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Under Secretary of the Interior Hatfield Chilson today announced that he has issued a notice to Colorado River Enterprises, Inc., successful bidder last August on an Indian reservation development lease in western Arizona, that the corporation has until May 7 to show cause why the lease should not be canceled.

The action was prompted by the corporation's failure to post a $5,000,000 performance bond as required by the terms of the lease contract.

The lease, covering some 67,000 acres on the Colorado River Indian Reservation in western Arizona, near Parker, was signed last August 13 under authority of the Colorado River Leasing Act of 1955 and provides for the development and irrigation of the Indian lands.

At the time of signing Stanford W. Barton, president of the corporation, gave the Department a check for $40,000 covering one year's advance rental on the lands. This check was not honored by the bank on which it was drawn. On September 26, however, Barton furnished the Department with cashiers’ checks in the required amount of $40,000.