

CORE STRENGTH

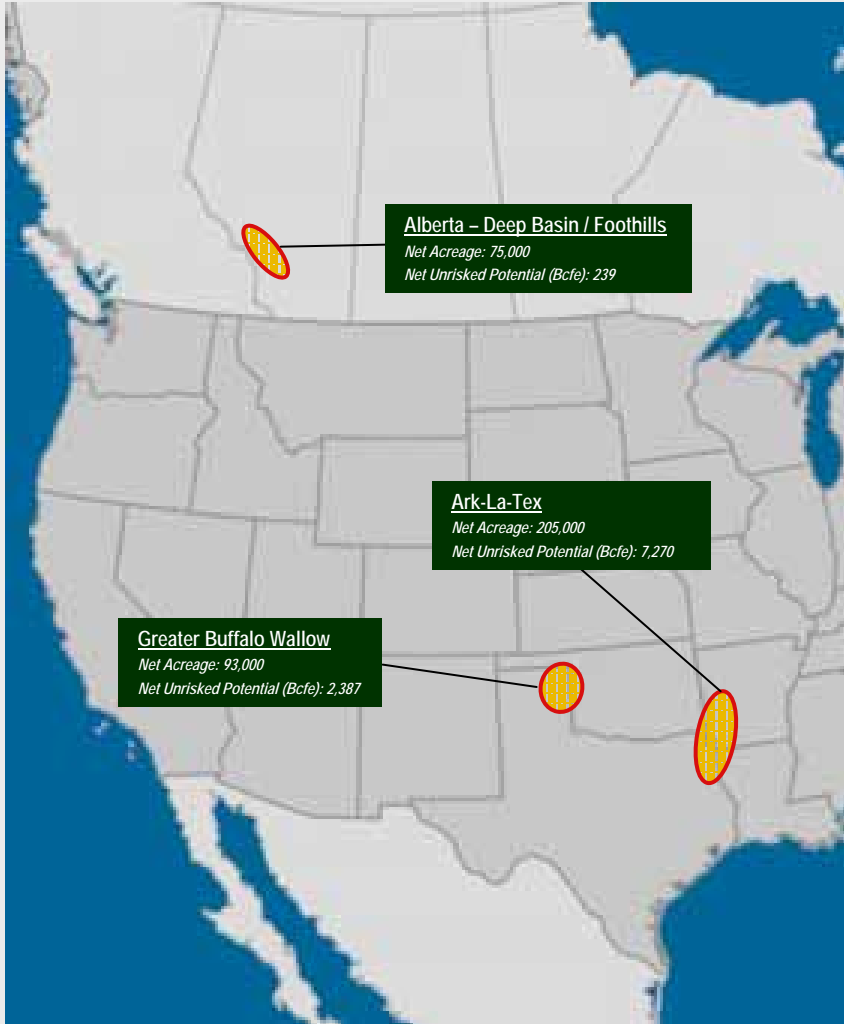


Wells Fargo Securities Exploration and Production, Energy Services and Utility Symposium

December 9, 2009



Forest Oil – Snapshot



Core Areas

Market Capitalization: <i>(12/4/09)</i>	\$2.1 Billion
Enterprise Value*	\$3.6 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

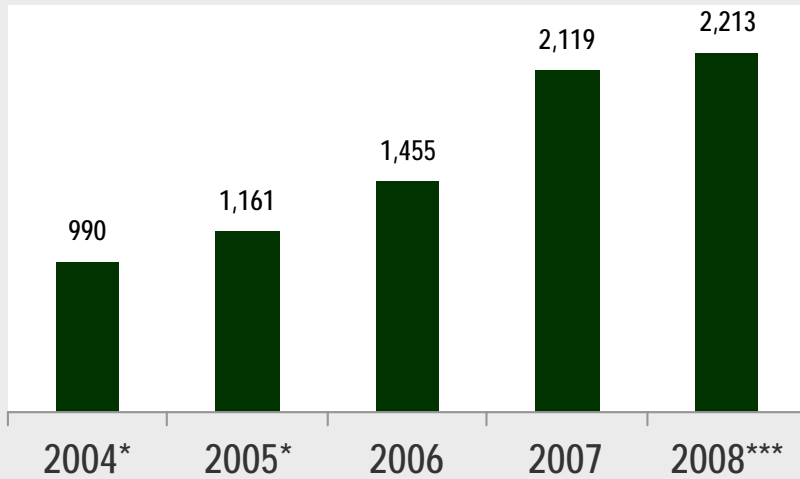


· Pro forma for Forest's Permian Basin and non-core Canadian divestitures
 ** As of 12/31/08; does not include estimated proved reserves or locations associated with estimated proved reserves

