

CORE STRENGTH

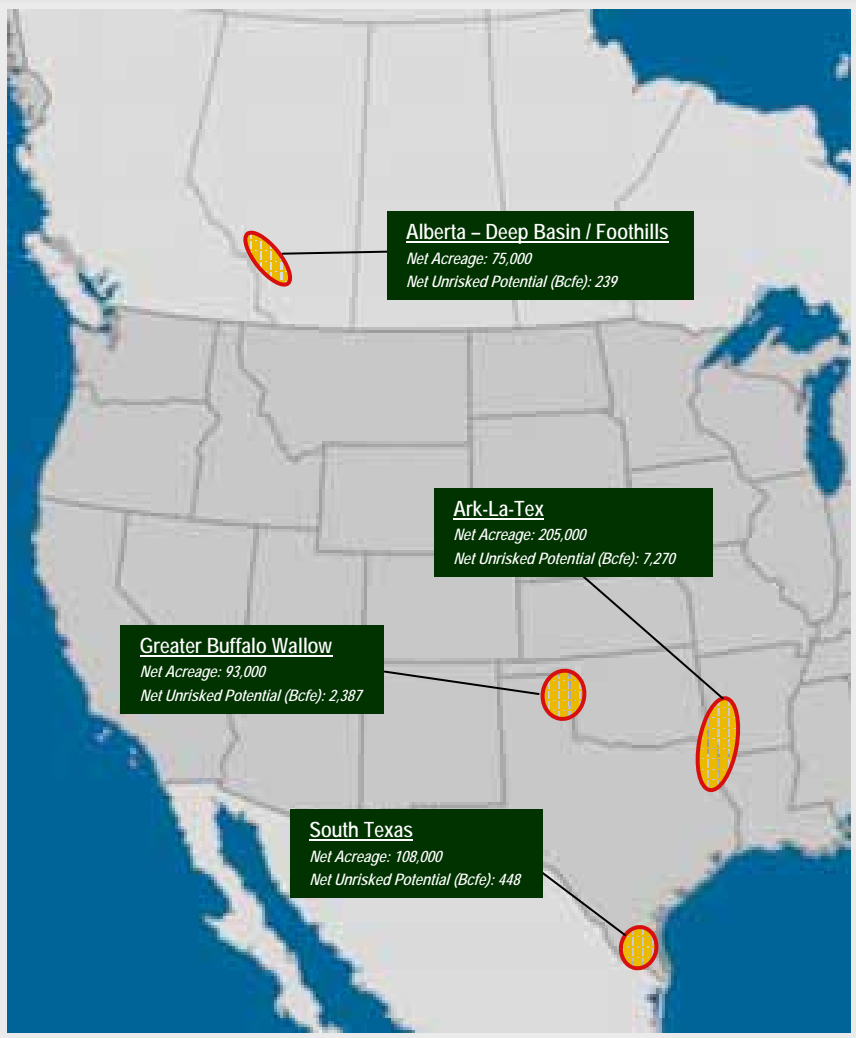


Bank of America Merrill Lynch Credit Conference

December 2, 2009



Forest Oil – Snapshot



Core Areas

Market Capitalization: <i>(11/30/09)</i>	\$2.0 Billion
Enterprise Value*	\$3.5 Billion
2008 Est. Proved Reserves*	2.2 Tcfe
R/P Ratio*	11.8 Years
Potential Locations*: <i>(Fully Developed)</i>	16,284**
Net Unrisked Potential*	17.1 Tcfe**
2009 Production Guidance:	182-192 Bcfe

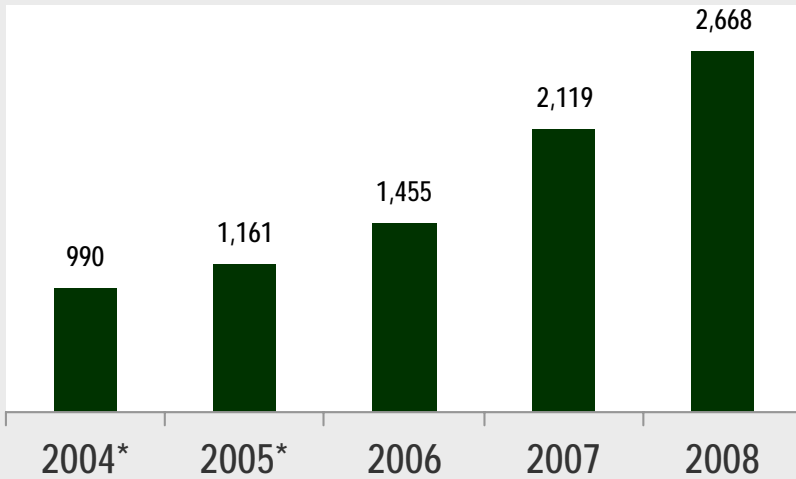


* Pro forma for Forest's Permian Basin and non-core Canadian divestitures
 ** As of 12/31/08; does not include estimated proved reserves or locations associated with estimated proved reserves

