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

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended March 31, 2002

[ ] 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 incorporation or organization)	(I.R.S. Employer 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 9, 2002, 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>
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March 31, December
31,

<S>	2002 <C>	2001 <C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,422	$ 9,804
Funds in escrow	5,603	38
Receivables:		
Trade	137	179
Other	230	255
Materials and supplies, net of allowance for inventory obsolescence of $5	1,006	324
Prepaid expenses and other	33	34
Total current assets	15,431	10,634
PROPERTY AND EQUIPMENT-SUCCESSFUL EFFORTS METHOD		
Wells, platforms and other production facilities	2,795	2,648
Undeveloped acreage	459	459
Work in progress	9,111	6,692
Equipment and other	110	98
	12,475	9,897
Accumulated depreciation, depletion and amortization	(2,031)	(2,026)
Net property and equipment	10,444	7,871
OTHER ASSETS:		
Deferred tax asset	393	393
TOTAL	$ 26,311	$ 18,948
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 4,971	$ 1,173
Accounts with partners	8,551	4,323
Income taxes payable	32	30
Total current liabilities	13,374	5,526
MINORITY INTEREST	12	13
FUTURE ABANDONMENT COSTS	3,294	3,294
Total liabilities	16,680	8,833
STOCKHOLDERS' EQUITY:		
Convertible 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 2002 and 2001	2,075	2,075
Additional paid-in capital	41,215	41,215
Accumulated deficit	(33,897)	(33,413)
Less treasury stock, at cost	(12)	(12)
Total stockholders' equity	9,631	10,115
TOTAL	$ 26,311	$ 18,948

</TABLE>

See notes to consolidated financial statements.

VAALCO ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED OPERATIONS

(Unaudited)
(in thousands of dollars, except per share amounts)

	Three Months Ended March 31, 2002	2001
REVENUES:		
Oil and gas sales	$ 144	$ 317
Gain on sale of assets	--	215
Total revenues	144	532
OPERATING COSTS AND EXPENSES:		
Production expenses	95	93
Depreciation, depletion and amortization	5	3
Exploration expense	--	--
General and administrative expenses	533	251
Total operating costs and expenses	633	347
OPERATING INCOME (LOSS)	(489)	185
OTHER INCOME (EXPENSE):		
Interest income	9	138
Equity loss in unconsolidated entities	--	(433)
Other, net	(2)	(2)
Total other income (expense)	7	(297)
LOSS BEFORE TAXES	(482)	(112)
Income tax expense (benefit)	2	15
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (484)	$ (127)
LOSS PER COMMON SHARE: BASIC AND DILUTED	$ (0.02)	$ (0.01)
WEIGHTED AVERAGE COMMON SHARES: BASIC AND DILUTED	20,745	20,745

See notes to consolidated financial statements.

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

<TABLE>
<CAPTION>

<S>	Three Months Ended March 31, 2002 <C>	2001 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (484)	$ (127)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	5	3
Equity loss in unconsolidated entities	--	433
Gain on sale of assets	--	(215)
Change in assets and liabilities that provided (used) cash:		
Funds in escrow	(5,565)	715
Trade receivables	42	(2)
Accounts with partners	4,228	(1,194)
Other receivables	25	2
Materials and supplies	(682)	(5)
Prepaid expenses and other	1	(1)
Accounts payable and accrued liabilities	3,618	85
Income taxes payable	2	15
Net cash provided by operating activities	1,190	(291)

CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposals of property and equipment	--	1,023
Additions to property and equipment	(2,578)	(3,203)
Other	6	2
Net cash used in investing activities	(2,572)	(2,178)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,382)	(2,469)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,804	12,440
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 8,422	$ 9,971
Cash Income Taxes Paid	$ --	$ --

</TABLE>

See notes to consolidated financial statements.

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, 2001.

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 the fourth quarter of 2001, the Company, as Operator, announced its intent to develop the Etame discovery located offshore of the Republic of Gabon. Based upon estimates by the Company's independent reserve engineers, the Company booked 6.1 million barrels of proven undeveloped oil reserves at December 31, 2001 representing $23.1 million of net present value of future cash flows in conjunction with the plan to develop the field.

The budget for the field development is $43.2 million dollars ($13.1 million net to the Company) to complete and gravel pack three existing wells with subsea wellheads, and to lay flowlines to connect the wells to a 1.1 million barrel floating production storage and offloading tanker ("FPSO"). Major contracts for the FPSO, wellheads, flowlines, and the drilling rig have been awarded and entered into to perform the project. The semi-submersible drilling rig Sednith 701 is currently on location completing the first of the three wells. The project is expected to come online about September 1, 2002 at initial flow rates of at least 12,000 barrels of oil per day ("BOPD").

