



RBC Capital Markets

*North American Energy
and Power Conference*

September 16, 2003



Forest Oil Corporation

FOREST OIL PROFILE

Market Capitalization *(as of 9/12/03)* \$1.1 Billion

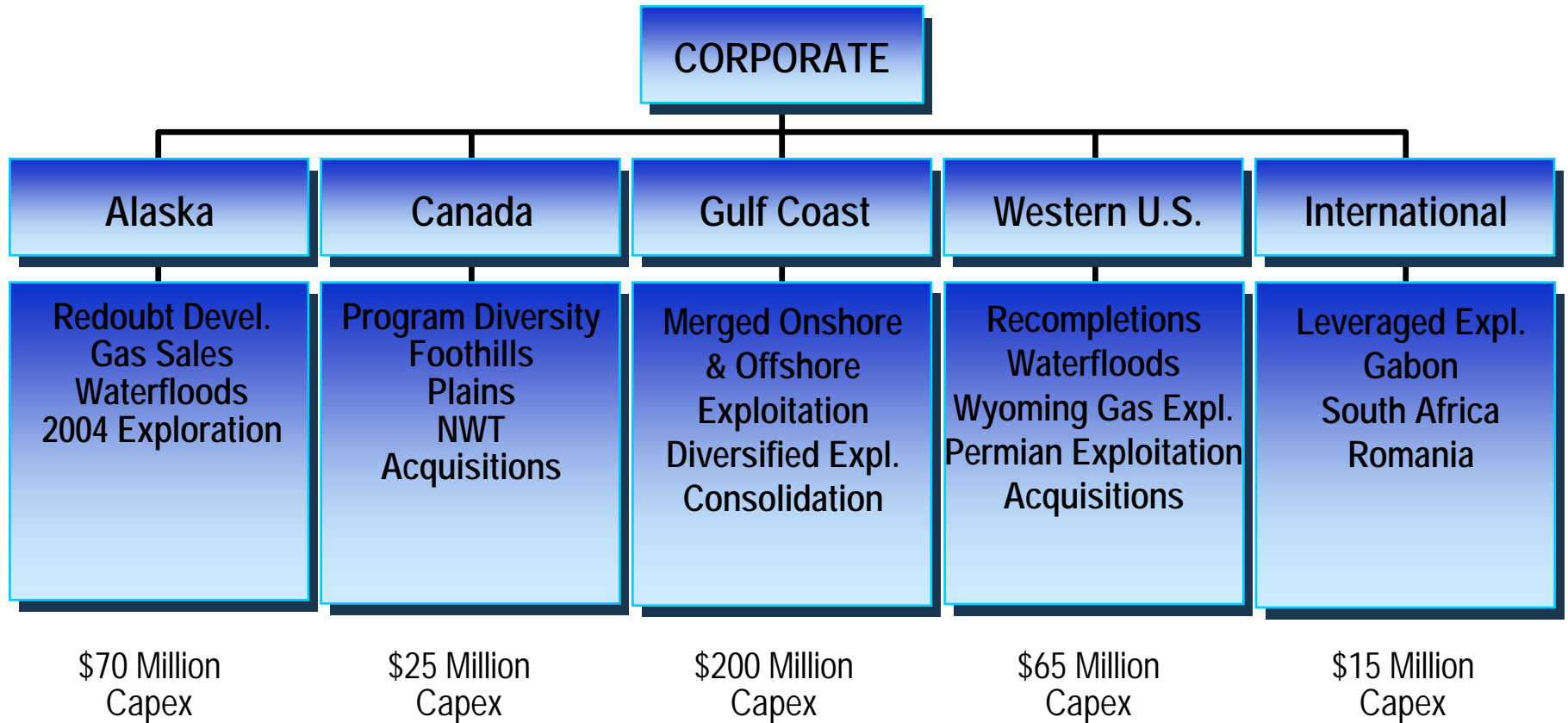
Enterprise Value \$1.8 Billion

Headquartered Denver, Colorado

Business Units Alaska, Canada, Western U.S.,
Gulf Coast and International

Proved Reserves *(as of 12/31/02)* 1,560 Bcfe

BUSINESS UNIT ORGANIZATION



THE “4-POINT” GAME PLAN

1. Continued reduction in costs
 - Achieving higher margins is equivalent to drilling “no cost” wells
2. Lower exposure to frontier exploration
 - Need to reduce dependence and increase development opportunities
3. Implement acquisitions as an integral part of our investment program
 - Acquisitions will compete for capital with drilling
4. Maintain strong balance sheet
 - Low cost of debt and flexibility are critical to optimize investment returns

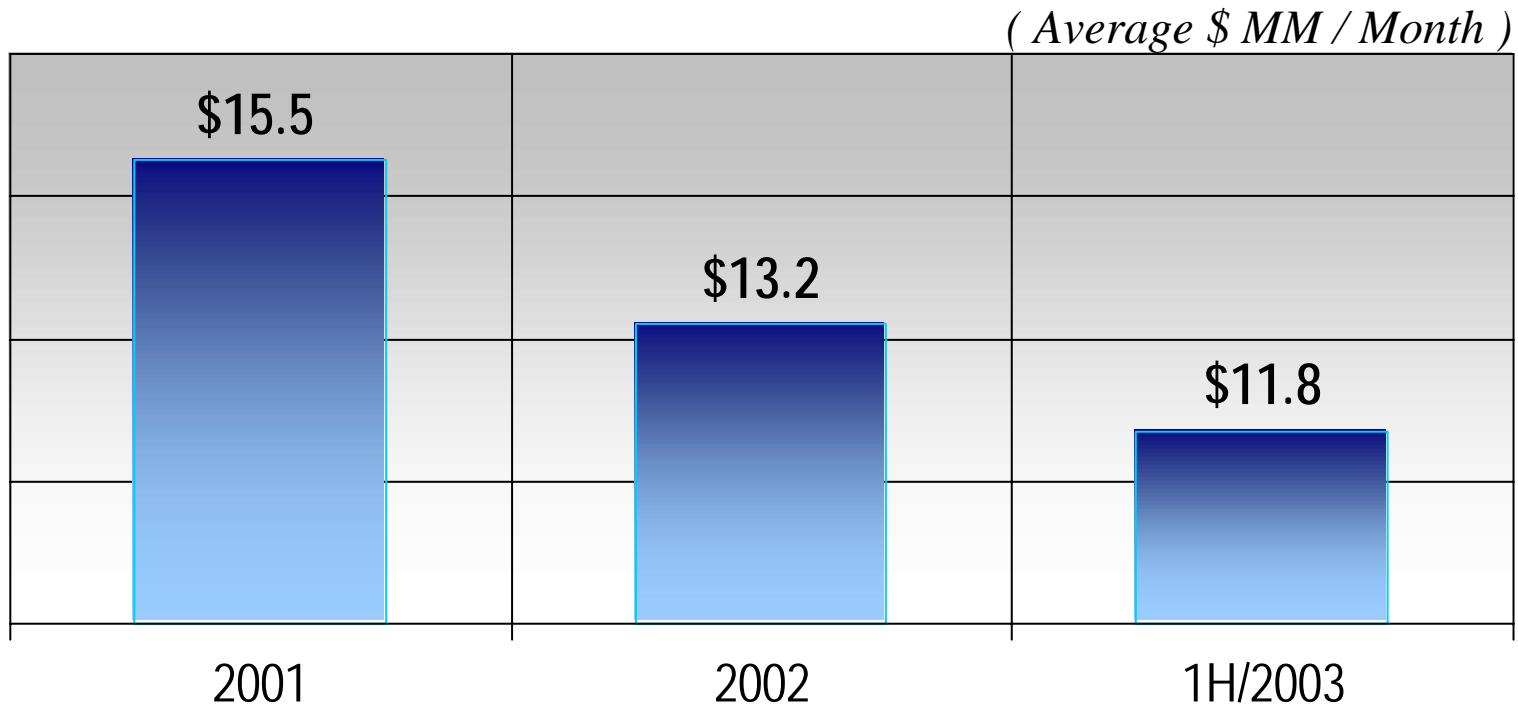
1. COST DISCIPLINE

Create a Culture of Cost Discipline

- Maintain absolute lease operating expenses achieved in 2003
- Reduce general and administrative expenses by greater than 5%
- Reduce interest expense through fixed/floating % and debt reduction

