



ROYALE
ENERGY

PERMIAN BASIN RESERVES



PRIVATE PLACEMENT
MEMORANDUM



Confidential Private Placement Memorandum



ROYALE ENERGY

Permian Basin Reserves

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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.



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INTRODUCTION

Royale Energy

HISTORY

Royale Energy (the Company) explores, develops, produces and markets a diverse portfolio of oil and natural gas assets throughout the United States and provides investment opportunities in oil and natural gas drilling projects. The Company was initially organized in 1986 and is now incorporated under the laws of the State of Delaware. The Company owns and operates wells in California, Texas, Louisiana and Utah and markets oil and natural gas to its customers.

The Company has maintained a commitment to providing investment products, which seek to minimize investor risk while providing maximum return. The Company has accomplished this through the use of joint investment in multiple wells.

The Company currently owns interest in over 70 producing oil and natural gas wells. Royale Energy is focused on building prospect inventory through acquisitions of property, 3D seismic surveys and field development over some of the most prolific natural gas and oil producing fields.

The Company continually evaluates potential acquisitions, screens drilling prospects for economic and technical merit, and meets all filing requirements to local, state and federal agencies. In selecting opportunities for development, management employs a conservative philosophy of operations. The use of recognized independent engineering, geological and technical consulting firms enhances the chance of success in an industry known for its high risk.

Royale Energy provides direct management of company properties as needed to monitor and maintain a high level of productivity. Royale's policy is to place personnel at each well on a daily basis for on-site inspection and attention to production. This commitment to consistent, direct, hands-on monitoring of activities at the well-head insures the highest possible performance from each property. Royale's staff includes highly trained and skilled individuals, motivated to work for a company with a solid track record and commitment to excellence. Royale nominates and sells natural gas and oil to its customers and end users. These have included companies such as Shell Energy North America, Duke, and BP.

On March 1, 2018, Royale merged with Matrix Oil Management Corporation. This strategic transaction created a high-growth focused operating company with an extremely experienced technical team. Royale and Matrix both have been successful low-cost finders of oil and natural gas in West Texas.

COMPANY STRATEGY

Because of the rapidly increasing demand for energy by newly developing economies, it is the view of some experts that those who own oil and natural gas reserves that are commercially productive today are in an excellent position to earn a good return on their investments. Those companies that can maintain low overhead costs and are profitable in today's market will have good hunting in the U.S.

The objective of the Company is to contribute to American energy independence through the profitable development, operation and marketing of oil and natural gas wells within established fields in the continental U.S.

The Company accomplishes its goals through the following means:

1. The application of sound business principles in the successful development and operation of oil and natural gas wells.
 2. Utilization of stringent screening procedures in the identification and evaluation of properties for development.
 3. The involvement of investors who wish to participate in one or more of the investment vehicles created by the Company and its subsidiaries for asset acquisition and development.
-

4. The implementation of policies and procedures to optimize the operations and gas marketing activities of producing wells.

The Company's short-term strategy is to develop and produce existing discoveries that can be brought on stream quickly, in order to generate early cash flow and increase production and reserve levels. The Company continues its policy of purchasing producing wells that have additional well locations for development. By focusing its exploration operations on development drilling, the probability of securing commercially productive wells is higher. This policy, coupled with the Investors' participation in multiple wells, has been the cornerstone of each of the Company's investment offerings.

The Company performed an evaluation of different producing basins in the U.S. and compared statistics on exploration well success, development well success, well cost, reserves per well and initial production rates. Assessments of operating expenses, basin development potential, environmental risks, availability of leases and market concerns were also made. The results of this review are used to guide future expansion efforts of the Company. The Permian Basin in Texas is considered to be compatible with the Company's goals.

Acquisitions - The Company is continually evaluating acquisitions in proven oil and natural gas basins. The Company may purchase these properties for development inventory to be drilled, produced and marketed.

Economic Evaluation - Acquisitions in targeted basins are evaluated by performing a current cash flow analysis. Third party consultants verify conservative production forecasts.

OPERATIONAL / DEVELOPMENT STRATEGY

Royale typically acts as the operator or manager of wells in which it has an interest. This strategy has allowed the Company to reduce its operating costs and improve production. The Company continually pursues less expensive and more efficient methods of operating. The Company employs creativity and the latest technology to minimize cost and maximize profitability from its operated properties.

Development opportunities are pursued aggressively, where appropriate, to maximize the present value profit of the properties.

The rigorous process of acquisition evaluation, along with product price and operating cost assumptions, are used to evaluate the prospects. Prospects are then ranked on the basis of: a) future net revenues; b) profit to investment ratio; and c) internal rate of return.

INVESTMENT CRITERIA

Drilling prospects are subjected to a screening process similar to that of producing property acquisitions. These include development potential, operatorship, exploratory areas, and evaluation methods.

Development Potential - Fields are sought with additional development potential outside the existing production. These typically will require three or four wells to develop.

Operatorship - When appropriate, the Company will attempt to assume the largest interest and operatorship of exploration projects.

Exploratory Areas - As in acquisition of producing properties, exploration areas have been identified by our Basin Evaluation report. The basins targeted for exploration are largely the same as those targeted for acquisitions.

Economic Factors - The Company uses a then current, risked cash flow analysis technique for evaluating its exploration prospects.

DIRECTORS / MANAGEMENT

Royale Energy's management team consists of individuals who have worked closely together for many years. Each individual has been trained to be at all times aware of the short- and long-term goals of the Company. Although the areas of responsibility are sharply defined, each has the knowledge required to manage a particular area.

The principle occupations and relevant affiliations of the principal officers and directors of Royale Energy are as follows:

Chris Parada	Chairman of the Board of Directors
Jonathan Gregory	Executive Chairman of the Board of Directors
Johnny Jordan	Chief Executive Officer, President, Chief Operating Officer and Member of the Board of Directors
John Sullivan	Member of the Board of Directors
Jeff Kerns	Member of the Board of Directors
Mike McCaskey	Member of the Board of Directors
Stephen Hosmer	Member of the Board of Directors
Donald Hosmer	Co-Founder
Ronald Lipnick	Chief Financial Officer

The Board of Directors elects the officers annually. Directors serve for one year and must be re-elected each year by the shareholders. The business experience of each director, executive officer and key employee is summarized below.

CHRIS PARADA | CHAIRMAN OF THE BOARD OF DIRECTORS

Mr. Parada currently serves as Vice President of Business Development for Finergy Capital/EnRes Resources, an alternative investment fund providing structured capital solutions to upstream oil and gas companies. Additionally, Mr. Parada serves as President of Counter Point Consulting LLC, which he founded in 2019. Counterpoint provides a variety of consulting and contract CFO/VP Finance services to upstream and midstream clients. Prior to joining Finergy/EnRes, Mr. Parada served as Managing Director at Ten Oaks Energy Advisors from April 2020 to February 2021. Prior to 2019, Mr. Parada was an energy banker for over 25 years, most recently, as Managing Director - Head of Energy Finance for Legacy Texas Bank (2013-2019) where he started and built the Energy Finance team for Legacy Texas. While at Legacy Texas, Mr. Parada and the team successfully closed over \$1.5 billion in transactions while he managed a team of seven professionals. Over the course of his career in banking, Mr. Parada has originated, led and syndicated several direct and multibank credit facilities of \$10-\$500 million. Mr. Parada graduated in 1993 from Texas A&M University with a B.B.A. in Finance.

JONATHAN GREGORY | EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS

Mr. Gregory brings over 26 years of experience in the oil and gas industry, including a 25-year banking career where he focused primarily on reserve-based lending to both private and public oil and gas companies. Most recently, he served as chief financial officer for a private independent exploration and production company, where he was actively engaged in raising equity and in acquisitions and development activities.

Mr. Gregory is a member of Houston Producers Forum, Houston Energy Finance Group, and ADAM Houston Energy Network. He is a Co-Founder of Bread of Life, Inc., a non-profit organization committed to empowering homeless Houstonians. Mr. Gregory also serves as a director of Small Steps Nurturing Center, a non-profit Christian organization that provides early childhood education for economically at-risk children in inner-city Houston, Texas.

JOHNNY JORDAN | CHIEF EXECUTIVE OFFICER, PRESIDENT, CHIEF OPERATING OFFICER AND DIRECTOR

Mr. Jordan is a petroleum engineer with expertise in acquisitions, field economics and reserves analysis, bank negotiations, reservoir and field operations, and multi-team interaction. Mr. Jordan served on the Board of Directors of Matrix, and CIPA and currently serves on RMX Resources Board of Directors. Mr. Jordan has been active in the oil and gas industry since 1980 beginning as a floor hand on a well service rig. He has held

various staff and supervisory positions for Exxon, Mack Energy, Enron Oil and Gas, and Venoco Corporation. He co-founded Matrix Oil Corporation in 1999 and served as its president until its merger with Royale in 2018. Mr. Jordan is a member of the Society of Petroleum Engineers, American Petroleum Institute and the Texas Independent Producers and Royalty Owners Association. Mr. Jordan has managed acquisition evaluations in many of the oil and gas producing basins in the U.S. Mr. Jordan received a B.S. in Chemical Engineering from the University of Oklahoma in 1983.

JOHN SULLIVAN | DIRECTOR

Mr. Sullivan is a Principal of LTD Consulting Services LLC. which provides consulting and management services to private and public companies in the U.S. and S.E. Asia. Previously, he held the position of Sr. Director at MMI International, a privately held, global supplier to the Data Storage, Aerospace and Oil and Gas industries. In this role, he oversaw the sales and global operations for the Precision Forming Group, a division of MMI, with \$250M in annual sales.

JEFF KERNS | DIRECTOR

Mr. Kerns was a founding partner of Matrix Oil Corp. in 1999, which merged with Royale Energy nearly 20 years later in 2018. As a director and officer of Matrix, Mr. Kerns participated in growing the Company. Mr. Kerns was involved in all aspects of the Company's growth, but his primary focus was day to day operations. Mr. Kerns started in the oil and gas business over 40 years ago as a roughneck in North Dakota working on rigs that drilled through the now famous Bakken Shale heading for deeper targets. Prior to Matrix Oil Corp. Mr. Kerns held various staff and supervisory positions with Mobil Oil Corp (now ExxonMobil) and Venoco, Inc., a small independent company headquartered in Santa Barbara, CA. He also gained broad skills working for many years as a consultant in the oil and gas business. Mr. Kerns is a registered Professional Engineer in the state of CA. He received a B.S. degree from Stanford University in 1979. He served as an elected public official for 10 years on the local sanitary district board of directors as well as serving as president of a local Rotary International club and president of the San Joaquin Chapter of the American Petroleum Institute and has maintained a long term affiliation with SPE.

MICHAEL MCCASKEY | DIRECTOR

Mr. McCaskey has served on the Board of Directors and been a consulting advisor to Royale Energy since its merger in 2018 with Matrix Oil Management Corporation and Matrix Oil Corporation. Currently, Mr. McCaskey serves on the Board of Directors of RMX Resources LLC, a Texas Limited Liability Company. He is currently President of PEM Management Corporation, a CA corporation which serves as a Family Office consulting and investment firm. He has formally served as President of Matrix Oil Management Corporation, Vice President and Secretary of Matrix Oil Corporation and served on the Board of Directors of both companies since 1999. He has worked in both exploration and field development as a Petroleum Geologist since 1980 for ARCO Exploration, Union Oil of California, Venoco and Matrix. During those working years he has been involved in over 200 drilling projects. For Royale he has advised management and assisted with geologic evaluations of the 2018 and 2019 Rio Vista drilling project and recently the Jameson North drilling efforts in 2020. He has a B.S. and M.S. in Geology from Texas A&M.

STEPHEN M. HOSMER | DIRECTOR

Mr. Hosmer is a finance and operations executive with more than two decades of C-suite leadership in the public, private, and nonprofit sectors. He is the founder and Chief Executive Officer of Provident Strategic Advisers and Provident Accountability, providing fractional CFO and strategic-advisory services to corporate, small business, and nonprofit clients. He also co-founded Royale Energy, Inc., serving as Chief Financial Officer (1995–2022) and Chief Executive Officer (2002–2015) and as a director since 1998, directing SEC reporting and compliance, merger and acquisition transactions, and capital raises. He holds an MBA from Pepperdine University and a B.S. from Oral Roberts University.

DONALD H. HOSMER | CO-FOUNDER

In October 1985 Mr. Hosmer, along with his father and brothers, founded Royale Petroleum Corporation. In October 1986, Royale Energy, Inc. (the Company) was incorporated in order to combine the function of the prior two companies in preparation for the involvement of outside shareholders for the first time. Mr. Hosmer was responsible for the funding of over \$200,000,000 in oil and natural gas drilling. He has successfully

directed the funding of oil and natural gas wells throughout the major geologic basins in the U.S. Under his leadership Royale became the largest independent natural gas producer in California.

RONALD LIPNICK | CHIEF FINANCIAL OFFICER

Mr. Lipnick has been with The Company since May 1993 and has been the Controller since February 1994. He is responsible for the Company's accounting operations from daily accounting activities and general ledger reconciliation to the preparation of financial statements for the Company's SEC quarterly 10Q and year-end 10K filings. He also works closely with Royale's certified public accountants during their yearly audits. Mr. Lipnick has more than 35 years of experience in the accounting field. He has a Bachelor of Science in Accounting and a Master of Business Administration in Finance from Oral Roberts University, Tulsa, Oklahoma.

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Factors

Permian Basin Reserves

RISKS

This investment is speculative and involves substantial risk for investors. [See Risk Factors page 40].

CONFIDENTIALITY

The information contained in this offering memorandum has been prepared and is being furnished by the company for the confidential use of prospective purchasers in connection with this offering. Any reproduction or distribution of this offering memorandum, in whole or in part, is prohibited.

OFFERS TO PURCHASE

An offer to purchase the units described herein shall be made only through an authorized securities broker-dealer or authorized employees of the company.



PURCHASE PRICE

Permian Basin Reserves

Permian Basin Reserves Offering

Royale Energy is offering to Accredited Investors a direct participation in the drilling of development wells. An investment will consist of a direct working interest participation in four oil wells.

Each full unit is being offered at the purchase price of \$100,000 per unit with $\frac{1}{2}$ and $\frac{1}{4}$ units also available. Each full unit, $\frac{1}{2}$ unit or $\frac{1}{4}$ unit will consist of the following:

WELL NAME	WORKING INTEREST
One (1) unit is \$100,000 and consists of the following:	
Royale Energy Pradera Fuego # 1	0.06500%
Royale Energy Pradera Fuego # 2	0.06500%
Royale Energy Pradera Fuego # 3	0.06500%
Jameson North Odom Hz	1.10000%
One Half (1/2) unit is \$50,000 and consists of the following:	
Royale Energy Pradera Fuego # 1	0.03200%
Royale Energy Pradera Fuego # 2	0.03200%
Royale Energy Pradera Fuego # 3	0.03200%
Jameson North - Odom Hz	0.55000%
One Quarter (1/4) unit is \$25,000 and consists of the following:	
Royale Energy Pradera Fuego # 1	0.01600%
Royale Energy Pradera Fuego # 2	0.01600%
Royale Energy Pradera Fuego # 3	0.01600%
Jameson North - Odom Hz	0.27500%



Permian Basin Reserves

Pradera Fuego & Jameson North Field (JNF) Projects

Pradera Fuego Oil Field

Located in the Permian Basin (West of the city of Odessa, Ector County, Texas), the Pradera Fuego Project is drilling horizontal wells in the Mississippian section of the Barnett Shale. In Permian Basin Reserves, we will be drilling three horizontal wells in the same area as the Sweet Melissa 1H well which is one of the best wells in the entire play.

Royale Energy secured its interest in the Pradera Fuego Project through an agreement with Ares Energy before operatorship transitioned to Firebird Energy LLC. Ares, the original operator, strategically sold a portion of its ownership to Firebird, a well-capitalized independent oil and gas company headquartered in Fort Worth, Texas. Effective January 1, 2026, Firebird assumed operatorship of the project, bringing the financial strength, technical expertise, and operational capabilities to accelerate development. Firebird's focus on drilling longer horizontal laterals, increasing operational efficiencies, and reducing operating costs is expected to enhance the project's overall economics. Under the existing turnkey drilling agreement, these longer laterals will not increase drilling costs to investors, providing an immediate benefit while maximizing reservoir exposure.

Royale's 15,500-acre Pradera Fuego Project, now operated by Firebird Energy, is located in the heart of one of the most active horizontal shale plays in the Permian Basin, providing investors with exposure to one of North America's premier oil-producing regions. The Permian Basin currently produces approximately 4.1 million barrels of oil per day, representing approximately 38% of total U.S. oil production, underscoring the strategic significance of the region and the long-term development potential of the Pradera Fuego Project.

The Royale acreage position is surrounded by four of the largest operators in Texas, that includes XTO, the subsidiary of Exxon, with 6,500 acres to our North and recently purchased an additional 2,880 acres just to the southeast, OXY USA with 53,000 acres adjacent to us on the East, where Continental Resources is also developing 12,160 acres, and Diamondback Energy is developing 31,000 acres adjacent to us on the South (see page 14).

Reserve analysis indicates the "Ultimate Recoveries" for these wells to range from 965,000 to 1,500,000 barrels of oil and 1,750,000 to 2,500,000 MCF of natural gas.

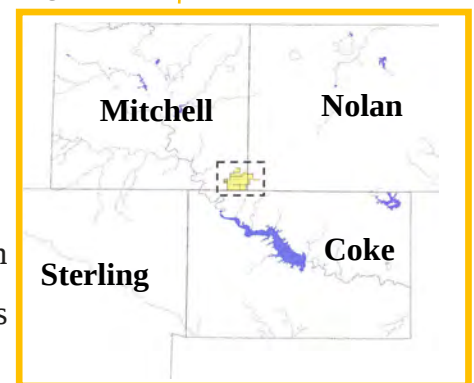
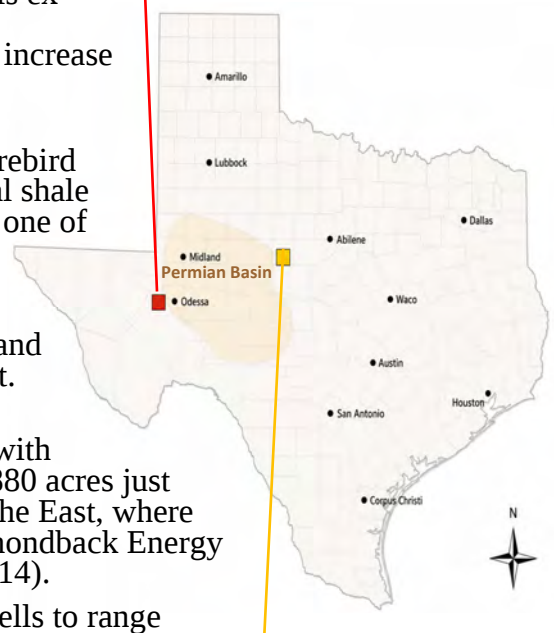
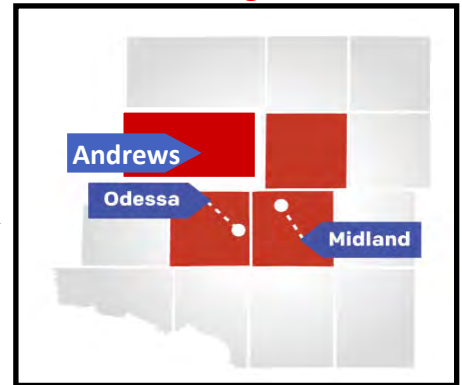
Over 120 wells have been drilled in this play without a single dry hole.

Jameson North Oil Field (JNF)

Located in the Permian Basin near Colorado City in Texas, the Jameson North Field 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 Pennsylvanian carbonate reef, which includes Caddo, Odom, Capps and equivalents.

Royale purchased the Jameson North assets from General Electric (GE) and Clayton Williams Oil and Gas 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 Jameson North Field (JNF) lease ownership in the Permian Basin.

Pradera Fuego Oil Field

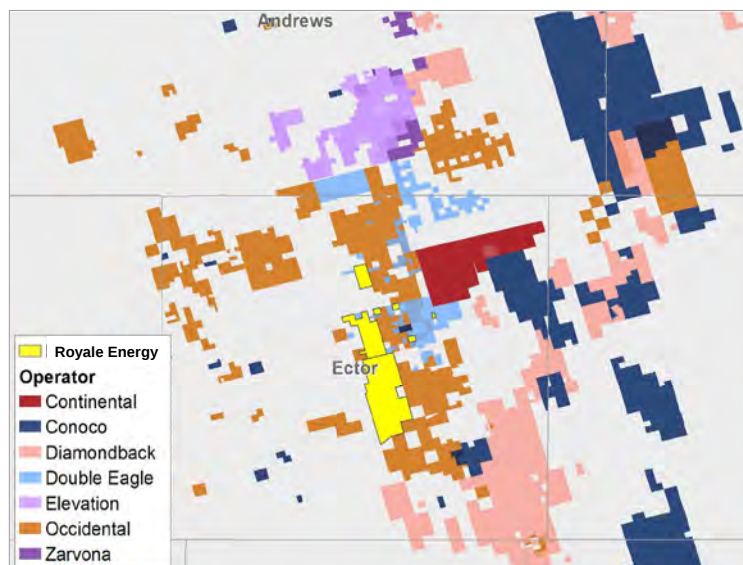




PRADERA FUEGO FIELD

Investment Opportunity Overview

Premier Permian Deep Undeveloped Inventory	- World class subsurface properties at the intersection of ideal pressure support, low clay content, and the thickest Lower Barnett section in the basin - World class subsurface properties manifest in peer-leading results with all Pradera Fuego wells demonstrating >100 Bbl/(ft of lateral drilled) estimated ultimate recoveries of oil (see page 17) - Robust development runway features 39 Barnett and 44 Woodford locations Unrivaled repeatability with an oil EUR P90:P10 ratio of ~1.3 (see page 19) The reserves are very predictable and repeatable
High-Margin Production Base	- Highly liquids weighted production - Remarkably low water production drives attractive LOE and exceptional operating margins (>85% operating CF margin cash flow)
Favorable Land and Midstream Dynamics	- Simple land condition with ~90% of net acreage governed by two leases, providing substantial operational flexibility - Advantaged realizations with crude sales directly into the Enterprise pipeline system running through the position. 15,500 contiguous acres in the core of the burgeoning Permian Barnett / Woodford play
Core Lower Barnett Position Underpinned by High Quality Surface	Best-in-basin combination of regional play drivers, including high-pressure, increased thickness and low clay content Optimal Structural Depth: Ideal pressure support while still fully in the oil window Organic-Rich: Thickest accumulation of organic laden resource along western play boundary Low Clay Content: Low clay content provides efficient stimulation and mitigates potential drilling issues





Permian Basin Reserves Prospects

Pradera Fuego - #1, #2 and #3

Permian Basin, Texas

Pradera Fuego - #1 #2 and #3

The wells will be positioned in the same area as our previously drilled wells (see below). Based on seismic and subsurface analysis, we will be expecting similar performances. The well paths will be guided by the 3D seismic to be in the same formation as the previous wells.

