

**STONEGATE
RESOURCES, L.L.C.**

Eric Noblitt

March 2, 2006

Ms. Diana Whitney
Division of Oil, Gas and Mining
Box 14581
Salt Lake City, Utah 84114-5801

Re: Application For Permit To Drill
Royale Energy, Inc.'s, - Moon Canyon # 4 Well
Sec. 10: T16S-R21E
Grand County, Utah

Dear Ms. Mason:

Enclosed please find two (2) fully executed copies of Royale Energy's Federal APD for the above referenced well. A copy of the Cultural Resource Inventory report will follow under separate cover.

Please do not hesitate to contact me at (970) 245-3951 regarding any questions you may have regarding this application.

Sincerely,

Eric Noblitt, Agent
Royale Energy, Inc.

RECEIVED

MAR 06 2006

DIV. OF OIL, GAS & MINING

c.c. Phil Nicoll – Royale Energy, Inc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

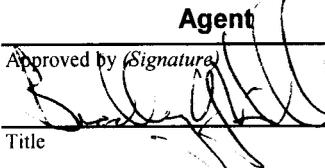
FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU - 52471
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Royale Energy, Inc.		7. If Unit or CA Agreement, Name and No. Moon Canyon
3. Address of Operator 7676 Hazard Center Dr. Suite #1500, San Diego, CA. 92108		8. Lease Name and Well No. Moon Canyon #4
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1,901' fml & 589' fwl (swnw) ^{620861X} ^{39, 432235} At proposed prod. zone Same ^{4365476Y} ^{-109.595723}		9. API Well No. 43-019-31470
14. Distance in miles and direction from nearest town or post office* 60 miles Northwest of Fruita, Colorado		10. Field and Pool, or Exploratory Moon Canyon undesignated
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1901'		11. Sec., T., R., M., or Blk, and Survey or Area Sec.10-T16S-R21E SLM
16. No. of Acres in lease 960	17. Spacing Unit dedicated to this well 40	12. County or Parish Grand
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,187'	19. Proposed Depth 11,400 ft.	13. State UT
20. BLM IBIA Bond No. on file UTB000026	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7544' GL	22. Approximate date work will start* May 1, 2006
23. Estimated duration 30 days	24. Attachments	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|--|---|
| <ul style="list-style-type: none"> 1. Well plat certified by a registered surveyor. 2. A Drilling Plan. 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | <ul style="list-style-type: none"> 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 5. Operator certification. 6. Such other site specific information and/or plans as may be required by the authorized officer. |
|--|---|

25. Signature 	Name (Printed/Typed) Eric Noblitt	Date 3/1/2006
Title Agent		
Approved by (Signature) 	Name (Printed/Typed) BRADLEY G. HILL ENVIRONMENTAL MANAGER	Date 03-22-06
Title	Office	

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

RECEIVED
MAR 06 2006
DIV. OF OIL, GAS & MINING

**Federal Approval of this
Action is Necessary**

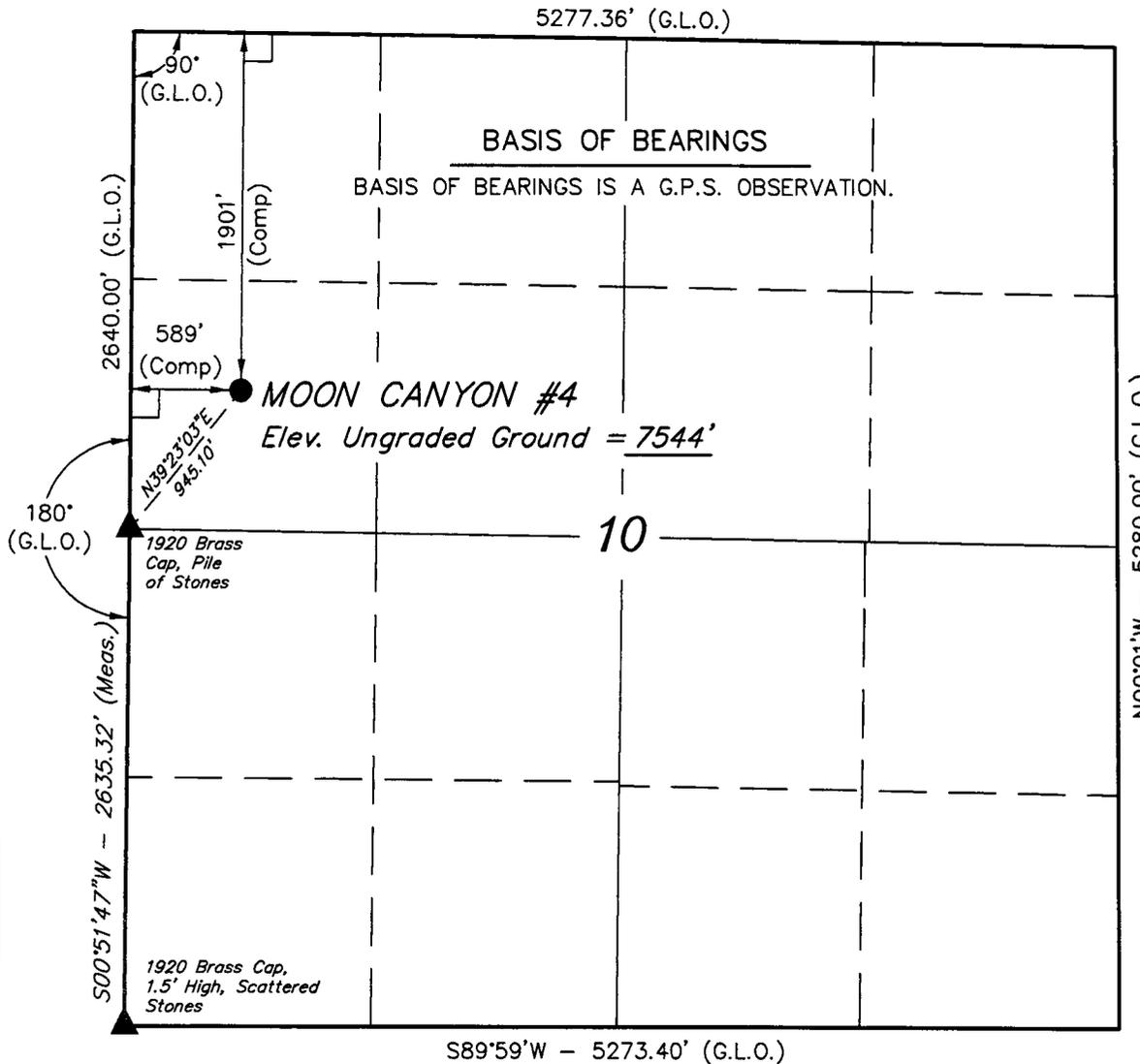
T16S, R21E, S.L.B.&M.

ROYALE ENERGY, INC.

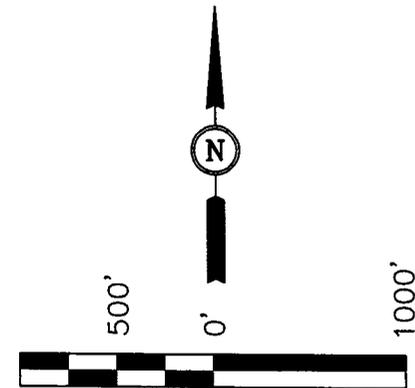
Well Location, MOON CANYON #4, located as shown in the SW 1/4 NW 1/4 of Section 10, T16S, R21E, S.L.B.&M. Grand County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT AN OIL WELL LOCATED IN THE NE 1/4 OF SECTION 15, T16S, R21E, S.L.B.&M. TAKEN FROM THE TENMILE CANYON NORTH QUADRANGLE, UTAH, GRAND COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7620 FEET.



N00°01'W - 5280.00' (G.L.O.)



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF

John Hay

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 11-23-05	DATE DRAWN: 12-01-05
PARTY J.W. T.C. S.L.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE ROYAL ENERGY, INC.	

(STATE PLANE NAD 27)
N = 405995.948
E = 2537861.946

(AUTONOMOUS NAD 27)
LATITUDE = 39°25'56.12" (39.432256)
LONGITUDE = 109°35'46.69" (109.354669)

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

ROYALE ENERGY, INC.

Moon Canyon #4
589'FWL, 1,901'FNL

SW/4NW/4; Section 10, Township 16 South, Range 21 East, SLM
Grand County, Utah
Lease # UT U-52471

Surface Use & Operations Plan

Ownership

Surface & Minerals:

Bureau of Land Management
Vernal Field Office
170 South 500 West
Vernal, UT 84078
(435) 781-4800

1. EXISTING ROADS – Refer to Exhibit Topo Maps “A” and “B”.

- A. The proposed wellsite has been surveyed to memorialize the existing well pad (see Location Layout Plat)
- B. To reach the proposed location from the UT/CO state line proceed East on Interstate 70 approximately 4.6 miles to the Westwater exit; proceed north .3 mile, turn right and go East 2.2 miles to Hay Canyon & East Canyon road (At National Fuel sign) turn left, proceed Northwest 12.6 miles to Hay Canyon road, turn left and travel up Hay Canyon 13.8 miles to Divide road. Turn left. Heading west, travel 9.3 miles to Moon Ridge sign. Turn right. Proceed 8.3 miles to MR 31-15 well. Travel 1 mile NW on access road to Moon Canyon #2 location. Turn right, travel .3 miles to Moon Canyon #4 location.
- C. Access roads refer to Exhibit Topo Maps “A” and “B”.
- D. Access roads within a one (1) mile radius, none – refer to Exhibit Topo Maps “A” and “B”.
- E. The existing roads will be maintained in the same or better condition as existed prior to the commencement of operation and said maintenance will continue until final abandonment and reclamation of said well location.

