

the question of applying to the Crown for a lease of a considerable area, was actually discussed by the directors long before the Huntly Coal Syndicate made any application to you, and we were surprised to learn that 100 acres of the lake had been applied for by them. Two of the syndicate are, and have been for years, working in the company's mine, and in undertaking this prospecting, there can be no doubt but they have acted on information gained while in the company's service. . . . I would further point out that from the surface to the bottom of the coal-seam in our last borehole, the distance was 350 ft., of which 119 ft. was running sand, water, and boulders. As the hole now being put down on edge of lake is further to the dip, we do not expect to bottom the seam under 400 ft. The initial expense of shaft-sinking in such country, &c., would be almost sure to result in failure to a new company, whereas my company has only to continue the present headings to work the lake coal and bring it through the present workings. . . . I am enclosing tracings showing headings and boreholes testing the deep channel of country. . . .

/489, 1/7/03.—*C. C. L., Auckland, to Sec'y, Taupiri Coal-mines Company.*—"At a meeting of the Land Board held 26th June last, the following resolution was passed: 'That the persons interested in the Wahi coal-lease applications be communicated with so that they may come to some understanding between themselves as to a satisfactory division of the area, to enable the Commissioner to report to the Board at the next meeting.' Will you please see the Huntly Coal-prospecting Association with a view to the settlement of the difficulty."

/490.—*Similar letter to Huntly Coal-prospecting Association.*

/493, 8/7/03.—*Huntly Coal-prospecting Syndicate* state "they can in no way deal with the other applicants, and consider that as we hold the precedent over the whole area, our application for the whole having gone in prior to the expiration of protection held by us, and on the whole area of both lakes being granted us, we may then consider the matter."

/494, 17/7/03.—*Taupiri Coal-mines (Limited), to C. C. L., Auckland.*—State, "Our Mr. W. J. Ralph interviewed Mr. Leather at Huntly on Tuesday last and was informed that his syndicate was not prepared to consider any suggestion for division of the area referred to, &c. . . . Under these circumstances I regret there seems no hope to coming to any terms with the applicants for leases of Wahi Lake. . . .

/495, 28/7/03.—*C. C. L., Auckland, to U.-S., Mines*, informing him of above facts, and that Land Board of 24th July recommended the Government to "refuse both applications and offer the two applicants a fair division of the lake, as shown on attached tracing. Terms to be fixed by Board on the approval being received relative to the subdivision."

/508, 12/11/03.—*Copy of report by John Hayes, Inspecting Engineer*, on matter after inspection on the ground. [Copy attached.]

/510B, 5/12/03.—*Under Sec'y of Lands to C. C. L., Auckland.*—"The U.-S. of Mines has asked me to inform you that the proposal is approved in accordance with the areas marked A and B on the plan submitted with the report of Mr. Hayes, Inspecting Engineer, which you forwarded with your memo. I enclose copies of letters sent to the Taupiri Coal-mines (Limited), and the Huntly Coal-prospecting Syndicate by the U.-S. Mines, notifying them to this effect."

Copies of Letters to Huntly Coal-prospecting Syndicate and Taupiri Coal-mines (Limited), by the Under-Secretary of Mines.

I am directed by the Hon. the Minister of Mines to inform you that after inquiry it has been decided not to refuse consent under the Coal-mines Act to the issue of two leases indicated on the accompanying tracing, that is, a lease to the Huntly Coal-prospecting Association of the areas marked B, hatched red, and a lease to the Taupiri Coal-mines (Limited) of the area marked A, hatched blue, on the following conditions:—

Area A.	Area B.
Royalty, 6d. per ton on all coal sold.	Ditto.
Rent, 2s. per acre.	Ditto and 2d. per ton.
1,000 tons of coal to be produced within two years.	Ditto.
Output for third year, 3,000 tons.	5,000 tons.
" fourth " 4,500 "	10,000 "
" fifth " 9,000 "	15,000 "
" sixth and succeeding years, 10,000 tons.	20,000 "

Applications can accordingly be made to the C. C. L., Auckland, who will deal with them on compliance with the requirements of the Coal-mines Act in respect to the payment of deposit, advertising, &c."

/515, 11/1/04.—*C. C. L., Auckland, to Taupiri Coal-mines (Limited).*—"I have received no notification of the decision come to by the Government, and therefore can as yet take no action as requested."

/514, 11/1/04.—*C. C. L., Auckland, to U.-S. Mines* (evidently sent in error).—"I have kept a copy of Mr. Hayes's report but not of plan. Kindly send me a copy of plan and state decision come to by Minister."

/517A, 19/1/04.—*U.-S. Mines, to C. C. L., Auckland.*—"I forward herewith tracing of plan of Mr. Hayes, and have to state that decision of Hon. Minister of Mines is contained in the copies of letters forwarded to you by U.-S. for Lands on 5th ultimo."

/522, 16/3/04.—*C. C. L., Auckland, to Huntly Coal-prospecting Syndicate.*—"The U.-S. Lands has informed me that on the 1st December, 1903, the U.-S. Mines communicated with you in respect to lease for the area marked B on tracing furnished you. . . . Up to the present no application has been received from you, and I have to ask whether you have abandoned your claim."

/522B, 19/3/04.—*Huntly Coal-mines Syndicate, to C. C. L., Auckland.*—"In reply I beg to state the intentions which the Minister has been apprised of some time ago being "That the syndicate are determined to adhere to their application for the whole of Lakes Wahi and Rotoiti, 1,300 acres, the full amount of lease-money having been paid in to your Department."

/526c, 20/4/04.—*C. C. L., Auckland, to Huntly Coal-prospecting Syndicate.*—"I now forward herewith the respective areas proposed to be leased to yourself and the Taupiri Coal Company, as notified to you by U.-S. Mines."