

should be undertaken first thing, it being practically useless to try to open a trade with the coal formerly worked.

(5.) I was not able to ascertain from Mr. Foster what amount of capital the proposed co-operative company could command for the purpose of opening and developing the colliery. He first wished to see the Government conditions as to lease. Mr. Tressman was similarly reticent when asked as to the ability of the proposed company to provide the required capital.

You have already had a report as to the present condition of Mokihinui Colliery from Mr. Tennant, with which I generally agree. The coal in the Hut Seam is soft as a rule, and intersected by frequent intrusions of stone. A fire exists in the workings of the Middle or Big Seam district, the coal also being soft and unmarketable to a considerable extent, whilst in the upper workings the coal may be said to be commercially valueless as a whole. It is therefore quite evident that if Mokihinui Colliery is ever to be of commercial value as a working mine extensive prospecting must be undertaken in the first place.

From what I can learn as to the general features of the locality as a whole, the coalfield is broken up by intrusions of granite, and the coal in the neighbourhood of these intrusions is very greatly deteriorated; so that, in view of the fact that the Westport Coal Company has coal of so much superior quality, both at Denniston and Granity Creek, and that the mines at the latter place are being developed on a scale which promises to be as extensive as that at the former—the two places being practically equal to supplying the demands of the colony for this class of coal—I do not see how it can reasonably be expected to make a commercial success of Mokihinui Colliery with a coal inferior to that at Denniston and Granity, especially when it is considered that up to the present time no moderately large area of good hard coal has been proved at Mokihinui.

The coal at the Westport-Cardiff Company's colliery appears better than that at Mokihinui (I am informed that the area being worked is further away from the granite intrusion), but this carries a good percentage of soft coal and slack, and the company has not yet been signally successful as a remunerative concern to shareholders. These are considerations which I think should be taken into account in conjunction with the past history of the Mokihinui Mine by any persons who might wish to work the property in future.

A report from Messrs. Cochrane and McKay, in 1894, appears to show that coal-mining to a successful issue on the Mokihinui property is very problematical, but, on the other hand, I have been informed by Mr. M. Straw (a former mine-manager there) that in his opinion the leasehold contains a large area of good hard coal, but a considerable sum of money will have to be expended on plant and proper development. Mr. Straw says the old company had not the means to open out the place in a proper manner, but worked the first coal they came to, and that coal was crushed.

From what I have been able to see, it looks as though the most likely place for immediate prospecting is to the east of the big face (Middle District). The coal is exposed in Coal Creek, which has apparently cut through it, and I see no reason why it should not extend to the dip east of the creek. If it does there is a probability of a fairly large area of coal which would take several years to exhaust, and if this area can be worked to a satisfactory profit, a percentage on profits made should be set apart for prospecting other parts of the leasehold.

Assuming that prospecting operations are quite satisfactory over the area in question, a good plant for hauling and pumping from the dip would be required. A system of mechanical haulage from the mine-mouth to the bins would also have to be adopted, and some rearrangements of the railway sidings at the bins are needed to allow the work to be carried on with facility and economy. There is not sufficient standage for either full or empty wagons. Sundry alterations are also needed at the bins themselves.

In view of the part of the leasehold last referred to showing prospects which will warrant the necessary expenditure, I have, in conjunction with Mr. Tennant, prepared the recommendations accompanying this report, which we think are desirable in any future lease of the Mokihinui property.

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Inspector of Mines, Southern District.

SUGGESTIONS FOR CONSIDERATIONS *re* LETTING MOKIHINUI COLLIERY.

1. THAT a conditional lease be granted for a term of one year to enable the lessees to prospect a portion of the field, such prospecting to be of a character satisfactory to the Mines Department. For this term the rent to be nominal (say, an acknowledgment of £5), and lessees to have the free use of any plant now on the property for the purpose of such prospecting, but any damage or loss to such plant (fair wear-and-tear excepted) shall be made good by the lessees.

Any coal sent away from the mine during the period to be subject to a royalty-charge of 6d. per ton.

The lessees to expend a minimum sum in prospecting as may be agreed upon.

2. That at the expiry of the said year (or earlier, if desired by the lessees), on the lessees and the Government being satisfied with the result of prospecting operations, a lease shall be granted for a term of _____ years on the usual conditions of coal-mining leases on Crown lands, and the lessees shall, within five years of the date thereof, thoroughly prospect the unproved portions of the lands so leased, keeping the Mines Department regularly supplied with a plan showing all information gained by such prospecting.

As so much of the field is as yet unproved in relation to its coal-bearing area, the Government might advantageously make an allowance from rent or royalties received to assist the work of prospecting, such allowance being based at the rate of _____ per cent. on moneys actually expended by the lessees in *bona fide* exploration work on hitherto unproved portions of the leasehold.