

Hon. D. L. Brothers,
Minister of Mines
and Petroleum Resources.

Final
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GEN-VANCOUVER
ISLAND 66(2)A

Coal rights held in the E. & N. belt were either obtained from the Hudson's Bay Company or the railway company after the land grant was issued.

Coal rights once they pass from the railway company are subject to taxation under our Taxation Act at the rate of 7% of assessed value for Class "A" coal rights and 2% of assessed value for Class "B" coal rights. The area of the Tsable River mine is taxed at Class "A" rates because it is an operating mine. If these taxes are unpaid, reversion to the Crown Provincial takes place under the Taxation Act. Canadian Collieries Ltd. recently advised us that better than 600 parcels of coal rights are involved on which they are taxed.

There is no royalty payable to the Crown as the grant to the railway was outright for all things except gold and silver.

Isolated parcels of coal lands have reverted to the Crown. For instance, some of the coal rights in the vicinity of Cassidy have reverted.

It is a job of considerable magnitude to status all coal lands in the belt, but specific parts can, of course, be checked quite readily.

for
Chief Commissioner.

KBB/ef

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HISTORY OF COAL MINING COMPANIES, VANCOUVER ISLAND

PREFACE

In the accompanying sketch, this has been first divided into two main branches:

- I. The Vancouver Coal Co.--Western Fuel Branch
- II. The Dunsmuir Branch.

The latter has been again subdivided into:

- II. A. R. Dunsmuir & Sons, Wellington Mines
- B. The E & N Railway
- C. The Union Coal Co.--Wellington Colliery Co.

It is not possible to set out II with the same clarity as I. As long as they were the property of the Dunsmuir family, the family considered them as their property, which they were. Which ever of the various corporate entities they possessed was most suitable to their immediate purpose was used. It is at times quite difficult to determine what was going on. One can be reasonably sure it was a Dunsmuir, but quite difficult to say "which hat he had on at the moment." Finally when the properties passed into the hands of subsequent companies, their financial history is most complex and hard to follow. Both parties noted above were secretive, and took the stand that what happened was no one's business but their own. Up to a point it was under the existing laws. Under today's laws, many of these points would be a matter of public record, then they were not. Some approximation may even yet be made to the history and this sketch is an attempt at that. What is said is factual, and may be backed by authority of varying quality. But the deficiencies of this sketch lie more in what is not said and represent a deficiency in the writer's information.

A. F. Buckham,
Victoria, B.C.,
March 18, 1966.

I. VANCOUVER COAL CO.--WESTERN FUEL BRANCH

The occurrence of coal on Vancouver Island was first made known in 1835. This occurrence was at two closely adjacent places, Beaver Harbour and Suquash on the northeast coast of Vancouver Island near its northwest end. Beaver Harbour is 8 to 10 miles southeast of the present Port Hardy and Suquash 13 miles southeast of Port Hardy and 7 miles northwest of Port McNeill. Reports of the occurrences were, in 1835, communicated by Indians of the vicinity to Dr. Wm. F. Tolmie, who was then in the service of the Hudson's Bay Company at Fort McLoughlin (Bella Bella). Tolmie reported the matter to his superiors and Dr. John McLoughlin determined to send a vessel there as soon as possible. This was next year, 1836. The vessel was the "Beaver," the Hudson's Bay Company coastal steamer, which checked the report on her first coastal voyage after she arrived from England. This was reported on to McLoughlin in a letter from Chief Factor Duncan Finlayson, September, 1836, and from that time the officers of the Hudson's Bay Company had regard to the possibility of a new industry on the coast. It was not until 1849 that steps were taken to develop the discovery commercially. In 1846 the Oregon boundary line dispute between Great Britain and the United States was settled. In November, 1847, William Henry Aspinwall secured a contract to transport mail in steamers between Panama and the coast of Oregon. This he proposed to do with three steamers, operated by a separate corporation, the Pacific Mail Steamship Co. To furnish the coal which the Pacific Mail Steamers would require, Aspinwall arranged for colliers to come from ports in Wales to the Pacific Coast. He was, however, aware that coal had been discovered on Vancouver Island and hopes were entertained that it might provide a less expensive and more convenient

supply of fuel than the mines of Wales. He began negotiations with the Hudson's Bay Company in the first part of 1848. The Governor and Committee of the Hudson's Bay Company in England decided to send out "a headsman and six miners." Thereupon, the Board of Management of the Hudson's Bay Company acting under instructions from Sir George Simpson, established Fort Rupert at Beaver Harbour in 1849, which served the dual purpose of replacing Fort McLoughlin which had, meanwhile, been closed, in trade with the natives, and would protect the workers at the mines. The first group of miners arrived at Victoria in June, 1849. Three other groups comprising over 100 miners, with tools and machinery arrived by other ships. Originally prospecting work was done at Beaver Harbour and Squash, it was not successful. Even the experienced miners brought out from the United Kingdom to work in the pits and to bore for new deposits could accomplish little. According to historian Gosnell, the Hudson's Bay spent about £ 25,000 in the unremunerative search for coal at Fort Rupert. This was most disappointing, for, quite apart from the Aspinwall contract, the California gold rush of 1848 opened a new and most attractive field for consumption of the output of the Hudson's Bay Company collieries.

Fortunately for the Hudson's Bay Company, and as it were in the nick of time, another Indian reported, at Fort Victoria, in 1849, the occurrence of coal at a place called Sne-ny-mo. The following year he brought a canoe load of the coal to Victoria, and Douglas sent two boat loads of men back with the Indian to find where the occurrence was and to report on it. By 1852 the little group of miners was moved to Nanaimo, and the first shipment of coal, 480 barrels, was consigned to

Victoria, September 10, 1852.

The Hudson's Bay Company operated the mines at Nanaimo for ten years, at first under the superintendence of George Robinson, who came out on the "Princess Royal" in 1854, and subsequently under Charles Samuel Nicol. About this time with the signing of the Oregon Treaty in 1846, and the delineation of the 49th parallel as the International Boundary, Victoria became the main base of the Hudson's Bay Company. In 1849 the Crown granted the whole of Vancouver Island to the company provided that the company established settlements of British subjects for the purpose of colonizing the island. For various reasons development was extremely slow, and the colonization project was not a success. Finally Vancouver Island was formally reconveyed to the Crown in 1867.

