

# Royale Energy



## **ROYALE RESERVES III**

### **Private Placement Memorandum**

---

# Confidential Private Placement Memorandum

---



**ROYALE ENERGY**

---

**Royale Reserves III**



# MEMORANDUM

---

## Royale Energy

---

THE SECURITIES HEREBY OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE “SECURITIES ACT”), OR APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “COMMISSION”) OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM (“MEMORANDUM”). ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES ARE OFFERED IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION PROVIDED IN SECTIONS 3(B) AND 4(2) OF THAT ACT AND REGULATIONS PROMULGATED THEREUNDER. THE SECURITIES ARE ONLY BEING OFFERED TO PROSPECTIVE PURCHASERS WHO ARE “ACCREDITED INVESTORS” AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OF 1933. FURTHERMORE, THESE SECURITIES ARE BEING SOLD PURSUANT TO EXEMPTIONS FROM REGISTRATION UNDER APPLICABLE SECURITIES LAWS AND REGULATIONS OF THE VARIOUS STATES IN WHICH THEY ARE BEING OFFERED. CONSEQUENTLY, NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES LAW ADMINISTRATOR HAS PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR THE ADEQUACY OF THIS MEMORANDUM.

NO PERSONS HAVE BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM IN CONNECTION WITH THE OFFER AND SALE OF THE UNITS DESCRIBED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

THESE SECURITIES ARE SPECULATIVE AND INVOLVE CERTAIN RISKS. SEE “RISK FACTORS.” THERE IS NO PUBLIC MARKET FOR THE UNITS.



---

# ROYALE RESERVES III

---

## Offering

---

### **Royale Reserves III Offering Summary**

Royale Energy is offering to Accredited Investors a direct participation in the drilling of exploration and developmental wells. An investment will consist of a direct working interest participation in three oil wells and one re-entry oil well.

---

### **Drilling Locations**

#### **Sansinena #10 & #11 Oil Wells**

The Sansinena oil field, located in the NE portion of the Los Angeles Basin, historically has an average well initial producing rate of 183 barrels of oil per day and an average well Estimated Ultimate Recovery (EUR) of 478,000 barrels of oil over a life of 54 years.

The first three infill wells drilled since acquiring this field initially produced at rates of 113 barrels of oil per day (9A-4 – restricted rate), 338 barrels of oil per day (9B-18) and 266 barrels of oil per day (9B-20), all flowing. The 9B-20 has already produced 63,000 barrels of oil equivalent in 16 months of production and is still producing over 100 barrels of oil per day. The 9B-18 has produced over 43,000 barrels of oil equivalent in 16 months with most months at restricted rates. In October 2020, we drilled two more Sansinena wells. The 9B-25 logged 361 ft. of net oil pay and the 9B-23 logged 481 ft. of net oil pay.

The two Sansinena wells being offered in the Royale Reserves III are infill development wells analogous to the 5 previously drilled infill development wells (9A-4, 9B-18, 9B-20, 9B-23 and 9B-25).

#### **Jameson North Oil Field (JNF)**

Located in the Permian Basin near Colorado City in Texas, the JNF was an extension of the large Jameson Field. The JNF was developed by Shell and Sun Oil in two phases, 1953-58 and 1978-84, as a Strawn Sand and Carbonate Reef play.

Royale purchased the Jameson North assets from General Electric (GE) in December 2018 as they were divesting their oil and gas assets. Royale has identified approximately 20 high quality infill development well prospects using a 3D seismic survey covering all of our JNF lease ownership in the Permian Basin.

#### **McCabe VT #42 Re-Entry**

The McCabe #42 well will be re-entered for behind pipe Strawn formation oil reserves in the Royale Reserves III project. In 1981, Sun Oil Company drilled the VT McCabe #42 oil well in the North Jameson field and completed the well for production in two of the lower formations making approximately 90,000 barrels of oil.

The log analysis indicate that this well has 64 ft. of net oil pay remaining in the Strawn formation. In comparison, the VT McCabe #18, the offset that is 375 ft. away, produced 119,000 barrels of oil equivalent from 15 ft. of net oil pay in the Strawn formation.

The six immediate offsets to the VT McCabe #42 well have averaged an initial rate of 122 barrels of oil per day and have produced 103,000 barrels of oil equivalent from the Strawn formation.

---





# ROYALE RESERVES III

## Offering

### Jameson North Oil Wells - McCabe VT #67

The McCabe VT #67 is an infill development well for the Strawn formation oil reserves. The Strawn formation wells historically have averaged an initial producing rate of 85 barrels of oil per day and 215 mcf per day from 165 wells. The average well Estimated Ultimate Recovery (EUR) is 119,000 barrels of oil equivalent.

The five immediate offsets to the VT McCabe #67 location have averaged an initial rate of 114 barrels of oil per day and have produced 156,000 barrels of oil equivalent out of the Strawn formation which is better than the field wide average.

### Jameson North Field (JNF)

