site BG-19) (*Scurlock 1981*:148, citing Darnell 1979 and Smith 1979).

Interviews with two of the New Mexico Lumber and Timber Company's surviving logging supervisors, Henry Darnell (1979) and Yale Weinstein (1979), showed that employees included "Anglos from Arkansas, Oklahoma, and northeast Texas, Mexican nationals, and local Hispanos" (*Scurlock 1981*:148). While Anglo-American employees presumably received preferential consideration in company housing, the former employees noted, "The Mexicans built their own huts at the main camp or lived in tents near the active tree cutting sites" (*Scurlock 1981*:148, citing Darnell 1979 and Weinstein 1979).

During its relatively brief history, Camp Redondo saw significant change in logging technology and organization. During its first year or two, the camp was home to *fellers* (timber cutters), as well as *skidders* (horse and mule team drivers) and *barn dogs* (skidding team supervisors) alike (*Scurlock 1981*:148).

Martin succinctly describes the early logging operations:

The easiest, least expensive logging centered on the ponderosa stands. Limitations of equipment and the difficulty of moving logs on steep terrains kept sawyers off steep slopes. The company constructed rough roads through the grasslands that reached the quality [ponderosa] pine stands without requiring extensive engineering plans. Sawyers made their cuts with two-man saws that were most easily used at chest height. Pushing and pulling and using wedges to keep a saw from binding, a team could fell even the largest pines in several hours. (The tall stumps left by the sawyers

are distinctive of this era.) Felled trees were skidded—dragged—by teams of horses or by machinery to loading areas. Lacking cranes to lift the logs onto the backs of trucks, the loading areas often were flat landings excavated into hillsides. Even the largest diameter logs could be rolled from the hill onto the flatbed trucks, which sat by the depressions (*Martin 2003*:86–87).

The introduction of more powerful and efficient logging trucks and caterpillar tractors, however, saw the transformation of the area's logging industry and changes in the demography and social structure of Camp Redondo. The logging trucks and tractors quickly replaced the draft animals. With families replacing single men, Henry Darnell moved to the log schoolhouse (BG-26) as early as 1936 (in *Scurlock 1981*:148, citing Darnell 1979).

The loggers hauled their timber to the Porters' old railway in Guadalupe Canyon until the winter of 1940–1941. When winter storms destroyed the rail bed, trucks began hauling the logs all the way to the Bernalillo mill (*Scurlock 1981*).

Weather permitting, logging and associated work ran nonstop from May to March. "Off-days were whenever the weather was too inclement to work. On these days employees played cards or went to Billy Mann's bar in Jemez Springs" (*Scurlock 1981*:148, citing Weinstein 1979).

Logging had clear-cut Redondo Border and Banco Bonito by the late 1930s. In addition, small, unmarketable trees were often knocked down and left on the ground. Recalling these heady days (while attempting to downplay the fact that his logging operation was returning to the practice of clear-cutting two decades later), Gallagher proudly testified in the 1960s that his loggers left this desolated tract to natural restoration (*Baca Co. v. NM Timber, Inc. 1967*, box 110A). Nonetheless, the record still visible on the ground reveals Gallagher's testimony that his operations had clear-cut the forests since the beginning. The size of some surviving trees reveals that loggers actually left "a few old giants...to provide a seed source for regeneration" (*Martin 2003*:87, citing Craig Allen, personal communication 2002).

The success of this initial enterprise inspired another flurry of business transactions. Anderson formally transferred all his rights, title, and interest in the Baca Location timber to A. I. Kaplan of New York on December 31, 1936 (*Baca Co. v. NM Timber, Inc. 1967*, box 110A). Shortly thereafter, Blue Diamond Trading Corporation sold its renewal note and assigned the bond to Calumex Corporation, based in Delaware, on October 14, 1937. Kaplan, who was the largest investor in New Mexico Lumber and Timber Company, in turn assigned all his rights, title, and interest to New Mexico Lumber and Timber Company (T. P. Gallagher, Jr., President) on September 16, 1938 (*Baca Co. v. NM Timber, Inc. 1967*, Abstract of Title to Timber Interest, box 110A). Redondo Development Company deeded all of its Baca Location No. 1 timber rights to New Mexico Lumber and Timber Company on December 31, 1939. New Mexico Lumber and Timber Company subsequently mortgaged the timber to the Reconstruction Finance Corporation for \$182,436.52 at 5 percent interest per year (Deed, December 31, 1939, Redondo Development Company

to New Mexico Timber, Inc., in Abstract of Title of Timber Interest in and to the Baca Location No. 1, *Baca Co. v. NM Timber, Inc. 1967*, box 110A; see also chapter 4).

