

August 16, 2010



VAALCO Energy, Inc. Announces Farm-Out Agreement For Mutamba Iroru Permit Onshore Gabon

HOUSTON, Aug. 16 /PRNewswire-FirstCall/ -- VAALCO Energy, Inc. (NYSE: EGY) announced today that it has executed a farm-out agreement with Total Gabon ("Total") for the Mutamba Iroru Permit, onshore Gabon, which is 100 percent owned by VAALCO. Under the terms of the agreement, VAALCO and Total have committed to reprocess 400 kilometers of 2-D seismic data and drill one exploration well, superseding VAALCO's prior obligation to acquire 200 kilometers of 2-D data on the Permit. In return for Total funding an agreed portion of the new work program, Total will receive a 50% interest in the Permit.

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

(Logo: <http://www.newscom.com/cgi-bin/prnh/20100316/NY71495LOGO>)

The agreement is subject to obtaining the approval of the Republic of Gabon for the amended work program, including a one year extension to allow sufficient time to conclude the seismic study and drilling operations. Government approval is expected within 30 days.

Mr. Robert Gerry, Chairman and Chief Executive Officer of VAALCO stated, "We are pleased to welcome Total as a partner and, given their expertise in Gabon, we look forward to working with them to high-grade potential prospects on the Permit."

Under the terms of the agreement, VAALCO will remain as operator of the Mutamba Iroru Permit through the drilling of the exploration well. In the event that exploration results lead to a development plan, Total has the option to assume the operatorship of the Mutamba Iroru Permit. Total currently has production infrastructure in place as operator of the Atora field to the north of the Mutamba Iroru Permit.

VAALCO operates the Mutamba Iroru Permit through its wholly owned subsidiary VAALCO Gabon (Production), Inc. VAALCO also is the operator of the Etame Permit offshore Gabon where it currently has net production of approximately 5,000 barrels oil per day.

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, 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.

Investor Contact
Greg Hullinger
Chief Financial Officer
713-623-0801

SOURCE VAALCO Energy, Inc.