

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

RECEIVED

JUN 28 2012

DEPARTMENT OF
WATER RESOURCES

Notice of Change in Water Right Ownership

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "Yes" in the "Split?" column.

Water Right/Claim No.	Split?	Water Right/Claim No.	Split?	Water Right/Claim No.	Split?
PD 73-86C	Yes ☐	PD 73-86D	Yes ☐	PD 73-87	Yes ☐
PD 73-96A	Yes ☐	PD 73-96B	Yes ☐	PD 73-97A	Yes ☐
PD 73-10058	Yes ☐	PD 73-4007B	Yes ☐	PD 73-12111	Yes ☐
PD 73-12112	Yes ☐	PD 73-12113	Yes ☐		Yes ☐
	Yes ☐		Yes ☐		Yes ☐

2. Previous Owner's Name: Jimmie L. and Maria E. Dowton
Name of current water right holder/claimant
3. New Owner(s)/Claimant(s): Scythe & Spade of Idaho, LLC, as receiver for Jim Dowton Ranch, LLC
Name of each new owner as listed on the conveyance document
Dowton Custom Farming, LLC
New owner continued ☐ Name connector ☒ and ☐ or ☐ and/or
1059 E. Iron Eagle Dr., Ste. 155
Mailing address
Eagle ID 83616
City State ZIP
(208) 893-5333 brettm@ag-management.com
Telephone Email

4. If the water rights and/or adjudication claims were split, how did the division occur?
☐ The water rights or claims were divided as specifically identified in a deed, contract, or other conveyance document.
☐ The water rights or claims were divided proportionately based on the portion of their place(s) of use acquired by the new owner.
5. Date you acquired the water rights and/or claims listed above: October 15, 2010
6. This form must be signed and submitted with the following **REQUIRED** items:
- A copy of the conveyance document – warranty deed, quitclaim deed, court decree, contract of sale, etc. The conveyance document must include a legal description of the property or description of the water right(s) if no land is conveyed.
 - Plat map, survey map or aerial photograph which clearly shows the place of use and point of diversion for each water right and/or claim listed above (if necessary to clarify division of water rights or complex property descriptions).
 - Filing fee (see instructions for further explanation):
 - \$25 per *undivided* water right.
 - \$100 per *split* water right.
 - No fee is required for pending adjudication claims.

7. Signature: [Signature] Title, if applicable 6-26-12 Date
Signature of new owner/claimant
- Signature: _____ Title, if applicable _____ Date
Signature of new owner/claimant

For IDWR Office Use Only:

Received by SB7 Date 6/28/2012 Receipt No. C095636 Receipt Amt. \$275-

Approved by _____ Processed by [Signature] Date 7-25-12

State of Idaho
County of Lemhi) SS No. 278220
This instrument was filed for record at the request
of Denise Dowton
at 3:20 o'clock p.m. 12-5-2008
and duly filed and indexed in the records of Lemhi
County Terri J. Morton
Ex-Officio Recorder
By Cynthia Carden Deputy
Fee 6.00
Return to Denise Dowton

239523
Custer County Req. of
Denise Dowton
Time 12:18 P.M. Date 9-12-2008
Barbara C. Breedlove, Clerk
Betsy Doughty \$ 6.00
Deputy

QUIT CLAIM DEED

THIS INDENTURE, made this 10 day of September, 2008, between Jimmie Lee Dowton aka as Jimmie L. Dowton and Maria Elena Dowton aka Maria E. Dowton, Grantors, and Jim Dowton Ranch, LLC, an Idaho limited liability company, of 5500 Custer Road, Ellis, ID 83235, Grantee.

WITNESSETH: That the said Grantor, for good and valuable consideration paid by the said Grantee, the receipt whereof is hereby acknowledged, do by these presents demise, release and forever quit claim unto the said Grantee, and to its successors and assigns all the certain land situate, lying and being in the Counties of Lemhi and Custer, State of Idaho, described as follows, to wit:
Township 15 N., Range 21 E.B.M., Boise, Meridian

Section 16: SW $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$

Section 17: E $\frac{1}{2}$ SW $\frac{1}{4}$; W $\frac{1}{2}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 20: N $\frac{1}{2}$ NE $\frac{1}{4}$; SE $\frac{1}{4}$ NE $\frac{1}{4}$

120 acres approved by BLM; NE $\frac{1}{4}$ NW $\frac{1}{4}$; SW $\frac{1}{4}$ NE $\frac{1}{4}$; NE $\frac{1}{4}$ SE $\frac{1}{4}$

LESS AND EXCEPTING therefrom the following described Property
A parcel of land located in the Southwest Quarter Northeast Quarter, Section 20, Township 15 North, Range 21 East, Boise Meridian, Custer County, Idaho, more particularly described as follows:

Commencing at the East Quarter Corner of said Section 20 from which the Southeast Corner of Section 20 bears South 00°13'00" East, 2638.72 feet, the Basis Of Bearing of this description, run thence South 89°43'38" West along the center of said Section 20 a distance of 1717.05 ft. to a point on the westerly right-of-way of an existing county road, said point being the POINT OF BEGINNING; Continue thence South 89°43'38" West along said center of Section 20 a distance of 938.29 ft. to the Center Quarter Corner of said Section 20; thence North 00°22'18" West along the westerly boundary of said Southwest Quarter Northeast Quarter a distance of 1107.35 feet to a point on said westerly right-of-way; thence along said westerly right-of-way the following courses: South 48°08'16" East, 360.77 feet; 492.27 feet along a curve to the right having a radius of 2188.40 ft., a central angle of 12°53'18" and a chord bearing South 41°41'37" East for 491.23 feet; thence South 35°14'58" East, 606.50 feet to the POINT OF BEGINNING.