Camp Redondo closed in 1939. Most of the Valles Caldera's logging activity shifted to the northwest part of the Baca Location. Loggers built more roads and several sawmills in the new locale. Small-scale, intermittent logging continued in the Redondo Creek area.

In a corporate reorganization, New Mexico Lumber and Timber Company assigned all of its rights to New Mexico Timber, Inc., on April 30, 1940. T. P. Gallagher, Jr., continued to serve as the enterprise's president (*Baca Co. v. NM Timber, Inc. 1967*, box 110A). On June 27, 1940, the Reconstruction Finance Corporation recognized the satisfaction of the mortgage and bond dated May 15, 1930. It released the mortgage on the Baca Location timber on January 16, 1942.

New Mexico Timber, Inc., continued intensive, large-scale operations in the Valles Caldera through World War II. Logging sites included Redondo Peak, El Cajete, and the Jaramillo drainage. Gallagher stated that his corporation started cutting spruce at this time because economic conditions favored its marketability (*Baca Co. v. NM Timber, Inc. 1967*, Answers of New Mexico Timber, Inc., to Interrogatories, October 16, 1964, box 110A).

The Intensification of Timbering

From 1946 through the mid-1960s, New Mexico Timber, Inc., harvested thousands of nursery trees in addition to the great ponderosa pine, spruce, and fir timbers. Gallagher stated that these trees consisted primarily of blue spruce, Engelmann spruce, Douglas fir, white fir, and ponderosa pine transplants. Following State of New Mexico laws regulating the commercial logging industry, the trees felled were 12 inches (30 cm) or larger in diameter. Logging operations often left four of these larger trees per acre (.4 ha) to reseed the cut tracts (*Martin 2003:88*).

Gallagher's timber men also harvested thousands of young white fir, Douglas fir, and spruce trees for sale as Christmas trees in Albuquerque and Santa Fe. In 1961 New Mexico Timber, Inc., ran advertisements in the *Albuquerque Journal* and the *Santa Fe New Mexican* during the month of November to promote the sale of two sizes of Christmas trees—up to 8 feet (2.4 m) tall, and from 8 to 12 feet (2.4–3.7 m) tall. In 1962, the company entered into a contract with the Pueblo of Jémez, which cut and sold Christmas trees as a tribal business enterprise (*Baca Co. v. NM Timber, Inc. 1967*, Answers of New Mexico Timber, Inc., to Interrogatories, October 16, 1964, box 110A). These enterprises do not appear to have been very successful. By the late 1960s, the Christmas tree business was operated mainly by the Los Alamos Boy Scouts, who cut thousands of trees each Holiday season for sale primarily to residents of Los Alamos (*Los Alamos Monitor 1970:1*).

By 1963, Gallagher's logging operations had cut more than 25,000 acres (10,000 ha) of timber, including 15,000 acres (6,000 ha) of ponderosa pine and 10,000 acres (4,000 ha) of

spruce-fir and mixed conifer stands. "The base of the eastern and northern caldera rims, the lowermost slopes of Cerros del Medio, Cerros del Abrigo, and the Cerros de Trasquilar were extensively logged during the later years of this period" (*Martin 2003:87*).

During the four operating seasons from 1960 to 1963 alone, New Mexico Timber, Inc., processed 14,575 thousand board feet of finished spruce lumber. Most of this harvest, 7,915 thousand board feet (54.3%), however, happened in 1963. In addition to the finished spruce lumber, New Mexico Timber, Inc., and Bernalillo Log & Lumber Company cut 115 thousand board feet of pulpwood and sold nursery stock and Christmas trees (*Baca Co. v. NM Timber, Inc. 1967*, Answers of New Mexico Timber, Inc., to Interrogatories, October 16, 1964, box 110A).

This 3.5-fold increase in logging on the Baca Location was a product of several notable events. The first was a change in regulations governing New Mexico's logging industry. The second was the opening of new markets for previously non-commercial wood resources. The third was a renewed effort by various Federal, State, and local interests to create a new national park that would center on the Valle Grande. The last event was a change in the ownership of the Baca Location.