2. NEW ROAD– Refer to Topo Map Exhibits “A”& “B”

Access to the location will be on Grand County maintained roads, one mile past the Moon Ridge #31-15 location in the NE/4 Section 15, T 16S-21E. The road will somewhat

follow an existing seismic trail approximately .2 miles and .1 miles of new road (.3 miles total) to Moon Canyon #4 location, crossing BLM lands.

- A. Width – The current approximate width of the seismic trail is approximately 8-12 foot running surface. This road will be widen and improved where needed to a twenty (20) foot running surface.
- B. Construction Standard -Any road improvements will be conducted in accordance with roading guidelines established for oil & gas exploration and development activities as referenced in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction activities on public domain lands.
- C. Maximum grade – The maximum grade is under 8%.
- D. Turnouts – Several turnouts exist on the existing road any new turnouts will be consultation of the appropriate governing authority.
- E. Drainage design – The existing road shall be maintained to provide proper drainage along the road.
- F. Culverts and low water crossings – No low water crossings are anticipated. Culverts will be installed as needed. Possibly 1 culvert.
- G. Surface material – It is anticipated that no additional surface material will be required for drilling and production operations. Should spot graveling be required during drilling operations, gravel would be obtained from the nearest commercial site.
- H. Gates, cattleguards or fence cuts: No Fence cuts or cattleguards will be required along the proposed existing route. All gates will be maintained during operations.
- I. Road maintenance – During both the drilling and production phase of operations, the road surface will be kept in a safe and useable condition and will be maintained in accordance with the original construction standards. All drainage ditches and culverts will be kept clear and free-flowing, and will also be maintained in accordance with the original construction standards. The access road will be kept free and clear of trash during all operations.

3. LOCATION OF EXISTING WELL WITHIN A ONE-MILE RADIUS

- A. Water wells none
- B. Abandoned wells none
- C. Temporarily abandoned wellsnone
- D. Disposal wells none

E.	Proposed wells	none
F.	Shut-in wells	none
G.	Producing	Ice Canyon 16-9 NE/4 Sec.16, T16S-R21E
		Moon Ridge 31-15 NE/4 Sec.15, T16S-R21E
		Moon Canyon #2 NESE Sec.9, T16s-R21E

4. LOCATION OF PROPOSED FACILITIES

- A. All production facilities will be located on the disturbed portion of the well pad and at a minimum from of twenty-five (25) feet from the toe of the back slope or top of the fill slope.
- B. Any road improvements will be conducted in accordance with roading guidelines established for oil & gas exploration and development activities as referenced in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction activities on public domain lands.
- C. An existing 3” pipeline for gas gathering is located along the access road from the Moon Ridge #31-15 well located in the NE/4 Sec. 15, T16S-R21E to the Moon Canyon #2 well located in the SE/4 Sec.9, T16S-R21E. If the subject well is commercial a proposed 3” welded surface line will be laid adjacent to the new road from the proposed Moon Canyon #4 production facilities to the above described 3” pipeline located in the SW/4 Section 10. (Approximately 1,400 ft.) Royale is proposing a surface pipeline, due to the exposed bed rock at the surface of the pipeline R-O-W.
- D. All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, non-reflective color to match the standard environmental colors. All facilities will be painted within six months of installation. Facilities required by OSHA may be excluded. Colors will be painted Juniper Black (5W A20-6), unless otherwise advised by the governing authority.
- E. If a gas meter run is constructed, it will be located within 500 feet of the wellhead. The flowline will be buried from the wellhead to the meter and will be buried downstream until it leaves the pad. The meter run will be housed. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter.

All gas production and measurement shall comply with the provisions of 43 CFR 3162. 7-3, *Onshore Oil and Gas Order No. 5*, and the American Gas Association (AGA) Report No. 3.

- F. If a tank battery is constructed on the lease, it will be surrounded by a berm of sufficient capacity to contain 1-1/2 times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurements shall conform to provisions of 43 CFR 3162. 7-3 and *Onshore Oil and Gas Order No. 4*.
- G. Production facilities on location may include a lined or unlined water pit as specified in *Onshore Oil and Gas Order No. 7*. If water is produced from the well, an application in conformance with Order No. 7 must be submitted. Any pit will be fenced with barbwire held in place by metal side post and wooden corner "H" braces in order to protect livestock and wildlife.
- H. During drilling and subsequent operations, all equipment and vehicles will be confined to the access road, drill pad and any additional area specified in the approved Application for Permit to Drill (APD).
- I. Reclamation of disturbed areas no longer needed for operations will be accomplished by grading, leveling and seeding as recommended by the BLM.

5. LOCATION AND TYPE OF WATER SUPPLY

- A. Water supply for the subject well shall come from a private source in Sec. 6, T16S-R23, owned by Bert Delambert. Utah Water Change Application # t27896 authorizes such use and a water use agreement with Mr. Delambert has been obtained.
- B. No water well will be drilled.

6. SOURCE OF CONSTRUCTION MATERIALS

- A. It is not anticipated that any construction materials (gravel) will be required during construction or operations. If required, a private contractor (or surface owner) having a previously approved source within the general area will be used.
- B. No construction material will be taken from Federal lands. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2-3.

7. METHODS OF HANDLING WASTE MATERIALS

- A. Cuttings - The drill cuttings will be deposited in the reserve pit.
- B. Drilling fluids – All fluids including chemicals will be contained in the reserve pit. The reserve pit will be designed to prevent the collection of surface runoff and

will be constructed with a minimum of one-half (1/2) total depth below the original ground level and at the lowest point within the pit. Prior to back-filling the reserve pit liquids will be disposed in an approved facility and the contents will be allowed to dry. The disturbed portion of the pad will be reclaimed. A 12-mil synthetic pit liner is proposed.

- C. Produced fluids – Liquid hydrocarbons that may be produced during completion operations will be placed in test tanks on the location. Produced water will be placed in the reserve pit (Moon Canyon #4) for a period not to exceed ninety days after initial production.

During this ninety (90) day period, in accordance with *Onshore Oil and Gas Order Number 7*, an application for approval of a permanent disposal method and location, along with required water analysis, shall be submitted to the Authorized Officer for approval.

Any spills of oil, gas, salt water or any other potentially hazardous substances will be cleaned up and immediately removed to an approved disposal site.

- D. Sewage – Portable, self-contained chemical toilets will be provided for human waste disposal. Upon completion of operations, or as required, these toilets will be removed and the contents thereof disposed of in an approved sewage disposal facility.
- E. Garbage and other waste material – All garbage and non-flammable waste materials will be contained in a dumpster or trash cage. Upon completion of operations, or as needed, the accumulated trash will be hauled off-site to an approved sanitary landfill. No trash will be placed in the reserve pit during any operations pertaining to this well.
- F. Immediately after removal of the drilling rig, all debris and other waste materials not contained in the trash cage will be cleaned up and removed from the well location. No potentially adverse materials or substances will be left on location.
- G. Any open pits will be fenced during the drilling operation and said fencing will be maintained until such time as the pits have been back-filled.

8. ANCILLARY FACILITIES

None anticipated.

9. WELLSITE LAYOUT

- A. Attached hereto is a diagram (fig.1) showing the proposed location layout. No permanent living facilities are planned. There will be approximately three (3) trailers on location during drilling operations: one each for the wellsite supervisor, mudloggers and toolpusher.

- B. Topsoil will be stock piled on the Northwest and Southeast of the drillpad. Brush and trees will also be stock piled on the Southeast corner of pad and will be used in the site reclamation process. Erosion ditches will be created along the side of the drill pad to control runoff from the drill pad. (see location layout plat. Fig.1)
- C. A diagram showing the proposed production facility layout will be submitted to the Authorized Officer via *Sundry Notice* (form #3160-5) for approval (see # 4B)
- D. Prior to commencement of drilling operations, the reserve pit will be fenced on three (3) sides with four strand barbed wire held in place by metal side post and wooden corner "H" braces in order to protect livestock and wildlife.
 - 1. Corner post shall be braced in such a manner to keep the fence tight at all times.
 - 2. Standard steel, wood or pipe post shall be used between the corner braces. The maximum distance between any two (2) posts shall be no greater than sixteen (16) feet.
 - 3. All wire shall be stretched, by using a stretching devise, before it is attached to the corner posts.
 - 4. The fourth (4th) side of the reserve pit will be fenced immediately upon removal of the drilling rig and the fencing will be maintained until the pit is back-filled.
- E. Any Hydrocarbons on the pit will be removed immediately.
- F. Flare pit will be a minimum of 100 feet from the wellhead and 30 feet from the reserve pit when applicable. The flare pit will be on laydown side of pad.

10. PLANS FOR RECLAMATION OF THE SURFACE

Producing

- A. Any rat and mouse holes will be back-filled and compacted from to top immediately upon release of the completion rig from the location. The location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.
- B. Any oil located on the pits will be removed immediately in accordance with 43 CFR 3162.7-1.
- C. Back-filling, leveling and re-contouring are planned as soon as possible after cessation of drilling and completion operations. Waste and spoil materials will be disposed of immediately upon cessation of drilling and completion activities.

Fluids from the reserve pit shall be removed. The liner shall be torn and perforated before back-filling of the reserve pit.

The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours. The reserve pit will be reclaimed within six (6) months from the date of well completion. Before any dirt work takes place, the reserve pit will be completely dry and all cans, barrels, pipe, etc., shall be removed.

During the interim management of these wells, the locations will be recontoured and topsoil spread to the deadmen. Utilizing a drill, the location will be seeded using 6 lbs of Western Wheatgrass and 6 lbs of Smooth Brome grass.

Dry Hole/Abandoned Location

1. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and the BLM will attach the appropriate surface rehabilitation conditions of approval.

