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VAALCO ENERGY INC /DE/
Form SC 13D/A
June 24, 2002

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

SCHEDULE 13D
Amendment No. 2

Under the Securities Exchange Act of 1934

VAALCO ENERGY, INC.
(Name of Issuer)

COMMON STOCK, PAR VALUE \$.10 PER SHARE
(Title of Class of Securities)

91851C201
(CUSIP Number)

LAWRENCE C. TUCKER
Brown Brothers Harriman & Co.
59 Wall Street
New York, New York 10005
(212) 493-8400
(Name, Address and Telephone Number of
Person Authorized to Receive Notices
and Communications)

JUNE 20, 2002
(Date of Event which Requires Filing of
this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rules 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 91851C201 2

1 NAME OF REPORTING PERSON

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THE 1818 FUND II, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OR ORGANIZATION

DELAWARE

7 SOLE VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON WITH

-0-

8 SHARED VOTING POWER

38,763,441

9 SOLE DISPOSITIVE POWER

-0-

10 SHARED DISPOSITIVE POWER

38,763,441

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

38,763,441

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

70.3%

14 TYPE OF REPORTING PERSON

PN

CUSIP No. 91851C201

3

1 NAME OF REPORTING PERSON

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BROWN BROTHERS HARRIMAN & CO.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OR ORGANIZATION

NEW YORK

7 SOLE VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON WITH

-0-

8 SHARED VOTING POWER

38,763,441

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-0-

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PN

CUSIP No. 91851C201

4

1 NAME OF REPORTING PERSON

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T. MICHAEL LONG

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OR ORGANIZATION

UNITED STATES OF AMERICA

7 SOLE VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON WITH

-0-

8 SHARED VOTING POWER

38,763,441

9 SOLE DISPOSITIVE POWER

-0-

10 SHARED DISPOSITIVE POWER

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14 TYPE OF REPORTING PERSON

IN

CUSIP No. 91851C201

5

1 NAME OF REPORTING PERSON

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LAWRENCE C. TUCKER.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OR ORGANIZATION

UNITED STATES OF AMERICA

7 SOLE VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON WITH

-0-

8 SHARED VOTING POWER

38,763,441

9 SOLE DISPOSITIVE POWER

-0-

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70.3%

14 TYPE OF REPORTING PERSON

IN

CUSIP No. 91851C201

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The undersigned hereby amend their Statement on Schedule 13D

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filed on May 1, 1998, as amended by Amendment No. 1 thereto dated as of May 27 1998 (the "Schedule 13D"), filed with the Securities and Exchange Commission in respect of the Common Stock, par value \$.10 per share, of Vaalco Energy, Inc., on behalf of The 1818 Fund II, L.P., Brown Brothers Harriman & Co., T. Michael Long and Lawrence C. Tucker. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the original Schedule 13D.

The information set forth in Schedule 13D is hereby amended as follows:

ITEM 1. SECURITY AND ISSUER.

No change.

ITEM 2. IDENTITY AND BACKGROUND.

Item 2 is hereby amended and supplemented by the addition of the following paragraph:

Schedule I to the original Schedule 13D is hereby amended to read in its entirety in the form attached as Schedule I hereto.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Pursuant to a Subordinated Credit Agreement dated as of June 10, 2002, and delivered as of June 20, 2002 (the "Credit Agreement"), by and between the Company and the Fund, the Company delivered to the Fund on June 20, 2002, Warrants, dated as of June 10, 2002, to purchase 7,500,000 shares of Common Stock at an exercise price of \$0.50 per share, subject to adjustment in certain circumstances (the "Warrant"), in consideration for the Fund's making a loan to the Company of up to \$10,000,000, all as more fully described in Item 6 below.

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ITEM 4. PURPOSE OF TRANSACTION.

