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VAALCO Energy, Inc. Well Update

HOUSTON—(PR Newswire)—July 17, 2003 – VAALCO Energy, Inc. (VEIX – OTC), today announced the return to production of the ET-3H well in the Etame Field, offshore Republic of Gabon. This well was temporarily shut in on or about July 1, 2003 due to the malfunction of a hydraulically operated down hole safety valve.

As suspected by VAALCO, the malfunction causing the ET-3H well to be temporarily shut in was the parting of a hydraulic line. Employing a remotely operated vehicle (ROV), the leaking hydraulic line has been replaced and the well returned to production today. At the time the well was shut in it was producing approximately 5,600 barrels of oil per day (1,571 barrels of oil per day to VAALCO's working interest.) As of this press release a flow test is in progress, but has not been completed. It is anticipated that the production from the well will return to the level prior to the shut in.

Including the production from the ET-4H well of approximately 6,400 barrels of oil per day, the total production from the Etame Field will be approximately 12,000 barrels of oil per day (3368 barrels of oil per day to VAALCO's working interest.)

The ROV is currently on location of the ET-1VA well which was temporarily shut in on or about July 7, 2003, due to a suspected hydraulic malfunction. The ROV is in the process of correcting the cause of the hydraulic malfunction and it is estimated that the ET-1VA well could be back on production this evening. VAALCO believes that the Etame Field would be returned to its full production level, prior to the recent shut in of the two wells, of approximately 15,000 barrels of oil per day (4,210 barrels of oil to VAALCO's working interest.)

The purchaser of the crude oil from the Etame Field anticipates commencement at the end of this month of a lifting from the Etame FPSO of between 200,000 to 300,000 barrels of oil for the account of VAALCO and the other members of the consortium.

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 wells. These statements are based on assumptions made by VAALCO based on its experience and 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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