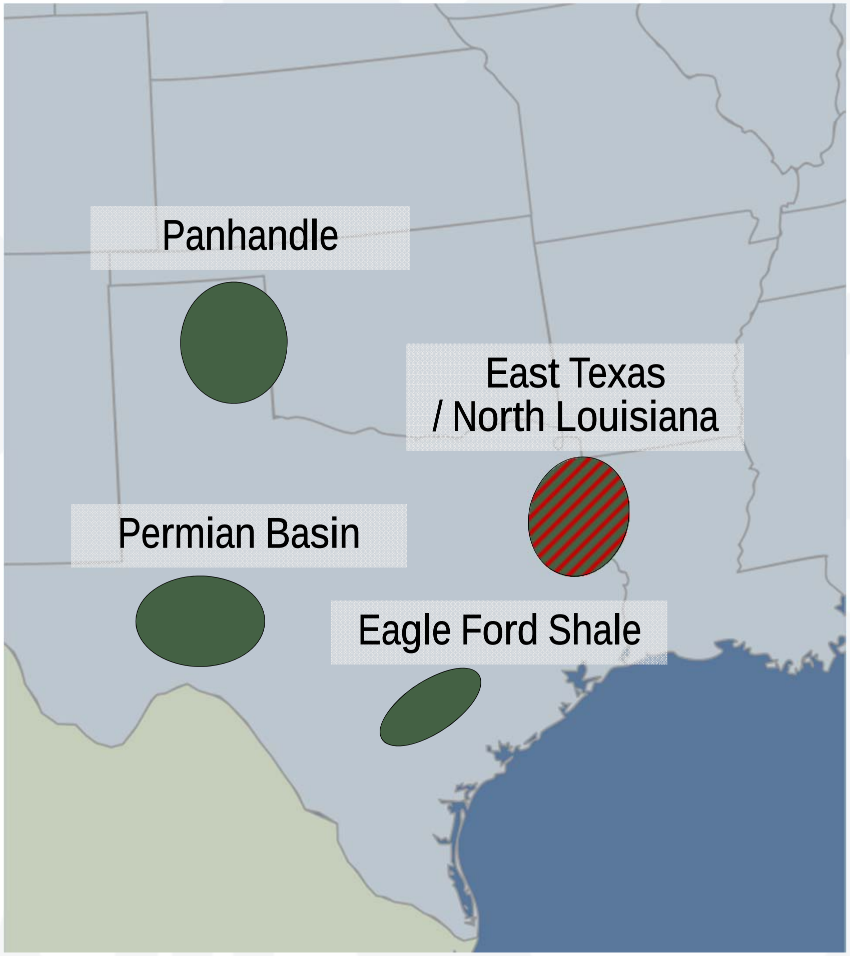
FOREST OIL

GROWING THE OIL IN FOREST

Baird 2012 Growth Stock Conference

May 9, 2012

Forest Oil Snapshot



Core Oil & Liquids Areas

Core Gas & Liquids Area

Corporate Summary

$1.3 Billion Market Capitalization: (05/04/12)

$3.0 Billion Enterprise Value

12/31/11 Est. Proved Reserves of 1.9 Tcfe

- 55% Proved Developed
- R/P Ratio – 16 Years

1Q Daily net production of 337 mmcfe/d

- 230 MMcf/d of gas
- 17,945 Bbl/d of Oil and Liquids

Oil and Liquids make up 32% of sales volumes and 70% of sales revenues

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1Q12 Highlights & 2012 Strategy

1Q12 Highlights

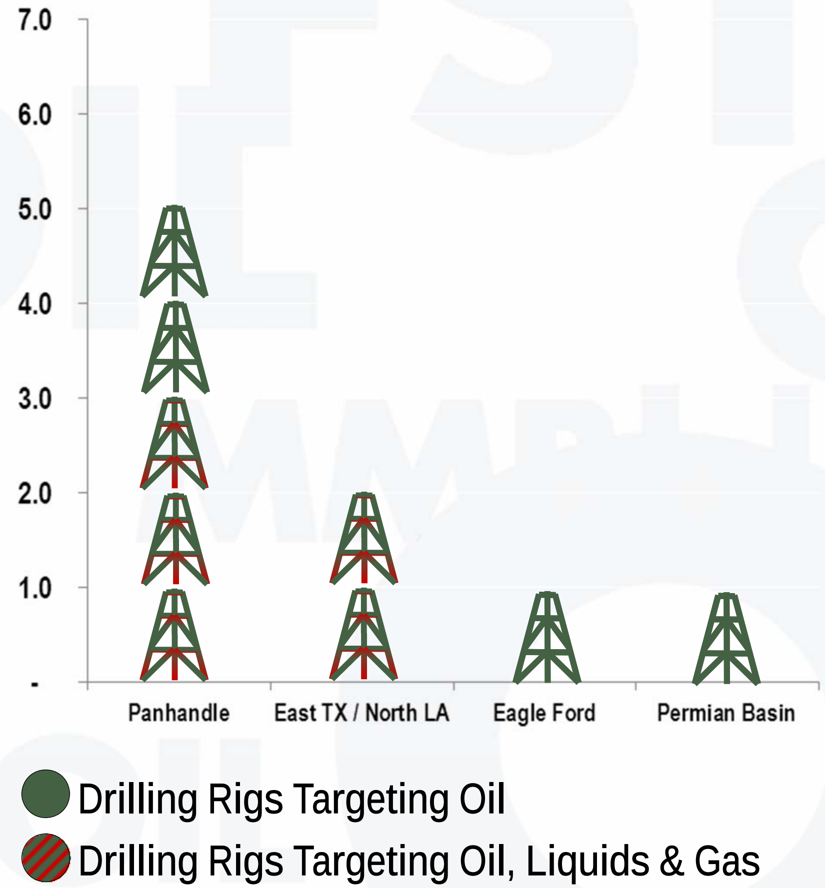
- Panhandle Area oil drilling program continues to yield results with successful Missourian Wash and Tonkawa oil wells
- Oil and NGLs now account for 32% of net sales volumes – the highest Percentage in five years
- Added second rig to target oil and liquids-rich Cotton Valley opportunities in East Texas

