

TALISMAN

E N E R G Y

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FOR: TALISMAN ENERGY INC.

TSE, NYSE SYMBOL: TLM

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Talisman Increases Canadian Capital Program by \$118 Million

CALGARY, ALBERTA--Talisman Energy Inc. today announced it is increasing its Canadian exploration and development program by \$118 million in 2000, from \$523 million to \$641 million, an increase of 23%.

In total, the Company has announced plans to spend approximately \$1.6 billion in 2000, including net property and asset acquisitions of \$260 million. Talisman expects to generate almost \$2.3 billion in cash flow (\$16.50/share) based on a full year average WTI oil price of US \$28/bbl and 415,000 boe/d of production (an increase of 34% over 1999).

"As some of our international projects come to successful completion and their demands for cash reduce, we can profitably step up activity in Canada," said Dr Jim Buckee, President and Chief Executive Officer. "Strong fundamentals for better oil and domestic gas prices give us the confidence to pursue domestic opportunities more vigorously.

"We are one of the leading North American deep gas companies, with the land base, technical skills and financial strength to grow our large existing gas portfolio. We have positioned Talisman in areas with the greatest onshore reserve potential in Canada. In addition, we have numerous development opportunities within our Western Canada oil operations."

A significant portion of increased spending is directed at natural gas opportunities in the deeper portion of the Western Canada Basin. This emphasis is consistent with Talisman's strategy of growing oil production internationally and gas production domestically. The supply/demand equilibrium in the North American gas market is expected to lead to strong natural gas prices for the foreseeable future. Talisman is ideally positioned to capitalize on the resulting strong economics of incremental investment in the deeper, more technically challenging areas of the Basin.

The Company will increase its Canadian exploration budget from \$170 million to \$222 million (31% increase). Virtually all of this increase will be directed at gas opportunities. Of the \$52 million increase, approximately 30% will be spent on land, 20% on seismic and 50% on drilling (22 net wells). Focus areas will be the Peace River Arch, West Central Plains, the Deep Basin and Foothills.

Talisman will increase its Canadian development program from \$353 million to \$419 million (19% increase). The majority of this spending will be directed at oil projects in Chauvin, Ontario and Carlyle. These are low cost, low risk oil opportunities that can be tied in quickly. Approximately \$15 million will be spent on

gas development opportunities at Whitecourt, Turner Valley, and Lac La Biche.

The increase in development and exploration spending is expected to add approximately 5,000-6,000 boe/d in 2001. Although most of the impact will be felt next year, this spending will also enhance our gas and liquids exit rates in 2000 to approximately 800 mscf/d and 67,500 bbl/d, respectively.

Talisman Energy Inc. is the largest independent Canadian oil and gas producer. The Company has operations in Canada, the North Sea, Indonesia, and Sudan. Talisman is also conducting exploration in Algeria and Trinidad. Talisman'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.

FORWARD-LOOKING STATEMENTS

Statements in this press release may 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.

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

-30-

FOR FURTHER INFORMATION PLEASE CONTACT:

Talisman Energy Inc.
David Mann, Manager, Investor Relations
&Corporate Communications
(403) 237-1196
(403) 237-1210 (FAX)
E-mail: tlm@talisman-energy.com
Website: www.talisman-energy.com