

CONFIDENTIAL

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO: ML-46110	6. SURFACE: State
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: Royale Energy, INC		8. UNIT or CA AGREEMENT NAME: Moon Canyon	
3. ADDRESS OF OPERATOR: 7676 Hazard Center Dr CITY San Diego STATE CA ZIP 92108		9. WELL NAME and NUMBER: Vernal Equinox 2-1	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 720' FNL 523' FWL 622415X 39.450018 AT PROPOSED PRODUCING ZONE: Same 4367474Y -109.577311		10. FIELD AND POOL, OR WILDCAT: Wildcat	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 65 Northwest of Fruita, CO		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 2 16S 21E	12. COUNTY: Grand
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 523 ft	16. NUMBER OF ACRES IN LEASE: 640.8	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) NA	19. PROPOSED DEPTH: 11,300	20. BOND DESCRIPTION: Statewide Bond #291395	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7161 ft. GR	22. APPROXIMATE DATE WORK WILL START: 6/1/2007	23. ESTIMATED DURATION: 30 days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-1/4"	9-5/8	K-55	36#	2,000	Class "G"	1200 sx	1.17	15.8 ppg
8-3/4"	7	N-80	23#	6,500	50/50 POZ	875 sx	1.26	14.2 ppg
6-1/4"	4-1/2	P-110	11.60#	11,300	50/50/ POZ	561 sx	1.26	14.2 ppg

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

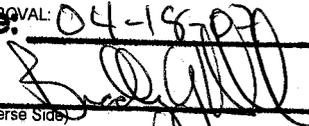
NAME (PLEASE PRINT) Eric Noblitt TITLE Agent

SIGNATURE  DATE: 1/28/2007

Approved by the
Utah Division of
Oil, Gas and Mining

RECEIVED
JAN 31 2007

API NUMBER ASSIGNED: 43-019-37527

Date: 04-18-07
By: 

DIV. OF OIL, GAS & MINING

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

ROYALE ENERGY, INC.

Well Location, VERNAL EQUINOX #2-1, located as shown in the NW 1/4 NW 1/4 of Section 2, T16S, R21E, S.L.B.&M. Grand County, Utah.

BASIS OF ELEVATION

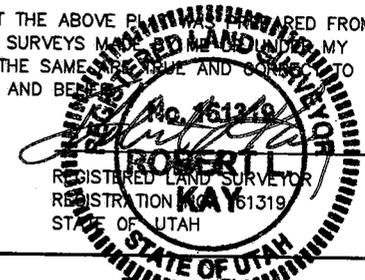
SPOT ELEVATION AT AN OIL WELL LOCATED IN THE NE 1/4 OF SECTION 15, T16S, R21E, S.L.B.&M. TAKEN FROM THE TENMILE CANYON NORTH QUADRANGLE, UTAH, GRAND COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS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



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLANS WERE PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

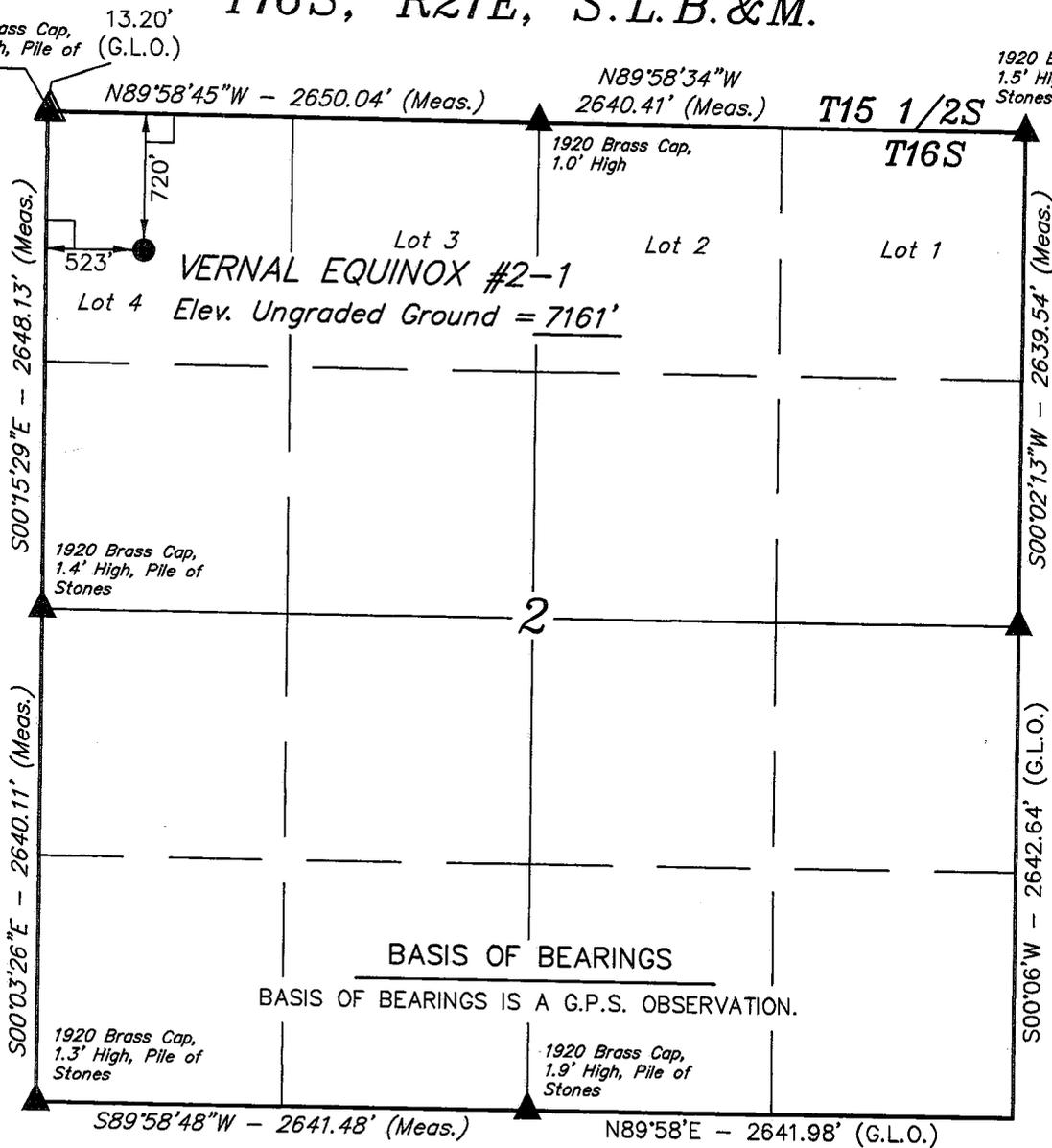


UINTAH ENGINEERING & LAND SURVEYING
 85 SOUTH 200 EAST - VERNAL, UTAH 84078
 (435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 11-07-06	DATE DRAWN: 11-30-06
PARTY D.R. Q.B. C.H.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE ROYAL ENERGY, INC.	

W.C.
1920 Brass Cap,
0.9' High, Pile of
Stones (G.L.O.)

1920 Brass Cap,
1.5' High, Pile of
Stones



LEGEND:

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

(AUTONOMOUS NAD 83)
 LATITUDE = 39°27'00.29" (39.450081)
 LONGITUDE = 109°34'41.17" (110.578103)
 (AUTONOMOUS NAD 27)
 LATITUDE = 39°27'00.41" (39.450114)
 LONGITUDE = 109°34'38.70" (110.577417)

ROYALE ENERGY, INC.

Lease # ML-46110

Moon Canyon Unit

Vernal Equinox #2-1

NW/4NW/4; Section 2, Township 16 South, Range 21 East, SLM
Grand County, Utah

Surface Use & Operations Plan

Ownership

Surface & Minerals:

State of Utah
School Trust Lands
675 E. 500 S.
Salt Lake City, UT 84102
(801) 538-5100

1. EXISTING ROADS – Refer to Exhibit Topo Maps “A” and “B”.
 - A. The wellsite has been surveyed to memorialize the proposed 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 9.9 miles to proposed new access road. Travel Northeasterly 2 miles on proposed access road to Vernal Equinox 2-1 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. PROPOSED ACCESS ROAD – Refer to Map Exhibits “A” & “B”

Access to the location will be on Grand County maintained roads until you turn Northeast (right) off the County road in the SE ¼, Section 10, T 16S-21E. The proposed new access road will be 2 mile in length crossing BLM and State lands to Vernal Equinox 2-1 location.

- A. Width – This new access road will be built with a twenty (20) foot running surface.
- B. Construction Standard – Any road improvements will be conducted in accordance and with consultation with the appropriate governing authority.
- 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 – Culverts(if needed) sizes will be determined by anticipated runoff.
- 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/new 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 wells | none |
| D. | Disposal wells | none |
| E. | Proposed wells | none |
| F. | Shut-in wells | none |
| G. | Producing | none |

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. Production facilities will be located on the drillsite location. A diagram showing the proposed production facility layout will be submitted to the Division via Sundry Notice (Form # 9) will be submitted upon completion and installation of facilities.
- C. An existing pipeline for gas gathering is in place in Sec. 10-T16S-R21E. If the subject well is commercial a 3" welded surface line will be laid adjacent to the new access road from the Drillsite to SE ¼ of section 10.
- 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 Juniper Black, 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 gas 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 the Division 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 the Division.
- G. Production facilities on location may include a lined or unlined water pit as specified in Division rule R649-3-16. 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 provided for in Division rule R649-3-34.

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. Water Change Application t31712 authorizes such use.
- 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 State lands.

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. Pursuant to Division rule R649-3-16 & 34, 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 for a period not to exceed ninety days after initial production.

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 in accordance with Division rule R649-3-32.

- 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 showing the proposed location layout. No permanent living facilities are planned. There will be approximately four (4) trailers on location during drilling operations: one each for the wellsite supervisor, geologist/mudloggers, drilling fluids engineer and toolpusher.
- B. Topsoil will be stock piled on the West and South 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)
- C. A diagram showing the proposed production facility layout will be submitted to the Division via *Sundry Notice* (form # 9) 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 Division rule R649-3-16 & 34.
- 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.

Surface owner will be contacted for required seed mixture pursuant to Division rule R649-3-34.

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 DOGM/SITLA 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. 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 State Historical Preservation Office "SHIPO".

4. A Class III cultural resource inventory of the proposed Vernal Equinox 2-1 location and its related 2 mile-long access road has been completed. The report will be filed with SHIPO and SITLA-State Office.

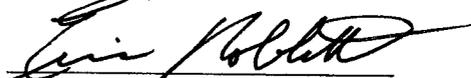
- B. The operator will, control noxious weeds along right-of-way for roads, pipelines, wellsites or other applicable facilities.

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: Lauren Hartwell

Prepared by:

Date: January 28, 2007



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

STATE OF UTAH -- DIVISION OF WATER RIGHTS -- DATA PRINT OUT for t31712(49-123)

(WARNING: Water Rights makes NO claims as to the accuracy of this data.) RUN DATE: 01/26/2007 Page 1

CHANGE: t31712 WATER RIGHT: 49-123 CERT. NO.: AMENDATORY? No

BASE WATER RIGHTS: 49-123

RIGHT EVIDENCED BY: 49-123(A8815)

CHANGES: Point of Diversion [], Place of Use [X], Nature of Use [X], Reservoir Storage [].

NAME: Burt and Christine DeLambert
 ADDR: P. O. Box 607
 Vernal UT 84078
 INTEREST: 100% REMARKS:

FILED: 07/11/2006 | PRIORITY: 07/11/2006 | ADV BEGAN: | ADV ENDED: | NEWSPAPER: No Adv Required
 ProtestEnd: | PROTESTED: [No] | HEARNG HLD: | SE ACTION: [Approved] | ActionDate: 07/17/2006 | PROOF DUE:
 EXTENSION: | ELEC/PROOF: [] | ELEC/PROOF: | CERT/WUC: | LAP, ETC: 08/01/2007 | PROV LETTER:
 RENOVA TE: | RECON REQ: | TYPE: []

Status: Approved

***** HERETOFORE *****
 ***** HEREAFTER *****

FLOW: 0.9034 cfs	FLOW: 20.0 acre-feet
SOURCE: A Spring Branch in Main Canyon	SOURCE: Unnamed Spring
COUNTY: Uintah	COUNTY: Uintah COM DESC: Main Canyon-Book Cliffs
	Water will be pumped into trucks and hauled to place of use.

POINT(S) OF DIVERSION ----->	SAME AS HERETOFORE
Point Surface: (1) N 2870 ft E 16 ft from SW cor, Sec 32, T 15S, R 23E, SLBM Dvrting Wks: Earth & Brush Dam Source:	

PLACE OF USE ----->	CHANGED as follows:
<pre> --NW¼-- --NE¼-- --SW¼-- --SE¼-- N N S S N N S S N N S S N N S S W E W E W E W E W E W E W E W E Sec 30 T 15S R 23E SLBM * : : : * * : : : * X * : : : * Sec 31 T 15S R 23E SLBM * : X : X * : : X : * : : : * * : : : * </pre>	<pre> --NW¼-- --NE¼-- --SW¼-- --SE¼-- N N S S N N S S N N S S N N S S W E W E W E W E W E W E W E W E ALL T 15S R 23E SLBM * ALL T 15S R 24E SLBM * ALL T 16S R 23E SLBM * ALL T 16S R 24E SLBM * </pre>

NATURE OF USE ----->	CHANGED as follows:
SUPPLEMENTAL to Other Water Rights: No	SUPPLEMENTAL to Other Water Rights: No
IRR: 64.0400 acs Sol/Sup: acs USED 03/01 - 10/31	
	OTH: OIL EXPLORATION: drilling and USED 08/01 - 07/31 completion of oil/gas wells in South Book Cliffs-8/1/06-7/31

ROYALE ENERGY, INC.

Lease # ML-46110

Moon Canyon Unit

Vernal Equinox 2-1

NW/4NW/4; Section 2, Township 16 South, Range 21 East, SLM
Grand County, Utah

December 27, 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: 720' FNL' and 523' FWL
NWNW; Sec.2-T16S-R21E, SLM
Grand County, Utah

Bottomhole Location: Same

Proposed Total Depth: 11,300'

Elevation: 7161' Ground Level (Ungraded)

Drilling Contractor: Yet to be determined

Drilling Procedure

Location

- 1) Build location, dig and line reserve pit as per pad layout specifications. Pit will be lined with a 12mil liner.

Surface Hole

- 1) Move in and rig up air drilling rig.
- 2) Drill a 12-1/4" surface hole to 2000' with air. Notify State of Utah DOGM as to cementing of surface casing.
- 3) Circulate and condition as required. Trip out of hole.
- 4) Run and cement 2000' of 9-5/8", 36#, K-55, ST&C, 8rd casing and as per cement recommendation. If cement returns to surface are not obtained, run 1" pipe in casing/hole annulus and top out w/ neat cement. Wait 8 hrs on cement.
- 5) Weld on 11" X 5,000 PSI flanged casing head.
- 6) Rig down and move off surface hole drilling rig.

Intermediate Hole

- 1) MIRU rotary rig. Notify State of Utah DOGM as to BOP/CSG pressure test. Nipple up and pressure test BOPE and 9-5/8" casing to 70% internal yield of 9-5/8" csg.
- 2) Mud up. Trip in hole w/ 8-3/4" bit. Drill out float collar and guide shoe
- 3) Drill 8-3/4" intermediate hole from base of surface casing to 6,500' (or 200'+/- into Mancos)
- 4) Condition hole as per mud program. Run openhole logs as per logging program.
- 5) Trip in hole w/ bit and drill string. Condition hole for running pipe.
- 6) Run and cement 7" 23# N-80 production casing according to cement recommendation.
- 7) Pressure test 7" casing string to 1,500 psi for thirty (30) minutes.
- 8) Drill out 7" intermediate casing with 6-1/4" bit.
- 9) Well will be drilled to a depth of 11,300'
- 10) At T.D., condition hole for running openhole logs as per mud program.
- 11) 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 DOGM as to running and cementing of longstring.
- 2) Run and cement 4-1/2" production casing according to cement recommendation.

Dryhole

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

Estimated Tops of Geological Markers

(From Ungraded GL)

<i>Formation</i>	<i>Top</i>
Green River	Surface
Main Mancos	6,500
Dakota Silt	10,100
Dakota Sandstone	10,400
Cedar Mountain	10,500
Morrison	10,600
Entrada	11,100
<u>TD</u>	<u>11,300</u>

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

Formation	Top	Possible Formation Content
Dakota Sandstone	10,300'	gas
Cedar Mountain	10,500'	gas
Morrison	10,600'	gas or water
Entrada	11,100'	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 (tour sheet)

5) CHOKE MANIFOLD EQUIPMENT:

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 DOGM's Drilling and Operating Practices #R649-3-7. 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

<i>Size</i>	<i>Interval</i>	<i>Length</i>	<i>Description</i>
9-5/8"	0' – 2,000'	2,000'	36#, K-55, STC
7"	0' – 6,500'	6,500'	23#, N-80, LTC
4-1/2"	0' - 11,300'	11,300'	11.60# 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)	1200	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)	875	14.2	1.26

This section of hole may be two staged cemented if loss circulation is encountered.

4-1/2" / 6-1/4" 50/50 poz cement w/ 0.25 PPS 561 14.2 1.26
Flocele (30% excess) TOC @ 6,500'

NOTE: Actual cement volumes will be calculated from caliper log.

Casing Equipment: 1 – Regular guide shoe
1 – Differential-fill float collar
10 – Centralizers (Casing will be centralized on shoe jt and across all potential pay zones)

NOTE: Precede cement with 50 bbls of fresh water. Run compatibility test on proposed cement with actual make-up water. Cement design and volumes may be altered depending on results of caliper log and presence of lost circulation zones.

Drilling Fluids Program

SURFACE HOLE: 0' – 2000' HOLE SIZE: 12-1/4" 9/5/8" CASING

Surface pipe will be pre-set with air rig.

INTERMEDIATE HOLE: 2000' – 6,500' HOLE SIZE: 8-3/4" 7" CASING

Drill out surface casing cement with water discarding contaminated fluid into reserve pit. Mud up with low-solids, 6 PPB DAPP mud system. Keep trip speeds down to reduce surge/swab pressure. Keep 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.

Recommend Fluid Properties: Weight 8.8 – 9.2PPG
Viscosity 36-40 SEC / QT
Water Loss 6-8 CCS

PRODUCTION HOLE: 6,500' – 11,300' HOLE SIZE: 6-1/4" 4-1/2" CASING

Drill out intermediate casing cement with water discarding contaminated fluid into reserve pit. Mud up with low-solids, non-dispersed 6 PPB DAPP mud system. Keep trip speeds down to reduce surge/swab pressure. Keep 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 32-36 SEC / QT
Water Loss 6 – 8 CCS

Evaluation Program

MUDLOGGING: Drilling samples will be caught every 20' from 2000' to 10,000'. Mudloggers will be on location and rigged up before drilling out surface casing. 10' samples will be caught from 10,000' to T.D. or as directed by wellsite geologist.

OPENHOLE LOGGING: 6500 –2000' – CNL/FDC w/ XY caliper and DLL
11,300 –6500' – 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 of the DOGM.

One copy 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 #8. Samples (cuttings, fluids, and/or gases) will be submitted when requested by DOGM.

Anticipated Bottomhole Pressure

A bottomhole pressure of 3955 psi (.35 gradient) is anticipated at total depth (11,300')

ABNOMAL CONDITIONS:

No abnormal temperature or pressures are anticipated in the drilling of the Vernal Equinox 2-1.

Anticipated Starting Date and Miscellaneous

1) ANTICIPATED STARTING DATE:	Location Construction	May 15, 2007
	Spud Date	June 1, 2007
	Drilling Days	30 days
	Completion Days	14 days

2) MISCELLANEOUS

There will be no deviation from the proposed drilling and/or workover program as approved. Safe drilling and operating practices will be observed.

All wells, whether drilling, producing, suspended or abandoned will be identified in accordance with R649-3-5. There will be a sign or marker with the name of the operator, lease serial number, well name and number and survey description of the well.

Any changes in operation must have prior approval from the DOGM. Pressure test will be performed before drilling out from under of all casing strings set and cemented in place. Blowout preventers controls will remain in use until the well is either completed or abandoned. Preventers will be inspected and operated at least daily to insure good mechanical working order, and inspection will be recorded on the daily drilling report. All BOP test will be recorded on the daily drilling report.

The spud date will be orally reported to the DOGM twenty-four (24) hours after spudding. If spudding occurs on a weekend or holiday, this report will be called in on the next regular work day following spudding of the well.

In accordance with R649-3-6, this well will be reported on form #6, *Entity Action Form*, starting within five working days of spudding the well.

All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in R649-3-32 will be reported to the DOGM Office. Major events will be reported verbally within twenty-four (24) hours and will be followed with a written report within five (5) days.

No well abandonment operations will be commenced without the prior approval of the DOGM. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the Division. A *Notice of Intention to Abandon* (Form #9) will be filed with the Division within five (5) days following the granting of oral approval to plug and abandon.

Upon completion of approved plugging, a regulation marker will be erected in accordance with R649-3-25(7). The following information will be permanently placed on the marker with a plate, cap, or beaded-on with a welder: Company Name and Number, Location by Quarter/Quarter, Section, Township, Range and State Lease Number.

A *Subsequent Report of Abandonment* (Form #9) will be submitted within thirty (30) days following the actual plugging of the well bore. This report will indicate cement type and volumes, where plugs were placed, casing left in hole, statement of mud volumes used and the current status of surface restoration operations.

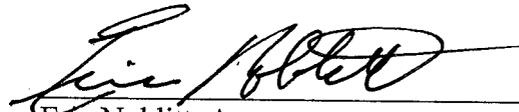
Pursuant to *R649-3-19*, operator will conduct a stabilized production test of at least 24 hours no later than fifteen (15) days following the completion of well. Lessees and operators are authorized to vent/flare gas during first calendar month after initial well evaluation tests and/or the production of three (3) MMCF of gas, whichever occurs first. An application must be filed with the DOGM, and approval received, for any venting /flaring of gas beyond the initial thirty (30) day or otherwise authorized test period.

Pursuant to *R649-2-1*, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in such a manner as to conserve the natural resources of oil and gas in the state, to protect human health and the environment, to prevent waste, to protect the correlative rights of all owners and to realize the greatest ultimate recovery of oil and gas.

Date:

January 28, 2007

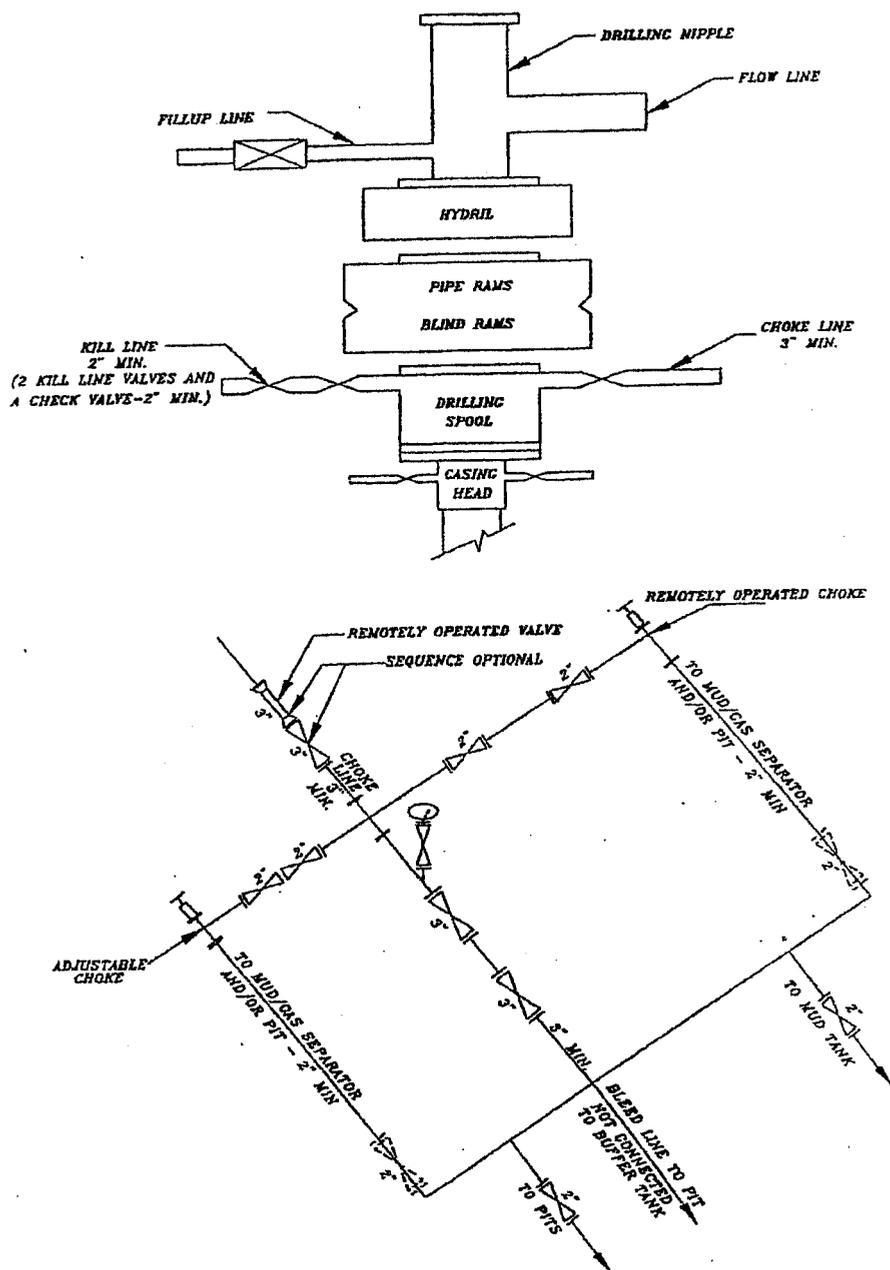
Prepared by:



Eric Noblitt, Agent
Royale Energy, Inc.

Schematic #1

5M BOP STACK and CHOKE MANIFOLD SYSTEM



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

FORM 4A

Bond No. 291395

Premium: \$6,000.00

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) ROYALE ENERGY INC as Principal,
and

(surety name) AMERICAN CONTRACTORS INDEMNITY COMPANY as Surety, duly authorized
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

ONE HUNDRED TWENTY THOUSAND AND NO/100THS dollars (\$ \$120,000.00)

lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening, repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

Blanket Bond: To cover all wells drilled in the State of Utah

Individual Bond: Well No: _____
Section: _____ Township: _____ Range: _____
County: _____, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal to be affixed this

14th day of June, 2006

(Corporate or Notary Seal here)

Attestee: _____ Date: _____

ROYALE ENERGY INC

Principal (company name)

By Donald H. Hosmer, President
Name (print) Title

[Signature]
Signature

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal to be affixed this

8TH day of JUNE, 2006

(Corporate or Notary Seal here)

Attestee: _____ Date: _____

AMERICAN CONTRACTORS INDEMNITY COMPANY

Surety Company (Attach Power of Attorney)

By CARLA M. ALLEN ATTORNEY-IN-FACT
Name (print) Title

[Signature]
Signature

1081 Camino Del Rio South, Suite 107

Surety Mailing Address

San Diego CA 92108
City State Zip

ROYALE ENERGY, INC.
VERNAL EQUINOX #2-1
SECTION 2, T16S, R21E, S.L.B.&M.

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 7.7 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 2.0 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM FRUITA, COLORADO TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 80.5 MILES.

CONFIDENTIAL

ROYALE ENERGY, INC.
VERNAL EQUINOX #2-1
LOCATED IN GRAND COUNTY, UTAH
SECTION 2, T16S, R21E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

**U
E
L
S** Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

12 01 06
MONTH DAY YEAR

PHOTO

TAKEN BY: D.R.

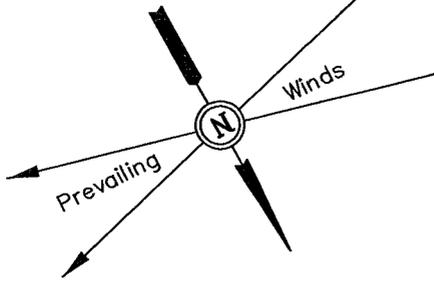
DRAWN BY: C.P.

REVISED: 00-00-00

ROYALE ENERGY, INC.

FIGURE #1

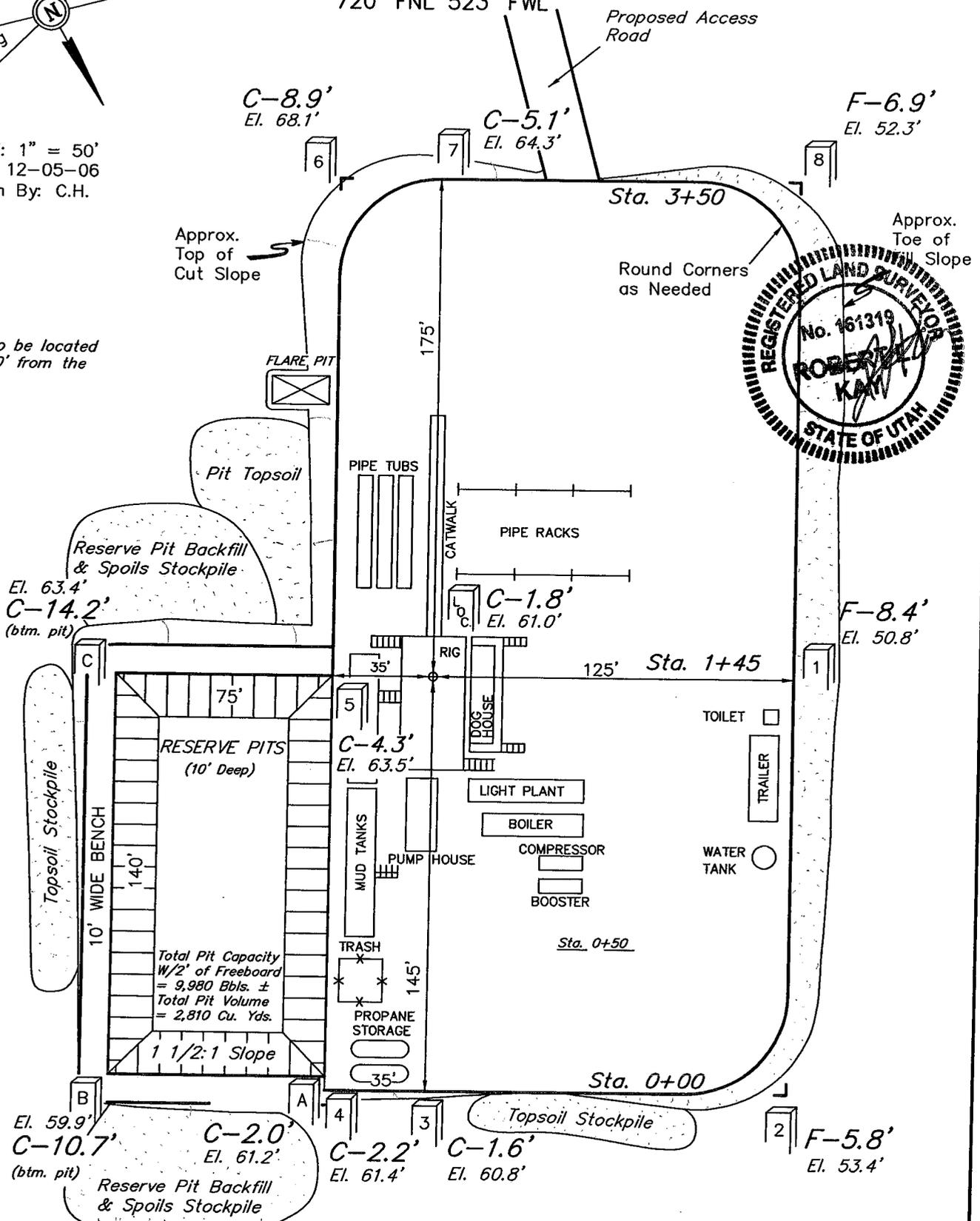
LOCATION LAYOUT FOR
 VERNAL EQUINOX #2-1
 SECTION 2, T16S, R21E, S.L.B.&M.
 720' FNL 523' FWL



SCALE: 1" = 50'
 DATE: 12-05-06
 Drawn By: C.H.

NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.



NOTES:

Elev. Ungraded Ground At Loc. Stake = 7161.0'
 FINISHED GRADE ELEV. AT LOC. STAKE = 7159.2'

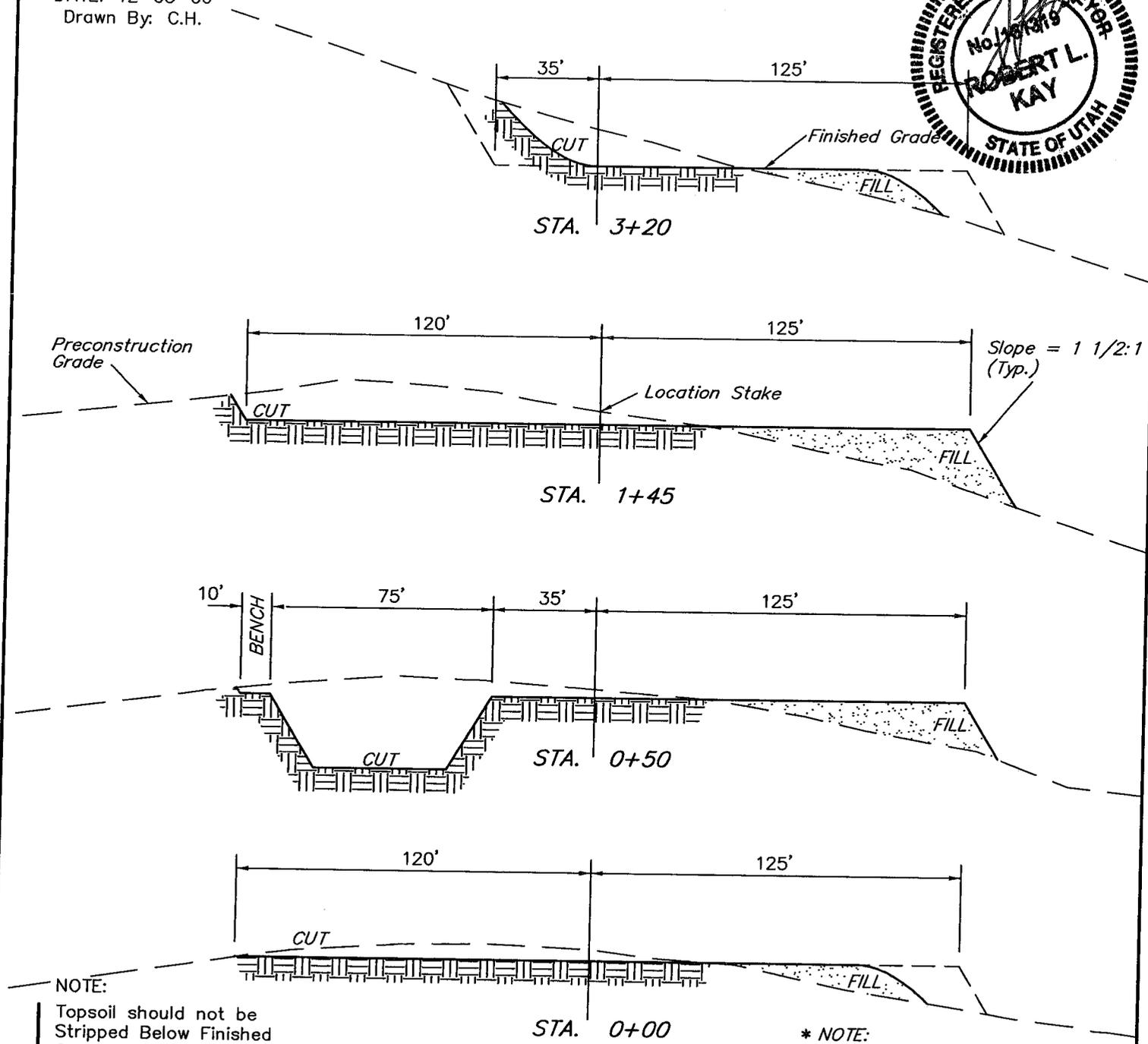
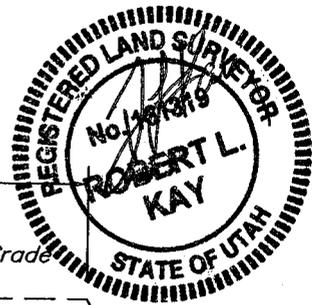
ROYALE ENERGY, INC.

FIGURE #2

TYPICAL CROSS SECTIONS FOR
 VERNAL EQUINOX #2-1
 SECTION 2, T16S, R21E, S.L.B.&M.
 720' FNL 523' FWL

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

DATE: 12-05-06
 Drawn By: C.H.



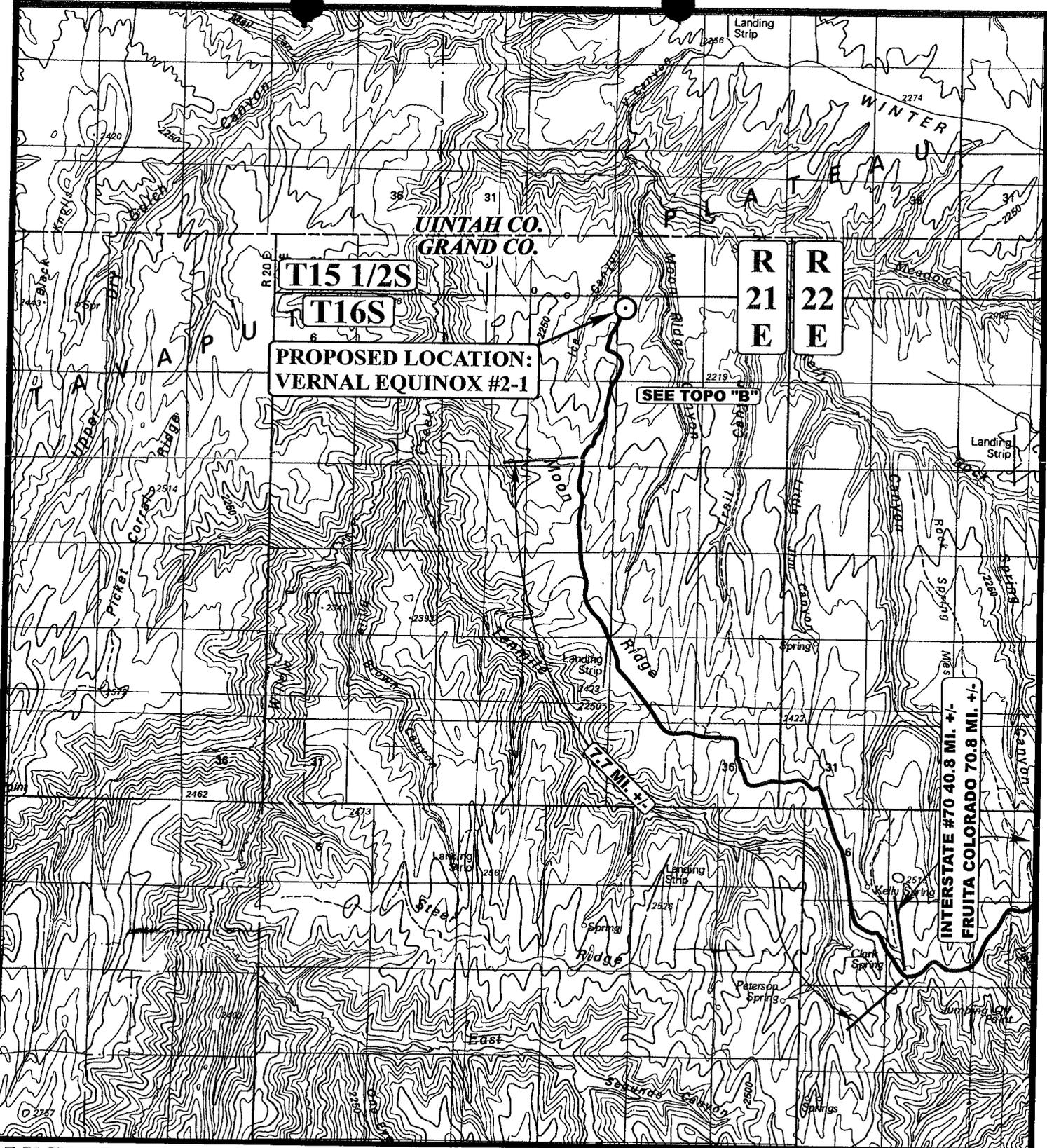
NOTE:
 Topsoil should not be Stripped Below Finished Grade on Substructure Area.

* NOTE:
 FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,400 Cu. Yds.
Remaining Location	= 6,140 Cu. Yds.
TOTAL CUT	= 7,540 CU.YDS.
FILL	= 4,730 CU.YDS.

EXCESS MATERIAL	= 2,810 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,810 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 0 Cu. Yds.



LEGEND:

○ PROPOSED LOCATION



ROYALE ENERGY, INC.

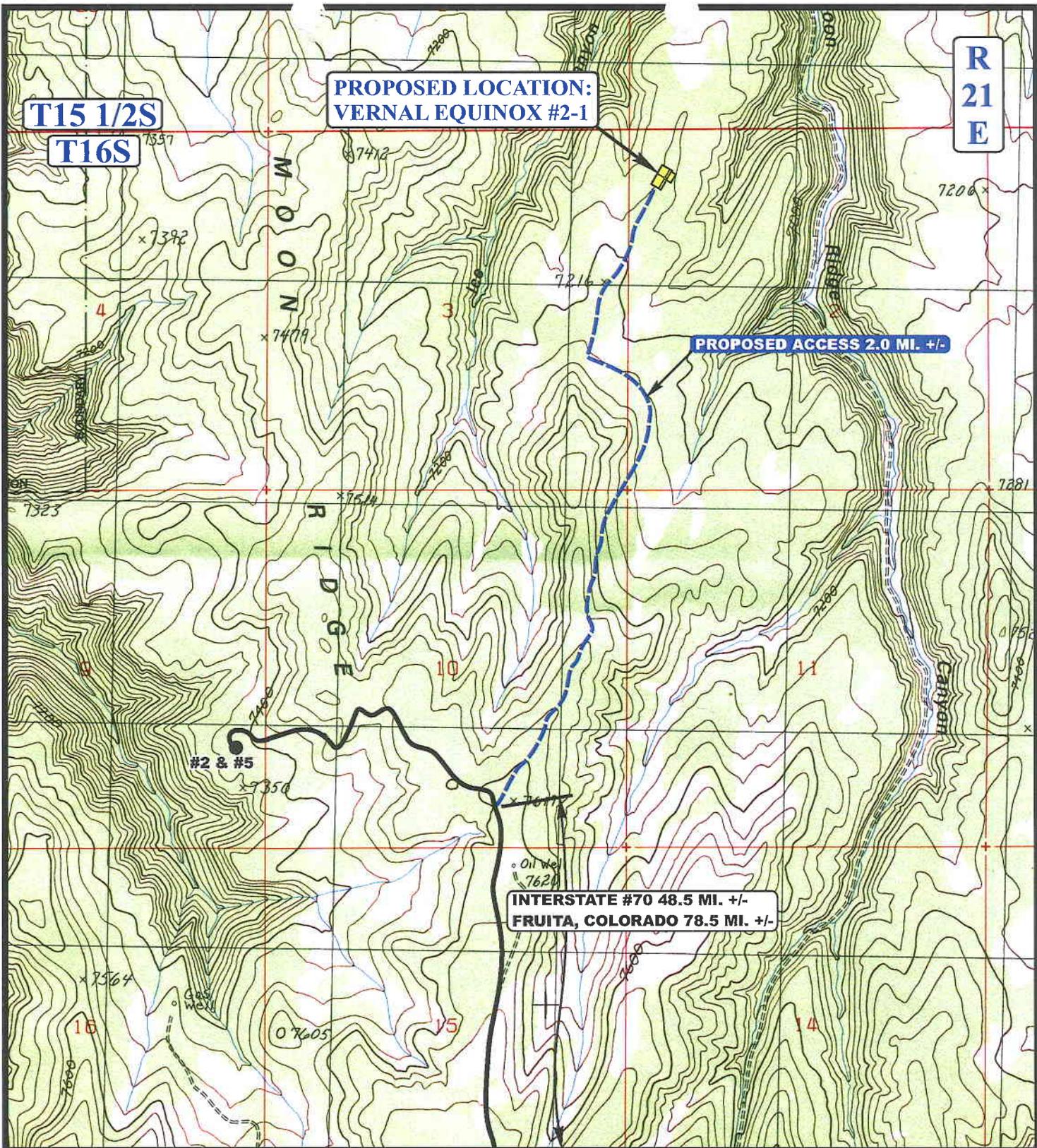
VERNAL EQUINOX #2-1
SECTION 2, T16S, R21E, S.L.B.&M.
720' FNL 523' FWL



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

TOPOGRAPHIC	12	01	06
MAP	MONTH	DAY	YEAR
SCALE: 1:100,000	DRAWN BY: C.P.	REVISED: 00-00-00	





LEGEND:

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD



ROYALE ENERGY, INC.

VERNAL EQUINOX #2-1
SECTION 2, T16S, R21E, S.L.B.&M.
720' FNL 523' FWL



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

TOPOGRAPHIC
MAP

12 01 06
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 01/31/2007

API NO. ASSIGNED: 43-019-31527

WELL NAME: VERNAL EQUINOX 2-1
 OPERATOR: ROYALE ENERGY, INC. (N2465)
 CONTACT: ERIC NOBLITT

PHONE NUMBER: 619-881-2800

PROPOSED LOCATION:
 NWNW 02 160S 210E
 SURFACE: 0720 FNL 0523 FWL
 BOTTOM: 0720 FNL 0523 FWL
 COUNTY: GRAND
 LATITUDE: 39.45002 LONGITUDE: -109.5773
 UTM SURF EASTINGS: 622415 NORTHINGS: 4367474
 FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DNW	4/18/07
Geology		
Surface		

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-46110
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: ENRD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

Plat

Bond: Fed[] Ind[] Sta[] Fee[]
 (No. 291395)

Potash (Y/N)

Oil Shale 190-5 (B) or 190-3 or 190-13

Water Permit
 (No. 49-123)

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

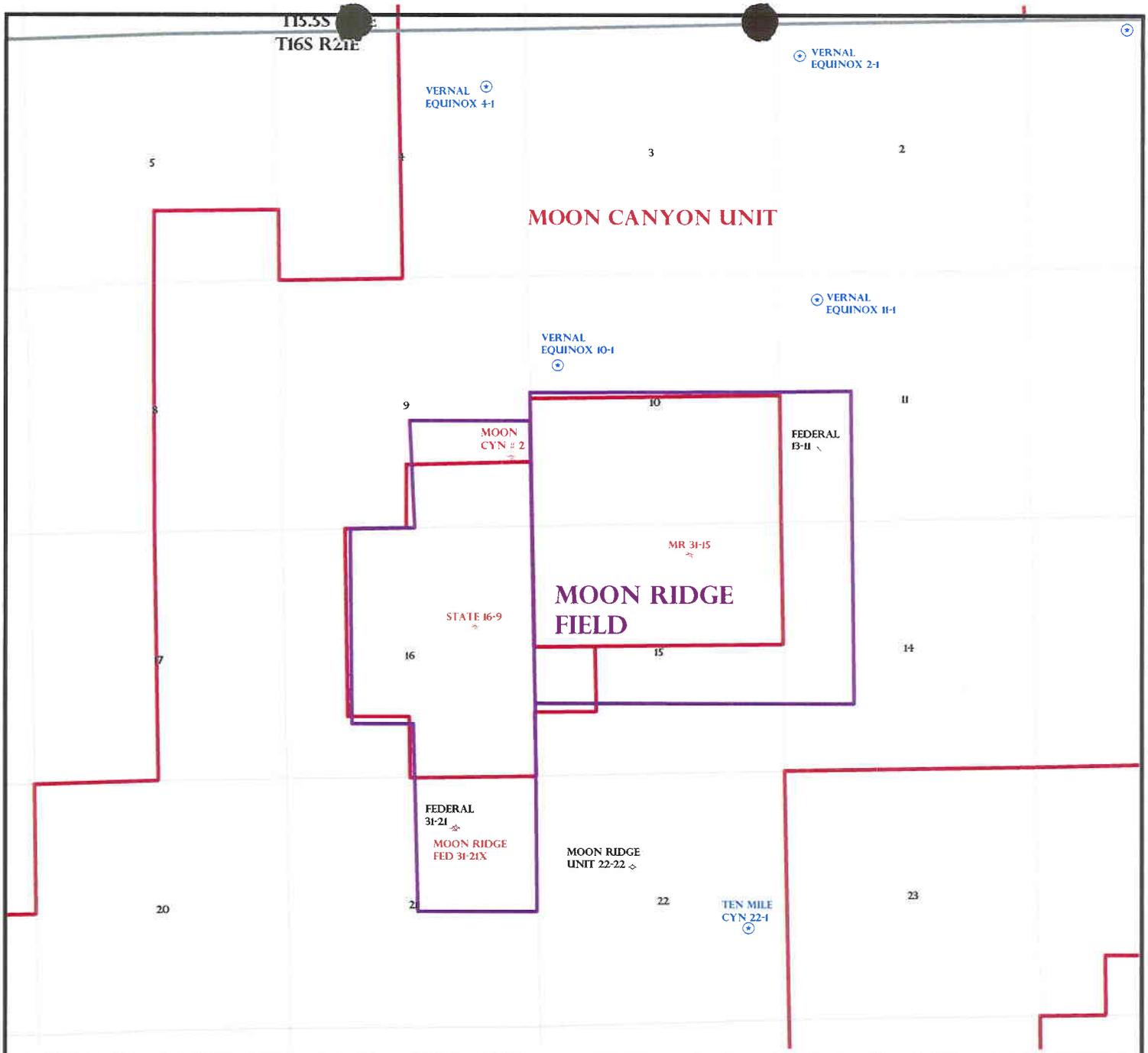
___ R649-3-3. Exception

___ Drilling Unit
 Board Cause No: _____
 Eff Date: _____
 Siting: _____

___ R649-3-11. Directional Drill

COMMENTS: N Local (Pos 6) (04-03-07)

STIPULATIONS: 1- Spacing Slip
2- STATEMENT OF BASIS



OPERATOR: ROYALE ENERGY (N2465)

SEC: 2 T.16S R. 21E

FIELD: WILDCAT (001)

COUNTY: GRAND

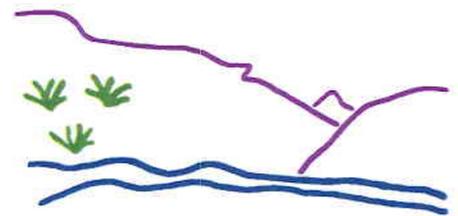
SPACING: R649-3-2 / GENERAL SITING

- 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 MASON
DATE: 1-FEBRUARY-2007

Application for Permit to Drill

Statement of Basis

4/11/2007

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
226	43-019-31527-00-00		GW	S	No
Operator	ROYALE ENERGY, INC.	Surface Owner-APD			
Well Name	VERNAL EQUINOX 2-1	Unit	MOON CANYON		
Field	WILDCAT	Type of Work			
Location	NWNW 2 16S 21E S 0 FL 0 FL GPS Coord (UTM) 622415E 4367474N				

Geologic Statement of Basis

A well at this location will spud into the Tertiary age lower part of the Parachute Creek Member of the Green River Formation. A poorly to moderately permeable soil is developed on the Parachute Creek Member of the Green River Formation. The Parachute Creek Member is regarded as an aquifer in the Uinta Basin and is likely to contain a high quality ground water resource. In addition, the Wasatch Formation (Wasatch Aquifer) is closely subjacent. The base of moderately saline ground water is found at approximately 2,900', Total Depth (TD). The Operator proposes to set 9 5/8" surface casing at 2,000' TD and 7" intermediate casing at 6,500' TD. According to the proposed cementing program they will cement the surface casing up to the surface, including one-inching to surface if needed. It is recommended that the cement program for the intermediate casing include a requirement for cementing to 100' above the base of the surface casing (~1900"TD) in order to isolate the low quality water from the high quality water above. No underground water rights exist within a mile of the location.

Chris Kierst
APD Evaluator

4/11/2007
Date / Time

Surface Statement of Basis

On-site evaluation conducted April 3, 2007. Participants included: Bart Kettle (Division of Oil, Gas and Mining), Ben Williams (Division of Wildlife Resources), Jim Davis (School and Institutional Trust Land Administration), Eric Noblitt (Agent for Royale), Glen Donaldson (Royale) and Ron Glendive (Halliburton).

Due to resource damage resulting from drilling activities conducted during spring thaw on the Bookcliff divide in previous years, it is recommended that drilling be avoided during the months of February through April. Reserve pit should be fenced on all four sides upon the removal of the drilling rig to prevent entrapment of wildlife, livestock and wild horses.

Bart Kettle
Onsite Evaluator

4/3/2007
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.
Pits	Fence reserve pit immediately upon removal of the drilling rig.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator ROYALE ENERGY, INC.
Well Name VERNAL EQUINOX 2-1
API Number 43-019-31527-0 **APD No** 226 **Field/Unit** WILDCAT
Location: 1/4,1/4 NWNW **Sec** 2 **Tw** 16S **Rng** 21E 0 FL 0 FL
GPS Coord (UTM) **Surface Owner**

Participants

Bart Kettle (DOGM), Ben Williams (DWR), Jim Davis (SITLA), Eric Noblitt (Agent for Royale), Glen Donaldson (Royale) and Ron Glendive (Halliburton)

Regional/Local Setting & Topography

Project site is 60 miles northwest of Frutia Colorado in Grand County Utah. The project site is located near the Bookcliffs divide on the north side above Meadow Creek in a 14-16" precept zone. Pinyon/Juniper rangelands dominate the surroundings. Many deep rocky pinyon/juniper, Douglas fir and mountain browse canyons surround the well site. Topography to the south rises to the Bookcliff divide, and then drops off quickly into a narrow band of P/J woodlands, with extensive salt scrub clay flats in the Grand Valley below. Slopes are more gradual to the north, with extensive P/J woodland eventually giving way to the salt scrub communities bordering the White and Green Rivers. Project site is located towards the end of a long mesa over looking the Meadow Creek drainage. No perennial water was observed during the on-site inspection, however Meadow Creek, a perennial stream, is located within 1/2 mile of the well site. Drainages in the immediate area are ephemeral in nature. Perennial and intermittent springs are shown on 7.5 min maps near the bottom of adjacent canyons. Access to the well site can be gained via the Moon Ridge Road either from V Canyon or the Bookcliff Divide Roads.

Surface Use Plan

Current Surface Use

Grazing
Wildlfe Habitat
Recreational

New Road

Miles	Well Pad	Src Const Material	Surface Formation
2	Width 225	Length 325	Onsite
			GRRV

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Flora

Forbs: Scented penstemon, spiny phlox
Grass: Blue bunch wheat grass, Indian rice grass.
ShrubsWyoming sage
Trees: Two needle pinyon, Utah juniper, Douglas fir.

Fauna

Elk, mule deer, black bear, cougar, bobcat, cotton tail rabbits, black tail jack rabbit, pinyon jay, canyon wren, Clarks nutcracker, black capped chickadee, deer mouse. Potential for many species of rodents, song birds, raptors and

reptiles.

Soil Type and Characteristics

Fine gray clays and shale mixture. Some sandstone fragments

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required Y

Divert drainage on south end of well pad

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? N **Paleo Potential Observed?** N **Cultural Survey Run?** Y **Cultural Resources?** N

Reserve Pit

Site-Specific Factors

Site Ranking

Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	10 to 20	5
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0

Final Score 20 1 **Sensitivity Level**

Characteristics / Requirements

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 12 **Pit Underlayment Required?** Y

Other Observations / Comments

Division of Wildlife Resources (DWR) comments that the project area lies within High value mule deer summer range and critical elk summer range. DWR recommends that Royale move the access road out of the sage brush flat into P/J interface. School and Institutional Trust Lands Administration (SITLA) concerned about impacts of rig traffic on roads during wet season of the year. Recommending Royale avoid drilling during the months of Dec-April. SITLA requesting that if well proves to be a produce pipeline be buried for a bulk of it's length. SITLA recommending a raised bed road surface to prevent excessive erosion, some culverts will be require along the length of the road. Division of Oil, Gas and Mining concerned about impacts caused in the region when operators attempt to drill wells during the spring break up period occurring from Feb. early April. DOGM recommends that Royale be prepared to deal with powdery road conditions and dust problems during the months of May-July.

Bart Kettle
Evaluator

4/3/2007
Date / Time



State Online Services

Agency List

Business.utah.gov

Search Utah.gov



UTAH DIVISION OF WATER RIGHTS

Sorry. No diversion points. Try browsing!

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

Well name:	2007-04 Royale Vernal Equinox 2-1	
Operator:	Royale Energy Inc.	Project ID:
String type:	Surface	43-019-31527
Location:	Grand County	

Design parameters:

Collapse

Mud weight: 8.300 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,760 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 2,000 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Tension is based on air weight.
 Neutral point: 1,754 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 93 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 185 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 6,500 ft
 Next mud weight: 9.200 ppg
 Next setting BHP: 3,106 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 2,000 ft
 Injection pressure: 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	9.625	36.00	J-55	LT&C	2000	2000	8.796	868.1

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	862	2020	2.342	2000	3520	1.76	72	453	6.29 J

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Minerals

Phone: 801-538-5357

Date: April 17, 2007
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.3 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	2007-04 Royale Vernal Equinox 2-1	
Operator:	Royale Energy Inc.	Project ID:
String type:	Intermediate	43-019-31527
Location:	Grand County	

Design parameters:

Collapse

Mud weight: 9.200 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 2,915 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP: 4,345 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Tension is based on air weight.
 Neutral point: 5,601 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 156 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Cement top: 2,632 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 11,300 ft
 Next mud weight: 9.200 ppg
 Next setting BHP: 5,401 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 6,500 ft
 Injection pressure: 6,500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	6500	7	23.00	N-80	LT&C	6500	6500	6.25	1436.7
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3106	3830	1.233	4345	6340	1.46	150	442	2.96 J

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Minerals

Phone: 801-538-5357

Date: April 17, 2007
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 6500 ft, a mud weight of 9.2 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	2007-04 Royale Vernal Equinox 2-1		
Operator:	Royale Energy Inc.	Project ID:	43-019-31527
String type:	Production		
Location:	Grand County		

Design parameters:

Collapse
Mud weight: 9.200 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 2,915 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 5,401 psi

No backup mud specified.

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 9,746 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 223 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: 6,792 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	11300	4.5	11.60	P-110	LT&C	11300	11300	3.875	986.1

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5401	7580	1.404	5401	10690	1.98	131	279	2.13 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: 801-538-5357

Date: April 17, 2007
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 11300 ft, a mud weight of 9.2 ppg. The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

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)

February 1, 2007

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2007 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 2007 within the Moon Canyon Unit, Grand County, Utah.

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

(Proposed PZ Entrada)

43-019-31525	Vernal Equinox 4-1 Sec 04 T16S R21E 1258 FNL 0830 FEL	
43-019-31527	Vernal Equinox 2-1 Sec 02 T16S R21E 0720 FNL 0523 FWL	
43-019-31526	Ten Mile Cyn 22-1 Sec 22 T16S R21E 1893 FSL 0830 FEL	

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard

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

MCoulthard:mc:2-1-07

From: Ed Bonner
To: Mason, Diana
Date: 2/14/2007 11:37 AM
Subject: Well Clearance

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

Delta Petroleum Corporation

Salt Valley State 24-14 (API 43 019 31513)

Salt Valley State 23-43 (API 43 019 31514)

Dominion E&P, Inc

KC 5-36D (API 43 047 38779)

Enduring Resources, LLC

Rock House 10-22-31-36 WD (API 43 047 38993)

EOG Resources, Inc

Big Wash 30-02GR (API 43 013 33484)

East Chapita 31-16 (API 43 047 38988)

Royale Energy, Inc

Vernal Equinox 4-1 (API 43 019 31525)

Ten Mile Canyon 22-1 (API 43 019 31526)

Vernal Equinox 2-1 (API 43 019 31527)

If you have any questions regarding this matter please give me a call.



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

April 18, 2007

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

Re: Vernal Equinox 2-1 Well, 720' FNL, 523' FWL, NW NW, Sec. 2, 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 43-019-31527.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
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.
6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

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: ML-46110
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.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME: Moon Canyon
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Vernal Equinox 2-1	
2. NAME OF OPERATOR: Royale Energy, Inc.	9. API NUMBER: 4301931527	
3. ADDRESS OF OPERATOR: 7676 Hazard Center 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: 720' FNL, 523' FWL		COUNTY: Grand
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 2 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"/> 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

COPY SENT TO OPERATOR Date: 04-07-08
 Date: 4.14.2008 By: [Signature]
 Initials: KS

NAME (PLEASE PRINT) <u>William Donaldson</u>	TITLE <u>Chief Engineer</u>
SIGNATURE <u>[Signature]</u>	DATE <u>1/4/08</u>

(This space for State use only)

RECEIVED
APR 04 2008

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

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

API: 43-019-31527
Well Name: Vernal Equinox 2-1
Location: NWNW Section 2-T16S-R21E Grand County, UT
Company Permit Issued to: Royale Energy, Inc.
Date Original Permit Issued: 4/18/2007

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

WBD
Signature

1/4/08
Date

Title: William Donaldson - CHIEF ENGINEER

Representing: Royale Energy, Inc.

RECEIVED

APR 04 2008

DIV. OF OIL, GAS & MINING

CONFIDENTIAL

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.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML - 46110
2. NAME OF OPERATOR: Royale Energy, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 7676 Hazard Center Drive S CITY San Diego STATE CA ZIP 92108		7. UNIT or CA AGREEMENT NAME: Moon Canyon
4. LOCATION OF WELL FOOTAGES AT SURFACE: 720' FNL, 523' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 2 16S 21E		8. WELL NAME and NUMBER: Vernal Equinox 2-1
PHONE NUMBER: (619) 881-2800		9. API NUMBER: 4301931527
COUNTY: Grand		10. FIELD AND POOL, OR WILDCAT: Wildcat
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 to Drill of the above described well.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 04/09/09
By: [Signature]

COPY SENT TO OPERATOR
Date: 4.14.2009
Initials: KS

NAME (PLEASE PRINT) <u>Mohamed Abdel-Rahman</u>	TITLE <u>VP of Exploration and Production</u>
SIGNATURE <u>[Signature]</u>	DATE <u>4/13/09</u>

(This space for State use only)

RECEIVED
APR 08 2009

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

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

API: 43-019-31527
Well Name: Vernal Equinox 2-1
Location: NWNW Section 2 - T16S - R21E Grand County, UT
Company Permit Issued to: Royale Energy, Inc
Date Original Permit Issued: 4/18/2007

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

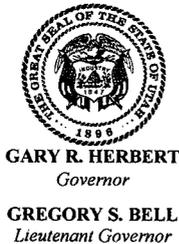

Signature

4/13/09
Date

Title: VP of Exploration & Production

Representing: Royale Energy, Inc

RECEIVED
APR 08 2009
DIV. OF OIL, GAS & MINING



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 22, 2010

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

Re: APD Rescinded – Vernal Equinox 2-1, Sec.2 T.16S, R.21E
Grand County, Utah API No. 43-019-31527

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 April 18, 2007. On April 7, 2008 and April 9, 2009 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 April 22, 2010.

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
SITLA, Ed Bonner



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>



SEP 20 2011

IN REPLY REFER TO:
3160 (UTG011)

Rachele Wolchko
Royale Energy, Inc.
7676 Hazard Center Drive, Suite 1500
San Diego, CA 92108

43 019 31527

Re: Notice of State Lease APD Rescinded
Well No. Vernal Equinox 2-1
Lot 4, Sec. 2, T16S, R21E
Grand County, Utah
Lease No. ML-46110
Moon Canyon Unit

Dear Ms. Wolchko:

The Bureau of Land Management (BLM) Vernal Field Office accepted the State of Utah Application for Permit to Drill (APD) for the above referenced well for unit purposes on July 2, 2007, and a Sundry Notice addressing the use of BLM managed lands associated with this APD was also approved on July 2, 2007. This office received a copy of the APD Rescinded letter from the Utah Division of Oil Gas and Mining rescinding their approval to drill the referenced well effective April 22, 2010. In view of the foregoing, this office is rescinding its acceptance of the referenced APD and approval of the associated Sundry Notice.

If you have any questions regarding this matter, please contact Cindy Severson at (435) 781-4455.

Sincerely,

Jerry Kenczka
Assistant Field Manager
Lands & Mineral Resources

RECEIVED

OCT 07 2011

DIV. OF OIL, GAS & MINING

cc: UDOGM,
API No.43-019-31527