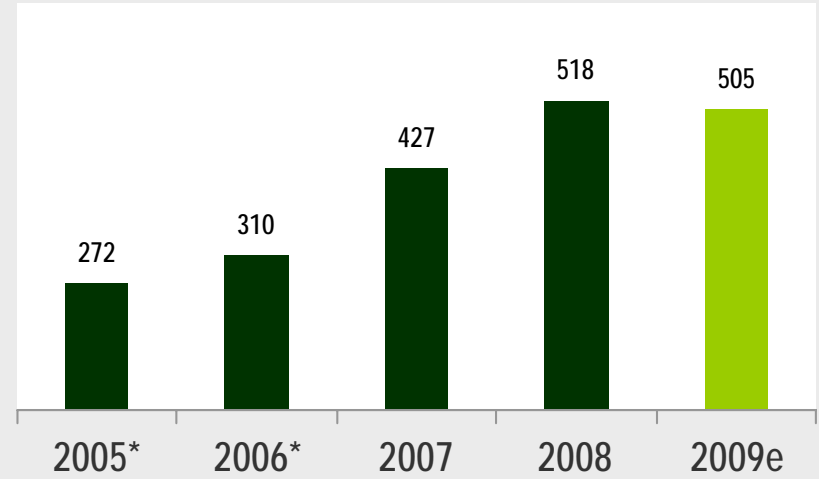


Key Statistics and Guidance

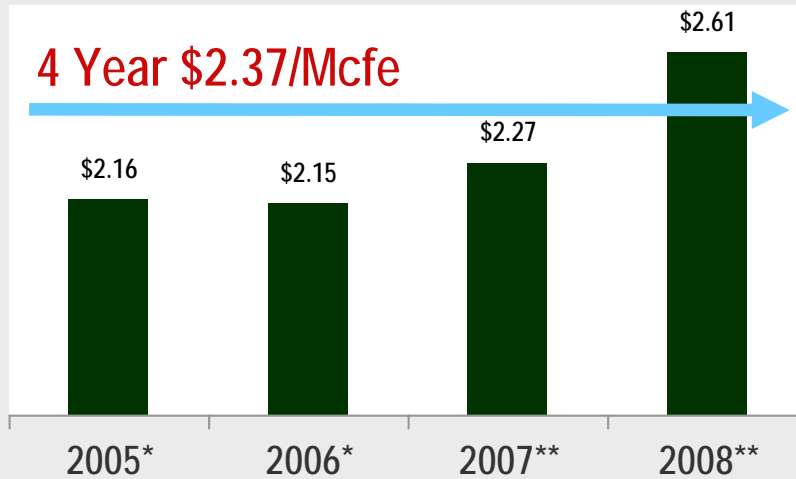
ESTIMATED PROVED RESERVES (Bcfe)



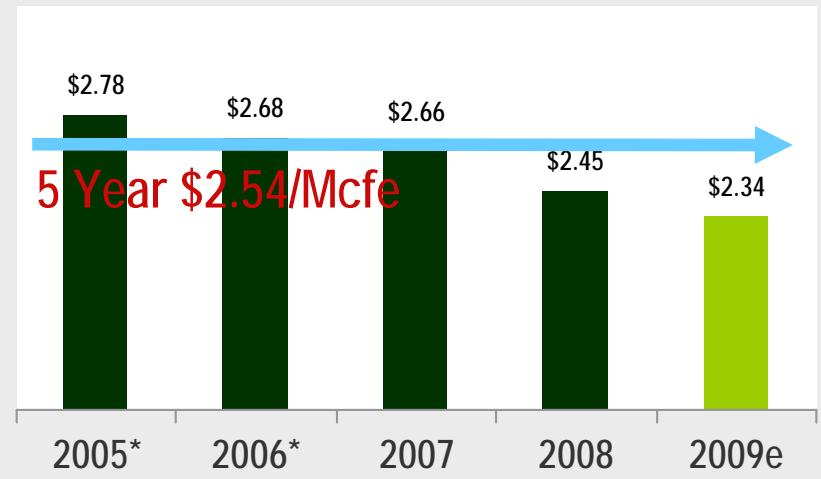
PRODUCTION (MMcfe/d)



FD&A COSTS (\$/Mcf)



TOTAL CASH COSTS (\$/Mcf)



* Pro forma for the spin-off of the Gulf of Mexico operations
 ** Does not include effects of Alaska properties during 2007 or reserve revisions



2009 Divestiture Summary

2009 Divestiture Summary

	<u>Permian</u>	<u>2009 Total</u>
Total Sales Proceeds <i>(\$MM)</i>	\$800	\$1,040
2008 Est. Proved <i>(Bcfe)</i>	321	456
2008 Est. PD <i>(%)</i>	67	68
Current Production <i>(MMcfe/d)</i>	46	68
EBITDA* <i>(Multiple)</i>	13.7	13.5

Balance Sheet

- Transactions provide additional liquidity to Forest's balance sheet
 - Pro forma liquidity, including cash of approximately \$1.7 billion
 - Pro forma principal debt of approximately \$1.5 billion
- Forest recognizes value of U.S. net operating loss carryforward positions

Strategic

- Transactions provide a means to focus on high impact growth development in core growth plays:
 - GBW – Granite Wash
 - Haynesville Shale
 - Canadian Deep Basin
- Forest expects more aggressive growth in 2010

Forest Pro Forma Statistics

Total Principal Net Debt <i>(\$MM)</i>	\$1,526
2008 Est. Proved <i>(Bcfe)</i>	2,213
2008 Est. PD <i>(%)</i>	62
Net Debt: 2008 Est. Proved <i>(\$/Mcf)</i>	0.69
Net Debt: 2008 Est. PD <i>(\$/Mcf)</i>	1.11