Section 21: NW $\frac{1}{4}$ NW $\frac{1}{4}$; S $\frac{1}{2}$ NW $\frac{1}{4}$; NW $\frac{1}{4}$ SW $\frac{1}{4}$; SW $\frac{1}{4}$ SW $\frac{1}{4}$

6.7 acres: NE $\frac{1}{4}$ NW $\frac{1}{4}$ (South of Pahsimero River)

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

DISTRICT 7TH JUDICIAL COURT

IN THE DISTRICT COURT OF THE SEVENTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF CUSTER

BANK OF IDAHO, an Idaho banking
corporation,

Plaintiff,

vs.

JIM DOWTON RANCH, LLC, an Idaho
limited liability company; JIMMIE DOWTON
CUSTOM FARMING, LLC, an Idaho limited
liability company; JIMMIE D. DOWTON and
DENISE R. DOWTON, husband and wife;
and JIMMIE L. DOWTON and MARIA E.
DOWTON, husband and wife; and CAPITOL
LAW GROUP, PLLC, an Idaho professional
limited liability company,

Defendants.

JIMMIE L. DOWTON and MARIA A.
DOWTON, husband and wife,

Cross-Claimants,

vs.

JIMMIE D. DOWTON and DENISE R.
DOWTON, husband and wife,

Cross-Defendants.

Case No. CV-2010-111 (consolidated with
CV-2010-127)

**SUPPLEMENTAL ORDER ON
MOTION FOR POSSESSION AND
MOTION FOR APPOINTMENT OF
RECEIVER**

RECEIVED

OCT 20 2010

MOFFATT, THOMAS, BARRETT,
ROCK & FIELDS, CHTD.

JIMMIE L. DOWTON and MARIA E.
DOWTON, husband and wife,

Third-Party Plaintiffs,

vs.

LES BALL, an individual,

Third-Party Defendant.

JIMMIE L. DOWTON and MARIA E.
DOWTON, husband and wife,

Counterclaimants,

vs.

BANK OF IDAHO, an Idaho banking
corporation,

Counterdefendant.

U.S. BANK NATIONAL ASSOCIATION, as
custodian/trustee,

Plaintiff,

vs.

JIMMIE LEE DOWTON and MARIA
ELENA DOWTON, husband and wife; JIM
DOWTON RANCH, LLC, an Idaho limited
liability company; BANK OF IDAHO; and
NORTHWEST FARM CREDIT SERVICES,
PCA,

Defendants.

Case No. CV-2010-127

Based on the Court's review of the record in this matter, and finding good cause therefore, the Court has determined that the Order on Motion for Possession and Motion for Appointment of Receiver, entered by the Court in this matter on September 10, 2010

(the "Original Order"), shall be and is hereby supplemented, modified and otherwise amended as follows:

1. Based on the Court's finding, as set forth in the Original Order, that the appointment of a receiver in this matter is appropriate, Scythe & Spade of Idaho, LLC, an Idaho limited liability company ("Scythe & Spade"), is hereby appointed, pursuant to Idaho Code Section 8-601, *et seq.* (the "Receiver Statute"), to act as receiver for all of the assets of defendants Jim Dowton Ranch, LLC, an Idaho limited liability company ("Dowton Ranch"), and Dowton Custom Farming, LLC, an Idaho limited liability company ("Dowton Farming" and together with Dowton Ranch, the "Companies"), which Companies have been judicially dissolved by the Court pursuant to the Original Order. Scythe & Spade shall wind up the affairs of the Companies in accordance with Idaho Code Section 30-6-702, *et seq.* The winding up is to take place as expeditiously as possible while managing and disposing of assets prudently according to best practices, and maximizing the value thereof.

2. The Court further finds that the business operations of the Companies, which are and have been conducted jointly, are integrated to the extent that the going concern value thereof can only be maintained if all of the assets Dowton Ranch and Dowton Farming are managed as a whole by Scythe & Spade, which aggregation and common management will tend to preserve and maintain the value of all of the assets of the Companies and all of the collateral of the plaintiff lenders in this matter. Therefore, the Original Order shall be amended to provide that possession of the equipment, crops and cattle, granted to Bank of Idaho in the Original Order, shall now be granted to Scythe & Spade in its capacity as receiver and to be managed thereby.

3. In light of the fact that Bank of Idaho has agreed and the Court has ordered that the equipment, crops and cattle referenced in the preceding paragraph shall be subject to the receivership, Bank of Idaho shall not be required to post the \$400,000.00 undertaking required by the Original Order.

