

IN THE ZONE



FOREST OIL CORPORATION

**Corporate Update**  
**November 6, 2008**



# Forest Oil Corporation - Snapshot

Market Capitalization (at 11/05/08): \$2.4 Billion

Enterprise Value: \$5.1 Billion

Corporate Credit Ratings: BB- / Ba3

2007 Year-end Estimated Proved Reserves\*: 2.6 Tcfe  
(74% natural gas)

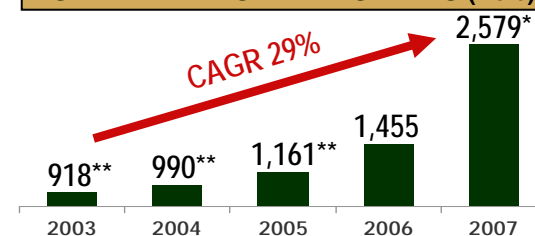
R/P Ratio\*: 13.8 Years

Potential Locations (Fully Developed)\*\*: 18,969

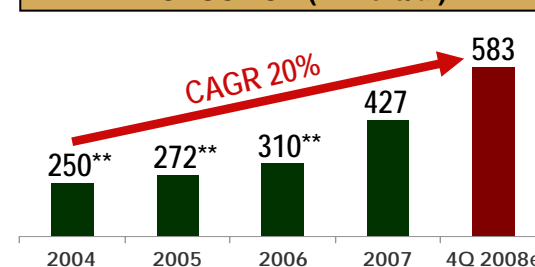
Net Unrisked Potential\*\*\*: 17.1 Tcfe

4Q 2008 Production Guidance: 575 – 590 MMcfe/d

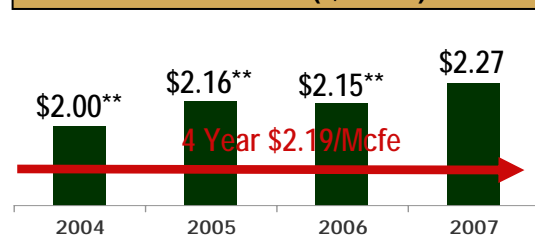
ESTIMATED PROVED RESERVES (Bcfe)



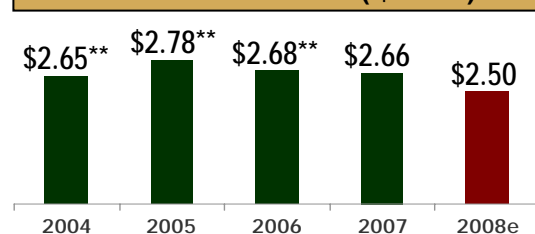
PRODUCTION (MMcfe/d)



FD&A COSTS (\$/Mcf)



TOTAL CASH COSTS (\$/Mcf)



**FST**  
**LISTED**  
**NYSE**

\* Pro forma for the Ark-La-Tex acquisition that closed on May 2, 2008 and the Greater Buffalo Wallow and East Texas acquisition that closed on September 30, 2008

\*\* Pro forma for the spin-off of the Gulf of Mexico operations

\*\*\* Does not include estimated proved reserves or locations associated with estimated proved reserves

# The 4-Point Strategy “Transformed”

## Increase Organic Growth

- Concentrate activity in our Core Area tight-gas basins which have a growth track record, horizontal potential and large project inventory
- Achieve step change growth through our New “Frontier” Program (North America exploration and unconventional)
- Divest non-growth assets to focus capital program on organic growth

## Maintain Capital Efficiency

- Utilize Core Area drilling experience across other Core Area applications
- Focus on supply chain and logistical efficiencies

## Control Costs

- Focus on margin extraction, do not be a “market taker”
- Expand efficiencies in Core Areas through consolidation
- Prudently allocate capital between Core vs. “Frontier” Areas and drillbit vs. acquisitions

## Preserve Financial Flexibility

- Maintain significant liquidity
- Use non-core asset sales as capital markets substitute for funding
- Employ tax assets as a tool in acquisitions to gain economic advantage