Previously Drilled Wells

The Sweet Melissa 1H had an initial rate of 830 barrels of oil per day and has produced 390,363 barrels of oil and 632,407 MCF of natural gas through June 2026 (51 months). The Sweet Melissa 1H is projected to recover 1,250,000 barrels of oil and 1,750,000 MCF of natural gas.

The Anna 1H had an initial rate of 818 barrels of oil per day and has produced over 354,278 barrels of oil and 637,396 MCF of natural gas (41 months). The Anna 1H is projected to recover over 1,200,000 barrels of oil and 1,800,000 MCF of natural gas.

The Abby Unit 1H had an initial rate of 1,347 barrels of oil per day and has produced over 441,031 barrels of oil and over 751,098 MCF of natural gas (34 months). The Abby Unit 1H is projected to recover 1,450,000 barrels of oil and 2,300,000 MCF of natural gas.

The Terry 1H had an initial rate of 1,093 barrels of oil per day and has produced over 370,501 barrels of oil and over 757,482 MCF of natural gas (32 months). The Terry 1H is projected to recover 1,175,000 barrels of oil and 1,900,000 MCF of natural gas.

The Becky 1H had an initial rate of 1,024 barrels of oil and has produced over 360,796 barrels of oil and over 582,623 MCF of natural gas (32 months). The Becky 1H is projected to recover 1,120,000 barrels of oil and 1,800,000 MCF of natural gas.

The Ava Unit 1H had an initial rate of 1,392 barrels of oil per day and produced over 313,476 barrels of oil and over 491,830 MCF of natural gas (24 months). The Ava Unit 1H is projected to recover 1,541,000 barrels of oil and 2,465,000 MCF of natural gas.

The Katy Unit 1H had an initial rate of 1,364 barrels of oil per day and produced over 271,652 barrels of oil and over 292,949 MCF of natural gas (23 months). The Katy Unit 1H is projected to recover 1,117,000 barrels of oil and 1,787,000 MCF of natural gas.

The Irma Unit 1H had an initial rate of 1,044 barrels of oil per day and produced over 131,369 barrels of oil and over 137,268 MCF of natural gas (9 months). The Irma Unit 1H is projected to recover TBD barrels of oil and TBD MCF of natural gas (beginning stages of production history).

The Patrica Unit 1H had an initial rate of 1,031 barrels of oil per day 1,915 of Natural gas and produced over 23,588 barrels of oil and over 33,647 MCF of natural gas (1 month).

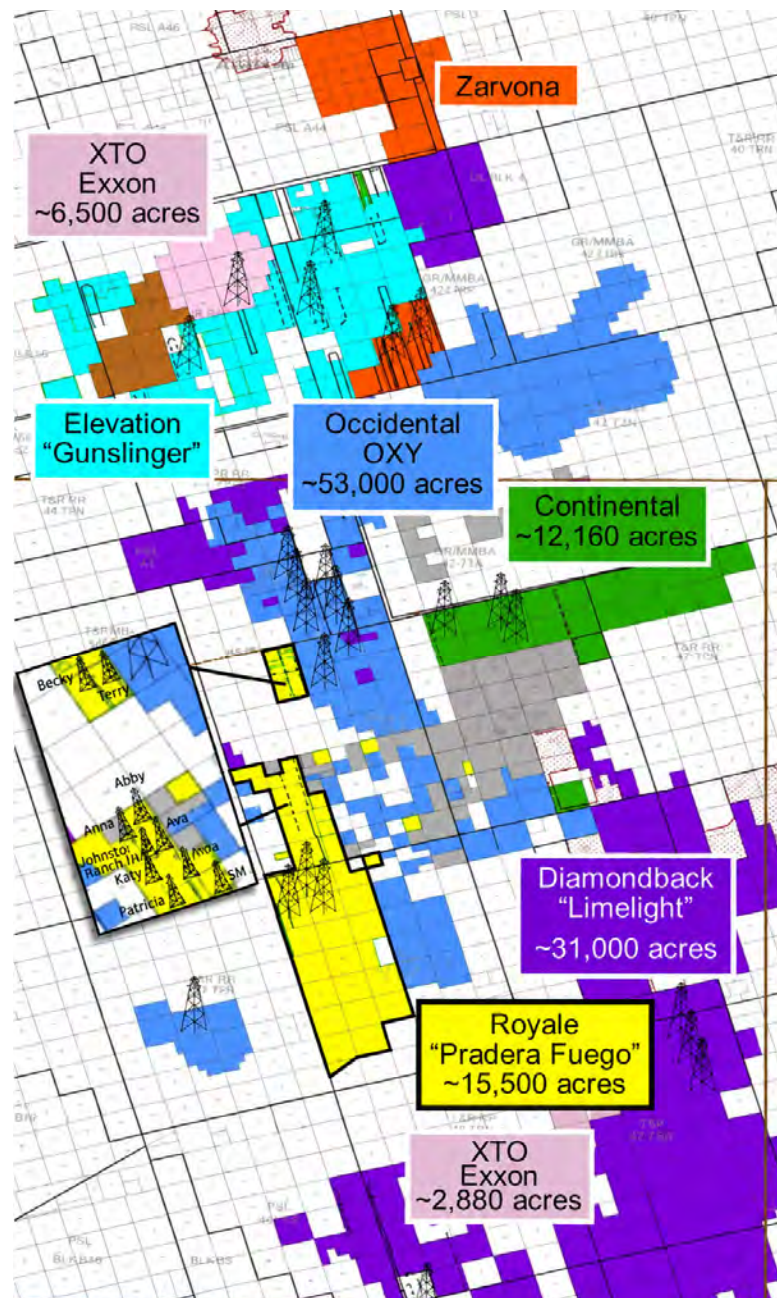
Johnson Ranch 3345 901H was recently drilled and is currently beginning completed.



PRADERA FUEGO FIELD

Lease Position

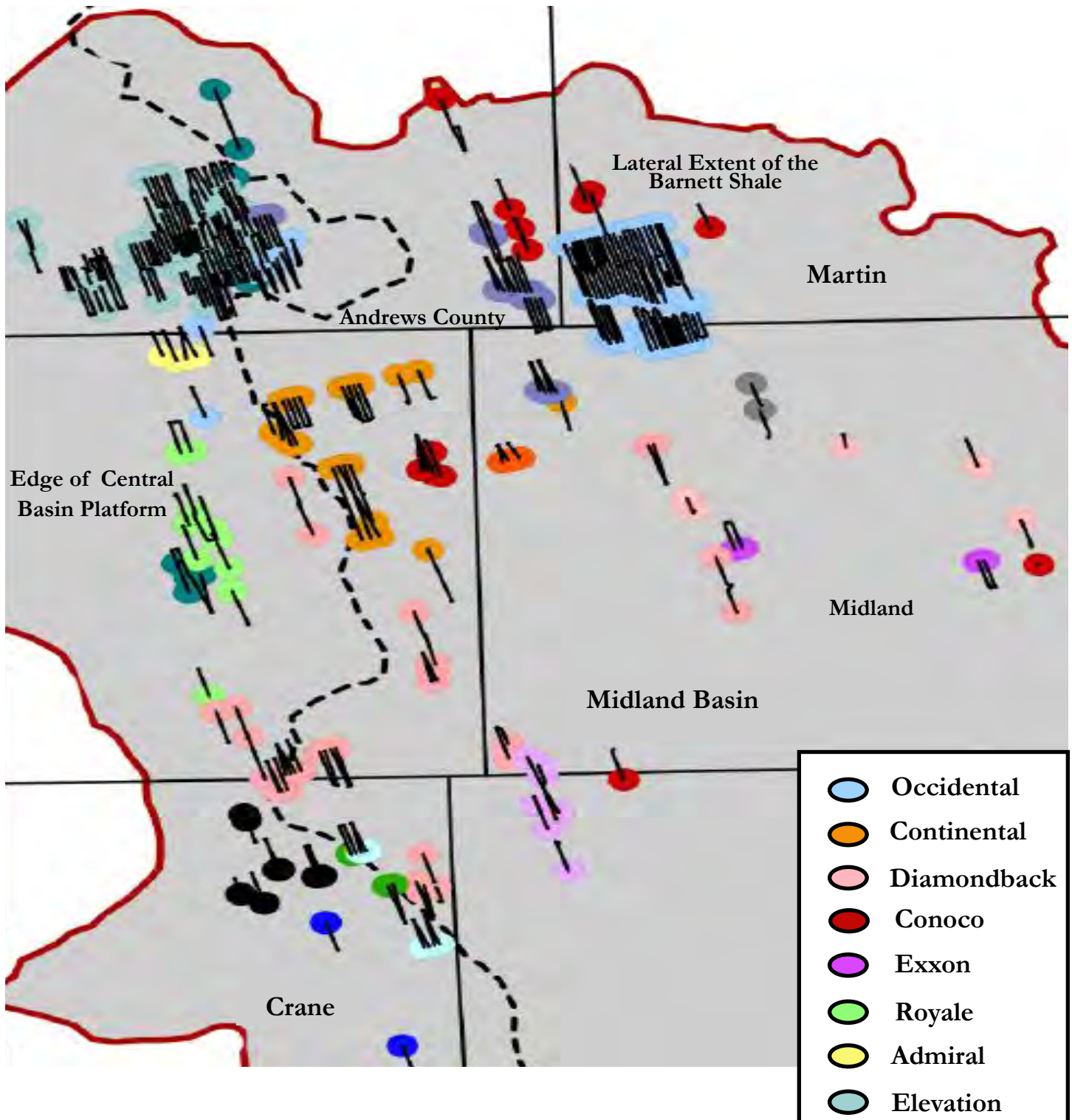
- Since 2016, the emergence and progression of the Mississippian play has accelerated in both Andrews & Ector counties.
- Two new high resolution, state of the art, 3D seismic shoots sponsored by Oxy, XTO, Diamondback and Chevron have been completed for the Mississippian Barnett shale play area within Andrews and Ector Counties.
- Over 1,100 square miles of data has been acquired which covers all of Pradera Fuego's acreage position. Seismic analysis indicates substantial thickening of the targeted shale package.





PRADERA FUEGO FIELD

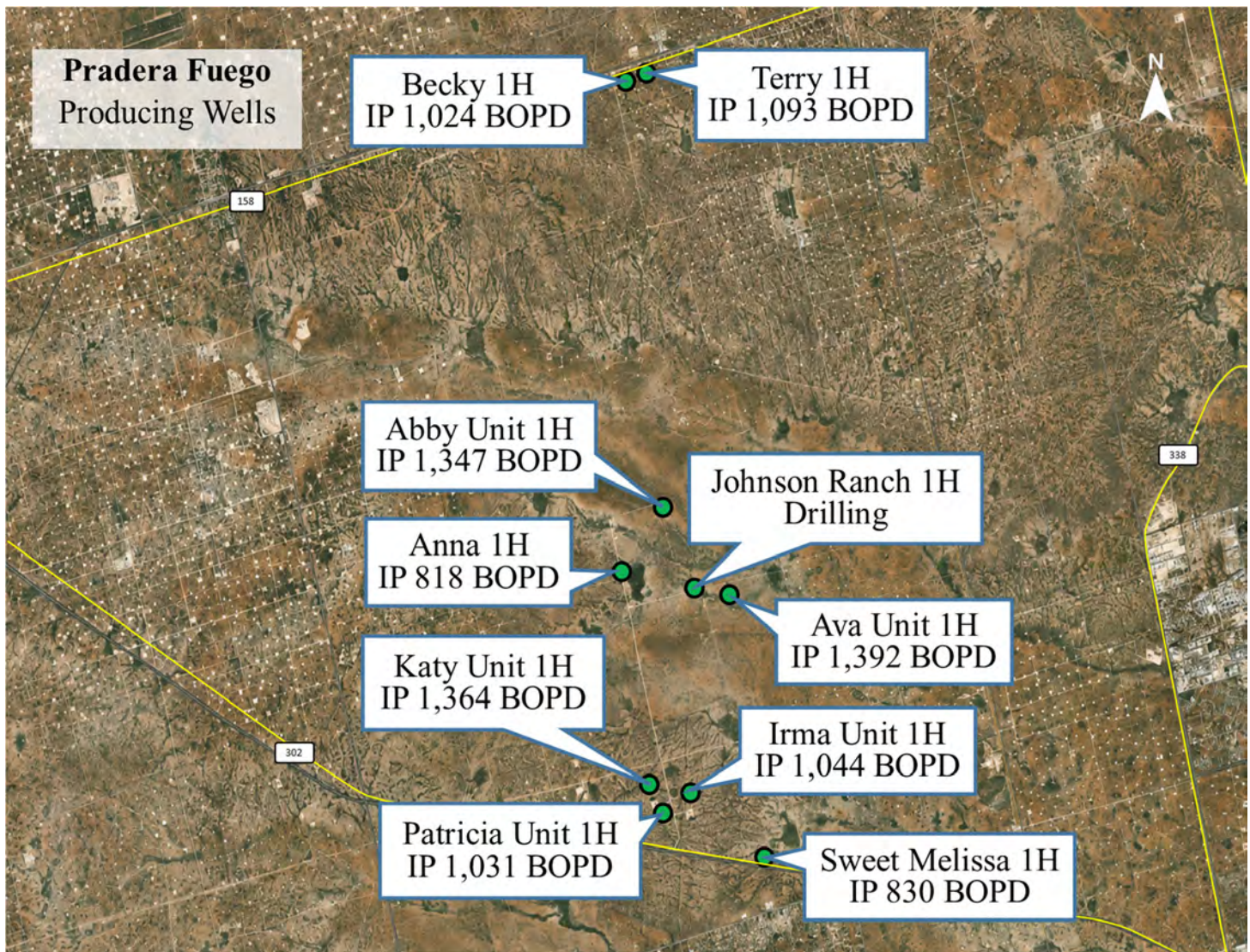
Drilled Wells Position





PRADERA FUEGO FIELD

Arial View - Pradera Fuego Well Locations



IP - Initial Production

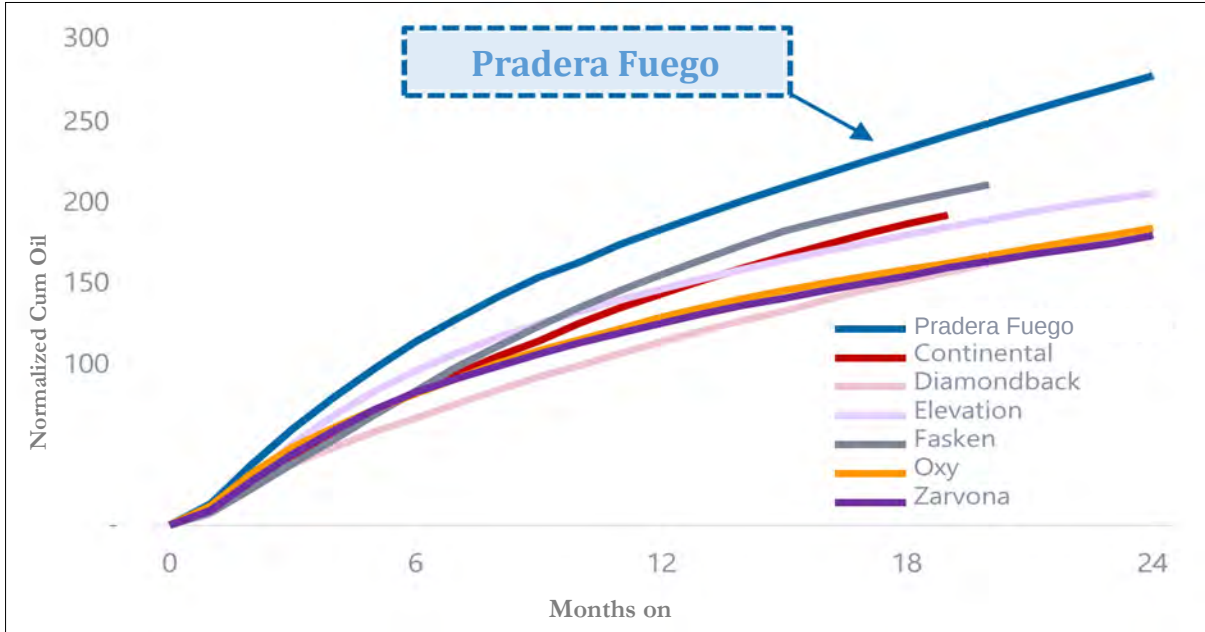


PRADERA FUEGO FIELD

Top-Tier Productivity in the Burgeoning Permian Deep Plays

Pradera Fuego delivers peer-leading well results in an increasingly active play that is attracting development from major Permian operators.

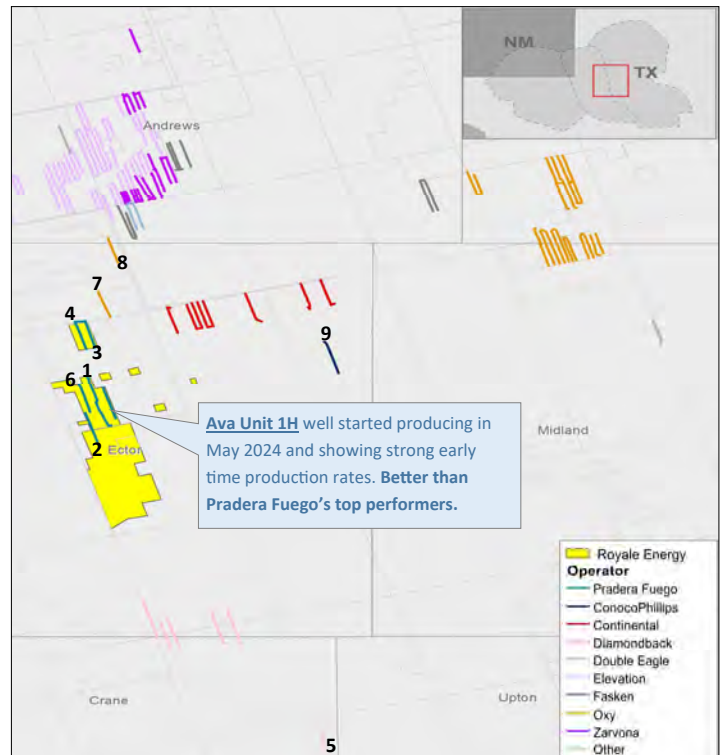
Performance by Operator



Top Regional Deep Wells

Well Name		Asset / Operator	Proppant Intensity (lb / ft)	EUR (Bbl/ft)
1	Abby Unit 1H	Pradera Fuego	~2,200	132
2	Sweet Melissa 1H	Pradera Fuego	~2,200	114
3	Terry 1H	Pradera Fuego	~2,200	103
4	Becky 1H	Pradera Fuego	~2,200	103
5	UL Anthem May 1H	Diamondback	~2,300	101
6	Anna 1H	Pradera Fuego	~2,200	101
7	Tupelo 1H	Oxy	~2,200	97
8	Biloxi 1H	Oxy	~2,200	97
9	Ratliff JGA 290 TH	Conoco	~2,200	95

