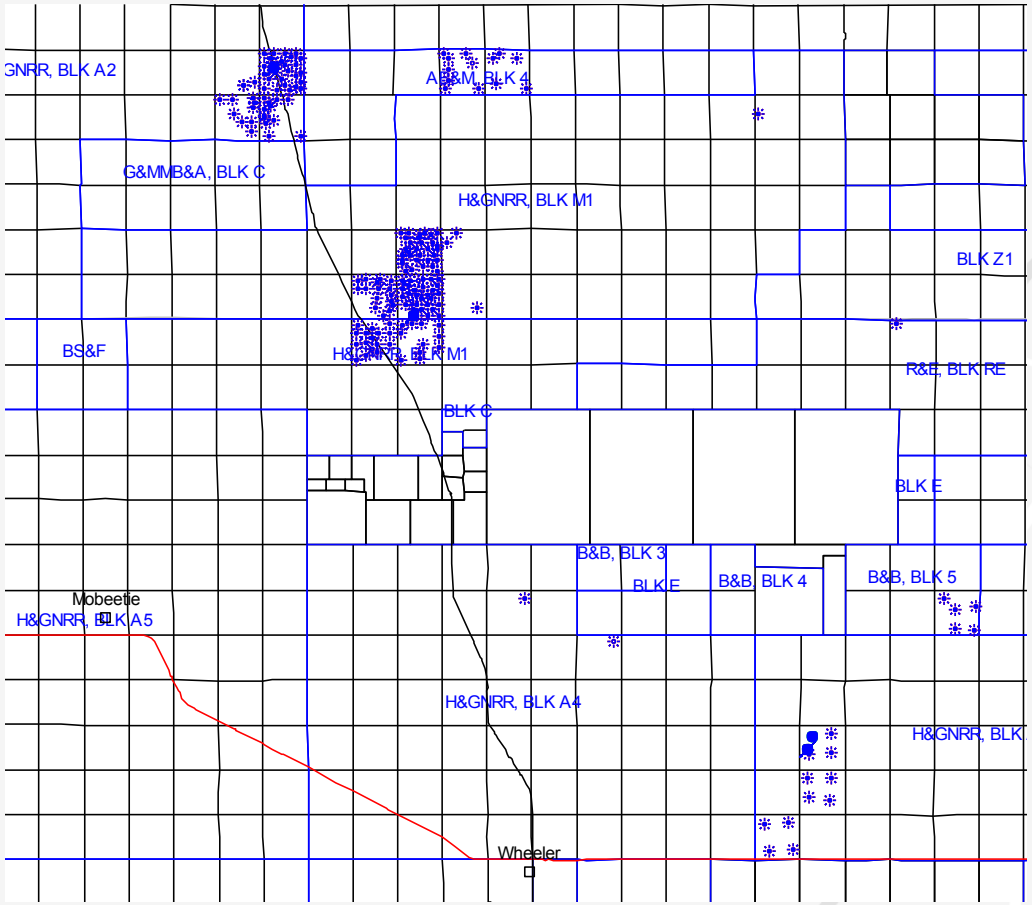
TAKING THE NEXT STEP

Forest Oil Corporation
Granite Wash Conference
Oklahoma Geological Society
March 6, 2008

Why the Granite Wash?

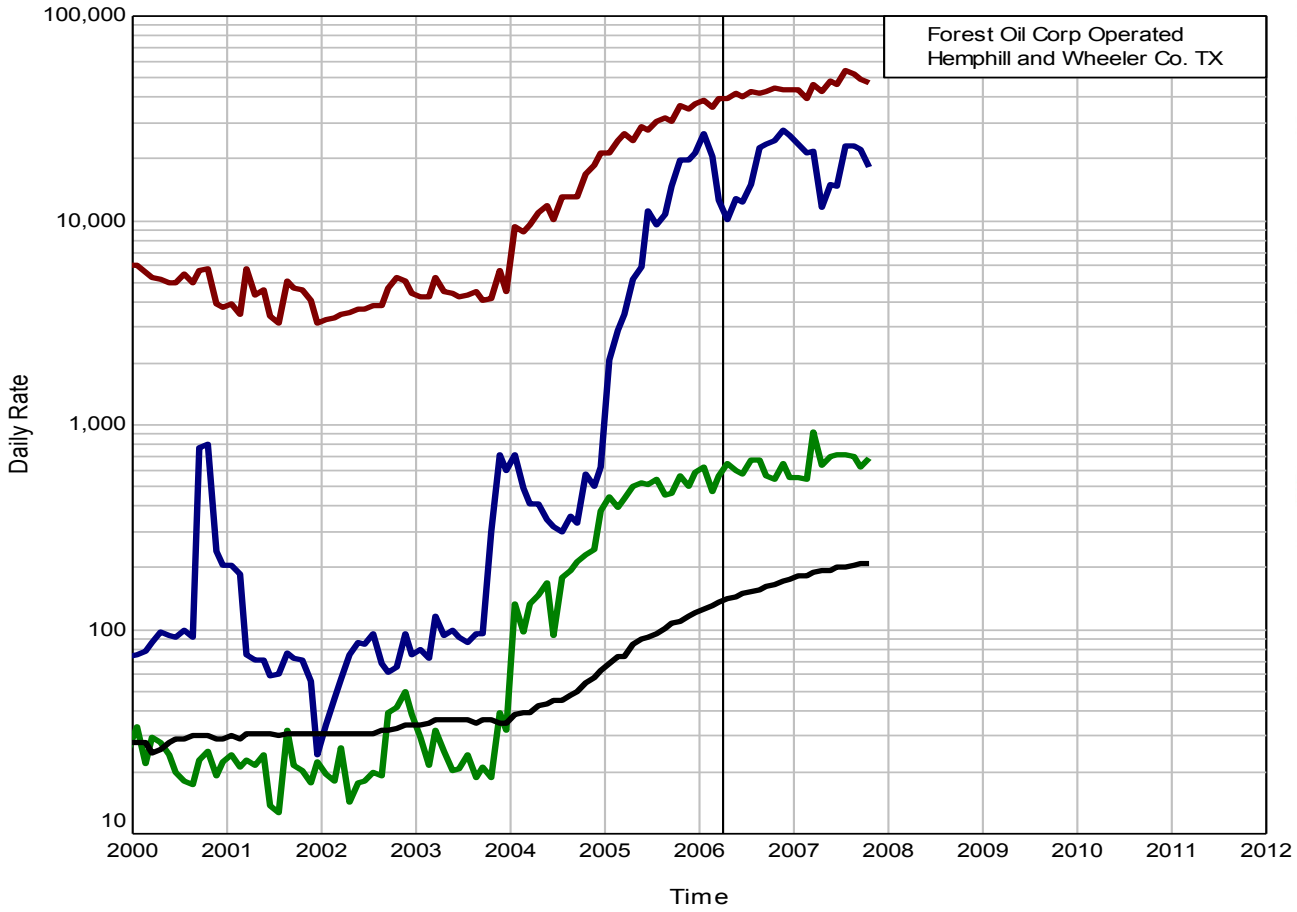
- Simple, repeatable play
- Low risk
- Ability to build large drilling inventory
- Low F&D costs
- Ease of permiting, welcoming community for oil & gas
- Gas markets: quick hook-ups, full takes, low basis differential
- Successively deeper pays add to EURs at low incremental capital costs

