October 5, 2010

# VAALCO Energy Provides Update On Drilling Activities Offshore Gabon

HOUSTON, Oct. 5 /PRNewswire/ -- VAALCO Energy, Inc. (NYSE: EGY) today announced that the Company has successfully drilled and completed the Etame 7H development well (ET-7H) and has moved the contracted rig, the Sapphire Driller, onto location to drill the South Tchibala development well (ETBSM-2H) from the existing Avouma / South Tchibala platform. The ETBSM-2H well was spudded on October 4, 2010.

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VAALCO is currently mobilizing the installation vessel from Houston, Texas to the ET-7H well location to begin the work to lay and connect the production, service and gas lift lines between the sub-sea tree and the Company's floating production, storage and offloading ("FPSO") facilities. As previously announced, initial production from this well is expected in the fourth quarter of 2010.

Following the drilling of the ETBSM-2H development well in the South Tchibala field, VAALCO will drill a new exploration well, ETOMG-1 in the Omangou prospect. The prospect is located approximately two miles southeast of the Ebouri platform and approximately four miles to the northwest of the center of the Etame field.

The Company's subsidiary VAALCO Gabon Etame, Inc. operates the Etame Marin Permit in which it holds a 28.07% net interest in the Etame Field. Other participants in the permit are Addax Petroleum Etame Inc. (31.36%), Sasol Petroleum Etame Limited (27.75%), Sojitz Etame Limited (2.98%), PetroEnergy Resources Corp. (2.34%) and Tullow Oil Gabon SA (7.5%).

**About VAALCO**

VAALCO Energy, Inc. is a Houston, Texas 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.

**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, side tracking 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 drilling plans, completion and production timetables, success of wells 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, lack of availability of goods, services and capital, environmental risks, drilling and other operational 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, 2009 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.


| Investor Contact | Media Contact |
| --- | --- |
| Greg Hullinger | Tim Lynch / Jaime Wert |
| Chief Financial Officer | Joele Frank, Wilkinson Brimmer Katcher |
| 713-623-0801 | 212-355-4449 |


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