FOREST OIL CORP
Form 424B5
September 26, 2003

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-35270

PROSPECTUS SUPPLEMENT
(To Prospectus dated April 20, 2000)

5,000,000 Shares

Forest Oil Corporation

Common Stock
$23.10 per share

We are selling 5,000,000 shares of our common stock. We have granted the underwriters an option to purchase up to 750,000 additional shares of common stock to cover over-allotments.

Our common stock is listed on the New York Stock Exchange under the symbol "FST." The last reported sale price of our common stock on the New York Stock Exchange on September 25, 2003, was $23.10 per share.

Investing in our common stock involves risks. See "Risk Factors" on page S-9.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$ 23.10	$ 115,500,000
Underwriting Discount	$ 1.04	$ 5,200,000
Proceeds to Forest, before expenses	$ 22.06	$ 110,300,000

The underwriters expect to deliver the shares to purchasers on or about October 1, 2003.

Sole Book-Runner and Co-Lead Manager **Co-Lead Manager**

Citigroup

JPMorgan

Banc of America Securities LLC

Credit Suisse First Boston

Raymond James

Howard Weil
A division of Legg Mason Wood Walker, Inc.

Johnson Rice & Company L.L.C.

September 25, 2003.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. Generally, when we refer only to the "prospectus," we are referring to both parts combined.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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Prospectus Supplement

Prospectus

SUMMARY

This summary highlights selected information from this prospectus supplement and the accompanying prospectus but may not contain all information that may be important to you. This prospectus supplement and the accompanying prospectus include specific terms of this offering, information about our business and financial data. We encourage you to read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein in their entirety before making an investment decision. Unless otherwise indicated, this prospectus supplement assumes no exercise of the underwriters' over-allotment option.

Forest Oil Corporation

We are an independent oil and gas company engaged in the acquisition, exploration, development, production and marketing of natural gas and liquids in North America and selected international locations. We were incorporated in New York in 1924, as the successor to a company formed in 1916, and have been a publicly held company since 1969. We operate from offices located in Anchorage, Alaska; Denver, Colorado; Lafayette and Metairie, Louisiana; and Calgary, Alberta, Canada. Our estimated proved reserves were 1,560 Bcfe at December 31, 2002, consisting of approximately 52% natural gas and 48% oil and natural gas liquids.

Our principal reserves and producing properties are all located in North America. At December 31, 2002, approximately 89% of our oil and gas reserves were in the United States and 11% were in Canada. We operate in five business units: Gulf Coast, Western United States, Alaska, Canada and International. During the first six months of 2003, we produced approximately 400 Mmcfe per day, of which approximately 64% was natural gas. Approximately 87% of our total production for the first six months of 2003 was in the United States and approximately 13% was in Canada.

Business Strategy

Our primary objective is to enhance shareholder value. We intend to seek growth while increasing our return on capital employed. We recently established a four-point plan to achieve our objectives, consisting of continued cost control, emphasis on opportunities that lower our exposure to frontier exploration, pursuit of asset acquisitions as an integral part of our investment program and maintaining our financial strength to fund growth. Our strategy is as follows:

Continue to Focus on Cost Control

We strive to create a culture of cost discipline. Our most important goal in this area in 2003 includes maintaining the absolute lease operating expense levels achieved in the first six months of the year. In the first six months of 2003, we achieved the lowest levels of lease operating expense reported since 2000, representing a 10% reduction over 2002 levels and a 24% reduction since 2001. Our per-unit cost decreased to $.98 per mcfe for the first six months of 2003 from $1.08 per mcfe for the full year 2001. We have also targeted general and administrative cost reductions based on benchmarking corporate functions and implementing a bottom-up cost reduction strategy. Total overhead costs (both capitalized and expensed) decreased by slightly more than 5% for the first six months of 2003 compared to the first six months of 2002. A final component of our cost-reduction strategy is to manage interest expense through optimal balancing of fixed and floating rate exposure. To that end, we refinanced debt in 2002 to take advantage of the favorable interest rate environment. Our cost of debt has decreased from an average of approximately 9% in 2000 to under 6%. As a result of our cost reduction efforts, our total cash costs (consisting of lease operating expense, general and administrative expense and interest expense) have decreased from $1.72 per mcfe in 2002 to $1.60 per mcfe for the first six months of 2003.

