

# TALISMAN

---

E N E R G Y

NEWS RELEASE TRANSMITTED BY CCNMatthews

FOR: TALISMAN ENERGY INC.

TSE, NYSE SYMBOL: TLM

SEPTEMBER 19, 2000 - 07:59 EDT

## Talisman Buys Strategic Midstream Assets

CALGARY, ALBERTA--Talisman Energy Inc. today announced the purchase of the Central Foothills Gas Gathering and the Columbia Minehead Gas Gathering systems from subsidiary corporations of TransCanada PipeLines Limited. These two major gas gathering systems comprise over 300 kilometres of pipe and provide a strategic connection between relatively under-exploited areas of the Western Canada Basin and several major sour gas processing facilities, including the Talisman operated Edson gas plant. The purchase is expected to provide significant revenues through the provision of midstream transportation services in an emerging gas development area.

"Our goal is to increase and consolidate our participation in the North American gas business," said Dr. Jim Buckee, President and Chief Executive Officer. "It's important both in terms of giving us transportation and processing options for our Foothills and Greater Edson area gas production and ensuring the long term future of our Edson plant, one of our largest gas plants in Western Canada. It will also give us enhanced access to a new core gas exploration area."

The Company expects to produce approximately 770 mmcf/d of gas in Canada this year, an increase of 13% over 1999. Talisman is one of the leading North American gas exploration and production companies, with a proven track record in the British Columbia and Alberta Foothills. This acquisition allows Talisman to fill in the area between Monkman and our existing Foothills and exploit our proven technical strength in thrust and fold belts. Talisman is also one of the largest producers in the Peace River Arch area north and west of the city of Grande Prairie. The Company has added almost 1 tcf of proved reserves in Canada through drilling over the past four years, with proved finding and development costs of 80 cents/mcf.

Talisman's land base, asset trading experience, technical strength, financial capabilities and strategic acquisitions have positioned the Company to add value and grow its North American gas base.

The acquisition of midstream infrastructure around the Edson plant is a logical step in our ongoing gas strategy. The transaction closed on September 15. Additional information is contained in the attached background paper.

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, Trinidad and the United States. 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.

#### BACKGROUND PAPER

#### CENTRAL FOOTHILLS AND COLUMBIA MINEHEAD GAS GATHERING SYSTEMS PURCHASE

Talisman has purchased two pipeline systems from subsidiary corporations of TransCanada PipeLines Limited at a purchase price of approximately \$145 million. The two systems connect relatively under-exploited areas of the Western Canada Basin with a number of major sour gas plants, including the Talisman operated Edson Gas Plant. The systems are expected to add significant revenue through the provision of midstream transportation services with an estimated after tax cash flow in 2001 of almost \$30 million. Furthermore, ownership in the systems provide Talisman with access to infrastructure, providing transportation and processing options for gas volumes from the Foothills and other deep gas play systems.

#### CENTRAL FOOTHILLS GAS GATHERING SYSTEM (See attached map showing throughput by area)

The Central Foothills Gas Gathering System is a sour gas gathering system which extends west from the Edson Plant into a catchment area currently covering over 80 townships, with potential to cover 150 townships. The catchment area is relatively underexploited and is rapidly emerging as a key gas development region within the Western Canada Basin.

The system was constructed by ANG Gathering and Processing Ltd. (carrying on business as TransCanada Midstream) in 1998, and has been operated as an open access system delivering gas for processing into Edson and other processing plants. It is Talisman's intent to continue this model of operation. The system design capacity is 150 mmcf/d with current throughput of 132 mmcf/d, of which 50 mmcf/d is delivered into the Edson Gas Plant.

#### COLUMBIA MINEHEAD GAS GATHERING SYSTEM

The Columbia Minehead Gas Gathering System is a sweet gas gathering system which extends 71 kilometres south of the Edson Plant servicing a catchment area of over 20 townships. The system was constructed by ANG in 1998. The system design capacity is 80 mmcf/d and currently delivers 36 mmcf/d for processing into the Edson Plant. In addition to the pipeline asset, the system includes a majority ownership in a deep cut liquids facility at Edson.