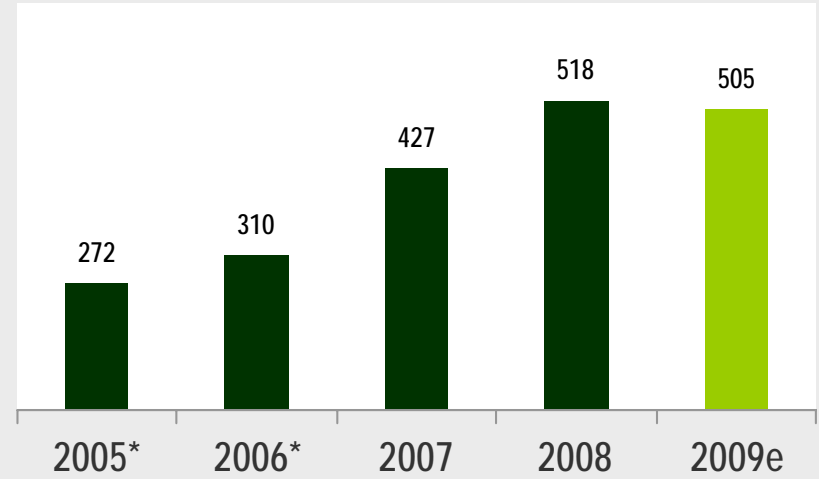


Key Statistics and Guidance

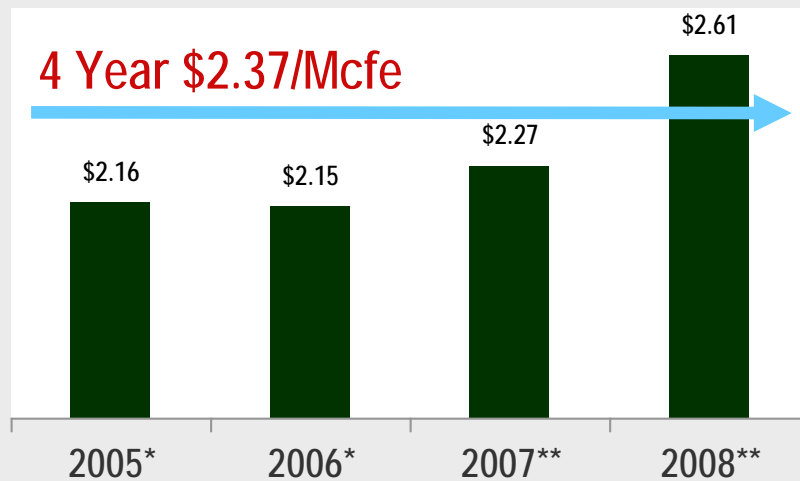
ESTIMATED PROVED RESERVES (Bcfe)



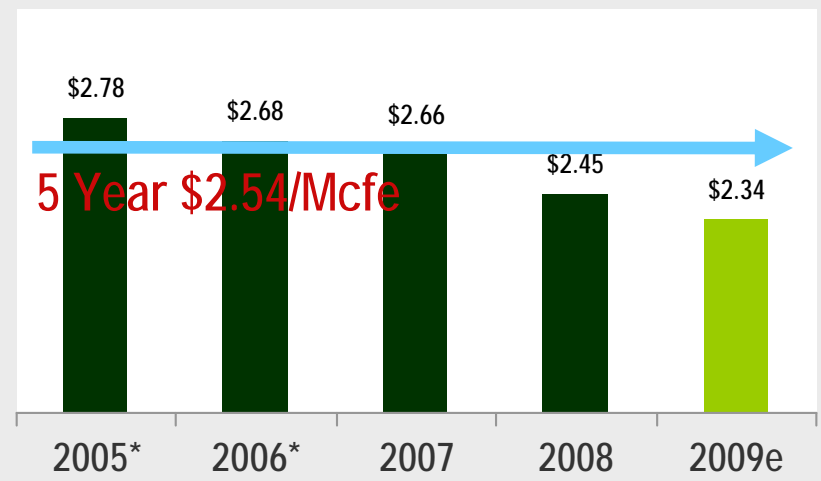
PRODUCTION (MMcfe/d)



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



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 net 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

