

that in point of quality the deliveries taking place are not equal to those of previous years. The almost incessant rains four or five weeks ago, found a great deal of the crops still out in the fields. The effect was very injurious. In the older settled districts the injury was not serious, but taking the country generally, there has been a good deal of harm done. None of the barley has the bright appearance which marked it last year, and which renders it so valuable for malting purposes. In fact, we are assured that many samples will be unfit for this purpose altogether. In the case of peas and some other spring crops, the injury done by the wet has been still more serious. Spring crops are, however, very abundant, and what is lost in one way will probably be made up in another. There is not so large a quantity of white wheat as usual, much middle-proof and other inferior kinds having been sown last fall. Some of the wheat of our best grain territories was housed in tolerably fair condition, but its general quality is not up to our usual standard.

Now that produce transactions are becoming lively, we may confidently look for business to improve. Some of our banking institutions have manifested a disposition to restrict their credits, but there need be no fears that money will be wanting with which to move the crops to market. There is plenty of money in the country, and for so safe and legitimate a purpose it will be forthcoming whenever required. Before October closes, a large portion of the late harvest will have been converted into cash, and the increase of money among the farmers will soon make itself felt. Retail traders will find their sales increase, whilst not a few old scores will be paid off. The wholesale merchant will find his correspondents increasing their remittances—in short, the wheels of business will move with a smoothness and ease greatly in contrast with their sluggishness during the past two months. The prospect before Canada for the fall and winter's business, is favourable upon the whole. The volume of indebtedness was greatly reduced last year. Prices keep up astonishingly well. Barley is slightly lower than we have been accustomed to of late years, but wheat remains at a high figure. The dullness experienced for a short time past has been mainly caused by the fact that no general movement towards the realization of the harvest had taken place, and now that the crops are fairly on the move, we may confidently expect brisker times in all parts of the country.

#### PROVINCIAL LEGAL TENDER NOTES.

AS we announced in our last number, the issue, through the Bank of Montreal, of Provincial currency, has commenced. The notes are a legal tender for all debts due in Canada, but are redeemable in gold at the Bank of Montreal here and in Toronto. At present, in order to secure some circulation of them, the notes issued here are stamped "payable at Toronto," and those issued in Toronto, "payable at Montreal." The Bank of Montreal here, therefore, is not bound to give gold for the notes that are so made payable in Toronto, and refusing to redeem in coin those held by the other banks, much dissatisfaction has arisen, and fears are expressed on the part of some of the banks that their specie would be all taken from them, and they left with nothing but the legal tenders. They say that in their exchange operations with New York and elsewhere, the command of large sums of actual coin is a necessity, and that under the new system they will have no means of re-filling their vaults should they once become empty.

We doubt, for our part, if these fears will be realized. The Provincial notes will find their way in greater or less quantities into all the banks in the hope of deposits, payment of notes, &c., &c., and being a legal tender, will take the place, whether in settlement of balances between the banks, or as a reserve to secure note holders, of a similar amount of coin which will thereby be set at liberty. This coin will doubtless ultimately be received by the Bank of Montreal but it will not belong to the bank, (except the amount due to the bank by Government,) but will go to the credit, and be at the disposal of the Government. Again, a certain proportion of the notes issued at Toronto, but payable at Montreal, will in process of time work their way down here, and will furnish to the banks the command of fully as much gold as they can by any possibility lose through the operation of the new currency, and of even a much larger quantity, once the entire of the \$3,000,000 authorized by the act has been put into circulation.

The action of Government, or of the Bank of Montreal, to whichever the credit may be due, in placing

the new currency, has been designated by a portion, both of the press and the public, as "a swindle," a "contemptible dodge," done in the face of pledges made in Parliament that the currency would not be forced on the country, but that it would merely be issued in the ordinary course of trade. We were not aware that the position of the Government was such as to necessitate the resort to even an appearance of forcing; and we have reason to believe that had the Bank of Montreal (the legal tender scheme being adopted) taken a conciliatory course with the other banks, they would have accepted the logic of facts, and would from choice have surrendered a portion of their coin reserve in exchange for legal tenders. There would be reason to regret any attempt on the part of a strong institution to tyrannize over its less powerful neighbours, or the want of co-operation, which, under circumstances, where the credit of the country is to some extent at stake, is of the last importance. The interests of the trading community, throughout the whole country, doing business with the banks, are very greatly at stake.

The Bank of Montreal will temporarily profit from the issue of these notes by the increased value of the Government account, until it becomes necessary to meet public debt shortly to fall due in England; and will obtain a permanent advantage by the payment to itself in cash of the credit it had given the Government, and in being the banker of the fund which the Government is obliged to hold for the redemption of its notes.

To secure these advantages, and in return for five per cent. interest on its previous note circulation, and a commission for redeeming the Government notes, the Bank of Montreal has surrendered its right to issue notes, the surrender, however, to be gradual within a limited time as agreed upon between the bank and the Government. This surrender will secure to the other banks in their turn an advantage, so long as the public necessities do not lead to the issue of more than the \$8,000,000 directly authorized by the act. The amount of coin and bullion at present held by all the banks, according to the latest official returns, is \$5,479,444. Of this amount it is safe to assume that \$4,000,000 will be replaced by the legal tender notes, leaving \$4,000,000 more to go into actual circulation. The present circulation of bank notes in Canada, in round numbers, \$10,000,000, of which the Bank of Montreal has about \$3,000,000; and consequently the new currency would displace about \$1,000,000 of the notes of other banks according to the returns for August. Last year, however, the circulation, which in August was about eight millions, increased in September to eleven millions, and in October to over fourteen millions; and there will probably be a similar—perhaps greater—increase this fall. At all events, the note circulation of the Province, curtailed for a time by the introduction of foreign silver coin, has again commenced to increase, and must continue to do so as the trade of the country grows from year to year. This increased circulation will be furnished, not by the Bank of Montreal, but by those banks which have not surrendered their rights, and to them will be the profits therefrom arising.

