

informed—Sandford Fleming, Esq., C. E., had made a survey and report upon another line, which followed the Beattie line from Truro to Ingonish River, and from Little Forks to the Border, but diverged at intermediate points to the extent of one to eight miles, and lengthened the line about two miles as compared with the Beattie line. In his report, Mr. Fleming, while recognizing the commercial and other advantages of the Beattie line, connecting, as it would, the coal and iron districts, expressed a slight preference to the one surveyed under his direction, via Folly Lake and Tillott's creek. The company is not aware whether this Report has been formally adopted by the Government, although Mr. Beattie strongly urged upon the Government in July, 1866, that those portions of the line at either end, which were common to both, should be sanctioned, so that the work might not be interrupted. On the New Brunswick side of the border, where no difficulty was made by the Government as to the route, the work was continued vigorously to the close of the season, was resumed this season, and will be completed by the close of next year—thus forming the first finished portion of the Intercolonial Railway. Meanwhile a large outlay of money has been incurred by the Company in this Province in making the survey, in grading and providing sleepers, and other materials. To evince the determination of my Principals to carry on the work to completion, pursuant to and within the time limited by the contract, I beg to refer you to a letter which, in the absence of a reply to Mr. Beattie's last communication, I addressed on the 26th June last to your predecessor, the Hon. C. Tupper. As the Government declined to accede to this proposal, I must now invite the serious attention of the existing Government to the position of the Company, under the present changed aspect of affairs.

We are prepared at once to carry on and fulfil the contract; but should the Government throw any further obstacles in the way of this, we consider that we have a legal, as well as equitable claim upon the Government for full compensation, not only for the outlay, but for the withdrawal of the contract. The Company's action throughout has been in good faith and was based upon the conviction that Mr. Beattie's Line, was that referred to in the contract as having received the recommendation of the Provincial Engineer, and the approval of the Government. They submit that their view of the matter, is strengthened by the fact that the length of the Line is limited by the contract, and if it be contended that the Government had the power of afterwards lengthening it, or deviating to so wide an extent as eight miles from the Line, where is the limit, and what protection had the contractors from an enormous expenditure, when they were expressly restricted as to grades and curves by the contract.

In conclusion, I humbly submit that my Principals are anxious not to throw any obstacles in the way of completion of the Line, and desire cordially to co-operate with the Government to this end. Should it therefore be considered undesirable to carry out the contract in its present form, I shall be happy to negotiate a new contract upon any terms the Government may desire, and upon satisfactory terms being arranged, to abandon any claims we may have under the present contract. Requesting your immediate consideration of this matter,

I have the honor to be, Sir,

To THE HON. P. C. HILL, { Your most obed't servant,
Provincial Secretary, Halifax. { [Signed], C. H. GRANT.