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 SEPTEMBER 30, 1999

[_] 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 November 12, 1999 there were outstanding 20,749,968 shares of Common Stock, $.10 par value per share, of the registrant.

VAALCO ENERGY, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

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

<TABLE>

<CAPTION>

	September 30, 1999	December 31, 1998
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,871	$ 6,671
Funds in escrow	103	5,248
Receivables:		
Trade	186	311
Other	295	335
Materials and supplies, net of allowance for obsolescence of $61	343	326
Prepaid expenses and other	59	25
Total current assets	4,857	12,916
PROPERTY AND EQUIPMENT-SUCCESSFUL EFFORTS METHOD		
Wells, platforms and other production facilities	630	89
Undeveloped acreage	1,080	1,385
Work in progress	2,431	1,820
Equipment and other	--	47
	4,141	3,341
Accumulated depreciation, depletion and amortization	(18)	(10)
Net property and equipment	4,123	3,331
OTHER ASSETS:		
Funds in escrow	11,739	12,400
Advances - related party	--	35
Investment in unconsolidated entities	5,052	4,949
Deferred tax asset	533	533
Other long-term assets	268	--
TOTAL	$ 26,572	$ 34,164
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 641	$ 2,041
Accounts with partners	547	4,567
Total current liabilities	1,188	6,608
MINORITY INTEREST	12	--
FUTURE ABANDONMENT COSTS	3,147	3,217
Total liabilities	4,347	9,825
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $25 par value, 500,000 shares authorized; 10,000 shares issued and outstanding in 1999 and 1998	250	250
Common stock, $.10 par value, 100,000,000 authorized shares 20,755,363 shares issued of which 5,395 are in the treasury in 1999 and 1998	2,075	2,075
Additional paid-in capital	41,215	41,215
Accumulated deficit	(21,303)	(19,189)
Less treasury stock, at cost	(12)	(12)
Total stockholders' equity	22,225	24,339
TOTAL	$ 26,572	$ 34,164

</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)

<TABLE>
<CAPTION>

	Three Months Ended September 30,	Nine Months Ended September 30,

	1999	1998	1999	1998
REVENUES:				
Oil and gas sales	$ 165	$ 196	$ 437	$ 407
Gain on sales of assets	70	--	70	--
	235	196	507	407
OPERATING COSTS AND EXPENSES:				
Production expenses	168	192	390	330
Depreciation, depletion and amortization	3	5	8	7
Exploration costs	402	--	683	--
General and administrative expenses	275	396	1,277	903
Total operating costs and expenses	848	593	2,358	1,240
OPERATING LOSS	(613)	(397)	(1,851)	(833)
OTHER INCOME (EXPENSE):				
Interest income	165	325	622	627
Interest expense and financing charges	--	--	--	(424)
Equity loss in unconsolidated entities	(142)	(68)	(904)	(696)
Other, net	(6)	4	19	(44)
Total other income (expense)	17	261	(263)	(537)
NET LOSS BEFORE INCOME TAXES	(596)	(136)	(2,114)	(1,370)
INCOME TAX EXPENSE	--	14	--	46
NET LOSS	$ (596)	$ (150)	$(2,114)	$(1,416)
LOSS PER COMMON SHARE:				
BASIC AND DILUTED	$ (0.03)	$ (0.01)	$ (0.10)	$ (0.08)
WEIGHTED AVERAGE COMMON SHARES:				
BASIC	20,755	20,750	20,755	18,635
DILUTED	48,350	50,081	48,365	36,846

See notes to consolidated financial statements.

