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VAALCO Energy Announces Five-Year Contract Extension in Gabon

HOUSTON--(PRNewswire)—October 17, 2001--VAALCO Energy, Inc. ([VEIX](#) – OTC) announced that its wholly owned subsidiary VAALCO Gabon (Etame), Inc. has executed with the Republic of Gabon a five-year extension to the Production Sharing Contract covering the Etame Block. The 3000 square kilometer Etame block contains the Etame discovery, which VAALCO is currently developing to bring onto production during the second half of 2002. The block also contains two earlier discoveries, North and South Tchibala, which the consortium is studying for development. The contract extension consists of a three-year extension for two wells, and a further two- year extension for one additional well.

Mr. Virgil Walston, Chief Operating Officer of VAALCO stated that "with the contract extension, the Etame consortium can now proceed to fully evaluate the extent of the Etame discovery, the Tchibala discoveries, and several other leads on the block. Current plans are to design an additional 3-D seismic program to firm up the exploration prospects prior to drilling any new wells."

The Etame consortium consists of VAALCO Energy (Operator) -- 30.35%, Pan African Energy Corporation Ltd. -- 32.5%, Sasol Petroleum International -- 30%, PetroEnergy Resources Corporation -- 4.525% and Nissho Iwai Corporation 2.625%.

VAALCO is an independent oil and gas exploration and production company with oil and gas assets in Gabon, the Philippines and in Texas.

Some matters set forth in herein are forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Investors are directed to consider other risks and uncertainties in documents filed by the Company with the Securities and Exchange Commission.

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