

FOREST OIL CORP
Form 425
June 24, 2014

Filed by Sabine Oil & Gas LLC

Pursuant to Rule 425 of the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Forest Oil Corporation

Commission File No.: 001-13515

Sabine Oil & Gas LLC posted the following investor presentation to its website on June 24, 2014:

Global Hunter Securities 100 Energy
Conference
June 24, 2014

Forward Looking Statements

1

IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC

In connection with the proposed transactions, on May 29, 2014, New Forest Oil Inc. (which will be renamed Sabine Oil & Gas transaction) (Holdco) filed with the SEC a registration statement on Form S-4 that includes a preliminary proxy statement of preliminary prospectus of Holdco. Each of Holdco and Forest Oil Corporation also plan to file other relevant documents with INVESTORS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT

BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. You may obtain a free copy (when it becomes available) and other relevant documents filed by Holdco and Forest Oil Corporation with the SEC at the SEC obtain these documents by contacting Holdco or Forest Oil Corporation at Forest Oil Corporation's Investor Relations department at IR@forestoil.com.

PARTICIPANTS IN THE SOLICITATION

Holdco, Forest Oil Corporation, Sabine Oil & Gas LLC and their respective directors and executive officers and other members deemed to be participants in the solicitation of proxies in respect of the proposed transactions. Information about Forest Oil Corporation's proxy statement filed with the SEC on March 26, 2014, for its 2014 annual meeting of shareholders, and information about its executive officers is available in Forest Oil Corporation's Annual Report to shareholders filed with the SEC on February 26, 2014. Information about its directors and executive officers is available in the registration statement on Form S-4 filed by New Forest Oil Inc. on May 29, 2014. Participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be included in the proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed transactions when they become available. You should read the definitive proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain these documents from Holdco or Forest Oil Corporation using the sources indicated above.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities. Any such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This offering is made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements concerning the proposed transactions, its financial and business impact, management's respect thereto, and management's current expectations for future operating and financial performance, based on assumptions. Forward-looking statements are all statements other than statements of historical facts. The words "anticipates," "may," "can," "plan," "intends," "likely," "will," "should," "to be," and any similar expressions or other words of similar meaning are used in the forward-looking statements. It is uncertain whether the events anticipated will transpire, or if they do occur what impact they will have on the condition of Holdco, Forest Oil Corporation or Sabine Oil & Gas LLC. These forward-looking statements involve significant risks that actual results may differ materially from those anticipated, including but not limited to the ability of the parties to satisfy the conditions of the proposed transactions, the timing of consummation of the proposed transactions, the ability of the parties to secure regulatory approvals or anticipated, the ability of Holdco to integrate the acquired operations, the ability to implement the anticipated business plans and realize the benefits and savings, and the ability to realize opportunities for growth. Other important economic, political, regulatory, legal, and market uncertainties are identified in the documents filed with the SEC by Holdco or Forest Oil Corporation from time to time, including its Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. For additional information on the risks and uncertainties of Sabine Oil & Gas LLC's business and operations, as well as risks related to the transactions, please see the registration statement on Form S-4 filed with the SEC. The forward-looking statements included in this document are made only as of the date hereof. None of Holdco, Forest Oil Corporation or Sabine Oil & Gas LLC undertakes any obligation to update the forward-looking statements included in this document to reflect subsequent events or circumstances.

2

Overview of Sabine Oil & Gas LLC

1Q14 Production ~ 31 MBOED (33% liquids)

1Q14 Adjusted EBITDA ~ \$78 MM

YE13 Proved reserves of 839 Bcfe (56% PD; 70% gas)

\$1.35B PV10 on SEC pricing
(\$96.78 Oil /\$3.67 gas /\$41.23 NGL)

Ryder Scott prepared reserve report
Company Overview

1.
Acreage count and production rates are as of March 31, 2014
2.
East Texas acreage does not include 71,000 net acres in DK prospect
North Texas
(1)

2.5 MBOE/D (71% liquids)

~36,200 net acres

Primary Target: Granite Wash
East Texas
(1)(2)

18.7 MBOE/D (15% liquids)

~104,000 net acres

Primary Targets: Cotton Valley
Sand, Haynesville Shale
South Texas
(1)