11. OTHER INFORMATION

- A. Proximity of Water, Occupied Dwellings, Archaeologist, Historical or Cultural Sites:
 1. There are no known, occupied dwellings within one (1) mile of the location.
 2. There are no known water wells within one (1) mile of location.
 3. An archaeological survey was conducted on the proposed well site and access road by Grand River Institute (970) 245-7868. Report will be sent under separate cover.

Royale Energy, Inc. will be responsible for informing all persons in the area who are associated with the project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites or for collecting artifacts. If historic or archaeological materials are uncovered, Royale will suspend all operations that might further disturb such materials and immediately contact the Authorized Officer (AO). Operations are not to resume until written authorization to proceed is issued by the AO. Within five (5) working days the AO will inform the operator as to:

- A. whether the materials appear eligible for the National Register of Historic Places;

- B. the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 - C. a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Reservation Officer, that the findings of the AO are correct and that mitigation is appropriate.
-
- B. The operator will, control noxious weeds along right-of-way for roads, pipelines, wellsites or other applicable facilities. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.
 - C. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities.

12. LESSEE'S OR OPERATORS REPRESENTATIVE AND CERTIFICATION

Royale Energy, Inc.
7676 Hazard Center Drive, Suite 1500
San Diego CA 92108
Phone: (619) 881-2870
Fax (619) 881-2876
Drilling@royl.com
Attention: Phil Nicol

Prepared by:

Date: March 1, 2006



Eric Noblitt, Agent
2275 Logos CT. #B-1
Grand Junction, CO. 81505
Phone: (970) 245-3951
Fax: (970) 245-3951
enoblitt@bresnan.net

ROYALE ENERGY, INC.

Moon Canyon Unit #4

1901' FNL, 589' FWL

SW/4NW/4; Section 10, Township 16 South, Range 21 East, SLM

Grand County, Utah

Lease # UT U-52471

March 1, 2006

DRILLING PLAN

General

NOTE: This well is to be drilled as a tight hole. Unauthorized personnel are not to be allowed on rig floor. All information is to be kept confidential.

Surface Location: 1901' FNL and 589' FWL
SWNW; Sec. 10-T16S-R21E, SLM
Grand County, Utah

Bottomhole Location: Same

Proposed Total Depth: 11,400'

Elevation: 7544' Ground Level (Ungraded)

Drilling Contractor: As yet to be determined.

Drilling Procedure

Location

- 1) Build location, dig and line reserve pit w/ felt and 12 mil liner as per pad layout specifications.

Surface Hole

- 1) Move in and rig up air drilling rig. Called in spud to BLM
- 2) Drill a 12-1/4" surface hole to 1,100' with air. Notified Vernal BLM as to cementing of surface casing.
- 3) Circulate and condition as required. Trip out of hole.
- 4) Run and cement 1,100' of 9-5/8", 36#, K-55, ST&C, 8rd casing.
- 5) Rig down and move off surface hole drilling rig.
- 6) Install 4'X6' cellar rig. Weld on 11" X 5,000 PSI flanged casing head. MU 11"5K X 11"5K spacer spool.

Intermediate Hole

- 1) MIRU rotary rig. Notify Vernal as to BOP/CSG pressure test. Nipple up and pressure test BOPE and 9-5/8" casing, not to exceed to 70% internal yield of 9-5/8" csg.
- 2) Mud up. Trip in hole w/ 8-3/4" PDC bit. Drill out float collar and guide shoe. Drill 8-3/4" intermediate hole from base of surface casing to 6,200' (or 200' +/- into Mancos or as to Geologist recommendation)

Decision Point: Run 7" casing or continue drilling

This area of the Bookcliffs is notorious for hole problems (i.e. loss circulation, hole sloughing, deviation, etc.) in the Wasatch / Green River sections. At casing point(200' into Mancos @ 6,200'+/-), hole conditions will dictate whether to run casing or drill ahead to total depth without intermediate casing. If casing is run, proceed with #3. If casing is not run, proceed to #8.

- 3) Condition hole as per mud program. Run openhole logs as per logging program.
- 4) Trip in hole w/ bit and drill string. Condition hole for running pipe. Laydown 4-1/2" DP.
- 5) Run and cement 7" 23# production casing according to cement recommendation. Change out ram blocks in BOP.
- 6) Pressure test 7" casing string to 1,500 psi for thirty (30) minutes. PU 3-1/2" DP.
- 7) Drill out 7" intermediate casing with 6-1/4" PDC bit.
- 8) Well will be drilled to a depth of 11,400'
- 9) At T.D., condition hole for running openhole logs as per mud program.
- 10) Run openhole logs as per logging program.

Decision Point: Producible/Dryhole

Producible

- 1) Trip in hole w/ bit and drill string. Condition hole for running pipe. Trip out of hole laying down drill- pipe and collars. Notify Vernal BLM as to running and cementing of longstring.
- 2) Run and cement 4-1/2" production casing according to cement recommendation.

Dryhole

- 1) Notify Venal BLM and receive plugging orders. Trip in hole open ended and plug well as per BLM orders.
- 2) Release drilling rig. Reclaim location.

Estimated Tops of Geological Markers (From Ungraded GL)

Green River	Surface
Wasatch	2,600

Mesaverde	4,200
Castlegate Sandstone	5,700
Main Mancos	6,200
Dakota Silt	9,800
Dakota Sandstone	9,900
Cedar Mountain	10,000
Morrison	10,100
Entrada	10,800
TD	11,400

***Estimated Depths of Anticipated Water, Oil , Gas or Mineral Formations
(From Ungraded GL)***

<u>Formation</u>	<u>Top</u>	<u>Possible Formation Content</u>
Green River	Surface to 2,600'	water
Wasatch	2,600' to 4200'	water
Castlegate Sandstone	5,700' to 6,200'	gassy water
Dakota Sandstone	9,900' to 10,000'	gas
Cedar Mountain	10,000' to 10,100'	gas
Morrison	10,100' to 10,800'	gas or water
Entrada	10,800' to TD	gas or water

Pressure Control Equipment

- 1) Type: 11" X 5,000 psi WP, double-gate BOP and 11" X 5,000 psi WP annular BOP with hydraulic closing unit.

The blowout preventer will be equipped as follows:

- 1) One set of blind rams
 - 2) One set of pipe rams
 - 3) Drilling spool with two side outlet (choke side: 3" minimum and kill side 2" minimum)
 - 4) Kill line: Two-inch minimum
 - 5) Two kill line valves, one of which will be a check valve (2" minimum)
 - 6) Choke line: Three-inch minimum.
 - 7) Two choke line valves: Three-inch minimum.
 - 8) One manually operated choke: Three-inch minimum.
 - 9) Pressure gauge on choke manifold.
 - 10) Upper kelly cock with handle readily available.
 - 11) Full opening internal blowout preventer or drill pipe safety valve able to fit all connections.
 - 12) Fill-up line to be located above uppermost preventer.
- 2) PRESSURE RATING: 5,000 PSI

3) TESTING PROCEDURE

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the approved BOP stack. (if isolated from the surface casing by means of a test plug) or 70% of the internal yield strength of the surface casing (if not isolated from the surface casing by means of a test plug). Pressure will be maintained for a period of at least ten minutes or until requirements of the test are met, whichever is longer.

At a minimum, this pressure test will be performed:

- 1) When the BOP is initially installed
- 2) Whenever any seal subject to test is broken.
- 3) Following related repairs.
- 4) At thirty day intervals.

In addition to the above, the pipe rams will be activated daily, and the blind rams will be activated on each trip (but not more frequently than once each day). All BOP tests and drills will be recorded in the IADC Driller's Log (four sheet)

5) CHOKE MANIFOLD EQUIPMENT: (See Schematic #1&2)

All choke lines will be straight lines, unless turns use tee-blocks, or are targeted with running tees.

These lines will be anchored to prevent whip and vibration.

6) ACCUMULATOR:

The accumulator will have sufficient capacity to close all rams (plus the annular preventer, if applicable) and maintain a minimum of 200 psi above the precharge pressure without the use of the closing-unit pumps. The fluid reservoir capacity will be double the accumulator capacity and the fluid level will be maintain at the manufacturer's recommendation. The BOP system will have two independent power sources to close preventers. Nitrogen bottles (three minimum) will be considered one of these sources and will maintain a charge equal to the manufacturer's specifications.

The accumulator precharge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six months thereafter. The accumulator pressure will be corrected if the measured precharge pressure is found to be above or below the maximum or minimum limits of manufacturer's specifications.

7) MISCELLANEAUS INFORMATION:

The blowout preventer and related pressure-control equipment will be installed, tested, and maintained in compliance with the specifications in and requirements of BLM's Drilling and

Operating Practices. The choke manifold and BOP extension rods will be located outside the rig sub-structure.

The hydraulic BOP closing unit will be located at least twenty-five feet from the wellhead, but will be readily accessible to the driller. Exact location and configuration of the hydraulic BOP closing unit will depend upon the particular drilling rig contracted to drill this hole.

Casing and Cementing Programs

PROPOSED CASING DESIGN

<u>Size</u>	<u>Interval</u>	<u>Length</u>	<u>Description</u>
9-5/8"	0' – 1,100'	1,100'	36#, K-55, STC
7"	0' – 6,200'	6,200'	23#, N-80, LTC
4-1/2"	0' - 11,300'	11,300'	11.6# P-110, LTC

A regular guide shoe and insert float will be run on the bottom and top of the first joint on casing. The guide shoe and float collar will be made up with A.P.I. thread locking compound. On 4-1/2" casing, a stop ring and centralizer will be run in the middle of the shoe joint. Centralizers will be ran 1 joint above float and across all potential pay zones.

