

VAALCO Energy, Inc.

4600 Post Oak Place, Suite 309

Houston, Texas 77027

Tel: (713) 623-0801

Fax: (713) 623-0982

VAALCO Energy Announces Start-up of Oil Production Offshore Gabon

HOUSTON—(PR Newswire)—September 20, 2002 – VAALCO Energy, Inc. (VEIX – OTC),

Announced today that it commenced oil production from the Etame Field offshore southern Gabon. The field is currently producing in excess of 14,500 barrels per day of 36 degree gravity, sweet crude oil.

Robert Gerry, Chairman of VAALCO said, “We are pleased to have brought the Etame field on production on schedule. For the next several months, we will be monitoring the field performance to determine optimum production rates and if additional development drilling is warranted. We also are planning to acquire 3-D seismic in the vicinity of the field early next year to investigate the potential for a northern extension of the field as well as other exploration targets.”

Phase I of the Etame field development consisted of the subsea completion of two horizontal wells and one vertical well. The wells were connected using flexible flowlines to a Floating Production, Storage and Offloading tanker (“FPSO”) with total storage capacity of 1.1 million barrels of oil. Crude oil will be offloaded from the FPSO via shuttle tankers for delivery of the oil to refineries.

VAALCO’s subsidiary VAALCO Gabon Etame, Inc. owns a 30.35% interest in the Etame Field. Other field partners are PanAfrican Energy Gabon Corp. (33.9%), Sasol Petroleum West Africa (Ltd.) (30%), Energy Resources Japan Etame (Gabon) Limited (3.225%) and PetroEnergy Resources Corp. (2.525%). The Gabonese Government has the right to acquire an interest of 7.5% from all partners proportionately.

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, 2001 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.

For further information contact:

W. Russell Scheirman

713-623-0801

Back