VAALCO ENERGY INC /DE/
Form 10QSB
November 13, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2001

[_] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

COMMISSION FILE NUMBER 0-20928

VAALCO Energy, Inc.
(Exact name of small business issuer as specified in its charter)

DELAWARE	76-0274813
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4600 POST OAK PLACE SUITE 309 HOUSTON, TEXAS	77027
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number: (713) 623-0801

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No .

As of November 5, 2001, there were outstanding 20,744,569 shares of Common Stock, $.10 par value per share, of the registrant.

VAALCO ENERGY, INC. AND SUBSIDIARIES

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VAALCO ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands of dollars, except par value amounts)

	SEPTEMBER 30, 2001
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 7,948
Funds in escrow	36
Receivables:	
Trade	208
Other	122
Materials and supplies, net of allowance for inventory obsolescence of $5	330
Prepaid expenses and other	138
Total current assets	8,782
PROPERTY AND EQUIPMENT-SUCCESSFUL EFFORTS METHOD	
Wells, platforms and other production facilities	2,396
Undeveloped acreage	633
Work in progress	6,118
Equipment and other	82
	9,229
Accumulated depreciation, depletion and amortization	(970)
Net property and equipment	8,259
OTHER ASSETS:	
Investment in unconsolidated entities	836
Deferred tax asset	410
Other long-term assets	52
TOTAL	$ 18,339
LIABILITIES AND STOCKHOLDERS' EQUITY	

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	$ 508
Accounts with partners	1,984
Income taxes payable	-
Total current liabilities	2,492
MINORITY INTEREST	12
FUTURE ABANDONMENT COSTS	3,294
Total liabilities	5,798
STOCKHOLDERS' EQUITY:	
Convertible preferred stock, $25 par value, 500,000 shares authorized; 10,000 shares issued and outstanding in 2001 and 2000	250
Common stock, $.10 par value, 100,000,000 authorized shares 20,749,964 shares issued of which 5,395 are in the treasury in 2001 and 2000	2,075
Additional paid-in capital	41,215
Accumulated deficit	(30,987)
Less treasury stock, at cost	(12)
Total stockholders' equity	12,541
TOTAL	$ 18,339

See notes to consolidated financial statements.

VAALCO ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED OPERATIONS
(Unaudited)
(in thousands of dollars, except per share amounts)

	Three months Ended September 30,	
	2001	2000
REVENUES:		
Oil and gas sales	$ 396	$ 229
Gain on sale of assets	--	--
Total revenues	396	229
OPERATING COSTS AND EXPENSES:		
Production expenses	195	123
Depreciation, depletion and amortization	73	2
Exploration expense	--	320
General and administrative expenses	494	470
Total operating costs and expenses	762	915

OPERATING LOSS	(366)	(686)	
OTHER INCOME (EXPENSE):			
Interest income	28	159	
Equity loss in unconsolidated entities	2	(47)	
Other, net	4	9	
Total other income (expense)	34	121	
LOSS BEFORE TAXES	(332)	(565)	
Income tax expense (benefit)	(1)	-	
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (331)	$ (565)	$
LOSS PER COMMON SHARE: BASIC AND DILUTED	$(0.02)	$(0.03)	$
WEIGHTED AVERAGE COMMON SHARES: BASIC AND DILUTED	20,745	20,745	2

See notes to consolidated financial statements.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(Unaudited)
(in thousands of dollars)

	Nine Months Ended Septembe	
	2001	20
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (673)	$(4,
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	125	
Equity loss in unconsolidated entities	443	3,
Exploration expense	--	
Gain on sale of assets	(215)	
Change in assets and liabilities that provided (used) cash:		
Funds in escrow	715	10,
Trade receivables	29	
Accounts with partners	(63)	
Other receivables	31	
Materials and supplies	(1)	
Prepaid expenses and other	(114)	
Accounts payable and accrued liabilities	45	(
Income taxes payable	(10)	

Net cash provided by operating activities	312	10,
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposals of property and equipment	1,023	
Additions to property and equipment	(6,000)	(
Exploration Expense	-	(
Investment in unconsolidated entities	169	(
Other	4	
Net cash used in investing activities	(4,804)	(
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,492)	9,
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,440	2,
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 7,948	$12,
Cash Income Taxes Paid	$ 21	$

See notes to consolidated financial statements.