Locater Map | Select Operators



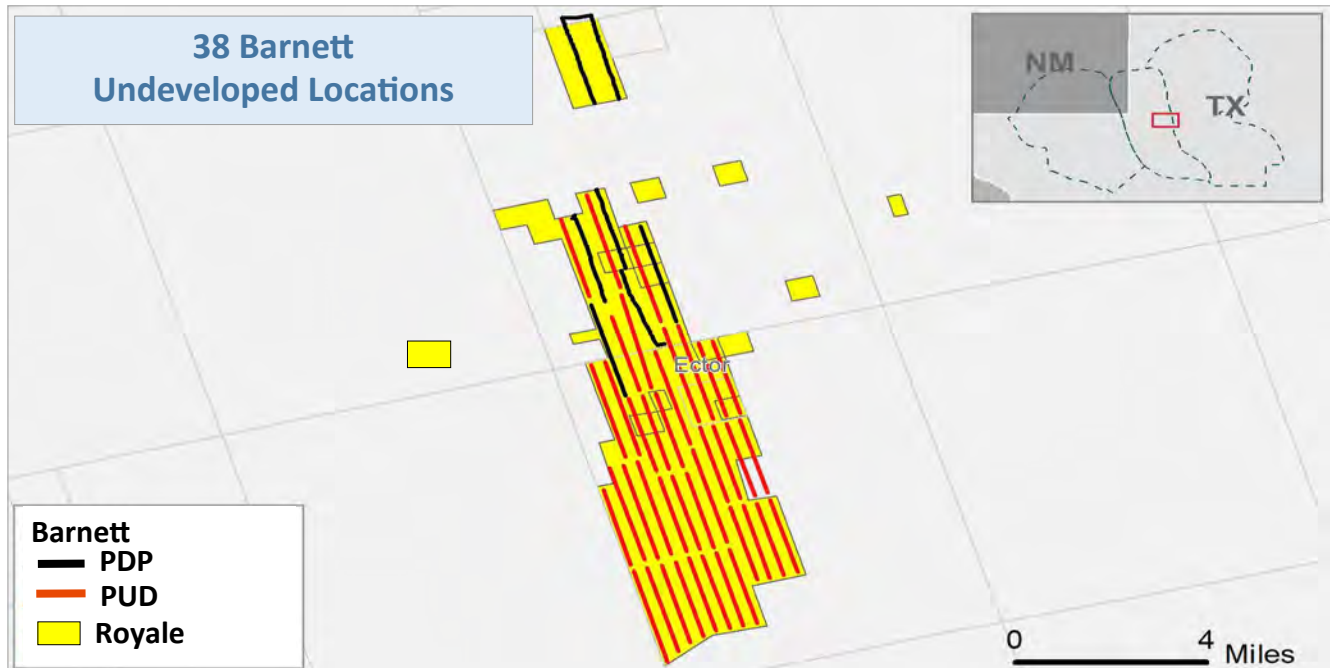


PRADERA FUEGO FIELD

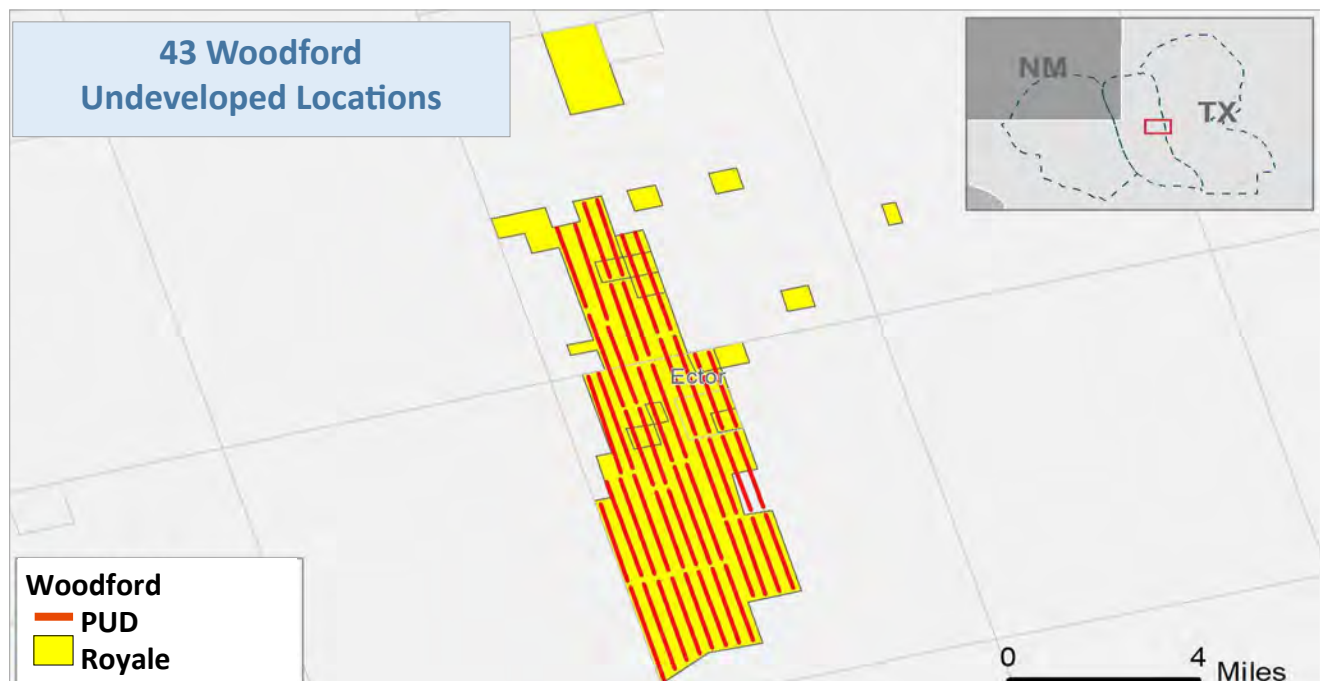
Highly Economic Inventory Supported by
Contiguous Position

Multi-year development runway of long-lateral inventory provides highly oil-weighted volumes and world-class reserves.

Barnett Development Inventory



Woodford Development Inventory





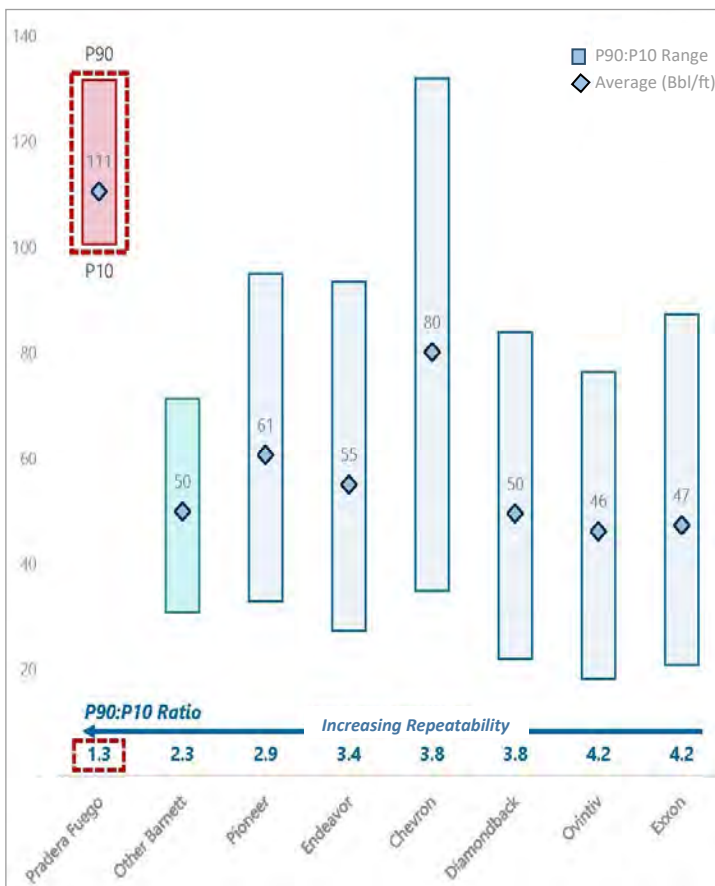
PRADERA FUEGO FIELD

Best in Basin Consistency

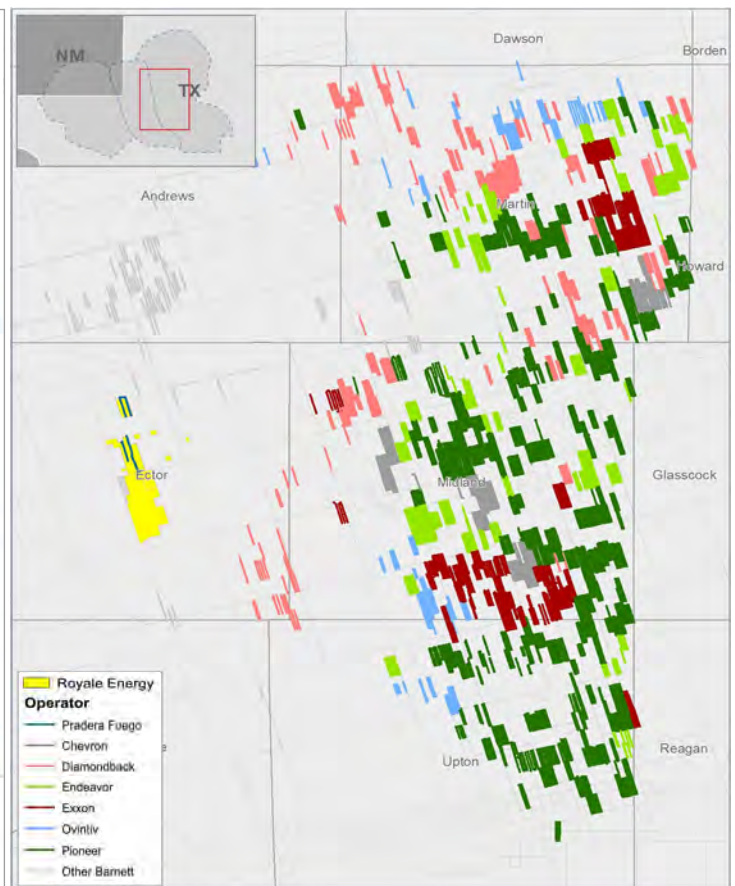
Pradera Fuego outpaces the prolific Midland Basin Wolfcamp and provides unparalleled consistency of results.

THE RESERVES ARE VERY PREDICTABLE AND REPEATABLE

Distribution of Results | Oil EUR ⁽¹⁾ (Bbl/ft)



Locator Map



UNRIVALED REPEATABILITY AND PREDICABILITY WITH AN OIL EUR (ESTIMATED ULTIMATE RECOVERY) P90:P10 RATIO OF ~1.3

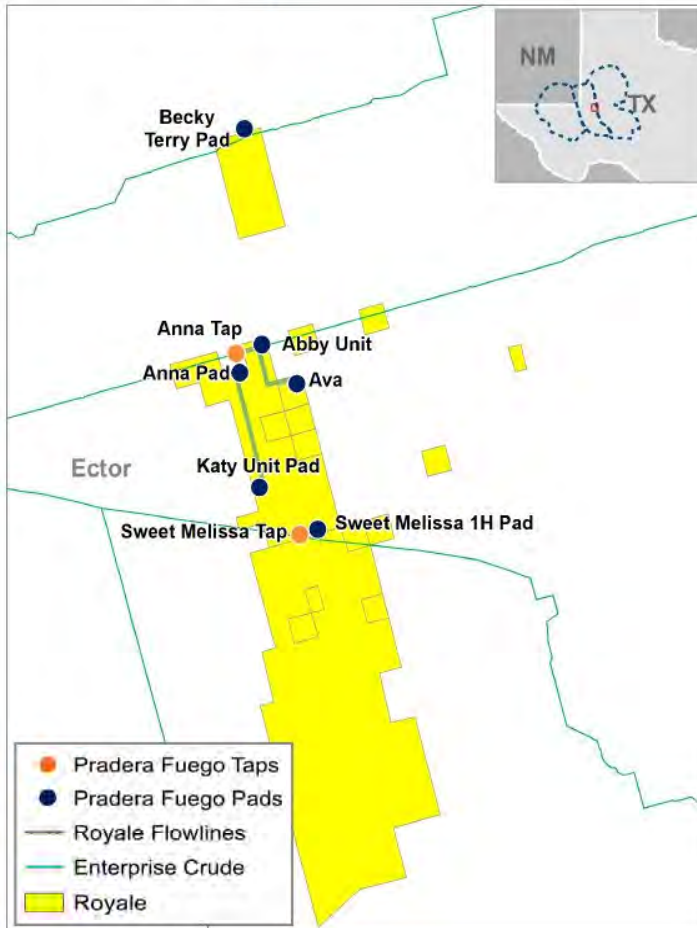
(1) ESTIMATED ULTIMATE RECOVERY



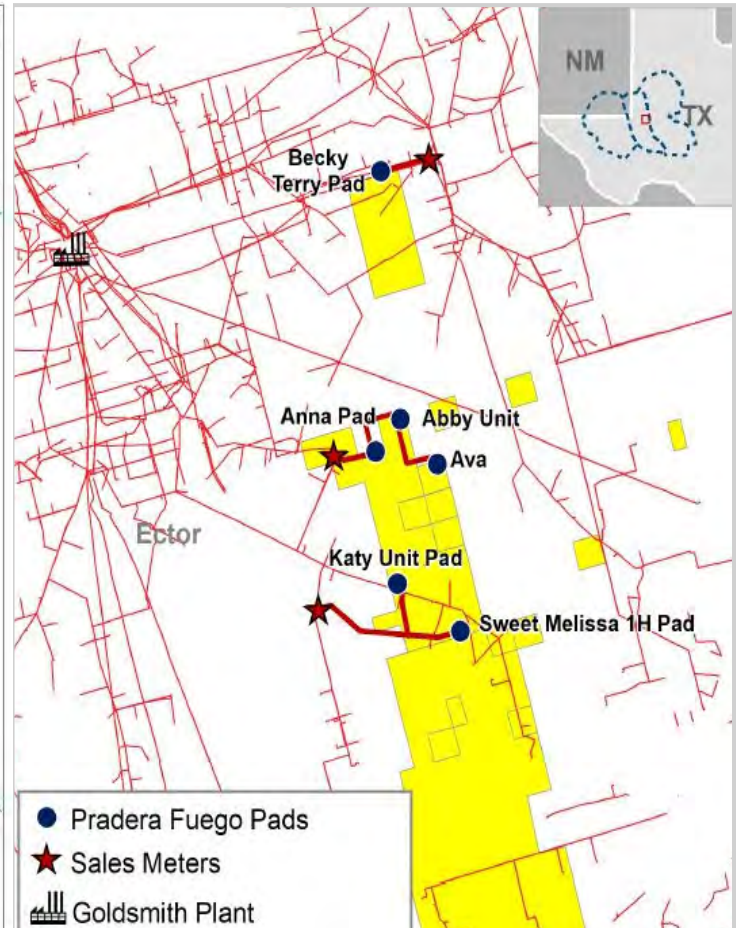
PRADERA FUEGO FIELD

Oil and Natural Gas Infrastructure

Oil Infrastructure Map



Natural Gas Infrastructure Map





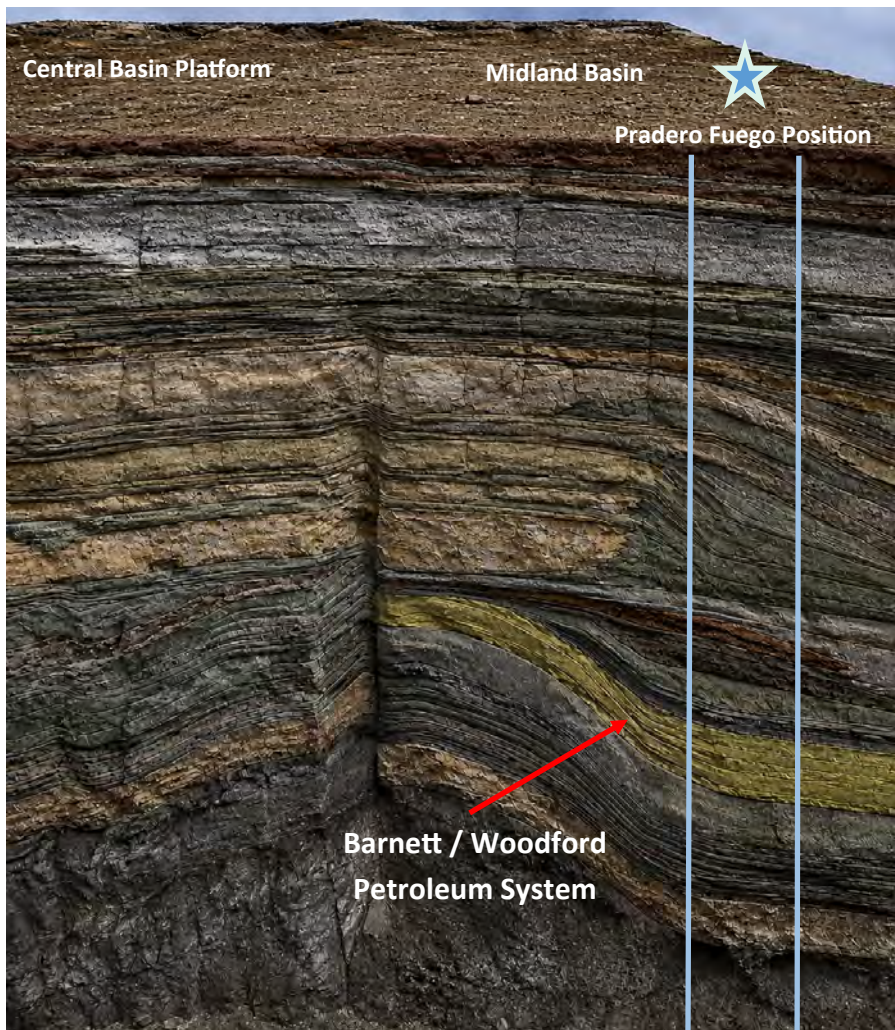
PRADERA FUEGO FIELD

Technical Overview

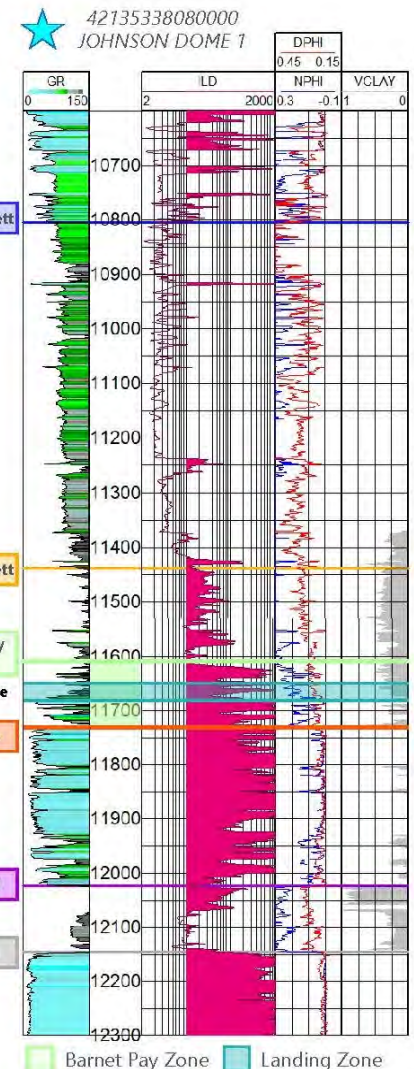
Core Lower Barnett Position In Western Midland Basin

The western margin of the play fairway is controlled by the CBP (Central Basin Platform) uplift and associated faulting, resulting in a dramatically thickened Lower Barnett within the Pradera Fuego acreage.

