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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSBA

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 2002

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number 0-20928

VAALCO Energy, Inc.
(Name of small business issuer in its charter)

Delaware
(State or other
jurisdiction of
incorporation or
organization) 76-0274813
(I.R.S. Employer
Identification No.)

4600 Post Oak Place
Suite 309
Houston, Texas
(Address of principal
executive offices) 77027
(Zip Code)

Issuer's telephone number: (713) 623-0801

Securities registered under Section 12(b) of the Exchange Act:

Title of each class on which registered -----	Name of each exchange -----
None	

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$.10 par value
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such
shorter period that the registrant was required to file such reports), and (2)
has been subject to such filing requirements for the past 90 days. Yes No
.

Check if there is no disclosure of delinquent filers in response to Item 405
of Regulation S-B contained in this form, and no disclosure will be contained,
to the best of registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-KSB or any
amendment to this Form 10-KSB .

The registrant's revenues for the fiscal year ended December 31, 2002 were
\$9,991,992.15.

The aggregate market value of the voting and non-voting common equity of the
registrant held by non-affiliates, as of March 26, 2002 was \$13,595,868.

As of March 26, 2003, there were outstanding 21,216,649 shares of Common
Stock, \$.10 par value per share, of the registrant. In addition, as of such
date there were outstanding 10,000 shares of Preferred Stock convertible into
27,500,000 shares of Common Stock.

Documents incorporated by reference: Definitive proxy statement of VAALCO
Energy, Inc. relating to the Annual Meeting of Stockholders to be filed within
120 days after the end of the fiscal year covered by this Form, which is
incorporated into Part III of this 10-KSB.

Transitional Small Business Disclosure Format: Yes No .

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Results of Operations

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Amounts stated hereunder have been rounded to the nearest \$100,000.

Cash Flows

Net cash provided by operating activities for 2002 was \$0.8 million, as compared to net cash provided by operating activities of \$3.0 million in 2001. Net funds provided by operations in 2002 included accounts with partners of \$4.0 million primarily in Gabon. It also included \$1.5 million of development and operating costs advanced on behalf of the Government of Gabon for their 7.5% carried working interest share of the Etame field. This amount is carried as an Other Receivable. Offsetting these cash uses was an increase of \$5.1 million in trade accounts payable net of trade accounts receivable. Net cash provided by operations in 2001 included \$0.7 million from funds in escrow and \$2.3 million in advances from partners in the Philippines and Gabon.

Net cash used in investing activities for 2002 was \$15.9 million, as compared to net cash used in investing activities of \$5.6 million in 2001. In 2002, the Company invested \$15.6 million to fund its share of the development of the Etame Block. In 2001, the Company participated in two exploration wells in Gabon at a cost of approximately \$3.2 million and expended an additional \$0.7 million for the development of the Etame Block in 2001. The Company also participated in four wells in Texas at a cost of approximately \$1.2 million in 2001. Exploration expenses of \$0.3 million were incurred in 2002 versus \$0.4 million in 2001.

Net cash provided by financing activities was \$13.0 million consisting of borrowings of \$20.0 million from the IFC and the 1818 Fund and \$3.3 million from the sale of stock of VAALCO's subsidiary VAALCO International, Inc. This was offset by \$10.0 million placed in escrow to guarantee the IFC loan. No net cash was provided by or used in financing activities for 2001.

Revenues

Total oil and gas sales for 2002 was \$10.0 million as compared to \$1.7 million for 2001. During 2002, the Etame field was placed on production, and the Company sold approximately 302,000 net barrels of oil, generating \$8.9 million in revenues. The balance of the revenues was from Texas and the Philippines. The 2001 revenues were about equally split between Texas and the Philippines. The Company realized a \$0.2 million gain on the resale of a portion of the Etame interest in 2001.

Operating Costs and Expenses

Production expenses for 2002 were \$2.8 million as compared to \$0.7 million for 2001. In 2002, \$2.3 million of production expenses occurred in Gabon associated with the Etame field production.

Exploration costs for 2002 were \$0.3 million as compared to \$0.4 million for 2001. 2002 exploration costs were primarily costs of seismic reprocessing in Gabon. 2001 exploration expenses were primarily associated with undeveloped acreage expirations.

Depreciation, depletion and amortization of properties for 2002 and 2001 were \$2.1 million and \$1.2 million respectively. Depletion in 2002 included \$1.8 million associated with Etame production. The balance was associated with the Texas wells. Depletion in 2001 was associated with the Texas wells and included an impairment of \$0.6 million.

General and administrative expenses for 2002 were \$2.0 million as compared to \$1.8 million for 2001. Increased activity associated with the Etame field development was the primary reason for the increase in 2002.

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VAALCO ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

(in thousands of dollars, unless otherwise indicated)

4. INVESTMENT IN UNCONSOLIDATED ENTITIES

Investment in VAALCO Exploration LLC represented a 50/50 membership interest shared by VAALCO Energy, Inc. and Paramount Petroleum in VAALCO Exploration LLC. The Company elected to terminate its joint venture with Paramount

Petroleum, Inc., effective June 1, 2001. The joint venture focused on domestic onshore prospects in Mississippi, Alabama and Louisiana. In connection with the wind up of the joint venture, the Company received \$216,000 in cash and \$259,000 of undeveloped acreage representing its proportionate 93.75% working interest in kind in all remaining prospects within the joint venture. The following summarizes the aggregated financial information for all investments owned by VAALCO, which were accounted for under the equity method as of December 31, 2001. No amounts associated with the former joint venture are carried in the 2002 books.