VAALCO ENERGY, INC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
(Unaudited)

1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of VAALCO Energy, Inc. and subsidiaries (collectively, "VAALCO" or the "Company"), included herein are unaudited, but include all adjustments consisting of normal recurring accruals which the Company deems necessary for a fair presentation of its financial position, results of operations and cash flows for the interim period. Such results are not necessarily indicative of results to be expected for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-KSB for the year ended December 31, 2000.

VAALCO Energy, Inc., a Delaware corporation, is a Houston-based independent energy company principally engaged in the acquisition, exploration, development and production of crude oil and natural gas. VAALCO owns producing properties and conducts exploration activities as operator of consortiums internationally in the Philippines and Gabon. Domestically, the Company has interests in the Texas Gulf Coast area.

VAALCO's Philippine subsidiaries include Alcorn (Philippines) Inc., Alcorn (Production) Philippines Inc. and Altisima Energy, Inc. VAALCO's Gabon subsidiaries are VAALCO Gabon (Etame), Inc. and VAALCO Production (Gabon), Inc. VAALCO Energy (USA), Inc. holds interests in certain properties in the United States.

2. RECENT DEVELOPMENTS

In January 2001, the Company acquired a 65% interest in the Etame Block offshore Gabon, West Africa from Western Atlas Afrique, Ltd. a subsidiary of Baker Hughes. Consideration for the acquisition was $1 million in cash and a future net profits interest in the event the existing discoveries on the block are developed. The Company resold 52.5% of the interest held by Western Atlas Afrique to two companies for $1 million and their proportionate assumption of the future net profits interest. The Company now holds a 30.35% interest in the Etame Block and is operator of the 3,073 square kilometer concession.

The Company drilled the Etame 1 well and made a Gamba sandstone discovery on the Etame concession in 1998, which tested approximately 3,700 barrels of oil per day on a 32/64's inch choke. In January 1999, the Company completed the drilling of the Etame 2V well, which delineated the oil water contact for the discovery. Because the Gamba reservoir lies below a layer of salt and is structurally complex, during 1999 and the first half of 2000, a seismic reprocessing effort was performed to better map the Gamba reservoir. Based on the seismic reprocessing effort, the Company drilled a third well, the Etame 3V well, on the discovery during the first quarter of 2001. The well found pay in the Gamba sandstone approximately 1.2 kilometers (0.75 miles) away from the Etame 1 well. In addition, pay was found in the Dentale sandstones below the Gamba sandstone. A total of 34 meters (110 feet) of gross pay interval was encountered in the Etame 3V well.

In June 2001, drilling of the Etame 4V delineation well was completed. The well was drilled approximately 2.4 kilometers (1.5 miles) from the Etame 1 discovery well and logged 32 meters (105 feet) of oil column with net pay of approximately 24 meters (80 feet). The well was conventionally cored and recovered 17 meters (57 feet) of oil-saturated sandstone in the Gamba and Dentale formations. The Gamba sandstone, the primary target reservoir, was approximately 14 meters (45 feet) thick in the well and was full of oil throughout the entire interval. This represents approximately 30 percent greater sand thickness than seen in the previous wells within the Gamba formation.

As a result of the two successful delineation wells drilled this year, the Etame consortium has approved a budget to develop the field. Initial development will consist of three subsea wells connected to a floating production, storage and offloading tanker ("FPSO") at a cost of approximately $37 million ($11.2 million net to the Company). The project is expected to come online in the third quarter of 2002 at initial flow rates of at least 12,000 barrels of oil per day. To fund its share of the development project, the Company has negotiated a line of credit of $10 million available through 2002. To date, no borrowings have been made from this line of credit. The Company is actively negotiating with other funding sources for permanent financing for the project.

The Company has awarded the contract for the FPSO, for the trees and for the flowlines and umbilicals to service companies based on bids conducted over the last several months. The Company has also entered into a letter of intent to contract a drilling rig to complete the three wells beginning after March 1, 2002.

In June 2001, the Company announced the results of a well drilled in Brazos County, Texas. The well was completed at an initial flow rate of 525 barrels of oil per day and 1.4 million cubic feet of gas per day. The well was completed horizontally in the Buda and Georgetown formations. An offset location was completed in September and flowed at an initial rate of 191 barrels of oil per day and 1.8 million cubic feet of gas per day. VAALCO has a 30 percent interest in the project.