Forest Oil Corp - Texas Panhandle History



- Forest acquires 33,000 gross acres in March 2005.
- Acreage increased to 51,000 acres in 2007.
- Forest has drilled about 150 Granite Wash wells since April 2005.
- Buffalo Wallow approved for and being drilled on 20 acre downspacing
- Frye Ranch approved for 40 acre spacing.

Forest Oil Corp – Hemphill & Wheeler County Production



Meet the gas well paradox

The United States keeps drilling more wells with no gain in productions even though the nation has 1,400 Tcf of technically recoverable reserves and 188 Tcf of proven reserves. That may not make sense to some people, but Keith Rattie, president, chairman and chief executive officer of Questar Corp. of Salt Lake City, Utah, knows the reason. It's not a question of finding gas. In the past 25 years, the United States has used 500 Tcf of gas and reserves are higher now than they were then. "The resource is finite, but ingenuity is not," he said. Speaking at the Cambridge Energy Research Associates Week in Houston, Rattie described his company's experience in the tight sands of the Pinedale Anticline of southeastern Wyoming, the third largest field onshore in the United States. Questar is drilling on 10-acre spacing, or 64 wells per sq mile (2.6 sq km) in the tight sand, and it's only reaching half the gas. At some point it will drill 128 wells per square mile, if it can overcome public opposition. Wells in similar tight formations in the Piceance Basin of Colorado show an initial flush production of 1 MMcf/d to 2 MMcf/d, decline sharply in a short period of time and produce for years fielding about 1.5 Bcf of gas per well total production. That decline means Questar can drill 1,000 wells a year for 10 years and get only a potential 1 Bcf/d of additional production, he said.