1. COST DISCIPLINE

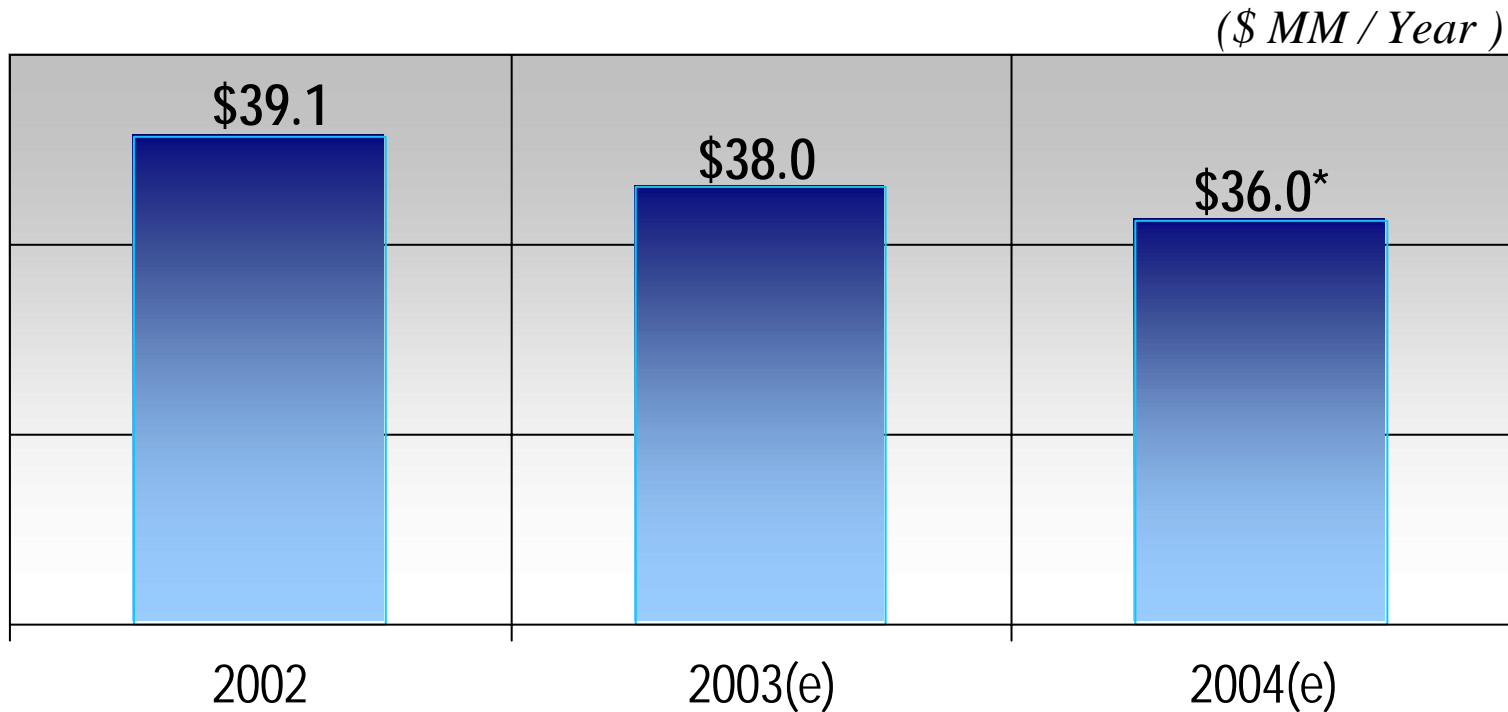
Lease Operating Expense



- 1Q and 2Q 2003 lowest since merger
- 10% reduction since 2002 average (\$17 MM/yr)
- 24% reduction since 2001 average (\$45 MM/yr)
- Target highest cost properties for acquisition, operatorship or disposition

1. COST DISCIPLINE

General and Administrative Expense

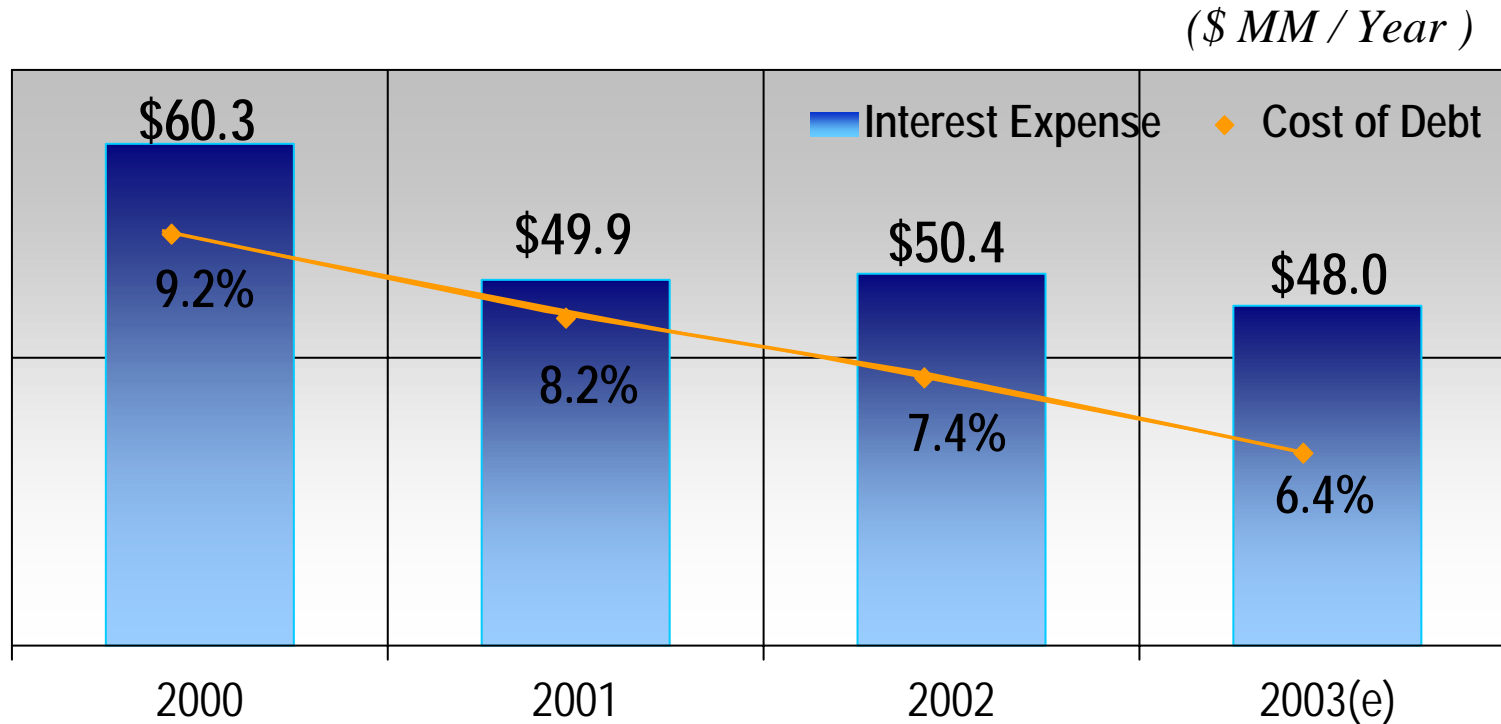


- Employee “roadshows” – focus on bottom up cost reduction strategy
- Benchmark corporate functions to determine the appropriate level of overhead costs
- Particular focus on insurance, legal and occupancy costs

