WESTWOOD HOLDINGS GROUP INC
Form 4
April 29, 2016

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Norman Geoffrey

(Last) (First) (Middle)

200 CRESCENT COURT, SUITE 1200

(Street)

DALLAS, TX 75201

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
WESTWOOD HOLDINGS GROUP INC [WHG]

3. Date of Earliest Transaction (Month/Day/Year)
04/27/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
common stock	04/27/2016		A		1,570	A	$ 0	7,835	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Norman Geoffrey 200 CRESCENT COURT SUITE 1200 DALLAS, TX 75201				

Signatures

Julie K. Gerron as attorney-in-fact	04/29/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. top:1px solid #000000;">
$
550,865

$
619,101

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk, including the effects of adverse changes in commodity prices, interest rates, and foreign currency exchange rates as discussed below.

Commodity Price Risk

We produce and sell natural gas, oil, and NGLs in the United States. As a result, our financial results are affected when prices for these commodities fluctuate. Such effects can be significant. In order to reduce the impact of fluctuations in commodity prices, or to protect the economics of property acquisitions, we make use of a commodity hedging strategy. Under our hedging strategy, we enter into commodity swaps, collars, and other derivative instruments with counterparties who, in general, are lenders, or affiliates of such lenders, in our credit facility. These arrangements, which are typically based on prices available in the financial markets at the time the contracts are entered into, are settled in cash and do not require physical deliveries of hydrocarbons.

Swaps

In a typical commodity swap agreement, we receive the difference between a fixed price per unit of production and a price based on an agreed upon published, third-party index if the index price is lower than the fixed price. If the index price is higher, we pay the difference. By entering into swap agreements, we effectively fix the price that we will receive in the future for the hedged production. Our current swaps are settled in cash on a monthly basis. As of December 31, 2012, we had entered into the following swaps:

Commodity Swaps

	Natural Gas (NYMEX HH)			Oil (NYMEX WTI)		
Swap Term	Bbtu Per Day	Weighted Average Hedged Price per MMBtu	Fair Value (In Thousands)	Barrels Per Day	Weighted Average Hedged Price per Bbl	Fair Value (In Thousands)
Calendar 2013	160	$3.98	$25,349	4,000	$95.53	$3,341
Calendar 2014	40	4.50	6,775	—	—	—

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Commodity Options

In connection with several natural gas and oil swaps entered into, we granted swaptions to the swap counterparties in exchange for our receiving premium hedged prices on the natural gas and oil swaps. These swaptions grant the swap counterparties the option to enter into future swaps with us and may not be exercised until their expiration dates. The table below sets forth the outstanding swaptions as of December 31, 2012.

Commodity Options

		Natural Gas (NYMEX HH)			Oil (NYMEX WTI)		
Underlying Term	Option Expiration	Underlying Bbtu Per Day	Underlying Hedged Price per MMBtu	Fair Value (In Thousands)	Underlying Barrels Per Day	Underlying Hedged Price per Bbl	Fair Value (In Thousands)
Gas Swaptions:							
Calendar 2014	December 2013	30	$4.50	$(2,349)	—	$—	$—
Calendar 2014	December 2013	10	4.51	(778)	—	—	—
Oil Swaptions:							
Calendar 2014	December 2013	—	—	—	2,000	110.00	(1,776)
Calendar 2014	December 2013	—	—	—	1,000	109.00	(954)
Calendar 2014	December 2013	—	—	—	2,000	100.00	(3,490)
Calendar 2015	December 2014	—	—	—	3,000	100.00	(7,204)

The estimated fair value at December 31, 2012 of all our commodity derivative instruments based on various inputs, including published forward prices, was a net asset of approximately $19 million.

Due to the volatility of oil, natural gas, and NGL prices, the estimated fair values of our commodity derivative instruments are subject to large fluctuations from period to period. For example, a hypothetical 10% increase in the forward oil, natural gas, and NGL prices used to calculate the fair values of our commodity derivative instruments at December 31, 2012 would decrease the net fair value of our commodity derivative instruments at December 31, 2012 by approximately $53 million to a net liability of $34 million. It has been our experience that commodity prices are subject to large fluctuations, and we expect this volatility to continue. Actual gains or losses recognized related to our commodity derivative instruments will likely differ from those estimated at December 31, 2012 and will depend exclusively on the price of the commodities on the specified settlement dates provided by the derivative contracts.

Derivative Instruments Entered Into Subsequent to December 31, 2012

Subsequent to December 31, 2012, through February 21, 2013, we entered into the following derivative instruments:

Commodity Swaps

	Natural Gas (NYMEX HH)	
Swap Term	Bbtu Per Day	Weighted Average Hedged Price per MMBtu
Calendar 2014[(1)]	40	$4.19

(1) In connection with entering into these natural gas swaps with premium hedged prices, we amended the terms of existing oil swaptions with the counterparties for Calendar 2014 covering 2,000 barrels per day, changing the hedged price per barrel from $110.00 to $100.00.

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Explanation of Responses:

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Interest Rate Risk

We periodically enter into interest rate derivative agreements in an attempt to manage the mix of fixed and floating interest rates within our debt portfolio. As of December 31, 2012, we had entered into the following fixed-to-floating interest rate swaps:

Interest Rate Swaps

Remaining Swap Term	Notional Amount (In Thousands)	Weighted Average Floating Rate	Weighted Average Fixed Rate	Fair Value (In Thousands)
January 2013 - February 2014	$500,000	1 month LIBOR + 5.89%	8.50 %	$13,060

The estimated fair value at December 31, 2012 of all our interest rate derivative instruments based on various inputs, including published forward rates, was an asset of approximately $13 million.

Due to the volatility of interest rates, the estimated fair values of our interest rate derivative instruments are subject to fluctuations from period to period. For example, a hypothetical 10% increase in the forward 1-month LIBOR interest rates used to calculate the fair values of our interest rate derivative instruments at December 31, 2012 would decrease the net fair value of our interest rate derivative instruments at December 31, 2012 by approximately $.1 million. Actual gains or losses recognized related to our interest rate derivative instruments will likely differ from those estimated at December 31, 2012 and will depend exclusively on the future 1-month LIBOR interest rates.

Derivative Fair Value Reconciliation

The table below sets forth the changes that occurred in the fair values of our derivative contracts during the year ended December 31, 2012, beginning with the fair value of our derivative contracts on December 31, 2011. It has been our experience that commodity prices are subject to large fluctuations, and we expect this volatility to continue. Due to the volatility of oil, natural gas, and NGL prices, the estimated fair values of our commodity derivative instruments are subject to large fluctuations from period to period. Actual gains and losses recognized related to our commodity derivative instruments will likely differ from those estimated at December 31, 2012 and will depend exclusively on the price of the commodities on the specified settlement dates provided by the derivative contracts.

	Fair Value of Derivative Contracts		
	Commodity	Interest Rate	Total
	(In Thousands)		
As of December 31, 2011	$50,543	$20,556	$71,099
Net increase in fair value	68,791	3,856	72,647
Net contract gains recognized	(100,420)	(11,352)	(111,772)
As of December 31, 2012	$18,914	$13,060	$31,974

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Interest Rates on Borrowings

The following table presents principal amounts and related interest rates by year of maturity for our bank credit facility and senior notes at December 31, 2012:

	2013	2014[1]	2016	2019	2020	Total
	(Dollar Amounts in Thousands)					
Bank credit facility:						
Borrowings outstanding	$—	$—	$65,000	$—	$—	$65,000
Interest rate[2]	—	—	2.12 %	—	—	2.12 %
Senior notes:						
Principal	$12	$300,000	$—	$1,000,000	$500,000	$1,800,012
Fixed interest rate	7.00 %	8.50 %	—	7.25 %	7.50 %	7.53 %
Effective interest rate[3]	7.49 %	9.47 %	—	7.24 %	7.50 %	7.69 %

(1) On February 15, 2013, we irrevocably called $300 million of 8½% senior notes due 2014 to be redeemed March 17, 2013.

(2) Weighted average interest rate as of December 31, 2012.

(3) The effective interest rates on the senior notes differ from the fixed interest rates due to the amortization of related discounts or premiums on the notes.

Foreign Currency Exchange Rate Risk

We conduct business in Italy and South Africa, and thus are subject to foreign currency exchange rate risk on cash flows related primarily to expenses and investing transactions. We have not entered into any foreign currency forward contracts or other similar financial instruments to manage this risk. Expenditures incurred relative to the foreign concessions held by us outside of North America have been primarily United States dollar-denominated.

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Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Forest Oil Corporation

We have audited the accompanying consolidated balance sheets of Forest Oil Corporation as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Forest Oil Corporation at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Forest Oil Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Denver, Colorado
February 22, 2013

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FOREST OIL CORPORATION
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Amounts)

	December 31, 2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	$1,056	$3,012
Accounts receivable	67,516	79,089
Derivative instruments	40,190	89,621
Other current assets	16,318	38,950
Total current assets	125,080	210,672
Property and equipment, at cost:		
Oil and natural gas properties, full cost method of accounting:		
Proved, net of accumulated depletion of $8,237,186 and $6,901,997	1,459,312	1,923,145
Unproved	277,798	675,995
Net oil and natural gas properties	1,737,110	2,599,140
Other property and equipment, net of accumulated depreciation and amortization of $46,908 and $47,989	17,128	51,976
Net property and equipment	1,754,238	2,651,116
Deferred income taxes	14,681	231,116
Goodwill	239,420	239,420
Derivative instruments	8,335	10,422
Other assets	60,108	38,405
	$2,201,862	$3,381,151
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$164,786	$247,880
Accrued interest	23,407	23,259
Derivative instruments	9,347	28,944
Deferred income taxes	14,681	20,172
Current portion of long-term debt	12	—
Other current liabilities	14,092	20,582
Total current liabilities	226,325	340,837
Long-term debt	1,862,088	1,693,044
Asset retirement obligations	56,155	77,898
Derivative instruments	7,204	—
Other liabilities	92,914	76,259
Total liabilities	2,244,686	2,188,038
Commitments and contingencies (Note 10)		
Shareholders’ equity:		
Preferred stock, none issued and outstanding	—	—
Common stock, 118,245,320 and 114,525,673 shares issued and outstanding	11,825	11,454
Capital surplus	2,541,859	2,486,994
Accumulated deficit	(2,575,994)	(1,287,063)
Accumulated other comprehensive loss	(20,514)	(18,272)
Total shareholders’ (deficit) equity	(42,824)	1,193,113
	$2,201,862	$3,381,151

See accompanying Notes to Consolidated Financial Statements.

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FOREST OIL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)

	Year Ended December 31, 2012	2011	2010
Revenues:			
Oil, natural gas, and natural gas liquids sales	$605,523	$703,531	$707,692
Interest and other	136	1,026	989
Total revenues	605,659	704,557	708,681
Costs, expenses, and other:			
Lease operating expenses	108,027	99,158	92,394
Production and property taxes	34,249	40,632	43,656
Transportation and processing costs	14,633	13,728	13,242
General and administrative	59,262	65,105	64,886
Depreciation, depletion, and amortization	280,458	219,684	187,973
Ceiling test write-down of oil and natural gas properties	992,404	—	—
Impairment of properties	79,529	—	—
Interest expense	141,831	149,755	149,891
Realized and unrealized gains on derivative instruments, net	(72,646)	(88,064)	(150,132)
Other, net	83,406	17,164	7,339
Total costs, expenses, and other	1,721,153	517,162	409,249
Earnings (loss) from continuing operations before income taxes	(1,115,494)	187,395	299,432
Income tax	173,437	89,135	109,770
Net earnings (loss) from continuing operations	(1,288,931)	98,260	189,662
Net earnings from discontinued operations	—	44,569	37,859
Net earnings (loss)	(1,288,931)	142,829	227,521
Less: net earnings attributable to noncontrolling interest	—	4,987	—
Net earnings (loss) attributable to Forest Oil Corporation common shareholders	$(1,288,931)	$137,842	$227,521
Basic earnings (loss) per common share attributable to Forest Oil Corporation common shareholders:			
Earnings (loss) from continuing operations	$(11.21)	$.86	$1.68
Earnings from discontinued operations	—	.35	.33
Basic earnings (loss) per common share attributable to Forest Oil Corporation common shareholders	$(11.21)	$1.21	$2.01
Diluted earnings (loss) per common share attributable to Forest Oil Corporation common shareholders:			
Earnings (loss) from continuing operations	$(11.21)	$.85	$1.67
Earnings from discontinued operations	—	.34	.33
Diluted earnings (loss) per common share attributable to Forest Oil Corporation common shareholders	$(11.21)	$1.19	$2.00
Amounts attributable to Forest Oil Corporation common shareholders:			
Net earnings (loss) from continuing operations	$(1,288,931)	$98,260	$189,662
Net earnings from discontinued operations	—	39,582	37,859
Net earnings (loss)	$(1,288,931)	$137,842	$227,521

See accompanying Notes to Consolidated Financial Statements.

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FOREST OIL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	Year Ended December 31,		
	2012	2011	2010
	(In Thousands)		
Net earnings (loss)	$(1,288,931)	$142,829	$227,521
Other comprehensive income (loss):			
Foreign currency translation (losses) gains	—	(27,852)	15,153
Defined benefit postretirement plans losses, net of tax	(2,242)	(6,669)	(746)
Total other comprehensive income (loss)	(2,242)	(34,521)	14,407
Total comprehensive income (loss)	(1,291,173)	108,308	241,928
Less: total comprehensive loss attributable to noncontrolling interest	—	(1,330)	—
Total comprehensive income (loss) attributable to Forest Oil Corporation common shareholders	$(1,291,173)	$109,638	$241,928

See accompanying Notes to Consolidated Financial Statements.

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FOREST OIL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In Thousands)

	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Forest Oil Corporation Shareholders' Equity (Deficit)	Noncontrolling Interest	Total Shareholders' Equity (Deficit)
Balances at January 1, 2010	112,337	$ 11,234	$ 2,652,689	$ (1,652,426)	$ 67,657	$ 1,079,154	$ —	$ 1,079,154
Exercise of stock options	458	46	8,653	—	—	8,699	—	8,699
Employee stock purchase plan	64	6	1,431	—	—	1,437	—	1,437
Restricted stock issued, net of forfeitures	889	88	(88)	—	—	—	—	—
Amortization of stock-based compensation	—	—	28,440	—	—	28,440	—	28,440
Other, net	(153)	(15)	(6,856)	—	—	(6,871)	—	(6,871)
Net earnings	—	—	—	227,521	—	227,521	—	227,521
Other comprehensive income					14,407	14,407	—	14,407
Balances at December 31, 2010	113,595	11,359	2,684,269	(1,424,905)	82,064	1,352,787	—	1,352,787
Issuance of Lone Pine Resources Inc. common stock	—	—	112,610	—	(18,007)	94,603	83,572	178,175
Spin-off of Lone Pine Resources Inc.	—	—	(333,568)	—	(54,125)	(387,693)	(82,242)	(469,935)
Exercise of stock options	192	19	2,363	—	—	2,382	—	2,382
Employee stock purchase plan	96	10	1,331	—	—	1,341	—	1,341
Restricted stock issued, net of forfeitures	861	86	(86)	—	—	—	—	—
Amortization of stock-based compensation	—	—	35,449	—	—	35,449	—	35,449

Tax impact of employee stock option exercises	—	—	(9,608)	—	—	(9,608)	—	(9,608)
Other, net	(218)	(20)	(5,766)	—	—	(5,786)	—	(5,786)
Net earnings	—	—	—	137,842	—	137,842	4,987	142,829
Other comprehensive loss	—	—	—	—	(28,204)	(28,204)	(6,317)	(34,521)
Balances at December 31, 2011	114,526	11,454	2,486,994	(1,287,063)	(18,272)	1,193,113	—	1,193,113

See accompanying Notes to Consolidated Financial Statements.

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FOREST OIL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Continued)
(In Thousands)

	Common Stock							
	Shares	Amount	Capital Surplus	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Forest Oil Corporation Shareholders' Equity (Deficit)	Noncontrolling Interest	Total Shareholders' Equity (Deficit)
Balances at December 31, 2011	114,526	11,454	2,486,994	(1,287,063)	(18,272)	1,193,113	—	1,193,113
Common stock issued for acquisition of unproved oil and natural gas properties	2,657	266	36,165	—	—	36,431	—	36,431
Employee stock purchase plan	164	16	1,101	—	—	1,117	—	1,117
Restricted stock issued, net of forfeitures	1,204	121	(121)	—	—	—	—	—
Amortization of stock-based compensation	—	—	21,858	—	—	21,858	—	21,858
Other, net	(306)	(32)	(4,138)	—	—	(4,170)	—	(4,170)
Net loss	—	—	—	(1,288,931)	—	(1,288,931)	—	(1,288,931)
Other comprehensive loss	—	—	—	—	(2,242)	(2,242)	—	(2,242)
Balances at December 31, 2012	118,245	$11,825	$2,541,859	$(2,575,994)	$(20,514)	$(42,824)	$—	$(42,824)

See accompanying Notes to Consolidated Financial Statements.

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FOREST OIL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Year Ended December 31, 2012	2011	2010
Operating activities:			
Net earnings (loss)	$(1,288,931)	$142,829	$227,521
Less: net earnings from discontinued operations	—	44,569	37,859
Net earnings (loss) from continuing operations	(1,288,931)	98,260	189,662
Adjustments to reconcile net earnings (loss) from continuing operations to net cash provided by operating activities of continuing operations:			
Depreciation, depletion, and amortization	280,458	219,684	187,973
Deferred income tax	208,975	58,994	123,671
Unrealized losses (gains) on derivative instruments, net	39,126	(39,087)	(37,920)
Ceiling test write-down of oil and natural gas properties	992,404	—	—
Impairment of properties	79,529	—	—
Stock-based compensation expense	15,074	20,536	18,143
Accretion of asset retirement obligations	6,663	6,082	6,158
Loss (gain) on debt extinguishment, net	36,312	—	(4,576)
Other, net	6,684	8,114	7,039
Changes in operating assets and liabilities:			
Accounts receivable	11,573	23,236	2,640
Other current assets	2,630	14,314	24,136
Accounts payable and accrued liabilities	(21,164)	(6,470)	(62,435)
Accrued interest and other	2,322	(5,566)	(7,766)
Net cash provided by operating activities of continuing operations	371,655	398,097	446,725
Investing activities:			
Capital expenditures for property and equipment:			
Exploration, development, acquisition, and leasehold costs	(721,536)	(873,877)	(556,988)
Other fixed assets costs	(9,128)	(6,968)	(5,143)
Proceeds from sales of assets	262,882	121,115	139,077
Net cash used by investing activities of continuing operations	(467,782)	(759,730)	(423,054)
Financing activities:			
Proceeds from bank borrowings	1,244,000	160,000	—
Repayments of bank borrowings	(1,284,000)	(55,000)	—
Issuance of senior notes, net of issuance costs	491,250	—	—
Redemption of senior notes	(330,709)	(285,000)	(152,038)
Proceeds from the exercise of options and from employee stock purchase plan	1,117	3,723	10,136
Change in bank overdrafts	(24,217)	17,116	6,378
Other, net	(3,270)	(14,144)	(6,687)
Net cash provided (used) by financing activities of continuing operations	94,171	(173,305)	(142,211)
Cash flows of discontinued operations:			
Operating cash flows	—	101,292	86,204
Investing cash flows	—	(255,470)	(218,155)
Financing cash flows	—	478,324	1,692
Net cash provided (used) by discontinued operations	—	324,146	(130,259)

Effect of exchange rate changes on cash	—		(3,476	)	(277	)
Net decrease in cash and cash equivalents	(1,956	)	(214,268	)	(249,076	)
Net (increase) decrease in cash and cash equivalents of discontinued operations	—		(289	)	8,370	
Net decrease in cash and cash equivalents of continuing operations	(1,956	)	(214,557	)	(240,706	)
Cash and cash equivalents of continuing operations at beginning of year	3,012		217,569		458,275	
Cash and cash equivalents of continuing operations at end of year	$1,056		$3,012		$217,569	
Cash paid by continuing operations during the year for:						
Interest (net of capitalized amounts)	$130,154		$139,311		$140,856	
Income taxes (net of refunded amounts)	(28,253	)	31,782		53,748	
Non-cash investing activities of continuing operations:						
Increase (decrease) in accrued capital expenditures	$(37,766	)	$27,235		$16,405	
Common stock issued for acquisition of unproved oil and natural gas properties	36,431		—		—	

See accompanying Notes to Consolidated Financial Statements.

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FOREST OIL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012, 2011, and 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of the Business

Forest Oil Corporation is an independent oil and gas company engaged in the acquisition, exploration, development, and production of oil, natural gas, and natural gas liquids (“NGLs”) primarily in the United States. Forest was incorporated in New York in 1924, as the successor to a company formed in 1916, and has been a publicly held company since 1969. Forest holds assets in several exploration and producing areas in the United States and has exploratory and development interests in two other countries. On June 1, 2011, Forest completed an initial public offering of approximately 18% of the common stock of its then wholly-owned subsidiary, Lone Pine Resources Inc. (“Lone Pine”), which held Forest’s ownership interests in its Canadian operations. On September 30, 2011, Forest distributed, or spun-off, its remaining 82% ownership in Lone Pine to Forest’s shareholders by means of a special stock dividend of Lone Pine shares. See Note 5 for more information regarding the initial public offering and spin-off of Lone Pine. Unless the context indicates otherwise, the terms “Forest,” the “Company,” “we,” “our,” and “us,” as used in thi Annual Report on Form 10-K, refer to Forest Oil Corporation and its subsidiaries.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of Forest and its consolidated subsidiaries. As a result of the spin-off, Lone Pine’s results of operations are reported as discontinued operations. See Note 13 for more information regarding the results of operations of Lone Pine. All intercompany balances and transactions have been eliminated. Certain amounts in prior years’ financial statements have been reclassified to conform to the 2012 financial statement presentation.

Assumptions, Judgments, and Estimates

In the course of preparing the consolidated financial statements, management makes various assumptions, judgments, and estimates to determine the reported amounts of assets, liabilities, revenues, and expenses, and in the disclosures of commitments and contingencies. Changes in these assumptions, judgments, and estimates will occur as a result of the passage of time and the occurrence of future events and, accordingly, actual results could differ from amounts previously established.

The more significant areas requiring the use of assumptions, judgments, and estimates relate to volumes of oil, natural gas, and natural gas liquids reserves used in calculating depletion, the amount of future net revenues used in computing the ceiling test limitations, and the amount of future capital costs and abandonment obligations used in such calculations, assessing investments in unproved properties and goodwill for impairment, determining the need for and the amount of deferred tax asset valuation allowances, and estimating fair values of financial instruments, including derivative instruments.

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less and all money market funds with no restrictions on the Company’s ability to withdraw money from the funds to be cash equivalents.

Property and Equipment

The Company uses the full cost method of accounting for oil and gas properties. Separate cost centers are maintained for each country in which the Company has operations. During the periods presented, the Company's

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primary oil and gas operations were conducted in the United States and Canada. Concurrent with the spin-off of Lone Pine on September 30, 2011, the Company no longer has any operations in Canada. All costs incurred in the acquisition, exploration, and development of properties (including costs of surrendered and abandoned leaseholds, delay lease rentals, dry holes, and overhead related to exploration and development activities) and the fair value of estimated future costs of site restoration, dismantlement, and abandonment activities are capitalized. During the years ended December 31, 2012, 2011, and 2010, Forest capitalized $37.8 million, $46.4 million, and $42.6 million, respectively, of general and administrative costs (including stock-based compensation) related to its continuing operations. Interest costs related to significant unproved properties that are under development are also capitalized to oil and gas properties. During the years ended December 31, 2012, 2011, and 2010, Forest capitalized $7.2 million, $10.3 million, and $11.2 million, respectively, of interest costs attributed to the unproved properties of its continuing operations.

Investments in unproved properties, including capitalized interest costs, are not depleted pending determination of the existence of proved reserves. Unproved properties are assessed at least annually to ascertain whether impairment has occurred. Unproved properties whose costs are individually significant are assessed individually by considering the primary lease terms of the properties, the holding period of the properties, geographic and geologic data obtained relating to the properties, and estimated discounted future net cash flows from the properties. Estimated discounted future net cash flows are based on discounted future net revenues associated with estimated probable and possible reserves, risk adjusted as appropriate. Where it is not practicable to individually assess the amount of impairment of properties for which costs are not individually significant, such properties are grouped for purposes of assessing impairment. The amount of impairment assessed is added to the costs to be amortized, or is reported as a period expense, as appropriate.

During the year ended December 31, 2012, Forest recorded a $66.9 million impairment of its unproved properties in South Africa based on several unsuccessful attempts to sell the properties for an amount that would allow Forest to recover the carrying amount of its investment in these properties. Because Forest has no proved reserves in South Africa, and therefore no costs being amortized, the impairment was reported as a period expense and is included in the Consolidated Statement of Operations within the “Impairment of properties” line item. In December 2012, Forest entered into agreements to dispose of its South African subsidiaries. See Note 2 for more information regarding this planned divestiture.

