

VAALCO Energy, Inc.  
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**VAALCO Energy Announces Exercise of  
Registration Rights by The 1818 Fund II, L.P.**

HOUSTON - (PR Newswire) – December 22, 2004 – VAALCO Energy, Inc. (EGY – Amex),

VAALCO Energy, Inc. (the “Company”) announced that it has filed a registration statement on Form S-3 registering the resale by The 1818 Fund II, L.P. of up to 36,513,441 shares of the Company’s common stock. The shares of common stock being registered for resale by The 1818 Fund include shares issuable upon conversion of 6,667 shares of preferred stock and the exercise of warrants held by The 1818 Fund.

A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

A written prospectus meeting the requirements of Section 10 of the Securities Act of 1933 may be obtained by contacting Roland E. Sledge, VAALCO Energy, Inc., 4600 Post Oak Place, Suite 309, Houston, Texas 77027, telephone (713) 623-0801.

This press release includes “forward-looking statements” as defined by the U.S. securities laws. Forward-looking statements are those concerning VAALCO’s plans, expectations, and objectives for future drilling, completion and other operations and activities. All statements included in this press release that address activities, events or developments that VAALCO expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements include future production rates, completion and production timetables and costs to complete well. These statements are based on assumptions made by VAALCO based on its experience perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond VAALCO’s control. These risks include, but are not limited to, inflation, lack of availability of goods, services and capital, environmental risks, drilling risks, foreign operational risks and regulatory changes. Investors are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. These risks are further described in VAALCO’s annual report on form 10K/SB for the year ended December 31, 2003 and other reports filed with the SEC which can be reviewed at [www.sec.gov](http://www.sec.gov), or which can be received by contacting VAALCO at 4600 Post Oak Place, Suite 309, Houston, Texas 77027, (713) 623-0801.