During the ten years that the Hudson's Bay Company operated the Nanaimo mines, the operation was known as the Nanaimo Coal Company, but this was a popular or convenient means of referring to the enterprise; there was never a formal legal incorporation like that of the Puget Sound Agricultural Company, another non-fur trade enterprise of the Hudson's Bay Company at this time. As it was evident that the Hudson's Bay Company was unable to carry out its colonization agreement, it was anxious to dispose of all of its property except what it needed for the fur trade. One James Nicol, of Winchester, County Hants, England, secured an option to purchase the coal-mining operation on payment of £ 40,000. He transferred this to a company formed in England, the Vancouver Coal Mining and Land Company. This company was formed on August 1, 1862, and formally took title to the Hudson's Bay

Company's lands at Nanaimo, September 30, 1862.

Nicol who arranged the sale, was brother of Charles Samuel Nicol, the Nanaimo manager and is said to have been "formerly of the Royal Navy." The "Land" portion of the Company's name was justified. Amongst the assets it received from the Hudson's Bay Company were some 6,193 acres of land in the Nanaimo area to which the Hudson's Bay Company had taken title on the 7th of May, 1855. In 1864 it secured considerable sums from the sale of town lots in Nanaimo.

This company continued to operate the mines until the 15th of December, 1902. There was a change of company title to the 'New Vancouver Coal Mining and Land Company in 1889. When the company was formed shares having a par value of £ 10 were sold for £ 5 and later in November, 1885, additional shares were sold at a discount below their par value. The English courts held that in such a situation the shareholders were liable for the difference between the amount they had agreed to pay and the par value of the shares. The new company was formed to relieve the shareholders of the liability they had unintentionally incurred. This corporate manoeuvre had no permanent effect on the Company's operation, though if it had not been made the shareholders might have found themselves in trouble with the Company's creditors.

Starting in 1888, the Company's "Chairman" told the shareholders that the company needed upwards of £ 150,000 to make the property what it ought to be. The directors could not get this additional capital from the shareholders. Things

dragged on through the 1890's, but the provision of additional capital could no longer be postponed and on the 15th of December, 1902, the company was sold to The Western Fuel Company, a company organized and existing under the laws of the State of California and registered extra-provincially in British Columbia.

The Western Fuel Company operated the mines for some eighteen years until the 1st of May 1918. Then, for tax reasons, the assets of the company were transferred to the Canadian Western Fuel Company, a company incorporated under the laws of British Columbia.

Further corporate manoeuvres were a transfer from this company to the Western Fuel Corporation of Canada Limited (incorporated 1921) and to the Western Fuel Corporation of Canada Limited (incorporated 1923). Finally, in 1928 the Canadian Collieries purchased the common shares of the latter company.

All of these corporate manoeuvrings, reorganizations, and sales had little or no effect on the operations of the companies; they continued to dig coal.

In summary we have for the original Hudson's Bay Company mines and holdings the following chain of ownership.

1852 on -- The Governor and Company of Adventurers of England trading into Hudson's Bay



James Nicol, Winchester, County Hants, England



30th September, 1862 -- The Vancouver Coal Mining and Land Company Limited



2nd March, 1889 -- The New Vancouver Coal Mining and Land Company Limited



15th December, 1902 -- The Western Fuel Company



1st May, 1918 -- Canadian Western Fuel Company Limited



11th May, 1921 -- Western Fuel Corporation of Canada Limited (incorporated 1921)



2nd January, 1924 -- Western Fuel Corporation of Canada Limited (incorporated 1923)



1928 -- Common shares of Western Fuel Corporation purchased by Canadian Collieries

(Dunsmuir) Ltd.

A. F. Buckham,
March 14, 1966.

II. OWNERSHIP OF MINES AND COMPANIES - DUNSMUIR - CANADIAN COLLIERIES (DUNSMUIR) BRANCH

A. R. Dunsmuir & Sons, Wellington Mines

Robert Dunsmuir was one of the miners brought out by the Hudson's Bay Company. He and his family arrived at the mouth of the Columbia in July, 1851. With them was his uncle Boyd Gilmour, a man brought out by the Hudson's Bay Company as a "headsman" to be in charge of prospecting for coal. They prospected first at Suquash, but poor results there caused the transfer of the Suquash miners to Nanaimo. Arriving at Nanaimo early in 1853 he continued in the employ of the Hudson's Bay Company for a short time. Then on October 12, 1855, he began as an independent contractor digging coal for the Hudson's Bay Company. Subsequently, in 1864, he left the employ of the Hudson's Bay Company (Vancouver Coal Mining and Land Co.) to prospect on his own account. According to one authority one of his first locations was the Harewood mine, which was originally financed by Capt. Horace Lascelles. Dunsmuir had quite definite ideas as to what would constitute a profitable and successful coal-mining operation on Vancouver Island. He reported unfavourably on the Harewood mine. Later, in 1869, he made a discovery which came closer to meeting his requirements. Requiring a partner with capital to develop the mine, he executed a deed of partnership with Lieut. Wodham Wesfor Diggle of H.M.S. Grappler. The mining venture at Wellington became known as Dunsmuir, Diggle & Co. Later, he took Arthur Farquhar, later Admiral, and Capt. Frederick W. Egerton into the partnership. Later Dunsmuir bought out the interests of Farquhar and Egerton. Considerably later,

in 1883, Dunsmuir bought out Diggle's interest, for a large sum, according to various authorities, either \$600,000 or \$500,000, for an original investment reported as \$10,000. Subsequent to September 14, 1883, Dunsmuir's Wellington mines were operated under the name of R. Dunsmuir & Sons.

The Wellington mines were extremely profitable. Discovered in October of 1869, and not really making an output until 1871, that Dunsmuir was in a short 13 years able to buy out his partner, Diggle, for, at the minimum, half a million dollars, shows the value of this body of coal.

Robert Dunsmuir & Sons are said by one authority to have been incorporated in 1896, but in a subsequent official return to the British Columbia Department of Mines the organization is described as "not incorporated."

It is said that James Dunsmuir and/or Alexander Dunsmuir paid their mother on several occasions totalling nearly \$3,000,000 for her share of the family enterprises. Mentioned specifically are \$376,221 in 1898 for the San Francisco end of the business and again in 1898, \$687,854, for her interest in the E & N, and in 1899, for the Victoria end of the business and certain vessels, \$410,000.

However these payments may have gone, it seems that by 1900 control of the business was vested in the brothers, James and Alexander Dunsmuir, and in James upon Alexander's death on January 31, 1900.

B. E & N Railway

One of the "Terms of Union" by which British Columbia was to join the Dominion of Canada was Article II, which called for the commencement of construction

of a Transcontinental Railway by July 20, 1873. Sir John A. Macdonald in his anxiety to bring about the union of all the provinces, acceded to the wishes of the people of British Columbia for railway connection with the rest of the Dominion, but in doing so he was evidently not aware of the tremendous engineering difficulties which had to be overcome. Construction was not begun at the time stated. In 1874 the Province threatened to withdraw from Confederation because of the non-fulfilment of the terms of Union in respect to the building of the railway. Discussions between the Dominion of Canada and the Province of British Columbia reached an impasse, as a result of which the Province drew up a lengthy memorial to the Queen, and the Premier, the Hon. G. A. Walkem, left Victoria for London on June 16, 1874.

Earl Carnarvon, Colonial Secretary, on behalf of the British Government, offered to act as arbiter, on the undertaking of both the Dominion and the Province that they agree to accept his award.

On November 17, 1874, Carnarvon, in his judgment, which became the substitution for Article II of the terms of Union, ordered an extension of time in which the transcontinental line was to be constructed, and also ordered that the Dominion should build as soon as possible a railway from Esquimalt to Nanaimo as an integral part of the larger system.

Despite the promise of Canada, through the Governor-General, that the award of the arbiter would be accepted without question, and although the bill passed Parliament by a slim majority, the Senate in 1875 turned down the proposal to build the island railway. This was regarded in British Columbia, particularly on

Vancouver Island, as a deliberate breach of faith.

The Governor-General, Lord Dufferin, came to British Columbia and endeavoured to quiet the controversy. His efforts to settle the matter proved of no avail, and a flood-tide of discontent culminated in the despatch of a secession memorial to the Queen on August 27, 1878. Further negotiations were unsuccessful.

Mr. Robert Dunsmuir undertook the building of the Esquimalt and Nanaimo Railway. Before finally consenting to undertake the building of the railway he had frequent interviews with the Marquis of Lorne, the then Governor-General of Canada, who was then visiting British Columbia. His Excellency with admirable foresight selected Mr. Dunsmuir as the only man capable of undertaking so great a work, and by so doing he settled the differences then existing between the Province and the Dominion. In fact, the acts of the Provincial Legislature, Chapter 14, British Columbia Statutes, 1883, assented to 19th December, 1883, amongst other things, incorporating "The Esquimalt and Nanaimo Railway Company" and setting aside lands for the land grant to the E & N was popularly known as the "Settlement Act," and a concurrent Dominion Act, Chapter 6, Statutes of Canada, 1884, assented to 19th April, 1884, carried as a "schedule," articles of agreement made and entered into this 20th day of August, 1883, between R. Dunsmuir et al and Her Majesty Queen Victoria, the agreement being the agreement for construction of the railway.

On behalf of the builders it was signed by: Robert Dunsmuir, John Bryden, James Dunsmuir, Charles Crocker, Charles F. Crocker, Leland Stanford, and Collis P. Huntington. Crocker, Stanford, and Huntington were three of the

"Big Four" of the Southern Pacific Railway. It is said that the fourth, Mark Hopkins, was also interested in the deal but he died in 1879. It is also said that these gentlemen, with whom Dunsmuir had become acquainted in San Francisco through his coal export and coal sales business there, backed him to the extent of a one-half interest in the project.

A rather detailed legal and statutory history of the various things which were done to place the terms of the two above noted acts into effect, as it effects the E & N Land Grant, and coal rights therein, will be found in the report of Judge Harrison, who was appointed a commissioner to inquire into the grievances of certain settlers within the E & N Land Grant. Judge Harrison's report will be found in British Columbia Sessional Paper, Session 1901, pages 337-368.

Dunsmuir and his partners were granted a subsidy of \$750,000 with some 2 million acres of land for construction of the railway. The grant of the lands was in effect a grant of the coal rights on the east coast of Vancouver Island. The ultimate effect of this was that Dunsmuir and his companies had their coal rights tax-free until they took title to them from the E & N Railway Co. A further discussion of the E & N Land Grant with respect to taxation will be found in the reports of the Sloan Royal Commissions on Forestry, 1945 and 1955.

If the present writer may offer a personal opinion, it is held by many that the E & N Land Grant represents a "scandalous giveaway" of the Province's assets. This is pure hindsight. At the time, Confederation and the position of the Province was in serious jeopardy, the financial position of the Dominion Government was in

trouble, largely due to supporting the construction of the Canadian Pacific Railway to the West Coast. All the province of British Columbia had to offer was land, which was of little value until the economy of the province advanced, which it could not do without adequate transportation. So that, all that can really be said is that the builders of the E & N drove as hard a bargain as they could. There is considerable room for debate whether or not the railway would have been built and thereby Confederation saved, for much less. From the very sketchy account given here, and indeed, from a more detailed account of events, plus a reading of the newspapers of the time, leads to the conclusions that this action was under the conditions of the time, necessary and justified, at least, if preserving Confederation was worth it, and, in this centennial year, the writer feels it was.

The E & N was never in the coal-mining business. It is true that about 1895 and 1896, the Extension mines, and certain other works are listed in the Minister of Mines reports as an E & N operation, but this was simply due to the fact that all these were Dunsmuir operations, and the question of "which hat he had on" gave Dunsmuir room to manoeuvre financially. He was in difficulties with his mother over the disposition of his father's estate. He was also attempting to secure control of the E & N Railway himself. Why he saw fit for a brief time to carry the Extension mines and Alexandria mine on the books as an E & N operation, the writer does not know, but he does know that considerations involved were financial and not operational.

