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VAALCO Energy Updates Gabon Activities

HOUSTON--(PRNewswire)—May 22, 2001--VAALCO Energy, Inc. ([VEIX](#) – OTC) announced that it had received approval from the Directorate General of Hydrocarbons in Gabon for the carve out of a production area surrounding the Etame Field located within the 3000 square kilometer Etame Block offshore Gabon. The 50 square kilometer production area will become effective upon the issuance of a decree by the Gabonese government expected next month. The award of the production area, known as an “Exclusive Exploitation Authorization” entitles the VAALCO-led consortium to move forward with development plans for the Etame Field. Under the terms of the Production Sharing Contract covering the Etame Block, a production area can be held for up to twenty years so long as commercial production is ongoing.

Commensurate with the approval of the production area, VAALCO submitted an application to extend the remainder of the Etame Block area for three additional years, beginning October 2001.

Separately VAALCO announced it spudded the Etame 4 well on May 13, 2001 to further delineate the Etame Field. The Etame 4 well will delineate the Gamba and Dentale reservoirs in the northern portion of the field, and together with the Etame 1 and Etame 3 wells should provide the basis for bringing the field on production later this year or early in 2002. The well is drilling at a depth of 3,900 feet en-route to a total depth of 6,500 feet.

VAALCO has a 30.35% interest in the Etame Block and is the operator. VAALCO is an independent oil and gas exploration and production company with oil and gas assets in Gabon, the Philippines and in Texas.

Some matters set forth in herein are forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Investors are directed to consider other risks and uncertainties in documents filed by the Company with the Securities and Exchange Commission.

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