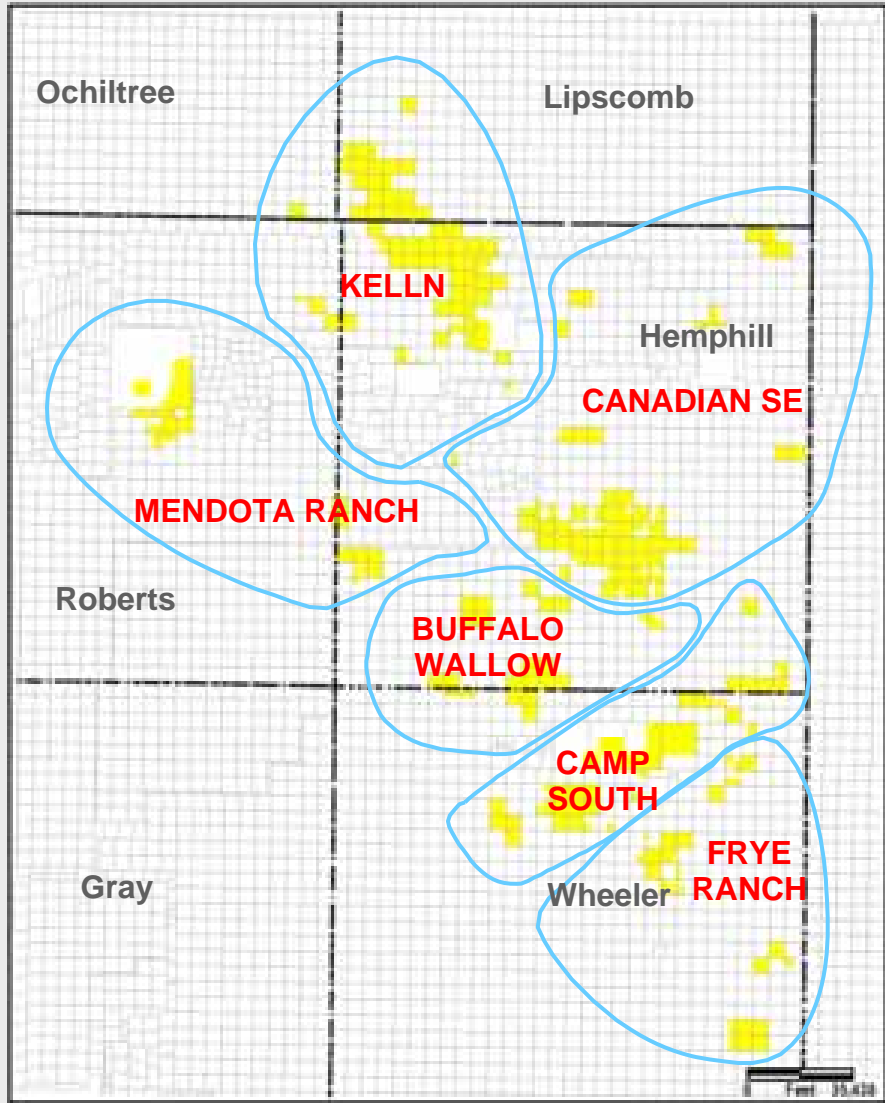


Capital Expenditure Plan

- 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



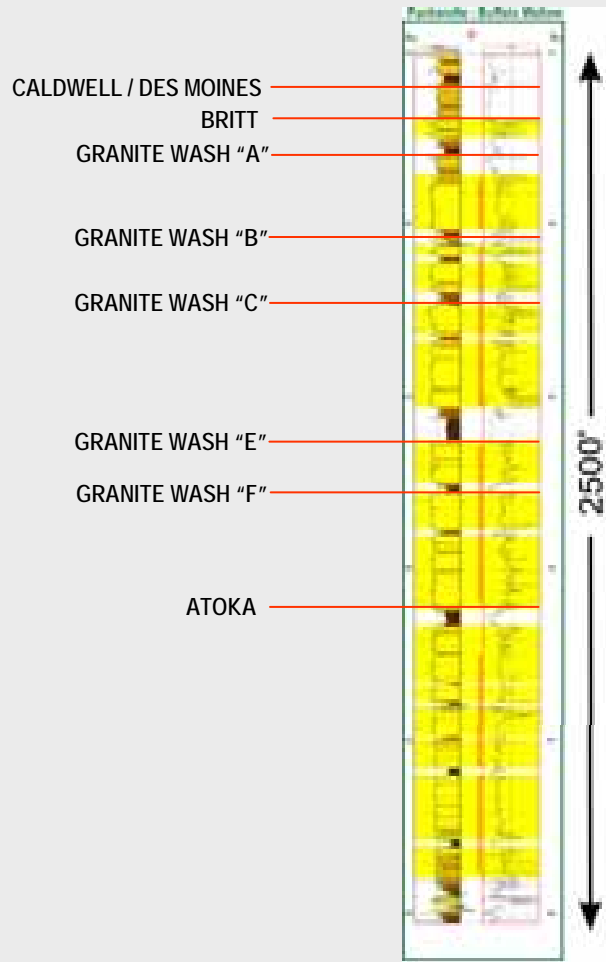
Area Nomenclature

- 122,000 gross acres (93,000 net) prospective for the Atoka, Granite Wash, Cleveland, Douglas, and Morrow
- 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