4. Accordingly, any and all of the real and personal property and all other assets of the Companies, tangible or intangible, shall be included in the receivership and managed by Scythe & Spade.

5. As of the date of this Supplemental Order, Scythe & Spade shall be vested with all of the usual authority, power, rights and duties of a receiver as provided by the Receiver Statute and other applicable law, which shall include but not be limited to the following authority, power and rights:

(a) to have access to, to marshal and take control of all funds, assets, premises (whether owned, leased, occupied or otherwise controlled), choses in action, papers, books, records in whatever media, and other real and personal property, wherever located, belonging to, in the custody, control or possession of the Companies, with full power to take such measures as Scythe & Spade deems necessary to secure such premises, personal property and other assets;

(b) to have control of, and to close, transfer or otherwise take possession of all leases, rents, profits, accounts, securities, commodities positions, funds or other assets of, or in the name of the Companies including at any bank, brokerage firm or financial institution or other person or entity that has possession, custody or control of any assets or funds of the Companies, wherever situated;

(c) to take such action as is necessary and appropriate to preserve and take control of, and to prevent the dissipation, concealment or unauthorized disposition of any assets owned by the Companies which are in the possession, custody, name or control of the Companies, or in the possession, custody, name or control of any principal or member of the Companies or their family members;

(d) to hold in its possession, custody and control all assets, leases, rents, profits, securities, commodities positions, monies and property, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind deposited by the Companies, with the Companies, or into an account in the name of the Companies;

(e) to make or authorize such payments and disbursements from the funds and assets under its control and to incur, or authorize the incurrence of, such expenses and make, or authorize the making of, such agreements as may be reasonable, necessary and advisable in discharging its duties pursuant to best and customary practices;

(f) upon consent of the Parties or order of the Court, to engage and employ persons to assist Scythe & Spade in carrying out its duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, commodities traders, registered representatives, futures commission merchants, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers. In the interests of economic efficiency, Scythe & Spade is to consider hiring former members of the Companies to perform certain labor or work at a typical and customary hourly wage;

(g) to take possession, have access to, and to review all mail or any other communication, in any form, of the Companies or their agents;

(h) to defend, compromise or settle all claims, liens or legal actions, except the instant proceeding, in which one or both of the Companies is a party, commenced either prior to or subsequent to this Supplemental Order, with authorization of this Court; Scythe & Spade may waive any attorney-client or other privilege held by the Companies; with regard to this proceeding, Scythe & Spade may negotiate agreements with the Parties for the purpose of resolving the various debts and claims as against the LLCs, and any such agreements must be approved by the Court.

(i) to assume control of, and be named as authorized signatory for, all accounts at any bank, brokerage firm or financial institution that has possession, custody or control of any assets or funds, wherever situated, of the Companies;

(j) to make or authorize such payments and disbursements from the funds and assets taken into control, or thereafter received by Scythe & Spade, and incur, or authorize the incurrence of, such expenses and make, or authorize the making of, such agreements as may be reasonable, necessary and advisable in discharging its duties;

(k) to perform, enter into or enforce leases and other contracts and to take such further action as may be necessary or appropriate to ensure performance and the payment and collection of profits, rents, debts and other monies payable to or by the Companies;

(l) to use the Companies' tax identification and other permit, license and registration numbers in performance of its duties hereunder;

(m) to sell or lease any asset of the Companies;

(n) to execute any instrument, contract, application, report or other document on behalf of the Companies;

(o) to negotiate, compromise, enter into agreements and otherwise deal with any and all third parties, including without limitation, lessors, lessees, employees, contractors, lenders, vendees, vendors, service providers and governmental agencies, on behalf of the Companies and/or the property and other assets of the Companies;

(p) to care for, manage and dispose of all livestock, now existing and acquired in the future. Scythe & Spade will honor and perform all current contracts for sale of crops and fall calves unless incompatible with the objective of preserving and maximizing the value of the Companies' assets;

(q) to maintain, utilize and dispose of all equipment in the course of winding up;

(r) in the event winding up is not completed by March 15, 2011, to cultivate, irrigate, fertilize, harvest and otherwise manage all crops, now existing and in the future, whether standing or harvested. If there is an intent to grow crops for the 2011 season or thereafter, Scythe & Spade shall submit to the Court for approval a plan for the growing/harvesting season;

(s) to evaluate, amend, delete, obtain or terminate any insurance relating to the Companies or their assets;

(t) to engage appraisers or other professionals to establish the fair market value of the Companies' real or personal property not previously appraised within the last three years; and

(u) to list for sale any real property of the Companies, at such price as determined by Scythe & Spade in reliance upon its and/or other professional opinion. Property shall not be offered for sale at less than appraised value absent consent of all Parties or the Court. .

6. Notwithstanding the foregoing paragraph 5, Scythe & Spade shall not (i) sell all or part of any real property, (ii) sell any item of personal property with a value of more than \$5,000.00, or (iii) enter into any lease or other contract for a term greater than six (6) months, without providing notice to all parties and obtaining prior approval of the Court.