In 1962 the New Mexico Legislature redefined the legal minimum size limits for tree harvests. Depending on the species, the new laws allowed loggers to begin cutting trees as small as five inches (12.5 cm) in diameter.

This legislative change gave previously unmarketable stands of small trees commercial timber value. For the first time, New Mexico Timber, Inc. could harvest the small-diameter spruce and fir trees growing on the Baca Location's many steep slopes to supply a new pulpwood mill in Snowflake, Arizona, scheduled to open early in 1963 (*Martin 2003:87–88*). At the beginning of the 1963 timber harvest season, New Mexico Timber, Inc., announced that it had signed a contract with the mill's operators "to cut millions of dollars worth of pulpwood...on the Baca Ranch" (*Martin 2003:88–89*).

Along with its pulpwood expansion, New Mexico Timber, Inc., began to seek commercial markets for aspen logs from the Baca Location. Gallagher noted that his company had cut aspen since 1950, but it did so only on an experimental basis (*Baca Co. v. NM Timber, Inc. 1967*, Answers of New Mexico Timber, Inc., to Interrogatories, October 16, 1964, box 110A). In 1964 the company signed a major contract to begin harvesting the Baca Location's aspen groves.

The movement begun in 1961 to create a "Valle Grande National Park" was one in a series of initiatives dating back to 1888 to place major parts of the Valles Caldera in public ownership and to protect its natural and cultural resources (chapter 4). The National Park Service (NPS), under the watchful eye of area residents concerned about the still-expanding, highly visible damage that logging was inflicting on the scenic landscape of the Valles Caldera, lobbied for the proposal. If approved by Congress, the initiative would have linked the Valle Grande with the Bandelier National Monument under NPS administration and given most of the Baca Location to the Forest Service. Gallagher was adamant in his opposition to the park plan, and said again that his company owned the timber on

the Baca Location and intended to log it all. In a letter to New Mexico Senator Clinton P. Anderson that October, Gallagher stated, “The government would find itself in a rather strange position if they bought only the Valle Grande meadow, and found us later operating portable sawmills, spewing slabs and sawdust across the national park” (Martin 2003:77).

James Patrick Dunigan vs. New Mexico Timber Revisited

On January 11, 1963, James Patrick Dunigan of Dunigan Tool and Supply Company, Abilene, Texas, with the backing of a group of investors, bought the Baca Location. Dunigan created a new entity, the Baca Land and Cattle Company, to operate the property, making it clear that he intended to use the tract as a ranch.

Increased timbering greeted Dunigan’s acquisition of the Baca Location. His relations with T. P. Gallagher over the next decade were usually antagonistic. Their dispute took place in an economic environment in which “The activities of the live-stock business and timber business have become less and less compatible...because of the various attempts of both businesses to eliminate manpower” (Mr. Bigbee, Esq., reading a quote attributed to T. P. Gallagher, Jr., in *Baca Co. v. NM Timber, Inc. 1967*, box 100A).

Martin does not believe that Dunigan’s purchase of the Baca Location had much to do with the increased volume and expanded focus of Gallagher’s logging activity in 1963 (Martin 2003:87). Martin correctly points out that the change in the legal definition of harvestable trees was Gallagher’s main incentive. Nonetheless, Dunigan’s ideas about conservation and the concern of area residents undoubtedly contributed to the intensification of logging operations. Although he held legal timber rights on the Baca Location through 2017, Gallagher had reason to know that public sentiment and government action might soon curtail his operations.

It is clear that Dunigan was interested in long-term conservation and went to great lengths to restore and sustain the property’s scenic qualities. He made range improvements and built erosion control features in an effort to address the cumulative effects of three decades of timber cutting. In 1975 he agreed to listing of the Baca Location by the National Park Service as a National Natural Landmark (NNL). Although the property’s stated significance was its geological structure, not its scenic beauty, the listing implied the owner’s intention to preserve the Baca Location (chapter 4).

Dunigan was also well aware that Federal, State, and local interests were considering the possibility of creating a “Valle Grande National Park” to preserve the tract’s environmental values (see chapter 4). While Dunigan’s investors proposed various development plans for the Valles Caldera, including a ski resort, a racetrack, and a resort community of home sites and stores, he remained committed to his idea of maintaining the property as a working ranch and sustaining the Valle Grande’s beauty (Martin 2003:80–82).