The public at large will also obtain a convenience in the cheap transmission of monies from one part of the Province to another. Every branch and agency of the Bank of Montreal is authorised to furnish drafts on all other branches without any charge except the cost of stamps, an arrangement, the benefits of which, especially to Western merchants, need no comment from us.

#### FROM THE CANADIAN OIL REGIONS.

(Correspondence of the Trade Review.)

BOTHWELL, Oct. 4, 1866.

IN 1856 the first exploration for rock oil was made on the McMillan farm in this vicinity. There are now about 300 wells extending along the river Thames, from the village of Thamesville to Wardville. They are chiefly located within half a mile of the river, and at a distance varying from two to seven miles from this place, which, by-the-by, is now a neatly built and thriving little town on the line of the Great Western Railway. The above mentioned number includes about 125 wells now sunk, but not yet tested. The actual number at present in operation does not exceed 75, and of these about 60 will ultimately pay investments and upwards. Of the 100 wells abandoned, or not in operation, several had pumped from 400 to 500 barrels, and then discontinued to supply any oil. A large number turned into water wells—the machinery

used being insufficient to overcome the flow of water in them. The "Collville" well, after it had pumped 800 barrels, was abandoned on this account. It was subsequently purchased by Dr. Ray and Mr. Benson, who introduced a four-inch instead of a two-inch pump tubing, a larger working barrel, an engine of 20 horse-power, and changed the ordinary working beam for a sash, thus giving, not only greater velocity, but a deeper stroke. The result has been an average yield of 15 barrels of oil a day. The "Young America," which had been similarly abandoned, has for nearly a month produced about 40 barrels daily by being simply more vigorously worked; and the "Old Reid" well, which, after it had produced about 1,500 barrels, turned into a water well, has been improved by the same means, and now averages 20 barrels of oil a day. It will thus be seen that time and experience lead to improvements which give greater certainty of success to oil operations here and elsewhere. A larger proportion of the wells now sunk here prove good wells, owing more to their being better tested than to good luck in the selection of locations. Of course, I do not mean to say that operators should give no preference to locations in the neighborhood of good wells or on such lands as have been successfully tested. The "Lick Well, No. 1," was tested with four-inch pipe and three and a half inch working barrel, four foot stroke, and rate of speed about fifty strokes a minute, and yet it only produced water. The rate of speed was then increased to 75 strokes a minute, and it began to pump oil at the rate of 50 barrels a day. There has been no instance in which one well injuriously affected another by close proximity to it. There have been several instances in which it produced a contrary effect. For instance, the "Lick," "Grant," and "Collville" wells, are within a few rods of one another. When only one is pumping, it produces but a very limited quantity of oil. When two of them are in operation, each produces a larger supply, but the largest yield is produced by each when the three wells are being pumped together.

An examination by Mr. Stetson, an American gentleman, at Bothwell, of 30 wells, shows that the average depth at which the oil is found does not exceed 305 feet, including about 125 feet of surface drift, and 65 feet of soap stone. In one instance, however, oil was found at a depth of 630 feet, and in a few other wells, at from 400 to 425 feet. Only one or two wells beyond 400 feet deep produce any oil at present. The corniferous limestone formation in which the oil is found, at various depths, is charged with fossil corals, or the deposits of gelatinous marine animals, which corroborates Mr. Hunt's theory of the origin of petroleum; but it is a peculiarity of the main anticlinal on this peninsula, which, according to that gentleman's views, runs along the Great Western Railway from Bothwell to Thamesville, that there is an almost entire absence of sand rock. Other anticlinals, such as exist at Oil Springs and Petrolia, present features peculiar to each, according as the oil-bearing rock has been affected by the explosions or upheavals, which indicate the existence of oil. At Oil Springs, and in some parts of Pennsylvania, large reservoirs or basins are met; the wells yield oil in large supplies for a short time, and then a sudden collapse takes place. Where the rock is simply very porous, or not too violently fractured, as at Petrolia and Bothwell, the supply is more continuous. The great difference between these two places seems to lie in the fact that the water sheets or veins at Bothwell are seemingly three times more abundant and in the same proportion affect the productiveness of the wells. The average yield of the wells at Petrolia, taken as a whole, is about three times greater than that of the Bothwell wells at the present time, and the number of failures, whatever may be the cause assigned, is in the proportion of 15 per cent. at Petrolia to 45 per cent. at Bothwell. In this computation I include all the wells which do not at present pay running expenses, owing to the low price of the crude oil. The contrast is still greater in favor of Petrolia, if I should only reckon the number of absolute failures.

The daily yield at Bothwell does not exceed 250 barrels a day; at Oil Springs, 50 barrels; and at Petrolia, about one thousand barrels, with a prospect of a considerable increase. The capacity of our refineries does not in the meantime exceed 3,500 a week. Hence the large importations of refined American oil into the Province during the year ending June, 1866. Hence, also, the necessity for creating an export trade, for the quantity now produced in Canada exceeds the entire consumption by at least 100,000 barrels a year, (or, say 300,000 barrels, provided the capacity of our