9.5
MBOE/D
(60%
liquids)

~40,400
net
acres

Primary
Target:
Eagle
Ford
Shale

»
Formed in 2007, privately-held natural gas and oil company
owned by First Reserve and Management

»
Core areas are East Texas (Cotton Valley Sand &

Haynesville Shale), South Texas (Eagle Ford Shale) and North Texas (Granite Wash)

»

Extensive inventory of low-risk drilling locations with strong economics

»

High degree of operational control provides optionality to direct capital

»

Top-tier operational capabilities

3
Sabine Historical Growth
Production (MMCFE/D)
34% of Production from Liquids
50% of Revenue from Liquids
1Q14 Revenue Mix
(1)

(1)
2013 Production pro forma for the Cleveland Sand divestiture

(2)
Represents 2014 Mid point production guidance
1Q14 Production Mix
2013 Proved Reserves (BCFE)
56% Proved Developed & 70% Gas

(2)
Total 839 BCFE
1Q14 Rev \$112 MM
1Q14 Prod 16.6 BCFE

32
59
77
121
133
155
220
0
50
100
150
200
250
2008
2009
2010
2011
2012
2013
2014E
447
19
373
PDP
PDNP
PUD
66%
Gas
Oil
NGL
50%
35%
15%
Gas
Oil
NGL

4
2013 Results

Evolving completion techniques and
improving gas price leading to better
economics

5 wells completed in 2013 had an average
IP30 of 10.1 MMCFE
2014 Plan

Run
(1)
Rig
with
plan
to
add
2
rig
in
Q3

Attractive breakeven cost (10% IRR)

\$1.88/MCF at \$85 flat oil

\$1.74/MCF at Strip oil (6/2/14)

East Texas: Cotton Valley

nd

5
East Texas: Haynesville Shale
»
2013 Results

Industry
leader

in
East
TX

completion
design evolution leading to results
improving over time

7 wells completed in 2013 had an average
IP30 of 9.7 MMCFE

»
2014 Plan

Completing (8) JV wells in the 1H14

Plan to add a rig in Q3 to drill two well pads
and test casing design change with \$500K
expected savings

Breakeven cost of \$4.04/MCF with the new
well design

6
East Texas Acreage
CVS Acreage by County
95% Developed
5% Undeveloped
HYV Acreage by County
95% Developed

5% Undeveloped

Note: A significant portion of the Company's Haynesville Shale and Cotton Valley Sand acreage overlaps geographically, so Texas's acreage despite representing two distinct targets and development opportunities

County

Developed

Net Acres

Undeveloped

Net Acres

Total

Harrison

43,374

2,283

45,657

Rusk

34,632

1,823

36,455

Panola

6,053

318

6,371

Total Cotton Valley

84,059

4,424

88,483

County

Developed

Net Acres

Undeveloped

Net Acres

Total

Harrison

46,784

2,462

49,246

Panola
13,501

711

14,212

Rusk
3,159

166

3,325

Total Haynesville
63,444

3,339

66,783

Cotton Valley
Haynesville

7

Eagle Ford Shale: Shiner area

»

Upper Eagle Ford landing validated and has excellent productivity in northern DeWitt and Lavaca counties

»

Sabine Haynesville completion design being implemented:

Tighter perf cluster, frac stage spacing

Hybrid fluid design with emphasis on high volumes of slick water

Lower strength proppant to reduce cost

Less expensive proppant and reduced chemicals helps offset cost of additional stimulation volumes

»

Optimal landing point coupled with significant stimulated rock volume translates into shallower production declines

Operators in Lower Eagle Ford tout higher 24-hour IP s, but first year production for Sabine wells is comparable

»

Operated results to date

Acreage well delineated, now in development phase

31 wells drilled to date and 6 wells currently drilling

9 -12 additional wells expected to be spud by end of 2014

30% of acreage is HBP

Industry leading results

Avg IP24 of 1,590 BOE/D & Avg IP30 of 1,230 BOE/D

Attractive breakeven cost:\$51/BBL at Strip gas (6/2/14)