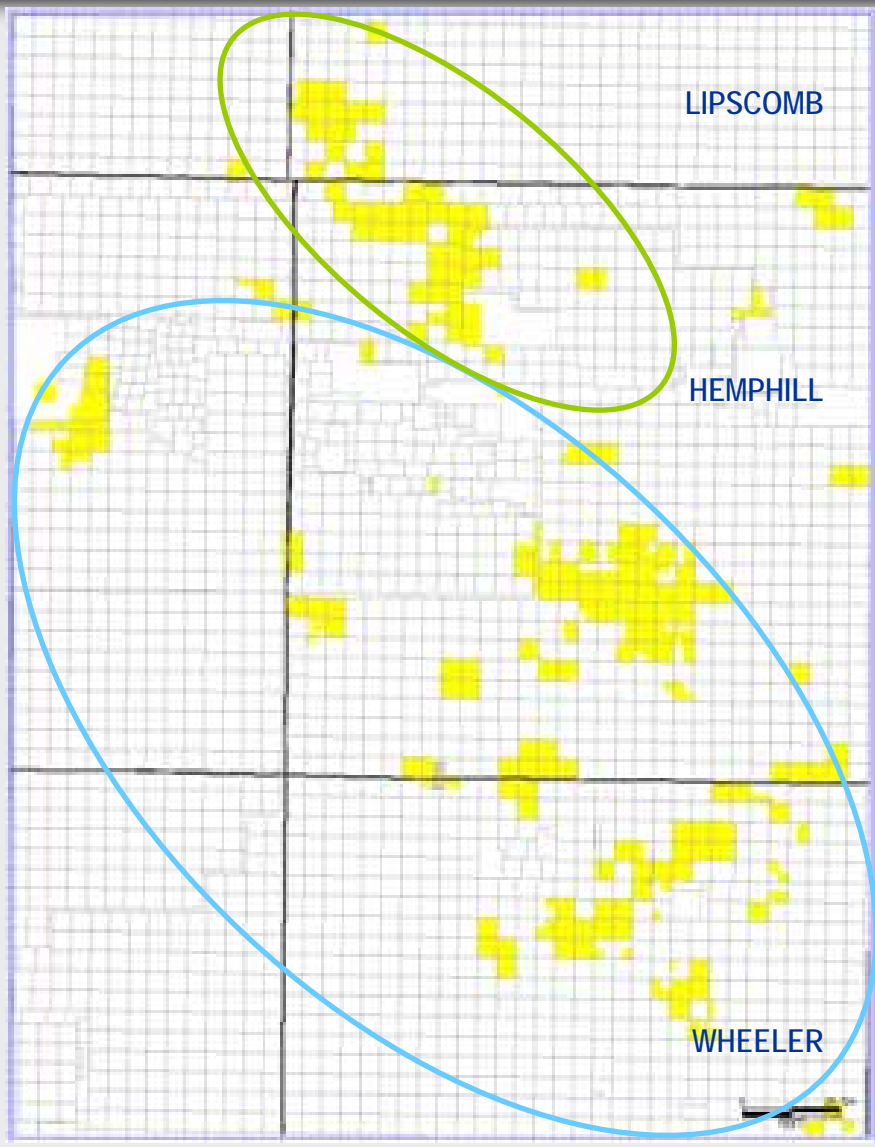


Basic Play Facts

- 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

- Excellent multi-zone horizontal potential
 - First operated horizontal in the Granite Wash IP'd at 17 MMcfe/d (1/3rds liquids)
 - Second operated horizontal in the Granite Wash IP'd at 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

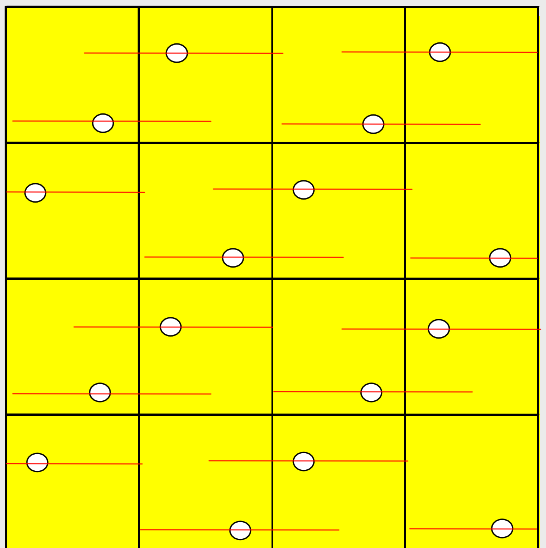


Texas Panhandle: Horizontal vs. Vertical Development

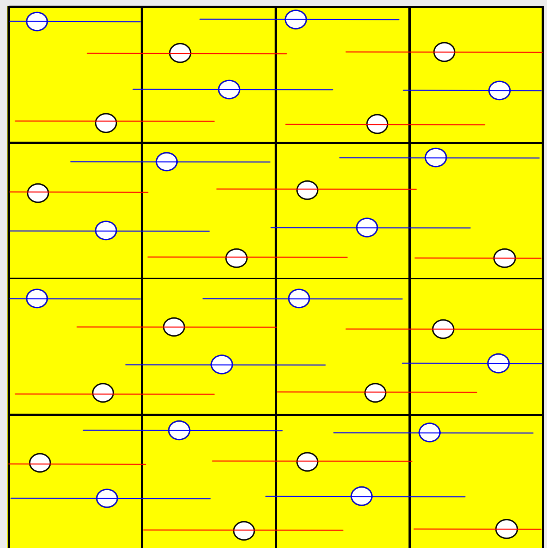
Horizontal Drilling – Most Efficient Development