2012 Strategy

- Test additional zones in our “bread and butter” multi-stacked pay plays in the Panhandle and East Texas
- Continue to take advantage of our oil and liquids-rich growth opportunities
- Move forward technology and testing of oil opportunities – Eagle Ford Shale and Permian Basin
- De-lever balance sheet with sale of non-reserve based assets

Focused Plan For 2012

Rig Counts In Core Areas



- Estimated 2012 total capital budget of $585 – $635 million (E&D capital budget of $480 – $520 million)
- Majority of 2012 E&D capital allocated to organic production growth engines in the Panhandle Area and East Texas
- Drilling budget now 100% focused on oil & liquids-rich opportunities
- Ability to adjust capital program to quickly take advantage of growth opportunities
- Development plans to be within a reasonable bandwidth of cash flow while earning attractive returns on invested capital

Portfolio Focused Prospect Inventory

Area	Net Acres (December 31, 2011)	PUD Locations (December 31, 2011)	PUD Reserves (Net Bcfe) (December 31, 2011)	Other Identified Locations* (December 31, 2011)	Unrisked Potential* (Net Bcfe) (December 31, 2011)	Liquids Target	Lantern Drilling Utilization	Land Access & Infrastructure In Place
Panhandle	111,000	297	350	1,096	1,266	✓	✓	✓
East Texas / North Louisiana	123,000	289	305	2,755	4,198	✓	✓	✓
Eagle Ford Shale	103,000	42	57	1,031	1,167	✓	✓	✓
Permian Basin**	114,500	-	-	2,000	2,277	✓	✓	✓
Other New Ventures	75,000	-	-	-	-	✓	✓	✓
Other	1,827,500	228	154	5,777	2,420	✓	✓	✓
Total	2,354,000	856	866	12,658	11,328	✓	✓	✓

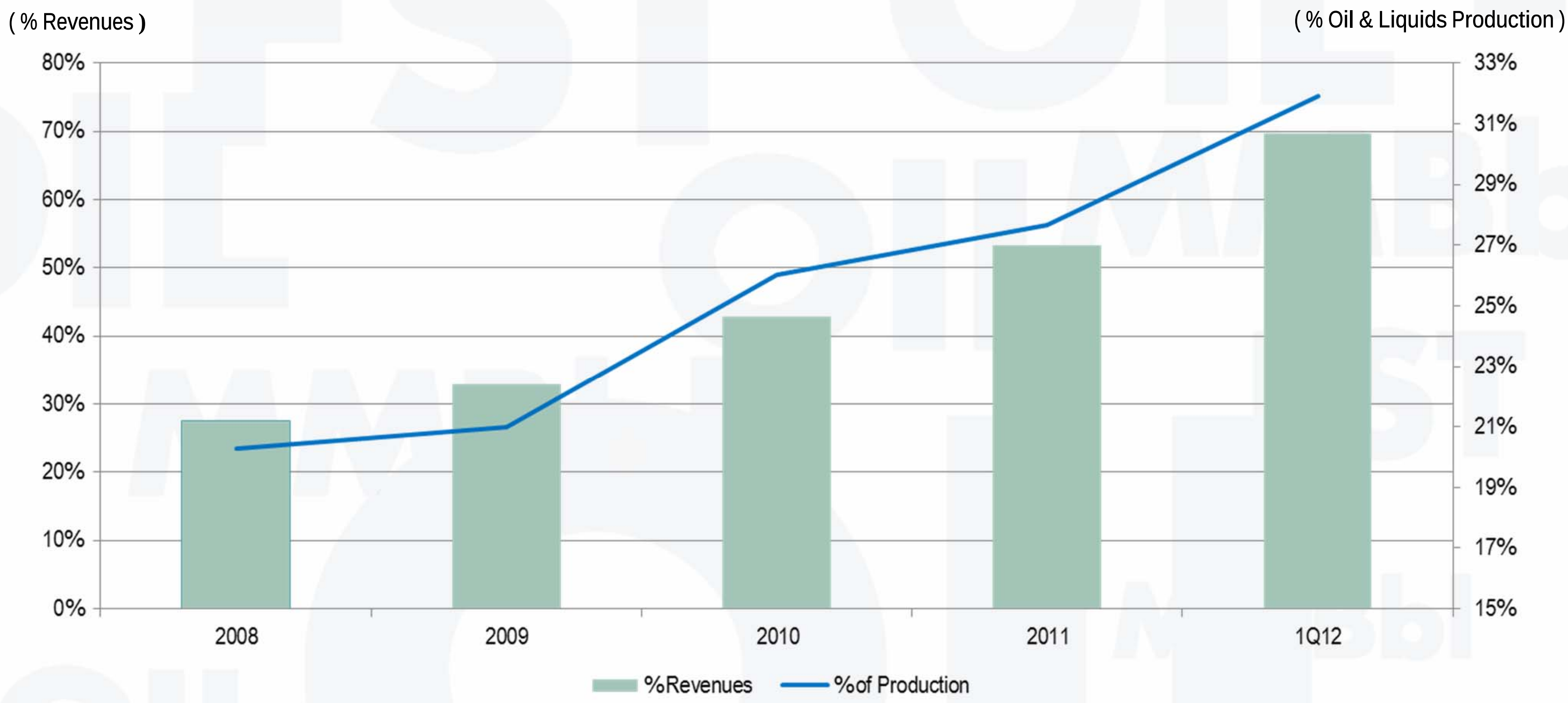
Meaningful Oil & Liquids-Rich Opportunities

