



State of Idaho

DEPARTMENT OF WATER RESOURCES

Southern Region, 1341 Fillmore Street, Suite 200 • Twin Falls, Idaho 83301-3380

Phone: (208) 736-3033 • Fax: (208) 736-3037 • Web Site: www.idwr.idaho.gov

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

March 7, 2011

Cove Springs Development, Inc.
PO Box 3020
Hailey, ID 83333

Gentlemen:

A recent review of pending water right applications filed with the Department revealed two applications filed in the name of Cove Springs Development, Inc. The first application, originally filed in February of 2007, is an application for permit, 37-22161, that proposes to appropriate groundwater for municipal purposes. The second application, filed in October of 2007, is a water right transfer application, # 74266, that seeks to modify irrigation rights owned by Redstone Partners LP. Both applications appear to be associated with a proposed subdivision development located southeast of Bellevue. However, there are several discrepancies between the applications and their various attachments with regards to the proposed development.

Examination of the files reveals several items that currently prevent the Department from processing the applications. In addition there has been no correspondence relating to the applications since April of 2008. Examination of information on the Idaho Secretary of State's website indicates that Cove Springs Development, Inc. has a status of "admin revoked". Both applications reference an option agreement between Redstone Partners LP and Cove Springs Development, Inc. that appears to have expired in 2009. The questionable status of Cove Springs Development and their interest in the property and water rights described in transfer # 74266 makes it difficult to ascertain if the applicant actually has authority to file the transfer application.

The application for permit, 37-22161, originally filed in February of 2007, described a subdivision development consisting of 336 or 403 residential units. In October of 2007, an amended application for permit for significantly less water was submitted for 307 residential units. Both versions also describe other types of possible water uses (schools, community centers, markets, etc.). In December of 2008, the Department received correspondence from Sfingi Group indicating that a revised plan was being developed reducing the project density from 307 lots to 24 lots. As of this date, no amended application has been submitted to correspond to this revised plan. The proposed development appears to be quite dynamic with regards to the number of lots and when combined with the questionable status of Cove Springs Development and their interest in the property it appears that there is a significant question relating to the application for permit being speculative in nature.

Page 2
Cove Springs Applications Letter
March 7, 2011

The Department requests that additional information and/or applications be filed to allow for the processing of application for permit 37-22161 and transfer # 74266. This information and/or applications should clearly and consistently describe the nature of the proposed development and adequately address the authority to file and speculative issues regarding the applications. **If the additional information and/or applications are not received by the Department within 30 days, orders will be issued to void application for permit 37-22161 and reject transfer # 74266.** As an alternative, you may formally withdraw the applications by signing the enclosed forms and returning them to our office.

If you have any questions, or if I can be of any further assistance, feel free to contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Corey Skinner", with a stylized flourish at the end.

Corey Skinner, PE
Water Resource Engineer

Enclosures

cc: Jeffrey Fereday – w/o enclosures