

September 9, 2011



VAALCO Completes Purchase of Bakken Acreage at Poplar Dome, Montana

HOUSTON, Sept. 9, 2011 /PRNewswire/ -- VAALCO Energy, Inc. ("VAALCO") (NYSE: EGY) today announced that the Company has entered into a definitive agreement with Magellan Petroleum Corporation (NASDAQ: MPET) to acquire and develop an operating working interest in approximately 23,000 net mineral acres of oil, gas and mineral leases covering the Bakken and deeper formations in the East Poplar Unit and the Northwest Poplar Field in Roosevelt County, Montana ("the Poplar Field"). Under the terms of the agreement, VAALCO has paid Magellan \$5 million and committed to spend approximately \$15 million to drill three wells.

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

VAALCO has agreed to drill three wells to the Bakken formation and to formations below the Bakken ("the Deep Intervals") in the Poplar Field. All three wells will be drilled by the end of 2012 and one well will be drilled on or before June 1, 2012. Of these, one well will be drilled horizontally to test the Bakken Formation, one well will be drilled vertically to test the Red River Formation, and the third will be targeted at VAALCO's discretion. Under the terms of the definitive agreement, VAALCO will have a 65% working interest in the Bakken and Deep Intervals within the Poplar Field.

Robert Gerry, Chairman and CEO said, "We are excited to complete this acquisition of additional Bakken Acreage, which we believe will be a powerful source of oil revenues to VAALCO over the next several years. In addition to the potential we see in the Bakken formation, we will also be evaluating deeper objectives in the Three Forks, Nisku and Red River formations. Our seismic studies indicate that there are structures in these deeper objectives that could be the source of prolific production and we are optimistic that we can prove up reserves and create shareholder value."

Magellan will retain its current ownership for all formations above the Bakken, including the currently producing Charles and Tyler formations and will retain the remaining 35% of the Bakken and deeper rights in partnership with VAALCO.

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 and the United States.

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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, expected capital expenditures, prospect evaluations, drilling timing, 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, inflation, lack of availability of 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 10-K for the year ended December 31, 2010, on Part II, Item 1A of Form 10-Q for the quarter ended March 31, 2011 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.