MARINER ENERGY INC
Form S-4/A
December 22, 2005

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**As filed with the Securities and Exchange Commission on December 22, 2005**

**Registration No. 333-129096**

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

**Amendment No. 1**
**to**
**Form S-4**
**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

**Mariner Energy, Inc.**
*(Exact name of registrant as specified in its charter)*

| | | |
|---|---|---|
| **Delaware** | **1311** | **86-0460233** |
| *(State or other jurisdiction of incorporation or organization)* | *(Primary Standard Industrial Classification Code Number)* | *(I.R.S. Employer Identification No.)* |

**2101 CityWest Blvd., Bldg. 4, Suite 900**
**Houston, Texas 77042**
**(713) 954-5500**
*(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)*

**Teresa Bushman**
**Vice President and General Counsel**
**Mariner Energy, Inc.**
**2101 CityWest Blvd., Bldg. 4, Suite 900**
**Houston, Texas 77042**
**(713) 954-5505**
*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

***Copies to:***

| | | |
|---|---|---|
| **Kelly B. Rose** | **Cyrus D. Marter IV** | **Alan P. Baden** |
| **Baker Botts L.L.P.** | **Forest Oil Corporation** | **Shelley A. Barber** |
| **910 Louisiana** | **707 Seventeenth Street** | **Vinson & Elkins L.L.P.** |
| **One Shell Plaza** | **Suite 3600** | **666 Fifth Avenue, 26th Floor** |
| **Houston, Texas 77002** | **Denver, CO 80202** | **New York, NY 10103-0040** |
| **(713) 229-1234** | **(303) 812-1400** | **(212) 237-0000** |

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after this registration statement becomes effective and upon consummation of the merger described in the enclosed proxy statement/ prospectus-information statement.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this proxy statement/prospectus-information statement is not complete and may be changed. Mariner Energy, Inc. may not distribute or issue the shares of Mariner Energy, Inc. common stock being registered pursuant to this registration statement until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus-information statement is not an offer to distribute these securities and Mariner Energy, Inc. is not soliciting offers to receive these securities in any state where such offer or distribution is not permitted.**

**SUBJECT TO COMPLETION DATED DECEMBER 22, 2005**

Houston, Texas
, 2006

Fellow Stockholder:

We invite you to attend the annual meeting of stockholders of Mariner Energy, Inc. to be held on , , 2006 at 10:00 a.m., Central Standard Time, at , Houston, Texas . At the meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement entered into among Mariner, Forest Oil Corporation, Forest Energy Resources, Inc. and MEI Sub, Inc., to consider and vote upon a proposal to amend Mariner s certificate of incorporation to increase its authorized shares of stock, to consider and vote upon a proposed amendment and restatement of Mariner s stock incentive plan, to elect one director to serve until the annual meeting of stockholders in 2009 and to elect two directors to serve until the annual meeting of stockholders in 2007.

If the merger agreement is adopted and the merger consummated, Forest Energy Resources will become a wholly owned subsidiary of Mariner, and Mariner will be a publicly traded company. Mariner has applied to list its common stock on the New York Stock Exchange. Each Forest shareholder will be entitled to receive one share of common stock of Mariner in exchange for each share of Forest Energy Resources common stock they own. Mariner stockholders will not receive consideration in the merger.

We believe that this transaction will increase Mariner s scale and balance its portfolio in the Gulf of Mexico, provide a strong financial platform for our exploration and development efforts, and enlarge our stockholder base for greater liquidity. **There are, however, risks associated with the proposed transaction, some of which are described under Risk Factors beginning on page 23 of the accompanying proxy statement/ prospectus-information statement.**

**The Mariner board of directors has determined that the merger is fair to and in the best interests of Mariner and its stockholders, and that the merger agreement is advisable. The Mariner board of directors has unanimously approved the merger agreement and recommends that the Mariner stockholders vote *for* the adoption of the merger agreement.**

In order to consummate the merger, Mariner s certificate of incorporation must be amended to increase the number of shares of stock Mariner is authorized to issue. Mariner proposes to increase its authorized shares to 200 million, of which 180 million will be shares of common stock and 20 million will be shares of preferred stock, subject to the completion of the merger. **The Mariner board of directors has unanimously approved the amendment to the certificate of incorporation, and recommends that the Mariner stockholders vote *for* the amendment.**

Mariner also proposes to amend and restate its stock incentive plan to, among other things, add 4.5 million shares of common stock, or approximately 5% of its outstanding shares following the completion of the merger, to the plan, subject to the completion of the merger. **The Mariner board of directors has unanimously approved the amended and restated stock incentive plan, and recommends that the Mariner stockholders vote *for* the amended and restated plan.**

In considering the recommendations of the Mariner board of directors, stockholders of Mariner should be aware that members of the Mariner board of directors and executive officers of Mariner have agreements and arrangements that provide them with interests in the merger that differ from, or are in addition to, those of Mariner stockholders. Please read The Mariner Annual Meeting Interests of Certain Persons in the Merger beginning on page 38 of the accompanying proxy statement/ prospectus-information statement.

All stockholders are invited to attend the meeting. **Your participation at the meeting, in person or in proxy, is important.** Even if you only own a few shares, we want your shares to be represented at the meeting. The merger cannot be completed without the approval of the holders of a majority of the outstanding shares of common stock of Mariner. Whether or not you expect to attend the meeting in person, please complete, sign, date and promptly return the enclosed proxy card in the enclosed postage-prepaid envelope. Stockholders of record also have the option of voting via the Internet or by telephone. Specific instructions on how to vote via the Internet or by telephone are included on the proxy card. Each proxy is revocable and will not affect your right to vote in person if you attend the meeting.

The proxy statement/ prospectus-information statement that accompanies this letter contains detailed information about the proposed merger and the other proposals, and we urge you to read it carefully. **In particular, you should read the Risk Factors section beginning on page 23 for a description of various risks you should consider in evaluating the proposed merger.**

Thank you and we look forward to seeing you at the meeting.

Sincerely yours,

/s/ Scott D. Josey

Scott D. Josey
*Chairman, Chief Executive Officer and President*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the new shares of Mariner common stock to be issued in the merger or determined that this proxy statement/ prospectus-information statement is accurate or complete. Any representation to the contrary is a criminal offense.**

This proxy statement/ prospectus-information statement is dated , 2006, and is first being mailed to stockholders on or about , 2006.

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Denver, Colorado
, 2006

To the Shareholders of Forest Oil Corporation:

On September 12, 2005, we announced that we would spin-off to our shareholders our offshore Gulf of Mexico operations, and that the Gulf of Mexico operations would immediately thereafter be acquired in a merger transaction by Mariner Energy, Inc. After the spin-off and merger, Mariner will be a separately traded public company that will own and operate the combination of Mariner s business and our Gulf of Mexico operations.

As a result of the transaction, in addition to retaining all of your shares of Forest common stock, you will receive approximately 0.8 shares of Mariner common stock for each Forest share you own on the record date of the transaction. You will not be required to pay for the shares of Mariner common stock that you receive. Forest shareholders will receive approximately 58% of the common stock of Mariner on a pro forma basis. Mariner has applied to list its common stock on the New York Stock Exchange.

