September 14, 2012

VAALCO Energy Provides Activities Update

HOUSTON, Sept. 14, 2012 /PRNewswire/ -- VAALCO Energy, Inc. (NYSE: EGY) today provided an update on its recent activities.

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

New West African Concession:

VAALCO previously announced that it signed a definitive agreement for the purchase of a working interest in a block in a West African country new to the Company. The only remaining condition to the closing of the transaction and the transfer of the working interest is formal regulatory approval from the government of the West African country.

VAALCO and the other working interest partners have met and planning has commenced for the drilling of two offshore exploration wells in 2013.

Angola:

VAALCO has been granted by the government of Angola an extension on Block 5, offshore Angola, through November 2014. As previously announced, a partner has been identified to acquire the available 40% working interest in Block 5 and the party has been submitted to the Angolan government for approval. Following approval by the Angolan government of this working interest partner, the consortium expects to proceed with the drilling of a pre-salt exploratory well.

United States:

VAALCO is in negotiations with a third party to participate in the evaluation of stimulation options for a formation deeper than the Bakken/Three Forks formation in the EPU #120 vertical well and in the drilling of additional prospects. EPU #120 was the first of three planned 2012 wells on the Company's Poplar Dome concession in Roosevelt County, Montana. EPU #133H, the second well in the concession, has been horizontally drilled, fractured and completed in the Middle Bakken formation. The objective reservoir was found to be water-bearing and EPU #133H will be temporarily suspended to evaluate options. VAALCO is currently evaluating up to four additional drilling locations in the Poplar Dome concession to ascertain the possibility of finding commercial production from reservoirs deeper than the Bakken/Three Forks formation.

VAALCO has spudded the second Bakken horizontal well on its Salt Lake property in Sheridan County, Montana. The first Bakken horizontal well is awaiting hydraulic fracturing, which is expected to begin in the second half of September 2012.

Forward-Looking Statements

This press release includes "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than historical fact, included in this press release 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 prospect evaluations, objectives for future drilling, negotiations with governments and third parties, capital expenditures, timing of the closing of a transaction, future production rates, reserve growth and other operations and activities. 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 reasonable. 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, inflation, general economic conditions, oil and gas prices, lack of availability of goods, services and capital, actions by VAALCO's venture partners, environmental risks, drilling risks, foreign operational risks, regulatory changes and risk factors contained in VAALCO's Form 10-K for the year ended December 31, 2011 and other reports filed with the SEC. 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, 2011, VAALCO's quarterly report on Form 10-Q for the quarter 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 300, Houston, Texas 77027, (713) 623-0801. VAALCO disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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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