VAALCO ENERGY INC /DE/
Form DEFC14A
December 04, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

VAALCO ENERGY, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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VAALCO ENERGY, INC.

9800 Richmond Avenue, Suite 700

Houston, Texas 77042

December 4, 2015

Dear Stockholder:

Group 42, Inc. (Group 42) and Bradley L. Radoff, together with other participants (collectively, the Group 42-BLR Group), have commenced a process seeking to remove a majority of the current members of your Board of Directors (the Board) of VAALCO Energy, Inc. (VAALCO or the Company). The Group 42-BLR Group is soliciting consents from holders of at least a majority of the outstanding shares of the Company s common stock in order to remove, without cause, four members representing a majority of your Board, three of whom were elected by you on June 3, 2015, at the Company s 2015 Annual Meeting of Stockholders. The Group 42-BLR Group is also soliciting consents from holders of a majority of the outstanding shares of the Company s common stock in order to fill the vacancies created by such removal with individuals recommended by the Group 42-BLR Group. In short, the Group 42-BLR Group is asking you to turn over control of your Company to persons hand-picked by the Group 42-BLR Group.

The Board strongly believes that the Group 42-BLR Group s actions are not in the best interests of all stockholders. First of all, your Board believes that the Group 42-BLR Group s effort to remove four directors, which constitutes a majority of the Board, without cause is an action that cannot properly be taken under the Company s organizational documents. The Company s certificate of incorporation permits stockholders to remove directors only for cause and there is no case law that has held that a cause restriction for director removal in a charter would be unenforceable.

In addition, the Board asks you to deliberate whether the Group 42-BLR Group, a holder of 11.1% of the Company s stock, should be able to take control of your Board with its four hand-picked nominees, which include two principals of the Group 42-BLR Group.

Accordingly, we strongly urge you to reject the Group 42-BLR Group s efforts to remove a majority of the members of your Board. We are prepared to discuss, and have previously offered to discuss, any substantive issues raised by the Group 42-BLR Group and are open to all suggestions to build value for stockholders.

You can defend the Company s current leadership against the Group 42-BLR Group s efforts to take control of the Board through the following steps:

1. Do not sign the Group 42-BLR Group s white consent card;

2. If you have signed the Group 42-BLR Group s white consent card, you may revoke that consent by signing, dating and mailing the enclosed **GOLD** Consent Revocation Card immediately; and

3. Support your Board by signing, dating and mailing the enclosed **GOLD** Consent Revocation Card.

This Consent Revocation Statement contains important information as to why and how you should submit the accompanying **GOLD** Consent Revocation Card to revoke any white consent card that you previously returned to the Group 42-BLR Group. We urge you to read it carefully. Regardless of the number of shares of common stock of the

Company that you own, your support for your current Board is extremely important.

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Please act today to help protect the interests of ALL stockholders. Thank you for your support.

Sincerely yours,

The Board of Directors

VAALCO Energy, Inc.

If you have questions or need assistance revoking consent on your shares please contact:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, NY 10005

Attn: Consent Revocation

Please Call Toll Free: (866) 416-0552

Email: vaalco@dfking.com

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VAALCO ENERGY, INC.

9800 Richmond Avenue, Suite 700 Houston, Texas 77042

CONSENT REVOCATION STATEMENT

BY

THE BOARD OF DIRECTORS OF VAALCO ENERGY, INC.

IN OPPOSITION TO

A CONSENT SOLICITATION BY THE GROUP 42-BLR GROUP

December 4, 2015

PLEASE SIGN, DATE AND MAIL THE ENCLOSED GOLD CONSENT REVOCATION CARD TODAY

This Consent Revocation Statement (Consent Revocation Statement) is being sent by the current Board of Directors (the Board) of VAALCO Energy, Inc., a Delaware corporation (the Company or VAALCO), to the holders of outstanding shares of the Company s common stock, par value $0.10 per share (the Common Stock), in connection with your Board s opposition to the solicitation of written stockholder consents (the Group 42-BLR Group Consent Solicitation) by Group 42, Inc. (Group 42), Paul A. Bell, BLR Partners LP, BLRPart, LP, BLRGP Inc., Fondren Management, LP, FMLP Inc., The Radoff Family Foundation, Bradley L. Radoff and the Group 42-BLR Group Nominees listed below (collectively, the Group 42-BLR Group). This Consent Revocation Statement and the enclosed **GOLD** Consent Revocation Card are first being mailed to stockholders on or about December 7, 2015.

As you may be aware, the Group 42-BLR Group is asking you to turn over control of your Board and your Company by asking you to remove three of the six directors whom you elected just five months ago on June 3, 2015, at the Company s 2015 Annual Meeting of stockholders and to remove Mr. Steven J. Pully who was added to your Board on July 31, 2015, and to replace these four directors with a slate of nominees hand-picked by the Group 42-BLR Group, including two principals of the Group 42-BLR Group. Specifically, the Group 42-BLR Group is asking you to: (i) repeal any provision of the Second Amended and Restated Bylaws of the Company (the Bylaws) in effect at the time this proposal becomes effective, including any amendments thereto, that was not included in the Bylaws that were in effect on September 26, 2015 and were filed with the Securities and Exchange Commission on September 28, 2015 (the Bylaw Restoration Proposal); (ii) remove without cause four members of the Board, Frederick W. Brazelton, James B. Jennings, John J. Myers, Jr. and Steven J. Pully, including any person (other than those elected by the Group 42-BLR Group Consent Solicitation) elected or appointed to the Board to fill any vacancy on the Board or any newly-created directorships after November 6, 2015 and prior to the time that any of the actions proposed to be taken by the Group 42-BLR Group Consent Solicitation become effective (the Removal Proposal); (iii) amend Article III, Section 2 of the Bylaws to provide that any vacancies on the Board resulting from the removal of directors by the stockholders of the Company shall be filled exclusively by the stockholders of the Company (the Vacancy Proposal); (iv) amend Article III, Section 1 of the Bylaws to fix the size of the Board at seven members (the Board Size Proposal); and (v) elect the Group 42-BLR Group s four nominees, Pete J. Dickerson, Michael Keane, Bradley L. Radoff and Joshua E. Schechter (the Group 42-BLR Group Nominees), to serve as directors of VAALCO (or, if any such nominee is unable or unwilling to serve as a director of the Company, any other person designated as a nominee by the remaining nominee or nominees) (the Election Proposal).

Your Board believes that the Group 42-BLR Group s effort to remove four directors without cause is an action that cannot properly be taken under the Company s organizational documents. The Company s certificate of incorporation permits stockholders to remove directors only for cause and there is no case law that has held that a cause restriction for director removal in a charter would be unenforceable. Your Board is unequivocally committed to taking all actions necessary to protect and to advance the rights of its stockholders, and your Board

is furthermore open at all times to addressing any and all concerns about the terms of the Company s governing documents, including and especially the certificate of incorporation provision which requires that directors be removed only for cause. Your Board understands that, from time to time, provisions of a certificate of incorporation may and should be subjected to review and change based on developments in the law and changing corporate practices. However, no corporate board is in a position to ignore the clear provisions of its own charter provisions that are in place to protect the interests of the stockholders as well as the Company.

Your Board remains committed to acting in the best interests of all of the Company s stockholders and discharging its duties in this regard by staying highly responsive to stockholder interests and concerns. We believe the Group 42-BLR Group Consent Solicitation presents a costly distraction to your Company. The degree of harmfulness posed by this distraction is amplified by the fact that the Group 42-BLR Group s effort to remove directors without cause may force the Company into litigation, given that the Company cannot ignore its fiduciary responsibility to follow a clear provision of your Company s charter. The Company has endeavored to avert this costly litigation by offering to convene a stockholder meeting for the specific purpose, among others, of voting on an amendment to the charter that would permit stockholders to remove directors with or without cause.

Your directors were selected through processes designed to ensure representation of all stockholders. These processes are described in detail in the Company s annual proxy statement and this Consent Revocation Statement. The Board asks you to consider whether the Group 42-BLR Group, a holder of 11.1% of the Company s stock, should be able to take control of your Board of Directors with Group 42-BLR Group s hand-picked slate of four nominees, two of which are principals of the Group 42-BLR Group.

Your Board urges you to rely on your independent Nominating and Corporate Governance Committee and the stockholder nomination process to create a Board that meets the needs of the Company and serves the best interests of all of our stockholders.

YOUR BOARD HAS UNANIMOUSLY DETERMINED THAT THE GROUP 42-BLR GROUP CONSENT SOLICITATION IS NOT IN THE BEST INTERESTS OF THE COMPANY AND ITS STOCKHOLDERS

YOUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU

NOT SIGN ANY WHITE CONSENT CARD SENT TO YOU BY THE GROUP 42-BLR GROUP

WHETHER OR NOT YOU HAVE PREVIOUSLY EXECUTED THE GROUP 42-BLR GROUP S WHITE CONSENT CARD, YOUR BOARD URGES YOU TO

SIGN, DATE AND DELIVER THE ENCLOSED GOLD REVOCATION CARD

In accordance with Delaware law and the Company s organizational documents, the close of business on November 6, 2015 has been established as the record date (the Record Date) for the determination of the Company s stockholders who are entitled to execute, withhold or revoke consents relating to the Group 42-BLR Group Consent Solicitation. Only stockholders of record as of the Record Date may execute, withhold or revoke consents with respect to the Group 42-BLR Group Consent Solicitation.

If you have any questions about giving your consent revocation or require assistance, please contact:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, NY 10005

Attn: Consent Revocation

Please Call Toll Free: (866) 416-0552

Email: vaalco@dfking.com

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FORWARD-LOOKING STATEMENTS

This Consent Revocation Statement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are subject to risks, uncertainties and assumptions and are identified by words such as expects, estimates, projects, anticipates, believes, intends, plans, may, per should, could and other similar words. Forward-looking statements are those concerning VAALCO s plans, expectations, and objectives for future drilling, completion and other operations and activities. All statements, other than statements of historical facts, included in this Consent Revocation Statement 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 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, oil and gas price volatility, inflation, general economic conditions, the Company s success in discovering, developing and producing reserves, lack of availability of goods, services and capital, environmental risks, drilling risks, foreign operational risks, and regulatory changes. These and other risks are further described in VAALCO s annual report on Form 10-K for the year ended December 31, 2014, subsequent quarterly reports on Form 10-Q, and other reports filed with the Securities and Exchange Commission (the SEC), which can be reviewed at http://www.sec.gov, or which can be received by contacting VAALCO at 9800 Richmond Avenue, Suite 700, Houston, Texas 77042, (713) 623-0801. 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. Except as required by law, VAALCO disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. VAALCO assumes no obligation to update any forward-looking statement as of any future date.

DESCRIPTION OF THE GROUP 42-BLR GROUP CONSENT SOLICITATION

As set forth in the Group 42-BLR Group Consent Solicitation and related materials filed with the SEC, the Group 42-BLR Group is soliciting your consents in favor of the following proposals (collectively, the Group 42-BLR Group Consent Proposals) to:

(1) repeal any provision of the Second Amended and Restated Bylaws of the Company (the Bylaws) in effect at the time this proposal becomes effective, including any amendments thereto, that was not included in the Bylaws that were in effect on September 26, 2015 and were filed with the SEC on September 28, 2015 (the Bylaw Restoration Proposal);

(2) remove without cause four members of the Board, Frederick W. Brazelton, James B. Jennings, John J. Myers, Jr. and Steven J. Pully, including any person (other than those elected by the Group 42-BLR Group Consent Solicitation) elected or appointed to the Board to fill any vacancy on the Board or any newly-created directorships after November 6, 2015 and prior to the time that any of the actions proposed to be taken by the the Group 42-BLR Group Consent Solicitation become effective (the Removal Proposal);

(3)

amend Article III, Section 2 of the Bylaws to provide that any vacancies on the Board resulting from the removal of directors by the stockholders of the Company shall be filled exclusively by the stockholders of the Company (the Vacancy Proposal);

(4) amend Article III, Section 1 of the Bylaws to fix the size of the Board at seven members (the Board Size Proposal); and

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(5) elect the Group 42-BLR Group s four nominees, Pete J. Dickerson, Michael Keane, Bradley L. Radoff and Joshua E. Schechter (the Group 42-BLR Group Nominees), to serve as directors of VAALCO (or, if any such nominee is unable or unwilling to serve as a director of the Company, any other person designated as a nominee by the remaining nominee or nominees) (the Election Proposal).