The Company performs a ceiling test each quarter on a country-by-country basis under the full cost method of accounting. The ceiling test is a limitation on capitalized costs prescribed by SEC Regulation S-X Rule 4-10. The ceiling test is not a fair value based measurement. Rather, it is a standardized mathematical calculation. The ceiling test provides that capitalized costs less related accumulated depletion and deferred income taxes for each cost center may not exceed the sum of (1) the present value of future net revenue from estimated production of proved oil and gas reserves using current prices, excluding the future cash outflows associated with settling asset retirement obligations that have been accrued on the balance sheet, at a discount factor of 10%; plus (2) the cost of properties not being amortized, if any; plus (3) the lower of cost or estimated fair value of unproved properties included in the costs being amortized, if any; less (4) income tax effects related to differences in the book and tax bases of oil and gas properties. Should the net capitalized costs for a cost center exceed the sum of the components noted above, a ceiling test write-down would be recognized to the extent of the excess capitalized costs.

In 2012, Forest recorded ceiling test write-downs in the United States cost center totaling $957.6 million and the Italian cost center totaling $34.8 million. The United States write-downs resulted primarily from decreases in natural gas and NGL prices. The Italian write-down resulted from Forest concluding that its Italian natural gas reserves could no longer be classified as proved reserves, due to an Italian regional regulatory body’s April 2012 denial of approval of an environmental impact assessment associated with Forest’s proposal to commence natural gas production from wells that Forest drilled and completed in 2007. Forest is currently appealing the region’s denial.

Gain or loss is not recognized on the sale of oil and natural gas properties unless the sale significantly alters the relationship between capitalized costs and estimated proved oil and natural gas reserves attributable to a cost center.

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Depletion of proved oil and natural gas properties is computed on the units-of-production method, whereby capitalized costs, as adjusted for future development costs and asset retirement obligations, are amortized over the total estimated proved reserves. The Company uses its quarter-end reserves estimates to calculate depletion for the current quarter.

Gas gathering assets are depreciated on the units-of-production method whereby the capitalized costs are amortized over the total estimated throughput of the system. Furniture and fixtures, leasehold improvements, computer hardware and software, and other equipment are depreciated on the straight-line method over the estimated useful lives of the assets, which range from three to fifteen years.

Asset Retirement Obligations

Forest records the fair value of a liability for an asset retirement obligation in the period in which it is incurred with a corresponding increase in the carrying amount of the related long-lived asset. Subsequent to initial measurement, the asset retirement obligation is required to be accreted each period to its present value. Capitalized costs are depleted as a component of the full cost pool using the units-of-production method. Forest's asset retirement obligations consist of costs related to the plugging of wells, the removal of facilities and equipment, and site restoration on oil and gas properties.

The following table summarizes the activity for the Company's asset retirement obligations of its continuing operations for the periods indicated:

	Year Ended December 31,	
	2012	2011
	(In Thousands)	
Asset retirement obligations at beginning of period	$78,938	$73,132
Accretion expense	6,663	6,082
Liabilities incurred	1,412	2,321
Liabilities settled	(5,650)	(3,103)
Disposition of properties	(27,418)	(282)
Revisions of estimated liabilities	4,640	788
Asset retirement obligations at end of period	58,585	78,938
Less: current asset retirement obligations	(2,430)	(1,040)
Long-term asset retirement obligations	$56,155	$77,898

Oil, Natural Gas, and NGL Sales

The Company recognizes revenues when they are realized or realizable and earned. Revenues are considered realized or realizable and earned when: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the Company's price to the buyer is fixed or determinable and (iv) collectibility is reasonably assured.

When the Company has an interest with other producers in properties from which natural gas is produced, the Company uses the entitlements method to account for any imbalances. Imbalances occur when the Company sells more or less product than it is entitled to under its ownership percentage. Revenue is recognized only on the entitlement percentage of volumes sold. Any amount that the Company sells in excess of its entitlement is treated as a liability and is not recognized as revenue. Any amount of entitlement in excess of the amount the Company sells is recognized as revenue and an asset is accrued. At December 31, 2012 and 2011, the Company had gas imbalance liabilities of $7.5 million and $7.8 million, respectively, and gas imbalance assets of $6.7 million and $6.9 million, respectively.

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In 2012, sales to two purchasers were approximately 19%, or $117.2 million, and 14%, or $82.1 million, respectively, of the Company's total revenues. In 2011, sales to one purchaser were approximately 22%, or $151.9 million, of the Company's total revenues from continuing operations. In 2010, sales to two purchasers were approximately 20%, or $145.1 million, and 10%, or $73.2 million, respectively, of the Company's total revenues from continuing operations. Forest's revenues from continuing operations are attributable to the United States. Forest believes that the loss of one or more of the Company's current oil, natural gas, and NGL purchasers would not have a material adverse effect on the Company's ability to sell its production, because any individual purchaser could be readily replaced by another purchaser, absent a broad market disruption.

Accounts Receivable

The components of accounts receivable are as follows:

	December 31, 2012	2011
	(In Thousands)	
Oil, natural gas, and NGL sales	$50,679	$58,799
Joint interest billings	5,845	14,451
Tax incentive refunds due from Texas	6,836	6,604
Other	5,619	698
Allowance for doubtful accounts	(1,463)	(1,463)
Total accounts receivable	$67,516	$79,089

Forest's accounts receivable are primarily from purchasers of the Company's oil, natural gas, and NGL sales and from other exploration and production companies which own working interests in the properties that the Company operates. This industry concentration could adversely impact Forest's overall credit risk because the Company's customers and working interest owners may be similarly affected by changes in economic and financial market conditions, commodity prices, and other conditions. Forest's oil, natural gas, and NGL production is sold to various purchasers in accordance with the Company's credit policies and procedures. These policies and procedures take into account, among other things, the creditworthiness of potential purchasers and concentrations of credit risk. Forest generally requires letters of credit or parental guarantees for receivables from parties that are deemed to have sub-standard credit or other financial concerns, unless the Company can otherwise mitigate the perceived credit exposure. Forest routinely assesses the collectibility of all material receivables and accrues a reserve on a receivable when, based on the judgment of management, it is probable that a receivable will not be collected and the amount of the reserve can be reasonably estimated.

Income Taxes

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of temporary differences between financial accounting bases and tax bases of assets and liabilities. The tax benefits of tax loss carryforwards and other deferred tax benefits are recorded as an asset to the extent that management assesses the utilization of such assets to be more likely than not. When the future utilization of some portion of the deferred tax asset is determined not to be more likely than not, a valuation allowance is provided to reduce the recorded deferred tax assets.

Earnings (Loss) per Share

Basic earnings (loss) per share is computed using the two-class method by dividing net earnings (loss) attributable to common stock by the weighted average number of common shares outstanding during each period. The two-class method of computing earnings (loss) per share is required to be used since Forest has participating securities. The two-class method is an earnings allocation formula that determines earnings (loss) per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation

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rights in undistributed earnings. Holders of restricted stock issued under Forest's stock incentive plans have the right to receive non-forfeitable cash and certain non-cash dividends, participating on an equal basis with common stock. Holders of phantom stock units issued to directors under Forest's stock incentive plans also have the right to receive non-forfeitable cash and certain non-cash dividends, participating on an equal basis with common stock, while phantom stock units issued to employees do not participate in dividends. Stock options issued under Forest's stock incentive plans do not participate in dividends. Performance units issued under Forest's stock incentive plans do not participate in dividends in their current form. Holders of performance units participate in dividends paid during the performance units' vesting period only after the performance units vest and common shares are deliverable under the terms of the performance unit awards. Performance units may vest with no common shares being deliverable, depending on Forest's shareholder return over the performance units' vesting period in relation to the shareholder returns of specified peers. See Note 6 for more information on Forest's stock-based incentive awards. In summary, restricted stock issued to employees and directors and phantom stock units issued to directors are participating securities, and earnings are allocated to both common stock and these participating securities under the two-class method. However, these participating securities do not have a contractual obligation to share in Forest's losses. Therefore, in periods of net loss, none of the loss is allocated to these participating securities.

Diluted earnings (loss) per share is computed by dividing net earnings (loss) attributable to common stock by the weighted average number of common shares outstanding during each period, increasing the denominator to include the number of additional common shares that would have been outstanding if the dilutive potential common shares (e.g. stock options, unvested restricted stock, unvested phantom stock units that may be settled in shares, and unvested performance units) had been issued. Additionally, the numerator is also adjusted for certain contracts that provide the issuer or holder with a choice between settlement methods. Diluted earnings (loss) per share is computed using the more dilutive of the treasury stock method, the contingently issuable share method, or the two-class method, depending on the security. Under the treasury stock method, the dilutive effect of options, unvested restricted stock, and unvested phantom stock units is calculated by assuming common shares are issued for these securities at the beginning of the period, with the proceeds from exercise assumed to be used to purchase common shares at the average market price for the period, and the incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) included in the denominator of the diluted earnings (loss) per share computation. Under the contingently issuable share method, the number of contingently issuable shares pursuant to the outstanding performance units are included in the denominator of the calculation of diluted earnings (loss) per share based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period and if the result would be dilutive. Under the two-class method, the dilutive effect of non-participating potential common shares is determined and undistributed earnings are reallocated between common shares and participating securities. No potential common shares are included in the computation of any diluted per share amount when a net loss exists, as was the case for the year ended December 31, 2012. Unvested restricted stock grants were not included in the calculations of diluted earnings per share for the years ended December 31, 2011 and 2010 as their inclusion would have an antidilutive effect.

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The following reconciles net earnings (loss) as reported in the Consolidated Statements of Operations to net earnings (loss) used for calculating basic and diluted earnings (loss) per share for the periods presented.

	Year Ended December 31, 2012 Continuing Operations (In Thousands)	2012 Discontinued Operations	2012 Total	2011 Continuing Operations	2011 Discontinued Operations	2011 Total	2010 Continuing Operations	2010 Discontinued Operations	2010 Total
Net earnings (loss)	$(1,288,931)	$—	$(1,288,931)	$98,260	$44,569	$142,829	$189,662	$37,859	$227,521
Net earnings attributable to noncontrolling interest	—	—	—	—	(4,987)	(4,987)	—	—	—
Net earnings attributable to participating securities	—	—	—	(2,037)	(821)	(2,858)	(3,736)	(746)	(4,482)
Net earnings (loss) attributable to common stock for basic earnings (loss) per share	(1,288,931)	—	(1,288,931)	96,223	38,761	134,984	185,926	37,113	223,039
Adjustment for liability classified stock-based compensation awards	—	—	—	—	(707)	(707)	—	500	500
Net earnings (loss) for diluted earnings (loss) per share	$(1,288,931)	$—	$(1,288,931)	$96,223	$38,054	$134,277	$185,926	$37,613	$223,539

The following reconciles basic weighted average common shares outstanding to diluted weighted average common shares outstanding for the periods presented.

	Year Ended December 31, 2012 (In Thousands)	2011	2010
Weighted average common shares outstanding during the period for basic earnings (loss) per share	114,958	111,690	110,809
Dilutive effects of potential common shares	—	1,178	689
Weighted average common shares outstanding during the period, including the effects of dilutive potential common shares, for diluted earnings (loss) per share	114,958	112,868	111,498

Stock-Based Compensation

Compensation cost is measured at the grant date based on the fair value of the awards (stock options, restricted stock, performance units, employee stock purchase plan rights) or is measured at the reporting date based on the current stock price (phantom stock units), and is recognized on a straight-line basis over the requisite service period (usually the vesting period).

Derivative Instruments

The Company records all derivative instruments as either assets or liabilities at fair value, other than the derivative instruments that meet the normal purchases and sales exception. The Company has not elected to designate its derivative instruments as hedges and, therefore, records all changes in fair value of its derivative instruments through earnings, with such changes reported in a single line item in the Consolidated Statements of Operations together with realized gains and losses on the derivative instruments.

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Debt Issue Costs

Included in other assets are costs associated with the issuance of our senior notes and our revolving bank credit facility. The remaining unamortized debt issue costs at December 31, 2012 and 2011 totaled $27.0 million and $25.0 million, respectively, and are being amortized over the life of the respective debt instruments.

Inventory

Inventories, which are carried at average cost with adjustments made from time to time to recognize, as appropriate, any reductions in value, were comprised of $4.2 million and $10.1 million of materials and supplies as of December 31, 2012 and 2011, respectively. The Company's materials and supplies inventory, which is acquired for use in future drilling operations, is primarily comprised of items such as tubing and casing.

Goodwill

The Company is required to perform an annual impairment test of goodwill in lieu of periodic amortization. The Company performs its annual goodwill impairment test in the second quarter of the year. In addition, the Company tests goodwill for impairment if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The impairment test requires the Company to estimate the fair value of the reporting unit to which goodwill has been assigned and, in some cases, the fair values of the assets and liabilities assigned to the reporting unit. Although the Company bases its fair value estimates on assumptions it believes to be reasonable, those assumptions are inherently unpredictable and uncertain. The Company had no goodwill impairments for the years ended December 31, 2012, 2011, and 2010.

Comprehensive Income (Loss)

Comprehensive income (loss) is a term used to refer to net earnings (loss) plus other comprehensive income (loss). Other comprehensive income (loss) is comprised of revenues, expenses, gains, and losses that under generally accepted accounting principles are reported as separate components of shareholders' equity instead of net earnings (loss). Items included in the Company's other comprehensive income (loss) during the last three years are net foreign currency gains and losses related to the translation of the assets and liabilities of Lone Pine's Canadian operations prior to the spin-off of Lone Pine on September 30, 2011, and defined benefit postretirement plan losses.

The components of other comprehensive income (loss), both before-tax and net-of-tax, for the years ended December 31, 2012, 2011, and 2010 are as follows:

	Before-Tax	Tax (Expense) / Benefit	Net-of-Tax
	(In Thousands)		
Year Ended December 31, 2012:			
Defined benefit postretirement plans - net loss	$(2,036)	$(206)	$(2,242)
Other comprehensive loss	$(2,036)	$(206)	$(2,242)
Year Ended December 31, 2011:			
Defined benefit postretirement plans - net loss	$(10,417)	$3,748	$(6,669)
Foreign currency translation losses	(27,852)	—	(27,852)
Other comprehensive loss	$(38,269)	$3,748	$(34,521)
Year Ended December 31, 2010:			
Defined benefit postretirement plans - net loss	$(1,221)	$475	$(746)
Foreign currency translation gains	15,153	—	15,153
Other comprehensive income	$13,932	$475	$14,407

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The components of accumulated other comprehensive income (loss) attributable to Forest Oil Corporation common shareholders for the years ended December 31, 2012, 2011, and 2010 are as follows:

	Foreign Currency Translation	Defined Benefit Postretirement Plans	Accumulated Other Comprehensive Income (Loss)
	(In Thousands)		
Balance at December 31, 2009	$78,514	$(10,857)	$67,657
Other comprehensive income (loss)	15,153	(746)	14,407
Balance at December 31, 2010	93,667	(11,603)	82,064
Other comprehensive loss	(21,535)	(6,669)	(28,204)
Changes in ownership interest in Lone Pine Resources	(72,132)	—	(72,132)
Balance at December 31, 2011	—	(18,272)	(18,272)
Other comprehensive loss	—	(2,242)	(2,242)
Balance at December 31, 2012	$—	$(20,514)	$(20,514)

Impact of Recently Issued Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2011-11, Balance Sheet (Topic 210) Disclosures about Offsetting Assets and Liabilities (“ASU 2011-11”), which requires that an entity disclose both gross and net information about instruments and transactions that are either eligible for offset in the balance sheet or subject to an agreement similar to a master netting agreement. In January 2013, the FASB issued ASU 2013-01, Balance Sheet (Topic 210) Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, which limits the scope of ASU No. 2011-11 to derivatives, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and lending transactions. ASU 2011-11 was issued in order to facilitate comparison of financial statements prepared under U.S. generally accepted accounting principles (“U.S. GAAP”) and International Financial Reporting Standards by requiring enhanced disclosures, but does not change existing U.S. GAAP, which permits balance sheet offsetting. This authoritative guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The adoption of this authoritative guidance will not have an impact on Forest’s financial position or results of operations, but will require Forest to make additional disclosures regarding its derivative instruments.

In February 2013, the FASB issued ASU No. 2013-02, Comprehensive Income (Topic 220) Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income (“ASU 2013-02”). ASU 2013-02 does not change the current requirements for reporting net earnings or other comprehensive income in financial statements. However, it requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net earnings, but only if the amount reclassified is required under U.S. GAAP to be reclassified to net earnings in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net earnings, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. This authoritative guidance is effective prospectively for annual reporting periods beginning after December 15, 2012, and interim periods within those annual periods. The adoption of this authoritative guidance will not have an impact on Forest’s financial position or results of operations. Forest is currently evaluating the impact adoption of this authoritative guidance may have on its disclosures.

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(2) PROPERTY AND EQUIPMENT:

Net property and equipment consists of the following as of the dates indicated:

	December 31, 2012 (In Thousands)	2011
Oil and gas properties:		
Proved	$9,696,498	$8,825,142
Unproved	277,798	675,995
Accumulated depletion	(8,237,186)	(6,901,997)
Net oil and gas properties	1,737,110	2,599,140
Other property and equipment:		
Gas gathering, furniture and fixtures, computer hardware and software, and other equipment	64,036	99,965
Accumulated depreciation and amortization	(46,908)	(47,989)
Net other property and equipment	17,128	51,976
Total net property and equipment[(1)]	$1,754,238	$2,651,116

(1) At December 31, 2011, $98.7 million of the Company's total net property and equipment was located in foreign countries. This balance was written off during 2012 when the South African properties were impaired and the Italian natural gas reserves were reclassified from proved to probable, causing a full ceiling test write-down of the Italian cost center, both of which are discussed in Note 1.

The following table sets forth a summary as of December 31, 2012 of Forest's unproved properties, all of which are located in the United States, by the year in which such property costs were incurred:

	Total (In Thousands)	2012	2011	2010	2009 and Prior
Acquisition costs	$232,176	$14,136	$46,729	$15,530	$155,781
Exploration costs	45,622	37,614	3,940	641	3,427
Total unproved oil and gas properties	$277,798	$51,750	$50,669	$16,171	$159,208

The majority of the unproved oil and gas property costs, which are not subject to depletion, relate to oil and gas property acquisitions and leasehold acquisition costs as well as work-in-progress on various projects. The Company expects that substantially all of its unproved property costs as of December 31, 2012 will be reclassified to proved properties within ten years.

Divestitures

In August 2012, the Company entered into an agreement to sell the majority of its East Texas natural gas gathering assets for $34.0 million in cash, subject to customary purchase price adjustments. This transaction closed on October 31, 2012, resulting in Forest receiving net proceeds of $28.8 million. Forest can also earn up to $9.0 million of additional performance payments contingent on future activity including the number of additional wells drilled by Forest and connected to the buyer's gathering facilities. During the first month of 2013, Forest earned and received a performance payment of $1.0 million. In conjunction with the sale, Forest entered into a ten-year natural gas gathering agreement with the buyer under which Forest will pay market-based gathering rates and commit the production from its existing and future operated wells located within five miles of the gathering system as it was configured at the time of sale. During the third quarter of 2012, these assets were written down to their estimated fair

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value less cost to sell, resulting in a $12.7 million impairment charge, which is included in the Consolidated Statement of Operations within the "Impairment of properties" line item. Since there will be a continuation of cash flows between Forest and the disposed component by way of the natural gas gathering agreement, these assets did not qualify for discontinued operations reporting.

In October 2012, Forest entered into an agreement to sell all of its oil and natural gas properties located in South Louisiana for $220.0 million in cash. This transaction closed on November 16, 2012 and was subject to customary purchase price adjustments, resulting in Forest receiving net proceeds of $208.4 million.

In December 2012, Forest entered into an agreement with a third party whereby Forest will receive $9.1 million in exchange for Forest abandoning its Exploration Right covering Block 2C in South Africa. The $9.1 million is payable in two tranches: a first payment of $2.8 million is to be received upon acceptance from South Africa of the abandonment and a second payment of $6.3 million is to be received in the event that the third party is successful in being awarded a new Exploration Right in respect of an area encompassing all or part of Forest's abandoned Block 2C. As of December 31, 2012, neither event had occurred and, accordingly, neither event is reflected in the Consolidated Financial Statements.

Forest also entered into a separate agreement in December 2012 to sell its South African subsidiary which holds a Production Right related to Block 2A in South Africa. The consideration for this sale is payable in several steps, subject to various contingencies. Upon signing the sale agreement, Forest received a nonrefundable cash payment of $.7 million. Following approval of the sale by the Minister of Mineral Resources for the government of the Republic of South Africa, Forest will receive a payment of $1.0 million. If such approval is not received, closing on the sale will not occur. If closing occurs, Forest may receive further payments, as defined in the agreement. Forest recognized $.6 million of the initial consideration received, net of estimated selling costs, as other income within the "Other, net" line item in the Consolidated Statement of Operations.

During the year ended December 31, 2012, Forest also sold miscellaneous oil and natural gas properties for proceeds of $25.6 million. During the years ended December 31, 2011 and 2010, Forest sold various U.S. oil and natural gas properties for total proceeds of $121.0 million and $75.9 million respectively. During 2010, Forest also entered into sale-leaseback transactions involving drilling rigs, receiving $63.1 million in total proceeds.

Divestitures - Subsequent Event

In January 2013, Forest entered into an agreement to sell all of its oil and natural gas properties located in South Texas, excluding its Eagle Ford Shale oil properties, for $325.0 million in cash. This transaction closed on February 15, 2013 and was subject to customary purchase price adjustments, resulting in Forest receiving net proceeds of $307.2 million.

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(3) DEBT:

The components of debt are as follows:

	December 31, 2012			December 31, 2011		
	Principal	Unamortized Premium (Discount)	Total	Principal	Unamortized Premium (Discount)	Total
	(In Thousands)					
Credit facility	$65,000	$—	$65,000	$105,000	$—	$105,000
7% senior subordinated notes due 2013	12	—	12	12	—	12
8½% senior notes due 2014	300,000	(3,277)	296,723	600,000	(12,389)	587,611
7¼% senior notes due 2019	1,000,000	365	1,000,365	1,000,000	421	1,000,421
7½% senior notes due 2020	500,000	—	500,000	—	—	—
Total debt	1,865,012	(2,912)	1,862,100	1,705,012	(11,968)	1,693,044
Less: current portion of long-term debt(1)	(12)	—	(12)	—	—	—
Long-term debt	$1,865,000	$(2,912)	$1,862,088	$1,705,012	$(11,968)	$1,693,044

(1) Due in June 2013.

Bank Credit Facility

On June 30, 2011, the Company entered into the Third Amended and Restated Credit Agreement (the "Credit Facility") with a syndicate of banks led by JPMorgan Chase Bank, N.A. (the "Administrative Agent") consisting of a $1.5 billion credit facility maturing in June 2016. The size of the Credit Facility may be increased by $300.0 million, to a total of $1.8 billion, upon agreement between the applicable lenders and Forest.

Forest's availability under the Credit Facility is governed by a borrowing base. As of December 31, 2012, the borrowing base under the Credit Facility was $1.07 billion. The determination of the borrowing base is made by the lenders in their sole discretion, on a semi-annual basis, taking into consideration the estimated value of Forest's oil and gas properties based on pricing models determined by the lenders at such time, in accordance with the lenders' customary practices for oil and gas loans. The available borrowing amount under the Credit Facility could increase or decrease based on such redetermination. A lowering of the borrowing base could require Forest to repay indebtedness in excess of the borrowing base in order to cover the deficiency. The last scheduled semi-annual redetermination of the borrowing base occurred in October 2012 and resulted in a $50.0 million reduction to the borrowing base. The next scheduled semi-annual redetermination of the borrowing base will occur on or about May 1, 2013. In addition to the scheduled semi-annual redeterminations, Forest and the lenders each have discretion at any time, but not more often than once during a calendar year, to have the borrowing base redetermined.

The borrowing base is also subject to automatic adjustments if certain events occur, such as if Forest or any of its Restricted Subsidiaries (as defined in the Credit Facility) issue senior unsecured notes, in which case the borrowing base will immediately be reduced by an amount equal to 25% of the stated principal amount of such issued senior notes, excluding any senior unsecured notes that Forest or any of its Restricted Subsidiaries may issue to refinance senior notes that were outstanding on June 30, 2011. This was the case in September 2012 in connection with the issuance of senior unsecured notes, when the borrowing base was reduced by $50.0 million. The borrowing base is also subject to automatic adjustment if Forest or any of its Restricted Subsidiaries sell oil and natural gas properties included in the borrowing base, as applicable, having a fair market value in excess of 10% of the borrowing base then in effect. In this case, the borrowing base will be reduced by an amount either (i) equal to the percentage of the borrowing base attributable to the sold properties, as determined by the Administrative Agent, or (ii) if none of the borrowing base is attributable to the sold properties, a value agreed upon by Forest and the required lenders. The sale of Forest’s South Louisiana properties, discussed in Note 2, resulted in an $80.0 million reduction to the borrowing base when the transaction closed in November 2012. The February 2013 sale of Forest’s

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South Texas properties, discussed in Note 2, resulted in a $170.0 million reduction to the borrowing base, which reduced the borrowing base to $900.0 million effective February 15, 2013.

