November 9, 2009

VAALCO Energy Announces Third Quarter 2009 Results and Provides Drilling Program Update

HOUSTON, Nov. 9 /PRNewswire-FirstCall/ -- VAALCO Energy, Inc. (NYSE: EGY) today reported net income attributable to VAALCO of $4.2 million or $0.07 per diluted share for the third quarter of 2009 compared to net income attributable to VAALCO of $22.3 million or $0.38 per diluted share for the comparable period in 2008. Third quarter 2009 revenues were $29.3 million compared to $55.5 million in the third quarter of 2008. Third quarter 2009 results primarily reflect the overall decline in crude oil prices from the year-ago period.

"We anticipate commencing an aggressive drilling program before year-end that we expect to add considerable reserves in both Gabon and Angola," said Robert Gerry, Chairman and CEO. "VAALCO's strong balance sheet positions us to execute these prospects, while also exploring additional opportunities for growth."

Exploration and Development Update

The Company provided the following update on its exploration and development program.

Gabon:

VAALCO has a jack-up drilling rig, The Sapphire Driller, under contract. The rig is presently undergoing inspection by the owner and will then be transported from the Ivory Coast to offshore Gabon. Depending on the availability of the rig as well as parts needed for a planned workover, as discussed below, VAALCO plans to use the rig to drill the following prospects:

- In December 2009, the Company expects to workover its Ebouri development well (EEBOM-3H) to replace non-working electric submersible pumps. Once the rig is in place over the existing platform, the workover should be completed within a couple of weeks and is expected to result in increased production.
- Once the workover is completed, VAALCO intends to move the jack-up rig to a well slot on the Ebouri platform to drill an additional development well (EEBOM-4H).
- Following EEBOM-4H, the Company plans to drill its previously announced exploration well in Southeast Etame (ETSEM-1).

- Next, the Company plans to drill its previously announced development well (ET-7H), a sub-surface completion well in the Etame field. Subject to the timely progression of the Company's drilling program offshore Gabon, the Company expects to begin drilling the ET-7H well in the first half of 2010.

The Company is in advanced discussions with its partners regarding further wells offshore Gabon. For 2010, VAALCO has budgeted for two additional exploration wells in the Etame Marin concession. Depending on agreements with the Company's partners and the

continued availability of the Sapphire Driller jack-up rig, one or both of these wells may be drilled in succession following completion of the drilling program explained above.

Angola:

As previously announced, VAALCO has a production sharing contract for a 40% working interest in Block 5 offshore Angola. The Company has acquired approximately 1,700 square kilometers of seismic data over a portion of the Block 5 and has been interpreting the seismic data for two well locations. Assuming consortium agreement on the well objectives and rig availability, the Company expects these two exploration wells to be drilled in the second half of 2010.

Financial Results Discussion

During the third quarter of 2009, the Company sold approximately 436,000 net barrels of oil equivalent at an average price of $67.07 per barrel compared to 517,000 barrels of oil equivalent at an average price of $107.48 per barrel in the third quarter of 2008. The Company reported operating income of $19.6 million in the third quarter of 2009 compared to operating income of $41.8 million in the third quarter of 2008.

VAALCO increased crude oil production to an average of 23,300 barrels of oil per day (bopd) in the three months ended September 30, 2009 compared to approximately 20,800 bopd in the three months ended September 30, 2008.

Total production expenses of $5.7 million for the 2009 third quarter compared to $5.9 million in the prior year quarter. The slight decline in the 2009 third quarter expense was due to higher unsold crude oil inventory offset by higher floating production, storage and offloading (FPSO) costs. The Company matches production expenses with crude oil sales. Any production expenses associated with unsold crude oil inventory are capitalized.

Exploration expense was $0.9 million in the third quarter of 2009 compared to $0.3 million of costs in the comparable period in 2008, primarily due to additional costs on the previously announced unsuccessful exploration wells in onshore Gabon and the British North Sea.

Income tax expenses for the third quarter of 2009 were $13.3 million compared to $17.4 million in the 2008 third quarter. The decline in income taxes reflects lower oil prices and crude oil sales volumes, which decreased taxable revenues.

Credit Facility Termination

In June 2005, VAALCO executed a loan agreement with the International Finance Corporation (IFC) for a $30.0 million revolving credit facility secured by the assets of the Company's Gabon subsidiary which owns the Company's interest in the Etame Marin block. Due to limited use, the credit facility was not extended with the IFC, and the outstanding loan balance of $5.0 million plus interest was repaid in mid-October 2009. VAALCO does not believe that it is necessary to replace the facility at this time.