8
Eagle Ford Shale: Sugarkane
KARNES
DE WITT
2013 SABO Wells
2014 SABO Wells
IP30 (BOE/D)

T-Bird 2H
2,192 BOE/D
Offsets within 12 x 3 mi polygon around SABO production

T-Bird 3H
2,257 BOE/D

T-Bird 4H
2,238 BOE/D

T-Bird 5H
2,261 BOE/D

Kozielski 1H
2,340 BOE/D

Kozielski 2H
3,026 BOE/D

Kozielski 3H
2,376 BOE/D

Kozielski 4H
2,535 BOE/D

McClanahan 1H
1,694 BOE/D

McClanahan 2H
2,045 BOE/D

McClanahan 3H
1,707 BOE/D

McClanahan 4H
1,742 BOE/D

McClanahan 5H
1,615 BOE/D

»

Acquired acreage in December 2012

»

Core of the core
Eagle Ford reservoir

»

Acreage in full development phase

13 wells drilled to date plus 1 acquired well

25 additional wells planned

All acreage is HBP

»

Well results on par with majority of leading offset
operators

Avg IP24 of 2,567 BOE/D & Avg IP30 of 2,156
BOE/D

»

Breakeven cost: \$80/BBL at Strip gas (6/2/14)

9
North Texas: Granite Wash
Roberts County
Well A
895 BOE/D
2013 SABO Wells
2014 SABO Wells

IP30 (BOE/D)

»

Operated ~ 33,500 net acres in oil window of play,
shallowest part of Granite Wash trend

»

Outstanding productivity in trend:

8 operated wells drilled and completed since
mid 2013

19 additional wells expected to be spud by
end of 2014

Majority of acreage HBP or held by continuous
development

Strong economics, often < 1yr. payout

»

Currently testing the western extent of the
Granite Wash, which could represent material
upside to the inventory count

»

Industry leading results in immediate area

Avg IP24 of 1,439 BOE/D & Avg IP30 of 1,136
BOE/D

100% IRR s

»

Attractive breakeven cost: \$35/bbl at Strip gas as
of 6/2/14

Well D

1,232 BOE/D

Well B

1,882 BOE/D

Well E

1,420 BOE/D

Well H

190 BOE/D

Well F

1,641 BOE/D

Well C

1,373 BOE/D

Well G

460 BOE/D

Combination
of
Sabine
Oil
&
Gas
LLC

and
Forest Oil Corporation
10

»
Company
headquarters

Houston,
Texas

»

Each Forest share to be exchanged for 0.1 shares of SABO

Designed to replicate a 10 for 1 reverse stock split

»

Former Sabine unitholders to own 73.5% of pro forma shares

»

Former Forest shareholders to own 26.5% of pro forma shares

»

Board representation proportional to ownership interest

6 current Sabine directors, 2 current Forest directors

C-Suite Team from Sabine

David
Sambrooks

Chairman
and
Chief
Executive
Officer

Shane
Bayless

Chief
Financial
Officer

Todd
Levesque

Chief
Operating
Officer

»

Approval by Forest shareholders

»

Customary regulatory approvals

»

Closing expected in late Q3 / early Q4

Transaction Summary

11

Transaction

Overview

Consideration

Board /

Management

Key Conditions /

Timing

»

All-stock strategic combination between Sabine Oil & Gas LLC (Sabine) and Forest Oil Corporation (Forest or FST) under a newly incorporated public holding company, Sabine Oil & Gas Corporation (SABO), expected to be listed on the NYSE

»
Extensive overlap in top two asset areas: East Texas and Eagle Ford

»
Creates a leading East Texas position of ~207,000 net acres

Compelling inventory of high return, liquids-rich Cotton Valley Sand opportunities

Significant
inventory
of
Haynesville
drilling
opportunities
with
compelling
current
economics
and significant upside value

»
Complementary positions in the Eagle Ford, creating significant scale of ~65,000 net acres

Sabine s Eagle Ford results top 10% in the industry in 2013

»
Combined
12/31/13
proved
reserves
of
1.5
Tcfe
(71%
gas)
and
2014E
production
of
~345
Mmcfed (65% gas) based on respective company guidance

»
Substantial production and cash flow growth

Over 20% pro forma 2014E production growth

»
Cost savings from reduced overhead and streamlined operations

»
Ability
to
optimize
capital
allocation
on
\$800
-
\$825
million
capital
program

