

**THE UNIVERSITY OF WYOMING
MINUTES OF THE TRUSTEES**

February 13-14, 1917

**For the confidential information
of the Board of Trustee**

Pursuant to the adjournment of the semi-annual meeting held on December 13th, 1916, a special meeting of the Board of Trustees of the University of Wyoming was held this date, Tuesday, February 13th, upon the call of the President of the Board, Judge Burke. The roll being called, the following members were found to be present:- Judge Burke in the chair, Mrs. David, Messrs. Beach, Ingham, Spalding, Judge Carey and President Duniway. Mr. L. H. Brooks was in Florida, Mrs. B. B. Brooks in California, and Dr. Hamilton in Ohio, so they were unable to be present. Superintendent Edith K. O. Clark was also absent, owing to the fact that this being the final week of the Legislature, she was extraordinarily busy at her office in Cheyenne.

Judge Burke addressed the Board and said that he had felt that it would be wise for them to employ the services of a lawyer in view of the fact that in discussing and settling matters with reference to leases of the oil lands they might need advice on legal points, and further that it was particularly essential that any resolutions to be drawn up should be properly framed and safeguarded legally. Judge Burke said that he had made inquiries from Mr. N. E. Corthell of Laramie and had found that that gentleman had not accepted a retainer from any parties interested in oil leases and that he had therefore requested Mr. Corthell to hold himself free to be retained by the University, should its Board of Trustees approve the action suggested by their chairman. Upon motion of Mr. Spalding, seconded by Mr. Beach, it was voted that the procedure of Judge Burke be confirmed and that Mr. Corthell be retained as the lawyer of the Board. The motion was carried, Judge Burke voting "No, at this time".

Judge Carey moved that the State Board of Land Commissioners be invited in to meet with the Board of Trustees of the University in executive session. This motion was

seconded by Mr. Beach and carried. The Secretary then asked the members of the State Land Board to come in, and the following gentlemen responded to the invitation:- Governor John B. Kendrick, Secretary of State Frank L. Houx, Commissioner of Public Lands S. G. Hopkins, who was accompanied by his deputy, Miss Winifred F. Stuart.

Upon motion of Mr. Ingham, seconded by Mrs. David, Mr. Corthell was requested to be present. The Secretary then telephoned Mr. Corthell of the action of the Board and requested him to come to the Board meeting at once, which he did.

Governor Kendrick then addressed the meeting on behalf of the State Board of Land Commissioners. He went into the history of the prospectors' and oil operating leases granted by the State Board of Land Commissioners on the University lands located in Township Thirty-three North, Range Seventy-six West. In this township the University owns the following lands:-

Section 1 -- S2: S2NE4: SE4NW4: Lots 1, 2 and 3.

Section 4 -- Lots 1, 2, 3: SW4NE4: SE4NW4: E2NW4: E2SW4: W2SE4.
W2W2

Section 5 -- NW4: N2SW4.
NE4: N2SE4.

Section 6 -- E2NE4: NE4SE4.
W2E2: E2W2: SW4SW4.

Section 8 -- S2: NW4: S2NE4.

Section 9 -- S2: S2N2: NE4NW4: NW4NE4.

Section 10 - All except the NW4NW4.

The Governor stated that, personally, as far as he was concerned, and he

was sure that the other members of the State Land Board were of the same opinion, he had never had any doubt as to the right of the State Land Board to make such leases. He believed that the law and final authority rested in the Board of Trustees and stated that he was willing, as one member of the Land Board, to wait all questions of legal authority, but since the Board of Trustees of the University, by resolution of August 30th, 1907, had transferred this authority to the State Board of Land Commissioners, he felt that they were acting absolutely within their rights and that it was the duty of the Board of Trustees, in accordance with the terms and spirit of that resolution, to confirm the action of the State Land Board. The Governor said that he felt that it was a matter of honor -- that the Board of Trustees could do nothing else -- that if they did not confirm this action they would be in the position of repudiating the good name of the State and casting a cloud on all the State's contracts.

The Governor said that he wished to call particular attention to the fact that when these leases were made, they were made in entire ignorance of what is now referred to as the great value of these lands. He stated that every reliable geologist had reported unfavorably upon them and that it did not seem likely that any oil would ever be found there and that in view of these facts the leases as they made them were thought most favorable in their terms with reference to the University. He stated that the leases had provided that the University should receive a royalty of ten percent for the first five years, twelve and one-half percent for the second five years, and fifteen percent for the third five years. He stated that the ten percent rate was universal throughout the country and that in most instances such leases were made perpetual on such a rate, but that they had limited the terms of these particular leases to fifteen years and had provided that if oil should be discovered in any great quantities the University should receive the advantages of such

discoveries by increases in royalties during the second two five-year periods of the leases. He said that it had been necessary to make a lease for this length of time in order to induce capital to investigate the fields and that had they not made such terms they should not have induced the parties to whom the leases were granted to go ahead with the work. The Governor said that he wished again to emphasize the facts that they made these leases in the light of the best knowledge that they had at that time, and that in doing so they had done as they thought the best for the University.