Share Repurchase Activity

On June 24, 2009, the Company announced that its Board of Directors had authorized the repurchase of up to $10 million of the Company's common stock. During the quarter ended September 30, 2009, the Company repurchased 1,556,764 shares at an average price of

$4.24 per share totaling $6.6 million. Total repurchases under this program as of November 9, 2009, are 1,703,118 shares at an average price of $4.23 totaling $7.2 million.

Discretionary Cash Flow

Discretionary cash flow (a non-GAAP financial measure) shows the amount of cash generated by the Company that can be used as working capital, to reduce debt, or for future investment activities. Discretionary cash flow is presented because management believes it is a useful adjunct to net cash flow provided by operating activities under accounting principles generally accepted in the United States (GAAP). The measure is widely used by investors and professional research analysts in the valuation, comparison, rating and investment recommendations of companies within the oil and gas exploration and production industry. Discretionary cash flow can be reconciled to net cash provided by operating activities in the Statement of Consolidated Cash Flows filed with the SEC as follows:

Unaudited - (thousands of dollars)	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Discretionary Cash Flow	$42,348	$66,162
Working Capital Changes, net of non-cash	(22,614)	(635)
Net cash provided by operating activities	$19,734	$65,527

Conference Call

The Company will hold a conference call to discuss its third quarter 2009 results on Tuesday, November 10, 2009 at 10:00 a.m. Eastern Time (9:00 a.m. Central Time). Interested parties may participate by dialing 1 (800) 230-1085. International parties may dial 1 (612) 288-0340. The confirmation code is 121901. This call will also be webcast on VAALCO's web site at *www.vaalco.com*.

An audio replay will be available beginning approximately one hour after the end of the conference call through December 10, 2009 on the Company's website and by dialing 1 (800) 475-6701. International parties may dial 1 (320) 365-3844. The confirmation code is 121901.

Summary financial results for the quarter are tabulated below.

(Unaudited - in thousands of dollars)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2009	2008	2009	2008
Revenues	$29,262	$55,543	$82,668	$153,054
Operating costs and expenses	9,689	13,788	66,982	46,493
Operating Income	19,573	41,755	15,686	106,561
Other Income (Expense)	(1,194)	660	351	1,569
Income tax expense	(13,301)	(17,372)	(23,003)	(65,243)

Net Income (Loss)	5,078	25,043	(6,966)	42,887
Less net income-noncontrolling interest	891	2,697	3,147	5,714
Net Income (Loss) - VAALCO Energy, Inc.	$4,187	$22,346	$(10,113)	$37,173
Basic Income (Loss) per Common Share	$0.07	$0.38	$(0.18)	$0.63
Diluted Income (Loss) per Common Share	0.07	$0.38	$(0.18)	$0.63

Other financial results:

	Three Months Ended September 30,		Nine months Ended September 30,	
(Unaudited)	2009	2008	2009	2008
Net oil and gas sales (MBOE)	436	517	1,483	1,428
Average price ($/bbl)	$67.07	$107.48	$55.69	$107.21
Production costs ($/bbl)	$13.01	$11.51	$10.69	$10.42
Depletion costs ($/bbl)	$10.12	$11.67	$10.58	$11.35
General and administrative costs ($/bbl)	$7.50	$2.98	$4.80	$4.97
Capital Expenditures ($thousands)	$1,622	$11,028	$20,900	$15,996

	30-Sep-09	30-Sep-08
Debt/Proved reserves ($/BOE)	$0.84	$1.04
Debt/Capitalization ($/$)	$0.03	$0.03
Cash and cash equivalents ($thousands)	$84,386	$103,492
Working capital ($thousands)	$78,415	$109,065
Total debt ($thousands)	$5,000	$5,000

Basic and diluted share information:

	Three months ended		Nine months ended	
Item	Sept. 30, 2009	Sept. 30, 2008	Sept. 30, 2009	Sept. 30, 2008
Basic weighted average common stock issued and outstanding	56,789,977	58,243,758	57,765,099	58,817,577
Dilutive options	384,078	732,607	0	641,750
Total diluted shares	57,174,055	58,976,365	57,765,099	59,459,327

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, reserve opportunities, drilling, completion and production timetables and costs to complete wells. 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, volatility of oil and natural gas prices, future production costs, future production quantities, the ability to replace reserves, inflation, lack of availability of drilling and other equipment, availability of services and capital, environmental risks, drilling risks, general economic 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, 2008 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.

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 and exploitation 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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