**Assumes achieving 5% reduction*

1. COST DISCIPLINE

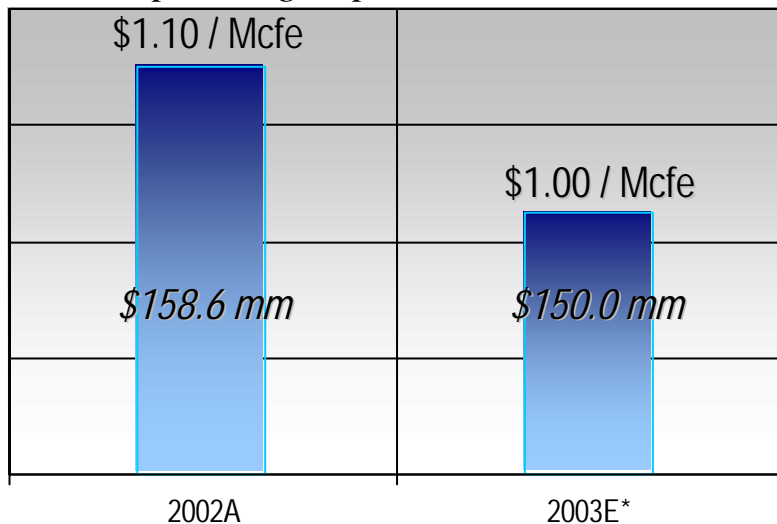
Interest Expense



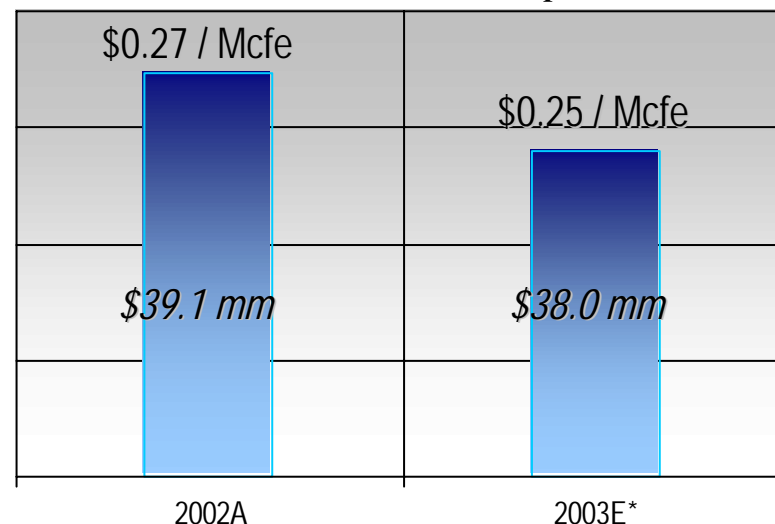
- Manage interest expense through fixed/floating rate exposure
- Refinanced debt in 2002 to take advantage of interest rate environment
- Cost of debt has decreased from 9.2% to 6.4%. (\$75 mm more capital for \$12 mm less interest).