The Credit Facility is collateralized by Forest's assets. Under the Credit Facility, Forest is required to mortgage and grant a security interest in 75% of the present value of the estimated proved oil and gas properties and related assets. If Forest's corporate credit ratings issued by Moody's and S&P meet pre-established levels, the security requirements would cease to apply and, at Forest's request, the banks would release their liens and security interest on Forest's properties.

Borrowings under the Credit Facility bear interest at one of two rates as may be elected by the Company. Borrowings bear interest at:

(i) the greatest of (a) the prime rate announced by JPMorgan Chase Bank, N.A., (b) the federal funds effective rate from time to time plus ½ of 1%, and (c) the one-month rate applicable to dollar deposits in the London interbank market for one, two, three or six months (as selected by Forest) (the "LIBO Rate") plus 1%, plus, in the case of each of clauses (a), (b), and (c), 50 to 150 basis points depending on borrowing base utilization; or

(ii) the LIBO Rate as adjusted for statutory reserve requirements (the "Adjusted LIBO Rate"), plus 150 to 250 basis points, depending on borrowing base utilization.

The Credit Facility includes terms and covenants that place limitations on certain types of activities, including restrictions or requirements with respect to additional debt, liens, asset sales, hedging activities, investments, dividends, mergers, and acquisitions, and also includes a financial covenant. The Credit Facility provides that Forest will not permit its ratio of total debt outstanding to EBITDA (as adjusted for non-cash charges) for a trailing twelve-month period to be greater than 4.5 to 1.0 at any time.

Under certain conditions, amounts outstanding under the Credit Facility may be accelerated. Bankruptcy and insolvency events with respect to Forest or certain of its subsidiaries will result in an automatic acceleration of the indebtedness under the Credit Facility. Subject to notice and cure periods, certain events of default under the Credit Facility will result in acceleration of the indebtedness under the Credit Facility at the option of the lenders. Such other events of default include non-payment, breach of warranty, non-performance of obligations under the Credit Facility (including the financial covenant), default on other indebtedness, certain pension plan events, certain adverse judgments, change of control, and a failure of the liens securing the Credit Facility.

Of the $1.5 billion total nominal amount under the Credit Facility, JPMorgan and ten other banks hold approximately 68% of the total commitments. With respect to the other 32% of the total commitments, no single lender holds more than 3.3% of the total commitments. Commitment fees accrue on the amount of unutilized borrowing base. If borrowing base utilization is greater than 50%, commitment fees are 50 basis points of the unutilized amount, and if borrowing base utilization is 50% or less, commitment fees are 35 basis points of the unutilized amount.

At December 31, 2012, there were outstanding borrowings of $65.0 million under the Credit Facility at a weighted average interest rate of 2.1% and Forest had used the Credit Facility for $1.6 million in letters of credit, leaving an unused borrowing amount under the Credit Facility of $1.0 billion. At December 31, 2011, there were outstanding borrowings of $105.0 million under the Credit Facility at a weighted average interest rate of 2.1% and Forest had used the Credit Facility for $2.1 million in letters of credit, leaving an unused borrowing amount under the Credit Facility of $1.1 billion.

8½% Senior Notes Due 2014

On February 17, 2009, Forest issued $600.0 million in principal amount of 8½% senior notes due 2014 (the “8½% Notes”) at 95.15% of par for net proceeds of $559.8 million, after deducting initial purchaser discounts. The 8½% Notes are redeemable, at the Company’s option, in whole or in part, at any time at the principal amount, plus

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accrued interest, and a make-whole premium. In October 2012, Forest redeemed $300.0 million of the 8½% Notes at 110.24% of par, recognizing a loss of $36.3 million upon redemption, using proceeds from the issuance of $500.0 million in principal amount of 7½% senior notes due 2020. Due to the amortization of the discount, the effective interest rate on the 8½% Notes is 9.47%. Interest on the 8½% Notes is payable semiannually on February 15 and August 15. On February 15, 2013, Forest irrevocably called the remaining $300.0 million of 8½% Notes outstanding to be redeemed on March 17, 2013 using cash on hand and borrowings under the Credit Facility.

7¼% Senior Notes Due 2019

On June 6, 2007, Forest issued $750.0 million in principal amount of 7¼% senior notes due 2019 (the "7¼% Notes") at par for net proceeds of $739.2 million, after deducting initial purchaser discounts, and on May 22, 2008, Forest issued an additional $250.0 million in principal amount of 7¼% Notes at 100.25% of par for net proceeds of $247.2 million, after deducting initial purchaser discounts. Due to the amortization of the premium, the effective interest rate on the 7¼% Notes is 7.24%. Interest on the 7¼% Notes is payable semiannually on June 15 and December 15.

The 7¼% Notes are redeemable, at Forest's option, at the prices set forth below, expressed as percentages of the principal amount redeemed, plus accrued but unpaid interest, if redeemed during the twelve-month period beginning on June 15 of the years indicated below:

2012	103.625	%
2013	102.417	%
2014	101.208	%
2015 and thereafter	100.000	%

7½% Senior Notes Due 2020

On September 17, 2012, Forest issued $500.0 million in principal amount of 7½% senior notes due 2020 (the "7½% Notes") at par for net proceeds of $491.3 million, after deducting initial purchaser discounts. Net proceeds from the 7½% Notes were used to temporarily reduce outstanding borrowings under the Credit Facility until $300.0 million in principal amount of the 8½% Notes could be redeemed in October 2012 (after the required notice of redemption period elapsed). Interest on the 7½% Notes is payable semiannually on March 15 and September 15.

The 7½% Notes are redeemable, at Forest's option, at the prices set forth below, expressed as percentages of the principal amount redeemed, plus accrued but unpaid interest, if redeemed during the twelve-month period beginning on September 15 of the years indicated below:

2016	103.750	%
2017	101.875	%
2018 and thereafter	100.000	%

Forest may also redeem the 7½% Notes, in whole or in part, at any time prior to September 15, 2016, at a price equal to the principal amount plus a make-whole premium, calculated using the applicable Treasury yield plus 0.5%, plus accrued but unpaid interest. In addition, prior to September 15, 2015, Forest may, at any time or from time to time, redeem up to 35% of the aggregate principal amount of the 7½% Notes with the net proceeds of certain equity offerings at 107.5% of the principal amount of the 7½% Notes, plus any accrued but unpaid interest, if at least 65% of the aggregate principal amount of the 7½% Notes remains outstanding after such redemption and the redemption occurs within 120 days of the date of the closing of such equity offering.

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Principal Maturities

Principal maturities of Forest's debt at December 31, 2012 are as follows:

	Principal Maturities (In Thousands)
2013	$12
2014	300,000
2015	—
2016	65,000
2017	—
Thereafter	1,500,000

(4) INCOME TAXES:

Income Tax Provision

The table below sets forth the provision for income taxes attributable to continuing operations for the periods presented.

	Year Ended December 31, 2012	2011	2010
	(In Thousands)		
Current:			
Federal	$(34,733)	$(201)	$(16,393)
Foreign	—	28,921	—
State	(805)	1,421	2,492
	(35,538)	30,141	(13,901)
Deferred:			
Federal	202,552	56,482	121,111
State	6,423	2,512	2,560
	208,975	58,994	123,671
Total income tax	$173,437	$89,135	$109,770

Earnings (loss) from continuing operations before income taxes consists of the following for the periods presented:

	Year Ended December 31, 2012	2011	2010
	(In Thousands)		
United States Federal	$(1,013,801)	$188,421	$301,349
Foreign	(101,693)	(1,026)	(1,917)
	$(1,115,494)	$187,395	$299,432

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A reconciliation of reported income tax attributable to continuing operations to the amount of income tax that would result from applying the United States federal statutory income tax rate to pretax earnings from continuing operations is as follows:

	Year Ended December 31,		
	2012	2011	2010
	(In Thousands)		
Federal income tax at 35% of earnings before income taxes and discontinued operations	$(390,423)	$65,947	$105,472
State income taxes, net of federal income tax benefits	(11,211)	2,214	3,526
Change in valuation allowance	575,570	—	—
Canadian dividend tax, net of U.S. tax benefit	—	18,460	—
Effect of federal, state, and foreign tax on permanent differences	3,026	4,025	4,030
Other	(3,525)	(1,511)	(3,258)
Total income tax	$173,437	$89,135	$109,770

Net Deferred Tax Assets and Liabilities

The components of net deferred tax assets and liabilities at December 31, 2012 and 2011 are as follows:

	December 31,	
	2012	2011
	(In Thousands)	
Deferred tax assets:		
Property and equipment[1]	$353,352	$101,299
Accrual for postretirement benefits	3,134	11,545
Stock-based compensation accruals	10,748	7,921
Net operating loss carryforwards	157,103	60,965
Alternative minimum tax credit carryforward	49,409	54,776
Other	32,278	8,418
Total gross deferred tax assets	606,024	244,924
Less valuation allowance	(575,570)	—
Net deferred tax assets	30,454	244,924
Deferred tax liabilities:		
Unrealized gains on derivative contracts, net	(17,429)	(25,713)
Amortization of deferred gain on rig sales	(10,472)	(8,267)
Other	(2,553)	—
Total gross deferred tax liabilities	(30,454)	(33,980)
Net deferred tax assets	$—	$210,944

(1) Includes deferred tax assets of $28.3 million related to Italy and South Africa as of December 31, 2012.

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The net deferred tax assets and liabilities are reflected in the Consolidated Balance Sheets as follows:

	December 31,	
	2012	2011
	(In Thousands)	
Current deferred tax liabilities	$(14,681)	$(20,172)
Non-current deferred tax assets	14,681	231,116
Net deferred tax assets	$—	$210,944

Tax Attributes

Net Operating Losses

U.S. federal net operating loss carryforwards (“NOLs”) at December 31, 2012 were approximately $440.3 million, with $32.2 million of NOLs limited under Section 382 of the Internal Revenue Code scheduled to expire in 2019 and the remaining scheduled to expire after 2030.

The statute of limitations is closed for the Company’s U.S. federal income tax returns for years ending on or before December 31, 2008. Pre-acquisition returns of acquired businesses are also closed for tax years ending on or before December 31, 2008. However, the Company has utilized, and will continue to utilize, NOLs (including NOLs of acquired businesses) in its open tax years. The earliest available NOLs were generated in the tax year beginning January 1, 1999, but are potentially subject to adjustment by the federal tax authorities in the tax year in which they are utilized. Thus, the Company’s earliest U.S. federal income tax return that is closed to potential audit adjustment is the tax year ending December 31, 1998.

Alternative Minimum Tax Credits

The Alternative Minimum Tax credit carryforward available to reduce future U.S. federal regular taxes equaled an aggregate amount of $49.4 million at December 31, 2012, which can be carried forward indefinitely.

Accounting for Uncertainty in Income Taxes

The table below sets forth the reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits. The Company records interest accrued related to unrecognized tax benefits in interest expense and penalties in other expense, to the extent they apply. The Company does not expect a material amount of unrecognized tax benefits to reverse in the next twelve months.

	Year Ended December 31,		
	2012	2011	2010
	(In Thousands)		
Gross unrecognized tax benefits at beginning of period	$2,829	$3,345	$2,665
Increases as a result of tax positions taken during a prior period	—	—	1,078
Decreases as a result of tax positions taken during a prior period	(1,970)	(516)	(398)
Gross unrecognized tax benefits at end of period	$859	$2,829	$3,345

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Income Tax Receivables

The table below sets forth income tax receivables as of the dates indicated.

	December 31,	
	2012	2011
	(In Thousands)	
Current income tax receivable(1)	$—	$16,481
Non-current income tax receivable(2)	20,651	—
	$20,651	$16,481

(1) Included in "Other current assets" in the Consolidated Balance Sheets.
(2) Included in "Other assets" in the Consolidated Balance Sheets.

(5) SHAREHOLDERS' EQUITY:

Common Stock

At December 31, 2012, the Company had 200.0 million shares of common stock, par value $.10 per share, authorized and 118.2 million shares issued and outstanding.

In February 2012, the Company issued 2.7 million shares of common stock, valued at approximately $36.4 million, as partial consideration pursuant to a lease purchase agreement whereby Forest acquired leases on unproved oil and natural gas properties in the Permian Basin in Texas.

Preferred Stock

Forest has 10.0 million shares of preferred stock, par value $.01 per share, authorized under its Articles of Incorporation. The preferred stock is classified into two classes, Senior Preferred Stock and Junior Preferred Stock, each of which shall be issuable in one or more series. Subject to any limitation prescribed by law, the number of shares in each series and the designation and relative rights, preferences, and limitations of each series shall be fixed by the Board of Directors of Forest. The class of Senior Preferred Stock consists of 7.4 million shares and the class of Junior Preferred Stock consists of 2.7 million shares. No preferred stock is issued or outstanding.

Lone Pine Resources Inc.

On June 1, 2011, Forest completed an initial public offering of approximately 18% of the common stock of its then wholly-owned subsidiary, Lone Pine, which held Forest's ownership interests in its Canadian operations. In May 2011, as part of a corporate restructuring in anticipation of Lone Pine's initial public offering, Lone Pine Resources Canada Ltd. ("LPR Canada"), Forest's former Canadian subsidiary, declared a stock dividend to Forest immediately before Forest's contribution of LPR Canada to Lone Pine, with such stock dividend resulting in Forest incurring a dividend tax payable to Canadian federal tax authorities of $28.9 million, which Forest paid in June 2011. This dividend tax is classified within the "Income tax" line item in the Consolidated Statement of Operations. The net proceeds from the initial public offering received by Lone Pine, after deducting underwriting discounts and commissions and offering expenses, were approximately $178.2 million. Lone Pine used the net proceeds to pay $29.2 million to Forest as partial consideration for Forest's contribution to Lone Pine of Forest's direct and indirect interests in its Canadian operations. Additionally, Lone Pine used the remaining net proceeds and borrowings under Lone Pine's credit facility to repay Lone Pine's outstanding indebtedness owed to Forest, consisting of a note payable, intercompany advances, and accrued interest, of $400.5 million. On September 30, 2011, Forest distributed, or spun-off, its remaining 82% ownership in Lone Pine to Forest's shareholders, by means of a special stock dividend whereby Forest shareholders received .61248511 of a share of Lone Pine common stock for every share of Forest common stock held. In accordance with applicable authoritative accounting guidance, Forest accounted for the spin-off based on the carrying value of Lone Pine.

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The table below sets forth the effects of changes in Forest's ownership interest in Lone Pine on Forest's equity, during the 2011 period in which Forest had an ownership interest in Lone Pine up to its spin-off on September 30, 2011.

	Nine Months Ended September 30, 2011 (In Thousands)
Net earnings attributable to Forest Oil Corporation common shareholders	$118,375
Transfers from (to) the noncontrolling interest:	
Increase in Forest Oil Corporation's capital surplus for sale of 15 million Lone Pine Resources Inc. common shares	112,610
Decrease in Forest Oil Corporation's capital surplus for spin-off of 70 million Lone Pine Resources Inc. common shares	(333,568)
Change from net earnings attributable to Forest Oil Corporation common shareholders and transfers from (to) noncontrolling interest	$(102,583)

Rights Agreement

In October 1993, the Board of Directors of Forest adopted a shareholders' rights plan and entered into a Rights Agreement (the "1993 Agreement"), which was amended and supplemented in October 2003 by the First Amended and Restated Rights Agreement (taken together with the 1993 Agreement, the "Rights Agreement"). Under the Rights Agreement, one Preferred Share Purchase Right (the "Rights") is issued for each outstanding share of the Company's common stock. The Rights expire on October 29, 2013, unless earlier exchanged or redeemed. The Rights entitle the holder thereof to purchase 1/100th of a preferred share at an initial purchase price of $120 and are exercisable only if a person or group acquires 20% or more of the Company's common stock or announces a tender offer that would result in ownership by a person or group of 20% or more of the common stock.

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(6) STOCK-BASED COMPENSATION:

Stock-based Compensation Plans

In 2001, the Company adopted the Forest Oil Corporation 2001 Stock Incentive Plan (the "2001 Plan") and in 2007, the Company adopted the Forest Oil Corporation 2007 Stock Incentive Plan (the "2007 Plan," and together with the 2001 Plan, the "Stock-based Compensation Plans") under which qualified and non-qualified stock options, restricted stock, performance units, phantom stock units, and other awards may be granted to employees, consultants, and non-employee directors. The aggregate number of shares of common stock that the Company may issue under the 2007 Plan may not exceed 8.7 million shares. As of December 31, 2012, the Company had 3.2 million shares available to be issued under the 2007 Plan. The aggregate number of shares of common stock that the Company could issue under the 2001 Plan was 5.0 million, of which there are no remaining shares to be issued at December 31, 2012.

Compensation Costs

The table below sets forth stock-based compensation related to Forest's continuing operations for the years ended December 31, 2012, 2011, and 2010, and the remaining unamortized amounts and weighted average amortization period as of December 31, 2012.

	Stock Options	Restricted Stock	Performance Units	Phantom Stock Units	Total[(1)]
	(In Thousands)				
Year ended December 31, 2012:					
Total stock-based compensation costs	$—	$14,621	$6,838	$859	$22,318
Less: stock-based compensation costs capitalized	—	(5,219)	(1,565)	(569)	(7,353)
Stock-based compensation costs expensed	$—	$9,402	$5,273	$290	$14,965
Unamortized stock-based compensation costs as of December 31, 2012[(2)]	$—	$16,588	$7,723	$6,795	$31,106
Weighted average amortization period remaining as of December 31, 2012	—	1.8 years	1.8 years	2.3 years	1.9 years
Year ended December 31, 2011:					
Total stock-based compensation costs	$1,536	$30,234	$3,178	$156	$35,104
Less: stock-based compensation costs capitalized	(663)	(13,113)	(957)	(134)	(14,867)
Stock-based compensation costs expensed	$873	$17,121	$2,221	$22	$20,237
Year ended December 31, 2010:					
Total stock-based compensation costs	$563	$25,377	$1,907	$3,129	$30,976
Less: stock-based compensation costs capitalized	(241)	(9,492)	(469)	(1,010)	(11,212)
Stock-based compensation costs expensed	$322	$15,885	$1,438	$2,119	$19,764

(1) The Company also maintains an employee stock purchase plan (which is not included in the table) under which $.4 million, $.5 million, and $.5 million of compensation costs were recognized for the years ended December 31, 2012, 2011, and 2010, respectively.

(2) The unamortized stock-based compensation costs of the phantom stock units are based on the closing price of the Company's common stock on December 31, 2012.

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Stock Options

The following table summarizes stock option activity in the Stock-based Compensation Plans for the years ended December 31, 2012, 2011, and 2010.

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value (In Thousands)[1]	Number of Options Exercisable
Outstanding at January 1, 2010	1,818,419	$21.26	$7,387	1,722,216
Granted	—	—		
Exercised	(457,974)	18.99	6,027	
Cancelled	(32,750)	36.28		
Outstanding at December 31, 2010	1,327,695	21.67	22,531	1,283,232
Granted	—	—		
Exercised	(29,711)	18.55	331	
Cancelled	(13,273)	25.11		
Spin-off adjustment[2]	673,189			
Outstanding at September 30, 2011	1,957,900	14.29	187	1,957,900
Granted	—	—		
Exercised	(161,834)	11.32	634	
Cancelled	(29,479)	14.86		
Outstanding at December 31, 2011	1,766,587	14.55	2,731	1,766,587
Granted	—	—		
Exercised	—	—	—	
Cancelled	(895,771)	11.33		
Outstanding at December 31, 2012	870,816	$17.86	$—	870,816

(1) The intrinsic value of a stock option is the amount by which the market value of the underlying stock, as of the date outstanding or exercised, exceeds the exercise price of the option.

(2) In conjunction with the spin-off of Lone Pine, both the number of options outstanding and the option exercise prices were adjusted in accordance with antidilution provisions provided for by the Stock-based Compensation Plans.

Stock options are granted at the fair market value of one share of common stock on the date of grant and have a term of ten years. Options granted to non-employee directors vest immediately and options granted to officers and other employees vest in increments of 25% on each of the first four anniversary dates of the grant.

The following table summarizes information about options outstanding at December 31, 2012:

	Stock Options Outstanding and Exercisable			
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (In Thousands)
$9.70 - 11.09	197,002	0.85	$10.75	$—
11.10 - 13.47	38,676	1.57	12.44	—
13.48 - 13.56	244,070	1.86	13.56	—
13.57 - 24.31	167,978	3.05	20.33	—
24.32 - 27.90	223,090	4.42	27.90	—

$9.70 - 27.90	870,816	2.50	$17.86	$—

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Restricted Stock, Performance Units, and Phantom Stock Units

The following table summarizes the restricted stock, performance unit, and phantom stock unit activity in the Stock-based Compensation Plans for the years ended December 31, 2012, 2011, and 2010.

	Restricted Stock			Performance Units			Phantom Stock Units		
	Number of Shares	Weighted Average Grant Date Fair Value	Vest Date Fair Value (In Thousands)	Number of Units	Weighted Average Grant Date Fair Value	Vest Date Fair Value (In Thousands)	Number of Units[(1)]	Weighted Average Grant Date Fair Value	Vest Date Fair Value (In Thousands)
Unvested at January 1, 2010	2,028,683	$39.44		—	$—		475,063	$27.91	
Awarded	1,006,163	24.69		264,500	31.63		153,135	25.96	
Vested	(645,660)	40.66	$19,806	—	—	$—	(65,140)	41.88	$1,910
Forfeited	(116,865)	36.55		—	—		(52,449)	35.28	
Unvested at December 31, 2010	2,272,321	32.71		264,500	31.63		510,609	24.79	
Awarded	1,025,782	27.30		226,000	27.53		500	28.24	
Vested	(610,681)	61.33	18,416	—	—	—	(52,587)	60.04	1,449
Forfeited	(131,330)	23.51		(41,000)	29.98		(25,737)	19.12	
Spin-off adjustment[(2)]	—			233,740			225,004		
Vested due to spin-off[(3)]	—			(19,000)	20.81	—	(342,765)	15.15	3,246
Unvested at September 30, 2011	2,556,092	24.18		664,240	19.52		315,024	12.15	
Awarded	25,700	15.19		—	—		941,300	15.08	
Vested	(48,560)	28.84	595	—	—	—	(3,505)	17.07	43
Forfeited	(59,120)	23.93		(9,120)	20.81		(14,002)	16.21	
Unvested at December 31, 2011	2,474,112	24.00		655,120	19.50		1,238,817	14.32	
Awarded	1,743,757	9.95		789,500	13.40		718,500	6.73	
Vested	(956,547)	19.51	7,667	(323,760)	18.18	—	(608,543)	14.15	4,511
Forfeited	(539,685)	18.65		(181,680)	17.55		(187,037)	13.10	
Unvested at December 31, 2012	2,721,637	$17.64		939,180	$15.20		1,161,737	$9.91	

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(1) All of the unvested units of phantom stock at December 31, 2012 must be settled in cash. The phantom stock units have been accounted for as a liability within the Consolidated Financial Statements. Of the 608,543 phantom stock units that vested during 2012, 6,080 units were settled in shares of common stock and 602,463 units were settled in cash. Of the 398,857 phantom stock units that vested during 2011, 5,500 units were settled in shares of common stock and 393,357 units were settled in cash. Of the 65,140 phantom stock units that vested in 2010, 63,750 were settled in shares of common stock and 1,390 units were settled in cash.

(2)

In conjunction with the spin-off of Lone Pine, the number of performance units and phantom stock units outstanding was adjusted in accordance with antidilution provisions provided for by the Stock-based Compensation Plans. In addition, the initial stock prices used to measure Forest's total shareholder returns over the performance periods of the performance units were adjusted in accordance with the antidilution provisions provided for by the Stock-based Compensation Plans. The number of restricted stock awards outstanding was not adjusted as a result of the spin-off since holders of restricted stock awards received Lone Pine common shares in the spin-off.

(3) In conjunction with the spin-off of Lone Pine, Lone Pine employees were deemed to have been involuntarily terminated under the terms of their phantom stock agreements, and, therefore, all phantom stock units held by Lone Pine employees vested on September 30, 2011 and were settled in cash by Lone Pine. The single Lone Pine employee who held a performance unit award was deemed to have been involuntarily terminated under the terms of his performance unit agreement at the time of the spin-off and, therefore, his performance units vested on September 30, 2011, but with no shares deliverable under his agreement. No Forest restricted stock awards were held by Lone Pine employees at the time of the spin-off.

The grant date fair value of the restricted stock was determined by averaging the high and low stock price of a share of common stock as published by the New York Stock Exchange on the date of grant. The restricted stock generally vests on the third anniversary of the date of the award, but may vest earlier upon a qualifying disability, death, retirement, certain involuntary terminations, or a change in control of the Company in accordance with the term of the underlying agreement.