Limit our Exposure to Frontier Exploration

In the past, we have focused our exploration efforts in frontier areas to provide growth for the company. The amount of capital invested in frontier areas has averaged approximately 20% over the past five years and was in excess of 50% in 2002 with the development of our Alaskan reserves. Our 2003 program includes lower capital allocations for frontier areas and a reduction in the number of the frontier areas in which we pursue opportunities. We continue to evaluate our significant acreage positions to identify additional monetization strategies or trades to lower our exploration risk exposure. For example, we have leveraged our frontier exploration plays in the Northwest Territories of Canada, Gabon, South Africa and Germany to accelerate the evaluation of these properties and lower our drilling cost exposure. This allows more capital to be reinvested in traditional areas such as the Gulf of Mexico and onshore Gulf Coast. We strive to achieve a balance between exploration and development with return on capital employed being emphasized.

Pursuit of Asset Acquisitions as an Integral Part of our Investment Program

We are committed to pursuing strategic acquisitions that meet our criteria for return on capital employed. Our acquisition strategy is centered on opportunities that create or extend critical mass in core areas, which we believe enables us to leverage our technical expertise and existing land and infrastructure positions. Acquisition opportunities compete with drilling opportunities for capital allocation. Since 1995, in five significant transactions, we have made more than $1.0 billion of acquisitions, adding over 1,200 Bcfe of estimated proved reserves and significant undeveloped acreage. Our acquisition of Forcenergy Inc in December 2000, our most recent significant acquisition, doubled our size in the Gulf Coast region and added Alaska as a core area. In 2003, prior to the Unocal transaction described below, we have closed three acquisitions totalling approximately $51 million at an average cost of $1.05 per mcfe. In general, our 2003 acquisition program has focused on acquisitions of properties in which we already hold an interest or which are adjacent to our existing properties.

Maintain Financial Strength to Fund Growth

We seek to maintain financial flexibility and sufficient liquidity to capitalize on opportunities as they arise. Through a combination of debt reduction, diversification of our asset base and simplification of our capital structure, we have steadily improved our credit strength since 1995. During 2003, we have reduced our debt to book capitalization ratio from 46% at the beginning of the year to 42% at June 30, 2003.

Hedging is a significant part of our strategy to mitigate commodity price risk. We have a formal, board-approved policy that authorizes the management, structure and controls related to commodity hedging activities. Over the last seven years, we have hedged approximately 30% to 50% of our production. As of September 22, 2003, we have hedged, via swaps and collar instruments, weighted average production volumes relating to our existing asset base of 160,108 Mmcfe per day during the remainder of 2003 and 97,570 Mmcfe per day during 2004.

Recent Developments

Gulf Coast Property Acquisition

On September 21, 2003, we announced the signing of an agreement with Union Oil Company of California ("Unocal") to purchase properties in South Louisiana and offshore Gulf of Mexico (the "Unocal Properties"). We expect the transaction to close on approximately October 30, 2003. The transaction is subject to customary closing conditions. Owners of working interests in a significant portion of the Unocal Properties have preferential purchase rights which, if exercised, will reduce the interests we purchase in those properties and the purchase price we will pay.

At closing, we believe that estimated proved reserves attributable to the Unocal Properties will be approximately 150 Bcfe, based on our internal estimates, and that the adjusted purchase price will be approximately $260 million. Assuming an October 30 closing date, we estimate that the Unocal Properties will add about 5 Bcfe to our 2003 production, or an average of approximately 80 Mmcfe per day for the last two months of the year. We intend to finance the acquisition with the proceeds of this offering, internally generated funds and borrowings under our credit facilities.

As a part of the transaction, Unocal has agreed to put in place and assign to us NYMEX natural gas hedges covering 70,000 MMBTU per day for the period October 1, 2003 to December 31, 2005. The agreement stipulates the following prices:

October December 2003	$	5.18
January December 2004	$	5.03
January December 2005	$	4.74

If the actual contracts assigned are at prices different than those stipulated, purchase price adjustments will be made.

The Unocal Properties include approximately 273,000 net acres (95,000 net undeveloped acres) in 128 blocks offshore and in three fields onshore Louisiana. We will operate approximately 70% of the production associated with these assets. We anticipate that we will spend about $60 million of capital on the Unocal Properties over the next two years.