Item 4 is hereby amended and supplemented by adding the following paragraph at the end thereof:

Pursuant to the Credit Agreement, the Company issued to the Fund, on June 20, 2002, the Warrant in consideration for the Fund making a loan

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to the Company of up to \$10,000,000, all as more fully described in Item 6 below.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

Item 5 is hereby amended and supplemented by the addition of the following:

(a)-(c) As of the date hereof, assuming the conversion of the shares of Preferred Stock held by the Fund into shares of Common Stock as of such date and the exercise of the Warrant held by the Fund into shares of Common Stock, the Fund may be deemed to beneficially own 38,763,441 shares of Common Stock, which, based on calculations made in accordance with Rule 13d-3(d) promulgated under the Exchange Act and there being 20,744,569 shares of Common Stock outstanding as of May 9, 2002 (as reported by the Company in its Form 10-Q for the quarter ended March 31, 2002 as filed with the Securities and Exchange Commission on May 14, 2002), represents approximately 70.3% of the outstanding shares of Common Stock.

By virtue of BBH&Co.'s relationship with the Fund, BBH&Co. may be deemed to beneficially own 38,763,441 shares of Common Stock, which, based on calculations made in accordance with Rule 13d-3(d) of the Exchange Act, and there being 20,744,569 shares of Common Stock outstanding as of May 9, 2002 (as reported by the Company in its Company's Form 10-Q for the quarter ended March 31, 2002 as filed

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with the Securities and Exchange Commission on May 14, 2002), represents approximately 70.3% of the outstanding shares of Common Stock.

By virtue of the resolution adopted by BBH&Co. designating Long and Tucker, or either of them, as the sole and exclusive partners of BBH&Co. having voting power (including the power to vote or to direct the voting) and investment power (including the power to dispose or to direct the disposition) with respect to the securities of the Company, each of them may be

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deemed to beneficially own 38,763,441 shares of Common Stock, which, based on calculations made in accordance with Rule 13d-3(d) promulgated under the Exchange Act and there being 20,744,569 shares of Common Stock outstanding as of May 9, 2002 (as reported by the Company in its Form 10-Q for the quarter ended March 31, 2002 as filed with the Securities and Exchange Commission on May 14, 2002), represents approximately 70.3% of the outstanding shares of Common Stock.

Except as set forth herein, no Reporting Person nor, to the best knowledge of each Reporting Person, any person identified on Schedule I, beneficially owns any shares of Common Stock or has effected any transaction in shares of Common Stock during the preceding 60 days.

Paragraphs (d) and (e) of Item 5 of Schedule 13D are not applicable to this filing.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Item 6 is hereby amended and supplemented by the addition of the following:

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Pursuant to the Credit Agreement, until January 31, 2003, the Fund has agreed to make one or more loans to the Company in an aggregate principal amount not to exceed \$10,000,000, the proceeds of which are to be funded directly into an escrow account. The Company's obligation to repay is evidenced by a promissory note in an aggregate principal amount not to exceed \$10,000,000 at an initial interest rate of 10% (the "Note").

The Warrant, delivered to the Company on June 20, 2002, gives the Fund the right to purchase 7,500,000 validly issued, fully paid and nonassessable shares of the Common Stock at an exercise price of \$0.50 per share, subject to adjustment in certain circumstances. The number of shares of Common Stock subject to the Warrant and the exercise price are subject to anti-dilution adjustments. The Warrant may be exercised immediately, in whole or in part, at any time and from time to time until June 10, 2007 (the "Exercise

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Period").

Pursuant to the Credit Agreement, the Company also issued to the Fund an additional warrant, dated June 10, 2002, and delivered on June 20, 2002 (the "Clawback Warrant"). The Clawback Warrant gives the Fund the right to purchase an additional 7,500,000 validly issued, fully paid and nonassessable shares of the Common Stock ("Clawback Warrant Shares") at an exercise price of \$0.50 per share, subject to adjustment in certain circumstances. The Clawback Warrant may only be exercised during the period beginning on June 10, 2004 and ending on June 10, 2007. The number of Clawback Warrant Shares is subject to reduction if the Company repays all or a portion of the loans before specified time periods. The Clawback Warrant expires in 18 months if all was hereby repaid by sell date. The number of shares of Common Stock

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subject to the Clawback Warrant and the excise price are subject to anti-dilution adjustments.