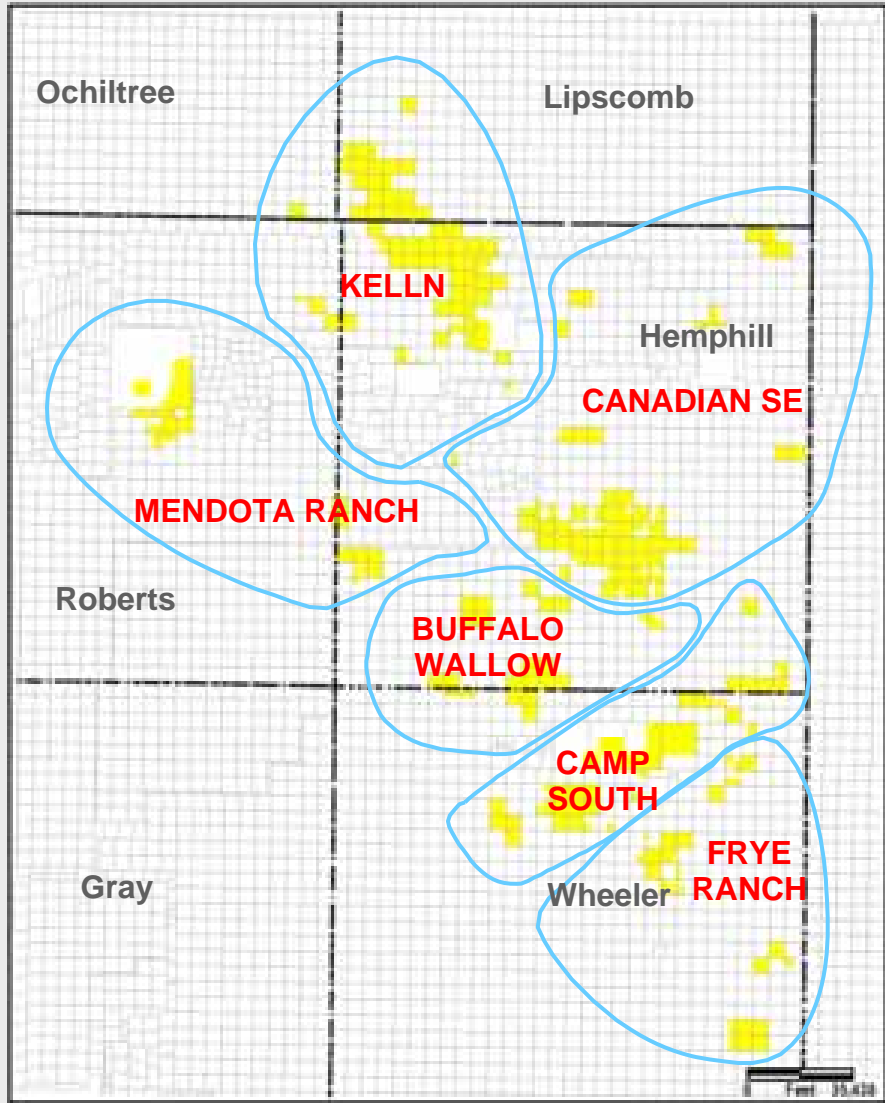


Capital Expenditure Plan

- E&D spending designed to be within discretionary cash flow
- Protect lease expirations and non-consent penalties
- Horizontal drilling economic results have significantly improved
- Primarily focused on Greater Buffalo Wallow and East Texas/North Louisiana Haynesville for remainder of 2009 and in 2010
- Enhanced efficiencies through rig ownership and cost control initiatives



Forest Oil's Granite Wash Position



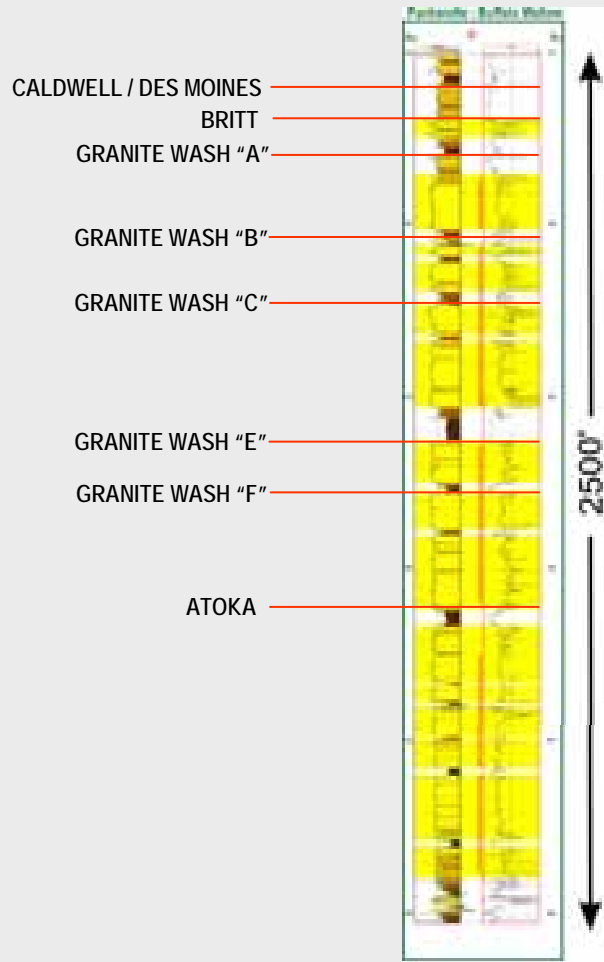
Area Nomenclature

- Different Nomenclature...Same Play
- Transition to horizontal drilling involved minimal vertical drilling to secure sections allowing for optimal horizontal development
- Acreage accumulated through grass roots leasing, farm outs and acquisitions
- Frac mapping was performed to allow for more efficient spacing and less interference between wells
- Large company database from over 400 well bores