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

** As of February 16, 2012

Revenue & Production Transformation

2008 – 1Q12 Revenue & Production Mix*

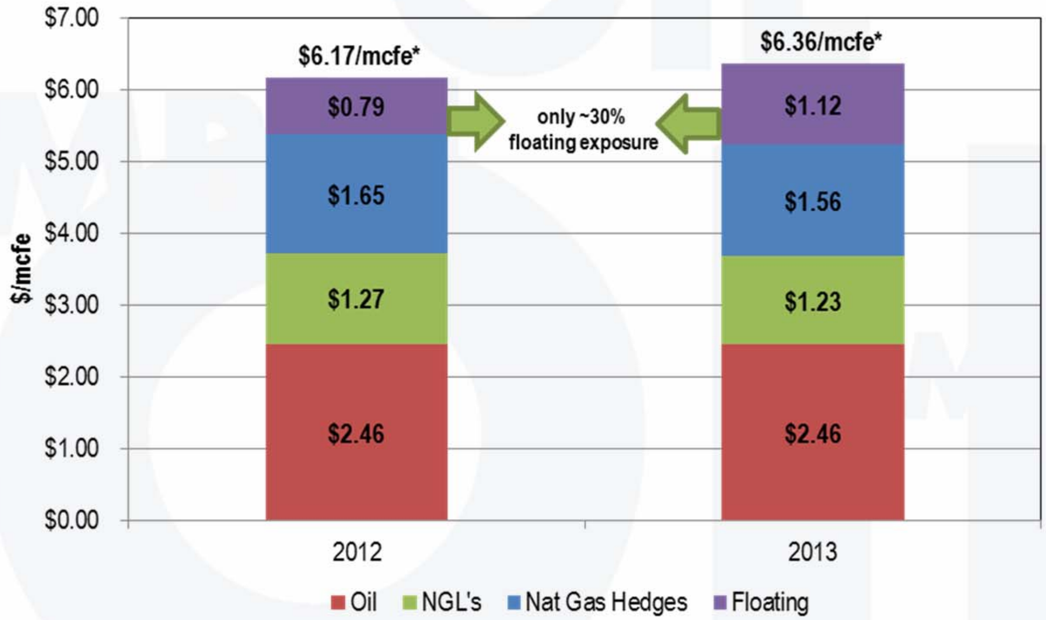


Oil & Liquids Account for 70% of Revenues and 32% of Volumes

* Pro forma for Lone Pine Resources spin-off and 2009 Permian Basin divestiture

Limited Near-Term Exposure to Nat Gas

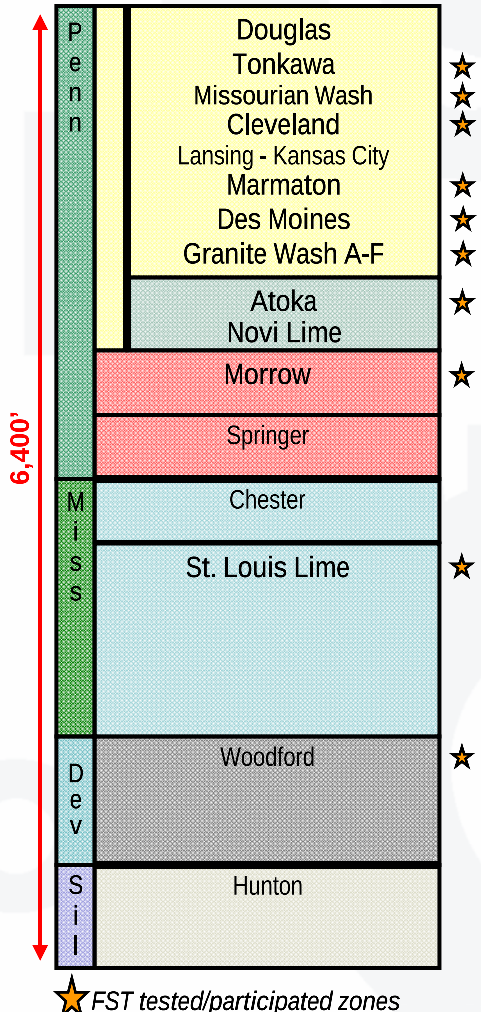
- 32% of current production consists of oil and natural gas liquids
- Active hedging strategy helps protect cash flow and provides downside protection
- Only ~30% of equivalent natural gas volumes exposed to price fluctuations through 2013
  - 2012 – 155 mmcf/d hedged at $4.33/mcf
  - 2013 – 134 mmcf/d hedged at $4.02/mcf