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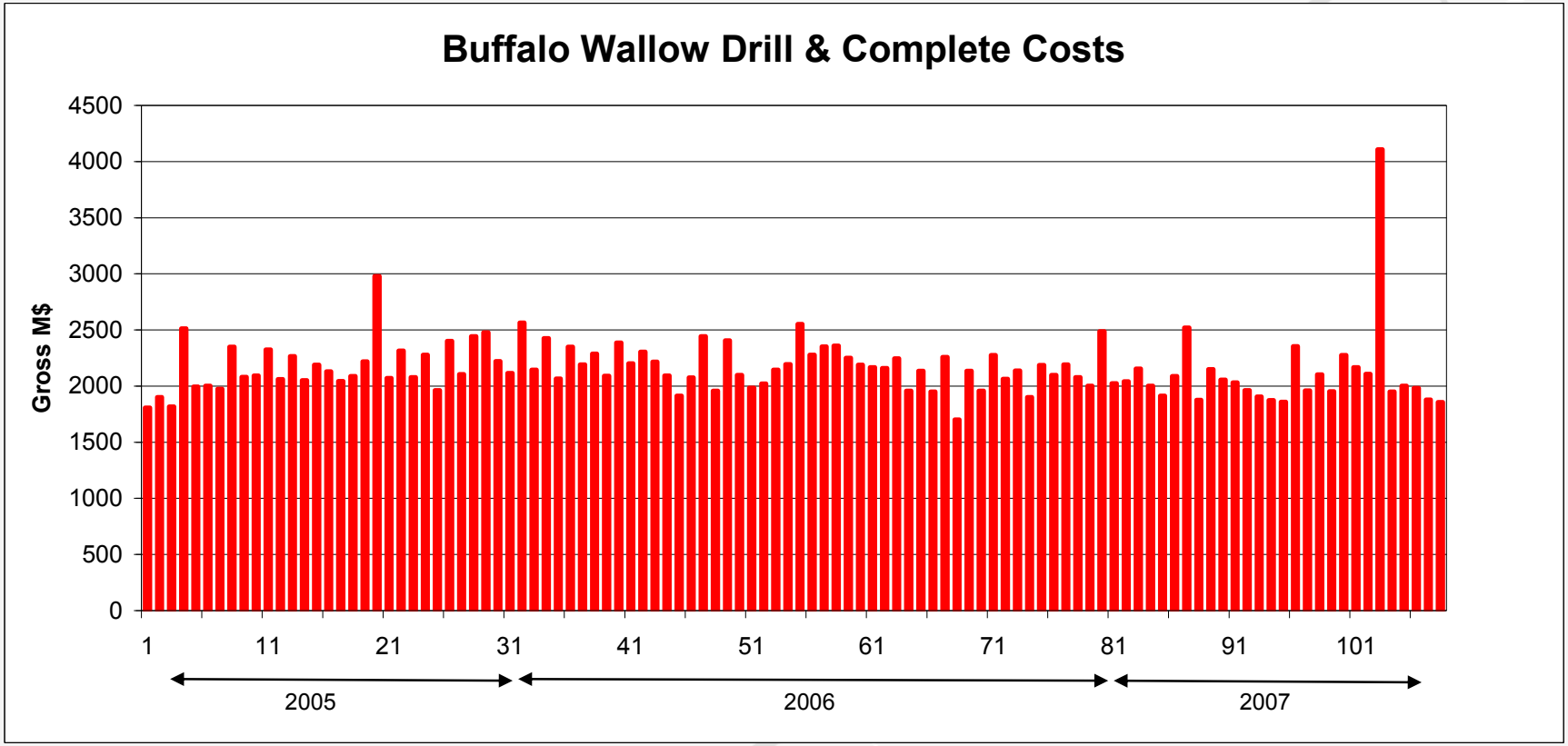
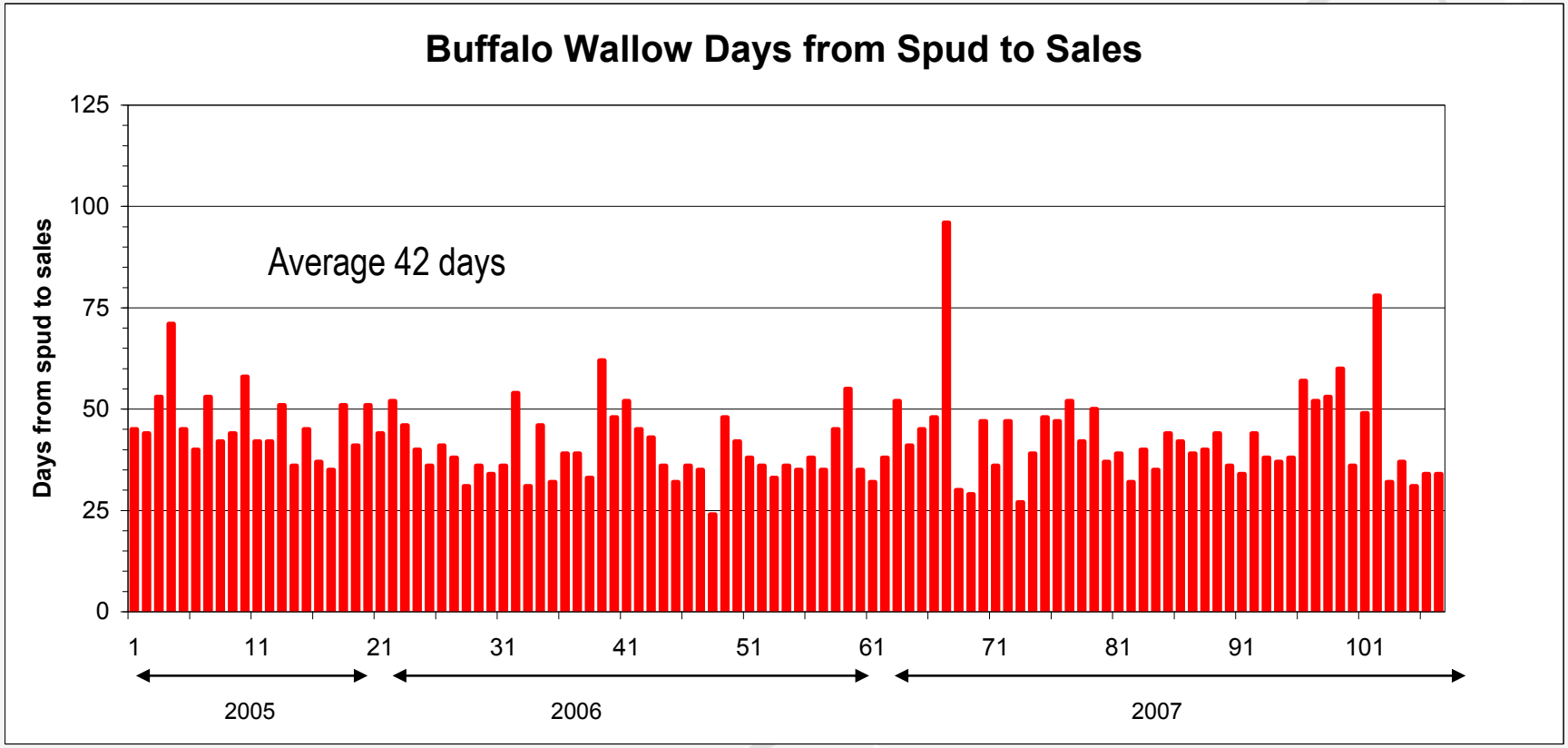
www.eandpnet.com

