Watters George M Form 4 January 03, 2011

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

Check this box if no longer

subject to Section 16. Form 4 or

Form 5 obligations may continue. See Instruction

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1(b).

(Last)

(City)

1.Title of

Security

(Instr. 3)

1. Name and Address of Reporting Person * Watters George M

> (First) (Middle)

7676 HAZARD CENTRE

DRIVE, SUITE 1500

(Street)

(State)

(Month/Day/Year)

SAN DIEGO, CA 92108

2. Transaction Date 2A. Deemed

(Zip)

2. Issuer Name and Ticker or Trading Symbol

ROYALE ENERGY INC [ROYL]

3. Date of Earliest Transaction (Month/Day/Year)

12/10/2010

4. If Amendment, Date Original

Filed(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Execution Date, if

Code Disposed of (D) (Month/Day/Year) (Instr. 8)

(Instr. 3, 4 and 5)

(A) or Code V Amount (D) Price 5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

OMB APPROVAL

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January 31,

2005

0.5

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Number:

Expires:

response...

Estimated average

burden hours per

X_ Director 10% Owner Officer (give title Other (specify

below) 6. Individual or Joint/Group Filing(Check

Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 6. Ownership 7. Nature of

Form: Direct Indirect (D) or Indirect Beneficial (I) Ownership (Instr. 4) (Instr. 4)

Transaction(s) (Instr. 3 and 4)

5. Amount of

Securities

Following Reported

Owned

Beneficially

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of 3. Transaction Date 3A. Deemed 4. 5. Number of 6. Date Exercisable and Derivative Conversion (Month/Day/Year) Execution Date, if **Transaction**Derivative **Expiration Date** Security or Exercise any Code Securities (Month/Day/Year)

7. Title and Amount of **Underlying Securities** (Instr. 3 and 4)

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| (Instr. 3) | Price of Derivative Security | | (Month/Day/Year) | (Instr. 8) | or Di (D) | ispose r. 3, 4, | d of | | | | |
|------------------|------------------------------------|------------|------------------|------------|--------------|--------------------|------|---------------------|--------------------|-----------------|-------------------------------------|
| | | | | Code V | / (A | A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Stock Options | \$ 3.25 | 12/10/2010 | | A | 50,0 | 000 | | 12/10/2010 | 12/15/2015 | Common Stock | 50,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | | | | |
|---|---------------|-----------|---------|-------|--|--|--|
| Troporting of the France, Frances | Director | 10% Owner | Officer | Other | | | |
| Watters George M 7676 HAZARD CENTRE DRIVE SUITE 1500 SAN DIEGO, CA 92108 | X | | | | | | |

Signatures

George M. Watters, by Lee Polson,
Attorney-in-Fact

**Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Exempt award of stock options as compensation for services pursuant to Rule 16b-3. The closing market price of the issuer's common stock on the grant date was \$2.34 per share.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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