



ROYALE ENERGY, INC.

*A Growth-Oriented Independent
Exploration & Production Company*



*Royale Energy's 2020 Operation Summary
Third Quarter Report 10Q*

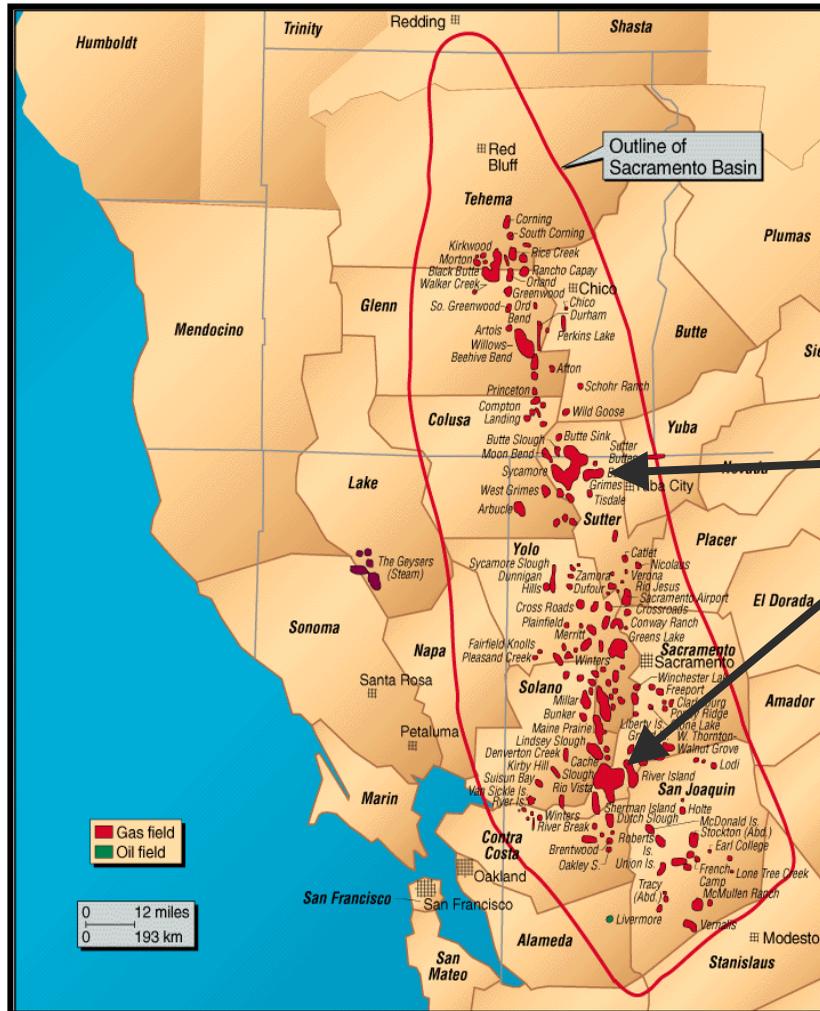




Summary of Royale Energy Inc

- Royale and its subsidiaries (“The Company”) own wells and leases in California’s Sacramento, San Joaquin and Los Angeles Basins and in Texas’s Permian Basin.
- The Company also has assets in Utah, Colorado, Louisiana and Alaska.
- As of the end of Q3, 2020, Royale still maintains a Joint Venture Agreement project with California Resources Production Corporation (CRPC) in the Rio Vista Field, Sacramento Basin. Royale has 12 jointly-owned wells in the field. Joint venture drilling in the field was suspended in 2020 due to low natural gas prices. The Rio Vista Field, in the Sacramento Basin, is a 4 TCF (Trillion Cubic Feet) natural gas field, that extends over an area of 80 square miles.
- As of the end of Q3, 2020, Royale participated in 1 well in the CA Sansinena Field in a Joint Operating Area Project with RMX Resources, LLC. The Sansinena Field, in the LA Basin, is a 60-million-barrel produced to date oil field, that extends over an area of 3 square miles.
- As of the end of Q3, 2020, Royale drilled 2 drilling well locations in the Jameson North Field (JNF) in Texas. Royale acquired JNF in 2018 and owns a 95% operated working interest. JNF is located in the eastern Permian Basin and extends over an area of 10 square miles.
- Prospective East LA Asset Sale – On June 24, 2020, Royale and RMX Resources, LLC entered into a Purchase and Sale Agreement to sell a portion of property jointly owned by Royale and RMX, designated East LA Field assets, as located in Los Angeles County, California. The gross sale price of \$2,150,000 was attained and the net proceeds allocated to Royale at close will be \$1,075,000.