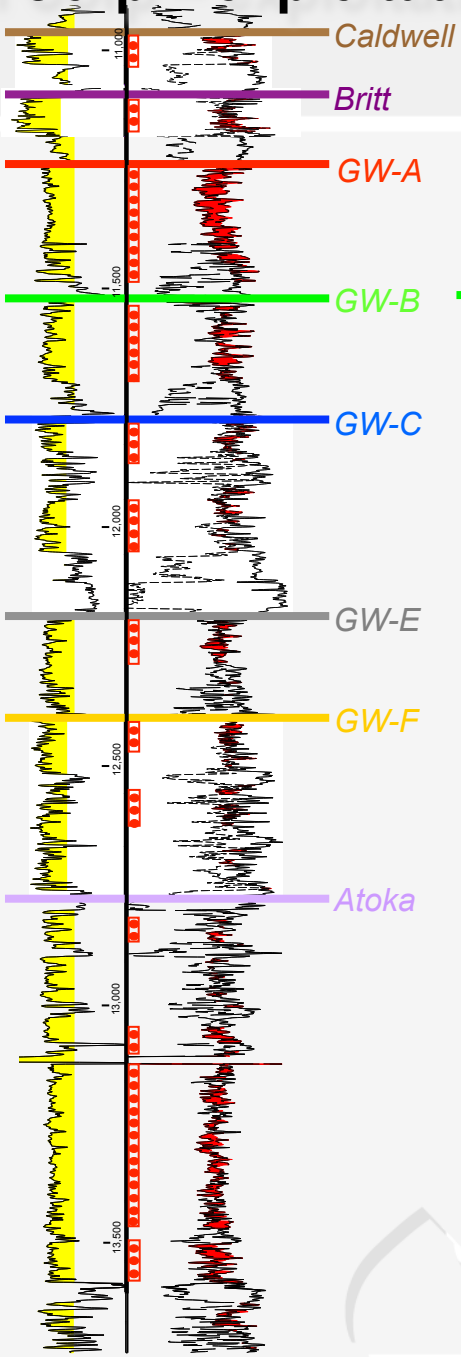
Forest Oil Corp – Buffalo Wallow Field: Drill & Complete Costs



Forest Oil Corp – Buffalo Wallow Field: Days from Spud to Sales



Forest Oil Corp – exploitation of deeper Granite Wash pays

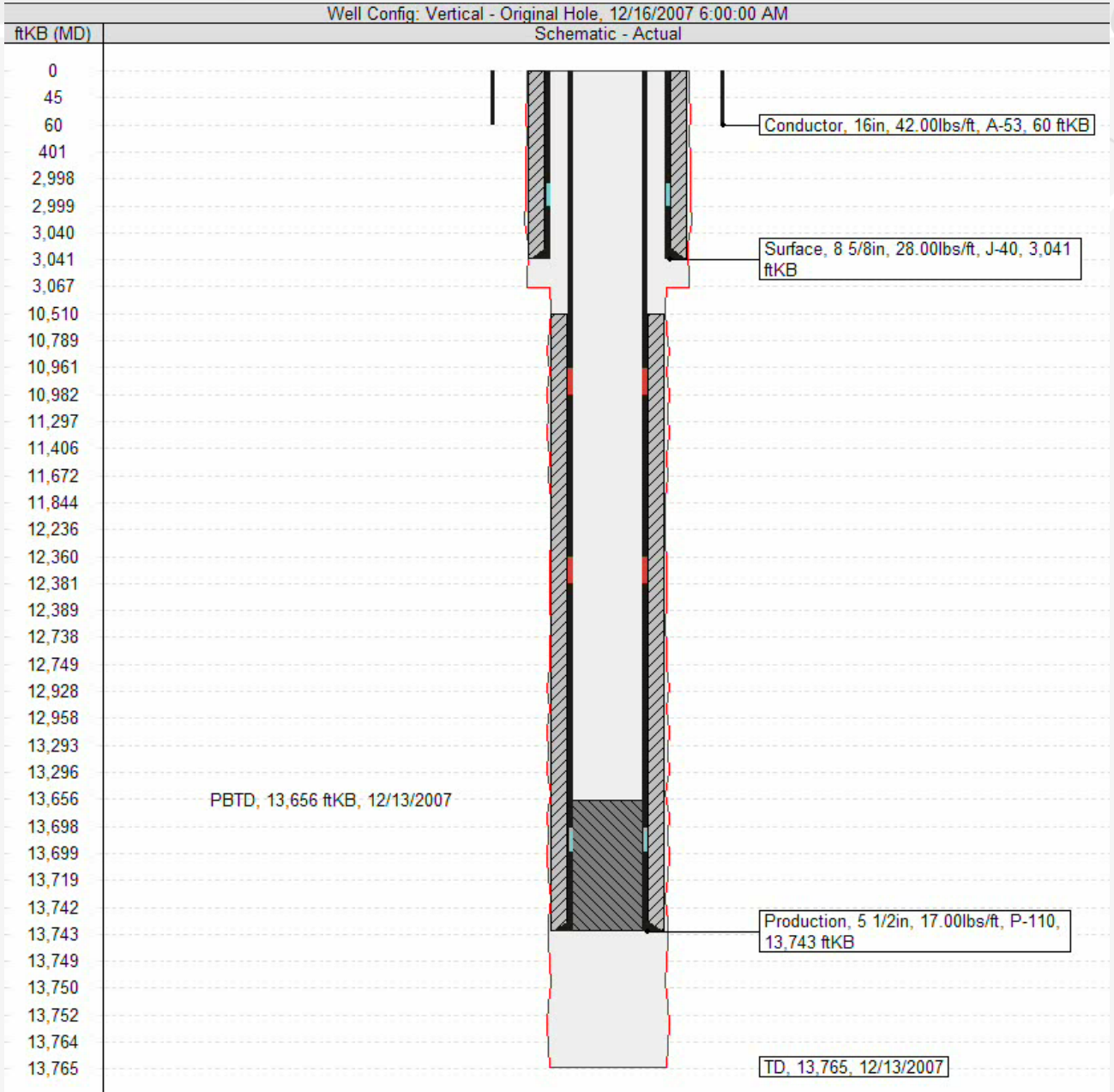


Initially operators in Buffalo Wallow completed the **Caldwell**, **Britt** and GW-**A** only

Operators then completed thru the GW-**B** and GW-**C**

Forest determined that additional economic net-pay exists in the GW-**E**, **F** & **Atoka** and it now selectively completes in those zones as well