7. In addition to the foregoing, from the date of this Supplemental Order:

(a) The Companies and all of their managers, officers, agents, employees, attorneys, attorneys-in-fact, members and other persons who are in custody, possession or control of any assets, books, records or other property of the Companies shall deliver forthwith upon demand such property, monies, books, appraisals and records to Scythe & Spade, and shall forthwith grant to Scythe & Spade authorization to be a signatory as to all accounts at banks, brokerage firms or financial institutions that have possession, custody or control of any assets or funds in the name of or for the benefit of the Companies;

(b) All persons and entities, including banks, brokerage firms, financial institutions and other business entities, which have possession, custody or control of any assets, including without limitation any livestock, crops or equipment, funds or accounts in the name of, or for the benefit of the Companies shall cooperate

expeditiously in the granting of control and authorization as a necessary signatory as to said assets and accounts to Scythe & Spade;

(c) Unless authorized by Scythe & Spade, neither the Companies, their managers or members, nor any other party to this matter, shall take any action, nor purport to take any action, in the name of or on behalf of the Companies;

(d) The Companies and their respective officers, agents, members, managers, employees, attorneys and attorneys-in-fact shall cooperate with and assist Scythe & Spade, including, if deemed necessary by Scythe & Spade, appear for deposition and produce documents upon five (5) business days' notice (by e-mail). The Companies and their respective officers, agents, members, managers, employees, attorneys and attorneys-in-fact shall take no action, directly or indirectly, to hinder, obstruct or otherwise interfere with Scythe & Spade in the conduct of its duties or to interfere in any manner, directly or indirectly, with the custody, possession, management or control by Scythe & Spade of the funds, assets, premises and choses in action described herein;

(e) Upon Court approval, following appropriate notice and hearing, Scythe & Spade may be authorized to proceed with any filing it deems appropriate under the Bankruptcy Code as to the Companies;

(f) Upon request by Scythe & Spade, any company providing telephone services to the Companies shall provide a reference of calls from the number presently assigned to the Companies to any such number designated by Scythe & Spade and perform any other changes necessary to the conduct of the receivership;

(g) Any entity furnishing fertilizer, chemicals, feed, parts, supplies, water, electric, telephone, sewage, garbage or other services to the Companies shall maintain such service and transfer any such accounts to the receiver unless instructed to the contrary by Scythe & Spade;

(h) No bank, savings and loan association, other financial institution, or any other person or entity, including without limitation any party to this action, shall exercise any form of setoff, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the receiver's control without the permission of this Court.

8. The reasonable costs, fees and other expenses, including the reasonable fees and costs of counsel, incurred by Scythe & Spade in its capacity as receiver, shall be paid from the cash and other assets included in the receivership. In addition, Scythe & Spade shall be compensated for its services at the rate of \$200.00 per hour for that of its principals and \$100.00 per hour for its other staff, which compensation shall also be paid from the cash and other assets included in the receivership. All such costs, fees, expenses and compensation shall be a priority charge against all such cash and other assets within the receivership and shall be paid before any distribution or other disbursements to the Companies' members, to creditors or to any other party. Provided, however, Scythe & Spade shall submit to all parties through their attorneys of record, an itemized and documented statement of fees, expenses and costs incurred, charged or sought to be paid for each 30-day period hereafter. Any party may dispute any such fees, expenses or costs within ten (10) days of receipt and thereafter such fees, expenses or costs shall not be paid without the consent of the Court. Scythe & Spade shall be authorized to pay fees, costs and expenses that are not timely disputed including fees due to Scythe & Spade.

Bank of Idaho shall be provided a continuing security interest and lien on livestock (including calves and prodigy) and crops and Scythe & Spade is authorized to execute any continuing security agreements, continuation statements or instruments to perfect Bank of Idaho's continuing lien if in accord with the Bank of Idaho existing agreements with the parties.

9. Scythe & Spade shall be permitted to act as broker for the sale of all real property subject to the receivership and shall be paid five percent (5%) of any such gross sales price as a brokerage commission on the following conditions:

(a) Fees for acting as a manager and as a broker shall be clearly delineated and segregated so that there is no overpayment or duplication of receivership fees and a brokerage commission. All marketing efforts or real estate sales and brokerage activities shall not be charged any hourly fee;

(b) The properties will be actively marketed and advertized, at the broker's expense;

(c) All existing listing agreements will not be breached; although the listing price may be adjusted;

(d) Scythe & Spade shall use all available multiple listing and joint participation services and invite other real estate brokers and agents to present buyers and offers on a shared commission basis;

(e) Scythe & Spade shall invite and consider all offers to purchase;

(f) Scythe & Spade will report on its marketing efforts and status each thirty (30) days; and

(g) For those properties sold where Scythe & Spade acts as a broker, the maximum commission on the property will be five percent (5%), whether paid to Scythe & Spade alone or shared with other brokers or agents.