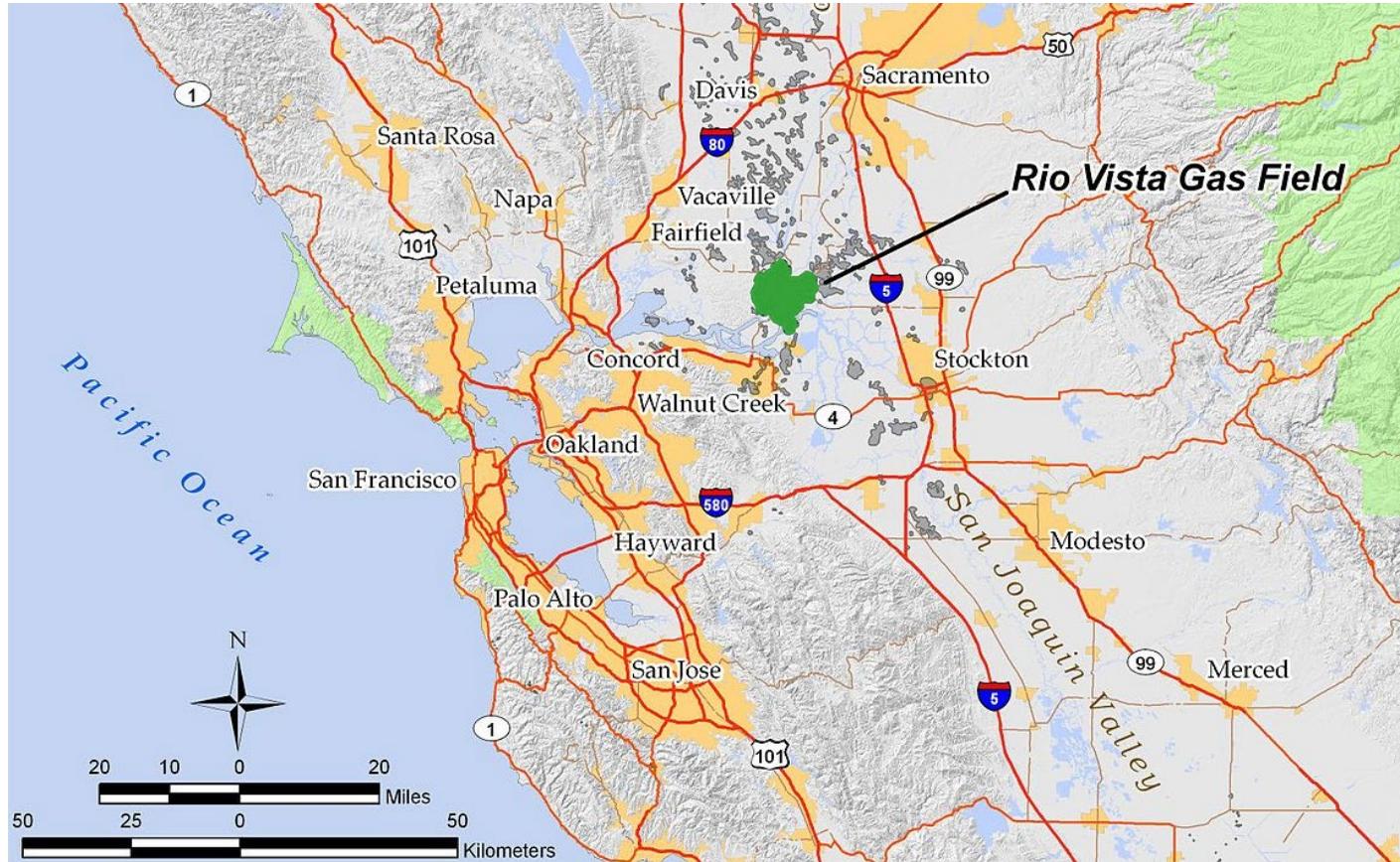
Focus Area – Sacramento Basin North CA



Legacy Area Royale:

- The Sac Basin is a legacy area of expertise for Royale.
- Royale has owned interest in up to 9 gas fields as of Q3 2020
- The area of interests for the Company are the Grimes Gas Field area and the Rio Vista Field
- Since 1993, Royale has focused on drilling wells and developing gas reserves in the Sacramento Basin
- The area is considered a lower drilling risk relative to finding commercial gas due to high number of wells, abundant potential infill locations on existing leases and access to 3D seismic used to detect gas and subsurface traps

Location Rio Vista Gas Field





Highlights of the Rio Vista Gas Field – Sacramento Basin, CA

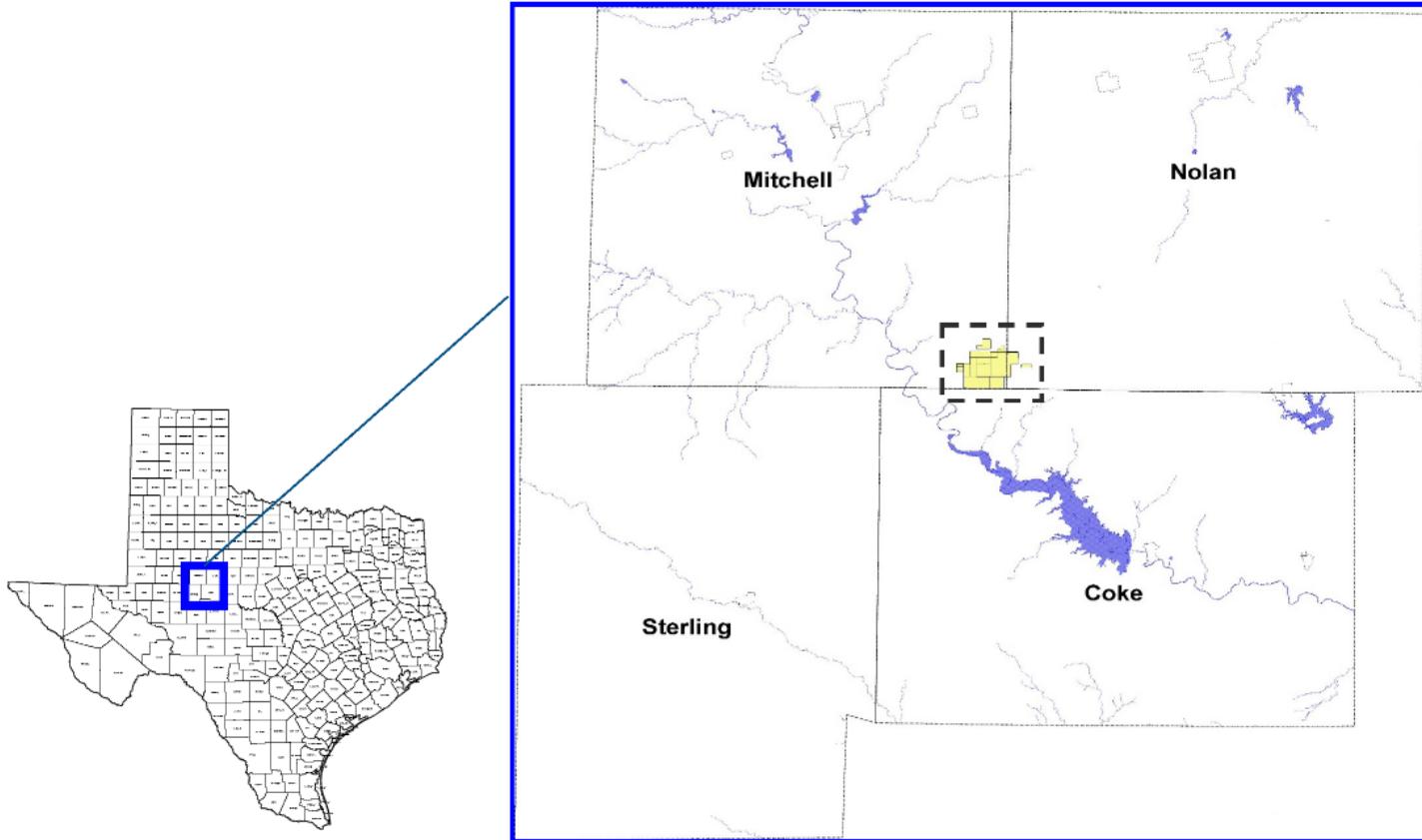
Field Highlights

- Discovered in 1936, it is the largest non-associated natural gas field (no oil zones) in California.
- Field has produced approximately 4 TCF thru 2019 from approximately 250 wells.
- The field covers a production area of approximately 75 square miles.
- Production occurs from more than 15 different gas zones between depths of approximately 2,500 to 10,000 feet.
- A 3D-seismic survey acquired in 1996 improved efficiency of infill field development.
- Since 1936, several successful infill development wells have been drilled by multiple companies.
- The field today has numerous potential infill drill locations.

