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Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549-1090

Re: File Number S7-29-07

Dear Ms. Morris:

This letter is in response to the Commission's Concept Release on Possible Revisions to the Disclosure Requirements Relating to Oil and Gas Reserves (the "Concept Release"). We, Talisman Energy Inc. ("Talisman"), appreciate the opportunity to provide comments to the Commission on the Concept Release. Talisman applauds the Commission for engaging industry participants on the questions posed in the Concept Release.

Talisman's common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange. Talisman files its oil and gas disclosure with the Commission on Form 40-F in accordance with the multijurisdictional disclosure system ("MJDS"). Talisman discloses proved reserves and the standardized measure of its proved reserves in accordance with the requirements of the Commission. Talisman also discloses probable reserves determined in accordance with the definition established by the Society of Petroleum Engineers/World Petroleum Congress. Talisman obtained an exemption order from securities regulators in Canada to permit it to make its oil and gas reserves disclosure in such manner. Talisman also obtained an order exempting it from the mandatory independent reserves evaluation/audit requirement of National Instrument 51-101 (Standards of Disclosure for Oil and Gas Activities).

Below are Talisman's responses to the specific questions posed in the Concept Release:

1. Should we replace our rules-based current oil and gas reserves disclosure requirements, which identify in specific terms which disclosures are required and which are prohibited, with a principles-based rule? If yes, what primary disclosure principles should the Commission consider? If the Commission were to adopt a principles-based reserves disclosure framework, how could it affect disclosure quality, consistency and comparability?

We recommend that the Commission adopt a primarily principles-based disclosure framework. Specifically, we recommend that the Commission require the disclosure of proved and probable reserves, applying the definitions of the Society of Petroleum Engineers Petroleum Resources Management System (the "SPE-PRMS" or the "Management System"). We also recommend that the Commission permit issuers to make optional disclosure of the other reserves and resources categories defined in the SPE-PRMS. Companies would also then have the possibility to disclose additional assets using a standardized set of definitions that have been developed by the petroleum industry and are currently used by the petroleum industry. The overall approach of the SPE-PRMS is more principles-based than rules based, as the PRMS recognizes that its definitions and guidelines allow flexibility for users and agencies to tailor application for their particular needs.

Adoption of the SPE-PRMS definitions, coupled with mandatory disclosure of proved and probable reserves, would result in a baseline of consistent and comparable data among issuers. Disclosure quality should be enhanced because disclosure would be more consistent with the economic basis upon which oil and gas issuers are valued and upon which investment decisions are made. Disclosure consistency and comparability on a global basis would be enhanced. As the SPE-PRMS states in its preamble, "These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources".

Talisman also urges the Commission to regulate disclosure of resources in investor presentation materials and websites along the lines of the recent amendments to Canada's National Instrument 51-101. These sources of information are very important for investors and it is important that standardized terminology and appropriate risk factors be employed in these communications in order to achieve the Commission's goals of quality, consistency and comparability.

2. Should the Commission consider allowing companies to disclose reserves other than proved reserves in filings with the SEC? If we were to allow companies to include reserves other than proved reserves, what reserves disclosure should we consider? Should we specify categories of reserves? If so, how should we define those categories?

We recommend that the Commission require companies to disclose probable reserves, in addition to proved reserves, in filings with the SEC. In our view, probable reserves are material to the valuation of most oil and gas companies, and is the reason why Talisman discloses probable reserves in its Form 40-F. As discussed in the response to #1, the Commission should also consider permitting optional disclosure of the other SPE-PRMS categories of reserves and resources.

3. Should the Commission adopt all or part of the SPE-PRMS? If so, what portions should we consider adopting? Are there other classification frameworks the Commission should consider? If the Commission were to adopt a different classification framework, how should the Commission respond if that framework later changed?

We recommend that the Commission adopt all of the SPE-PRMS. Talisman does not believe the Commission should adopt a different classification framework. The SPE-PRMS is the result of years of consultation among industry professionals and industry participants. It is intended to improve clarity in global communications regarding petroleum resources and is an industry standard.

The SPE-PRMS may be changed in the future to respond to changes in the industry, such as technological changes. As the Management System changes, the Commission could evaluate the changes and adopt them if they are suitable.

4. Should we consider revising the current definition of proved reserves, proved developed reserves and proved undeveloped reserves? If so, how? Is there a way to revise the definition or the elements of the definition, to accommodate future technological innovations?

Consistent with our previous responses, we recommend that the Commission revise the definitions to be consistent with those in the SPE-PRMS. We are of the view that the SPE-PRMS guidelines for the proved reserves definition accommodates future technological innovations.

5. Should we specify the tests companies must undertake to estimate reserves? If so, what tests should we require? Should we specify the data companies must produce to support reserves conclusions? Should we specify the process a company must follow to assess that data in estimating reserves?

Talisman believes that the SPE-PRMS provides enough requirements to properly and consistently estimate reserves and that the Commission should not specify tests or data to support reserves conclusions.

