FOREST OIL CORP
Form 11-K
June 29, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

[X] Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2000

OR

[ ] Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number: 1-13515

Full title of the plan and name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

RETIREMENT SAVINGS PLAN OF FOREST OIL CORPORATION

FOREST OIL CORPORATION
1600 Broadway
Suite 2200
Denver, Colorado 80202

Exhibits.

23. Consent of Independent Auditors to incorporation by reference in Form S-8.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrative Committee of the Retirement Savings Plan of Forest Oil Corporation has duly caused this annual report to be signed by the undersigned hereunto duly authorized.

RETIREMENT SAVINGS PLAN OF
FOREST OIL CORPORATION

Dated: June 29, 2001

By: /s/ Joan C. Sonnen

Joan C. Sonnen, Member of the
Administrative Committee of
the Retirement Savings Plan of
Forest Oil Corporation

RETIREMENT SAVINGS PLAN OF
FOREST OIL CORPORATION

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

DECEMBER 31, 2000 AND 1999

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

RETIREMENT SAVINGS PLAN OF FOREST OIL CORPORATION

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SUPPLEMENTAL SCHEDULE

INDEPENDENT AUDITORS' REPORT

THE PARTICIPANTS AND ADMINISTRATIVE COMMITTEE
RETIREMENT SAVINGS PLAN OF FOREST OIL CORPORATION:

We have audited the accompanying statements of net assets available for plan benefits of the Retirement Savings Plan of Forest Oil Corporation (the Plan) as of December 31, 2000 and 1999, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 net assets available for plan benefits of the Retirement Savings Plan of Forest Oil Corporation as of December 31, 2000 and 1999, and the changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes as of December 31, 2000 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements as of December 31, 2000 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

Denver, Colorado
June 27, 2001

RETIREMENT SAVINGS PLAN OF FOREST OIL CORPORATION

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
DECEMBER 31, 2000 AND 1999

	2000
ASSETS:	
Investments, at fair value:	
Forest Oil Corporation Common Stock	$ 1,611,216
Pooled Funds - Stable Asset Fund	1,572,295
Participant directed mutual funds	16,761,164
	19,944,675
Loans to participants	300,778
Cash and short-term investments	79,491
Total assets	20,324,944
LIABILITIES:	
Stock purchase payables	6,375
Total liabilities	6,375
Net assets available for plan benefits, including distributions payable to participants of $283,084 in 2000 and $45,618 in 1999.	$ 20,318,569

See accompanying notes to financial statements.

RETIREMENT SAVINGS PLAN OF FOREST OIL CORPORATION

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000
Additions:	
Contributions:	
Company	$ 579,751
Participants	1,047,504
Dividend and interest income	2,414,181
	4,041,436
Net appreciation (depreciation) in fair value of investments, including realized and unrealized gains and losses	(2,934,004)
Deductions -	
Distributions to participants	2,105,180
Increase (decrease) in net assets available for plan benefits	(997,748)
Net assets available for plan benefits at beginning of year	21,316,317
Net assets available for plan benefits at end of year	$ 20,318,569

See accompanying notes to financial statements.

RETIREMENT SAVINGS PLAN OF FOREST OIL CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

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(1) DESCRIPTION OF THE PLAN

The Retirement Savings Plan of Forest Oil Corporation (the Plan) is a defined contribution plan sponsored by Forest Oil Corporation and certain of its affiliates (the Company) which includes a cash or deferred compensation arrangement under Section 401(k) of the Internal Revenue Code. The Plan is available to any employee of Forest Oil Corporation and any employee of its affiliates (except for certain employees who were employed by the former Forcenergy Inc) that have adopted the Plan.

Investment options available to participants during the years ended December 31, 2000 and 1999 are as follows:

Forest Oil Corporation Common Stock	Common stock of Forest Oil Corporation
Stable Asset Fund	Collective trust consisting of guaranteed insurance contracts
Janus Fund	Mutual fund consisting primarily of common stocks and similar equity securities
Harbor International Fund	Mutual fund consisting of non-U.S. equity securities
Dodge & Cox Balanced Fund	Mutual fund consisting primarily of common stocks and bonds
Heartland Value Fund	Mutual fund consisting primarily of equity securities with market capitalizations of less than $300,000,000
Pimco Total Return Fund	Mutual fund consisting of fixed income securities with a portfolio duration of three to six years
Chesapeake Institutional Fund	Mutual fund consisting primarily of common and preferred stocks and convertible securities of medium and large capitalization companies
Vanguard S&P 500 Index Fund	Mutual fund consisting primarily of common stocks in the same proportion as the S&P 500 Index.