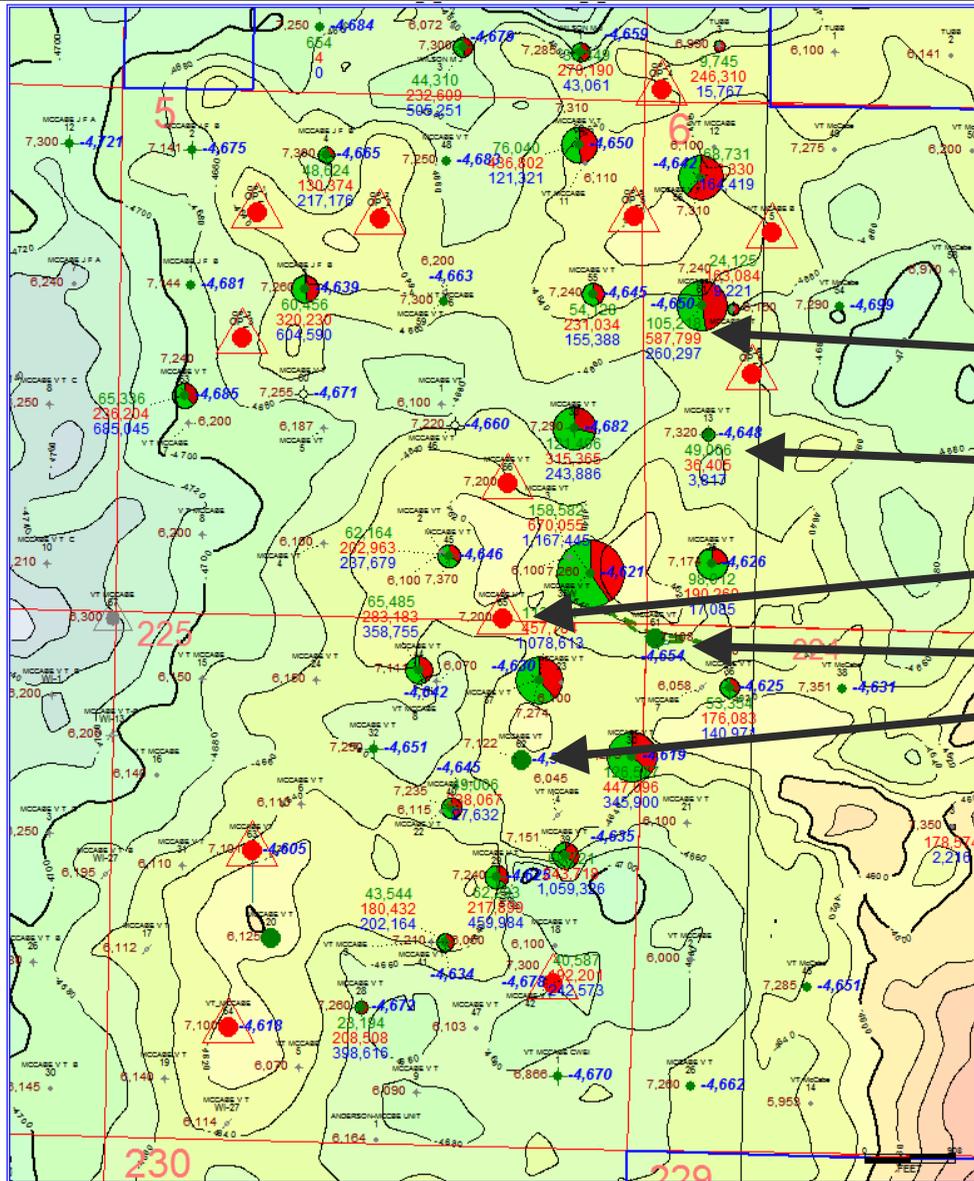
Ownership

- Royale has a Joint Operating Participation Area with California Petroleum Resources Corporation (CRPC) that covers the entire field.
- In 2020, the venture did not drill wells with Royale due to low gas prices.
- Royale owns 60% gross WI in 12 wells drilled since 2016.