This transaction represents a significant strategic step that we believe will sharpen Forest s focus on its onshore businesses, and will provide operational clarity. While we believe the spin-off will also allow Forest shareholders to benefit from the success and upside potential of Mariner, there are risks that are described under Risk Factors beginning on page 23 of the accompanying proxy statement/ prospectus-information statement.

Forest s board of directors has determined that the spin-off of the Gulf of Mexico operations and the combination of these operations with Mariner are advisable and in the best interests of Forest and its shareholders, and has approved the proposed transaction. **You need not take any action to participate in the spin-off or the merger no vote of Forest shareholders is required in connection with this transaction. Following the completion of the merger, you will receive information explaining how to obtain your shares of Mariner common stock.**

The following document constitutes an information statement of Forest relating to the spin-off and contains important information describing the terms of the spin-off, the merger, Forest, Mariner, the Forest Gulf of Mexico operations and the combined businesses. We encourage you to read it carefully.

We look forward to completing the spin-off and merger and to the exciting opportunities this transaction presents for our shareholders.

Sincerely,

/s/ H. Craig Clark

H. Craig Clark
*President and Chief Executive Officer*

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Houston, Texas
, 2006

**Notice of Annual Meeting of Stockholders**

To the Stockholders of Mariner Energy, Inc.

The annual meeting of holders of common stock of Mariner Energy, Inc. will be held on , , 2006 at 10:00 a.m., Central Standard Time, at , Houston, Texas ,

to consider and vote upon the adoption of the Agreement and Plan of Merger, dated as of September 9, 2005, among Forest Oil Corporation, Forest Energy Resources, Inc., Mariner Energy, Inc. and MEI Sub, Inc., subject to the approval of the amendment to Mariner s certificate of incorporation described below,

to consider and vote upon a proposed amendment to Mariner s Second Amended and Restated Certificate of Incorporation to increase the number of authorized shares of stock from 90 million to 200 million, subject to the completion of the merger,

to consider and vote upon the proposed amendment and restatement of the Mariner Energy, Inc. Stock Incentive Plan,

to elect one director to serve until the annual meeting of stockholders in 2009,

to elect two directors to serve until the annual meeting of stockholders in 2007,

to grant to the proxyholders the authority to vote in their discretion with respect to the approval of any proposal to postpone or adjourn the annual meeting to a later date to solicit additional proxies in favor of the other proposals, if there are not sufficient votes for approval of the other proposals at the annual meeting, and

to transact any other business that may properly come before the annual meeting.

The board of directors of Mariner has determined that owners of record of Mariner s common stock at the close of business on , 2006 are entitled to notice of, and have the right to vote at, the Mariner annual meeting and any reconvened meeting following any adjournment or postponement of the meeting.

**The Mariner board of directors has determined that the merger is fair to and in the best interests of Mariner and its stockholders, and that the merger agreement is advisable. The Mariner board of directors has unanimously approved the merger agreement and the other proposals and recommends that the Mariner stockholders vote *for* the adoption of the merger agreement and the other proposals.**

In considering the recommendations of the Mariner board of directors, stockholders of Mariner should be aware that members of the Mariner board of directors and executive officers of Mariner have agreements and arrangements that provide them with interests in the merger that differ from, or are in addition to, those of Mariner stockholders. Please read The Mariner Annual Meeting Interests of Certain Persons in the Merger beginning on page 38 of the accompanying proxy statement/ prospectus-information statement.

By Order of the Board of Directors
of Mariner Energy, Inc.

/s/ Teresa Bushman

Teresa Bushman
*Vice President and General Counsel*

**Your Vote is Important.**

**Whether or Not You Plan to Attend the Annual Meeting, Please Complete, Sign, Date and Return Your Proxy Card**

**PROXY STATEMENT/ PROSPECTUS-INFORMATION STATEMENT**
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## QUESTIONS AND ANSWERS ABOUT THE MERGER

*These questions and answers, together with the section titled Summary immediately following this section, provide a summary of the material terms of the spin-off and the merger and the other proposals to be acted upon at the annual meeting. To better understand the proposed merger and the other proposals, you should read this entire proxy statement/ prospectus-information statement carefully, as well as those additional documents to which we refer you.*

*This proxy statement/ prospectus-information statement is:*

- *a proxy statement of Mariner for use in the solicitation of proxies for Mariner s annual meeting of stockholders;*
- *a prospectus of Mariner relating to the issuance of shares of Mariner common stock in connection with the merger; and*
- *an information statement of Forest relating to the spin-off of the Forest Gulf of Mexico operations to the shareholders of Forest.*

*For an explanation of oil and gas abbreviations and terms used in this proxy statement/ prospectus-information statement, see Glossary of Oil and Natural Gas Terms on page 183.*

*In this proxy statement/ prospectus-information statement:*

*The terms we , us , our and like terms, and the term Mariner, refer to Mariner Energy, Inc.;*

- *MEI Sub refers to MEI Sub, Inc.;*
- *Forest refers to Forest Oil Corporation;*
- *Forest Energy Resources refers to Forest Energy Resources, Inc.; and*
- *Forest Gulf of Mexico operations refers to the offshore Gulf of Mexico operations conducted by Forest that have been contributed to Forest Energy Resources and the shares of which will be spun-off to Forest shareholders.*

**Q: Please briefly describe the proposed merger and related transactions.**

A: Forest has transferred and contributed the assets and certain liabilities associated with its offshore Gulf of Mexico operations to Forest Energy Resources, a newly formed subsidiary of Forest. Immediately prior to the merger, Forest will distribute all of the outstanding shares of Forest Energy Resources to Forest shareholders on a pro rata basis. Forest Energy Resources will then merge with a newly formed subsidiary of Mariner, and become a new wholly owned subsidiary of Mariner. When the merger is complete, approximately 58% of the Mariner common stock will be held by shareholders of Forest and approximately 42% of Mariner common stock will be held by the pre-merger stockholders of Mariner, each on a pro forma basis.

Following the merger, Mariner will:

- be an independent public company;
- own both the Mariner operations and the Forest Gulf of Mexico operations; and
- have total assets of approximately $2.1 billion and total debt of approximately $279.0 million on a pro forma combined basis, assuming the spin-off and the merger occurred on September 30, 2005.

**Q: What are Mariner stockholders being asked to vote upon?**

A: Mariner stockholders are being asked to

- adopt the merger agreement entered into among Forest, Forest Energy Resources, Mariner and MEI Sub, Inc., subject to the approval of the proposed amendment to Mariner s certificate of incorporation;

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approve the proposed amendment to Mariner s certificate of incorporation to increase the number of authorized shares of stock from 90 million to 200 million, subject to completion of the merger;

approve the proposed amendment and restatement of Mariner s stock incentive plan;

to elect one director to serve until the annual meeting of stockholders of Mariner in 2009;

to elect two directors to serve until the annual meeting of stockholders of Mariner in 2007; and

approve the proposed granting of authority to the proxyholders to vote in their discretion on a motion to adjourn or postpone the meeting.