In an effort to restrain or to halt logging of the Baca Location, Dunigan sued New Mexico Timber, Inc., in Federal district court on May 12, 1964, to obtain recognition of his successor interest in the 99-year timber lease. Having lost this initial round, he appealed the case to the 10th Circuit Court of Appeals in 1967. In a series of depositions for this case, James Patrick Dunigan, J. B. Harrell, Jr., who was a Dunigan employee, and T. P. Gallagher, Jr., each offered insight into the modified logging practices used by New Mexico Timber, Inc., after Dunigan’s purchase of the Baca Location.

After meeting with Gallagher in 1963, Dunigan reported finding that New Mexico Timber, Inc., had just begun cable-logging and clear-cutting of spruce stands in the Burrita area (*Baca Co. v. NM Timber, Inc. 1967*, box 110A). Rather than cutting trees one at a time, lumbermen working steep slopes covered by small-diameter trees strung a stout cable between closely spaced logging roads. As they dragged the cable, they could quickly—and indiscriminately—knock over all timber standing in their path.

Once the trees were stripped from the soil, swampers lopped off the branches. Heavy equipment piled the trucks. A convoy of trucks carried off the valuable logs (Martin 2003:90).

Dunigan stated that from its first chain and boom logging area in 1963, New Mexico Timber, Inc., moved eastward along the ridges bordering the north side of the Burrita. By the time of his testimony in 1969, the chain and boom clear-cut area had expanded to include the areas around “Indian Point and Cerra de Polita” and to reach “Los Posos” and “the back side of Medio” on the hill slopes enclosing the Valle San Antonio and the Valle Toledo (*Baca Co. v. NM Timber, Inc. 1967*, box 110A; *Los Alamos Monitor 1972:1*). In his deposition a year earlier, Harrell noted that New Mexico Timber, Inc., had clear-cut approximately 8,500 acres (3,440 ha) of forest using the chain and boom method since 1963 (*Baca Co. v. NM Timber, Inc. 1967*, box 110A).

Dunigan also complained that for the lumbermen to cable-log on steep slopes, New Mexico Timber, Inc., had begun building roads at close intervals of just 200, 300, or 400 feet (61, 91, or 122 m) through timber stands to accommodate equipment and cable. The previous practice, Dunigan asserted, was for loggers to build their access and haul roads at intervals averaging between one-quarter to one-half mile (400–800 m). Some substantial timber stands were being serviced by just one road, while others required closer spacing and converging trails (*Baca Co. v. NM Timber, Inc. 1967*, box 110A).

In his testimony T. P. Gallagher initially held that topographic factors, not logging methods, dictated his logging road intervals (*Baca Co. v. NM Timber, Inc. 1967*, box 110A). As we noted earlier, Gallagher testified that his operations had clear-cut the Baca Location’s timber stands beginning in 1935. Under direct examination, Gallagher was somewhat evasive as he answered attorneys’ questions about his logging practices after 1963. Under continued questioning Gallagher admitted that his timbering since Dunigan bought the ranch was “somewhat different than it was prior to 1960,” including the introduction of chain and boom “operations...on the north

side of the Baca location” (*Baca Co. v. NM Timber, Inc.* 1967, box 110A) around 1961. Gallagher also acknowledged that the crane operation required the construction of roads at closer intervals than had logging conducted without this equipment in previous decades.

Along with clear-cutting and logging road construction, the issue of slash and other logging debris was a focal point of the dispute between Dunigan and Gallagher. Chain and boom logging:

... left behind three- to six-feet [.9–1.8 m] high piles of jumbled limbs, brush, and debris...[that] were formidable barriers to livestock and wildlife. The slash piles and remaining snags increased the fire danger in the area to unacceptable levels (Martin 2003:90).

In his 1968 deposition before the 10th Circuit Court of Appeals, Dunigan described how this issue proved divisive from the start of his relationship with Gallagher. His comments also reflect the fact that New Mexico Timber, Inc., held an exclusive lease on the property’s forests, including rights to all timber, trees, and wood, for another 50 years.