* Based on strip pricing as of May 7, 2012

Panhandle: Unique Knowledge Base

Panhandle Geologic Zones



Knowledge Based Exploitation

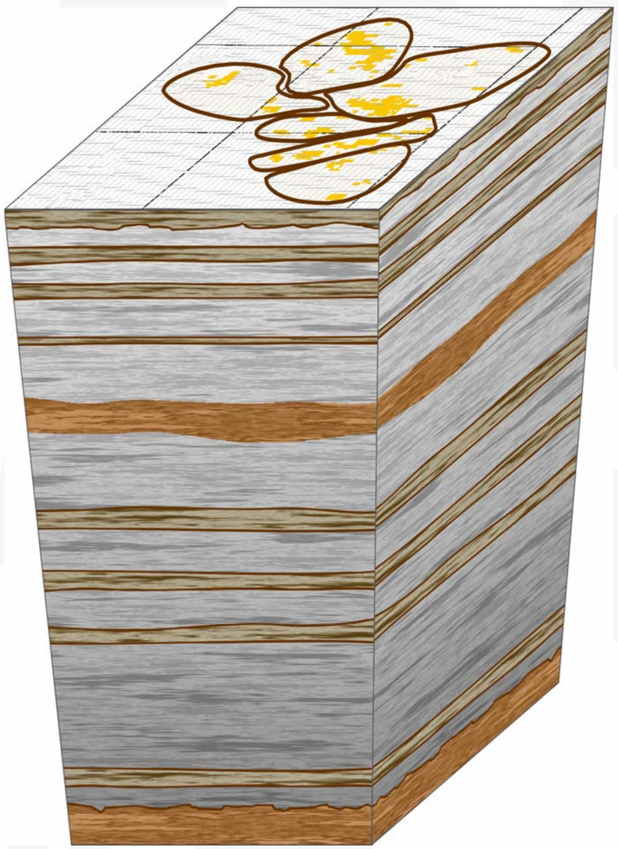
- Large database (700+ wells) creates unique and extensive knowledge base of stacked-pay sands that provide for multiple wells from the same location creating an acreage multiplier
- Upper oil zones complement deeper liquids-rich opportunities
- Vertical and horizontal fracture mapping and reservoir simulation provide insight into optimal fracture designs and depletion plans
- Forest has identified thirteen commercial intervals with four additional intervals identified as prospective for horizontal development at this time

Area	Gross Acres	Net Acres	Other Identified Horizontal Locations*	Unrisked Potential* (Net Bcfe)
Frye Ranch / Camp South	54,000	24,000	631	521
Canadian SE / Buffalo Wallow	61,000	39,000	193	256
Mendota Ranch / Kelln	69,000	48,000	272	490
Total Panhandle	184,000	111,000	1,096	1,266

* As of December 31, 2011. Does not include estimated proved reserves or locations associated with estimated proved reserves.

Panhandle: Geologic Intervals

Acreage Multiplier (Interval Factor)



Thirteen Zones Have Been Successfully Tested Horizontally

Geologic Interval	Other Identified Horizontal Locations*
Douglas	25
Tonkawa	63
Missourian Wash (2 Zones)	45
Cleveland	90
Des Moines / Marmaton	44
Britt	114
Granite Wash Series (5 Zones)	442
Atoka (2 Zones)	145
Morrow	125
St. Louis	3
Woodford	TBD
Total Horizontal Locations	1,096

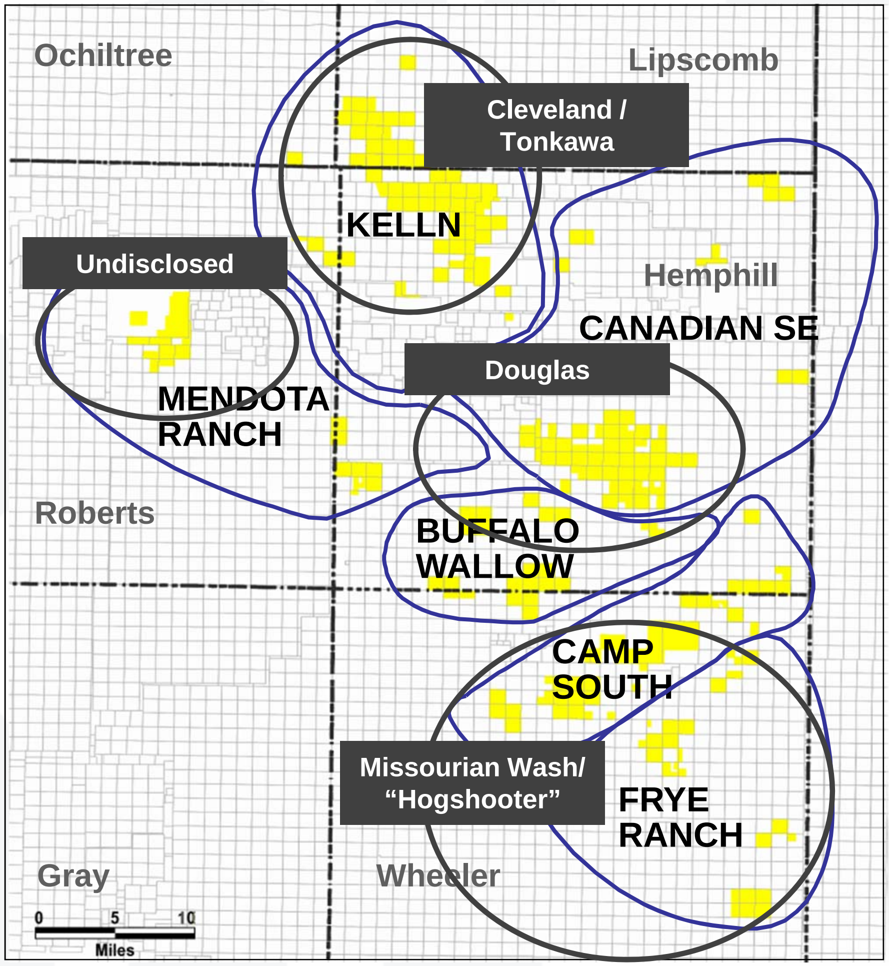
* As of December 31, 2011. Does not include locations associated with estimated proved reserves.