**Q: What changes to Mariner s stock incentive plan am I being asked to approve?**

A: You are being asked to approve an amendment and restatement of the plan whereby 4.5 million shares of common stock would be added to the plan, the plan would be extended to October 12, 2015 and the number of shares subject to stock options or shares of restricted stock issuable under the plan to any individual would be limited to 2.85 million, subject to the completion of the merger.

**Q: Why am I being asked to grant to the proxy holders the authority to vote in their discretion on a motion to adjourn or postpone the meeting?**

A: We may determine to adjourn or postpone the meeting, for example, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement.

**Q: What will Forest shareholders receive in the merger?**

A: If the merger is completed, each Forest shareholder will ultimately receive shares of Mariner common stock. As a result of the spin-off, Forest shareholders will initially receive shares of Forest Energy Resources, which will then be converted in the merger into the right to receive shares of Mariner. After the merger, Forest shareholders will be entitled to receive approximately 0.8 shares of Mariner for each Forest share that they own. Forest shareholders will not be required to pay for the shares of Forest Energy Resources distributed in the spin-off transaction or the shares of Mariner issued in the merger. Shareholders who would hold less than one full Mariner share after the merger will receive cash in lieu of such fractional share. All shares of Forest Energy Resources common stock distributed in the spin-off and Mariner common stock issued in the merger will be issued in book-entry form, meaning that, although Forest shareholders will own the shares, they will not be issued physical share certificates.

**Q: What will Mariner stockholders receive in the merger?**

A: Mariner stockholders will keep the shares of Mariner common stock they currently own, but will not receive any additional shares in the merger.

**Q: Does the Mariner board of directors support the merger and the other proposals?**

A: Yes. The Mariner board of directors has determined that the merger is fair to and in the best interests of Mariner and its stockholders, and that the merger agreement is advisable. **The Mariner board of directors has unanimously approved the merger agreement and the other proposals and recommends that the Mariner stockholders vote *for* the adoption of the merger agreement and the other proposals.** A more detailed description of the background and reasons for the merger is set forth under The Spin-Off and Merger beginning

on page 40.

**Q: Do the directors and executive officers of Mariner have interests in the merger that are different from mine?**

A: When considering the recommendations of the Mariner board of directors, you should be aware that the directors and executive officers of Mariner have interests and arrangements that may be different from your interests as stockholders, including:

arrangements regarding the appointment of directors and officers of Mariner following the merger; and

arrangements whereby the executive officers of Mariner will receive a cash payment of $1,000 each in exchange for the waiver of certain rights under their employment agreements, including the automatic

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vesting or acceleration of restricted stock and options upon the completion of the merger and the right to receive a lump sum cash payment if the officer voluntarily terminates employment without good reason within nine months following the completion of the merger.

At the close of business on December 21, 2005, directors and executive officers of Mariner and their affiliates as a group beneficially owned and were entitled to vote approximately 3.7 million shares of Mariner common stock (including restricted stock subject to vesting), representing approximately 10.4% of the shares of Mariner common stock outstanding on that date. All of the directors and executive officers of Mariner who are entitled to vote at the meeting have indicated that they intend to vote their shares of Mariner common stock in favor of adoption of the merger agreement.

**Q: What factors did the Mariner board of directors consider in reaching its decision on the merger?**

A: In reaching its decision on the merger, the Mariner board of directors considered a number of factors, including the following among others:

the increased size of the combined company could reduce volatility and allow it to participate in larger scale drilling projects and acquisition opportunities;

the merger would be expected to increase Mariner s estimated proved reserves and undeveloped acreage;

the merger could generate increased visibility in the capital markets and trading liquidity for the combined company;

the merger would increase the number of Mariner s producing fields, thereby reducing Mariner s dependence on a concentrated number of properties;

the merger would be consummated only if approved by the holders of a majority of the Mariner common stock; and

the merger is structured as a tax-free reorganization for U.S. federal income tax purposes and, accordingly, would not be taxable either to Mariner or its stockholders.

The Mariner board of directors also identified and considered some risks and potential disadvantages associated with the merger, including, among others, the following:

the risk that there may be difficulties in combining the business of Mariner and the Forest Gulf of Mexico operations;

the risk that the potential benefits sought in the merger might not be fully realized;

the risk that the proved undeveloped, probable and possible reserves of the Forest Gulf of Mexico operations may never be converted to proved developed reserves; and

the fact that, in order to preserve the tax-free treatment of the spin-off, Mariner would be required to abide by restrictions that could reduce its ability to engage in certain business transactions.

In the judgment of the Mariner board of directors, the potential benefits of the merger outweigh the risks and the potential disadvantages.

**Q: Did Mariner s financial advisor render its opinion with respect to the fairness from a financial point of view of the exchange ratio in the merger?**

A: Yes. Lehman Brothers Inc., Mariner s financial advisor, has delivered to Mariner s board of directors a written opinion that, as of September 9, 2005, based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio in the merger was fair from a financial point of view to Mariner. This opinion is attached as Annex B to this proxy statement/ prospectus-information statement.

**Q: Are there risks that Mariner stockholders should consider in deciding whether to vote on the merger?**

A: Yes. Mariner stockholders should read the Risk Factors beginning on page 23 for a description of various risks Mariner stockholders should carefully consider in evaluating the proposed merger.

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**Q: Can Mariner stockholders dissent and require appraisal of their shares of Mariner common stock?**

A: No. Mariner stockholders are not entitled to dissenters rights or appraisal rights in connection with the merger.

**Q: Why does Mariner want to increase the number of authorized Mariner shares?**

A: Mariner s certificate of incorporation currently does not authorize a sufficient number of shares of common stock to complete the merger. Mariner currently is authorized to issue 70 million shares of Mariner common stock and 20 million shares of Mariner preferred stock. As of December 21, 2005, approximately 35.6 million shares of Mariner common stock were issued and outstanding. Under the terms of the merger agreement, Mariner must issue approximately 50.6 million shares (representing approximately 0.8 shares of Mariner common stock for each share of Forest common stock) of common stock in the merger, which would result in approximately 86 million shares of Mariner common stock outstanding. Therefore, the number of authorized shares of Mariner common stock must be increased in order to complete the merger.

**Q: What vote is required to adopt the merger agreement and the other proposals?**

A: For the merger to occur, the holders of a majority of the outstanding Mariner common stock must adopt the merger agreement and approve the amendment to the certificate of incorporation. The amendment to Mariner s stock incentive plan must be approved by a majority of votes cast by stockholders present in person or by proxy, a quorum being present. Director nominees receiving a plurality of all votes cast at the meeting will be elected to Mariner s board of directors. Mariner stockholders will have one vote for each share of Mariner common stock they own. On , 2006, the record date for Mariner s annual meeting, shares of Mariner common stock were issued and outstanding and entitled to vote at the meeting. The approval of Forest shareholders is not required for the spin-off or the merger.

**Q: Where will Mariner s common stock be listed?**

A: We have applied to list Mariner s common stock on the New York Stock Exchange.

**Q: Who will be the executive officers of Mariner?**

A: The current executive officers of Mariner will remain in their current positions following the merger.

