

to the works to be properly treated, with very satisfactory results, I think. The analysis and reports show that it is quite a high-class article, although in the retorting here a failure was made by overheating the retorts. There is no doubt that Orepuki oil-shale warrants further investigation.

64. *Dr. A. K. Newman.*] Are there not other shale deposits there?—I do not think there are any others known except those at Waikaka and Orepuki.

65. Are there any in the North Island?—I could not say. I do not know of any.

66. Do you think there is any future for natural gas?—Certainly. If sufficient gas is found near the towns it is of value.

67. Are there any prospects in New Zealand in the way of using natural gas?—Yes.

68. Do you think the indications are that it will be found in great quantities?—I do not think we have evidence to warrant our thinking that there are great quantities of natural gas in New Zealand. I believe in one place they are getting it and using it—somewhere in the Napier district.

69. Is it at Otane and Makoraka at Gisborne?—I have heard of it being used, but I do not know of any place where it is used in quantity. To be of value it has to flow continually for years in great volume, and it must be of suitable quality. I do not say it is not of suitable quality here, but I do not know of any great quantity. There is no doubt as to the quality of the Orepuki shale.

70. *Mr. Veitch.*] In your opinion the conditions at Orepuki would be such as to justify encouragement of the industry?—Yes.

71. Along what lines do you suggest the industry should be encouraged?—By the company calling up sufficient capital to reopen the works. It is not suggested that the State should do anything.

72. In your opinion if the company can get the money—say, £55,000—they could carry on without Government assistance?—The Government might consider the taxing of imported kerosene and oils.

73. *The Chairman.*] Or giving a bonus?—Yes.

74. *Mr. Veitch.*] Or giving preference in their own departments perhaps?—Yes.

75. Could it be produced to compete with the imported article?—It would be too much of a guess to give you the cost of production, but if the retail prices at present existing prevail in all probability Orepuki would be able to compete. The prospects really would depend upon the success of the boring operations which I recommend should be carried out, but results would likewise depend on the success of retorting at the works as reconstituted, so that an estimate of cost of production at the present time would be altogether too much in the nature of a guess. I simply recommend that the matter should be further investigated and the ground proved by boring.

76. *Mr. Craigie.*] You state that the company expended £124,000 there?—Yes, by the New Zealand Oil and Coal Company (Limited), which has never paid a dividend. The company owns the Kaitangata Collieries also. It has thus not very much inducement to go on.

77. Do you think, from a national point of view, it would be a fair thing to ask the Government to assist in some way, by bonus, or subsidy, or tariff?—I think it is a reasonable field for the State to aid in some form. I do not think there is any branch of the mining industry for which assistance is more appropriate considering the great value of our imports of oils.

78. *Mr. Sidey.*] What concessions have the company got?—They have a lease. That is the only concession they possess. During 1903 they obtained a bonus from the Government for the production of oil. They received £5,000 for the first 100,000 gallons of crude petroleum. They have a lease of 1,260 acres.

79. Does that include the whole of the suitable ground—the shale deposits?—I do not know. Nobody can form an estimate till the ground is bored.

80. Does that mean investigation by the State?—The State cannot investigate at present. The lease belongs to the company.

81. In other districts?—I would prefer to concentrate on the exploration on this property to start with.

82. You think, so far as the development of shale-oil is concerned, we should concentrate on Orepuki?—I would recommend that the company should. I do not say the Government should. The owners of the property should concentrate their attention on exploration by further boring.

83. *The Chairman.*] You could not offer a bonus to one special company. It would be offered generally.

84. *Mr. Sidey.*] I want to know, in regard to the encouragement of the shale industry, what you think we should recommend?—It could be done in the form of a subsidy upon drilling, in the imposition of a tax upon imported oils, the restoration of the duty on kerosene, or by a bonus on production of oil.

85. A subsidy on per foot of drilling?—Yes.

86. You would recommend something of that kind?—Yes.

87. That would be for shale-oil?—Yes.

88. That would be so that any one could take advantage of it, and not only the Orepuki Company?—Yes.

89. What would you recommend should be done further with a view of possibly developing the oil industry?—I do not know that the Government can do anything further. They are paying all the working-costs of the Taranaki Oil Wells Company and the Oil Lands Company at Moturoa.

90. *The Chairman.*] You might explain that that is done to encourage drilling at great depths?—They desire to test the extreme depths. That is the reason the Government is paying costs. It is to assist deep drilling for petroleum.