



Horizon Oil Limited ABN 51 009 799 155

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6 December 2010

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

HORIZON OIL COMMENCES DRILLING OF STANLEY-2 APPRAISAL/DEVELOPMENT WELL IN PAPUA NEW GUINEA

The Company advises that the Stanley-2 well was spudded yesterday, 5 December 2010, by its wholly owned subsidiary, Horizon Oil (Papua) Limited.

The Stanley-2 well is located in the PRL 4 licence, approximately 100 km south of the Ok Tedi copper mine and 45 km north of the town of Kiunga in the Western Province of PNG.

The Stanley-2 well is designed to appraise the Stanley gas/condensate accumulation, discovered by the Stanley-1 well in 1999. The current estimate of most likely resources in the primary Toro reservoir is approximately 300 billion cubic feet of recoverable gas and 9 million barrels of condensate. If successful, the well will be completed as one of the two planned gas production wells in the Stanley condensate stripping project, which is being operated by Horizon Oil.

The well program is to drill a pilot hole to basement at a crestal location on the field to evaluate all prospective zones high on the structure, before plugging back and sidetracking to drill a high-angle deviated well some 600 – 800 metres through the Toro reservoir. This will be the development well.

The planned total depth of the well is 3,270 m True Vertical depth (TVD) to basement and the Toro reservoir is expected to be encountered at approximately 3,000 m TVD.

The participants in PRL 4 are:-

Horizon Oil (Papua) Limited (operator) (a wholly owned subsidiary of Horizon Oil Limited (HZN))	50% ¹
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Talisman Niugini Pty Limited (a wholly owned subsidiary of Talisman Energy Inc (TLM:US))	50% ¹
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¹ Subject to grant of Ministerial approval in respect of the transfer of a 22.05% participating interest from Horizon Oil (Papua) Limited to Talisman Niugini Pty Limited

Yours faithfully,



Michael Sheridan

Chief Financial Officer & Company Secretary



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