

Forest Oil to sell Alaska assets

By the Journal of Commerce

Forest Oil Corp. announced May 29 that it will sell the company's Alaska assets to Pacific Energy Resources Ltd. for \$464 million. Forest owns oil and gas producing properties, and operates the Osprey production platform in Cook Inlet. The transaction is expected to close June 30.

Included in the transaction is 181 billion cubic feet of oil and gas equivalent, Forest said in its press release. During 2006 the company's daily production averaged 38 billion cubic feet per day of oil and gas equivalent. That works out to about 4,720 barrels of oil per day and about 7 million cubic feet of natural gas daily.

Cash terms of the sale include \$380 million that will be used to repay loans held by Forest's Alaska subsidiary, Forest Alaska Operating LLC, and \$68 million paid to the parent corporation. Forest will also receive 5.5 million shares of Pacific Energy Resources stock, valued at approximately \$16 million.

Forest also held a 1 percent interest of the Prudhoe Bay field on the North Slope, but this was acquired recently by other owners of the field, mainly BP, ConocoPhillips and Exxon Mobil.

In Cook Inlet, Forest owned minority shares of several offshore oil and gas fields operated by Chevron Corp., the majority owner, and also developed the small Redoubt Shoals oil field with the Osprey platform, which was its own project. Redoubt Shoals was a disappointment for the company after reservoir problems resulted in less oil being produced than had been expected.



The Osprey production platform is seen in Cook Inlet in this file photo. Forest Oil Corp., which developed the Redoubt Shoals field with the platform, will sell its Alaska assets for \$464 million. *ARCHIVE PHOTO*
