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JUL 30 2019

DEPARTMENT OF WATER RESOURCES

STATE OF IDAHO DEPARTMENT OF WATER RESOURCES

\$50 fee Received by [Signature] Recept No. C107303 Date 7/30/19

REQUEST FOR EXTENSION OF TIME

To provide additional time in which to submit proof of beneficial use for a water right permit

The Idaho Department of Water Resources will consider this form a request that the permit holder(s) be granted an additional period of time under the provisions of Section 42-204, Idaho Code, in which to complete development of a water right and file proof of beneficial use of water. There is a FILING FEE of \$50.00 to be included with this form when filed with IDWR.

Permit no. 65-23043 Date proof is due August 1, 2019

Name(s) of permit holder(s) Blackhawk Partners LLC (being assigned to Blackhawk on the River, LLC)

Mailing address P.O. Box 10117 City Boise State ID Zip 83707

Telephone no. (208) 350-1252 Email bdickens@icsinusa.com

Describe what work has been completed toward the development of this water right:

If no work has been completed, show "none".

The pond proposed for storage is existing. No additional work is necessary other than construction of the residential development that will utilize the pond for aesthetic and recreational use.

Costing \$ unknown

The permit holder(s) has been unable to complete the remainder of the work for the following reasons: The planned residential development at the place of use has not been constructed due to the lingering effects of economic downturn from 2008 to 2015. The pond would be an amenity to that development. See also the attached explanation of SEC complaint and subsequent Consent and Judgment Agreement that has impeded the development of the place of use and this permit.

Permit holder(s) request an extension for 5 year(s).

[Signature] Signature (If other than permit holder, Power of Attorney must be supplied)

26 July 2019 Date

ACTION OF THE DEPARTMENT OF WATER RESOURCES

The Department has reviewed the explanation for delay and concludes the reason(s) for delay meets the requirements for approval of the Request for Extension of Time as provided by Section(s) 42-204 and/or 42-218, Idaho Code.

[] IT IS HEREBY ORDERED that the permit is REINSTATED with the priority date advanced to _____, 20____.

[X] IT IS HEREBY ORDERED that the above request for extension of time is APPROVED, and the time within which to submit proof of beneficial use is extended to August 1, 2024.

Signed this 20th day of September, 2019 Shelley W. Keen Shelley W. Keen

Additional Explanation

Since late 2013, the permit holder's progress on development of its water rights has been impeded by legal investigations and subsequent agreements. On or before October 1, 2013, the United States Securities and Exchange Commission commenced an investigation against several defendants, including Blackhawk Manager, LLC - the general partner of Blackhawk Gold, LLC, the parent company of Blackhawk on the River, LLC, the successor in interest to the permit holder - which impeded the development of this water right. In April 2017, the United States Securities and Exchange Commission filed a Complaint against several entities affiliated with the permit holder, as detailed above. In May 2017, the parties to the Complaint entered into a Consent and Judgment agreement, which installed an Independent Manager to take over and manage the continuing operations of the affected assets, including the water right. Since such appointment, it has taken time for the Independent Manager to become informed, to review related documents, obtain funding, and otherwise be in a position to further develop each permit. For these reasons, the Independent Manager is hereby requesting a 5-year extension to complete development of the water right under the permit.



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

BRAD LITTLE
Governor

GARY SPACKMAN
Director

September 13, 2019

BLACKHAWK ON THE RIVER LLC
PO BOX 10117
BOISE ID 83707-4117

REQUESTS FOR EXTENSION OF TIME LETTER

RE: Permit Nos. 65-23042, 65-23043 & 65-23120

Dear Permit Holder(s):

Enclosed are copies of the approved requests for extension of time submitted in connection with the above referenced permits which extends the proof due dates to **August 01, 2024**.

The department has granted these extensions pursuant to Section 42-204(4), Idaho Code. It is important that you work diligently toward the completion of the projects during the development period allowed according to Section 42-204(4), Idaho Code.

The extensions are PRELIMINARY ORDERS issued by the Department pursuant to Rule 730 of the Department's Rules of Procedure (IDAPA 37.01.01). They can and will become final orders without further action by the Department unless a party petitions for reconsideration or files an exception and/or brief within fourteen (14) days of the service date as described in the enclosed information sheet.

Please be advised that Section 42-248, Idaho Code, requires you or the owner of this water right to maintain current ownership and address records on file with the department. Forms to file a change of ownership of a water right and/or a change in the address of the water right owner are available from any department office or at the department's website at www.idwr.idaho.gov .