Employees enrolled in the Plan may elect to defer from 1% to 15% of their compensation, subject to defined limits, on a pre-tax basis as a contribution to the Plan (Deferred Compensation Contribution). Each month, the Company contributes an amount equal to the Deferred Compensation Contribution made by each participant, limited to 5% of the participant's compensation (Company Matching Contribution). At the sole discretion of the Executive Committee of the Forest Oil Corporation Board of Directors, the Company Matching

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(1) DESCRIPTION OF THE PLAN (CONTINUED)

Contributions may be made in cash, in shares of Forest Oil Corporation Common Stock, or in any combination of cash and shares of Forest Oil Corporation Common Stock. No stock was contributed during the plan years ended December 31, 2000 and 1999.

Participants are fully vested in their own contributions at all times. Company matching contributions made to a participant's account vest pursuant to a graduated schedule whereby full vesting occurs upon the completion of five years of service. Nonvested Company matching and profit-sharing contributions are subject to forfeiture under certain conditions and forfeited balances are available to reduce succeeding Company matching contributions to the Plan. The Company did not use any forfeitures in 2000 to reduce Company matching contributions. There were $34,575 of forfeitures used to reduce matching contributions in 1999.

Expenses associated with the administration and investment activities of the Plan are paid by the Company.

The Company maintains the right to terminate or amend the Plan at any time. In the event of a termination or partial termination of the Plan, or complete discontinuance of contributions to the Plan, the balances of the affected participants as of the date of the termination or discontinuance shall become fully vested and nonforfeitable. The total amount in each participant's accounts shall be distributed as the Administrative Committee shall direct, to the participant or for the participant's benefit, or shall continue to be held in trust for the participant's benefit.

The foregoing description of the Plan provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions. Copies of the Summary Plan Description are available from the Administrative Committee of the Plan.

RETIREMENT SAVINGS PLAN OF FOREST OIL CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

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(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

In the course of preparing the financial statements of the Plan, management of the Plan makes various assumptions and estimates to determine the reported amounts of assets, liabilities and changes in net assets available for plan benefits, and in the disclosures of commitments and contingencies. Changes in these assumptions and estimates will occur as a result of the passage of time and the occurrence of future events and, accordingly, actual results could differ significantly from amounts estimated.

VALUATION OF INVESTMENTS

For financial reporting purposes, investments are recorded at fair value based on quoted market prices or, in the case of the Stable Asset Fund, based on the contract values of the underlying guaranteed investment contracts. Purchases and sales of securities are recorded on the trade date. Gains or losses on sales of investments are based on the difference between sales proceeds and the cost of the investment determined on an average unit cost basis.

Investments in the Stable Asset Fund are based on contract value because the contracts are fully benefit-responsive. As such, participants may direct the withdrawal or transfer of all or a portion of their investments at contract value. The fair value of the investments in the Stable Asset Fund is estimated to be approximately equal to the contract value at December 31, 2000 and 1999. The crediting interest rate was approximately 6.22% and 6.33% as of December 31, 2000 and 1999, respectively.

Investments in the Stable Asset Fund, the Janus Fund, the Harbor International Fund, the Dodge & Cox Balanced Fund, the Heartland Value Fund, the Pimco Total Return Fund, the Chesapeake Institutional Fund and the Vanguard S&P 500 Index Fund are represented by units. The total value of each fund at any given time consists of the market value of the investments held in the fund, including any income retained on such investments. The average unit value for each fund is computed by dividing the number of units outstanding into the total value of the fund.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

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(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LOANS TO PARTICIPANTS

Pursuant to the terms of the Plan, loans may be made to the extent of 50% of a participant's vested interest in all accounts, limited to $50,000. Each loan is evidenced by a promissory note. Interest is fixed throughout the maximum 60-month term of each loan at 1% per annum over the J.P. Morgan Chase & Co. Inc. prime rate in effect at the end of the month preceding inception of the loan. Loans outstanding as of December 31, 2000 and 1999 bore interest at rates ranging from 8.75% to 10.5% and 8.75% to 10%, respectively. All outstanding loans must be repaid in full within 90 days following a participant's termination of employment. In the event of default, the participant is deemed to have made a withdrawal of the unpaid principal balance.

RECLASSIFICATIONS

Certain 1999 balances have been reclassified to confirm to the 2000 presentation.