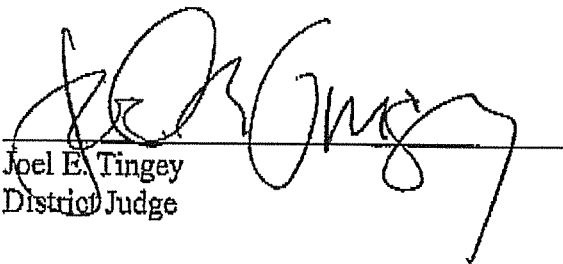
10. Scythe & Spade shall submit monthly reports to the Court, including a full accounting of all monies paid to, by or with respect to the Companies or their assets. The net proceeds of all sales, profits and rents of the receivership, after proper payments, shall be paid into an interest-bearing account authorized by the Court.

11. Scythe & Spade shall not be required to post a bond and the requirements of Idaho Code Section 8-604 are waived in this regard.

12. Scythe & Spade shall execute and submit to the Court an Oath, as required by the Receiver Statute.

IT IS SO ORDERED.

DATED this 15 day of October, 2010.


Joel E. Tingey
District Judge

CLERK'S CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 15 day of October, 2010, I caused a true and correct copy of the foregoing **SUPPLEMENTAL ORDER ON MOTION FOR POSSESSION AND MOTION FOR APPOINTMENT OF RECEIVER** to be served by the method indicated below, and addressed to the following:

Gregory L. Crockett
HOPKINS RODEN CROCKETT HANSEN & HOOPES
428 Park Ave. (83402)
P.O. Box 51219
Idaho Falls, ID 83405-1219
Facsimile (208) 523-4474
Attorneys for Bank of Idaho and Les Ball

☒ U.S. Mail, Postage Prepaid
☐ Hand Delivered
☐ Overnight Mail
☐ Facsimile

C. Thomas Arkoosh
Angelo L. Rosa
CAPITOL LAW GROUP, PLLC
205 N. 10th St., 4th Floor
P.O. Box 2598
Boise, ID 83701-2598
Facsimile (208) 434-8874
*Attorneys for Jimmie L. Dowton and
Maria E. Dowton*

☒ U.S. Mail, Postage Prepaid
☐ Hand Delivered
☐ Overnight Mail
☐ Facsimile

Jared M. Harris
BAKER & HARRIS
266 W. Bridge
Blackfoot, ID 83221
Facsimile (208) 785-6749
*Attorneys for Jimmie D. Dowton and
Denise R. Dowton*

☒ U.S. Mail, Postage Prepaid
☐ Hand Delivered
☐ Overnight Mail
☐ Facsimile

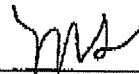
John S. Ritchie
COLEMAN, RITCHIE & ROBERTSON
156 2nd Ave. West
Twin Falls, ID 83303-0525
Facsimile (208) 734-3983
Attorneys for U.S. Bank National Association

☒ U.S. Mail, Postage Prepaid
☐ Hand Delivered
☐ Overnight Mail
☐ Facsimile

Michael O. Roe
MOFFATT, THOMAS, BARRETT, ROCK &
FIELDS, CHARTERED
101 S. Capitol Blvd., 10th Floor (83702)
P.O. Box 829
Boise, ID 83701-0872
Facsimile (208) 385-5384
Attorneys for Receiver

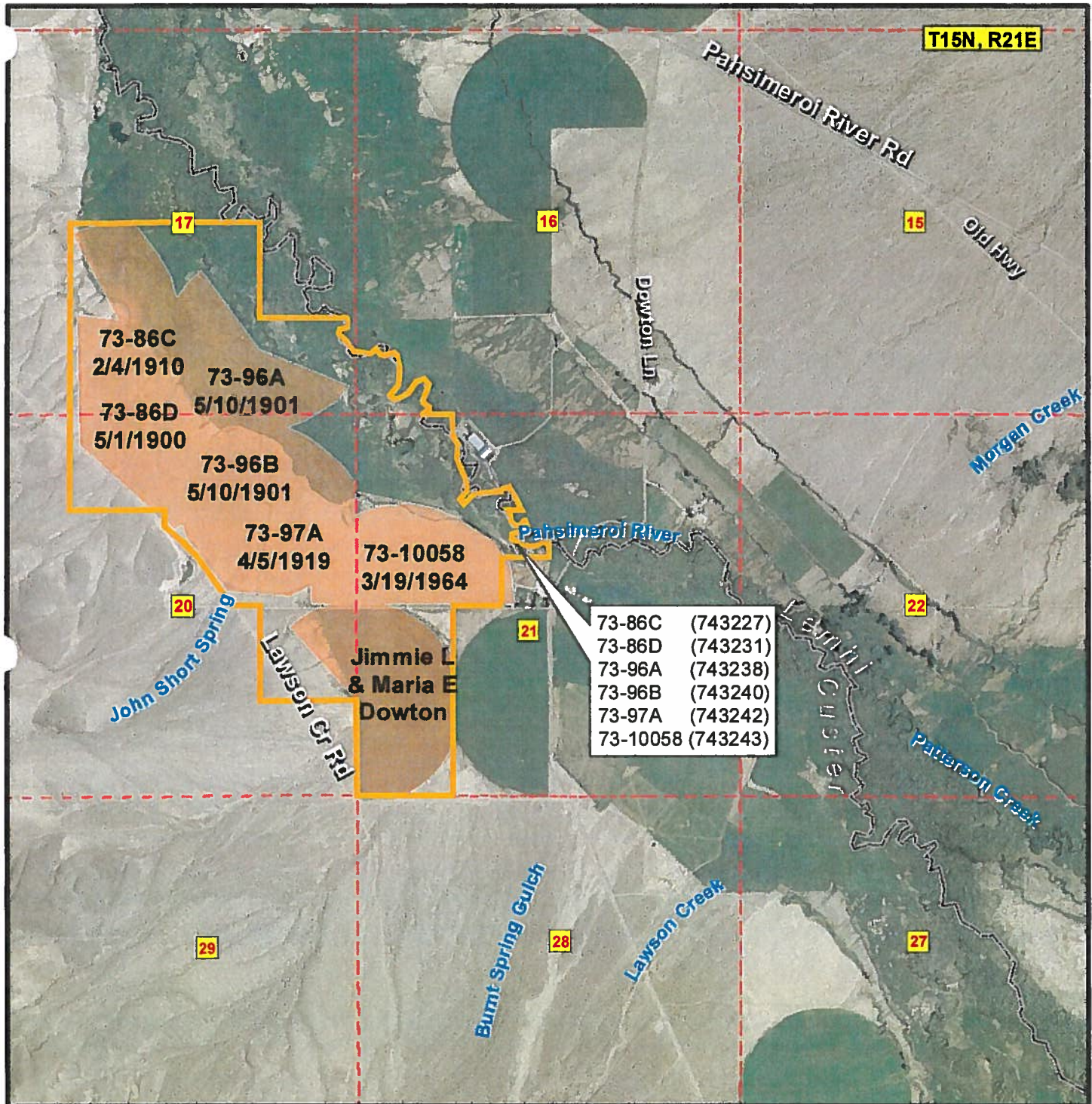
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RONALD LONGMORE
Clerk of the District Court
Bonneville County, Idaho

