

MINES AND MINERALS.

(COPY)

London, 31st July, 1857.

SIR,—

We have the honor to report for the information of His Excellency the Lieutenant Governor, the progress of the negotiation with the General Mining Association with which we were charged.

Having reported our arrival to the Secretary of State for the Colonies, we were put by Her Majesty's Government in formal communication with the Directors of the Association.

Our first act was to call the attention of the Secretary of the Board to the address of 1855 as containing the proposals for compromise on the part of the Province, and to request that the directors would in return communicate to us their views. The reasonableness of the request was frankly admitted, and we were furnished in writing with the proposition of the Director, a copy of which accompanies this report marked A. It will be seen that, surrendering all other minerals, the Board desired a reservation of Coal at four places, viz: at Sydney, Pictou, Spring Hill, and the Joggins; the territory in Cape Breton being described by specific boundaries extending from Cow Bay to the great Bras D'Or, and including the whole coast in that district, and the north east end of Boularderie Island; the reservations in Nova Scotia being undefined as to boundary, and in no otherwise controlled than by being limited to 4 square miles.

As regards two of the stipulations contained in these proposals, viz.: an extension of the lease, and compensation at its termination for materials and plant, we thought it proper to loss no time in informing the Committee in a conference with them on the subject, that unless these clauses were withdrawn from their propositions we could entertain no hopes of arriving at an amicable adjustment of the question at issue. We also suggested the necessity of some definitiveness in the boundaries of the three Coal Mines in Nova Scotia proper, which otherwise might be laid out with so great length in proportion to the breadth, as hereafter to embarrass other mining operations in their vicinity. These two clauses were subsequently withdrawn by the Directors, and the paper which accompanies this Report, marked B, was furnished to us, containing certain modifications of the first proposition.

The boundaries also were so defined as to guard against the possibility of the inconvenience we had suggested, by limiting the length of each reserve as specified in the paper B B, enclosed herewith.

On looking at the proposals on the part of the Association, as thus modified, and considering that the Directors had, without hesitation, unreservedly abandoned all the minerals in the Province which the Crown, by the lease to the Duke of York, had demised, and which the Association claimed under their sub-lease from the Duke, except only the Coal, and that the area of Coal they desired to reserve in Nova Scotia proper, however large in itself, was but a small portion of the Coal deposits, we did not deem the reservations claimed to be unreasonable in extent, nor could we object to those in Nova Scotia proper as tending to exclude competition, because we are satisfied that at Pictou, the Joggins, and Spring Hill, there remained outside these reserves abundance of Coal accessible for convenient working, and as near to water conveyance as any contained within the limits of the reserves.

It was otherwise, however, in Cape Breton. The tract in that Island described in the propositions of the Directors, included, as we believed, all the available coal seams in that vicinity, and we insisted on such a limitation of their claims as would leave outside these limits a sufficient quantity of a known Coal Field capable of being conveniently worked and shipped, and possessing every advantage for the carrying on of mining operations.

Much difficulty arose in this question which threatened for a time to defeat the negotiation.

At length, however, a satisfactory solution of it was arrived at, and the Directors assented to give up, with the reserve of a small portion immediately surrounding their works at Bridgetown, the whole of that extensive Coal Field, the largest and, we believe, the most valuable Coal Field, and containing some of the best and most workable seams in Cape Breton, and extending from Lingaa Harbor on the North, to Mira River on the South.

We declined to go so far in the Reduction in the royalty as the Directors desired, but we named 6d. per ton for the first 250,000 tons instead of 4d., and we fixed the weight per ton at 2240lbs. instead of 2640lbs.

as prescribed by the Duke of York's lease, and thereby, so far as regards the receipts for the first 250,000 tons, making the amount to exceed, by nearly a fifth, the sum, which would have been payable if we had recognised the standard of weight fixed in the Duke of York's lease.

To bring the negotiation to a definite conclusion, after repeated personal discussions with the Committee had narrowed the questions and made each party generally acquainted with the views of the other, we reduced to writing specific propositions embracing the whole subject. These were accepted without qualification by the Directors, and thus the negotiation was brought to a termination on the terms contained in the proposals. We refer to the copies of these offers and of their acceptance by the Association, accompanying this report and marked C and D, as containing the terms on which we have agreed with the Directors finally to compromise and adjust all existing disputes.

It will be seen that the arrangement we have made is based on the address of the House of Assembly in 1856, and that it embraces all the questions in controversy, and we trust it is calculated to avoid the occasion of future differences.

It was with this view that the mode of estimating the Royalty has been changed from measurement to weight, and the weight defined. As tending to this object, as well as part of the equivalent for the concessions made by the Association, the Royalty is confined to the large Coal sold, and with a view to uniformity and simplicity, more especially in contemplation of other Lessees besides the Association, the rent has been merged in the royalty.

The remission of revenue is somewhat greater than the half of the royalty offered in the address, but this we have deemed unimportant when contrasted with the great advantages of the settlement of the controversy on the terms agreed upon.

In the situation and definition of the Coal measures reserved for the Association, we desired not only to save for Provincial industry and for general competition abundant field for operation in the Province, but also that in the vicinity of each reservation there might be offered to general enterprise the same local advantages as those enjoyed by the Association, and thus to exclude, as far as possible, any objection to the Association on the ground of Monopoly. We believe we have succeeded in accomplishing this object, and that while the Association will hereafter be enabled to pursue and expand their operations, relieved from embarrassment and apprehension, the means of competition are, as far as practicable, offered to the public on terms of equality in relation to situation.