<TABLE>
<CAPTION>

	December 31, 2001
	----- (in thousands)
<S>	<C>
Balance Sheet:	
Current assets.....	\$ 50
Owner's equity.....	50
Statement of Earnings:	
Revenue.....	\$ 13
	=====
Operating loss.....	\$ (988)
	=====
Net loss.....	\$ (1,034)
	=====
VAALCO's share of net loss.	\$ (973)
	=====

</TABLE>

5. STOCKHOLDERS' EQUITY

The Company is authorized to issue up to 100 million shares of Common Stock. Stockholders equity consists of preferred stock, common stock, options and warrants. Set out below is a summary of the number of shares on an as converted basis assuming cash exercise of all warrants and options. Certain options and warrants have cashless exercise features that would alter the number of shares issued if this feature were utilized.

<TABLE>
<CAPTION>

	2002	2001
	-----	-----
<S>	<C>	<C>
Common shares issued and outstanding.....	20,830,955	20,744,569
Preferred shares convertible to common stock.....	27,500,000	27,500,000
Options and warrants (1).....	22,325,000	4,045,325
	-----	-----
Total shares on an as converted, as exercised basis.	70,655,955	52,289,894
	=====	=====

</TABLE>

(1) The year 2002 share amounts includes 12,000,000 warrants that the Company expects to be cancelled upon repayment of the 1818 Fund Loan. Cash exercise of all warrants would result in payments of \$14.7 million to the Company.

VAALCO ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

(in thousands of dollars, unless otherwise indicated)

In connection with the charter of the FPSO, the Company as operator of the Etame field, guaranteed the charter payments through September 2004. The charter continues beyond that period unless one year's prior notice is given to the owner of the FPSO. The Company obtained several guarantees from its partners for their share of the charter payment. The Company's share of the charter payment is 28.1%. The estimated obligations for the full charter payment and the Company's share of the charter payments are as follows:

<TABLE>
<CAPTION>

	Full Charter Company Payment Share

	\$ thousands
<S>	<C>

2003 \$18,516 \$5,203
2004 \$12,709 \$3,571

</TABLE>

To fund its share of the development project, the Company has negotiated a line of credit of \$10.0 million through the International Finance Corporation ("IFC"), and the Company guaranteed the repayment of the loan until project completion is achieved, anticipated to occur March 31, 2003.

In July of 2001, the consortium elected to renew the Etame block for an additional five-year term, consisting of a three-year and a two-year follow-on term. The consortium committed to drill two additional wells on the block during the three-year term. A one well commitment is required to obtain the two-year extension.

The Company believes it is substantially in compliance with all environmental regulations.

9. LONG TERM DEBT

To fund its share of the development costs, on April 19, 2002, the Company entered into a \$10.0 million credit facility with the IFC, a subsidiary of the World Bank. The credit facility required that the Company provide \$10.0 million of cash collateral to secure borrowings under the facility until the "project completion date." The project completion date is generally defined as the date after which the field has produced at an average rate of 14,250 BOPD and the estimated gross proved reserves attributable to the field is at least 16.5 million barrels of oil. The Company expects that the project completion date will occur on March 31, 2003, at which time the \$10.0 million held as cash collateral will be returned to the Company. The Company borrowed the \$10.0 million that it used as cash collateral from the 1818 Fund, which owns a majority of the Company's common stock on a fully diluted basis.

In connection with the loan, the Company issued warrants to purchase 15.0 million shares of its common stock to the 1818 Fund (7.5 million of which will terminate if the loan is repaid on or before March 31, 2003). The loan agreement was subsequently amended to add an additional lender not related to us, and to increase the amount we were entitled to borrow under the facility to \$13.0 million. After the other lender was added, the Company had borrowed \$10.0 million under the loan, \$7.0 million funded by the 1818 Fund and \$3.0 million by the other lender. The Company issued the other lender warrants to purchase 4.5 million shares of common stock on the same terms as the warrants issued to the 1818 Fund (2.25 million of which will terminate if the loan is repaid on or before March 31, 2003). If the Company does not draw down any further funds under the facility, the 1818 Fund will be required to return an additional 2.25 million warrants at the time the facility is paid off. The Company does not intend to draw any further amounts under the facility.

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Item 8. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Information required by this item will be included in the Company's proxy statement for its 2002 annual meeting, which will be filed with the Commission within 120 days of December 31, 2002, and which is incorporated herein by reference.

Item 10. Executive Compensation

Information required by this item will be included in the Company's proxy statement for its 2002 annual meeting, which will be filed with the Commission within 120 days of December 31, 2002, and which is incorporated herein by reference.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Information required by this Item 403 of Regulation 5-B will be included in the Company's proxy statement for its 2002 annual meeting, which will be filed with the Commission within 120 days of December 31, 2002, and which is incorporated herein by reference.

<TABLE>
<CAPTION>

Number of
securities
remaining

Plan Category -----	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	available for future issuance under equity compensation plans (excluding securities reflected in the first column) -----
<S>	<C>	<C>	<C>
Equity compensation plans approved by security holders.....	800,000	\$0.30	3,200,000
Equity compensation plans not approved by security holders (1).....	1,775,000	\$2.71	N/A
Total.....	2,575,000 =====	\$1.96 =====	3,200,000 =====

</TABLE>

(1) Excludes 19,500,000 warrants issued in connection with 1818 Fund loan with an exercise price of \$0.50 per share

Item 12. Certain Relationships and Related Transactions

Information required by this item will be included in the Company's proxy statement for its 2002 annual meeting, which will be filed with the Commission within 120 days of December 31, 2002, and which is incorporated herein by reference.