By 
Deputy Clerk

IDWR Water Rights Downton Ranch

2

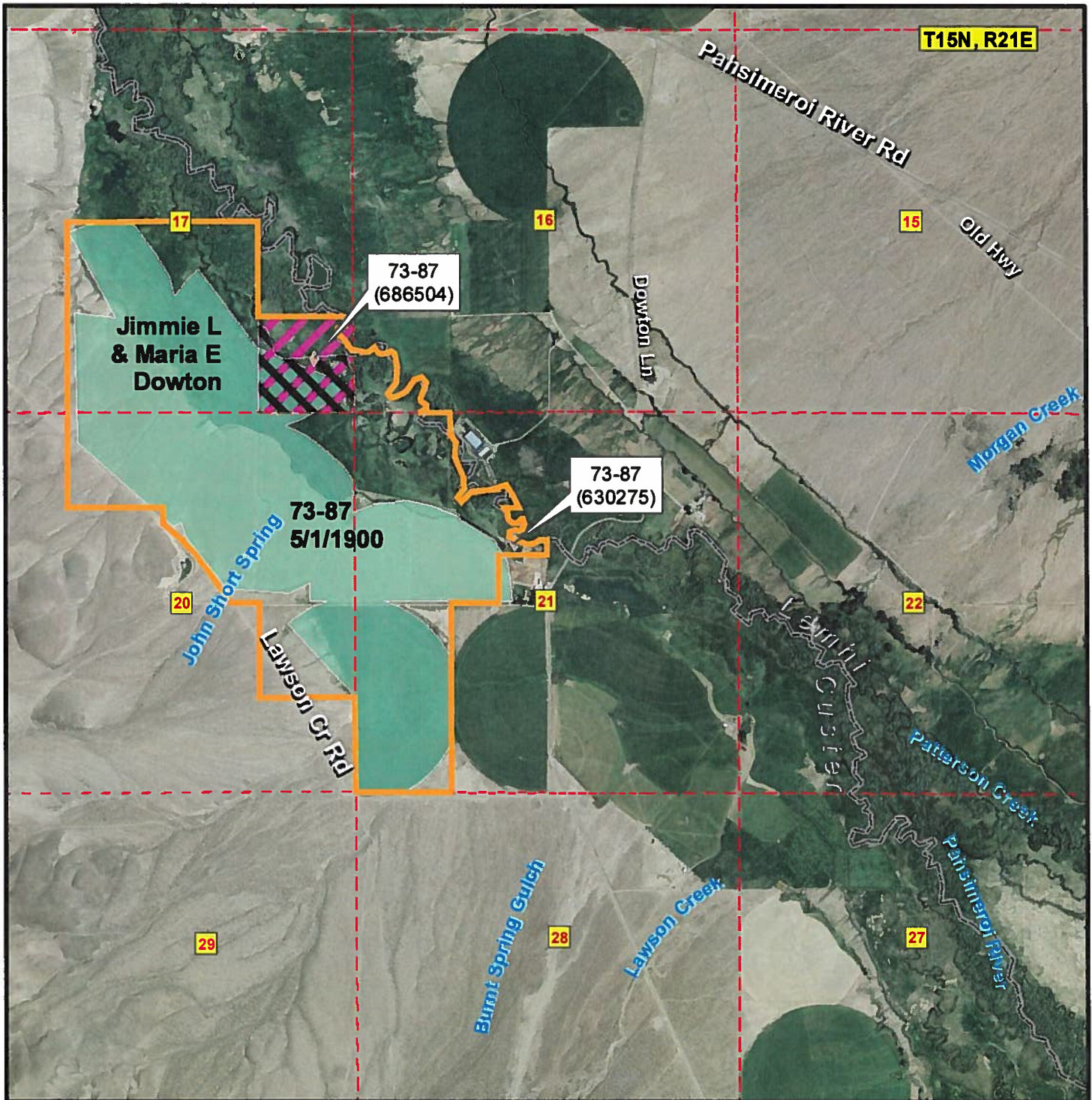


- County
- Township/Range
- Section
- Farm Boundary
- Point of Diversion
- Place of Use

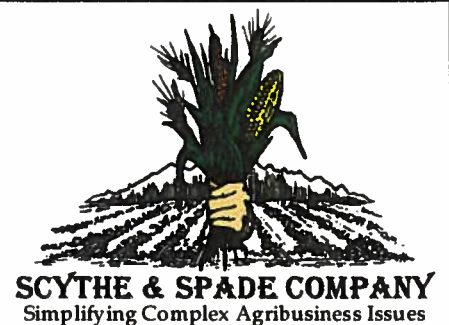


IDWR Water Rights Downton Ranch

1