# "The 5 Year Anniversary" – 4 Point Strategy

## Transformation Highlights

- More than doubled reserves despite selling GOM and Alaska
- Paid special dividend of over \$1 billion
- Complete transformation:

Offshore



Onshore

Frontier Exploration



Focused Resource Plays

Low Growth



High Growth w/ Cash Flow

Limited Inventory



Large Unbooked Inventory  
(18,969 Locations)

69 wells drilled - 2002



495 wells drilled - 2007

Complacency



Active Consolidator

# Large Focused Inventory With “Running Room”\*

	Locations**	Net Unrisked Potential (Bcfe)**
North America Tight-Gas	11,850	6,091
Shale Plays	4,943	9,567
Conventional Assets	2,176	1,488
<b>Total</b>	<b>18,969</b>	<b>17,146</b>

\* Does not include exploration or unbooked discoveries (S. Africa, Italy and Mackenzie Delta)

\*\* Does not include estimated proved reserves or locations associated with estimated proved reserves



# Core Areas – Tight-Gas Sand Development



	Current Spacing	Fully Developed	Total
<b>Greater Buffalo Wallow Area</b>			
Gross Project Inventory	1,829	752	2,581
Net Unrisked Potential (Bcfe)*	1,755	652	2,407
<b>Canada Deep Basin</b>			
Gross Project Inventory	112	200	312
Net Unrisked Potential (Bcfe)*	92	177	269
<b>East Texas / N. Louisiana</b>			
Gross Project Inventory	1,333	890	2,223
Net Unrisked Potential (Bcfe)*	760	551	1,311
<b>South Texas</b>			
Gross Project Inventory	448	-	448
Net Unrisked Potential (Bcfe)*	434	-	434
<b>Arkoma</b>			
Gross Project Inventory	893	-	893
Net Unrisked Potential (Bcfe)*	218	-	218
<b>Core Areas</b>			
Gross Project Inventory	4,615	1,842	6,457
Net Unrisked Potential (Bcfe)*	3,259	1,380	4,639

\* Does not include estimated proved reserves

*“The Core Expanding – To The Benefit Of Our Shareholders”*

# New "Frontier" Program – Developing Impact Positions



	Current Spacing	Fully Developed	Total
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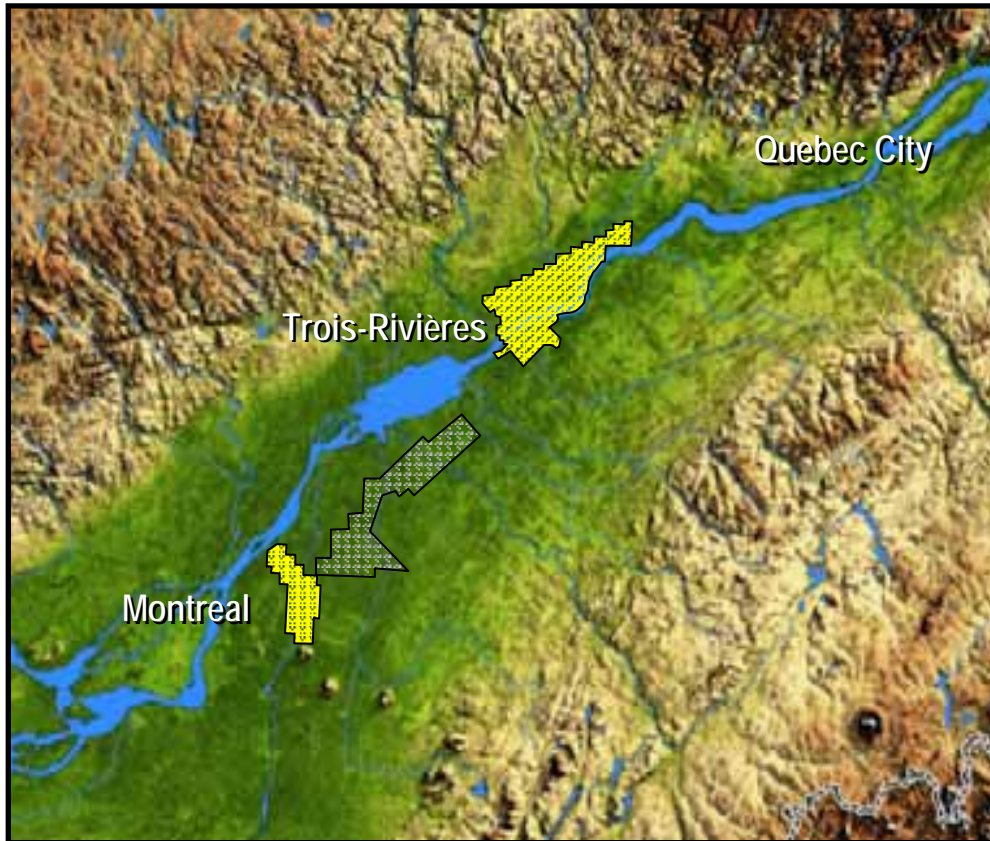
<b>Utica Shale</b>			
Gross Project Inventory	-	3,390	3,390
Net Unrisked Potential (Bcfe)*	-	4,138	4,138
<b>Barnett Shale</b>			
Gross Project Inventory	151	254	405
Net Unrisked Potential (Bcfe)*	163	195	358
<b>Greater Vermejo/Haley</b>			
Gross Project Inventory	90	-	90
Net Unrisked Potential (Bcfe)*	305	-	305
<b>Haynesville Shale</b>			
Gross Project Inventory	1,148	-	1,148
Net Unrisked Potential (Bcfe)*	5,071	-	5,071
<b>New Frontier Program</b>			
Gross Project Inventory	1,389	3,644	5,033
Net Unrisked Potential (Bcfe)*	5,539	4,333	9,872