The Company has elected to terminate its joint venture with Paramount Petroleum, Inc., effective June 1, 2001, which focused on domestic onshore prospects in Mississippi, Alabama and Louisiana. The Company will receive its proportionate 93.75% interest in kind in all remaining prospects within the joint venture upon completion of assignment documentation.

3. EARNINGS PER SHARE

The weighted average common shares outstanding represent those of historical VAALCO for the applicable periods.

The Company accounts for earnings per share in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128 - "Earnings per Share," which establishes the

requirements for presenting earnings per share ("EPS"). SFAS No. 128 requires the presentation of "basic" and "diluted" EPS on the face of the income statement. Basic EPS is calculated using the average number of common shares outstanding during each period. Diluted EPS assumes the conversion of preferred stock to common stock and the exercise of all stock options having exercise prices less than the average market price of the common stock using the treasury stock method. The Company's preferred stock is convertible into 27,500,000 shares of common stock. As all of the convertible securities were anti-dilutive at September 30, 2001, basic EPS is equal to diluted EPS.

4. RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" which was amended in June 1999 by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133" and in June 2000 by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities". SFAS No. 133, as amended, is effective for derivative instruments and hedging activities that require an entity to recognize all derivatives as an asset or liability measured at its fair value. Depending on the intended use of the derivative, changes in its fair value will be reported in the period of change as either a component of earnings or a component of comprehensive income. Retroactive application to periods prior to adoption is not allowed. The Company adopted SFAS No. 133, as amended, effective January 1, 2001. The adoption had no effect on the Company's financial position or results of operations as all existing contracts either do not meet the definition of a derivative or qualify for the normal purchases and sales exemption. The Company does not currently engage in hedging activities.

On July 20, 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." The Statements will change the accounting for business combinations and goodwill in two significant ways. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method will be prohibited. SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Thus, amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of that statement, which for the Company will be January 1, 2002.

In August 2001, the Financial Accounting Standards Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible, long-lived assets and the associated asset retirement costs. This Statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred by capitalizing it as part of the carrying amount of the long-lived assets. As

required by SFAS No. 143, the Company will adopt this new accounting standard on January 1, 2002.

In October 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement establishes a single accounting model for the impairment or disposal of long-lived assets. As required by SFAS No. 144, the Company will adopt this new standard on January 1, 2001.

The Company is currently evaluating the effects of adopting these pronouncements.

VAALCO ENERGY, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report includes "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). All statements other than statements of historical fact included in this report (and the exhibits hereto), including without limitation, statements regarding the Company's financial position and estimated quantities and net present values of reserves, are forward looking statements. The Company can give no assurances that the assumptions upon which such statements are based will prove to have been correct. Important factors that could cause actual results to differ materially from the Company's expectations ("Cautionary Statements") are disclosed in the section "Risk Factors" included in the Company's Forms 10-KSB and other periodic reports filed under the Exchange Act, which are herein incorporated by reference. All subsequent written and oral forward looking statements attributable to the Company or persons acting on its behalf are expressly qualified by the Cautionary Statements.

INTRODUCTION

The Company's results of operations are dependent upon the difference between prices received for its oil and gas production and the costs to find and produce such oil and gas. Oil and gas prices have been and are expected in the future to be volatile and subject to fluctuations based on a number of factors beyond the control of the Company. The Company's production in the Philippines is from mature offshore fields with high production costs. The Company's margin on sales from these fields (the price received for oil less the production costs for the oil) is lower than the margin on oil production from many other areas. As a result, the profitability of the Company's production in the Philippines is affected more by changes in oil prices than production located in other areas.

The Company's results of operations are also affected by currency exchange rates. While oil sales are denominated in U.S. dollars, operating costs are predominately denominated in pesos. An increase in the exchange rate of pesos to the dollar will have the effect of increasing operating costs while a decrease in the exchange rate will reduce operating costs.

A substantial portion of the Company's oil production is located offshore of the Philippines. The Company produces into barges, which transport the oil to market. Due to weather and other factors, the Company's production is generally highest during the first and fourth quarters of the year.

The Company uses the successful efforts method to account for its investment in oil and gas properties, whereby costs of productive wells, developmental dry holes and productive leases are capitalized and amortized using the units-of-production method based on estimated net proved reserves. The costs of development wells are capitalized but charged to expense if and when the well is determined to be unsuccessful. Geological and geophysical costs and the costs of carrying and retaining undeveloped properties are expensed as incurred.