Redoubt Shoal

In December 2002, we commenced production from our Redoubt Shoal field in the Cook Inlet of Alaska. We have a 100% working interest in the field.

Recent production and drilling results in this field are below our original expectations and will result in a change to our existing geologic model of the Redoubt Shoal field. We will undertake an integrated study on the field and develop geologic and reservoir models that appropriately reflect the apparent reservoir complexity and heterogeneity.

Since we are early in the life of this field, the results of this study, considered together with continued production performance and drilling results from the RU #7 well, which is drilling currently, should help determine by year-end whether field performance can be improved and whether current Redoubt reserve estimates should be revised.

The Offering

Common stock offered by Forest	5,000,000 shares
Common stock outstanding after this offering	53,255,727 shares
Use of proceeds	We intend to use the net proceeds from this offering, including the net proceeds from any exercise of the underwriters' over-allotment option, to fund a portion of the purchase price of the Unocal Properties. See "Use of Proceeds."
New York Stock Exchange symbol	FST

The number of shares of our common stock to be outstanding after this offering is based on the number of shares outstanding as of August 31, 2003 and excludes:

- 2,076,731 shares of treasury stock;
- 189,951 shares of common stock issuable upon the exercise of outstanding warrants expiring in 2004 at an equivalent per share price of $20.84;
- 190,424 shares of common stock issuable upon the exercise of outstanding warrants expiring in 2005 at an equivalent per share price of $26.04;
- 1,401,884 shares of common stock issuable upon the exercise of outstanding warrants expiring in 2010 or earlier upon notice of expiration by us, at an equivalent per share price of $12.50;

3,797,328 shares of common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of $25.79 per share; and

2,262,450 shares of common stock reserved for additional grants under our stock option plans.

Risk Factors

Investing in our common stock involves risks. You should carefully consider all of the information in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference. In particular, see "Risk Factors" on page S-9 of this prospectus supplement.

Summary Financial, Operating and Reserve Data

The following table sets forth summary consolidated financial, operating and reserve data as of and for each of the years ended December 31, 2002, 2001 and 2000 and the six-month periods ended June 30, 2003 and 2002. These data were derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2002 and from our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the three and six-month periods ended June 30, 2003, which are incorporated by reference herein. The financial data below should be read together with, and are qualified in their entirety by reference to, our historical consolidated financial statements and the accompanying notes and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" which are set forth in the above-referenced reports on Form 10-K and Form 10-Q.

On December 7, 2000, we completed our merger with Forcenergy Inc. Pursuant to the terms of the merger agreement, Forcenergy stockholders received 0.8 of a Forest common share for each share of Forcenergy common stock they owned and 34.307 Forest common shares for each $1,000 stated value amount of Forcenergy preferred stock. In addition, each warrant to purchase Forcenergy common stock was exchanged for a warrant to purchase 0.8 of a share of Forest common stock. The merger was accounted for as a pooling of interests for accounting and financial reporting purposes. Under this method of accounting, the recorded assets and liabilities of Forest and Forcenergy were carried forward to the combined company at their recorded amounts, and income of the combined company includes income of Forest and Forcenergy for the entire year.

	Years Ended December 31,			Six Months Ended June 30,	
	2002	2001	2000	2003	2002
				(Unaudited)	
	(In Thousands Except Per Share Amounts)				
Statement of Operations Data:					
Revenue:					
Oil and gas sales:					
Gas	$ 288,542	467,767	368,245	213,828	133,229
Oil, condensate and natural gas liquids	183,198	247,085	256,680	107,947	88,213
Total oil and gas sales	471,740	714,852	624,925	321,775	221,442
Marketing and processing, net	3,954	3,465	3,094	1,818	1,878
Total revenue	475,694	718,317	628,019	323,593	223,320