»
Will apply top tier operational results across portfolio
»
Liquidity to fund drilling program through 2015 without accessing capital markets
»
Clear path to improving balance sheet through property divestments and optimized capital allocation
-
to
be
implemented
as
a
top
priority
»
First Reserve, an energy-focused private equity firm, remains a controlling shareholder
Strategic Rationale
12
Complementary
Asset Positions
Scale and
Growth
Operating
Synergies
Capitalization

Leadership

13

David Sambrooks

Chief Executive Officer

Former Vice President and General Manager of Devon Energy Corporation's Southern Division and prior to that,

their International Division

Over his thirty-four years of experience, held various executive, business development and engineering positions with Sun Oil Company / Oryx Energy and Santa Fe Energy Resources / Santa Fe Snyder Corporation

Bachelor of Science degree in Mechanical Engineering from the University of Texas at Austin and a Master of Business Administration from the Executive Program at the University of Houston

Shane Bayless

Executive Vice President and
Chief Financial Officer

Former
Executive
Vice
President
-
Chief
Financial
Officer
and
Treasurer
with
Petrohawk
Energy

Over his twenty-four years of experience, held various executive and senior positions with 3TEC Energy, Encore Acquisition Company, Hugoton Energy and Ernst & Young

Bachelor of Science in Accounting from Wichita State University and a Certified Public Accountant

Todd Levesque

Executive Vice President and
Chief Operating Officer

Previously served as Senior Vice President of Engineering and Development of Sabine

Over
his
twenty-two
years
of
experience,
held
various
engineering
and
management
positions
with Devon/Ocean Energy, Burlington Resources and Amerada Hess

Bachelor of Science degree in Petroleum Engineering from Texas A&M University

»

The
combined
company's
management
team
has
been
together
since
Sabine's
formation
in
2007,
delivering
top-tier well results and production/cash flow/asset growth

Complementary Asset Footprints

14

1

Daily production representative of 1Q 2014 production

2

Does not include additional acreage in North Louisiana or ~71,000 DK exploratory net acres in East Texas

Map of Acreage Position

(1)

Combined Total

»

~424,000 net acres

»

~290 Mmcfe/d current
production (67% gas)

»

1,464 Bcfe proved
reserves (61% PD; 71%
gas)

»

Creates one of the
largest East Texas
positions with
concentrated and
contiguous acreage

T E X A S

O K L A H O M A

L O U I S I A N A

M I S S I S S I P P I

A R K A N S A S

Arkoma

Mississippi

Granite Wash

~33,500 net acres

15 Mmcfe/d (29% gas)
Permian Basin

~60,250 net acres

No material production

~35,000 net acres

22 Mmcfe/d (100% gas)

~14,600 net acres

No current production

~207,000 net acres

(2)

178 Mmcfe/d (81% gas)

Sabine Acreage

Forest Acreage

~64,500 net acres

74 Mmcfe/d (31% gas)

- Panola
- De Soto
- Caddo
- Gregg
- Smith
- Cherokee
- Upshur
- Gonzales
- DeWitt
- Lavaca
- Karnes
- Wilson
- Eagle Ford
- East Texas
- Rusk

Pro Forma Asset Profile

15

1

As of 12/31/13

2

Per current guidance

3

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Represents combination of current standalone guidance from Forest and Sabine management

4

Does not include additional ~71,000 DK net acres in East Texas

5

Excludes East Texas acreage

Proved Reserves

(1)

FY2014E Production Guidance

Acreage (in thousands)

Pro Forma Asset Profile Versus Comps

16

2014E Production

(2)

Proved Reserves

(1)

Bcfe

MMcfe/d

»

Combined company gains significant scale; aligns with gas-weighted peers with focus on East Texas

134% proved
reserve increase

to Forest
176% 2014E

production increase
to Forest

% Gas

75%

61%

94%

40%

71%

90%

70%

39%

73%

31%

77%

44%

11%

1

Per company press releases and SEC filings. Reserves data includes most recent information released by listed companies

2

Peers 2014E production per FactSet estimates. Sabine and Forest 2014E production per Sabine and Forest guidance

3

Percent gas per latest daily production from company press releases and SEC filings

(3)