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)

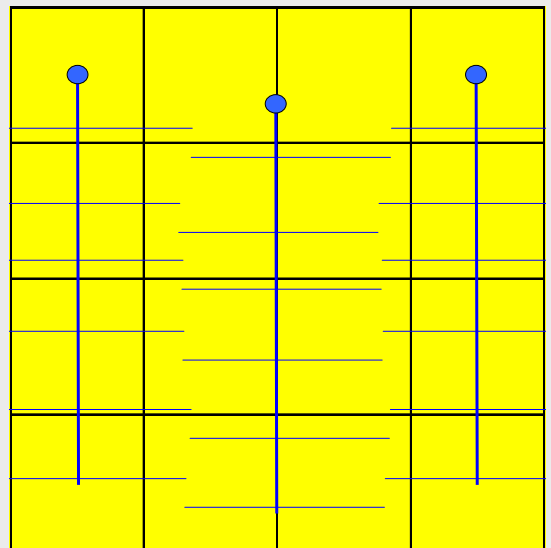
40 Acre Spacing



20 Acre Spacing



Horizontal Development

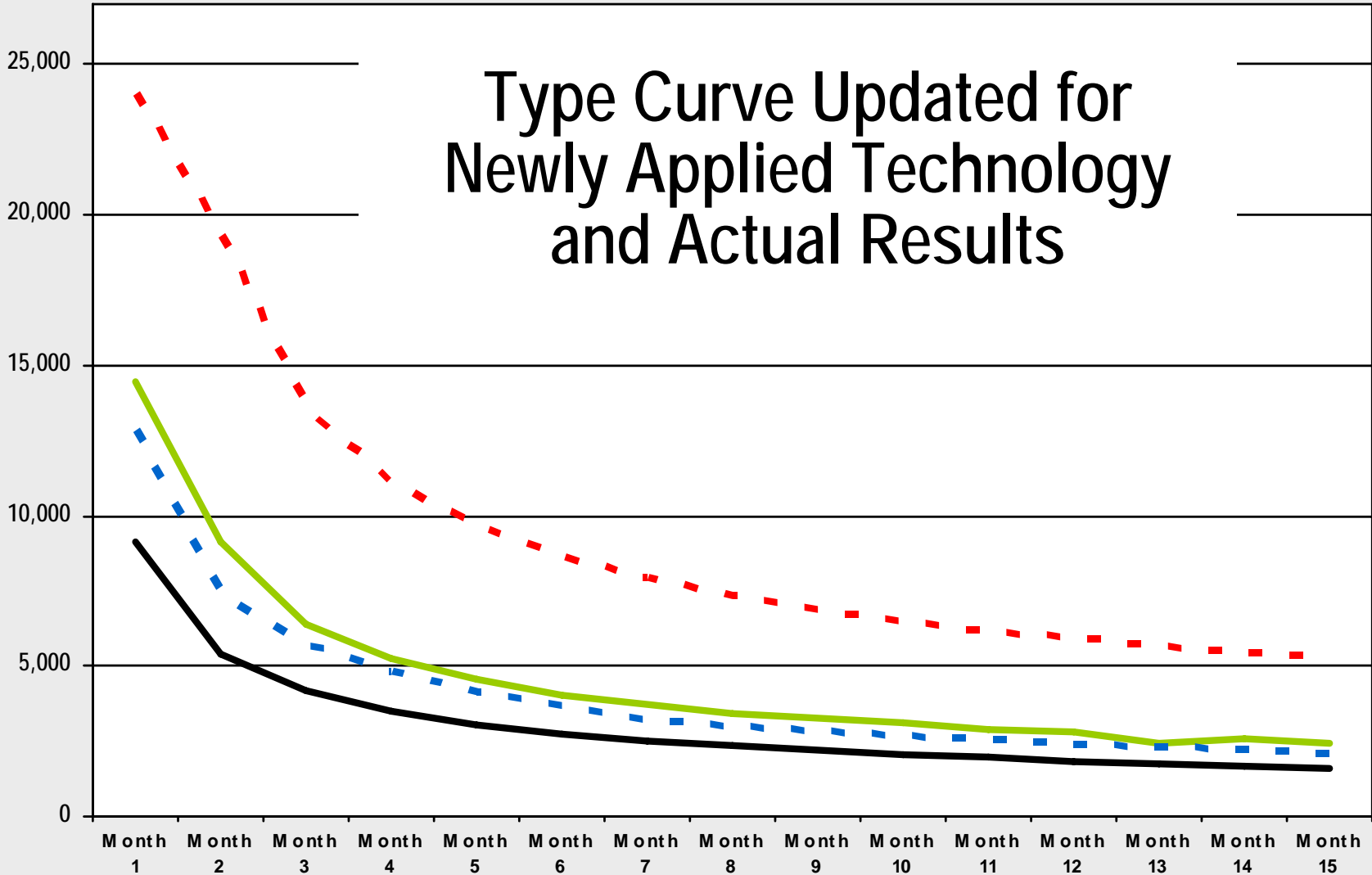




Granite Wash Type Curves

Gross Mcfe/d

Type Curve Updated for Newly Applied Technology and Actual Results