		Years Ended December 31,			Six Months Ended June 30,	
Earnings before cumulative effect of change in accounting principle		21,276	103,743	130,608	56,429	9,174
Net earnings	$	21,276	103,743	130,608	62,283	9,174
Weighted average number of common shares outstanding		46,935	47,674	46,330	48,024	46,880
Net earnings attributable to common stock	$	21,276	103,743	126,440	62,283	9,174
Basic earnings per share:						
Earnings attributable to common stock before cumulative effect of change in accounting principle	$	.45	2.18	2.73	1.18	.20
Cumulative effect of change in accounting principle					.12	
Earnings per common share	$	.45	2.18	2.73	1.30	.20
Diluted earnings per share:						
Earnings attributable to common stock before cumulative effect of change in accounting principle	$	.44	2.11	2.64	1.15	.19
Cumulative effect of change in accounting principle					.12	
Earnings per common share	$	.44	2.11	2.64	1.27	.19
Capital Expenditures, Net of Asset Sales	$	352,812	416,316	372,688	167,239	179,676
Balance Sheet Data (at end of period):						
Net property and equipment, at cost	$	1,687,885	1,516,900	1,359,756	1,963,529	1,620,903
Total assets		1,924,681	1,796,369	1,752,378	2,193,920	1,863,418
Long-term debt		767,219	594,178	622,234	745,563	712,170
Shareholders' equity		921,211	923,943	858,966	1,038,760	918,942

	Years Ended December 31,			Six Months Ended June 30,	
	2002	2001	2000	2003	2002
				(Unaudited)	
Operating Data:					
Sales volumes:					
Gas (Mmcf)	92,068	108,394	113,842	45,839	45,742
Liquids (Mbbls)	8,657	10,600	11,427	4,335	4,346
Total (Mmcfe)(1)	144,010	171,994	182,404	71,849	71,818
Average daily sales volumes:					
Oil (Mbbls)	24	29	31	24	24
Natural gas (Mmcf)	252	297	311	253	253
Total (Mmcfe)	394	471	498	397	397

	Years Ended December 31,			Six Months Ended June 30,	
Average price received (excluding hedges):					
Gas (per Mcf)	$ 3.01	4.16	3.87	5.48	2.68
Liquids (per Barrel)	22.66	22.83	27.35	28.54	20.78
Per Mcfe	3.29	4.02	4.13	5.22	2.96
Average price received (including hedges):					
Gas (per Mcf)	$ 3.13	4.32	3.23	4.66	2.91
Liquids (per Barrel)	21.16	23.31	22.46	24.90	20.30
Per Mcfe	3.28	4.15	3.43	4.48	3.08
Summary Reserve Data:					
Estimated proved reserves:					
Gas (Mmcf)	813,394	828,549	844,058		
Liquids (Mbbls)	124,366	119,549	89,241		
Total (Mmcfe)	1,559,590	1,545,843	1,379,504		
Standardized measure of discounted future net cash flow relating to proved oil and gas reserves (thousands)	$ 2,053,148	1,346,653	3,694,431		
Prices used in calculating present value of end of year proved reserves:					
Gas (per Mcf):					
United States	$ 4.16	2.66	9.52		
Canada	3.30	2.06	6.11		
Liquids (per barrel):					
United States	$ 27.85	17.01	23.84		
Canada	26.63	15.05	23.59		

(1) Mcf of gas equivalent using the ratio of one Bbl to six Mcf of gas.

FORWARD-LOOKING STATEMENTS

The information in this prospectus supplement and accompanying prospectus, including information in documents incorporated by reference, 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 or present facts, that address activities, events, outcomes and other matters that we plan, expect, intend, assume, believe, budget, predict, forecast, project, estimate or anticipate (and other similar expressions) will, should or may occur in the future are forward-looking statements. These forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors set forth in the documents incorporated by reference herein, including those set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2002.

These forward-looking statements appear in a number of places and include statements with respect to, among other things:

estimates of our future natural gas and liquids production, including estimates of any increases in oil and gas production;

planned capital expenditures and availability of capital resources to fund capital expenditures;

our outlook on oil and gas prices;

estimates of our oil and gas reserves;

the impact of political and regulatory developments;

our future financial condition or results of operations and our future revenues and expenses; and

our business strategy and other plans and objectives for future operations.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, many of which are beyond our control, incident to the exploration for and development, production and sale of oil and gas. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of goods and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating proved oil and natural gas reserves and in projecting future rates of production and timing of development expenditures and the other risks described in or incorporated by reference in this prospectus supplement and accompanying prospectus. The financial results of our foreign operations are also subject to currency exchange rate risks.

Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price assumptions by our reservoir engineers. As a result, estimates made by different engineers often vary from one another. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, reserve estimates are generally different from the quantities of oil and natural gas that are ultimately recovered.

