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

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2001

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.

(Exact name of small business issuer as specified in its charter)

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

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

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

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 X No ___

As of May 4, 2001 there were outstanding 20,744,569 shares of Common Stock,
\$.10 par value per share, of the registrant.

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VAALCO ENERGY, INC. AND SUBSIDIARIES

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VAALCO ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands of dollars, except par value amounts)

<TABLE>
<CAPTION>

December 31,

March 31,

2001

<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$	9,971
12,440		
Funds in escrow		36
751		
Receivables:		
Trade		239
237		
Other		151
153		
Materials and supplies, net of allowance for inventory obsolescence of \$5		334
329		
Prepaid expenses and other		25
24		

Total current assets		10,756
13,934		

PROPERTY AND EQUIPMENT-SUCCESSFUL EFFORTS METHOD		
Wells, platforms and other production facilities		1,524
1,154		
Undeveloped acreage		633
555		
Work in progress		4,215
2,268		
Equipment and other		65
65		

		6,437
4,042		
Accumulated depreciation, depletion and amortization		(853)
(850)		

Net property and equipment		5,584
3,192		

OTHER ASSETS:		
Investment in unconsolidated entities		1,015
1,448		
Deferred tax asset		410
410		
Other long-term assets		55
57		

TOTAL	\$	17,820
19,041		\$
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$	548
463		
Accounts with partners		853
2,047		
Income taxes payable		25
10		

Total current liabilities		1,426
2,520		

MINORITY INTEREST		13
13		
FUTURE ABANDONMENT COSTS		3,294
3,294		

Total liabilities	4,733	
5,827		

STOCKHOLDERS' EQUITY:		
Preferred stock, \$25 par value, 500,000 shares authorized; 10,000 shares issued and outstanding in 2001 and 2000	250	
250		
Common stock, \$.10 par value, 100,000,000 authorized shares 20,749,964 shares issued of which 5,395 are in the treasury in 2001 and 2000	2,075	
2,075		
Additional paid-in capital	41,215	
41,215		
Accumulated deficit	(30,441)	
(30,314)		
Less treasury stock, at cost	(12)	
(12)		

Total stockholders' equity	13,087	
13,214		

TOTAL	\$ 17,820	\$
19,041		
=====		

</TABLE>

See notes to consolidated financial statements.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED OPERATIONS
(Unaudited)
(in thousands of dollars, except per share amounts)

<TABLE>
<CAPTION>

Ended March 31,	Three months	

	<C>	
	2001	

REVENUES:		
Oil and gas sales	\$	317
\$ 289		
Gain on sale of assets		215
--		

Total revenues		532
289		

OPERATING COSTS AND EXPENSES:		
Production expenses		93
74		
Depreciation, depletion and amortization		3
4		
Exploration expense		--
554		
General and administrative expenses		251
408		

Total operating costs and expenses		347
1,040		

OPERATING INCOME (LOSS)		185
(751)		

OTHER INCOME (EXPENSE):		

Interest income	138
155	
Equity loss in unconsolidated entities	(433)
(2,393)	
Other, net	(2)
--	

Total other expense	(297)
(2,238)	

LOSS BEFORE TAXES	(112)
(2,989)	
Income tax expense	15
--	

NET LOSS ATTRIBUTABLE TO	
COMMON SHAREHOLDERS	\$ (127)
\$ (2,989)	
=====	
LOSS PER COMMON SHARE:	
BASIC AND DILUTED	\$ (0.01)
\$ (0.14)	
=====	
WEIGHTED AVERAGE COMMON SHARES:	
BASIC AND DILUTED	20,745
20,745	
=====	
</TABLE>	

See notes to consolidated financial statements.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(Unaudited)
(in thousands of dollars)

<TABLE>
<CAPTION>

	Three months Ended March 31,	
	2001	2000
	-----	-----

<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (127)	\$
(2,989)		
Adjustments to reconcile net loss to net cash		
used in operating activities:		
Depreciation, depletion and amortization	3	
4		
Equity loss in unconsolidated entities	433	
2,393		
Exploration expense	--	
554		
Gain on sale of assets	(215)	
--		
Change in assets and liabilities that provided (used) cash:		
Funds in escrow	715	
1,717		
Trade receivables	(2)	
(91)		
Accounts with partners	(1,194)	
(14)		
Other receivables	2	
(14)		
Materials and supplies	(5)	
(1)		
Prepaid expenses and other	(1)	
(66)		