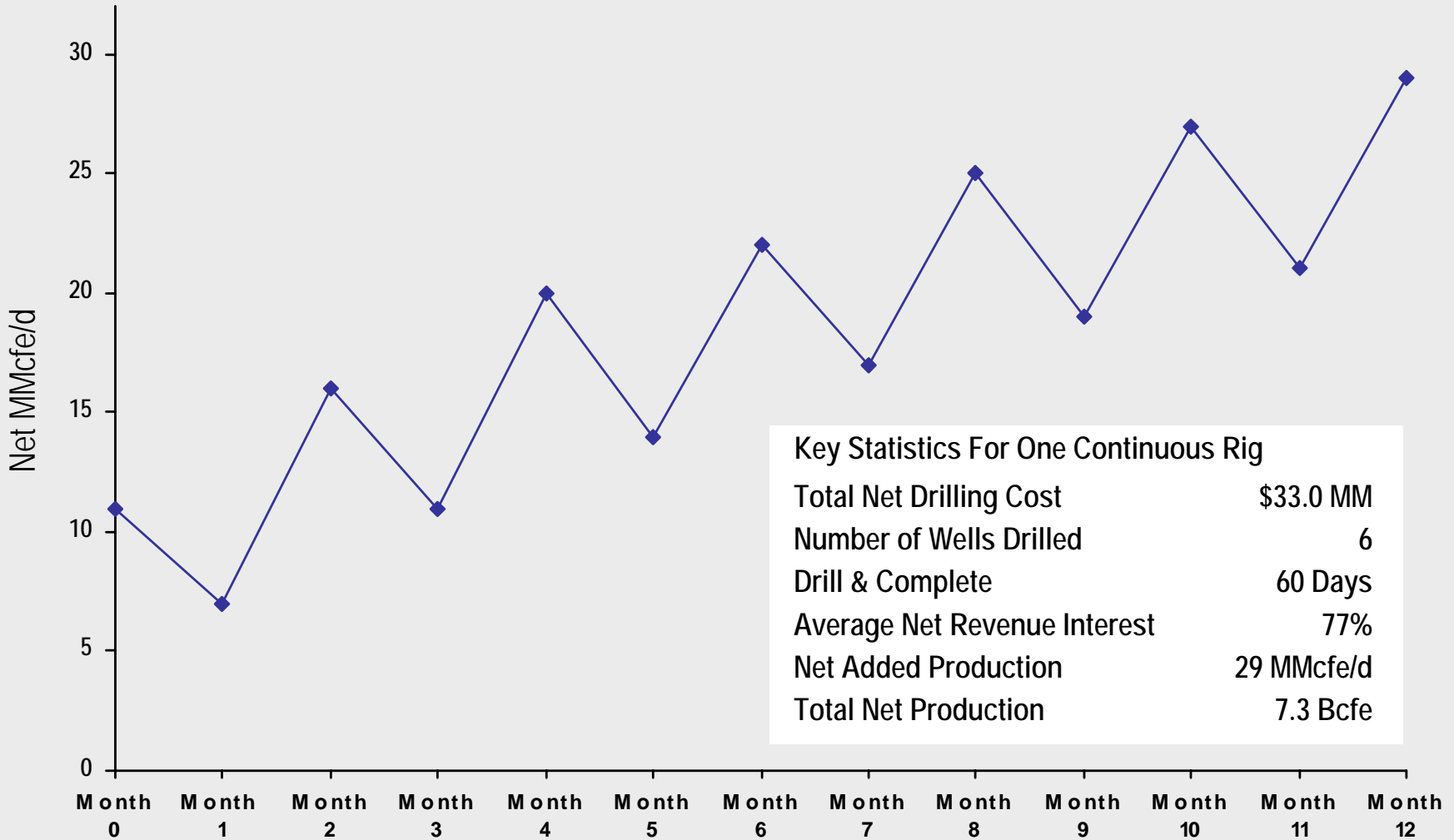


* NYMEX price

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



Granite Wash – One Rig Effect*



* Assumes 100% working interest well drilled

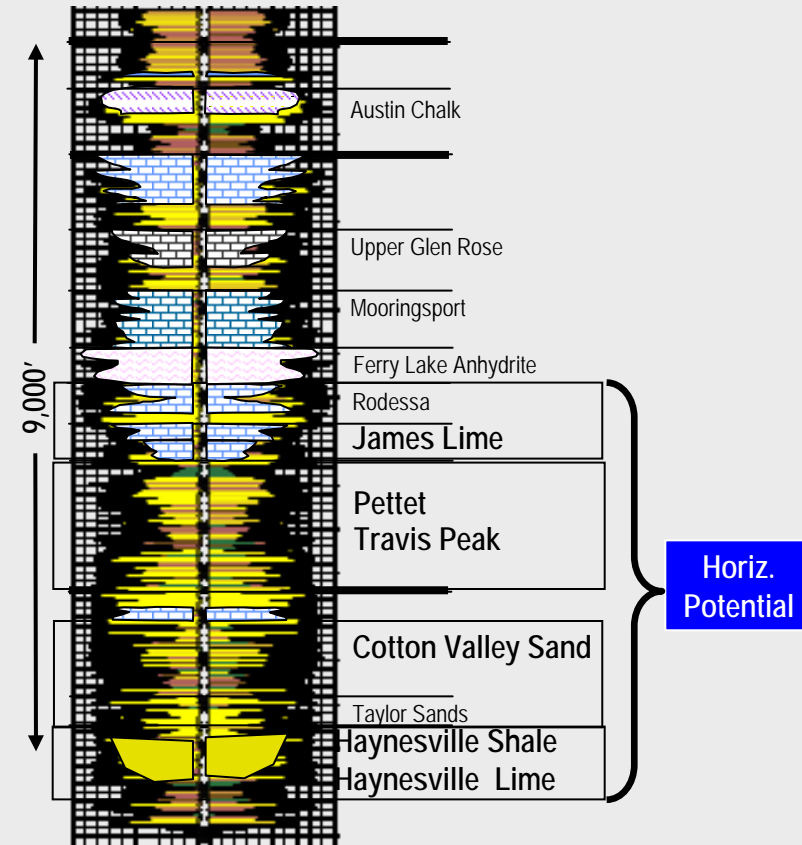


East Texas/North Louisiana Potential

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

