FOREST OIL CORP
Form 10-K
February 28, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

(Mark One)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-13515

FOREST OIL CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

State of incorporation: **New York**	I.R.S. Employer Identification No. **25-0484900**
707 17th Street - Suite 3600 - Denver, Colorado	**80202**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **303-812-1400**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock, Par Value $.10 Per Share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes o No ý

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 29, 2007, the last business day of the registrant's most recently completed second fiscal quarter, was $3,357,673,088 (based on the closing price of such stock on the New York Stock Exchange Composite Tape).

There were 88,407,646 shares of the registrant's common stock, par value $.10 per share, outstanding as of February 15, 2008.

Documents incorporated by reference: Portions of the registrant's notice of annual meeting of shareholders and proxy statement to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year end of December 31, 2007 are incorporated by reference into Part III of this Form 10-K.

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PART I

Item 1. Business.

General

Forest is an independent oil and gas company engaged in the acquisition, exploration, development, and production of natural gas and liquids primarily in North America. 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. Throughout this Form 10-K we use the terms "Forest," "Company," "we," "our," and "us" to refer to Forest Oil Corporation and its subsidiaries.

We currently conduct our operations in three geographical segments and five business units. Geographical segments include: the United States, Canada, and International. Business units include: Western, Eastern, Southern, Canada, and International. We conduct exploration and development activities in each of our geographical segments; however, substantially all of our estimated proved reserves and all of our producing properties are located in North America. Forest's total estimated proved reserves as of December 31, 2007 were approximately 2.1 Tcfe. At December 31, 2007, approximately 85% of our estimated proved oil and gas reserves were in the United States, approximately 12% were in Canada, and approximately 3% were in Italy. See Note 14 to the Consolidated Financial Statements for additional information about our geographical segments.

In the following discussion, we make statements that may be deemed "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. See "Forward-Looking Statements," below, for more details. We also use a number of terms used in the oil and gas industry. See the heading "Glossary of Oil and Gas Terms," below, for the definition of certain terms.

Over the last several years, we have implemented a strategy directed at transforming Forest from a predominantly Gulf of Mexico oil and gas producer with frontier exploration emphasis to a North American onshore producer with numerous low risk opportunities for growth. As part of this transformation, we have made several key acquisitions and dispositions, including most recently the acquisition of The Houston Exploration Company ("Houston Exploration") in June 2007, the sale of our Alaska operations in August 2007, and the disposition of our offshore Gulf of Mexico properties in March 2006.

Acquisition of Houston Exploration

On June 6, 2007, Forest completed the acquisition of Houston Exploration in a cash and stock transaction totaling approximately $1.5 billion and the assumption of Houston Exploration's debt. Houston Exploration was an independent natural gas and oil producer engaged in the exploration, development, exploitation, and acquisition of natural gas and oil reserves in North America. Houston Exploration had operations in four producing regions within the United States: South Texas, East Texas, the Arkoma Basin of Arkansas, and the Uinta and DJ Basins in the Rocky Mountains. At the time of the acquisition in June 2007, Forest estimated the Houston Exploration oil and gas reserves to be 653 Bcfe, of which 71% were classified as proved developed and the remaining amounts were classified as proved undeveloped. Pursuant to the terms and conditions of the agreement and plan of merger ("Merger Agreement"), Forest paid total merger consideration of $750 million in cash and issued approximately 24 million common shares, valued at $30.28 per share. The per share value of the Forest common shares issued was calculated as the average of Forest's closing share price for a five day period surrounding the announcement date of the acquisition on January 7, 2007. The cash component of the merger consideration was financed from a private placement of $750 million of $7^1/_4$% senior notes due 2019 and borrowings under our $1.0 billion second amended and restated credit facilities that were executed on June 6, 2007.