Panhandle Oil Zones

Operated Results

Zone (Program Average)	Gross Oil* (Bbls/d)	Gross NGLs* (Bbls/d)	Gross Gas* (MMcf/d)	Equivalent* (Boe/d)
Missourian Wash	2,157	546	2.6	3,000
Cleveland	654	-	-	654
Undisclosed	821	492	4.3	2,028
Tonkawa	1,640	200	1.6	2,100

- Missourian Wash (Hogshooter) program 24-hour IP rate averaging 3,000 Boe/d, 45 potential locations identified
- Initial Tonkawa well tested 2,100 Boe/d, 63 potential locations identified
- 2 – 3 rig program focused in the Missourian Wash, Tonkawa, Cleveland, and other oil zones in 2012

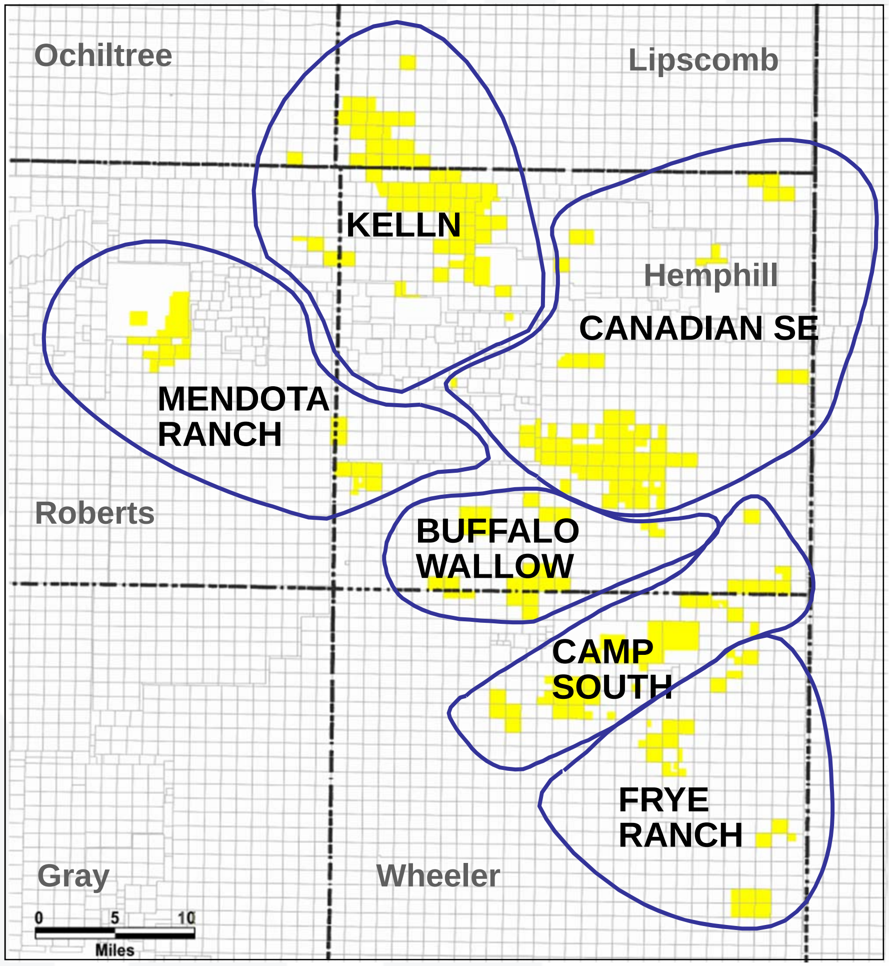


* Based on 24-hour IP rate

Panhandle Granite Wash

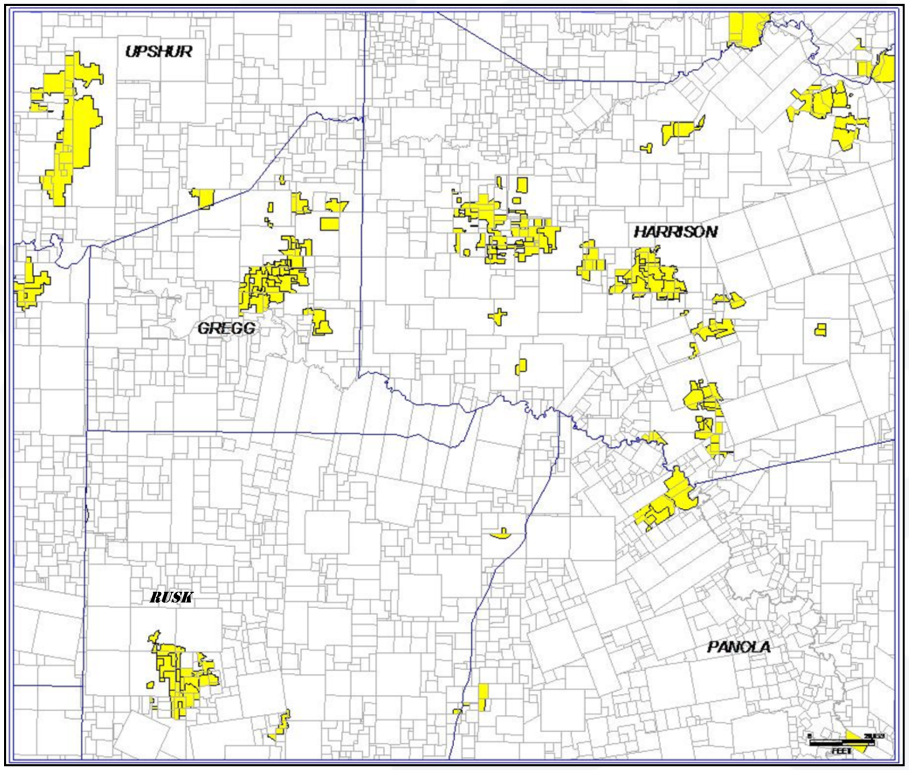
Operated Results			
Wells (Program Average)	Gross Gas* (MMcf/d)	Gross Liquids* (Bbls/d)	Equivalent* (MMcfe/d)
54	8.7	1,764	19.2

- Granite Wash "B" zone successfully tested with an average 24-hour IP rate of 16 mmcfe/d (66% liquids)