1. COST DISCIPLINE - 2003 Cost Momentum

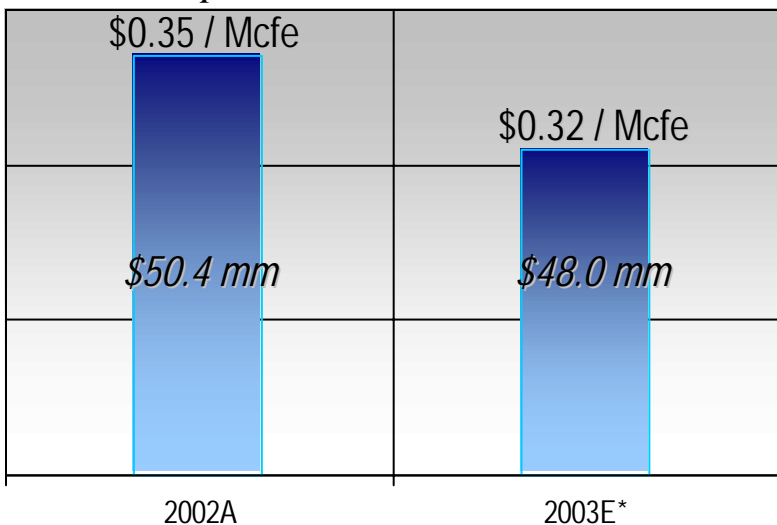
Lease Operating Expenses



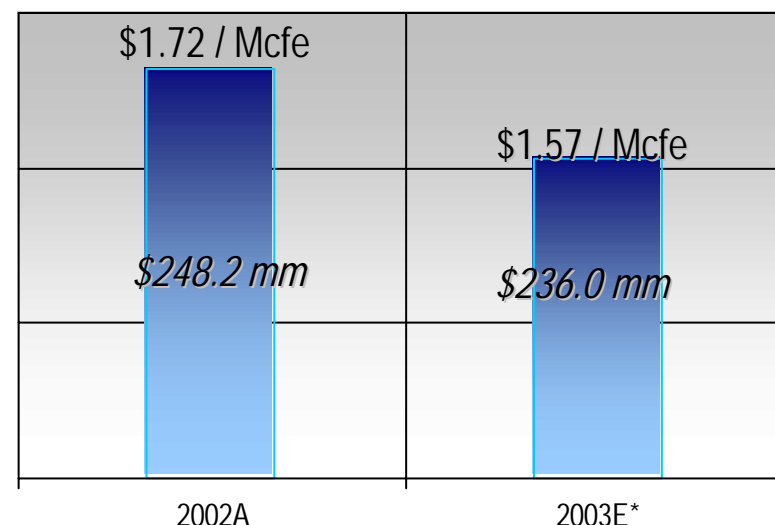
General and Administrative Expense



Interest Expense



Total Cash Costs



* Current Guidance

\$.15 / Mcfe difference equates to \$23 mm savings in 2003

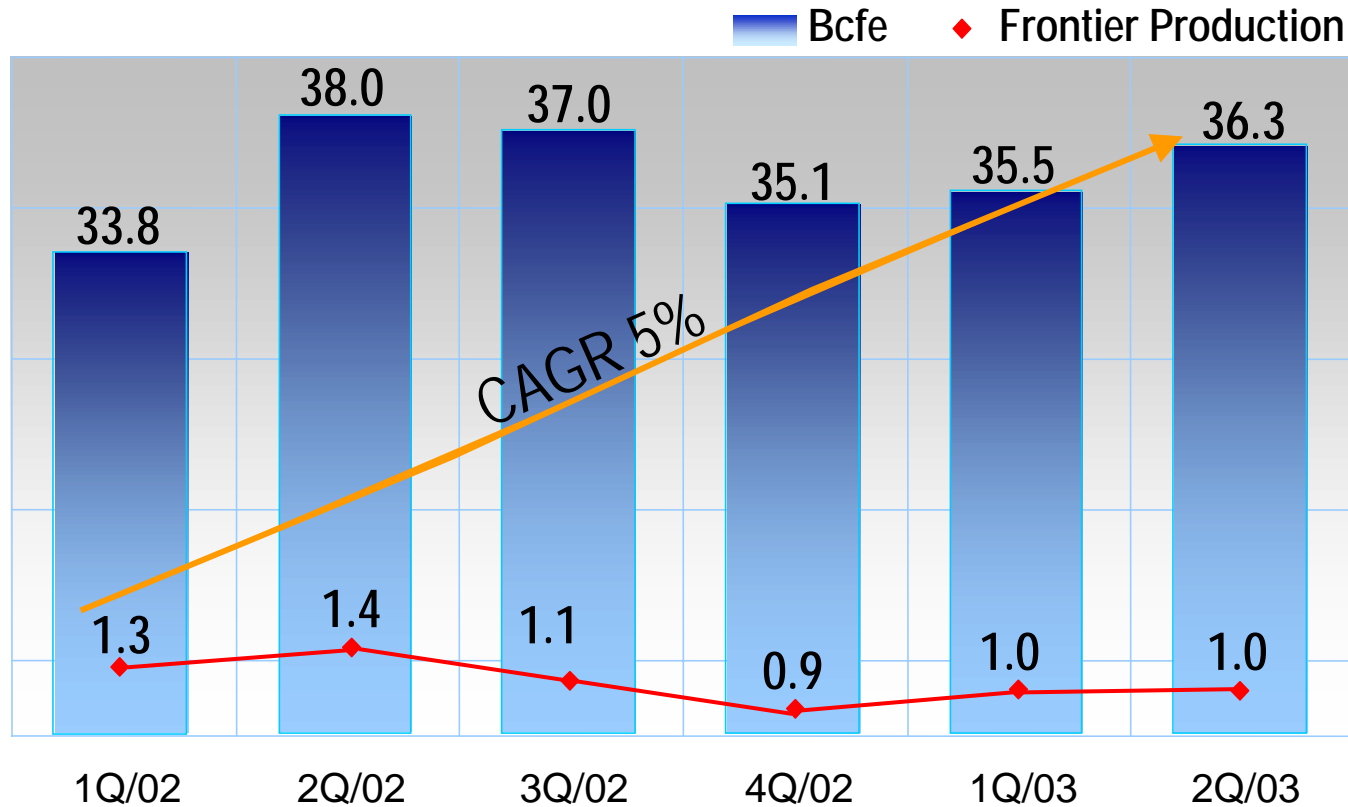
2. EXPLORATION EXPOSURE

Lower Exposure to Frontier Exploration

- Allocate 5 - 10% of invested capital to frontier exploration compared with historical 20%
- Fewer frontier focus areas
- Evaluate significant acreage position to explore alternative monetization strategies or trades
- Leverage frontier exploration plays to bring value forward and lower downside cost risk (NWT, Gabon, Germany, S. Africa saved \$45 mm)
- Reinvest capital in “traditional areas”

2. EXPLORATION EXPOSURE

Organic Production Growth

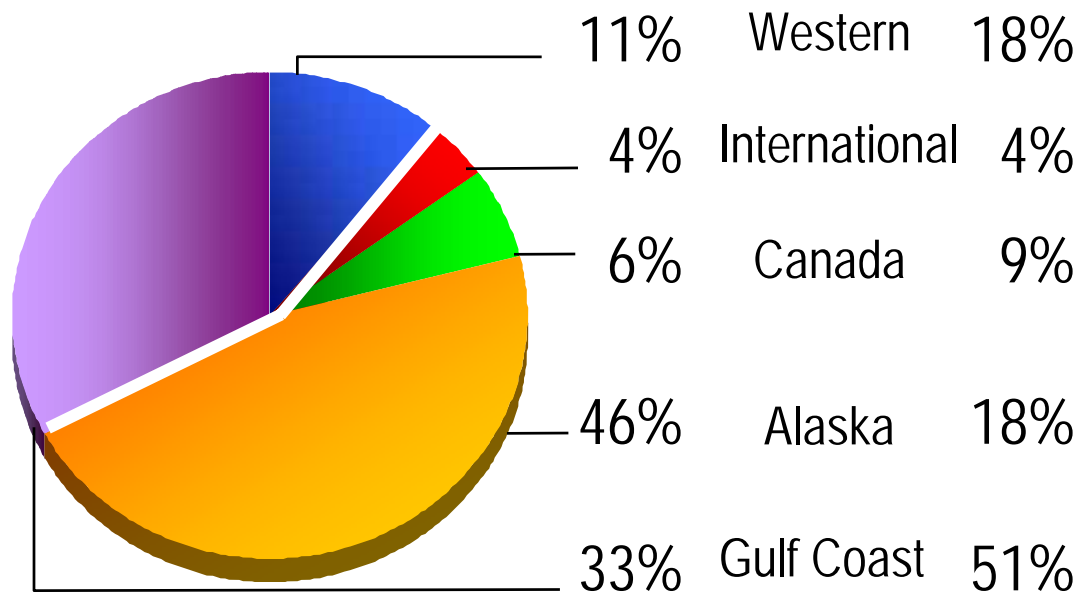


- CAGR of 5% with restricted capital to traditional growth areas
- Three consecutive quarters of organic growth
- 3Q and 4Q 2003 guidance forecasts organic production growth to be sequentially higher as well

2. EXPLORATION EXPOSURE

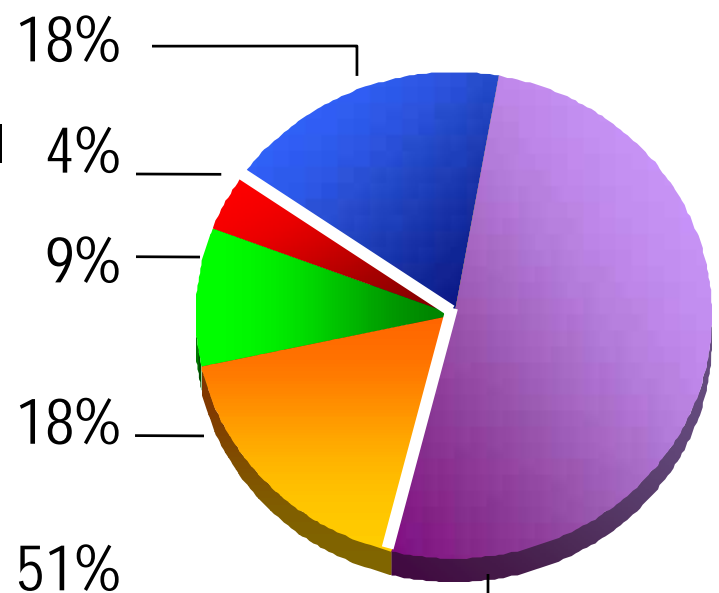
Re-Allocating the Investment Profile

2002A CAPEX



Frontier Areas = 56%

2003E CAPEX



Frontier Areas = 31%

2. EXPLORATION EXPOSURE

Portfolio

Area	Estimated Net Acreage Position (000s) (1)
North America <i>(79% Undeveloped)</i> :	
Alaska	1,270
Canada	641
Gulf Coast	442
Western	182
<i>Subtotal</i>	2,535
International <i>(100% Undeveloped)</i> :	
South Africa	7,186
Gabon	1,072
Europe	3,809
<i>Subtotal</i>	12,067
TOTAL <i>(96% Undeveloped)</i>:	14,602

(1) Net acreage as of December 31, 2002

2. EXPLORATION EXPOSURE

Return to Traditional Areas

- Annual organic production growth rate in Gulf Coast region of 3.5% and decreased cash costs of 20% since 1/1/2002
- Gulf Coast region had free cash flow of \$66.7 mm in 2002 and \$112.6 mm in first half of 2003
- Successfully bid on 8 of 11 blocks in recent OCS lease sale
- Recent success at EI 284, HI 116 and South Texas

3. ACQUISITION PROGRAM

- Focus a portion of our capital on acquisitions
- Acquisition opportunities to compete for capital with drilling activities
- Acquisition strategy:
 - “B-2 Stealth” asset program
 - “One-Off” asset acquisition
 - Large packages

3. ACQUISITION PROGRAM

Historical Capital Employed

(\$ MM / Year)