% Gas

79%

63%

93%

89%

37%

67%

67%

74%

42%

32%

48%

13%

68%

1,247

806

677

387

380

345

220
187
175
152
134
133
125
0
200
400
600
800
1,000
1,200
1,400
WPX
QEP
UPL
XCO
ROSE
SABO
PF
Sabine
CRK
CRZO
PVA
JONE
SN
FST
4,966
4,344
3,614
1,671
1,464
1,124
839
818
625
609
585
534
352
0
1,000
2,000
3,000
4,000
5,000
WPX
QEP

UPL
ROSE
SABO
PF
XCO
Sabine
PVA
FST
CRZO
CRK
JONE
SN

Industry Leading East Texas Position

17

Acreage Location

Asset Overview

»

Combination creates large, contiguous acreage position providing critical mass in region

»
Evolving completion techniques, lower costs and improving gas prices leading to better economics and increased activity

»
Multi-play basin with opportunities in the Cotton Valley (multiple benches), Haynesville, Bossier, Pettet and Travis Peak

»
2013
Combined
Cotton
Valley
Sand
Program

11
wells
»
2013
Sabine
Haynesville
Program

7
wells
»
2014 Plans

Currently running four rigs in liquids-rich Cotton Valley play

Test new Haynesville well design, \$500k potential capital savings

Evaluating drilling program for combined company, potential for increased activity

East Texas has been a core asset for Sabine and Forest. With current gas prices and increased activity, this area will provide significant production and reserve growth.

Sabine Acreage	Forest Acreage
----------------	----------------

(1)	
1	
Strip pricing as of 4/29/14	

(1)	
24-hr IP (Mmcfe/d)	
10.4	
30-day IP (Mmcfe/d)	

9.7	
% Liquids	

7%	
EUR (Bcfe)	
8.0	

Well Cost (\$ millions)

\$9.3

24-hr IP (Mmcfe/d)

11.0

30-day IP (Mmcfe/d)

9.5

% Liquids

34%

EUR (Bcfe)

9.2

Well Cost (\$ millions)

\$8.8

Program Economics

\$4/\$90

Strip

Rate of Return

27%

36%

PV10 per well (\$ millions)

\$4.3

\$5.6

F&D (\$/mcfe)

\$1.23

Commodity Pricing

Program Economics

\$4/\$90

Strip

Rate of Return

17%

26%

PV10 per well (\$ millions)

\$1.7

\$3.4

F&D (\$/mcfe)

Commodity Pricing

\$1.54

Industry Leading Performance

18

Cotton Valley

Incorporated Haynesville designs into CV
completion

Higher perf cluster density

Tighter frac stage spacing

Higher fluid and proppant volumes

Haynesville

More economical proppant, reduced
chemical usage has offset cost impact of
larger stimulations

Note: Industry results represent entire Cotton Valley and Haynesville plays, respectively.

5

23

9

13

5

6

22

37

24

10

32

18

51

6

21

47

31

74

6

11

10

9

10

10

8

5

8

200

400

600

800

1,000

1,200

1,400

1,600

1,800

2,000

A

B

C
D
E
F
G
H
I
J
K
L
M
N
O
P
Q
R
S
T
U
V
W
(# of wells)
Sabine
Total
Program
FST
Total
Program
Sabine
2013
FST
2013
302
11
148
269
193
106
23
7
17
105
577
77
20
49
24
20
45
103

8
4
5
85
11
39
4
14
A
B
C
D
E
F
G
I
J
K
L
M
N
O
P
Q
R
S
T
U
V
W
X
500
1,000
1,500
2,000
2,500
Sabine
Total
Program
Sabine
2013
FST
Total
Program
Top
Industry
Operators

Cotton
Valley

Top 25 Operators -
Haynesville

-
-

Source: HPDI Data for industry wells. Internal production estimates for Forest and Sabine

»

Advanced completion design relative to most
in industry, improving well performance

»

Plan to apply Sabine's completion design across
combined company

»

Experience: With almost 70 CV completions
combined, knowledge to high-grade acreage

»

Latest Sabine performance on-par with NLA
Haynesville core

with lower cost structure

»

Tighter perf clusters, frac stages, utilizing
zipper

fracs

»

Higher stimulation volumes

»

Deeper landing point in reservoir, contacts
more rock

Significant Eagle Ford Position

19

Acreage Overview

Asset Overview

»

Sabine's results have extended the best part of the Eagle Ford trend further northeast, with results comparable to core players