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The grant date fair value of the phantom stock units was determined by averaging the high and low stock price of a share of common stock as published by the New York Stock Exchange on the date of grant. Phantom stock units outstanding prior to the fourth quarter of 2011 generally vest on the third anniversary of the date of the award. In the fourth quarter of 2011, the Company granted 941,300 phantom stock units to employees, which vest in one-third increments on each of the first three anniversaries of the date of grant. In the fourth quarter of 2012, the Company granted 718,500 phantom stock units to certain Company officers. The awards vest over a four-year period in accordance with the following schedule: (i) 10% on the first anniversary of the grant date; (ii) 20% on the second anniversary of the grant date; (iii) 30% on the third anniversary of the grant date; and (iv) 40% on the fourth anniversary of the grant date. Like restricted stock, phantom stock units may vest earlier due to certain circumstances, as discussed above.

Beginning in 2010, Forest has made annual grants of performance units to its officers. Under the terms of the award agreements, each performance unit represents a contractual right to receive one share of Forest’s common stock; provided that the actual number of shares that may be deliverable under an award will range from 0% to 200% of the number of performance units awarded, depending on Forest’s relative total shareholder return in comparison to an identified peer group over a thirty-six month performance period. The grant date fair values of these awards were determined using a process that takes into account probability-weighted shareholder returns assuming a large number of possible stock price paths, which are modeled based on inputs such as volatility and the risk-free interest rate.

Employee Stock Purchase Plan

The Company has a 1999 Employee Stock Purchase Plan (the “ESPP”), under which it is authorized to issue up to .8 million shares of common stock. Employees who are regularly scheduled to work more than 20 hours per week and more than five months in any calendar year may participate in the ESPP. Currently, under the terms of the ESPP, employees may elect each calendar quarter to have up to 15% of their annual base earnings withheld to purchase shares of common stock, up to a limit of $25,000 of common stock per calendar year. The purchase price of a share of common stock purchased under the ESPP is equal to 85% of the lower of the beginning-of-quarter or end-of-quarter market price. ESPP participants are restricted from selling the shares of common stock purchased under the ESPP for a period of six months after purchase. As of December 31, 2012, the Company had .1 million shares available for issuance under the ESPP.

The fair value of each stock purchase right granted under the ESPP during 2012, 2011, and 2010 was estimated using the Black-Scholes option pricing model. The following assumptions were used to compute the weighted average fair market value of purchase rights granted during the periods presented:

	Year Ended December 31,		
	2012	2011	2010
Expected option life	3 months	3 months	3 months
Risk free interest rates	.02% - .10%	.02% - .15%	.08% - .17%
Estimated volatility	46%	59%	38%
Dividend yield	0%	0%	0%
Weighted average fair market value of purchase rights granted	$2.43	$5.00	$7.78

(7) EMPLOYEE BENEFITS:

Pension Plans and Postretirement Benefits

The Company has a qualified defined benefit pension plan that covers certain employees and former employees in the United States (the “Forest Pension Plan”). The Company also has a non-qualified unfunded supplementary retirement plan (the "SERP") that provides certain retired executives with defined retirement benefits in excess of qualified plan limits imposed by federal tax law. The Forest Pension Plan and the SERP were curtailed

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and all benefit accruals under both plans were suspended effective May 31, 1991. In addition, as a result of The Wiser Oil Company acquisition in 2004, Forest assumed a noncontributory defined benefit pension plan (the "Wiser Pension Plan," and together with the "Forest Pension Plan," the "Pension Plans"). The Wiser Pension Plan was curtailed and all benefit accruals were suspended effective December 11, 1998. The Forest Pension Plan, the Wiser Pension Plan, and the SERP are hereinafter collectively referred to as the "Plans."

In addition to the Plans described above, Forest also provides postretirement benefits to certain employees in the U.S. hired on or prior to January 1, 2009, their beneficiaries, and covered dependents. These benefits, which consist primarily of medical benefits payable on behalf of retirees in the U.S., are referred to as the "Postretirement Benefits Plan" throughout this Note.

Expected Benefit Payments

As of December 31, 2012, it is anticipated that the Company will be required to provide benefit payments from the Forest Pension Plan trust and the Wiser Pension Plan trust and fund benefit payments directly for the SERP and the Postretirement Benefits Plan in 2013 through 2017 and in the aggregate for the years 2018 through 2022 in the following amounts:

	2013	2014	2015	2016	2017	2018-2022
	(In Thousands)					
Forest Pension Plan(1)	$2,399	$2,318	$2,267	$2,196	$2,145	$9,770
Wiser Pension Plan(1)	852	840	829	820	809	3,845
SERP	130	127	123	119	114	496
Postretirement Benefits Plan	710	704	684	659	675	3,607

(1) Benefit payments expected to be made to participants in the Forest Pension Plan and Wiser Pension Plan are expected to be paid out of funds held in trusts established for each plan.

Forest anticipates that it will make contributions in 2013 totaling $1.6 million to the Plans and $.6 million to the Postretirement Benefits Plan, net of retiree contributions, as applicable.

Benefit Obligations

The following table sets forth the estimated benefit obligations associated with the Company's Pension Plans and Postretirement Benefits Plan.

	Year Ended December 31,			
	Pension Plans		Postretirement Benefits Plan	
	2012	2011	2012	2011
	(In Thousands)			
Benefit obligation at the beginning of the year	$44,755	$42,213	$13,498	$9,212
Service cost	—	—	1,131	825
Interest cost	1,554	1,836	547	529
Actuarial loss	2,902	3,931	2,613	3,645
Benefits paid	(3,194)	(3,225)	(619)	(779)
Retiree contributions	—	—	57	66
Benefit obligation at the end of the year	$46,017	$44,755	$17,227	$13,498

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Fair Value of Plan Assets

The Company's Pension Plans' assets measured at fair value on a recurring basis are set forth by level within the fair value hierarchy in the table below as of the dates indicated (see Note 8 for information on the fair value hierarchy). There were no changes to the valuation techniques used during the period. There are no assets set aside under the SERP and the Postretirement Benefits Plan. During 2012, the amount of contributions in the case of the Postretirement Benefit Plan, equals the amount of benefits paid.

	December 31, 2012				December 31, 2011			
	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Using Significant Other Observable Inputs (Level 2)	Using Significant Unobservable Inputs (Level 3)	Total	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Using Significant Other Observable Inputs (Level 2)	Using Significant Unobservable Inputs (Level 3)	Total
	(In Thousands)							
Investment funds—equities:								
Research equity portfolio(1)	$—	$10,379	$—	$10,379	$—	$9,681	$—	$9,681
International stock funds(2)	10,479	—	—	10,479	10,363	—	—	10,363
Investment funds—fixed income:								
Short-term fund(3)	1,994	—	—	1,994	1,549	—	—	1,549
Bond fund(4)	4,801	—	—	4,801	4,166	—	—	4,166
Oil and gas royalty interests(5)	—	—	138	138	—	—	198	198
	$17,274	$10,379	$138	$27,791	$16,078	$9,681	$198	$25,957

(1) This investment fund's assets are primarily large capitalization U.S. equities. The investment approach of this fund, which typically holds 110 - 130 securities, focuses on diversifying the investment portfolio by delegating the equity selection process to research analysts with expertise in their respective industries. Industry weights are kept similar to those of the S&P 500 Index. As of December 31, 2012, the sector weighting of this fund was comprised of the following: information technology (18%), financials (16%), consumer discretionary (14%), health care (13%), energy (11%), consumer staples (11%), and other (17%). The fair value of this investment fund was determined based on the net asset value per unit provided by the investee. Forest performs procedures to validate the net asset value per unit provided by the investee. Such procedures include verifying a sample of the net asset values of the underlying securities, which are directly observable in the marketplace.

(2) These three investment funds seek long-term growth of principal and income by investing primarily in diversified portfolios of equity securities issued by foreign, medium-to-large companies in international markets including emerging markets. The first fund typically holds 50 - 100 securities and seeks to invest in solid, well-established global leaders with emphasis on strong corporate governance, positive future growth opportunities, and growing return on capital. As of December 31, 2012, the sector weighting of this fund, which seeks diversification across

regions, countries, and market sectors, was comprised of the following: financials (25%), health care (16%), consumer discretionary (13%), information technology (12%), and other (34%). The second fund seeks to obtain growth through long-term appreciation of its holdings, selecting investments based upon their current fundamentals. As of December 31, 2012, the sector weighting of this fund, which invests in Asian (excluding Japanese) growth equities with a focus on domestic demand growth rather than an export orientation, was comprised of the following: financials (32%), information technology (15%), consumer staples (14%), consumer discretionary (12%), and other (27%). The third fund seeks to deliver equity-like returns with significantly less volatility by investing in emerging markets equity securities. As of December 31, 2012, the sector weighting of this fund, which holds approximately 80 positions across the portfolio, with country allocations not exceeding 25%, was comprised of the following: information technology (19%), financials (18%), energy (17%), materials (15%), and other (31%). The fair value of these investment funds was determined based on the funds' net asset values per unit, which are directly observable in the marketplace.

(3) This investment fund's assets are high-quality money market instruments and short-term fixed income securities. This fund is actively managed as an enhanced cash strategy, seeking to derive excess returns versus money market fund indices by capturing term, transactional liquidity, credit, and volatility premiums. As of December 31, 2012, the sector weighting of this fund was comprised of the following: government related (33%), investment grade (29%), mortgage (13%), and other (25%). The fair value of this investment fund was determined based on the fund's net asset value per unit, which is directly observable in the marketplace.

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(4) These two investment funds consist of diversified portfolios of bonds. The first fund’s main investments are intermediate maturity fixed income securities with a duration between three and six years, with a maximum of 10% of the portfolio being invested in securities below Baa grade, and up to 30% of the portfolio being invested in non-U.S. dollar denominated securities. As of December 31, 2012, the sector weighting of this fund was comprised of the following: mortgage (40%), government-related (25%), non-U.S. dollar developed market (11%), investment grade (10%), and other (14%). The second fund seeks to deliver equity-like returns with significantly less volatility by investing in emerging markets debt securities. As of December 31, 2012, the sector weighting of this fund, which holds approximately 80 positions across the portfolio, with country allocations not exceeding 25%, was comprised of the following: sovereign-local (41%), inflation linked (30%), corporates (22%), and sovereign U.S. dollar denominated (7%). The fair value of these investment funds was determined based on the funds’ net asset values per unit, which are directly observable in the marketplace.

(5) The oil and gas royalty interests are valued at their estimated discounted future cash flows, which approximate fair value.

The following table sets forth a rollforward of the fair value of the plan assets.

	Year Ended December 31,			
	Pension Plans		Postretirement Benefits Plan	
	2012	2011	2012	2011
	(In Thousands)			
Fair value of plan assets at beginning of the year	$25,957	$29,609	$—	$—
Actual return on plan assets	4,048	(1,566)	—	—
Retiree contributions	—	—	57	66
Employer contribution	980	1,139	562	713
Benefits paid	(3,194)	(3,225)	(619)	(779)
Fair value of plan assets at the end of the year	$27,791	$25,957	$—	$—

The following table presents a reconciliation of the beginning and ending balances of the Company’s Pension Plan assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

	Year Ended December 31,	
	2012	2011
	Oil and Gas Royalty Interests	
	(In Thousands)	
Balance at beginning of period	$198	$161
Actual return on plan assets	119	66
Purchases, sales, and settlements (net)	(179)	(29)
Transfers in and/or out of Level 3	—	—
Balance at end of period	$138	$198

Investments of the Plans

The Pension Plans’ assets are invested with a view toward the long term in order to fulfill the obligations promised to participants as well as to control future funding levels. The Company continually reviews the levels of funding and investment strategy for the Pension Plans. Generally, the strategy includes allocating the Pension Plans’ assets between equity securities and fixed income securities, depending on economic conditions and funding needs, although the strategy does not define any specified minimum exposure for any point in time. The equity and fixed income asset allocation levels in place from time to time are intended to achieve an appropriate balance between capital appreciation, preservation of capital, and current income.

The overall investment goal for the Pension Plans’ assets is to achieve an investment return that allows the assets to achieve the assumed actuarial interest rate and to exceed the rate of inflation. In order to manage risk, in terms of volatility, the portfolios are designed with the intent of avoiding a loss of 20% during any single year and

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expressing no more volatility than experienced by the S&P 500 Index. The Pension Plans' investment allocation target is up to 75% equity, with discretion to vary the mix temporarily, in response to market conditions.

The weighted average asset allocations of the Forest Pension Plan and Wiser Pension Plan are set forth in the following table as of the dates indicated:

	December 31,			
	Forest Pension Plan		Wiser Pension Plan	
	2012	2011	2012	2011
Fixed income securities	24 %	22 %	25 %	21 %
Equity securities	75 %	76 %	74 %	78 %
Other	1 %	2 %	1 %	1 %
	100 %	100 %	100 %	100 %

Funded Status

The following table sets forth the funded status of the Company's Pension Plans and Postretirement Benefits Plan.

	December 31,			
	Pension Plans		Postretirement Benefits Plan	
	2012	2011	2012	2011
	(In Thousands)			
Excess of benefit obligation over plan assets	$(18,225)	$(18,798)	$(17,227)	$(13,498)
Unrecognized actuarial loss	24,811	25,192	5,633	3,214
Net amount recognized	$6,586	$6,394	$(11,594)	$(10,284)
Amounts recognized in the balance sheet consist of:				
Accrued benefit liability—noncurrent	$(18,225)	$(18,798)	$(17,227)	$(13,498)
Accumulated other comprehensive income—net actuarial loss	24,811	25,192	5,633	3,214
Net amount recognized	$6,586	$6,394	$(11,594)	$(10,284)

The following table sets forth the projected and accumulated benefit obligations for the Pension Plans compared to the fair value of the plan assets for the periods indicated.

	December 31,	
	2012	2011
	(In Thousands)	
Projected benefit obligation	$46,017	$44,755
Accumulated benefit obligation	46,017	44,755
Fair value of plan assets	27,791	25,957

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Annual Periodic Expense and Actuarial Assumptions

The following tables set forth the components of the net periodic cost and the underlying weighted average actuarial assumptions.

	Year Ended December 31,					
	Pension Plans			Postretirement Benefits Plan		
	2012	2011	2010	2012	2011	2010
	(Dollar Amounts In Thousands)					
Service cost	$—	$—	$—	$1,131	$825	$668
Interest cost	1,554	1,836	2,005	547	529	430
Expected return on plan assets	(1,744)	(2,014)	(1,952)	—	—	—
Recognized actuarial loss (gain)	979	651	606	194	—	(40)
Total net periodic expense	$789	$473	$659	$1,872	$1,354	$1,058
Assumptions used to determine net periodic expense:						
Discount rate	3.58%	4.50%	5.04%	4.14%	5.15%	5.55%
Expected return on plan assets	7%	7%	7%	n/a	n/a	n/a
Assumptions used to determine benefit obligations:						
Discount rate	2.98%	3.58%	4.50%	3.68%	4.14%	5.15%

The discount rates used to determine benefit obligations were determined by adjusting composite AA bond yields to reflect the difference between the duration of the future estimated cash flows of the Plans and the Postretirement Benefits Plan obligations and the duration of the composite AA bond yields. The expected rate of return on plan assets was determined based on historical returns.

The Company estimates that net periodic expense for the year ended December 31, 2013 for the Pension Plans and for the Postretirement Benefits Plan will include expense of $.9 million and $.2 million, respectively, resulting from the amortization of the related accumulated actuarial loss included in accumulated other comprehensive income at December 31, 2012.

The assumed health care cost trend rate for the next year and thereafter that was used to measure the expected cost of benefits covered by the Postretirement Benefits Plan was 5.5%. Assumed health care cost trend rates can have a significant effect on the amounts reported for the Postretirement Benefits Plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	Year Ended December 31, 2012	
	Postretirement Benefits Plan	
	1% Increase	1% Decrease
	(In Thousands)	
Effect on service and interest cost components	$471	$(344)
Effect on postretirement benefit obligation	3,839	(2,914)

Other Employee Benefit Plans

Forest sponsors various defined contribution plans under which the Company contributed matching contributions equal to $3.7 million in 2012, $3.7 million in 2011, and $3.3 million in 2010.

Forest also provides life insurance benefits for certain retirees and former executives under split dollar life insurance plans. Under the life insurance plans, the Company is assigned a portion of the benefits. No current employees are covered by these plans. The Company has recognized a liability for the estimated cost of maintaining the insurance policies during the postretirement periods of the retirees and former executives, with such liability

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accreted each period to its present value. The Company's estimate of costs expected to be paid in 2013 to maintain these life insurance policies is $1.0 million. Forest recognized accretion expense related to the split dollar life insurance obligations of $.9 million, $1.0 million, and $1.0 million for the years ended December 31, 2012, 2011, and 2010, respectively. The discount rates used to determine the accretion expense were 3.19%, 4.08%, and 4.01% for the years ended December 31, 2012, 2011, and 2010, respectively. The split dollar life insurance obligation recognized in the Consolidated Balance Sheets was $7.3 million as of December 31, 2012 and 2011. The discount rates used to determine the obligations were 2.57% and 3.19% as of December 31, 2012 and 2011, respectively. The cash surrender value of the split dollar life insurance policies recognized in the Consolidated Balance Sheets was $3.6 million as of December 31, 2012 and 2011.

(8) FAIR VALUE MEASUREMENTS:

The Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2012 and 2011 are set forth by level within the fair value hierarchy in the table below.

Description	December 31, 2012	2011
	Using Significant Other Observable Inputs (Level 2)[1] (In Thousands)	
Assets:		
Derivative instruments:[2]		
Commodity	$35,465	$79,487
Interest rate	13,060	20,556
Total Assets	$48,525	$100,043
Liabilities:		
Derivative instruments:[2]		
Commodity	$16,551	$28,944
Interest rate	—	—
Total Liabilities	$16,551	$28,944

(1) The authoritative accounting guidance regarding fair value measurements for assets and liabilities measured at fair value establishes a three-tier fair value hierarchy, which prioritizes the inputs used to measure fair value. These tiers consist of: Level 1, defined as unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for use when relevant observable inputs are not available. The Company uses the income approach to value its derivative instruments under the Level 2 hierarchy. There were no transfers between levels of the fair value hierarchy during 2012. The Company's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period in which the event or change in circumstances caused the transfer.

(2) The Company's derivative assets and liabilities include commodity and interest rate derivatives (see Note 9 for more information on these instruments). The Company utilizes present value techniques and option-pricing models for valuing its derivatives. Inputs to these valuation techniques include published forward prices, volatilities, and credit risk considerations, including the incorporation of published interest rates and credit spreads. All of the significant inputs are observable, either directly or indirectly; therefore, the Company's derivative instruments are included within the Level 2 fair value hierarchy.

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The fair values and carrying amounts of the Company's financial instruments are summarized below as of the dates indicated.

	December 31, 2012			
			Fair Value Measurements:	
	Carrying Amount	Total Fair Value(1)	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Using Significant Other Observable Inputs (Level 2)
	(In Thousands)			
Assets:				
Derivative instruments	$48,525	$48,525	$—	$48,525
Liabilities:				
Derivative instruments	16,551	16,551	—	16,551
Credit facility	65,000	65,000	—	65,000
8½% senior notes due 2014	296,723	321,000	321,000	—
7¼% senior notes due 2019	1,000,365	1,006,850	1,006,850	—
7½% senior notes due 2020	500,000	526,250	526,250	—

(1) The Company used various assumptions and methods in estimating the fair values of its financial instruments. The fair values of the senior notes were estimated based on quoted market prices. The carrying amount of the credit facility approximated fair value due to the short original maturities of the borrowings and because the borrowings bear interest at variable market rates. The methods used to determine the fair values of the derivative instruments are discussed above. See also Note 9 for more information on the derivative instruments.

	December 31, 2011	
	Carrying Amount	Fair Value(1)
	(In Thousands)	
Assets:		
Derivative instruments	$100,043	$100,043
Liabilities:		
Derivative instruments	28,944	28,944
Credit facility	105,000	105,000
8½% senior notes due 2014	587,611	653,250
7¼% senior notes due 2019	1,000,421	1,025,000

(1) The Company used various assumptions and methods in estimating the fair values of its financial instruments. The fair values of the senior notes were estimated based on quoted market prices. The carrying amount of the credit facility approximated fair value due to the short original maturities of the borrowings and because the borrowings bear interest at variable market rates. The methods used to determine the fair values of the derivative instruments are discussed above. See also Note 9 for more information on the derivative instruments.

(9) DERIVATIVE INSTRUMENTS:

Commodity Derivatives

Forest periodically enters into commodity derivative instruments such as swap and collar agreements as an attempt to moderate the effects of wide fluctuations in commodity prices on Forest's cash flow and to manage the exposure to commodity price risk. Forest's commodity derivative instruments generally serve as effective economic hedges of commodity price exposure; however, Forest has elected not to designate its derivatives as hedging

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instruments for accounting purposes. As such, Forest recognizes all changes in fair value of its derivative instruments as unrealized gains or losses on derivative instruments in the Consolidated Statement of Operations.

The table below sets forth Forest's outstanding commodity swaps as of December 31, 2012.
Commodity Swaps

	Natural Gas (NYMEX HH)		Oil (NYMEX WTI)	
Swap Term	Bbtu Per Day	Weighted Average Hedged Price per MMBtu	Barrels Per Day	Weighted Average Hedged Price per Bbl
Calendar 2013	160	$3.98	4,000	$95.53
Calendar 2014	40	4.50	—	—

In connection with several natural gas and oil swaps entered into, Forest granted swaptions to the swap counterparties in exchange for Forest receiving premium hedged prices on the natural gas and oil swaps. These swaptions grant the swap counterparties the option to enter into future swaps with Forest and may not be exercised until their expiration dates. The table below sets forth the outstanding swaptions as of December 31, 2012.
Commodity Options

		Natural Gas (NYMEX HH)		Oil (NYMEX WTI)	
Underlying Term	Option Expiration	Underlying Bbtu Per Day	Underlying Hedged Price per MMBtu	Underlying Barrels Per Day	Underlying Hedged Price per Bbl
Gas Swaptions:					
Calendar 2014	December 2013	30	$4.50	—	$—
Calendar 2014	December 2013	10	4.51	—	—
Oil Swaptions:					
Calendar 2014	December 2013	—	—	2,000	110.00
Calendar 2014	December 2013	—	—	1,000	109.00
Calendar 2014	December 2013	—	—	2,000	100.00
Calendar 2015	December 2014	—	—	3,000	100.00

Derivative Instruments Entered Into Subsequent to December 31, 2012

Subsequent to December 31, 2012, through February 21, 2013, Forest entered into the following derivative instruments:
Commodity Swaps

	Natural Gas (NYMEX HH)	
Swap Term	Bbtu Per Day	Weighted Average Hedged Price per MMBtu
Calendar 2014[(1)]	40	$4.19

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(1) In connection with entering into these natural gas swaps with premium hedged prices, Forest amended the terms of existing oil swaptions with the counterparties for Calendar 2014 covering 2,000 barrels per day, changing the hedged price per barrel from $110.00 to $100.00.

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Interest Rate Derivatives

Forest has entered into interest rate derivative instruments in an attempt to manage the mix of fixed and floating interest rates within its debt portfolio. The Company has elected not to designate its derivatives as hedging instruments for accounting purposes. As such, the Company recognizes all changes in fair value of its derivative instruments as unrealized gains or losses on derivative instruments in the Consolidated Statement of Operations. The table below sets forth Forest’s outstanding fixed-to-floating interest rate swaps as of December 31, 2012.

Interest Rate Swaps

Remaining Swap Term	Notional Amount (In Thousands)	Weighted Average Floating Rate	Weighted Average Fixed Rate	
January 2013 - February 2014	$500,000	1 month LIBOR + 5.89%	8.50	%

Fair Value and Gains and Losses

The table below summarizes the location and fair value amounts of Forest’s derivative instruments reported in the Consolidated Balance Sheets as of the dates indicated. These derivative instruments are not designated as hedging instruments for accounting purposes. For financial reporting purposes, Forest does not offset asset and liability fair value amounts recognized for derivative instruments with the same counterparty under its master netting arrangements. See Note 8 for more information on the determination of the fair values of Forest’s derivative instruments.

	December 31,	
	2012	2011
	(In Thousands)	
Current assets:		
Derivative instruments:		
Commodity	$28,690	$79,487
Interest rate	11,500	10,134
Total current assets	$40,190	$89,621
Long-term assets:		
Derivative instruments:		
Commodity	$6,775	$—
Interest rate	1,560	10,422
Total long-term assets	$8,335	$10,422
Current liabilities:		
Derivative instruments:		
Commodity	$9,347	$28,944
Long-term liabilities:		
Derivative instruments:		
Commodity	$7,204	$—

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The table below summarizes the amount of derivative instrument gains and losses reported in the Consolidated Statements of Operations as realized and unrealized (gains) losses on derivative instruments, net, for the periods indicated. These derivative instruments are not designated as hedging instruments for accounting purposes.