**Q: Who will be the directors of Mariner?**

A: If the merger is completed, Mariner s board will consist of seven members, five of whom will be the current directors of Mariner, and two of whom will be mutually agreed between Mariner and Forest prior to the completion of the merger. The Chairman of the Mariner board will be Mr. Scott D. Josey, the current Chairman, Chief Executive Officer and President of Mariner.

**Q: Who are the new directors of Mariner, as mutually agreed by Forest and Mariner?**

A: The two Mariner directors to be mutually agreed by Forest and Mariner pursuant to the terms of the merger agreement have not yet been designated. We will update this proxy statement/prospectus-information statement when information with respect to the new directors becomes available.

**Q: When do you expect to complete the spin-off and the merger?**

A: If the merger agreement and the proposed amendment to the certificate of incorporation are adopted and approved by the stockholders of Mariner, then Mariner, Forest, Forest Energy Resources and MEI Sub expect to complete the spin-off and the merger as soon as possible after the satisfaction (or waiver, where permissible) of the other conditions to the spin-off and the merger. We currently anticipate that the merger will be completed during the first calendar quarter of 2006.

**Q: Who is entitled to vote at the meeting of Mariner stockholders?**

A: Holders of Mariner common stock of record at the close of business on , 2006.

**Q: What should Mariner stockholders do now?**

A: You should mail your signed and dated proxy card(s) in the enclosed envelope or vote via telephone or via the Internet by following the instructions on your proxy card(s) as soon as possible so that your shares of

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Mariner common stock will be represented and voted at the meeting. The telephone voting number is , and the web address for Internet voting is .

**Q: Do Mariner stockholders need to send in their share certificate(s)?**

A: **No. Mariner stockholders should not send in their share certificate(s).** Mariner stockholders will not exchange their share certificates in connection with the merger; only shareholders of Forest will do so.

**Q: If I am not going to attend the meeting, should I return my proxy card(s)?**

A: Yes. Returning your proxy card(s) ensures that your shares of Mariner common stock will be represented at the meeting, even if you are unable to or do not attend.

**Q: How do I vote my shares of Mariner common stock if they are held in the name of a bank, broker or other fiduciary?**

A: Your bank, broker or other fiduciary will vote your shares of Mariner common stock with respect to the merger only if you provide written instructions to them on how to vote, so it is important that you provide them with instructions. If you do not provide them with instructions, they will not be authorized to vote with respect to the merger or the other proposals. If you wish to vote in person at the meeting and hold your shares of Mariner common stock in the name of a bank, broker or other fiduciary, you must contact your bank, broker or other fiduciary and request a legal proxy. You must bring this legal proxy to the meeting in order to vote in person. Shares of Mariner common stock held by a broker, bank or other fiduciary that are not voted because the customer has not provided instructions to the broker, bank or other fiduciary (referred to as a broker non-vote ) will have the same effect as a vote against the proposals.

**Q: Can I change my vote after I mail my proxy card(s)?**

A: Yes. If you are a record holder of Mariner common stock, you can change your vote by:

completing, signing and dating a new proxy card and returning it by mail to our proxy solicitor so that it is received prior to the meeting;

voting via telephone ( ) or via the Internet ( ) by following the instructions provided on your proxy card;

sending a written notice to the Corporate Secretary of Mariner that is received prior to the meeting stating that you revoke your proxy; or

attending the meeting and voting in person or by legal proxy, if appropriate.

Internet and telephone voters must use the same procedure to revoke or change their votes as they used to cast their original votes. If your shares of Mariner common stock are held in the name of a bank, broker or other fiduciary and you have directed such person(s) to vote your shares of Mariner common stock, you should instruct such person(s) to change your vote or obtain a legal proxy to do so yourself. You may revoke your proxy all the way up until the time of the meeting.

**Q: What if I do not vote, or abstain from voting, or do not instruct my broker to vote my shares of Mariner common stock?**

A:

If you do not vote, it will have the same effect as a vote against the merger and the proposal to amend Mariner s certificate of incorporation. Shares that are not voted will not count for purposes of calculating a quorum, which is necessary to have a valid meeting of stockholders. If a quorum of stockholders is not present in person or by proxy at the meeting, no vote will be taken on the merger and the other proposals. Shares that are not voted have the effect of reducing the number of shares required to approve the proposal to amend and restate Mariner s stock incentive plan and to elect directors, which require the affirmative vote of a majority of a quorum, but do not have the effect of reducing the number of shares required to adopt the merger agreement and to approve the proposed amendment to Mariner s certificate of incorporation, both of which require the affirmative vote of a majority of Mariner s outstanding shares. Abstentions and broker non-votes also will have the effect of votes against the merger and the proposal to amend Mariner s certificate of incorporation. **If you sign your proxy card but do not indicate how you want to vote, your shares of Mariner common stock will be voted for the merger and the other proposals.**

**Q: What factors did the Forest board of directors consider in reaching its decision on the spin-off and merger?**

A: In reaching its decision on the spin-off and the merger, the Forest board of directors considered a number of factors, including the following among others:

the transaction creates two highly focused and valuable enterprises for Forest s shareholders, Forest and Mariner;

the merger of the Forest Gulf of Mexico operations with the Mariner business creates a high quality, well positioned Gulf of Mexico independent with an excellent track record and growth outlook;

following the spin-off, Forest will be a highly-focused onshore resource company with an acquire and exploit strategy and a portfolio of long-life, concentrated assets in high quality basins that provide a foundation for sustainable growth;

the determination to execute a tax-free transaction designed to increase the value of Forest s Gulf of Mexico assets; and

the determination that a spin-off followed by a merger transaction represents a better alternative for Forest s shareholders than any other type of transaction considered, providing optionality and returning value directly to Forest s shareholders.

The Forest board of directors also considered some risks and potential disadvantages associated with the spin-off and merger, including the following among others:

the lack of a liquid trading market and established market value for the Mariner shares;

the risk that there may be difficulties in combining the business of Mariner and the Forest Gulf of Mexico operations;

the risk that the potential benefits sought in the merger might not be fully realized; and

the risk that the proved undeveloped, probable and possible reserves of the Mariner business may never be converted to proved developed reserves.

In the judgment of the Forest board of directors, the potential benefits of the merger outweigh the risks and the potential disadvantages.

**Q: Do Forest shareholders need to send in any share certificates?**

A: No. If the merger is completed, Forest shareholders will exchange their shares of Forest Energy Resources for share certificates representing Mariner common stock. Forest shareholders who are entitled to receive shares of Forest Energy Resources (i.e., shareholders of record on the record date for the distribution) will be mailed book entry statements evidencing their shares of Forest Energy Resources. The exchange of Forest Energy Resources and Mariner shares will be effected through book-entry, without the exchange of physical share certificates.

**Q: Has Forest set a record date for the distribution of Forest Energy Resources shares in the spin-off?**

A: No. Forest will publicly announce the record date when it has been determined.

**Q: Can Forest shareholders dissent and require appraisal of their shares of Forest Energy Resources common stock?**

A: No. Forest shareholders are not entitled to dissenters rights or appraisal rights in respect of the Forest Energy Resources stock they receive in the merger.

