Early area explorers such as botanist David Douglas left written records of the Indian tribes during explorations of the Willamette Valley in 1824, as did Hudson Bay explorers in reports to McLaughlin in Fort Vancouver.

These records identify the Calapooyan Indian family which occupied the Willamette Valley above the falls at Oregon City. This family was subdivided into tribes, approximately twelve in number, and all practiced head flattening and subsisted upon game produce. Only a few roving tribes inhabited the area around the Westfir-Oakridge area. By the time of the first white settlement, approximately twenty Indians were in permanent residence in the High Prairie area northeast of Westfir.

The first white settlers arrived in the area in 1860 and built the first dwelling in the prairie area which is now the Circle Bar Golf Club. This settlement came to be known as Hazel Dell and was located about two miles east of this area.

The most significant development in the area during the 1860's was construction of the Oregon Central Military Road, more commonly known as the Old Military Road or Pengra Pass Road. This opened up the area for settlement which began in earnest in the 1970's after completion of the road. By 1875, enough people were living in the area to support the first school, Big Prairie School, which served the area until 1902.

In 1875, a man by the name of Packard logged with oxen in the area above Deception Creek. The logs were hauled to the river and floated to a mill in Springfield. This was the beginning of a flourishing logging operation which led to local mill construction, railroad logging, and shipment of logs by rail to the lower valley mills.

Around 1899, the U.S. Department of Interior appointed the first Forest Ranger to the Upper Willamette area. His duties included patrolling, game warden, surveying, erecting cabins, trail building, timber marking, log scaling, locating sites for mills, fire fighting, and being a U.S. Deputy Marshall. This was the beginning of the federal programs that are now the responsibilities of the Rigdon and Oakridge Ranger Districts.

In 1909, the Southern Pacific Company initiated construction of the Natron cut-off to link Eugene and San Francisco by rail. This ushered in a construction boom, when hundreds of people came to the area to work on the project. During that time, E.T. Templeton built the first store along the North Fork and sold his wares to the construction crews. His store was located where the smoke stacks of the mill would later stand.
In May of 1912, the railroad was completed to Oakridge (Hazel Dell). The southern portion of the line was also opened to Kirk, Oregon (41 miles north of Klamath Falls) leaving a gap from Oakridge, over the pass, to Kirk. As Oakridge was a natural location for a subdivision point, E.T. Templeton moved his store from Westfir to Oakridge and became that city's first business establishment.

In September of 1923, work resumed on the 108 mile gap in the railroad between Oakridge and Kirk. That section was completed in the summer of 1926 with the driving of the Golden Spike on the Natron Cut-Off near Oakridge. With the completion of this section, as many as five daily passenger trains passed through, stopping at depots in both Westfir and Oakridge.

In 1923, the U.S. Forest Service put up for sale 785 million board feet of timber located along the North Fork of the Willamette River. The contract specified that a "stable community be established to provide decent living conditions and to encourage family life" and "opportunities for a permanency in a well-balanced lumber operation". The Forest Service assured the purchaser of the timber sale a continuous supply of 50 million board feet of timber a year to keep a mill in operation.

This timber sale was purchased by the Western Lumber Company on July 22, 1923 at $1.50/thousand board feet. The company was founded and run by an old-time logger, George Kelly. He had served as a Colonel in command of the Forestry Battalion of the 20th Engineers in France during the 1st World War. Many of the men who worked with Kelly had also served in the Forestry Battalion and Kelly's brother John was a partner in the Booth-Kelly mill in Springfield.

The Westfir mill was designed by a Capt. Starbird who had served with Kelly and construction began in the summer of 1923. A small mill was constructed upstream and across the river to form a log pond for the small mill. A short time after completion of the small mill, it was destroyed by fire and timber for the main mill was then hauled in by rail.

It took approximately two years to construct the main mill which was completed on May 31, 1925 and commenced operations the next day with a design capacity of 200,000 board feet of lumber per day. This event ushered in the beginning of the Westfir community.

Soon after its founding, Western Lumber Company ran into financial difficulties. Assistance was provided by Herbert Fleischaker of San Francisco who secured loans from various banks in the San Francisco area. The reason for the financial trouble is not known, however it is possible that construction of the mill and company town required more resources than anticipated.
In 1926, the company was forced to issue bonds to finance operations. The principal purchaser of these bonds was Blythe, Witter and Company, who took over the mill and its operations. Myron Woodard of Silver Falls Lumber Co. was appointed general manager of the entire Western operation and Woodard assigned his son-in-law, Bill Ferrin, as resident manager. Ferrin was killed in an accident while in the position of manager and a small forest camp, Ferrin Forest, bears his name.

The Western operation still did not prosper and in 1935, a "Bondholders Protective Committee" was formed and through a series of financial moves, Western Lumber Co. was dissolved and became the Westfir Lumber Co., a division of Blythe and Co. Even with this reorganization, the mill showed no profit.

In 1944, Blythe put the Westfir Lumber Co. up for sale and it was purchased by the Edward Hines Lumber Co. in August of 1945. Hines immediately began to modernize its holdings and in 1951 added a plywood plant. Employment was at its peak during the late 40's and 50's.

The year 1965 marked the 20th year of the Hines operation and the trend toward automation continued. The price of timber continued to rise and the U.S. Forest Service no longer guaranteed a supply of 50 MBP of government timber per year.

In 1977, the Hines Lumber Company announced that their Westfir operations were for sale. Millworkers, concerned with the potential for a loss of jobs, formed the Westfir Workers Association, to try and organize a co-op or non-profit corporation to acquire the mill. However, in September of 1977, the mill was sold to another private operation, Mitchell-Blacketor.

Under new ownership, the plywood operation of the mill was continued. Reorganization of total operation holdings and company interest in diversification led to the decision to divest the company of community residential holdings and the supporting utility systems. This decision triggered the formation of the Westfir Residents Association, who examined alternatives. Through the year of 1978, this Association weighed community alternative and adopted a course of action which resulted in filing for incorporation as a City in order to operate existing sewer, water, fire and lighting facilities of the former Edward Hines Lumber Co. On December 7, 1978, this action was approved by the Lane County Boundary Commission.

On January 23, 1979, a city formation election was held and the City of Westfir was officially incorporated. The first City Council was elected during April of 1979 and the business of municipal government was initiated.

In August of 1979, the sawmill portion of the mill was destroyed by fire and in 1982, fire claims tied the planing mill. Lane County is currently the owner of the mill site property, having acquired in through foreclosure procedures.