

TALISMAN ANNOUNCES NORTH SEA WRITEDOWNS

CALGARY, Alberta - January 22, 1999 - Talisman Energy Inc. today announced plans to take writedowns with an after tax effect of \$183 million in 1998, associated with certain North Sea assets. No material writedowns are expected in Talisman's other operating areas, and no material writedowns in proved reserves are anticipated.

"Given the prospect of continuing low oil prices and higher costs due to the strong pound, I believe this is prudent accounting. While we have charted remedial actions, these writedowns conservatively assume that our actions will not be completely successful and that oil prices will not recover soon," said Dr. Jim Buckee, President and CEO. "The fiscal regimes in Canada and particularly Indonesia cushion the effect of low commodity prices. In contrast, the North Sea is a high cost region, but with low royalty and tax, leaving the industry fully exposed to the impact of both high and low prices."

The writedowns are associated with the following areas:

C\$ million

	<u>Pre-tax</u>	<u>After-tax</u>
Southern Gas Basin	\$122	\$ 98
Beatrice	52	36
Ross	<u>71</u>	<u>49</u>
	\$245	\$183

Writedowns in the Southern Gas Basin are associated with the Trent & Tyne fields; Blocks 43/22, 43/21 & 42/25 (acquired with Bow Valley Energy) and Blocks 44/24a & 44/29a (acquired with Goal Petroleum). Reasons for impairment include significantly lower gas prices at Trent & Tyne due to changed gas price contract terms from previously announced litigation results and a reduction in mostly unproved reserves.

Beatrice was acquired in 1996 with the expectation that abandonment could occur as early as 1998 without additional development work. Over the past two years, Talisman has enhanced production through infill drilling and waterflood optimization, and recently initiated a major cost reduction program. However, at current prices, an element of exploration success is required to extend production beyond mid-2000.

Talisman plans to drill one sidetrack well and two exploration wells at Beatrice in 1999. If successful, Beatrice could continue producing for many more years. Talisman is booking the impairment provision assuming no exploration success. By recognizing this impairment now, the cost to abandon Beatrice will be accrued by mid-2000. Major abandonment expenditures will not be incurred until after 2005.

The impairment on Ross is due to higher capital spending (drilling costs, higher pound sterling) and lower oil price expectations. The Ross field was acquired in 1996 and originally scheduled to begin production late last year using an FPSO (Floating Production Storage and Offloading) vessel. With delays at the shipyard, first production is now expected early in the second quarter of 1999. Talisman is also examining opportunities to lower unit costs by sharing the Ross production facilities with adjacent oil fields.

Notwithstanding these writedowns, the Company's strategy in the North Sea is to build core areas around infrastructure; adding value by developing incremental reserves, generating opportunities for third party revenues, lowering operating costs and thus extending field life. The current level of oil prices and operating costs reinforces this strategy. Talisman expects to spend approximately \$300 million in the North Sea in 1999, and plans to participate in six exploration and 29 development wells. Drilling plans include:

- testing the extension of the Blake field
- two exploration wells adjacent to Beatrice
- an exploration well in the Ross area to test a Blake "look-a-like"
- Ross development wells
- sidetrack wells at Beatrice and Clyde
- Orion development completion

At Buchan, Talisman plans to replace the existing fixed riser system with flexible risers, increasing development drilling opportunities and reducing weather related production outages. The Orion field development (TLM 87.5%) is on schedule for fourth quarter tie-back to the Talisman operated Clyde platform. Overall, the Company expects its North Sea oil production to increase 10-12% in 1999, following an increase of 15% in 1998. North Sea gas volumes are expected to remain at current levels.

Talisman Energy Inc. is a Canadian-based, international upstream oil and gas producer with operations in Canada, the North Sea and Indonesia. The Company is also participating in a major development project in Sudan and is conducting exploration in Algeria and Trinidad. Talisman's shares are listed on the Toronto and Montreal stock exchanges in Canada and the New York Stock Exchange in the United States under the symbol TLM.

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FORWARD-LOOKING STATEMENTS

Certain statements in this press release contain forward-looking statements including expectations of future production and capital expenditures. Information concerning reserves may also be deemed to be forward-looking statements as such estimates involve the implied assessment that the resources described can be profitably produced in future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the background risks of the oil and gas industry (e.g., operational risks in development, exploration and production; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), risks in conducting foreign operations (e.g. political and fiscal instability), price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Additional information on these and other factors which could affect Talisman's operation or financial results are included in Talisman's Annual Report under the headings "Management's Discussion and Analysis - Sensitivities," "Risks and Uncertainties," and "-Outlook," and in Talisman's other reports on file with Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.