

Iron ore - Minnesota

May 18, 1902

Hill to Edward Tuck, Paris

During last year we have added enormous amount of iron ore to what we already had. This year ~~we~~ we will move 4 to 5 million tons, the latter if transportation and dock facilities on Lake Erie can handle it. U.S. Steel having acquired all the iron ore of the Carnegie, Rockefeller, Federal Steel, National Tube, National Steel, Oliver Mining Co. & other large holders have been generally supposed to own the great bulk of the iron ore on Lake Superior and they value this ore in their assets at a dollar a ton in the ground. Their ore reserve is much their largest

asset, and is variously estimated at from 400 to 600 million tons. We have the fee of a very large amount. Much of this has not been explored far enough to test approximately the quantity of ore in the ground, but the experts who have charge of the mines for the Cos. which constitute U.S. Steel Co. now, say that our reserve is better located and equal in quantity to that of U.S. Steel. I think it is safe to say that ore we own or control the transportation of, is over 400,000,000 tons. Present rate of transportation is 80¢ a ton. Highest royalty paid by mining cos. for ore in ground is 50¢ a ton. We have withdrawn the ore of which we own the fee from the market and at present do not intend to offer it for some years to come, or as

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long as there is a good supply from other sources sufficient to furnish us all the transportation which can be handled and which will supply the demand for ore. Within 4 yrs. the royalty has gone up from 20 and 25 ¢ to 40 and 50 ¢. In 6 or 8 yrs. we should get \$1.50 per ton for freight and royalty. Our income from iron ore this year will be close to \$4,000,000 and next year it should be over \$5,000,000. I do not think it extravagant to say that the ore we own and control will ultimately pay us an amount equal to a half the entire stock of the Securities Company.

As you know, the Burlin ton is the heaviest

corn carrier in this country, or in the world. Crop last year practically a failure, yet shows great increase from other sources makes up for this and shows a million dollars besides. For yr. commencing July 1 next the 3 roads will probably earn \$140,000,000 gross, & after all interest and sinking fund interest charges should leave \$36,000,000 for the 3 cos. Our big ships are delayed for lack of special material, mainly stern posts; will have capacity of about 10,000 tons more than Celtic & any other ship heretofore built. Banking conditions favor Chicago over N.Y. at present [gives reasons] costs less to move money to or from bank, making deposits; and "the do not like the wild speculation which constantly prevails in N.Y. & for which so large a portion of the money is used, & danger of clearing house certificates is removed. LetterBook

7/15/10

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