scouts, to receive the pay of cavalry soldiers, but no provision was made for organizing them into companies or battalions. The subject is worthy of further efforts, because if we can convert the wild Indians into a species of organized cavalry, subject to military control, it accomplish s a double purpose in taking them out of the temptation of stealing and murdering, and will accustom them to regular habits and discipline, from which they will not likely depart when discharged. I therefore recommend that the number be increased to two thousand. and that provision of law be made, when they are organized into companies of fifty men, a captain and lieutenant be allowed per company, with the same pay and allowances as other cavalry officers of the same rank; but such officers should not be commissioned, but simply appointed at the pleasure of the commanding general of the department in which they serve, and discharged the same as hired men, for cause, or when their services are not wanted. These companies and scouts should always be discharged and paid off on the beginning of winter and re-employed the following spring. General Augur was forced to hire white men as "guides." and style them captains of companies, but this is irregular and had better be provided for by law, so that muster robls, could be retained as in case of other troops, and payments made by the regular paymasters.

In conclusion, I again refer to the reports of Generals Terry and Augur, herewith, and the many reports in detail made throughout the past year, and plead in extenuation for the want of precision in this, that I have had little time, especially of late, for writing reports.

With great respect.

S. T. SHERMAN Lieutenant General.