Location of Jameson North Oil Field (JNF)



Odom Formation Map – Production wells (green); triangles – potential drill locations



Jameson North Field (JNF)

- Royale operated
- Oil well with oil (green), gas (red) and water (blue) production data from the Odom zone completion
- A potential Odom infill drill prospect location shown as a triangle
- Royale Drilled well VT McCabe 61
- Royale Drilled well VT McCabe 62
- Map is Subsea depth to Top Odom contours



Jameson North Oil Field

Field Highlights

- Located near Colorado City, TX
- Currently operated by Royale Energy
- Lease acres in 11 sections – 7,465 gross acres HBP, no surface fee 84.2% NRI
- Total Lease Cumulative Production: 10 MMBO, 10 BCF since 1976
- The field has multiple possible drill locations (red triangles on map)

Ownership

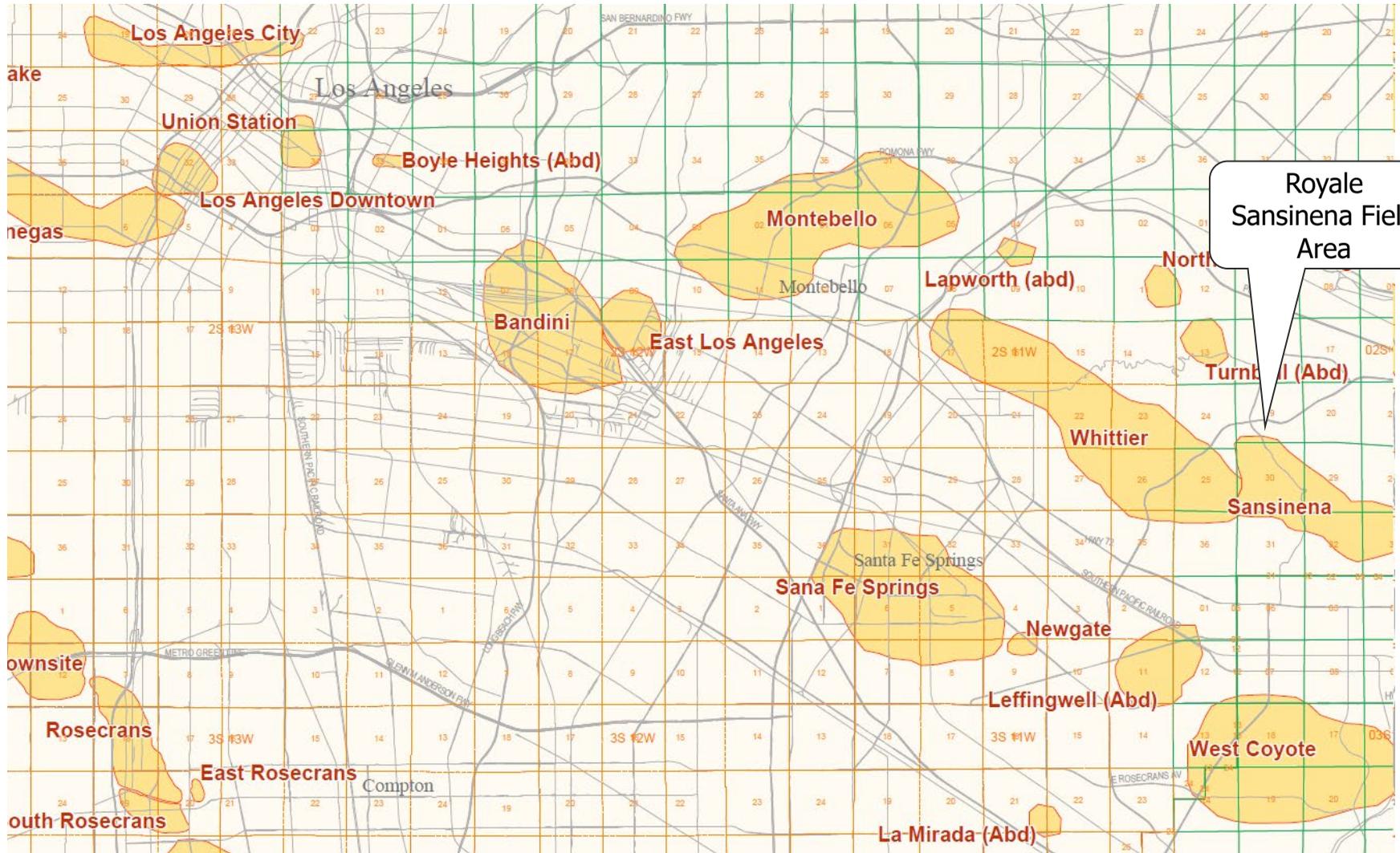
- Royale Energy currently owns 95% WI.

