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Acting Secretary of the Interior Hatfield Chilson today announced the signing of a 25-year contract with Colorado River Enterprises, Inc., Phoenix, Arizona, under which the corporation will complete the gravity irrigation system on the Colorado River Indian Reservation in western Arizona and develop approximately 67,000 acres of agricultural land at an estimated cost of $28,000,000.

During the last five years of the contract one-fifth of the developed land will be turned over each year for use by the Indians who are the beneficial owners of the property.

Acting Secretary Chilson signed the lease late in the day August 13 under authority of the Colorado River Leasing Act of 1955.

The Colorado River Enterprises proposal was one of three responses received by the Bureau of Indian Affairs following the offering of the property for agricultural development lease in May. The only other detailed offer was submitted by another Phoenix organization identified as River Valley Farms. Two individuals, Russell Giffen and Jack A. Harris, expressed a joint interest in leasing the land but indicated they had not had time to submit a detailed offer before the deadline of June 25. It was necessary to establish this deadline because the Secretary's authority to lease under the act expires August 14.

The property to be developed by Colorado River Enterprises under the lease consists of three main parcels: (1) an agricultural area of approximately 67,000 acres lying south of the presently developed portion of the Reservation and all on the Arizona side of the Colorado River, (2) an industrial area of about 500 acres located along the Santa Fe Railroad on the mesa, and (3) a residential area consisting of 886 lots in the town of Parker, Arizona.

The lessees are required to complete the agricultural development in the first five years of the lease. Annual rentals on this portion will be $7 an acre for land actually developed and ready for cultivation. On each of the other two areas the rent will be a flat $20,000 a year.

Rental proceeds will be deposited in the United States Treasury to the credit of the Indians determined to be the beneficial owners of the property. A controversy concerning the ownership is now pending before the Indian Claims Commission.

Development of the agricultural area will involve deepening, widening and lining work on about three miles of the main canal; installation of several pumping plants; construction of 230 miles of laterals, 374 miles of farm ditches, and necessary drainage and waste way structures; and clearing, leveling, and fine grading the land for cultivation.

In the 500-acre industrial area development is contemplated to include facilities such as a frozen food processing plant, a soy bean oil mill, an alfalfa dehydration plant, cotton gins, and packing sheds.

On the 886 town lots in Parker the lessees will build modern homes required for their employees and various types of community facilities that may be needed.

Under the terms of the lease Indians are to be given preference in all project jobs for which they are qualified. In addition, qualified Indians of the Colorado River and its tributaries who apply for subleases of crop or grazing lands of the project are to be given such subleases on terms "no less favorable" than those available to non-Indian sub lessees.

The proposal of Colorado River Enterprises was submitted by S. W. Barton, president of the corporation.

The proposal of the River Valley Farms group was similar in many respects to the offer of the Barton organization. It would have given the beneficial Indian owners either one-third of the profits from the enterprise or a minimum annual rental of $5 per acre on the agricultural land and $2 per acre on the residential and industrial area, whichever was greater. This proposal was considered less advantageous to the Indians than the offer of the Barton organization.