

91. *Mr. Sidey.*] You say that at the present time the Government is paying the whole of the costs of one company's boring operations?—The whole of the wages.

92. *The Chairman.*] The whole cost is not borne by the Government. They are paying the wages only for the special purpose of testing the very deep boring?—The Taranaki Oil Wells Company are receiving their full wages from the Government for re-casing and relining the holes and restoring the works. They are not proceeding deeper at the present time, but they propose to do so later, when the holes are recased and restored.

93. *Mr. Sidey.*] You do not suggest that in the meantime the Government should be asked to do any more in the way of boring for oil?—My own personal opinion is that that should be left to private enterprise—the boring for oil. The Government bonus for the production of crude and refined oils might be restored.

94. Would not a similar course to that be followed with regard to shale-oil?—No. In the case of shale we have an assured supply, and in the other case it is only problematical. To prove the shale it will only cost a few thousand pounds, but in the other case it might cost several millions.

95. Because of the greater depth?—Yes, and the greater number of holes, and the greater area of territory necessary to prospect for oil. The deepest shale-bores would be only a few hundred feet in depth, but the oil-bores would be as many thousands.

96. You recommend with regard to oil that the Government offer a subsidy on the output?—Yes.

97. You are of opinion that that would be a fair recommendation for the Committee to make?—I do not know if I am in a position to recommend to the Committee, but I would recommend it to the Minister.

98. *The Chairman.*] You are aware that in England the British Government are constantly expending money in order to thoroughly test whether there is oil to be found in England or not?—Yes.

99. From your knowledge of England, do you think that is a reasonable proposition as against, say, a like expenditure in New Zealand?—England is a very much more populous and richer country than New Zealand, and wants oil much more.

100. As to the prospects of getting oil there?—I do not know that they are better than they are here. In England they have commenced distilling it from cannel coal.

101. The indications for oil are no better than they are here?—I do not think so.

102. The British Government are spending a large sum in prospecting there?—Yes, I believe so.

103. You said that, in your opinion, prospecting for oil should be done by private individuals?—Yes, because the land is held by them.

104. But, knowing the speculative nature of the business, is it a matter that private individuals are likely to take up, especially in view of past experience?—Some private individuals have more enterprise than others.

105. They have expended a large sum of money in trying to find out whether there is oil or not. Would it not be fairer that the Government should prospect at the expense of the State?—I do not know any country where the Government has expended any money in exploring private property, for the reason that all discoveries would belong to the landowners.

106. This country is expending over a million pounds annually in the importation of oils. In the national interest would it not be better to have this question settled whether there is oil here or not?—It would cost millions of pounds to test New Zealand. I do not think it would be just to the general taxpayer to expend millions of money for the benefit of the holders of the freehold.

107. The State could protect itself easily by law in the event of a discovery of oil being made. What I want to thresh out is this: if this is left to private enterprise nothing will be done, whereas if the Government take the matter up and prospect it might be of material benefit to the country?—There has been over £100,000 expended already for private people.

108. They are pretty sick of that, are they not?—I should say they would be.

109. *Mr. Hornsby.*] Would it not be a reasonable thing for the Committee to recommend that the Government, in order to encourage the Orepuki shale industry to develop, should do the necessary boring to test that deposit?—Yes.

110. That would be a reasonable request to make?—Yes; bearing in mind that £124,000 has been expended, that the quality of the shale is assured, it would be equitable for the Government to pay the cost of drilling in the same way as they are paying the cost at Taranaki at the present time.

111. *The Chairman.*] The works at Orepuki are at present idle?—Yes, since 17th July, 1903.

112. They are entirely owned by a private company?—Yes, by a British company, with some New Zealand shareholders.

113. The extent of the deposits have not yet been tested?—They are considerable, but they require further exploration. I may state in regard to another question—the brown coal of New Zealand—that Sir James Hector, Mr. Morgan, the late Mr. Mackay, and other geologists estimate that there are probably 728,000,000 tons of brown coal *in situ* in New Zealand. That is a large quantity of brown coal. Brown coal contains more than 10 per cent. and less than 20 per cent. of moisture. Last year the New Zealand output of that coal was 629,174 tons, one-third of which was dress or slack. It is sold at a loss by the producers or thrown away. In America and Britain they are distilling coal for oil and by-products. They propose starting works in connection with it at Alton Bay in Victoria. Their brown coal is inferior in quality to our brown coal. The question is whether our brown coal is suitable for distillation. Such investiga-