Around 1905, James Dunsmuir whose relations with the Canadian Pacific Railway had been close (he was for a period a Canadian Pacific Railway director) began negotiations to sell the E & N to the C.P.R. Purchase was consummated by the C.P.R.

on May 1, 1905. The purchase included the railway, consisting of 78 miles of track between Victoria and Wellington, the land grant, office building in Victoria, certain coastal steamships, and the Ladysmith Water Company. The price was \$2,330,000, said to have been made up as follows:

Railway	\$1,080,000
Land Grant	<u>\$1,250,000</u>
	<u>\$2,330,000</u>

The conveyance from Dunsmuir to the Canadian Pacific Railway reserved to Dunsmuir or his assigns, the coal and fireclay with the right to mine them.

E & N history also states that at the time of the sale of the E & N, Mr. Dunsmuir submitted an alternative proposition to the Canadian Pacific Railway, included the coal mines and deep-sea ships which he had transporting coal to San Francisco, the price for the purchase being set at \$7,500,000. The offer was not accepted however on the ground it would be a mistake for the Canadian Pacific Railway to operate the coal mines.

In passing, it may be stated that about this time Dunsmuir became alarmed at the threat of California fuel oil to the profitable California export business on which much of his wealth was based.

C. Union Coal Co.--Wellington Colliery Co.

Early in the history of Vancouver Island, the fact of the occurrence of coal at "Comox" was known. This was recorded by James Douglas and also by Dr. Robert Brown's Vancouver Island Exploring Expedition. Prospecting companies, most of which lacked the necessary capital, were formed to exploit these occurrences.

Three of these were: The Union Coal Company (company in the sense of an unincorporated group or partnership) consisting of 11 parties, held coal outcroppings south of Cumberland. A second such company was the Perseverance Coal Co. who had title to Union Bay as a shipping point. A third such company was the Baynes Sound Coal Mining Co. who in 1876 and 1877 produced 600 and 1,500 tons of coal respectively. They had a 3-mile narrow gauge railway with an 8-ton steam locomotive. In the 1870's and the 1880's Robert Dunsmuir secured the properties of all three concerns. The coal in the Comox field, unlike that at Nanaimo, was a good coking coal.

Robert Dunsmuir died April 12, 1889. One of the last acts he attempted to undertake before his death in 1889 was an arrangement for the development of the Comox and Alexandria collieries. These were later completely organized under the direction of his son James. To do this in February, 1888, a party of prospectors and surveyors left for Comox. To tidy up the company and legal end of the operation, the Union Colliery Company of British Columbia Limited Liability, was incorporated 25th July, 1888. In this enterprise Dunsmuir just as he had been in the E & N Railway was backed by the "Big Four" of the Southern Pacific Railway of California. In this company which had a book capital of \$1,000,000, Robert Dunsmuir had a 49 1/4 per cent interest and his sons, James and Alexander, and his son-in-law, friend, and colliery manager, John Bryden, one-quarter per cent each. Charles Crocker, C. P. Huntington, and Leland Stanford a 12 1/2 per cent interest each. The remaining 12 1/2 per cent was held by Mrs. M. F. Searles, the widow of the other member of the Big Four, now deceased, Mark Hopkins.

In 1900 the name Union Colliery was officially changed to Wellington Colliery Co. This introduces a confusing note. The Wellington mines, the source of the Dunsmuir fortune, were known collectively for official purposes to the British Columbia Department of Mines, as "The Wellington Colliery." They were until the later sale to Canadian Collieries owned by R. Dunsmuir and Sons, and never owned by the Wellington Colliery Co. The coalfield had been exhausted as abandoned a year or so before the change of name, and the mines were no longer making an output. In other words, except for a common ownership by the Dunsmuir interests, the Wellington Mines and Wellington Colliery never had anything to do with the Wellington Colliery Co.

Finally, as indicated under the E & N section of this sketch, James Dunsmuir was still trying to sell his coal properties before California oil ruined the coal business. Prior to his sale of the E & N to the Canadian Pacific Railway he had acquired control of both properties, although just how he did so is not clear. He disposed of his coal interests to MacKenzie and Mann of the Canadian Northern Railways in 1910 at a reported price of \$7,000,000. They reorganized the property under the name of Canadian Collieries (Dunsmuir), a company organized under the laws of the Dominion of Canada. This company was sold to British interests for something under \$11,000,000. It continued to operate coal mines on Vancouver Island until 1960.

From its inception Canadian Collieries has had a chequered financial history. In the Carroll Report (Report of the Royal Commission on Coal, 1946) pages 248-257, including a diagram on page 251, purports to explain the financial affairs of

Canadian Collieries and subsidiaries. The writer is not enough of an accountant to discuss, or for that matter to understand, them. Be that as it may, a fortunate participation in an oil-prospecting venture in Alberta, gave the Company sufficient funds to purchase, in British Columbia, two successful timber companies. The results of their operations showed that there was much more money to be made in the timber business than in the coal-mining business, and in the early 1960's the Company was purchased by the American Plywood Co. The structure of Canadian Collieries Resources Ltd., the name to which Canadian Collieries (Dunsmuir) had been changed in the 1950's, was left intact. The Company retained its holdings of coal rights, including the holding of coal reserves by the E & N Railway. What use they propose to make of them is not clear. It is the writer's opinion that if anyone could show them a use to which they could be put which would repay the investment involved or could introduce them to anyone prepared to pay money for them, they would welcome it.

A. F. Buckham,
Victoria, B.C.,
March 17, 1966.

"APPENDIX M.

Copy of Letter from Robert Dunsmuir, Esq.

Nanaimo, B.C., September 20, 1871.

The Honorable H.L. Langevin, C.B.
Minister of Public Works.

Sir,--Being informed by Captain Spalding that you wished to have a few remarks from me relative to the seam of coal which we are about to work on Vancouver Island, and not knowing the exact points on which you would feel most interested, as very little has been done so far towards its development, I have considered it not amiss to state in the first place how it was discovered.