\* Does not include estimated proved reserves

*“Plays That Move The Needle”*



# Utica Shale – St. Lawrence Lowlands, Quebec



***“First Mover Advantage In The Utica Shale Allowed Forest To Economically Accumulate A Substantial Position In An Emerging Shale Play”***

## Large Resource Potential and Acreage

- 4.1 Tcf of net resource potential at 20% recovery efficiency
- Low cost of entry
- 339,000 gross acres (269,200 net acres), ten year term

## Excellent Rock Properties

- Comparable to Barnett Shale
- At least two prospective Utica horizons

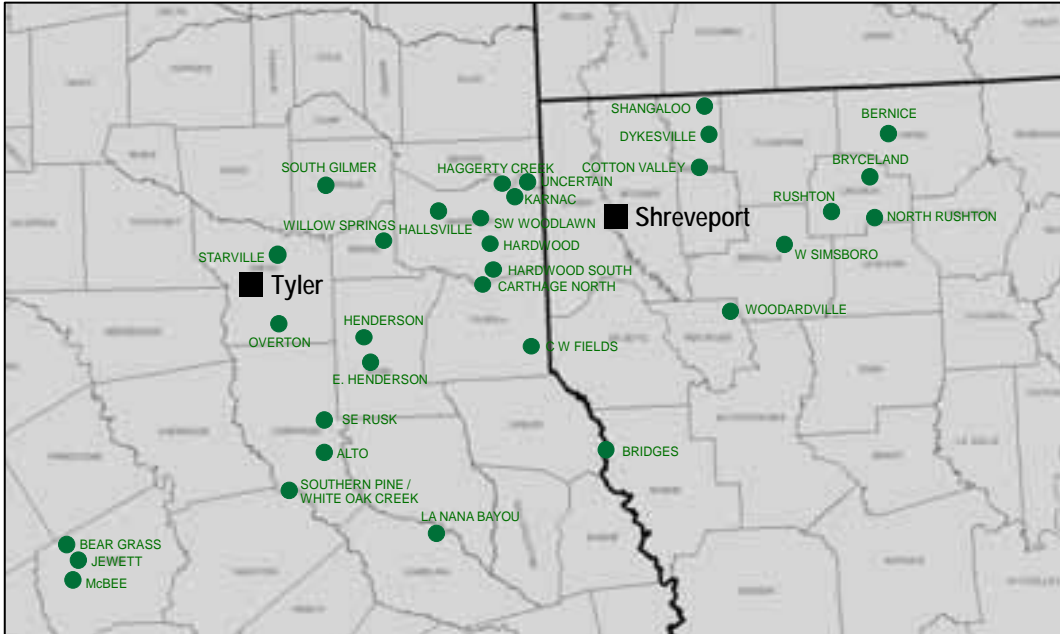
## Test Concept

- Test rates up to 1,000 Mcf/d
- Significant gas content demonstrated
- Commencing fracture stimulation