To fund its share of the development project, the Company has entered into a line of credit for $10.0 million with the International Finance Corporation ("IFC"), a subsidiary of the World Bank. The loan agreement was signed on April 19, 2002. Prior to project completion date, the IFC loan will be guaranteed by the Company via cash received from a loan from the 1818 Fund. To date, there have been no borrowings under the IFC line.

In April of 2002, the Company participated in the reentry of a well in Brazos County to drill a second lateral in the well in the Georgetown formation. The well tested 1.7 million cubic feet per day and approximately 25 barrels oil per day. The Company has a 30% interest in the well.

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 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. The Company's preferred stock is convertible into 27,500,000 shares of common stock. As all of the convertible securities were anti-dilutive at March 31, 2002, basic EPS is equal to diluted EPS.

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.

On July 20, 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." The Statements will change the accounting for business combinations and goodwill in two significant ways. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method will be prohibited. SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Thus, amortization of goodwill, including goodwill recorded

in past business combinations, will cease upon adoption of that statement, which for the Company was January 1, 2002. The adoption of these statements did not have a material effect on the Company's financial position, results of operations or cash flows.

In August 2001, the Financial Accounting Standards Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible, long-lived assets and the associated asset retirement costs. This Statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred by capitalizing it as part of the carrying amount of the long-lived assets. As required by SFAS No. 143, the Company will adopt this new accounting standard on January 1, 2003. The Company is currently evaluating the effects of adopting this pronouncement.

In October 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement establishes a single accounting model for the impairment or disposal of long-lived assets. As required by SFAS No. 144, the Company adopted this new standard on January 1, 2001. The adoption of this statement did not have a material effect on the Company's financial position, results of operation or cash flows.

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

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 does not presently engage in any hedging activities and has no plans to do so in the near future.

The Company is participating in the development of the Etame Block, which the Company operates on behalf of a consortium of five companies offshore of the Republic of Gabon. The Company is administering a $43.2 million budget ($13.1 million net to the Company) to execute the development project. Substantially all of the Company's capital resources and personnel will be dedicated to the completion of the development project in 2002.

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.

CRITICAL ACCOUNTING POLICIES

The following describes the critical accounting policies used by VAALCO in reporting its financial condition and results of operations. In some cases, accounting standards allow more than one alternative accounting method for reporting, such is the case with accounting for oil and gas activities described below. In those cases, the Company's reported results of operations would be different should it employ an alternative accounting method.

Successful Efforts Method of Accounting for Oil and Gas Activities. The Securities and Exchange Commission ("SEC") prescribes in Regulation SX the financial accounting and reporting standards for companies engaged in oil and gas producing activities. Two methods are prescribed: the successful efforts method and the full cost method. Like many other oil and gas companies, VAALCO has chosen to follow the successful efforts method. Management believes that this method is preferable, as the Company has focused on exploration activities wherein there are risk associated with future success and as such earnings are best represented by attachment to the drilling operations of the company.

Costs of successful wells, development dry holes and leases containing productive reserves are capitalized and amortized on a unit-of-production basis over the life of the related reserves. Estimated future abandonment and site restoration costs, net of anticipated salvage values, are amortized on a unit of production basis over the life of the related reserves. Other exploration costs, including geological and geophysical expenses applicable to undeveloped leasehold, leasehold expiration costs and delay rentals are expensed as incurred.

In accordance with accounting under successful efforts, the Company reviews proved oil and gas properties for indications of impairment whenever events or circumstances indicate that the carrying value of its oil and gas properties may not be recoverable. When it is determined that an oil and gas property's estimated future net cash flows will not be sufficient to recover its carrying amount, an impairment charge must be recorded to reduce the carrying amount of the asset to its estimated fair value. This may occur if a field discovers lower than anticipated reserves or if commodity prices fall below a level that significantly effects anticipated future cash flows on the field. The Company determines if an impairment has occurred through either identification of adverse changes or as a result of the annual review of all fields. For the year ended December 31, 2001, impairments of $567,145 were recognized.

Undeveloped acreage. At March 31, 2002, the Company had undeveloped acreage on its balance sheet totaling $459,000, representing costs that are not being amortized pending evaluation of the respective leasehold for future development. Unproved properties are assessed quarterly for impairment in value, with any impairment charged to expense.

CAPITAL RESOURCES AND LIQUIDITY

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 2002 and 2001, 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. During the year ended December 31, 2001, total production from the fields was approximately 308,000 gross barrels (69,000 barrels net) of oil. First quarter 2002 production from the fields was 66,000 gross barrels (14,000 net 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.

Domestically, the Company produces from wells in Brazos County, Texas. Domestic production is sold under two contracts, one for oil and one for gas. The Company has access to several alternative buyers for oil and gas sales domestically.