Ector county



Asset Type Log





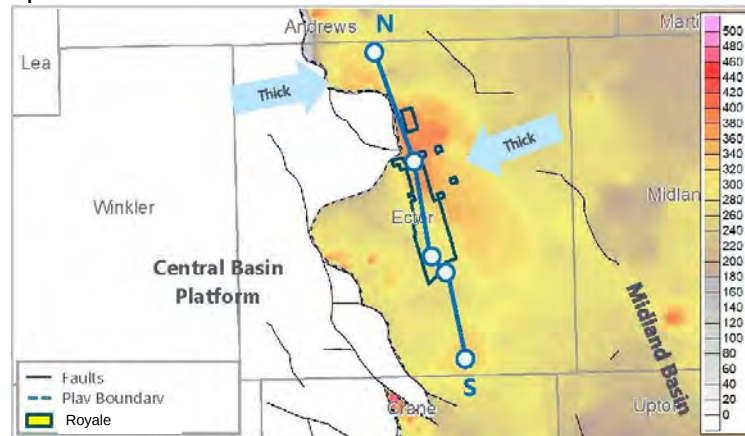
PRADERA FUEGO FIELD

Technical Overview Well Spacing Trends

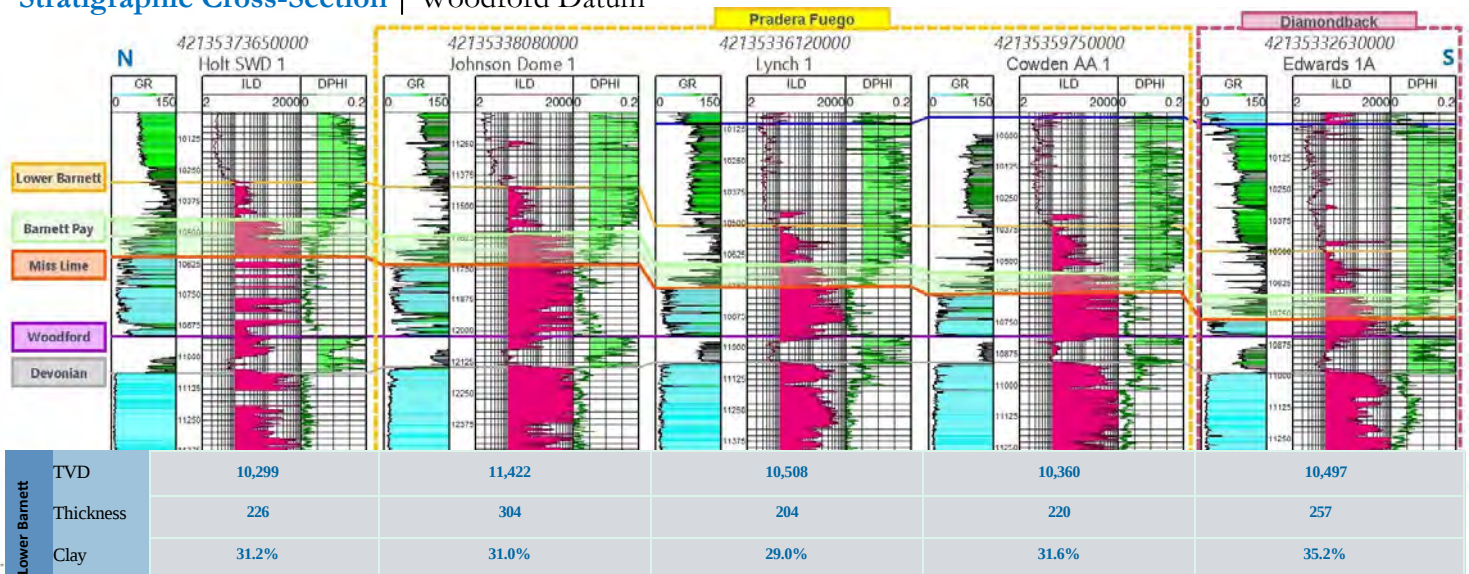
Key Points

- Pradera Fuego contains a best-in-basin combination of Lower Barnett play drivers with high reservoir pressure, thickness greater than 260 ft. and an average density porosity of 18% across the position
- Regionally, the Lower Barnett is thickest near the Pradera Fuego position, where the N-S regional faults control the western margin of the play boundary
- Across the position, thickness is greatest in the north with other primary petrophysical properties consistent
- Horizontal wells target the basal, high-resistivity, siliceous and organic-rich section
- The Barnett Shale belongs to the Mississippian period and mostly consists of black carboniferous shales and laminated mudstone to siltstone lenses of siliceous and some carbonaceous composition

Lower Barnett Isopach | ft



Stratigraphic Cross-Section | Woodford Datum





PRADERA FUEGO FIELD

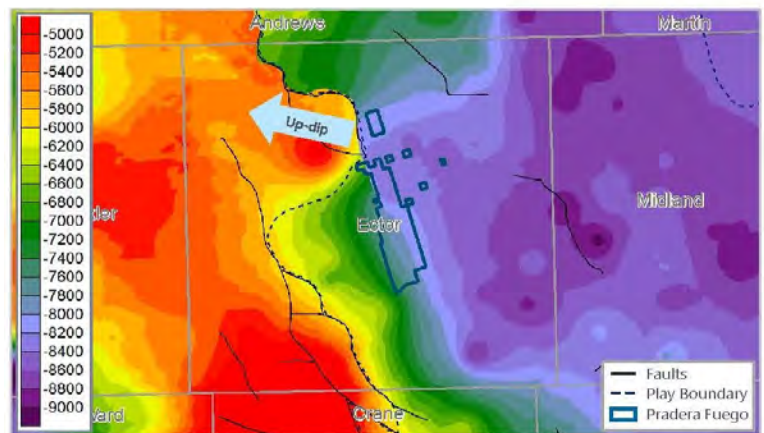
Technical Overview Ector County Geologic Analysis

Standout position boasting optimal reservoir conditions, including high-pressure, substantial thickness, and low clay content

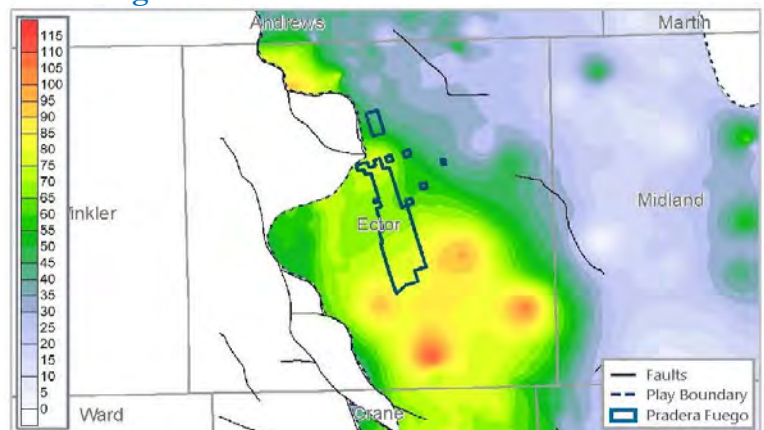
Key Points

- Major faults impact structural depth and define the western reservoir boundaries; depth ranges from -7,200 to -8,400 ft. SSTVD across the position
 - Benign structural change across the position emphasizes tectonic quiescence, reducing operational complexity and GOR, as observed in Andrews county
- Pradera Fuego contains an overall low clay content, averaging ~32% across the position
 - Clay content increases south of our position to over 45% and is recognized as highly detrimental to well performance
 - Mixed clay content in the Upper Barnett has posed drilling issues that have been significantly mitigated by leveraging 3D seismic with precise directional drilling operations
- Improved net reservoir (landing zone) suggests sustained strong well results to the south

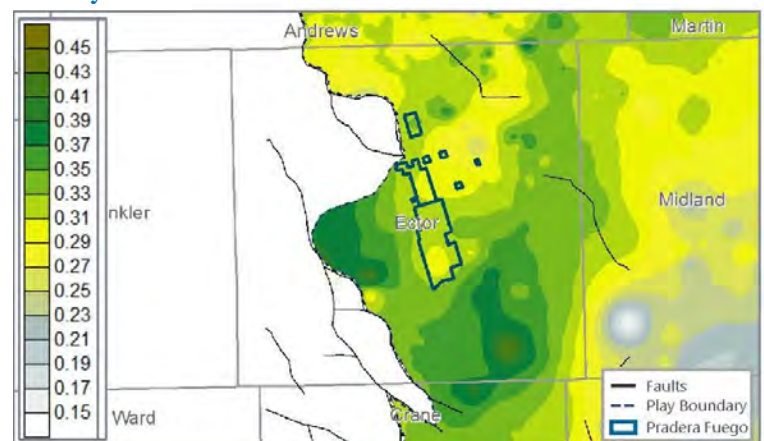
Subsea Structure SSTVD



Landing Zone Net Reservoir ft.



Vclay %





PRADERA FUEGO FIELD

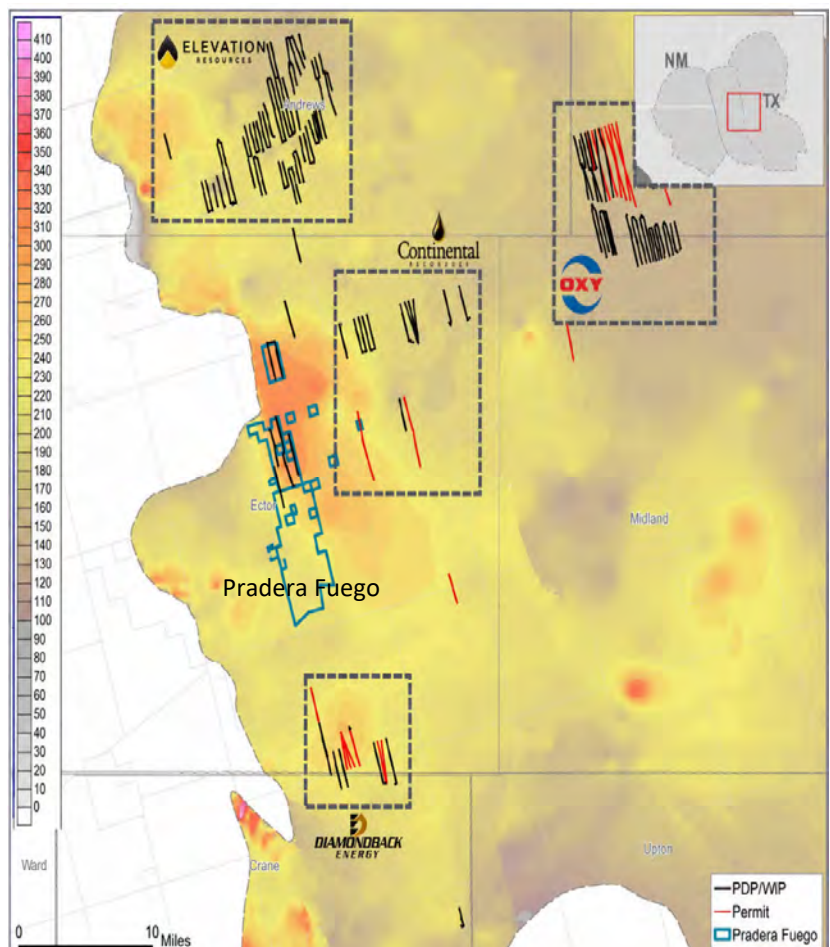
Technical Overview Well Spacing Trends

Major Permian operators pursuing full-field Lower Barnett/Mississippian development with a 4 well-per-section (WPS) spacing

Avg Lower Barnett Thickness & WPS

Operator	Barnett Thickness	Well Spacing
Pradera Fuego	243 ft	Planned 4 WPS
 Continental	226 ft	~4 WPS
 DIAMONDBACK ENERGY	239 ft	~4 WPS
 ELEVATION RESOURCES	210 ft	~4 WPS
 OXY	155 ft	~4 WPS

Space Configuration | Lower Barnett Isopach





PRADERA FUEGO FIELD

Anna 1H

Well Summary, Performance & Reserve Potential

Well Summary

- Horizontal Mississippian well drilled to a total measured depth of 22,865 ft.
- Vertical depth: 11,625 ft. with a horizontal lateral length of 11,240 ft.
- When it was drilled it was the second-longest Mississippian lateral length of any Mississippian Barnett well in Andrews or Ector County.

Completion

- Hydraulic fracturing completed with 62 stages consisting of:



24,466,000
Lbs of sand



613,845
Bbls of water



Frac operations completed in 17 days

- Completion operations supported effective stimulation across the lateral section.

Production Performance (41Months)

- Initial production rate of **818 barrels of oil per day** (BOPD) and 1,686 thousand cubic feet of natural gas per day (MCFD)
- To date, the well has produced approximately:



354,278
barrels of oil



637,396
MCF of natural gas

Estimated Ultimate Recovery (EUR)

Based on normalized production performance curves and ('Type Curve') from wells drilled by Oxy, Zarvona, and Diamondback, the Sweet Melissa 1H and Anna 1H is projected to "ultimately" recover approximately:



1.2
Million barrels
of oil



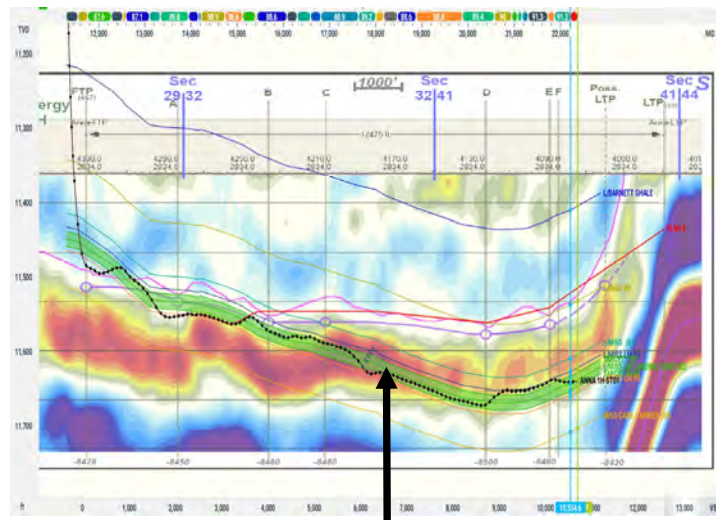
1.7
BCF of Natural Gas



Anna 1H Drilling Location - Pradera Fuego Project
Permian Basin, Ector County

Well Path

- The lateral was drilled in a North to South direction along the steeply Devonian structure to the West.
- Operator was able to maintain the well bore within the desired thick B-2 zone (shown in green below) along the entire 11,240 ft. lateral path.



Mississippian oil pay in green



PRADERA FUEGO FIELD

Abby Unit 1H

Well Summary, Performance & Reserve Potential

Well Summary

- Horizontal Mississippian well drilled to a total measured depth of 22,035 ft.
- Vertical depth: 11,750 ft. with a horizontal lateral length of 10,282 ft.

Completion

- Hydraulic fracturing completed with 56 stages consisting of:



22,000,000

Lbs of sand



550,000

Bbbls of water



Frac operations completed in 14 days

- Completion operations supported effective stimulation across the lateral section.

Production Performance (34 Months)

- Initial production rate of **1,347 barrels of oil per day** (BOPD) and 1,649 thousand cubic feet of natural gas per day (MCFD)
- To date, the well has produced approximately:



441,031

barrels of oil



751,098

MCF of natural gas

Estimated Ultimate Recovery (EUR)

Based on normalized production performance curves and ("Type Curve") from wells drilled by Oxy, Zarvona, and Diamondback, the Abby Unit 1H projected to "ultimately" recover approximately:



1.45

Million barrels of oil



2.3

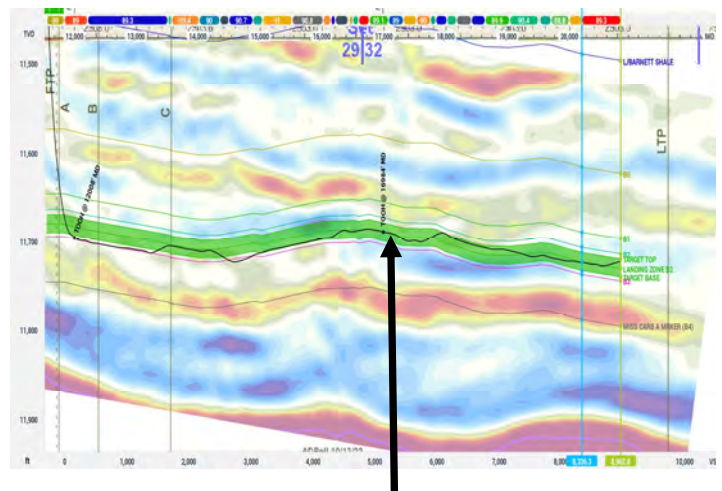
BCF of Natural Gas



Abby Unit 1H Drilling Location - Pradera Fuego Project
Permian Basin, Ector County

Well Path

- Operator was able to maintain the well bore within the desired thick B-2 zone (shown in green below) along the entire 10,282 ft. lateral path.
- The Vertical Depth was 11,750 ft.
- The well path demonstrates consistent placement within the targeted Mississippian reservoir interval.



Mississippian oil pay in green



PRADERA FUEGO FIELD

Anna 1H and Abby Unit 1H Seismic Interpretation

Seismic Interpretation:

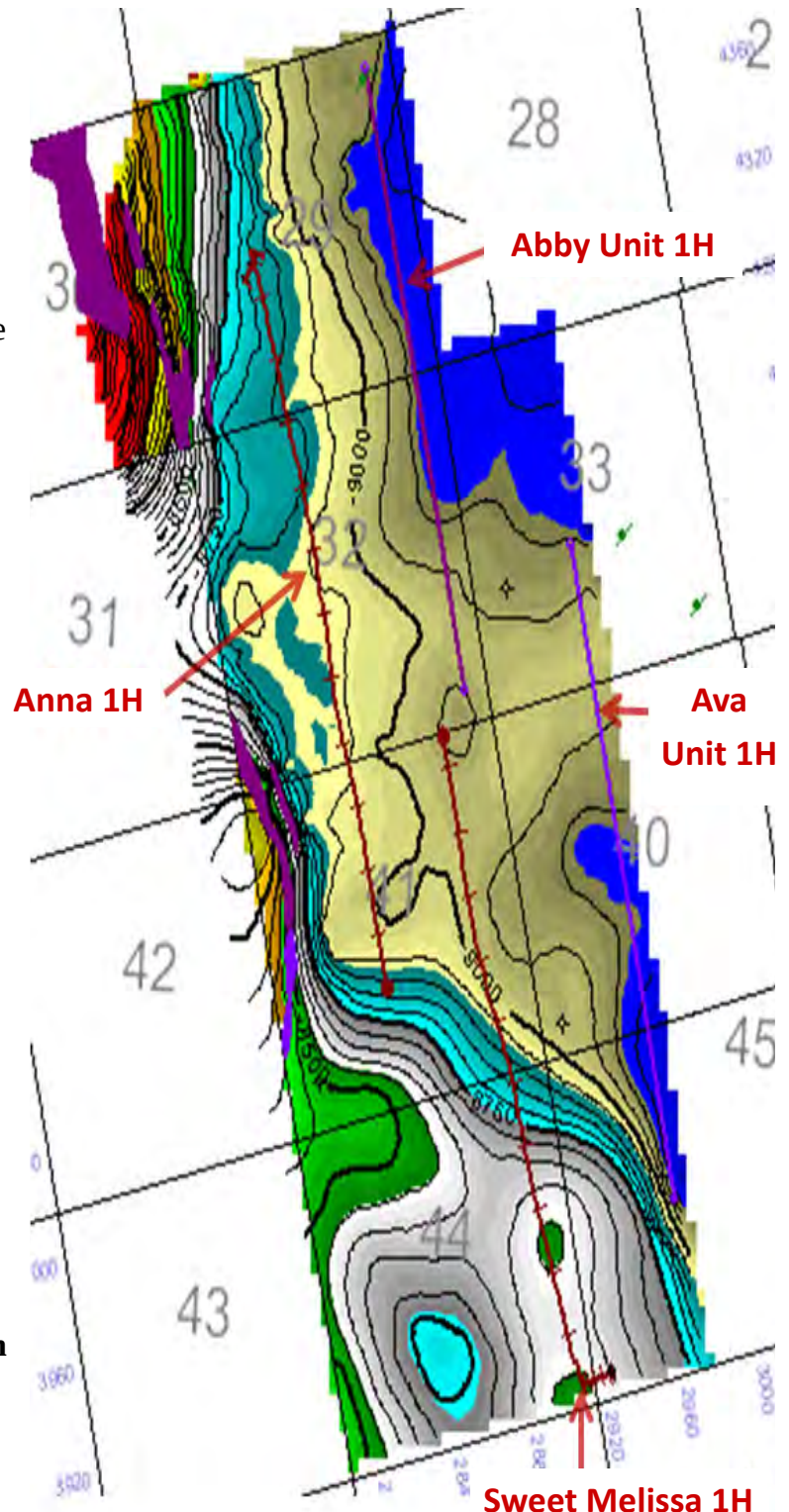
Anna 1H

- The Anna 1H was drilled North to South, negotiating a steeply dipping Devonian structure to the west.
- Proximity to the Devonian structure may enhance the productivity of the well due to the natural fracturing encountered along the entirety of the horizontal leg of the wellbore.
- Based on the relative position of the wellbore to folding of the Devonian structure, the benefits of natural fracturing experienced by the Sweet Melissa 1H across the fold were encountered along the entire length of the wellbore.

Abby Unit 1H

- The Abby Unit 1H was drilled in a North to South direction along the steeply dipping Devonian structure to the west.
- The Abby Unit 1H is approximately 2,650 ft. east of the Anna 1H.
- During the drilling of the lateral, sample oil shows were the best seen so far. Mud loggers witnessed up to 800 units of gas and bleeding oil from the samples.

This is an example of a seismic interpretation that is done for all wells.





PRADERA FUEGO FIELD

Terry 1H

Well Summary, Performance & Reserve Potential

Well Summary

- Horizontal Mississippian well drilled to a total measured depth of 22,440 ft.
- Vertical depth: 11,675 ft. with a horizontal lateral length of 10,765 ft.
- Simultaneously completed with the Becky 1H from the same drilling pad.

Completion

- Hydraulic fracturing completed with 58 stages consisting of:



22,758,095

Lbs of sand



546,368

Bbls of water



Frac operations completed in 17 days

- Simultaneously frac'd with the Terry 1H from the same drilling pad.
- Completion operations supported effective stimulation across the lateral section.

Production Performance (32 Months)

- Initial production rate of **1,093 barrels of oil per day** (BOPD) and 1,339 thousand cubic feet of natural gas per day (MCFD)
- To date, the well has produced approximately:



370,501

barrels of oil



757,482

MCF of natural gas

Estimated Ultimate Recovery (EUR)

Based on normalized production performance curves and ("Type Curve") from wells drilled by Oxy, Zarvona, and Diamondback, the Terry 1H projected to "ultimately" recover approximately:



1.175

Million barrels of oil



1.9

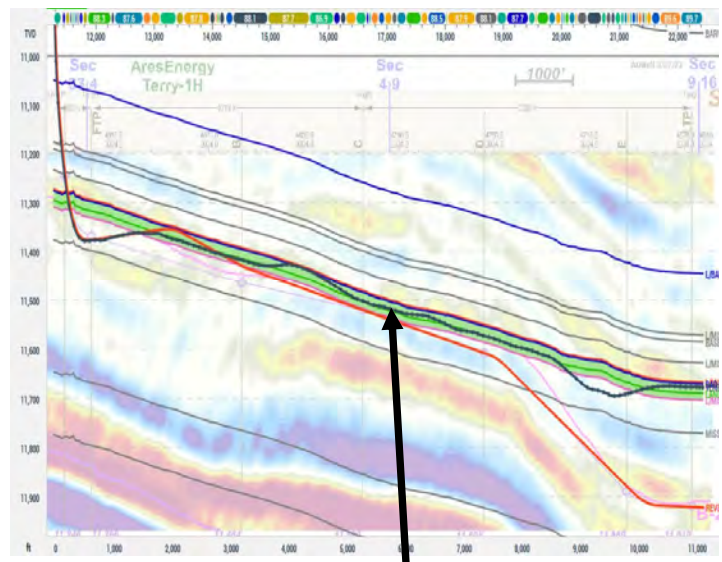
BCF of Natural Gas



Terry 1H Drilling Location - Pradera Fuego Project
Permian Basin, Ector County

Well Path

- Operator was able to maintain the well bore within the desired thick B-2 zone (shown in green below) along the entire 10,765 ft. lateral path.
- The Vertical Depth was 11,675 ft.