Sale of Alaska Assets

On August 27, 2007, Forest sold all of its assets located in Alaska (the "Alaska Assets") to Pacific Energy Resources Ltd. ("PERL"). Forest estimated the proved oil and gas reserves associated with the Alaska Assets at closing to be 173 Bcfe. The total consideration received for the Alaska Assets included $400 million in cash, 10 million shares of PERL common stock (subject to certain restrictions), and a zero coupon senior subordinated note from PERL due 2014 in the principal amount at stated maturity of $60.8 million.

Spin-off of Offshore Gulf of Mexico Operations

On March 2, 2006, Forest completed the spin-off of its offshore Gulf of Mexico operations by means of a special dividend, which consisted of a pro rata spin-off (the "Spin-off") of all outstanding shares of Forest Energy Resources, Inc. (hereinafter known as Mariner Energy Resources, Inc. or "MERI"), a total of approximately 50.6 million shares of common stock, to holders of record of Forest common stock as of the close of business on February 21, 2006. Immediately following the Spin-off, MERI was merged with a subsidiary of Mariner Energy, Inc. ("Mariner") (the "Merger"). Mariner's common stock commenced trading on the New York Stock Exchange on March 3, 2006. Forest estimated the proved oil and gas reserves associated with the Spin-off to be 313 Bcfe.

The Spin-off was a tax-free transaction for federal income tax purposes. Prior to the Merger, as part of the Spin-off, MERI paid Forest approximately $176.1 million. The $176.1 million was drawn on a newly created bank credit facility established by MERI immediately prior to the Spin-off. This credit facility and the associated liability were included in the Spin-off. Subsequent to the closing, in 2006 Forest received additional net cash proceeds of $21.7 million from MERI for a total of $197.8 million. In accordance with the transaction agreements, Forest and MERI each submitted post-closing adjustments, from which Forest paid MERI a total of $5.8 million during 2007. Additional adjustments to the cash amount may occur during 2008 pending the resolution of certain accounting matters that are the subject of ongoing arbitration between Forest and MERI. The arbitration is currently expected to be concluded in the second half of 2008.

Business Strategy

We adopted a new business strategy in 2003 that includes four key points: make strategic acquisitions, increase production organically, control costs, and remain financially flexible.

Make Strategic Acquisitions

We pursue strategic acquisitions that meet our criteria for investment returns and that are consistent with our operational focus. We believe this enables us to leverage our technical expertise and existing land and infrastructure positions. Since the inception of our four-point strategy in 2003, through 2007 we have incurred approximately $3.7 billion (including deferred tax gross ups of $.7 billion recorded in connection with business combinations) to acquire oil and gas assets including approximately 1.5 Tcfe of estimated proved reserves, over 1.5 million net acres, drilling rigs, and transportation infrastructure. In general, our acquisition program has focused on acquisitions of properties that have substantial development drilling opportunities and undeveloped acreage.

During 2007, we made approximately $2.2 billion of oil and gas acquisitions (including approximately $559 million of deferred tax gross ups), including the acquisition of Houston Exploration in June 2007 as discussed above. The oil and gas properties of Houston Exploration included approximately 926,000 net acres, an estimated 653 Bcfe of estimated proved reserves, and production of 204 MMcfe per day. Of the 926,000 net acres, approximately 738,000 net acres were undeveloped.

During 2006, we made approximately $316 million of oil and gas acquisitions, including the acquisition of oil and gas properties located primarily in the Cotton Valley trend in East Texas

("Cotton Valley assets") for approximately $255 million in cash, as adjusted to reflect an economic effective date of February 2, 2006. At the time the acquisition was announced, the Cotton Valley assets included approximately 26,000 net acres, an estimated 110 Bcfe of estimated proved reserves, and production of 13 MMcfe per day. Of the 26,000 net acres, approximately 14,000 net acres were undeveloped.

During 2005, we made approximately $314 million of oil and gas acquisitions (including approximately $71 million of deferred tax gross ups). The largest acquisition was of oil and gas properties in the Buffalo Wallow area in the Texas Panhandle in April 2005. The Buffalo Wallow transaction included the payment of $197 million in cash and the assumption of $35 million of debt to acquire approximately 120 Bcfe of estimated proved reserves and approximately 28,000 net acres primarily in Hemphill and Wheeler Counties, Texas.

