

U. S. Steel Corp.- Ore lease January 10, 1906

Hill to George F. Baker, Pres. 1st Nat. Bank

Our large tracts of ore lands on the Missabe Range not fully tested, but properties on either side have been so far tested as to give us a reasonably fair basis for judging quantity of ore on our lands. Ore is held in trust for shareholders of Great Northern Ry. Co. At time it was trusted it was thought best to hold property until others had marketed their product, "believing that the rapid reduction of the visible supply would greatly enhance the value of our holding, and at the proper time we could organize an iron ore and mining company and open a sufficient number of mines to supply the market

at prices which would be very remunerative." Morgan & others of his firm have discussed with me more or less the idea of the U.S. Steel Corp acquiring, by lease or otherwise, a control of our ore. My answer has been that we were not ready at present to dispose of our ore but [the should have first chance.] Recently Kennedy & James have advised me to hold ore & open a few mines & sell limited amount of ore, up to five million tons annually at \$2.00 per ton net on cars at mines. We are now operating one small mine of about 6,000,000 tons, which under the lease terms has to be mined out in 15 yrs. at \$15.0 to \$2.00 per ton above cost of mining. But mining is foreign to railway operators. As trustee I cannot speak for shareholders, but if

See card 2

U.S. Steel Corp. Ore lease card 2 Jany. 10, 1906
Steel Corp. will make a firm offer as outlined
below, I will strongly recommend its acceptance
[Then he outlines almost exactly the terms later
accepted in the Steel Corp.'s lease of the Gt.
Northern's properties] Steel Corp. is to fully
explore lands as we require & at corp.'s expense
Details of the elevator clause re no. & prive
of tons per year; corp. to pay all taxes on
lands and investments. Railroad to haul all
ore to Superior docks. Steel Corp. to pay \$1.70
in 1906 per ton mined and transported; \$1.736
in 1907; and \$036 additional every year there-
after.

JJH LetterBook, 6/7/05- 11/08, p.115-119