A consent in favor of all Group 42-BLR Group Consent Proposals would be a consent to remove, without cause, a majority of your duly elected Board and replace them with the Group 42-BLR Group Nominees.

REASONS TO REJECT THE GROUP 42-BLR GROUP CONSENT PROPOSALS

The Group 42-BLR Group Consent Proposals would, among other things, remove four of the members of your duly elected Board and replace them with the Group 42-BLR Group Nominees.

There are several compelling reasons to reject the Group 42-BLR Group Consent Proposals:

The Group 42-BLR Group proposal to remove without cause a majority (four of the current Board) of the members of your Board, if adopted, would violate the explicit terms of the Company s certificate of incorporation, which allows stockholders to remove directors only for cause. There is no case law that has held that a cause restriction for director removal in a charter would be unenforceable under Delaware law. Therefore, such proposal is not an action that can properly be taken by stockholders under the Company s certificate of incorporation.

If the Group 42-BLR Group Nominees are elected, your Board would be controlled by the Group 42-BLR Group Nominees, who have been chosen solely by the Group 42-BLR Group and include two principals of the Group 42-BLR Group. The Board believes that it is not in the best interest of all stockholders to give a minority stockholder control over the Board and the Company, as the Group 42-BLR Group may have interests different from, and in conflict with, the best interests of all of the Company s stockholders.

The Board believes that the issue of Board representation and composition should not be addressed through consents solicited by the Group 42-BLR Group. Your full Board is elected annually. As a result, stockholders who believe the current directors are not acting in the best interests of the stockholders have the ability to propose replacement nominees and remove some or all of the current directors at the next annual meeting of stockholders. The Board believes the control of the Company belongs to all stockholders as represented by their elections of directors at the annual meeting, rather than to the Group 42-BLR Group, who may have interests different from the best interests of all of the Company s stockholders.

YOUR BOARD BELIEVES THAT THE GROUP 42-BLR GROUP CONSENT PROPOSALS ARE

NOT IN THE BEST INTERESTS OF YOUR COMPANY AND OUR STOCKHOLDERS

YOUR BOARD BELIEVES THAT SUPPORTING THE CURRENT DIRECTORS WILL SERVE THE BEST INTERESTS OF ALL STOCKHOLDERS

In addition to the reasons indicated above, your Board believes you should reject each proposal for the following reasons.

Proposal 1 (Bylaw Restoration Proposal): We recommend rejection of Proposal 1 because this proposal is speculative and is designed to nullify unspecified provisions of the Bylaws that may be adopted by the Board in its efforts to act in and protect the best interests of the Company and its stockholders. Furthermore, the Board s

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fiduciary duties require that it retain flexibility to adopt, at any time any amendment to the Bylaws that it believes is proper and in the best interest of the Company s stockholders. The automatic repeal of any duly adopted Bylaw amendment, irrespective of its content, could have the unfortunate effect of repealing one or more properly adopted Bylaw amendments determined by the Board to be in the best interest of the Company and its stockholders.

Proposal 2 (Removal Proposal): We recommend rejection of Proposal 2 because the Company s certificate of incorporation provides that directors can only be removed for cause and thus, this proposal is not an action that can be properly taken by stockholders under the Company s certificate of incorporation.

Proposal 3 (Vacancy Proposal): We recommend rejection of Proposal 3 because it is designed to further Group 42-BLR Group s plan to remove and replace a majority of the members of the Board which we believe is not in the best interests of the Company and its stockholders.

Proposal 4 (Board Size Proposal): We recommend rejection of Proposal 4 because it is designed to further Group 42-BLR Group s plan to remove and replace a majority of the members of the Board which we believe is not in the best interests of the Company and its stockholders.

Proposal 5 (Election Proposal): We recommend rejection of Proposal 5 because we do not believe that the addition of the Group 42-BLR Group Nominees is in the best interest of the Company and its stockholders.

YOUR BOARD URGES STOCKHOLDERS TO REJECT THE GROUP 42-BLR GROUP CONSENT PROPOSALS AND REVOKE ANY CONSENT PREVIOUSLY SUBMITTED

TO SUPPORT YOUR CURRENT DIRECTORS, PLEASE SIGN, DATE AND MAIL

THE ENCLOSED GOLD CONSENT REVOCATION CARD TODAY

DO NOT DELAY. IN ORDER TO HELP ENSURE THAT THE CURRENT BOARD IS ABLE TO ACT IN YOUR BEST INTERESTS, PLEASE SIGN, DATE AND DELIVER THE ENCLOSED GOLD CONSENT REVOCATION CARD USING THE ENCLOSED PRE-PAID ENVELOPE AS PROMPTLY AS POSSIBLE WHETHER OR NOT YOU HAVE SIGNED THE WHITE CONSENT CARD FROM THE GROUP 42-BLR GROUP.

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BACKGROUND OF THE GROUP 42-BLR GROUP CONSENT SOLICITATION

The following is a chronology of material events leading up to this consent revocation solicitation.

In May 2015, Group 42 made its initial investment in the Company.

In June 2015, Bradley Radoff and his related entities made their initial investment in the Company.

On June 16, 2015, Mr. Radoff met with Steven P. Guidry, the Company s Chief Executive Officer, at the Company s executive offices. During this onsite meeting, Mr. Radoff made inquiries about the Company s business.

On July 6, 2015, Group 42 sent a letter to Mr. Guidry to notify him of Group 42 s stock holdings in the Company and to request a meeting to discuss the Company s performance and its plans for driving stockholder value.

On July 7, 2015, Mr. Guidry reached out to Mr. Radoff to further discuss the Company s plans for driving stockholder value and business priorities at the Company.

On July 17, 2015, Al Petrie, the Company s Investor Relations Coordinator, had a general corporate overview call with Mr. Radoff. Mr. Guidry and Mr. Radoff coordinated in setting up the call.

On July 20, 2015, Mr. Guidry met with representatives of Group 42 at the Company s offices in Houston, Texas to review the Company s strategy and tactical plans and to answer Group 42 s questions. To be sure that Group 42 s questions were fully addressed in the meeting, the Company was represented by Mr. Guidry, the Company s Chief Executive Officer, Cary Bounds, the Company s Chief Operating Officer, Greg Hullinger, the Company s Chief Financial Officer, Eric J. Christ, the Company s Vice President, General Counsel and Corporate Secretary, and Mr. Petrie. Mr. Paul Bell stated that Group 42 was not an activist investor.

On July 24, 2015, Mr. Guidry met with Group 42 s Chairman, Michael Keane, at the Company s offices in Houston, Texas to discuss Group 42 s analysis of the Company and its proposals for developing the Company s performance and stockholder value. Mr. Guidry informed Mr. Keane that the Company was pursuing most of the ideas that Mr. Keane had recommended at the meeting.

On July 28, 2015, Group 42 sent Mr. Guidry a letter to request that the Company provide a formal response, by August 3, 2015, to the proposals Mr. Guidry and Mr. Keane discussed at their meeting on July 24, 2015.

On August 2, 2015, Mr. Guidry and Company directors Steven J. Pully and James B. Jennings met with Mr. Keane in Dallas, Texas regarding Group 42 s recommendations for the Company. At the meeting, Group 42 demanded 3 seats on the Board to represent their 4.9% stockholder interest in the Company, and specifically demanded that Mr. Keane and Mr. Peter Dickerson be appointed to the Board. The Company offered Group 42 one Board seat and indicated that it would consider hiring Mr. Dickerson as an advisor to the management team. Group 42 declined VAALCO s offer.

On August 3, 2015, Group 42 sent Mr. Guidry a letter requesting that Mr. Guidry provide the Company s response, by August 4, 2014, to the discussions between Group 42 and the Board on August 2, 2015.

On August 5, 2015, representatives of Group 42 and the Company engaged in discussions over the phone regarding the composition of the Board and the possibility of Group 42 adding directors to the Board. Group 42 demanded that VAALCO (1) appoint Michael Keane to the Board and name him Vice Chairman of the Board; (2) appoint Mr. Dickerson as an advisor to the Board at a salary of $10,000 per month, (3) split the Chairman and CEO roles, and (4) tender a repurchase of VAALCO shares at a premium to then-current market prices.

On September 10, 2015, Group 42 sent a letter to the Board explaining Group 42 s opposition to the renewal of Mr. Guidry s contract as the Chief Executive Officer and Group 42 s view that such renewal was not in the best interest of the stockholders.

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On September 25, 2015, Group 42, Mr. Radoff and certain of their associates formed the Group 42-BLR Group and filed their initial Schedule 13D, disclosing a collective 11.1% beneficial ownership in the Company and Group 42-BLR Group s views concerning operational and strategic opportunities for the Company to increase value for its stockholders. The Schedule 13D disclosure also stated that the Group 42-BLR Group was prepared to seek changes to the Board and management in order to pursue such opportunities.

On September 28, 2015, the Company disclosed in a Current Report on Form 8-K that the Company on September 26, 2015 had adopted a shareholder rights plan, which is triggered at 10% beneficial ownership and is designed to ensure that, among other objectives, stockholders receive a control premium in the event of change of control in the Company s stock. The Company also disclosed that it had amended its Bylaws to, among other objectives, clarify certain corporate governance procedures of the Company.

On Wednesday, September 28, 2015, Mr. Guidry emailed Mr. Radoff and Mr. Bell separately to inform them of the adoption of the shareholder rights plan. Mr. Guidry s emails emphasized that the Company remained open to hearing the opinions and views of the Company s stockholders. Mr. Guidry offered to schedule a time to hear more about the views of the Group 42-BLR Group.

On Wednesday, September 30, 2015, Mr. Guidry emailed Mr. Radoff and Mr. Bell separately to organize a time to discuss the views of Mr. Radoff and Mr. Bell regarding the Company. Mr. Guidry proposed to have a conversation on October 2, 2015, at 3:30 PM. Neither Mr. Radoff nor Mr. Bell responded to these emails.

On October 5, 2015, the Group 42-BLR Group sent a letter to the Company s Board, and issued a press release containing the letter, which alleged shortcomings in the Board s leadership. The letter stated that the Group 42-BLR Group was prepared to take measures to make changes to the Board s composition.

On Thursday, October 22, 2015, Mr. Guidry emailed Mr. Radoff offering to meet at any time during the following week. After back-and-forth email communications between October 22 and 26, 2015, Mr. Guidry offered to host an in-person meeting at the Company s offices on October 28, 2015, to be attended by Mr. Jennings (Lead Director) and Mr. Petrie. Mr. Radoff never responded.

On Wednesday, October 28, 2015, Mr. Keane contacted the Company and suggested holding the meeting after the Company s earnings call on November 10, 2015. The parties agreed that their dialogue would continue at such point.

On November 6, 2015, the Group 42-BLR Group delivered notice to the Company (the Notice of Consent Solicitation or the Notice) of the Group 42-BLR Group s intent to undertake a solicitation of stockholder consents (the Consent Solicitation) to approve the Group 42-BLR Group Consent Proposals.

On the same date, the Group 42-BLR Group initiated the Group 42-BLR Group Consent Solicitation by filing a preliminary proxy statement on Schedule 14A with the SEC (the Consent Solicitation Statement).

On November 16, 2015, the Company delivered a letter to the Group 42-BLR Group notifying the group of deficiencies in its Notice of Consent Solicitation. The Company noted that the Notice was deficient because, among other reasons, the Removal Proposal which sought to remove directors without cause was contrary to the Company s certificate of incorporation and thus, was not a proper matter for stockholder action. The letter informed the Group 42-BLR Group that until such deficiencies were cured, the Company would consider the Notice null and void.

On the same date, the Company delivered a second letter to the Group 42-BLR Group offering to convene a special meeting for the purpose of voting on the Group 42-BLR Group Consent Proposals and a proposal to amend the Company s certificate of incorporation and Bylaws to provide stockholders with the power to remove directors without cause (the Cause Amendment Proposal).

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The letter also contained a draft of an agreement in which the Company would commit to convene a special meeting of stockholders to consider the Group 42-BLR Group Consent Proposals and the Cause Amendment Proposal. The Company also offered one board seat to the Group 42-BLR Group in order to settle the contest. The second letter, along with the draft settlement agreement, was described in and appended to a press release of the same date. The press release was filed on a Current Report on Form 8-K dated November 16, 2015.

On November 16, 2015, the Company filed a preliminary consent revocation statement on Schedule 14A in opposition to the Group 42 Consent Solicitation (the Consent Revocation Statement). The Consent Revocation Statement disclosed to stockholders the Company s view that the Removal Proposal was not a proper matter for stockholder action and urged stockholders to revoke any consents previously given in favor of the Group 42 Proposals.