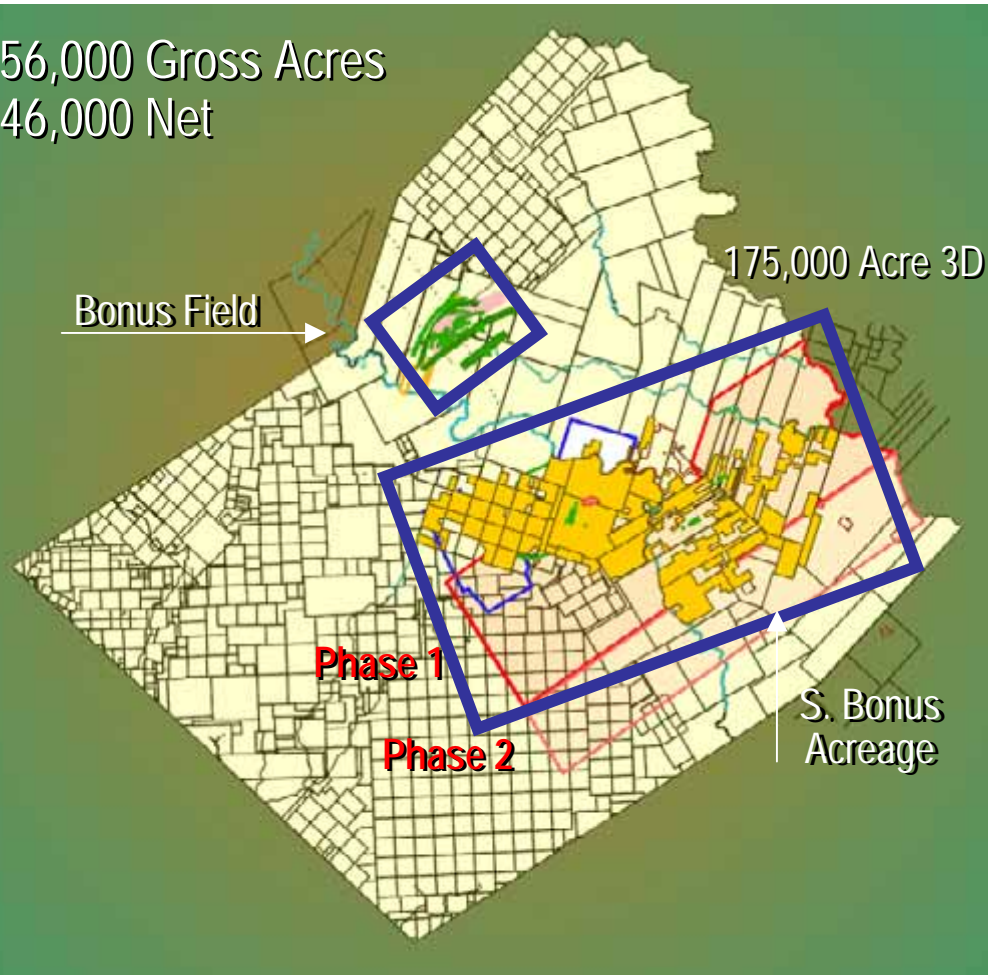


- Completed three significant transactions in 2003 YTD
- Average cost per Mcfe of \$1.11 without allocation to acreage
- Additional net undeveloped 56,000 acres
- Activity already in progress on acquired properties and acreage

3. ACQUISITION PROGRAM

“B-2 Stealth Program” – South Bonus Extension Play

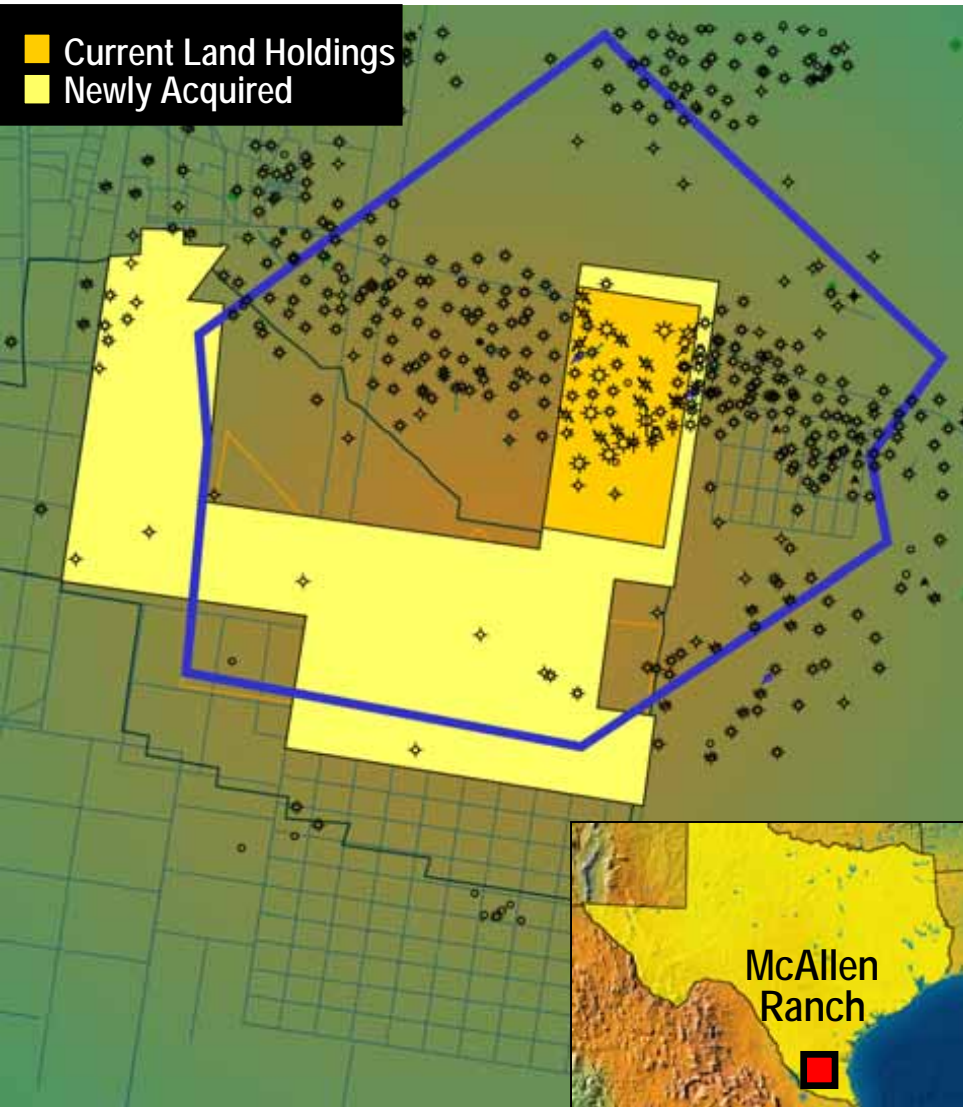
56,000 Gross Acres
46,000 Net



- Wharton County, Texas
- Forest W.I. 80%
- Doubled Gulf Coast onshore net acreage position
- Undeveloped acreage increased by 56,000 gross and 46,000 net
- 3-D seismic purchased
- Shallow Miocene and Yegua prospects
- Middle and lower Wilcox prospects
- Drilling commenced in August 2003