Geologic Zones in Greater Buffalo Wallow Area

Type Log – Vertical Nomenclature

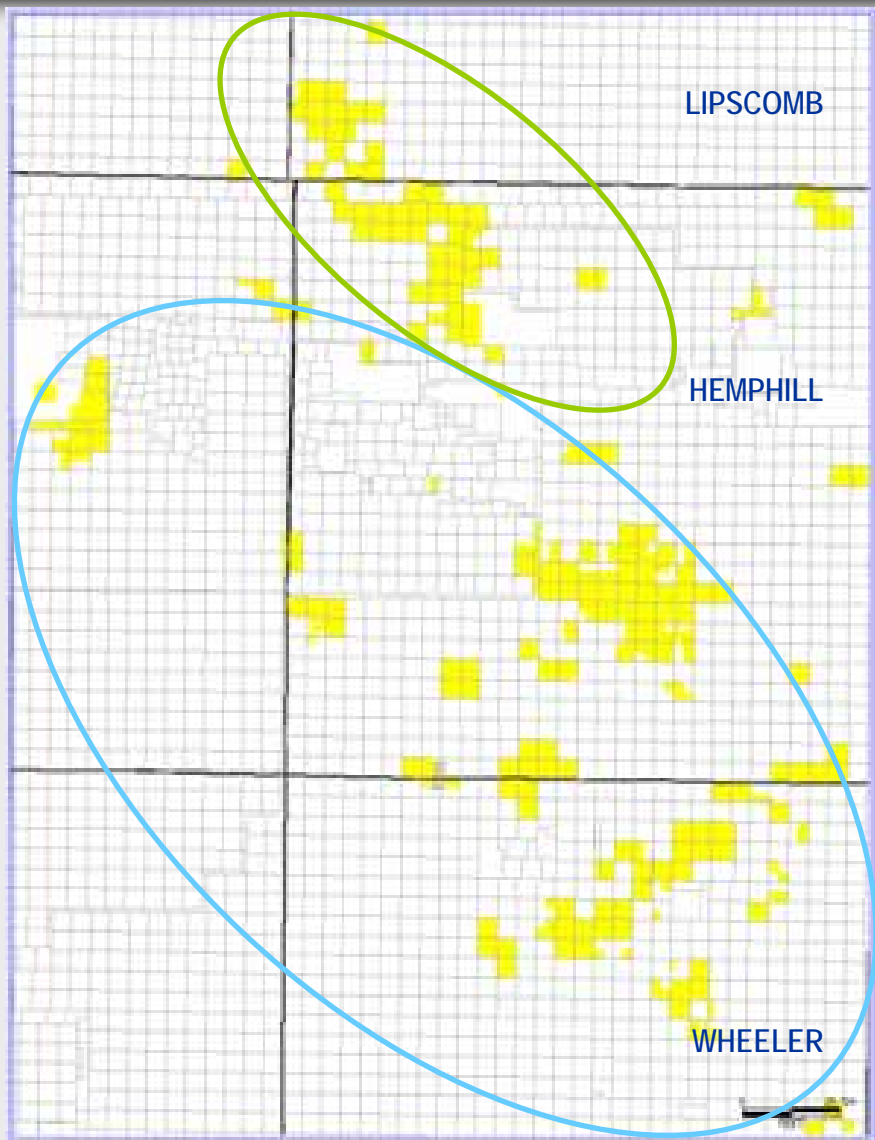


Basic Play Facts

- Extends over large area in Texas Panhandle and Western Oklahoma
- Depths of play range from 13,000' to 17,000' and the total thickness of this deposition ranges from 1,500' to 3,500'
- Amount of pay varies depending on acreage position
- Other potential objectives in the Morrow, Douglas, Cleveland, Novi Lime, St. Louis Lime and Tonkawa



Greater Buffalo Wallow Area



Greater Buffalo Wallow Area Attributes

- 122,000 gross acres (93,000 net) prospective for the Atoka, Granite Wash, Cleveland, Douglas, and Morrow
- Excellent multi-zone horizontal potential
 - Second operated horizontal in the Granite Wash at an IP of 30 MMcfe/d (2/3rds liquids)
 - Shallow Morrow horizontal tested at 7.5 MMcfe/d with cost of \$3.9 million
- Expect to run 3 – 4 horizontal rigs for the remainder of 2009 and beginning in 2010

○ Granite Wash Hz Fairway ○ Lower Morrow Hz Fairway

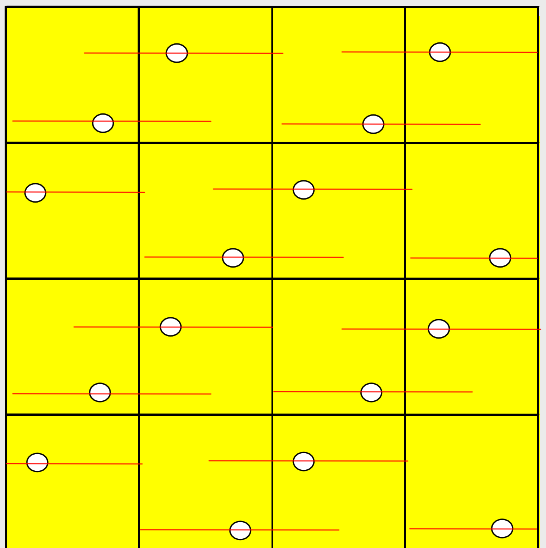


Texas Panhandle: Horizontal vs. Vertical Development

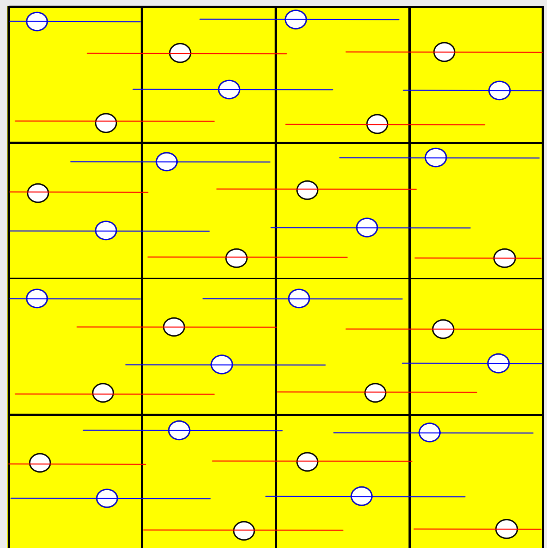
Horizontal Drilling – Most Efficient Development

Scenario	# of Wells	EUR/Well (Bcfe)	EUR/Sec (Bcfe)	D&C (\$MM)	Dev Cost/Sec (\$MM)	F&D (\$/Mcfe)
40-Acre Vertical	16	1.5	23.2	\$2.3	\$36.9	\$1.59
20-Acre Vertical	32	1.5	46.5	\$2.3	\$73.8	\$1.59
Granite Wash Horizontal	3	7.2	21.6	\$5.5	\$16.6	\$.77
Atoka Horizontal	3	6.8	20.3	\$9.9	\$29.7	\$1.46
Twin Horizontal	6		41.9		\$46.3	\$1.11
20-Acre vs. Twin	(26)		(4.6)		(\$27.5)	(\$5.98)

