

VAALCO Energy, Inc.

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VAALCO Energy, Inc. Well Update

HOUSTON—(PR Newswire)—July 7, 2003 – VAALCO Energy, Inc. (VEIX – OTC), announced today the ET-1VA well in the Etame Marin Field offshore Gabon has been temporarily shut-in due to a malfunction of the hydraulically operated downhole safety valve. The malfunction is similar to the previously announced shut in of the ET-3H well.

The exact nature of the malfunction will not be known until the arrival of the remotely operated vehicle (ROV) on or about July 13, 2003. The occurrence of two such events suggests an external disruption potentially caused the parting of hydraulic lines. Once the malfunction is identified remedial work will immediately be undertaken to restore the wells to production. Further information will be distributed as it becomes available.

The purchaser of the consortium's crude oil successfully lifted approximately 608,000 barrels from the Etame FPSO July 4th and 5th, 2003 for the account of the consortium. The remaining production well in the Etame field, ET-4H, continues to produce approximately 6,400 barrels of oil per day.

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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