Forest Oil Corp – Buffalo Wallow Completion



Liquid Loading

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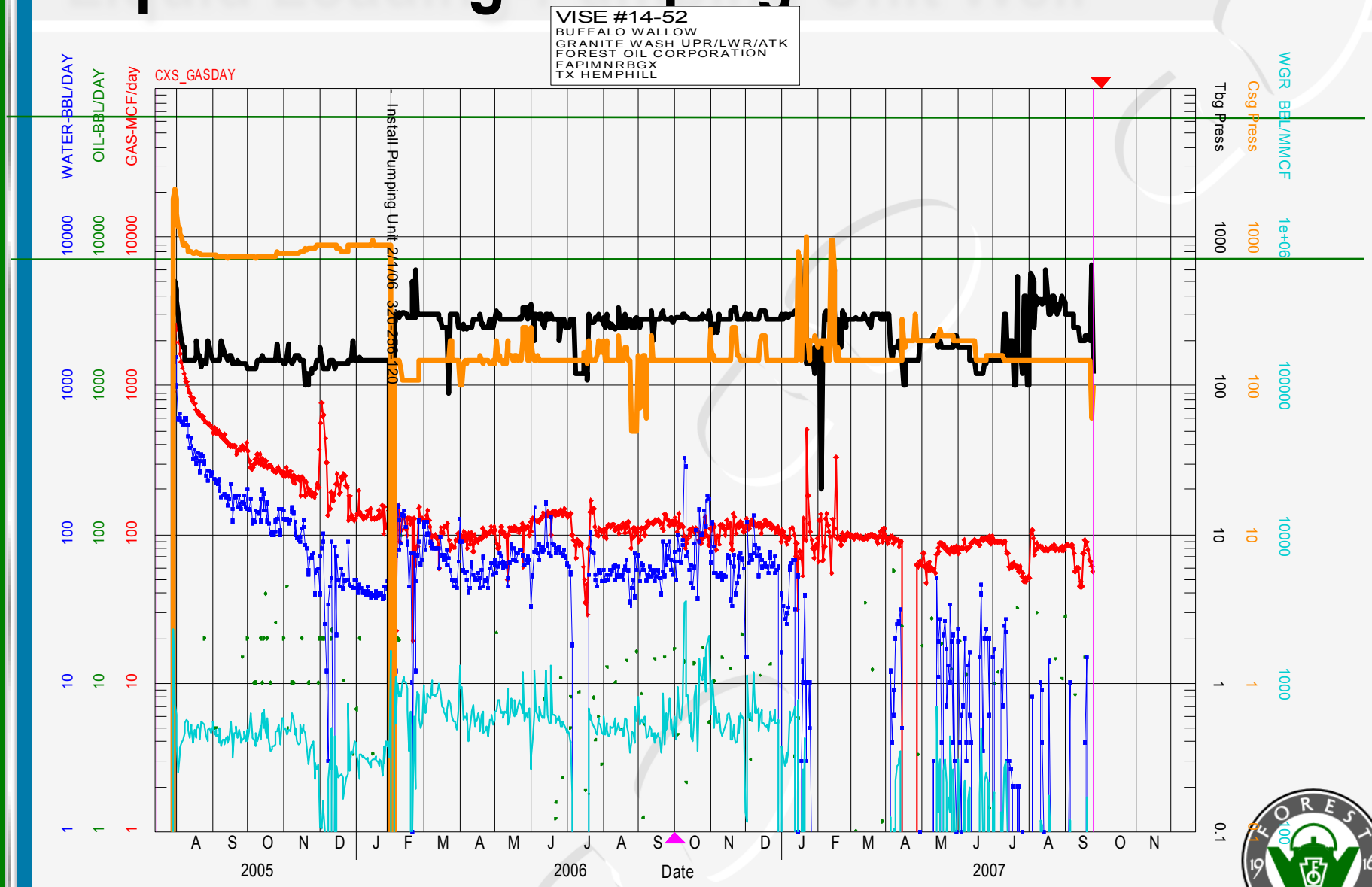