On November 17, 2015, Olshan Frome Wolosky LLP, outside counsel to the Group 42-BLR Group, made the following settlement proposal:

- the Group 42-BLR Group would be entitled to designate three directors;
- three current VAALCO directors would resign from the Board;
- the Chairman and CEO positions would be separated;
- a Group 42-BLR Group director nominee would become Chairman of the Board;
- the shareholder rights plan would be terminated;
- the Company would reimburse all of the expenses of the Group 42-BLR Group;
- the Company would have until November 18 to accept the offer; afterwards, the Group 42-BLR Group would continue its public campaign.

On November 18, 2015, Vinson & Elkins L.L.P. communicated to Olshan Frome Wolosky LLP that the Board would need additional time to review the Group 42-BLR Group s settlement offer and convene a meeting of all the members of the Board.

On November 20, 2015, the Company responded to the settlement proposal of the Group 42-BLR Group by making the following counterproposal:

the Board would appoint one designee of the Group 42-BLR Group to the Board;

the Board would include the stockholder designee (and any replacement) on all Company election slates for two years;

the Chairman and CEO positions would be separated;

the shareholder rights plan would be terminated; and

the Company would pay the reasonable costs and expenses of the Group 42-BLR Group up to a cap of $50,000.

On November 20, 2015, the Group 42-BLR Group filed an amended preliminary proxy statement on Schedule 14A with the SEC, amending the Consent Solicitation Statement.

On the same date, the Group 42-BLR Group delivered a letter to the Company rejecting the Company s offer to convene a special meeting. The letter noted that the Group 42-BLR Group would not revise the Removal Proposal as stated in its Notice of Consent Solicitation and Consent Solicitation Statement. The letter further stated that the Group 42-BLR Group believes its Removal Proposal is valid. The letter stated that the Group 42-BLR Group believed that the remainder of its Notice of Consent Solicitation should have been acceptable to the Company. The letter also stated that the Group 42-BLR Group would not accept the Company s offer of settlement which included, among other things, the opportunity to place one designee of the Group 42-BLR Group on the Company s Board.

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On the same date, the Group 42-BLR Group issued a press release claiming that the Removal Proposal contained in the Consent Solicitation was valid and stating that the Group 42-BLR Group would continue with its Consent Solicitation. The press release stated that the Group 42-BLR Group would not accept the Company s offer of settlement.

On November 23, 2015, the Company filed a notice of meeting and preliminary proxy statement on Schedule 14A with the SEC in respect of a special meeting (the Special Meeting) to be convened on January 5, 2016 for the purpose of affording stockholders the opportunity to validly amend the Company s certificate of incorporation and to vote on the proposals contained in the Group 42-BLR Group s Consent Solicitation.

On the same date, the Company issued and filed a press release announcing that the Company had filed a preliminary proxy statement in respect of the forthcoming Special Meeting. The press release announced that the Special Meeting would be held on the same day as the expiration date for the Group 42-BLR Group s Consent Solicitation, and further noted that the Company continued to regard the Consent Solicitation as null and void. The press release also noted that the Group 42-BLR Group would not accept the Company s offer of settlement which has included, among other things, the opportunity to place one designee of the Group 42-BLR Group on the Company s Board.

On the same date, the Company delivered a letter to the Group 42-BLR Group urging the Group 42-BLR Group to withdraw its Consent Solicitation and to participate in the Special Meeting. The letter reiterated the Company s willingness to negotiate a settlement and to add one seat to the Board to be filled by a designee of the Group 42-BLR Group.

On November 24, 2015, the Group 42-BLR Group issued and filed a press release, on an amendment to Schedule 13D, stating that the Group 42-BLR Group intended to continue with its Consent Solicitation and rejecting the Company s invitation to participate in the Special Meeting.

On the same date, Company representatives Mr. Guidry, Mr. Jennings (Lead Director) and Don O. McCormack (Chief Financial Officer as of November 9, 2015) met in person with Mr. Radoff and Mr. Keane to discuss settlement options.

On November 30, 2015, the Company filed the first amendment to its preliminary Consent Revocation Statement.

On December 2, 2015, the Group 42-BLR Group filed the second amendment to its preliminary Consent Solicitation Statement.

On the same date, the Company filed the second amendment to its preliminary Consent Revocation Statement.

On December 3, 2015, the Group 42-BLR Group filed the third amendment it its preliminary Consent Solicitation Statement.

On December 4, 2015, the Company filed this definitive Consent Revocation Statement and expected to mail proxy soliciting materials to stockholders on or about December 7, 2015.

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QUESTIONS AND ANSWERS ABOUT THIS CONSENT REVOCATION SOLICITATION

Who is making this consent revocation solicitation?

Your Board.

What are we asking you to do?

We are asking you to revoke any consent that you may have delivered in favor of the five proposals described in the Group 42-BLR Group Consent Solicitation and, by doing so, to preserve the composition of your current Board. Even if you have not submitted a white consent card, we urge you to submit a **GOLD** Consent Revocation Card today.

What is a consent solicitation?

Under Delaware law and the Company s organizational documents, stockholders may act without a meeting and without a vote if consents in writing setting forth the action to be taken are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

What does the Board recommend?

Your Board strongly believes that the solicitation being undertaken by the Group 42-BLR Group is not in the best interests of all of the Company s stockholders for the reasons described above. Your Board unanimously opposes the solicitation by the Group 42-BLR Group and urges stockholders to reject the hostile solicitation and revoke any consent previously submitted.

If I have already delivered a consent, is it too late for me to change my mind?

No. Until the requisite number of duly executed unrevoked consents are delivered to the Company in accordance with Delaware law and the Company s organizational documents, the consents will not become effective. At any time prior to the consents becoming effective, you have the right to revoke your consent by delivering a **GOLD** Consent Revocation Card, as discussed in the following question.

When will the consents become effective?

Under Section 228 of the Delaware General Corporation Law and the Bylaws, the Group 42-BLR Group Consent Proposals will become effective if valid, unrevoked consents signed by the holders of a majority of the shares of the Common Stock outstanding as of the Record Date are delivered to the Company within 60 days of the earliest-dated consent delivered to the Company. On November 6, 2015, the Group 42-BLR Group delivered to the Company a signed written consent. Consequently, the Removal Proposal and the Election Proposal will become effective if valid, unrevoked consents signed by the holders of a majority of the shares of the Common Stock outstanding as of the Record Date are delivered to the Company no later than January 5, 2016 provided, however, that the Election Proposal is subject to the adoption of the Removal Proposal in whole or in part. The Bylaw Restoration Proposal, the Vacancy Proposal and the Board Size Proposal will become effective if valid unrevoked consents signed by the holders of at least sixty-six and two-thirds percent of the shares of the Common Stock outstanding as of the Record Date are delivered to the Company no later than January 5, 2016. These rules notwithstanding, written consents will have no binding effect on the Company if they are submitted in respect of a proposal that is not a proper matter for stockholder action under the charter and Bylaws.

What is the effect of delivering a GOLD consent revocation card?

By marking the YES, REVOKE MY CONSENT or ABSTAIN boxes on the enclosed **GOLD** Consent Revocation Card and signing, dating and mailing the card in the postage-paid envelope provided, you will revoke

any earlier dated consent that you may have delivered to the Group 42-BLR Group. Even if you have not submitted the Group 42-BLR Group s white consent card, we urge you to submit a **GOLD** Consent Revocation Card. Submitting a **GOLD** Consent Revocation Card will have no legal effect if you have not previously submitted the Group 42-BLR Group s white consent card, but it will allow us to keep track of the consent process.

If the Group 42-BLR Group s proposals are approved, will it result in a change of control? And, if so, what will this mean for the Company?

If the Group 42-BLR Group Consent Solicitation is successful, four of the current members of your Board would be replaced with Group 42-BLR Group Nominees, which may result in a change of control that could trigger, among other things, the acceleration of debt under the Company s revolving credit facility and certain other payment obligations under the Company s executive employment agreements and equity incentive plans.

Under the Loan Agreement, dated as of January 30, 2014, between VAALCO Gabon (Etame), Inc. and International Finance Corporation (IFC) (as amended, supplemented or otherwise modified from time to time, the Loan Agreement), a change of control will constitute an event of default under certain circumstances. It is an event of default under the Loan Agreement when control (as defined below) of the Company is transferred to any person without the consent of IFC, provided such consent may not be unreasonably withheld if the proposed transferee has a proven technical record in the international oil industry, if relevant, sound financial standing and, in IFC s reasonable judgment, a good reputation. Control is defined as the power to direct the management or policies of a person, directly or indirectly, whether through the ownership of shares or other securities, by contract or otherwise, provided that the direct or indirect ownership of fifty-one per cent (51%) or more of the voting share capital of a person is deemed to constitute control of that person. The Company intends to seek IFC s consent to the change of control that would result if the Group 42-BLR Group Consent Solicitation is successful in replacing a majority of the members of the Board. However, no assurances can be made that IFC will consent to such change of control. Pursuant to the existing terms of the Loan Agreement, upon an event of default, IFC may elect to immediately accelerate all outstanding indebtedness under the Loan Agreement. As of September 30, 2015, there was approximately $15 million of debt outstanding under the Loan Agreement.

Under the Amended and Restated Executive Employment Agreement, effective as of September 29, 2015, between the Company and Steven P. Guidry, the Company s Chairman of the Board and Chief Executive Officer (the Guidry Employment Agreement), Mr. Guidry is entitled to certain enhanced cash severance payments if, during the term of the employment agreement and within the twelve month period following a Change in Control (as defined in the Guidry Employment Agreement) or within the three month period preceding a Change in Control, Mr. Guidry s employment is terminated other than (i) by the Company for cause (as defined in the Guidry Employment Agreement), (ii) by Mr. Guidry for other than good reason (as defined in the Guidry Employment Agreement) or (iii) due to Mr. Guidry s death or disability (as defined in the Guidry Employment Agreement), subject to his execution of a release of claims, Mr. Guidry will be entitled to severance benefits consisting of: (i) continued group health plan coverage for one year, (ii) accrued and unpaid base salary, unused vacation days, and reimbursement for previously incurred business expenses, and (iii) an additional payment, payable over a one year period following termination, equal to two times the sum of (x) Mr. Guidry s base salary then in effect and (y) the higher of (A) the average of Mr. Guidry s annual bonus paid or payable for the two calendar years immediately preceding the calendar year in which the termination date occurs and (B) Mr. Guidry s annual bonus for the calendar year in which the termination date occurs (prorated to reflect the number of days worked in the year of termination).

Under the Executive Employment Agreements between the Company and each of Cary Bounds, the Company s Chief Operating Officer, Don McCormack, the Company s Chief Financial Officer and Eric Christ, our Vice President and General Counsel (the Executive Employment Agreements), the applicable executive will be entitled to certain

enhanced cash severance payments if, during the term of the employment agreement and within the twelve month period following a change in control (as defined in the Executive Employment Agreements), or within the three month period preceding a change in control, the executive s employment is

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terminated other than (i) by the Company for cause (as defined in the Executive Employment Agreements), (ii) by the executive for other than good reason (as defined in the Executive Employment Agreements) or (iii) due to the executive s death or disability (as defined in the Executive Employment Agreements), subject to his execution of a release of claims, the executive will be entitled to severance benefits consisting of: (i) continued group health plan coverage for one year, (ii) accrued and unpaid base salary, unused vacation days, and reimbursement for previously incurred business expenses, and (iii) an additional payment, payable over a one year period following termination, equal to one times the sum of (x) the executive s base salary then in effect and (y) the higher of (A) the average of the executive s annual bonus paid or payable for the two calendar years immediately preceding the calendar year in which the termination date occurs and (B) the executive s annual bonus for the calendar year in which the termination date occurs (prorated to reflect the number of days worked in the year of termination).

The definition of good reason under the Guidry Employment Agreement and the Executive Employment Agreements generally includes any of the following actions taken without the executive s consent: (i) the assignment of any duties that are materially inconsistent with the executive s position, (ii) relocation of the principal work location by more than 40 miles; and (iii) the failure to obtain the assumption of the agreement by any successor. The definition of good reason also provides for cure by the company and notice by the executive.

The definition of a change in control under both the Guidry Employment Agreement and the Executive Employment Agreements includes a trigger relating to a turnover of a majority of the members of our Board from those members as of the effective date of the applicable agreement, meaning that if the Election Proposal is approved and four of our current directors are replaced, a change in control may occur under each of the agreements.

