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*Attorney for Proposed Intervenor – Defendant  
State of North Dakota*

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

WESTERN ORGANIZATION OF )  
RESOURCE COUNCILS and )  
FRIENDS OF THE EARTH, )

*Plaintiffs,* )

v. )

SALLY JEWELL, in her capacity as )  
Secretary of the Interior, )  
DEPARTMENT OF THE INTERIOR, )  
NEIL KORNZE, in his capacity as )  
Director, Bureau of Land Management, )  
BUREAU OF LAND MANAGEMENT, )

*Defendants.* )

Case No. 1:14-cv-01993-RBW

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**DECLARATION OF DENNIS ROLLER**

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I, Dennis Roller, state and declare as follows:

1. My name is Dennis Roller. I am over 21 years of age and am fully competent and duly authorized to make this Affidavit. The facts contained in this Affidavit are based on my personal knowledge and are true and correct.

2. I am employed by the State of North Dakota Office of the State Auditor ("Auditor's Office") in the position of Audit Manager, Division of Royalty Audits. I have been employed by the State Auditor's Office since October 1, 1990, and have served as Audit Manager of the Division of Royalty Audits since August 2004.

3. The Auditor's Office is a State agency responsible for conducting audits of the State; local governments, including counties, cities, school districts, and other subdivisions; state colleges and universities; and federal mineral payments from oil, gas, and coal leases located within North Dakota.

4. The Division of Royalty Audits has had a contract with the Department of the Interior (DOI) - Office of Natural Resources Revenue (ONRR) to perform audits and other investigations of federal oil, gas and coal mineral payments since 1985. Per section 1.1 (1) & (2) of the Auditor's Office contract with the DOI, the State Auditor's Office authority to perform audits and other investigations of federal mineral revenue is delegated by the DOI to the State Auditor's Office pursuant to Section 205 of the Federal Oil and Gas Royalty

Management Act (FOGRMA) of 1982 and Public Law 102-154. The State Auditor's Office Division of Royalty Audit uses various processes to determine the accuracy of the federal mineral payments. The processes range from a limited scope compliance review (a review to determine that royalties were paid on the correct volume for a particular mineral) to full scope audits. Per section 3.4 (A) of the Auditor's Office contract with DOI, the Division of Royalty Audit performs audits in accordance with Government Auditing Standards (GAS –commonly known as the Yellow Book). These audits entail verifying all aspects of the royalty equation: royalties = well head sales X federal allocation X lease royalty rate X unit price less allowances [transportation, processing, washing, etc.].

5. In my current position, I am the principle investigator (PI) under the contract. I am responsible for developing the annual budget, the annual work plan, the quarterly mineral revenue certifications and supervising and approving all work within the division. I have access to and analyze information regarding federal mineral payments made from lands within North Dakota in order to develop the annual work plan. In addition, per North Dakota Century Code (NDCC) 15.1-27-25 (2), I am responsible for quarterly certifying to the State Treasurer's Office the amount of mineral revenue the State of North Dakota received during the preceding quarter.

6. In my current position, I am familiar with the above-captioned litigation brought by Western Organization of Resource Councils and Friends of the Earth (collectively, "Plaintiffs"), where Plaintiffs seek to require the Department of Interior and Bureau of Land Management to enjoin federal coal leasing actions until they supplement a 1979 programmatic environmental impact statement to assess the effect that greenhouse gas emissions from the federal coal management program have on global climate change.

7. Disposing of the litigation in Plaintiffs' favor would impair or impede North Dakota's ability to protect its financial interests in the federal coal revenue.

#### Federal Mineral Payments from Coal Leases

8. North Dakota is the 9th largest coal producer in the United States, with an annual average production of approximately 27.5 million tons. It generates \$500,000 in annual revenue to North Dakota from the federal coal leasing program.

9. The Bureau of Land Management is responsible for coal leasing on federal land pursuant to the Mineral Leasing Act of 1920. 30 U.S.C. §§ 181 et seq. Federal coal leases require that lessees pay to the United States royalties of 12.5% of the value of coal produced from a surface mine, and 8% of the value of coal removed from an underground mine. 43 C.F.R. §§ 3473.3-2(a)(1)-(2). After

receiving these royalty payments, the federal government disburses 50% of the royalties received to the state in which the coal was mined. 30 U.S.C. § 191.

10. The North Dakota Treasurer's Office receives these mineral disbursements from the DOI ONRR. Records from the DOI ONRR and available to the Auditor's Office Division of Royalty Audits show that in the past ten fiscal years, the federal government disbursed to North Dakota the following federal mineral royalty disbursements for coal:

2013:	\$999,456
2012:	\$715,463
2011:	\$564,975
2010:	\$61,988
2009:	\$85,156
2008:	\$452,311
2007:	\$473,651
2006:	\$399,269
2005:	\$268,297
2004:	\$214,074

Federal Coal Lease Bonus & Rental Payments

11. The State receives coal lease bonus and rental payments from federal coal leases. The DOI ONRR maintains records of these payments and the

Auditor's Office Division of Royalty Audits reviews this information during its audits and other investigations. I am familiar with these records in my current position. As previously mentioned, by State Law (NDCC 15.1-27-25 (2)) I am responsible to quarterly certifying to the Treasurer's Office the amount of mineral revenue (bonuses, rentals, and royalties from oil, gas and coal) the State of North Dakota received the previous quarter.

12. Records from the DOI ONRR are available to the Auditor's Office Division of Royalty Audits that show the federal coal leases in North Dakota generated the following total annual coal lease bonus and rental payments for North Dakota in the past ten fiscal years:

2013:	\$16,544
2012:	\$16,544
2011:	\$20,156
2010:	\$77,696
2009:	\$70,736
2008:	\$72,356
2007:	\$71,797
2006:	\$13,416
2005:	\$14,210
2004:	\$10,902

13. North Dakota uses revenues received from these federal coal lease payments (bonuses, rentals & royalties) to fund various State programs through the State General Fund and the Federal Mineral Royalties Distribution Fund, which make financial distributions to school districts and public facilities and services as per NDCC 15.1-27-25. In calendar year 2013, the State distributed \$1 million to the above mentioned programs.

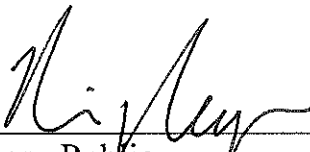
Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 9, 2015.

  
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Dennis Roller

The foregoing Affidavit of Dennis Roller was subscribed and sworn before me by Dennis Roller on February 9, 2015.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public

My commission expires:

