

In regard to the application of Messrs. Bayfeild, Rowland, and Grant for coal leases at Mokihinui, and the objection of the Mokihinui Coal Company against granting the same: The Mokihinui Company has a lease of a square block of 640 acres, the western boundary of which follows the ridge between Coal Creek and Chasm Creek. They have also made application for the ground adjoining the northern boundary of their present lease, and a lease of 320 acres held by Mr. Bayfeild. Mr. Rowland applied for and got a prospecting license for 640 acres on the western and southern boundary of the Mokihinui Company's lease in March, 1887, and, before his prospecting license expired, applied for a lease of the land. This application surrounds two sides of the Mokihinui Company's lease, and, if granted, would prevent the company from ever extending their workings in the direction where they are likely to find coal.

Although the Mokihinui Company hold a lease for a block of 640 acres, they could not work half of this ground economically from the present place of operations, which is at Coal Creek, as the dip of the coal is easterly, or about 15° to the south of east, varying in dip from 1 in 6 to 1 in 8. It is only to the westward of Coal Creek that they can work the coal economically. There is a portion of the lease on the east side of Coal Creek on which the granite rocks appear and do not contain coal, and on the west side of Coal Creek there is a wide fault which must extend for some considerable distance. On the south side of this fault there is an outcrop showing the coal to be about 30ft. in thickness; but the coal here appears to be denuded in places, and does not continue regular through the land on the west side of the creek.

Mr. Rowland's application for a lease embraces the land on both sides of Chasm Creek, which is a steep rocky gorge. In some places there are perpendicular sides of 200ft. high, while in other places the gorge widens out, but it is only in very few places where one can get down from the terraces into the creek-bed.

Coal was discovered on both sides of this gorge by Mr. A. Grant, who is one of the party interested in Mr. Rowland's application. He accompanied me over the field as well as Mr. Snodgrass, the District Surveyor, and Mr. Seagar, one of the directors of the Mokihinui Company, and showed me two outcrops of coal 20ft. in thickness, and another which was laid bare for about 70ft., and showed about 22ft. in thickness. Outcrops of coal could also be seen in places on the opposite side of the Chasm Creek to the two already referred to. Although there are three different applications for coal leases—namely, by Mr. Rowland, Mr. A. Grant, and Mr. Bayfeild—they are all for one company, termed by the applicants the "New Cardiff Coal Company," which is also said to hold the lease of 320 acres already granted to Mr. Bayfeild.

It is very evident that the Mokihinui Company had never sufficiently prospected their ground before applying for a lease or they would never have taken it up in its present form. They have already shown, however, by the amount of money already expended (about £25,000), that they intend to carry on coal-mining operations in a systematic manner. They have constructed a railway for four miles and a half—that is, from the outcrops of coal at Coal Creek to a point on the Mokihinui River, where they are constructing staiths to hold coal, and where small vessels can come up and load. It is to a certain extent owing to the works this company has constructed that attention has been directed to the adjoining land; and these works have been the means of allowing the present applicants to get back to discover these outcrops of coal.

The coalfield in this district is greatly broken up and the coal denuded in many places, so that, although there appears to be a large extent of coal, there is no doubt it is a country where there will be tremendous faults, breaks, rolls, and downthrows to contend with; and, unless a company has a good extent of ground to work, it would not likely prove a successful undertaking either for themselves or the colony. The applications for the small leases only mean that they are taken up with the view of selling them to a company with sufficient capital to work them; indeed, it is only encouraging a system of levying blackmail on those who are in a position to work the mines systematically. It may be said that the more coal companies there are the cheaper coal will become; but it will be of no permanent advantage to the colony unless the mines can be made to pay for working. It is far better to have a few good companies who have capital to prospect and develop the coal-industry than to have a number of small companies who work the mines from hand to mouth, and finally have to succumb, and get into large holdings eventually.

In support of what I have stated, there are at the present time two coal leases in the Mokihinui district—one held by the Mokihinui Company, of 160 acres, on which a considerable amount of work has been done, and the coal proved to be of very little commercial value; and one lease of 320 acres held by Mr. Bayfeild, where very little prospecting has been done. The ground appeared to be held with the view of selling to those who will expend money to test it, and the area is too small for any company with the necessary capital to work the coal. Thus, a large outlay is required to get plant on the ground and open up the mine to work it advantageously; and there is not sufficient coal in the area, considering the difficulties there are to contend with, having faults and breaks, to pay fair interest on the money expended.

The coal on the eastern side of Chasm Creek applied for by Mr. Rowland could not be advantageously worked by him, as it dips into the lease held by the Mokihinui Company. The only way that it could be worked by Mr. Rowland would be from the adjoining land applied for by Mr. Bayfeild, and that would be by working it from the dip. Taking everything into consideration, I would recommend the western boundary of the Mokihinui Company's lease to be extended to Chasm Creek, as the coal can be more advantageously worked through this lease than by any other way; and that an equal area be given to the applicants on the western boundary.

I see no objection to granting the application of the Mokihinui Company for a lease of the land on the northern boundary, but would recommend that conditions should be inserted in the lease binding the company to have a far greater output of coal than that specified in the present lease, which is only 2,000 tons per annum for the fourth, fifth, sixth, and seventh years, and afterwards 5,000 tons.

There is also another application by Mr. Moynihan for 3,000 acres, which, I understand, is to be amended so that it can be taken up in one block instead of the form originally intended. They