All awards issued pursuant to the Company s equity incentive plans, including the 2014 Long Term Incentive Plan, the 2012 Long Term Incentive Plan, and the 2007 Stock Incentive Plan (together, the Incentive Plans), would be impacted by a change in control of the Company, as defined in each of the respective Incentive Plans. Upon a change in control under the Incentive Plans,

(i) all of the stock options and stock appreciation rights issued pursuant to their respective Incentive Plans then outstanding become 100% vested and immediately and fully exercisable;

(ii) all of the restrictions and conditions of any restricted stock awards, restricted stock units and other stock-based awards issued pursuant to their respective Incentive Plans then outstanding shall be deemed satisfied, and the restriction period with respect thereto shall be deemed to have expired, and thus each incentive award issued pursuant to their respective Incentive Plans shall become free of all restrictions and fully vested; and

(iii) all of the performance-based awards issued pursuant to their respective Incentive Plans shall become fully vested, deemed earned in full and promptly paid within thirty (30) days to the affected grantees thereof without regard to payment schedules and notwithstanding that the applicable performance cycle, retention cycle or other restrictions and conditions have not been completed or satisfied.

The definition of a change in control under each of the Incentive Plans includes a trigger relating to a turnover of a majority of the members of our Board, meaning that if the Election Proposal is approved and four of our current directors are replaced, a change in control may occur under each of the Incentive Plans.

For an estimate of the amounts that would be payable under the Incentive Plans to our named executive officers in the event a change in control occurred on December 31, 2014, please see Potential Payments upon Termination or Change in Control in Annex A. The numbers reflected in Potential Payments upon Termination or Change in Control are calculated assuming the relevant event occurred on December 31, 2014, but, with respect to Mr. Guidry, they also give effect to the terms included in the Guidry Employment Agreement, as described above. As Messrs. Bounds, McCormack and Christ were not named executive officers for 2014, no amounts are reflected with respect to them in Annex A.

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Who should I call if I have questions about the solicitation?

Please call D.F. King & Co., Inc., toll free at (866) 416-0552.

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THE CONSENT REVOCATION PROCEDURES

Voting Securities and Record Date

In accordance with Delaware law and the Company s organizational documents, the close of business on November 6, 2015 has been established as the Record Date for the determination of the Company s stockholders who are entitled to execute, withhold or revoke consents relating to the Group 42-BLR Group Consent Solicitation. As of the Record Date, there were 58,403,943 shares of the Company s Common Stock outstanding. Each share of the Company s Common Stock outstanding as of the Record Date will be entitled to one vote.

Only stockholders of record as of the Record Date are eligible to execute, withhold or revoke consents in connection with the Group 42-BLR Group Consent Proposals. Persons beneficially owning shares of the Company s Common Stock (but not holders of record), such as persons whose ownership of Common Stock is through a broker, bank, financial institution or other nominee holder, may wish to contact such broker, bank, financial institution or other nominee holder and instruct such person to execute the **GOLD** Consent Revocation Card on their behalf. Any failure to consent will have the same effect as withholding consent from the Group 42-BLR Group Consent Proposals. You may execute, withhold or revoke consents at any time before or after the Record Date, provided that any such consent or revocation will be valid only if you were a stockholder of record of the Company as of the close of business on the Record Date and the consent or revocation was otherwise valid.

Effectiveness of Consents

Under Delaware law and the Company s charter and Bylaws, stockholders may act without a meeting and without a vote, if consents in writing setting forth the action to be taken are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Under Section 228 of the Delaware General Corporation Law and the Bylaws, the Group 42-BLR Group Consent Proposals will become effective if valid unrevoked consents signed by holders of the requisite percentage of the shares of the Common Stock outstanding as of the Record Date are delivered to the Company in the manner required by Delaware law within 60 days of the earliest-dated consent delivered to the Company. The Removal Proposal and the Election Proposal will become effective if valid unrevoked consents signed by the holders of a majority of the shares of the Common Stock outstanding as of the Record Date are delivered to the Company no later than January 5, 2016, provided, however, that the Election Proposal is subject to the adoption of the Removal Proposal in whole or in part. The Bylaw Restoration Proposal, the Vacancy Proposal and the Board Size Proposal will become effective if valid unrevoked consents signed by the holders of at least sixty-six and two-thirds percent of the shares of the Common Stock outstanding as of the Record Date are delivered to the Company no later than January 5, 2016. Taking no action with the WHITE consent card will in effect be rejecting the Group 42-BLR Group Consent Proposals. Abstentions, failures to consent and broker non-votes will have the same effect as withholding consent. These rules notwithstanding, written consents will have no binding effect on the Company if they are submitted in respect of a proposal that is not a proper matter for stockholder action under the charter and Bylaws.

Because the Group 42-BLR Group Consent Proposals could become effective before the expiration of the 60-day period, we urge you to act promptly to return the **GOLD** Consent Revocation Card.

Effect of GOLD Consent Revocation Card

A stockholder may revoke any previously signed consent by signing, dating and returning to the Company a **GOLD** Consent Revocation Card. A consent may also be revoked by delivery of a written revocation of your consent to the

Group 42-BLR Group. Stockholders are urged, however, to return all consent revocations in the envelope provided or to D.F. King & Co., Inc. The Company requests that if a revocation is instead delivered to the Group 42-BLR Group, a copy of the revocation also be returned in the envelope provided so that the Company will be aware of all revocations and so that the inspector of elections can accurately account for all revocations.

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When marking boxes on the **GOLD** consent card, only YES, REVOKE MY CONSENT and ABSTAIN votes will have the effect of revoking a prior consent.

Unless you specify otherwise, by signing and delivering the **GOLD** Consent Revocation Card, you will be deemed to have revoked consent to all of the Group 42-BLR Group Consent Proposals.

Any consent revocation may itself be revoked by marking, signing, dating and delivering a written revocation of your **GOLD** Consent Revocation Card to the Company or to the Group 42-BLR Group or by delivering to the Group 42-BLR Group a subsequently dated white consent card that they sent to you.

The revocation of any previously delivered consent or consent revocation must be signed, have a subsequent date than the previously delivered consent or consent revocation and is not required to state the number of shares held unless you wish to revoke your consent with respect to less than all shares as to which you previously consented, in which case you must state the number of shares to which your revocation relates. In addition, if you have more than one account with respect to which you have delivered a consent, the revocation should identify the relevant account the consent for which is being revoked.

The Company has retained D.F. King & Co., Inc. to assist in communicating with stockholders in connection with the Group 42-BLR Group Consent Solicitation and to assist in our efforts to obtain consent revocations. If you have any questions about how to complete or submit your **GOLD** Consent Revocation Card or any other questions, D.F. King & Co., Inc. will be pleased to assist you. Please call D.F. King & Co., Inc. toll free at (866) 416-0552.

If any shares of Common Stock that you owned on the Record Date were held for you in an account with a stock brokerage firm, bank nominee or other similar street name holder, you are not entitled to vote such shares directly, but rather must give instructions to the stock brokerage firm, bank nominee or other street name holder to grant or revoke consent for the shares of Common Stock held in your name. Accordingly, you should follow the instructions on the **GOLD** Consent Revocation Card to vote your shares. Alternatively, you can contact the person responsible for your account and direct him or her to execute the enclosed **GOLD** Consent Revocation Card on your behalf. You are urged to confirm in writing your instructions to the person responsible for your account and provide a copy of those instructions to the Company, c/o D.F. King & Co., Inc., at the address or facsimile number set forth above so that the Company will be aware of your instructions and can attempt to ensure each instruction is followed.

YOU HAVE THE RIGHT TO REVOKE ANY CONSENT YOU MAY HAVE PREVIOUSLY GIVEN TO THE GROUP 42-BLR GROUP. TO DO SO, YOU NEED ONLY SIGN, DATE AND RETURN IN THE ENCLOSED POSTAGE-PAID ENVELOPE THE **GOLD** CONSENT REVOCATION CARD ACCOMPANYING THIS CONSENT REVOCATION STATEMENT. WHEN MARKING BOXES ON THE **GOLD** CONSENT CARD, ONLY YES, REVOKE MY CONSENT AND ABSTAIN VOTES WILL HAVE THE EFFECT OF REVOKING A PRIOR CONSENT. IF YOU DO NOT INDICATE A SPECIFIC VOTE ON THE **GOLD** CONSENT REVOCATION CARD WITH RESPECT TO THE GROUP 42-BLR GROUP CONSENT PROPOSALS, THE CONSENT REVOCATION CARD WILL REPRESENT AN INSTRUCTION TO REVOKE ANY CONSENT WITH RESPECT TO ALL SUCH PROPOSALS IN ACCORDANCE WITH THE BOARD S RECOMMENDATION.

You should carefully review this Consent Revocation Statement. YOUR TIMELY RESPONSE IS IMPORTANT. You are urged not to sign any white consent cards. Instead, reject the hostile solicitation efforts of the Group 42-BLR Group by promptly completing, signing, dating and returning the enclosed **GOLD** Consent Revocation Card in the envelope provided. Please be aware that if you sign a white consent card but do not check any of the boxes on the card, you will be deemed to have consented to all of the Group 42-BLR Group Consent Proposals.

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Results of Consent Revocation Statement

The Company intends to retain an independent inspector of elections in connection with the Group 42-BLR Group Consent Solicitation. The Company intends to notify stockholders of the results of the Group 42-BLR Group Consent Solicitation by issuing a press release, which it will also file with the SEC as an exhibit to a Current Report on Form 8-K, promptly following the receipt of a final report of the inspector of elections.

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SOLICITATION OF CONSENT REVOCATIONS

Cost and Method

The cost of the solicitation of revocations of consent will be borne by the Company. The Company estimates that the total expenditures relating to the Company s consent revocation solicitation (other than salaries and wages of officers and employees) will be approximately $600,000, of which approximately $450,000 has been incurred as of the date hereof. In addition to solicitation by mail, directors, officers and other employees of the Company may, without additional compensation, solicit revocations by mail, in person or by telephone or other forms of telecommunication.

The Company has retained D.F. King & Co., Inc. as proxy solicitors, at an estimated fee of up to $200,000 plus reasonable out-of-pocket expenses, to assist in the solicitation of revocations. D.F. King & Co., Inc. will also assist the Company s communications with its stockholders with respect to the consent revocation solicitation and such other advisory services as may be requested from time to time by the Company. D.F. King expects that approximately 100 of its employees will assist in the solicitation. The Company will reimburse brokerage houses, banks, custodians and other nominees and fiduciaries for out-of-pocket expenses incurred in forwarding the Company s consent revocation materials to, and obtaining instructions relating to such materials from, beneficial owners of the Common Stock. In addition, D.F. King & Co., Inc. and certain related persons will be indemnified against certain liabilities arising out of or in connection with the engagement.

Participants in the Company s Solicitation

Under applicable SEC regulations, each of our directors and certain executive officers of the Company are deemed to be participants in this solicitation of consent revocations. Please refer to the sections entitled Security Ownership of Certain Beneficial Owners and Management in Annex A and Certain Information Regarding Participants in this Consent Revocation Solicitation in Annex B for information about our directors and certain of our executive officers who are deemed to be participants in the solicitation. Except as described in this Consent Revocation Statement, there are no agreements or understandings between the Company and any such participants relating to employment with the Company or any future transactions.

Other than the persons described above, no general class of employee of the Company will be employed to solicit stockholders. However, in the course of their regular duties, employees may be asked to perform clerical or ministerial tasks in furtherance of this solicitation.

Except as set forth above, neither the Company nor any person acting on its behalf has employed, retained or agreed to compensate any person to make solicitations or recommendations to stockholders of the Company concerning the consent revocation solicitation.

APPRAISAL RIGHTS

Holders of shares of Common Stock do not have appraisal rights under Delaware law in connection with the Group 42-BLR Group Consent Proposals or this Consent Revocation Statement.

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STOCKHOLDER PROPOSALS FOR 2016 ANNUAL MEETING

Stockholders who desire to present proposals at the 2016 Annual Meeting of stockholders and to have proposals included in our proxy materials pursuant to Rule 14a-8 under the Exchange Act must submit their proposals to us at our principal executive offices not later than the close of business on December 18, 2015. If the date of the 2016 Annual Meeting is changed by more than 30 days from the date of the 2015 Annual Meeting, the deadline for submitting proposals is a reasonable time before we begin to print and mail the proxy materials for our 2016 Annual Meeting.

