

130. That the dead-rent should in all cases bear a proper relation to the minimum output provided.

131. That, in view of the increasing difficulty of access to coal as time goes on and the works reach a greater distance from the main shafts or adits, there are serious objections to the provision introduced into some although not all of the leases for an increase of royalty from 6d. to 1s. per ton after a lapse of years.

132. That, when the period for increase so provided for shall have arrived, this clause where introduced must necessarily cause the lessees much annoyance, and will in all probability require to be waived, so as to equalise the terms to those imposed on neighbouring and competing lessees.

133. That it would probably save dispute or misunderstanding hereafter to introduce in all coal leases a clause providing for sinking the dead-rent when it is exceeded by the royalty, calculating the respective amounts retrospectively over a period of years (say, three to five) from each successive adjustment.

134. That where adjacent areas are leased to different lessees, or where they may by transfer or assignment pass into different hands, provision should be made to prevent the percolation of water from the workings of one mine to those of another, and also to prevent any communication between the areas comprised in separate leases, which might prove prejudicial to lessors' interests in after-years through surrender of one or other of the leases. Barriers of coal of not less than 20 yards in thickness should be left (one-half by each lessee) for the whole distance between the royalties held by each lessee.

135. That where more than one area is leased to one lessee or body of lessees, or by transfer may pass into the hands of one lessee or body of lessees, the output clauses require some readjustment, for where it is intended that the coal in adjoining areas should be obtained from one shaft or tunnel it must necessarily be sunk in one only of the areas whilst the adjoining area is held in reserve, and whilst thus held no output arises from it, and therefore no royalty. In such cases it should therefore be clearly expressed whether it is intended or whether it is permissible to apply the royalty first to the extinction of dead-rent under the lease under which it arises, and next to the extinction of the dead-rent for the adjoining areas till it is exhausted, or whether the specific rents and royalties under each lease are intended to be adjusted without reference to the position of the adjoining areas and leases, if any.

CONDITION AND PROSPECTS OF MINES.

136. In reporting on that branch of the subject which relates to the present condition and future prospects of the Grey coalfields, it may be of interest to give a brief notice of its past history.

137. That the existence of coal was first discovered by the late Mr. Thomas Brunner, on the 16th July, 1847. Mr. Brunner was at that time engaged in exploring the West Coast, with no other companions but the Natives, and for nearly two years and a half endured most severe privations. The following is the extract from his journal which describes the discovery of the coal :—

26th January, 1848.—Starting from the pah at the mouth of the Grey River in four canoes we came five miles up and camped at an old fishing-station, prettily situated on an island called Motutapu. About a mile above Motutapu is a seam of coal, apparently of very fine quality, which presents itself under a stratum of mica-slate. The coal is hard and brittle, very bright and sparkling, burns freely, and is free from smell. The seam is 4ft. deep, and level with the water's edge.

This natural outcrop of the Brunner seam is still to be seen on the north side of the river, a few chains below the railway-bridge.

138. That the next mention of any examination of these coal-seams is by the late Sir Julius von Haast, in his narrative of his geological exploration of the Nelson Province (page 43).

From the 17th to the 28th May, 1860, I was occupied in examining this most important district. After having followed the different ferruginous sandstones, clays, and grindstones which occur in regular succession, I found, below the underlying grits, the first small seams of coal, the examination of which completed my first day's work.

The next morning, continuing in a systematic way, I soon had the pleasure of discovering the main seam, which I followed up to the bed of a small rivulet, where it was lying exposed to a depth