Should one or more of the risks or uncertainties described in this prospectus supplement and accompanying prospectus or incorporated by reference in this prospectus supplement and accompanying prospectus occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, express or implied, included in this prospectus supplement and accompanying prospectus and the information in documents incorporated by reference and attributable to Forest are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake to update any forward-looking statements to reflect events or circumstances after the date of this prospectus supplement, except as required by law.

RISK FACTORS

Investing in our common stock will provide you with an equity ownership in Forest. Your shares will be subject to risks inherent in our business. The trading price of your shares will be affected by the performance of our business relative to, among other things, competition, market conditions and general economic and industry conditions. The value of your investment may decrease, resulting in a loss. You should consider carefully the information contained in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference. In particular, you should consider carefully the factors discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations Risk Factors" set forth in our Annual Report on Form 10-K for the year ended December 31, 2002, before deciding to invest in our common stock.

USE OF PROCEEDS

We expect the net proceeds from this offering to be approximately $109.9 million, after deducting underwriting discounts and commissions and estimated offering expenses of $400,000. We intend to use the net proceeds from this offering, including the net proceeds from any exercise of the over-allotment option, together with borrowings under our credit facilities and internally generated cash, to finance the purchase price of the Unocal Properties. At closing, we expect the adjusted purchase price to be approximately $260 million.

Pending this application of proceeds to the acquisition of the Unocal Properties, we will use the net proceeds of this offering to temporarily reduce amounts outstanding under our credit facilities. As of September 22, 2003, we had approximately $171 million outstanding under our credit facilities at an average interest rate of 2.75%, and had used the credit facilities for letters of credit in the amount of $7.5 million. The credit facilities mature in October 2005.

Our acquisition of the Unocal Properties is subject to satisfaction of customary closing conditions. If we are unable to complete the acquisition, the net proceeds of this offering will be used for general corporate purposes, including possible future acquisitions.

For a description of our credit facilities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Bank Credit Facilities" set forth in our Annual Report on Form 10-K for the year ended December 31, 2002, which is incorporated by reference herein.

CAPITALIZATION

The following table shows our capitalization as of June 30, 2003 and (1) on an as adjusted basis to reflect the sale of 5,000,000 shares of common stock and the expenses related to this offering and (2) on a pro forma as adjusted basis to reflect the acquisition of the Unocal Properties using the proceeds of this offering and additional borrowings under our credit facilities. See "Use of Proceeds."

This table should be read in conjunction with, and is qualified in its entirety by reference to, our historical financial statements and the accompanying notes included in our Quarterly Report on Form 10-Q for the three and six-month periods ended June 30, 2003, which is incorporated by reference herein.

	Actual	As Adjusted(1)	Pro Forma As Adjusted(2)
		(In Thousands)	
Long-term debt:			
U.S. Credit Facility	$ 141,000	31,100	291,100
8% Senior Notes due 2008	275,930	275,930	275,930
8% Senior Notes due 2011	167,093	167,093	167,093
7$^3/_4$% Senior Notes due 2014	161,540	161,540	161,540
Total long-term debt	745,563	635,663	895,663
Shareholders' equity:			
Common stock, par value $.10 per share, 200,000,000 shares authorized; 50,292,303 shares issued and outstanding(3)	5,029	5,529	5,529
Capital surplus	1,183,657	1,293,057	1,293,057
Accumulated deficit	(82,563)	(82,563)	(82,563)
Accumulated other comprehensive loss	(11,493)	(11,493)	(11,493)
Treasury stock, at cost, 2,076,731 shares	(55,870)	(55,870)	(55,870)
Total shareholders' equity	1,038,760	1,148,660	1,148,660

	Actual	As Adjusted(1)	Pro Forma As Adjusted(2)
Total capitalization	$ 1,784,323	1,784,323	2,044,323

(1) Reflects the issuance of 5,000,000 shares of common stock at the public offering price of $23.10 per share, less underwriting discount and commissions and estimated offering expenses of $400,000, and the temporary application of the net proceeds to reduce outstanding borrowings under our credit facilities.

(2) Reflects the application of the net proceeds of this offering, together with additional borrowings under our credit facilities, to fund the acquisition of the Unocal Properties. The purchase price at closing is estimated to be approximately $260,000,000. The actual amount drawn on our credit facilities in connection with the acquisition will depend upon our available cash at the time the acquisition is consummated.