Our Bylaws provide that stockholders may nominate persons for election to the Board of Directors or bring any other business before the stockholders (other than matters properly brought under Rule 14a-8) at the 2016 Annual Meeting of Stockholders only by sending to our Corporate Secretary a notice containing the information required by our Bylaws no earlier than the close of business on February 4, 2016 and no later than the close of business on March 5, 2016. If we schedule our 2016 Annual Meeting to a date that is more than 30 days before or 60 days after June 3, 2016, then such notice must be given no earlier than the close of business 120 days, and no later than the close of business 90 days, before the rescheduled meeting, unless we give notice of the rescheduled Annual Meeting less than 100 days before the rescheduled meeting, in which case the notice must be given within 10 days following the date public notice of the rescheduled meeting is given by us. The stockholder s written notice for director nominations must include, among other things, the following information: such stockholder s name, record address, the class or series and number of shares of our Common Stock beneficially owned, any short positions held in our securities and other information about his or her ownership of our securities, any other information relating to the stockholder that would be required to be disclosed in a proxy statement or other filings in connection with proxy solicitations and contested elections of directors, and a representation that the stockholder is a holder of record of our stock and whether the stockholder intends to solicit proxies from stockholders in support of such nomination. In addition, a proposed nominee must deliver to our Corporate Secretary a written questionnaire with respect to his background and qualification and a written representation and agreement, both in the forms provided by the Corporate Secretary. Our Bylaws also contain requirements on how to bring business other than director nominations before our annual meetings of stockholders. Detailed information about how to make stockholder proposals or nominations for our annual meetings of stockholders can be found in our Bylaws.

ACCESS TO PROXY MATERIALS, ANNUAL REPORT AND OTHER DOCUMENTS

This Consent Revocation Statement and the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2014, may be viewed online at *www.VAALCO.com*, under SEC Filings in the Investor Relations section. VAALCO has adopted a Code of Business Conduct and Ethics for Directors, Officers and Employees. In addition, VAALCO has adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers. Both codes are available on VAALCO s web site at *www.VAALCO.com* and are available in print upon request. VAALCO has not granted any waivers to these codes. VAALCO intends to post any waivers or amendments to the codes on its web site. The Board of Directors Corporate Governance Principles, which include guidelines for determining director independence and qualifications for directors, are published on VAALCO s website at *www.VAALCO.com*. The website makes available all of VAALCO s corporate governance materials, including Board committee charters. These materials are also available in print to any stockholder upon request. The Board regularly reviews corporate governance developments and modifies its Governance Principles, committee charters and key practices as warranted.

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF CONSENT REVOCATION MATERIALS

The consent revocation materials for the Company s solicitation of consent revocations, including this Consent Revocation Statement, are available on VAALCO s website at *www.VAALCO.com*. Information on our website does not constitute part of the Company s consent revocation materials.

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OTHER MATTERS

The only matters for which the participants intend to solicit revocations of consents are set forth in this Consent Revocation Statement. However, if consents are solicited by the Group 42-BLR Group or any other person on any other matter, the participants may determine that it is in the best interests of the Company and its stockholders to solicit revocations of consents with respect to such additional matters.

IMPORTANT

The Board urges you NOT to return any white consent card solicited from you by the Group 42-BLR Group. If you have previously returned any such consent card you have every right to revoke your consent. Simply complete, sign, date and mail the enclosed **GOLD** Consent Revocation Card in the postage-paid envelope provided, whether or not you previously returned the white consent card.

For additional information or assistance, please call our soliciting agent, D.F. King & Co., Inc. at (866) 416-0552.

WHERE YOU CAN FIND MORE INFORMATION

Certain additional information, including with respect to our Board and the Company s executive officers, executive compensation, corporate governance, Board composition and Board independence, related person transactions and the Company s review of such transactions, beneficial ownership of our Common Stock and information regarding certain individuals who may be deemed to be participants in our solicitation of consent revocations, is attached to this Consent Revocation Statement as annexes hereto and is incorporated herein by reference.

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC s public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC s website at *www.sec.gov*. You also may obtain free copies of the documents we file with the SEC by going to our website, the address of which is *www.VAALCO.com*. The information provided on our website is not part of this Consent Revocation Statement, and therefore is not incorporated by reference.

Stockholders are entitled to express their views regarding the topics raised in this Consent Revocation Statement or other matters directly to the Company through written communications sent directly to the attention of the Board, any individual director or the non-employee directors as a group, by written communications addressed in care of Corporate Secretary, VAALCO Energy, Inc., 9800 Richmond Avenue, Suite 700, Houston Texas 77042.

If you have any questions or need any assistance about giving your consent revocation, please contact our agent:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, NY 10005

Attn: Consent Revocation

Please Call Toll Free: (866) 416-0552

Email: vaalco@dfking.com

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ANNEX A

CERTAIN ADDITIONAL INFORMATION

CURRENT DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The following is information as of December 4, 2015, regarding each director and executive officer of the Company:

Name	Age	Title	Director or Officer Since
Steven P. Guidry	57	Chairman of the Board & Chief Executive Officer	2013
Frederick W. Brazelton	44	Director	2008
O. Donaldson Chapoton	79	Director	2006
Andrew L. Fawthrop	63	Director	2014
James B. Jennings	75	Director (Lead Independent Director)	2013
John J. Myers, Jr.	57	Director	2010
Steven J. Pully	55	Director	2015
Cary Bounds	48	Chief Operating Officer	2015
Don O. McCormack	54	Chief Financial Officer	2015
Eric J. Christ	36	Vice President, General Counsel & Corporate Secretary	2015

The following is a brief description of the background and principal occupation of each director and executive officer:

Steven P. Guidry Mr. Guidry has served as the Company s Chief Executive Officer since October 2013. At that time, he was also appointed to our Board of Directors and became Chairman of the Board in June 2014. Prior to joining VAALCO, Mr. Guidry was Vice President of Business Development for Marathon Oil Corporation since July 2011, where he was responsible for acquisitions of strategic opportunities for value growth. Mr. Guidry also held numerous executive management positions, including President of Marathon Oil Libya Limited from October 2008 to July 2011. Prior to the Libya assignment, he was regional Vice President for Marathon Oil s North American Production Operations. Mr. Guidry oversaw all of the company s onshore and offshore domestic exploration and production activities. He also spent 5 years leading Marathon Oil s Central Africa Business Unit, overseeing project expansions and operations in Equatorial Guinea, Gabon and Angola. Throughout his career, he held challenging technical, staff and managerial positions in Marathon s domestic and international production organizations. Mr. Guidry graduated from the University of Louisiana Lafayette in 1980 with a Bachelor of Science in Petroleum Engineering. He is a member of the Society of Petroleum Engineers, and served on the board of directors for the Corporate Council on Africa, the Independent Petroleum Association of America, the U.S. Oil and Gas Association and was a member of the Upstream Committee of the American Petroleum Institute. We believe Mr. Guidry s operational background and experience, particularly in the international arena, qualify him for continued service on the Board.

Frederick W. Brazelton Mr. Brazelton has served on the Board since June 2008. Mr. Brazelton is the Co-Founder, President and CEO of Platform Partners, LLC, a private holding company that makes equity investments in middle-market companies. Prior to founding Platform in August 2006, Mr. Brazelton was a Partner of The CapStreet Group, LLC, an institutional private equity fund focused on investing in middle-market companies where he had worked from August 2000 until July 2006. Prior to joining CapStreet, Mr. Brazelton worked for the private equity firms of Hicks, Muse, Tate & Furst and Willis Stein & Partners after starting his career in investment banking at CS

First Boston in its Natural Resources Group. Mr. Brazelton serves on the boards of directors of private companies Encino Energy, LLC, Evergreen Environmental, LLC, Expedition Water Solutions, LLC, Firestone and Robertson Distilling, LLC and Dynamic Glass, LLC. He received his BBA from the Business Honors Program at The University of Texas at Austin and his MBA from Stanford University. We believe Mr. Brazelton s experience in private equity and finance qualifies him for continued service on our Board.

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O. Donaldson Chapoton Mr. Chapoton has served on the Board since February 2006. Mr. Chapoton has been a partner in the VMS Group, a partnership involved in investment opportunities in technology and in furnishing back office services to venture funds and partnerships since 2001. He practiced law with the firm of Baker Botts, LLP from the early 1960s until 2001 specializing in income tax matters, including both transactional tax work and legislative and regulatory matters. From 1986 to 1989, Mr. Chapoton left Baker Botts to serve as the Assistant Secretary of the Treasury for Tax Policy under President Reagan. In that role he participated in the formulation of the Reagan Administration s tax policy and presented that policy in testimony before the U.S. Congress. In 1989, he rejoined Baker Botts as the partner-in-charge of the firm s Washington office. He also served for a time as a senior partner in Breen Investors, LLC, an investment advisory firm. Mr. Chapoton received his LL.B., with honors, from The University of Texas School of Law. We believe Mr. Chapoton s legal background and experience and his knowledge of the tax law and the legislative process in Washington qualify him for continued service on our Board.

Andrew L. Fawthrop Mr. Fawthrop has served on the Board since October 2014. Mr. Fawthrop has deep and broad-based experience in the oil and gas industry, including in West Africa, having served for 37 years with Unocal Corporation and Chevron Corporation (following its acquisition of Unocal in 2005) in a vast number of international leadership positions. Most recently, from January 2009 until his retirement in 2014, Mr. Fawthrop served as Chairman and Managing Director for Chevron Nigeria. Prior to his assignment in Nigeria, Mr. Fawthrop served as President and Managing Director for Unocal/Chevron Bangladesh from 2003 until 2007. In his professional career, Mr. Fawthrop held various positions of increasing responsibility for exploration activities around the world in geographies including China, Egypt, Indonesia, Mexico, Africa, Latin America and Europe. Mr. Fawthrop served as a Member of the Advisory Board of Eurasia Group. He served as a Director of Hindustan Oil Exploration Co. Ltd. from 2003 to 2005 and served as Director of Hoec Bardahl India Limited. He was an active member of the United States Azerbaijan Chamber of Commerce, the Asia Society of Texas and the Houston World Affairs Council. Mr. Fawthrop holds a Bachelor of Science in Geology and Chemistry and a Master s degree in Marine Geology from the University of London. We believe Mr. Fawthrop s experience in the international oil and gas industry qualifies him for continued service on our Board.

James B. Jennings Mr. Jennings has served on the Board since June 2013. Mr. Jennings has also served as Chairman Emeritus of Hunt Oil Company from 2008 to 2013, and as a Director of Carbo Ceramics, Inc., a publicly traded oilfield services company, since July 2007. Prior to retiring from Hunt Oil Company in 2007, he had served the privately-owned company for over 28 years, with increasing responsibilities over the years, including President from April 1999 through April 2004 and Chairman from 2004 through 2007. Mr. Jennings was responsible for establishing the strategic direction of Hunt Oil Company and was also responsible for domestic and international exploration and production, acquisitions and new business development. He also played an important role in developing LNG as a new line of business for Hunt. He joined Hunt in 1979 as Division Exploration Manager for Hunt s Gulf Coast Division in Houston, and served as Senior Vice President of US domestic exploration and production from 1984 to 1987. In 1987, he was named Group Vice President for International Exploration, and in 1991 he was named Executive Vice President, assuming responsibility for worldwide exploration and production. He joined the Hunt Oil Company board of directors in 1991, and served on the Board until his retirement in 2007. He also served as a Senior Advisor to the Mergers and Acquisitions Group of Brown Brothers Harriman & Co., a banking and financial services firm, from February 2009 to December 2011. Prior to joining Hunt, Mr. Jennings served as Chief Geophysicist for Columbia Gas Development Corporation, and as a Geophysicist for Shell Oil Company. He has also served as a Director of the Dallas Petroleum Club, and is a former Chairman of the Dallas Wildcat Committee. He holds a Bachelor of Science in Mathematics from Trinity University in San Antonio, Texas and a Master s degree in Physics from Purdue University. We believe Mr. Jennings leadership, board and technical experience, combined with his knowledge of international oil and gas operations, qualify him for continued service on our Board.