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

<TABLE>
<CAPTION>

<S>	Nine Months Ended September 30, 1999 <C>	1998 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(2,114)	$ (1,416)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	8	7
Equity loss in unconsolidated entities	904	696
Exploration expense	683	--
Accrued interest payable	--	424
Change in assets and liabilities that provided (used) cash:		
Funds in escrow	5,806	(12,029)
Trade receivables	125	(301)
Accounts with partners	(4,020)	(1,508)
Other receivables	40	65
Materials and supplies	(17)	(8)
Prepaid expenses and other	(34)	23
Accounts payable and accrued liabilities	(1,470)	(418)
Net cash provided by operating activities	(89)	(14,465)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash acquired in merger with 1818 Oil Corp.	--	15,812
Exploration expense	(683)	--
Additions to property and equipment	(800)	(2,014)
Investment in unconsolidated entities	(1,007)	(2,255)
Other	(221)	103
Net cash (used in) provided by investing activities	(2,711)	11,646
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	--	8,995
Net cash provided by financing activities	--	8,995
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,800)	6,176
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,671	32
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 3,871	$ 6,208
NON-CASH ITEMS:		
Contribution of debt to additional paid in capital	--	15,591

</TABLE>

See notes to consolidated financial statements.

VAALCO ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999
(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, 1998.

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 consortium internationally in the Philippines and Gabon. Through participation in a partnership with Hunt Oil Company, VAALCO has additional international exploration interests in Argentina, Peru, Ethiopia, Ghana, Niger and Canada. Domestically, the Company has interests in the Texas Gulf Coast area.

VAALCO's Philippine subsidiaries include Alcorn (Philippines) Inc. and

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

2. ACQUISITION OF 1818 Oil Corp.

On April 21, 1998 VAALCO consummated the acquisition of 1818 Oil Corp. in exchange for 10,000 shares of Convertible Preferred Stock, Series A. The Preferred Stock is convertible into 27.5 million shares of VAALCO, $0.10 par value per share, Common Stock. As a result of the voting control 1818 Oil Corp.'s shareholder obtained in the transaction, the 1818 Oil Corp. acquisition has been accounted for as a reverse acquisition and 1818 Oil Corp. is the acquiring entity for accounting purposes. The assets of 1818 Oil Corp. at closing consisted of a 7.5% limited partnership interest in Hunt Overseas Exploration Company, L.P. ("Hunt") with book value of $2.8 million and $12.6 million in cash. The $12.6 million of cash, which 1818 Oil Corp. had at the time of the acquisition, was pledged as cash collateral to secure a letter of credit payable to Hunt for cash calls associated with the partnership. As of September 30, 1999 $11.7 million remained in the escrow account. If Hunt does not call all of the escrowed funds as provided in the partnership agreement of Hunt, the cash collateral will be released to the Company.

Hunt has entered into production sharing contracts and other arrangements that entitle it to explore for oil and gas, both onshore and offshore, on approximately 34 million acres in various countries, including Argentina, Peru, Ethiopia, Ghana, Niger and Canada. The general partner of Hunt is Hunt Overseas Operating Company, a subsidiary of Hunt Oil

Company. Hunt explores for high risk, large reserve accumulations, generally targeting deposits that pre-drilling seismic and other data indicate to have potential reserves in excess of 100 MMBOE.

Under the partnership agreement with Hunt, the Company is obligated to contribute an estimated $5.1 million to fund its share of the exploration costs of Hunt, of which $1.1 million had been funded as of September 30, 1999. Subsequently in October 1999 the Company funded an additional $2.0 million to be used for drilling in Niger and Ghana. In addition, if Hunt discovers oil or gas deposits, the Company will be required to contribute an additional $7.5 million to fund appraisal costs. As of September 30, 1999 VAALCO had $11.7 million in cash in an escrow account to fund its obligations under the partnership agreement.

1818 Oil Corp.'s equity as of December 31, 1998 has been retroactively changed for the equivalent number of shares of VAALCO's Common Stock received in the transaction. The difference between the par value of the common stock of 1818 Oil Corp. and VAALCO has been credited to additional paid-in capital. In addition, at the time of the merger, the 1818 Fund II, L.P., a fund managed by Brown Brothers Harriman & Co. (the "1818 Fund") contributed the debt owed to it by 1818 Oil Corp. as additional paid-in capital to 1818 Oil Corp.