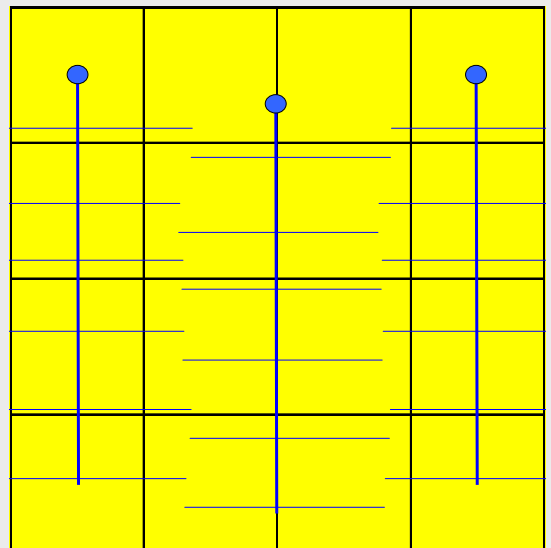
40 Acre Spacing



20 Acre Spacing



Horizontal Development

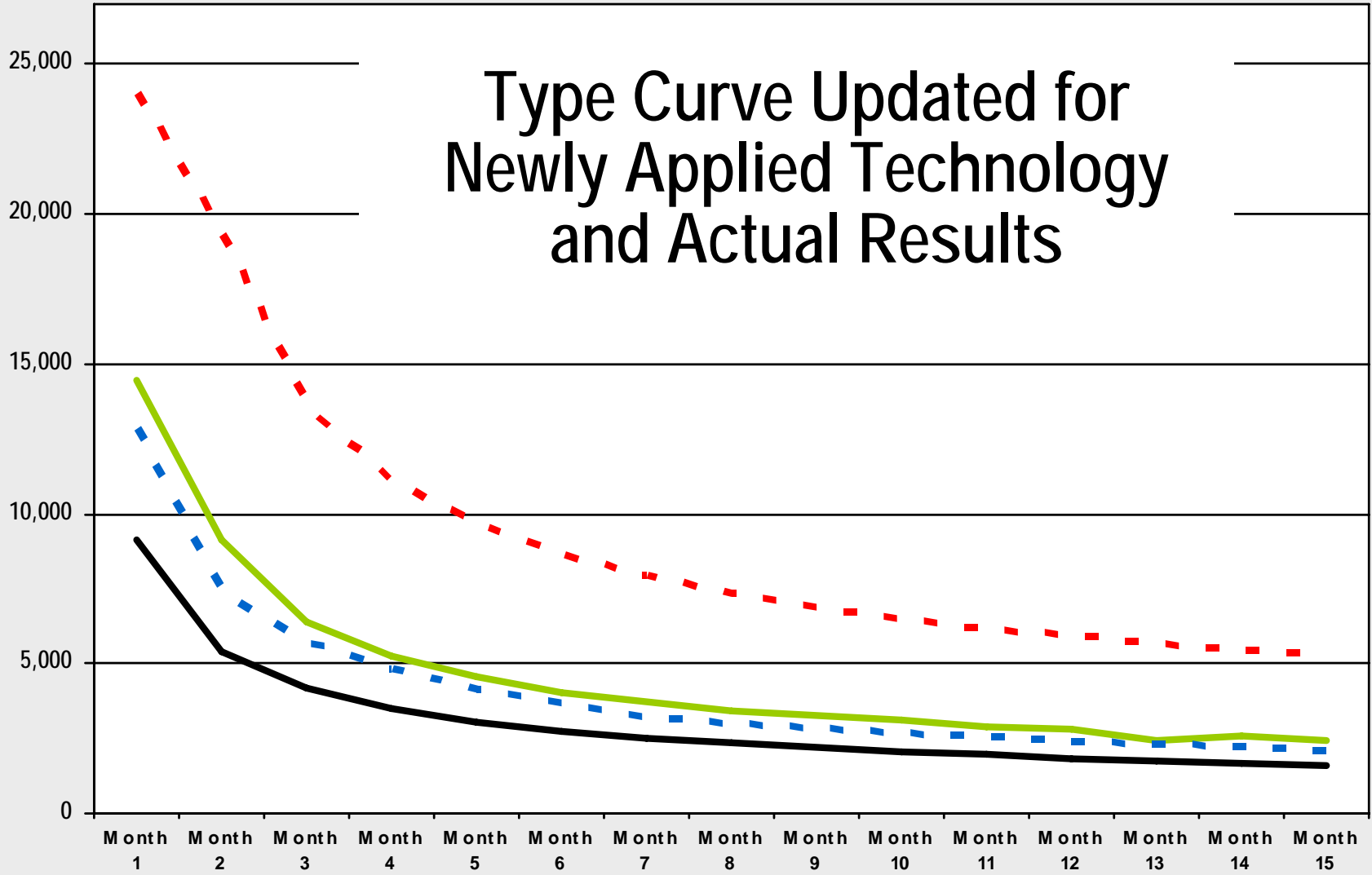




Granite Wash Type Curves

Gross Mcfe/d

Type Curve Updated for Newly Applied Technology and Actual Results

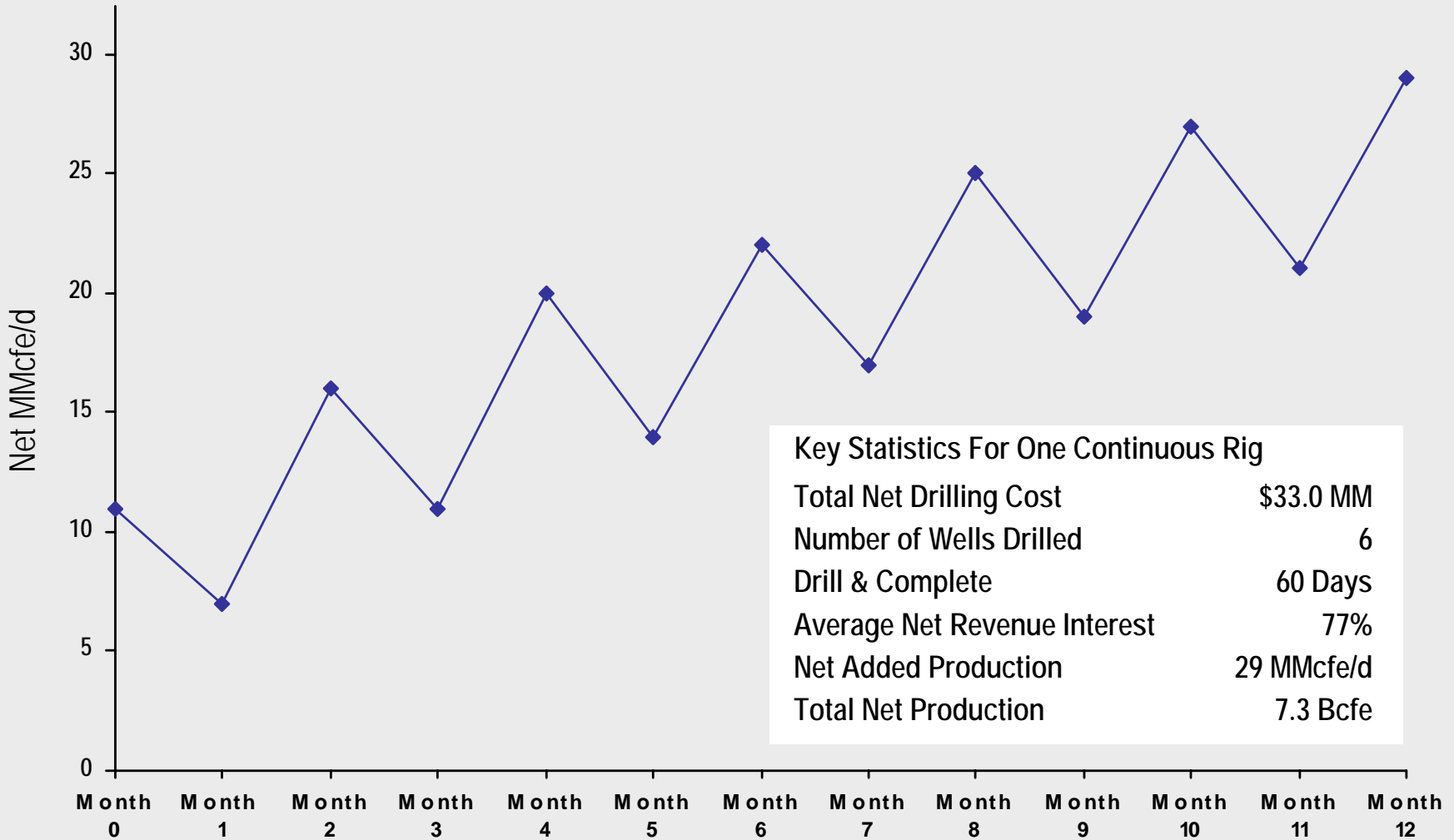


* NYMEX price

NEW Median Case OLD Median Case Zybach 30 MMcfe/d 24 hr IP



Granite Wash – One Rig Effect*