	Year Ended December 31,		
	2012	2011	2010
	(In Thousands)		
Commodity derivatives:			
Realized gains	$(100,420)	$(37,535)	$(99,762)
Unrealized losses (gains)	31,630	(37,542)	(18,390)
Interest rate derivatives:			
Realized gains	(11,352)	(11,442)	(12,450)
Unrealized losses (gains)	7,496	(1,545)	(19,530)
Realized and unrealized gains on derivative instruments, net	$(72,646)	$(88,064)	$(150,132)

Due to the volatility of oil, natural gas, and NGL prices, the estimated fair values of Forest's commodity derivative instruments are subject to large fluctuations from period to period. Forest has experienced the effects of these commodity price fluctuations in both the current period and prior periods and expects that volatility in commodity prices will continue.

Credit Risk

Forest executes with each of its derivative counterparties an International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, which is a standard industry form contract containing general terms and conditions applicable to many types of derivative transactions. Additionally, Forest executes, with each of its derivative counterparties, a Schedule, which modifies the terms and conditions of the ISDA Master Agreement according to the parties' requirements and the specific types of derivatives to be traded. As of December 31, 2012, all but one of Forest's derivative counterparties are lenders, or affiliates of lenders, under the Credit Facility. The terms of the Credit Facility provide that any security granted by Forest thereunder shall also extend to and be available to those lenders that are counterparties to derivative transactions. None of these counterparties requires collateral beyond that already pledged under the Credit Facility. The remaining counterparty, a purchaser of Forest's natural gas production, generally owes money to Forest and therefore does not require collateral under the ISDA Master Agreement and Schedule it has executed with Forest.

The ISDA Master Agreements and Schedules contain cross-default provisions whereby a default under the Credit Facility will also cause a default under the derivative agreements. Such events of default include non-payment, breach of warranty, non-performance of the financial covenant, default on other indebtedness, certain pension plan events, certain adverse judgments, change of control, and a failure of the liens securing the Credit Facility. In addition, bankruptcy and insolvency events with respect to Forest or certain of its U.S. subsidiaries will result in an automatic acceleration of the indebtedness under the Credit Facility. None of these events of default is specifically credit-related, but some could arise if there were a general deterioration of Forest's credit. The ISDA Master Agreements and Schedules contain a further credit-related termination event that would occur if Forest were to merge with another entity and the creditworthiness of the resulting entity was materially weaker than that of Forest.

The majority of Forest's derivative counterparties are financial institutions that are engaged in similar activities and have similar economic characteristics that, in general, could cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Forest does not require the posting of collateral for its benefit under its derivative agreements. However, the ISDA Master Agreements and Schedules generally contain netting provisions whereby if on any date amounts would otherwise be payable by each party to the other, then on such date, the party that owes the larger amount will pay the excess of that amount over the smaller amount owed by the other party, thus satisfying each party’s obligations. These provisions generally apply to

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all derivative transactions, or all derivative transactions of the same type (e.g. commodity, interest rate, etc.), with the particular counterparty. If all counterparties failed, Forest would be exposed to a risk of loss equal to this net amount owed to Forest, the fair value of which was $33.3 million at December 31, 2012. If Forest suffered an event of default, each counterparty could demand immediate payment, subject to notification periods, of the net obligations due to it under the derivative agreements. At December 31, 2012, Forest owed a net derivative liability to one counterparty, the fair value of which was $1.3 million. In the absence of netting provisions, at December 31, 2012, Forest would be exposed to a risk of loss of $48.5 million under its derivative agreements and Forest’s derivative counterparties would be exposed to a risk of loss of $16.6 million.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) was enacted. As part of a broader financial regulatory reform, the Dodd-Frank Act includes derivatives reform that may impact Forest’s business. Congress delegated many of the details of the Dodd-Frank Act to federal regulatory agencies. Forest is monitoring the impact, if any, that the Dodd-Frank Act and related rules will have on its existing derivative transactions under its outstanding ISDA Master Agreements and Schedules, as well as its ability to enter into such transactions and agreements in the future.

(10) COMMITMENTS AND CONTINGENCIES:

The table below shows the Company’s future payments under non-cancelable operating leases and unconditional purchase obligations as of December 31, 2012.

	2013	2014	2015	2016	2017	After 2017	Total
	(In Thousands)						
Operating leases[(1)]	$30,070	$24,188	$17,573	$17,026	$10,032	$10,135	$109,024
Unconditional purchase obligations[(2)]	1,935	140	105	—	—	—	2,180
	$32,005	$24,328	$17,678	$17,026	$10,032	$10,135	$111,204

(1) Includes future rental payments for office facilities and equipment, drilling rigs, and compressors under the remaining terms of non-cancelable operating leases with initial terms in excess of one year.

(2) Includes unconditional purchase obligations for throughput and voice and data services. Payments made under these unconditional purchase obligations were $.8 million in each of the years 2012, 2011, and 2010.

Net rental payments under non-cancelable operating leases applicable to exploration and development activities and capitalized to oil and gas properties approximated $15.6 million in 2012, $21.0 million in 2011, and $14.0 million in 2010. Net rental payments under non-cancelable operating leases, including compressor rentals, charged to expense approximated $22.0 million in 2012, $16.5 million in 2011, and $18.4 million in 2010. The Company has no leases that are accounted for as capital leases.

Forest, in the ordinary course of business, is a party to various lawsuits, claims, and proceedings. While the Company believes that the amount of any potential loss upon resolution of these matters would not be material to its consolidated financial position, the ultimate outcome of these matters is inherently difficult to predict with any certainty. In the event of an unfavorable outcome, the potential loss could have an adverse effect on Forest’s results of operations and cash flow. Forest is also involved in a number of governmental proceedings in the ordinary course of business, including environmental matters.

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(11) COSTS, EXPENSES, AND OTHER:

The table below sets forth the components of “Other, net” in the Consolidated Statements of Operations for the periods indicated.

	Year Ended December 31,		
	2012	2011	2010
	(In Thousands)		
Accretion of asset retirement obligations	$6,663	$6,082	$6,158
Legal proceeding liabilities	29,251	6,500	—
Loss (gain) on debt extinguishment, net	36,312	—	(4,576)
Other, net	11,180	4,582	5,757
	$83,406	$17,164	$7,339

Accretion of Asset Retirement Obligations

Accretion of asset retirement obligations is the expense recognized to increase the carrying amount of the liability associated with Forest’s asset retirement obligations as a result of the passage of time. See Note 1 for more information on Forest’s asset retirement obligations.

Legal Proceeding Liabilities

On February 29, 2012, two members of a three-member arbitration panel reached a decision adverse to Forest in the proceeding styled, Forest Oil Corporation, et al. v. El Rucio Land & Cattle Company, Inc., et al., which occurred in Harris County, Texas. The third member of the arbitration panel dissented. The proceeding was initiated in January 2005 and involves claims asserted by the landowner-claimant based on the diminution in value of its land and related damages allegedly resulting from operational and reclamation practices employed by Forest in the 1970s, 1980s, and early 1990s. The arbitration decision awards the claimant $22.8 million in damages and attorneys’ fees and additional injunctive relief regarding future surface-use issues. On October 9, 2012, after vacating a portion of the decision imposing a future bonding requirement on Forest, the trial court for the 55th Judicial District, in the District Court in Harris County, Texas, reduced the arbitration decision to a judgment. Forest is seeking to have this judgment reversed on appeal and believes it has meritorious arguments in support thereof. However, Forest is unable to predict the final outcome in this matter and has accrued a liability, which is classified within “Other liabilities” in the Consolidated Balance Sheet, of $23.0 million, which includes accrued interest, for this matter.

In August 2007, Forest sold all of its Alaska assets to Pacific Energy Resources Ltd. and its related entities (“PERL”). On March 9, 2009, PERL filed for bankruptcy. As part of the plan of liquidation of its bankruptcy, PERL “abandoned” its interests in many of the Alaska assets sold to it by Forest, including the Trading Bay Unit and Trading Bay Field (“Trading Bay”). On December 2, 2010, Union Oil Company of California (“Unocal”) filed a lawsuit styled, Union Oil Company of California v. Forest Oil Corporation. In the lawsuit, the plaintiff complained about PERL’s abandonment of Trading Bay and asserted that PERL has failed to pay approximately $49.0 million in joint interest billings owed on those properties to date from the time PERL owned them. The plaintiff claimed that, as predecessor of PERL, Forest was liable for PERL’s share of all joint interest billings owed on Trading Bay. As of December 31, 2011, Unocal sold its interest in the Trading Bay assets, including its claims against Forest, to Hilcorp Alaska, LLC, and Hilcorp was substituted for Unocal as plaintiff in the lawsuit. In August 2012, Forest and the plaintiff reached a settlement whereby the plaintiff released Forest from all claims, agreed to indemnify Forest with respect to all decommissioning and abandonment liabilities associated with Trading Bay, and dismissed the complaint against Forest in exchange for a $7.0 million payment from Forest.

On March 7, 2011, Pacific Energy Resources Ltd., Pacific Energy Alaska Holdings LLC, and Pacific Energy Alaska Operating LLC filed suit against Forest Oil Corporation and Forest Alaska Holdings LLC in United States Bankruptcy Court in the District of Delaware. In this suit, the plaintiffs claimed that, at the time Forest sold

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Pacific Energy Resources Ltd. its Alaska assets, those assets were overvalued due to Forest's alleged nondisclosure, fraud, and negligent misrepresentations and that, as a result, the sales transaction rendered Pacific Energy Resources Ltd. insolvent. The plaintiffs sought to recover over $250.0 million in value from Forest. During 2011, Forest and the plaintiffs in this action reached a settlement whereby the plaintiffs released Forest from all claims and agreed to dismiss the complaint against Forest in exchange for a $6.5 million payment from Forest.

Loss (Gain) on Debt Extinguishment

In October 2012, Forest redeemed $300.0 million of the 8½% Notes at 110.24% of par, recognizing a loss of $36.3 million upon redemption due to the $30.7 million call premium and write-off of $5.6 million of unamortized discount and debt issue costs.

The net gain on debt extinguishment for the year ended December 31, 2010 includes the net gain related to the January 2010 redemption of $150.0 million 7¾% senior notes due 2014 at 101.292% of par. A net gain was recognized upon redemption due to the write-off of $7.6 million of unamortized deferred gains resulting from the previous termination of interest rate swaps related to these notes. This gain was partially offset by the $1.9 million call premium and write-off of $1.1 million of unamortized discount and debt issue costs.

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(12) SELECTED QUARTERLY FINANCIAL DATA (unaudited):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In Thousands, Except Per Share Amounts)			
2012				
Oil, natural gas, and natural gas liquids sales	$158,901	$135,694	$156,014	$154,914
Costs and expenses associated directly with products sold(1)	$110,110	$110,996	$114,304	$104,048
Earnings (loss) before income taxes(2)	$(31,758)	$(344,099)	$(451,272)	$(288,365)
Net earnings (loss)(2)	$(32,673)	$(511,173)	$(458,552)	$(286,533)
Basic earnings (loss) per share	$(.29)	$(4.44)	$(3.97)	$(2.48)
Diluted earnings (loss) per share	$(.29)	$(4.44)	$(3.97)	$(2.48)
2011				
Oil, natural gas, and natural gas liquids sales				
As reported(3)	$202,571	$237,848	$174,012	$176,616
Less: discontinued operations	36,261	51,255	—	—
Oil, natural gas, and natural gas liquids sales from continuing operations	$166,310	$186,593	$174,012	$176,616
Costs and expenses associated directly with products sold(1):				
As reported(3)	$118,465	$126,479	$89,343	$105,377
Less: discontinued operations	31,325	34,873	—	—
Costs and expenses associated directly with products sold from continuing operations	$87,140	$91,606	$89,343	$105,377
Earnings (loss) before income taxes(2):				
As reported(3)	$(5,047)	$90,682	$94,166	$31,662
Less: discontinued operations	9,247	14,821	—	—
Earnings (loss) from continuing operations before income taxes	$(14,294)	$75,861	$94,166	$31,662
Net earnings (loss)(2)	$(3,330)	$38,974	$87,718	$19,467
Net earnings (loss) attributable to Forest Oil Corporation common shareholders(2)(4)	$(3,330)	$38,910	$82,795	$19,467
Basic earnings (loss) per share attributable to Forest Oil Corporation common shareholders	$(.03)	$.34	$.72	$.17
Diluted earnings (loss) per share attributable to Forest Oil Corporation common shareholders	$(.03)	$.34	$.72	$.17

(1) Costs and expenses associated directly with products sold is comprised of lease operating expenses, production and property taxes, transportation and processing costs, depletion expense, and accretion of asset retirement obligations.

(2) Earnings (loss) before income taxes, net earnings (loss), and net earnings (loss) attributable to Forest Oil Corporation common shareholders have been impacted by non-cash ceiling test write-downs in every quarter of 2012 as discussed in Note 1 and are also subject to large fluctuations due to Forest's election not to use cash flow hedge accounting for derivative instruments as discussed in Note 9.

(3) Amounts shown for the first and second quarters of 2011 are those amounts that were previously reported in Forest's Quarterly Reports on Form 10-Q prior to the September 30, 2011 spin-off of Lone Pine, whose results are now reported as discontinued operations.

(4) Upon completion of Lone Pine's initial public offering on June 1, 2011, Forest maintained a controlling interest in Lone Pine until it was spun-off on September 30, 2011. As such, during the second and third quarters of 2011, Forest had net earnings attributable to the noncontrolling interest.

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(13) DISCONTINUED OPERATIONS:

Lone Pine was a component of Forest with operations and cash flows clearly distinguishable, both operationally and for financial reporting purposes, from those of Forest. As a result of the spin-off of Lone Pine on September 30, 2011, Lone Pine's operations and cash flows were eliminated from the ongoing operations of Forest, and Forest will not have any significant continuing involvement in the operations of Lone Pine. Accordingly, Forest has presented Lone Pine's results of operations as discontinued operations in the Consolidated Statements of Operations for the periods presented. For more information regarding the spin-off see Note 5.

The table below presents the major components of earnings from discontinued operations for the periods presented.

	Nine Months Ended September 30, 2011	Year Ended December 31, 2010
	(In Thousands)	
Total revenues	$137,834	$146,070
Production expenses	40,350	38,841
General and administrative	8,846	8,318
Depreciation, depletion, and amortization	60,780	63,645
Interest expense	3,866	381
Realized and unrealized gains on derivative instruments, net	(33,628)	—
Realized foreign currency exchange gains	(33,869)	(270)
Unrealized foreign currency exchange losses (gains), net	28,488	(14,290)
Other, net	1,328	729
Earnings from discontinued operations before tax	61,673	48,716
Income tax	17,104	10,857
Net earnings from discontinued operations	$44,569	$37,859

(14) CONDENSED CONSOLIDATING FINANCIAL INFORMATION:

The Company's 8½% senior notes due 2014, 7¼% senior notes due 2019, and 7½% senior notes due 2020 have been fully and unconditionally guaranteed by a 100%-owned subsidiary of the Company (the "Guarantor Subsidiary"). The Company's remaining subsidiaries (the "Non-Guarantor Subsidiaries") have not provided guarantees. The Guarantor Subsidiary's guarantee may be released automatically under the following customary circumstances:

- in connection with any sale or other disposition of all or substantially all of the property of the Guarantor Subsidiary (including by way of merger or consolidation) to a person that is not (either before or after giving effect to such transaction) a restricted subsidiary of the Company;

- in connection with any sale or other disposition of the capital stock of the Guarantor Subsidiary to a person that is not (either before or after giving effect to such transaction) a restricted subsidiary of the Company;

- if the Company designates that Guarantor Subsidiary as an unrestricted subsidiary in accordance with the applicable provisions of the indentures;

- if the Company exercises its legal defeasance option or its covenant defeasance option or upon satisfaction and discharge of the indentures; or

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- at such time as such Guarantor Subsidiary ceases to guarantee any other indebtedness of the Company, provided that at such time it does not have outstanding an aggregate of $25.0 million or more of indebtedness and preferred stock.

The following presents condensed consolidating financial information as of December 31, 2012 and 2011, and for the three years in the period ended December 31, 2012 on an issuer (parent company), guarantor subsidiary, non-guarantor subsidiaries, eliminating entries, and consolidated basis. Eliminating entries presented are necessary to combine the entities.

CONDENSED CONSOLIDATING BALANCE SHEETS
(In Thousands)

	December 31, 2012				
	Parent Company	Guarantor Subsidiary	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$667	$45	$344	$—	$1,056
Accounts receivable	33,979	27,969	6,393	(825)	67,516
Other current assets	55,869	286	353	—	56,508
Total current assets	90,515	28,300	7,090	(825)	125,080
Property and equipment, at cost	8,439,898	1,416,364	182,070	—	10,038,332
Less accumulated depreciation, depletion, and amortization	6,937,606	1,173,332	173,156	—	8,284,094
Net property and equipment	1,502,292	243,032	8,914	—	1,754,238
Investment in subsidiaries	68,048	—	—	(68,048)	—
Goodwill	216,460	22,960	—	—	239,420
Due from subsidiaries	116,602	83,983	—	(200,585)	—
Deferred income taxes	111,015	—	36,106	(132,440)	14,681
Other assets	68,443	—	—	—	68,443
	$2,173,375	$378,275	$52,110	$(401,898)	$2,201,862
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued liabilities	$157,404	$2,133	$6,074	$(825)	$164,786
Other current liabilities	55,187	67	6,285	—	61,539
Total current liabilities	212,591	2,200	12,359	(825)	226,325
Long-term debt	1,862,088	—	—	—	1,862,088
Due to parent and subsidiaries	—	—	200,585	(200,585)	—
Deferred income taxes	—	132,440	—	(132,440)	—
Other liabilities	141,520	3,642	11,111	—	156,273
Total liabilities	2,216,199	138,282	224,055	(333,850)	2,244,686
Shareholders' equity (deficit)	(42,824)	239,993	(171,945)	(68,048)	(42,824)
	$2,173,375	$378,275	$52,110	$(401,898)	$2,201,862

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CONDENSED CONSOLIDATING BALANCE SHEETS (Continued)
(In Thousands)

	December 31, 2011				
	Parent Company	Guarantor Subsidiary	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$1,734	$1	$1,277	$—	$3,012
Accounts receivable	43,999	34,142	2,201	(1,253)	79,089
Other current assets	127,667	313	591	—	128,571
Total current assets	173,400	34,456	4,069	(1,253)	210,672
Property and equipment, at cost	8,000,466	1,317,917	282,719	—	9,601,102
Less accumulated depreciation, depletion, and amortization	5,782,409	1,102,339	65,238	—	6,949,986
Net property and equipment	2,218,057	215,578	217,481	—	2,651,116
Investment in subsidiaries	160,591	—	—	(160,591)	—
Goodwill	216,460	22,960	—	—	239,420
Due from subsidiaries	214,394	46,944	—	(261,338)	—
Deferred income taxes	312,564	—	25,564	(107,012)	231,116
Other assets	48,827	—	—	—	48,827
	$3,344,293	$319,938	$247,114	$(530,194)	$3,381,151
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued liabilities	$235,788	$8,846	$4,499	$(1,253)	$247,880
Other current liabilities	86,618	63	6,276	—	92,957
Total current liabilities	322,406	8,909	10,775	(1,253)	340,837
Long-term debt	1,693,044	—	—	—	1,693,044
Due to parent	—	—	261,338	(261,338)	—
Deferred income taxes	—	107,012	—	(107,012)	—
Other liabilities	135,730	2,614	15,813	—	154,157
Total liabilities	2,151,180	118,535	287,926	(369,603)	2,188,038
Shareholders' equity	1,193,113	201,403	(40,812)	(160,591)	1,193,113
	$3,344,293	$319,938	$247,114	$(530,194)	$3,381,151

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CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	Year Ended December 31, 2012				
	Parent Company	Guarantor Subsidiary	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:					
Oil, natural gas, and natural gas liquids sales	$442,034	$159,578	$3,911	$—	$605,523
Interest and other	4,888	2,360	—	(7,112)	136
Equity earnings in subsidiaries	(71,028)	—	—	71,028	—
Total revenues	375,894	161,938	3,911	63,916	605,659
Costs, expenses, and other:					
Lease operating expenses	91,214	16,422	391	—	108,027
Other production expenses	45,211	3,383	288	—	48,882
General and administrative	54,815	2,730	1,717	—	59,262
Depreciation, depletion, and amortization	207,622	70,993	1,843	—	280,458
Ceiling test write-down of oil and natural gas properties	950,157	—	42,247	—	992,404
Impairment of properties	—	—	79,529	—	79,529
Interest expense	141,830	1,058	6,055	(7,112)	141,831
Realized and unrealized gains on derivative instruments, net	(58,123)	(14,275)	(248)	—	(72,646)
Other, net	73,548	413	9,445	—	83,406
Total costs, expenses, and other	1,506,274	80,724	141,267	(7,112)	1,721,153
Earnings (loss) before income taxes	(1,130,380)	81,214	(137,356)	71,028	(1,115,494)
Income tax	158,551	25,428	(10,542)	—	173,437
Net earnings (loss)	(1,288,931)	55,786	(126,814)	71,028	(1,288,931)
Other comprehensive loss:					
Defined benefit postretirement plans losses, net of tax	(2,242)	—	—	—	(2,242)
Total other comprehensive loss	(2,242)	—	—	—	(2,242)
Total comprehensive income (loss)	$(1,291,173)	$55,786	$(126,814)	$71,028	$(1,291,173)

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CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (Continued)
(In Thousands)

	Year Ended December 31, 2011				
	Parent Company	Guarantor Subsidiary	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:					
Oil, natural gas, and natural gas liquids sales	$517,649	$183,391	$2,491	$—	$703,531
Interest and other	3,569	5,834	—	(8,377)	1,026
Equity earnings in subsidiaries	102,237	—	—	(102,237)	—
Total revenues	623,455	189,225	2,491	(110,614)	704,557
Costs, expenses, and other:					
Lease operating expenses	84,117	14,620	421	—	99,158
Other production expenses	47,066	7,122	172	—	54,360
General and administrative	60,855	2,787	1,463	—	65,105
Depreciation, depletion, and amortization	165,270	52,692	1,722	—	219,684
Interest expense	149,755	4,949	3,428	(8,377)	149,755
Realized and unrealized (gains) losses on derivative instruments, net	(91,221)	3,192	(35)	—	(88,064)
Other, net	11,386	238	5,540	—	17,164
Total costs, expenses, and other	427,228	85,600	12,711	(8,377)	517,162
Earnings (loss) from continuing operations before income taxes	196,227	103,625	(10,220)	(102,237)	187,395
Income tax	53,398	39,647	(3,910)	—	89,135
Net earnings (loss) from continuing operations	142,829	63,978	(6,310)	(102,237)	98,260
Net earnings from discontinued operations	—	—	44,569	—	44,569
Net earnings	142,829	63,978	38,259	(102,237)	142,829
Less: net earnings attributable to noncontrolling interest	—	—	4,987	—	4,987
Net earnings attributable to Forest Oil Corporation common shareholders	142,829	63,978	33,272	(102,237)	137,842
Net earnings	142,829	63,978	38,259	(102,237)	142,829
Other comprehensive loss:					
Foreign currency translation losses	—	—	(27,852)	—	(27,852)
Defined benefit postretirement plans losses, net of tax	(6,669)	—	—	—	(6,669)
Total other comprehensive loss	(6,669)	—	(27,852)	—	(34,521)
Total comprehensive income	136,160	63,978	10,407	(102,237)	108,308
Less: total comprehensive loss attributable to noncontrolling interest	—	—	(1,330)	—	(1,330)
Total comprehensive income attributable to Forest Oil Corporation common shareholders	$136,160	$63,978	$11,737	$(102,237)	$109,638

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CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (Continued)
(In Thousands)

	Year Ended December 31, 2010				
	Parent Company	Guarantor Subsidiary	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:					
Oil, natural gas, and natural gas liquids sales	$479,250	$225,937	$2,505	$—	$707,692
Interest and other	5,504	32	—	(4,547)	989
Equity earnings in subsidiaries	138,354	—	—	(138,354)	—
Total revenues	623,108	225,969	2,505	(142,901)	708,681
Costs, expenses, and other:					
Lease operating expenses	79,927	11,974	493	—	92,394
Other production expenses	45,318	11,454	126	—	56,898
General and administrative	60,901	2,408	1,577	—	64,886
Depreciation, depletion, and amortization	130,777	55,642	1,554	—	187,973
Interest expense	149,891	1,381	3,166	(4,547)	149,891
Realized and unrealized gains on derivative instruments, net	(122,389)	(27,457)	(286)	—	(150,132)
Other, net	877	(456)	6,918	—	7,339
Total costs, expenses, and other	345,302	54,946	13,548	(4,547)	409,249
Earnings (loss) from continuing operations before income taxes	277,806	171,023	(11,043)	(138,354)	299,432
Income tax	50,285	62,919	(3,434)	—	109,770
Net earnings (loss) from continuing operations	227,521	108,104	(7,609)	(138,354)	189,662
Net earnings from discontinued operations	—	—	37,859	—	37,859
Net earnings	227,521	108,104	30,250	(138,354)	227,521
Other comprehensive income (loss):					
Foreign currency translation gains	—	—	15,153	—	15,153
Defined benefit postretirement plans (losses) gains, net of tax	(932)	—	186	—	(746)
Total other comprehensive income (loss)	(932)	—	15,339	—	14,407
Total comprehensive income	$226,589	$108,104	$45,589	$(138,354)	$241,928

