November 21, 2008

VAALCO Energy Commences Drilling at New Ebouri and Etame Wells

HOUSTON, Nov. 21 /PRNewswire-FirstCall/ -- VAALCO Energy, Inc. (NYSE: EGY) today announced that it has commenced drilling its development well in the Ebouri field and at its appraisal well (North Ebouri) in the Etame block. These two wells, together with the five other development and exploration wells planned over the coming months, expose VAALCO to over 50 million net barrels, or an 8-fold potential increase to the Company's current 6.2 million barrels of proved reserves.

For the development well in the Ebouri field, the Adriatic 6 came on hire to VAALCO on November 6 and was on location in mid-November. First oil production from this well is expected in January 2009. VAALCO continues to expect production at a rate sufficient to bring the Company's total production to approximately 25,000 barrels per day (bpd). The Company currently produces 20,500 bpd.

In the Etame block, the Pride Cabinda was on location in mid-November. In addition to the appraisal well (North Ebouri) where drilling has commenced for possible expansion of the Ebouri field, VAALCO plans two wells (North Etame and South East Etame) on newly mapped structures. The wells will be drilled back to back.

"We are pleased to have commenced drilling as expected and look forward to reporting continued progress on our drilling and exploration program," said Robert L. Gerry, III, Chairman and CEO.

Additional development and exploration wells planned over the coming months include:

-- Two exploratory wells onshore Gabon in the Mutamba concession: VAALCO remains on schedule to commence drilling the first of these two exploratory wells in December 2008. Combined potential reserves for these wells are expected to be in excess of 30 million barrels. VAALCO has a 100% working interest in the onshore Mutamba block.

-- One exploratory well in Angola: The Company expects to move forward on the planning for a well on Angola Block 5 during the third quarter of 2009 depending upon rig availability. The Company has recommended to the consortium a prospect with three objective zones, both above and below the salt layer on the block. Total potential from all three objectives is 150 million gross barrels. VAALCO has a 40% working interest in Block 5.

-- Interest in North Sea: VAALCO has a 25% interest in a gas prospect on Block 48/25c in the British North Sea. The Company is participating with Century Exploration on the well, which is an offset to a former Shell gas discovery made in 1987. 3-D seismic data indicates the ability to get higher on the structure than the earlier well, increasing the potential reserves to 60 Bcf. VAALCO continues to expect that drilling will begin in the fourth quarter of 2008.

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, 2007 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.

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions at oil and gas prices in effect at the time of the estimate, without future escalation. We include in this press release an estimate of gross reserve potential that the SEC's guidelines strictly prohibit us from including in filings with the SEC. Investors are urged to consider closely the disclosure in our Form 10-K, available from the SEC at www.sec.gov.

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 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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