CAPITAL RESOURCES AND LIQUIDITY

Historically, the Company's primary source of capital resources has been from cash flows from operations, private sales of equity, borrowings and purchase money debt. In 2001 and 2000, the Company's primary uses of capital have been to fund its exploration operations.

The Company produces oil from the Matinloc and Nido fields in the South China Sea, the Philippines. The fields produced approximately 415,000 gross barrels of oil during 2000. For the nine months ended September 30, 2001, total production from the fields was approximately 262,000 gross barrels of oil. More recently, the Company has begun producing oil and gas from wells drilled in Brazos County, Texas. These wells produced 35,000 gross barrels of oil and 125 million gross cubic feet of gas during the third quarter of 2001. VAALCO has a 30% working interest in these wells. Substantially all of the Company's crude oil and natural gas is sold at the well head at posted or index prices under short-term contracts, as is customary in the industry. The Company markets its share of crude oil in the Philippines under agreements with Seaoil and Caltex, both local Philippines refiners. While the loss of these buyers might have a material effect on the Company in the near term, management believes that the Company would be able to obtain other customers for its crude oil.

The Company has invested $3.0 million in the Paramount joint venture of which $2.0 million has been impaired as of September 30, 2001. The Company has elected to terminate its joint venture with Paramount Petroleum, Inc., effective June 1, 2001 and received a cash payment of $169 thousand from the joint venture. The Company will receive its proportionate 93.75% interest in kind in all remaining prospects within the joint venture upon completion of assignment documentation.

Effective June 30, 2000, the Company elected to withdraw from Hunt Overseas Exploration Company L.P. ("Hunt"). The Company formerly held a 7.5% limited partnership interest in Hunt. The Company's obligations under the partnership were to contribute up to $22.5 million for its share of the exploration phase of the partnership, $22.3 million of which had been funded as of June 30, 2000. In addition, if Hunt discovered oil, the Company may have been required to contribute an additional $7.5 million to fund the appraisal of the discovery. As a result of withdrawing from the Hunt venture, Hunt released certain funds in escrow totaling $8.4 million and reimbursed the Company $1.3 million for its share of net working capital in the partnership as of June 30, 2000.

The Company continues to seek financing to fund the development of existing properties and to acquire additional assets. The Company will rely on the issuance of equity and debt securities, asset sales and cash flow from operations to provide the required capital for funding future operations. While there can be no assurance the Company will be successful in raising new financing, management believes the prospects the Company has in hand will enable it to attract sufficient capital to fund required oil and gas activities.

During 2001, the Company anticipates that it will make capital expenditures on oil and gas properties of approximately $8.0 million, primarily in Gabon. An additional $7 million is

anticipated to be spent in Gabon in 2002 to complete initial development of the Etame Field. The Company has negotiated a $10 million line of credit through 2002 to fund the Etame Field development. The Company is actively seeking more permanent financing to fund additional development of the Etame field. The anticipated capital expenditures exclude potential acquisitions. Other than the funding required to develop the Etame field, which will be sourced from outside the Company, the Company believes the cash on hand at September 30, 2001 will be sufficient to fund the Company's capital budget through 2001.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2000

Revenues

Total revenues were $396 thousand for the three months ended September 30, 2001 compared to $229 thousand for the comparable period in 2000. The increase in revenues in 2001 is due to the production from Brazos County, Texas.

Operating Costs and Expenses

Total production expenses for the three months ended September 30, 2001 were $195 thousand compared to $123 thousand in 2000. Expenditures in 2001 included additional activity at the Nido field in the Philippines and operating costs associated with the Brazos County wells. The Company did not have any exploration expense for the three months ended September 30, 2001, compared to $320 thousand in 2000. Exploration expense in 2000 represented dry hole expense associated with onshore domestic wells in which the Company participated. Depreciation, depletion and amortization increased from $2 thousand in the three months ended September 30, 2000 to $73 thousand in the three months ended September 30, 2001 due to depletion associated with production from the Brazos County wells. General and administrative expenses for the three months ended 2001 and 2000 were $494 thousand and $470 thousand. Increased activity level associated with the planning for the development of the Etame field in Gabon accounted for the increase in general and administrative costs.

Other Income (Expense)

Interest income of $28 thousand was received from amounts on deposit in 2001 compared to $159 thousand in the quarter ended September 30, 2000. The decrease can be attributed to smaller balances on deposit in 2001 when compared to 2000 and lower interest rates in 2001. The equity gain in unconsolidated entities in the quarter ended September 30, 2001 was $2 thousand compared to a loss of $47 thousand in 2000. The loss reported in the quarter ended September 30, 2000 was associated with the Paramount joint venture and consisted of the write off of unsold prospect costs.

