

## FEATURES POT-ASH INDUSTRY

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but the fascination of the sand hills got him, and he lived most of his years there. In his odd moments he did prospecting, and early settlers recall the stories he told them of the riches that lay in the potash deposits in Sheridan and Deuel counties. So thoroughly convinced was he of the value of these that he made a large number of placer filings on lakes from which today thousands of dollars' worth of brine is being pumped. He was never able to interest anyone in it as a business proposition, and years ago his placer filings expired.

Some six or eight years ago, studying chemistry at the University of Nebraska, were John H. Show of South Omaha and Carl L. Modisett, whose father is a cattle buyer at Grand Island. Through their hands as students passed a number of samples of minerals, including potash, which the soap-makers at South Omaha were interested in having examined. The interest in potash thus excited was enhanced when later Modisett did some work for the state soil survey that included the testing of the potash content of many of the lakes in the producing area. They succeeded in getting T. E. Stevens of Omaha interested also. Mr. Stevens was formerly in the banking business at Blair. Some years ago he moved to Omaha and bought control of the Corn Exchange bank, which later he sold to W. T. Auld of Lincoln.

That was before Germany started in to whip the world. Before that event occurred Germany supplied America with potash, which has a number of uses, including some in the glass industry and the fertilizing industry. The potash deposits there are in veins like rock salt, and they were sent to this country as ballast in ships that took back goods to Germany. The stuff sold for from \$7 to \$11.33 a ton, the last quotation being just before the war opened.

Mr. Modisett clung tenaciously, however, to his dream of wealth. Show was equally game. Under an arrangement, Show went to work as a chemist in the Cudahy plant in South Omaha, and his surplus earnings went to grubstake Modisett, who was still plugging away in the sand hills on his voyages of discovery.

### A Homesteader's Sorrowful Tale

Three miles north of where the town of Hoffland is now located is Jesse lake, which occupies 330 acres. Years ago a venturesome gentleman whose name is lost to memory homesteaded in this neighborhood. Under the Kinkaid act he took an entire section of land for his homestead. Much to his disgust he found thereon, occupying half of it, this big lake of brackish water, from which no cattle would drink. He finally gave up, and quit the ranch. His anguish may be better imagined than depicted when it is stated that out of Jesse lake it is estimated \$8,000,000 worth of potash will be taken within a few years.

Modisett found this the richest of the lakes and he made a placer filing thereon in the name of himself and Show, and included much of the ground around the body of water. Full title was not secured until he had contested the homestead right of the settler, and won because of its abandonment. With the meager capital they had the two students put in a solar drying plant. This is a scientific term for saying they pumped the water out into improvised beds, and let the sun do the work of evaporating it. When that process was completed there was left behind the potash salts or crystals.

Along about this time the well known Dame Fortune made up her mind to smile upon the two young men. The kaiser unloosed his armies Europe and the potash mines there closed. The price of potash in this county went upward with a rush. Mr. Stevens' aid was again secured. He invested \$15,000 in the company that was formed, first known as the Potash Products Company, now the Potash Reduction Company. W. A. Reddick, a capitalist, took \$5,000, and W. H. Ostberg and H. H. Reinholdt, a chemist, made up the remainder of the \$50,000 that was first put into a plant at Hoffland, against the options held by Modisett and Show. At that time there was nothing where Hoffland now rears its head.

A small plant was put in at Hoffland. Pipe lines were run three miles north to Jesse lake and the brine pumped to Hoffland, where, through an evaporating process that the layman is probably not interested in, it came out as potash salts. It wasn't and it isn't pure potash. It is mixed with sodium compounds, and runs usually around 20 per cent of potash. Several times the plant has been changed, torn out and new machinery installed, until today the investment is around \$700,000. Two hundred men are employed. Later Victor Jeep and Clark Denny, also of Omaha, became interested, and these eight men are reaping a golden harvest.

### Vast Profit in Potash

Potash is now selling on the market for from \$4 to \$5.50 a unit. A unit is 1 per cent of potash. Much of the compound assays 20 per cent or twenty unit and it brings from \$80 to \$125 a ton. Some of it has assayed \$150 a ton. The cost of manufacturing runs around \$30 a ton. Figure it out for yourself. The Hoffland plant is now turning out 100 tons a day, and will soon be producing 200 tons. The average market price is \$100 a ton. As the cost is \$30 a ton this leaves \$70 a ton profit, or \$7,000 a day for 100 tons runs.

Modisett and Show, according to the estimates of men who are well acquainted with the industry, will take out of the plant in dividends this year a half million dollars each. Judge Reddick got \$5,000 dividends last month on his original investment of \$5,000, and the others share as well.

Heber Hord was the next to venture in potash. Mr. Hord is a busi-

ness man of experience and commands large capital. He went to San Francisco and hired the best chemist he could find. He brought him back with him and he is paid, according to rumor, an almost fabulous salary for a chemist. Mr. Hord built at Lakeside what the experts say is the most economical and efficient of all of the plants in operation. He did not need to buy land, neither does he have to pay anybody royalty on potash lakes. Snow lake is one from which he draws his brine, and all of the others that supply his plant are located on his own land. Mr. Richardson is in charge, and the only other persons interested besides the Hord heirs are several business associates and close friends of Mr. Hord, at Central City, where he lives.