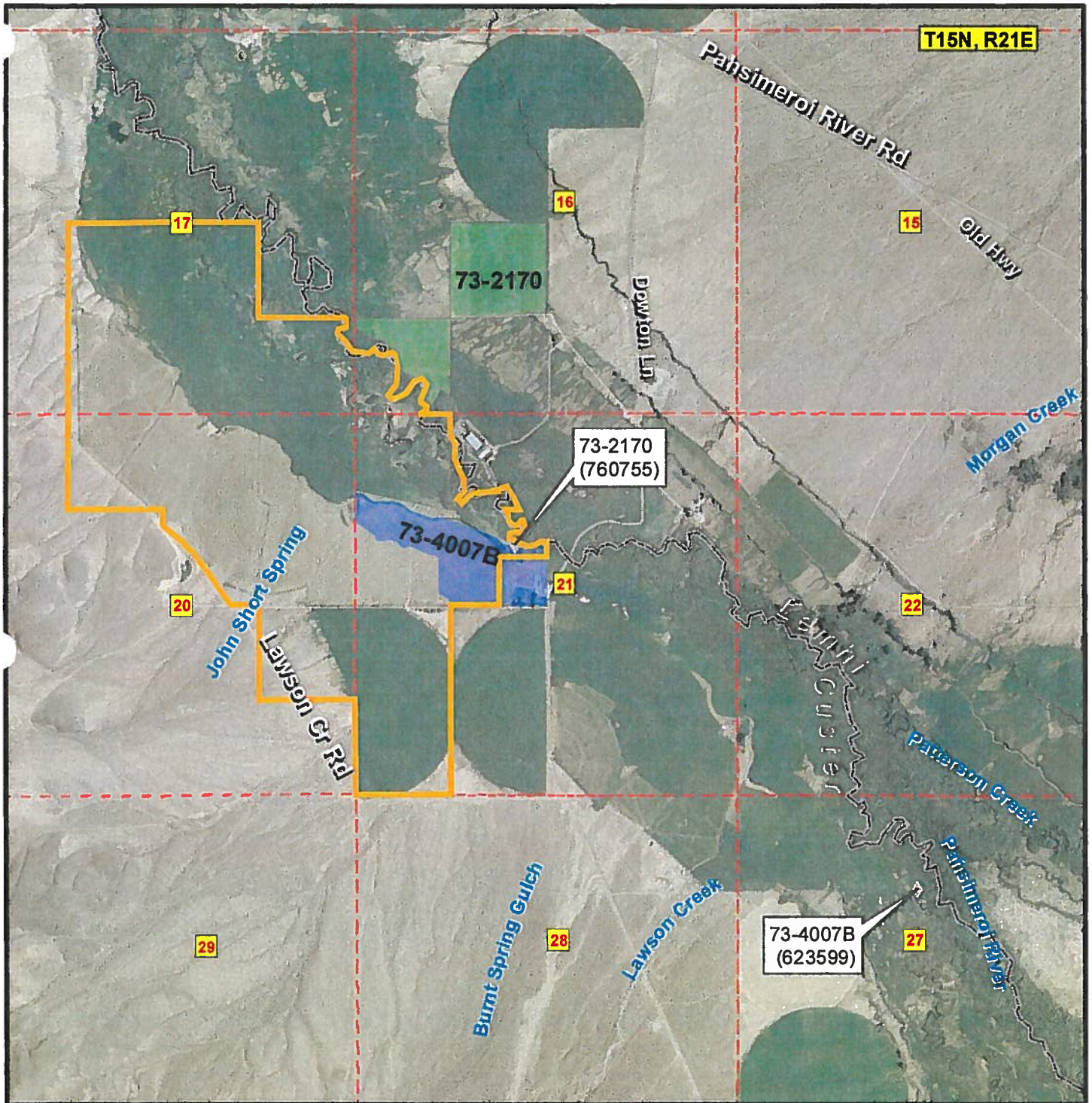


- | | |
|--------------------|-----------------------------|
| County | Place of Use (73-87) |
| Township/Range | Water Use |
| Section | AESTHETIC STORAGE |
| Farm Boundary | IRRIGATION |
| Point of Diversion | WILDLIFE STORAGE |



