

may legally hold any portion of the territories belonging to the Crown, westward of the Rocky Mountains, that it may please Her Majesty to annex to Rupert's Land.

It would be a superfluous task to enter into a detail of the reasons which render the colonization of Vancouver's Island an object of great importance; I shall, at present, merely submit to Earl Grey's consideration whether that object, embracing as I trust it will, the conversion to Christianity and civilization of the native population, might not be most readily and effectually accomplished through the instrumentality of the Hudson's Bay Company, either by a grant of the island on terms to be hereafter agreed upon, or in some other way in which the influence and resources of the Company might be made subservient to that end.

I have, &c.

(signed) *J. H. Pelly.*

*P. S.*—Please to return Mr. Douglas's report, of which you may take a copy if you wish to do so.

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Enclosure 1, in No. 3.

Dear Sir,

Fort Vancouver, 12 July 1842.

ACCORDING to your instructions, I embarked with a party of six men in the schooner "Cadboro'," at Fort Nisqually, and proceeded with her to the south end of Vancouver's Island, visited the most promising points of that coast, and, after a careful survey of its several ports and harbours, I made choice of a site for the proposed new establishment in the port of Camosack, which appears to me decidedly the most advantageous situation for the purpose within the straits of De Fuca. Encl. 1, in No. 3.

2. As a harbour it is equally safe and accessible, and abundance of timber grows near it for home consumption and exportation. There being no fresh-water stream of sufficient power, flour or saw-mills may be erected on the canal of Camosack, at a point where the channel is contracted to a breadth of 47 feet by two narrow ridges of granite projecting from either bank into the canal, through which the tide rushes out and in with a degree of force and velocity capable of driving the most powerful machinery, if guided and applied by mechanical skill.

3. In the several important points just stated, the position of Camosack can claim no superiority over some other excellent harbours on the south coast of Vancouver's Island; but the latter are, generally speaking, surrounded by rocks and forests, which it will require ages to level and adapt extensively to the purposes of agriculture, whereas at Camosack there is a range of plains nearly six miles square, containing a great extent of valuable tillage and pasture land equally well adapted for the plough or for feeding stock. It was this advantage and distinguishing feature of Camosack, which no other part of the coast possesses, combined with the water privilege on the canal, the security of the harbour, and abundance of timber around it, which led me to choose a site for the establishment at that place in preference to all others met with on the island.

4. I will now proceed to describe the most prominent features of the other ports visited during this cruise, in order that you may know and weigh the grounds of my objections to them as eligible places of settlement.

5. The finest and only district of Vancouver's Island which contains any considerable extent of clear land is situated immediately on the straits of De Fuca, beginning at Point Gonzalo, the south-east corner of the island, and running westward from it to the port of Sy-yousung; from whence, to the south-west point of the island, opposite Cape Flattery, there are no safe harbours for shipping, and the country is high, rocky, and covered with wood, presenting in its outline the almost unvarying characters of the coast of North-west America, to which it unfortunately bears a too faithful resemblance.

6. On the contrary, the former district of the island, extending from Port Sy-yousung to Point Gonzalo, is less elevated, more even, and diversified by wood and plain. The coast is indented with bays and inlets; there are several good harbours, with anchorage at almost every point, where vessels may bring up in calms. To this part of the coast I directed much attention; and having travelled over almost every mile of it, I will here state the result of my observations, beginning with Port Sy-yousung, the most westerly harbour deserving of notice.

7. Sy-yousung is a spacious inlet, extending more than two miles into the country, where shipping may lie at all seasons of the year in perfect safety, as it is protected from every wind; there is, however, a strong current setting through the entrance with the flood and ebb, that might detain and prove inconvenient to vessels entering or leaving port, otherwise it is unexceptionable as a harbour. A shallow rivulet, 30 feet wide, which takes its rise from a lake in the interior of the island, falls into the north end of the inlet, remarkable as being the largest and only fresh-water stream capable of floating a canoe, that we found on this part of the island.