

ROYALE REPORT

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Fourth Quarter 2009

Royale Energy Hosts West Coast Energy Summit at the Reagan Ranch

October 22-24, 2009, Royale Energy presented the first "West Coast Energy Summit" in Santa Barbara. Attendees heard from speakers including T. Boone Pickens, Governor George Allen and other experts about the future of the industry.

The event began on Thursday night with a reception on the rooftop of the Reagan Ranch Center. Andrew Coffin, Vice President and Director of the Reagan Ranch and the Young America's Foundation (www.yaf.org), greeted everyone at the center and gave the group tour. Participants saw a video on Ronald Reagan that highlighted his legacy and accomplishments, along with the history of the Reagan Ranch.

Friday morning's breakfast included special live, interactive messages from Governor George Allen and T. Boone Pickens.

Mr. Pickens spoke about the natural gas outlook, noting that America has now "moved to number one in the world, at 2000 trillion cubic feet of gas. We've moved ahead of Russia and Iran." The message also included comments about the "Pickens Plan" and the Natural Gas Act- (S. 1408). He anticipates passage of the act, and that will transition fleet transportation to this secure domestic energy source adding, "I believe we can phase out all of the diesel 18-wheelers and those heavy duty trucks, there are 6.5 million of them. Let's say, in 7 years they're all natural gas not diesel, so that's going to be domestic fuel, not foreign oil. That's going to cut imports by 2.5 million barrels a day."

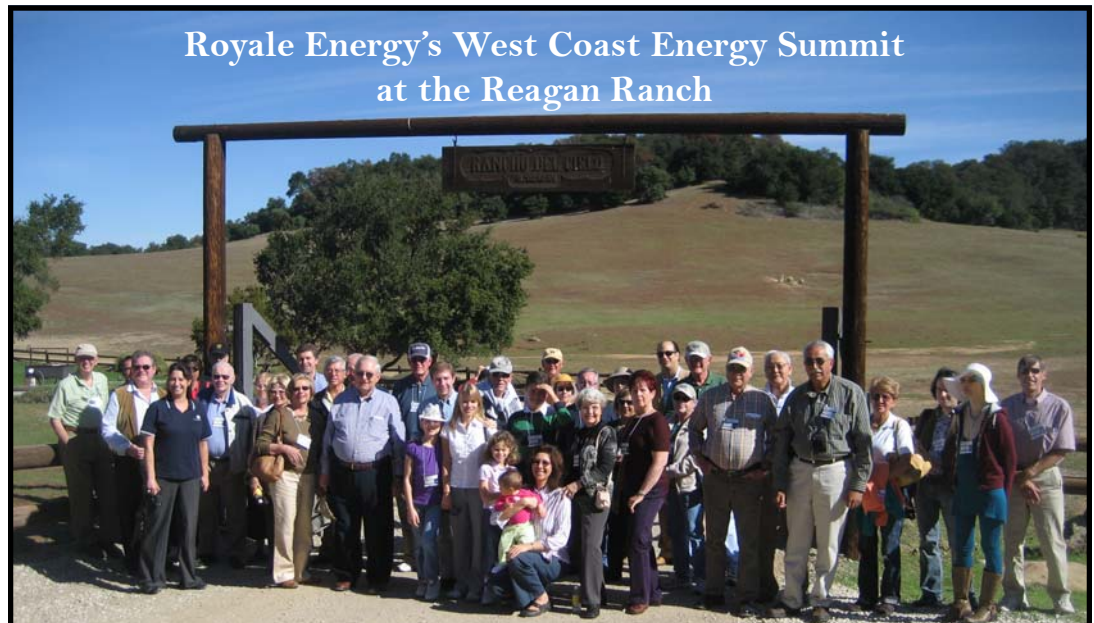
Former Virginia Governor George Allen, now chairman of the Energy Freedom Center (advocating abundant supplies

of domestic energy) shared insights on the political landscape and paths leading toward domestic energy solutions for independence.