Income Taxes

The Company reversed $1 thousand in accrued income tax expense, associated with activity in the Philippines, in the quarter ended September 30, 2001.

Net Loss

Net loss attributable to common stockholders for the three months ended September 30, 2001 was $331 thousand, compared to a net loss attributable to common stockholders of $565 thousand for the same period in 2000. The reduced net loss in 2001 was primarily due to the lack of exploration costs associated with the Company's investment in unconsolidated entities.

NINE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2000

Revenues

Total revenues were $1,445 thousand for the nine months ended September 30, 2001 compared to $1,004 thousand for the comparable period in 2000. Revenues from the Brazos County production plus a gain on the resale of certain interests acquired in Gabon in 2001 contributed to a net increase in revenues.

Operating Costs and Expenses

Total production expenses for the nine months ended September 30, 2001 were $504 thousand compared to $350 thousand in 2000. Expenditures in 2001 included additional activity at the Nido field and in Brazos County. The Company did not have any exploration expense for the nine months ended September 30, 2001, compared to $910 thousand in 2000. Exploration expense in 2000 was associated with dry hole costs and lease expiration expense associated with domestic onshore activity in Texas. Depreciation, depletion and amortization increased from $10 thousand in the nine months ended September 30, 2000 to $125 thousand in the nine months ended September 30, 2001 due to depletion associated with production from the Brazos County discovery. General and administrative expenses for the nine months ended 2001 and 2000 were $1,282 thousand and $1,330 thousand. The Company benefited from overhead reimbursements associated with capital expenditure programs in Gabon in 2001.

Other Income (Expense)

Interest income of $250 thousand was received from amounts on deposit in 2001 compared to $449 thousand in the nine months ended September 30, 2000. The decrease can be attributed to smaller balances on deposit in 2001 when compared to 2000 and lower interest rates in 2001. The equity loss in unconsolidated entities in the nine months ended September 30, 2001 is $443 thousand compared to a loss of $3,002 thousand in 2000. The loss reported in the nine months

ended September 30, 2001 was associated only with the Paramount joint venture and consisted of the write off of unsold prospect costs. The loss reported in the nine months ended September 30, 2000 was primarily associated with exploration costs incurred by the Hunt partnership from which the Company withdrew effective June 30, 2000.

Income Taxes

The Company incurred $16 thousand in income tax expenses, associated with activity in the Philippines, in the nine months ended September 30, 2001, compared to $3 thousand in 2000.

Net Loss

Net loss attributable to common stockholders for the nine months ended September 30, 2001 was $673 thousand, compared to a net loss attributable to common stockholders of $4,163 thousand for the same period in 2000. The net loss in both periods was primarily due to exploration costs associated with the Company's investment in unconsolidated entities and operating losses.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

3. Articles of Incorporation and Bylaws

3.1 Restated Certificate of Incorporation (incorporated by reference to exhibit 4.1 to the Company's Registration Statement on Form S-3 filed with the Commission on July 15, 1998, Reg. No. 333-59095).

3.2 Certificate of Amendment to Restated Certificate of Incorporation (incorporated by reference to exhibit 4.2 to the Company's Registration Statement on Form S-3 filed with the Commission on July 15, 1998, Reg. No. 333-59095).

3.3 Bylaws (incorporated by reference to exhibit 4.3 to the Company's Registration Statement on Form S-3 filed with the Commission on July 15, 1998, Reg. No. 333-59095).

3.4 Amendment to Bylaws (incorporated by reference to exhibit 4.4 to the Company's Registration Statement on Form S-3 filed with the Commission on July 15, 1998, Reg. No. 333-59095).

3.5 Designation of Convertible Preferred Stock, Series A (incorporated by reference to exhibit 4.1 to the Company's Report on Form 8-K filed with the Commission on May 6, 1998, File No. 000-20928).

(B) REPORTS ON FORM 8-K.

None

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VAALCO ENERGY, INC.
(Registrant)

By /s/ W. RUSSELL SCHEIRMAN

W. RUSSELL SCHEIRMAN, PRESIDENT,
Chief Financial Officer and Director
(on behalf of the Registrant and as the
principal financial officer)

Dated November 12, 2001