When I was in the bush about three miles from the sea, in the month of October 1869, not exactly for the purpose of prospecting for coal, but being thoroughly acquainted from past experience with all the coal formation in this country, I came across a ridge of rock, which I knew to be the strata overlying the lowest seam that had as yet been discovered here. A short time afterwards, I sent two men to prospect, and in three days discovered a seam of coal $3\frac{1}{2}$ feet in thickness, 30 feet below the tops of the ridge, dipping S.E., one foot in six.

After procuring from government a right to further prospect, I sunk a slope $97\frac{2}{3}$ yards in the seam, and mined therefrom about 500 tons, twenty-five tons of which were taken on board of H.M.S. Boxer, for trial. The same quantities were taken from the Vancouver Coal Company's Douglas' Pit and Newcastle Mine. A copy of the report of said trial, I herewith enclose.

While working the slope, I had a party of men prospecting in the same ridge, about half a mile nearer the sea and found the same seam about 27 feet from the surface. I afterwards had a bore put down about $\frac{3}{4}$ of a mile from the

beach, and struck the seam 8 feet in thickness, at a depth of 132 feet. This place was as far to the dip of the field, as the grant from Government allowed me to go. Hence you will observe that the distance between where I first discovered the coal, and the bore is $2\frac{3}{4}$ miles, with an average width of $\frac{1}{2}$ mile, which I believe contains coal, although there may be a few "faults" met with, as is the case in all coal fields, but considering the depth of the bore in such a distance from the "out crop" they cannot be of much consequence.

It was my intention to have worked, for the present, the second place where the coal was found, merely because it would have shortened the length of the tram-road; but as I was again strolling through the bush about ten weeks ago, about 200 yards from the place I had determined to work, I chanced to come upon the root of a fallen tree, which I thought had a peculiar appearance. On examination I found coal sticking on the upturned root, and digging a little under it, I saw that coal had been there, but was now removed by the action of fire.

I then sent for two of the workmen, who brought picks and shovels, and in half-an-hour, we discovered a seam of coal left 3 feet thick, the top of course having been consumed. I set the men to work about 80 yards further to the dip, and 9 feet below the surface found the seam of 9 feet in thickness. For a distance of 54 yards by 2 yards wide, I have had the surface removed, and from the cut intend to "open cast" some acres to the rise, where the surface to be removed will only average about $4\frac{1}{2}$ feet.

I expect to find a rock roof to the dip of this, in which case the coal will have to be mined, this I may remark is rather a remarkable discovery, no machinery being required for a considerable time. The quality of the coal appears to myself and others to be superior to the other.

It is my opinion that the average yield of this field, per acre, will be about 7,000 tons; but should the thickness of 9 feet continue, it will be much more. H.M. ships have been supplied with most of the coal procured from the first opening, and under considerable difficulties, as the coal had to be teamed to the beach and put alongside in lighters.

At present I am constructing a tram-road to, and building a wharf at, Departure Bay (one of the finest harbors on the coast, where vessels of any draught can enter), and intend to be able to supply coal within two months. There are about forty men employed at present, twenty-five whites, seven Chinese, and the remainder Indian.

Should you wish information regarding coal or coal mining in the Province at any future time, I shall always feel it an honor to do what I can in supplying it to the best of my ability.

I have the honor to be, Sir,

Your obedient servant,

(Signed). Robert D. S. Muir."

CONTRACT
FOR THE
CONSTRUCTION OF THE ESQUIMALT AND NANAIMO RAILWAY

CONTRACT
FOR THE
CONSTRUCTION OF THE ESQUIMALT AND NANAIMO RAILWAY

ARTICLES OF AGREEMENT made and entered into this Twentieth day of August, in the year of Our Lord one thousand eight hundred and eighty-three.

Between Robert Dunsmuir, James Dunsmuir and John Bryden, all of Nanaimo, in the Province of British Columbia; Charles Crocker, Charles F. Crocker, and Leland Stanford, all of the City of San Francisco, California, United States of America; and Collis P. Huntington, of the City of New York, United States of America, of the first part, and Her Majesty Queen Victoria, represented herein by the Minister of Railways and Canals, of the second part.

Whereas it has been agreed by and between the Governments of Canada and British Columbia, that the Government of British Columbia should procure the incorporation, by an Act of their Legislature, of certain persons, to be designated by the Government of Canada, for the construction of a Railway from Esquimalt to Nanaimo; and that the Government of Canada should take security from such Company for the construction of such Railway.

And whereas the parties hereto of the first part are associated together for the purpose of construction, or contracting for the construction of, a Railway and Telegraph Line from Esquimalt to Nanaimo, and are hereafter referred to as the said Contractors.

Now these presents witness, that in consideration of the covenants and agreements on the part of Her Majesty hereinafter contained the said Contractors covenant and agree with Her Majesty as follows:—

1. In this Contract the word "work" or "works" shall, unless the context requires a different meaning, mean the whole of the works, material, matter and things to be done, furnished and performed by the said Contractors under this Contract.

2. All covenants and agreements herein contained shall be binding on and extend to the executors, administrators and assigns of the said Contractors, and shall extend to and be binding upon the successors of Her Majesty; and wherever in this Contract Her Majesty is referred to, such reference shall include Her successors, and wherever the said Contractors are referred to, such reference shall include their executors, administrators and assigns.

3. That the said Contractors shall and will well, truly and faithfully lay out, make, build, construct, complete, equip, maintain, and work continuously a line of Railway, of a uniform gauge of 4 feet 8½ inches, from Esquimalt to Nanaimo, in Vancouver Island, British Columbia; the points and approximate route and course being shown on the map hereunto annexed, marked "B," and also construct, maintain, and work continuously a telegraph line throughout and along the said line of railway, and supply all such telegraph apparatus as may be required for the proper equipment of such Telegraph line, and perform all engineering services, whether in the field, or in preparing plans, or doing other office work, to the entire satisfaction of the Governor in Council.