3. ACQUISITION PROGRAM

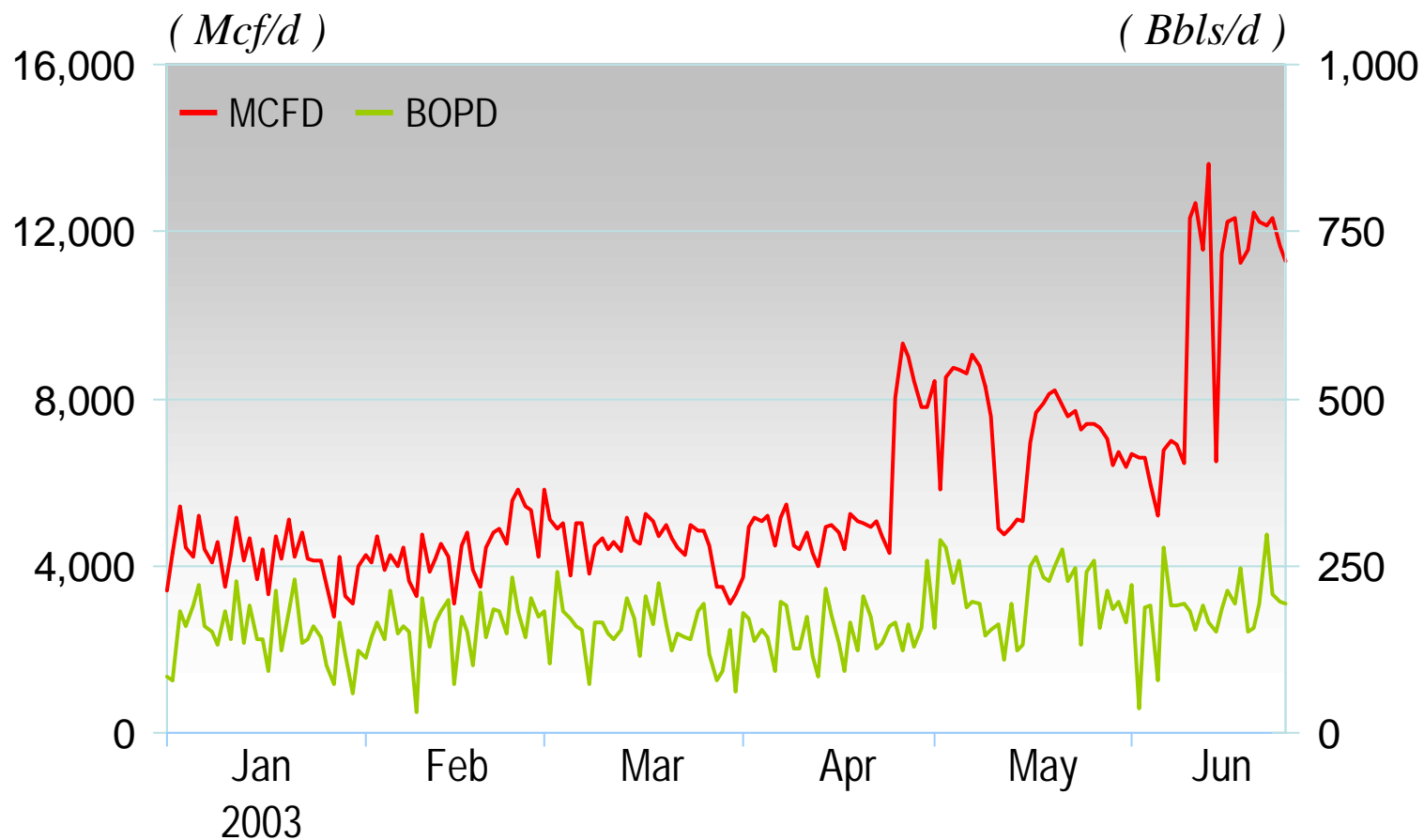
“B-2 Stealth Program” – McAllen Ranch, South Texas



- Acquisition cost (50% W.I.) of \$12 mm. Current cash flow of approximately \$700 - \$800 k per month.
- 5 Bcf targets, \$1.5 mm well costs
- 2 wells drilled, 3 remaining in 2003:
 - McAllen #39 tested 4.3 MMcf/d
 - McAllen #41 tested 7.3 MMcf/d
- Acquired 15,000 additional net acres