»
Sabine acreage is generally in the gas-condensate window

Higher pressures and gas reservoirs improve recoveries

Best wells are in this part of the hydrocarbon envelope

»
Forest acreage subject to Schlumberger agreement whereby Schlumberger receives a 50% working interest in Forest's Eagle Ford assets in exchange for a \$90 million drilling carry

\$29 million of carry remaining as of 12/31/13

»
Leveraging experience from Haynesville resource development and targeting of Upper Eagle Ford to generate superior results

»
2013
Sabine
Shiner
Area
Eagle
Ford
Program

10
wells

»
2014 Plans

Currently operating four rigs in DeWitt/Lavaca and two rigs in Gonzales

Greater scale allows for combined company to evaluate opportunity to shift more capital to East Texas

Devon (former
GeoSouthern)
Penn Virginia

Sabine acreage borders Devon and Penn Virginia, with comparable results. Devon/GeoSouthern sale and recent PVA stock rally are additional positive indications of industry/market view of this part of Eagle Ford play.

Sabine Shiner
Area

Sabine
Sugarkane Area

Sabine Acreage Forest Acreage

1
Strip pricing as of 4/29/14

(1)
24-hr IP (Boe/d)

1,772
30-day IP (Boe/d)
1,331
% Liquids
78%
EUR (Mboe)
723
Well Cost (\$ millions)
\$10.6
Texas
Program Economics
\$4/\$90
Strip
Rate of Return
27%
34%
PV10 per well (\$ millions)
\$2.4
\$2.8
F&D (\$/boe)
Commodity Pricing
\$19.29

Eagle Ford Performance

20

»

In northern DeWitt and Lavaca counties, Sabine has validated that the upper Eagle Ford has excellent productivity

»

Also unique to industry, Sabine brought its Haynesville completion experience to the Eagle Ford

Tighter perf cluster, frac stage spacing

Hybrid fluid design with emphasis on high volumes of slick water

Lower strength proppant to reduce cost

Less expensive proppant and reduced chemicals helps offset cost of additional stimulation volumes

»

Optimal landing point coupled with significant stimulated rock volume translates into shallower production declines

Operators in Lower Eagle Ford tout higher 24-hour IP's, but first year production for Sabine wells is comparable

Note: Industry results represent entire Eagle Ford Play

Source: HPDI Data for industry wells. Internal production estimates for Sabine

Top 25 Operators

Top 25 Operators

High Return Granite Wash Position

21

Acreage Overview

Asset Overview

»

Sabine operates ~ 33,500 net acres in oil window of play, shallowest part of Granite Wash trend

Outstanding productivity, with 8 of 17 horizontals producing (or projected to produce) in excess of 200 Mboe in first year

Two recent wells projected at 300-350 Mboe in first year (~ 60% oil)

Two years of identified drilling locations, with potential for up to 200 locations depending on western delineation results

Wells to date have exhibited extremely strong economics, often paying out in under a year

»

Sabine

2013

Program

Results

5

wells

»

2014 Plans

2014 development plan: Running 2 rigs, balance of low-risk development locations with measured step-out tests to the west Mesa Vista and Lard Ranch have been extensions on-trend with several large Granite Wash developments. With the shallower depth, Mesa Vista also has a higher oil content.

1

Strip pricing as of 4/29/14

(1)

Program Economics

\$4/\$90

Strip

Rate of Return

>100%

>100%

PV10 per well (\$ millions)

\$5.3

\$5.7

F&D (\$/boe)

Commodity Pricing

\$15.20

24-hr IP (Boe/d)

1,561

30-day IP (Boe/d)

1,142

% Liquids

76%

EUR (Mboe)

674

Well Cost (\$ millions)

\$8.1

»

Sabine is currently testing the western extent of the Granite Wash, which could represent material upside to the inventory count on this position

Mesa Vista (2011)

Cum: 2 MMBOE (49% Oil)

Lard Ranch Field (2005)

Cum: 13.9 MMBOE (21% Oil)

Hemphill Field (1963)

Cum: 169.5 MMBOE (8% Oil)

Mendota Field (1964)

Cum: 130.1 MMBOE (13% Oil)

Buffalo Wallow Field (1969)