The Governor was then questioned by Judge Burke and other members of the Board.

The Secretary of State, Honorable Frank L. Houx, next addressed the meeting. He said he wished to make two points -- that while the Constitution of the State vested the University lands and the right to lease them in the Trustees of the University, the same Constitution was also just as emphatic in saying that all leases should be approved by the State Board of Land Commissioners, and that these facts, taken in connection with the resolution of the Board of Trustees of the University of August 30th, 1907, in his mind established without doubt the right of the State Board of Land Commissioners to make the leases that they had made. He said he wished to emphasize what Governor Kendrick had said that they had made these leases in perfect good faith and also that in the light of the facts that they had at the time the leases were made, their terms were just as good as possibly could have been obtained.

Mr. Burke thanked the Governor for his courtesy and the kindness of the other members of the State Land Board in coming to meet with the University Board, and the Governor replied by saying that they had been glad to come, because he felt that if the two Boards could get together they could avoid further trouble.

Judge Burke stated that there were present in the building a number of parties who wished to have a hearing before the Board with reference to the matter of these oil leases. Upon inquiry, it was found that the gentlemen divided themselves into three groups. One group consisted of Messrs. John W. Hay, P. J. Quealy and T. S. Taliaferro, Jr., and their attorneys, Messrs. John W. Lacey, C. P. Arnold and C. L. Rigdon. Another group of Denver parties were represented by Messrs. A. M. Stevenson of Denver and W. B. Kinkead and Harry B. Henderson, Jr., of Cheyenne. The third group consisted of the original lessees of the land in Township Thirty-three, North, Range Seventy-six West, and their attorneys, this latter group being represented by John D. Clark and W. A. Riner of Cheyenne, and several others.

Mr. W. S. Ingham moved that each of these groups be given twenty minutes to present their cases. This motion was seconded by Mr. Spalding and carried. In view of the number of parties, it was decided that it would be impossible to hear them in the Board room, and therefore, upon motion, the Board adjourned to the Auditorium to meet at five o'clock.

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The Board was called together by Judge Burke in the Auditorium at a few minutes after five o'clock, when all the members above enumerated and the members of the State Board of Land Commissioners were present.

Judge Burke addressed the meeting and told those assembled what the Board had decided. Mr. Stevenson first spoke on behalf of his clients and occupied about a half-hour. Judge Lacey next spoke for his group, and he was followed in turn by John D. Clark and W. A. Riner for the present lessees. Mr. Rigdon concluded the argument for the second group.

Judge Burke asked if there were any others who desired to be heard, and there being no response and it being 6:30, the Board adjourned to meet again at eight o'clock.

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The Board re-convened at 8:05 in the evening with the same members present as at the morning session, and also present were Governor Kendrick, Commissioner Hopkins and Deputy Commissioner, Miss Stuart.

Judge Burke presented a request from Mr. Kinkead to be allowed to appear before the Board in behalf of the parties that had been represented by Mr. Stevenson at the meeting in the Auditorium before supper. Upon motion, it was decided to allow Mr. Kinkead to speak to the Board for ten minutes. He appeared and talked between twenty and twenty-five minutes. He was accompanied by Mr. Stevenson and Mr. Henderson. After his remarks, he withdrew and the Board again took up its business.

Governor Kendrick made another speech, emphasizing the points that he had made at the joint meeting in the afternoon, and Commissioner Hopkins spoke at length, going into all the details with reference to the oil leases. He emphasized the points that Governor Kendrick had made, but further expressed it as his opinion that the sole power of leasing these lands lay with the State Board of Land Commissioners and not with the Board of Trustees of the University. There was much discussion of this entire matter, all the members of the Board taking part.

Judge Carey moved that the action of the State Board of Land Commissioners,

with reference to the oil leases of the University lands in Township Thirty-three North, Range Seventy-six West, and all other University lands already leased by that Board, up to this time, be confirmed by the Board of Trustees. This motion was seconded by Mrs. David. Judge Burke moved to amend that these leases be confirmed to the extent of five years from the date of the lease and no further. This amendment, however, was not seconded and so was not voted upon. The original motion, being put to a vote, was unanimously carried.

At this point Mr. Corthell asked if he might make a statement to the Board, and permission was granted him. He said that he wished to state that the action of the Board just taken was not in accord with his opinion as alawyer, nor was it in accordance with his opinion as a citizen as to the best interests of the University. He said that he therefore preferred not to accept any fee from the Board and to be free to take any action in the future that he wished as a citizen.

Mr. Spalding moved, seconded by Mr. Beach, that the Executive Committee of the Board be empowered to execute oil leases and to approve assignments and other matters incident thereto in the same manner as it cares for other business. Carried.

Judge Carey moved that there be added to his former resolution confirming the oil leases made by the Board of Land Commissioners in Township Thirty-three North, Range Seventy-six West, the specific names and descriptions of the lands. This motion was seconded and carried.