Mississippian oil pay in green



PRADERA FUEGO FIELD

Becky 1H

Well Summary, Performance & Reserve Potential

Well Summary

- Horizontal Mississippian well drilled to a total measured depth of 22,650 ft.
- Vertical depth: 11,609 ft with a horizontal lateral length of 11,041 ft.

Completion

- Hydraulic fracturing completed with 58 stages consisting of:



22,800,000

Lbs of sand



557,796

Bbbls of water



Frac operations completed in 17 days

- Simultaneously frac'd with the Terry Unit 1H from the same drilling pad.
- Completion operations supported effective stimulation across the lateral section.

Production Performance (32 Months)

- Initial production rate of **1,024 barrels of oil per day** (BOPD) and 1,250 thousand cubic feet of natural gas per day (MCFD)
- To date, the well has produced approximately:



360,796

barrels of oil



582,623

MCF of natural gas

Estimated Ultimate Recovery (EUR)

Based on normalized production performance curves and ("Type Curve") from wells drilled by Oxy, Zarvona, and Diamondback, the Becky 1H is projected to "ultimately" recover approximately:



1.12

Million barrels of oil



1.8

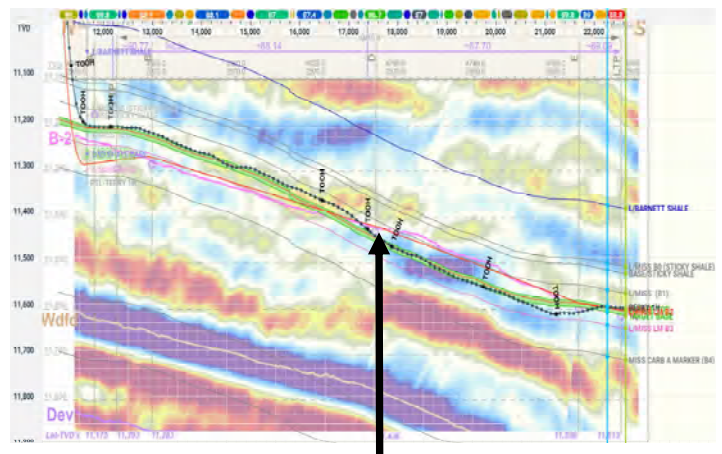
BCF of Natural Gas



Becky 1H Drilling Location - Pradera Fuego Project
Permian Basin, Ector County

Well Path

- Operator was able to maintain the well bore within the desired thick B-2 zone (shown in green below) along the entire 11,041 ft. lateral path.
- The Vertical Depth was 11,609 ft.
- Geologic interpretation indicates favorable reservoir continuity along the well path.



Mississippian oil pay in green



PRADERA FUEGO FIELD

Ava Unit 1H

Well Summary, Performance & Reserve Potential

Well Summary

- Horizontal Mississippian well drilled to a total measured depth of 23,500 ft.
- Vertical depth: 11,743 ft. with a horizontal lateral length of 11,757 ft.

Completion

- Hydraulic fracturing completed with 64 stages consisting of:



25,200,000

Lbs of sand



604,800

Bbls of water



Frac operations completed in 13 days

- Completion operations supported effective stimulation across the lateral section.

Production Performance (24 Months)

- Initial production rate of **1,392 barrels of oil per day** (BOPD) and 1,809 thousand cubic feet of natural gas per day (MCFD)
- To date, the well has produced approximately:



313,476

barrels of oil



491,830

MCF of natural gas

Estimated Ultimate Recovery (EUR)

Based on normalized production performance curves and ("Type Curve") from wells drilled by Oxy, Zarvona, and Diamondback, the Ava Unit 1H is projected to "ultimately" recover approximately:



1.13

Million barrels of oil



1.8

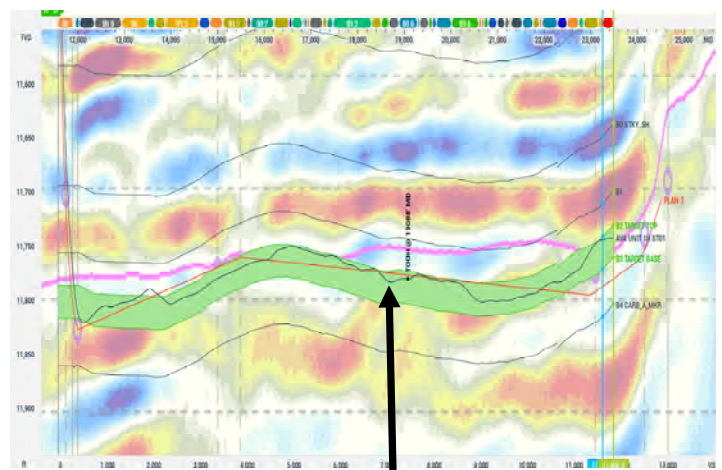
BCF of Natural Gas



Ava Unit 1H Drilling Location - Pradera Fuego Project
Permian Basin, Ector County

Well Path

- Operator was able to maintain the well bore within the desired thick B-2 zone (shown in green below) along the entire 11,757 ft. lateral path.
- The Vertical Depth was 11,743 ft.
- The lateral trajectory maximized reservoir contact within the target zone.



Mississippian oil pay in green



PRADERA FUEGO FIELD

Katy Unit 1H

Well Summary, Performance & Reserve Potential

Well Summary

- Horizontal Mississippian well drilled to a total measured depth of 22,687 ft.
- Vertical depth: 12,690 ft. with a horizontal lateral length of 10,530 ft.
- Designed to maximize exposure to the Mississippian target interval.

Completion

- Hydraulic fracturing completed with 64 stages consisting of:



25,231,632
Lbs of sand



603,355
Bbbls of water



Frac operations completed in 11 days

- Completion operations supported effective stimulation across the lateral section.

Production Performance (23 Months)

- Initial production rate of **1,364 barrels of oil per day** (BOPD) and 1,085 thousand cubic feet of natural gas per day (MCFD)
- To date, the well has produced approximately:



271,652
barrels of oil



292,949
MCF of natural gas

Estimated Ultimate Recovery (EUR)

Based on normalized production performance curves and ("Type Curve") from wells drilled by Oxy, Zarvona, and Diamondback, the Katy 1H is projected to "ultimately" recover approximately:



1.12
Million barrels
of oil



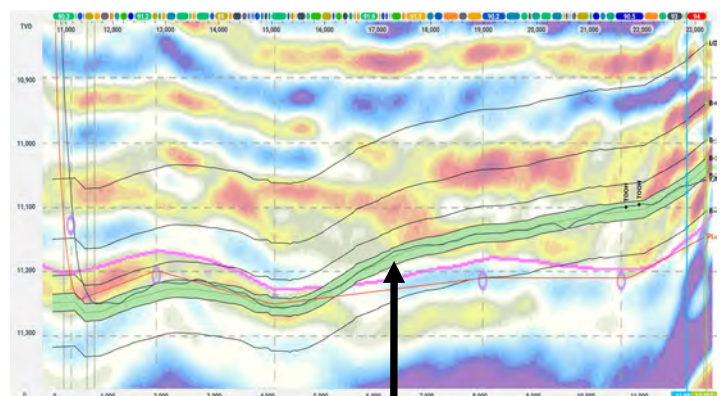
1.8
BCF of Natural Gas



Katy Unit 1H Drilling Location - Pradera Fuego Project
Permian Basin, Ector County

Well Path

- Operator was able to maintain the well bore within the desired thick B-2 zone (shown in green below) along the entire 10,530 ft. lateral path.
- The Vertical Depth was 12,690 ft.
- Geologic interpretation supported consistent reservoir exposure throughout the lateral section.



Mississippian oil pay in green



PRADERA FUEGO FIELD

Irma Unit 1H

Well Summary, Performance & Reserve Potential

Well Summary

- Horizontal Mississippian well drilled to a total measured depth of 22,687 ft.
- Vertical depth: 11,133 ft. with a horizontal lateral length of 11,554 ft.

Completion

- Hydraulic fracturing completed with 61 stages consisting of:



25,231,632
Lbs of sand



603,355
Bbls of water



Frac operations completed in 11 days

- Completion operations supported effective stimulation across the lateral section.

Production Performance (9 Months)

- **Initial production rate of 1,044 barrels of oil per day (BOPD)** and 1,222 MCF of natural gas per day.
- To date, the well has produced approximately:



131,369
barrels of oil



137,268
MCF of natural gas

Estimated Ultimate Recovery (EUR)

Based on normalized production performance curves and ('Type Curve') from wells drilled by Oxy, Zarvona, and Diamondback, the Irma 1H is projected to "ultimately" recover approximately:



TBD
Million barrels
of oil



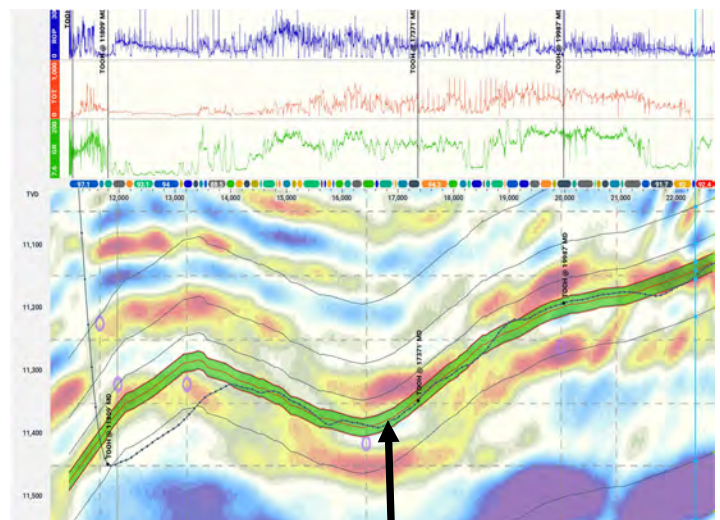
TBD
MCF of Natural
Gas



Irma Unit 1H Drilling Location - Pradera Fuego Project
Permian Basin, Ector County

Well Path

- Operator was able to maintain the well bore within the desired thick B-2 zone (shown in green below) along the entire 11,554 ft. lateral path.
- The Vertical Depth was 11,133 ft.



Mississippian oil pay in green



PRADERA FUEGO FIELD

Patricia Unit 1H - Recently Drilled Well Summary, Performance & Reserve Potential

Well Summary

- Horizontal Mississippian well drilled to a total measured depth of 26,789
- Vertical depth: 11,307 ft. with a horizontal lateral length of 15,482 ft.

Completion

- Hydraulic fracturing completed with 99 stages consisting of:



36,000,000
Lbs of sand



953,500
Bbbls of water



Frac operations completed in 14 days

- Completion operations supported effective stimulation across the lateral section.

Production Performance (1Month)

- Initial production rate of **1,031 barrels of oil per day** (BOPD) and 1,915 thousand cubic feet of natural gas per day (MCFD).
- To date, the well has produced approximately:



23,588
barrels of oil



33,647
MCF of natural gas

Estimated Ultimate Recovery (EUR)

Based on normalized production performance curves and ('Type Curve') from wells drilled by Oxy, Zarvona, and Diamondback, the Patricia Unit 1H is projected to "ultimately" recover approximately:



TBD
Million barrels
of oil



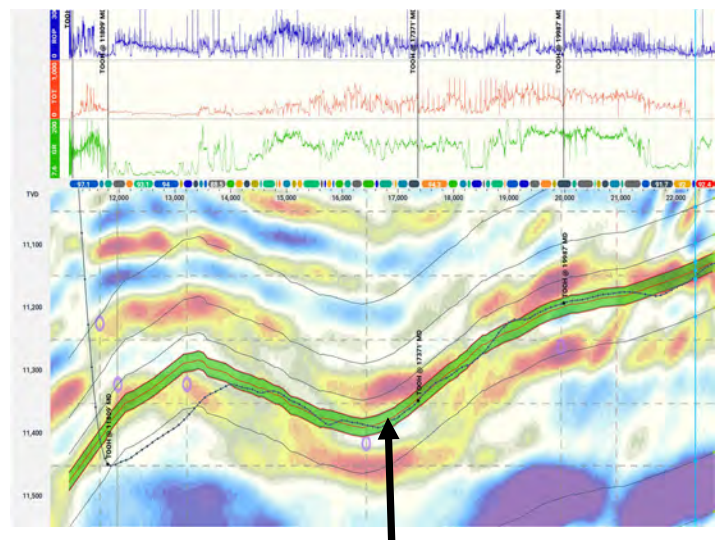
TBD
BCF of Natural Gas



Patricia Unit 1H Drilling Location - Pradera Fuego Project
Permian Basin, Ector County

Well Path

- Operator was able to maintain the well bore within the desired thick B-2 zone (shown in green below) along the entire 15,482 ft. lateral path.
- The Vertical Depth was 11,307 ft.



Example Mississippian oil pay

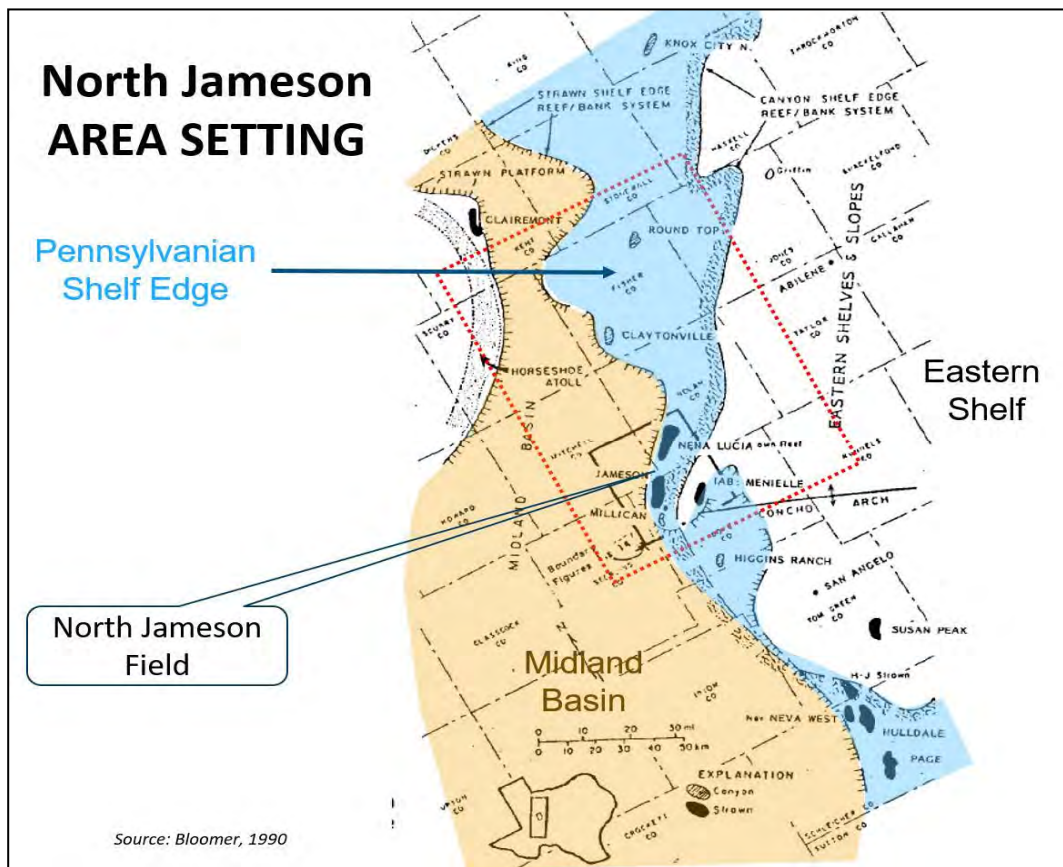


JAMESON NORTH FIELD

Technical Overview Odom Well

Background

Jameson field was discovered in 1946 with production from the Jameson “reef” (Pennsylvanian carbonate reef which includes Caddo, Odom, Capps and equivalents). The North Jameson Field, originally developed by Sun Oil, and now operated by Royale Energy, has high quality Pennsylvanian carbonate reef production in the Odom. This is an established trend of similar fields on the east flank of the Midland Basin producing from Pennsylvanian carbonates, including the Odom.



Technical Description

Jameson North – Odom, a limestone reservoir, produces from limestone “mounds” (often called reefs) with porosities ranging from 5%-20%. The Odom in North Jameson has produced 1.7 million BO from 57 wells, with average cumulative production of 32,000 barrels of oil and 139,000 MCF of gas (55 MBOE). Initial production for all 57 wells averages of 69 BO and 124 MCF of natural gas (90 BOE) per day.

The Odom producers in the western part of the field were plugged back from deeper Ellenburger production, so tend to have lower overall production. The best Odom producers are Odom-specific wells drilled in the eastern portion of the field. The 20 Odom producers in this “eastern trend” average cumulative production of 58,000 BO and 259,000 MCFG. (101 MBOE) Initial Production (IP) for these 20 wells average 111 BO and 219 MCFG (148 BOE) per day. So, the wells in the eastern trend exhibit almost twice the fieldwide average production values.



JAMESON NORTH FIELD

Technical Overview Odom Well

Odom Horizontal Well Approach

The proposed Odom horizontal well is positioned to the east and structurally high to the existing “eastern trend” wells. The objective of the proposed well is to offset the best Odom wells in the field on a structural high. The proposed horizontal completion will drill across the equivalent of two vertical wells’ productive areas. For this reason, the horizontal can be expected to produce more cumulative oil than the average for the vertical wells in the trend. The exact increase in efficiency of production for the proposed ~1500 foot horizontal will be determined by this proposed Odom well. This will be the first horizontal well drilled in North Jameson. Horizontal wells in similar carbonates, drilled elsewhere have resulted in 2x to 3x multipliers of EURs and 1x to 2x multipliers in IPs.

Wide variations in production for the existing Odom vertical wells are caused by two factors: 1) Lateral variability in the thickness and quality of reservoir from well to well, and 2) Vertical water breakthrough after a few years of production that limits ultimate recovery of oil in place. The water breakthrough is facilitated by vertical natural fracture networks enabling water to move vertically into the producing interval. The design of a horizontal well is intended to improve on both of these limitations.

The ~1500-foot horizontal completion is expected to cross a number of lateral variations in reservoir quality and thickness. Doing so, will limit the typical risk of a vertical well that may miss good reservoir only by a short distance from the vertical wellbore. When compared to a vertical well, the flow of water into a horizontal well is reduced because a horizontally completed interval is very long and draws down pressures much less aggressively and across a much larger volume than does a vertical well. The vertical well draws pressure down in a tight vertical cylinder near the completed interval. Lower pressure draw-down in a horizontal well reduces the rate of movement of water upward through the fractures and faults in the reservoir, but still produces oil at good rates.

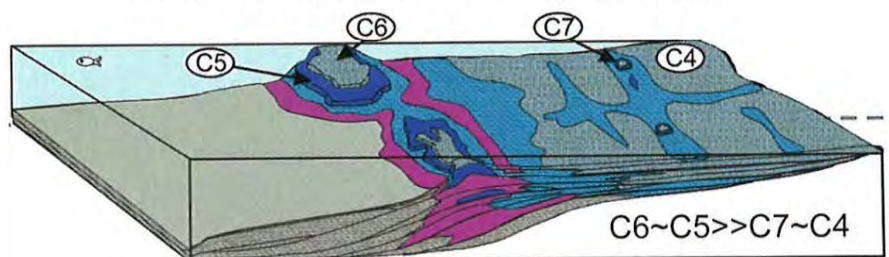
Reservoir Study

Odom reservoir quality depends on conditions of deposition that occurred during the and soon after deposition. The limestones develop good reservoir quality when deposited in “mounds” of phylloid (branching) algae. The mounds grew upward trapping fine sediment and shells during growth. These mounds grew in shallow water where light was sufficient for growth. Periodically, and soon after deposition, these mounds rose above sea level (as islands) and porosity was created when organic acids from land plants mixed into groundwater dissolving some of the limestone. Active faulting during this time produced fractures and fissures that filled with loose breccia, improving the reservoir permeability and vertical communication. Each time the sea rose or fell, the process would repeat, creating a stack of reservoir rock on each mound. The figure below is a block diagram showing the geometry of these mounds relative to the ocean at the time. Consistently locating mounds with good reservoir using vertical wells has been a challenge. Horizontal wells have a much higher probability of intersecting the best reservoir by crossing the entire mound. Also, high-resolution 3D seismic data is used to position wells so they may optimally target mounds.