Cum: 286.1 MMBOE (4% Oil)

Stiles Ranch Field (1979)

Cum: 170.2 MMBOE (11% Oil)

1Q14 Activity
22
»
Combined
company
production
for

Q1
was
approximately
290
MMCFE/D
(33%
liquids)

Combined Adjusted EBITDA was \$113MM, operating cash flow was \$134MM

»

Twelve rigs running for the combined company during the quarter

Six rigs running in the Eagle Ford: Four on Sabine, two on Forest

Four rigs running in the Cotton Valley: Three on Forest, one on Sabine

Two rigs running on Sabine's Granite Wash asset in North Texas

»

Renewed focus on East Texas Cotton Valley

Strong economics, Rusk County proving to be best in play

Forest shifting capital from Eagle Ford

Sabine maintaining pace, likely to increase in second half of year

»

Eagle Ford moving into development phase

Delineation and lease-saving activity on Forest acreage is near completion

Forest testing alternative targets and well designs to reduce capital and improve economics

Sabine is methodically testing South Shiner term acreage acquired in 2013

Majority of current drilling focused on low-risk and proven updip South Shiner units

»

Continued success in Granite Wash, progressing development to the west

(\$ in millions)

Status Quo

Status Quo

Sabine

Forest

Pro Forma

Cash

\$1
 \$48
 \$49
 Revolving Credit Facility
 \$355
 -
 \$376
 2nd Lien Term Loan due 2018
 650
 -
 650
 Senior Unsecured Notes due 2017
 350
 -
 350
 Senior Unsecured Notes due 2019
 \$578
 -
 Senior Unsecured Notes due 2020
 -
 222
 -
 New Senior Notes (to extent put)
 -
 -
 850
 Total Debt
 \$1,355
 \$800
 \$2,226
 Book Equity
 199
 35
 415
 Total Book Capitalization
 \$1,554
 \$835
 \$2,642
 LTM 3/31/14 EBITDA
 \$315
 \$169
 \$484
 Proved Reserves (Bcfe)
 839
 625
 1,464
 Proved Developed Reserves (Bcfe)
 466
 414
 881

% Developed

56%

66%

61%

% Liquids

30%

27%

29%

Latest Daily Production (Mmcfe/d)

185

105

290

1P PV-10 (After-tax)

(4)

\$1,351

\$735

\$2,059

Credit Statistics

Net Debt / LTM EBITDA

4.3x

4.4x

4.5x

Net Debt / Proved Reserves (\$/mcf)

\$1.61

\$1.20

\$1.49

Net Debt / PD Reserves (\$/mcf)

\$2.90

\$1.81

\$2.47

Net Debt / Latest Daily Prod. (\$/mcf/d)

\$7,334

\$7,150

\$7,514

Net Debt / PV-10 (After-tax)

1.0x

1.0x

1.1x

Liquidity

Cash

\$1

\$48

\$49

Revolver Borrowing Base

\$700

\$300

\$1,000

Amount Drawn

(355)

-

(376)

Total Liquidity

\$346

\$348

\$673

Financing Highlights and Pro Forma Capitalization

23

Capitalization Table

Financing Highlights

(2)

(3)

1

Forest pro forma for 2013 divestitures

2

Reserves as of 12/31/13

3

Average 1Q 2014 production

4

Sabine price deck of \$96.78 / \$3.67. Forest price deck of \$97.33 / \$3.67

(2)

(1)

»

Forest 2019 and 2020 bonds subject to change of control
put at 101 (triggered at time of close)

Expect to run liability management process

Committed financing in place should bondholders
exercise the 101 put

»

Will monitor the credit markets with a view to
opportunistically refinance all or a portion of the
existing Sabine 2 lien and 2017 bonds

»

Sabine corporate ratings have been put on Review for
Upgrade by Moody's; current ratings are B3 / B

»

Credit accretive on a PF basis versus as standalone
companies

»

The combined company will pursue portfolio
rationalization and debt reduction over the next twelve
months

Will aggressively but prudently evaluate accretive
divestment opportunities

nd

To allow optimization of capital allocation

To increase liquidity and de-lever balance sheet

»

New \$1 billion RBL facility (already committed)

May also seek to opportunistically term out RCF drawings

2014 Financial Guidance

24

Pro Forma Combined 2014E Guidance

1

Production taxes assume price deck of \$3.50/Mcf gas and \$85/Bbl oil.