On the matter of slash and debris, Mr. Gallagher said that at this point I was starting to get into his pocket, any time we talked about spending over three or four hundred dollars in a given season, and that he was totally unwilling to consider any form of slash disposal and/or erosion control beyond spending the limited amount of money on thank-you-ma’ams [erosion control road berms], and following that statement he reminded me of the fact that he owned all the timber, trees, and wood on the grant and that he also owned anything that poked its head up out of the ground until midnight of the last day of his timber reservation in the year 2017 and that—that is the way it was and there wasn’t anything that anybody could do about it (James Patrick Dunigan, in Baca Co. v. NM Timber, Inc. 1967, box 110A).

Dunigan complained bitterly that chain and boom clear-cut areas were useless for ranching. He testified that because downed slash, severed treetops, and old fallen logs completely covered the ground, the newly logged tracts were inaccessible to livestock (*Baca Co. v. NM Timber, Inc.* 1967, box 110A).

In a 1970 interview, Sam Bailey, who served as New Mexico Timber, Inc.’s forester, succinctly summarized the logging company’s view. Bailey acknowledged that New Mexico Timber, Inc., had harvested the majority of the Baca Location’s original 68,000 wooded acres (27,200 ha) since 1935. He maintained, however, that only half of the harvested acreage had “been subjected to the present ‘clear cutting’ techniques” (*Los Alamos Monitor* 1970:1). Bailey said that the rest of this acreage, most of which had been harvested before 1963, had been selectively logged of large, thick-stemmed trees only.

Bailey defended his company, saying that clear-cutting was the most common method of harvesting spruce and fir in New Mexico, and that cable logging caused much less damage to

young trees (i.e., those under 5 inches [12.5 cm] in diameter). Nevertheless, Bailey acknowledged:

That a freshly clear cut area looks pretty bad, but he claimed that time, even a few years, quickly heals the scars...He said that the slash, which is obviously ugly in the newly logged regions, is soon covered by secondary growth if it is left alone. He said that an attempt to gather and haul off the limbs and tops would be wholly impractical. “There just aren’t enough trucks.” Burning the slash, Bailey noted, would simply kill the secondary growth (Los Alamos Monitor 1970:1).

Lastly, Bailey stated that, with the Court of Appeal’s decision still pending, New Mexico Timber, Inc., was not about to invest in the new equipment needed to replace the contested cable-logging and clear-cutting technique.

Faced with mounting damage and the onset of erosion that accompanied the blading of logging roads, Dunigan implemented range restoration programs that New Mexico Timber, Inc., had refused to undertake. Although New Mexico Timber repeatedly told Dunigan that he had no right to do so, Dunigan had his employees close and reclaim skid trails and logging roads in clear-cut tracts, using a bulldozer to push slash and abandoned down timber into eroded gullies (James Patrick Dunigan, in *Baca Co. v. NM Timber, Inc.* 1967, box 110A). Dunigan also testified that some of his earthen tanks served a dual purpose, to capture and hold water for livestock and to control erosion caused by logging roads and a few other areas of natural disturbance. He also collaborated with the U.S. Soil Conservation Service and the Texas Technological College to develop cool-season grasses that might be used to reseed logging road scars.

The uncertainty of the still-pending court case was one issue. Another was the growing public protest against logging operations in the Valles Caldera. The *Los Alamos Monitor* reported that the State of New Mexico had begun considering

... a new set of regulations, apparently aimed at logging, on the Baca. These regulations would cause drastic changes in the handling of slash and formalize a requirement for seeding and water barring roads (Los Alamos Monitor 1970:1).

These developments convinced Gallagher that New Mexico Timber, Inc., would not be allowed to continue cable-logging and clear-cutting on the Baca Location for another 47 years. To take full advantage of its timber rights, using the most profitable methods then allowed, New Mexico Timber, Inc., began “cutting trees on the property at a ferocious rate, 24 million board feet of lumber per year” (*Los Alamos Monitor* 1970:1). Achieving these production levels on the Baca Location, required the company to employ 175 men and operate 2 mills in 1970. The number of employees rose to 300 over the next 2 years (*Los Alamos Monitor* 1970:1, 1972:1).

Logging moved into the Valle Grande in 1971 (*Los Alamos Monitor* 1972:1). Road scars and clear-cut areas were now visible to anyone traveling State Road 4. Area residents grew

angrier. In 1970, the Los Alamos Monitor reported that within 7 years,

Virtually every tree on the ranch that can be sawed into two by fours will have been cut down. And it will take nature 40 to 50 years to restore in main the appearance of the ranch
(**Los Alamos Monitor 970:1**).

The Monitor reported even more alarming news to environmentalists and others who hoped that they would some day enjoy public access to the Baca Location. In a sidebar accompanying its main article, the newspaper noted that the harvesting of the Baca Location's timber could be completed "within three years by going to two or three shifts a day at New Mexico Timber's mills" (**Los Alamos Monitor 1970:1**).

By 1971, less than 10 years since it had begun intensifying its cutting of the larger pine trees—using chain and boom logging on steep slopes to harvest smaller diameter trees for pulpwood products, and working aspen groves—New Mexico Timber, Inc., had graded over 1,000 miles of interlocked, maze-like roads. Although the hill slopes enclosing the Valle Toledo were the major area of impact, chain and boom logging also occurred on the north side of Cerro Redondo (**Martin 2003:93**). By a historical irony, logging came back to its point of beginning: one of the last areas to be clear-cut on the Baca Location was reached from a work camp at the headwaters of Redondo Creek. Camp Redondo located near the mouth of the creek had served as the base of operations for some of New Mexico Lumber and Timber Company's earliest logging operations on Redondo Border and Banco Bonito.

Dunigan eventually won several relatively minor restraints on logging, as well as limited damages, through the appeals process (*Baca Co. v. NM Timber, Inc. 1967*, box 110A; see also chapter 4). In March 1971 the 10th Circuit Court of Appeals upheld U.S. District Judge H. Vearle Payne's June 5, 1969, finding that New Mexico Timber, Inc., should lay slash in ways that would not hinder the movement of live-stock and wildlife, cut down dead and living trees that were likely to blow over, and build water bars on abandoned roads to reduce their erosion. This decision, however, did not question the company's right to continue clear-cutting on the Baca Location (*Baca Co. v. NM Timber, Inc. 1967*, Abstract of Title to Timber Interest, box 110A; see also chapter 4).

The Court of Appeals also upheld Judge Payne's award of \$202,278.30 in compensatory damages and interest to Dunigan's Baca Land and Cattle Company. This judgment, however, covered only the 5,000 acres (2,000 ha) that New Mexico Timber, Inc., had logged between the time that

Dunigan had begun his suit in 1964 and the date of Judge Payne's finding. If the judgment had covered the entire area logged since 1935, "then Dunigan might have been awarded \$2.6 million" (**Los Alamos Monitor 1970:1**).

Just as in Judge Payne's court, Dunigan was denied the third count of his suit. This argument sought to limit New Mexico Timber, Inc.'s, harvest of trees to those that were mature in 1918, the time at which Redondo Development Company separated the Baca Location's timber rights from the land when selling the property to the Bond brothers (*Baca Co. v. NM Timber, Inc. 1967*, box 110A; see also chapter 4). The message was decisive: clear-cutting, albeit with a few new restrictions governing the disposition of slash and the treatment of logging roads, would continue on the Baca Location.

Dunigan was not satisfied with the Court of Appeals decision. He directed his attorneys to file suits for damages covering the entire area logged by New Mexico Timber, Inc., since 1935. Dunigan and Gallagher wearily prepared to renew their 8-year court battle. They also began negotiations for the sale of the timber rights. The Baca Land and Cattle Company bought the Baca Location timber rights from New Mexico Timber, Inc., on July 1, 1972, for \$1,250,000, just 2 days before the parties were scheduled to return to court (**Martin 2003:93**).

In a joint statement announcing the sale of the timber rights and the cessation of logging, Dunigan and Gallagher stated, "The transaction settles all litigation between the parties" (**Los Alamos Monitor 1972:1**). A representative for New Mexico Timber, Inc., added that half of the company's 300 employees might be laid off, although some crews would be kept active "hauling already cut logs from the area, reseeding the logging roads and cleaning up the slash" (**Los Alamos Monitor 1972:1**).

Dunigan's purchase of the Baca Location's timber rights did not mean the end of all logging. When cutting resumed under his stewardship, however, operations were limited to the salvage of vigas on Redondo and Redondito Peaks.

The Persistence of the Timbering Tradition

In 2001, the Valles Caldera National Preserve issued permits to haul timber on South Mountain, as well as to obliterate and rehabilitate 4.9 miles (7.8 km) of old logging roads on a 100.1-acre (40.5-ha) tract. This work was allowed to complete a timber project that was in progress when the Federal Government bought the ranch.

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