Odom “mound” buildups

(best reservoir is C5 and C6)

Porosity is enhanced by periodic exposure at low sea level
and
Porosity/Permeability is enhanced by fracturing and faulting
These mounds along with faults can be mapped on 3D seismic



From Wright, W. R. (2020)



Permian Basin Reserves Prospect

Jameson North Odom Hz

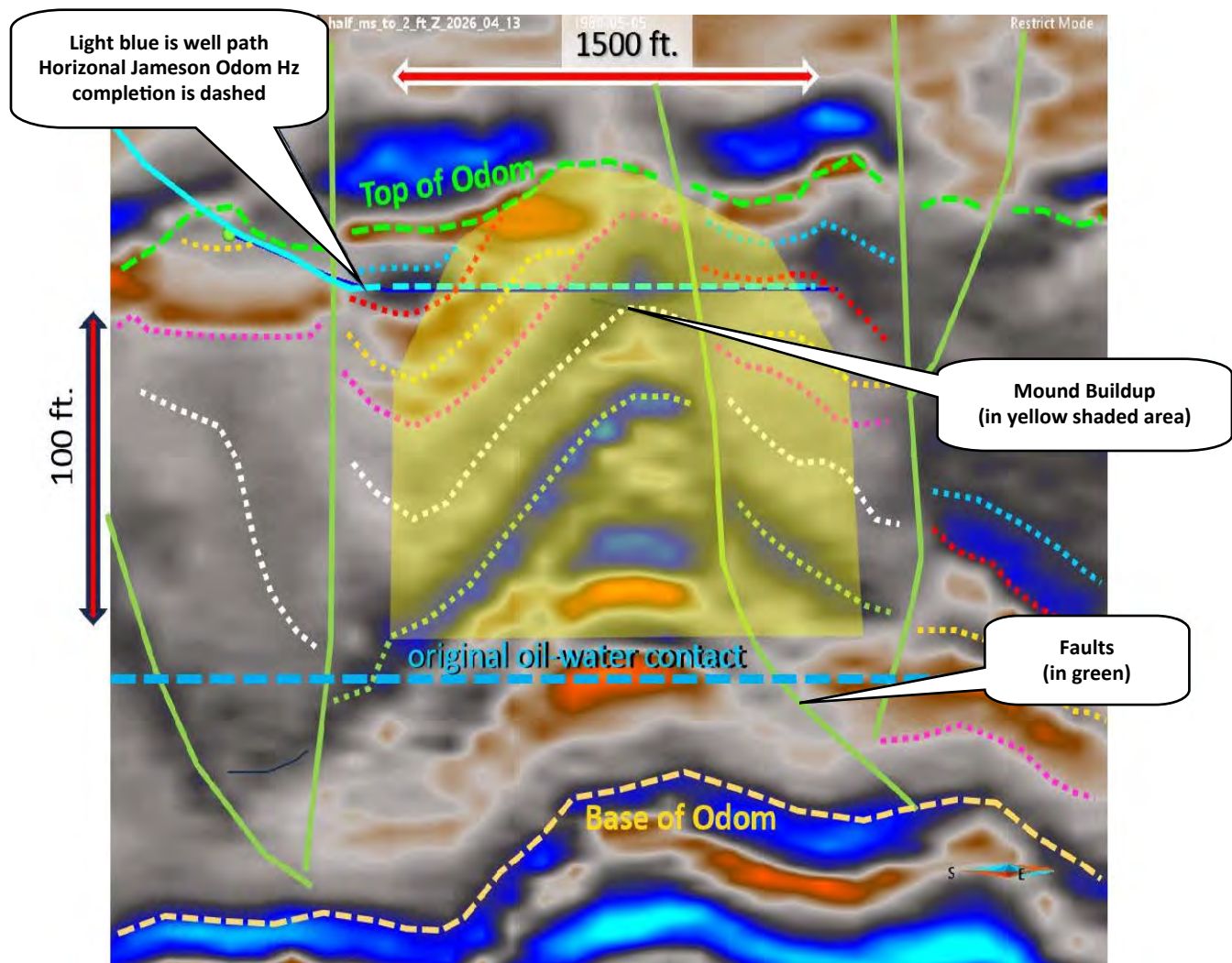
Permian Basin, Texas | 3D Seismic Vertical Section

Seismic Study

A 3D seismic survey over North Jameson was acquired early in 2012. The data was processed with full pre-stack time-migration, and careful oversight of processing velocities. Iterative and exhaustive depth conversion using a carefully constructed, high resolution velocity volume was used to stretch the cube from time to depth.

Proprietary post-stack processing was used to produce very high-resolution data that can compare directly to the resolution of well logs and the geological markers. The figure below is a section of seismic and interpretation in the Odom. The line of this section is parallel to the proposed horizontal well. Mapping of depositional sequence boundaries (dotted) within the Odom identifies the location and trends of mound buildups in complete detail. Faulting (green) and associated fracturing within the Odom has also been mapped. Sufficient seismic data exists to map all relevant stratigraphic intervals and detailed fault geometry within the roughly 200-foot-thick Odom section over the entire North Jameson field.

Depth 3D seismic section along **Proposed Odom horizontal** Well



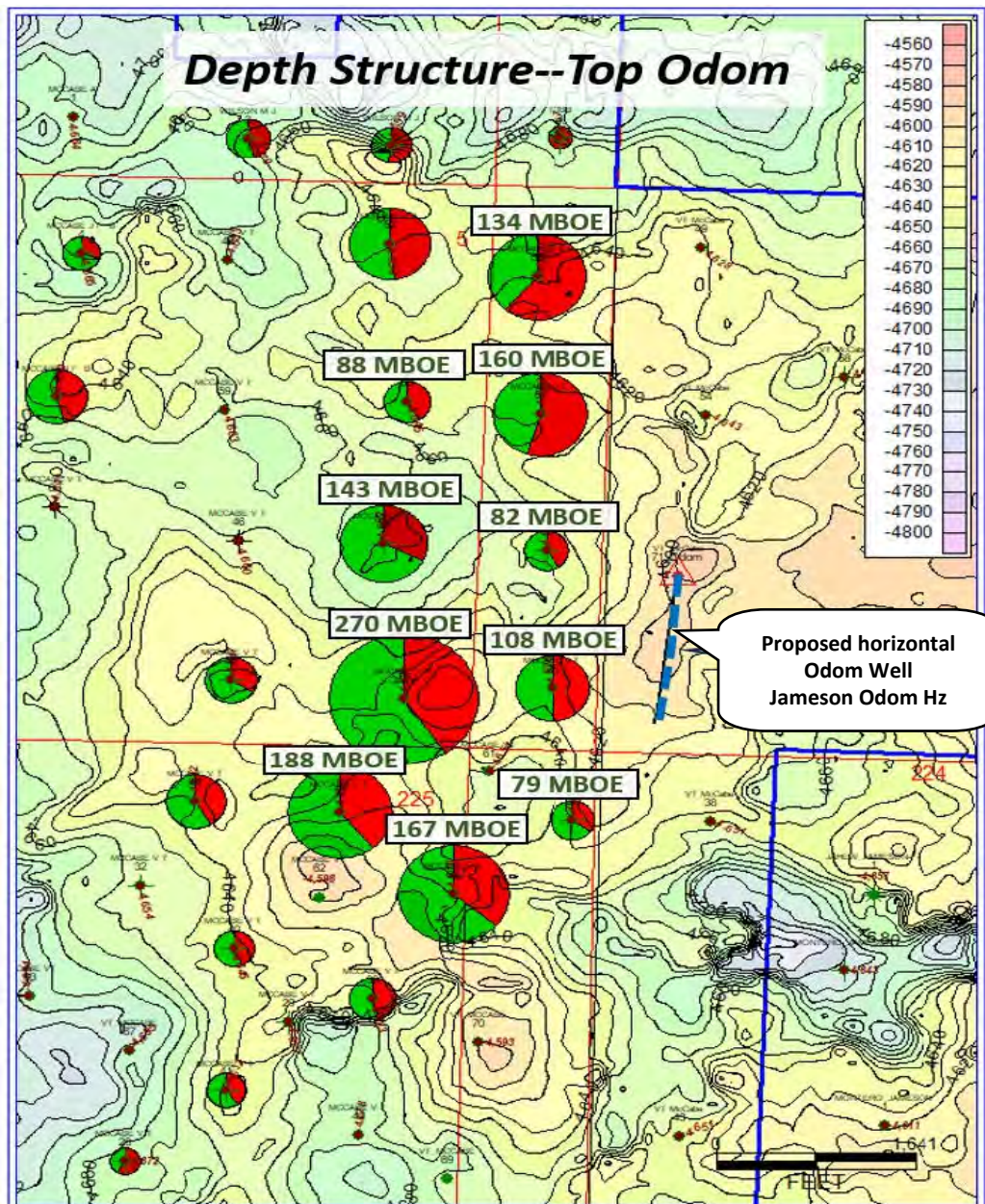


JAMESON NORTH FIELD

Odom Well Structure Map

Structure Mapping

The 3D data was used to map the top of the Odom, which is the top limit of the potential reservoir section in the Odom. The subsea depth map of Top of the Odom is shown below. The green and red “bubbles” on the map have sizes proportional to the cumulative Odom production of existing Odom wells. Green is oil and red is gas. The largest of the bubbles corresponds to the VT McCabe 35, which has cumulative production of more than 155,000 BO and 658,000 MCFG (270 MBOE). This well was drilled on an Odom mound buildup, and also near to several faults and fracture zones. All of these factors improved the performance of this well. The proposed horizontal well (Jameson Odom Hz) is shown on the map to the right (East) of the existing eastern trend of Odom producers. The heavy dashed line along the proposed wellbore shows the anticipated horizontal-producing interval within the Odom.





JAMESON NORTH FIELD

Aerial View - Well Location





OFFERING

Permian Basin Reserves

Royale will have four oil wells drilled. Completion will be attempted on the wells if the information obtained for the formation appears sufficiently positive. It is anticipated that the wells will be completed. There can be no assurance, however, that any well will be commercially productive.

ISSUER:

Royale Energy

1530 Hilton Head Rd, Suite 205

El Cajon, CA 92019

Phone: (619) 383-6600

UNITS OFFERED

The Company is offering 25.00 units, at \$100,000 per unit, of fractional undivided working interests in the rights and wells to be acquired and drilled in Texas.

The “**subject wells**” means the following:

- 1.) Pradera Fuego, # 1 Ector County Texas
- 2.) Pradera Fuego, # 2 Ector County Texas
- 3.) Pradera Fuego, # 3 Ector County Texas
- 4.) Jameson North Odom Hz Mitchell County Texas

The Company may in its sole discretion decide to increase the “Maximum Offering” to 90.90 units. Fractional unit purchases may be accepted at the discretion of the Company.

Units are being offered by the Company through authorized employees of the Company. The Company may elect to engage other broker dealers who are members of FINRA (“Selling Brokers”) that may offer such units on a “best efforts” basis. Selling Brokers shall be paid a commission on units sold through them up to six percent (6%) of the total units sold by such Selling Broker. The offering is only made to accredited investors who meet certain suitability standards described herein.

USE OF PROCEEDS

The following table estimates the use of the proceeds of the offering, assuming the maximum number of units are sold.

	Maximum Offering	Minimum Offering
Investor’s interest	\$9,090,000	\$2,500,000
Less:		
Sales commissions up to 6%	\$545,400	\$150,000
Organizational expenses	0	0
Available for investment in drilling and completion of wells	\$8,544,600	\$2,350,000



TERMS AND AGREEMENT

Permian Basin Reserves

RISK FACTORS

You should recognize that oil and gas exploration and drilling is a high-risk enterprise. Investment in the Units of working interest in the subject wells (the “units”) is recommended only for persons who are prepared to assume the substantial risks discussed in this Section and elsewhere in this Memorandum. The nature of these risks requires you to be in a position (a) to hold the Units for a substantial number of years, and (b) to absorb the possible complete loss of the investment.

RISKS RELATING TO THE PURCHASE OF OIL AND GAS INVESTMENTS GENERALLY

Speculative Nature of Oil and Gas Drilling and Development Activities; Natural and Other Hazards. Exploration, drilling, and development of oil and gas properties is not an exact science and involves a high degree of risk. The Company cannot be sure that oil or gas will be found or that, if found, sufficient oil or gas production will be obtained to enable you to recoup your investment in the Units. The results of any well cannot be determined in advance. During the drilling and completion of the prospect, hazards may be encountered which include unusual or unexpected formations, pressures, or other conditions, blow-outs, fires, failure of equipment, and downhole collapses. A well may also be ruined or rendered dry or non-commercial during either drilling or completion due to technical or mechanical difficulties. Should a well be successfully drilled to the required depth, and tests thereafter indicate hydrocarbon-bearing formations with sufficient porosity and permeability to warrant completion, there is still no assurance that production will be obtained or that any or all sums expended thereon will be recouped through production.

Importance of Future Price, Supply, and Demand. The economics of natural gas and crude oil production are affected or may be affected in the future by a number of factors, including (i) the general demand in the economy for energy fuels, (ii) governmental policies with respect to crude oil imports and other factors affecting potential competition from foreign sources of natural gas and crude oil and competing fuels, (iii) governmental regulation of prices for natural gas and crude oil, (iv) state regulations affecting allowable rates of production, well spacing and other factors, (v) price and availability of alternative fuels, and (vi) availability of pipeline capacity. If such fluctuations continue or the price of crude oil or natural gas increases or decreases, they may affect the profitability of an investment in the Units. The Company can not predict future oil and gas prices which are dependant on numerous factors beyond the company's control.

The Subject Wells and the Company are Subject to Federal, State, and Local Laws and Regulations. The Company's proposed operations, including drilling and development of subject wells, will be regulated at the federal, state and local levels. Environmental and other government laws and regulations can increase the costs to operate. In addition, the Company's activities are subject to regulations regarding conservation practices. The oil and gas regulatory environment could change in ways that might increase the cost of compliance with those laws and regulations with respect to the subject wells.

Title Risks. The Company will hold title to the oil and gas rights for the benefit of the Unit Holders in Royale DWI Investors, LLC (“RDI”) and may record the same in the appropriate county recorder's office. While the Company will exercise normal procedures and take all prudent precautions in the acquisition

and assignment of oil and gas properties, there is no assurance that losses will not result from title defects or from defects in the assignment of properties.

PARTICULAR RISKS OF THIS OFFERING

Transferability. The Units offered hereby will be assigned as beneficial ownership of a direct working interest in the said wells, without registration under the Securities Act of 1933. Moreover, there is no formal public market for the sale of direct working interests, and one must rely upon the private market for sale of any interests.

Accordingly, only persons who intend to maintain their ownership for an indefinite period of time should consider the purchase of these units.

Reliance on Management and Others. The Company will serve as manager of the wells in its sole discretion and will make all significant decisions regarding well drilling, completion and operations. The Company will be significantly dependent upon the technical services of its personnel, and the death, disability or separation from service of any such personnel could adversely affect the success of the proposed wells. Further, the Company independently contracts for such services as drilling, testing, completing and equipping the wells, and, consequently, must rely upon the knowledge, skill and expertise of others. The Company will be required to devote to the subject wells only the time and attention that is considers necessary for proper management of such wells.

Distributions. Unavailability of, or delay in obtaining, necessary materials or services for drilling or completion of the well or title opinions to date of first production may delay the receipt of income, if any, for significant periods after discovery. Unavailability of, or delay in connection with, pipelines or other transportation systems, delays in obtaining satisfactory contracts and connections for oil and/or natural gas wells, and other unforeseen circumstances, may also postpone the distribution of income. Distributions, if any, will represent both a return on investment and a return of the original capital invested by a participant.

No Tax Opinion. The Company will not obtain any opinion of counsel addressing the material federal income tax consequences of an investment in Units. Each investor should consult his or her own personal tax counselor. The Company will provide annual reports on income, expenses and deductible items from the wells.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL THE RISKS INVOLVED IN THE OFFERING OF THE UNITS OR AN INVESTMENT IN THE UNITS. POTENTIAL SUBSCRIBERS SHOULD READ THIS MEMORANDUM IN ITS ENTIRETY BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR UNITS.

TERMS OF THE OFFERING

SUBSCRIPTIONS

25 Units (\$2,500,000) are being offered. Each full unit is being offered at the purchase price of \$100,000 per unit with $\frac{1}{2}$ and $\frac{1}{4}$ units also available. The Company has the right, in its sole discretion, to increase the maximum offering size to 90.90 Units (\$9,090,000).

The purchase price of \$100,000 per Unit is payable at the time a subscription is accepted by Royale Energy.

Units are being offered by the Company through authorized employees of the Company. The Company may elect to engage other broker dealers who are members of FINRA ("Selling Brokers") that may offer such units on a "Best Efforts" basis. Selling Brokers shall be paid a commission on units sold through them.

WHO SHOULD INVEST

A) Accredited Suitability: The units are intended to be exempt from registration under the Securities Act and applicable state securities laws, pursuant to the exemption from registration requirements contained in Rule 506(c) of the Securities and Exchange Commission. Investment in the units is suitable only for persons who have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in such an investment.

Sales will be made only to accredited investors, as that term is defined in Regulation D, Rule 501, promulgated by the Securities and Exchange Commission. Rule 501 defines accredited investors, and the undersigned warrants that they are one of the following:

☐ an individual with a net worth of at least \$1 million, not including the value of his or her primary residence;

OR

☐ an individual with income exceeding \$200,000 in each of the two most recent calendar years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;

OR

☐ a tax exempt charitable organization, corporation or partnership with assets in excess of \$5 million;

OR

☐ an enterprise in which all the equity owners are accredited investors;

Rule 506(c) requires the Company to take reasonable steps to verify that each Purchaser qualifies as an accredited investor. Specifically, Rule 506(c) requires Company to collect documentary information from Purchaser to determine whether Purchaser is an accredited investor, or to obtain independent verification of Purchaser's status from a third party securities broker, investment adviser, lawyer or certified public accountant. It is possible that Purchaser was not required to submit this type of information in past offerings in which Purchaser have participated. However, the nature of this offering and the requirements of Rule 506(c) impose these additional obligations on Company. Company is required to collect and the undersigned Purchaser agrees to provide one of the following as a condition of accepting the subscription:

Verification based on income, by providing copies of any Internal Revenue Service form that reports income, such as Form W-2, Form 1099, Schedule K-1 of Form 1065, and a filed Form 1040;

OR

Verification on net worth, by providing specific types of documentation dated within the prior three months, such as bank statements, brokerage statements, certificates of deposit, tax assessments and a credit report from at least one of the nationwide consumer reporting agencies, and obtaining a written representation;

OR

A written confirmation from a registered broker-dealer, an SEC-registered investment adviser, a licensed attorney or a certified public accountant stating that such person or entity has taken reasonable steps to verify that you are an accredited investor within the last three months and has determined that such purchaser is an accredited investor.

Limited Offering of Units

Because units will be offered without registration under the Securities Act in reliance upon an exemption therefrom, a purchaser will be required to represent that he knows that the units have not been registered under the Securities Act, that he has no right to require registration under the Securities Act should he desire to resell the units, and that he understands that his right to transfer his units will be subject to restrictions in the Agreement against transfer.

How to Subscribe

An eligible investor may subscribe by properly completing, executing, and delivering the following to the Company:

- (a) An executed Subscription Agreement in the form attached as an exhibit to this Memorandum; and
- (b) Payment in an amount equal to the subscription amount of the Units to be purchased payable to the order of “Royale Energy.”

Subscriptions are payable in full in cash or cash equivalents in United States dollars at the time of subscription. No Subscription Agreement will be accepted after the Termination Date (including an extension thereof). The execution of the Subscription Agreement by an investor constitutes a binding offer to buy the securities subscribed for and an agreement to hold the offer open until the Subscription Agreement is accepted or rejected by the Company. Once an investor subscribes he or she will not have any revocation rights. The Company has the discretion to refuse to accept any Subscription Agreement without liability to the investor.

PROPOSED OPERATIONS

GENERAL

The company will acquire rights, geological and geophysical data and will drill and test the wells on a turnkey basis. The Company will serve as manager under the Turnkey Oil and Gas Drilling Agreement, and under an AAPL Form 610 Model Operating Agreement. Any or all of the Company’s duties as manager may be delegated by the Company to third parties; however, the Company will remain primarily responsible for the performance of such functions as long as it continues to serve as manager. In addition to actual operating costs, the Company will receive an industry standard Operator’s overhead. The overhead charge will be maintained in line with Council for Petroleum Accountants Societies (COPAS) guidelines.

A copy of the Turnkey Oil and Gas Drilling Agreement is attached at the end of this Memorandum. If the actual costs of drilling and completing the subject wells is less or meets the estimated costs, the Company will retain the balance of the proceeds. However, if the drilling and completion costs are more than the estimate, the Company will realize and bear the excess costs. Upon completion of the subject wells, providing they are capable of production of commercial quantities of oil and gas, they will be put into production, and Royale Energy will receive fees for certain services in accordance with the Operating Agreement.

Title to Oil and Gas Rights

Following industry standards, the Company generally acquires oil and natural gas rights without warranty of title except as to claims made by, through, or under the transferor. In these cases, Royale Energy attempts to conduct due diligence as to the rights before the acquisition, but it cannot assure that there will be no losses resulting from title defects or from defects in the assignment of the rights. Title to property most often carries encumbrances, such as royalties, overriding royalties, carried and other similar interests, and contractual obligations, all of which are customary within the oil and natural gas industry. The Company expects to convey legal title to the working interest in the Subject Wells to Royale DWI investors, LLC(“RDI”) to serve as nominee holder for the benefit of the investors. Title for each investors ownership in these Subject Wells will be held by “RDI”, as the title holder for the benefit of the respective investors.

Duties of the Manager

The Company will serve as manager under the Turnkey Oil & Gas Drilling Agreement and the Operating Agreement. Any or all of the Company’s duties as manager may be delegated by the Company to third parties; however, the Company will remain primarily responsible for the performance of such functions as long as it continues to serve as manager. In addition to actual operating costs, the Company will receive an industry standard Operator’s overhead. The overhead charge will be maintained in line with Council for Petroleum Accountants Societies (COPAS) guidelines.

Participants will pay their proportionate share of operating expenses for the well. Operating expenses will be charged against revenues in accordance with generally accepted accounting procedures (GAAP), and in accordance with the accounting procedures included in the Operating Agreement (COPAS). Each month the Company will, after deduction of operating expenses, distribute net operating revenues to each Participant in accordance with his prorated interest in accordance with the Operating Agreement. The Company will collect all net revenues from the sale of oil and gas production and pay them directly to the working interest owners, less operating expenses, royalties and production taxes.