Organic Growth

Our acquisition program has provided oil and gas properties conducive to low-risk, repeatable development and exploitation opportunities focused primarily in unconventional tight gas sand reservoirs. In 2008, Forest expects continued organic growth from its planned exploitation activities, including exploration and development drilling, workovers, stimulation treatments, enhanced oil recoveries, and recompletions.

Focus on Cost Control

Maintaining capital spending discipline and a focus on cost control are keystones of Forest's business philosophy. A critical area of our cost control efforts is lease operating expenses. While in a period of rising costs in the oil and gas sector, we decreased our per-unit lease operating expenses from the level achieved in 2005. See "*Lease Operating Expenses*" and the accompanying table in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations." Lease operating expenses decreased 11% to $1.08 per Mcfe in 2007 compared to $1.21 per Mcfe in 2005.

Maintain Financial Flexibility

We seek to maintain financial flexibility and sufficient liquidity to capitalize on opportunities as they arise. Generally, we attempt to maintain a debt-to-book capitalization ratio of between 30% and 40% but may exceed this range when conditions warrant using leverage to make strategic acquisitions. At December 31, 2007, for example, our debt-to-book capitalization ratio was 42%, which was reduced from 49% at mid-year 2007. Subsequent to the acquisition of Houston Exploration in June 2007, our debt-to-book capitalization ratio increased to 49% as a result of the issuance of $7^1/_4$% senior notes due 2019 and debt assumed in the acquisition. However, strategic sales in 2007, including the Alaska Assets and a sales lease back transaction of previously owned drilling equipment, reduced our debt-to-book capitalization ratio to 42% at December 31, 2007.

We also employ a "free cash flow" business model where we expect each of our producing business units to generate cash flows from operations (before changes in working capital) equal to or in excess of the business unit's capital expenditures used in exploration and development activities. We believe this policy provides for sustainable and sensible growth while providing the opportunity to use leverage to capitalize on acquisition opportunities. Hedging is also an important part of our strategy to cushion our exposure to commodity price volatility. We have a board-approved policy related to commodity hedging activities. As of February 27, 2008, we have hedged, via swaps and collar instruments, approximately 75 Bcfe of our 2008 production.

At December 31, 2007, we had approximately $10 million of cash on hand and $703 million available under our credit facilities.

Business Unit Activities

The production volumes, estimated proved reserves, and exploration and development expenditures for our business units as of and for the year ended December 31, 2007 are summarized below. The acquisition of Houston Exploration on June 6, 2007 had a significant impact on the Western, Eastern, and Southern business units. Accordingly, the production volumes and the exploration and development expenditures reflected in the table below are not indicative of full-year results.

	Production Volumes			Estimated Proved Reserves	Exploration and Development Expenditures[(1)]
Business Unit	**Natural Gas (MMcf)**	**Liquids (MBbls)**	**Total (MMcfe)**	**Total (Bcfe)**	**Total (In Thousands)**
Western	28,261	3,892	51,613	767.9	$ 278,701
Eastern	24,102	1,498	33,090	600.3	227,587
Southern	29,327	573	32,765	442.6	103,614
Canada	25,079	1,060	31,439	252.1	173,212
International[(2)]				56.3	15,853
Alaska[(3)]	1,273	922	6,805		4,601
Total	108,042	7,945	155,712	2,119.2	$ 803,568

(1) Includes estimated discounted asset retirement obligations of $1.4 million.

(2) All estimated proved reserves in the International business unit are in Italy.

(3) On August 27, 2007, Forest sold its Alaska Assets to PERL.