4. That the said Contractors shall and will locate and construct the said line of Railway in as straight a course as practicable between Esquimalt and Nanaimo, with only such deviations as may seem absolutely indispensable to avoid serious engineering obstacles, and as shall be allowed by the Governor in Council.

5. That the gradients and alignments shall be the best that the physical features of the country will admit of, without involving unusually or unnecessarily heavy works of construction, with respect to which the Governor in Council shall decide.

6. That the said Contractors shall and will furnish profiles, plans, and bills of quantities of the whole line of railway, in ten mile sections; and that before the work is commenced on any ten mile section, such profiles, plans, and bills of quantities shall be approved by the Governor in Council; and before any payments are made, the said Contractors will furnish such further returns as may be required to satisfy the Minister of Railways and Canals as to the relative value of the works executed with that remaining to be done.

7. That the Minister of Railways and Canals may keep and retain five per cent. of the subsidy, or of such part thereof as the said Contractors may be entitled to, for three months after the completion of the said Railway and Telegraphs Line and the works appertaining thereto, and for a further period, until the said Minister of Railways and Canals is satisfied that all failures or defects in said line of Railway and Telegraph Line respectively, and the works appertaining thereto, that may have been discovered during the said period of three months or such further period, have been permanently made good; and that no lands shall be conveyed to the said Contractors until the road is fully completed and equipped.

8. That the said Contractors shall commence the works embraced in this Contract forthwith, and shall complete and equip the same by the 10th day of June, 1887, time being declared material and of the essence of the Contract; and in default of such completion and equipment as aforesaid on or before the last mentioned date, the said Contractors shall forfeit all right, claim or demand to the sum of money and percentage hereinbefore agreed to be retained by the Minister of Railways and Canals, and any and every part thereof, and also to any moneys whatever which may be at the time of the failure of the completion as aforesaid due or owing to the said Contractors, as also the land grant, and also to the moneys to be deposited as hereinafter mentioned.

9. That the said Contractors will, upon and after the completion and equipment of the said line of Railway and works appertaining thereto, truly and in good faith keep and maintain the same and the rolling stock required therefor in good and efficient working and running order; and shall continuously and in good faith operate the same, and also the said Telegraph Line, and will keep the said Telegraph Line and appurtenances in good running order.

10. That the said Contractors will build, construct, complete and equip the said line of Railway and works appertaining thereto, in all respects in accordance with the specifications hereto annexed, marked "A." and upon the line of location to be approved by the Governor in Council.

11. The character of the Railway and its equipments shall be in all respects equal to the general character of the Canadian Pacific Railway now under construction in British Columbia, and the equipments thereof.

12. And that the said line of Railway and Telegraph line, and all works appertaining thereto respectively, together with all franchises, rights, privileges, property, personal and real estate of every character appertaining thereto shall, upon the completion and equipment of the said line of Railway and works appertaining thereto, in so far as Her Majesty shall have power to grant the same respectively, but no further or otherwise, be the property of the said Contractors.

13. And Her Majesty, in consideration of the premises, hereby covenants and agrees to permit the admission, free of duty, of all steel rails, fish plates and other fastenings, spikes, bolts and nuts, wire, timber and all material for bridges to be used in the original construction of the Railway and of a Telegraph line in connection therewith, and all telegraphic apparatus required for the first equipment of such telegraph line; and to grant to the said Contractors a subsidy in money of \$750,000 (Seven hundred and fifty thousand dollars), and in land all of the land situated in Vancouver Island (except such parts thereof as may have at any time heretofore been reserved for Naval or Military purposes, it having been intended that all of the lands so reserved should be excluded from the operation of the Act passed by the Legislature of the Province of British Columbia in the year 1883, entitled "An Act relating to the Island Railway, the Graving Dock and Railway Lands of the Province," in like manner as Indian reserves are excluded therefrom), which has been granted to Her Majesty by the Government of British Columbia by the aforesaid Act, in consideration of the construction of the said line of Railway, in so far as such land shall be vested in Her Majesty and held by Her for the purposes of the said Railway, or for the purpose of constructing or to aid in the construction of the same.

And also all coal, coal oil, ores, stones, clay, marble, slate, mines, minerals and substances whatsoever, in, on, or under the lands so agreed to be granted to the said Contractors as aforesaid; and the foreshore rights in respect of all such lands as aforesaid, which are hereby agreed to be granted to the said Contractors as aforesaid, and border on the sea, together with the privilege of mining under the foreshore and sea opposite any such land, and of winning and keeping for their own use all coal and minerals herein mentioned, under the foreshore or sea opposite any such lands, in so far as such coal, coal oil, ores, stones, clay, marble, slate, mines, minerals and substances whatsoever and foreshore rights are owned by the Dominion Government; for which subsidies the construction of the Railway and Telegraph line from Esquimalt to Nanaimo shall be completed, and the same shall be equipped, maintained and operated.

14. The said money subsidy will be paid to the said Contractors by instalments, on the completion of each ten miles of railway and telegraph line, such instalments to be proportionate to the value of the part of the lines completed and equipped in comparison with the whole of the works undertaken, the proportion to be established by the report of the Minister of Railways and Canals.

15. The Land Grant shall be made, and the land, in so far as the same shall be vested in Her Majesty and held by her for the purposes of the said Railway, or for the purposes of constructing, or to aid in the construction of the same, shall be conveyed to the said Contractors, upon the completion of the whole work to the entire satisfaction of the Governor in Council; but so, nevertheless, that the said lands, and the coal oil, coal and other minerals and timber thereunder, therein or thereon, shall be subject in every respect to the several clauses, provisions and stipulations referring to or affecting the same respectively, contained in the aforesaid Act passed by the Legislature of the Province of British Columbia in the year 1883, entitled "An Act relating to the Island Railway, the Graving Dock and Railway Lands of the Province," as the same may be amended by the Legislature of the said Province in accordance with a Draft Bill now prepared, which has been identified by Sir Alexander Campbell and the Honourable Mr. Smithie, and signed by them, and placed in the hands of the Honourable Joseph William Trutch, and particularly to Sections 23, 24, 25 and 26 of the said Act.