## Existing Infrastructure and N.E. Market

- Easy access to pipelines with available capacity
- Premium pricing to NYMEX (\$1.05 since beginning of 2003)

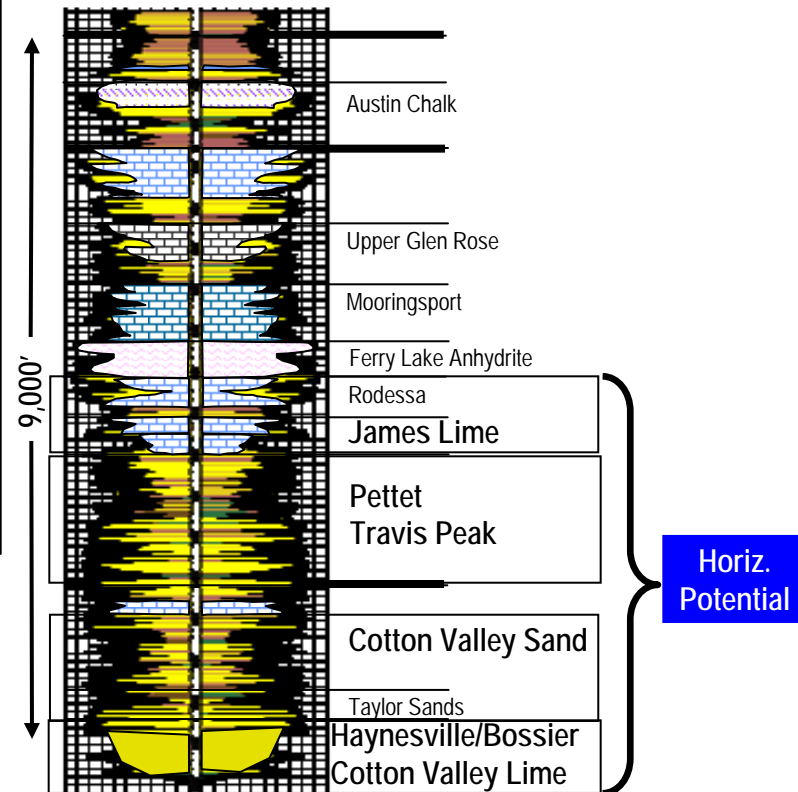
# East Texas / North Louisiana Potential\*



## Current Position – E. Texas/N. Louisiana

- Total of 193,000 gross acres (144,000 net) in East Texas/North Louisiana
- 140,000 gross acres (106,000 net) prospective for the Haynesville/Bossier Shale
- In excess of 3,000 drilling locations with 6 Tcfe of net unrisks potential
- Ten Haynesville/Bossier vertical wells achieved initial rates from 1.5 to 4.4 MMcfe/d
- Spud first horizontal well

## E. Texas/N. Louisiana Geologic Zones



***“Forest Has Over 100,000 Net Acres With Approximately 5 Tcfe Of Haynesville Shale Net Unrisks Potential”***

\* Pro forma for the pending Greater Buffalo Wallow and East Texas acquisition announced August 18, 2008

# New “Frontier” Program – Plan For 2008 & Beyond

- Confirm concept on Utica and Haynesville Shales
  - Laboratory phase on a large scale
- Achieve step change growth through North American exploration program
  - Greater Vermejo / Haley Area
  - South Louisiana Delilah
  - Austin Chalk
  - South Texas
- Develop more frontier areas
  - Scouting and research by New Ventures Group before entering the laboratory

*“Forest’s Ability To Execute Large Drilling Programs In Tight-Gas Plays Increases Optionality In Creating Value From Its Shale Plays”*