Accounts payable and accrued liabilities	85	
(40)		
Income taxes payable	15	
--		

Net cash (used in) provided by operating activities	(291)	
1,453		

CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposals of property and equipment	1,023	
27		
Additions to property and equipment	(3,203)	-
-		
Investment in unconsolidated entities	--	
(1,688)		
Other	2	
(36)		

Net cash used in investing activities	(2,178)	
(1,697)		

NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,469)	
(244)		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,440	
2,925		

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 9,971	\$
2,681		
=====		

</TABLE>

See notes to consolidated financial statements.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2001
(Unaudited)

1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of VAALCO Energy, Inc. and subsidiaries (collectively, "VAALCO" or the "Company"), included herein are unaudited, but include all adjustments consisting of normal recurring accruals which the Company deems necessary for a fair presentation of its financial position, results of operations and cash flows for the interim period. Such results are not necessarily indicative of results to be expected for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-KSB for the year ended December 31, 2000.

VAALCO Energy, Inc., a Delaware corporation, is a Houston-based independent energy company principally engaged in the acquisition, exploration, development and production of crude oil and natural gas. VAALCO owns producing properties and conducts exploration activities as operator of consortiums internationally in the Philippines and Gabon. Domestically, the Company has interests in the Texas Gulf Coast area.

VAALCO's Philippine subsidiaries include Alcorn (Philippines) Inc., Alcorn (Production) Philippines Inc. and Altisima Energy, Inc. VAALCO's Gabon subsidiaries are VAALCO Gabon (Etame), Inc. and VAALCO Production (Gabon), Inc. VAALCO Energy (USA), Inc. holds interests in certain properties in the United States.

2. RECENT DEVELOPMENTS

In January 2001, the Company acquired a 65% interest in the Etame Block offshore Gabon, West Africa from Western Atlas Afrique, Ltd. a subsidiary of Baker Hughes. Consideration for the acquisition was \$1 million in cash and a future net profits interest in the event the existing discoveries on the block are developed. The Company resold 52.5% of the interest held by Western Atlas Afrique to two companies for \$1 million and their proportionate

assumption of the future net profits interest. The Company now holds a 30.35% interest in the Etame Block and is operator of the 3,073 square kilometer concession.

The Company made a Gamba sandstone discovery on the Etame concession in 1998, which tested approximately 3,700 barrels of oil per day on a 32/64's inch choke. In January 1999, the Company completed the drilling of the Etame 2V well, which delineated the oil water contact for the discovery. Because the Gamba reservoir lies below a layer of salt and is structurally complex, during 1999 and the first half of 2000, a seismic reprocessing effort was performed to better map the Gamba reservoir. Based on the seismic reprocessing effort, the Company drilled a third well, the Etame 3V well, on the discovery during the first quarter of 2001. The well found pay in the Gamba sandstone approximately 1.2 kilometers away from the Etame 1 well. In addition, pay was found in the Dentale sandstones below the Gamba. A total of 34 meters of gross pay interval was encountered in the Etame 3V well. As a result of the successful delineation well, the consortium is analyzing development options and intends to pursue development of the field. Additional wells will be required to maximize field production.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2001
(Unaudited)

Effective June 30, 2000, the Company elected to withdraw from Hunt Overseas Exploration Company L.P. ("Hunt"). The Company formerly held a 7.5% limited partnership interest in Hunt. The Company's obligations under the partnership were to contribute up to \$22.5 million for its share of the exploration phase of the partnership, \$22.3 million of which had been funded as of June 30, 2000. In addition, if Hunt discovered oil, the Company may have been required to contribute an additional \$7.5 million to fund the appraisal of the discovery. As a result of withdrawing from the Hunt venture, Hunt released certain funds in escrow totaling \$8.4 million and reimbursed the Company \$1.3 million for its share of net working capital in the partnership as of June 30, 2000.

The Company has elected to terminate its joint venture with Paramount Petroleum, Inc., which focused on domestic onshore prospects in Mississippi, Alabama and Louisiana. The Company will receive its proportionate 93.75% interest in kind in all remaining prospects within the joint venture on June 1, 2001, unless the prospects are sold to industry for drilling prior to that time.

3. EARNINGS PER SHARE

The weighted average common shares outstanding represent those of historical VAALCO for the applicable periods.

The Company accounts for earnings per share in accordance with the Statement of Financial Accounting Standards ("SFAS") No. 128 - "Earnings per Share," which establishes the requirements for presenting earnings per share ("EPS"). SFAS No. 128 requires the presentation of "basic" and "diluted" EPS on the face of the income statement. Basic EPS is calculated using the average number of common shares outstanding during each period. Diluted EPS assumes the conversion of preferred stock to common stock and the exercise of all stock options having exercise prices less than the average market price of the common stock using the treasury stock method.

4. RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" which was amended in June 1999 by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133" and in June 2000 by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities". SFAS No. 133, as amended, is effective for derivative instruments and hedging activities that require an entity to recognize all derivatives as an asset or liability measured at its fair value. Depending on the intended use of the derivative, changes in its fair value will be reported in the period of change as either a component of earnings or a component of comprehensive income. Retroactive application to periods prior to adoption is not allowed. The Company adopted SFAS No. 133, as amended, effective January 1, 2001. The adoption had no effect on the Company's financial position or results of operations as all existing contracts either do not meet the definition of a derivative or qualify for the normal purchases and sales exemption. The Company does not currently engage in hedging activities.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report 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 ("Exchange Act"). All statements other than statements of historical fact included in this Report (and the exhibits hereto), including without limitation, statements regarding the Company's financial position and estimated quantities and net present values of reserves, are forward looking statements. The Company can give no assurances that the assumptions upon which such statements are based will prove to have been correct. Important factors that could cause actual results to differ materially from the Company's expectations ("Cautionary Statements") are disclosed in the section "Risk Factors" included in the Company's Forms 10-KSB and other periodic reports filed under the Exchange Act, which are herein incorporated by reference. All subsequent written and oral forward looking statements attributable to the Company or persons acting on its behalf are expressly qualified by the Cautionary Statements.

INTRODUCTION

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The Company's results of operations are dependent upon the difference between prices received for its oil and gas production and the costs to find and produce such oil and gas. Oil and gas prices have been and are expected in the future to be volatile and subject to fluctuations based on a number of factors beyond the control of the Company. The Company's production in the Philippines is from mature offshore fields with high production costs. The Company's margin on sales from these fields (the price received for oil less the production costs for the oil) is lower than the margin on oil production from many other areas. As a result, the profitability of the Company's production in the Philippines is affected more by changes in oil prices than production located in other areas.

The Company's results of operations are also affected by currency exchange rates. While oil sales are denominated in U.S. dollars, operating costs are predominately denominated in pesos. An increase in the exchange rate of pesos to the dollar will have the effect of increasing operating costs while a decrease in the exchange rate will reduce operating costs.

A substantial portion of the Company's oil production is located offshore of the Philippines. The Company produces into barges, which transport the oil to market. Due to weather and other factors, the Company's production is generally highest during the first and fourth quarters of the year.

The Company uses the successful efforts method to account for its investment in oil and gas properties, whereby costs of productive wells, developmental dry holes and productive leases are capitalized and amortized using the units-of-production method based on estimated net proved reserves. The costs of development wells are capitalized but charged to expense if and when the well is determined to be unsuccessful. Geological and geophysical costs and the costs of carrying and retaining undeveloped properties are expensed as incurred.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAPITAL RESOURCES AND LIQUIDITY

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Historically, the Company's primary source of capital resources has been from cash flows from operations, private sales of equity, borrowings and purchase money debt. In 2001 and 2000, the Company's primary uses of capital have been to fund its exploration operations.

The Company produces oil from the Matinloc and Nido fields in the South China Sea, the Philippines. The fields produced approximately 415,000 gross barrels of oil during 2000. In the quarter ended March 31, 2001, total production from the fields was approximately 102,000 gross barrels of oil. Substantially all of the Company's crude oil and natural gas is sold at the well head at posted or index prices under short-term contracts, as is customary in the industry. The Company markets its share of crude oil under agreements with Seaoil and Caltex, both local Philippines refiners. While the loss of these buyers might have a material effect on the Company in the near term, management believes that the Company would be able to obtain other customers for its crude oil.

The Company has invested \$3.0 million in the Paramount joint venture of which \$2.0 million has been impaired as of March 31, 2001. The Company has elected to terminate the joint venture effective June 1, 2001. The Company will receive its proportionate 93.75% interest in kind in all remaining prospects within the

joint venture on June 1, 2001, unless the prospects are sold to industry for drilling prior to that time.

Effective June 30, 2000 the Company elected to withdraw from Hunt Overseas Exploration Company L.P. ("Hunt"). The Company formerly held a 7.5% limited partnership interest in Hunt. The Company's obligations under the partnership were to contribute up to \$22.5 million for its share of the exploration phase of the partnership, \$22.3 million of which had been funded as of June 30, 2000. In addition, if Hunt discovered oil, the Company may have been required to contribute an additional \$7.5 million to fund the appraisal of the discovery. As a result of withdrawing from the Hunt venture, Hunt released certain funds in escrow totaling \$8.4 million and reimbursed the Company \$1.3 million for its share of net working capital in the partnership as of June 30, 2000.

