SIR: In compliance with the requirements of the Department, I have the honor to make the following report on the condition of the Indians at this agency:

There are three tribes represented here, consisting of Cheyennes, numbering 1,515 people; Arrapahoes, 1,342; and Sioux or Dakotas, numbering 6,320.

The Sioux are subdivided into two bands called Ogalialas and Brules, but only part of the latter stay at the agency. The Brule Sioux are the better disposed of the two, and have remained at the agency. The greater portion of the Ogalialas have, also, since they came in last March.

When I camehere in January I found the Arapahoes much excited over the loss of their principal chiefs, Medicine Man, Sharp Nose, and Bear-that-don't run, which they said was caused by remaining at the agency and eating white man's food. The prompt arrival of their goods appeared their anger and softened their affliction. They have spent the summer Northwest, on a hunt, and made no trouble for the whites, while at the agency they were well disposed, quiet, and not inclined to complain, unless prompted to do so by the Sioux, who were liable to make them trouble. This is one reason why they did not wish to remain at the agency. There were only a few Cheyennes at the agency on my arrival, but soon after they came in to the number of one hundred and ninetysix lodges, when their goods were given them, much to their gratification, as they were in great need of them. They behaved themselves while here, and made no complaints, excepting against the Sioux, who seemed to take pleasure in exciting their fears and suspicions against the Government. They all left about the 1st of May, and have spent the summer in the vicinity of Powder River. Before these two bands left I was particular to say to them that they must not go south of the Platte River, or interfere with the whites or other Indians. Their assurances were that they would remember my words; but the killing of two of them on the south side by the whites, without any other provocation than being there, shows the little regard they have for their promises. The Sioux are represented at this agency by all of the Ogallala band, excepting about thirty lodges, who are hostile and remain north, and a part of the Brules. There are others out North who have been here, and received goods and provisions, who may be looked upon as very undertain in their friendship. The number of Indians given is taken from their own statement, which is not very reliable, owing to their little regard for the truth. They are too suspicious and jealous to allow an accurate count to be made. Enrollment, and the issuing to heads of families, is the only way to improve their veracity, counteract their jealousies, remove their suspicions, and destroy their tribal relations. To this they have objected so far. They may listen to an order from the Department.

Removal of the agency. -- Soon after my arrival among these Indians I spoke to them about the necessity of removing the agency farther into their country. They would not listen a moment to this, as they had promises from the commissioners, when they signed the treaty, that "no white man should go into their country; if he did, they were to drive him back." After repeated councils, they promised to speak when Red Cloud came in, and admitted that it would be better away from the Platte River where they could not get any whisky. On the 12th of March Red Dog's son died, and knowing the strong affection that the old man had for his son; who was also a great favorite among the Indians, and fearing, from the old man's remarks at different times, that he would be likely to decide, in this disturbed state of mind, for war, I took especial pains to make him many presents, and call him to the agency. After resting beside the body of his son the whole day, naked, flesh cut and slashed, and blood running from every wound, with a large number of his people about him, waiting to hear and see what was to be done, he raised his eyes and said. "The white man's kindness hasmade me his friend; with him I shall live and die. Bury my son where I can see him from our father's