It would be wrong to mention that throughout the negotiation the gentlemen connected with the Association, with whom we were brought into intercourse, met us with the utmost frankness and conciliation, and although questions arose which unavoidably tended to recall unpleasant recollections and excite exasperation of feeling, yet the discussion never deviated from the most courteous and friendly tone, and was marked throughout by an evident desire on the part of the Directors to terminate, even at sacrifices they believed to be great, a painful controversy injurious to both parties. It is due to Mr. Cunard especially, who attended throughout the negotiations, to say that his superior local information over that possessed by his associates, was of great advantage to us in the negotiation, and enabled him to perceive and to urge on them with effect, that the concessions to the Province which the Directors believed to be excessive were, to a large extent, compensated by the unembarrassed use of what would be reserved.

The memorandum of the agreement concluded with the Directors is now in the hands of their Solicitor to be put in a shape to be submitted to us.

We have also thought it proper to require that the draft of the lease from the Province to the General Mining Association, and of the surrender to the Province of all the interests of the Duke of York's representatives and of the Association, and of other documents that might be required for perfecting the agreement should be at once prepared. We have done this in the belief that while we are here and in the recency of the transaction, misapprehensions, should any arise, would be more easily explained away, and the delay incident to correspondence after our return avoided.

We are now waiting till the Solicitor and Conveyancer shall be prepared to submit these Drafts to us.

A good deal of the delay which has occurred has arisen from the Committee, with whom alone we treated having considered it necessary to refer to the

General Board of Directors the different modifications of their first propositions as they occurred.

It is hardly necessary to add that the Association quite understand the arrangement we have made to be dependent for its validity upon the ratification of the Local Legislature.

We have the honour to be, Sir,
Yours, &c.

(Signed)

J. W. JOHNSTON,

(Signed)

A. G. ARCHIBALD.

To the Honorable the Provincial Secretary.

HEADS OF ARRANGEMENT

Entered into between the Honourable James William Johnston and Adams George Archibald, Esquire, Delegates on behalf of the Province of Nova Scotia, of the one Part, and the Board of Directors of the General Mining Association, of the other part.

The Province will lease to the Association for a term, to commence on the 1st January, 1858, and to expire on the 30th August, 1886, all the Coal Seams comprised within the areas hereinafter described, with such powers for working the same as the Province has power to confer.

ISLAND OF CAPE BRETON.

1st.—In all that tract which lies to the eastward of a straight line drawn from Subbort's Point, on the North Shore of Sydney Harbour to the head of Mill Pond on the North Side of Boularderie Island, bounded on the north-east and south by the Sea Shore, as the same has been defined in the sketch made by Mr. Brown.

2d.—In all that tract which lies to the eastward of a straight line drawn from M. Phoe's Ferry on the south side of Sydney Harbour in a southerly direction to the mouth of the North-west Brook, so called, which empties into Bridgeport Basin, bounded south by the said Basin and Indian Bay, and on the north and east by the Sea Shore.

3d.—In all that tract near Bridgeport, comprising an area of two square miles, bounded on the north by the Sea Shore, westwardly by a line coinciding with the outcrop of the coal seam now opened, southwardly by a line at right angles to the strike of the seam, and distant south-west from the last pit sunk thereon not more than 160 rods, on the east by a straight line as near as may be parallel with the west line and at such a distance therefrom as to include two square miles of area.

COUNTY OF PICTOU.

4th.—In an area of four square miles, to be selected by the Association, including the Albion Mines works, such area to be bounded by straight lines in the form of a rectangular parallelogram, whose longest side shall not exceed three miles.

COUNTY OF CUMBERLAND.

5th.—In an area of four square miles at Spring Hill, to be selected by the Association, and to be laid off on a block two miles square.

6th.—In an area of four square miles at the Joggins, to be selected by the Association, and to be laid off on the principles specified in respect of the Albion Mines, except that the longest side of the parallelogram may be four miles.

The above areas are to include as part of them the space already wrought at the Joggins, Pictou, and Bridgeport, and the whole of the areas at all the localities are, before the 15th day of December next, to be surveyed and marked on the ground by the Association, by distinct and well defined boundary lines and corner posts, in conformity with this Agreement, under the inspection of an Officer or Officers to be appointed by the Government of Nova Scotia, and plans of such Surveys, showing all natural boundaries and distinguishing features at or near the areas, are to be furnished by the Association to the Province, on or before the 15th day of January, 1858; and in default of such surveys, landmarks, and plans, being made and furnished, in conformity with this agreement by the Association, within these respective periods, it shall be lawful for the Province to make the same, and to select the said areas in Pictou, Cumberland, and Bridgeport, within the limits aforesaid, according to their option; but also to raise and establish the south western or land lines in Cape Breton with respect to the districts first and secondly above described.

During the Lease the Province shall not by lease, license, or otherwise, empower or allow any other party to work or sell coal in the Province at a less Royalty, or on more favourable terms in any respect than are to be reserved and contained in the Lease to be granted to the Association, and shall pass, and during the Lease enforce, such legislative enactments and take such other measures by the appointment of an Inspector, and otherwise as may be requisite, to