

VAALCO Energy, Inc.
4600 Post Oak Place, Suite 309
Houston, Texas 77027
Tel: (713) 623-0801
Fax: (713) 623-0982

July 25, 2009

Dear VAALCO Energy, Inc. Stockholder:

VAALCO Energy, Inc. previously entered into a Rights Agreement dated September 14, 2007 (the "Rights Agreement") pursuant to which VAALCO distributed one preferred stock purchase right for each outstanding share of common stock. The VAALCO Board of Directors has redeemed all rights issued under the Rights Agreement effective as of the close of business on July 24, 2009. As a result, all holders of record of VAALCO's common stock at the close of business on the record date of July 24, 2009 will receive a one time cash distribution of \$0.001 per share, rounded down to the nearest \$.01.

Sincerely,



Robert L. Gerry, III
Chairman & CEO