(3) Excludes 2,216,973 shares potentially issuable for outstanding stock options that are exercisable at June 30, 2003 at a weighted average price of $25.64 per share.

PRICE RANGE OF COMMON STOCK

Our common stock is traded on the New York Stock Exchange under the symbol "FST." The following table sets forth the range of high and low sale prices per share of our common stock for each calendar quarter.

	Sale Prices	
	High	Low
2001:		
First Quarter	$ 36.00	29.00
Second Quarter	37.29	27.96
Third Quarter	29.65	23.45
Fourth Quarter	28.58	24.11
2002:		
First Quarter	$ 29.72	23.75
Second Quarter	32.35	27.32
Third Quarter	27.81	20.92
Fourth Quarter	28.83	23.15
2003:		
First Quarter	$ 28.75	19.65
Second Quarter	27.02	20.52
Third Quarter (through September 25, 2003)	25.40	19.80

On September 25, 2003, the closing sale price of our common stock, as reported by the New York Stock Exchange, was $23.10 per share. On that date, there were approximately 682 holders of record.

DIVIDEND POLICY

Our present or future ability to pay dividends is restricted by:

- the provisions of the New York Business Corporation Law;
- certain restrictive provisions in the indentures executed in connection with our outstanding notes set forth under the caption "Capitalization;" and
- our credit agreement governing our credit facilities.

We have not paid dividends on our common stock during the past five years and do not anticipate that we will do so in the foreseeable future. The future payment of dividends, if any, on the common stock is within the discretion of our board of directors and will depend on our earnings, capital requirements, financial condition and other relevant factors. There is no assurance that we will pay any dividends.

MANAGEMENT

Executive Officers

The following sets forth certain information with respect to our current executive officers:

Name	Age	Years with Forest	Office(1)
H. Craig Clark	46	2	President and Chief Executive Officer
David H. Keyte	47	15	Executive Vice President and Chief Financial Officer
Forest D. Dorn	48	26	Senior Vice President Corporate Services
James W. Knell	53	16	Senior Vice President Gulf Coast Region
John F. McIntyre, III	47	5	Senior Vice President International
Newton W. Wilson III	52	2	Senior Vice President General Counsel and Secretary
Matthew A. Wurtzbacher	41	5	Senior Vice President Corporate Planning and Engineering
Joan C. Sonnen	50	14	Vice President Controller and Chief Accounting Officer

(1) The term of office of each officer is one year from the date of his or her election immediately following the last annual meeting of shareholders and until the officer's respective successor has been elected and qualified or until his or her earlier death, resignation or removal from office, whichever occurs first.

H. Craig Clark, age 46, has served as our President and Chief Executive Officer, and a director since July 31, 2003. Prior thereto, he served as our President and Chief Operating Officer since September 5, 2001. From May 2000 to September 2001, Mr. Clark served as Executive Vice President U.S. Operations for Apache Corporation, a publicly traded independent energy company. Mr. Clark was employed by Apache Corporation in Houston, Texas, from 1989 to 2001. He served in various management positions during this period, including Vice President Southern Exploration & Production/North American Gas Marketing, Chairman and Chief Executive Officer Producers Energy Marketing, LLC, an affiliate of Apache Corporation, and Vice President North American Exploration & Production.

David H. Keyte, age 47, has served as our Executive Vice President and Chief Financial Officer since November 1997. Mr. Keyte served as our Vice President and Chief Financial Officer from December 1995 to November 1997 and our Vice President and Chief Accounting Officer from December 1993 until December 1995.

Forest D. Dorn, age 48, has served as our Senior Vice President Corporate Services since December 2000. Mr. Dorn served as our Senior Vice President Gulf Coast Region from November 1997 to December 2000, Vice President Gulf Coast Region from August 1996 to October 1997 and Vice President and General Business Manager from December 1993 to August 1996.

James W. Knell, age 53, has served as our Senior Vice President Gulf Coast Region since December 2000. Mr. Knell served as our Vice President Gulf Coast Offshore from May 1999 to December 2000, Gulf Coast Offshore Business Unit Manager from March 1998 to May 1999, Gulf Coast Region Business Unit Manager from November 1997 to March 1998 and Corporate Drilling and Production Manager from December 1991 to November 1997.

