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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) November 7, 2006

VAALCO Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware

0-20928

76-0274813

*(State or other jurisdiction
of incorporation)*

*(Commission
File Number)*

*(I.R.S. Employer
Identification No.)*

4600 Post Oak Place, Suite 309

77027

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code 713-623-0801

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 8.01 Other Events

On November 7, 2006, VAALCO Energy, Inc. announced the official signing of the Production Sharing Agreement (PSA) for Block 05/06 offshore Angola that occurred on November 2, 2006 in Luanda, Angola.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release issued by VAALCO Energy, Inc., on November 7, 2006.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VAALCO ENERGY, INC.

November 7, 2006

By: /s/ W. Russell Scheirman

W. Russell Scheirman
President and Chief Financial Officer

VAALCO Energy Announces Signing of PSA With Angola

PR Newswire -- November 7, 2006

HOUSTON, Nov. 7 /PRNewswire-FirstCall/ -- VAALCO Energy, Inc. (NYSE: EGY), (the "Company") announced today that the official signing of the Production Sharing Agreement (PSA) for Block 05/06 offshore Angola occurred on November 2, 2006 in Luanda, Angola.

VAALCO has a 40% interest in the block, and will be the operator of the concession for its partners InterOil Exploration & Production ASA (40%) and Sonangol (20%).

Block 5 covers an offshore area of approximately 1.4 million acres. During the 1980's and 1990's twelve wells were drilled on the block with at least five successfully discovering hydrocarbons, though none of the discoveries were developed at that time. A 3D survey has been shot and VAALCO and its partners are preparing to reprocess and interpret the data in anticipation of exploratory drilling in the later part of 2007 or early 2008.

In connection with the award of the block, VAALCO will pay a signing bonus of \$10.5 million. The block has a term of four years during which two exploration wells must be drilled. A further three-year extension is available for a commitment of additional seismic work and two additional exploration wells.

This press release 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 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 future production rates, completion and production timetables and costs to complete well. 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, inflation, lack of availability goods, services and capital, environmental risks, drilling 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 10K/SB for the year ended December 31, 2003 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.

-0- 11/07/2006

/CONTACT: W. Russell Scheirman of VAALCO Energy, Inc., +1-713-623-0801/

/Photo: NewsCom: <http://www.newscom.com/cgi-bin/prnh/20050215/VAALCOLOGO>

AP Archive: <http://photoarchive.ap.org>

PRN Photo Desk photodesk@prnewswire.com /

(EGY)
