



## *NEWS FOR IMMEDIATE RELEASE*

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### **ROYALE ENERGY ANNOUNCES 40 CENTS PER SHARE GAIN ON SALE**

**San Diego, January 3, 2007 – Royale Energy, Inc. (NASDAQ: ROYL)** announces the closing on the sale of 19 Sacramento Basin wells for \$4.51 Million. The sale was the result of the company's first major asset realignment effort.

The properties, most of which were part of a production acquisition in 1994, had provided strong cash flow and an excellent platform for growth, but had recently become less profitable as the company's production was extended to new parts of the basin.

The sale will provide Royale with a one-time Gain on Sale of approximately 40 cents per share for the fourth quarter 2006, in addition to regular earnings for that period. The cash will be used to reduce the company's total indebtedness as well as increasing overall company participation in upcoming drilling activities.

Net production attributable to the divested properties has been replaced by the net production of the recent O'Sullivan and Lonestar #5 wells, which began producing December 19<sup>th</sup>.

#### **About the Company**

Headquartered in San Diego, Royale Energy, Inc. is an independent energy company. The company is focused on development, acquisition, exploration, and production of natural gas and oil in California, Texas and the Rocky Mountains. It has been a leading independent producer of oil and natural gas for over 20 years. The company's strength is continually reaffirmed by investors who participate in funding over 50% of the company's new projects. Additional information about Royale Energy, Inc. is available on its web site at.

#### **Forward Looking Statements**

In addition to historical information contained herein, this news release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, subject to various risks and uncertainties that could cause the company's actual results to differ materially from those in the "forward-looking" statements. While the company believes its forward looking statements are based upon reasonable assumptions, there are factors that are difficult to predict and that are influenced by economic and other conditions beyond the company's control. Investors are directed to consider such risks and other uncertainties discussed in documents filed by the company with the Securities and Exchange Commission.

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