Low

-

High
 Midpoint
 Production:
 Natural Gas (Mmcf/d)
 212
 -
 234
 223
 Oil (Bbl/d)
 10,731
 -
 11,860
 11,296
 Natural Gas Liquids (Bbl/d)
 8,552
 -
 9,452
 9,002
 Total Production (Mmcf/d)
 328
 -
 362
 345
 Total Production (Mboe/d)
 55
 -
 60
 58
 Operating Expenses:
 Lease Operating / Workover Expense
 \$0.75
 -
 \$0.85
 \$0.80
 Marketing, Transportation, Processing
 \$0.25
 -
 \$0.35
 \$0.30
 Production
 &
 Ad
 Valorem
 Taxes
 (1)
 \$0.35
 -
 \$0.40
 \$0.38
 General & Administrative Expense

\$0.39

-

\$0.44

\$0.42

Total Operating Expense (\$ / Mcfe)

\$1.74

-

\$2.04

\$1.89

Capex:

Total Capex (\$ millions)

\$800

-

\$825

Conclusions

25

»

Extensive overlap in top two asset areas: East Texas and Eagle Ford

»

Creates a leading East Texas position of ~207,000 net acres

Compelling inventory of high return, liquids-rich Cotton Valley Sand opportunities

Significant
inventory
of
Haynesville
drilling
opportunities
with
compelling
current
economics
and significant upside value

»
Complementary positions in the Eagle Ford, creating significant scale of ~65,000 net acres

Sabine s Eagle Ford results top 10% in the industry in 2013

»
Combined
12/31/13
proved
reserves
of
1.5
Tcfe
(71%
gas)
and
2014E
production
of
~345
Mmcfed (65% gas) based on respective company guidance

»
Substantial production and cash flow growth

Over 20% pro forma 2014E production growth

»
Cost savings from reduced overhead and streamlined operations

»
Ability
to
optimize
capital
allocation
on
\$800
-
\$825
million

capital
program

»

Will apply top tier operational results across portfolio

»

Liquidity to fund drilling program through 2015 without accessing capital markets

»

Clear path to improving balance sheet through property divestments and optimized capital allocation

-

to
be
implemented
as

a
top
priority

»

First Reserve, an energy-focused private equity firm, remains a controlling shareholder

Complementary
Asset Positions
Scale and
Growth
Operating
Synergies
Capitalization

Sabine Oil &
Gas Holdings
II LLC
Sabine Oil &
Gas LLC

(1)
Forest's existing 7.25% Senior Notes due 2019

(the Forest 2019 Notes).

Forest s existing 7.5% Senior Notes due 2020

(the Forest 2020 Notes).

Sabine s existing Second Lien Term

Loan Due 2018 (the Sabine Second

Lien Term Loan).

Sabine s existing 9.75% Senior

Notes due 2017 (the Sabine 2017

Notes).

Sabine Oil & Gas

Corporation

(SABO) (formerly

New Forest Oil Inc.)

Forest Oil

Corporation

Shareholders

Sabine Oil & Gas

Holdings LLC

Last Closing Date Transaction Step

27

(1) SOGH II and Sabine O&G will

be merged with and into Forest

Oil Corporation, with Forest Oil

Corporation surviving.

Resulting Debt Structure After Closing Date Transactions
Forest and Sabine
Subsidiaries
(3)
/Assets
New
\$1,000 MM Borrowing Base Revolving Credit Facility

Existing

\$578 MM Forest 2019 Notes

(2)

\$222 MM Forest 2020 Notes

(2)

\$650 MM Sabine Second Lien Term Loan

\$350 MM Sabine 2017 Notes

Forest Oil

Corporation

(1)

(1)

Assumes only existing revolvers are replaced on closing date.

(2)

Change of Control tripped; put right exists; backstop financing commitments are in place for put.

(3)

Guarantors of Forest Oil Corporation debt, subject to certain exceptions.

Shareholders

Sabine Oil & Gas

Corporation

(SABO) (formerly

New Forest Oil

Inc.)

Sabine Oil & Gas

Holdings LLC

(former holdco of

Sabine Oil & Gas

LLC)

28

