



**US Magnesium LLC**

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July 28, 2009

Kent L. Jones  
State Engineer  
Utah Division of Water Rights  
1594 West North Temple Suite 220  
P.O. Box 146300  
Salt Lake City, UT 84114-6300

RE: Protest of Great Salt Lake Minerals Inc. Water Rights Application (Application #78499; WR# 13-3896):

Dear Mr. Jones,

US Magnesium and its predecessors have conducted mineral extraction on the Southwest part of the Great Salt Lake at its facility in Tooele County since 1972. US Magnesium employs about 400 people and annually contributes millions of dollars to the State and local economies. US Magnesium uses the water of the Great Salt Lake as a raw material to manufacture a variety of products including: magnesium metal, salts, brines, chlorine, and other associated by-products. US Magnesium is the only producer of primary (from raw materials) magnesium metal in North America. Magnesium is an important commodity for a variety of purposes such as reducing automobile fuel consumption, aluminum alloying and air craft protection. Through a contractual relationship US Magnesium also provides concentrated brines derived from the lake as a raw material to Cargill Salt, perhaps the largest sodium chloride salt producer on the Great Salt Lake.

US Magnesium would ask that the Utah Div. of Water Rights to carefully consider the potential impacts of Great Salt Lake Mineral's Inc. water rights Application #78499 (Water Right #13-3896) that requests 350,000 acre-feet of water from the Great Salt Lake (in addition to the already substantial rights that Great Salt Lake Minerals currently holds.) US Magnesium has Great Salt Lake water rights (15-616, 15-2161 19-727 and possibly others) with priority dates from the 1960's that are drawn from the same pool of water that Great Salt Lake Minerals now seeks its additional water rights. The application by Great Salt Lake Minerals [for an additional 350,000 acre-feet] is by far the largest water right that has been sought on the lake. It amounts to a volume equivalent to about 10% of the average lake inflow.

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US Magnesium is very interested in this application as it is wholly dependent (as are the other mineral extractors) on access and availability of the water on the Great Salt Lake for raw its materials.

US Magnesium believes that an important potential impact of application #78499 is the distinct possibility that the increased lake water removal envisioned by the Great Salt Lake Minerals will significantly lower the lake elevation. This would cause the shoreline to recede from the existing lake water intake points that the mineral extraction industries depend on for their raw materials. In other words there is concern that granting this new request may prevent current water rights holders from obtaining their water at their current points of diversion. This potential impact would be of particular importance during periods of low lake surface elevation (such as the current case.) Such large removals could potentially induce a downward trend in lake elevation independent of the weather pattern.

US Magnesium and other mineral extractors have fixed assets worth millions of dollars that could be adversely affected by a downward trend in lake elevation. If the Great Salt Lake Mineral's proposal results in a lower lake elevations, it will cause US Magnesium and other mineral extractors to extend and/or expand canals, pump stations and other facilities to compensate for that change. It would result in unfair, unnecessary, and expensive changes to the current points of diversion. This would necessitate a substantial expense, permitting requirements and efforts and potentially create disturbances to the environment. A lower lake elevation may restrict the water volume intake and reduce revenue and productivity until such time as facilities could be modified that would also potentially result in diminished production, revenue, and employment. In the extreme case a lower lake level could affect a mineral extraction business's overall viability.

US Magnesium asks that the Utah Div. Of Water Rights apply its considerable expertise in evaluating this application so that the current mineral extraction companies won't be unfairly disadvantaged.

Sincerely,

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