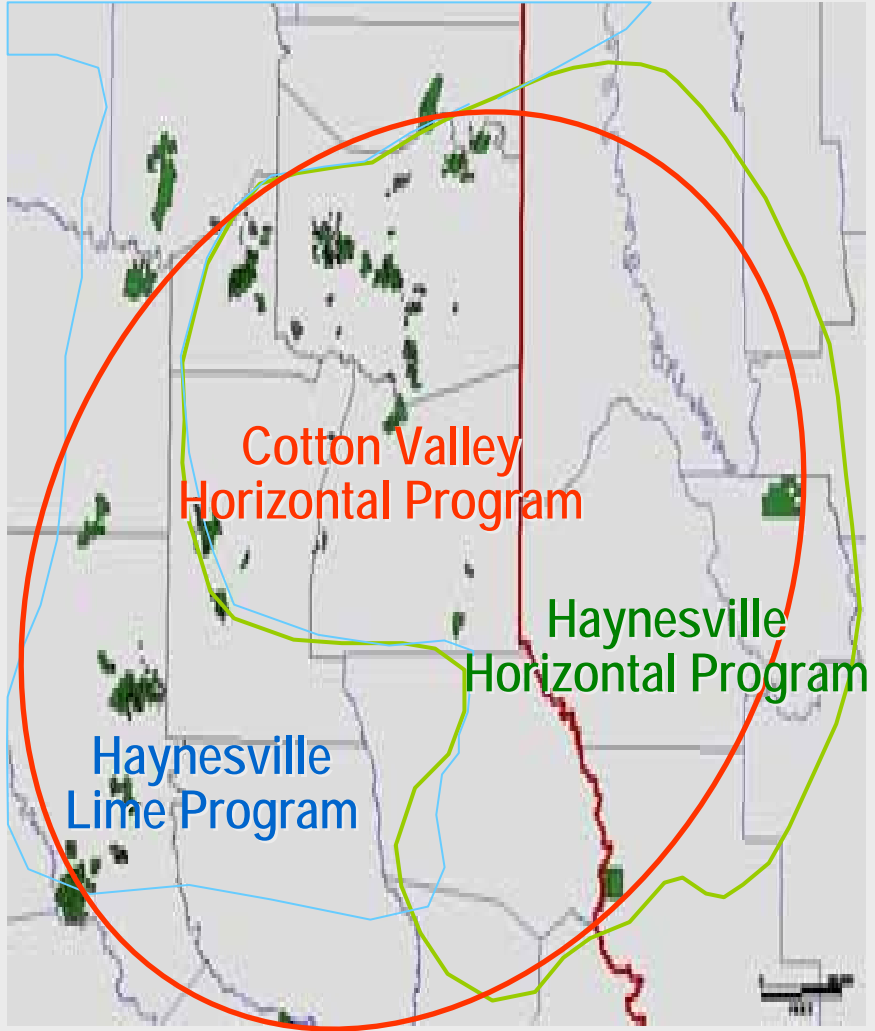
E. Texas/N. Louisiana Geologic Zones



“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

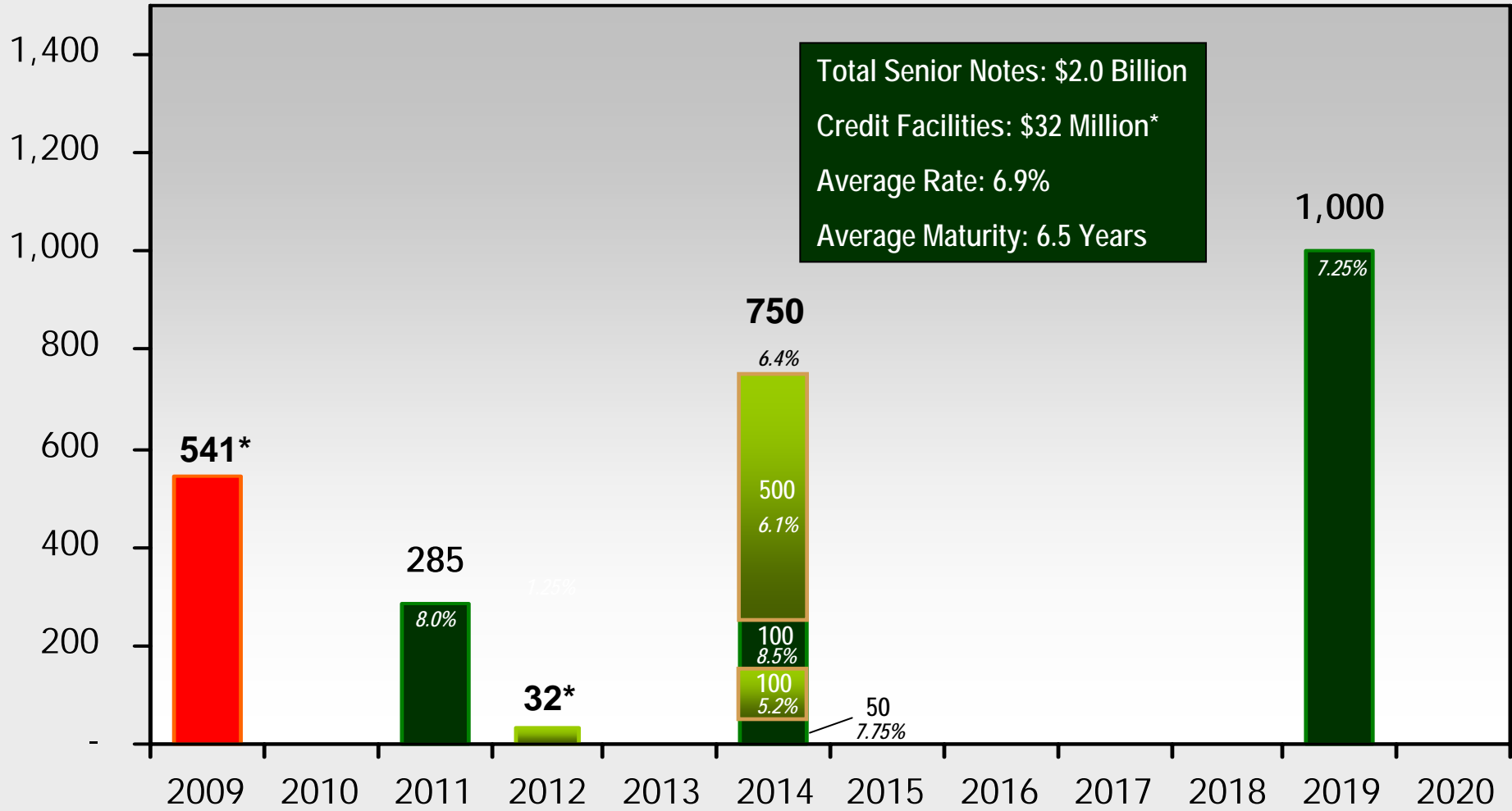
- Staggered long term debt maturity schedule
- Pro forma – approximately \$1.7 billion in liquidity under \$1.2 billion + borrowing base
- E&D spending designed to be within discretionary cash flow
- 70% of remaining 2009 natural gas production hedged at \$7.46/MMBtu floor
- 160 BBtu/d and 5.0 MBbl/d 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 Principal 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.

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