NOTE: Casing strings will be pressure tested to 0.22 psi/ft of casing string depth, or 1,500 psi, whichever is greater (not to exceed 70 % of the internal yield strength of the casing) after cementing and prior to drilling out from under the casing shoe.

PROPOSED CEMENTING PROGRAM

<u>Casing / Hole Size</u>	<u>Cement Slurry</u>	<u>SX</u>	<u>PPG</u>	<u>Yield</u>
9-5/8" / 12-1/4"	Tail: Class "G" w/ 2% CaCl ₂ & 0.25 PPS Flocele (100% excess)	600	15.8	1.17

Casing Equipment: 1 – Regular Guide Shoe
1 – Insert float collar

NOTE: Precede cement w/ 50 bbls of fresh water. Have 100 sx "neat" cement on location and 1" line pipe to pump a cement top job if cement is not circulated to surface and/or cement falls back. All waiting-on –cement times will be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

<u>Casing / Hole Size</u>	<u>Cement Slurry</u>	<u>SX</u>	<u>PPG</u>	<u>Yield</u>
7" / 8-3/4"	50/50 Pozmix w/.25 PPS Flocele (30% excess)	730	14.2	1.26

hole full at all times. Monitor pit levels to detect loss circulation and gas kicks. Sweep hole as dictated by hole conditions and prior to running production casing. Keep drill string moving at all times. Have 100-200 PPM nitrates in mud system prior to drilling any potential pay zones that may be DST'd.

Recommended Fluid Properties:	Weight:	8.8 – 9.2 PPG
	Viscosity:	As per mud engineer rec
	Water Loss:	8-10 CC'

Evaluation Program

MUDLOGGING: Drilling samples will be caught every 20' from 600' to 9,000'. Mudloggers will be on location and rigged up before drilling of the Castlegate formation. 10' samples will be caught from 9,000' to T.D. or as directed by wellsite geologist.

OPENHOLE LOGGING: 6,200 –1,100' – CNL/FDC w/ XY caliper and DLL
11,400 –6,200' – CNL/LDT w/ XY caliper and DLL

DRILLSTEM TESTING: None anticipated.

CORING: None anticipated.

STIMULATION: All prospective zones will be perforated, flow tested and evaluated to determine if acidizing and/or fracturing is required. The drill site will be of sufficient size to accommodate all completion operations.

The proposed Evaluation Program may change at the discretion of the well site drilling supervisor and geologist with the approval from the Authorizing Officer, Vernal BLM.

Two copies of all logs, core descriptions, core analyses, DST test data, geologic summaries, sample descriptions, and all other surveys or data obtained and compiled during drilling, workover, and/or completion operations will be filed on form #3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the District Manager, Vernal BLM.

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

A cement bond log (CBL) will be run from the production casing shoe to top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

An electronic copy of all logs run on this well will be submitted in LAS format.

Anticipated Bottomhole Pressure

A bottomhole pressure of 3990 psi (.35 gradient) is anticipated at total depth (11,400')

Abnormal Conditions

No abnormal temperature or pressures are anticipated in the drilling of the Moon Canyon #4

Anticipated Starting Date and Miscellaneous

ANTICIPATED STARTING DATE:	Location Construction	May 15, 2006
	Spud Date	June 1, 2006
	Drilling Days	30 days
	Completion Days	14 days

Notifications of Operations

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

All water shows and water-bearing sands shall be reported to John Mayers of the Vernal BLM office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Written notification of such must be submitted to this office not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5(d) shall be submitted to the appropriate Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (1).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergencies, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling onlease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries and tested for meter accuracy at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal Field Office. All meter measurement facilities will conform to Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If operator fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

In the event after-hours approvals are necessary, operator will contact one of the following individuals:

Ed Forsman
Petroleum Engineer

(435) 828-7874

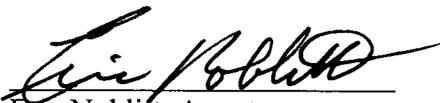
Kirk Fleetwood
Petroleum Engineer

(435) 828-7875

BLM FAX Machine (435) 781-4410

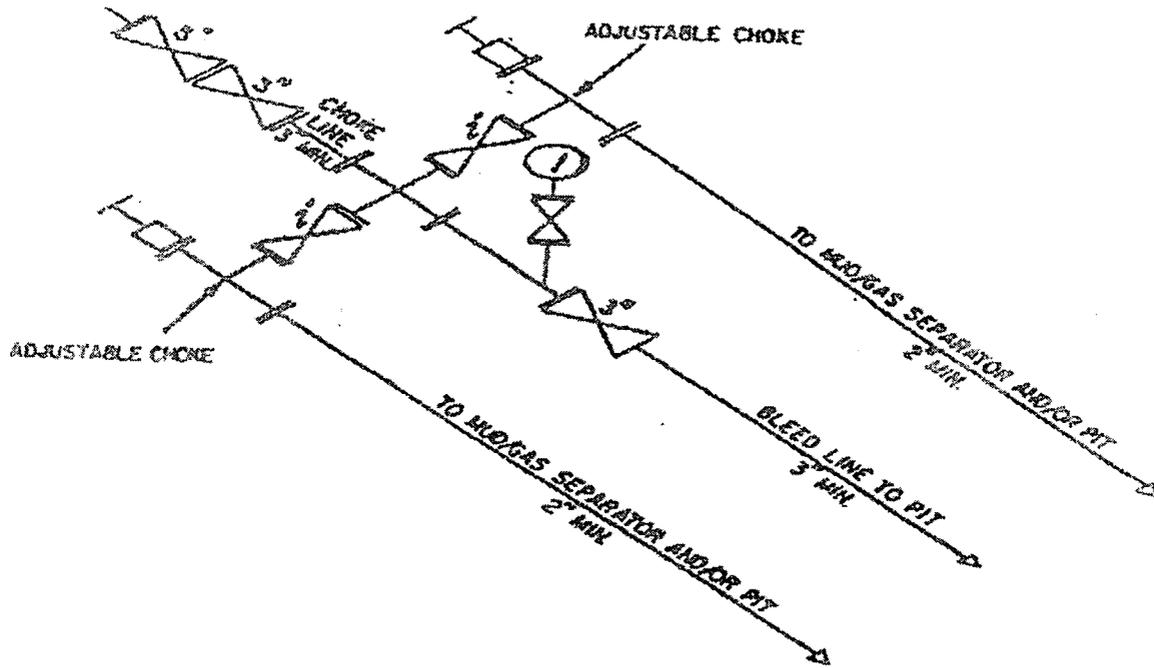
Prepared by:

Date: March 1, 2006



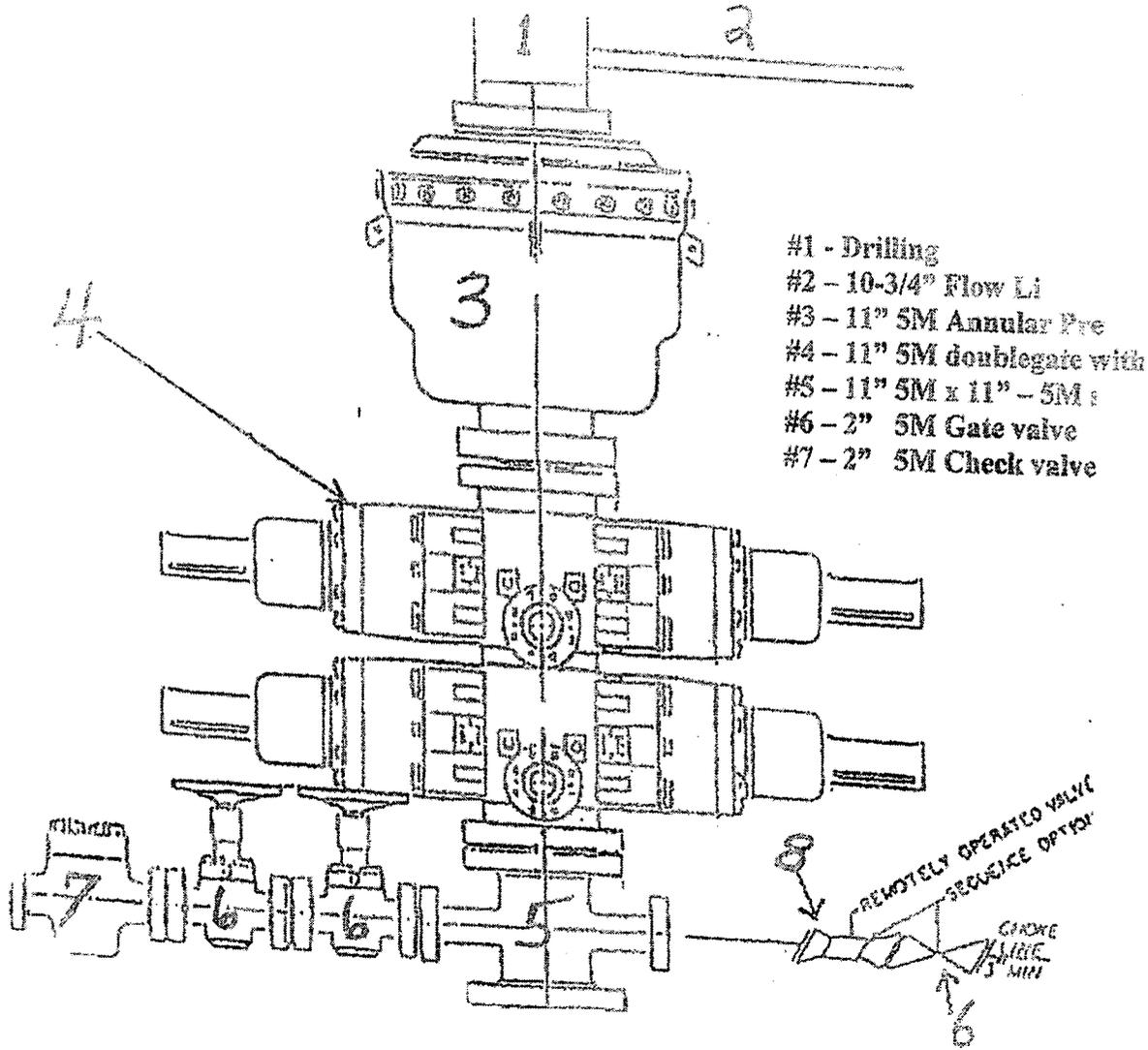
Eric Noblitt, Agent
2275 Logos CT. #B-1
Grand Junction, CO. 81505
Phone: (970) 245-3951
Fax: (970) 245-3951
enoblitt@bresnan.net

Schematic #1



5M Choke Manifold Equipment - Configuration of Chokes May Vary

Schematic #2



ROYALE ENERGY, INC.