John J. Myers, Jr. Mr. Myers has served on the Board since March 2010. Mr. Myers was founder and Managing Partner for Treaty Oak Capital Management, an energy investment hedge fund based in Austin, Texas from 2002 through 2009. In 2007, Mr. Myers founded Tectonic Capital Management investment fund, and he has

also served as an officer of Grace Bay Asset Management LLC since 2014, Cotton Gen LLC since 2014 and Escencial Capital since 2012. Mr. Myers, a Chartered Financial Analyst, was engaged for over 20 years as an equity analyst covering oil and gas exploration and production companies, having served with RBC Dain Rauscher Wessels, Morgan Keegan, Petrie Parkman & Co. and Southcoast Capital. He holds a Bachelor of Science degree in Chemical Engineering from the University of Michigan and a Master s degree in Management from Northwestern University. Mr. Myers knowledge and experience in the oil and gas business and the capital markets qualify him for continued service on our Board.

Steven J. Pully Steven J. Pully has served on the Board since July 31, 2015. From 2008 until 2014 Mr. Pully served as the General Counsel and Partner of Carlson Capital, L.P., an investment firm. From October 2007 until June 2008, Mr. Pully was a consultant, working primarily in the asset management industry. From December 2001 to October 2007, Mr. Pully worked for Newcastle Capital Management, L.P., an investment partnership, where he served as President from January 2003 through October 2007. He also served as Chief Executive Officer of New Century Equity Holdings Corp. from June 2004 through October 2007. Mr. Pully worked for almost twelve years as an energy investment banker at various major investment banks and worked for four years at a Houston-based law firm. Mr. Pully has also served on the following other public-company boards of directors during the past five years: EPL Oil & Gas, Inc., where he was the lead director, from April 2008 until its acquisition by Energy XXI Ltd in June 2014; and Ember Resources Inc., from September 2008 to June 2011. In addition to his service as a director of the Company, Mr. Pully is currently on the board of Bellatrix Exploration, a public Calgary-based oil and gas producer, PRIMEXX Energy, a private Delaware Basin oil and gas producer, and Aspire Holdings (formerly Endeavour International), a private North Sea oil and gas producer. Mr. Pully also provides consulting services to a variety of clients in the oil and gas area, working primarily on matters such as capital raising, mergers and acquisitions, debt restructurings, governance issues and related matters. Mr. Pully is licensed as an attorney and Certified Public Accountant in the State of Texas and is also a Chartered Financial Analyst. He holds a Bachelor of Science in Accounting from Georgetown University and a J.D. degree from The University of Texas School of Law. We believe Mr. Pully s leadership, board and finance expertise qualify him for continued service on the Board.

Cary Bounds Mr. Bounds has served as our Chief Operating Officer since July 6, 2015. Mr. Bounds most recently served as Noble Energy, Inc. s (NYSE: NBL) Business Unit Manager and Vice President, Noble Energy EG with responsibility for Noble s operations in Equatorial Guinea from May 2013 to June 2015. Prior to that, he served as Noble s Country Manager, North Sea from April 2010 to May 2013. Prior to Noble, Mr. Bounds was the Engineering and Planning Manager, Worldwide for Terralliance Technologies, Inc. from 2007 to 2010 and served as their Country Manager in Mozambique from 2007 to 2010. From 2004 to 2007, Mr. Bounds held positions with SM Energy Co. (NYSE: SM) as Engineering Manager for their Gulf Coast and Permian assets and he worked in corporate development, planning and reservoir engineering positions for Dominion E&P. Mr. Bounds began his career at ConocoPhillips (NYSE: COP) in 1991 in reservoir and production engineering. Mr. Bounds holds a Bachelor of Science in Petroleum Engineering from Texas A&M University.

Don O. McCormack Mr. McCormack has served as our Chief Financial officer since November 9, 2015. Mr. McCormack most recently served as the Senior Vice President, Treasurer and Chief Accounting Officer for Rosetta Resources, Inc. from December 2013 until Noble Energy s acquisition of Rosetta in June 2015. Mr. McCormack joined Rosetta as Vice President and Treasurer in August 2012. Prior to joining Rosetta, Mr. McCormack served as Vice President and Chief Accounting Officer from 2010 until 2012 for Concho Resources Inc. From 2007 to 2010, he was the Controller and Chief Accounting Officer for Red Oak Capital Management LLC, an oil and gas investment company based in Houston, Texas. Prior to joining Red Oak Capital Management LLC, Mr. McCormack held various leadership and managerial positions with Burlington and ConocoPhillips. Mr. McCormack received a Bachelor of Business Administration degree in Accounting from The University of Texas at Arlington and is a certified public accountant.

Eric J. Christ Mr. Christ has served as our Vice President and General Counsel since January 2015. Mr. Christ also serves as our Corporate Secretary. Prior to joining VAALCO, Mr. Christ served as Vice

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President, General Counsel and Corporate Secretary of Midstates Petroleum Company, Inc. from November 2013 to January 2015 and as its Assistant Corporate Counsel from September 2012 to November 2013. Prior to Midstates, Mr. Christ served as Associate General Counsel for Transocean Ltd. from October 2010 to September 2012 and practiced corporate and securities law at Vinson & Elkins LLP from 2006 until 2010, where he represented a variety of energy companies. Mr. Christ began his legal career at Porter Hedges LLP in 2005 and holds a Bachelor of Arts, with honors, from Amherst College and a J.D., with honors, from The University of Texas School of Law.

All directors and executive officers of VAALCO are United States citizens.

Director Nominations and Board Composition

Consistent with our Corporate Governance Principles, the Board of Directors has a duty to the Company s stockholders to identify the most qualified candidates to serve as members of the Board. We believe that our directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the stockholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. We also endeavor to have a Board representing a range of experiences in business in areas that are relevant to the Company s global activities. The evaluation of director nominees by the Nominating and Corporate Governance Committee also takes into account diversity of background.

Pursuant to our Corporate Governance Principles, the Nominating and Corporate Governance Committee should evaluate:

- a candidate s qualification as independent under the various standards applicable to the Board and each of its committees;
- a candidate s depth of experience at the policy-making level in business, government or education;
- the balance of the business interest and experience of the incumbent or nominated directors;
- a candidate s availability and willingness to devote adequate time to Board duties;
- the need for any required expertise on the Board or one of its committees;
- a candidate s character and judgment and ability to make independent analytical, probing and other inquiries; the candidate s willingness to exercise independent judgment;
- the candidate s financial independence to ensure such candidate will not be financially dependent on director compensation; and

in the case of an incumbent director, such director s past performance on the Board.

The Nominating and Corporate Governance Committee has established criteria it considers as guidelines in considering nominations to the Board of Directors. The criteria include:

personal characteristics, including such matters as integrity, age, education, diversity of background and experience, absence of potential conflicts of interest with VAALCO or its operations, and the availability and willingness to devote sufficient time to the duties of a director;

experience in corporate management, such as serving as an officer or former officer of a publicly held company;

experience in the oil and gas industry and with relevant social policy concerns;

experience as a Board member of another publicly held company; and

practical and mature business judgment.

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The criteria are not exhaustive and the Nominating and Corporate Governance Committee and the Board of Directors may consider other qualifications and attributes which they believe are appropriate in evaluating the ability of an individual to serve as a member of the Board of Directors. Other than ensuring that at least one member of the Board is a financial expert and a majority of the Board members meet all applicable independence requirements, the Nominating and Corporate Governance Committee does not have any specific skills that it believes are necessary for any individual director to possess. Instead, the Nominating and Corporate Governance Committee evaluates potential nominees based on the contribution such nominee s background and skills could have upon the overall functioning of the Board.

In making its nominations, the Nominating and Corporate Governance Committee identifies nominees by first evaluating the current members of the Board willing to continue their service. Current members with qualifications and skills that are consistent with the Nominating and Corporate Governance Committee s criteria for Board service are re-nominated. As to new candidates, the Committee will generally poll the Board members and members of management for recommendations. The Nominating and Corporate Governance Committee may also review the composition and qualification of the boards of directors of VAALCO s competitors, and may seek input from industry experts or analysts. The Nominating and Corporate Governance Committee reviews the qualifications, experience and background of the candidates. Final candidates are interviewed by the independent directors and executive management. In making its determinations, the Nominating and Corporate Governance Committee evaluates each individual in the context of the Board as a whole, with the objective of assembling a group with diverse backgrounds that can best represent stockholder interests through the exercise of sound judgment. After review and deliberation of all feedback and data, the Nominating and Corporate Governance Committee makes its recommendation to the Board of Directors. The Nominating and Corporate Governance Committee may in the future choose to engage third-party search firms in situations where particular qualifications are required or where existing contacts are not sufficient to identify an appropriate candidate.

The Nominating and Corporate Governance Committee considers all candidates recommended by our stockholders in accordance with our Bylaw provisions. Stockholders may recommend candidates by writing to the Corporate Secretary at VAALCO Energy, Inc., 9800 Richmond Avenue, Suite 700, Houston, Texas 77042, stating the recommended candidate s name and qualifications for Board membership. When considering candidates recommended by stockholders, the Nominating and Corporate Governance Committee follows the same Board membership qualifications evaluation and nomination procedures discussed above.

Above we identify and describe the key experience, qualifications and skills our directors bring to the Board that are important in light of VAALCO s businesses and structure. The individual directors experiences, qualifications and skills that the Board considered in their re-nomination are included in their individual biographies.

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CORPORATE GOVERNANCE

Governance Principles

The Board of Directors Corporate Governance Principles, which include guidelines for determining director independence and qualifications for directors, are published on our website at *www.VAALCO.com*. The website makes available all of our corporate governance materials, including Board committee charters. These materials are also available in print to any stockholder upon request. The Board regularly reviews corporate governance developments and modifies its Corporate Governance Principles, committee charters and key practices as warranted.

Board Leadership Structure

Robert L. Gerry served as our Executive Chairman and as the Chairman of the Board from October 2013 until his retirement in June 2014. Steven Guidry became our Chief Executive Officer in 2013 and assumed the role of Chairman of the Board upon Mr. Gerry s retirement in June 2014. In September 2013, the Board appointed James B. Jennings as our lead independent director. The principal responsibilities of the lead independent director are to convene and preside over meetings of the independent directors in executive session, preside over a Board meeting if the Chairman is not available, consult with the Chairman in drafting the agenda for Board meetings, receive communications from stockholders, and such other responsibilities as the Board may assign.

Board Risk Oversight

While the full Board of Directors, with input from each of its committees, oversees our management of risks, our management team is responsible for the day-to-day risk management process. The Audit Committee reviews with management, as well as internal and external auditors, the Company s business risk management process, including the adequacy of our overall control environment and controls in selected areas representing significant financial and business risk. The Audit Committee periodically discusses with management its assessment of various risks and considers the impact of risk on our financial position and the adequacy of our risk-related internal controls. Our Compensation Committee also considers risks that could be implicated by our compensation programs, and our Nominating and Corporate Governance Committee annually reviews the effectiveness of our leadership structure. In addition, each of our committees as well as senior management reports regularly to the full Board of Directors.

Director Independence

It is the policy of the Board of Directors that a majority of the members of the Board be independent. The Board has affirmatively determined that, as to each current, non-employee director (Mr. Brazelton, Mr. Chapoton, Mr. Fawthrop, Mr. Jennings, Mr. Myers and Mr. Pully), no material relationship exists that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and that each current, non-employee director qualifies as independent according to our Corporate Governance Principles, which comply with the Corporate Governance Rules of the New York Stock Exchange (NYSE).

Code of Conduct

We have adopted a Code of Business Conduct and Ethics for Directors, Officers and Employees. In addition, we have adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers. Both codes are available on our web site at *www.VAALCO.com* and are available in print upon request. We have not granted any waivers to these codes. We intend to post any waivers or amendments to the codes on its web site.

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Communicating Concerns to Directors

In order to provide our stockholders and other interested parties with a direct and open line of communication to the Board of Directors, the Board of Directors has adopted procedures for communications to directors. Our stockholders and other interested persons may communicate with the Chairman of our Audit Committee or with our non-employee directors as a group, by written communications addressed in care of Corporate Secretary, VAALCO Energy, Inc., 9800 Richmond Avenue, Suite 700, Houston, Texas 77042.

All communications received in accordance with these procedures will be reviewed initially by our senior management. Senior management will relay all such communications to the appropriate director or directors unless it is determined that the communication:

- does not relate to our business or affairs or the functioning or constitution of the Board of Directors or any of its committees;
- relates to routine or insignificant matters that do not warrant the attention of the Board of Directors;
- is an advertisement or other commercial solicitation or communication;
- is frivolous or offensive; or
- is otherwise not appropriate for delivery to directors.