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(In Thousands)

	Year Ended December 31, 2012			
	Parent Company	Guarantor Subsidiary	Combined Non-Guarantor Subsidiaries	Consolidated
Operating activities:				
Net earnings (loss)	$(1,217,903)	$55,786	$(126,814)	$(1,288,931)
Adjustments to reconcile net earnings (loss) to net cash provided (used) by operating activities:				
Depreciation, depletion, and amortization	207,622	70,993	1,843	280,458
Deferred income tax	194,089	25,428	(10,542)	208,975
Unrealized losses on derivative instruments, net	32,448	6,563	115	39,126
Ceiling test write-down of oil and natural gas properties	950,157	—	42,247	992,404
Impairment of properties	—	—	79,529	79,529
Loss on debt extinguishment, net	36,312	—	—	36,312
Other, net	31,889	404	(3,872)	28,421
Changes in operating assets and liabilities:				
Accounts receivable	10,020	6,173	(4,620)	11,573
Other current assets	2,428	27	175	2,630
Accounts payable and accrued liabilities	(22,240)	(1,549)	2,625	(21,164)
Accrued interest and other	1,574	(47)	795	2,322
Net cash provided (used) by operating activities	226,396	163,778	(18,519)	371,655
Investing activities:				
Capital expenditures for property and equipment	(615,167)	(102,596)	(12,901)	(730,664)
Proceeds from sales of assets	234,017	88	28,777	262,882
Net cash (used) provided by investing activities	(381,150)	(102,508)	15,876	(467,782)
Financing activities:				
Proceeds from bank borrowings	1,244,000	—	—	1,244,000
Repayments of bank borrowings	(1,284,000)	—	—	(1,284,000)
Issuance of senior notes, net of issuance costs	491,250	—	—	491,250
Redemption of senior notes	(330,709)	—	—	(330,709)
Change in bank overdrafts	(23,922)	(428)	133	(24,217)
Net activity in investments in subsidiaries	59,221	(60,798)	1,577	—
Other, net	(2,153)	—	—	(2,153)
Net cash provided (used) by financing activities	153,687	(61,226)	1,710	94,171
Net (decrease) increase in cash and cash equivalents	(1,067)	44	(933)	(1,956)
Cash and cash equivalents at beginning of period	1,734	1	1,277	3,012
Cash and cash equivalents at end of period	$667	$45	$344	$1,056

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (Continued)
(In Thousands)

	Year Ended December 31, 2011			
	Parent Company	Guarantor Subsidiary	Combined Non-Guarantor Subsidiaries	Consolidated
Operating activities:				
Net earnings	$40,592	$63,978	$38,259	$142,829
Less: net earnings from discontinued operations	—	—	44,569	44,569
Net earnings (loss) from continuing operations	40,592	63,978	(6,310)	98,260
Adjustments to reconcile net earnings (loss) from continuing operations to net cash provided (used) by operating activities of continuing operations:				
Depreciation, depletion, and amortization	165,270	52,692	1,722	219,684
Deferred income tax	23,257	39,647	(3,910)	58,994
Unrealized (gains) losses on derivative instruments, net	(40,666)	1,596	(17)	(39,087)
Other, net	36,714	331	(2,313)	34,732
Changes in operating assets and liabilities:				
Accounts receivable	6,025	16,069	1,142	23,236
Other current assets	12,816	442	1,056	14,314
Accounts payable and accrued liabilities	(7,894)	1,564	(140)	(6,470)
Accrued interest and other	(5,165)	(252)	(149)	(5,566)
Net cash provided (used) by operating activities of continuing operations	230,949	176,067	(8,919)	398,097
Investing activities:				
Capital expenditures for property and equipment	(683,758)	(114,715)	(82,372)	(880,845)
Proceeds from sales of assets	120,992	—	123	121,115
Net cash used by investing activities of continuing operations	(562,766)	(114,715)	(82,249)	(759,730)
Financing activities:				
Proceeds from bank borrowings	160,000	—	—	160,000
Repayments of bank borrowings	(55,000)	—	—	(55,000)
Redemption of senior notes	(285,000)	—	—	(285,000)
Change in bank overdrafts	16,682	478	(44)	17,116
Net activity in investments in subsidiaries	290,710	(61,832)	(228,878)	—
Other, net	(10,421)	—	—	(10,421)
Net cash provided (used) by financing activities of continuing operations	116,971	(61,354)	(228,922)	(173,305)
Cash flows of discontinued operations:				
Operating cash flows	—	—	101,292	101,292
Investing cash flows	—	—	(255,470)	(255,470)
Financing cash flows	—	—	478,324	478,324
Net cash provided by discontinued operations	—	—	324,146	324,146
Effect of exchange rate changes on cash	—	—	(3,476)	(3,476)
Net (decrease) increase in cash and cash equivalents	(214,846)	(2)	580	(214,268)
Net increase in cash and cash equivalents of discontinued operations	—	—	(289)	(289)
Net (decrease) increase in cash and cash equivalents of continuing operations	(214,846)	(2)	291	(214,557)

Cash and cash equivalents of continuing operations at beginning of period	216,580	3	986	217,569
Cash and cash equivalents of continuing operations at end of period	$1,734	$1	$1,277	$3,012

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (Continued)
(In Thousands)

	Year Ended December 31, 2010			
	Parent Company	Guarantor Subsidiary	Combined Non-Guarantor Subsidiaries	Consolidated
Operating activities:				
Net earnings	$89,167	$108,104	$30,250	$227,521
Less: net earnings from discontinued operations	—	—	37,859	37,859
Net earnings (loss) from continuing operations	89,167	108,104	(7,609)	189,662
Adjustments to reconcile net earnings (loss) from continuing operations to net cash provided (used) by operating activities of continuing operations:				
Depreciation, depletion, and amortization	130,777	55,642	1,554	187,973
Deferred income tax	64,185	62,919	(3,433)	123,671
Unrealized gains on derivative instruments, net	(33,602)	(4,274)	(44)	(37,920)
Gain on debt extinguishment, net	(4,576)	—	—	(4,576)
Other, net	34,512	263	(3,435)	31,340
Changes in operating assets and liabilities:				
Accounts receivable	29,833	(25,805)	(1,388)	2,640
Other current assets	22,818	42	1,276	24,136
Accounts payable and accrued liabilities	(60,768)	(2,557)	890	(62,435)
Accrued interest and other	(17,023)	(191)	9,448	(7,766)
Net cash provided (used) by operating activities of continuing operations	255,323	194,143	(2,741)	446,725
Investing activities:				
Capital expenditures for property and equipment	(432,484)	(121,458)	(8,189)	(562,131)
Proceeds from sales of assets	140,643	(1,565)	(1)	139,077
Net cash used by investing activities of continuing operations	(291,841)	(123,023)	(8,190)	(423,054)
Financing activities:				
Redemption of senior notes	(152,038)	—	—	(152,038)
Change in bank overdrafts	7,834	(1,334)	(122)	6,378
Net activity in investments in subsidiaries	(63,126)	(70,162)	133,288	—
Other, net	3,450	—	(1)	3,449
Net cash (used) provided by financing activities of continuing operations	(203,880)	(71,496)	133,165	(142,211)
Cash flows of discontinued operations:				
Operating cash flows	—	—	86,204	86,204
Investing cash flows	—	—	(218,155)	(218,155)
Financing cash flows	—	—	1,692	1,692
Net cash used by discontinued operations	—	—	(130,259)	(130,259)
Effect of exchange rate changes on cash	—	—	(277)	(277)
Net decrease in cash and cash equivalents	(240,398)	(376)	(8,302)	(249,076)
Net decrease in cash and cash equivalents of discontinued operations	—	—	8,370	8,370
Net (decrease) increase in cash and cash equivalents of continuing operations	(240,398)	(376)	68	(240,706)
	456,978	379	918	458,275

Cash and cash equivalents of continuing operations at beginning of period				
Cash and cash equivalents of continuing operations at end of period	$216,580	$3	$986	$217,569

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(15) SUPPLEMENTAL FINANCIAL DATA—OIL AND GAS PRODUCING ACTIVITIES (unaudited):

Supplemental unaudited information regarding Forest’s oil and gas producing activities is presented in this Note. This supplemental information excludes amounts for all periods presented related to Forest’s discontinued operations.

Estimated Proved Reserves

Proved reserves are those quantities of oil, natural gas liquids, and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price for oil, natural gas liquids, and natural gas during the twelve month period prior to the end of the reporting period, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. Prices do not include the effects of commodity derivatives. Existing economic conditions include year-end cost estimates.

Proved developed reserves are proved reserves that can be expected to be recovered (i) through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared with the cost of a new well or (ii) through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Proved undeveloped reserves are proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

The following table sets forth the Company’s estimates of its net proved, net proved developed, and net proved undeveloped oil, natural gas liquids, and natural gas reserves as of December 31, 2012, 2011, and 2010 and changes in its net proved reserves for the years then ended. For the years presented, the Company engaged DeGolyer and MacNaughton, an independent petroleum engineering firm, to perform reserve audit services.

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	Oil (MBbls)			Natural Gas Liquids (MBbls)			Natural Gas (MMcf)				
	United States	Italy	Total	United States	Italy	Total	United States	Italy	Total	Total MMcfe[1]	Total MBoe[1]
Balance at January 1, 2010	16,932	—	16,932	38,236	—	38,236	1,415,431	51,738	1,467,169	1,798,177	299,696
Revisions of previous estimates	1,276	—	1,276	(278)	—	(278)	(38,515)	—	(38,515)	(32,527)	(5,421)
Extensions and discoveries	4,591	—	4,591	9,051	—	9,051	199,790	—	199,790	281,642	46,940
Production	(2,357)	—	(2,357)	(3,589)	—	(3,589)	(101,346)	—	(101,346)	(137,022)	(22,837)
Sales of reserves in place	(183)	—	(183)	(292)	—	(292)	(45,783)	—	(45,783)	(48,633)	(8,106)
Purchases of reserves in place	59	—	59	256	—	256	4,154	—	4,154	6,044	1,007
Balance at December 31, 2010	20,318	—	20,318	43,384	—	43,384	1,433,731	51,738	1,485,469	1,867,681	311,280
Revisions of previous estimates	(1,061)	—	(1,061)	(3,716)	—	(3,716)	(91,721)	—	(91,721)	(120,383)	(20,064)
Extensions and discoveries	17,816	—	17,816	8,262	—	8,262	144,094	—	144,094	300,562	50,094
Production	(2,491)	—	(2,491)	(3,154)	—	(3,154)	(88,497)	—	(88,497)	(122,367)	(20,395)
Sales of reserves in place	(2,989)	—	(2,989)	(347)	—	(347)	(1,091)	—	(1,091)	(21,107)	(3,518)
Purchases of reserves in place	—	—	—	—	—	—	—	—	—	—	—
Balance at December 31, 2011	31,593	—	31,593	44,429	—	44,429	1,396,516	51,738	1,448,254	1,904,386	317,398
Revisions of previous estimates	(6,151)	—	(6,151)	(6,023)	—	(6,023)	(479,009)	(51,738)	(530,747)	(603,791)	(100,632)
Extensions and discoveries	16,574	—	16,574	6,929	—	6,929	93,643	—	93,643	234,661	39,110
Production	(3,146)	—	(3,146)	(3,489)	—	(3,489)	(81,008)	—	(81,008)	(120,818)	(20,136)
Sales of reserves in place	(5,168)	—	(5,168)	(591)	—	(591)	(17,309)	—	(17,309)	(51,863)	(8,644)
Purchases of reserves in place	—	—	—	—	—	—	—	—	—	—	—
Balance at December 31, 2012	33,702	—	33,702	41,255	—	41,255	912,833	—	912,833	1,362,575	227,096
Proved developed reserves at:											
January 1, 2010	11,327	—	11,327	23,037	—	23,037	916,005	—	916,005	1,122,189	187,032

December 31, 2010	13,421	—	13,421	24,120	—	24,120	886,644	25,869	912,513	1,137,759	189,627
December 31, 2011	14,149	—	14,149	23,170	—	23,170	814,160	—	814,160	1,038,074	173,012
December 31, 2012	12,315	—	12,315	25,518	—	25,518	710,288	—	710,288	937,286	156,214
Proved undeveloped reserves at:											
January 1, 2010	5,605	—	5,605	15,199	—	15,199	499,426	51,738	551,164	675,988	112,665
December 31, 2010	6,897	—	6,897	19,264	—	19,264	547,087	25,869	572,956	729,922	121,654
December 31, 2011	17,444	—	17,444	21,259	—	21,259	582,356	51,738	634,094	866,312	144,385
December 31, 2012	21,387	—	21,387	15,737	—	15,737	202,545	—	202,545	425,289	70,882

(1) Oil and natural gas liquids are converted to gas-equivalents using a conversion of six Mcf "equivalent" per barrel of oil or natural gas liquids. Likewise, natural gas is converted to oil-equivalents using a conversion of one barrel of oil "equivalent" per six Mcf of natural gas. These conversions are based on energy equivalence and not price equivalence.

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Revisions of previous estimates

In 2012, net negative revisions of 604 Bcfe were primarily associated with lower natural gas and natural gas liquids prices, which caused certain natural gas-weighted projects to no longer meet economic investment criteria based on the unweighted arithmetic average of the first-day-of-the-month commodity prices utilized in calculating our reserve estimates. In addition, lower natural gas prices also delayed Forest’s initial expected development time frame for drilling certain of its proved undeveloped natural gas locations beyond five years from the time the associated reserves were originally recorded. Accordingly, these proved undeveloped reserves (“PUDs”) were reclassified to probable undeveloped reserves in 2012. Additionally, all 52 Bcfe of the Company’s Italian PUDs were reclassified to probable due to an Italian regional regulatory body’s denial of the Company’s environmental impact assessment associated with the Company’s proposal to commence natural gas production from wells that it drilled and completed in 2007. The Company is currently appealing the region’s denial; however, until the region’s denial is reversed or overturned, the Company determined that it could no longer conclude with reasonable certainty that its Italian natural gas reserves are producible. In 2011, net negative revisions of 120 Bcfe were primarily the result of the write-off of PUDs pursuant to the five year limitation and the write-off of natural gas reserves associated with a deep gas project in South Louisiana. In 2010, the net negative revisions of 33 Bcfe were primarily the result of performance in existing producing wells.

Extensions and discoveries

In 2012, the Company had 235 Bcfe of extensions and discoveries, which were primarily due to exploration and development activities in the Texas Panhandle Area and the Eagle Ford Shale in South Texas. In 2011, the Company had 301 Bcfe of extensions and discoveries, which were also primarily due to exploration and development activities in the Texas Panhandle Area and the Eagle Ford Shale in South Texas. In 2010, the Company had 282 Bcfe of extensions and discoveries, which were primarily due to successful drilling results in the Texas Panhandle Area and North Louisiana.

Sales of reserves in place

Sales of reserves in place for each of the years presented in the table above represent the sale of oil and gas property interests. See Note 2 for a description of these sales.

Aggregate Capitalized Costs

The aggregate capitalized costs relating to oil and gas producing activities were as follows as of the dates indicated:

	December 31,	
	2012	2011
	(In Thousands)	
Costs related to proved properties	$9,696,498	$8,825,142
Costs related to unproved properties	277,798	675,995
	9,974,296	9,501,137
Less accumulated depletion	(8,237,186)	(6,901,997)
	$1,737,110	$2,599,140

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Costs Incurred in Oil and Gas Property Acquisition, Exploration, and Development Activities

The following costs were incurred in oil and gas property acquisition, exploration, and development activities during the years ended December 31, 2012, 2011, and 2010:

	United States (In Thousands)	Italy	Total
2012			
Property acquisition costs:			
Proved properties	$—	$—	$—
Unproved properties	64,123	—	64,123
Exploration costs	268,153	700	268,853
Development costs	398,941	182	399,123
Total costs incurred(1)	$731,217	$882	$732,099
2011			
Property acquisition costs:			
Proved properties	$—	$—	$—
Unproved properties	204,484	—	204,484
Exploration costs	286,412	1,003	287,415
Development costs	417,469	366	417,835
Total costs incurred(1)	$908,365	$1,369	$909,734
2010			
Property acquisition costs:			
Proved properties	$5,823	$—	$5,823
Unproved properties	64,593	—	64,593
Exploration costs	190,553	2,386	192,939
Development costs	319,510	317	319,827
Total costs incurred(1)	$580,479	$2,703	$583,182

(1) Includes amounts relating to changes in estimated asset retirement obligations of $6.1 million, $3.1 million, and $(1.1) million recorded during the years ended December 31, 2012, 2011, and 2010, respectively.

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Results of Operations from Oil and Gas Producing Activities

Results of operations from oil and gas producing activities for the years ended December 31, 2012, 2011, and 2010 are presented below.

	United States	Italy	Total
	(In Thousands, except per Mcfe amounts)		
2012			
Oil, natural gas, and natural gas liquids sales	$605,523	$—	$605,523
Expenses:			
Production expense	156,909	—	156,909
Depletion expense	275,886	—	275,886
Ceiling test write-down of oil and natural gas properties	957,587	34,817	992,404
Accretion of asset retirement obligations	6,487	62	6,549
Income tax	173,437	—	173,437
Total expenses	1,570,306	34,879	1,605,185
Results of operations from oil and gas producing activities	$(964,783)	$(34,879)	$(999,662)
Depletion rate per Mcfe	$2.28	$—	$2.28
2011			
Oil, natural gas, and natural gas liquids sales	$703,531	$—	$703,531
Expenses:			
Production expense	153,518	—	153,518
Depletion expense	213,866	—	213,866
Accretion of asset retirement obligations	5,973	44	6,017
Income tax expense	89,135	—	89,135
Total expenses	462,492	44	462,536
Results of operations from oil and gas producing activities	$241,039	$(44)	$240,995
Depletion rate per Mcfe	$1.75	$—	$1.75
2010			
Oil, natural gas, and natural gas liquids sales	$707,692	$—	$707,692
Expenses:			
Production expense	149,292	—	149,292
Depletion expense	179,656	—	179,656
Accretion of asset retirement obligations	6,057	41	6,098
Income tax expense	134,801	—	134,801
Total expenses	469,806	41	469,847
Results of operations from oil and gas producing activities	$237,886	$(41)	$237,845
Depletion rate per Mcfe	$1.31	$—	$1.31

Standardized Measure of Discounted Future Net Cash Flows

Future oil, natural gas, and NGL sales are calculated applying the prices used in estimating the Company's proved oil, natural gas, and NGL reserves to the year-end quantities of those reserves. Future price changes were considered only to the extent provided by contractual arrangements in existence at each year-end. Future production and development costs, which include costs related to plugging of wells, removal of facilities and equipment, and

Explanation of Responses:

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site restoration, are calculated by estimating the expenditures to be incurred in producing and developing the proved reserves at the end of each year, based on year-end costs and assuming continuation of existing economic conditions. Future income tax expenses are computed by applying the appropriate year-end statutory tax rates to the estimated future pretax net cash flows relating to proved reserves, less the tax bases of the properties involved. The future income tax expenses give effect to tax deductions, credits, and allowances relating to the proved reserves. All cash flow amounts, including income taxes, are discounted at 10%.

Changes in the demand for oil, natural gas, and NGLs, inflation, and other factors make such estimates inherently imprecise and subject to substantial revision. This table should not be construed to be an estimate of the current market value of the Company's proved reserves. Management does not rely upon the information that follows in making investment decisions.

	December 31, 2012		
	United States	Italy	Total
	(In Thousands)		
Future oil, natural gas, and natural gas liquids sales	$6,929,652	$—	$6,929,652
Future production costs	(2,166,681)	—	(2,166,681)
Future development costs	(1,444,144)	—	(1,444,144)
Future income taxes	(142,383)	—	(142,383)
Future net cash flows	3,176,444	—	3,176,444
10% annual discount for estimated timing of cash flows	(1,779,347)	—	(1,779,347)
Standardized measure of discounted future net cash flows	$1,397,097	$—	$1,397,097

	December 31, 2011		
	United States	Italy	Total
	(In Thousands)		
Future oil, natural gas, and natural gas liquids sales	$10,427,716	$576,364	$11,004,080
Future production costs	(2,692,993)	(199,054)	(2,892,047)
Future development costs	(2,008,824)	(18,692)	(2,027,516)
Future income taxes	(940,526)	(130,836)	(1,071,362)
Future net cash flows	4,785,373	227,782	5,013,155
10% annual discount for estimated timing of cash flows	(2,499,631)	(125,783)	(2,625,414)
Standardized measure of discounted future net cash flows	$2,285,742	$101,999	$2,387,741

	December 31, 2010		
	United States	Italy	Total
	(In Thousands)		
Future oil, natural gas, and natural gas liquids sales	$9,029,839	$904,902	$9,934,741
Future production costs	(2,546,332)	(192,013)	(2,738,345)
Future development costs	(1,462,832)	(17,100)	(1,479,932)
Future income taxes	(860,047)	(260,541)	(1,120,588)
Future net cash flows	4,160,628	435,248	4,595,876
10% annual discount for estimated timing of cash flows	(2,195,708)	(229,722)	(2,425,430)
Standardized measure of discounted future net cash flows	$1,964,920	$205,526	$2,170,446

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Changes in the Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Reserves

An analysis of the changes in the standardized measure of discounted future net cash flows during each of the last three years is as follows:

	December 31, 2012		
	United States	Italy	Total
	(In Thousands)		
Standardized measure of discounted future net cash flows relating to proved oil, natural gas, and NGL reserves, at beginning of year	$2,285,742	$101,999	$2,387,741
Changes resulting from:			
Sales of oil, natural gas, and NGL net of production costs	(448,614)	—	(448,614)
Net changes in prices and future production costs	(1,226,494)	(9,264)	(1,235,758)
Net changes in future development costs	(4,188)	—	(4,188)
Extensions, discoveries, and improved recovery	572,516	—	572,516
Development costs incurred during the period	140,111	—	140,111
Revisions of previous quantity estimates	(203,987)	(151,578)	(355,565)
Changes in production rates, timing, and other	(34,665)	—	(34,665)
Sales of reserves in place	(213,683)	—	(213,683)
Purchases of reserves in place	—	—	—
Accretion of discount on reserves at beginning of year	259,393	3,923	263,316
Net change in income taxes	270,966	54,920	325,886
Total change for year	(888,645)	(101,999)	(990,644)
Standardized measure of discounted future net cash flows relating to proved oil, natural gas, and NGL reserves, at end of year	$1,397,097	$—	$1,397,097

The computation of the standardized measure of discounted future net cash flows relating to proved reserves at December 31, 2012 was based on average prices and year-end costs. The Henry Hub average natural gas price and West Texas Intermediate average oil price during the twelve-month period prior to December 31, 2012 were $2.76 per MMBtu and $94.79 per barrel, respectively.

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	December 31, 2011		
	United States	Italy	Total
	(In Thousands)		
Standardized measure of discounted future net cash flows relating to proved oil, natural gas, and NGL reserves, at beginning of year	$1,964,920	$205,526	$2,170,446
Changes resulting from:			
Sales of oil, natural gas, and NGL net of production costs	(550,013)	—	(550,013)
Net changes in prices and future production costs	272,027	(153,313)	118,714
Net changes in future development costs	(55,725)	(697)	(56,422)
Extensions, discoveries, and improved recovery	667,323	—	667,323
Development costs incurred during the period	231,270	—	231,270
Revisions of previous quantity estimates	(220,389)	—	(220,389)
Changes in production rates, timing, and other	(132,714)	(40,508)	(173,222)
Sales of reserves in place	(107,742)	—	(107,742)
Purchases of reserves in place	—	—	—
Accretion of discount on reserves at beginning of year	226,354	31,949	258,303
Net change in income taxes	(9,569)	59,042	49,473
Total change for year	320,822	(103,527)	217,295
Standardized measure of discounted future net cash flows relating to proved oil, natural gas, and NGL reserves, at end of year	$2,285,742	$101,999	$2,387,741

The computation of the standardized measure of discounted future net cash flows relating to proved reserves at December 31, 2011 was based on average prices and year-end costs. The Henry Hub average natural gas price and West Texas Intermediate average oil price during the twelve-month period prior to December 31, 2011 were $4.12 per MMBtu and $96.08 per barrel, respectively.