Reservoir

- Jameson North Field is a small field extension of the larger Jameson Field, which was developed by Shell to the south in the early 1950s as a Strawn sand and reef play; -JNF was identified in 1976.
- Strawn SS – Porosity of 12-24%; moderate perm of 100 to 300 md (marine sand).
- Odom and Ellenburger are also producers in the lease area.
- Weak water drive and depletion: 42 to 52-degree gravity oil and 1200+ BTU gas.



Location of Sansinena Oil Field – LA Basin





Sansinena Strategic Points

Field Highlights

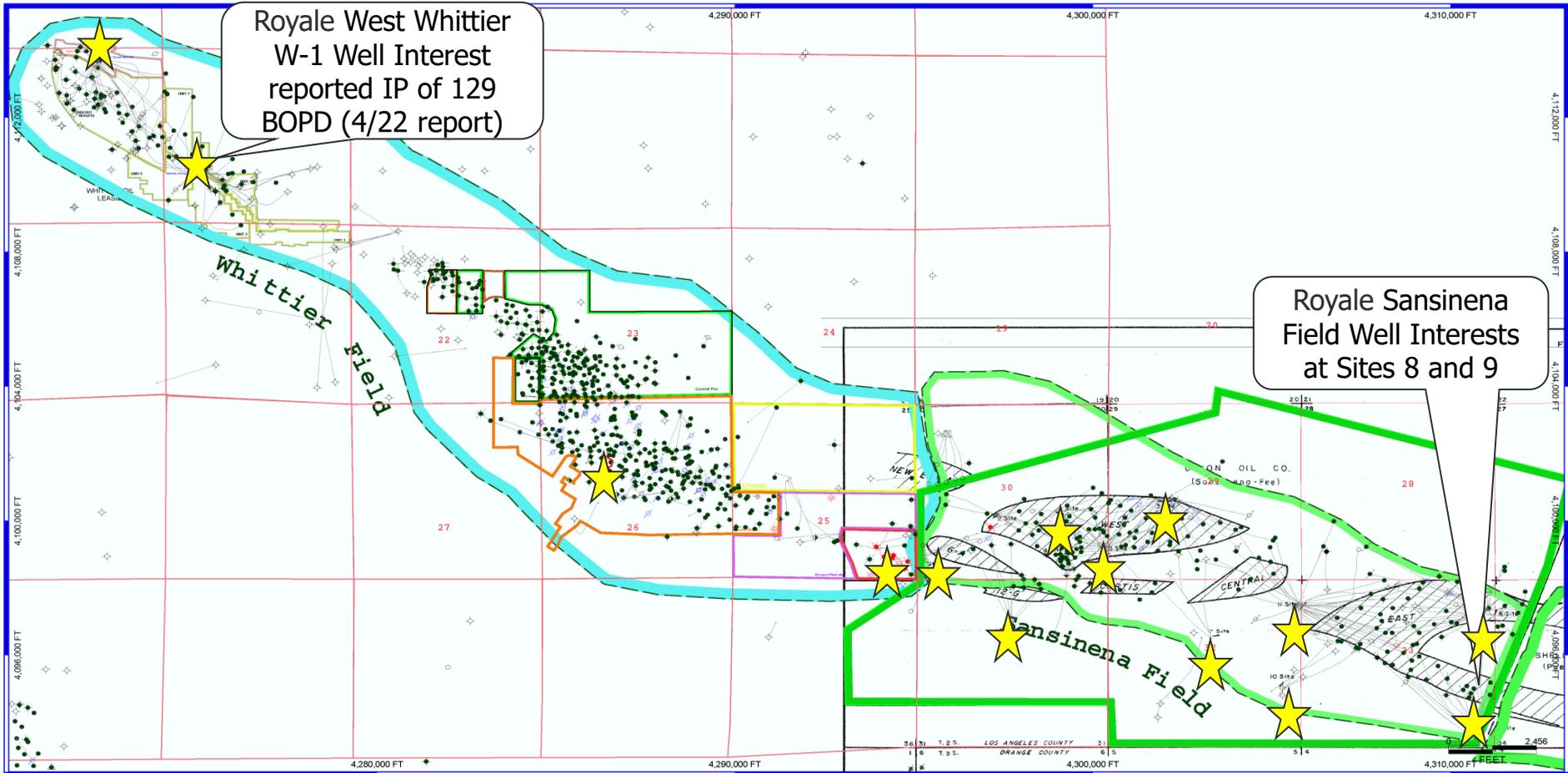
- Discovered in 1890, the field is part of a 30-mile-long oil field complex in the eastern LA Basin.
- Sansinena is 3 miles long and is a structural trap. It has approximately 900 Million BO (barrels oil) in place with an estimated recovery projection of oil of approximately 160 million BO.
- The field has a thick oil column of over 4,000 ft. in height located in many sandstone reservoirs.
- The field produces 15 to 32 gravity oil and associated natural gas with the oil.
- Historically the field has produced 60 million BO which is only an estimated 8 percent of the oil in place under the ground. Wells in excess of one million barrels each are documented.
- The current operating team has delineated approximately 70 viable infill drill locations.