The income statement presented for the prior year periods is that of 1818 Oil Corp., not VAALCO the legal acquirer. The results of operations of VAALCO are included in the accompanying financial statements for the periods subsequent to the date of the acquisition. Accordingly, a comparison of 1999 and 1998 interim results is not meaningful. The legal name of the registrant continues to be VAALCO Energy, Inc.

The following summarizes pro forma financial information assuming the acquisition of 1818 Oil Corp. had occurred on January 1, 1998.

(Thousands of Dollars)

	Nine Months Ended September 30, 1998
Total revenues	$ 562
Loss before income taxes	(1,130)
Net loss	(1,162)
Basic net loss per share	(0.06)

3. RECENT DEVELOPMENTS

The Company is the operator of a 3,073 square kilometer concession known as the Etame Block offshore Gabon, West Africa, with a working interest ownership of 17.9%. In June 1998, the Company announced the discovery of the Etame field, with the drilling of the Etame No. 1 well. The well was drilled to a depth of 8,000 feet and resulted in an oil discovery, which tested at a rate of 3,700 barrels oil per day on a 32/64's inch choke from

perforations in the Gamba Sandstone. The Etame Block contains two former Gulf Oil Company discoveries, the North and South Tchibala discoveries. All three discoveries consist of subsalt reservoirs that lie in approximately 250 feet of water depth, 20 miles offshore.

In January 1999, the Company completed the drilling of the Etame 2V delineation well. The well found oil pay in the Gamba Sandstone, however, the reservoir was encountered at a lower depth than expected. The well was not tested. A seismic reprocessing effort has commenced to better delineate the Gamba reservoir below the salt before additional wells will be drilled. At least one additional delineation well is planned for the year 2000. The Company is currently performing seismic reprocessing activities on a proprietary 3-D survey, which was acquired over a portion of the block in 1998, to determine the future drilling location.

During February 1999, Hunt Oil Company drilled a 4,500 foot test on its Rio Belgrano block in Argentina. The well did not encounter any commercial hydrocarbons and was abandoned. The Company had a 7.5% interest in the well.

Hunt is currently mobilizing a semi-submersible drilling rig to Ghana to drill an exploration well offshore Ghana. The well is expected to spud in November and is targeting a large turbidite structure at a location in 3,000 feet of water depth. Results of the well should be available in the first quarter of 2000.

In addition, Hunt is also mobilizing a land rig to Niger from Algeria, to drill two exploration wells on prospects on the partnership's concession in Niger. The wells will test two structures, which were defined through a seismic campaign undertaken in 1996. Several additional structures were also delineated by the seismic campaign, and a decision to drill these structures will be based upon the results of the two exploration wells. The first well should spud in late November or early December 1999.

VAALCO's share of the costs of the well offshore Ghana and the two wells in Niger will be approximately $4.0 million, and will be funded out of the escrow account. In October 1999, a payment was made to the partnership of approximately $2.0 million to fund a portion of the cost of the wells.

In December 1998, an Australian Company completed the acquisition of 3-D seismic over the Company's interests in Service Contract 14 in the Philippines. The Company and the other members of the Service Contract 14 Consortium assigned 35% of their working interest in the Service Contract to the Australian Company pursuant to the farm-out agreement.

The Company participates in a joint venture with Paramount Petroleum, Inc. to conduct exploration activities primarily in the onshore Gulf Coast area, including Alabama, Mississippi and Louisiana. In July 1998, the Company elected to participate at a 15% working interest level in the first prospect developed by the joint venture, which did not

encounter productive hydrocarbon intervals and has been abandoned. The Company agreed to take a 9% interest in two additional prospects to be drilled during the second and third quarters of 1999. Neither of the two prospects encountered commercial hydrocarbons and both were abandoned.

4. 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 Standard No. 128 - "Earnings per Share." ("SFAS No. 128") 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 earnings per common share amounts are calculated using the average number of common shares outstanding during each period. Diluted earnings per share 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.