Reservation of Right

We reserve the right to move a proposed well or substitute a comparable drilling site for a proposed well to be drilled in this venture if additional geological information is obtained or good title to any rights cannot be acquired. Any substituted well locations or drill sites will compare favorably with the general character of the Prospect described regarding degree of risk, drilling depth and cost.

Reports

The Company will maintain accurate records relating to all phases of the operations and will make them available to each Participant on reasonable notice at its offices. Progress reports will be mailed to Participants until such time as the Company determines that such reports and statements are no longer needed to fully inform Participants of the prospect's operations. During the actual drilling operations the Company will transmit to all Participants regular progress reports. The Company also will arrange for the preparation of information needed by Participants for the filing of tax returns, which will be transmitted within a reasonable period after the close of each calendar year.

The Company shall furnish the Investor an annual summary of activities including, but not limited to, information as to the Investor's working interest, revenue and other such similar information regarding Investor's participation. In addition, the Company shall provide Investor well updates, including: date of first sales' notice, total depth updates, and completion updates. Investor may reasonably request such other information from the Company to assist in evaluation of its investment.

Insurance

The Company has liability insurance with respect to drilling and managing the wells involved. Additionally, the Company will indemnify and hold harmless the working interest holders from any claims for damages in the project.

Limited Substitution of Working Interests Represented in the Units

It is understood and agreed that upon the execution hereof, the parties have agreed upon the wells to be drilled and their location (the prospect). It is further understood and agreed, however, that as a general practice upon the drilling and completion of the first well, or at any point during the drilling, should unfavorable engineering or geological conditions be encountered, or the prospect for any other reason be determined not to be economically feasible, then the Company may terminate the drilling of those particular rights.

In such case, any remaining sums, as not yet paid out at that time, may be used in the acquisition and drilling of another prospect or well. The percentage of ownership may be adjusted upward or downward to conform to the "equivalent cost" of drilling, and the selection of the prospect shall be at the Company's sole discretion.

The Company shall be free to make sales or assignments of any other portion of its working interest as it may choose.

ASSESSMENTS AND ADDITIONAL OPERATIONS

Equipment Assessments

The Turnkey Oil and Gas Drilling Agreement for this program include such operation and equipment necessary for testing and completion of the initial primary target zone. In the event multiple potential pay zones are encountered in the wellbore, the Unit Holder shall have the right, but not the obligation, to

participate in all additional zones and equipment on a pro-rata basis. When deemed necessary or prudent, the company will provide notice to the Unit Holder describing the proposed operation, cost and the timing or work to be performed, whereupon the Unit Holder shall have 30 days in which to elect to participate in such work and share in production and revenue, if any, from the resulting operation.

CONFLICTS OF INTEREST

The contemplated activities will involve decisions by us on behalf of ourselves and you, and such decisions will lack the benefits of arm's length bargaining and will necessarily involve conflicts of interest.

Most of the areas of conflicts of interest which are described below are common to many oil and gas drilling programs.

Our Other Activities. We will be free to engage in other drilling projects, including projects in the area of the wells herein described. Participants will be allowed to participate in any such project in the area of the wells by providing us notice within 60 days of the offering of such project.

Receipt of Compensation Regardless of Profitability. We may receive compensation from drilling and operation of the wells regardless of whether the wells operate at a profit or a loss.

Independent Decisions by the Company. We decided on substantially all of the terms of this offering and of managing the wells prior to the beginning of the Offering. Such terms included, among others, the terms of the Drilling and Operating Agreement and estimations of the costs of drilling, testing and, if appropriate, completing of the proposed wells. These terms were not negotiated with the Participants and may be deemed to have been entered into without the benefit of arms-length negotiations.

Sale of Oil and/or Gas. Conflicts of interest may also arise in connection with the selling of production or of any portion of the properties by us at a later date. The right to allocate production among prospective purchasers, including the Company, and to negotiate the terms therefore may permit us to obtain other benefits. We will try to obtain the highest competitive price for any production obtained.

COMPETITION, MARKETS, AND REGULATIONS

Competition. The oil and gas industry in the United States is highly competitive. Numerous companies and individuals are engaged in the domestic exploration for oil and gas. Many of the companies and individuals so engaged possess financial resources, facilities, and technical staffs far greater than those of the Company. The Program will encounter competition from both major oil companies and other independent contractors in its effort to secure drilling rigs and equipment necessary in the drilling and completion phases of the wells. Such competition may cause a substantial increase in drilling, completing and operating costs and the procurement costs for the rights and prospects. In addition to these increasing costs, the nonavailability of drilling rigs, tubular goods, drilling crews or certain vital equipment could significantly delay drilling operations.

Markets. The marketing of oil and gas produced by the wells and the price that they will bring in the marketplace will be influenced by a number of factors which are beyond the control of the Company. Neither can the effect of these factors be accurately measured. These factors include the extent of domestic production and importation of oil and gas, actions by Organization of Petroleum Exporting Countries, the availability of adequate pipeline and other transportation facilities, the marketing of competitive fuels, and other matters effecting the pricing of production and the availability of a ready market, such as fluctuations in supply and demand and the effect of state and federal regulation of oil and natural gas and their substitute fuels. Consequently, there is no assurance that the Program will be able to market any oil or gas found at favorable prices. We, however, will endeavor to obtain the best competitive price for any oil and gas produced and sold to various purchasers.

State Regulation. California and other states regulate the production of oil and gas and the conduct of oil and gas operations. State laws and related regulations are generally intended to prevent waste of oil and gas and to protect the correlative rights and opportunities to produce oil and gases between owners of a common reservoir. The amount of oil produced is also regulated by the assignment of allowable rates or production to each well so producing. Additional state regulations require permits before wells are spotted, control well spacing, protect against waste, aid in the conservation of natural gas and oil, and guard against adverse environmental consequences. All permits necessary for Operations will be secured, or caused to be secured, by the Company.

PARTICIPATION IN COSTS AND REVENUES

The capital contributions for all costs prior to installation of production facilities are borne solely by the company from the proceeds of the offering together with corporate capital (i.e. debt, equity, cash flow).

Following the installation of production equipment, all costs, royalties, and revenue are shared proportionally by each party in the percentage described herein.

It is understood the net revenues attributed to Purchaser's Working Interest are calculated on the proceeds received from the sale of oil and gas after deducting the Purchaser's Working Interest share of all expenses (including royalty and/or overriding royalty interests) burdening the contract area. Purchaser's Working Interest is subject to the same expense burdens as Company, provided however, Purchaser's Working Interest's royalty/overriding royalty burdens shall be a minimum of twenty five percent (25%) for Pradera Fuego wells and a minimum of twenty percent (20%) for Jameson North wells, proportionately reduced to Purchaser's Working Interest.

The distribution of proceeds will be made according to the proportionate share purchased. The revenue, if any, will be distributed monthly. The purchasers are acquiring a direct ownership interest in the wells and are not acquiring any interest in the Company itself. Accordingly, any profit or loss on this investment will be limited to the success or failure of the described wells. Distribution will represent both a return on investment and a return of the original capital invested by Participant.

REPORTS AND RECORDS

Financial Statements and Progress Reports. The Company will render drilling progress reports during drilling operations. The Company will then furnish monthly production reports and annually furnish working interest owners with the information necessary to enable each owner of the wells to file his Federal and State income tax returns.

Books and Records. The Company will maintain at its principal office and place of business, complete and accurate books of accounts and records of each well, including all agreements, instruments and other documents relating to the operations and activities of the wells.

Review and Audit. Upon request, each working interest owner and his duly authorized representative will, at all reasonable times during ordinary business hours and on reasonable notice, have access to such books and records directly relating to the activities conducted under this Memorandum. Such audit or review shall be conducted in the San Diego, California office of the Company during regular business hours. The right of audit and review shall terminate one (1) year from the expiration of this Agreement. Any working interest owner may, at his own expense, cause an audit of the books related to such owner's interest, to be made by a Certified Public Accountant of his own selection.



PERMIAN BASIN RESERVES SUBSCRIPTION AGREEMENT

Royale Turnkey Oil and Gas Drilling Agreement

Copy for file - do not mail in

Royale Energy, Inc. (the "Company") conducts the principal business activities of exploration, development, production, and sale of oil and natural gas in the designated areas of mutual interest. This Subscription Agreement ("Agreement") is made between Company and the "Purchaser" whose name and signature appear on the signature page at the end of this Agreement.

INTRODUCTION

Purpose - the purpose of this Agreement is to allow the parties to conduct the business of exploring, developing and producing oil and natural gas on or under the contract area subject to this Agreement. The contract area is more fully described in the Private Placement Memorandum which is incorporated in this Agreement by reference. The business shall include, without limitation, the purchase, sale, acquisition, disposition, exploration, development, managing and production of oil and natural gas properties in the contract area and all matters incident thereto. To accomplish this, Company will sell to Purchaser a "Working Interest" which is the right and ownership in an oil and/or natural gas leasehold interest that is burdened with its proportionate share of the expenses for development, mineral royalties, operations and/or maintenance of the property. The amount of the Working Interest is represented by Units, and the number of Units of the Working Interest that Purchaser is purchasing is listed on the signature page.

It is understood the net revenues attributed to Purchaser's Working Interest are calculated on the proceeds received from the sale of oil and gas after deducting the Purchaser's Working Interest share of all expenses (including royalty and/or overriding royalty interests) burdening the contract area. Purchaser's Working Interest is subject to the same expense burdens as Company, provided however, Purchaser's Working Interest's royalty/overriding royalty burdens shall be a minimum of twenty five percent (25%) for Pradera Fuego wells and a minimum of twenty percent (20%) for Jameson North wells, proportionately reduced to Purchaser's Working Interest.

Purchaser desires to purchase a Working Interest from Company in certain oil and natural gas rights described in the Private Placement Memorandum. Company has acquired the Working Interest in such oil and natural gas rights, or has the rights to assign such Working Interest, and has agreed to convey such Working Interest to Royale DWI Investors, LLC, as title holder of record for the benefit of Purchaser.

AGREEMENTS

In consideration of the beneficial interest in the Working Interest represented by units described on the signature page to this Agreement and the Company's obligation to drill, test, log and complete the wells (including plugging and abandoning, if a dry hole) subject to such Working Interest as provided herein ("Drilling Operations"), Purchaser agrees to pay Company the full amount stated on the signature page for the indicated Unit investment (the "Turnkey Price").

TURNKEY DRILLING

Company agrees to perform the Drilling Operations for the Turnkey Price as a fixed contract no-out total Turnkey Price per Unit as set forth in the Private Placement Memorandum. In the event that the actual costs incurred by Company exceeds the Turnkey Price per Unit, any such excess costs will be paid by Company without recourse to Purchaser. Similarly, if the actual costs incurred by Company are less than the Turnkey Price per Unit set forth in this Agreement, any such difference between the actual cost and the Turnkey Price shall be retained by Company as profit for the services rendered and the risks assumed by it under this Agreement.

The Drilling Operations are to be performed in a diligent and workman-like manner with regard for the rights and interests of Purchaser and other Working Interest owners. Company agrees to abide by and comply with all State and Federal laws and regulations, together with all rules and regulations of any governmental agency having jurisdiction in the area or field in which such operations are performed.

The sums Company prepaid hereunder for intangible drilling costs, and other costs are required to be prepaid as an advance and not as a refundable deposit for the purpose of providing immediate funds for obtaining rigs on a priority basis, allowing the drilling venture to proceed without delay on current prices before anticipated increases. After completion of Drilling Operations (defined as connection to the meter for a gas completion for each well and test separator for an oil completion), all costs incurred in operating such wells shall be borne by the Purchaser together with the remaining working interest.

If Company makes the decision to plug such well within 90 days of reaching total depth, Company shall do so under the turnkey contract.

For the purposes of this Agreement, "connection to the meter for gas wells and test separator for oil wells" means that point in time when a well, drilled under the terms hereof, has been connected to the gas gathering line or oil tanks and Operator has completed his work thereon, except for plugging, if necessary.

DRILLING LOCATIONS

The proposed wells in this project are located on the oil and gas rights described in detail in the Private Placement Memorandum under "Technical Description."

Company will choose the drilling sites on the rights. Completion will be attempted on the wells if the information obtained for the drilled formation appears adequately positive. It is anticipated that the wells will be completed. However, there can be no assurance that any well will be commercially productive.

After production operations have commenced, Company, at its sole discretion, may determine that the well is no longer commercial and proceed to abandon and plug such well. Upon abandonment of a producing well, the owners of the working interest shall share plugging expenses in each well, prorated to their percentage of ownership of that well, and any proceeds accruing from the sale of salvage equipment and casing shall be distributed in the same manner.

RIGHT OF SUBSTITUTION

It is understood and agreed that upon the execution hereof, the parties have agreed upon the wells to be drilled and their location.

It is further understood and agreed, however, that as a general practice upon the drilling and completion of the first well, or at any point during the drilling program, should adverse land, engineering or geological conditions be encountered, or the prospect for any other reason be determined not to be economically feasible, then Company, upon the advice and agreement of Operator, may terminate the drilling of those rights.

In such termination case, any remaining sums as not yet paid out at that time may be used in the acquisition and drilling in another prospect or well having substantially equivalent cost. The percentage of ownership may be adjusted upward or downward to conform to the "equivalent cost" of drilling and the selection of the prospect shall be at Company's discretion.

TITLE TO PROPERTIES

Royale DWI Investors, LLC shall hold record title to the Working Interest in the subject wells for the benefit of all investors pursuant to the Memorandum including the Working Interest rights acquired by Purchaser hereunder. Purchaser agrees that all rights acquired are subject to all royalties and/or overriding royalties.

REASSIGNMENT AND SALE

Company shall be free to make sales or assignments of any other portion of its Working and or Net Revenue Interest in the rights as it may choose. In the event Company sells some or all of its' interest in any well, to a third party, it shall have the right to sell Purchaser's interest. In the event of such a sale, Company shall be required to pay Purchaser its' pro rata share of the proceeds on a Net Revenue Interest basis.

THE OPERATING AGREEMENT

All drilling, completion and production operations will be conducted pursuant to the terms of a model A.A.P.L. Form 610 Operating Agreement (the "Operating Agreement") which governs said activities on each drilling and spacing unit on an individual well basis. Company will act as the manager under the Operating Agreement. Purchaser hereby consents to the entry of the Operating Agreement and hereby appoints Company as the Purchaser's attorney-in-fact to execute the Operating Agreement on the Purchaser's behalf. Company shall provide Purchaser with a copy of any proposed amendment to the Operating Agreement prior to entry of any such amendment.

Company shall at all times have the right to sell and dedicate to any purchaser all of the oil and gas produced from any well drilled pursuant to this Agreement on such terms and conditions as are permitted under the Operating Agreement, provided such price is not less than the prevailing price for gas or oil being paid in the immediate area of the subject wells.

Proposed operations are more fully described in the Private Placement Memorandum under "Proposed Operations."

ASSESSMENTS

Equipment Assessments: The Turnkey Oil and Gas Drilling Agreement for this program includes such operation and equipment necessary for testing and completion of the initial primary target zone. In the event multiple potential pay zones are encountered in the wellbore, Purchaser shall have the right, but not the obligation, to participate in all additional zones and equipment on a pro-rata basis. When deemed necessary or prudent, Company will provide notice to Purchaser describing the proposed operation, cost and the timing or work to be performed, whereupon Purchaser shall have 30 days in which to elect to participate in such work and share in production and revenue, if any, from the resulting operation.

CONFIDENTIALITY OF DATA

In connection with the drilling and operations of such wells, Purchaser shall have full and complete access to the location, driller's logs, electrical logs, cores and any other information gained by the drilling of such wells.

All data, information, and other reports furnished under this Agreement and under the Operating Agreement shall be confidential, and Purchaser shall not disclose such information and agrees to exercise reasonable care and precautions to prevent the publication, dissemination, or disclosure of any such data, information, and reports or copies thereof to any third party, whomsoever.

RELATIONSHIP OF THE PARTIES

This Agreement is not construed as creating any kind of partnership relation between Purchaser and Company or between Purchaser and any other parties of Working Interest from Company. The rights, duties and obligations of the parties hereunder shall at all times be solely as specified in this Agreement and shall under no circumstances be on any basis other than individual and not joint or collective. Each party shall be liable for only its' percent of ownership share of the costs incurred.

ASSIGNMENT

This Agreement shall be binding upon the parties hereto, their heirs and assigns, with the terms and provisions hereof constituting covenants running with the land and title to the Oil and Gas rights.

REPORTS

Financial Statements and Progress Reports. Company will render drilling progress reports during drilling operations. Company will furnish monthly production reports and annually furnish Purchaser with the information necessary to enable each Purchaser to file their Federal and State income tax returns.

Books and Records. Company will maintain at its principal office and place of business, complete and accurate books of accounts and records of each well, including all agreements, instruments and other documents relating to the operations and activities of the wells.

Review and Audit. Upon request, each Purchaser and their duly authorized representative will, at all reasonable times, during ordinary business hours and on reasonable notice, have access to such books and records directly relating to the activities conducted under this Agreement. Such audit or review shall be conducted in the El Cajon, California office of Company during regular business hours. The right of audit and review shall terminate one (1) year from the expiration of this Agreement. Any Purchaser may, at their own expense, cause an audit of the books related to such Purchaser's interest, to be made by a Certified Public Accountant of their own selection.

SEVERABILITY

In the event that any provision hereof or any portion of any provision hereof shall be deemed invalid or unenforceable, such invalidity or unenforceability shall not affect any other portion of said provision, nor shall it affect, prejudice, or disturb any other provision in this Agreement, as each provision hereof shall be deemed to be severable.

BINDING

This Agreement and the interest and rights transferred herein shall inure to the benefit and be binding upon the parties hereto, their successors and their assigns.

OTHER INSTRUMENTS

The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may be necessary or convenient to effectuate and carry out this Agreement, and that such documents are an integral part of this Agreement.

PURCHASER'S REPRESENTATIONS AND WARRANTIES

The undersigned Purchaser represents and warrants:

Accredited Suitability: The units are intended to be exempt from registration under the Securities Act and applicable state securities laws, pursuant to the exemption from registration requirements contained in Rule 506(c) of the Securities and Exchange Commission. Investment in the units is suitable only for persons who have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in such an investment.

Sales will be made only to accredited investors, as that term is defined in Regulation D, Rule 501, promulgated by the Securities and Exchange Commission. Rule 501 defines accredited investors, and the undersigned Purchaser warrants that they are one of the following:

- ☐ an individual with a net worth of at least \$1 million, not including the value of his or her primary residence;

OR

- ☐ an individual with income exceeding \$200,000 in each of the two most recent calendar years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;

OR

☐ a tax exempt charitable organization, corporation or partnership with assets in excess of \$5 million;

OR

☐ an enterprise in which all the equity owners are accredited investors;

Rule 506(c) requires the Company to take reasonable steps to verify that each Purchaser qualifies as an accredited investor. Specifically, Rule 506 (c) requires Company to collect documentary information from Purchaser to determine whether Purchaser is an accredited investor, or to obtain independent verification of Purchaser's status from a third party securities broker, investment adviser, lawyer or certified public accountant. It is possible that Purchaser was not required to submit this type of information in past offerings in which Purchaser have participated. However, the nature of this offering and the requirements of Rule 506(c) impose these additional obligations on Company. Company is required to collect and the undersigned Purchaser agrees to provide one of the following as a condition of accepting the subscription:

Verification based on income, by providing copies of any Internal Revenue Service form that reports income, such as Form W-2, Form 1099, Schedule K-1 of Form 1065, and a filed Form 1040;

OR

Verification on net worth, by providing specific types of documentation dated within the prior three months, such as bank statements, brokerage statements, certificates of deposit, tax assessments and a credit report from at least one of the nationwide consumer reporting agencies; and obtaining a written representation;

OR

A) Written confirmation from a registered broker-dealer, an SEC-registered investment adviser, a licensed attorney or a certified public accountant stating that such person or entity has taken reasonable steps to verify that Purchaser is an accredited investor within the last three months and has determined that such Purchaser is an accredited investor.

B) That the undersigned Purchaser will be the beneficial owner of the Units to be sold; and that Purchaser is acquiring the Units for their own account, for investment, and with no intention of distributing, reselling, pledging, or otherwise disposing of the Units to any other person; and that they will not, in any event, sell the Units within 6 months after the date of purchase.

C) That the undersigned Purchaser is aware that there is no public market for the Units and it may therefore not be possible to readily liquidate the investment; and that the undersigned Purchaser is able to bear the financial risk of the absence of liquidity of the investment.

D) That the undersigned Purchaser recognizes the speculative nature and inherent risks involved in the investment, and Purchaser has taken full cognizance of and understand all of the risk factors relevant to an investment in the program; specifically, including the risk factors set forth under the caption "Risk Factors" in the Private Placement Memorandum.

E) That the undersigned Purchaser is aware that no Federal or State agency has made any finding or determination as to the fairness for public or private investment, nor any recommendation or endorsement of the Interests.

F) That the undersigned Purchaser and their Representative (if required) have been furnished and have carefully read and understand the Confidential Private Placement Memorandum relating to the offering of the Units (including all appendices thereto) and have had access to all such appendices and other information material to this investment. Purchaser further represents that they and their Representative (if required) have been given the opportunity to ask questions and receive answers thereto concerning the terms and conditions of this offering and all aspects of this investment, and have been afforded an opportunity

to obtain any additional information necessary to verify the accuracy of the information furnished, and no statement, printed material, or inducement given or made by Company is contrary to the information contained in the Confidential Private Placement Memorandum.

G) That the undersigned Purchaser recognizes that there is no assurance that the Internal Revenue Code or the Regulations promulgated thereunder will not be interpreted adversely or changed by legislative action and may hereafter be interpreted or amended in such a manner as to deprive Purchaser of any tax benefit Purchaser may contemplate receiving or may now receive.