Ownership

- Royale has a Joint Operating Participation Area that covers the entire field.
- As of Q3, 2020, Royale has participated in the drilling of 3 wells.
- Ownership to Royale in the 3 wells drilled is 50% WI.

Location of Sansinena and Whittier Fields

Drilling/Production Sites are shown as yellow stars



Results of Operations as of September 30, 2020

- In late 2019 and continuing into the end of Q3, there was a global outbreak of Covid-19 that resulted in significant impact to the oil and gas industry and could have had a prospective material impact to Royale.
- For the nine months ended Sept 30, 2020, we had a net loss of \$540,251 compared to a net loss of \$800,566 for the first nine months of 2019.
- During the nine months ending Sept 30, 2020 revenues from oil and gas production decreased \$281,976 or 19.9% to \$1,137,845 as compared to the first nine months of 2019 revenue of \$1,419,821.
- Oil and natural gas lease operating expenses decreased by \$74,357 or 6.0%, to \$1,163,428 for the nine months of 2020 ending Sept 30, 2020, compared to \$1,237,785 spent for the same period in 2019 through Q3.
- Depreciation, depletion and amortization expense increased to \$249,492 from \$217,327, an increase of \$32,165 or 14.8% for the nine months ended Sept 30, 2020 as compared to same period in 2019.
- At Sept 30, 2020, Royale had a Deferred Drilling Obligation of \$3,870,774.
- General and Administrative expenses decreased by \$80,284 or 4.8% to \$1,580,637 from \$1,660,921 spent during the first nine months of 2019.
- During the first nine months of 2019, Royale recorded a gain of \$532,510, on investment in joint venture as our 20% share of RMX Resources, LLC compared to a loss of \$127,716 for the same period in 2019.
- Bad debt expense for the period ending Sept 30, 2020 was \$368,417 as compared to \$5863 recorded for the same period in 2019.
- Interest expense decreased to \$10,306 for the nine months ended Sept 30, 2020 from \$17,186 recorded for the same period in 2019.

Summary of Drilling Results and Company Stated Reserves

- As of the end of Q3, 2020, Royale had drilled 3 combined natural gas and oil well prospects in 2020. A total of 3 wells drilled.
- New reserves for this activity will be determined by year end 2020 as reviewed by 3rd party auditor, Netherland Sewell and Associates (NSAI).
- As of December 31, 2019, Royale had proved developed reserves of 2,790,300 MCF and total proved reserves of 4,306,900 MCF of natural gas on all of the properties of Royale leases.
- As of December 31, 2019, Royale also had proved developed oil and natural gas liquids of 232,200 barrels and total proved oil and natural gas liquid combined reserves of 2,171,000 barrels.