



United States  
Department of  
Agriculture

Forest  
Service

Sawtooth National Forest  
Fairfield Ranger District

P.O. Box 189  
Fairfield, ID 83327  
208-764-3202  
Fax: 208-764-3211

File Code: 2720

Date: November 30, 2011

Valley Entertainment Group, Inc.  
Shelly Scott  
126 S. Main Street Suite B9  
Hailey, ID 83333

**RECEIVED**

**DEC 01 2011**

**DEPT. OF WATER RESOURCES  
SOUTHERN REGION**

Dear Shelly:

We see that you have filed Application for Permit, No. 37- 22667 with the Idaho Department of Water Resources (IDWR) to divert water from a well in the SWSE of Section 19, T2N, R14E. As you and I discussed on 11/28/ 2011, we have some concerns with this application.

First, you have a Special Use Permit (SUP) to occupy and use National Forest System (NFS) land for a ski resort. One of the terms of that permit is that any water rights acquired after 2004 must be in the name of the permittee and the United States. Proceeding with the application without it being jointly held by Valley Entertainment Group, Inc. and the United States could be a violation of your SUP.

Second, your use of water on NFS land is for 'Commercial' purposes. You are not authorized to occupy NFS land for 'Domestic' purposes. For this reason the 'Domestic' use on the application must be deleted. This is also apparent on the application in that no 'Domestic' use is described in the application, most notably in Number 7d. The use is listed in Number 7e. which is all associated with the commercial use authorized on NFS land.

Third, the representation in Number 10a and b that the property at the point of diversion and place of use is owned by Valley Entertainment Group, Inc. is incorrect. The land at both the point of diversion and place of use is owned by the United States of America. It is administered as NFS land.

We request that this Application for Permit be amended:

1. To include the United States as a joint owner of the water right reflecting the following information in Number 1:

United States of America  
Sawtooth National Forest  
2647 Kimberly Road East  
Twin Falls, ID 83301-7976

2. To Delete the "Domestic" use in Number 4.



3. To show in Number 10a and b that the land at the point of diversion and place of use is property of the United States of America.

These amendments would be in accordance with your SUP and factually correct for the situation on the ground. It would also allow the application to proceed unencumbered.

In actuality, you are not authorized to occupy and use NFS for this purpose. Because of this, you do not have the ability to exercise the beneficial use of water as shown on your application. Failure to adhere to your special use authorization could be a violation 36 Code of Federal Regulations (CFR) at 251, Subpart B – Land Uses, 36 CFR 261.10(a) and other law and place your permit in jeopardy. This letter serves to notify you of these matters and, as you and I discussed yesterday, the need to work together to resolve the situation.

By a copy of this letter we are also notifying the Idaho Department of Water Resources that you are not authorized to occupy and use NFS land for this purpose and to cease processing of your application in accordance with Idaho Administrative Code (IDAPA 37.03.08) Rule 45 until this occupancy and use of NFS land question is resolved.

If you have any questions about this matter, please contact me at (208) 764-3202.

Sincerely,



DENA SANTINI  
Acting District Ranger

cc: Idaho Department of Water Resources  
Attn: Allen Merritt  
1341 Fillmore St. Suite 200  
Twin Falls, ID 83301