- 2 – 3 rig program focused in the Granite Wash series in 2012



* Based on 24-hour IP rate

East Texas Liquids Play



East Texas Horizontal Liquids Play	
Gross Acres	147,000
Net Acres	110,000
Gross Drilling Cost ($MM)	$7.0
Unrisked Gross EUR (Bcfe)	5.0 – 6.0
Rate of Return* (%)	50%

Stacked-Pay Advantage

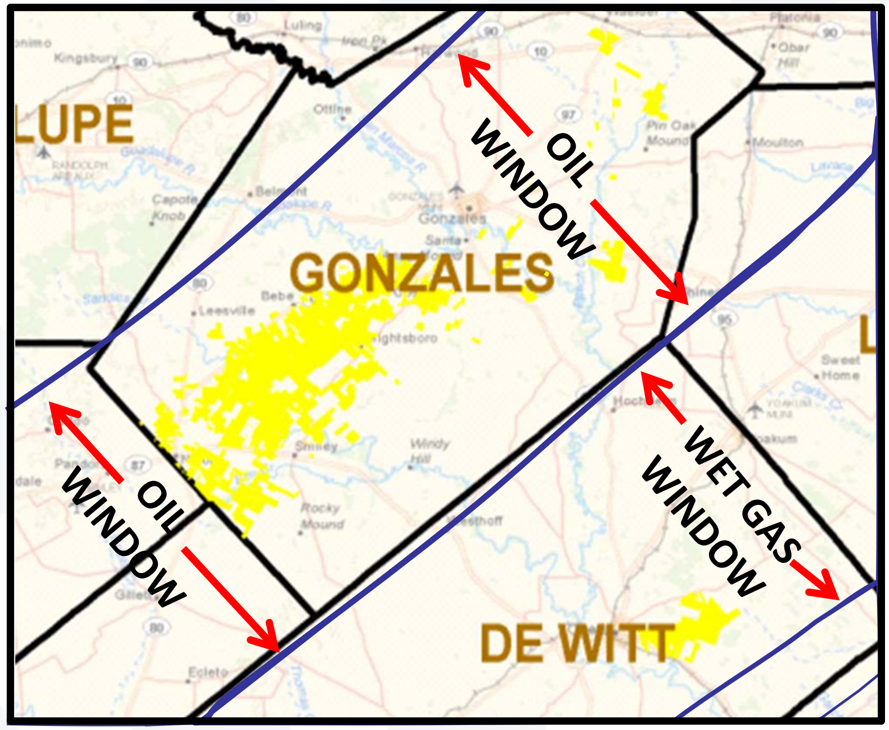
- Total acreage position of 147,000 gross acres (110,000 net) in East Texas prospective for oil and liquids-rich objectives
- Legacy acreage position held by production with low cost of entry
- Recently completed horizontal oil and liquids-rich Cotton Valley well with an average 24-hour IP rate of 10.3 MMcfe/d (39% liquids or 662 Boe/d from oil and natural gas liquids)
- Significant offset activity targeting oil and liquids-rich Cotton Valley objectives
- Recently added second rig to take advantage of liquids opportunities