Western

The Western business unit's operations are located in the Texas Panhandle, West Texas, New Mexico, North Dakota, western Oklahoma, Colorado, Utah, and Wyoming. A significant area of activity for the Western business unit is in the Buffalo Wallow area located in Hemphill and Wheeler Counties in the Texas Panhandle. In 2007, we drilled 63 gross wells in the Buffalo Wallow area and plan to drill over 70 gross wells in 2008 targeting the Granite Wash and Atoka sands. As of December 31, 2007, we have identified approximately 700 non-proved potential locations in the Buffalo Wallow area, some of which have been approved for 20 acre downspacing. Current production from the Buffalo Wallow area represents approximately 35% of the Western business unit's total production. Capital expenditures in the Buffalo Wallow area are expected to comprise approximately $180 million of the business unit's 2008 capital expenditure budget of approximately $300 million.

The Western business unit added the Rocky Mountain leasehold positions acquired from Houston Exploration in 2007 including the Niobrara area in eastern Colorado and the Uinta Basin in western Utah. The Niobrara area has a significant number of potential drilling locations on approximately 475,000 net acres. With attractive, low risk, low decline rates, and low development costs, we expect to further optimize the gas gathering infrastructure and drill approximately 25 wells in the Niobrara field in 2008 utilizing 3D seismic. Our leaseholds in the Uinta Basin also have a significant number of potential drilling locations on approximately 100,000 net acres with substantial gas resource in place. Although we decreased the level of activity in the Uinta Basin in 2007 to allocate capital on higher rate-of-return projects in East Texas and the Arkoma Basin, we plan to continue a consistent level of activity in 2008 as we believe field economics have improved since 2007.

Eastern

The Eastern business unit's operations are located in East Texas, Arkansas, and Louisiana. The business unit's most significant area of focus has been in the Cotton Valley trend in East Texas since the initial acquisition of 26,000 net acres in early 2006. Since the initial acquisition, we have drilled a total of 83 net wells targeting multi-pay zones including the upper and lower Cotton Valley Taylor sands and, together with the additional net acreage acquired from the Houston Exploration acquisition, our net acreage position has increased to over 60,000 net acres. In 2008, we expect to drill over 50 gross wells including 12 horizontal wells on large undeveloped acreage in blocks in the area. The Eastern business unit also added another core area in the Arkoma Basin in western Arkansas as a result of the Houston Exploration acquisition. The Arkoma Basin has over 39,000 net acres and provides for additional low risk, low cost repeatable drilling opportunities with downspacing potential. In addition to a significant amount of surface work that commenced in 2007 and will continue in 2008, we plan to drill over 100 gross wells in the Arkoma Basin in 2008. Current production from the East Texas and the Arkoma Basin properties represents approximately 75% of the Eastern business unit's total production. We expect capital expenditures in these areas to comprise approximately $195 million of the business unit's 2008 capital expenditure budget of approximately $285 million.

Southern

The Southern business unit's operations are located in South Texas. The business unit's core operations include the Charco and Rincon fields acquired from Houston Exploration as well as the Katy and McAllen Ranch fields, which are legacy Forest properties. With the utilization of an extensive seismic database, we have identified a significant number of drilling locations in South Texas, and we plan to drill approximately 59 wells in the area in 2008. In 2008, we also plan to continue our extensional and infill drilling and recompletion program in the Katy field after achieving excellent results in 2007. Current production from the Rincon, Charco, Katy and McAllen Ranch fields represents approximately 65% of the Southern business unit's total production. Capital expenditures in the Rincon, Charco, Katy and McAllen Ranch fields are expected to comprise approximately $125 million of the business unit's 2008 capital expenditure budget of approximately $215 million.