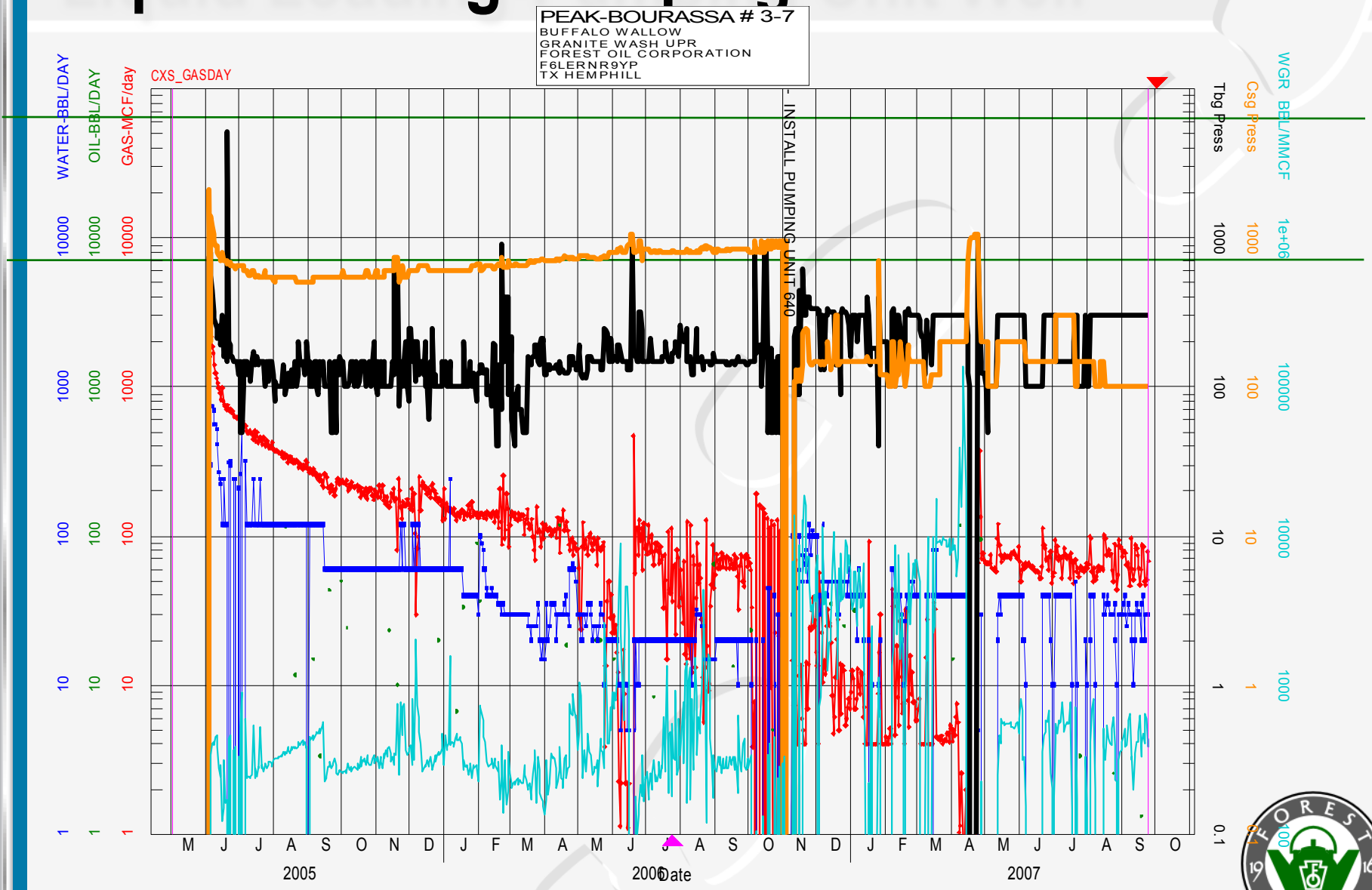
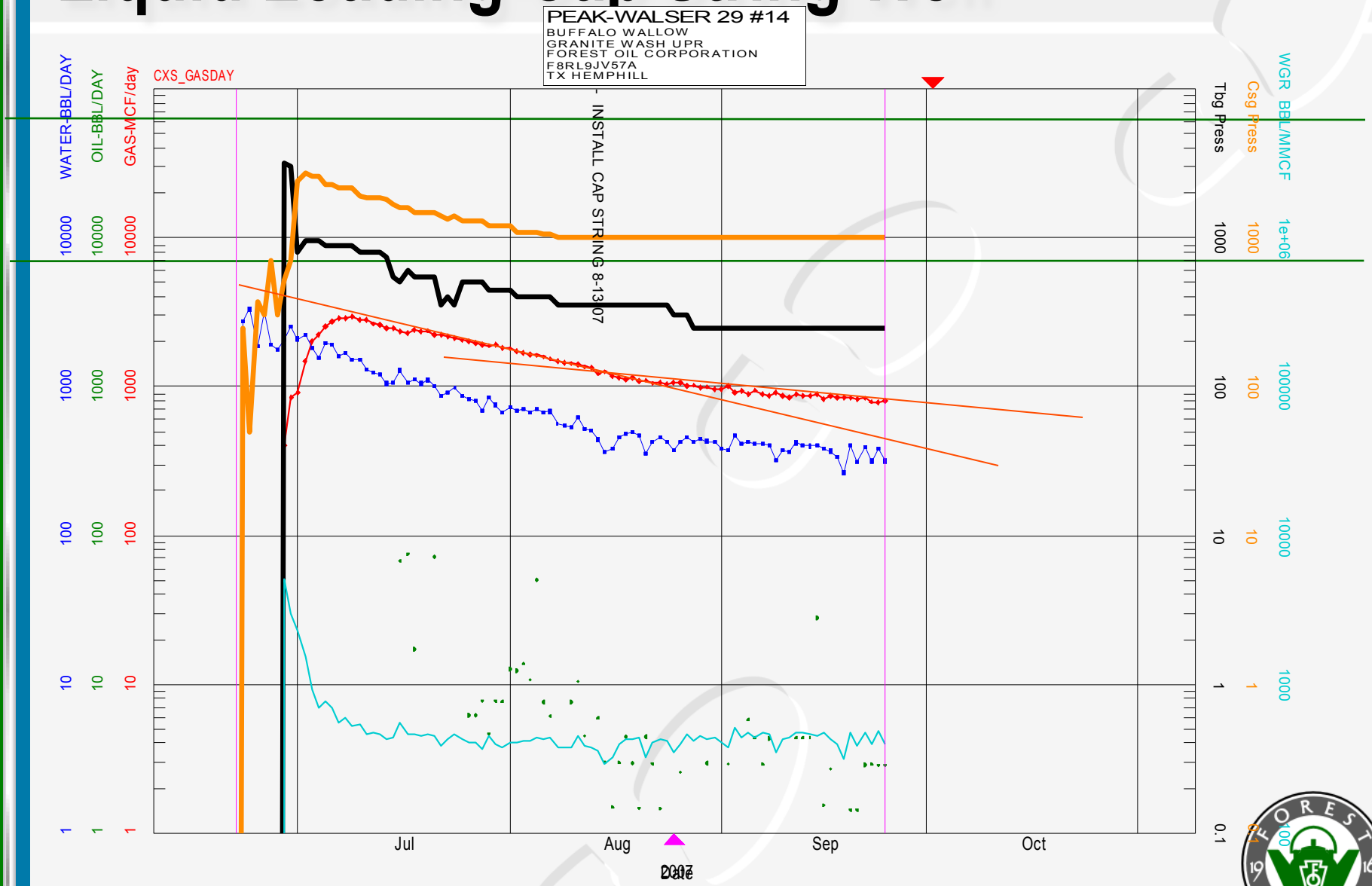
Liquid Loading-Pumping Unit Well