If you have any questions concerning these permits, please contact the State Office of the Department located in Boise at (208) 287-4800.

Sincerely,

A handwritten signature in blue ink that reads "Darla Block".

Darla Block
Technical Records Specialist

Enclosure(s)

c: SPF WATER ENGINEERING LLC

CERTIFICATE OF SERVICE

I hereby certify that on **September 24, 2019** I mailed true and correct copies, postage prepaid, of the foregoing PRELIMINARY ORDERS (**APPROVED REQUESTS FOR EXTENSION OF TIME**) to the person(s) listed below:

RE: Preliminary Order in the Matter of Permit Nos. **65-23042, 65-23043 & 65-23120**

**SPF WATER ENGINEERING LLC
C/O TERRY SCANLAN
300 E MALLARD DR STE 350
BOISE ID 83706**

**BLACKHAWK ON THE RIVER LLC
PO BOX 10117
BOISE ID 83707-4117**


Darla Block
Technical Records Specialist

EXPLANATORY INFORMATION TO ACCOMPANY A PRELIMINARY ORDER

(To be used in connection with actions when a hearing was not held)

(Required by Rule of Procedure 730.02)

The accompanying order or approved document is a "Preliminary Order" issued by the department pursuant to section 67-5243, Idaho Code. **It can and will become a final order without further action of the Department of Water Resources ("department") unless a party petitions for reconsideration, files an exception and brief, or requests a hearing as further described below:**

PETITION FOR RECONSIDERATION

Any party may file a petition for reconsideration of a preliminary order with the department within fourteen (14) days of the service date of this order. **Note: the petition must be received by the department within this fourteen (14) day period.** The department will act on a petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See Section 67-5243(3) Idaho Code.

EXCEPTIONS AND BRIEFS

Within fourteen (14) days after: (a) the service date of a preliminary order, (b) the service date of a denial of a petition for reconsideration from this preliminary order, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration from this preliminary order, any party may in writing support or take exceptions to any part of a preliminary order and may file briefs in support of the party's position on any issue in the proceeding with the Director. Otherwise, this preliminary order will become a final order of the agency.

REQUEST FOR HEARING

Unless a right to a hearing before the Department or the Water Resource Board is otherwise provided by statute, any person aggrieved by any final decision, determination, order or action of the Director of the Department and who has not previously been afforded an opportunity for a hearing on the matter may request a hearing pursuant to section 42-1701A(3), Idaho Code. A written petition contesting the action of the Director and requesting a hearing shall be filed within fifteen (15) days after receipt of the denial or conditional approval.

ORAL ARGUMENT

If the Director grants a petition to review the preliminary order, the Director shall allow all parties an opportunity to file briefs in support of or taking exceptions to the preliminary order and may schedule oral argument in the matter before issuing a final order. If oral arguments are to be heard, the Director will within a reasonable time period notify each party of the place, date and hour for the argument of the case. Unless the Director orders otherwise, all oral arguments will be heard in Boise, Idaho.

CERTIFICATE OF SERVICE

All exceptions, briefs, requests for oral argument and any other matters filed with the Director in connection with the preliminary order shall be served on all other parties to the proceedings in accordance with IDAPA Rules 37.01.01302 and 37.01.01303 (Rules of Procedure 302 and 303).

FINAL ORDER

The Director will issue a final order within fifty-six (56) days of receipt of the written briefs, oral argument or response to briefs, whichever is later, unless waived by the parties or for good cause shown. The Director may remand the matter for further evidentiary hearings if further factual development of the record is necessary before issuing a final order. The department will serve a copy of the final order on all parties of record.

Section 67-5246(5), Idaho Code, provides as follows:

Unless a different date is stated in a final order, the order is effective fourteen (14) days after its service date if a party has not filed a petition for reconsideration. If a party has filed a petition for reconsideration with the agency head, the final order becomes effective when:

- (a) The petition for reconsideration is disposed of; or
- (b) The petition is deemed denied because the agency head did not dispose of the petition within twenty-one (21) days.

APPEAL OF FINAL ORDER TO DISTRICT COURT

Pursuant to sections 67-5270 and 67-5272, Idaho Code, if this preliminary order becomes final, any party aggrieved by the final order or orders previously issued in this case may appeal the final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

- i. A hearing was held,
- ii. The final agency action was taken,
- iii. The party seeking review of the order resides, or
- iv. The real property or personal property that was the subject of the agency action is located.