	December 31, 2010		
	United States	Italy	Total
	(In Thousands)		
Standardized measure of discounted future net cash flows relating to proved oil, natural gas, and NGL reserves, at beginning of year	$1,328,889	$225,420	$1,554,309
Changes resulting from:			
Sales of oil, natural gas, and NGL net of production costs	(558,400)	—	(558,400)
Net changes in prices and future production costs	603,003	2,040	605,043
Net changes in future development costs	(29,183)	17,586	(11,597)
Extensions, discoveries, and improved recovery	445,546	—	445,546
Development costs incurred during the period	134,451	—	134,451
Revisions of previous quantity estimates	48,960	—	48,960
Changes in production rates, timing, and other	115,768	(65,068)	50,700
Sales of reserves in place	(34,108)	—	(34,108)
Purchases of reserves in place	6,530	—	6,530
Accretion of discount on reserves at beginning of year	139,179	33,175	172,354
Net change in income taxes	(235,715)	(7,627)	(243,342)
Total change for year	636,031	(19,894)	616,137
Standardized measure of discounted future net cash flows relating to proved oil, natural gas, and NGL reserves, at end of year	$1,964,920	$205,526	$2,170,446

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The computation of the standardized measure of discounted future net cash flows relating to proved reserves at December 31, 2010 was based on average prices and year-end costs. The Henry Hub average natural gas price and West Texas Intermediate average oil price during the twelve-month period prior to December 31, 2010 were $4.38 per MMBtu and $79.81 per barrel, respectively.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

We have established disclosure controls and procedures to ensure that material information relating to Forest and its consolidated subsidiaries is made known to the Officers who certify Forest's financial reports and the Board of Directors.

Our Chief Executive Officer, Patrick R. McDonald, and our Chief Financial Officer, Michael N. Kennedy, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K (the "Evaluation Date"). Based on this evaluation, they believe that as of the Evaluation Date our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act (i) is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms; and (ii) is accumulated and communicated to Forest's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act, Rules 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2012. The effectiveness of our internal control over financial reporting as of December 31, 2012 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control Over Financial Reporting.

There has not been any change in our internal control over financial reporting that occurred during our quarterly period ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Forest Oil Corporation

We have audited Forest Oil Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Forest Oil Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Forest Oil Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Forest Oil Corporation as of December 31, 2012 and 2011 and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2012 and our report dated February 22, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Denver, Colorado
February 22, 2013

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following persons were serving as executive officers of Forest as of February 21, 2013.

Name	Age	Years with Forest	Office[(1)]
Patrick R. McDonald	55	1	President and Chief Executive Officer since September 2012 after serving as our Interim Chief Executive Officer since June 2012, and has been a member of the Board since 2004. He was appointed as the Chief Executive Officer, President and as a Director and Chairman of the Board of Directors of Carbon Natural Gas Co. on February 14, 2011 and served as Chief Executive Officer, President and Director of its predecessor company, Nytis USA, since 2004. In March 2011, Mr. McDonald was elected as a director of Lone Pine Resources Inc., an oil and gas exploration, development and production company. From 1998 to 2003, Mr. McDonald served as President, Chief Executive Officer, and Director of Carbon Energy Corporation, an oil and gas exploration and production company. From 1987 to 1997, Mr. McDonald served as Chief Executive Officer, President and Director of Interenergy Corporation, a natural gas gathering, processing, and marketing company. Prior to that he worked as an exploration geologist with Texaco, Inc. where he was responsible for oil and gas exploration efforts in the Middle and Far East.
Michael N. Kennedy	38	12	Executive Vice President and Chief Financial Officer since December 2009 and previously as Vice President, Finance and Treasurer since April 2008. He joined Forest in February 2001 and served as Senior Financial Analyst until April 2003, at which time he became Manager - Investor Relations. Mr. Kennedy served in that role until November 2005, at which time he became Managing Director, Capital Markets and Treasurer. Prior to joining Forest, he worked for Arthur Andersen as a member of their audit and business advisory practice.
Frederick B. Dearman II	55	3	Senior Vice President, Southern Region since August 2012. Mr. Dearman joined Forest in August 2010 as Managing Director, New Ventures, a role he filled until October 2011, when he was promoted to Vice President of that business unit. Prior to joining Forest Mr. Dearman served as Special Projects Manager at Apache Corporation, an oil and gas company, from 2001 to 2010. He also held the positions of Corporate Reservoir Engineering Manager from 1998 to 2001 and Senior Staff Reservoir Engineer 1996 to 1997 at Apache Corporation. He was employed by Amerada Hess Corporation, also an oil and gas company, as a petroleum engineer from 1987 to 1996.
Michael J. Dern	58	13	Senior Vice President, Corporate Engineering and Technology, since January 2013. Mr. Dern served as Forest's Vice President, Corporate Engineering, from July 2011 until January 2013, as Manager, Reservoir Engineering, Eastern Region, from May 2005 until July 2011, and as Manager, Corporate Planning, from May 2001 until May 2005. Prior to

			joining Forest, he had more than 20 years of industry experience in corporate planning, reservoir engineering, and reservoir engineering management at Phillips Petroleum, Exeter Exploration, Midcon Exploration, Apache Corporation, and Gulf Canada Resources.
Cyrus D. Marter IV	49	11	Senior Vice President, General Counsel and Secretary since November 2007. Mr. Marter served as Vice President, General Counsel and Secretary from January 2005 to November 2007, as Associate General Counsel from October 2004 to January 2005, and as Senior Counsel from June 2002 until October 2004. Prior to joining Forest, Mr. Marter was a partner in the law firm of Susman Godfrey L.L.P. in Houston, Texas.
Glen J. Mizenko	50	12	Senior Vice President, Mid-Continent Region since August, 2012, when he assumed responsibility for Forest's new Mid-Continent Region, created through the combination of the former Eastern and Western Regions into a single business unit. Mr. Mizenko joined Forest in January 2001 as Manager Corporate Development and New Ventures. In October 2003 he was promoted to the position of Director, Business Development. In May 2005, he was promoted to Vice President, Business Development, and in May 2007 to Senior Vice President, Business Development and Corporate Engineering. From June 2011 until August 2012, Mr. Mizenko served as Senior Vice President, Eastern Region. Prior to joining Forest, Mr. Mizenko held various positions in reservoir engineering, reserves reporting, development planning, and operations management with Shell Oil, Benton Oil & Gas, and British Borneo Oil and Gas PLC.
Victor A. Wind	39	8	Senior Vice President, Chief Accounting Officer, Corporate Controller, and Treasurer since January 2013; Senior Vice President, Chief Accounting Officer and Corporate Controller from December 2009 until January 2013; Vice President, Chief Accounting Officer and Corporate Controller from May until December 2009. Mr. Wind joined Forest in January 2005 as our Corporate Controller. Mr. Wind was previously employed by Evergreen Resources, Inc. from July 2001 to December 2004. He served in various management positions during this period, including Director of Financial Reporting and Controller. From 1997 to 2001, he served in various capacities at BDO Seidman, LLP.

(1) Officers are appointed annually to serve for one-year terms at the board meeting immediately following the annual shareholder meeting, or until their death, resignation, or removal from office, whichever first occurs.

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The following information will be included in Forest's Notice of Annual Meeting of Shareholders and Proxy Statement (the "Proxy Statement") to be filed with the SEC within 120 days after Forest's fiscal year end of December 31, 2012 and is incorporated herein by reference:

- Information concerning Forest's directors is incorporated by reference to the information under the caption "Proposal No. 1—Election of Directors"
- Information concerning the procedures for shareholders of Forest to recommend nominees to the Board is set forth under the caption "Corporate Governance Principles and Information about the Board and its Committees—Consideration of Director Nominees—Shareholder Nominees"
- Information concerning Forest's Audit Committee and designated "audit committee financial expert" is set forth under the caption "Corporate Governance Principles and Information about the Board and its Committees—Board Structure; Committee Composition; Meetings"
- Information about Forest's code of ethics for directors, officers, and employees is set forth under the caption "Corporate Governance Principles and Information about the Board and its Committees—Corporate Governance Guidelines and Code of Business Ethics"
- Information about compliance with Section 16(a) of the Exchange Act is set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance"

Item 11. Executive Compensation.

Information regarding Forest's compensation of its named executive officers and directors is set forth under the captions "Executive Compensation" in the Proxy Statement, which information is incorporated herein by reference. See also "Executive Compensation—Compensation Committee Report" and "Corporate Governance Principles and Information About the Board and Its Committees—Compensation Committee Interlocks and Insider Participation" for additional information, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information regarding security ownership of certain beneficial owners, directors, and executive officers is set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement, which information is incorporated herein by reference.

Information regarding Forest's equity compensation plans is set forth under the caption "Equity Compensation Plan Information" in the Proxy Statement, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information regarding certain relationships and related transactions is set forth under the caption "Transactions with Related Persons, Promoters and Certain Control Persons," and information regarding director independence is set forth under the caption "Corporate Governance Principles and Information about the Board and its Committees—Board Independence" in the Proxy Statement, which information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

Information regarding principal accounting fees and services is set forth under the caption “Principal Accountant Fees and Services” in the Proxy Statement, which information is incorporated herein by reference.

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PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this report or are incorporated by reference:

(1) Financial Statements:

1. Report of Independent Registered Public Accounting Firm

2. Consolidated Balance Sheets—December 31, 2012 and 2011

3. Consolidated Statements of Operations—Years Ended December 31, 2012, 2011, and 2010

4. Consolidated Statements of Comprehensive Income—Years Ended December 31, 2012, 2011, and 2010

5. Consolidated Statements of Shareholders' Equity—Years Ended December 31, 2012, 2011, and 2010

6. Consolidated Statements of Cash Flows—Years Ended December 31, 2012, 2011, and 2010

7. Notes to Consolidated Financial Statements—Years Ended December 31, 2012, 2011, and 2010

(2) Financial Statement Schedules: All schedules have been omitted because the information is either not required or is set forth in the financial statements or the notes thereto.

(3) Exhibits: See the Index of Exhibits listed in Item 15(b) hereof for a list of those exhibits filed as part of this Annual Report on Form 10-K.

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(b) Index of Exhibits:

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Forest Oil Corporation, as amended to date, incorporated herein by reference to Exhibit 3.2 to Form 8-K for Forest Oil Corporation filed October 12, 2012 (File No. 001-13515).
3.2	Bylaws of Forest Oil Corporation Restated as of February 14, 2001, as amended by Amendments No. 1, No. 2, No. 3, No. 4, and No. 5, incorporated herein by reference to Exhibit 3.6 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2011 (File No. 001-13515).
4.1	Indenture dated December 7, 2001 between Forest Oil Corporation and State Street Bank and Trust Company, including the form of notes issued thereunder, incorporated herein by reference to Exhibit 4.5 to Forest Oil Corporation Registration Statement on Form S-4 dated February 6, 2002 (File No. 333-82254).
4.2	Indenture dated as of April 25, 2002 between Forest Oil Corporation and State Street Bank and Trust Company, including the form of notes issued thereunder, incorporated herein by reference to Exhibit 4.6 to Forest Oil Corporation Registration Statement on Form S-4 dated June 11, 2002 (File No. 333-90220).
4.3	Indenture dated as of June 6, 2007 between Forest Oil Corporation and U.S. Bank National Association, including the form of notes issued thereunder, incorporated herein by reference to Exhibit 4.1 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2007 (File No. 001-13515).
4.4	Indenture dated as of February 17, 2009 between Forest Oil Corporation, Forest Oil Permian Corporation and U.S. Bank National Association, including the form of notes issued thereunder, incorporated herein by reference to Exhibit 4.4 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2008 (File No. 001-13515).
4.5	Indenture, dated as of September 17, 2012, by and among Forest Oil Corporation, Forest Oil Permian Corporation and U.S. Bank National Association, incorporated herein by reference to Exhibit 4.1 to Form 8-K for Forest Oil Corporation filed September 17, 2012 (File No. 001-13515).
4.6	First Amended and Restated Rights Agreement, dated as of October 17, 2003, between Forest Oil Corporation and Mellon Investor Services LLC, incorporated herein by reference to Exhibit 4.1 to Form 8-K for Forest Oil Corporation, dated October 17, 2003 (File No. 001-13515).
4.7	Second Amended and Restated Credit Agreement dated as of June 6, 2007 among Forest Oil Corporation, each of the lenders that is party thereto, Bank of America, N.A. and Citibank, N.A., as Co-Global Syndication Agents, BNP Paribas, BMO Capital Markets Financing, Inc., Credit Suisse, Cayman Islands Branch, and Deutsche Bank Securities, Inc., as Co-U.S. Documentation Agents, and JPMorgan Chase Bank, N.A., as Global Administrative Agent, incorporated herein by reference to Exhibit 4.4 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2007 (File No. 001-13515).
4.8	

	First Amendment dated May 9, 2008 to Second Amended and Restated Combined Credit Agreements dated June 6, 2007, among Forest Oil Corporation, Canadian Forest Oil Ltd., each of the lenders party thereto, JPMorgan Chase Bank, N.A., as Global Administrative Agent, and JPMorgan Chase Bank N.A., Toronto Branch, as Canadian Administrative Agent, incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated May 9, 2008 (File No. 001-13515).
4.9	Second Amendment dated March 16, 2009, to Second Amended and Restated Combined Credit Agreements dated June 6, 2007, among Forest Oil Corporation, Canadian Forest Oil Ltd., each of the lenders that is party thereto, JPMorgan Chase Bank, N.A., as Global Administrative Agent, and JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, incorporated herein by reference to Exhibit 4.1 to Form 8-K for Forest Oil Corporation dated March 16, 2009 (File No. 001-13515).

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Exhibit Number		Description
4.10		Third Amendment to Second Amended and Restated U.S. Credit Agreement and Termination of Second Amended and Restated Canadian Credit Agreement, dated May 25, 2011, by and among Forest Oil Corporation, Canadian Forest Oil Ltd., JPMorgan Chase Bank, N.A., Toronto branch, as Canadian Administrative Agent, JPMorgan Chase Bank, N.A., as global administrative agent, and the Lenders named therein, incorporated by reference to Exhibit 4.1 to Form 8-K to Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).
4.11		Third Amended and Restated Credit Agreement, dated as of June 30, 2011, among Forest Oil Corporation, the Lenders party thereto, BNP Paribas and Wells Fargo Bank, N.A., as Co-Syndication Agents, Bank of America, N.A., The Bank of Nova Scotia, Credit Suisse AG, Cayman Islands branch, Deutsche Bank Securities, Inc. and Toronto Dominion (Texas) LLC, as Co-Documentation Agents, and JPMorgan Chase Bank, N.A., as Administrative Agent, incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed July 6, 2011 (File No. 001-13515).
10.1	*	Forest Oil Corporation 2001 Stock Incentive Plan, incorporated herein by reference to Exhibit 4.1 to Registration Statement on Form S-8 for Forest Oil Corporation dated June 6, 2001 (File No. 333-62408).
10.2	*	Amendment No. 1 to Forest Oil Corporation's 2001 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2003 (File No. 001-13515).
10.3	*	Amendment No. 2 to Forest Oil Corporation's 2001 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended March 31, 2004 (File No. 001-13515).
10.4	*	Amendment No. 3 to Forest Oil Corporation 2001 Stock Incentive Plan, dated January 10, 2006, incorporated herein by reference to Exhibit 10.8 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2005 (File No. 001-13515).
10.5	*	Amendment No. 4 to Forest Oil Corporation 2001 Stock Incentive Plan dated June 5, 2007, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended September 30, 2007 (File No. 001-13515).
10.6	*	Form of Employee Stock Option Agreement, incorporated herein by reference to Exhibit 4.2 to Registration Statement on Form S-8 for Forest Oil Corporation dated June 6, 2001 (File No. 333-62408).
10.7	*	Form of Non-Employee Director Stock Option Agreement, incorporated herein by reference to Exhibit 4.3 to Registration Statement on Form S-8 for Forest Oil Corporation dated June 6, 2001 (File No. 333-62408).
10.8	*	Form of Restricted Stock Agreement, incorporated herein by reference to Exhibit 10.6 to Form 10-Q for Forest Oil Corporation for the quarter ended September 30, 2004 (File No. 001-13515).
10.9	*	Form of Restricted Stock Agreement, incorporated herein by reference to Exhibit 10.12 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2005 (File No. 001-13515).

10.10	*	Form of Restricted Stock Agreement pursuant to the Forest Oil Corporation 2001 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2007 (File No. 001-13515).
10.11	*	Form of Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2001 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 10.2 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2007 (File No. 001-13515).
10.12	*	Forest Oil Corporation 2007 Stock Incentive Plan, incorporated by reference to Annex E to Forest Oil Corporation's Registration Statement on Form S-4, dated April 30, 2007 (File No. 333-140532).

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Exhibit Number		Description
10.13	*	Amendment No. 1 to Forest Oil Corporation 2007 Stock Incentive Plan, incorporated by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2008 (File No. 001-13515).
10.14	*	Amendment No. 2 to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated May 12, 2010 (File No. 001-13515).
10.15	*	Amendment No. 3 to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated February 18, 2011 (File No. 001-13515).
10.16	*	Amendment No. 4 to Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.6 to Form 8-K for Forest oil Corporation filed December 21, 2012 (File No. 001-13515).
10.17	*	Form of Restricted Stock Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.3 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2007 (File No. 001-13515).
10.18	*	Form of Non-Employee Director Restricted Stock Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended March 31, 2008 (File No. 001-13515).
10.19	*	Form of Restricted Stock Agreement pursuant to the Forest Oil Corporation 2001 and 2007 Stock Incentive Plans, incorporated by reference to Exhibit 10.2 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2008 (File No. 001-13515).
10.20	*	Form of Restricted Stock Inducement Award Agreement, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed October 1, 2012 (File No. 001-13515).
10.21	*	Form of CEO Restricted Stock Award Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.5 to Form 8-K for Forest Oil Corporation filed October 1, 2012 (File No. 001-13515).
10.22	*†	Form of 2013 Restricted Stock Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan - Cliff Vest.
10.23	*†	Form of 2013 Restricted Stock Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan - One-Third Vest.
10.24	*	Form of Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2001 and 2007 Stock Incentive Plans, incorporated by reference to Exhibit 10.3 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2008 (File No. 001-13515).
10.25	*	

		Form of Non-Employee Director Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated by reference to Exhibit 10.4 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2008 (File No. 001-13515).
10.26	*	Form of Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended March 31, 2009 (File No. 001-13515).
10.27	*	Form of Phantom Stock Unit Agreement (Cash Only Three Vesting Tranches) pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, as amended, incorporated by reference to Exhibit 10.3 to form 10-Q for Forest Oil Corporation for the quarter ended September 30, 2011 (File No. 001-13515).
10.28	*	Form of Phantom Stock Unit Agreement (4-Year Pro-Rated Vesting) pursuant to the Forest Oil Corporation 2007 Stock incentive Plan, as amended, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed November 14, 2012 (File No. 001-13515).

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Exhibit Number		Description
10.29	*†	Form of 2013 Cash Only Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan - Cliff Vest.
10.30	*†	Form of 2013 Cash Only Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan - One-Third Vest.
10.31	*	Form of Performance Unit Award Agreement (US) pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated May 21, 2010 (File No. 001-13515).
10.32	*	Form of Forest Oil Corporation Performance Unit Award Agreement - 2012, pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, as amended, incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed March 16, 2012 (File No. 001-13515).
10.33	*	Form of CEO Plan Performance Unit Award Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 10.2 to Form 8-K to Forest Oil Corporation filed October 1, 2012 (File No. 001-13515).
10.34	*	Form of Performance Unit Inducement Award Agreement, incorporated herein by reference to Exhibit 10.3 to Form 8-K for Forest Oil Corporation filed October 1, 2012 (File No. 001-13515).
10.35	*	Form of Cash-Based Award Agreement, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed June 13, 2011 (File No. 001-13515).
10.36	*	Form of Forest Oil Corporation Cash-Based Award Agreement - 2012, incorporated herein by reference to Exhibit 10.3 to Form 8-K for Forest Oil Corporation filed May 16, 2012 (File No. 001-13515).
10.37	*	Form of Time-Based Cash Award Agreement, incorporated herein by reference to Exhibit 10.2 to Form 8-K for Forest Oil Corporation filed November 14, 2012 (File No. 001-13515).
10.38	*	Form of Severance Agreement for Grandfathered Executive Officer, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated December 17, 2007 (File No. 001-13515).
10.39	*	Form of Amendment to Form of Severance Agreement for Grandfathered Executive Officer, incorporated herein by reference to Exhibit 10.30 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2008 (File No. 001-13515).
10.40	*	Form of 409A Amendment to Severance Agreement for Grandfathered Vice President and Senior Vice President – No 5-Day Release Provision, incorporated herein by reference to Exhibit 10.6 to Form 10-Q for Forest Oil Corporation for the quarter ended March 31, 2012 (File No. 001-13515).
10.41	*	Form of CEO Severance Agreement, incorporated herein by reference to Exhibit 10.4 to Form 8-K for Forest Oil Corporation filed October 1, 2012 (File no. 001-13515).
10.42	*	

		Amendment to CEO Severance Agreement, incorporated herein by reference to Exhibit 10.4 to Form 8-K for Forest Oil Corporation filed December 21, 2012 (File No. 001-13515).
10.43	*	Form of SVP Best Net Severance Agreement, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed December 21, 2012 (File No. 001-13515).
10.44	*	Form of SVP Best Net Grandfathered Severance Agreement, incorporated herein by reference to Exhibit 10.2 to Form 8-K for Forest Oil Corporation filed December 21, 2012 (File No.001-13515).
10.45	*	Form of VP Best Net Severance Agreement, incorporated herein by reference to Exhibit 10.3 to Form 8-K for Forest Oil Corporation filed December 21, 2012 (File No. 001-13515).
10.46	*	Forest Oil Corporation Pension Trust Agreement dated as of January 1, 2002 by and between Forest Oil Corporation and the trustees named therein or their successors, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended September 30, 2002, dated November 14, 2002 (File No. 001-13515).

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Exhibit Number		Description
10.47	*	First Amendment to Forest Oil Corporation Pension Trust Agreement as Amended and Restated January 1, 2002, effective as of May 10, 2005, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2005 (File No. 001-13515).
10.48	*	Second Amendment to Forest Oil Corporation Pension Trust Agreement as Amended and Restated January 1, 2002, effective as of May 10, 2006, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation dated August 9, 2006 (File No. 001-13515).
10.49	*	First Amendment to Forest Oil Corporation Executive Deferred Compensation Plan as Amended and Restated Effective as of January 1, 2005, incorporated herein by reference to Exhibit 10.2 to Form 10-Q for Forest Oil Corporation for the quarter ended September 30, 2007 (File No. 001-13515).
10.50	*	Forest Oil Corporation Executive Deferred Compensation Plan (as Amended and Restated, effective as of December 1, 2008), incorporated herein by reference to Exhibit 10.41 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2008 (File No. 001-13515).
10.51	*	First Amendment to Forest Oil Corporation Executive Deferred Compensation Plan (as Amended and Restated, effective as of December 1, 2008), incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated November 9, 2009 (File No. 001-13515).
10.52	*	Second Amendment to Forest Oil Corporation Executive Deferred Compensation Plan (as Amended and Restated, effective as of December 1, 2008), incorporated by reference to Exhibit 10.50 to form 10-K for Forest Oil Corporation for the fiscal year ended December 31, 2011 (File No. 001-13515).
10.53	*	Third Amendment to Forest Oil Corporation Executive Deferred Compensation Plan, incorporated herein by reference to Exhibit 10.5 to Form 8-K for Forest Oil Corporation filed December 21, 2012 (File No. 001-13515).
10.54	*	Forest Oil Corporation 2010 Annual Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated February 18, 2010 (File No. 001-13515).
10.55	*	Forest Oil Corporation 2011 Annual Incentive Plan, incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed August 16, 2011 (File No. 001-13515).
10.56	*	Forest Oil Corporation 2012 Annual Incentive Plan, incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed January 10, 2012 (File No. 001-13515).
10.57		Agreement for Purchase and Sale of Assets, dated as of August 5, 2009, by and among Forest Oil Corporation, Forest Oil Permian Corporation, Linn Operating, Inc. and Linn Energy Holdings, LLC, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated August 10, 2009 (File No. 001-13515).
10.58		Agreement for Purchase and Sale of Assets, dated as of November 25, 2009, by and among Forest Oil Corporation, Forest Oil Permian Corporation and SandRidge Exploration and Production, LLC, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated November 25, 2009 (File No. 001-13515).

10.59	Separation and Distribution Agreement dated May 25, 2011, by and among Forest Oil Corporation, Canadian Forest Oil Ltd., and Lone Pine Resources Inc., incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).
10.60	Transition Services Agreement dated June 1, 2011, by and between Forest Oil Corporation and Lone Pine Resources Inc., incorporated by reference to Exhibit 10.2 to Form 8-K for Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).
10.61	Tax Sharing Agreement dated May 25, 2011, by and between Forest Oil Corporation and Lone Pine Resources Inc., incorporated by reference to Exhibit 10.3 to Form 8-K for Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).