#### STRATEGIC RATIONALE

With high gas prices and strong demand, many Canadian producers are significantly increasing their investment in gas exploration and development. Although there are many technical factors (e.g. expertise, asset mix, land availability, etc.) which control the success of a gas exploration program, access to infrastructure is paramount during the subsequent production stage.

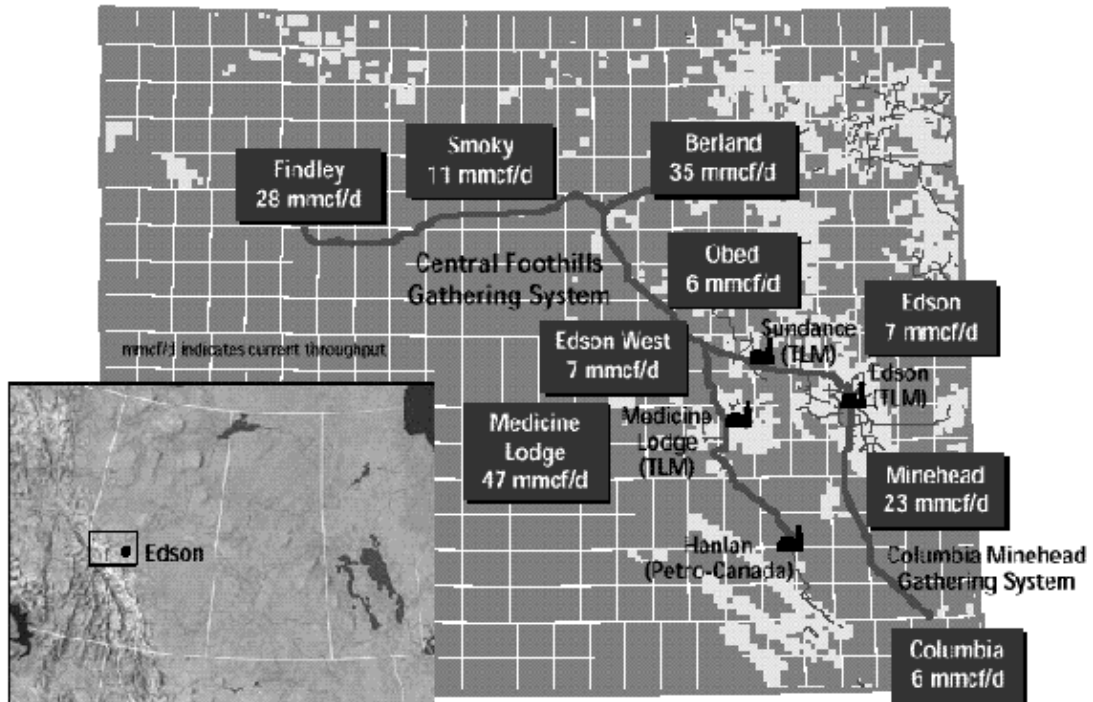
Within Talisman, the Edson Plant and its associated pipeline infrastructure is a key asset. The plant currently processes approximately 200 mmcf/d with a design capacity of 375 mmcf/d and is 52% owned by Talisman. It has nine major feed lines and three potential sales lines.

It is our intention to continue to operate this infrastructure as an open system with the principle intent of maximizing the throughput of third party gas to collect revenues from this aspect of the value chain. However, at the same time, ownership in these systems will ensure that Talisman has continued access to infrastructure for its own deep gas plays in the area. Prospectivity in this underdeveloped area is excellent and the Central Foothills Gas Gathering System was the key factor in opening the area to drilling activity. Talisman's work program in the area is forecast to rise from \$35 million in 2000 to \$70-90 million in 2003, as part of our North American gas strategy.

Purchase of these pipeline systems will, with the Edson Plant, provide Talisman with a significant participation in a 4,000 sq. mile area containing over 6 tcf of gas potential.

The business model that Talisman intends to employ with these assets is similar to that used in other endeavours worldwide. Other areas where Talisman is active as both producer and 'midstream' operator include the Chauvin oil pipeline in Eastern Alberta, the Nigg and Flotta terminals in the North Sea, and an interest in a 1,500 kilometre pipeline in Sudan.

# Foothills – Minehead



-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](mailto:tlm@talisman-energy.com)  
Website: [www.talisman-energy.com](http://www.talisman-energy.com)