Canada

The Canada business unit's operations are located primarily in central Alberta. The Canada business unit's primary area of focus is in the Deep Basin in central Alberta. In 2007, a total of 45 gross wells were drilled utilizing new fracture stimulation techniques resulting in the best wells drilled in the area to date by Forest in terms of initial production rates. We plan to drill approximately 35 gross wells in the Deep Basin in 2008. With the business unit's Wild River field anticipated to reach full development of its Cretaceous zones on 160-acre spacing, we plan to direct further capital at Sundance/Ansell, a multi-zone, Cretaceous play similar to Wild River in 2008 and focus on further development of additional reservoirs in the Wild River field. The Canada business unit also expanded its acreage position in the Deep Basin in 2007 to approximately 73,000 gross acres, with extensive 3D seismic coverage. Current production from the Deep Basin represents approximately 50% of the Canada business unit's total production. Capital expenditures in the Deep Basin are expected to be approximately $80 million of the business unit's 2008 capital expenditure budget of approximately $140 million.

International

The International business unit's operations are located in Italy and South Africa. In 2007, the International business unit drilled and completed two wells in Italy, which established estimated proved reserves of approximately 56 Bcfe as of December 31, 2007. Production from these wells is expected to come on line in 2009. In South Africa, the business unit continued to pursue commercial development of the Ibhubesi field discovery. The business unit filed a production right application and also continued efforts toward securing gas sales contracts for the Ibhubesi field. See "*Acreage*" below, for further details.

Reserves

The following table shows our estimated quantities of proved reserves as of December 31, 2007 and 2006. Substantially all estimated proved reserves are currently located in North America. See Note 16 to the Consolidated Financial Statements for additional information regarding estimated proved reserves.

	December 31,	
	2007	**2006**
Proved developed:		
Natural gas (MMcf)	1,092,075	566,139
Liquids (MBbls)	66,597	78,280
Total (MMcfe)	1,491,657	1,035,819
Proved undeveloped:		
Natural gas (MMcf)	460,301	211,900
Liquids (MBbls)	27,879	34,584
Total (MMcfe)	627,575	419,404
Total proved:		
Natural gas (MMcf)	1,552,376	778,039
Liquids (MBbls)	94,476	112,864
Total (MMcfe)	2,119,232	1,455,223

Uncertainties are inherent in estimating quantities of proved reserves, including many factors beyond our control. Reserve engineering is a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and its interpretation. As a result, estimates by different engineers often vary, sometimes significantly. In addition, physical factors such as the results of drilling, testing, and production subsequent to the date of an estimate, as well as economic factors such as change in product prices or development and production expenses, may require revision of such estimates. Accordingly, oil and gas quantities ultimately recovered will vary from reserve estimates. See Item 1A "Risk Factors," for a description of some of the risks and uncertainties associated with our business and reserves.

Forest annually files estimates of its oil and gas reserves with the U.S. Department of Energy ("DOE"). During 2007, we filed estimates of our oil and gas reserves as of December 31, 2006 with the DOE, which were consistent with the reserve data reported for the year ended December 31, 2006 in Note 16 to the Consolidated Financial Statements.

Independent Audit of Reserves

For financial reporting purposes, including this Form 10-K, Forest uses reserve estimates prepared by its internal staff of engineers. We engage independent reserve engineers to audit a substantial portion of our reserves. Our reserve audit procedures require the independent reserve engineers to prepare their own independent estimates of proved reserves for fields comprising at least 80% of the aggregate value of our year-end proved reserves, discounted at 10% per annum, for each country in which we own fields for which proved reserves have been recorded. The fields selected for audit comprise at least the top 80% of Forest's fields based on the discounted value of such fields and a minimum of 80% of the value added during the year through discoveries, extensions, and acquisitions. Forest may also include fields that fall outside of the top 80% that represent material volumes of proved reserves, have experienced material revisions to prior estimates of proved reserve volumes or value, or have experienced changes as a result of new operational activity. The procedures prohibit exclusions of any fields, or any part of a field, that comprises part of the top 80%. The independent reserve engineers then compare their estimates to those prepared by Forest. The independent reserve audits prepared for Forest are not financial audits and are not performed in accordance with the established generally accepted financial audit procedures. Instead, a reserve audit is conducted based on reserve definition and cost and price parameters specified by the Securities and Exchange Commission ("SEC").