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**Q: What should Forest shareholders do now?**

A: Forest shareholders should carefully read this proxy statement/ prospectus-information statement, which contains important information about the spin-off, the merger, Mariner, the Forest Gulf of Mexico operations and the combined businesses. Forest shareholders are not required to take any action to approve the spin-off or the merger. As described above, if the merger is completed, shares of Forest Energy Resources will be converted into shares of Mariner common stock.

**Q: Who can answer my questions?**

A: If Mariner stockholders have any questions regarding the meeting or need assistance in voting their shares of Mariner common stock, please contact our proxy solicitor:

All other questions from Mariner stockholders should be directed to:

Mariner Energy, Inc.
Attention: Investor Relations
2101 CityWest Blvd.
Building 4, Suite 900
Houston, Texas 77042
Facsimile: (713) 954-5555
Telephone: (713) 954-5500

All other questions from Forest shareholders should be directed to:

Forest Oil Corporation
Attention: Investor Relations
707 17th Street, Suite 3600
Denver, Colorado 80202
Facsimile: (303) 812-1510
Telephone: (303) 812-1400

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## SUMMARY

*This summary, together with the section titled Questions and Answers About the Merger immediately preceding this summary, provides a summary of the material terms of the spin-off and the merger and the other proposals to be acted upon at the meeting. To better understand the proposed merger and the other proposals, you should read this entire proxy statement/ prospectus-information statement carefully, as well as those additional documents to which we refer you. We have included page references at various points in this summary to direct you to a more detailed description of the topics presented.*

### The Companies

***Mariner Energy, Inc.***

2101 CityWest Blvd.
Building 4, Suite 900
Houston, Texas 77042
(713) 954-5500

Mariner Energy, Inc. is an independent oil and gas exploration, development and production company with principal operations in the Gulf of Mexico, both shelf and deepwater, and the Permian Basin in West Texas. As of December 31, 2004, Mariner had 237.5 Bcfe of estimated proved reserves, of which approximately 64% were natural gas and 36% were oil and condensate. As of December 31, 2004, the present value, discounted at 10% per annum, of estimated future net revenues from Mariner s estimated proved reserves, before income tax ( PV10 ), was approximately $668 million, and Mariner s standardized measure of discounted future net cash flows attributable to its estimated proved reserves was approximately $494 million. Please see Mariner Estimated Proved Reserves for a reconciliation of PV10 to the standardized measure of discounted future net cash flows. As of December 31, 2004, approximately 46% of Mariner s estimated proved reserves were classified as proved developed. For the year ended December 31, 2004, Mariner s total net production was 37.6 Bcfe. Of Mariner s estimated proved reserves, 48% are located in the Permian Basin in West Texas, 37% in the Gulf of Mexico deepwater and 15% on the Gulf of Mexico shelf as of December 31, 2004. In the three-year period ended December 31, 2004, Mariner deployed approximately $337 million of capital on acquisitions, exploration and development while adding approximately 191 Bcfe of estimated proved reserves and producing approximately 111 Bcfe.

***MEI Sub, Inc.***

c/o Mariner Energy, Inc.
2101 CityWest Blvd.
Building 4, Suite 900
Houston, Texas 77042
(713) 954-5500

MEI Sub, Inc. is a wholly owned subsidiary of Mariner. MEI Sub was organized on August 30, 2005 for the purposes of merging with Forest Energy Resources in the merger. It has not carried on any activities other than in connection with the merger agreement.

***Forest Oil Corporation***

707 17th Street, Suite 3600
Denver, Colorado 80202
Facsimile: (303) 812-1400

Forest is an independent oil and gas company engaged in the acquisition, exploration, development and production of natural gas and liquids in North America and selected international locations. 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 operates from offices located in Denver, Colorado; Lafayette and Metairie, Louisiana; Anchorage, Alaska; and Calgary, Alberta, Canada.

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***Forest Energy Resources, Inc.***
c/o Forest Oil Corporation
707 17th Street, Suite 3600
Denver, Colorado 80202
Facsimile: (303) 812-1400

Forest Energy Resources is a wholly owned subsidiary of Forest. Forest Energy Resources was formed in Delaware on August 18, 2005 for the purpose of completing the spin-off of the Forest Gulf of Mexico operations. As of December 31, 2004, the Forest Gulf of Mexico operations that have been contributed to Forest Energy Resources prior to the merger had 339.7 Bcfe of estimated proved reserves, of which approximately 79% were natural gas and 21% were oil and condensate. As of December 31, 2004, the PV10 of the Forest Gulf of Mexico operations was approximately $1,222.2 million, and the standardized measure of discounted future net cash flows attributable to its estimated proved reserves was approximately $925.8 million. Please see The Forest Gulf of Mexico Operations Estimated Proved Reserves for a reconciliation of PV10 to the standardized measure of discounted future net cash flows. As of December 31, 2004, approximately 76% of the Forest Gulf of Mexico operations estimated proved reserves were classified as proved developed. For the year ended December 31, 2004, the Forest Gulf of Mexico operations total net production was 81.1 Bcfe. In the three-year period ended December 31, 2004, the Forest Gulf of Mexico operations deployed approximately $560 million of capital on acquisitions, exploration and development while adding approximately 182 Bcfe of estimated proved reserves and producing approximately 215 Bcfe.

**Ownership Structure Before and After the Spin-off and Merger**

The following diagrams and accompanying descriptions serve to describe generally the transactions that will take place in connection with the spin-off and merger. For more information, please read The Spin-off and Merger.

**1. Current Corporate Ownership Structure**

Forest Energy Resources is a wholly owned subsidiary of Forest. MEI Sub is a wholly owned subsidiary of Mariner.

**2. The Contribution and Spin-Off**

Forest has contributed the assets and certain liabilities associated with its Gulf of Mexico operations to Forest Energy Resources. Forest will, immediately prior to the merger, distribute all of the shares of Forest Energy Resources to its shareholders on a pro rata basis.

**3. The Merger**

MEI Sub will merge with and into Forest Energy Resources, with Forest Energy Resources surviving as a wholly owned subsidiary of Mariner. Forest Energy Resources will be renamed Mariner Energy Resources, Inc. In conjunction with the merger, shares of Forest Energy Resources stock will automatically be converted into shares of Mariner stock.

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**4. Corporate Ownership Structure following the Spin-Off and Merger**

At the conclusion of the merger, Forest shareholders will own approximately 58% of Mariner and the stockholders of Mariner who owned shares prior to the merger will own the remaining 42% of Mariner.

**Material United States Federal Tax Consequences of the Spin-Off and the Merger (page 61)**

It is a condition to the completion of the spin-off that Forest receive an opinion from its tax counsel to the effect that the contribution and transfer of the assets and liabilities of the Forest Gulf of Mexico operations to Forest Energy Resources and the spin-off by Forest of all the shares of Forest Energy Resources common stock to the holders of Forest common stock generally will be treated as a tax-free transaction for U.S. federal income tax purposes. As a tax-free transaction for U.S. federal income tax purposes, the spin-off will be tax-free to Forest shareholders and will generally be tax-free to Forest.