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's production in the Philippines (representing substantially all of the Company's oil production since 1994) is from mature offshore fields with high production costs. Since 1996, the Company has produced 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'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 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.

CAPITAL RESOURCES AND LIQUIDITY

The Company's primary source of capital resources is derived predominantly from the private placement of Common Stock, Preferred Stock and debt financing to fund its exploration operations.

The Company produces oil from the Matinloc and Nido fields in the South China Sea, located in the Philippines. During the year ended December 31, 1998, total production from the fields was approximately 287,000 gross barrels of oil. Production in nine months ending September 30, 1999 was 209,000 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 an agreement with Seaoil, a local Philippines refiner. While the loss of this buyer 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.

On April 21, 1998 VAALCO consummated the acquisition of 1818 Oil Corp. in exchange for 10,000 shares of Convertible Preferred Stock, Series A. The assets of 1818 Oil Corp. consisted at closing of a 7.5% limited partnership interest in Hunt with book value of $2.8 million and $12.6 million in cash. As a result of the voting control 1818 Oil Corp.'s shareholder obtained in the transaction, the 1818 Oil Corp. acquisition has been accounted for as a reverse acquisition and 1818 Oil Corp. is the acquiring entity for financial accounting purposes. The income statement presented for the prior year periods are those of 1818 Oil Corp., not VAALCO, the legal acquirer. The results of operations of VAALCO are included in the accompanying financial statements for the periods subsequent to the date of the acquisition. Accordingly, a comparison of 1999 and 1998 results is not meaningful. The legal name of the registrant continues to be VAALCO Energy, Inc.

Hunt has entered into production sharing contracts and other arrangements that entitle it to explore for oil and gas, both onshore and offshore, on approximately 34 million acres in various countries, including Argentina, Canada, Ethiopia, Ghana, Niger and Peru. The partnership agreement of Hunt obligates the Company to contribute, when requested by Hunt, up to $5.1 million to fund Hunt's exploration program, and as of September 30, 1999 $1.1 million of this amount had been funded. Subsequently in October 1999 the Company funded an additional $2.0 million to be used for drilling in Niger and Ghana. In addition, if Hunt discovers oil, the Company may be required to contribute an additional $7.5 million to fund the appraisal of the discovery. The $12.6 million of cash, which 1818 Oil Corp. had at the time of the acquisition, was pledged as cash collateral to secure a letter of credit payable to Hunt for cash calls associated with the partnership. $11.7 million remained in the escrow fund as of September 30, 1999 ($9.7 million as of the date of this filing due to the cash call in October). If Hunt does not call the escrowed funds as provided in the partnership agreement of Hunt, the cash collateral will be released to the Company.

During 1998, the Company issued 5.2 million shares of Common Stock in a private placement for proceeds of $9.0 million net of $0.8 million in fees and expenses. These amounts are being used to fund the Company's capital expenditure program, including investments in the Paramount joint venture, possible future acquisitions and for general corporate purposes.

The Company has committed to invest $3.0 million in the Paramount joint venture, all of which has already been funded as of the date of this filing. There can be no assurance that the Company will realize a return on this investment or that the Company's investment in the Paramount joint venture will be successful.

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, assets 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 1999, the Company anticipates that it will make capital expenditures on oil and gas properties of approximately $5.0 million, including Hunt partnership expenditures, and a contribution of $0.3 million to the Paramount joint venture. Approximately $2.7 million of the projected capital expenditure amount had been spent as of September 30, 1999. The Company postponed drilling plans for exploration activities in Brazos County, Texas due to low oil prices. Certain of the leases expire in 1999, and despite the recent upturn in oil prices, the Company may not be successful in finding drilling partners to drill on the leases. In that event, the leases will be written off as they expire. During the third quarter, $0.3 million was written off representing 34% of the lease investment in Brazos County. The anticipated capital expenditures exclude potential acquisitions. The Company believes the total net proceeds of $21.6 million received from the 1998 private placement and cash acquired in 1818 Oil Corp. are sufficient to fund the Company's capital budget through 1999.