Moon Canyon Unit #4

1927' FNL, 589' FWL

SW/4NW/4; Section 10, Township 16 South, Range 21 East, SLM

Grand County, Utah

Lease # UT U-52471

March 1, 2006

Hazardous Material Declaration & Self-Certification

1. HAZARDOUS MATERIAL DECLARATION

No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used in the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

2. SELF CERTIFICATION

Please be advised that Royale Energy Inc. is considered to be the operator of the Moon Canyon Unit Well #4 located in the SWNW Sec.10-TWP.16S-RNG 21E, Uintah County, Utah. Federal Lease #UTU-52471. Royale Energy Inc. will be responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by:

American Contractors Indemnity Company
9841 Airport BLVD. 9th Floor
Los Angeles, CA. 90045

Type of Bond: Statewide Oil and Gas

Bond Amount: \$25,000.00

Bond Surety NO.: 179597

BLM Bond NO.: UT000026

Prepared by:

Date: March 1, 2006



Eric Noblitt, Agent
2275 Logos CT. #B-1
Grand Junction, CO. 81505
Phone: (970) 245-3951
Fax: (970) 245-3951
enoblitt@bresnan.net

ROYALE ENERGY, INC.
MOON CANYON #4
 LOCATED IN GRAND COUNTY, UTAH
 SECTION 10, T16S, R21E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY



UELS Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

11 29 05
 MONTH DAY YEAR

PHOTO

TAKEN BY: J.W.

DRAWN BY: C.P.

REVISED: 00-00-00

ROYALE ENERGY, INC.

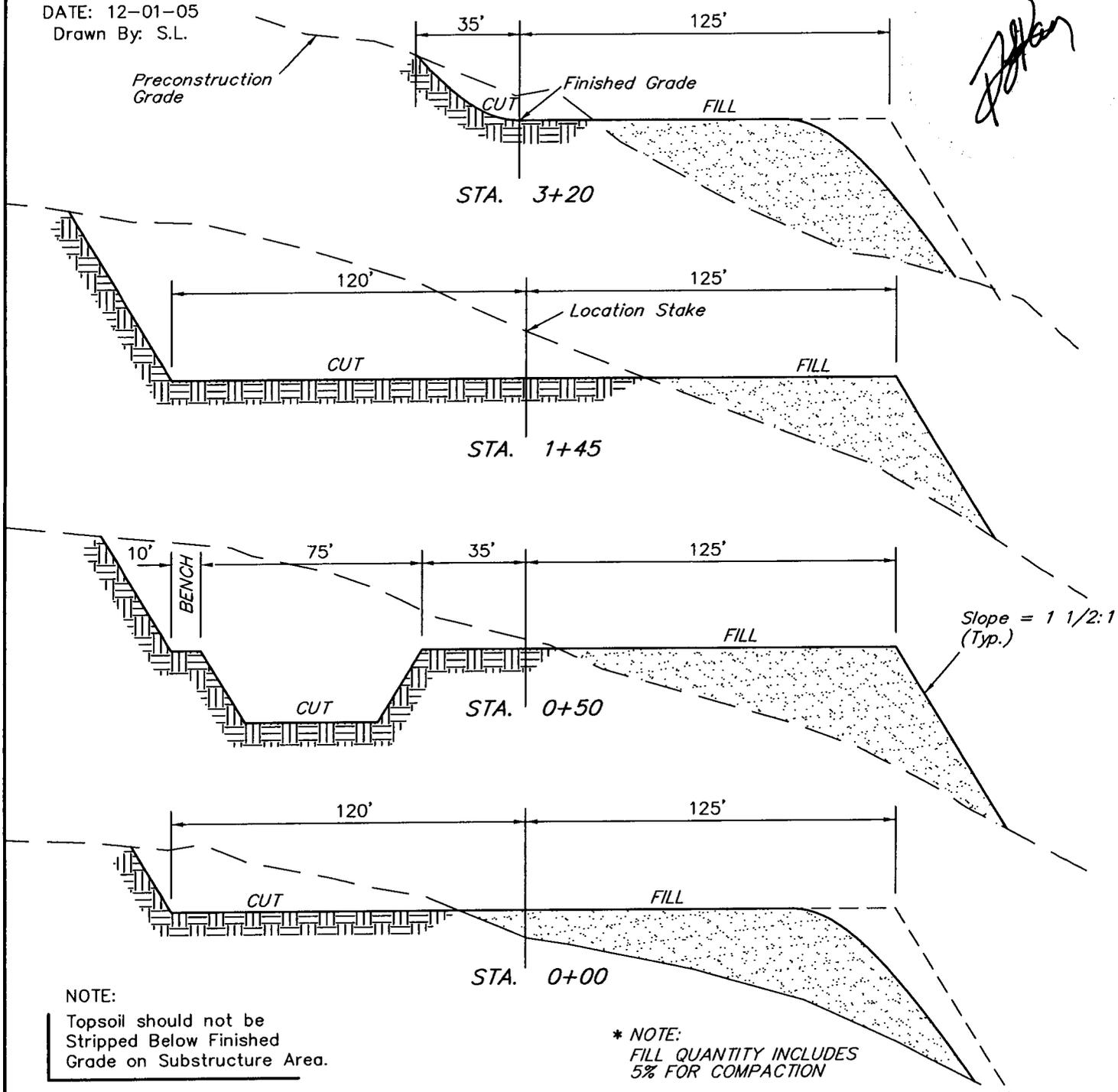
FIGURE #2

TYPICAL CROSS SECTIONS FOR

MOON CANYON #4
SECTION 10, T16S, R21E, S.L.B.&M.
1901' FNL 589' FWL

1" = 20'
X-Section Scale
1" = 50'

DATE: 12-01-05
Drawn By: S.L.



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

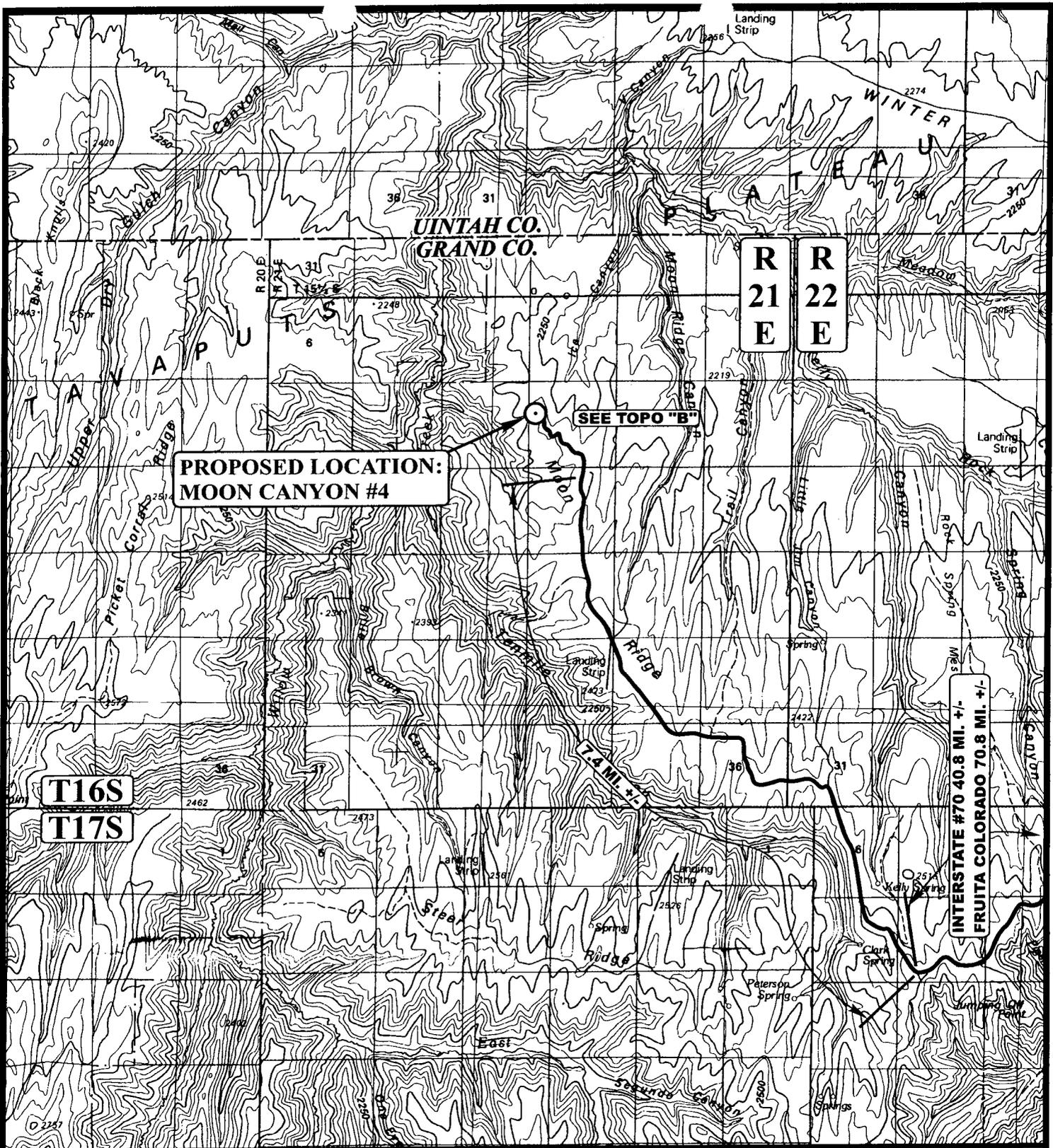
* NOTE:
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,790 Cu. Yds.
Remaining Location	= 15,080 Cu. Yds.
TOTAL CUT	= 16,870 CU.YDS.
FILL	= 13,670 CU.YDS.

EXCESS MATERIAL	= 3,200 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,200 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



LEGEND:

○ PROPOSED LOCATION



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



ROYALE ENERGY, INC.

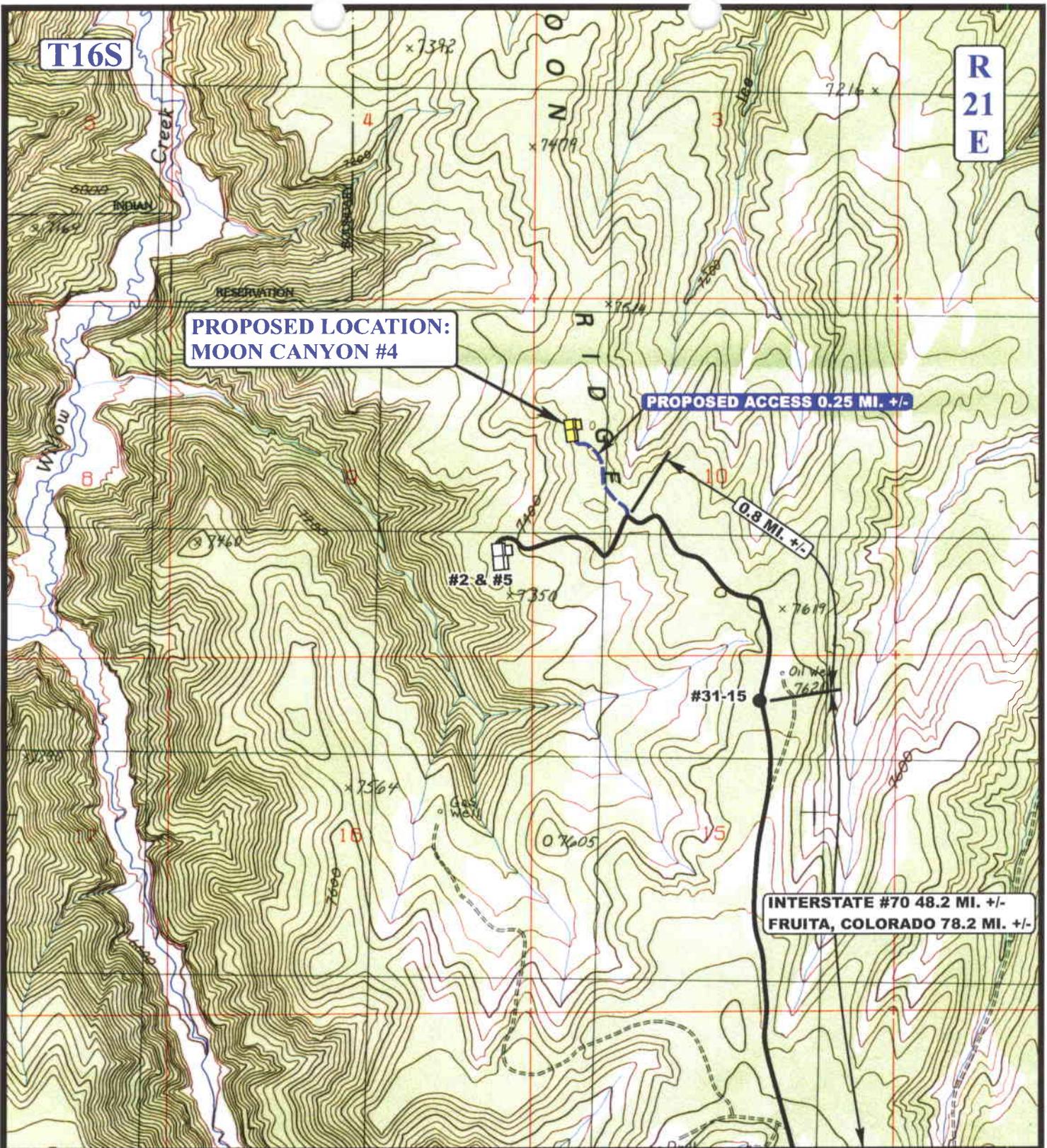
MOON CANYON #4
 SECTION 10, T16S, R21E, S.L.B.&M.
 1901' FNL 589' FWL

TOPOGRAPHIC
MAP

11	29	05
MONTH	DAY	YEAR

SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 02-28-06





LEGEND:

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD



ROYALE ENERGY, INC.

MOON CANYON #4
SECTION 10, T16S, R21E, S.L.B.&M.
1901' FNL 589' FWL



Utah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC 11 29 05
MAP MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 02-28-06



ROYALE ENERGY, INC.
MOON CANYON #4
SECTION 9, T16S, R21E, S.L.B.&M.
10

PROCEED IN A NORTHWESTERLY, THEN WESTERLY, THEN SOUTHWESTERLY DIRECTION FROM FRUITA, COLORADO ALONG INTERSTATE 70 APPROXIMATELY 30.0 MILES TO THE JUNCTION INTERSTATE 70 AND AN EXISTING ROAD TO THE NORTHWEST; EXIT RIGHT AND PROCEED IN A NORTHWESTERLY, THEN NORTHEASTERLY, THEN NORTHWESTERLY, THEN NORTHERLY DIRECTION APPROXIMATELY 9.8 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 7.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 6.8 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY, THEN NORTHERLY DIRECTION APPROXIMATELY 7.4 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN LEFT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 9.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 7.4 MILES TO #31-15 AND AN EXISTING ROAD TO THE NORTH; PROCEED IN A NORTHERLY, THEN NORTHWESTERLY DIRECTION APPROXIMATELY 0.8 MILES TO THE PROPOSED ACCESS TO THE NORTHWEST; FOLLOW ROAD FLAGS IN A NORTHWESTERLY DIRECTION APPROXIMATELY 0.25 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM FRUITA, COLORADO TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 79.25 MILES.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
www.ut.blm.gov

IN REPLY REFER TO:
3104
(UT-924)

MAR 28 2003

DECISION

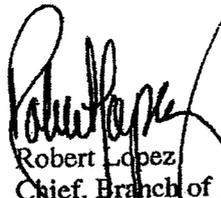
Principal:	:	Type of Bond: Statewide Oil and Gas
Royale Energy, Inc.	:	
7676 Hazard Center Drive, Suite 1500	:	Bond Amount: \$25,000
San Diego, CA 92108	:	
	:	
Surety:	:	Bond Surety No.: 179597
American Contractors Indemnity Company	:	
9841 Airport Blvd. 9 th Floor	:	BLM Bond No.: UTB000026
Los Angeles, CA 90045	:	

Statewide Oil and Gas Surety Bond Accepted

On March 21, 2003, this office received a \$25,000 statewide oil and gas bond for the principal named above. The bond has been examined, found satisfactory, and is accepted effective the date of filing.

The bond constitutes coverage of all operations conducted by the principal on Federal leases in Utah. The bond provides coverage of the principal where the principal has interest in, and/or responsibility for operations on, leases issued under the authority of any of the Acts cited on the bond form. Please note that Federal leases do not include Indian leases.

The bond will be maintained by this office. Termination of the liability under the bond will be permitted only after this office is satisfied that there is no outstanding liability on the bond or satisfactory replacement bond coverage is furnished.


Robert Lopez
Chief, Branch of
Minerals Adjudication

cc: Moab & Vernal Field Office
U-932, Attn: Al McKee

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 03/06/2006

API NO. ASSIGNED: 43-019-31470

WELL NAME: MOON CYN 4
 OPERATOR: ROYALE ENERGY, INC. (N2465)
 CONTACT: ERIC NOBLITT

PHONE NUMBER: 970-245-3951

PROPOSED LOCATION:

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

SWNW 10 160S 210E
 SURFACE: 1901 FNL 0589 FWL
 BOTTOM: 1901 FNL 0589 FWL
 COUNTY: GRAND
 LATITUDE: 39.43224 LONGITUDE: -109.5957
 UTM SURF EASTINGS: 620861 NORTHINGS: 4365476
 FIELD NAME: UNDESIGNATED (2)

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-52471
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: ENRD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB000026)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. T27896)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit: MOON CANYON
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- Federal Approval

2- Spacing Shp



OPERATOR: ROYALE ENERGY INC (N2465)

SEC: 10 T. 16S R. 21E

FIELD: UNDESIGNATED (002)

COUNTY: GRAND

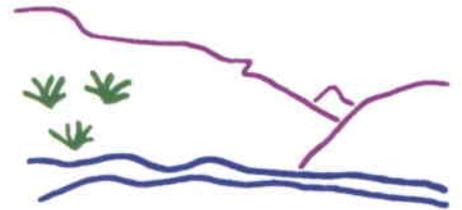
SPACING: R649-3-2 / GENERAL SITING

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - PP GAS
 - PP GEOTHERML
 - PP OIL
 - SECONDARY
 - TERMINATED

Wells Status

- ✖ GAS INJECTION
- ✖ GAS STORAGE
- ⊗ LOCATION ABANDONED
- ⊗ NEW LOCATION
- ⊗ PLUGGED & ABANDONED
- ⊗ PRODUCING GAS
- PRODUCING OIL
- ✖ SHUT-IN GAS
- SHUT-IN OIL
- ✖ TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ⊗ WATER SUPPLY
- ⊗ WATER DISPOSAL
- ⊗ DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 20-MARCH-2006

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

March 21, 2006

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2006 Plan of Development Moon Canyon, Grand County,
Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2006 within the Moon Canyon Unit, Grand County, Utah.

API #	WELL NAME	LOCATION
-------	-----------	----------

(Proposed PZ Entrada)

43-019-31470 Moon Canyon 4 Sec 10 T16S R21E 1901 FNL 0589 FWL
43-019-31471 Moon Canyon 3 Sec 01 T16S R21E 0270 FNL 2190 FWL

Our records indicate the Moon Canyon 3 is closer than 460 feet from the Moon Canyon Unit boundary.

We have no objections to permitting the wells so long as the unit operator receives an exception to the locating and siting requirements of the State of Utah (R649-3-2).

/s/ Michael L. Coulthard

bcc: File – Moon Canyon Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

March 22, 2006

Royale Energy, Inc.
7676 Hazard Center Dr., Suite 1500
San Diego, CA 92108

Re: Moon Canyon 4 Well, 1901' FNL, 589' FWL, SW NW, Sec. 10, T. 16 South,
R. 21 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31470.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Grand County Assessor
Bureau of Land Management, Moab District Office

Operator: Royale Energy, Inc.
Well Name & Number Moon Canyon 4
API Number: 43-019-31470
Lease: UTU-52471

Location: SW NW **Sec.** 10 **T.** 16 South **R.** 21 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

Park City, UT. OFF: (801) 647-9712
 FAX: (801) 647-9713
 Grand Junction, CO. OFF: (970) 245-3951
 FAX: (970) 241-3958

CONFIDENTIAL

Royale Energy, Inc

Fax

To: DOGM/Carol Daniels **From:** Eric Noblitt

Fax: 801.359.3940 **Pages:** 4 w/ cover

Phone: **Date:** January 29, 2007

Re: **CC:**

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

• **Comments:**

Eric Noblitt
 907-245-3951
 enoblitt@Bresnan.net

RECEIVED
 JAN 29 2007
 DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

UTU-52471

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

Moon Canyon

8. WELL NAME and NUMBER:

Vernal Equinox 10-1

9. API NUMBER:

4301931470

10. FIELD AND POOL, OR WILDCAT:

Wildcat

1. TYPE OF WELL

OIL WELL

GAS WELL

OTHER _____

2. NAME OF OPERATOR:

Royale Energy, Inc

3. ADDRESS OF OPERATOR:

7676 Hazard Ctr, Dr. #1500 CITY San Diego

STATE CA ZIP 92108

PHONE NUMBER:

(619) 881-2800

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 569'FWL, 1901' FNL

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SW1W 10 16S 21E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

NOTICE OF INTENT
(Submit in Duplicate)

Approximate date work will start:

SUBSEQUENT REPORT
(Submit Original Form Only)

Date of work completion:

ACIDIZE

ALTER CASING

CASING REPAIR

CHANGE TO PREVIOUS PLANS

CHANGE TUBING

CHANGE WELL NAME

CHANGE WELL STATUS

COMMINGLE PRODUCING FORMATIONS

CONVERT WELL TYPE

DEEPEN

FRACTURE TREAT

NEW CONSTRUCTION

OPERATOR CHANGE

PLUG AND ABANDON

PLUG BACK

PRODUCTION (START/RESUME)

RECLAMATION OF WELL SITE

RECOMPLETE - DIFFERENT FORMATION

REPERFORATE CURRENT FORMATION

SIDETRACK TO REPAIR WELL

TEMPORARILY ABANDON

TUBING REPAIR

VENT OR FLARE

WATER DISPOSAL

WATER SHUT-OFF

OTHER: _____

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Royale Energy, Inc request that information on the above referenced well be held confidential.

NAME (PLEASE PRINT) Eric Noblitt

TITLE Agent

SIGNATURE *Eric Noblitt*

DATE 1/29/2007

(This space for State use only)

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JAN 29 2007

DIV. OF OIL, GAS & MINING

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAR 06 2006

APPLICATION FOR PERMIT TO DRILL OR REENTER **INTERNAL, UTAH**

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU - 52471	
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Royale Energy, Inc.		7. If Unit or CA Agreement, Name and No. Moon Canyon	
3. Address of Operator 7676 Hazard Center Dr. Suite #1500, San Diego, CA. 92108		8. Lease Name and Well No. Moon Canyon #4	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1,901' fnl & 589' fwl (swnw) At proposed prod. zone Same		9. API Well No. 43.019.31470	
14. Distance in miles and direction from nearest town or post office* 60 miles Northwest of Fruita, Colorado		10. Field and Pool, or Exploratory Moon Ridge	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1901'		11. Sec., T., R., M., or Blk. and Survey or Area Sec.10-T16S-R21E SLM	
16. No. of Acres in lease 960		12. County or Parish Grand	
17. Spacing Unit dedicated to this well 40		13. State UT	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,187'		20. BLM IBIA Bond No. on file UTB000026	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7544' GL		22. Approximate date work will start* May 1, 2006	
		23. Estimated duration 30 days	

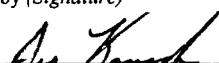
24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Eric Noblitt	Date 3/1/2006
---	---	-------------------------

Title **Agent**

Approved by (Signature) 	Name (Printed/Typed) JERRY KENCZKA	Date 3-15-2006
---	--	--------------------------

Title **Assistant Field Manager
Lands & Mineral Resources**
Office **VERNAL FIELD OFFICE**

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NOTICE OF APPROVAL

06BMO781A

CONDITIONS OF APPROVAL ATTACHED

RECEIVED
MAR 06 2006
DIV. OF OIL, GAS & MINING

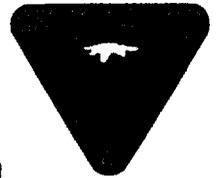


UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Royale Energy, Inc.
Well No: Moon Canyon #4
API No: 43-019-31470

Location: SWNW, Sec. 10, T16S, R21E
Lease No: UTU-52471
Agreement: Moon Canyon Unit

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	435-781-4490	435-828-4470
Petroleum Engineer:	Michael Lee	435-781-4432	435-828-7875
Petroleum Engineer:	James Ashley	435-781-4470	435-828-7874
Petroleum Engineer:	Ryan Angus	435-781-4430	435-828-7368
Supervisory Petroleum Technician:	Jamie Sparger	435-781-4502	435-828-3913
NRS/Enviro Scientist:	Paul Buhler	435-781-4475	435-828-4029
NRS/Enviro Scientist:	Karl Wright	435-781-4484	
NRS/Enviro Scientist:	Holly Villa	435-781-4404	
NRS/Enviro Scientist:	Melissa Hawk	435-781-4476	435-828-7381
NRS/Enviro Scientist:	Chuck MacDonald	435-781-4441	435-828-7481
NRS/Enviro Scientist:	Jannice Cutler	435-781-3400	
NRS/Enviro Scientist:	Michael Cutler	435-781-3401	
NRS/Enviro Scientist:	Anna Figueroa	435-781-3407	
NRS/Enviro Scientist:	Verlyn Pindell	435-781-3402	
NRS/Enviro Scientist:	Darren Williams	435-781-4447	
NRS/Enviro Scientist:	Nathan Packer	435-781-3405	

After Hours Contact Number: 435-781-4513 **Fax:** 435-781-4410

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

- | | |
|--|--|
| Location Construction
(Notify NRS/Enviro Scientist) | - Forty-Eight (48) hours prior to construction of location and access roads. |
| Location Completion
(Notify NRS/Enviro Scientist) | - Prior to moving on the drilling rig. |
| Spud Notice
(Notify Petroleum Engineer) | - Twenty-Four (24) hours prior to spudding the well. |
| Casing String & Cementing
(Notify Supervisory Petroleum Technician) | - Twenty-Four (24) hours prior to running casing and cementing all casing strings. |
| BOP & Related Equipment Tests
(Notify Supervisory Petroleum Technician) | - Twenty-Four (24) hours prior to initiating pressure tests. |
| First Production Notice
(Notify Petroleum Engineer) | - Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

SURFACE USE PROGRAM CONDITIONS OF APPROVAL (COAs)

General Surface COAs

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer AO. A report will be prepared by a BLM permitted paleontologist and submitted to the AO at the completion of surface disturbing activities.

Specific Surface COAs

Conditions of Approval are listed below. Some of these Conditions may also be found in the APD or SOP.

- Within 90 calendar days of the approval date for this Application for Permit to Drill (APD), the operator/lessee will submit to the Authorized Officer (AO), on Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this will include the Best Management Practice of the reshaping of the pad to the original contour to the extent possible; the re-spreading of the top soil up to the rig anchor points; and, reseeding the area using appropriate reclamation methods.
- Surface Disturbing Activities Notification: Notify the Authorized Officer (AO) 48 hours prior to surface disturbing activities.
- Time Limitations: (Only during construction and drilling)
- Lands in this lease have been identified as crucial elk winter habitat, as discussed in the Book Cliffs Resource Management Plan and EIS (p.112). Modifications to the Surface Use Plan of Operations may be required in order to protect elk winter habitat from surface disturbing activities in accordance with Section 6 of the lease terms, Endangered Species Act, and 43 CFR 3101.1-2.
- From November 1 - March 31, there will be no construction and drilling activities, in order to protect crucial elk winter habitat.
- Special Status Plants: If Uinta Basin hookless cactus or other special status plants are found, construction will cease and the AO will be notified to determine the appropriate mitigation.
- Pipelines: The buried pipeline exception request has been received. It has been determined that the pipeline route has bedrock exposed at the surface. The exception is granted for a surface pipeline (3").
- Pipelines will be buried at all major road and drainage crossings.
- Right of way (ROW): will not be required because this is within the Moon Canyon Unit.
- Wet Soil - Caution: No vehicle travel, construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support vehicles and/or

construction equipment. If such equipment creates ruts in excess of three inches deep, the soil shall be deemed too wet to adequately support construction equipment.

- Severe winters: If snow fall is greater than 3 feet, there will be no drilling or construction in the area till the snow melts.
- Soil Erosion – Caution: If additional erosion occurs during the life of this project, more culverts, low water crossings, berms, wing ditches etc. will need to be installed/constructed in order to control erosion.

Drainages:

- Keep drainages clear.
- Low-water crossings will be appropriately constructed to avoid sedimentation of drainage ways and other water resources.
- Prevent fill and stock piles from entering drainages.
- Paint Color: All well facilities not regulated by OSHA will be painted Olive Black.
- Trees: Pile all trees together in one pile.

General Maintenance:

- The operator will be responsible for treatment and control of invasive and noxious weeds.
- All boulders found on the surface with a length (or diameter) greater than 3 feet, will be stockpiled for use during final reclamation.
- The operator shall keep the site well maintained and up-to-date.

Interim Reclamation:

During interim management of the surface, the following seed mixture will be used (PLS formula):

- Western Wheat grass (*Pascopyrum smithii*) 6 lbs/acre
- Smooth Brome grass (*Bromus inermis*) 6 lbs/acre
 - Rates are set for drill seeding; double the rate if broadcasting.
 - Reseeding may be required if initial seeding is not successful.

Final Reclamation:

See APD

- Once the location is plugged and abandoned, it shall be recontoured to natural topology, topsoil shall be respread, and the entire location shall be seeded with a seed mixture recommended by the AO. Seed application will follow all guidelines recommended for seedbed preparation, planting, watering, and seedling care after germination.

DOWNHOLE CONDITIONS OF APPROVAL

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

- Production casing cement shall be brought up and into the previous casing string by a minimum of 200 ft. Should the previous casing string be an intermediate casing string, then the TOC is required to be above 4000 ft.
- In the event that intermediate casing is run, intermediate casing cement shall be brought up to the surface.
- A cement Bond Log (CBL) shall be run from the production casing shoe to the surface casing shoe. A field copy of the CBL shall be submitted to the BLM Vernal Field Office.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment BOPE shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources such as Gilsonite, tar sands, oil shale, trona, etc. to the Vernal Field Office, in writing, within 5 working days of

each encounter. Each report shall include the well name/number, well location, date and depth from KB or GL of encounter, vertical footage of the encounter and, the name of the person making the report along with a telephone number should the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log CBL will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" Oil and Gas Operations Report OGOR starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 303 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location $\frac{1}{4}$ $\frac{1}{4}$, Sec., Twn, Rng, and P.M..
 - Date well was placed in a producing status date of first production for which royalty will be paid.
 - The nature of the well's production, i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons.
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees NTL 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events fires, accidents, blowouts, spills, discharges as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" BLM Form 3160-4 shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data

obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples cuttings, fluid, and/or gas shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" Form BLM 3160-5 must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

CONFIDENTIAL

FORM 9

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU-52471

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

7. UNIT or CA AGREEMENT NAME:
Moon Canyon

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Vernal Equinox 10-1

2. NAME OF OPERATOR:
Royale Energy, Inc

9. API NUMBER:
4301931470

3. ADDRESS OF OPERATOR:
7676 Hazard Ctr, Dr. #1500 CITY San Diego STATE CA ZIP 92108

PHONE NUMBER:
(619) 881-2800

10. FIELD AND POOL, OR WILDCAT:
Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1901' FNL, 589' FWL

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 10 16S 21E

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Royale Energy, Inc requests a one year extension for its Application for Permit to Drill of the above described well. This extension is needed due to the Federal APD being approved in February 2007.

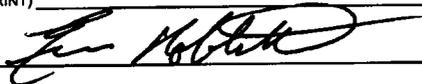
Approved by the
Utah Division of
Oil, Gas and Mining

Date: 04-16-07
By: 

SENT TO OPERATOR
4-16-07
RM

NAME (PLEASE PRINT) Eric Noblitt

TITLE Agent

SIGNATURE 

DATE 4/14/2007

(This space for State use only)



**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-019-31470
Well Name: Vernal Equinox 10-1
Location: SWNW Section 10 -T16S-R21E Grand County, Utah
Company Permit Issued to: Royale Energy Inc.
Date Original Permit Issued: 3/22/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No


Signature

4/12/2007
Date

Title: Agent

Representing: Royale Energy, Inc.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-52471
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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: Moon Canyon
2. NAME OF OPERATOR: Royale Energy, Inc.		8. WELL NAME and NUMBER: Vernal Equinox 10-1
3. ADDRESS OF OPERATOR: 7676 Hazard Center Dr 1500 CITY San Diego STATE CA ZIP 92108		9. API NUMBER: 4301931470
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1901' FNL, 589' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 10 16S 21E		10. FIELD AND POOL, OR WILDCAT: Wildcat COUNTY: Grand STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Request for one year extension</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Royale Energy, Inc. requests a one year extension for its Application for Permit to Drill of the above described well.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 03-10-08
By: [Signature]

COPY SENT TO OPERATOR

Date: 3.11.2008
Initials: KS

NAME (PLEASE PRINT) <u>William Donaldson</u>	TITLE <u>Chief Engineer</u>
SIGNATURE <u>[Signature]</u>	DATE <u>3/31/08</u>

(This space for State use only)

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MAR 06 2008

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-019-31470
Well Name: Vernal Equinox 10-1
Location: SWNW Section 10-T16S-R21E Grand County, UT
Company Permit Issued to: Royale Energy, Inc.
Date Original Permit Issued: 3/22/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No

WB Donaldson
Signature

3/3/08
Date

Title: William Donaldson

Representing: Royale Energy, Inc.

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MAR 06 2008
DIV. OF OIL, GAS & MINING

RECEIVED

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAR 14 2008

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

BLM

5. Lease Serial No.
UTU-52471

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

Oil Well Gas Well Other

7. If Unit of CA/Agreement, Name and/or No.
Moon Canyon

2. Name of Operator
Royale Energy, Inc

8. Well Name and No.
Vernal Equinox 10-1

3a. Address
7676 Hazard Center Drive, Suite 1500, San Diego, CA 92108

3b. Phone No. (include area code)
619-881-2800

9. API Well No.
4301931470

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1901' FNL, 589' FWL of Sec. 10 T16S R21E

10. Field and Pool or Exploratory Area
Wildcat

11. Country or Parish, State
Grand, Ut

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Request for one year extension
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Royale Energy, Inc. requests a one year extension for its Application for Permit to Drill of the above described well.

MOAB FIELD OFFICE
2008 MAR 11 PM 1:50

BLM - UT - 950
2008 MAR -7 AM 9:48

CONDITIONS OF APPROVAL ATTACHED

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Glenn Donaldson

Title Chief Engineer

Signature *W.D. Donaldson*

Date 3/3/08

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *W.D. Donaldson* Petroleum Engineer Date MAR 27 2008

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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APR 18 2008

DIV. OF OIL, GAS & MINING

W.D. DONALDSON

CONDITIONS OF APPROVAL

Royale Energy, Inc

Notice of Intent APD Extension

Lease: UTU-52471
Well: Vernal Equinox 10-1
Location: SWNW Sec 10-T16S-R21E

An extension for the referenced APD is granted with the following conditions:

1. The extension and APD shall expire on 03/15/09
2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Matt Baker of this office at (435) 781-4490



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 14, 2009

Royal Energy, Inc.
7676 Hazard Center Drive, Ste. 1500
San Diego, CA 92108

Re: APD Rescinded – Vernal Equinox 10-1, Sec.10, T.16S, R.21E
Grand County, Utah API No. 43-019-31470

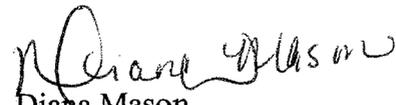
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 22, 2006. On April 16, 2007 and on March 10, 2008, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective May 14, 2009.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Moab

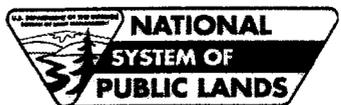


LA
5-14-2009

United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Green River District-Vernal Field Office
170 South 500 East
Vernal, UT 84078
(435) 781-4400 Fax: (435) 781-4410
<http://www.blm.gov/ut/st/en/fo/vernal.html>



IN REPLY REFER TO:
3160
UTG011

July 7, 2009

Eric Noblitt
Royale Energy, Inc.
7676 Hazard Center Dr., Suite 1500
San Diego, CA 92108

43 019 31470
Re: Notice of APD Expiration
Well No. Vernal Equinox 10-1
SWNW, Sec. 10, T16S, R21E
Grand County, Utah
Lease No. UTU-52471
Moon Canyon Unit

Dear Mr. Noblitt:

The Application for Permit to Drill (APD) for the above-referenced well, Vernal Equinox 10-1 was approved on March 15, 2007. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until March 15, 2009. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions regarding APD processing, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson
Land Law Examiner

cc: UDOGM

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JUL 13 2009
DIV. OF OIL, GAS & MINING