It is a condition to the completion of the merger that Forest, Forest Energy Resources and Mariner receive opinions from their respective tax counsels to the effect that the merger will constitute a tax-free reorganization for U.S. federal income tax purposes. As a tax-free reorganization for U.S. federal income tax purposes, the merger will be tax-free to the stockholders of Mariner and tax-free to the shareholders of Forest, except for cash received in lieu of fractional shares of Mariner for shares of Forest Energy Resources.

**We encourage you to consult your own tax advisor for a full understanding of the tax consequences of the spin-off and/or the merger to you.**

**Conditions to the Completion of the Merger (page 82)**

The merger will be completed only if certain conditions, including the following, are satisfied (or waived in certain cases):

- the adoption of the merger agreement by Mariner stockholders holding a majority of the Mariner common stock and the approval of the proposed amendment to Mariner s certificate of incorporation;
- the absence of legal restrictions that would prevent the completion of the transactions;
- the receipt by Forest, Mariner and Forest Energy Resources of an opinion from their respective counsel to the effect that the merger will be treated as a reorganization for federal income tax purposes;
- the completion of the spin-off in accordance with the distribution agreement;
- the receipt of material consents, approvals and authorizations of governmental authorities;
- the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Act;
- the SEC declaring effective the registration statements of Mariner relating to the shares of Mariner common stock to be issued in the merger and those shares held by its existing stockholders;
- the representations and warranties contained in the merger agreement being materially true and correct, and the performance in all material respects by the parties of their covenants and other agreements in the merger agreement;

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the approval for listing on the New York Stock Exchange or Nasdaq of Mariner s common stock; and

Mariner and Forest receiving the consents required pursuant to their credit facilities (with Mariner or Forest Energy Resources having entered into a new or amended credit facility sufficient to operate the combined businesses), and Forest receiving any consents required from its bondholders.

On November 14, 2005, the waiting period under the Hart-Scott-Rodino Act with respect to the merger expired. On October 19, 2005, Forest received the consent required pursuant to its credit facility. As of December 21, 2005, no other conditions to closing have been satisfied. On December 16, 2005, Mariner received clearance from the New York Stock Exchange to file a listing application for its common stock, and on December 22, 2005 Mariner filed a listing application and other ancillary documents with the New York Stock Exchange. Mariner is currently negotiating the definitive documents for its new credit facility, which documents also will grant the consent required pursuant to its existing facility. Mariner and Forest are actively working to obtain necessary consents, approvals and authorizations from governmental authorities, including the Minerals Management Service.

Based on its current valuation of the Forest Gulf of Mexico operations and the current amount of distributions permitted by the covenants contained in the indentures governing Forest s outstanding bonds, Forest believes that no consents of its bondholders will be required for the spin-off and the merger. If Forest s belief that bondholder consents are not necessary remains unchanged as the merger closing approaches, it intends to waive conditions in the merger agreement and distribution agreement related to such consents.

Neither Mariner nor Forest currently believes that any other condition to closing is likely to be waived. Mariner and Forest will recirculate revised proxy materials and resolicit proxies if there are any material changes in the terms of the merger, including those that result from waivers of conditions to closing.

Pursuant to the terms of the merger agreement, the closing of the merger will occur as promptly as practicable, and in no event later than the second business day following the satisfaction or, if permissible, waiver of the conditions to closing set forth in the merger agreement, or at such other time as Mariner and Forest Energy Resources mutually agree.

**Termination of the Merger Agreement (page 84)**

Forest and Mariner may mutually agree to terminate the merger agreement without completing the merger. In addition, either party may terminate the merger agreement if:

the other party breaches its representations, warranties, covenants or agreements under the merger agreement so as to create a material adverse effect, and the breach has not been cured within 30 days after notice was given of such breach;

the parties do not complete the merger by March 31, 2006;

a governmental order prohibits the merger; or

Mariner does not receive the required approval of its stockholders.

In addition, Mariner may terminate the merger agreement if it receives a proposal to acquire Mariner that Mariner s board of directors determines in good faith to be more favorable to Mariner s stockholders than the merger. Forest may terminate the merger agreement if Mariner s board of directors withdraws or modifies its approval of the merger to Mariner s stockholders.

**Termination Fee and Expenses (page 85)**

Mariner must pay Forest a termination fee of $25 million and out-of-pocket fees and expenses of up to $5 million if Mariner terminates the merger agreement to accept an alternative proposal that Mariner s board of directors determines in good faith to be more favorable to Mariner s stockholders than the merger. In addition, Mariner must pay Forest a termination fee of $25 million and reimbursement of out-of-pocket fees and expenses of up to $5 million if the merger agreement is terminated for the other reasons set forth under The Merger Agreement Termination Fees and Expenses on page 85.

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**Certificate of Incorporation and By-Laws (page 61)**

The proposed amendment to Mariner s certificate of incorporation is in the form attached as Annex E to this proxy statement/ prospectus-information statement. Following the merger, the certificate of incorporation and by-laws of Mariner would differ from the current certificate of incorporation and by-laws only with respect to the number of authorized shares of stock, which pursuant to the proposed amendment would be increased from 90 million to 200 million.

**Financing Arrangements Relating to the Spin-Off and the Merger (page 93)**

At the closing of the merger Mariner and Mariner Energy Resources expect to enter into a new $500 million senior secured revolving credit facility, and Mariner will enter into an additional $40 million senior secured letter of credit facility. The revolving credit facility will mature on the fourth anniversary of the closing, and the letter of credit facility will mature on the third anniversary of the closing. The outstanding principal balance of loans under the revolving credit facility may not exceed the borrowing base, which will be initially set at $400 million. In addition, Forest Energy Resources expects to enter into a new senior term loan facility in connection with the spin-off, which facility is expected to be repaid with borrowings under Mariner s and Mariner Energy Resources $500 million revolving credit facility.

**Ancillary Agreements (page 90)**

In addition to the merger agreement and the distribution agreement, Forest, Forest Energy Resources and Mariner have entered into a tax sharing agreement relating to the allocation of certain tax liabilities. The tax sharing agreement is attached as Annex D to this proxy statement/ prospectus-information statement. See Ancillary Agreements Tax Sharing Agreement beginning on page 90. In addition, Forest and Forest Energy Resources have entered into an employee benefits agreement addressing certain benefits matters for former Forest employees who become employees of Forest Energy Resources in connection with the spin-off and the merger. See Ancillary Agreements Employee Benefits Agreement beginning on page 91. Finally, Forest and Forest Energy Resources have entered into a transition services agreement under which Forest will provide certain services to Forest Energy Resources for a limited period of time following the merger. See Ancillary Agreements Transition Services Agreement beginning on page 92.

**Regulatory Matters (page 69)**

None of the parties is aware of any other material governmental or regulatory approval required for the completion of the merger, other than the effectiveness of the registration statement of which this proxy statement/ prospectus-information statement is a part and the effectiveness of Mariner s registration statement on Form S-1 relating to the currently-outstanding shares of Mariner common stock, and compliance with applicable antitrust law (including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended) and the corporate law of the State of Delaware. On November 14, 2005, the waiting period under the Hart-Scott-Rodino Act with respect to the merger expired.