### How Ed Marks Landed

The new company to enter the field was the American Potash Company, which built the first plant at Antioch. It had its being in the imagination of Ed Marks of Alliance. Some years ago Marks was in the harness business there. Then he went into the life insurance business. This took him around the country a good bit, and he got a good look into the "gold mine" at Hoffland. Fired with the prospect of wealth, he went to Omaha and interested Waite Squires and a man named Williams, two other insurance men. They laid the matter before some friends of theirs, chemists and others attached to the American Smelting & Refining Company, G. C. McIntyre, a Mr. Hall and a Mr. Lowe.

As a result of their activities, leases were secured on a number of lakes some twelve miles north of Antioch on lands belonging to and leased by the Krause brothers. The Krauses are ranchmen, controlling 30,000 acres of land and running some 4,000 head of cattle. Under the leases they get 20 per cent royalty. Their income runs a little less than \$1,000 a day from these royalties. This is authenticated by the potash manufacturers. The prospectors made blue prints of the properties and were successful in interesting Walter T. Page, general manager of the smelting company, Randall Brown, coal man, and Arthur English, capitalist.

They organized the American Potash Company, with a capital stock of \$150,000. The moneyed men put in \$80,000 in cash, gave the promoters \$40,000 in stock for their leases and then sold on a prorating basis, the remaining \$30,000 among all of the group. They erected a plant at Antioch which employs 150 men. The company has been operating less than a year. During that time it has paid back in dividends all of the original capital, put \$200,000 back into the plant, and paid 142 per cent besides.

Ed Marks isn't selling life insurance any more. He is busy devising means of spending his income. He received \$810 in dividends on his \$10,000 promotion stock in June, \$5,400 in July and \$5,400 in August. No dividends were paid in September or October as the company is accumulating a surplus for the purpose of taking care of the excess profits tax levied by the government. This will be 60 per cent in excess of 9 per cent on their invested capital, which will be a big wad of money. Members of the company think that in levying this tax gross injustice has been done them, since in response to the urgency of the government to increase production they put \$200,000 back into the plant for that purpose. It produces ninety tons a day.

### Other Plants Follow

All this time the folks up at Alliance, within a few miles of the bonanza opened up, were sitting around scoffing. They had lived there a long time and were convinced that there was nothing in the sand hills but sand. Along came a man named Hulian, who started in to promote another plant at Antioch. He interested a few persons in Alliance, but most of the \$500,000 that he secured and which went into this plant came from Denver and other Colorado capitalists. This plant is the Nebraska Potash Works.

The Alliance Potash Company, an almost purely local enterprise, is now building the third plant at Antioch. It has a capital of \$250,000, the majority of which is held by the Krause brothers, mentioned previously; R. M. Hampton, banker; Ed Mallory and a few others. It has leased lakes on property close to those from which the American takes its supply, owned by another Krause living in Wisconsin. The two Nebraskans are John and Herman Krause.

In addition to these, four other plants are in process of incubation. Lakes have been leased and the job of getting capital under way. One of the new companies has the backing of the Metz Bros. of Omaha, and it is understood their brewery at Omaha will be dismantled and the machinery which is easily adaptable for the evaporation process, moved to the site of the proposed plant, which will probably be at Lakeside.

The men interested in these potash projects are not all making the same big money as the original plant, because the brine runs weaker. There is an inexhaustible demand for their product, but if the war ends within a their bonanza will be close to its end. Jesse lake, which is said to contain \$8,000,000 worth of potash, at present prices, is far from exhausted, but there is, of course, a limit to its producing capacity, as well as to the producing capacity of all of the other lakes. If the war should continue for five or six years all of these potash men will reap many millions of profit.

The principal use of potash salts is in fertilizer. The German man can be used in several industries from which the Nebraska product is barred. Most of the potash salts are sent to Atlanta, where they are mixed in the fertilizer factories with other minerals needed by lands that must be treated. The other materials differ according to the needs of the land. There are other points to which shipments are made, but Atlanta is the big market. Other points are Cincinnati and New York. Nebraska land doesn't need potash. That is one of the elements found in most sections. One reason why Box Butte and Sheridan counties can

raise big potato crops is that they have good potash mixtures in the soil.

### Speculation in Leases

There has been considerable speculation in the leases on lakes. Most of them are made on a 12 1/2 per cent royalty. Holders of these leases are negotiating with capitalists in an effort to get in on the big money. Many of these lakes are really ponds. Some of the small ones are strong in potash, but they are scattered and pipe lines cost about \$3,000 a mile to build.

The potash area is about twenty miles east and west and thirty miles northwest and southeast. In this oval are some 700 lakes and ponds. Of this number some sixty or seventy have potash in them. The geologists decline to say that there is no potash in other lakes outside this area. In fact there are some, but as stated, the potash lakes occur only occasionally and do not contain enough of a deposit to warrant pipe line construction.