* Assumes 100% working interest well drilled

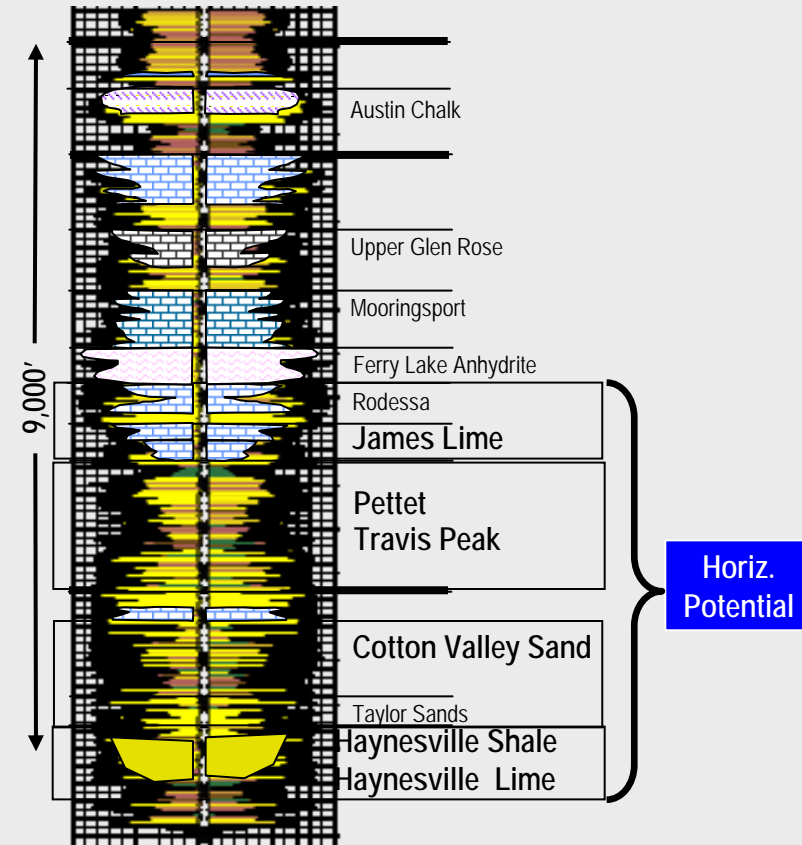


East Texas/North Louisiana Potential

Forest's "Core Strengths" in Resource Plays

- Low cost of entry provides superior economics
- Up front integration of data before horizontal drilling includes cores samples
- Mechanical success on horizontal completions
- Cost and extraction efficiencies as play expands