John F. McIntyre, III, age 47, has served as our Senior Vice President International since May 2003. Prior to that, from September 1998 to April 2003, he served as Senior Vice President of Forest

Oil International Corporation, a wholly owned subsidary. Prior to joining Forest in September 1998, he served as Joint Venture Manager for YPF, an oil and gas company in Argentina.

Newton W. Wilson III, age 52, has served as our Senior Vice President General Counsel and Secretary since December 2000. Mr. Wilson served as a consultant to Mariner Energy LLC from 1999 to December 2000 and a consultant to Sterling City Capital from 1998 to 1999. He was also President and Chief Operations Officer of Union Texas Americas Ltd. from 1996 to 1998 and General Counsel, Vice President Administration and Secretary of Union Texas Petroleum Holdings Inc. from 1993 to 1996.

Matthew A. Wurtzbacher, age 41, has served as our Senior Vice President Corporate Planning and Engineering since May 2003. From December 2000 to April 2003 he served as our Vice President Corporate Planning and Development and from June 1998 to December 2000 he served as Manager Operational Planning and Corporate Engineering. Prior to joining Forest in 1998, he served as Financial Engineering Manager of Schlumberger Oilfield Services, North America.

Joan C. Sonnen, age 50, has served as our Vice President Controller and Chief Accounting Officer since December 2000. Ms. Sonnen served as our Vice President Controller and Corporate Secretary from May 1999 to December 2000 and our Corporate Secretary from March 1999 to December 2000. She has served as our Controller since December 1993.

Directors

The following sets forth certain information with respect to our directors, who are divided by the class in which they serve. Please refer to the information contained above under the heading "Executive Officers" for biographical information of H. Craig Clark, our director who is also one of our executive officers.

Name	Age	Years with Forest	Director Since	Class and Expiration of Term
Dod A. Fraser	53	3	2000	Class I 2004
Cortlandt S. Dietler	82	6	1996	Class I 2004
Forrest E. Hoglund	70	2	2000	Class II 2005
James H. Lee	54	12	1991	Class II 2005
Craig D. Slater	46	8	1995	Class II 2005
Robert S. Boswell*	54	17	1986	Class III 2006
William L. Britton	68	7	1996	Class III 2006
H. Craig Clark	46	2	2003	Class III 2006

*

Mr. Boswell resigned as Chief Executive Officer on July 31, 2003 and will resign as Chairman of the Board and as an employee on September 30, 2003.

Dod A. Fraser, age 53, has been a director since 2000. Mr. Fraser has served as President of Sackett Partners Incorporated, a consulting company for not-for-profit entities since 2000. Mr. Fraser is a director of Terra Industries Inc. Mr. Fraser served as Managing Director and Group Executive of the global oil and gas group of Chase Securities, Inc., a subsidiary of The Chase Manhattan Bank, from August 1995 to January 2000. He is a Trustee of The Lawrenceville School and Hurricane Island Outward Bound School and Resources for the Future. Mr. Fraser serves as Chairman of our Audit Committee and is a member of our Nominating and Corporate Governance Committee.

Cortland S. Dietler, age 82, has been a director since 1996. Mr. Dietler has served as Chairman of the Board of TransMontaigne Inc., an independent provider of supply chain management for fuel, since April 1995. He served as Chief Executive Officer of TransMontaigne Inc. from April 1995 to

October 1999. Mr. Dietler is a director of Hallador Petroleum Company, Cimarex Energy Co. and Carbon Energy Corporation. He is the Chairman of our Nominating and Corporate Governance Committee and is a member of our Audit Committee.

Forrest E. Hoglund, age 70, has been a director since 2000. Mr. Hoglund is Chairman and Chief Executive Officer of Arctic Resources Company, Ltd., a company engaged in activities to build a natural gas pipeline from Alaska to the contiguous United States. He served as Chairman of the Board of Enron Oil & Gas Company from September 1987 to August 1999 and President of Enron Oil & Gas Company from May 1990 to 1996. Mr. Hoglund serves as Chairman of our Executive Committee, is a member of our Compensation Committee, and serves as Presiding Director. Mr. Hoglund will become Chairman of the Board on September 30, 2003.

James H. Lee, age 54, has been a director since 1991. Mr. Lee has served as the Managing General Partner of Lee, Hite & Wisda Ltd., a private oil and gas consulting firm, since 1984. Mr. Lee is a director of Frontier Oil Corporation and serves on our Executive Committee and our Audit Committee.

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