* Based on $4.00 gas and $90.00 oil

Eagle Ford Shale: Oil Window Position

Validate

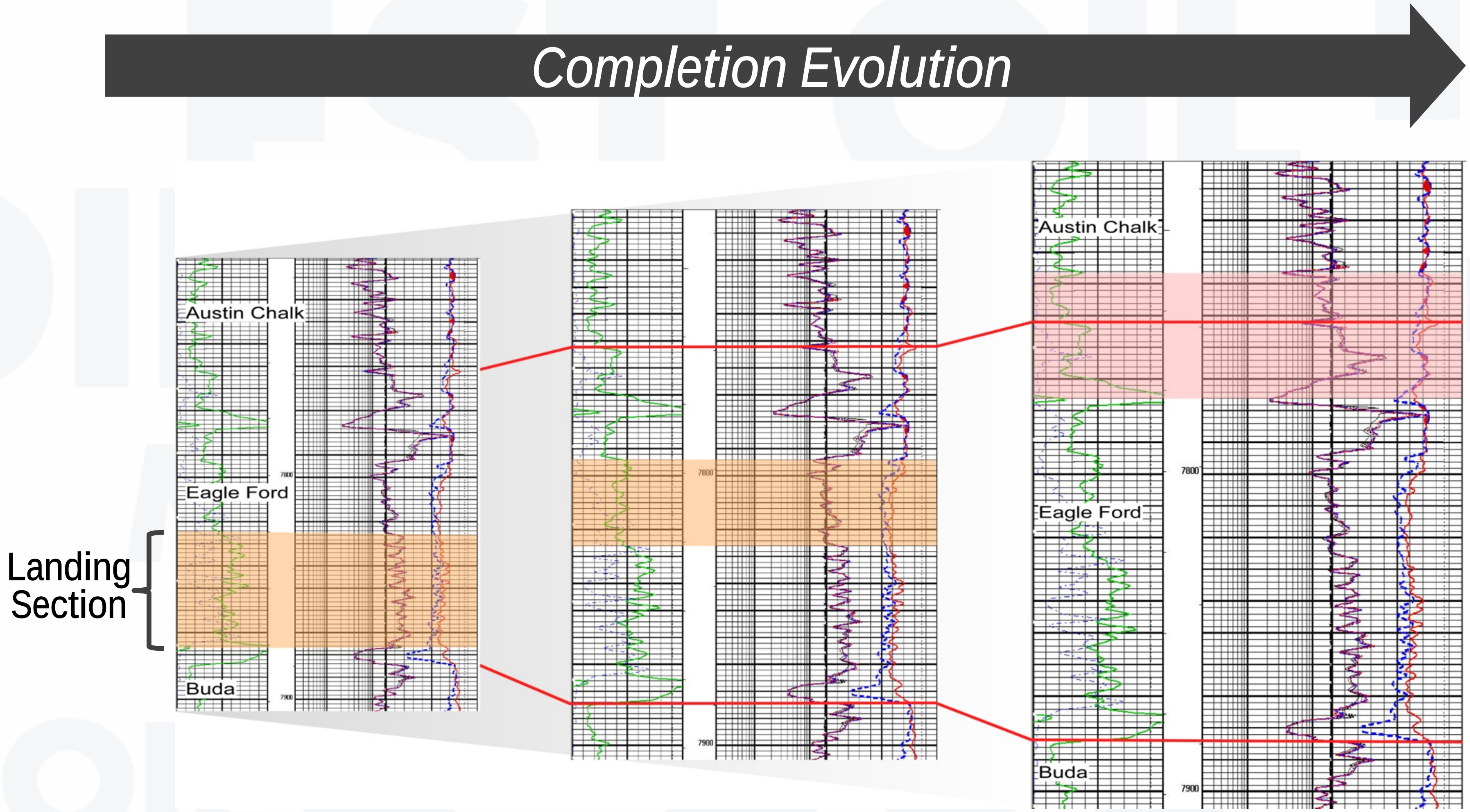
- Targeting different sections of Eagle Ford Shale (lower to upper) to increase IP's and EUR's while decreasing completion costs
- Initial production rates improving as new stimulation design is implemented
- Most recent well had 24-hr production rate of 605 boe/d, a 30-day average of greater than 500 boe/d and cumulative production of 25,000 barrels of oil in less than 60 days
- 30-day average production rate has increased 133% to 468 boe/d from first generation wells
- Premium LLS/Brent based oil contract for 2 years
- One rig allocated to the Eagle Ford in 2012