There are alkali lakes in Brown, Cherry, Sheridan, Garden, Dawson, Box Butte and Lincoln counties. The largest are in Cherry, and the richest in the southern part of Sheridan and the northern part of Garden. They are usually depressions, with beds that do not permit seepage. They range from small ponds to several hundred acres, from two to three feet deep. They are in fact concentrating basins into which the alkali brine has run, carrying the potash in solution. Where they have an outlet here is no potash; it has all been carried away in solution. The potash deposits are found in the green sand, which lies below the beds. Most of the lakes are soda. From Jesse lake there is a string of small lakes which some think indicates an old river bed, but the percentage of potash diminishes the further south these lakelets are investigated.

The potash deposits are not confined to the lakes themselves. Wells have been put down fifty feet away and the potash comes up in the water, which is found at a slight depth. In Jesse lake there are a number of pumps, which pull the brine from below. Some of the lakes go dry, and where there is potash the practice is to pump fresh water into them. This water takes up the potash in solution and thence it is pumped back to the plant as brine. One end of a lake may have a strong percentage of brine and the other only a little.

### Where It Came From

Several interesting theories are propounded to account for this potash. One is that it was brought down from the mountains by erosion when the Rockies were upheaved. Another is that it is the result of the action of a microbe on silica rock. Potash makes short work of gloves, and it has also the curious effect of turning the hair red. If the industry continues long, northwestern Nebraska may be a country of red-haired persons.

Some of the men interested in the new plants, as well as the old ones, have been buying lakes outright. The Krauses paid \$6,000 for a six-acre dry hole the other day, and the Hoffland people paid \$15,000 for Clough lake, seventeen acres. Lake owners are nifty enough in leasing their properties to insert a provision that these be worked and not held indefinitely for speculation. They require a guarantee to this effect.

The potash country runs about fifteen miles north and fifteen miles south of the Burlington road, with the northern district the richer.

Some of the potash men say that practically all of the good producers are now located. One seventeen-acre lake, for instance, is said to contain \$400,000 worth of brine. It sold for \$15,000. They say that it is possible to test a lake and make an accurate estimate of its value. This is doubted by others, who argue that the saturated waters have often covered larger areas than are now indicated and that the potash will be found in the brine and sand below the surface of the ground in places some distance from the defined borders of the lake.

The lake water must run 6 degrees under the Beaume test. This means that it must show that there are 6 per cent of solids in the solution, by the hydrometer. In addition there must be enough potash in the solids to make it worth while to extract it. The percentage runs from 20 to 30. Other elements are soda, magnesium, iron, calcium, etc.

### Why Simonson Weeps

But back to the romance. W. G. Simonson is a wealthy and prominent Denver attorney. For a number of years he owned a 4,000-acre ranch in southern Sheridan county. He sold it in 1908 to T. B. Hord for \$32,000. Just before the deal was completed, Mr. Hord came to him and told him that he had discovered there was a big 100-acre lake on one part of the tract and that it was a damage because the cattle wouldn't drink the water. He asked Simonson to throw off \$100 on account of the lake. Simonson wouldn't do it.

"Well," says Mr. Hord, "if you will throw off \$100 I will deed the lake back to you."

"Nothing doing," said Mr. Simonson. And so Mr. Hord had to take the lake. His heirs will take about a million dollars' worth of potash out of that lake which Simonson refused to pay a hundred dollars for. Mr. Simonson tells the story himself. He is now back in Nebraska as a stockholder in one of the proposed plants.

### The Story of H. Peters

Then there is also the sorrowful story of Herman Peters, big ranchman living near Alliance. Mr. Peters became interested early in the game and put his name down for \$5,000 worth of stock in the American Potash Company. When he got home that evening he held a consultation with himself. As a result he drove back to Alliance and went to the home of Mr. Hampton, banker.

"Bob," says Herman, "it wouldn't hurt you to lose \$2,500 in a little speculative venture, would it?"

Mr. Hampton assured him it would not.

"Well it won't me, either," said Mr. Peters. "But I sure would hate to drop \$5,000 on this potash proposition. What do you say to taking half of my subscription?"

Mr. Hampton was willing. Just what Mr. Peters thinks about it now that \$2,500 worth of stock in the American is paying around \$800 a month dividends is not obtainable.

### Hulian Likes the Automobiles

L. F. Hulian, promoter of the Nebraska Potash Company at Antioch, came up from Colorado. He is no longer connected with the Nebraska Potash works. He says he resigned because he couldn't live on the meager \$10,000 a year salary the company wanted to pay him, when his personal expenses were 20,000. He is remembered in Alliance largely because of his penchant for automobiles; a new one every few weeks being his idea of indulgence. Since his disconnection with the Nebraska he has gone south for the winter (and probably longer).

Aside from Krause brothers, none of the lake owners has been reaping rich harvests yet. The reason is that the companies have not yet begun pumping much from leased holdings, but they will soon be in on the money making.

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