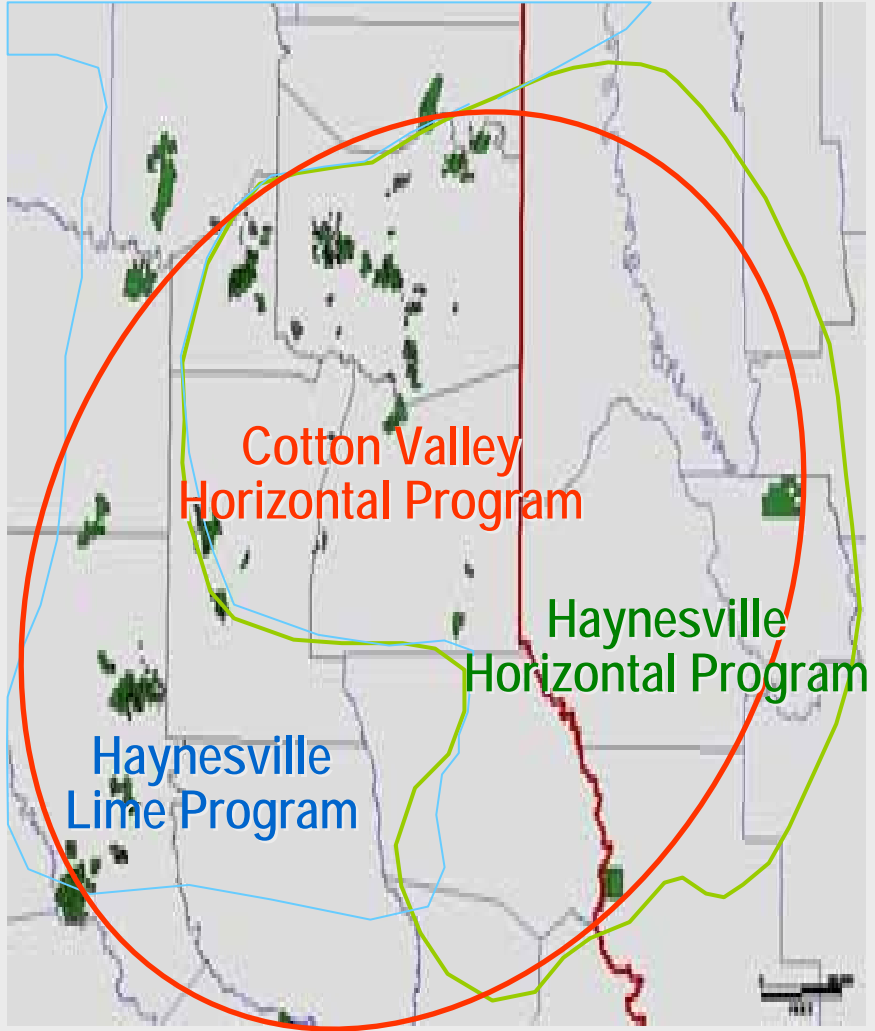
E. Texas/N. Louisiana Geologic Zones



“Acreage In East Texas/North Louisiana Provides Multiple Production Horizons”



Haynesville/Bossier Shale



East Texas/North Louisiana

- 140,000 gross acres (127,000 net) prospective for Haynesville
- Shallow and deep rights on majority of acreage
- 14 vertical Haynesville tests completed to date
- Louisiana: 4 horizontals with IP's from 14 – 21 MMcfe/d
- Texas: Industry IP's improving; will participate in Middle Bossier tests
- 1 – 2 rig Haynesville program for remainder of 2009
- 100% mechanical success while maintaining cost control



Financially Flexible

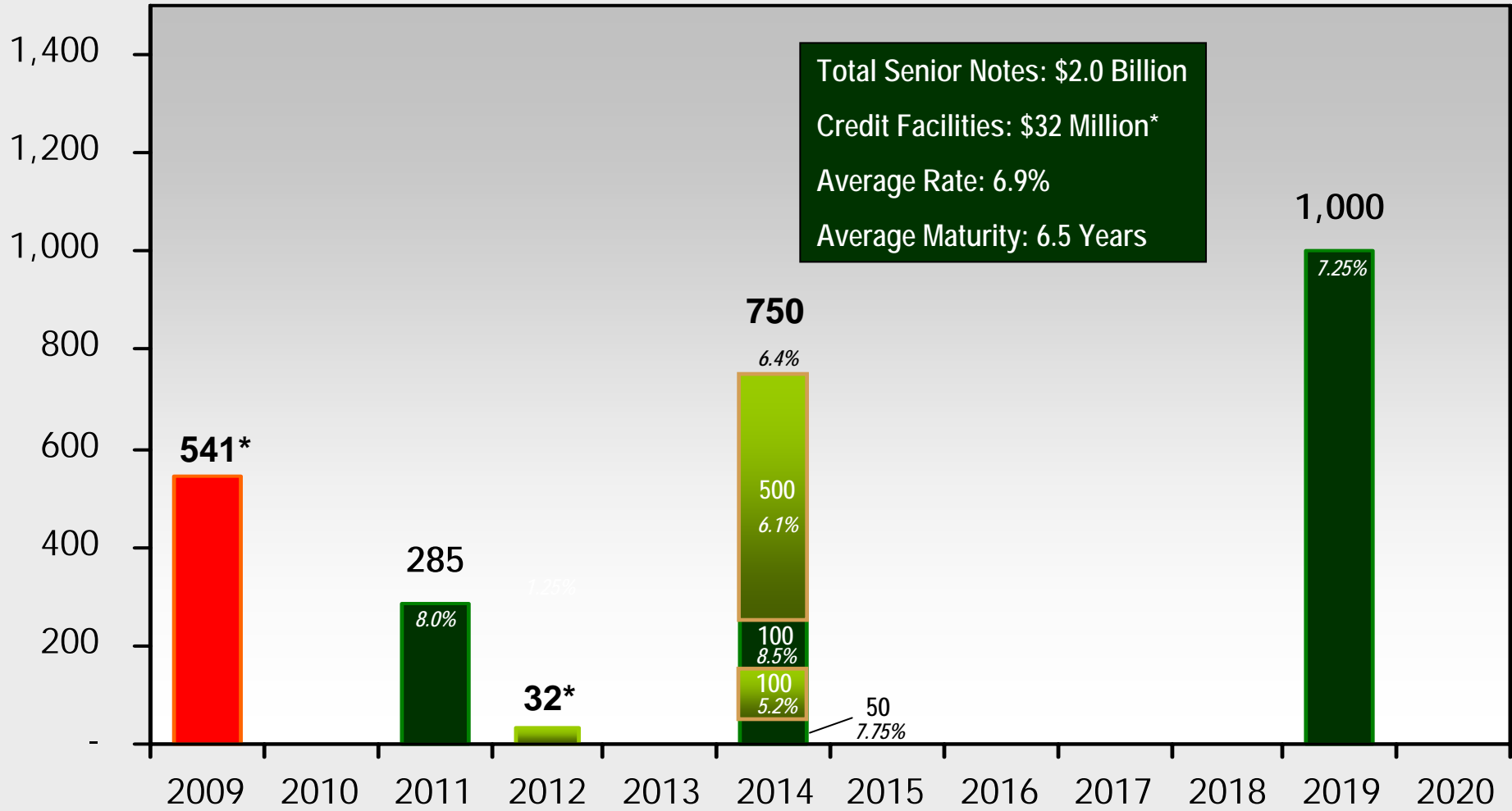
- Staggered long term debt maturity schedule
- Recent announced property sales to further reduce debt balance targeted by March 31, 2010
 - 46 MMcfe/d of Permian Basin production – DEAL SIGNED
 - 24 MMcfe/d of non-core Alberta production – 50% COMPLETED OR SIGNED
- Pro forma – approximately \$1.7 billion in liquidity under \$1.2 billion + borrowing base
- E&D spending designed to be within discretionary cash flow
- 70% of remaining 2009 natural gas production hedged at \$7.46/MMBtu floor
- 160 BBtu/d and 5.0 MBbl/d of 2010 natural gas and oil production hedged at floors of \$6.34/MMBtu and \$69.64/Bbl, respectively



