

mill purposes—a most important acquisition, should the navigation terminate in the Sugar Loaf settlement—for on the lake shore, in a distance of 40 miles above Fort Erie, there is but one mill seat, which, though an indifferent one, was obtained by laying up wards of 600 acres of fertile land under water, many years ago—presenting an unpleasant spectacle to the eye, and generating fever among the settlers.

At the ground plot of the village of Beverly, where the canal locks down into the Welland river, there is a descent of about 16 feet, with a large reservoir, into which the feeder canal will discharge its waters, and where manufactures requiring water power might be carried on to great advantage.

At the north-end of the deep cut, after the commencement of the mountain descent, a waste well turns the superfluous water *around* two locks, a full of sixteen feet, after which it enters the canal again, and may be used for any manufacturing purpose whatever. Then at Thorold it is conveyed *around* four locks; then *around* thirteen locks until it re-enters the canal on Shaver's farm, below the mountain ridge; then *around* locks until it enters the canal at St. Catharines. By this contrivance, the mills and machinery that may be hereafter erected in the course of this descent, can be continued in operation, even at such times as the locks or sections are undergoing repairs.

Mr. Keel of Thorold has built on the line of canal, an excellent grist mill of the most durable materials; the walls are of stone, and the machinery worked by cast iron wheels. It is calculated for eight run of stones, and has four run of French Burrs completed. This mill is one of the finest establishments of the kind in the Colonies.

Six mills have been erected along the line of canal—four more are now in progress; and applications to the company for water power to turn other fifteen grist mills, saw mills, carding and fulling mills are now under consideration. These hydraulic privileges will prove a never failing source of revenue.

UNFINISHED WORK.

A considerable outlay will yet be required to complete the Welland canal. The line of cutting to its termination in Lake Erie, with the expense of improving a harbor there—the alterations and improvements at Port Dalhousie—the lock and other additions at the Grand River dam—the widening the feeder to boat canal size from Dunnville to Broad Creek—the stoning up of the banks where it may be found needful, and the erection of a weighing lock are some of the

principal items. Unforeseen accidents may likewise occur, and swell the list of expenses. But I have stated the grounds of my apprehension wherever I considered a possibility of danger or risque to exist.

TERMINATION OF SHIP CANAL ON LAKE ERIE.

The "future usefulness" of the canal, will partly depend upon the skill and judgment that may be displayed in the selection of a place at which to carry it into Lake Erie—and as the Legislature have decided to defer that part of the work until the several routes shall have been examined and reported upon, it is my intention in the course of the present summer carefully to examine the coast and being assisted by professional men in whose skill and integrity I can place full reliance, to collect all the information necessary for enabling the Legislature to decide upon the advantages and disadvantages of the several proposed harbours and lines of canal, and to report the same to Your Excellency.

Early in the present month, I traversed part of the country between Marshville and Lake Erie, and found it favorable for canal purposes—so far as an examination of the surface could enable me to form an opinion. I visited the coast from Gravelly Bay up to Kinnaird's Bay, which latter is situated in that beautiful tract of country known as the Sugar Loaf settlement, four miles from Marshville.

Graybiel's bay is 24 miles above Fort Erie, 20 from Chippewa village, between 6 and 7 from the aqueduct over the River Welland, and about 6 from the nearest point on that river, due north. Abundance of gray freestone may be had within a mile, and hard wood is abundant. The bay is sheltered on the west by Point Industry, and according to information received from Mr. Graybiel, its bottom is hard clay, covered with a layer of sand and gravel, from one to four feet in depth.

Gravelly bay, otherwise called Steel's bay, is about 4 miles below Mr. Graybiel's house, and 5½ miles distant from the line of canal or feeder. It is protected both on the east and west by ledges of rock which extend a considerable distance out into the lake.

If, on due examination, it should be found that Graybiel's bay possesses as many natural advantages for a harbor as Gravelly bay, it is, (taking the two only into consideration,) otherwise entitled to a decided preference—the country round the latter being low and unhealthy, while the lands in the neighborhood of the former are pleasant and salubrious, affording most desirable situations on which hereafter to build a village or city.