The Company continues to seek financing to fund the development of existing properties and to acquire additional assets. The Company will rely on the issuance of equity and debt securities, asset sales and cash flow from operations to provide the required capital for funding future operations. While there can be no assurance the Company will be successful in raising new financing, management believes the prospects the Company has in hand will enable it to attract sufficient capital to fund required oil and gas activities.

During 2001, the Company anticipates that it will make capital expenditures on oil and gas properties of approximately \$4.0 million, primarily in Gabon. This amount may increase if the Etame field in Gabon is approved for development. The Company will seek outside funds for the development of the Etame field. The anticipated capital expenditures exclude potential acquisitions. Other than the funding required to develop the Etame field, which will be sourced from outside the Company, the Company believes the cash on hand at March 31, 2001 will be sufficient to fund the Company's capital budget through 2001.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

- - - - -

Three months ended March 31, 2001 compared to three months ended March 31, 2000

Revenues

- - - - -

Total revenues were \$532 thousand for the three months ended March 31, 2001 compared to \$289 thousand for the comparable period in 2000. Higher crude production volumes and a gain on the resale of certain interests acquired in Gabon in 2001 accounted for the increase in revenues.

Operating Costs and Expenses

- - - - -

Total production expenses for the three months ended March 31, 2001 were \$93 thousand compared to \$74 thousand in 2000. Expenditures in 2001 included additional activity at the Nido field. Exploration expense was \$0 for the three months ended March 31, 2001, compared to \$554 thousand in 2000. Exploration expense in 2000 included \$392 thousand for dry hole expense associated with a well drilled in Demmit County, Texas and \$162 thousand for costs associated with lease expirations in Brazos County, Texas. General and administrative expenses for the three months ended 2001 and 2000 were \$251 thousand and \$408 thousand. The Company benefited from overhead reimbursements associated with capital expenditure programs in Gabon in 2001.

Other Income (Expense)

- - - - -

Interest income of \$138 thousand was received from amounts on deposit in 2001 compared to \$155 thousand in the quarter ended March 31, 2000. The decrease can be attributed to smaller balances on deposit in 2001 when compared to 2000. The equity loss in unconsolidated entities in the quarter ended March 31, 2001 of \$433 thousand compared to a loss of \$2,393 thousand in 2000. The loss reported in the quarter ended March 31, 2001 was associated only with the Paramount joint venture and consisted of the write off of unsold prospect costs. The loss reported in the first quarter of fiscal 2000 was primarily associated with exploration costs incurred by the Hunt partnership from which the Company withdrew effective June 30, 2000.

Income Taxes

- - - - -

The Company incurred \$15 thousand in income tax expenses, associated with activity in the Philippines, in the quarter ended March 31, 2001, compared to \$0 in 2000.

Net Loss
- - - - -

Net loss attributable to common stockholders for the three months ended March 31, 2001 was \$127 thousand, compared to a net loss attributable to common stockholders of \$2,989 thousand for the same period in 2000. The net loss in both periods was primarily due to exploration costs associated with the Company's investment in unconsolidated entities.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not presently a party to any material legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 3. Articles of Incorporation and Bylaws
 - 3.1(b) Restated Certificate of Incorporation
 - 3.2(b) Certificate of Amendment to Restated Certificate of Incorporation
 - 3.3(b) Bylaws
 - 3.4(b) Amendment to Bylaws
 - 3.5(c) Designation of Convertible Preferred Stock, Series A
- 27. Financial Data Schedule

-
- (a) Filed as an exhibit to the Company's report on Form 8-K filed with the Commission on March 4, 1998 (file no. 000-20928) and hereby incorporated by reference herein.
 - (b) Filed as an exhibit to the Company's Registration Statement on Form S-3 filed with the Commission on July 15, 1998 and hereby incorporated by reference herein.
 - (c) Filed as an exhibit to the Company's Report on Form 8-K filed with the Commission on May 6, 1998 and hereby incorporated by reference herein.
 - (b) Reports on Form 8-K.
None

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SIGNATURES

In accordance with 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, thereunto duly authorized.

VAALCO ENERGY, INC.
(Registrant)

By /s/ W. RUSSELL SCHEIRMAN

W. Russell Scheirman, President,
Chief Financial Officer and Director
(on behalf of the Registrant and as the
principal financial officer)

Dated May 4, 2001

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