The director or directors who receive any such communication will have discretion to determine whether the subject matter of the communication should be brought to the attention of the full Board of Directors or one or more of its committees and whether any response to the person sending the communication is appropriate. Any such response will be made only in accordance with applicable law and regulations relating to the disclosure of information.

The Corporate Secretary will retain copies of all communications received pursuant to these procedures for a period of at least one year. The Board of Directors will review the effectiveness of these procedures from time to time and, if appropriate, recommend changes.

Board Committees

The Board has adopted written charters for each of its three standing committees: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. The committee charters are available on VAALCO s website at *www.VAALCO.com*. Each committee is operated according to the rules of the NYSE. Each member of these committees meets the independence requirements of the NYSE, as applicable to each committee.

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The table below indicates the names of the directors serving on the audit, compensation and nominating and corporate governance committees as of December 4, 2015.

Committees and Current Membership	Committee Functions
Audit Committee (1) Mr. John J. Myers, Jr. **(2)** (Chairman) Mr. Frederick W. Brazelton Mr. O. Donaldson Chapoton Mr. Andrew L. Fawthrop Mr. James B. Jennings Mr. Steven J. Pully	Selects and reviews the qualifications, performance and independence of the independent registered public accounting firm Reviews reports of independent and internal auditors Reviews and pre-approves the scope and cost of all services (including non-audit services) provided by the independent registered public accounting firm Monitors the effectiveness of the audit process and financial reporting Reviews the adequacy of financial and operating controls Monitors the corporate compliance program Evaluates the effectiveness of the Audit Committee
Compensation Committee Mr. Frederick W. Brazelton (Chairman) Mr. Andrew L. Fawthrop Mr. James B. Jennings	Approves the salary and other compensation for the CEO Reviews salaries and other compensation for executive officers other than the CEO Approves and administers VAALCO s incentive compensation and equity-based plans Prepares the annual report on executive compensation Evaluates the effectiveness of the Compensation Committee Authority to retain a compensation consultant
Nominating and Corporate Governance Committee (3) Mr. O. Donald Chapoton (Chairman) Mr. James B. Jennings Mr. John J. Myers, Jr.	Reviews VAALCO s corporate governance principles and practices and recommends changes as appropriate Evaluates the effectiveness of the Board and its committees and recommends changes to improve Board, Board committee and individual director effectiveness Assesses the size and composition of the Board Identifies and recommends prospective director nominees

	Periodically reviews and recommends changes as appropriate in the certificate of incorporation, Bylaws and other Board-adopted governance provisions

(1) The Board has determined that all current Audit Committee members are (i) independent, as defined in Section 10A of the Exchange Act, (ii) independent under the standards set forth by the NYSE and (iii) financially literate.
(2) Audit Committee Financial Expert as determined by the Board under SEC regulations.
(3) The Nominating and Corporate Governance Committee recommended the nominees described in the annual proxy statement for election at the 2015 Annual Meeting.

None of the members of our Compensation Committee are or have been officers or employees of us or any of our subsidiaries or had during 2014 a relationship requiring disclosure as a related party transaction.

None of our executive officers serves as a member of the Compensation Committee of any other company that has an executive officer serving as a member of our Board of Directors. None of our executive officers serves as a member of the Board of Directors of any other company that has an executive officer serving as a member of VAALCO s Compensation Committee.

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Meetings and Attendance

In 2014, the Board held 11 Board meetings, 6 Audit Committee meetings, 5 Compensation Committee meetings and 7 Nominating and Governance Committee meetings. During 2014, each of our directors attended at least 75% of the meetings of the Board of Directors and the meetings of the committees of the Board of Directors on which that director served. We do not have a policy on whether directors are required to attend the Annual Meeting, although all of our directors attended the 2015 Annual Meeting of stockholders.

Executive sessions of independent directors are held, at a minimum, in conjunction with each quarterly Board meeting. Any non-employee director can request that an executive session be scheduled. The sessions are scheduled and presided over by our lead independent director. The independent directors also meet from time to time with the Chairman of the Board.

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REPORT OF THE AUDIT COMMITTEE TO STOCKHOLDERS

The information contained in this Audit Committee Report and references in this Consent Revocation Statement to the independence of the Audit Committee members shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates such information by reference in such filing.

The Audit Committee is a separately designated standing committee of the Board established in accordance with Section 3(a)(58)(A) of the Exchange Act and operates under a written charter approved by the Board, which is reviewed annually.

Management is responsible for our system of internal controls and the financial reporting process. The independent accountants are responsible for performing an independent audit of our consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and issuing a report thereon. The Audit Committee is responsible for monitoring (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements and (iii) the independence and performance of our auditors.

The Audit Committee has reviewed and discussed with our management and the independent auditors the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2014, including a discussion of the quality, not just the acceptability, of the accounting principles applied, the reasonableness of significant judgments and the clarity of disclosures in the consolidated financial statements. Management represented to the Audit Committee that our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The Audit Committee discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards 61 and the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, Communications with Audit Committees.

Our independent accountants also provided to the Audit Committee the written disclosure required by applicable requirements of the PCAOB regarding independent accountant s communications with the Audit Committee concerning independence. The Audit Committee discussed with the independent accountants that firm s independence.

Based on the Audit Committee s discussions with management and the independent auditors, and the Audit Committee s review of the representations of management and the report of the independent auditors to the Audit Committee, the Audit Committee recommended that the Board include the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC. At the 2015 Annual Meeting, the stockholders ratified the selection of Deloitte & Touche for the year ending December 31, 2015.

Audit Committee for fiscal 2014

John J. Myers, Jr. (Chairman)

Frederick W. Brazelton

O. Donaldson Chapoton

Andrew L. Fawthrop

James B. Jennings

The foregoing report of the audit committee to stockholders is not soliciting material, is not deemed to be filed with the SEC and is not incorporated by reference in any of our filings under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filings.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the ownership interest in Company stock as of December 4, 2015 for (i) all those known to us to be holders of more than five percent of our outstanding stock; (ii) each director and each of our Named Executive Officers and (iii) all directors and all executive officers as a group. Unless otherwise noted, the mailing address of each person or entity named below is 9800 Richmond Avenue, Suite 700, Houston Texas 77042.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Common Stock Outstanding (1)
Directors & Named Executive Officers:		
Steven P. Guidry	664,446(2)	1.1%
Robert L. Gerry, III	2,364,275(3)	4.0%
Frederick W. Brazelton	204,000(4)	*
O. Donald Chapoton	163,134(5)	*
Andrew L. Fawthrop	30,772	*
James B. Jennings	284,292(6)	*
John J. Myers, Jr.	336,125(7)	*
Steven J. Pully	36,000	*
Gregory R. Hullinger	416,573(8)	*
Gayla M. Cutrer	367,896(9)	*
W. Russell Scheirman.	646,950(10)	1.1%
Common Stock owned by all Directors and Executive Officers as a group (10 persons)	1,968,402	3.4%
5% Stockholders:		
Group 42, Inc. and Affiliates	6,474,692(11)	11.1%
Kornitzer Capital Management, Inc.	4,481,290(12)	7.7%

* Less than 1%

(1) As of December 4, 2015, there were 58,503,943 shares of Common Stock issued and outstanding.

(2) Includes 441,567 shares that may be acquired subject to options exercisable within 60 days.

(3) Includes 449,275 shares that may be acquired subject to options exercisable within 60 days

(4) Includes 95,000 shares that may be acquired subject to options exercisable within 60 days.

(5) Includes 105,000 shares that may be acquired subject to options exercisable within 60 days.

(6) Includes 100,000 shares that may be acquired subject to options exercisable within 60 days.

(7) Includes 105,000 shares that may be acquired subject to options exercisable within 60 days.

(8) Includes 344,001 shares that may be acquired subject to options exercisable within 60 days.

(9) Includes 318,016 shares that may be acquired subject to options exercisable within 60 days.

(10) Includes 484,381 shares that may be acquired subject to options exercisable within 60 days.

(11) Based on the Schedule 13D filed with the Securities and Exchange Commission on September 25, 2015 (the Schedule 13D) by BLR Partners, LP, BLRPart, LP, BLRGP Inc., Fondren Management, LP, FMLP Inc., the Radoff Family Foundation, Bradley L. Radoff, Group 42 and Paul A. Bell (each, a Reporting Person, and

collectively, Reporting Persons) that reports shared voting and shared dispositive power with respect to 6,474,692 shares of common stock as of September 18, 2015. Each of the Reporting Persons is party to that certain Joint Filing and Solicitation Agreement, as further described in the Schedule 13D and disclaims beneficial ownership of the shares reported except to the extent of his or its pecuniary interest therein. Bradley L. Radoff serves as sole shareholder and sole director of each of BLRGP Inc. and FMLP Inc., and as director of Radoff Family Foundation. BLRGP Inc. is the general partner of BLRPart, LP, which serves as the general partner of BLR Partners, LP. FMLP, Inc. is the general partner of Fondren Management, LP. Paul A. Bell holds a controlling interest in Group 42. BLR Partners, LP has sole voting power over

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1,951,095 of the shares shown, shared voting power over 0 of the shares shown, sole dispositive power over 1,951,095 of the shares shown and shared dispositive power over 0 of the shares shown. BLRPart, LP has sole voting power over 1,951,095 of the shares shown, shared voting power over 0 of the shares shown, sole dispositive power over 1,951,095 of the shares shown and shared dispositive power over 0 of the shares shown. BLRGP Inc., has sole voting power over 1,951,095 of the shares shown, shared voting power over 0 of the shares shown, sole dispositive power over 1,951,095 of the shares shown and shared dispositive power over 0 of the shares shown. Fondren Management, LP has sole voting power over 1,951,095 of the shares shown, shared voting power over 0 of the shares shown, sole dispositive power over 1,951,095 of the shares shown and shared dispositive power over 0 of the shares shown. FMLP Inc. has sole voting power over 1,951,095 of the shares shown, shared voting power over 0 of the shares shown, sole dispositive power over 1,951,095 of the shares shown and shared dispositive power over 0 of the shares shown. The Radoff Family Foundation has sole voting power over 85,0000 of the shares shown, shared voting power over 0 of the shares shown, sole dispositive power over 85,0000 of the shares shown and shared dispositive power over 0 of the shares shown. Bradley L. Radoff has sole voting power over 3,975,000 of the shares shown, shared voting power over 0 of the shares shown, sole dispositive power over 3,975,000 of the shares shown and shared dispositive power over 0 of the shares shown. Group 42 has sole voting power over 0 of the shares shown, shared voting power over 2,499,692 of the shares shown, sole dispositive power over 0 of the shares shown and shared dispositive power over 2,499,692 of the shares shown. Paul. A. Bell has sole voting power over 0 of the shares shown, shared voting power over 2,499,692 of the shares shown, sole dispositive power over 0 of the shares shown and shared dispositive power over 2,499,692 of the shares shown. The address of the principal office of each of BLR Partners, LP, BLRPart, LP, BLRGP Inc., Fondren Management, LP, FMLP Inc., the Radoff Family Foundation and Mr. Radoff is 1177 West Loop South, Suite 1625, Houston, TX 77027. The address of the principal office of each of Group 42 and Mr. Bell is 312 Pearl Parkway, CIA Building II, Suite 2403, San Antonio, TX 78215.

(12) Based on a Form 13F filed with the Securities and Exchange Commission on October 29, 2015 by Kornitzer Capital Management, Inc. (Kornitzer), Kornitzer has sole voting power and sole investment discretion over 4,481,290 of the shares shown. The address of Kornitzer is PO Box 918, Shawnee Mission, KS 66201.

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DIRECTOR COMPENSATION

Our compensation for non-employee directors is designed to be competitive with our peer group of independent energy companies, link rewards to business results and stockholder returns and facilitate increased ownership of our stock. We do not have a retirement plan for non-employee directors. Our executive officers are not paid additional compensation for their services as directors.

The Nominating and Corporate Governance Committee is responsible for evaluating and recommending to the independent members of the Board the compensation for non-employee directors, and the independent members of the Board set the compensation.

Non-employee directors were compensated in 2014 for service on the Board of Directors or any committee thereof as follows:

- $45,000 retainer per annum, payable in quarterly installments;
- $10,000 retainer per annum for the chairman of each Board committee, payable in quarterly installments;
- beginning in the second quarter of 2014, a $20,000 retainer per annum for the Lead Director, payable in quarterly installments;
- $2,000 for each Board meeting attended;
- $1,000 for each committee meeting attended; and
- an annual equity award in an amount determined by the independent members of the Board. For fiscal year 2014, the awards of common stock were granted on March 3, 2014 for Messrs. Brazelton, Chapoton, Jennings and Myers and November 3, 2014 for Mr. Fawthrop. The awards of common stock are not restricted or subject to any vesting period; however, the stock award agreements provide that the director is prohibited from disposing of the stock within three years of the date of grant.