The appeal must be filed within twenty-eight (28) days of this preliminary order becoming final. See section 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

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**DEPARTMENT OF
WATER RESOURCES**

August 30, 2019

Darla Block
Technical Records Specialist
Idaho Department of Water Resources
322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

Subject: Permit Nos. 65-23042, 65-23043, and 65-23120 – Extension of Time Requests

Dear Darla:

In response to your letter dated August 26, 2019, please consider this letter a as request to process the extension of time requests for the above referenced permits pursuant to Idaho Code 42-204(4).

Thank you for your assistance in this matter. If you have any questions please contact Terry Scanlan at 208-383-4140.

Sincerely,



Brian Dickens, Manager
Blackhawk on the River LLC

Cc: Terry Scanlan – SPF Water Engineering
Krista Freitag – E3 Advisors



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JUL 30 2019

DEPARTMENT OF
WATER RESOURCES

July 30, 2019

Angela Grimm, P.G.
Water Rights Section Supervisor
Idaho Department of Water Resources
322 East Front Street, Suite 648
Boise, ID 83702-7371

Subject: Water Rights for Blackhawk on the River LLC

Dear Angie,

Enclosed for Department action are a number of water right forms and applications associated with lands controlled by Blackhawk on the River, LLC in and around the Blackhawk on the River development near McCall. Specifically, enclosed you will find the following documents, applications, and forms:

Permit Assignments:

1. Assignment of permit 65-23042 from BP to BOTR signed by Brian Dickens
2. Assignment of permit 65-23043 from BP to BOTR signed by Brian Dickens
3. Assignment of permit 65-23120 from BP to BOTR signed by Brian Dickens
4. Assignment of permit 65-22945 from Sage to BOTR signed by Sima Muroff.

Permit Extension Requests:

1. Request for extension of permit 65-23042 signed by Brian Dickens
2. Request for extension of permit 65-23043 signed by Brian Dickens
3. Request for extension of permit 65-23120 signed by Brian Dickens

Water Right Ownership:

1. Water right change of ownership form, from BP to TMA, for rights 65-7653E, 65-7576C, 65-23422, and 65-8121 signed by Brian Dickens

Permit Reinstatement and Beneficial Use:

1. Request by BOTR to reinstate lapsed permit 65-22945 signed by Brian Dickens
2. Proof of Beneficial Use for lapsed permit 65-22945 signed by Brian Dickens
3. Beneficial use field examination for lapsed permit 65-22945 prepared by Terry Scanlan

Application for Permit:

1. This application by BOTR seeks irrigation use on undeveloped lots and common areas within the area covered by the BOTR water system.

Included with the documents described above are two checks totaling \$890, which are comprised of the following associated fees:

- \$100 for four permit assignments (\$25 each),
- \$150 for three permit extension requests (\$50 each),
- \$100 for four undivided water right ownership changes (\$25 each),
- \$250 for one reinstatement application fee, and
- \$290 for one application permit seeking 1.26 cfs.

I apologize for two checks; I miscommunicated the fee to Brian Dickens as \$865, so rather than have him void his first check, I simply made up the \$25 difference with an SPF check.

Please also note the following. Blackhawk Partners, LLC (BP) has been the owner of permits 65-23042, 65-23043, and 63-23120, which have not yet been developed and for which extensions of time are being requested. BP was administratively dissolved in 2016, and as controlling member of BP, The McCall Associates, LLC (TMA) assumed control of BP's assets. Blackhawk on the River, LLC (BOTR) is 100% owner of the TMA's membership interests.

TMA and thus BOTR is the owner of record for a number of land parcels on the west side of the NF Payette River south of McCall. These parcels were transferred to TMA from BP by warranty deed in 2011. Brian Dickens is Manager of BOTR.

TMA, through BOTR, now seeks to confirm and document change in ownership of appurtenant water rights 65-7653E, 65-7576C, 65-23422, and 65-8121 from BP to TMA.

Sage SGI (Sage) has been the owner of lapsed permit 65-22945. Sage went inactive in 2010. Sima Muroff was the manager of Sage on the most recent annual report (2008). He was also the manager of BOTR in 2011. Prior to lapsing in 2015, the permit was partially developed to supply domestic, irrigation, and fire protection to the Blackhawk on the River development. The water system developed under the permit is still in use for these purposes. BOTR is seeking to have the permit reinstated and licensed for the developed use, and is seeking to obtain a new permit for some of the uses that were not developed.

Please contact me with any questions or comments.

Sincerely,



Terry M. Scanlan, P.E., P.G.
Principal Engineer/Hydrogeologist

Cc: Brian Dickens – Blackhawk on the River
Krista Freitag – E3 Advisors