

124. Surrounding that particular area?—Yes.

125. And the area offered to the Taupiri Company, which had the first application in, was the area outside of that?—Outside of that and in front of some boreholes they said they had sunk.

126. Their own boreholes?—Yes.

127. Do you know of any communication being made to the syndicate, informing them of the fact that the Minister of Mines was going to carry out that recommendation?—Yes, that was done.

128. The instructions given to Mr. Hayes and yourself were to see the prospecting syndicate and to endeavour to come to some arrangement that would do justice to both parties; your recommendation is shown on the map, and they were informed, but perhaps Mr. Elliott could answer that better than you?—I wrote to them under your instructions.

129. So that they had an opportunity of knowing they could each get a certain area?—Both parties.

*Mr. J. Allen:* I would like to see that letter.

*Mr. Elliott* (Under-Secretary for Mines): The letter from Mr. Mueller went from the Under-Secretary for Lands. It is dated the 5th December, 1903, and is as follows: "Referring to your memo. of the 14th ultimo, 3431A, the Under-Secretary for 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. J. Hayes, Inspecting Engineer, which you forwarded with your memo. I enclose you copies of letters sent to the Taupiri Coal-mines (Limited) and the Huntly Coal-prospecting Syndicates by the Under-Secretary for Mines notifying them to this effect."

130. *Mr. J. Allen.*] Now would you be kind enough to read this letter? [Letter handed to Mr. Elliott.]

*Mr. Elliott:* It is dated the 11th January, 1904, and is to the secretary of the Taupiri Coal-mines (Limited): "*Re* application coal-mining lease, Wahi Lake: In answer to yours of the 29th ultimo, I have to state that up to the present I have received no notification of the decision come to by the Government, and cannot therefore as yet take action as requested. I have written to the Mines Department, asking the Under-Secretary to inform me what has been decided upon." That is from Mr. Mueller.

131. *Mr. J. Allen.*] You were informed in December that the proposal was approved, and yet you write in January, Mr. Mueller, to say you know nothing about the matter?—There will be an explanation of that. Evidently I could not at that time have had instructions from my Head Office. It will very likely be explained in the papers which Mr. Kensington has—the Auckland file. [To Mr. Kensington] Will you please turn up those instructions that you gave me on the 5th December.

*Mr. Kensington* (Under-Secretary for Lands): I wrote to you on the 5th December and you received the letter, because it is so entered on your file.

*Witness:* Does it give the date when I received the letter containing your instructions?

*Mr. Kensington:* Yes; it was received on the 8th December.

*Witness:* Then the papers must have been mislaid. There is no other explanation for it. Have you got the letters that I wrote to the Taupiri Company after I received your instructions?

*Mr. Kensington:* I think you had better take the file. [File handed to witness.]

*Witness:* Here is the explanation. This letter that I have here I wrote to Wellington on the 11th January, 1904—the same date as I wrote the letter to the Taupiri Company—and then it was cancelled because these papers were found. It is indorsed "Sent by mistake."

132. *Mr. J. Allen.*] Did you write to the Taupiri Company immediately and tell them that the letter was cancelled?—Yes, something to that effect. This letter to Wellington is marked "Sent by mistake." I was often away for three or four weeks, and in this case it may have happened that when I came back and dealt with the matter some of these papers were lying in the box unexamined by me. This is a letter that I sent to the Secretary to the prospecting syndicate on the 20th April, 1904: "Referring to the conversation I had with two of the members of your company a short while ago, I now forward herewith the respective areas proposed to be leased to yourself and the Taupiri Coal Company (Limited), as notified to you by the Secretary for Mines. The area granted to the Taupiri Coal-mining Company comprises 230 acres. The area offered your company within the Wahi Lake comprises 305 acres, that of the Rotoiti Lake 52 acres, total 357 acres. This is, as I pointed out to the members referred to, half as much again as that granted to the Taupiri Company."

133. Can you find the letter to the Taupiri Company cancelling this letter of yours of the 11th January?—I do not see it here. I may have just told Mr. Sherff if he came to the office. Here is a letter, dated the 1st December, 1903, from the Under-Secretary for Mines to the Taupiri Coal Company: "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: Royalty, 6d. per ton on all coal sold.'" Then follow the other conditions as to rent and output, and then it goes on, "Application can accordingly be made by the Taupiri Coal-mines (Limited) for the area marked A to the Commissioner of Crown Lands, Auckland, who will deal with it on compliance with the requirements of the Coal-mines Act in respect to payment of deposit, advertising, &c."

134. We know all about that. What I want is your letter?—I know they came to the office, and the lease was prepared for them. Here is a letter from me to the Taupiri Company, under date the 5th May: "I forward herewith lease of part of Wahi Lake, and ask you to return lease (in triplicate), when signed, to this office for completion."

135. That was long subsequent to the 11th January?—Yes.