YEAR 2000

The Company, like other businesses, is facing the Year 2000 issue. Many computer systems and equipment with embedded chips or processors use only two digits to represent the calendar year. This could result in computational or operational errors as dates are compared across the century boundary causing possible disruptions in business operations. The Year 2000 issue can arise at any point in the Company's operations.

State of Readiness

The Company began addressing the Year 2000 issue in 1997, with an initial assessment of Year 2000 readiness efforts for its foreign and domestic business units. Based on the initial assessment, the following items were acknowledged as areas for attention to ensure Year 2000 compliance:

1. Assessment of all systems for Year 2000 compliance.
2. Development of a project schedule for remediation or replacement of non-compliant systems.
3. Development of a project schedule for testing the compliant systems.
4. Development of a list of significant vendors/suppliers for surveying their Year 2000 readiness efforts.

The Year 2000 issue has been addressed within the Company by its domestic and foreign business units, and progress has been reported to management. To the best of its knowledge, the Company has effectively completed all Year 2000 compliance tasks.

Third Party Relationships

The Company relies on third party suppliers for raw materials, water, utilities, transportation and other key services. Interruption of supplier operations due to Year 2000 issues could affect the Company's operations. The Company's business units have contacted significant external parties, including suppliers and customers concerning their Year 2000 readiness efforts. To the best of the Company's knowledge these suppliers, customers and other entities appear to have addressed their Year 2000 issues as they pertain to the Company's operations.

Contingency Planning

The Company has evaluated the need for a contingency plan for Year 2000 readiness, and determined such a plan is not necessary given the safety manuals and procedures already in effect for its production and other operations.

Independent Verification and Validation

For the Philippine operations, an outside programmer was hired to review the systems and make the appropriate changes for Year 2000 compliance in their accounting systems. This work has been completed at a total cost of approximately $20 thousand net to the Company. For VAALCO's domestic and Gabon operations, upgrades of the current systems were completed by an independent source in the third quarter of 1998 at no expense to the Company.

Although Year 2000 issues could have an adverse effect on the results of operations or financial condition of the Company, it is not possible to anticipate the extent of impact or the worst-case scenario at this time.

RESULTS OF OPERATIONS

The 1818 Oil Corp. acquisition has been accounted for as a reverse acquisition and 1818 Oil Corp. is the acquiring entity for accounting purposes. As such, the income statement presented for the prior year period are those of 1818 Oil Corp., not VAALCO, the legal acquirer. The results of operations of VAALCO are included in the accompanying financial statements for the periods subsequent to the date of the acquisition. Accordingly, a comparison of 1999 and 1998 interim results is not meaningful. The legal name of the registrant continues to be VAALCO Energy, Inc.

THREE MONTHS ENDED SEPTEMBER 30, 1999 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1998

Revenues

Total revenues were $235 thousand for the three months ended September 30, 1999 compared to $196 thousand for the comparable period in 1998. 1999 revenues included a gain of $70 thousand from the sale of the Company's interest in the Ship Shoal 105 block in the Gulf of Mexico.

Operating Costs and Expenses

Total production expenses for the three months ended September 30, 1999 were $168 thousand compared to $192 thousand in 1998. Third quarter 1999 expenses included an expenditure of approximately $68 for a subsea inspection of the

Matinloc platform. Exploration costs for the three months ending September 30, 1999 and 1998 were $402 thousand and $0 respectively. 1999 exploration costs were associated with dry hole costs in two wells in which the Company participated alongside the Paramount venture, and due to acreage relinquishments in Brazos County, Texas. General and administrative expenses for the three months ended 1999 and 1998 were $275 and $396, respectively.