**Comparison of Stockholder Rights (page 179)**

Forest s shareholders, whose rights are currently governed by Forest s certificate of incorporation, by-laws and New York law, will, if the merger is completed, also become stockholders of Mariner and their rights will be governed by Mariner s certificate of incorporation, by-laws and Delaware law. Material differences exist in the terms of these documents and statutes which may affect the rights of stockholders of Mariner and Forest.

## SUMMARY SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

### Sources of Information

We are providing the following selected consolidated financial data of Mariner and selected consolidated financial data of the Forest Gulf of Mexico operations, to help you in your analysis of the financial aspects of the merger and related transactions. We derived this information from the audited and unaudited financial statements for Mariner and from the audited and unaudited statements of revenues and direct operating expenses of the Forest Gulf of Mexico operations for the periods presented. You should read this information in conjunction with the financial information included elsewhere in this proxy statement/ prospectus-information statement. See Where You Can Find More Information; Incorporation by Reference beginning on page 185, Index to Financial Statements on page F-1 and Unaudited Pro Forma Combined Condensed Financial Information beginning on page 95.

### How We Prepared the Unaudited Pro Forma Combined Condensed Financial Information

The unaudited pro forma combined condensed financial information is presented to show you how Mariner might have looked if the Forest Gulf of Mexico operations had been an independent company and combined with Mariner for the periods presented. We prepared the pro forma financial information using the purchase method of accounting, with Mariner treated as the acquiror. See The Spin-Off and Merger Accounting Treatment beginning on page 69.

If the Forest Gulf of Mexico operations had been an independent company, and if Mariner and the Forest Gulf of Mexico operations had been combined in the past, they might have performed differently. You should not rely on the pro forma financial information as an indication of the financial position or results of operations that Mariner would have reported if the spin-off and merger had taken place earlier or of the future results that Mariner will achieve after the merger. See Unaudited Pro Forma Combined Condensed Financial Information beginning on page 95.

**Summary Historical Consolidated Financial Data of Mariner**

The following table shows Mariner s summary historical consolidated financial data as of and for each of the four years ended December 31, 2003, the period from January 1, 2004 through March 2, 2004, the period from March 3, 2004 through December 31, 2004, the period from March 3, 2004 through September 30, 2004 and the nine-month period ended September 30, 2005. The summary historical consolidated financial data as of and for the four years ended December 31, 2003, the period from January 1, 2004 through March 2, 2004 and the period from March 3, 2004 through December 31, 2004 are derived from Mariner s audited financial statements included herein, and the summary historical consolidated financial data for the period from March 3, 2004 through September 30, 2004 and the nine-month period ended September 30, 2005 are derived from unaudited financial statements of Mariner. You should read the following data in connection with Management s Discussion and Analysis of Financial Condition and Results of Operations of Mariner and the consolidated financial statements included elsewhere in this proxy statement/ prospectus-information statement, where there is additional disclosure regarding the information in the following table, including pro forma information regarding the merger. Mariner s historical results are not necessarily indicative of results to be expected in future periods.

On March 2, 2004, Mariner s former indirect parent, Mariner Energy LLC, merged with MEI Acquisitions Holdings, LLC, an affiliate of the private equity funds, Carlyle/ Riverstone Global Energy and Power Fund II, L.P. and ACON Investments LLC. The financial information contained herein is presented in the style of Pre-2004 Merger activity (for all periods prior to March 2, 2004) and Post-2004 Merger activity (for the March 3, 2004 through December 31, 2004 period and the March 3, 2004 through September 30, 2004 period) to reflect the impact of the restatement of assets and liabilities to fair value as required by push-down purchase accounting at the March 2, 2004 merger date.

| | Post-2004 Merger | | | Pre-2004 Merger | | | | |
|---|---|---|---|---|---|---|---|---|
| | Nine Months Ended September 30, 2005 | Period from March 3, 2004 through September 30, 2004 | Period from March 3, 2004 through December 31, 2004 | Period from January 1, 2004 through March 2, 2004 | Year Ended December 31, 2003 | 2002 | 2001 | 2000 |
| | (In millions, except per share data) | | | | | | | |
| **Statement of Operations Data:** | | | | | | | | |
| Total revenues(1) | $ 151.2 | $ 122.5 | $ 174.4 | $ 39.8 | $ 142.5 | $ 158.2 | $ 155.0 | $ 121.1 |
| Lease operating expenses | 20.2 | 15.1 | 21.4 | 4.1 | 24.7 | 26.1 | 20.1 | 17.2 |
| Transportation expenses | 1.7 | 3.7 | 1.9 | 1.1 | 6.3 | 10.5 | 12.0 | 7.8 |
| Depreciation, depletion and amortization | 43.4 | 37.4 | 54.3 | 10.6 | 48.3 | 70.8 | 63.5 | 56.8 |
| Impairment of production equipment held for | 0.5 | 1.0 | 1.0 | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| use | | | | | | | | |
| Derivative settlement | | | | | 3.2 | | | |
| Impairment of Enron related receivables | | | | | | 3.2 | 29.5 | |
| General and administrative expenses | 26.7 | 6.2 | 7.6 | 1.1 | 8.1 | 7.7 | 9.3 | 6.5 |
| Operating income | 58.7 | 59.1 | 88.2 | 22.9 | 51.9 | 39.9 | 20.6 | 32.8 |
| Interest income | 0.7 | 0.2 | 0.2 | 0.1 | 0.8 | 0.4 | 0.7 | 0.1 |
| Interest expense | (5.4) | (4.4) | (6.0) | | (7.0) | (10.3) | (8.9) | (11.0) |
| Income before income taxes | 54.0 | 54.9 | 82.4 | 23.0 | 45.7 | 30.0 | 12.4 | 21.9 |
| Provision for income taxes | (18.4) | (19.2) | (28.8) | (8.1) | (9.4) | | | |
| Income before cumulative effect of change in accounting method net of tax effects | 35.6 | 35.7 | 53.6 | 14.9 | 36.3 | 30.0 | 12.4 | 21.9 |
| Income before cumulative effect per common share | | | | | | | | |
| Basic | 1.10 | 1.20 | 1.80 | .50 | 1.22 | 1.01 | .42 | .74 |
| Diluted | 1.07 | 1.20 | 1.80 | .50 | 1.22 | 1.01 | .42 | .74 |
| Cumulative effect of changes in accounting method | | | | | 1.9 | | | |
| Net income | $ 35.6 | $ 35.7 | $ 53.6 | $ 14.9 | $ 38.2 | $ 30.0 | $ 12.4 | $ 21.9 |
| Net income per common share | | | | | | | | |
| Basic | 1.10 | 1.20 | 1.80 | .50 | 1.29 | 1.01 | .42 | .74 |
| Diluted | 1.07 | 1.20 | 1.80 | .50 | 1.29 | 1.01 | .42 | .74 |
| **Capital Expenditure and Disposal Data:** | | | | | | | | |
| Exploration, including leasehold/seismic | $ 23.6 | $ 35.7 | $ 40.4 | $ 7.5 | $ 31.6 | $ 40.4 | $ 66.3 | $ 46.7 |
| Development and other | 106.8 | 50.2 | 93.2 | 7.8 | 51.7 | 65.7 | 98.2 | 61.4 |
| Proceeds from property conveyances | | | | | (121.6) | (52.3) | (90.5) | (29.0) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total capital expenditures net of proceeds from property conveyances | $ 130.4 | $ 85.9 | $ 133.6 | $ 15.3 | $ (38.3) | $ 53.8 | $ 74.0 | $ 79.1 |

(1) Includes effects of hedging.