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 $169,000 in cash, a receivable for $47,000 representing its share of cash in the joint venture and $259,000 of undeveloped acreage representing its proportionate 93.75% working interest in kind in all remaining prospects within the joint venture. Final completion of assignment documentation is ongoing. The Company has an interest in production from two small gas discoveries drilled by the joint venture.

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 2002, the Company anticipates that it will make capital expenditures on oil and gas properties of approximately $12.4 million, all in Gabon. The Company has entered into a line of credit for its subsidiary VAALCO Gabon (Etame), Inc. in the amount of $10.0 million with the IFC to partially fund its share of the development project, which loan agreement was signed on April 19, 2002. Prior to Project Completion, the IFC loan is to be guaranteed by the Company and cash collateralized with proceeds from a loan from the 1818 Fund. Project Completion requires gross project production of 14,250 BOPD and gross proved reserves of 16.5 million barrels and compliance with financial covenants and other conditions, which may not be achieved. The IFC requires Project Completion to occur prior to March 31, 2003.

The 1818 Fund loan is in the form of a $10 million subordinated note secured by a second lien on certain collateral with respect to the Company's investment in VAALCO Gabon (Etame), Inc. including the $10 million cash collateral to support the Company's guarantee of the IFC loan. The interest rate on the loan is 10%. In conjunction with receiving the 1818 Fund loan, the Company will issue 15 million warrants at a price of $0.50 per share, 7.5 million of, which the Company will receive back if Project Completion occurs on the Etame Block. The Company has

formed an independent committee of the Board of Directors, which has received a fairness opinion with regards to the terms of the 1818 Fund loan. Neither loan has been drawn upon as of the date of this filing. The Company believes the cash on hand at March 31, 2002 coupled with the loan from the IFC will be sufficient to fund the Company's capital budget through 2002.

RESULTS OF OPERATIONS

Three months ended March 31, 2002 compared to three months ended March 31, 2001

Revenues

Total revenues were $144 thousand for the three moths ended March 31, 2002 compared to $532 thousand for the comparable period in 2001. The 2001 revenues included a $215 thousand gain on asset sales. Oil prices were also significantly higher in 2001 than in 2002.

Operating Costs and Expenses

Total production expenses for the three months ended March 31, 2002 were $95 thousand compared to $93 thousand in 2001. Depreciation, depletion and amortization was $5 thousand compared to $3 thousand in 2001. General and administrative expenses for the three months ended 2002 and 2001 were $533 thousand and $251 thousand. Increased insurance costs ($146 thousand) and consultant fees ($91 thousand) in 2002 accounted for the increase in general and administrative costs.

Other Income (Expense)

Interest income of $9 thousand was received from amounts on deposit in 2002 compared to $138 thousand in the quarter ended March 31, 2001. The decrease can be attributed to smaller balances on deposit in 2002 when compared to 2001 and lower interest rates in 2001. With the termination of the Paramount Joint Venture in June 2001, there was no equity gain or loss for unconsolidated entities in the first quarter of 2002, compared to an equity loss in unconsolidated entities in the quarter ended March 31, 2001 of $433 thousand.

Income Taxes

Income taxes of $2 thousand and $15 thousand for the quarters ending March 31, 2002 and 2001 respectively were associated with activity in the Philippines.

Net Loss

Net loss attributable to common stockholders for the three months ended March 31, 2002 was $484 thousand, compared to a net loss attributable to common stockholders of $127 thousand for the same period in 2001. The increased net loss in 2002 was primarily due lower crude oil prices and higher general administrative costs associated with insurance and consultant fees.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3. Articles of Incorporation and Bylaws

3.1 Restated Certificate of Incorporation (incorporated by reference to exhibit 4.1 to the Company's Registration Statement on Form S-3 filed with the Commission on July 15, 1998, Reg. No. 333-59095).

3.2 Certificate of Amendment to Restated Certificate of Incorporation (incorporated by reference to exhibit 4.2 to the Company's Registration Statement on Form S-3 filed with the Commission on July 15, 1998, Reg. No. 333-59095).

3.3 Bylaws (incorporated by reference to exhibit 4.3 to the Company's Registration Statement on Form S-3 filed with the Commission on July 15, 1998, Reg. No. 333-59095).

3.4 Amendment to Bylaws (incorporated by reference to exhibit 4.4 to the Company's Registration Statement on Form S-3 filed with the Commission on July 15, 1998, Reg. No. 333-59095).

3.5 Designation of Convertible Preferred Stock, Series A (incorporated by reference to exhibit 4.1 to the Company's Report on Form 8-K filed with the Commission on May 6, 1998, File No. 000-20928).

(b) Reports on Form 8-K.

None

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 10, 2002