July 16, 2010

VAALCO Energy Provides Update on Drilling Activities

HOUSTON, July 16 /PRNewswire-FirstCall/ -- VAALCO Energy, Inc. (NYSE: EGY) today provided an update on the Southeast Etame No. 1 ("ETSEM-1") exploration well which, as previously announced, was drilled to a total depth of 9,045 feet (2,757 meters) offshore Gabon encountering approximately sixteen feet (five meters) of Gamba sandstone section which logged oil full to base.

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

(Logo: http://www.newscom.com/cgi-bin/prnh/20100316/NY71495LOGO)

VAALCO has completed a sidetrack of the well and, as discussed in the Company's June 16, 2010, press release, a second sidetrack is underway to further delineate the prospect. The results of the first sidetrack are still being analyzed. The second sidetrack is expected to be completed by the end of July 2010. If the Southeast Etame prospect proves to be commercial, it is expected the new field can be developed and tied back to the Company's existing floating production, storage and offloading ("FPSO") facilities.

Following the completion of the appraisal of the ETSEM-1 well, VAALCO will move the drilling rig "Sapphire Driller" to the Etame field to drill a new horizontal development well, Etame 7H (ET-7H). ET-7H will be drilled in a known separate fault block in the Etame field as a replacement well for the ET-1V well which has been producing since 2002. The new well has the potential to add additional production of approximately 3,000 to 4,000 gross barrels per day. VAALCO expects to complete ET-7H during the fourth quarter of this year.

The partners in the Etame Marin concession met in mid-July, 2010, and exercised the drilling rig option to drill two additional wells immediately following the current four well program. The first will be a development well in the South Tchibala field. The second well, Omangou 1, will be a new exploration well to test both the Gamba and Dentale reservoirs. The Omangou prospect is located approximately 2 miles southeast of the Ebouri platform and approximately 4 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

SOURCE VAALCO Energy, Inc.