Liquid Loading-Pumping Unit Well



Liquid Loading-Cap String Well



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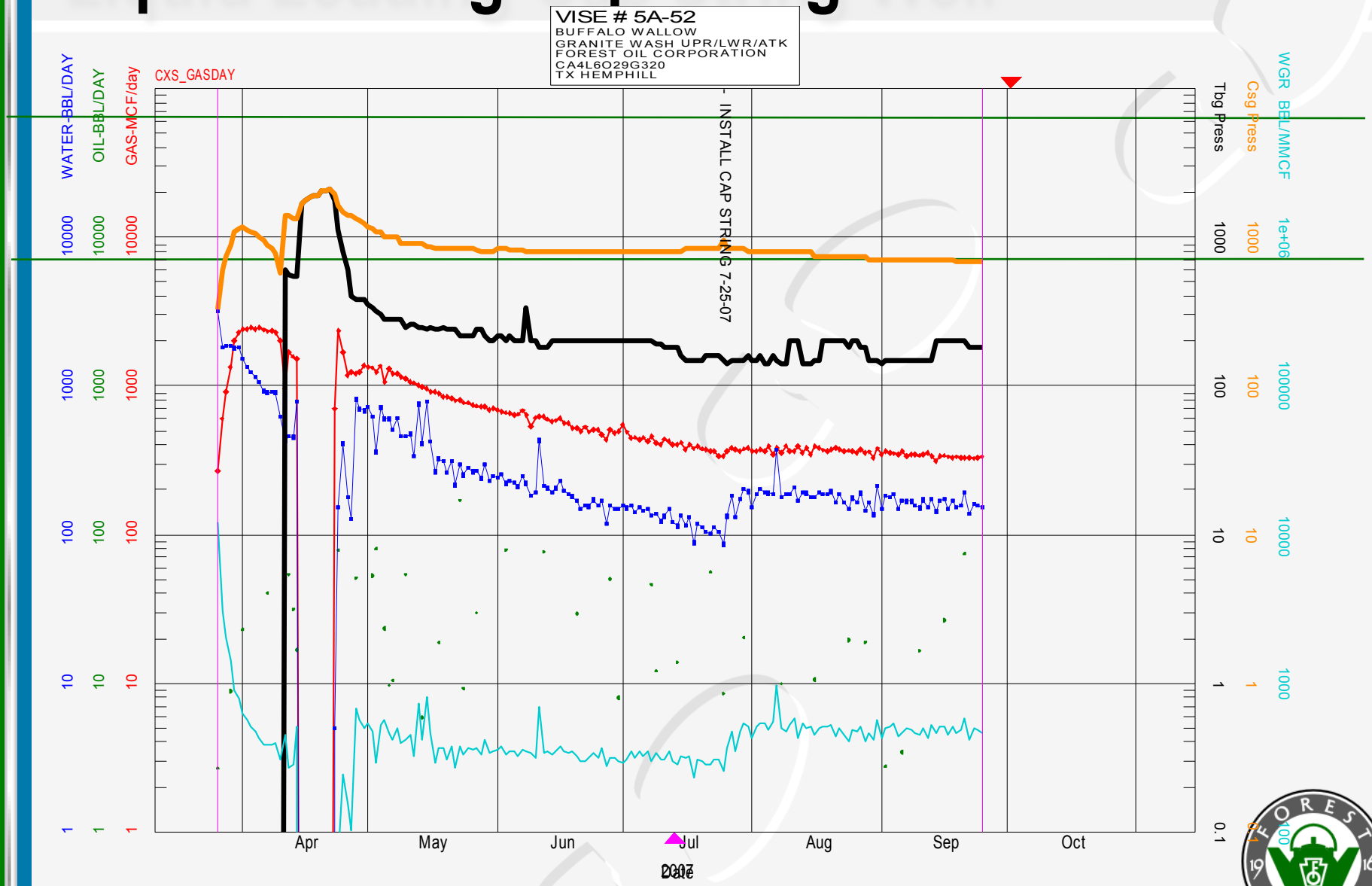

