

December 8, 2010



# VAALCO Energy Commences First Production From Etame 7H Development Well

HOUSTON, Dec. 8, 2010 /PRNewswire-FirstCall/ -- VAALCO Energy, Inc. (NYSE: EGY) today provided an update on its horizontal development well (ET-7H) in a known separate fault block in the Etame field and on its exploration well (ETOMG-1) on the Omangou prospect, both wells located offshore Gabon.

(Logo: <https://photos.prnewswire.com/prnh/20100316/NY71495LOGO> )

The Company has laid and connected production, service and gas lift lines between the sub-sea tree and the Company's floating production, storage and offloading ("FPSO") facilities. The sub-sea work on the ET-7H development well was completed earlier than previously anticipated. Oil production estimated at 3,600 barrels per day commenced on December 4th, 2010, and on December 7th, 2010 gross production was reported to be 24,037 barrels per day.

The ETOMG-1 exploration well was drilled to a depth of approximately 8,670 feet to evaluate both the Gamba and Dentale sand reservoirs. The reservoirs were encountered but were discovered to be water-bearing. Accordingly, the well will be logged, plugged and abandoned.

In late November, 2010 the Company completed its 110th lifting totaling 772,601 barrels. This is the third largest lifting volume since inception of operations in 2002. The Company's last lifting of the year is scheduled for the end of December.

The Company's subsidiary VAALCO Gabon Etame, Inc. operates the Etame Marin Permit in which it holds a 28.07% net interest in the Etame Field. Other participants in the permit are Sinopec Group (31.36%) through its subsidiary, Addax Petroleum Etame Inc., Sasol Petroleum Etame Limited (27.75%), Sojitz Etame Limited (2.98%), PetroEnergy Resources Corp. (2.34%) and Tullow Oil Gabon SA (7.5%).

## Forward-Looking Statements

This document 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 document 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, reserve opportunities, drilling, completion and production timetables and costs to complete wells. 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, volatility of oil and natural gas prices, future production costs, future production quantities, the uncertainty of estimates of oil and natural gas reserves, the ability to replace reserves, inflation, lack of availability of drilling and other equipment, availability of services and capital, environmental risks, drilling and production risks, general economic risks, the ability to attract a new partner in Angola, actions of VAALCO's working interest partners, foreign operational risks and regulatory compliance and 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 10-K for the year ended December 31, 2009, quarterly report on Form 10-Q for the period ended September 30, 2010 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.

### **About VAALCO**

VAALCO Energy, Inc. is a Houston based independent energy company principally engaged in the acquisition, exploration, development and production of crude oil. VAALCO's strategy is to increase reserves and production through the exploration and exploitation of oil and natural gas properties with high emphasis on international opportunities. The Company's properties and exploration acreage are located primarily in Gabon and Angola, West Africa.

SOURCE VAALCO Energy, Inc.