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Exhibit Number		Description
10.62		Employee Matters Agreement dated May 25, 2011, by and among Forest Oil Corporation, Canadian Forest Oil Ltd., and Lone Pine Resources Inc., incorporated by reference to Exhibit 10.4 to Form 8-K for Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).
10.63		Registration Rights Agreement dated June 1, 2011, by and between Forest Oil Corporation and Lone Pine Resources Inc., incorporated by reference to Exhibit 10.5 to Form 8-K for Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).
10.64		Registration Rights Agreement, dated as of September 17, 2012, by and among Forest Oil Corporation, Forest Oil Permian Corporation and J.P. Morgan Securities LLC, as representative for the Initial Purchasers, incorporated herein by reference to Exhibit 4.2 to Form 8-K for Forest Oil Corporation filed September 17, 2012 (File No. 001-13515).
10.65		Share Purchase and Sale Agreement, effective as of March 31, 2012, by and among African International Energy PLC, Forest Oil Corporation, Anschutz South Africa Corporation, Forest Exploration International (South Africa) (Proprietary) Ltd and Anschutz Overseas (South Africa) (Proprietary) ltd, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed April 13, 2012 (File No. 001-13515).
10.66		Share Purchase and Sale Agreement, effective as of March 31, 2012, by and between African International Energy PLC and Forest Oil Netherlands BV, incorporated herein by reference to Exhibit 10.2 to Form 8-K for Forest Oil Corporation filed April 13, 2012 (File No. 001-13515).
10.67		Agreement for Purchase and Sale of Assets, dated as of October 11, 2012, by and between Forest Oil Corporation and Texas Petroleum Investment Company, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed October 12, 2012 (File No. 001.13515).
10.68		Agreement, dated as of October 22, 2012, by and among Forest Oil Corporation, Richard J. Carty, West Face Capital Inc. and West Face Long Term Opportunities Global Market L.P., incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed October 24, 2012 (File No. 001-13515).
10.69		Confidentiality Agreement, dated October 22, 2012, by and between Forest Oil Corporation and West Face Capital Inc., incorporated herein by reference to Exhibit 10.2 to Form 8-K for Forest Oil Corporation filed October 24, 2012 (File no. 001-13515).
10.70		Agreement for Purchase and Sale of Assets, dated as of January 2, 2012, by and between Forest Oil Corporation, Forest Oil Permian Corporation, and Forcenergy Onshore Inc. (as Seller) and Hilcorp Energy I, L.P. (as Purchaser), incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed January 3, 2012 (File No. 001-13515).
10.71		Purchase Agreement, dated as of September 12, 2012, by and among Forest Oil Corporation, Forest Oil Permian Corporation and the Initial purchasers named therein, incorporated herein by reference to Exhibit 1.1 to Form 8-K for Forest Oil Corporation filed September 17, 2012 (File No. 001-13515).
21.1	†	List of Subsidiaries of Registrant.

23.1	†	Consent of Ernst & Young LLP.
23.2	†	Consent of DeGolyer and MacNaughton.
24.1	†	Powers of Attorney (included on the signature pages hereof).
31.1	†	Certification of Principal Executive Officer of Forest Oil Corporation as required by Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	†	Certification of Principal Financial Officer of Forest Oil Corporation as required by Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	**	Certification of Chief Executive Officer of Forest Oil Corporation pursuant to 18 U.S.C. §1350.
32.2	**	Certification of Chief Financial Officer of Forest Oil Corporation pursuant to 18 U.S.C. §1350.

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Exhibit Number		Description
99.1	†	Reserves Audit Report of DeGolyer and MacNaughton, independent petroleum engineering consulting firm, dated January 28, 2013.
101.INS	±	XBRL Instance Document.
101.SCH	±	XBRL Taxonomy Extension Schema Document.
101.CAL	±	XBRL Taxonomy Calculation Linkbase Document.
101.LAB	±	XBRL Label Linkbase Document.
101.PRE	±	XBRL Presentation Linkbase Document.
101.DEF	±	XBRL Treasury Extension Definition

*Contract or compensatory plan or arrangement in which directors and/or officers participate.
**Not considered to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.
†Indicates Exhibits filed with this Annual Report on Form 10-K.
±The documents formatted in XBRL (Extensible Business Reporting Language) and attached as Exhibit 101 to this report are deemed not filed as part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise, are not subject to liability under these sections.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		FOREST OIL CORPORATION (Registrant)
February 22, 2013	By:	/s/ PATRICK R. MCDONALD Patrick R. McDonald President and Chief Executive Officer

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Power of Attorney

The officers and directors of Forest Oil Corporation, whose signatures appear below, hereby constitute and appoint Patrick R. McDonald, Michael N. Kennedy, Cyrus D. Marter IV, and Victor A. Wind and each of them (with full power to each of them to act alone), the true and lawful attorney-in-fact to sign and execute, on behalf of the undersigned, any amendment(s) to this Annual Report on Form 10-K for the year ended December 31, 2012, and any instrument or document filed as part of, as an exhibit to or in connection with any amendment, and each of the undersigned does hereby ratify and confirm as his own act and deed all that said attorneys shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ PATRICK R. MCDONALD Patrick R. McDonald	President and Chief Executive Officer and Director (Principal Executive Officer)	February 22, 2013
/s/ MICHAEL N. KENNEDY Michael N. Kennedy	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 22, 2013
/s/ VICTOR A. WIND Victor A. Wind	Senior Vice President, Chief Accounting Officer, Corporate Controller, and Treasurer (Principal Accounting Officer)	February 22, 2013
/s/ JAMES D. LIGHTNER James D. Lightner	Chairman of the Board	February 22, 2013
/s/ LOREN K. CARROLL Loren K. Carroll	Director	February 22, 2013
/s/ RICHARD J. CARTY Richard J. Carty	Director	February 22, 2013
/s/ DOD A. FRASER Dod A. Fraser	Director	February 22, 2013

/s/ JAMES H. LEE James H. Lee	Director	February 22, 2013
/s/ RAYMOND I. WILCOX Raymond I. Wilcox	Director	February 22, 2013

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Index to Exhibits

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Forest Oil Corporation, as amended to date, incorporated herein by reference to Exhibit 3.2 to Form 8-K for Forest Oil Corporation filed October 12, 2012 (File No. 001-13515).
3.2	Bylaws of Forest Oil Corporation Restated as of February 14, 2001, as amended by Amendments No. 1, No. 2, No. 3, No. 4, and No. 5, incorporated herein by reference to Exhibit 3.6 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2011 (File No. 001-13515).
4.1	Indenture dated December 7, 2001 between Forest Oil Corporation and State Street Bank and Trust Company, including the form of notes issued thereunder, incorporated herein by reference to Exhibit 4.5 to Forest Oil Corporation Registration Statement on Form S-4 dated February 6, 2002 (File No. 333-82254).
4.2	Indenture dated as of April 25, 2002 between Forest Oil Corporation and State Street Bank and Trust Company, including the form of notes issued thereunder, incorporated herein by reference to Exhibit 4.6 to Forest Oil Corporation Registration Statement on Form S-4 dated June 11, 2002 (File No. 333-90220).
4.3	Indenture dated as of June 6, 2007 between Forest Oil Corporation and U.S. Bank National Association, including the form of notes issued thereunder, incorporated herein by reference to Exhibit 4.1 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2007 (File No. 001-13515).
4.4	Indenture dated as of February 17, 2009 between Forest Oil Corporation, Forest Oil Permian Corporation and U.S. Bank National Association, including the form of notes issued thereunder, incorporated herein by reference to Exhibit 4.4 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2008 (File No. 001-13515).
4.5	Indenture, dated as of September 17, 2012, by and among Forest Oil Corporation, Forest Oil Permian Corporation and U.S. Bank National Association, incorporated herein by reference to Exhibit 4.1 to Form 8-K for Forest Oil Corporation filed September 17, 2012 (File No. 001-13515).
4.6	First Amended and Restated Rights Agreement, dated as of October 17, 2003, between Forest Oil Corporation and Mellon Investor Services LLC, incorporated herein by reference to Exhibit 4.1 to Form 8-K for Forest Oil Corporation, dated October 17, 2003 (File No. 001-13515).
4.7	Second Amended and Restated Credit Agreement dated as of June 6, 2007 among Forest Oil Corporation, each of the lenders that is party thereto, Bank of America, N.A. and Citibank, N.A., as Co-Global Syndication Agents, BNP Paribas, BMO Capital Markets Financing, Inc., Credit Suisse, Cayman Islands Branch, and Deutsche Bank Securities, Inc., as Co-U.S. Documentation Agents, and JPMorgan Chase Bank, N.A., as Global Administrative Agent, incorporated herein by reference to Exhibit 4.4 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2007 (File No. 001-13515).
4.8	

	First Amendment dated May 9, 2008 to Second Amended and Restated Combined Credit Agreements dated June 6, 2007, among Forest Oil Corporation, Canadian Forest Oil Ltd., each of the lenders party thereto, JPMorgan Chase Bank, N.A., as Global Administrative Agent, and JPMorgan Chase Bank N.A., Toronto Branch, as Canadian Administrative Agent, incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated May 9, 2008 (File No. 001-13515).
4.9	Second Amendment dated March 16, 2009, to Second Amended and Restated Combined Credit Agreements dated June 6, 2007, among Forest Oil Corporation, Canadian Forest Oil Ltd., each of the lenders that is party thereto, JPMorgan Chase Bank, N.A., as Global Administrative Agent, and JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, incorporated herein by reference to Exhibit 4.1 to Form 8-K for Forest Oil Corporation dated March 16, 2009 (File No. 001-13515).

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Exhibit Number		Description
4.10		Third Amendment to Second Amended and Restated U.S. Credit Agreement and Termination of Second Amended and Restated Canadian Credit Agreement, dated May 25, 2011, by and among Forest Oil Corporation, Canadian Forest Oil Ltd., JPMorgan Chase Bank, N.A., Toronto branch, as Canadian Administrative Agent, JPMorgan Chase Bank, N.A., as global administrative agent, and the Lenders named therein, incorporated by reference to Exhibit 4.1 to Form 8-K to Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).
4.11		Third Amended and Restated Credit Agreement, dated as of June 30, 2011, among Forest Oil Corporation, the Lenders party thereto, BNP Paribas and Wells Fargo Bank, N.A., as Co-Syndication Agents, Bank of America, N.A., The Bank of Nova Scotia, Credit Suisse AG, Cayman Islands branch, Deutsche Bank Securities, Inc. and Toronto Dominion (Texas) LLC, as Co-Documentation Agents, and JPMorgan Chase Bank, N.A., as Administrative Agent, incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed July 6, 2011 (File No. 001-13515).
10.1	*	Forest Oil Corporation 2001 Stock Incentive Plan, incorporated herein by reference to Exhibit 4.1 to Registration Statement on Form S-8 for Forest Oil Corporation dated June 6, 2001 (File No. 333-62408).
10.2	*	Amendment No. 1 to Forest Oil Corporation's 2001 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2003 (File No. 001-13515).
10.3	*	Amendment No. 2 to Forest Oil Corporation's 2001 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended March 31, 2004 (File No. 001-13515).
10.4	*	Amendment No. 3 to Forest Oil Corporation 2001 Stock Incentive Plan, dated January 10, 2006, incorporated herein by reference to Exhibit 10.8 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2005 (File No. 001-13515).
10.5	*	Amendment No. 4 to Forest Oil Corporation 2001 Stock Incentive Plan dated June 5, 2007, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended September 30, 2007 (File No. 001-13515).
10.6	*	Form of Employee Stock Option Agreement, incorporated herein by reference to Exhibit 4.2 to Registration Statement on Form S-8 for Forest Oil Corporation dated June 6, 2001 (File No. 333-62408).
10.7	*	Form of Non-Employee Director Stock Option Agreement, incorporated herein by reference to Exhibit 4.3 to Registration Statement on Form S-8 for Forest Oil Corporation dated June 6, 2001 (File No. 333-62408).
10.8	*	Form of Restricted Stock Agreement, incorporated herein by reference to Exhibit 10.6 to Form 10-Q for Forest Oil Corporation for the quarter ended September 30, 2004 (File No. 001-13515).
10.9	*	Form of Restricted Stock Agreement, incorporated herein by reference to Exhibit 10.12 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2005 (File No. 001-13515).

10.10	*	Form of Restricted Stock Agreement pursuant to the Forest Oil Corporation 2001 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2007 (File No. 001-13515).
10.11	*	Form of Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2001 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 10.2 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2007 (File No. 001-13515).
10.12	*	Forest Oil Corporation 2007 Stock Incentive Plan, incorporated by reference to Annex E to Forest Oil Corporation's Registration Statement on Form S-4, dated April 30, 2007 (File No. 333-140532).

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Exhibit Number		Description
10.13	*	Amendment No. 1 to Forest Oil Corporation 2007 Stock Incentive Plan, incorporated by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2008 (File No. 001-13515).
10.14	*	Amendment No. 2 to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated May 12, 2010 (File No. 001-13515).
10.15	*	Amendment No. 3 to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated February 18, 2011 (File No. 001-13515).
10.16	*	Amendment No. 4 to Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.6 to Form 8-K for Forest oil Corporation filed December 21, 2012 (File No. 001-13515).
10.17	*	Form of Restricted Stock Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.3 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2007 (File No. 001-13515).
10.18	*	Form of Non-Employee Director Restricted Stock Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended March 31, 2008 (File No. 001-13515).
10.19	*	Form of Restricted Stock Agreement pursuant to the Forest Oil Corporation 2001 and 2007 Stock Incentive Plans, incorporated by reference to Exhibit 10.2 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2008 (File No. 001-13515).
10.20	*	Form of Restricted Stock Inducement Award Agreement, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed October 1, 2012 (File No. 001-13515).
10.21	*	Form of CEO Restricted Stock Award Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.5 to Form 8-K for Forest Oil Corporation filed October 1, 2012 (File No. 001-13515).
10.22	*†	Form of 2013 Restricted Stock Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan - Cliff Vest.
10.23	*†	Form of 2013 Restricted Stock Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan - One-Third Vest.
10.24	*	Form of Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2001 and 2007 Stock Incentive Plans, incorporated by reference to Exhibit 10.3 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2008 (File No. 001-13515).
10.25	*	

		Form of Non-Employee Director Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, incorporated by reference to Exhibit 10.4 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2008 (File No. 001-13515).
10.26	*	Form of Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended March 31, 2009 (File No. 001-13515).
10.27	*	Form of Phantom Stock Unit Agreement (Cash Only Three Vesting Tranches) pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, as amended, incorporated by reference to Exhibit 10.3 to form 10-Q for Forest Oil Corporation for the quarter ended September 30, 2011 (File No. 001-13515).
10.28	*	Form of Phantom Stock Unit Agreement (4-Year Pro-Rated Vesting) pursuant to the Forest Oil Corporation 2007 Stock incentive Plan, as amended, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed November 14, 2012 (File No. 001-13515).

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Exhibit Number		Description
10.29	*†	Form of 2013 Cash Only Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan - Cliff Vest.
10.30	*†	Form of 2013 Cash Only Phantom Stock Unit Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan - One-Third Vest.
10.31	*	Form of Performance Unit Award Agreement (US) pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated May 21, 2010 (File No. 001-13515).
10.32	*	Form of Forest Oil Corporation Performance Unit Award Agreement - 2012, pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, as amended, incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed March 16, 2012 (File No. 001-13515).
10.33	*	Form of CEO Plan Performance Unit Award Agreement pursuant to the Forest Oil Corporation 2007 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 10.2 to Form 8-K to Forest Oil Corporation filed October 1, 2012 (File No. 001-13515).
10.34	*	Form of Performance Unit Inducement Award Agreement, incorporated herein by reference to Exhibit 10.3 to Form 8-K for Forest Oil Corporation filed October 1, 2012 (File No. 001-13515).
10.35	*	Form of Cash-Based Award Agreement, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed June 13, 2011 (File No. 001-13515).
10.36	*	Form of Forest Oil Corporation Cash-Based Award Agreement - 2012, incorporated herein by reference to Exhibit 10.3 to Form 8-K for Forest Oil Corporation filed May 16, 2012 (File No. 001-13515).
10.37	*	Form of Time-Based Cash Award Agreement, incorporated herein by reference to Exhibit 10.2 to Form 8-K for Forest Oil Corporation filed November 14, 2012 (File No. 001-13515).
10.38	*	Form of Severance Agreement for Grandfathered Executive Officer, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated December 17, 2007 (File No. 001-13515).
10.39	*	Form of Amendment to Form of Severance Agreement for Grandfathered Executive Officer, incorporated herein by reference to Exhibit 10.30 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2008 (File No. 001-13515).
10.40	*	Form of 409A Amendment to Severance Agreement for Grandfathered Vice President and Senior Vice President – No 5-Day Release Provision, incorporated herein by reference to Exhibit 10.6 to Form 10-Q for Forest Oil Corporation for the quarter ended March 31, 2012 (File No. 001-13515).
10.41	*	Form of CEO Severance Agreement, incorporated herein by reference to Exhibit 10.4 to Form 8-K for Forest Oil Corporation filed October 1, 2012 (File no. 001-13515).
10.42	*	

		Amendment to CEO Severance Agreement, incorporated herein by reference to Exhibit 10.4 to Form 8-K for Forest Oil Corporation filed December 21, 2012 (File No. 001-13515).
10.43	*	Form of SVP Best Net Severance Agreement, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed December 21, 2012 (File No. 001-13515).
10.44	*	Form of SVP Best Net Grandfathered Severance Agreement, incorporated herein by reference to Exhibit 10.2 to Form 8-K for Forest Oil Corporation filed December 21, 2012 (File No.001-13515).
10.45	*	Form of VP Best Net Severance Agreement, incorporated herein by reference to Exhibit 10.3 to Form 8-K for Forest Oil Corporation filed December 21, 2012 (File No. 001-13515).
10.46	*	Forest Oil Corporation Pension Trust Agreement dated as of January 1, 2002 by and between Forest Oil Corporation and the trustees named therein or their successors, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended September 30, 2002, dated November 14, 2002 (File No. 001-13515).

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Exhibit Number		Description
10.47	*	First Amendment to Forest Oil Corporation Pension Trust Agreement as Amended and Restated January 1, 2002, effective as of May 10, 2005, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation for the quarter ended June 30, 2005 (File No. 001-13515).
10.48	*	Second Amendment to Forest Oil Corporation Pension Trust Agreement as Amended and Restated January 1, 2002, effective as of May 10, 2006, incorporated herein by reference to Exhibit 10.1 to Form 10-Q for Forest Oil Corporation dated August 9, 2006 (File No. 001-13515).
10.49	*	First Amendment to Forest Oil Corporation Executive Deferred Compensation Plan as Amended and Restated Effective as of January 1, 2005, incorporated herein by reference to Exhibit 10.2 to Form 10-Q for Forest Oil Corporation for the quarter ended September 30, 2007 (File No. 001-13515).
10.50	*	Forest Oil Corporation Executive Deferred Compensation Plan (as Amended and Restated, effective as of December 1, 2008), incorporated herein by reference to Exhibit 10.41 to Form 10-K for Forest Oil Corporation for the year ended December 31, 2008 (File No. 001-13515).
10.51	*	First Amendment to Forest Oil Corporation Executive Deferred Compensation Plan (as Amended and Restated, effective as of December 1, 2008), incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated November 9, 2009 (File No. 001-13515).
10.52	*	Second Amendment to Forest Oil Corporation Executive Deferred Compensation Plan (as Amended and Restated, effective as of December 1, 2008), incorporated by reference to Exhibit 10.50 to form 10-K for Forest Oil Corporation for the fiscal year ended December 31, 2011 (File No. 001-13515).
10.53	*	Third Amendment to Forest Oil Corporation Executive Deferred Compensation Plan, incorporated herein by reference to Exhibit 10.5 to Form 8-K for Forest Oil Corporation filed December 21, 2012 (File No. 001-13515).
10.54	*	Forest Oil Corporation 2010 Annual Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated February 18, 2010 (File No. 001-13515).
10.55	*	Forest Oil Corporation 2011 Annual Incentive Plan, incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed August 16, 2011 (File No. 001-13515).
10.56	*	Forest Oil Corporation 2012 Annual Incentive Plan, incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed January 10, 2012 (File No. 001-13515).
10.57		Agreement for Purchase and Sale of Assets, dated as of August 5, 2009, by and among Forest Oil Corporation, Forest Oil Permian Corporation, Linn Operating, Inc. and Linn Energy Holdings, LLC, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated August 10, 2009 (File No. 001-13515).
10.58		Agreement for Purchase and Sale of Assets, dated as of November 25, 2009, by and among Forest Oil Corporation, Forest Oil Permian Corporation and SandRidge Exploration and Production, LLC, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation dated November 25, 2009 (File No. 001-13515).

10.59	Separation and Distribution Agreement dated May 25, 2011, by and among Forest Oil Corporation, Canadian Forest Oil Ltd., and Lone Pine Resources Inc., incorporated by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).
10.60	Transition Services Agreement dated June 1, 2011, by and between Forest Oil Corporation and Lone Pine Resources Inc., incorporated by reference to Exhibit 10.2 to Form 8-K for Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).
10.61	Tax Sharing Agreement dated May 25, 2011, by and between Forest Oil Corporation and Lone Pine Resources Inc., incorporated by reference to Exhibit 10.3 to Form 8-K for Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).
10.62	Employee Matters Agreement dated May 25, 2011, by and among Forest Oil Corporation, Canadian Forest Oil Ltd., and Lone Pine Resources Inc., incorporated by reference to Exhibit 10.4 to Form 8-K for Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).

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Exhibit Number		Description
10.63		Registration Rights Agreement dated June 1, 2011, by and between Forest Oil Corporation and Lone Pine Resources Inc., incorporated by reference to Exhibit 10.5 to Form 8-K for Forest Oil Corporation filed June 1, 2011 (File No. 001-13515).
10.64		Registration Rights Agreement, dated as of September 17, 2012, by and among Forest Oil Corporation, Forest Oil Permian Corporation and J.P. Morgan Securities LLC, as representative for the Initial Purchasers, incorporated herein by reference to Exhibit 4.2 to Form 8-K for Forest Oil Corporation filed September 17, 2012 (File No. 001-13515).
10.65		Share Purchase and Sale Agreement, effective as of March 31, 2012, by and among African International Energy PLC, Forest Oil Corporation, Anschutz South Africa Corporation, Forest Exploration International (South Africa) (Proprietary) Ltd and Anschutz Overseas (South Africa) (Proprietary) ltd, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed April 13, 2012 (File No. 001-13515).
10.66		Share Purchase and Sale Agreement, effective as of March 31, 2012, by and between African International Energy PLC and Forest Oil Netherlands BV, incorporated herein by reference to Exhibit 10.2 to Form 8-K for Forest Oil Corporation filed April 13, 2012 (File No. 001-13515).
10.67		Agreement for Purchase and Sale of Assets, dated as of October 11, 2012, by and between Forest Oil Corporation and Texas Petroleum Investment Company, incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed October 12, 2012 (File No. 001.13515).
10.68		Agreement, dated as of October 22, 2012, by and among Forest Oil Corporation, Richard J. Carty, West Face Capital Inc. and West Face Long Term Opportunities Global Market L.P., incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed October 24, 2012 (File No. 001-13515).
10.69		Confidentiality Agreement, dated October 22, 2012, by and between Forest Oil Corporation and West Face Capital Inc., incorporated herein by reference to Exhibit 10.2 to Form 8-K for Forest Oil Corporation filed October 24, 2012 (File no. 001-13515).
10.70		Agreement for Purchase and Sale of Assets, dated as of January 2, 2012, by and between Forest Oil Corporation, Forest Oil Permian Corporation, and Forcenergy Onshore Inc. (as Seller) and Hilcorp Energy I, L.P. (as Purchaser), incorporated herein by reference to Exhibit 10.1 to Form 8-K for Forest Oil Corporation filed January 3, 2012 (File No. 001-13515).
10.71		Purchase Agreement, dated as of September 12, 2012, by and among Forest Oil Corporation, Forest Oil Permian Corporation and the Initial purchasers named therein, incorporated herein by reference to Exhibit 1.1 to Form 8-K for Forest Oil Corporation filed September 17, 2012 (File No. 001-13515).
21.1	†	List of Subsidiaries of Registrant.
23.1	†	Consent of Ernst & Young LLP.
23.2	†	Consent of DeGolyer and MacNaughton.

24.1	†	Powers of Attorney (included on the signature pages hereof).
31.1	†	Certification of Principal Executive Officer of Forest Oil Corporation as required by Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	†	Certification of Principal Financial Officer of Forest Oil Corporation as required by Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	**	Certification of Chief Executive Officer of Forest Oil Corporation pursuant to 18 U.S.C. §1350.
32.2	**	Certification of Chief Financial Officer of Forest Oil Corporation pursuant to 18 U.S.C. §1350.

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Exhibit Number		Description
99.1	†	Reserves Audit Report of DeGolyer and MacNaughton, independent petroleum engineering consulting firm, dated January 28, 2013.
101.INS	±	XBRL Instance Document.
101.SCH	±	XBRL Taxonomy Extension Schema Document.
101.CAL	±	XBRL Taxonomy Calculation Linkbase Document.
101.LAB	±	XBRL Label Linkbase Document.
101.PRE	±	XBRL Presentation Linkbase Document.
101.DEF	±	XBRL Treasury Extension Definition

*Contract or compensatory plan or arrangement in which directors and/or officers participate.
**Not considered to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.
†Indicates Exhibits filed with this Annual Report on Form 10-K.
±The documents formatted in XBRL (Extensible Business Reporting Language) and attached as Exhibit 101 to this report are deemed not filed as part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise, are not subject to liability under these sections.