The names and descriptions of these lands follow, and they are hereby made a part of the first resolution and a part of these minutes:-

- Ben M. Wood -- NW4: N2SW4 of Section 5, Township 33 N., Rg. 76 W.
E2NE4: NE4SE4 of Section 6, Township 33 N., Rg. 76 W.
- H. A. England - W2E2: E2W2: SW4SW4 of Section 6, Township 33 N., Rg. 76 W.
- James Douglas - S2: S2NE4: SE4NW4: Lots 1, 2, 3 of Section 1, Twp. 33 N.,
Rg. 76 W.
- Elkhorn Oil Co. - W2W2 of Section 4; NE4: N2SE4 of Section 5, Twp. 33 N.,
Rg. 76 W.
- J. C. Kinney - Lots 1, 2, 3: SW4NE4: SE4NW4: E2SW4: W2SE4 of Section
4, Twp. 33 N., Rg. 76 W.
- Merritt Oil Co. -- All except the NW4NW4 of Section 10, Twp. 33 N., Rg.
76 W.
- A. E. Humphreys -- S2: NW4: S2NE4 of Section 8, Twp. 33 N., Rg. 76 W.
- R. B. Whiteside -- S2: S2N2: NE4NW4: NW4NE4 of Section 9, Twp. 33 N.,
Rg. 76 W.

All through this evening session at various times, there was much discussion by the members of the Board as to its future policy with reference to oil leases, but the hour of 12:30 having arrived, it was decided to postpone action until the following day, and therefore, at 12:40 o'clock, the Board adjourned to meet again at nine o'clock.

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The Board re-convened at nine o'clock with the same members present as at the other sessions with the exception of Mr. Ingham, who came in later.

The Secretary was instructed to reply to the several parties making offers with reference to oil leases that the Board considered the matter closed, having confirmed the action of the State Board of Land Commissioners, and that there were, therefore, no lands open to lease.

Mr. Beach moved to reconsider the matter of oil leases, and this motion was seconded by Mr. Spalding. After a discussion, the motion was submitted to a vote, Mr. Beach voting "Aye", but all the other members voted "No", and the motion was therefore lost.

Judge Burke called to the attention of the Board the fact that the lease of the Lander Experiment Farm to the Wyoming Horticultural Experimental Commission would expire on March 31st, 1918, and that he had received from the Governor a request that this be renewed. The Board, after a discussion, decided upon motion to refer the matter for disposal to its annual meeting in June.

Mrs. David moved that the Executive Committee be empowered to secure plans for a Music Building and to advertise for bids for the construction of the same, the building not to cost more than \$7,500. On roll-call, the members voted as follows:- Mr. Ingham, "aye"; Mr. Beach, "no"; Mrs. David, "aye"; Mr. Burke, "no"; Judge Carey, "no"; Mr. Spalding, "no". The motion was therefore lost.

The Board next took up a discussion of their future policy with reference to oil leases, and passed the following resolution:-

BE IT RESOLVED: That from this date on, all leases to all oil lands belonging to the University shall be granted by the Board of Trustees, the terms of such leases to be approved by the State Board of Land Commissioners, but applications for leases to be made as heretofore to the Secretary of the State Board of Land Commissioners.

AND FURTHER BE IT RESOLVED: That the resolution of August 30, 1907, as found in the minutes of the Board of Trustees on Page 233 of Book II, be repealed and is hereby repealed insofar as it is in conflict with the motion above passed.

The Secretary at this point reported that Mr. Arnold had requested to be heard by the Board with reference to his clients, Mr. Hay, Mr. Quealy and Mr. Taliaferro. Upon motion of Mr. Ingham, seconded by Mr. Spalding, the Board decided to invite Mr. Arnold into the meeting and then to inform him as to the action of the Board with reference to the oil leases.

Judge Carey moved that the resolutions of the State Board of Land Commissioners with reference to these oil leases, copies of which had been sent to every member of the Board of Trustees, be made a part of these minutes, along with the letter of the Governor accompanying the resolutions to Mr. Burke, and Mr. Burke's answer thereto. Carried. A copy of the letter that Judge Burke wrote to each member of the Board of Trustees is also made a part of these minutes:-

[See Inserts]

At this point Mr. Arnold appeared before the Board and Judge Burke informed him that the Board had declined to re-open the matter and had approved of the action of the State Board of Land Commissioners. Mr. Arnold then addressed the Board and asked permission to file a protest and a motion for a reconsideration of the whole matter. Mr. Arnold further asked that is to be put on the records that he came here making this request for Mr. Hay, Mr. Quealy and Mr. Taliaferro, and he further requested to be given until two o'clock to file a protest upon further action of the Board. He then withdrew. Mr. Spalding moved that Mr. Arnold be given until two o'clock to file a motion, and this motion was seconded by Mr. Ingham and carried.

The Board then adjourned until 1:30 o'clock.

The Board re-convened at 1:30 o'clock, with the same membership present as at its other sessions.

The Secretary submitted a motion for a re-hearing from Mr. Arnold, and upon motion of Mr. Burke, seconded by Mrs. David, this motion was denied.

There being no further business, the Board adjourned.

Secretary.