Other Income (Expense)

Interest income of $165 thousand was received from amounts on deposit in 1999 compared to $325 thousand in the quarter ended September 30, 1998. Lower interest rates and smaller balances on deposit in 1999 compared to 1998 caused the difference. The equity loss in unconsolidated entities in the quarter ended September 30, 1999 of $142 thousand consisted of partnership expenses of $35 thousand associated with the Hunt partnership, (consisting primarily of exploration expense for seismic in Ghana, and expenses for partnership general and administrative costs) and $107 thousand of equity loss associated with the Paramount joint venture. 1998 period losses consisted of $68 thousand associated with the Hunt partnership equity loss.

Net Loss

Net loss attributable to common stockholders for the three months ended September 30, 1999 was $596 thousand, compared to a net loss attributable to common stockholders of $150 thousand for the same period in 1998. The net loss in 1999 was primarily due to exploration costs associated with the Paramount joint venture, general and administrative expenses and exploration costs associated with the Company's participation in wells in the United States. The 1998 loss was due primarily to equity loss associated with the Hunt partnership.

NINE MONTHS ENDED SEPTEMBER 30, 1999 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1998

Revenues

Total revenues were $507 thousand for the nine months ended September 30, 1999 compared to $407 thousand for the comparable period in 1998. The Company experienced lower oil prices in the 1999 period, and revenues in 1999 are for the full nine months, compared to 1998 where they are for the period effective from the date of the merger with 1818 Oil Corp. Also, 1999 revenues included a gain on the sale of the Company's interest in the Ship Shoal 105 block in the Gulf of Mexico.

Operating Costs and Expenses

Total production expenses for the nine months ended September 30, 1999 were $390 thousand compared to $330 thousand in 1998. 1999 production expenses include $68 thousand for a subsea inspection of the Matinloc platform. Exploration costs were $683 thousand and $0 in the nine months ending September 30, 1999 and 1998, respectively. Exploration costs in 1999 included dry hole costs for a well in Louisiana, dry hole costs for two wells in which the Company participated with Paramount in Alabama, and costs associated with acreage relinquishments in Brazos County, Texas. General and administrative expenses were $1,277 and $903 in the 1999 and 1998 nine-month periods respectively. 1999 expenses are for the full nine months, compared to 1998 where they are for the period effective from the date of the merger with 1818 Oil Corp.

Other Income (Expense)

Interest income of $622 thousand was received from amounts on deposit in 1999 compared to $627 thousand in the 1998 quarter ended September 30. The equity loss in unconsolidated entities in the nine months ended September 30, 1999 of $904 thousand consisted of partnership expenses of $589 thousand associated with the Hunt partnership, (consisting primarily of exploration expense for seismic in Ghana, dry hole costs for the well in Argentina, and expenses for partnership general and administrative costs) and $315 thousand of exploration expenses associated with the Paramount joint venture. 1998 period losses consisted of $696 thousand associated with the Hunt partnership, which included dry hole costs associated with a well drilled offshore Ghana. The 1998 costs also included interest expense and financing charges of $424 thousand.

Net Loss

Net loss attributable to common stockholders for the nine months ended September 30, 1999 was $2,114 thousand, compared to a net loss attributable to common stockholders of $1,416 thousand for the same period in 1998. The net loss in 1999 was primarily due to exploration costs associated with the Hunt partnership and the Paramount joint venture, general and administrative expenses and exploration costs associated with the Company's participation in wells in the United States. The 1998 loss was due primarily to exploration and interest costs associated with the Hunt partnership.

UNAUDITED PRO FORMA INFORMATION

The following summarizes pro forma financial information assuming the acquisition of 1818 Oil Corp. had occurred on January 1, 1998.

(Thousands of Dollars)

	Nine Months Ended September 30, 1998
Total revenues	$ 562
Loss before income taxes	(1,130)
Net loss	(1,162)
Basic net loss per share	(0.06)

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

2. Plan of acquisition, reorganization, arrangement, liquidation or succession

2.1 (a) Stock Acquisition Agreement and Plan of Reorganization dated February 17, 1998 by and among the Company and the 1818 Fund II, L.P.

2.2 (c) First Amendment to Stock Acquisition Agreement and Plan of Reorganization, dated April 21, 1998

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

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(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

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 November 12, 1999

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