2014 Non-Employee Director Compensation

The following table shows compensation paid to each of our non-officer directors who served during the fiscal year ended December 31, 2014.

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Total ($)
Frederick W. Brazelton	92,000	55,142	147,142

O. Donald Chapoton	92,750	55,142	147,892
Andrew L. Fawthrop	12,500	18,563	31,063
James B. Jennings	100,000	55,142	155,142
John J. Myers, Jr.	86,500	55,142	141,642

(1) Includes annual cash retainer fee, board and committee meeting fees and committee chair and lead director fees for each non-employee director during fiscal year 2014, as more fully explained in the preceding paragraphs.

(2) The amounts reported in this column reflect the aggregate grant date fair value of stock awards granted in fiscal year 2014, computed in accordance with FASB ASC Topic 718. See Note 10 to our consolidated financial statements on Form 10-K for the year ended December 31, 2013 for additional detail regarding assumptions underlying the value of these equity awards. The grants for Messrs. Brazelton, Chapoton, Jennings and Myers had a grant date of March 3, 2014. The grant to Mr. Fawthrop had a grant date of November 3, 2014.

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COMPENSATION DISCUSSION AND ANALYSIS

In this Compensation Discussion and Analysis, we discuss our compensation objectives, our decisions and the rationale behind those decisions relating to 2014 compensation for our executive officers named in the Summary Compensation Table and who we sometimes refer to as the Named Executive Officers.

Objectives of Our Compensation Program

Our executive compensation program is intended to align the interests of our management team with those of our stockholders by motivating our executive officers to achieve strong financial and operating results for us, which we believe closely correlate to long-term stockholder value. In addition, our program is designed to achieve the following objectives:

- attract and retain talented executive officers by providing reasonable total compensation levels competitive with that of executives holding comparable positions in similarly situated organizations;
- provide total compensation that is justified by individual performance;
- provide performance-based compensation that balances rewards for short-term and long-term results and is tied to both individual and the Company s performance; and
- encourage the long-term commitment of our executive officers to us and our stockholders long-term interests.

What Our Compensation Program Is Designed to Reward

Our strategy is to increase reserves and production through the exploration of oil and gas properties with an emphasis on international opportunities. Our compensation program is designed to reward performance that contributes to the achievement of our business strategy on both a short-term and long-term basis. In addition, we reward qualities that we believe help achieve our strategy, such as teamwork; individual performance in light of general economic and industry specific conditions; performance that supports our core values; resourcefulness; the ability to manage our existing corporate assets; the ability to explore new avenues to increase oil and gas production and reserves; level of job responsibility; and tenure with the industry.

Elements of Our Compensation Program and Why We Pay Each Element

To accomplish our objectives, our compensation program is comprised of four elements: base salary, cash bonus, long-term equity-based compensation and benefits.

We pay base salary in order to recognize each executive officer s unique value and historical contributions to our success in light of salary norms in the industry and the general marketplace; to match competitors for executive talent; to provide executives with predictable, regularly-paid income; and to reflect an executive s position and level of responsibility.

We include an annual cash bonus as part of our compensation program because we believe this element of compensation helps to motivate management to achieve key corporate objectives by rewarding the achievement of these objectives. The annual cash bonus also allows us to be competitive from a total remuneration standpoint.

Long-term equity-based incentive compensation is an important element of our compensation policy because we believe it aligns executives interests with the interests of our stockholders; rewards long-term performance; is required in order for us to be competitive from a total remuneration standpoint; encourages executive retention; and gives executives the opportunity to share in our long-term performance. Prior to 2014, long-term equity-based incentive compensation was comprised of stock option awards. Option awards are granted at exercise prices not less than the market value of our common stock on the date of the grant and are not transferable (other than to the holder s heirs or entities for the benefit of his or her heirs). Therefore, option awards granted will have no realizable value unless our stock price appreciates in value. As part of a competitive compensation arrangement, we also provided a restricted stock award to Mr. Guidry, our Chief Executive

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Officer, upon his effective date of hire in October 2013. Beginning with annual awards in March 2014, we utilize both option awards and stock awards as components of long-term equity-based incentive compensation for all of the executive officers.

We also offer benefits, such as a 401(k) plan and payment of insurance premiums, in order to provide a competitive remuneration package.

2014 Advisory Vote on Executive Compensation

At our 2014 Annual Meeting, we offered our stockholders an opportunity for an advisory, non-binding vote on our executive compensation through our say on pay proposal. Approximately 91% of the stockholders who voted on the proposal last year approved the compensation to our Named Executive Officers. Our 2014 compensation reflected the changes we implemented to our programs and disclosure following our say on pay vote. Based on the overwhelming support demonstrated in last year s say on pay vote, we retained the significant changes made to our incentive compensation, which included a reduction in the cash bonus component of total compensation in favor of an increase in long-term equity-based incentives pursuant to our 2014 Long-Term Incentive Plan (the 2014 LTIP), which was approved by the Company s stockholders at the 2014 Annual Meeting. The Compensation Committee will continue to consider the outcome for our say-on-pay votes and stockholder views when making future compensation decisions for our executive officers.

How We Determine Each Element of Compensation

In determining the elements of compensation, we consider various measures of Company and industry performance, including total stockholder return, debt levels, revenues, cash flow, capital expenditures, reserves of oil and gas, costs and other measures discussed herein. We may from time to time retain an independent compensation consulting firm to assist the Compensation Committee in evaluating the executive compensation program. The Compensation Committee has retained Mercer Consulting (Mercer), an independent compensation consultant, with respect to determining compensation. The decision to engage Mercer was made by the Compensation Committee, and Mercer reported directly to the Compensation Committee; however, at the Compensation Committee s direction, the consultant worked directly with management to review or prepare materials for the Compensation Committee s consideration. While engaged as the Compensation Committee s consultant, Mercer did not perform any services for the Company outside the scope of its arrangement with the Compensation Committee. During 2014, the Compensation Committee reviewed the consultant s independence and determined that there were no conflicts of interest as a result of the Compensation Committee s engagement of Mercer. The Compensation Committee did not engage any consultant other than Mercer during 2014 to provide executive compensation consulting services.

The scope of Mercer s engagement has been to provide a proposed list of peer companies that operate in a similar business to VAALCO, and to analyze peer compensation data to provide the Compensation Committee with an assessment of the Company s top executive positioning compared to the market. Specifically, Mercer s role has been to:

Conduct a market analysis of the following compensation element versus proxy peers:

Base salary;

Annual cash bonus;

Total cash compensation (base plus annual cash bonus);

Long-term incentives (LTI); and

Total direct compensation (total cash plus LTI).

Evaluate prevalence of the following compensation elements at peers:

Annual incentive design elements (e.g. metrics, leverage);

Long-term incentive vehicles used and design elements;

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Outline key executive compensation trends and regulatory, legislative and governance considerations (e.g. say on pay);

Summarize potential refinement opportunities;

Preview the materials with the Compensation Committee Chair and management, as appropriate; and

Present materials to the Compensation Committee.

How Elements of Our Compensation Program Are Related to Each Other

We view the various components of compensation as related but distinct and emphasize pay for performance with a significant portion of total compensation reflecting a risk aspect tied to long- and short-term financial and strategic goals. In 2014, based on the report of our compensation consultant and the compensation practices of our peers, we decided to proportionately reduce potential cash bonus compensation for our executives while increasing potential equity-based incentive compensation. We believe this shift still provides a competitive, attractive cash bonus opportunity for our executives while also more closely aligning their interests with those of our stockholders. Other than as noted above, our Compensation Committee has not adopted any formal or informal policies or guidelines for allocating compensation between long-term and annually paid-out compensation, between cash and non-cash compensation or among different forms of non-cash compensation.

Market Comparisons

To assist the Compensation Committee, an executive compensation assessment is compiled by Mercer and provided to VAALCO. The Mercer report was used by the Compensation Committee to help determine base salary for 2014, grants of incentive compensation and for determining bonus compensation earned in 2014, but paid in 2015.

The peer group recommended by Mercer that was used with respect to compensation decisions made in 2014 was compiled by a screening process that assembled a group of public exploration and production companies with revenues comparable to the Company s revenues. The analysis resulted in the following set of 11 peers:

Petroquest Energy, Inc.	Kosmos Energy Ltd.	EPL Oil & Gas Inc.
Sanchez Production Partners LLC	Gulfport Energy Corp.	Endeavour International Corp.
Contango Oil and Gas Co.	Gran Tierra Energy Inc.	Hyperdynamics Corp.
Carrizo Oil & Gas Inc.	BPZ Resources Inc.	

In February 2015, Mercer re-evaluated the peer group. Following its re-evaluation, Mercer recommended that the Compensation Committee (i) remove EPL Oil & Gas Inc., Sanchez Production Partners LLC and Endeavour International Corp. due to acquisition or reorganization and (ii) remove Kosmos Energy Ltd. and Carrizo Oil & Gas Inc. due to their growth in revenues. Mercer, seeking out peer companies meeting the revenue requirements but also in alignment with the Company s focus on international offshore exploration and development, also recommended to the Compensation Committee that it replace the removed peers with the following six companies: Transglobe Energy Corporation, Oando Energy Resources Inc., Apco Oil & Gas International, Inc., Transatlantic Petroleum Ltd. and Camac Energy Inc. The Compensation Committee adopted the recommendations of Mercer with respect to the changes to the peer group and utilized the revised peer group in making its compensation determinations in March

2015.

With the new peer group adopted by the Compensation Committee, nine of the twelve peers had significant non-United States operations; however, only four of the peer companies have any significant West African properties, which is the Company s current focus.

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Although the Compensation Committee retained Mercer to conduct a peer group analysis and also reviewed other survey information, ultimately many of the compensation decisions are qualitative and not quantitative and take into consideration the unique international nature of our operations, competitive conditions in our industry, competitive conditions for executive talent and other factors discussed below. We do not set specific benchmarks but rather use peer group information to check our compensation decisions for reasonableness.

Base Salary

At its regularly scheduled meeting in March of each year, the Compensation Committee meets to review the base salaries of our executive officers.

In setting base salaries, the Compensation Committee seeks to maintain stability and predictability from year to year and usually makes percentage increases based on its view of the cost of living and competitive conditions for executive talent in the oil and gas business. The Compensation Committee also considers subjective factors in setting base salary, including individual achievements, our performance, level of responsibility, experience, leadership abilities, increases or changes in duties and responsibilities and contributions to our performance.

In January 2014, the Compensation Committee approved a voluntary reduction of Mr. Gerry s salary as Executive Chairman to $298,351 per annum, which continued until his retirement as Executive Chairman in June 2014. In March 2014, utilizing knowledge of competitive conditions in the industry, the Compensation Committee determined to keep the 2014 base salaries for our four Named Executive Officers at the previous levels set for 2013, which were as follows: $500,000 for Mr. Guidry, $496,173 for Mr. Scheirman, $333,828 for Mr. Hullinger and $300,132 for Ms. Cutrer. In March 2015, given the current downturn in the energy industry more generally, the Compensation Committee again determined to keep the 2015 base salaries for our four Named Executive Officers at the previous levels set for 2014.

Bonus

Our executive officers, senior management and other non-management personnel have the potential to receive a meaningful cash bonus if annual financial and operational objectives or goals, pre-established by the Compensation Committee, are met.

At a meeting, usually prior to the end of the year, our Board of Directors approves the operating budget and financial forecast for the ensuing fiscal year. Based on the budget and forecast, at their meeting in the first quarter of the following year, the Compensation Committee sets various targets for financial and non-financial measures, such as oil and gas production levels, operating expenses, safety performance, resource additions and total stockholder return. During the first quarter of each year, following a preliminary determination of our financial and operating results, our Compensation Committee meets to establish bonus compensation for the previous year and to formally establish the bonus program goals for the current year.

In determining the incentive bonuses earned, the Compensation Committee gives substantial weight to our achievement of the Company goals and objectives set out in our budget for the preceding year in addition to individual goals and objectives for each executive. Typically, approximately 60% of the target bonus is based on corporate goals while approximately 40% of the target bonus is based on individual performance and accomplishments.

The Compensation Committee awarded bonuses in March of 2015 for fiscal year 2014 results based upon our achievement of the following performance goals: