

TALISMAN

E N E R G Y

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FOR: TALISMAN ENERGY INC.

TSX, NYSE SYMBOL: TLM

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Talisman Issues Preliminary Production Guidance for 2003

CALGARY, ALBERTA--Talisman Energy Inc. announced that current indications are that the Company's production will average between 440,000- 450,000 boe/d in 2003, based on estimated capital spending of approximately \$2.2 billion. This plan assumes commodity prices of \$US23/bbl WTI oil and \$US3.60/mcf NYMEX gas and does not make provision for asset sales or acquisitions.

Commenting on the forecast, Dr. Jim Buckee, President and Chief Executive Officer said: "We are in the process of generating our detailed plans and budgets for 2003. I would stress that these estimates are preliminary and we will try to improve upon these targets. As a result of a combination of individually small factors, it has become apparent that earlier production forecasts were overly optimistic. It is my responsibility to deliver this information to shareholders quickly and to ensure that we are not setting unrealistic expectations for 2003.

"This is not a reserves issue and much of this reduction relates to project delays. We fully expect 10% or better growth in 2004 from development projects that are now underway. We have not built exploration success from high impact projects into our forecasts, but programs in Trinidad, the East Coast of Canada, the US, Colombia and S.E. Asia hold the promise of new discoveries and additional production.

"We expect record cash flow this year and, at plan prices, Canada and the North Sea generate cash flow in excess of capital requirements. With Talisman's strong balance sheet and portfolio of opportunities, we will examine other projects that could bring on incremental production next year. However, in setting our budgets, we will maintain technical integrity and our investment hurdle rates."

Short-Term Guidance

Talisman will announce its third quarter results on October 31. Production for the quarter is expected to average 437,000 boe/d. Cash flow will be in the \$650 million range. Production in the fourth quarter is expected to average between 440,000-450,000 boe/day. Cash flow for the year 2002 is expected to be \$2.6 billion based on an average expected WTI oil price of US\$27.50/bbl and a US\$3.20/mcf NYMEX gas price for the fourth quarter.

2003 Guidance

Overall production levels for 2003 are estimated to be about the same as 2002. Talisman's operating budget for 2003 will be finalized in early December.

Canada: Production is expected to be very similar to 2002.

Although Talisman continues to enjoy drilling success, the current regulatory framework has created a longer elapsed time between permitting and well tie-ins. Talisman is also limited by pipeline and plant capacity in the Foothills. We have commenced work on additional infrastructure in the area to alleviate the problem by late 2003.

Gas production is expected to average between 800-810 mmcf/d and oil production 58,000 -62,000 bbls/d.

North Sea: Based on 2002 drilling results (including the failure at Kildrummy) and recent operational drilling difficulties which have the effect of delaying whole work programs, oil production will be down slightly in 2003. New developments (e.g. Blake extension) and recent exploration successes are unlikely to contribute significantly before 2004. A number of high potential exploration wells are drilling, which have not been incorporated into this forecast.

Oil production is expected to average between 115,000-125,000 bbls/d and gas production 120-125 mmcf/d.

Indonesia: Although the contract and facilities will be in place for increased gas sales from the Corridor Block, we do not anticipate a large increase in deliveries because of reduced short-term demand at the Caltex steam flood. This does not have a significant economic impact due to increased take or pay contributions. Commercial negotiations for monetizing Corridor's giant gas reserves are very active.

Oil production is expected to average 14,000-15,000 bbls/d and gas production 95-105 mmcf/d.

Malaysia: The project is on budget and on schedule, however the detailed commissioning plan for the multi platform development to meet both gas sales commitments and a separate oil process, dictates a slower build up to plateau. Recent drilling results have been encouraging.

Oil production is expected to average 6,000-7,000 bbls/d reaching 25,000 bbls/d in 2004. Gas production should average 10-20 mmcf/d, reaching 120 mmcf/d in 2004.

Algeria: Production build up will be slower due to delays in an electrical power supply project operated by the state, as well as an allowance for OPEC cutbacks. Oil production is expected to average 8,000-9,000 bbls/d, increasing to 16,000 bbls/d in 2004.

Sudan: Production estimates are unchanged at between 60,000-65,000 bbls/d.

Trinidad: First production is expected in late 2004 at 18,000-25,000 bbls/d.

Talisman Energy Inc. is one of the largest independent Canadian oil and gas producers with operations in Canada, the North Sea, Indonesia, Malaysia, Vietnam and Sudan. Talisman is also conducting exploration in Algeria, Trinidad, Colombia and the United States. Talisman has adopted the International Code of Ethics for Canadian Business and is committed to maintaining high standards of excellence in corporate citizenship and social responsibility wherever it does business. The Company's shares are listed on The Toronto Stock Exchange in Canada and the New York Stock Exchange in the United States under the symbol TLM.

This press release contains "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, including estimates of future production, cash flows, business plans for drilling and exploration, anticipated completion

dates and results of exploration, development, maintenance and refurbishment projects, the estimated amounts and timing of capital expenditures, the assumptions upon which estimates are based, and other expectations, beliefs, plans, objectives, assumptions or statements about future events or performance (often, but not always, using words such as "expects", "anticipates", "plans", "estimates", or "intends", or stating that certain actions, events or results "may" or "will" be taken, occur or be achieved). Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those reflected in the statements. These risks include, but are not limited to: the risks of the oil and gas industry (for example, operational risks in exploring for, developing and producing crude oil and natural gas; risks and uncertainties involving geology of oil and gas deposits; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to future production, costs and expenses; potential delays or changes in plans with respect to exploration, development maintenance or refurbishment projects or capital expenditures; and health, safety and environmental risks); uncertainties as to the availability and cost of financing; risks in conducting foreign operations (for example, political and fiscal instability or the possibility of civil unrest or military action in countries such as Indonesia, Sudan, Algeria or Colombia); the effect of United States sanctions against Sudan and the possibility of changes in U.S. law or policy with respect to companies doing business in Sudan; fluctuations in oil and gas prices and foreign currency exchange rates; and the possibility that government policies may change or governmental approvals may be delayed or withheld. Additional information on these and other factors, which could affect the Company's operations or financial results, are included in the Company's other reports on file with Canadian securities regulatory authorities and the United States Securities and Exchange Commission. Forward- looking statements are based on the estimates and opinions of the Company's management at the time the statements are made. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

This release is available on Talisman's Internet Web Site:
WWW.TALISMAN-ENERGY.COM

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