And it is hereby further agreed by and between Her Majesty represented as aforesaid, and the said Contractors, that the said Contractors shall, within ten days after the execution hereof by Her Majesty, represented as aforesaid or by the said Minister on behalf of Her Majesty apply to the Government of Canada to be named by the Governor in Council as the persons to be incorporated under the name of the "Esquimalt and Nanaimo Railway Company," and that immediately after the said Contractors shall have been so incorporated, this Contract shall be assigned and transferred by them to the said Company, and such Company shall forthwith, by deed entered into by and between Her Majesty, represented as aforesaid, and the said Company, assume all the obligations and liabilities incurred by the said Contractors hereunder or in any way in relation to the premises.

The said Contractors shall, on the execution hereof, deposit with the Receiver General of Canada, the sum of \$250,000 (two hundred and fifty thousand dollars) in cash, as a security for the construction of the Railway and Telegraph line hereby contracted for. The Government shall pay to the Contractors interest on the cash deposited at the rate of 4 per cent. per annum half-yearly, until default in the performance of the conditions hereof, or until the return of the deposit, and shall return the deposit to the said Contractors on the completion of the said Railway and Telegraph line, according to the terms hereof, with any interest accrued thereon; but if the said Railway and Telegraph line shall not be so completed, such deposit and all interest thereon, which shall not have been paid to the Contractors shall be forfeited to Her Majesty for the use of the Government of the Dominion of Canada.

In witness whereof the parties hereto have executed these presents the day and year first above written.

For the Minister of Railways and Canals,

(Signed) A. Campbell,
Minister of Justice.

" Robert Dunsmuir.
" John Bryden.
" James Dunsmuir.
" Charles Crocker.
" Charles F. Crocker.
" Leland Stanford.
(by Chas. Crocker, his Attorney in fact)
" Collis P. Huntington.
(by Chas. Crocker, his Attorney in fact)

Signed, Sealed and delivered by the within named Robert Dunsmuir, James Dunsmuir, John Bryden, Charles Crocker, Charles F. Crocker, Leland Stanford, and Collis P. Huntington and by Sir Alexander Campbell, for the Minister of Railways and Canals, as an Escrow, and placed in the hands of the Honourable Joseph William Trutch, until the sanction of Parliament shall have been obtained to the payment of the subsidy, and to the other stipulations on the part of the Dominion herein contained requiring its sanction, and until the Act passed by the Legislature of the Province of British Columbia in the year 1883 entitled "An Act relating to the Island Railway, the Graving Dock and Railway Lands of the Province," shall have been amended by the Legislature of the said Province in accordance with a Draft Bill now prepared, and which has been identified by Sir Alexander Campbell and the Honourable Mr. Smithe, and signed by them and deposited in the hands of the said Joseph William Trutch in the presence of

(Signed) H. G. Hopkirk.

This is the Specification marked "A" referred to in the contract hereto annexed, dated this 20th August, 1883.

(Signed) A. Campbell, M. of J.
For the Minister of Railways and Canals.

"A."

SPECIFICATION FOR A LINE OF RAILWAY FROM ESQUIMALT TO NANAIMO IN VANCOUVER ISLAND, BRITISH COLUMBIA.

1st. The Railway shall be a single line, with gauge 4 feet 8 1/2 inches, with necessary sidings.

2nd. The alignments, gradients, and curvatures shall be the best that the physical features of the country will admit of, the maximum grade not to exceed 80 feet to the mile, and the minimum curvature not to be of less radius than 800 feet.

3rd. In all wooded sections the land must be cleared to the width of fifty feet on each side of the centre of line.

All brush and logs must be completely burnt up and none thrown on to the adjacent lands.

4th. All stumps must be grubbed out within the limits of cuttings under three feet in depth, or embankments less than two feet in depth.

5th. All stumps must be close cut where embankments are less than four feet and more than two feet in height.

6th. Through settlements the Railway must be enclosed with substantially built legal fences.

7th. Road crossings, with cattle guards and sign boards, shall be provided wherever required.

8th. The width of cuttings at formations shall be twenty feet, embankments sixteen feet.

9th. Efficient drainage must be provided either by open ditches or under-drains.

10th. All bridges, culverts, and other structures must be of ample size and strength for the purpose intended; piers and abutments of bridges must be either of substantial massive stone masonry, iron or wood, and in every essential particular equal to the best description of like works employed in the construction of the Canadian Pacific Railway in British Columbia; arch culverts must be of good solid masonry equal in every respect to similar structures designed for the Canadian Pacific Railway in British Columbia. Box culverts must be of either masonry, iron or wood.

11th. The passenger station houses, freight sheds, workshops engine houses, other buildings, and wharves, shall be sufficient in number and size to efficiently accommodate the business of the road, and they shall be either stone, brick, or timber, of neat design, substantially and strongly built.

12th. The rails shall be of steel, weighing not less than 50 pounds per lineal yard, of approved section, and with the most approved fish plate joints.

13th. The roadway must be well ballasted with clean gravel or other suitable material.

14th. Sufficient siding accommodation shall be provided by the Contractors as may be necessary to meet the requirements of the traffic.

15th. Sufficient rolling stock necessary to accommodate the business of the line shall be provided by the Contractors with stations and terminal accommodations, including engine sheds, turn tables, shops, water tanks, machinery, wharves etc.

(Signed) A. Campbell, M. of J.
For the Minister of Railways and Canals.

(Extracts from Chap. 6, Statutes of Canada, 1884.)

AN ACT RESPECTING THE VANCOUVER ISLAND RAILWAY, THE ESQUIMALT GRAVING DOCK, and CERTAIN RAILWAYS LANDS OF THE PROVINCE OF BRITISH COLUMBIA, granted to the Dominion.

(Assented to 19th April, 1884).

WHEREAS negotiations between the Governments of Canada and British Columbia have been recently pending, relative to delays in the commencement and construction of the Canadian Pacific Railway, and relative to the Vancouver Island Railway, the Esquimalt Graving Dock, and certain railway lands of the Province of British Columbia.