(3) INVESTMENTS

The Plan's investments are held in a bank-administered trust fund. During 2000 and 1999, the Plan's investments (depreciated) appreciated in fair value (including realized and unrealized gains and losses) by $(2,934,004) and $3,526,348, respectively.

The fair values of individual investments that represent 5% or more of the Plan's net assets at December 31, 2000 and 1999 are as follows:

	2000	1999
Forest Oil Corporation Common Stock	$ 1,611,216	1,543,479
Stable Asset Fund	1,572,295	1,820,363
Janus Fund	6,933,335	7,778,594
Harbor International Fund	3,020,837	3,579,549
Dodge & Cox Balanced Fund	2,096,757	2,136,415
Heartland Value Fund	1,881,160	1,971,114
Chesapeake Institutional Fund	1,485,720	--
Vanguard S&P 500 Index Fund	1,143,966	--

RETIREMENT SAVINGS PLAN OF FOREST OIL CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

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(4) RECONCILIATION TO INTERNAL REVENUE SERVICE (IRS) FORM 5500

Distributions payable to terminated employees are shown as a liability on IRS Form 5500. For financial statement purposes, all net assets of the Plan are considered to be available for plan benefits; therefore, distributions payable to participants are not deducted from total assets to derive net assets available for plan benefits. Correspondingly, distributions to participants include only actual amounts paid during each year for financial statement purposes. For purposes of the IRS Form 5500, distributions include amounts payable to terminated participants.

The following is a reconciliation of net assets available for plan benefits as shown in the financial statements to amounts shown on Form 5500:

	December
	2000
Net assets available for plan benefits as shown in the financial statements	$ 20,318,569
Amounts allocated to withdrawing participants	(283,084)
Net assets available for benefits as shown in Form 5500	$ 20,035,485

The following is a reconciliation of benefits paid to participants as shown in the financial statements to amounts shown on Form 5500:

	Year ended Dec
	2000
Benefits paid to participants and forfeitures as shown in the financial statements	$ 2,105,180
Add: Amounts allocated to withdrawing participants at December 31, 2000 and 1999, respectively	283,084
Less: Amounts allocated to withdrawing participants at December 31, 1999 and 1998, respectively	(45,618)
Benefits paid to participants as shown in Form 5500	$ 2,342,646

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RETIREMENT SAVINGS PLAN OF FOREST OIL CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

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(5) FEDERAL INCOME TAXES

The IRS has issued a determination letter dated April 24, 1996 indicating that the Plan, as amended, and as then designed, was qualified under Section 401(a) of the Internal Revenue Code (the Code) and that the trust was therefore exempt from federal income tax under Section 501(a) of the Code. The Plan has since been amended. The Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code and that the Plan is qualified and the related trust continues to be tax-exempt.

(6) FINANCIAL REPORTING

In September 1999, the American Institute of Certified Public Accountants issued Statement of Position 99-3, ACCOUNTING FOR AND REPORTING OF CERTAIN DEFINED CONTRIBUTION PLAN INVESTMENTS AND OTHER DISCLOSURE MATTERS (SOP 99-3). SOP 99-3 simplifies the disclosure for certain investments and is effective for plan years ending after December 15, 1999, with earlier application encouraged. The Plan adopted SOP 99-3 during the Plan year ended December 31, 1999. Accordingly, information previously required to be disclosed about participant-directed fund investment programs is not presented in the Plan's 2000 and 1999 financial statements.

(7) FORFEITED ACCOUNTS

In 2000 and 1999, participants withdrawing from the Plan forfeited balances of $19,065 and $14,011, respectively. Forfeited amounts are used to reduce future Company Maturing Contributions.

SUPPLEMENTAL SCHEDULE

RETIREMENT SAVINGS PLAN OF FOREST OIL CORPORATION

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2000

Identity of Issue	Number of Shares or Units
Forest Oil Corporation Common Stock	43,694
Pooled funds - Stable Asset Fund	70,027
Mutual funds:	
Janus Fund	208,271
Harbor International Fund	86,088
Dodge & Cox Balanced Fund	33,061
Heartland Value Fund	57,039
Pimco Total Return Fund	19,190
Chesapeake Institutional Fund	98,588
Vanguard S&P 500 Index Fund	9,388
Money market funds - State Street Short-Term Investment Funds*	79,491
Loans to participants, bearing interest at rates ranging from 8.75% to 10.5%	
TOTAL INVESTMENTS	

All investments are held by State Street Bank, which is a party-in-interest.

See accompanying independent auditors' report.

EXHIBIT INDEX

Exhibit 23. Consent of KPMG LLP.