

March 10, 2011



VAALCO Energy Acquires Lease in Granite Wash Formation and Secures Drilling Rig

HOUSTON, March 10, 2011 /PRNewswire/ -- VAALCO Energy, Inc. (NYSE: EGY) today announced that it recently acquired a 640 acre lease in the Granite Wash formation in Hemphill County, Texas and that the Company has secured a drilling rig. The rig has been drilling in the Granite Wash formation for other operators. VAALCO expects to drill an initial well in the formation in the second quarter of 2011 and is developing plans to drill a further two wells during 2011, if the initial well is successful.

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

Robert Gerry, Chairman and Chief Executive Officer of VAALCO, commented, "This is a new venture for VAALCO and signals our re-entry into the domestic Exploration and Production oil and gas market. We believe this lease is well located and anticipate adding additional acreage in the coming months."

Mr. Gerry continued, "We are continuing to evaluate international projects, as well as domestic opportunities. With a clean balance sheet and strong cash flow from our operations in Gabon, West Africa, we are well positioned to pursue transactions that will add reserves and cash flow for the benefit of our stockholders."

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, completion and production timetables and costs to complete well. 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, 2009 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.

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SOURCE VAALCO Energy, Inc.