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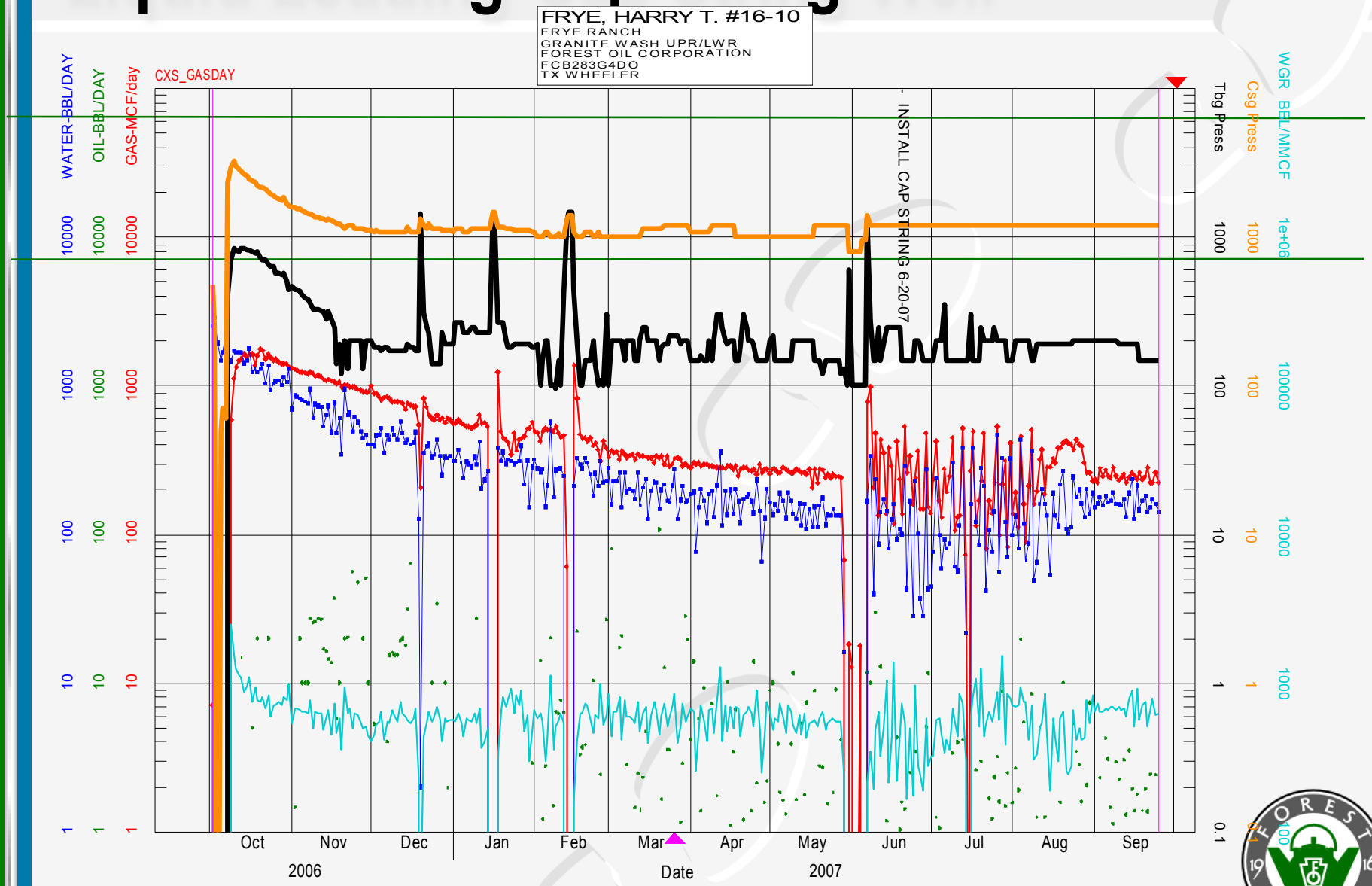
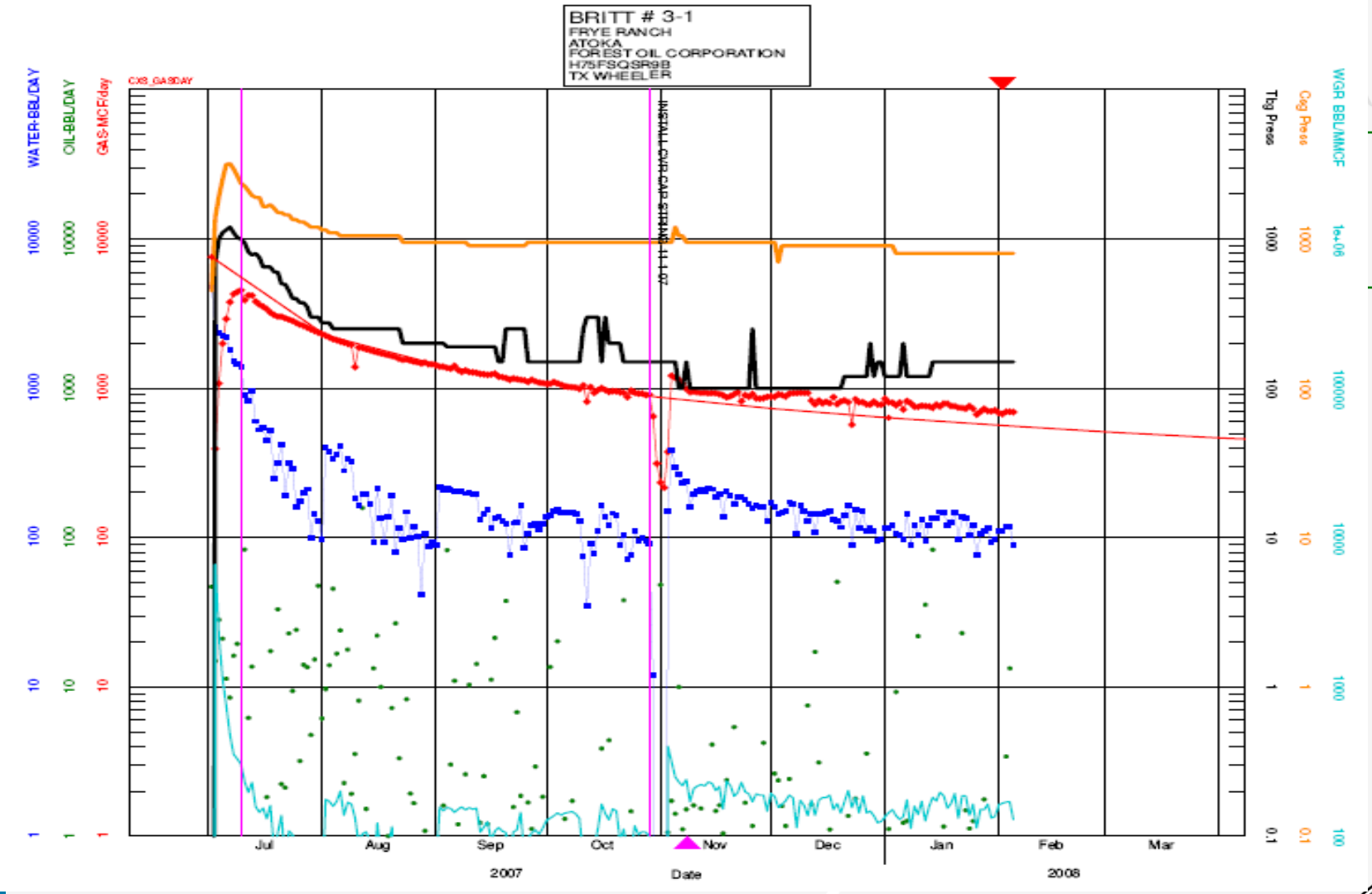
Liquid Loading-Weatherford CVR System