AND WHEREAS for the purpose of settling all existing disputes and difficulties between the two Governments, it hath been agreed as follows--

(Recitals (a) to (k) inclusive the same as recitals to Act of 19th Dec., 1883, set out at page 4+).

AND WHEREAS the Legislature of British Columbia, has by an Act assented to on the nineteenth day of December, one thousand eight hundred and eighty-three, intituled "An Act relating to the Island Railway, the Graving Dock and Railway Lands of the Province," adopted the terms of the said agreement, and it is expedient that it should be ratified by the Parliament of Canada and that provision should be made to carry out the terms thereof according to their purport.

THEREFORE Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows--

1. The hereinbefore recited agreement is hereby approved and ratified.

THE ESQUIMALT AND NANAIMO RAILWAY

2. The agreement, a copy of which, with specification, is hereby appended as a schedule, for the construction, equipment, maintenance and working of a continuous line of railway of a uniform gauge of four feet, eight and one-half inches, from Esquimalt to Nanaimo in Vancouver Island, British Columbia, and also for the construction, equipment, maintenance and working of a telegraph line along the line of the said railway, is hereby approved and ratified, and the Governor in Council is authorized to carry out the provisions thereof according to their purport.

3. The Governor in Council may grant to "The Esquimalt and Nanaimo Railway Company," mentioned in the said agreement and incorporated by the Act of the Legislature of British Columbia, lastly hereinbefore referred to, in aid of the construction of the said railway and telegraph line, a subsidy in money of seven hundred and fifty thousand dollars, and in land, all of the land situated on Vancouver Island which has been granted to Her Majesty by the Legislature of British Columbia by the Act last aforesaid, in aid of the construction of the said line of railway, in so far as such land shall be vested in Her Majesty and held by

her for the purposes of the said railway, or to aid in the construction of the same, and also all coal, coal oil, ores, stones, clay, marble, slate, mines, minerals and substances whatsoever in, on or under the lands so to be granted to the said company as aforesaid, and the foreshore rights in respect of all such lands as aforesaid, which are to be granted to the said company as aforesaid, and which border on the sea, together with the privilege of mining under the foreshore and sea opposite any such land, and of mining and keeping for their own use all coal and minerals, herein mentioned, under the foreshore or sea opposite any such lands, in so far as such coal, coal oil, ores, stones, clay, marble, slate, mines, minerals and substances whatsoever, and foreshore rights are vested in Her Majesty as represented by the Dominion Government.

4.....

5.....

6.....

7..... The land grant shall be made, and the land, in so far as the same shall be vested in Her Majesty and held by Her Majesty for the purposes of the said railway, or to aid in the construction of the same, shall be conveyed to the said company upon the completion of the whole work to the entire satisfaction of the Governor in Council, but so, nevertheless, that the said lands and the coal oil, coal and other minerals and timber thereunder, therein or thereon, shall be subject in every respect to the following provisions—

(1) The lands to be so conveyed shall, except as to coal and other mineral, and also except as to timber lands as hereinbefore mentioned, be open for four years from the nineteenth day of December, in the year of Our Lord, one thousand eight hundred and eighty-three to actual settlers for agricultural purposes, at the rate of one dollar an acre, to the extent of one hundred and sixty acres to each such actual settler; grants thereof shall be made under the Great Seal, and in any such grants the right to cut timber for railway purposes and rights of way for the railway and stations and workshops shall be reserved; in the meantime, until the railway from Esquimalt to Nanaimo shall have been completed, the Government of British Columbia shall be the agent of the Government of Canada, for administering, for the purposes of settlement, the lands in this sub-section mentioned, and for such purposes the Government of British Columbia may make and issue subject as aforesaid, pre-emption records to actual settlers of the said lands; all moneys received by the Government of British Columbia in respect of such administration shall be paid, as received, into the Bank of British Columbia, to the credit of the Receiver-General of Canada; and such moneys, less expenses incurred, if any, shall, upon the completion of the railway to the satisfaction of the Dominion Government, be paid over to the railway company.

(2) Every bona fide squatter who has continuously occupied and improved any of the lands within the tract of land to be acquired by the company from the Dominion Government for a period of one year prior to the first day of January, one thousand eight hundred and eighty-three, shall be entitled to a grant of the freehold of the surface rights of the said squatted land, to the extent of one hundred and sixty acres, at the rate of one dollar per acre:

(3) The said Company shall, at all times, sell coals gotten from the lands that may be acquired by them from the Dominion Government to any Canadian railway company having the terminus of its railway on the seaboard of British Columbia, and to the Imperial, Dominion and Provincial authorities, at the same rates as may be charged to any railway company owning or operating any railway in the United States, or to any foreign customer whatsoever.

(4)

(5) The existing rights, if any, of any persons or corporations in any of the lands so to be acquired by the company, shall not be affected by this Act.
etc., etc.

SCHEDULE:

ARTICLES OF AGREEMENT made and entered into this 20th day of August, 1883, between R. Dunsmuir et al and Her Majesty Queen Victoria.
(Agreement set out at p 31).

Sessional Papers, B.C. 1880.

p. 407.

RETURN:

To an Address of the Legislative Assembly for copies of all correspondence between the Provincial and Dominion Governments relating to Crown Grants to settlers on the Island Railway Lands.

By Command,

Wm. Smithe,

Chief Commissioner of Lands and Works.

Lands and Works Department,
17th February, 1886.

The Chief Commissioner of Lands and Works to the Honourable Mr. Trutch,
Victoria, B.C., November 20, 1884.

Sir,--

I have the honour to request that the Dominion Government will issue Crown grants in favour of the undermentioned pre-emptors of lands situated within the railway belt on Vancouver Island.

Each of these persons has deposited in this office his original pre-emption record, certificate of improvement and certificate of purchase receipt for the full payment of the land.

John Ead—Section Eleven and the east sixty acres of Section 10, in Range 8, Cranberry District, 160 acres. ✓

Thomas Cassidy—Section Two (2) and the east sixty acres of section three, Range Eight, Cranberry District, 160 acres. ✓

Charles Stewart—Section Four, in Range One, Cedar District, and the east sixty acres of Section four, Range Eight, Cranberry District 160 acres. ✓