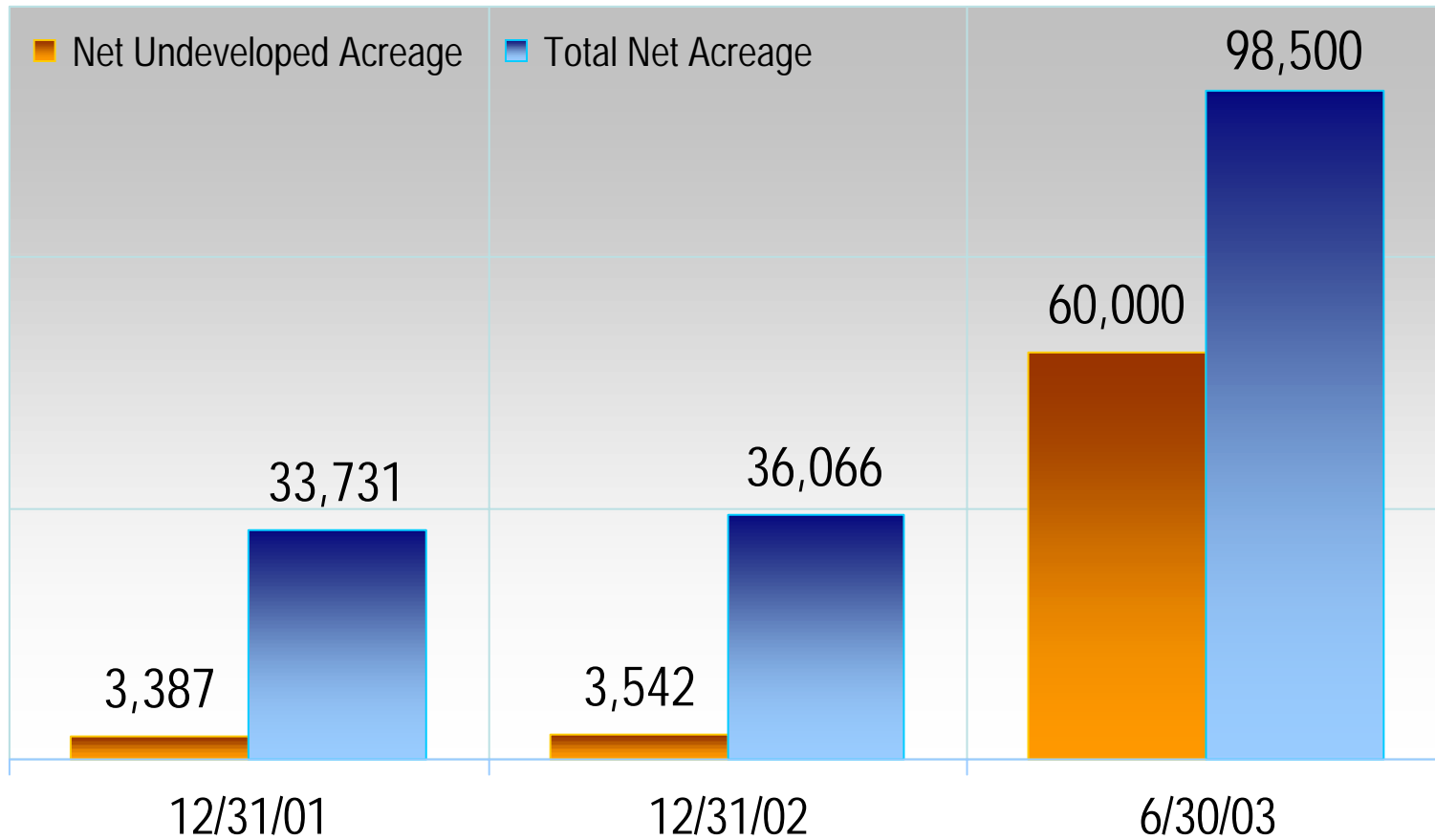
3. ACQUISITION PROGRAM

McAllen Ranch 2003 YTD Net Production



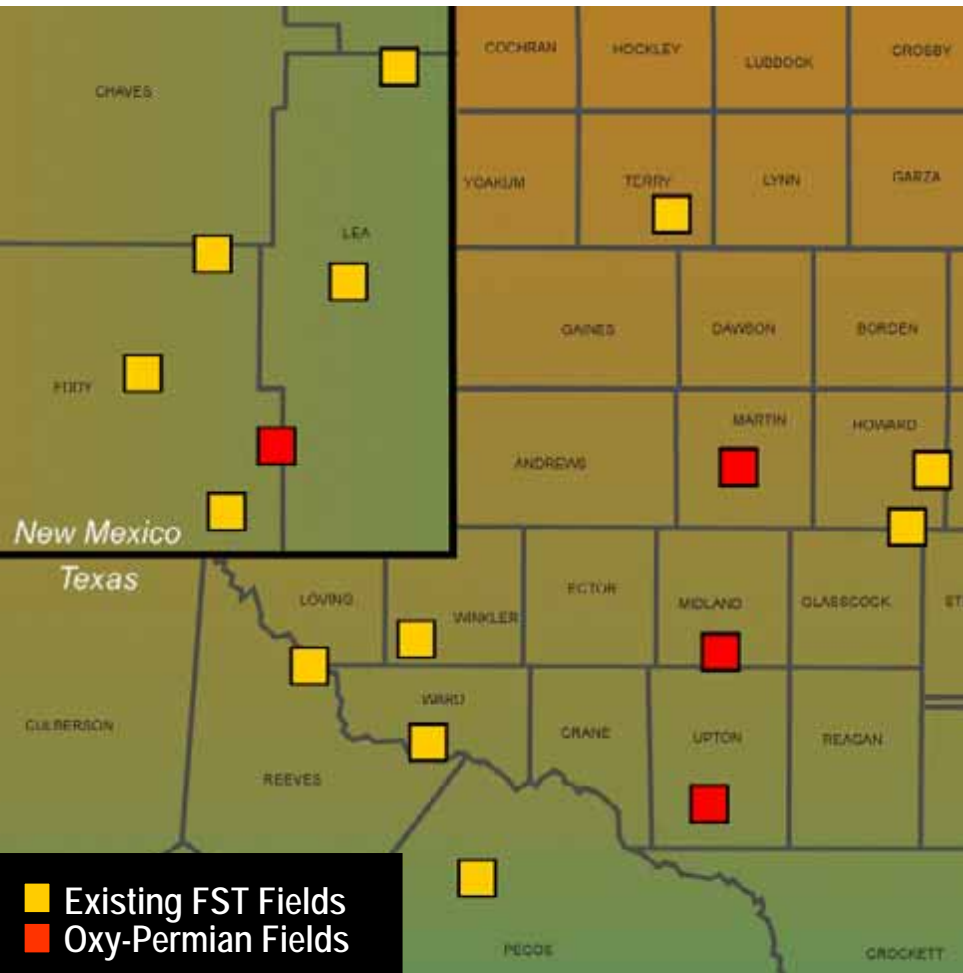
3. ACQUISITION PROGRAM

Gulf Coast Onshore Acreage Position



3. ACQUISITION PROGRAM

Oxy – Permian Basin, Texas and New Mexico



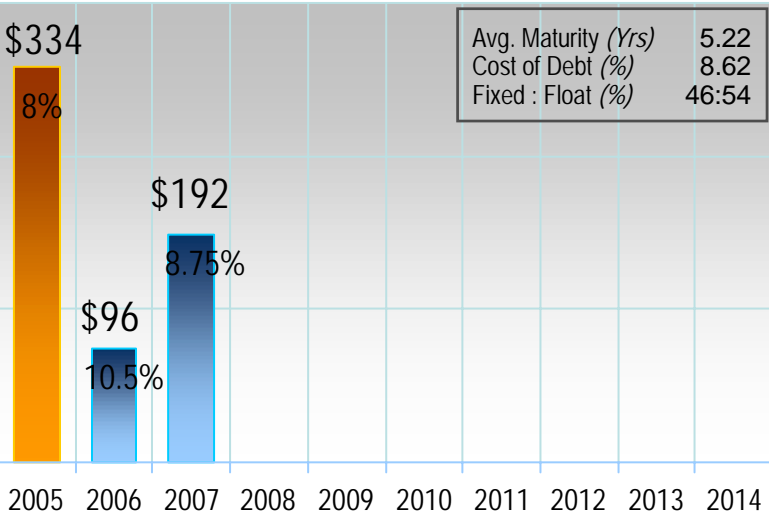
- August 2003 FOC acquired properties from Oxy
- FST operated – 4 fields
- 6,000'-10,000'
Delaware/Sprayberry
- 99 - 100% working interest
- Acquisition cost of \$33 mm
- Focus on cost reduction, workovers, shallow drilling

4. MAINTAIN STRONG BALANCE SHEET

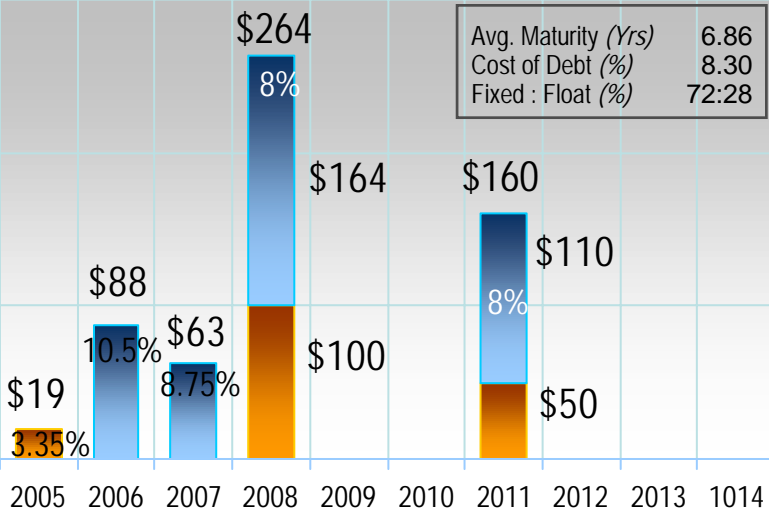
- Maintain liquidity to allow flexibility for acquisitions
- Debt: Book capitalization target of 40%
- Access public capital markets to fund larger opportunities as appropriate
- Actively manage commodity price and interest rate risks
- Manage debt portfolio to reduce refinancing risks and minimize cost of capital