Debt Maturity Profile

(\$MM)

9/30/09*



Note: Current LIBOR at 25 bps

Floating Fixed Cash

* Pro forma for Permian Basin and non-core Canadian divestitures



Capitalization and Net Debt Reconciliation

Total Capitalization (\$ MM)	3/31/09	9/30/09	9/30/09 PF*
Cash	\$1	5	541
Principal Amount of Long-Term Debt:			
Credit Facilities	913	453	32
8% Senior Notes due 2011	285	285	285
7% Senior Subordinated Notes due 2013	1	-	-
8 1/2% Senior Notes due 2014	600	600	600
7 3/4% Senior Notes due 2014	150	150	150
7 1/4% Senior Notes due 2019	1,000	1,000	1,000
Total Net Debt	\$2,948	2,483	1,526
Total Shareholders' Equity	\$489	1,006	1,006
Net Debt: Est. Proved Reserves (\$ / Mcfe)	\$1.11	0.96	0.69
Net Debt: Est. PD Reserves (\$ / Mcfe)	\$1.76	1.53	1.11
Borrowing Base	\$1,620	1,620	1,200+
Liquidity Including Cash	\$708	1,171	1,709

* U.S. and Canadian credit facility balances as of November 30, 2009; pro forma for Permian Basin and non-core Canadian divestitures



Hedge Portfolio – NYMEX Hedges

Hedging Price Risk

	Oct-Dec 2009	Weighted Price Floor/Ceiling	2010	Weighted Price Floor/Ceiling
Natural Gas Swaps				
Contract Volumes (BBtu/d)	210.0*		160.0	
Weighted Average Price (\$ per MMBtu)	7.49		6.34	
Natural Gas Collars				
Contract Volumes (BBtu/d)	40.0		-	
Weighted Average Ceiling Price (\$ per MMBtu)	9.76		-	
Weighted Average Floor Price (\$ per MMBtu)	7.31		-	
		\$7.46 - \$7.85		\$6.34
Oil Swaps				
Contract Volumes (MBbl/d)	4.5		3.0	
Weighted Average Price (\$ per Bbl)	69.01		76.06	
Oil Collars				
Contract Volumes (MBbl/d)	-		2.0	
Weighted Average Ceiling Price (\$ per Bbl)	-		98.50	
Weighted Average Floor Price (\$ per Bbl)	-		60.00	

* 10.0 Bbtu/d of natural gas swaps are subject to a written put of \$6.00 per MMBtu

\$69.01

\$69.64 – \$85.04

- 200 + Bbtu/d of basis hedged at (\$.70) per MMBtu in 2009 (60 Bbtu/d hedged in Mid-Con at (\$1.04))



Summary

- Portfolio management has created substantial North American gas resource plays
- 16,284 fully developed locations provide over 17.1 Tcfe of additional net unrisks potential with a large HBP component
- Announced asset sales will fund a focused horizontal program on core assets
- Built to withstand adverse environments; liquidity, cash flow and asset base are strong
- High quality assets, substantial liquidity, low cost structure and substantial upside in asset portfolio

“Forest Has A High Quality Focused Asset Base And Is Levered Operationally And Financially To Natural Gas”



Cautionary Statements

Forward Looking Statements – This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, that address activities that Forest assumes, plans, expects, believes, projects, estimates or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. The forward-looking statements provided in this presentation are based on management's current belief, based on currently available information, as to the outcome and timing of future events. Forest cautions that its future natural gas and liquids production, revenues, cash flows, liquidity, plans for future operations, expenses, outlook for oil and natural gas prices, timing of capital expenditures, and other forward-looking statements are subject to all of the risks and uncertainties normally incident to the exploration for and development and production and sale of oil and gas.

These risks include, but are not limited to, oil and natural gas price volatility, Forest's access to cash flows and other sources of liquidity to fund its capital expenditures, its level of indebtedness, its ability to replace production, the impact of the current financial crisis on Forest's business and financial condition, a lack of availability of goods and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating future oil and gas production or reserves, economic conditions and other risks as described in reports that Forest files with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. Also, the financial results of Forest's foreign operations are subject to currency exchange rate risks. Any of these factors could cause Forest's actual results and plans to differ materially from those in the forward-looking statements.

Reserves – The Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves, which are estimates that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Forest uses the terms "probable" and "possible" reserves, resource "potential" or "upside" or other descriptions of volumes of reserves or resources potentially recoverable through additional drilling or recovery techniques that the SEC's guidelines strictly prohibit Forest from including in filings with the SEC. These estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized by Forest. Resource potential refers to Forest's internal estimates of hydrocarbon quantities that may be potentially discovered through exploratory drilling or recovered with additional drilling or recovery techniques. Resource potential does not constitute reserves within the meaning of the Society of Petroleum Engineer's Petroleum Resource Management System and does not include any proved reserves. Area wide unrisked resource potential has not been risked by Forest's management. Actual quantities that may be ultimately recovered from Forest's interests will differ substantially. Factors affecting ultimate recovery include the scope of Forest's ongoing drilling program, which will be directly affected by the availability of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals and other factors; and actual drilling results, including geological and mechanical factors affecting recovery rates. Estimates of resource potential may change significantly as development of our resource plays provides additional data. Investors are urged to consider closely the disclosures in Forest's Annual Report on Form 10-K and Forest's Quarterly Reports on Form 10-Q, copies of which are available for free from Forest by writing Forest at 707 17th Street, Suite 3600, Denver, CO 80202, Attention: Investor Relations, or by calling Investor Relations at 303-812-1400, or visiting Forest's website at www.forestoil.com.