H) That the undersigned Purchaser has such knowledge and experience in financial and business matters and in similar programs and investments as will enable Purchaser to utilize the information that is available in connection with the offering of the Units in order to evaluate the risks and merits of this particular investment and thus make an informed investment decision; or that Purchaser, or their Representative, has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of the prospective investment and that Purchaser is able to bear the

economic risk of the investment, which includes the possibility of losing the entire investment. Purchaser hereby represents that Purchaser understands the fundamental aspects of this offering, including the risks. This Agreement is entered into in the State of California, and all matters relating to the validity, construction, interpretation and performance thereunder shall be determined in accordance with the laws of the State of California in El Cajon. The parties agree that any disputes arising under this Agreement will be submitted to resolution in that in accordance with the applicable rules of the American Arbitration Association. The parties agree that the arbitration will take place in San Diego County, California. It is further understood and agreed between the parties that all sums due and payable hereunder are due and payable in El Cajon, California. It is agreed that the rights, titles and interests of Purchaser hereto shall be fully transferable and assignable in whole or in part provided, however, that each Purchaser hereto will remain primarily liable and responsible for the performance of the duties, responsibilities and obligations undertaken by it under the terms of this Agreement.

Please indicate your acceptance hereof by signing the following signature page in the space provided and return the signed agreement, verification documents, along with a completed check for the proper amount made payable to ROYALE ENERGY. Upon acceptance of your investment by the Company, the Turnkey Agreement will be fully executed, and a copy returned to you for your records upon receipt of investment payment.

Copy for File - Do Not Mail In

PURCHASER INFORMATION:			
Name		Social Security # or Tax I.D.	
Street Address		County	
City		State	Zip
Telephone	Email	Occupation	
Spouse's Name		Spouse's Occupation	
INVESTMENT OWNERSHIP	MY INTEREST SHOULD BE SHOWN ON THE PROGRAM RECORDS AS FOLLOWS (INDICATE ONE OF THE FOLLOWING):		
☐ 5 Units - \$500,000 ☐ 2 Units - \$200,000 ☐ 1 Unit - \$100,000 ☐ ½ Unit - \$50,000 ☐ ¼ Unit - \$25,000	☐ Individual ☐ Separate Property ☐ Program ☐ Joint Tenancy ☐ Tenants in Common ☐ Corporation * ☐ Trustee * ☐ Other (Describe) _____ * (Please provide legal documentation identifying Entity and Ownership)		
INVESTMENT PAYMENT METHOD (CHOOSE ONE):			
☐ Check enclosed – Please make payable to: ROYALE ENERGY ☐ Wire Transfer Instructions: Banner Bank Royale Energy Drilling M/M – Permian Basin Reserves Account # 137-0080-0757 Routing# 323-371-076 Banner Bank 742 Fletcher Parkway El Cajon, CA 92020 619-440-3992 MAIL AGREEMENT AND PAYMENT TO: 1530 HILTON HEAD RD. SUITE 205, EL CAJON, CA 92019			
REVENUE AUTOMATIC DIRECT DEPOSIT:			
☐ I wish to have my monthly oil & gas revenue electronically deposited into the account listed below. Please attach a voided check for the account that you would like your funds deposited into if different than the payable account.			
Please indicate your acceptance hereof by signing below in the space provided and return the signed agreement along with a completed check for the proper amount made payable to ROYALE ENERGY. The Turnkey Agreement will be fully executed and a copy returned to you for your records upon receipt of investment payment.			
ACCEPTED BY:			
PURCHASER			
Signature	Printed Name	Date	
Signature	Printed Name	Date	
ROYALE ENERGY			
Signature	Printed Name Donald H. Hosmer, Co-Founder	Date	
Signature	Printed Name Johnny Jordan CEO	Date	
2026A			



ROYALE ENERGY

1530 Hilton Head Rd Suite 205

El Cajon, CA 92019



619-383-6600



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WWW.ROYL.COM



PERMIAN BASIN RESERVES SUBSCRIPTION AGREEMENT

Royale Turnkey Oil and Gas Drilling Agreement To Be Mailed in With Payment

Royale Energy, Inc. (the "Company") conducts the principal business activities of exploration, development, production, and sale of oil and natural gas in the designated areas of mutual interest. This Subscription Agreement ("Agreement") is made between Company and the "Purchaser" whose name and signature appear on the signature page at the end of this Agreement.

INTRODUCTION

Purpose - the purpose of this Agreement is to allow the parties to conduct the business of exploring, developing and producing oil and natural gas on or under the contract area subject to this Agreement. The contract area is more fully described in the Private Placement Memorandum which is incorporated in this Agreement by reference. The business shall include, without limitation, the purchase, sale, acquisition, disposition, exploration, development, managing and production of oil and natural gas properties in the contract area and all matters incident thereto. To accomplish this, Company will sell to Purchaser a "Working Interest" which is the right and ownership in an oil and/or natural gas leasehold interest that is burdened with its proportionate share of the expenses for development, mineral royalties, operations and/or maintenance of the property. The amount of the Working Interest is represented by Units, and the number of Units of the Working Interest that Purchaser is purchasing is listed on the signature page.

It is understood the net revenues attributed to Purchaser's Working Interest are calculated on the proceeds received from the sale of oil and gas after deducting the Purchaser's Working Interest share of all expenses (including royalty and/or overriding royalty interests) burdening the contract area. Purchaser's Working Interest is subject to the same expense burdens as Company, provided however, Purchaser's Working Interest's royalty/overriding royalty burdens shall be a minimum of twenty five percent (25%) for Pradera Fuego wells and a minimum of twenty percent (20%) for Jameson North wells, proportionately reduced to Purchaser's Working Interest.

Purchaser desires to purchase a Working Interest from Company in certain oil and natural gas rights described in the Private Placement Memorandum. Company has acquired the Working Interest in such oil and natural gas rights, or has the rights to assign such Working Interest, and has agreed to convey such Working Interest to Royale DWI Investors, LLC, as title holder of record for the benefit of Purchaser.

AGREEMENTS

In consideration of the beneficial interest in the Working Interest represented by units described on the signature page to this Agreement and the Company's obligation to drill, test, log and complete the wells (including plugging and abandoning, if a dry hole) subject to such Working Interest as provided herein ("Drilling Operations"), Purchaser agrees to pay Company the full amount stated on the signature page for the indicated Unit investment (the "Turnkey Price").

TURNKEY DRILLING

Company agrees to perform the Drilling Operations for the Turnkey Price as a fixed contract no-out total Turnkey Price per Unit as set forth in the Private Placement Memorandum. In the event that the actual costs incurred by Company exceeds the Turnkey Price per Unit, any such excess costs will be paid by Company without recourse to Purchaser. Similarly, if the actual costs incurred by Company are less than the Turnkey Price per Unit set forth in this Agreement, any such difference between the actual cost and the Turnkey Price shall be retained by Company as profit for the services rendered and the risks assumed by it under this Agreement.

The Drilling Operations are to be performed in a diligent and workmanlike manner with regard for the rights and interests of Purchaser and other Working Interest owners. Company agrees to abide by and comply with all State and Federal laws and regulations, together with all rules and regulations of any governmental agency having jurisdiction in the area or field in which such operations are performed.

The sums Company prepaid hereunder for intangible drilling costs, and other costs are required to be prepaid as an advance and not as a refundable deposit for the purpose of providing immediate funds for obtaining rigs on a priority basis, allowing the drilling venture to proceed without delay on current prices before anticipated increases. After completion of Drilling Operations (defined as connection to the meter for a gas completion for each well and test separator for an oil completion), all costs incurred in operating such wells shall be borne by the Purchaser together with the remaining working interest.

If Company makes the decision to plug such well within 90 days of reaching total depth, Company shall do so under the turnkey contract.

For the purposes of this Agreement, "connection to the meter for gas wells and test separator for oil wells" means that point in time when a well, drilled under the terms hereof, has been connected to the gas gathering line or oil tanks and Operator has completed his work thereon, except for plugging, if necessary.

DRILLING LOCATIONS

The proposed wells in this project are located on the oil and gas rights described in detail in the Private Placement Memorandum under "Technical Description."

Company will choose the drilling sites on the rights. Completion will be attempted on the wells if the information obtained for the drilled formation appears adequately positive. It is anticipated that the wells will be completed. However, there can be no assurance that any well will be commercially productive.

After production operations have commenced, Company, at its sole discretion, may determine that the well is no longer commercial and proceed to abandon and plug such well. Upon abandonment of a producing well, the owners of the working interest shall share plugging expenses in each well, prorated to their percentage of ownership of that well, and any proceeds accruing from the sale of salvage equipment and casing shall be distributed in the same manner.

RIGHT OF SUBSTITUTION

It is understood and agreed that upon the execution hereof, the parties have agreed upon the wells to be drilled and their location.

It is further understood and agreed, however, that as a general practice upon the drilling and completion of the first well, or at any point during the drilling program, should adverse land, engineering or geological conditions be encountered, or the prospect for any other reason be determined not to be economically feasible, then Company, upon the advice and agreement of Operator, may terminate the drilling of those rights.

In such termination case, any remaining sums as not yet paid out at that time may be used in the acquisition and drilling in another prospect or well having substantially equivalent cost. The percentage of ownership may be adjusted upward or downward to conform to the "equivalent cost" of drilling and the selection of the prospect shall be at Company's discretion.

TITLE TO PROPERTIES

Royale DWI Investors, LLC shall hold record title to the Working Interest in the subject wells for the benefit of all investors pursuant to the Memorandum including the Working Interest rights acquired by Purchaser hereunder. Purchaser agrees that all rights acquired are subject to all royalties and/or overriding royalties.

REASSIGNMENT AND SALE

Company shall be free to make sales or assignments of any other portion of its Working and or Net Revenue Interest in the rights as it may choose. In the event Company sells some or all of its' interest in any well, to a third party, it shall have the right to sell Purchaser's interest. In the event of such a sale, Company shall be required to pay Purchaser its' pro rata share of the proceeds on a Net Revenue Interest basis.

THE OPERATING AGREEMENT

All drilling, completion and production operations will be conducted pursuant to the terms of a model A.A.P.L. Form 610 Operating Agreement (the "Operating Agreement") which governs said activities on each drilling and spacing unit on an individual well basis. Company will act as the manager under the Operating Agreement. Purchaser hereby consents to the entry of the Operating Agreement and hereby appoints Company as the Purchaser's attorney-in-fact to execute the Operating Agreement on the Purchaser's behalf. Company shall provide Purchaser with a copy of any proposed amendment to the Operating Agreement prior to entry of any such amendment.

Company shall at all times have the right to sell and dedicate to any purchaser all of the oil and gas produced from any well drilled pursuant to this Agreement on such terms and conditions as are permitted under the Operating Agreement, provided such price is not less than the prevailing price for gas or oil being paid in the immediate area of the subject wells.

Proposed operations are more fully described in the Private Placement Memorandum under "Proposed Operations."

ASSESSMENTS

Equipment Assessments: The Turnkey Oil and Gas Drilling Agreement for this program includes such operation and equipment necessary for testing and completion of the initial primary target zone. In the event multiple potential pay zones are encountered in the wellbore, Purchaser shall have the right, but not the obligation, to participate in all additional zones and equipment on a pro-rata basis. When deemed necessary or prudent, Company will provide notice to Purchaser describing the proposed operation, cost and the timing or work to be performed, whereupon Purchaser shall have 30 days in which to elect to participate in such work and share in production and revenue, if any, from the resulting operation.

CONFIDENTIALITY OF DATA

In connection with the drilling and operations of such wells, Purchaser shall have full and complete access to the location, driller's logs, electrical logs, cores and any other information gained by the drilling of such wells.

All data, information, and other reports furnished under this Agreement and under the Operating Agreement shall be confidential, and Purchaser shall not disclose such information and agrees to exercise reasonable care and precautions to prevent the publication, dissemination, or disclosure of any such data, information, and reports or copies thereof to any third party, whomsoever.

RELATIONSHIP OF THE PARTIES

This Agreement is not construed as creating any kind of partnership relation between Purchaser and Company or between Purchaser and any other parties of Working Interest from Company. The rights, duties and obligations of the parties hereunder shall at all times be solely as specified in this Agreement and shall under no circumstances be on any basis other than individual and not joint or collective. Each party shall be liable for only its' percent of ownership share of the costs incurred.

ASSIGNMENT

This Agreement shall be binding upon the parties hereto, their heirs and assigns, with the terms and provisions hereof constituting covenants running with the land and title to the Oil and Gas rights.

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Financial Statements and Progress Reports. Company will render drilling progress reports during drilling operations. Company will furnish monthly production reports and annually furnish Purchaser with the information necessary to enable each Purchaser to file their Federal and State income tax returns.

Books and Records. Company will maintain at its principal office and place of business, complete and accurate books of accounts and records of each well, including all agreements, instruments and other documents relating to the operations and activities of the wells.

Review and Audit. Upon request, each Purchaser and their duly authorized representative will, at all reasonable times, during ordinary business hours and on reasonable notice, have access to such books and records directly relating to the activities conducted under this Agreement. Such audit or review shall be conducted in the El Cajon, California office of Company during regular business hours. The right of audit and review shall terminate one (1) year from the expiration of this Agreement. Any Purchaser may, at their own expense, cause an audit of the books related to such Purchaser's interest, to be made by a Certified Public Accountant of their own selection.

SEVERABILITY

In the event that any provision hereof or any portion of any provision hereof shall be deemed invalid or unenforceable, such invalidity or unenforceability shall not affect any other portion of said provision, nor shall it affect, prejudice, or disturb any other provision in this Agreement, as each provision hereof shall be deemed to be severable.

BINDING

This Agreement and the interest and rights transferred herein shall inure to the benefit and be binding upon the parties hereto, their successors and their assigns.

OTHER INSTRUMENTS

The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may be necessary or convenient to effectuate and carry out this Agreement, and that such documents are an integral part of this Agreement.

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The undersigned Purchaser represents and warrants:

Accredited Suitability: The units are intended to be exempt from registration under the Securities Act and applicable state securities laws, pursuant to the exemption from registration requirements contained in Rule 506(c) of the Securities and Exchange Commission. Investment in the units is suitable only for persons who have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in such an investment.

Sales will be made only to accredited investors, as that term is defined in Regulation D, Rule 501, promulgated by the Securities and Exchange Commission. Rule 501 defines accredited investors, and the undersigned Purchaser warrants that they are one of the following:

- ☐ an individual with a net worth of at least \$1 million, not including the value of his or her primary residence;

OR

- ☐ an individual with income exceeding \$200,000 in each of the two most recent calendar years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;

OR

Permian Basin Reserves Subscription Agreement to Be Mailed with Payment

☐ a tax exempt charitable organization, corporation or partnership with assets in excess of \$5 million;

OR

☐ an enterprise in which all the equity owners are accredited investors;

Rule 506(c) requires the Company to take reasonable steps to verify that each Purchaser qualifies as an accredited investor. Specifically, Rule 506 (c) requires Company to collect documentary information from Purchaser to determine whether Purchaser is an accredited investor, or to obtain independent verification of Purchaser's status from a third party securities broker, investment adviser, lawyer or certified public accountant. It is possible that Purchaser was not required to submit this type of information in past offerings in which Purchaser have participated. However, the nature of this offering and the requirements of Rule 506(c) impose these additional obligations on Company. Company is required to collect and the undersigned Purchaser agrees to provide one of the following as a condition of accepting the subscription:

Verification based on income, by providing copies of any Internal Revenue Service form that reports income, such as Form W-2, Form 1099, Schedule K-1 of Form 1065, and a filed Form 1040;

OR

Verification on net worth, by providing specific types of documentation dated within the prior three months, such as bank statements, brokerage statements, certificates of deposit, tax assessments and a credit report from at least one of the nationwide consumer reporting agencies; and obtaining a written representation;

OR

A) Written confirmation from a registered broker-dealer, an SEC-registered investment adviser, a licensed attorney or a certified public accountant stating that such person or entity has taken reasonable steps to verify that Purchaser is an accredited investor within the last three months and has determined that such Purchaser is an accredited investor.

B) That the undersigned Purchaser will be the beneficial owner of the Units to be sold; and that Purchaser is acquiring the Units for their own account, for investment, and with no intention of distributing, reselling, pledging, or otherwise disposing of the Units to any other person; and that they will not, in any event, sell the Units within 6 months after the date of purchase.

C) That the undersigned Purchaser is aware that there is no public market for the Units and it may therefore not be possible to readily liquidate the investment; and that the undersigned Purchaser is able to bear the financial risk of the absence of liquidity of the investment.

D) That the undersigned Purchaser recognizes the speculative nature and inherent risks involved in the investment, and Purchaser has taken full cognizance of and understand all of the risk factors relevant to an investment in the program; specifically, including the risk factors set forth under the caption "Risk Factors" in the Private Placement Memorandum.

E) That the undersigned Purchaser is aware that no Federal or State agency has made any finding or determination as to the fairness for public or private investment, nor any recommendation or endorsement of the Interests.

F) That the undersigned Purchaser and their Representative (if required) have been furnished and have carefully read and understand the Confidential Private Placement Memorandum relating to the offering of the Units (including all appendices thereto) and have had access to all such appendices and other information material to this investment. Purchaser further represents that they and their Representative (if required) have been given the opportunity to ask questions and receive answers thereto concerning the terms and conditions of this offering and all aspects of this investment, and have been afforded an opportunity

to obtain any additional information necessary to verify the accuracy of the information furnished, and no statement, printed material, or inducement given or made by Company is contrary to the information contained in the Confidential Private Placement Memorandum.

G) That the undersigned Purchaser recognizes that there is no assurance that the Internal Revenue Code or the Regulations promulgated thereunder will not be interpreted adversely or changed by legislative action and may hereafter be interpreted or amended in such a manner as to deprive Purchaser of any tax benefit Purchaser may contemplate receiving or may now receive.

H) That the undersigned Purchaser has such knowledge and experience in financial and business matters and in similar programs and investments as will enable Purchaser to utilize the information that is available in connection with the offering of the Units in order to evaluate the risks and merits of this particular investment and thus make an informed investment decision; or that Purchaser, or their Representative, has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of the prospective investment and that Purchaser is able to bear the

economic risk of the investment, which includes the possibility of losing the entire investment. Purchaser hereby represents that Purchaser understands the fundamental aspects of this offering, including the risks. This Agreement is entered into in the State of California, and all matters relating to the validity, construction, interpretation and performance thereunder shall be determined in accordance with the laws of the State of California in El Cajon. The parties agree that any disputes arising under this Agreement will be submitted to resolution in that in accordance with the applicable rules of the American Arbitration Association. The parties agree that the arbitration will take place in San Diego County, California. It is further understood and agreed between the parties that all sums due and payable hereunder are due and payable in El Cajon, California. It is agreed that the rights, titles and interests of Purchaser hereto shall be fully transferable and assignable in whole or in part provided, however, that each Purchaser hereto will remain primarily liable and responsible for the performance of the duties, responsibilities and obligations undertaken by it under the terms of this Agreement.

Please indicate your acceptance hereof by signing the following signature page in the space provided and return the signed agreement, verification documents, along with a completed check for the proper amount made payable to ROYALE ENERGY. Upon acceptance of your investment by the Company, the Turnkey Agreement will be fully executed, and a copy returned to you for your records upon receipt of investment payment.

Permian Basin Reserves Subscription Agreement to Be Mailed with Payment

PURCHASER INFORMATION:			
Name		Social Security # or Tax I.D.	
Street Address		County	
City		State	Zip
Telephone	Email	Occupation	
Spouse's Name		Spouse's Occupation	
INVESTMENT OWNERSHIP	MY INTEREST SHOULD BE SHOWN ON THE PROGRAM RECORDS AS FOLLOWS (INDICATE ONE OF THE FOLLOWING):		
☐ 5 Units - \$500,000 ☐ 2 Units - \$200,000 ☐ 1 Unit - \$100,000 ☐ ½ Unit - \$50,000 ☐ ¼ Unit - \$25,000	☐ Individual ☐ Separate Property ☐ Program ☐ Joint Tenancy ☐ Tenants in Common ☐ Corporation * ☐ Trustee * ☐ Other (Describe) _____ * (Please provide legal documentation identifying Entity and Ownership)		
INVESTMENT PAYMENT METHOD (CHOOSE ONE):			
☐ Check enclosed – Please make payable to: ROYALE ENERGY ☐ Wire Transfer Instructions: Banner Bank Banner Bank Royale Energy Drilling M/M – Permian Basin Reserves 742 Fletcher Parkway Account # 137-0080-0757 El Cajon, CA 92020 Routing# 323-371-076 619-440-3992 MAIL AGREEMENT AND PAYMENT TO: 1530 HILTON HEAD RD. SUITE 205, EL CAJON, CA 92019			
REVENUE AUTOMATIC DIRECT DEPOSIT:			
☐ I wish to have my monthly oil & gas revenue electronically deposited into the account listed below. Please attach a voided check for the account that you would like your funds deposited into if different than the payable account.			
Please indicate your acceptance hereof by signing below in the space provided and return the signed agreement along with a completed check for the proper amount made payable to ROYALE ENERGY. The Turnkey Agreement will be fully executed and a copy returned to you for your records upon receipt of investment payment.			
ACCEPTED BY:			
PURCHASER			
Signature	Printed Name	Date	
Signature	Printed Name	Date	
ROYALE ENERGY			
Signature	Printed Name Donald H. Hosmer, Co-Founder	Date	
Signature	Printed Name Johnny Jordan CEO	Date	
			2026A