# Opportunistic Capital Allocator

Year	Acq Costs		F&D Costs		Total	
	(\$MM)	(\$/Mcf)	(\$MM)	(\$/Mcf)	(\$MM)	(\$/Mcf)
2004*	298	1.37	176	8.42	474	2.00
2005*	241	1.91	358	2.35	599	2.16
2006*	315	2.28	589	2.09	904	2.15
2007**	1,598	2.43	777	1.99	2,375	2.27
Total	<u>2,452</u>	<u>2.15</u>	<u>1,900</u>	<u>2.25</u>	<u>4,352</u>	<u>2.19</u>

*“Forest’s Capital Efficiency Strategy And Financial Flexibility Should Allow For Predictable And Competitive Finding Costs In Any Environment”*

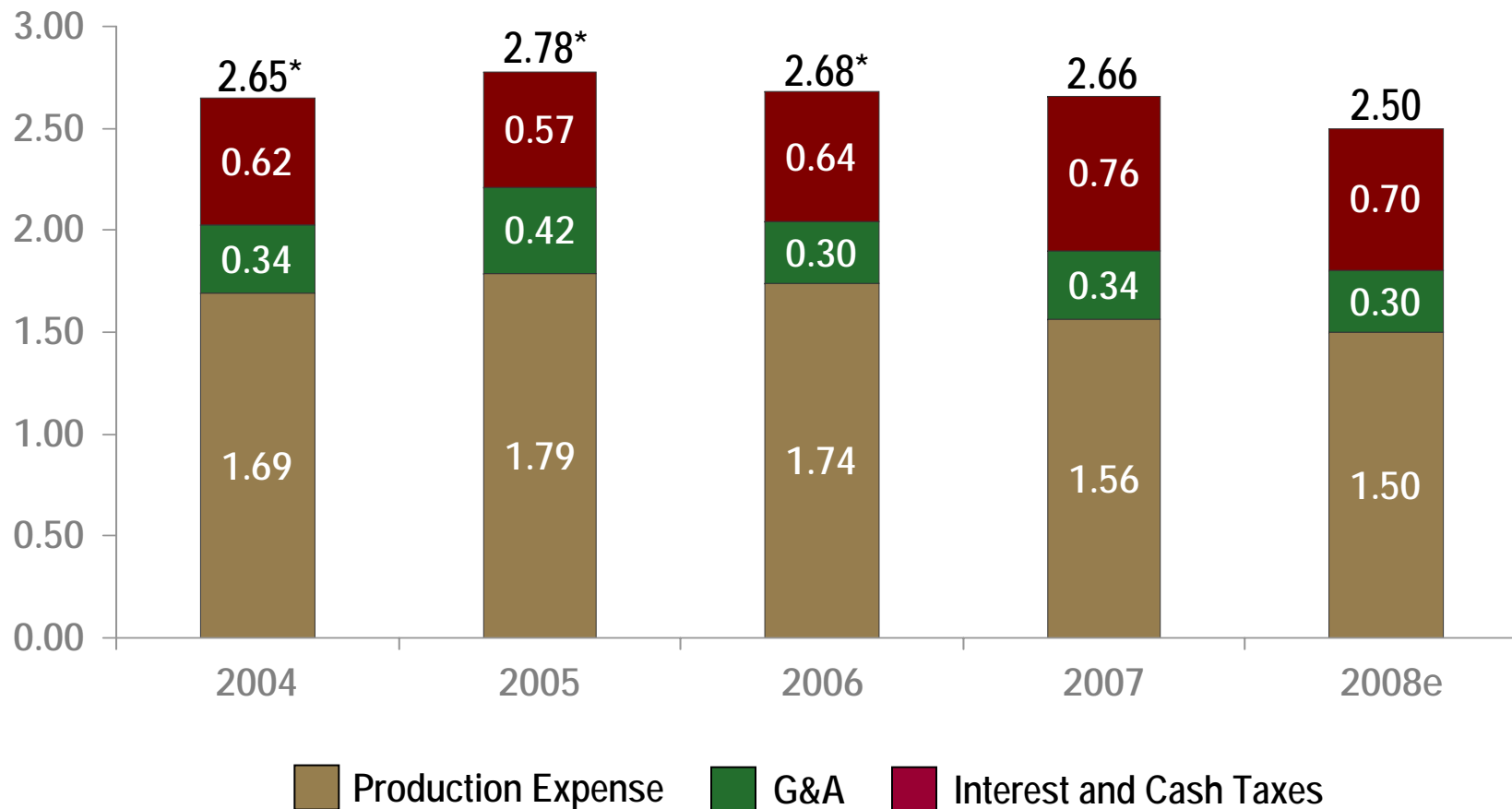
\* Pro forma for the spin-off of the Gulf of Mexico operations