After breakfast, attendees headed to the Rancho del Cielo - "Ranch in the Sky". It's nestled in a magnificent mountaintop valley that overlooks the Santa Ynez and the Pacific Ocean and sits on 688 acres. It has been said that the Ranch reflects the endless vistas of freedom and possibilities that Reagan considered the fundamental elements of the American experience. The president visited the ranch often; with the site becoming the "western White House" for a combined total of a year during his eight years in office. While the Ranch is not open to the public, guests of Royale Energy received a special invitation from the Young America's Foundation.

During lunch at the Ranch, John Barletta, the longest serving Secret Service agent for Reagan, gave a personal view of his experiences with the Reagan family. He told stories about Reagan's sense of humor, principles, and his practical, down-to-earth manner.

The West Coast Energy Summit ended on Saturday morning with speakers from Royale Energy's executive staff, which included Donald Hosmer and Stephen Hosmer, and Mohamed Abdel Rahman, giving the attendees a corporate and industry overview.





FIELD UPDATES

Royale Highlight:

Royale Energy has been developing the LoneStar field since 2001. The **Lonestar field** has already produced four billion cubic feet of gas from Forbes sandstone reservoirs and is on trend with the famous Arbuckle gas field which has produced over eighty billion cubic feet of gas from similar Forbes reservoirs.

LoneStar Success Rate

Project	Return after Taxes	Return Cash on Cash
2001-A	219.49%	180.49%
2001-C	254.06%	215.06%
2002-A	129.36%	90.36%
2003-C	137.88%	102.88%
2006-A	67.98%	32.98%
2007-A	45.54%	10.54%

Royale Lonestar East - The Lonestar East is producing approximately 450 Mcf per day. We originally limited perforations to just the lower half of the main pay zone. Additionally two shallower zones were identified that may have potential pay as well for later development. The well is located in Colusa County, CA.

Goddard 7-1 - The Goddard 7-1 which commenced drilling on September 23rd was located one mile north of the boundary of the company's successful Lonestar field. The well was drilled to test a significant 3D seismic amplitude at a previously unexplored depth. At this depth the well encountered higher pressure than those produced in the Lonestar field increasing the expected rate of gas recovery. This new field discovery provides Royale Energy with significant

new development opportunities to increase its production and natural gas reserves.

Completion activities in the Goddard #7-1 resulted in a stabilized flow rate of 2,450 MCF per day on a restricted choke. Based on these results the well is capable of significantly higher producing rates, and the company expects to begin production at an initial rate of 2,500 MCF per day.

Royale Wylie #1 - Oct 28 we began drilling operations on the first well of Project 2008-B. The Wylie #1 was drilled vertically to a total depth of 6,400 ft. with the target zone encompassing the interval of 5,850 to 6,250 ft. The prospect is situated at the edge of the Company's productive Lonestar field area. The Wylie #1 is the first follow up to the successful Goddard discovery and will test a similar nearby 3D seismic anomaly. The company will drill additional follow up wells by the end of this year.

Victor Ranch 12 - After almost 20 years of production the Victor Ranch #12 is still producing a strong 165 Mcf per day. The well's program has produced 272.41% cumulative cash on cash return. Royale's Ashbury prospect of the new Eureka One project also located in the Victor Ranch area.

Upcoming Wells

Well Name	Location	Project
Bechtold	Sacramento, CA	2008B
Mello I-29	Sacramento, CA	2006B
Northwest Parks #1	Colusa, CA	2008B
Northeast Parks #1	Colusa, CA	2009A
Buckwood	Kern, CA	2008B
Vann #1	Colusa, CA	2009A

The drilling agenda may change as many factors including (but not limited to) weather conditions, rig availability, prospect evaluation, permitting process etc, commonly have varying conditions that cause amendments in our proposed schedule.

EUREKA ONE

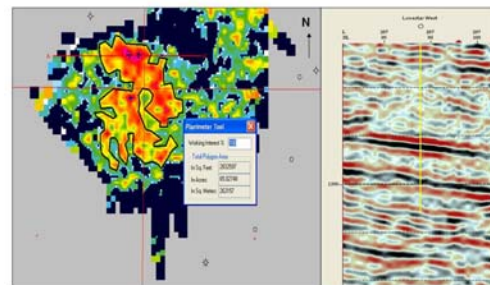
PRIVATE PLACEMENT MEMORANDUM



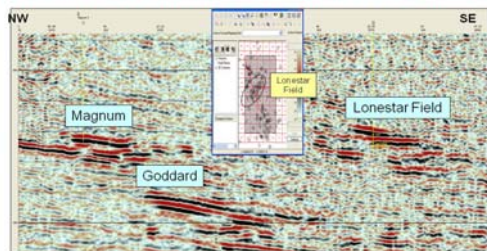
Now Funding

Royale Energy is offering to qualified investors a direct participation in the drilling of exploration and development wells in California. An investment will consist of a direct working interest participation in four oil and natural gas wells. In addition, the project may offer Federal and State income tax deductions to qualified individuals.

Royale LoneStar West Well- Situated in the Sacramento basin, west of the LoneStar East discovery and east of Royale's recent Goddard #7-1 well, Royale LoneStar West well will test a separate gas accumulation that is stratigraphically similar to, yet structurally higher than the productive interval of the LoneStar East discovery that tested at a rate of 1.4 million cubic ft of gas a day.



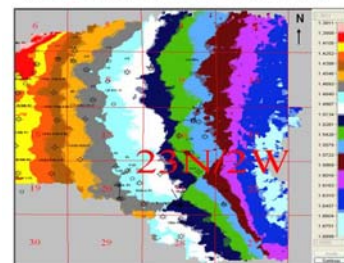
2d seismic display from Royale's 3 d volume in the N. Arbuckle



Royale Magnum Well- This prospect has recently been identified and mapped using Royale Energy's 3D seismic coverage in Colusa County, of the Sacramento Basin. Magnum is located just over half a mile to the northwest from the recent Royale Goddard #7-1 well. The prospect has two target sand intervals at approximately 4,700 ft and 4,900 ft, both located in the Forbes formation. Sands at both target levels are younger than those encountered at Goddard #7-1 but older than those that produced over 4.00 billion cubic feet of gas at the Royale Lonestar Field.

Royale Ashbury Well- This prospect is located in Victor Ranch area, in Tehama County of Northern Sacramento Basin. During this decade, Victor Ranch has been a prolific gas producer for Royale Energy, with gross production totaling over 17.1 billion cubic ft of gas. This gas was produced from 19 wells drilled and operated by Royale Energy.

Most production comes from fault traps



This is not an offer to sell or a solicitation of an offer to buy. Offers are only made through the Private Placement Memorandum.

“Senate Climate Bill Boosts Natural Gas Outlook ”

Excerpt from *Rueters* Nov. 3, 2009

WASHINGTON (Reuters) - The natural gas industry looks to be a big winner in U.S. Senate legislation to tackle climate change on expectations it would lead to more gas demand and a new wave of gas-fired power plants.

After getting few breaks in the House of Representatives climate bill earlier this year, the industry stepped up lobbying as the Senate wrote its version. The industry won the support of lawmakers as it trumpeted gas as abundant, cleaner than coal and more reliable than wind and solar as a constant energy source to cut greenhouse gases. The Senate bill would require the Environmental Protection Agency to help subsidize coal-fired power plants switching to fuels that emit much fewer greenhouse gas emissions.

The bill does not mandate a specific fuel, but as the legislation is written, the energy source that would be able to meet the emission-reduction targets and also be the easiest for coal-fired power plants to switch to, especially in the early years, would be natural gas, analysts say.

"Clearly it was directed at natural gas, and natural gas would be the principal beneficiary of these subsidies," said Mary Anne Sullivan, an attorney specializing in climate change and energy at the Washington law firm of Hogan and Hartson.



Royale Energy's
Tax and Energy Workshop
Monday December 14
9:00 am

Would you like a way to reduce your
Federal & State Income Taxes for
2009 While Building an Energy
Portfolio?

Corporate Headquarters/San Diego, CA
RSVP (800) 447-8505 or events@royl.com

*If you are not able to attend, please call or have your
tax advisor contact us for Royale's TAX BOOKLET*

*"The Tax Advantages of Oil & Natural Gas
Exploration"*



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Royale Energy, Inc. is one of California's leading natural gas exploration and production companies. Royale is publicly-traded as a NASDAQ national market stock under the symbol ROYL. The company leads the industry in development of natural gas reserves in California's Sacramento and San Joaquin basins.



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