



John MANZONI

Talisman Energy is one of Canada's super-independents. With operations in Canada and subsidiaries in the UK, Norway, South-East Asia, North Africa and the United States, Talisman is one of the largest newcomers in the Kurdistan Region. It is involved in a non-operator position in the Kalar-Bawanoor licence, with one wildcat drilled (Sarqala-1) and abandoned for technical reasons despite oil shows, and another well spudded in May 2009 (Kurdamir-1)

Working the magic

TOGY talks to

John MANZONI, President and Chief Executive Officer
TALISMAN

The Oil & Gas Year: *At a time when Talisman Energy is adopting a new strategy based on focusing its portfolio, growing its existing asset base and finding new growth opportunities, how is the Kurdistan Region of Iraq fitting into this new picture?*

John A. MANZONI: In May of 2008, Talisman announced a new strategy which included optimising our global exploration effort. We are looking for sizeable new opportunities which are capable of adding significant longer-term production volumes. The region of Kurdistan is highly prospective and relatively under-explored and we hope to find significant hydro-carbon resources.

We are also sharpening the focus of our oil and gas portfolio by selling some assets and looking to increase our spending in other areas, particularly North America. Longer term we need to find opportunities which could be material for a company of our size. Therefore this opportunity in the Kurdistan Region of Iraq fits our strategy very well.

TOGY: *Political tensions, undeveloped infrastructure, export difficulties... What are for Talisman Energy the largest and most pressing challenges facing exploration and potential exploration activities in the region of Kurdistan?*

JAM: Development of the oil and gas industry in parts of the Kurdistan Region are still in their infancy and we believe that investment by companies like Talisman will help further development in the area.

We remain optimistic that, through continued dialogue the issues related to oil & gas exploration will be successfully resolved, in a timely manner, thus facilitating development of the natural resources in the Kurdistan Region, to the benefit of both the people in the region and wider Iraq.

TOGY: *At the time of investment decision, how did you weigh the pros and cons for acquiring the rights to the Kalar Bawanoor licences?*

JAM: We looked at the decision to invest in the Kurdistan Region very carefully and did comprehensive due diligence on the legal, regulatory, security and corporate responsibility aspects of the deal. There are risks associated here, as with anything we do, but we believe the legal and infrastructure issues will be resolved over time and we can move from exploration, to development, to production.

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TOGY: *Please present to the readers of The Oil & Gas Year the Kalar-Bawanoor block, its geology and the work programme as well as your work plan for block K39.*

JAM: Broadly speaking, this is a region of mountainous foldbelt of the Cretaceous and Tertiary ages. The work programme for K44 includes a three-well commitment and we expect to spend roughly 80 million US dollars, including past costs. We started drilling our second exploration well, Kurdamir-1 well on block K44 in May 2009 and we expect to finish drilling sometime in the fourth quarter of this year. The first exploration well, Sarqala #1 was suspended due to operational difficulties and could not be tested. On block K39, the work programme involves seismic acquisition commitments over the next two years

followed by an option to enter into a PSC with a one-well commitment within the first year.

TOGY: *Talisman Energy's 220 million US dollar conditional contributions to the KRG for infrastructure and capacity-building projects: Can you provide the readers of The Oil & Gas Year in Iraq-Kurdistan Region with some highlights on a somewhat unusual entry fee?*

JAM: Talisman is committed to corporate responsibility, which is part of the reason that we were pleased to be able to provide a capacity building support payment rather than a typical signing bonus. The purpose of the payment is to fund infrastructure and projects that benefit the people of the region, particularly people in the areas where we operate. The size of the payment is large, but this reflects the size of the potential we see in the Kurdistan Region.

TOGY: *There has been some close cooperation between the operators in the Kurdistan region and some real efforts to nurture a local oil and gas sector. What is Talisman Energy's opinion of these movements? What role should foreign operators play in the development of local oil and gas industrial expertise?*

JAM: Wherever we work around the world, we train and develop local people in management, technical and operating roles. It is in our best interest to have employees work where they live, since this makes for more engaged management and efficient operations. We do what we can to develop local talent where it makes sense.

TOGY: *What is the technical and operational relevance of Talisman Energy's diversified worldwide experience to the future developments of its KRG assets?*

JAM: Our global experience is very relevant to our work in the Kurdistan Region. We have conducted exploration programmes in Colombia, Peru, Trinidad, North Africa, Qatar, Indonesia, Malaysia, Vietnam, the North Sea, Alaska and Canada. We have a proven track record of successful exploration and development around the world, which hopefully will continue in the KRG.

This also means that we can bring Talisman's global experience to local operations. For example, if we know of a drilling best practice that has served us well in other parts of the world, we can adapt this practice to our operations in the Kurdistan Region. We have people working for Talisman with world-class skills in areas like reservoir engineering, drilling, completions and resource recovery, which we can bring to the KRG. We also have an opportunity to build skills and experience into the community where we work, which helps our operations and the wider society.

TOGY: *What are Talisman's expectations as far as using its presence in Kurdistan as a stepping stone for future regional activities?*

JAM: We are always open to opportunities to expand our business where it is economically viable and mutually beneficial. Our relationships with government, communities and industry in the region have been very positive and we look forward to many years of doing business in the KRG.