6. Should we consider the concept of reasonable certainty with regard to proved undeveloped reserves? If we were to replace it, what would we replace it with? How could that affect disclosure quality? Should we consider requiring companies to make certain assumptions? Should we prohibit others?

The SPE-PRMS adopts the concept of reasonable certainty and provides guidelines regarding determination of reasonable certainty, all of which Talisman supports.

7. Should we consider the concept of certainty with regard to proved undeveloped reserves? Should we allow companies to indefinitely classify undeveloped reserves as proved?

The SPE-PRMS provides guidelines regarding the certainty/time periods for booking proved undeveloped reserves, all of which Talisman supports.

8. Should we consider the concept of economic producibility? If we were to replace it, what should we replace it with? How could that affect disclosure quality? Should we consider requiring companies to make certain assumptions? Should we prohibit others?

The SPE-PRMS permits the issuer to apply a reasonable forecast of future conditions in determining economic producibility and requires that the assumptions utilized in the forecast of future conditions be documented. Talisman supports this concept of economic producibility.

9. Should we reconsider the concept of existing operating conditions? If we were to replace it, what should we replace it with? How could that affect disclosure quality? Should we consider requiring companies to make certain assumptions? Should we prohibit others?

The SPE-PRMS allows forecast commercial conditions and requires that they be disclosed and be reasonable. We are of the view that this approach better reflects the value of an oil and gas company and should be adopted by the Commission.

10. Should we consider requiring companies to use a sale price in estimating reserves? If so, how should we establish a price framework? Should we require or allow companies to use an average price instead of a fixed price or a future price instead of a spot price? Should we allow companies to determine the price framework? How would allowing companies to use different prices affect disclosure quality and consistency? Regardless of the pricing method that is used, should allow or require companies to present a sensitivity analysis that would quantify the effect of price changes on the level of proved reserves?

Under the Management System, the core method of performing the economic evaluation of reserves is based on the entity's reasonable forecast of future conditions, including costs and prices, which will exist during the life of the project. The Management System recognizes that supplementary economic scenarios may be considered, such as a case in which current conditions are held constant. Talisman supports the approach to pricing set out in the Management System, while recognizing that there are pros and cons to the various alternatives. The approach taken in the Management System is similar to the approach taken by Canadian securities regulators in the recently amended NI 51-101.

11. Should we consider eliminating any current exclusions from proved reserves? How could removing these exclusions affect disclosure quality?
12. Should we consider eliminating any of the current exclusions from oil and gas activities? How could removing these exclusions affect disclosure quality?

The SPE-PRMS permits the inclusion of hydrocarbons from shale, tar sands and coal. By removing these exclusions, industry participants will be able to disclose the entirety of their asset base in filings with the Commission, thereby better aligning the legal disclosure record with all material information pertaining to oil and gas companies. For many oil and gas companies, these non-conventional hydrocarbons are becoming increasingly important and a "grey" area in disclosure has arisen as a result of the Commission's current exclusions.

13. Should we consider eliminating the current restrictions on including oil and gas reserves from sources that require further processing, e.g. tar sands? If we were to eliminate the current restrictions, how should we consider a disclosure framework for those reserves? What physical form of those reserves should we consider in evaluating such a

framework? Is there a way to establish a disclosure framework that accommodates unforeseen resource discoveries and processing methods?

14. What aspects of technology should we consider in evaluating a disclosure framework? Is there a way to establish a disclosure framework that accommodates technological advances?

The SPE-PRMS permits the evaluation of resources that require further processing and is designed to be independent of specific production and processing methods. As a result, Talisman believes that the SPE-PRMS already accommodates unforeseen resources discoveries, processing methods, and technological advances.

15. Should we consider requiring companies to engage an independent third party to evaluate their reserves estimates in the filing they make with us? If yes, what should that party's role be? Should we specify who would qualify to perform this function? If so, who should be permitted to perform this function and what professional standards should they follow? Are there professional organizations that the Commission can look to set and enforce adherence to those standards?

As we indicated at the beginning of this comment letter, Talisman obtained an exemption from the independent evaluation/audit requirement under Canada's National Instrument 51-101. In obtaining such exemption, Talisman was required to satisfy Canadian securities regulators (and its Board of Directors) that the reliability of its internally generated reserves data is not materially less than would be afforded by our involving independent qualified reserves evaluators or independent reserves auditors to evaluate or audit the reserves data. A certificate to this effect approved by Talisman's Board of Directors is included in Talisman's Form 40-F. Talisman continues to believe that mandatory third party evaluation/audit for large issuers with qualified internal reserves evaluators is not in the public's interest. We believe that our internal evaluators can better assess our reserves and resources than external evaluators, and that mandatory third party evaluation will lead to additional costs without improved disclosure. Of course, it may well be good governance practice to engage independent evaluation/audit of a portion of an oil and gas company's reserves each year and any material discrepancies should be disclosed, but the extent of such third party involvement should be determined by each company.

Sincerely,

Talisman Energy Inc.

“SIGNED”

M. Jacqueline Sheppard
Executive Vice-President, Corporate & Legal
and Corporate Secretary