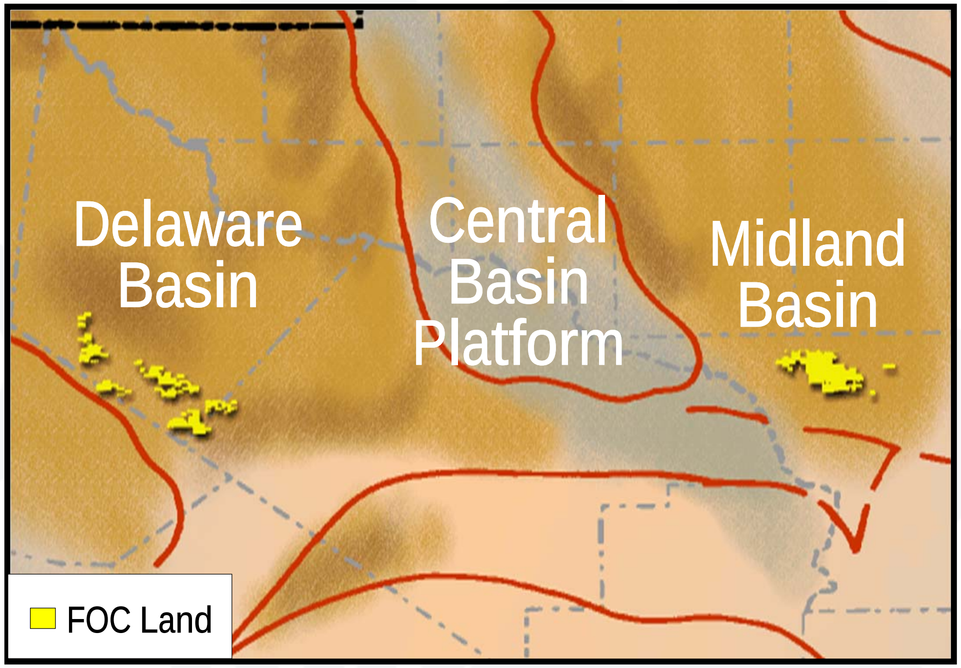
Gross Acres	Net Acres	Other Identified Drilling Locations* (Gross)	Unrisked Potential* (Net MMBbls)
112,000	103,000	1,031	195

* As of December 31, 2011. Does not include estimated proved reserves or locations associated with estimated proved reserves.

Eagle Ford Shale: Completion Optimization



Permian Basin Oil Plays



Permian Basin Overview (As of February 16, 2012)	Wolfbone (Vertical)	Wolfcamp Shale (Horizontal)
Gross Acres	68,500	57,500
Net Acres	63,000	51,500
Gross Prospective Locations*	1,500	500
Unrisked Potential* (Net MMBbls)	255	125
Gross Drilling Cost ($MM)	$4.0 – $5.0	$5.5 – $7.0
Unrisked Gross EUR (MBoe)	200 – 300	300 – 400

New Oil Plays Overview

- Total acreage position of 126,000 gross acres (114,500 net) in the Permian Basin prospective for the Wolfbone and Wolfcamp oil plays
- Average acreage price less than $1,300 per acre
- Concentrated, large acreage positions in Delaware and Midland Basins
- Wolfcamp acreage is currently held, Wolfbone acreage is subject to 3 – 5 year leases in Reeves and Pecos Counties, Texas
- Exposure to numerous oil objectives with both vertical and horizontal drilling opportunities
- Recent publically announced transactions, adjacent to Forest's acreage, of $3,700 to $5,000 per acre in Wolfcamp area

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

Sum Of The Parts Valuation

Asset	Amount	Recent Transaction Values		Low Valuation Range ($MM)	High Valuation Range ($MM)
		Low	High		
December 31, 2011 BT PV-10				$2,800	$2,800
Panhandle Net Undeveloped Acreage*	115,000	$5,000 / Acre	$10,000 / Acre	$575	$1,150
Permian Basin Net Undeveloped Acreage	114,500	$2,500 / Acre	$5,000 / Acre	$286	$573
Other Net Undeveloped Acreage	156,000	$500 / Acre	$1,000 / Acre	$78	$156
Other Assets**				$100	$200
Total				$3,839	$4,879
Less: Net Debt @ 03/31/12				($1,814)	($1,814)
Total Valuation				$2,025	$3,065
Valuation Per Share				$17.75	$26.85
Eagle Ford Shale Net Undeveloped Acreage	90,000	TBD	TBD	TBD	TBD

* Assumes three intervals per acre
** Other assets include International and midstream assets

Forest Investment Proposition

- Focus on "profitable" organic growth spending capital in oil and liquids-rich areas in 2012
- Deep oil and liquids inventory that continues to expand
- Proven success in horizontal drilling with improved performance and cost efficiencies
- Dominant position in the Panhandle and Eagle Ford Shale, exposure to Permian Basin, and significant liquids resource in East Texas

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 relating to Forest include, but are not limited to, oil and natural gas price volatility, Forest's level of indebtedness, its ability to replace production, its ability to compete with larger producers, environmental risks, drilling and other operating risks, regulatory changes, credit risk of financial counterparties, risks of using third-party transportation and processing facilities 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. Any of these factors could cause Forest's actual results and plans to differ materially from those in the forward-looking statements.

Reserves – The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves that meet the SEC's definitions of such terms. Forest discloses only proved reserves in its filings with the SEC. Forest's proved reserves as of December 31, 2011 contained in this presentation were estimated by Forest's internal staff of engineers and comply with rules and definitions promulgated by the SEC. Forest engaged independent reserve engineers to audit a substantial portion of its proved reserves. The reserve audit procedures followed by the independent reserve engineers on behalf of Forest are described in Forest's Annual Report on Form 10-K. For the years ended December 31, 2011, 2010, and 2009, Forest engaged DeGolyer and MacNaughton, an independent petroleum engineering firm, to perform reserve audit services with respect to its proved reserves.

In this presentation, Forest also uses internal estimates of resource "potential" or "upside" or other descriptions of volumes of resources potentially recoverable through additional exploratory drilling or recovery techniques, which volumes the SEC's guidelines strictly prohibit Forest from including in filings with the SEC. These estimates, as well as estimates of probable and possible reserves, 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. 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.