

VAALCO Energy, Inc.

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VAALCO Energy, Inc. Well Update

HOUSTON—(PR Newswire)—July 3, 2003 – VAALCO Energy, Inc. (VEIX – OTC), today announced it had temporarily shut in production from the ET-3H well in the Etame Marin Field offshore Gabon due to the malfunction of a hydraulically operated down hole safety valve. A remotely operated vehicle (ROV) will be on location on or about July 11, 2003 to conduct a survey and provide the information necessary to ascertain the cause of the malfunction. Additional information will be provided upon receipt of the results of the survey.

The remaining wells continue to produce at a combined rate of approximately 9,400 barrels per day. (2,600 barrels per day to VAALCO's working interest).

The Company's crude oil purchaser has, as of today, commenced lifting an approximate 600,000 barrels of oil for the account of the consortium.

Since coming onstream in September 2002, the Etame Field has performed beyond the Company's expectations. The field has produced approximately (4.3) million barrels of oil with no evidence of water production. VAALCO and the other consortium members have substantially completed the reprocessing and interpretation of existing and recently acquired 3D seismic data covering the Etame field and the adjacent areas. The partners are currently finalizing an exploration and development plan for the block for the remainder of 2003-2004, which plan contemplates the drilling of two exploration wells and two development wells on the concession.

VAALCO's subsidiary VAALCO Gabon Etame, Inc. operates and owns a 28.07% interest in the Etame Field. Other field partners are PanAfrican Energy Gabon Corp. (31.36%), Sasol Petroleum West Africa (Ltd.) (27.75%), Energy Resources Japan Etame (Gabon) Limited (2.98%) and PetroEnergy Resources Corp. (2.34%) Energy Africa Gabon (7.5%).

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 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, 2002 and other reports filed with the SEC which can be reviewed at www.sec.gov, or which can be received by contacting VAALCO at 4600 Post Oak Place, Suite 309, Houston, Texas 77027, (713) 623-0801.

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