November 29, 2010

# VAALCO Energy Provides Drilling Update

## Commences First Production from South Tchibala Development Well

HOUSTON, Nov. 29, 2010 /PRNewswire/ -- VAALCO Energy, Inc. (NYSE: EGY) today announced that oil production has commenced from the Company's South Tchibala development well (ETBSM-2H) following successful operations to retrieve the completion assembly which, as previously announced, had slipped through the elevator as it was being lowered into the newly drilled well shaft. VAALCO has re-run the upper completion assembly, installing two new electric submersible pumps, and production estimated at 3,800 barrels per day commenced on November 26, 2010.

(Logo: https://photos.prnewswire.com/prnh/20100316/NY71495LOGO)

VAALCO has now moved the contracted drilling rig, the Sapphire Driller, onto location to drill a new exploration well on the Omangou prospect (ETOMG-10), approximately two miles southeast of the Ebouri platform and approximately four miles to the northwest of the center of the Etame field. Drilling commenced on November 25, 2010.

Subsea work is underway on the ET-7H well, a horizontal development well in a known separate fault block in the Etame field that is expected to add additional production. VAALCO is laying and connecting the production, service and gas lift lines between the sub-sea tree and the Company's floating production, storage and offloading ("FPSO") facilities. Operations are proceeding and it is expected that VAALCO will commence production in the second half of December 2010.

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%).

### 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 uncertainty of estimates of oil and

natural gas reserves, the ability to replace reserves, inflation, lack of availability of drilling and other equipment, availability of services and capital, environmental risks, drilling and production risks, general economic risks, the ability to attract a new partner in Angola, actions of VAALCO's working interest partners, foreign operational risks and regulatory compliance and 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, quarterly report on Form 10-Q for the period ended September 30, 2010 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.


| 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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