



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Water Rights

KENT L. JONES
State Engineer/Division Director

August 8, 2012

State of Utah School & Institutional Trust Lands Administration
c/o Kevin S. Carter, Director
675 East 500 South, Suite 500
Salt Lake City, UT 84102-2818

RE: Water Right Number 92-674 (A79183)

Dear Mr. Kevin S. Carter,

This is to acknowledge receipt of a document received by our office on **August 2, 2012**, related to the above numbered application.

All documents concerning this application will become a permanent part of this file and used in the decision making process.

Sincerely,

A handwritten signature in black ink, appearing to read "Kent L. Jones".

Kent L. Jones, P.E.,
State Engineer

KLJ:sn

Enclosure

cc: Regional Office

Pinnacle Potash International, Ltd.
111 Congress Avenue, Suite 2020
Austin, TX 78701

US Department of the Interior, Office of Solicitor
c/o James E. Karkut
125 South State Street, Suite 6201
Salt Lake City, UT 84138





State of Utah
School & Institutional
Trust Lands Administration

Gary R. Herbert
Governor

675 East 500 South, Suite 500
Salt Lake City, UT 84102-2818
801-538-5100

Greg Bell
Lieutenant Governor

801-355-0922 (Fax)
www.trustlands.com

Kevin S. Carter
Director

August 1, 2012

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

RE: Pinnacle Potash International Water Right Application 92-674 (A79183)

Dear Mr. Jones:

On behalf of the Utah School and Institutional Trust Lands Administration ("SITLA"), I am pleased to provide this letter in support of Pinnacle Potash International's ("PPI") water right application 92-674 (A79183) currently pending before the State Engineer.

It is the mission of SITLA to administer school trust lands prudently and profitably for Utah's schoolchildren and the other trust beneficiaries. The two largest sources of revenue from trust lands are the leasing of mineral properties and royalties from the production of minerals. Given the importance of its mineral leasing program to the fulfillment of SITLA's mission, SITLA supports the responsible development of the mineral resources from the trust lands.

As part of PPI's Crescent Project in Grand County, PPI holds a mineral lease with SITLA for the development of potash resources on nearly 11,000 acres of trust lands. SITLA understands and expects that the Crescent Project, once developed, will provide a significant source of revenue for the trust beneficiaries. However, in order for the Crescent Project to move forward, and the potash resource to be developed, a source of water for the project must be secured.

In furtherance of SITLA's mission to promote the responsible development of the State-owned mineral resources for the benefit of Utah school children, SITLA expresses its support of PPI's water right application 92-674 currently pending before the State Engineer and encourages the State Engineer to approve this application in order to facilitate the development of Utah's valuable mineral resources.

We appreciate the opportunity to provide this input in connection with PPI's water right application, and hope these comments provide some assistance in the application process. Please feel free to contact John Andrews, the Associate Director/Chief Legal Counsel for SITLA at 801-538-5100, if you have any questions.

Sincerely,

Kevin S. Carter, Director

Utah School & Institutional Trust Lands Administration

cc: John Andrews
John Kirkham



RECEIVED

AUG 02 2012 JH

WATER RIGHTS
SALT LAKE
SCANNED