IDWR Water Rights Dowton Ranch

4



- County
- Township/Range
- Section
- Farm Boundary
- Point of Diversion

Place of Use

RIGHT_ID, Priority Date, Owner

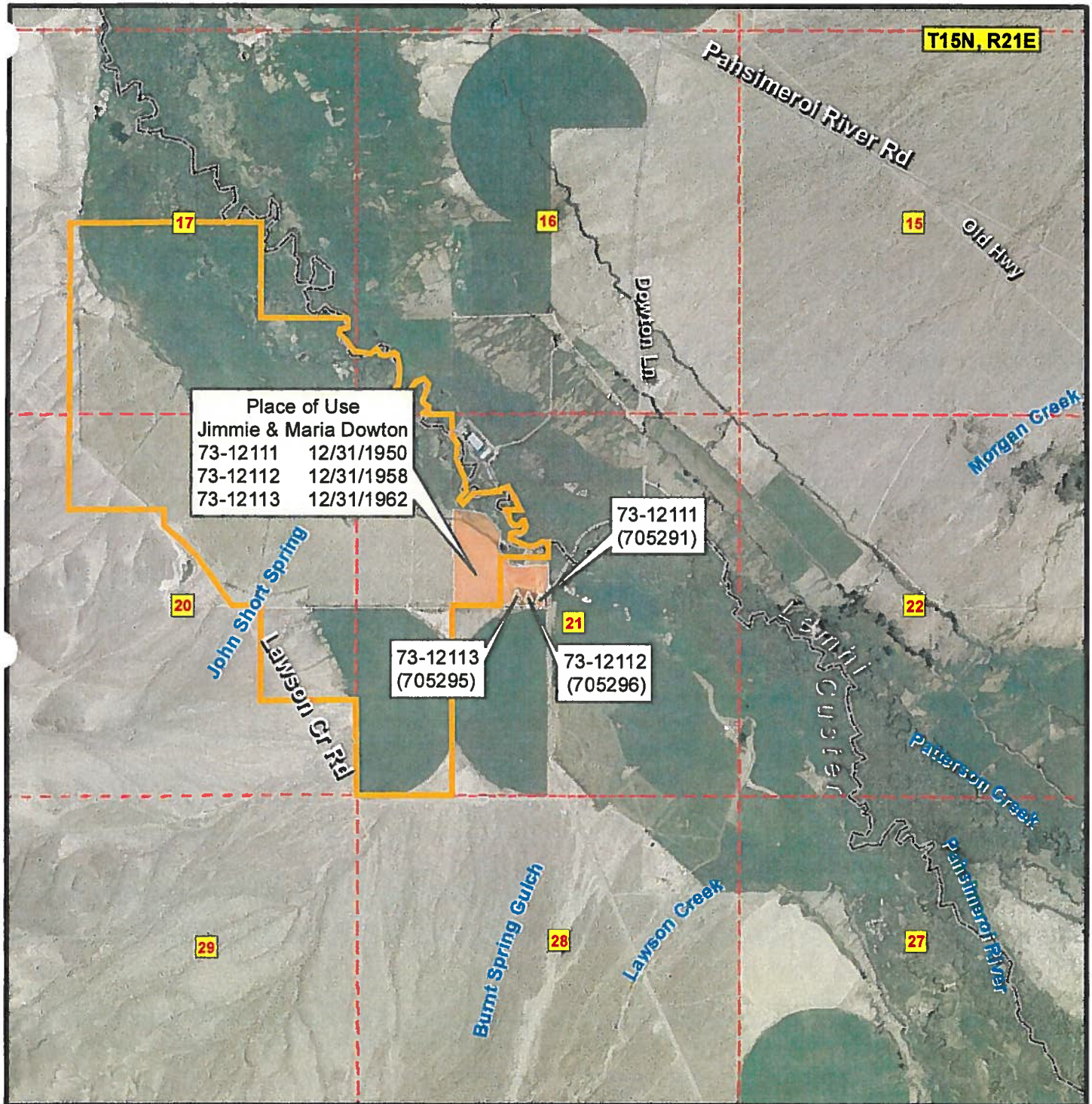
- 73-2170, 2/10/1961, Jimmie & Elena Dowton
- 73-4007B, 2/18/1926, Jimmie & Elena Dowton



SCYTHE & SPADE COMPANY
Simplifying Complex Agribusiness Issues

IDWR Water Rights Dowton Ranch

3



- County
- Township/Range
- Section
- Farm Boundary
- Point of Diversion
- Place of Use