\*\* Does not include effects of the Alaska properties during 2007



# Total Cash Costs Per Unit Profile

(\$ / Mcfe)



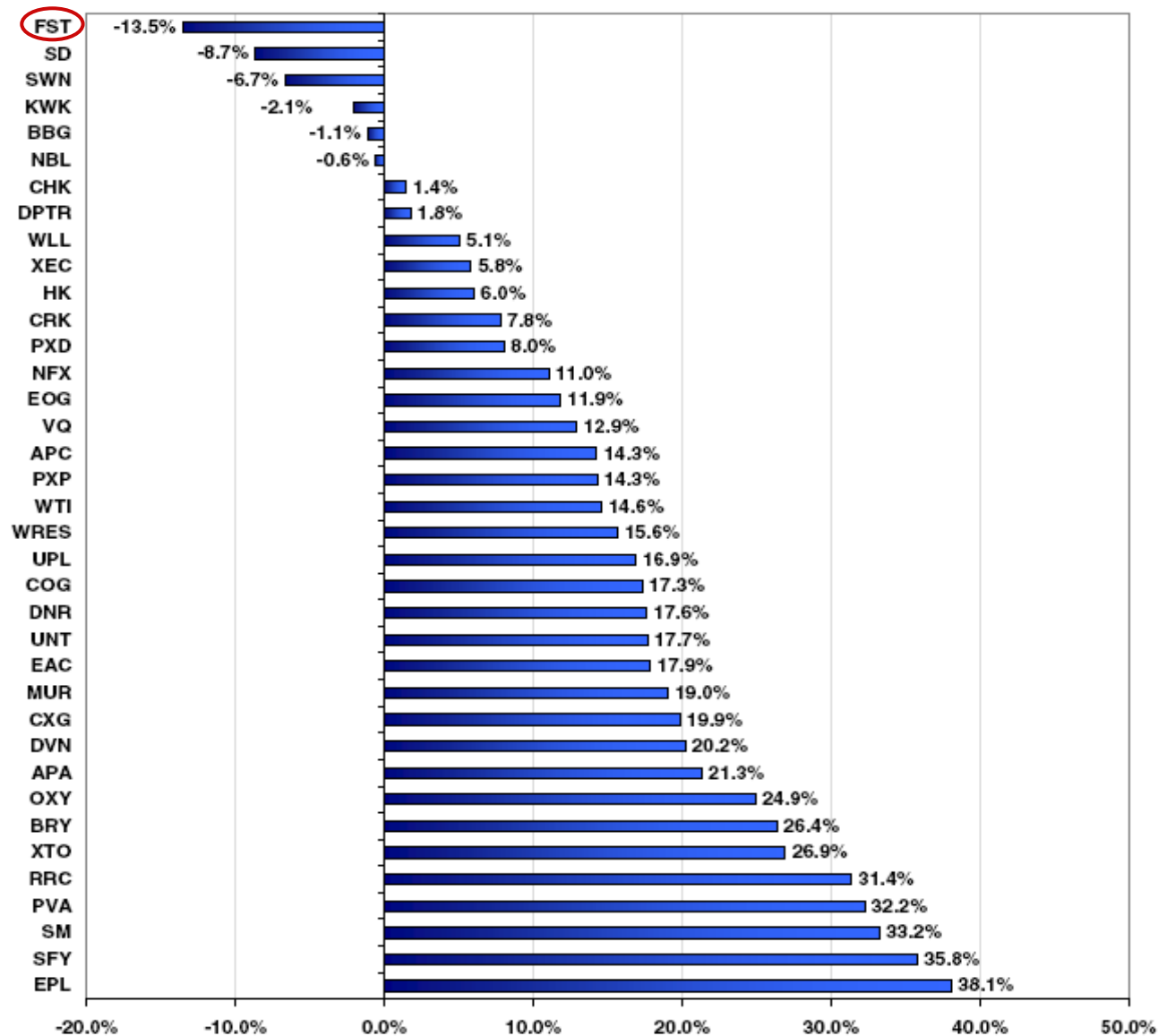
*“Always Focus on Cost”*

\* Pro forma for the spin-off of the Gulf of Mexico operations



# Year-Over-Year Cost Structure Change

Exhibit 6: Q208 Total Cost Structure YoY Change (%)



# 2008 Divestiture Summary

	Reserves (Bcfe)	Production (MMcfe/d)	Allocated Value (\$MM)	Timeline
Miscellaneous Assets	16	5	100	Complete
Rockies Package	81	21	258	In-Process
Subtotal	97	26	358	
Additional Divestment	203 – 253	50 – 55	450 – 750	2009
Total	300 – 350	75 – 80	800 – 1,100	

*“Proceeds From Non-Core, Non-Strategic Divestitures Provides Forest The Liquidity It Needs To Focus On Its High Growth Core Area Assets”*



# Hedging Portfolio

## Hedging Price Risk

	2H2008	Weighted Price Floor/Ceiling	2009	Weighted Price Floor/Ceiling
<b>Natural Gas Swaps</b>				
Contract Volumes (BBtu/d)	70.0 *		110.0 **	
Weighted Average Price (\$ per MMBtu)	9.02		9.07	
<b>Natural Gas Collars</b>				
Contract Volumes (BBtu/d)	110.0 *		20.0	
Weighted Average Ceiling Price (\$ per MMBtu)	9.18		11.28	
Weighted Average Floor Price (\$ per MMBtu)	7.51		8.50	
		\$8.10 - \$9.12		\$8.98 - \$9.41
<b>Oil Swaps</b>				
Contract Volumes (MBbl/d)	6.5		4.5	
Weighted Average Price (\$ per Bbl)	69.72		69.01	
<b>Oil Collars</b>				
Contract Volumes (MBbl/d)	-		-	
Weighted Average Ceiling Price (\$ per Bbl)	-		-	
Weighted Average Floor Price (\$ per Bbl)	-		-	
		\$69.72		\$69.01

\*10.0 of the 70.0 Bbtu/d of natural gas swaps and 30.0 of the 110.0 Bbtu/d of natural gas collars are subject to a put of \$6.00 per MMBtu

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# Summary of Forest Oil

- Capital programs and rig activity in Core Areas designed to yield 15% organic growth in 2008
- Test New “Frontier” Program concepts that have potential to develop into large scale development drilling opportunities
- Fund this activity by selling lower growth assets
- Tentative 2009 capital plan designed to ensure adequate liquidity under our credit facilities
  - Capital plan designed to be at or below discretionary cash flow with production growth

**Same Business Tenants + Increased Focus = Efficient Growth**



# Investment Proposition

- Portfolio management has created substantial North American tight-gas sand and shale assets
- 18,969 fully developed locations provide over 17.1 Tcfe of additional net unrisks potential
- Despite high quality assets, substantial liquidity, proven track record of management, substantial upside in asset portfolio and stewardship of capital structure, FST presently trades at low end of peer group
- Greater allocation of capital to Core Areas and emerging shale plays should eliminate the valuation gap

***“FST Provides The Best Risk Weighted North American E&P Investment”***

# 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 and expenses 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, price volatility, inflation or 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, the uncertainty in executing our pending divestiture program and other risks as described in reports that Forest files with the Securities and Exchange Commission (SEC), including its 2007 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 unrisks 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 disclosure in Forest's Annual Report on Form 10-K for fiscal year ended December 31, 2007, 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](http://www.forestoil.com).

