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VAALCO Energy Purchases Bakken Acreage

HOUSTON, May 31, 2011 /PRNewswire/ -- VAALCO Energy, Inc. ("VAALCO") (NYSE: EGY) today announced the purchase from a privately held company of a 70% working interest in 5,214 acres in Sheridan County, Montana. The acreage directly adjoins the Flat Lake Field which successfully produces from the Middle Bakken formation.

Robert Gerry, Chairman and CEO said, "We are highly optimistic that this acreage will be productive from the Bakken and possibly the Three Forks formation, thereby having the potential to add significant reserves and cash flow to VAALCO."

"We believe there could be 100 million barrels of original oil in place associated with this acreage and with a recovery factor of between 5% - 10% it is an exciting undertaking for us," Mr. Gerry continued. "Our partner has participated in over 200 Bakken wells and will retain a 30% working interest in the prospect. We continue to evaluate other domestic opportunities, both conventional and unconventional, to build a portfolio of assets to complement our West African activities."

Financial terms were not disclosed as additional opportunities in the area are being reviewed by VAALCO. Operatorship is being discussed by the partners with a well anticipated to be drilled in the fourth quarter of 2011 at a net cost to VAALCO of approximately $3.5 million.

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 and the United States.

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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, compliance with applicable laws, future labor issues, 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 and government authorities, 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, 2010, quarterly report on Form 10-Q for the period ended March 31, 2011 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.

SOURCE VAALCO Energy, Inc.