



**Horizon Oil Limited** ABN 51 009 799 455  
Level 7, 134 William Street, Woolloomooloo NSW Australia 2011  
**Tel** +61 2 9332 5000, **Fax** +61 2 9332 5050 [www.horizonoil.com.au](http://www.horizonoil.com.au)

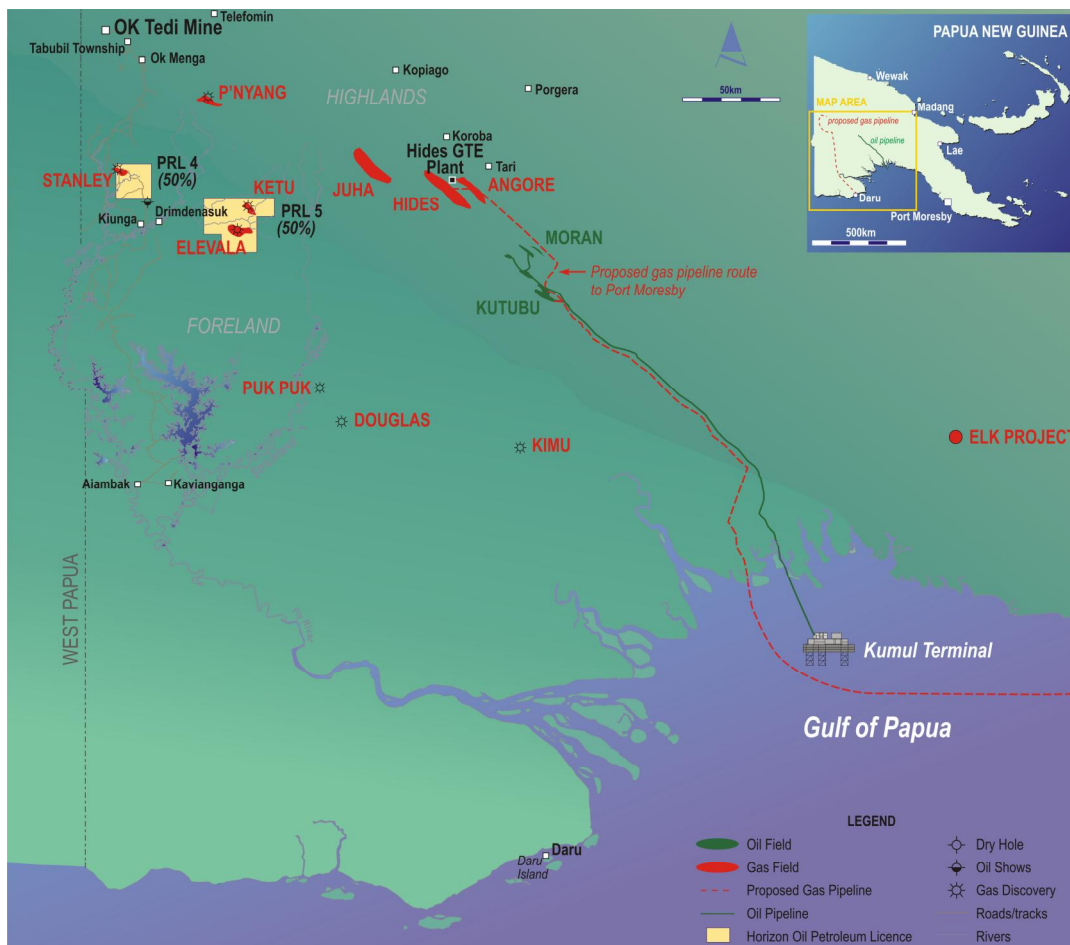
15 September 2009

The Manager, Company Announcements  
Australian Stock Exchange Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

## HORIZON OIL ANNOUNCES PART SALE OF PAPUA NEW GUINEA ASSETS FOR US\$60 MILLION

### Key Transaction Terms

Horizon Oil is pleased to advise shareholders that it has completed a transaction with a subsidiary of Talisman Energy Inc. (Talisman) regarding the Company's interests of 100% of Petroleum Retention Licence (PRL) 4 and 49.65% of PRL 5 in Western Province, Papua New Guinea (see map below).



The net effect of the transaction, which includes the transfer of a working interest and the shares in a wholly-owned subsidiary of Horizon Oil to Talisman, is that Horizon Oil and Talisman will each hold

50% interests in PRLs 4 and 5. The consideration of US\$60 million to be received by Horizon Oil is to be paid as follows:-

- US\$30 million in cash which was received at closing on 14 September 2009.
- US\$8 million to be drawn down at any time and applied to Horizon Oil's share of capital expenditure on the licences.
- US\$22 million to be drawn down and applied to Horizon Oil's share of capital expenditure on the licences after PNG Government approval of the working interest transfers required by the transaction has been granted.

There are no other conditions to the transaction.

### **About Talisman**

Talisman Energy Inc. is a global, diversified, upstream oil and gas company, headquartered in Canada. Talisman's three main operating areas are North America, the North Sea and Southeast Asia. The Company also has a portfolio of international exploration opportunities. Talisman is committed to conducting business safely, in a socially and environmentally responsible manner, and is included in the Dow Jones Sustainability (North America) Index. Talisman is listed on the Toronto and New York Stock Exchanges under the symbol TLM.

In addition to PRL 4 and PRL 5 detailed in this announcement, Talisman holds two other blocks in the Foreland Basin of PNG and has working interests in two offshore blocks.

Further information can be obtained from Talisman's website [www.talisman-energy.com](http://www.talisman-energy.com).

### **Development of PRL 4 and PRL 5**

As has been previously reported, PRL 4 contains the Stanley gas / condensate discovery, with gross proven and probable (2P) contingent resources of 283 billion cubic feet (bcf) of gas and 8.9 million barrels (mmb) of condensate. PRL 5 contains the Elevala and Ketu discoveries, with gross 2P contingent resources of 408 bcf of gas and 26.1 mmb of condensate. These resources, as well as the development scheme for recovery of the condensate, have been the subject of a technical review by RISC Pty Ltd, an independent engineering advisory firm. On completion of the transaction with Talisman, Horizon Oil will hold a 50% working interest in these resources.

The development strategy initially entails a condensate stripping phase with re-injection of most of the dry gas, with a gas export phase to begin at some time in the future once a large scale gas commercialisation scheme has been instigated. It is anticipated that some gas may be utilised for power generation for local domestic and industrial consumers in Western Province.

Preparation for installation of the Stanley condensate stripping project is well advanced. In summary, the proposed project entails the production of 140 million cubic feet of gas per day from two wells, extraction of initially over 4,000 barrels of condensate per day and potentially 40 tonnes of LPG per day, with re-injection of the dry gas until the gas export phase begins. Export of condensate by shipping via the Fly River is envisaged.

Social mapping and landowner identification review and preparation of the environmental impact assessment are near completion. Discussions on the Gas Agreement with PNG Government authorities are continuing. These key regulatory activities and studies are required for the grant of the petroleum development licence for Stanley field.

Work on the Elevala and Ketu fields in PRL 5 is not as advanced as that on Stanley, although, subject to further appraisal results, it is likely that much of the design work for Stanley field will have application for development of Elevala and Ketu.

Yours faithfully,



**Michael Sheridan**

Chief Financial Officer/Company Secretary



For further information please contact:

Mr Brent Emmett

Telephone: (+612) 9332 5000

Facsimile: (+612) 9332 5050

Email: [exploration@horizonoil.com.au](mailto:exploration@horizonoil.com.au)

Or visit [www.horizonoil.com.au](http://www.horizonoil.com.au)