



FOR IMMEDIATE RELEASE

VAALCO ENERGY PROVIDES UPDATE ON DRILLING AND EXPLORATION PROGRAM

HOUSTON – October 15, 2008 – VAALCO Energy, Inc. (NYSE: EGY) today provided an update on the Company's drilling and exploration program.

VAALCO currently has six producing wells in offshore Gabon, West Africa: four in its Etame field and two in the Avouma / Tchibala fields. Production from these wells is steady, totaling approximately 20,500 barrels per day (bpd). In early November, the Company expects to continue the planned upgrade to the Floating Production, Storage and Offloading (FPSO) facility serving these fields. This is the next step in the work that was begun in June, as previously announced, during which time equipment was transferred to the FPSO. During this next phase, VAALCO will install an expanded flare system and increase the water processing capacity to accommodate production from VAALCO's planned development well in Ebouri. The work is expected to be completed within five to seven days during which time production will be temporarily shut-in. VAALCO expects to more than make up the lost production as a result of the capacity expansion and does not expect the shut-in to have a material effect on the Company's revenues or earnings for the quarter or for the year.

As previously announced, the Company is planning seven additional development and exploration wells. An update on these additional wells follows:

- **Development well in the Ebouri field:** In August 2008, VAALCO completed the installation of the production platform for this well, and the platform was tied back via pipeline to the FPSO facility that also serves VAALCO's Etame and Avouma / Tchibala fields. The Adriatic 6 should commence drilling in mid-November with first oil production from the Ebouri development well now expected in January 2009. VAALCO continues to expect production at a rate sufficient to bring the Company's total production to approximately 25,000 bpd.
- **Three exploratory wells in the Etame block:** These wells include an appraisal well (North Ebouri) for possible expansion of the Ebouri field and two wells (North Etame and South East Etame) on newly mapped structures. Due to one of the Company's partners electing to go non-consent, VAALCO has increased its interest in the North Ebouri development well and in the South East Etame well to 44% from 30%. The jack-up drilling rig, Pride Cabinda, is now expected to be on location by November with drilling to commence shortly thereafter. The wells will be drilled back to back and have combined gross reserve potential additions in excess of 60 million barrels.
- **Two exploratory wells onshore Gabon in the Mutamba concession:** VAALCO remains on schedule to commence drilling the first of these two exploratory wells in December 2008, as previously announced. VAALCO has a 100% working interest in the onshore Mutamba block. Combined potential reserves for these wells are expected to be in excess of 30 million barrels.
- **One exploratory well in Angola:** The Company previously announced that it expected to move forward on the planning for a well on Angola Block 5 during the first half of 2009 depending upon rig availability. Due to rig demand, VAALCO now expects this to occur in the third quarter of 2009. The Company has recommended to the consortium a prospect with three objective zones, both above and below the salt layer on the block. Total potential from all three objectives is 150 million barrels. VAALCO has a 40% working interest in Block 5.

- **Interest in North Sea:** VAALCO has a 25% interest in a gas prospect on Block 48/25c in the British North Sea. The Company is participating with Century Exploration on the well, which is an offset to a former Shell gas discovery made in 1987. 3-D seismic data indicates the ability to get higher on the structure than the earlier well, increasing the potential reserves to 60 Bcf. VAALCO continues to expect that drilling will begin in the fourth quarter of 2008.

“Though the pace of our drilling and exploration program has slipped a few weeks due to rig delays, we are pleased with the strong prospects we have in place. Our capital position remains strong, enabling us to capitalize on the opportunities before us, including the additional upside from further exposure to new reserves,” said Robert L. Gerry, III, Chairman and CEO. “We remain well positioned for continued growth and value creation.”

As previously disclosed, the buyer of VAALCO’s crude oil completed a lifting of 667,984 barrels on September 25, 2008 from the Company’s FPSO. The next lifting is expected at the end of October 2008.

Forward-Looking Statements

This document 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 document 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 of 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 10-K for the year ended December 31, 2007 and other reports filed with the SEC which can be reviewed at <http://www.sec.gov>, or which can be received by contacting VAALCO at 4600 Post Oak Place, Suite 309, Houston, Texas 77027, (713) 623-0801.

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions at oil and gas prices in effect at the time of the estimate, without future escalation. We include in this press release an estimate of gross reserve potential that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. Investors are urged to consider closely the disclosure in our Form 10-K, available from the SEC at www.sec.gov.

About VAALCO

VAALCO Energy, Inc. is a Houston based independent energy company principally engaged in the acquisition, exploration, development and production of crude oil. VAALCO’s strategy is to increase reserves and production through the exploration of oil and natural gas properties with high emphasis on international opportunities. The Company’s properties and exploration acreage are located primarily in Gabon and Angola, West Africa.

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