The Credit Agreement provides that if, by the second anniversary of the first funding under the Credit Agreement, all the loans have not been repaid in full, the Company will issue to the Fund a warrant (the "Additional Warrant") giving the Fund the right to purchase 7,500,000 validly issued, fully paid and nonassessable shares of the Common Stock, at an excise price of \$0.10 per share subject to adjustments. The Additional Warrant will expire 7 years after the date of issuance. The number of shares of Common Stock subject to the Additional Warrant are subject to anti-dilution adjustments.

The foregoing summaries of the Credit Agreement, the Note, the Warrant, the Clawback Warrant and Additional Warrant are qualified in their entirety by reference to Exhibits 1, 2, 3 and 4 which are incorporated herein by reference.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit 1: Credit Agreement, dated as of June 10, 2002, among the Company and the Fund.

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- Exhibit 2: Note of the Company, in an aggregate principal amount not to exceed \$10,000,000, dated as of June 10, 2001.
- Exhibit 3: Warrant of the Company, dated as of June 10, 2002.
- Exhibit 4: Clawback Warrant of the Company, dated as of June 10, 2002.

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SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: June 24, 2002 THE 1818 FUND II, L.P.

By: Brown Brothers Harriman & Co.,
General Partner

By: /s/ Lawrence C. Tucker

Name: Lawrence C. Tucker
Title: Partner

BROWN BROTHERS HARRIMAN & CO.

By: /s/ Lawrence C. Tucker

Name: Lawrence C. Tucker
Title: Partner

/s/ T. Michael Long

T. Michael Long

/s/ Lawrence C. Tucker

Lawrence C. Tucker

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SCHEDULE I

Set forth below are the names and positions of all of the

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general partners of BBH & Co. The principal occupation or employment of each person listed below is private banker, and, unless otherwise indicated, the business address of each person is 59 Wall Street, New York, New York 10005. Unless otherwise indicated, each person listed below is a citizen of the United States.

NAME -----	BUSINESS ADDRESS (IF OTHER THAN AS INDICATED ABOVE) -----
J. William Anderson	
Peter B. Bartlett	
Brian A. Berris	
Taylor Bodman	
John J. Borland	
Timothy J. Connelly	40 Water Street Boston, Massachusetts 02109
Douglas A. Donahue, Jr.	40 Water Street Boston, Massachusetts 02109
Anthony T. Enders	
Alexander T. Ercklentz	
Terrence M. Farley	
John A. Gehret	525 Washington Blvd. Jersey City, New Jersey 07310-1692
Elbridge T. Gerry, Jr.	
Kristen F. Giarrusso	
Robert R. Gould	
Kyosuke Hashimoto (citizen of Japan)	8-14 Nihonbashi 30-Chome Chuo-ku Tokyo 103, Japan
Ronald J. Hill	
Landon Hilliard	
Radford W. Klotz	

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NAME	BUSINESS ADDRESS
------	------------------

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(IF OTHER THAN AS
INDICATED ABOVE)

Michael Kraynak, Jr.

Susan C. Livingston

40 Water Street
Boston, Massachusetts 02109

T. Michael Long

Hampton S. Lynch, Jr.

Michael W. McConnell

John P. Molner

William H. Moore III

Donald B. Murphy

John A. Nielsen

Eugene C. Rainis

A. Heaton Robertson

40 Water Street
Boston, Massachusetts 02109

Jeffrey Schoenfeld

W. Carter Sullivan

Stokley P. Towles

40 Water Street
Boston, Massachusetts 02109

Andrew J. F. Tucker

Lawrence C. Tucker

William B. Tyree

Maarten van Hengal

Douglas C. Walker

1531 Walnut Street
Philadelphia, Pennsylvania

William J. Whelan

40 Water Street
Boston, Massachusetts 02109

Laurence F. Whittemore

Richard H. Witmer, Jr.