

## CHAPTER V

*The Norfolk and Western Railroad Company: Its inception and beginning – The Norfolk and Petersburg Railroad Company – The Southside Railroad – The Virginia and Tennessee Railroad – The Virginia and Kentucky Railroad – The New River Branch – Creation of the extension mortgage – The Cripple Creek extension – The Norfolk Terminal Company – The Bluestone extensions – The Clinch Valley extension – The Elk Horn extension to Ironton, Ohio – The Scioto Valley Railroad – The Southeastern extension into North Carolina – The Shenandoah Valley division – Increase in mileage of the Norfolk and Western Railroad for the past ten years – Increase in passenger and freight traffic – Increase of its rolling stock – Its financial advance.*

The Norfolk and Western Railroad Company has played such an important part in the development of Southwest Virginia that it deserves a full account of its various operations from its inception to the present time; and the rapidity with which it has advanced in every way for the past nine years makes everything connected with it of more than ordinary interest. There is scarcely another railroad in the Southern States which has done so much for the development of the country through which it runs, or enriched its owners more. So phenomenal has been the success of the company in the section of country of which we are writing that its name has a kind of talismanic effect there and its objectionable features cheerfully borne on account of its developing policy.

In 1851 the Norfolk and Petersburg railroad was chartered, and opened for traffic in 1852. This road ran between Norfolk and Petersburg, a distance of some eighty-one miles. It passes through what is known as the great Dismal Swamp, which at that time was a scene of horror, but it is now being gradually reclaimed and cultivated; thence on through Nansemond county, by Suffolk; next the road runs through Isle of Wight county, by Windsor, Zuni, and through South Hampton, Sussex, Prince George, and Dinwiddie counties, until Petersburg is reached – a city of some thirty thousand people. As may well be imagined, this railroad did a small business until others connected with it were put in operation.

As far back as 1846 the Southside Railroad Company was chartered, but was not constructed and placed in operation until the year 1857, when it was opened for traffic between Petersburg and Lynchburg. This road runs from the former place through Dinwiddie, Nottoway, Prince Edward, Appomattox, and Campbell counties to Lynchburg, in the latter county, one hundred and twenty-three miles from Petersburg. The country through which it passes presents an uninviting aspect to the eye, but it is really a good one. The railroad, in order to select the best grade possible, runs as much along the ridge as practicable and excludes from sight many fertile spots and good farms. Leaving Farmville, in travelling westward, the plateau begins, which is really a fine section from there on to Lynchburg. Many towns have sprung up along this route since its earlier history, among which may be mentioned Blackstone, Burkeville, Farmville, Prospect, and Pamplin. The live business capacity of some of these places argues with force that the possibilities of this section of the country are great.

The Virginia and Tennessee railroad, chartered in March, 1849 and opened in 1857, runs westward from Lynchburg through Bedford, Botetourt, Roanoke, Montgomery Pulaski, Wythe, Smyth, and Washington counties to Bristol, Tennessee – a distance of two hundred and four miles from Lynchburg. This line traverses a part of the great Southwest of which we are primarily writing, and the towns, cities, and counties contiguous to this branch of the road will not be especially mentioned now.

Another road was chartered, and partially constructed, in connection with the three we have mentioned, which was known as the Virginia and Kentucky railroad. This route was to extend from

Bristol to Cumberland Gap. The road was, however, placed in other hands, as we shall see later on.

On June 17, 1870, the Legislature of Virginia passed an act entitled, "An act to authorize the formation of the Atlantic, Mississippi and Ohio railroad," which was for the purpose of merging, absorbing, and consolidating the Norfolk and Petersburg Railroad Company, the Southside Railroad Company, the Virginia and Tennessee Railroad Company, and the Virginia and Kentucky Railroad company, all four of which were in separate existence at the time. This consolidation was not effected without a great deal of trouble. Even at this day queer lobbying tales are told of how champagne flowed and Havana cigars were handed around among the law-makers on the evening of the day previous to that of the passage of act. People along the lines of the companies were opposed, on the ground that it would not be to their interest – why, it was impossible to divine. That the consolidation was a good measure for the country at large is beyond all doubt, for by that means traffic was established which redounded to Virginia's benefit. This new company was placed under the management of General William Mahone, who has since rendered himself famous to Virginia politics, and, though censured by some for the manner in which he conducted the affairs of the company, undoubtedly improved and added to the condition of the road. It was during the year 1874, in April, that by an act of the Virginia legislature the stock of the Virginia and Kentucky railroad owned by the Atlantic, Mississippi and Ohio Company passed from its control. The road apparently was prospering under General Mahone's rule, for the traffic increased, while new stock, iron, and station-houses were all placed along the line of the road. This road controlled the branch from Petersburg to City Point, and the extension from Glade Springs, in Washington County, to the salt works, about nine miles distant. On October 1<sup>st</sup>, 1874, the Atlantic, Mississippi and Ohio Railroad Company failed to pay the semiannual interest due upon the mortgaged debt it had created. This was a surprise indeed, and still more did consternation stare all in the face when on April 1, 1875, the semi-annual interest was in default again. This second failure caused the trustees, under deed of September 5, 1870, to file their bill in the circuit court of the United States for the Eastern district of Virginia, praying that a receiver be appointed to take an account of all liens and encumbrances, and a sale of the property, rights, and franchises of the road. On the 9<sup>th</sup> day of May, 1879, the court decreed a sale of the property, and who should purchase the Atlantic, Mississippi, and Ohio Railroad became an absorbing topic in railroad circles.

At this time this company owned and operated four hundred and twenty-eight miles of railroad, running through a good portion of Eastern Virginia and the very heart of the great Southwest. At Bristol it connected with the East Tennessee, Virginia and Georgia, while at Norfolk it possessed harbor facilities unexcelled on the Atlantic Coast. A rich, succulent agricultural county enclose it on both sides, and it had more than a modicum of advantages usually possessed by railroads in the Southern States. The mineral resources along its lines were superb.

**It was to these that the Northern capitalists were turning their attention – the coal and iron in Southwest Virginia – and on the tenth day of February , 1881, the Atlantic, Mississippi, and Ohio railroad, with its road, property, and franchises for the sum of \$8,605,000, subject to liens and encumbrances amounting to \$4,898,159.14. This sale was duly confirmed by the court on the fourth day of April, 1881, and then the purchasers were designated as the "Norfolk and Western Railroad Company," under which the reorganization was perfected. The purchase money was paid on the third day of May, 1881, and the road, with its property, franchises, rights, and privileges, was deeded to the Norfolk and Western Railroad Company by M.F. Pleasants, who was the commissioner appointed by the court, which deed was duly recorded in the clerk's office of the hustings court of the City of Norfolk. On the same day the Atlantic, Mississippi and Ohio Railroad Company deeded to the Norfolk and Western Railroad Company all the shares of the capital stock of the Norfolk and Petersburg, the Southside, and the Virginia and Tennessee railroad companies; the Virginia and Kentucky railroad stock having been**

already disposed of by the legislature of Virginia in 1874.

**Then burst upon the financial horizon one of the most remarkable pecuniary reorganizations that ever startled the sober business sense of any man. The Atlantic, Mississippi and Ohio Railroad Company, which was sold for \$8,605,000, with divisional liens and encumbrances amounting to \$4,898,159.14, including interest calculated to January 1, 1881, was reorganized under the name of the Norfolk and Western railroad, with an authorized capital stock of \$25,000,000 and a general mortgage indebtedness of \$11,000,000.**

The organization stood thus:

To amount authorized capital stock.....	\$25,000,000
To \$150,000 shares preferred stock	
Issued Clarence H. Clark.....	\$15,000,000
Common unassessable stock subject to	
Preferred stock, and general mortgage bonds	
Issued Clarence H. Clark.....	\$3,000,000
Unissued capital stock.....	\$7,000,000
Total amount issued.....	\$25,000,000
General Mortgage bonds.....	\$11,000,000
Amount issued to retire divisional funds...	\$5,137,000
For use of the treasury of the company.....	\$500,000
Issued to Clarence H. Clark.....	\$5,363,000
<b>Total.....</b>	<b>\$11,000,000</b>

A railroad which sold for about \$13,503,159 was reorganized for \$36,000,000.

People wondered at this financial operation, and many predicted that the company would not pay interest on the bonds, and that it would soon go into the hands of a receiver. Not knowing at that time anything about the New River Railroad, Mining and Manufacturing Company, which was the moving power behind the throne, one would have supposed that Shakespeare was totally wrong when he said there is nothing in a name.

In the first annual report of the Norfolk and Western Railroad Company, on page 7, we find the reorganization stated to be a compact between Clarence H. Clark and his associates. Who the latter were is a matter which is not disclosed, but from the reading of the language of the report itself they paid Clarence H. Clark a very good sum to purchase this property, if they believed in its being of any value. The report reads:

By the terms of the agreement between Clarence H. Clark and his associates, it was provided that in consideration of Clarence A. Clark's furnishing and paying the purchase money (\$8,605,000) in cash, the Norfolk and Western Railroad Company should deliver to Clarence H. Clark its general mortgage bonds amounting to \$5,363,000, one hundred and fifty thousand shares of its full-paid and unassessable preferred six per cent capital stock, and also thirty thousand shares of its full paid and unassessable common capital stock; and it was further agreed that general mortgage bonds amounting to \$5,137,000 should be reserved to retire existing divisional liens, and that general mortgage bonds amounting to \$500,000 should be reserved for the treasury of the company.

If the \$5,363,000 of mortgage bonds were worth par, and the stock was worth par, which was given C.H. Clark for purchasing the company, then for paying some \$8,605,000 for the road he received the sum of \$23,363,000 – a very substantial rate of interest. That the \$15,000,000 of preferred stock

came out all right we cannot doubt, since in the annual report of the Norfolk and Western Railroad Company for 1883, on page 18, we find the following:

... "Your directors, believing that so long as it was considered advisable to use the surplus earnings of the company for the purpose of bettering its property or increasing its facilities for doing business, the preferred stockholders are entitled to scrip dividends representing the amount which has been so applied, and which would otherwise be applicable to cash dividends, at a meeting held December 26<sup>th</sup>, declared a scrip dividend of 3 ••• per cent, payable January 15, 1884, on the \$15,000,000 of preferred shares then outstanding. The scrip, when presented to the company in sums of \$500, is exchangeable into convertible debenture bonds, payable in 1894, bearing 6 per cent, interest, payable semi-annually."

The interest in paid upon these bonds, as well as the others received by Clarence H. Clark, making the sum of \$20,363,000 interest bearing and good. What did Mr. Clark's associates get?

**Whatever may have been the public opinion as to this reorganization, Clarence H. Clark and his associates well knew that the increased rate of freight and passenger traffic over the lines of the Norfolk and Western Railroad Company would justify the issues of the increased amount of stocks and bonds. They had possession of premises and facts concerning which the general public was totally ignorant. Those were in connection with the New River Railroad, Mining and Manufacturing Company, from** which the coal options had been so ruthlessly torn. Subsequent to the year 1878, after Sergeant and Roane had arrived at a misunderstanding, as seen heretofore, there must have been a reorganization of the New River Railroad, Mining and Manufacturing Company, because afterwards it comes out under the new title of the New River Railroad Company. In all probability the stock originally owned by the shareholders of the New River Railroad, Mining and Manufacturing Company has been purchased by Mr. Sergeant and his friends, and afterwards the company reorganized under the latter name, with J.D. Sergeant's options, contracts, and mineral leases attached, transforming virtually a poor corporation into one worth millions. At all events, the first and second annual reports of the Norfolk and Western railroad expressly dwell upon the fact that the expected traffic from the opening of the coal mines would greatly increase the earnings of the Norfolk and Western Railroad Company. But those reports are not so explicit as to how the Norfolk and Western Railroad Company came into the control and ownership of the New River Railroad Company. Yet we are not without some evidence on that score, for in Poor's Railway Manual for 1883-84, on page 361, we find the following in connection with the report on the Norfolk and Western Railroad Company:

"On the 9<sup>th</sup> of May, 1882, the New River Railroad Company of Virginia, the New River Railroad Company of West Virginia, and the East River road of West Virginia, which were chartered to build extensions of this road hereinafter named, were consolidated into this company [The Norfolk and Western Railroad Company]. By the terms of the consolidation the preferred stock of the New River Railroad Company, (of Virginia) and the common stock share for share of the same company and for the ordinary stock of the other companies. Under this plan the company issued 30,000 shares of its preferred stock during the year in exchange for a like amount of the New River preferred. The stocks of these companies having been wholly-owned by the Norfolk and Western Railroad Company, the preferred stock so issued is held in that company's treasury for future use."

This merger and consolidation especially state that the Norfolk and Western Railroad Company owned wholly and entirely this preferred New River railroad stock. So we see that previous to this date (May 9, 1882) the fruits of Graham's and Sergeant's transactions had passed into the Norfolk and Western Railroad Company's hands. The evidence is almost conclusive that upon this New River Railroad,

already owned, the Norfolk and Western Railroad Company based its organization, and made an issue of stocks and bonds founded upon the traffic of the railroad company, after a consolidation with the New River Railroad Company, whose stock it controlled at the time. Nor were the calculations of Mr. Clarence H. Clark and his associates at all wrong as to the increase of traffic that would arise for their road subsequently to a consolidation with the best known coal and coking fields in the South. From that time on the success of this company was almost all that could be desired.

This New River division was opened to the coal fields May 21, 1883, and the first shipments of coal made in the following month of June, 1883. The beginning of shipping coal from these great mineral fields was marked in letters of red for the Norfolk and Western Railroad Company, and the abundance of coke which would naturally be produced led to the abolishing of the charcoal furnaces erected in their stead. To form a connection between the coking fields of the Flat Top region and the ore belt about Cripple Creek was the next step of the Norfolk and Western Railroad Company – a wise and judicious one.

The first step taken by the company was the creation of an improvement and extension mortgage for \$5,000,000, with power under certain restrictions to increase the sum to \$8,000,000, for the purpose of double-tracking. Under this mortgage the bonds issued were to bear 6 per cent interest and the first issue limited to \$2,500,000. Proposals having been made for these bonds which were satisfactory, the proceeds were to be used as follows (Third Annual Report, page 2):

“First... The construction of the Cripple Creek extension of the New River division is about fifty (50) miles in length. This work was put under contract December 10, 1883, and the line is expected to be completed and in operation before the close of the year 1884.”

“Second...For increased terminal facilities at Norfolk. Contracts for this work were entered into December 28, 1883, the work to be completed prior to August 31, 1884.”

“Third...To build short lines to new coal fields.”

“Fourth...For additional sidings, stations, and other improvement and extension (mortgage) bonds, \$2,500,000, can, under the terms of the mortgage, be sold only when the stockholders so vote, and only for the purpose of providing funds for making improvements upon the main line, for increased terminal facilities, for new rolling stock, and for new branches or extensions. If bonds are sold for the purpose of constructing branches or extensions, the amount of bonds sold for this purpose is limited to \$25,000 per mile. In case of an issue of bonds for the purpose of double tracking the line, said issues are to be made at the rate of \$10,000 per mile, and no bonds are to be issued for this purpose until at least fifty miles of double track of standard quality has been constructed.”

The building of the Cripple Creek extension, one of the purposes for which the improvement and extension mortgage was created, opened up a mineral region rich beyond conception in iron ore and heavy bearing in lead and zinc. We have already touched upon the mineral deposits in this section, but some better description is deserving as we follow the torturous windings of the extension through Pulaski, Wythe, and Carroll. When this extension was first proposed, two routes were thought of – one, by way of New River, beginning at New River bridge, near the station by that name, thence up New River into this ore region. For many reasons this route was considered by some as the most practicable, since it would be but a continuation of the New River division already constructed into the Flat Top region. But a route was drawn by Mr. James McGill, of Pulaski County, who lived not far from what was then known as Martin’s Tank, but now called Pulaski City. He enclosed a sketch, drawn January 21, 1882, of the present line of the Cripple Creek extension to Mr. George F. Tyler, then

president of the Norfolk and Western Railroad Company, and the latter's reply shows that at this time (1882) the route south of 110-mile post had been chosen. The letter is as follows:

Philadelphia, January 27, 1882

Mr. James McGill,  
Martins, Pulaski County

Dear Sir:

I have received your communication of the 24<sup>th</sup> instant in respect to the line which you think the most practicable for us to take in the extension which we propose to make of the New River railroad above New River bridge.

We have ourselves come to the conclusion that the line which you have so neatly sketched is not doubt the one for us to take, and I am very much obliged to you for the suggestions on the subject which you make.

Truly Yours,

George F. Tyler, President

This sketch of Mr. McGill's is very neatly drawn, showing the comparative distances of the two routes, and the territory of the one desired by him. In 1883 the contracts for the construction of the road were let, and this extension became not only an assured fact, but opened up the finest mineral region in the Southwest. This line has ultimately two objects in view, as can be easily seen if we trace its meanderings. It leaves the main line of the Norfolk and Western railroad two miles east of Pulaski City, running first in a course that has a southern direction until it touches New River, when it sweeps away in a western course almost parallel with the main line of the Norfolk and Western railroad, with an intervening space of some twelve miles of country between the two roads. It continues on by Reed Island, Allisonia, Barren Springs, Pierce Furnace, Foster Falls, Austinville, to Ivanhoe. From this latter point is the extension on to North Carolina, to connect with the Cape Fear and Yadkin Valley railroad, which will be the southern outlet from Ohio after the Ironton extension is finished from Elkhorn, in West Virginia, to Ironton, Ohio.

Another branch of the Cripple Creek extension runs from Ivanhoe westward up Cripple Creek to Speedwell, and this route will undoubtedly be continued through the Rye Valley and thence to Abingdon, making a loop line with the main route to Bristol. This extension has branch routes running to furnaces and mines throughout this fine ore-bearing territory, the principal of which are: The Pulaski Iron Company, Boom Furnace, Barren Springs Furnace, Bertha Zinc Mines, Pierce Furnace, Foster Falls, Ivanhoe Furnace, Ravencliff Furnace, Beverley Furnace, and Speedwell Furnace. Many iron, lead, and other mineral mines have been opened tributary to this route, and will furnish much of the ore which will run furnaces eastward in the valley. The scenery along the line is beautiful and picturesque in the extreme, whether we go by winding romantic New River, with its mountains and cliffs, or by wild, weird Cripple Creek, with its cascades and gorges. The quality of this rich ore-bearing territory can best be gathered from the analyses and opinions of experts on the subject. McCreath and D'Invilliers, in their report on the New River – Cripple Creek region, have this to say concerning the ore. (Page 155.)

"All of the iron ore at present mined, and to be mined, in the New river-Cripple creek region proper may be conveniently classed under the general heading of brown hematite ore, and is

found associated in at least four well recognized horizons or belts, extending in a general northeast and southwest direction through the region, with the trend of the rock formations to which they have been referred. The first and lowest, geologically, of these is the Potsdam sandstone ore," occurring in the body of the formation from which it takes its name. These ores are locally known as the „black vein," or „bed," and are characterized by having a dark brown to pitchy black color, and are generally quite dense and brittle. Their composition is shown by the following average analysis of samples already incorporated in the body of this report: "Average composition of the Potsdam sandstone ores:

Metallic iron 50,200

Phosphorous 1,007

Siliceous matter 10,012

Phosphorous in 100 parts iron 2,006

The next class is the mountain ores, which yield 48,750 of metallic iron. The limestone ores are particularly fine of which the report speaks as follows, on page 155:

"The limestone ores, on the other hand, by reason of their greater accessibility, higher percentage of iron, and more ready reduction in the small charcoal furnaces, which have hitherto alone occupied this field, have been sufficiently developed and worked in a number of places to warrant an opinion as to the richness of the ore material. From the last information we could obtain bearing upon this subject, the general claim is that two tons of ore material will yield one ton of clean wash ore, and this would seem to be confirmed by our own tests made from five different pits and from samples weighing from 14 to 93 pounds, which yielded the following percentages of clean ore: 41 per cent, 57 percent, 59 per cent, and 60 per cent."

In addition to this rich ore deposit, the extension runs through what is known as "the Blue Ridge Plateau," and has the reputation of being one of the finest grazing sections in the State. From Pulaski City to Ivanhoe is some thirty-two miles, making about forty-one miles from Pulaski City to Speedwell, beyond Ivanhoe, the present western terminus of this extension. And lastly, this region is the home of the "Gossan ore," to which we have already alluded as being peculiarly adapted to the permitting of the use of high phosphorous and manganese ores, which by themselves could never be used, and with this ore a "red, cold short, or neutral iron" can be made.

The improvement of the property of the Norfolk Terminal Company is so intimately blended with the opening of the coal mines that some notice should be given of it, although not situated in Southwest Virginia, because it is one of the improvements of this company which has a significant bearing upon the mineral regions of the section of country of which we are writing. To meet the growing demands made upon the company for increasing terminal facilities, and for the purpose of speculation, the Norfolk and Western Railroad Company, obtained a charter in 1882 from the Virginia legislature, and under it an organization was effected. The reason for this charter and incorporation is given in the second annual report, on page 15, which says:

"The Legislature, at its last session, granted a charter incorporating the Norfolk Terminal Company. Under it an organization was duly effected. Although it is a separate and distinct organization, yet the control and ownership is in the interest of your company. The charter authorizes the ownership of land, the construction and operating of wharves. Store-houses, cotton presses, grain elevators, chartering of vessels, etc., and in other ways gives ample power and authority for the conduct of such business as will be necessary at so important and growing a port as Norfolk, and will enable the company to carry into effect the recommendations of the stockholders at the last meeting in regard to improving and increasing the terminal facilities at Norfolk. Power is given the Terminal Company to consolidate with this

company, and the board recommends that such consolidation be effected when it is the interest of the company to do so."

By virtue of the charter, the Norfolk Terminal Company purchased several valuable wharf properties below the city, near Lambert's Point, embracing about four hundred and thirty-eight acres of land, and one and a half miles of waterfront, and the necessary right of way to construct a railway line connecting Elizabeth Station with Lambert's Point. Improvements of all kinds were made for the storage and proper handling of grain, cotton, tobacco, and other produce, while piers were erected for coaling vessels and ocean steamers. The company also invested largely in the stock of the Old Dominion steamship line, and purchased barges for the transportation of grain, cotton, and coal. So great and rapid were the improvements on this property that in the year 1884 they had constructed a railroad from Norfolk to Lambert's Point, a distance of 5.3 miles, together with Yard room and sidings necessary for the accommodation of the Norfolk and Western's tidewater coal traffic.

A magnificent pier, 894 feet in length and 60 feet wide, with a height above watermark of 48 feet, had been constructed, which terminates at the United States lighthouse known as "Lambert's Point Light." This superb structure is divided into upper and lower stories, from each of which vessels can be loaded, and is capable of storing 150 tons in every bin, having 45 bins in all. This pier is equipped with every modern appliance for loading, unloading, and handling of cars, and not less than 3,500 tons per diem can be received and discharged, while the depth of the water in the approach to the main channel is twenty-five feet at low tide.

Not only was this undertaking of great advantage to the city of Norfolk, but a credit in many respects to the Norfolk and Western Railroad Company. For the coal regions in Southwest Virginia is was an undoubted benefit in many ways. This semi-bituminous coal is said to be the best steaming fuel known, and the number of steamers which coaled at Lamberts Point gradually increased from the first construction of the pier until the quantity consumed by them was a traffic of no small magnitude in itself, and gave employment to thousands of miners in the coal regions who would doubtless have been idle had the coal trade depended entirely upon the inland traffic. In the year 1885, between March 12<sup>th</sup> and December 31<sup>st</sup>, 402 vessels of all kinds were loaded at the pier, among which were forty-five ocean steamers. In 1886, 676 vessels of all kinds were loaded, among which were ninety-five ocean steamers. The increase in this business alone was something enormous, while the storage houses erected for cotton, grain, tobacco, and other produce for foreign shipment did an extensive business. In 1884 the capital stock of this company fully paid in amounted to \$322,026, of which \$321,900 is owned by the Norfolk and Western Railroad Company, and the operations of the former are completely governed by the latter company. As amounts were furnished the Norfolk Terminal Company by the Norfolk and Western Railroad Company, the latter took the bonds of the former. In this way every particle of funds derived by the Terminal Company were furnished by the railroad company, until the mortgage of \$1,000,000 was created on the properties of the Norfolk and Terminal Company. These terminal facilities reflect unquestionable credit upon the Norfolk and Western Railroad Company, and the latter showed great wisdom in expending the necessary sums for such proper facilities, without which is could not well handle its large traffic. But why should this Terminal Company have purchased more real estate than was necessary for the use of the railroad company?

That the Norfolk and Western railroad furnished this Terminal Company with the necessary means to purchase this real estate is a fact admitted in their annual reports. For out of \$322,026 owned by the Terminal Company, the railroad company owned \$321,900. (See Fourth Annual Report, page 24) It is further shown in one of their reports that lots were sold. In the seventh annual report, on page 20, the language is this, relating to this Terminal Company:

"The property of the Norfolk Terminal Company is operated by your company, and the revenue

derived from such operations is included in your gross earnings. Of the real estate not required for the purposes of the company, there was sold during the year lots to the value of \$12,245, which amount has been deposited with the trustees of the mortgage of the company, and will be expended in improvements to the property.”

Again, in the eighth annual report, on page 21, the language reads thus, in reference to this same company:

“Of the real estate not required for the purposes of the Terminal Company, there were sold during the year lots to the value of \$8,805.02.”

The only reason which can be assigned for the company purchasing more land than is necessary for the use of the railroad is, it desired to sell the lots at a profit. Whilst commending the wonderful developing policy of the Norfolk and Western Railroad Company, we cannot help deploring the fact that, under the name of another company, it should have violated section 1073 of the Code of 1877, of the State of Virginia, which expressly provides that no railroad company in the State shall own more than forty Acres in one parcel for its main depots, machine shops, and other necessary purposes connected with the business of said company. This statute was supposed to be passed for the purposes of preventing railroad companies from speculating. By some it is contended that the land was not purchased in the name of Norfolk and Western Railroad Company. Considering that the Norfolk and Western railroad furnished the funds, and the revenues were placed with their gross earnings, such contention imputes to the Norfolk and Western Railroad Company an amount of ignorance that is stupendous, or a subterfuge just as contemptible. Again, some claim the right to be vested in the company of its charter. It would seem passing strange that the Legislature of Virginia should, by a special act of legislation, set aside and nullify a general law passed in the interest of the state.

The first shipments of coal from the Flat Top region, as we have seen, began in 1883, and during the years 1884 and 1885 the extension into the Bluestone country was completed. This line, running from the New River division at Bluestone Junction, to Mill Creek, Bramwell, Simmons, and Duhring, has at last been completed as far as Goodwill, and opens up a coal region of magnificent quantity and quality both. This extension was made with a view to hauling out coal, and is some ten miles in length, with branches to the various mines located on the Bluestone river, and which yield a large output of coal daily. Mill Creek, Bramwell, Simmons, and Goodwill are flourishing places, and their growth appears almost magical when we consider that a few years ago this portion of Mercer county was nothing more than a lot of rugged, impassable mountains, without any vestige of settlements except the huts of mountaineers, who, though poor and lowly, were as brave and loyal men as one could find anywhere.

**The penetration of this country by this branch of the Norfolk and Western was a transformation of this part of Virginia and West Virginia into a rushing, thriving, tax-paying community, which in 1881 was almost a sterile wilderness of mountains.** During the year 1887 the extension from Mill Creek was completed as far as the station now known as Elkhorn. The tunnel through the mountain, some two miles from Mill Creek, is a massive structure, and the trestles bridging the mountain gorges wonderful in the extreme, showing the energy, pluck, and determination of the Norfolk and Western Railroad Company to bridge not only these seemingly impassable chasms, but every difficulty presenting itself in the way of their onward progress towards developing the country. This extension opens up the vast coal-fields in McDowell County, where any quantity of it lies buried, and thousands are daily employed to unearth it. We will have more to say of this section when we come to speak of the Ohio line to Ironton. In this coal region up to January, 1888, there are 2,030 coke ovens in the course of construction and completed.

Prior to the year 1886 a charter had been obtained for the construction of a railroad called "The Clinch Valley Railroad," and at the annual meeting of the stockholders in 1886 a resolution was passed empowering the directors of the Norfolk and Western Railroad Company to make a consolidation of this Clinch Valley extension with their company. By the terms of the charter this company was given authority to locate and construct a road "commencing in Tazewell county, at a point at or near the New River division of the Norfolk and Western Railroad Company, and running thence to such a point on or near the Clinch river, Powell river, or either, or any such route as might be deemed most suitable to the directors of said company."

On March 8 and May 2, 1887, the Norfolk and Western Railroad Company entered into contracts by which both agreed to construct and finish – each one respectively from its lines – this extension to a point in Wise County, Virginia, both connecting there. Work upon this extension by the Norfolk and Western Railroad Company was begun on June 20, 1887, and pushed forward as rapidly as possible. This road has been about completed, and runs from Graham, on the New River division of the Norfolk and Western, to Norton, at which latter point it will connect with the Louisville and Nashville railroad. The section through which it runs is by far one of the finest in Southwest Virginia. It first traverses Tazewell county, running by Tazewell Courthouse, Richlands, and Cedar Bluff; then through Russell county, touching Honakers, Cleveland, Saint Paul, and Minneapolis, and on through Wise, by Guest, to Norton, where it connects with the Louisville and Nashville railroad. On leaving Graham the line goes through the far-famed grass section of Tazewell, noted for its fine stock and agricultural products. As an outlet for these alone the road would have been a boon to the county – a success to its company; but, on leaving Tazewell, it touches upon the very borders of the now celebrated Clinch Valley coal region, which has a coal excellent for gaseous uses as well as domestic purposes. Russell county, too, through which it runs, is celebrated for its grazing capacity as well as fine stock, and has many mineral-bearing properties. When the line reaches Wise county it penetrates the heart of the coal country stretching from this part of the county on towards Big Stone Gap. Numerous towns have sprung up in a few years, such as Richlands, Honakers, Minneapolis, Saint Paul, Norton, and Big Stone Gap, all of which bid fair to become cities at no great future date. Mineral City, near Big Stone Gap, claims to be the centre of a variety of minerals for manufacturing purposes. This route opens up a regular kingdom of lumber and coal, the latter of which has been most complimentally noticed on account of its gas properties; while in live stock and agricultural productions no place in the Southwest is superior and richer. Monies are being opened and branch roads constructed to them, and on all sides can be heard the sound of the axe and the saw culling the best of hard-wood lumber. The traffic from this section alone will be something great, and the Norfolk and Western railroad can hardly fail to reap the profits in passenger and freight traffic to which its energy and spirit in opening up the country entitles it to. The scenery all along the line is beautiful in the extreme, and every variety, from the peaceful, charming valley to the rugged, snow-capped mountains, greets the eye as the train rushes onward through fertile Tazewell and Russell and mineral-laden Wise.

With a view towards perfecting northwestern and southeastern connections, and for the other purposes deemed advisable by the Norfolk and Western Railroad Company, on the 29<sup>th</sup> day of October, 1889, this corporation created what is known as the one-hundred-year mortgage, which is a first lien upon the property when all underlying liens are refunded. This mortgage first provides an issue of \$10,000,000 5 per cent bonds, to be applied as follows:

"\$1,000,000 for redeeming the Norfolk Terminal Company's first mortgage  
\$975,000, to reimburse the company for expenditures by way of improvements, extensions, sidings, etc.  
\$1,500,000, for the North Carolina extension  
\$525,000, for retiring the convertible debenture loan of the company."

The creation of this mortgage enabled the Norfolk and Western Railroad Company to construct the two extensions named above, and since these have added materially to the progress of this company about which we are writing, they deserve mention, although the Northwest (or Ohio) branch does not run through the Southwest of Virginia.

The Ohio extension, as located and partly constructed, "follows the waters of Bog Sandy river from the present northwestern terminus of your line, at Elkhorn, in McDowell county, West Virginia, for about ninety-five miles; thence about fifteen miles over a low summit to the head-waters of Twelve Pole creek, which it follows for about seventy-one miles, and crosses the Ohio river by a steel bridge, and runs about fourteen miles to Ironton, Ohio, making a total distance of not less than one hundred and ninety-five miles."

The value of this line, not only to the Norfolk and Western Railroad Company, but Southwest Virginia, can readily be appreciated when the results of this construction are calculated. The city of Norfolk, being one of the best harbors on the Atlantic coast, will have a direct route from Ironton, Ohio, and the purchase of the Scioto Valley railroad, with the route under construction from Ashland, Kentucky, to Kenova, on the borders of Kentucky, Ohio, and West Virginia, will replace Norfolk, Virginia, in almost instant communication with Columbus, the capital of the state of Ohio. The granaries of the West, with the live stock bred, in the same country, will be poured into the East, giving this extension an importance and bearing which is not easily calculated. The coal regions through which it goes are of almost endless quantity and consist of several varieties. In the county of McDowell the Flat Top coking coals of the Pocahontas region are traversed, while farther on the line penetrates the domestic coals of Logan County. Near Warfield, in Martin County, Kentucky, the road bends to the right, and in Wayne county, West Virginia, it divided the cannel and split coal region, which will give a splendid traffic in these latter varieties.

This route will not only cause Norfolk to increase as a shipping point for foreign exports, but will be the means of connecting the Northwest with the Southeast. The line extending south from Ivanhoe, on the Cripple Creek extension, will push its way forward until a connection is established with the Cape Fear and Yadkin Valley railroad at Mount Airy, in North Carolina, which will place Columbus, Ohio, in immediate connection with the Southern sea-coast at Wilmington, North Carolina. Coal will be shipped there and cotton brought back into the Northwest railroad outlets south, southeast, west, and northwest; and the northern connections it possesses by way of the Shenandoah Valley makes its system of great value as a leading trunk line north and south and east and west. With these advantages the company will be in a condition to do a large traffic in every direction.

While we may imagine, it is impossible to ascertain with any degree of certainty the growth of this corporation without an inquiry into the rapid increase of the mileage, traffic, and rolling stock of the company. In the year 1881, when the Atlantic, Mississippi and Ohio railroad was reorganized as the Norfolk and Western Company, there were four hundred and twenty-eight miles of railway. Now, with the Cripple Creek, New River, Flat Top, Clinch Valley, Ironton, Scioto Valley, and the southeastern extensions, and the Shenandoah Valley railroad, there are almost twelve hundred and thirty-four miles of track, not including sidings, switches, and what double track that has not been constructed. The construction of these lines has been effected in the best manner possible – the heaviest steel rails, iron bridges, the most improved masonry, and solid stone ballast being used in order to procure comfort and safety in the highest degree possible.

It is not difficult to see that with such a wonderful extension of railway the passenger and freight traffic has grown accordingly. Both departments are taxed to their utmost to accommodate this increase, as the following tables will show.

The passenger traffic was as follows:

In 1881 - 215,904

In 1882 – 263,347  
1883 – 307,927  
1884 – 412,452  
1885 – 388,087  
1886 – 400,269  
1887 – 558,951  
1888 – 771,248  
1889 – 841-986

This route has become a favorite one, and the opening up of all this section has been the means of thousands of passengers travelling over the line. The usual number of passenger coaches to each train is four and five, and they are invariably crowded. The freight statistics also show a marked increase. There were carried over the road –

In 1881 – 538,102 tons  
1882 – 609,727 "  
1883 – 797,255  
1884 – 892,512  
1885 – 1,199,790  
1886 – 1,555,867  
1887 – 2,208,688  
1888 – 2,763,376  
1889 – 3,435,797

We cannot refer to any common carrier within our knowledge which has increased so rapidly in freight traffic. Of course it is mainly due to the opening up of the vast mineral regions in Southwest Virginia and the large increase in the agricultural resources throughout the country. The minerals began to be shipped about the year 1882, and a comparison of the number of tons carried that year with the number in 1889 will give some idea how rapidly the Southwest has advanced:

1882	1889
Iron ore	1,399 tons 249,374 tons
Pig-iron	13,372 tons 161,374 tons
Coal	4,735 tons 1,543,900 tons
Coke	310,504 tons
Stone	6,181 tons 87,965 tons
Salt	9,270 tons 14,453 tons
Plaster	3,405 tons 5,580 tons
Zinc Ore	2,872 tons 12,321 tons
Zinc spelter	490 tons 2,972 tons
Manganese	1,648 tons 152 tons
Miscellaneous	4,939 tons 48,321 tons

We cannot fail to give our praise to this company when we see the wonderful progress it has made in aiding and assisting in the development of Southwest Virginia, and the untiring energy it has exhibited in giving an impetus to everything. In 1881 the rolling stock of the company consisted of 81 locomotives, 24 passenger coaches, 2 sleeping cars, 4 postal cars, 12 baggage, mail and express cars, 1 pay car, 556 box cars, 199 stock cars, 315 platform and gondola cars, 65 ditching cars, 42 conductor's cars.

At the close of the year 1889 we find that the rolling stock has increased in proportion to everything

else, and that withstanding this addition the transportation department is taxed to its utmost capacity to accommodate and move the heavily increased traffic of the road. The number at the end of 1889 was as follows: 195 locomotives, 87 passenger cars, 7,880 freight, cabooses, and other cars.

A further comparison of the earnings of the company will show that its financial status has kept apace with its rapid growth in every way. These earnings have been generally appropriated as far as possible to the improvement of the road and adding rolling stock for transportation facilities. The following amounts for 1881 and 1889 gives us an idea of the great pecuniary advance made within that time:

	1881	1889
Gross earnings	\$2,267,288	\$5,597,124
Net	\$1,104,055	\$2,113,772

We cannot deny that this company in every way has more than doubled its carrying capacity and intrinsic pecuniary value. When we think of the amount of material necessary for constructing these extensions, the number of mechanics and laborers necessary to perform the work, we cannot withhold the credit it is justly entitled to, nor fail to express our admiration at its policy, which has been one of the causes of the rapid development of Southwestern Virginia.