4. MAINTAIN STRONG BALANCE SHEET

12/31/00

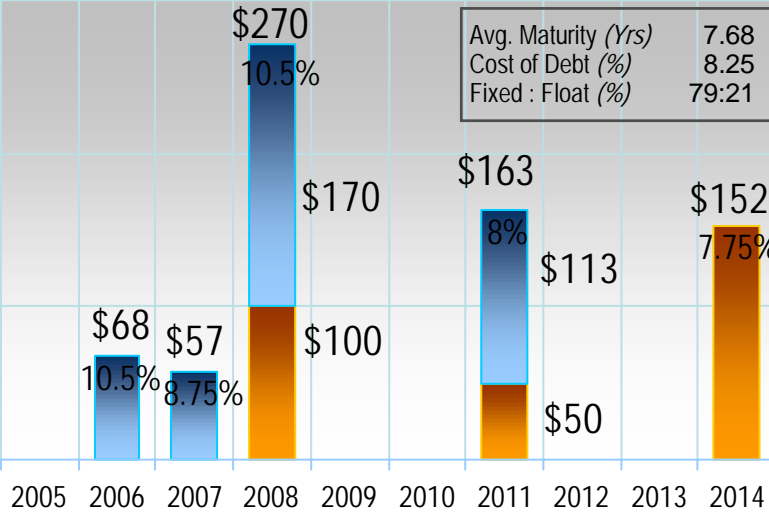


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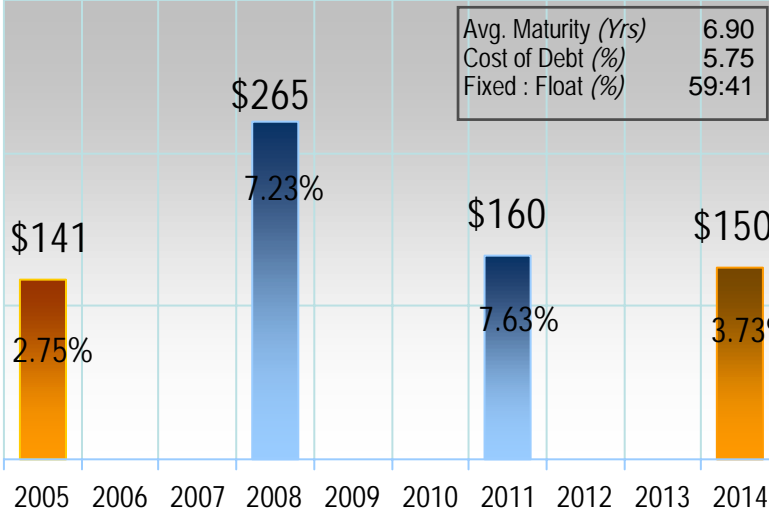


■ Floating ■ Fixed

6/30/02



6/30/03*

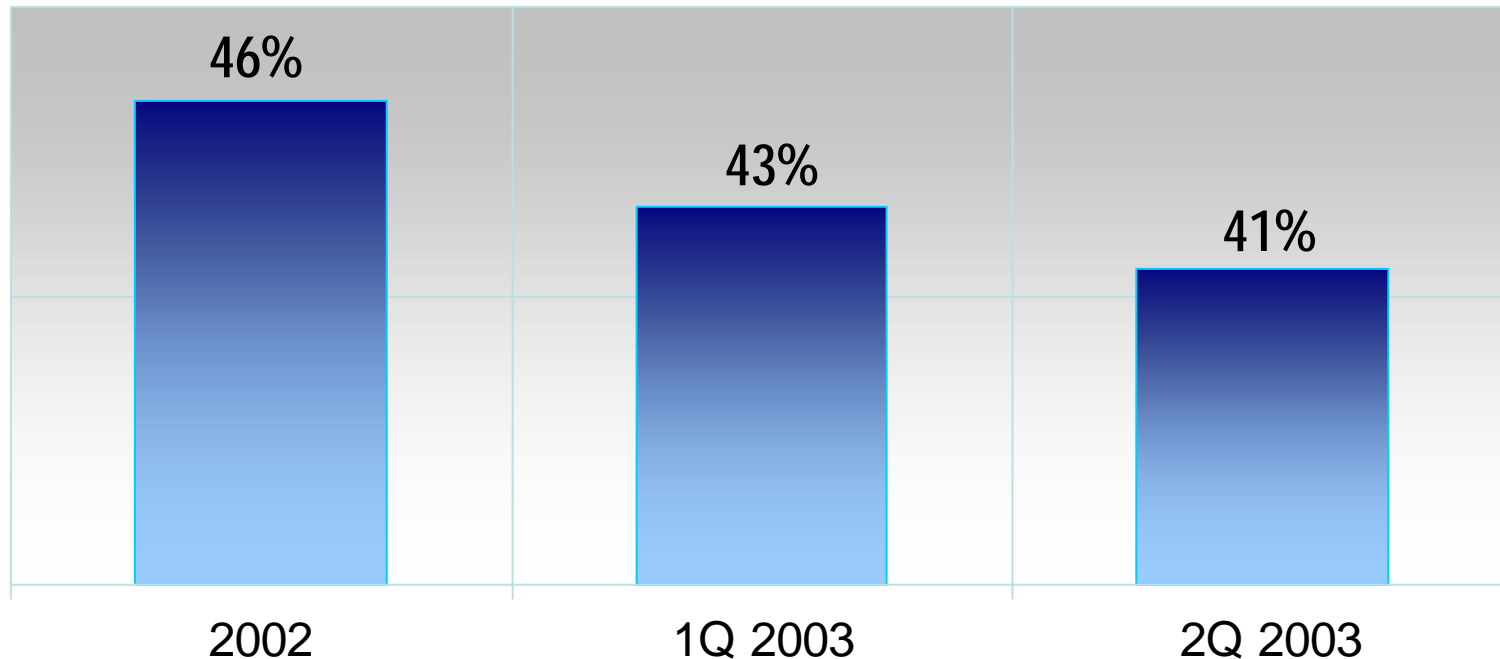


- 80% of debt matures on or after 2008

* 2014 debt swapped to floating July 31, 2003

4. MAINTAIN STRONG BALANCE SHEET

Reduction in Debt : Book Capitalization %



- Target ratio of 40% by the end of 2003
- Excess cash flow of approximately \$40.0 MM in first half of 2003
- Free cash flow generated in all Business Units except Alaska
- Increased focus on free cash flow in **all** Business Units
- Maintain capital spending discipline

4. MAINTAIN STRONG BALANCE SHEET

Hedging Price Risk

8/28/03 :	2003	2004
Natural Gas Swaps		
Contract Volumes (<i>BBtu/d</i>)	83.8	17.5
Weighted Average Price (<i>per MMBtu</i>)	\$4.41	\$4.27
Natural Gas Collars		
Contract Volumes (<i>BBtu/d</i>)	38.1	14.9
Weighted Average Ceiling Price (<i>per MMBtu</i>)	\$4.80	\$5.79
Weighted Average Floor Price (<i>per MMBtu</i>)	\$3.40	\$4.04
Three-Way Natural Gas Collars		
Contract Volumes (<i>BBtu/d</i>)	-	22.9
Weighted Average Ceiling Price (<i>per MMBtu</i>)	-	\$6.80
Weighted Average Floor Price (<i>per MMBtu</i>)	-	\$4.92
Three-Way Weighted Average Floor Price (<i>Per MMBtu</i>)	-	\$3.50
<i>Estimated Price Protection</i>	44-48 %	20 %
Oil Swaps		
Contract Volumes (<i>MBbl/d</i>)	8.2	6.5
Weighted Average Price (<i>per Bbl</i>)	\$23.67	\$24.26
Oil Collars		
Contract Volumes (<i>MBbl/d</i>)	3.6	0.5
Weighted Average Ceiling Price (<i>per Bbl</i>)	\$26.02	\$24.08
Weighted Average Floor Price (<i>per Bbl</i>)	\$22.51	\$22.00
<i>Estimated Price Protection</i>	37-42 %	25 %

SUMMARY – Disciplined People, Disciplined Action

- Costs are being reduced across the board
- Allocation of more capital to traditional areas
- ROCE and free cash flow will be rewarded
- Acquisition program has been successfully “kicked-off”
- Balance sheet is strengthening
- Attractive valuation

CAUTIONARY STATEMENTS

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use the terms “probable” and “possible” reserves, reserve “potential” or “upside” or other descriptions of volumes of reserves 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 us. Investors are urged to consider closely the disclosure in Forest’s Form 10-K for fiscal year ended December 31, 2002, available from Forest at 1600 Broadway, Suite 2200, Denver, CO 80202, Attention: Investor Relations. You can also obtain this form from the SEC by calling 1-800-SEC-0330.

This presentation may include 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. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurances that expected results will be achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include the timing and extent of changes in commodity prices for oil and gas, operating risks, regulatory changes and other risk factors as described in the Company’s 2002 Annual Report on Form 10-K as filed with the Securities and Exchange Commission.