

## **VAALCO ENERGY PROVIDES UPDATE ON NORTH SEA EXPLORATION WELL**

HOUSTON – March 24, 2009 – VAALCO Energy, Inc. (NYSE: EGY) today announced that the consortium responsible for drilling a gas prospect on Block 48/25c in the British North Sea has elected to abandon the well. As previously announced, VAALCO had a 25% interest in the exploration well, which was an offset to a former Shell gas discovery made in 1987. The exploration well was drilled to a total depth of 7,910 feet.

The consortium's decision follows analysis of core samples and the electric log. A substantial gas column was present but with low permeability and porosity. The gas/water contact was observed higher than expected thereby decreasing the size of the potential reservoir. While it is believed that there are approximately 25 bcf in place on the jointly held acreage in block 48/25c, the consortium deemed this to be non-commercial and is in the process of abandoning the well.

“Although gas was present in the prospect, the consortium determined that recoverable reserves were not sufficient to merit a completion on the jointly held acreage,” said Robert Gerry, Chairman and CEO of VAALCO. “Notwithstanding this disappointment, we are making progress on VAALCO's 100% owned and operated exploratory well onshore Gabon in the Mutamba concession (N'Gongui-1). I am pleased to report that we commenced drilling this well on March 23, as planned, and are on track to complete the well towards the middle or end of April. Given the supporting data for this well, we remain optimistic about its success.”

VAALCO expects to incur approximately \$8.2 million of expenses in the first half of 2009 related to its interest in the North Sea well.

### **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, 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, 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, 2008 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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