For the year-end 2007, we engaged DeGolyer and MacNaughton, an independent petroleum engineering firm, to perform reserve audit services. DeGolyer and MacNaughton independently audited estimates relating to properties constituting approximately 81% of our reserves, as of December 31, 2007, based on reserve values. When compared on a field-by-field basis, some of Forest's estimates of net proved reserves were greater and some were less than the estimates prepared by DeGolyer and MacNaughton. However, there was no material difference, in the aggregate, between Forest's internal estimates of total net proved reserves and the estimates prepared by DeGolyer and MacNaughton for the fields subject to the audit.

Drilling Activities

During 2007, we drilled a total of 495 gross wells, of which 52 were classified as exploration and 443 were classified as development. Our 2007 drilling program achieved a 96% success rate. The following table summarizes the number of wells drilled during 2007, 2006, and 2005, excluding any wells drilled under farmout agreements, royalty interest ownership, or any other wells in which we do not have a working interest. As of December 31, 2007, we had 40 gross (28 net) wells in progress in the United States and 14 gross (8 net) wells in progress in Canada.

	Year Ended December 31,					
	2007		2006		2005	
	Gross	Net	Gross	Net	Gross	Net
Development wells, completed as:						
Gas wells	392	210	210	52	232	32
Oil wells	34	29	13	11	16	14
Non-productive[(1)]	17	14	1	1	3	3
Total	443	253	224	64	251	49
Exploratory wells, completed as:						
Gas wells	41	28	135	68	100	51
Oil wells	6	2	15	9	31	27
Non-productive[(1)]	5	3	8	5	10	5
Total	52	33	158	82	141	83

(1) A non-productive well is a well found to be incapable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or natural gas well; also known as a dry well (or dry hole).

Productive Wells

Productive wells consist of producing wells, and wells capable of production, including shut-in wells. A well bore with multiple completions is counted as only one well. As of December 31, 2007, Forest owned interests in 458 gross wells containing multiple completions. The following table summarizes our productive wells as of December 31, 2007, all of which are located in the United States, Canada, and Italy:

	United States				Canada				Italy				Total	
	Operated Wells		Non-operated Wells(1)		Operated Wells		Non-operated Wells		Operated Wells		Non-operated Wells		Operated and Non-operated Wells	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Gas	2,674	2,560	3,316	176	375	295	251	70	2	2			6,618	3,103
Oil	2,020	1,987	604	56	246	221	95	20					2,965	2,284
Total	4,694	4,547	3,920	232	621	516	346	90	2	2			9,583	5,387

(1) The large variance between gross and net non-operated wells is primarily a result of our ownership interest in approximately 2,589 gross gas wells in the San Juan Basin with an average working interest of approximately 5%.

Acreage

The following table summarizes developed and undeveloped acreage in which we owned a working interest or held an exploration license as of December 31, 2007 and 2006. A majority of our developed acreage in the United States and Canada is subject to mortgage liens securing our bank credit facilities. Acreage related to royalty, overriding royalty, and other similar interests is excluded from this summary, as well as acreage related to any options held by us to acquire additional leasehold interests.

	December 31,							
	2007				2006			
	Developed Acreage		Undeveloped Acreage		Developed Acreage		Undeveloped Acreage	
Location	Gross	Net	Gross	Net	Gross	Net	Gross	Net
United States:								
Western(1)	353,754	217,814	1,128,547	789,494	262,461	154,267	207,190	103,820
Eastern(1)	172,633	113,557	282,298	139,101	115,554	64,034	229,797	118,497
Southern(1)	192,752	135,852	73,843	34,208	68,921	38,351	22,685	5,755
Alaska(2)					52,242	32,155	1,038,532	1,012,637
	719,139	467,223	1,484,688	962,803	499,178	288,807	1,498,204	1,240,709
Canada	286,016	157,737	852,704	375,398	267,157	151,645	1,082,504	581,746
International:								
South Africa			2,771,695	1,474,542			2,771,695	1,474,542
Gabon								