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| | Post-2004 Merger | | Pre-2004 Merger | | | |
|---|---|---|---|---|---|---|
| | | | December 31, | | | |
| | September 30, 2005 | December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
| | | | (In millions) | | | |
| **Balance Sheet Data:(1)** | | | | | | |
| Property and equipment, net, full cost method | $ 393.3 | $ 303.8 | $ 207.9 | $ 287.6 | $ 290.6 | $ 287.8 |
| Total assets | 502.2 | 376.0 | 312.1 | 360.2 | 363.9 | 335.4 |
| Long-term debt, less current maturities | 79.0 | 115.0 | | 99.8 | 99.8 | 129.7 |
| Stockholder s equity | 178.6 | 133.9 | 218.2 | 170.1 | 180.1 | 141.9 |
| Working capital (deficit)(2) | (30.2) | (18.7) | 38.3 | (24.4) | (19.6) | (15.4) |

(1) Balance sheet data as of December 31, 2004 reflects purchase accounting adjustments to oil and gas properties, total assets and stockholder s equity resulting from the acquisition of our former indirect parent on March 2, 2004.

(2) Working capital (deficit) excludes current derivative assets and liabilities, deferred tax assets and restricted cash.

| | Post-2004 Merger | | | Pre-2004 Merger | | | | |
|---|---|---|---|---|---|---|---|---|
| | Nine Months Ended September 30, 2005 | Period from March 3, 2004 through September 30, 2004 | Period from March 3, 2004 through December 31, 2004 | Period from January 1, 2004 through March 2, 2004 | Year Ended December 31, | | | |
| | | | | | 2003 | 2002 | 2001 | 2000 |
| | | | | (In millions) | | | | |
| **Other Financial Data:** | | | | | | | | |
| EBITDA(1) | $ 102.7 | $ 97.5 | $ 143.5 | $ 33.4 | $ 100.3 | $ 113.9 | $ 113.6 | $ 89.6 |
| Net cash provided by operating activities | 135.4 | 96.8 | 135.9 | 20.3 | 103.5 | 60.3 | 113.5 | 63.9 |
| Net cash (used) provided by investing activities | (142.1) | (85.9) | (133.6) | (15.3) | 38.3 | (53.8) | (74.0) | (79.1) |
| Net cash (used) provided by financing activities | 8.7 | (74.9) | 64.9 | | (100.0) | | (30.0) | 17.4 |
| **Reconciliation of Non-GAAP Measures:** | | | | | | | | |
| EBITDA(1) | $ 102.7 | $ 97.5 | $ 143.5 | $ 33.4 | $ 100.3 | $ 113.9 | $ 113.6 | $ 89.6 |
| | 25.1 | 9.7 | 6.9 | (13.2) | 21.8 | (20.4) | 7.5 | (15.5) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Changes in working capital | | | | | | | | |
| Non-cash hedge gain(2) | (3.6) | (5.1) | (7.9) | | (2.0) | (23.2) | | |
| Amortization/other | 0.9 | 0.5 | 0.8 | | | (0.1) | 0.6 | 0.7 |
| Stock compensation expense | 17.6 | | | | | | | |
| Net interest expense | (4.7) | (4.2) | (5.8) | 0.1 | (6.2) | (9.9) | (8.2) | (10.9) |
| Income tax expense | (2.6) | (1.6) | (1.6) | | (10.4) | | | |
| Net cash provided by operating activities | $ 135.4 | $ 96.8 | $ 135.9 | $ 20.3 | $ 103.5 | $ 60.3 | $ 113.5 | $ 63.9 |

(1) EBITDA means earnings before interest, income taxes, depreciation, depletion and amortization. For the nine months ended September 30, 2005, EBITDA includes $17.6 million in non-cash stock compensation expense related to restricted stock and stock options granted in 2005. We believe that EBITDA is a widely accepted financial indicator that provides additional information about our ability to meet our future requirements for debt service, capital expenditures and working capital, but EBITDA should not be considered in isolation or as a substitute for net income, operating income, net cash provided by

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operating activities or any other measure of financial performance presented in accordance with generally accepted accounting principles or as a measure of a company s profitability or liquidity.

(2) In accordance with SFAS No. 133 Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137 and No. 138, we de-designated our contracts effective December 2, 2001 after the counterparty (an affiliate of Enron Corp.) filed for bankruptcy and recognized all market value changes subsequent to such de-designation in our earnings. The value recorded up to the time of de-designation and included in Accumulated Other Comprehensive Income ( AOCI ), has reversed out of AOCI and into earnings as the original corresponding production, as hedged by the contracts, is produced. We have designated subsequent hedge contracts as cash flow hedges with gains and losses resulting from the transactions recorded at market value in AOCI, as appropriate, until recognized as operating income in our Statement of Operations as the physical production hedged by the contracts is delivered.

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**Summary Selected Consolidated Statements of Revenues and Direct Operating Expenses of the Forest Gulf of Mexico Operations**

The selected financial data for the Forest Gulf of Mexico operations for the nine months ended September 30, 2005 and the years ended December 31, 2004, 2003 and 2002 were derived from the historical records of Forest. You should read the following data in connection with Management s Discussion and Analysis of Financial Condition and Results of Operations of the Forest Gulf of Mexico Operations and the consolidated statements of revenues and direct operating expenses of the Forest Gulf of Mexico operations included elsewhere in this proxy statement/ prospectus-information statement. Complete financial and operating information related to the Forest Gulf of Mexico operations, including balance sheet and cash flow information, are not presented below because the Forest Gulf of Mexico operations were not maintained as a separate business unit, and therefore the assets, liabilities or indirect operating costs applicable to the operations were not segregated.

| | Nine Months Ended September 30, | | Years Ended December 31 | | |
|---|---|---|---|---|---|
| | 2005 | 2004 | 2004 | 2003 | 2002 |
| | (In millions, except production data) | | | | |
| **Statement of Operations Data:** | | | | | |
| Oil and natural gas revenues(1) | $ 326.7 | $ 324.4 | $ 453.1 | $ 342.0 | $ 228.9 |
| Direct Operating Expenses: | | | | | |
| Lease operating expenses | 57.4 | 63.0 | 80.1 | 45.7 | 52.1 |
| Transportation | 2.5 | 1.4 | 2.2 | 2.7 | 3.8 |
| Production taxes | 1.9 | 1.2 | 1.5 | 1.5 | 1.0 |
| Total direct operating expenses | 61.8 | 65.6 | 83.8 | 49.9 | 56.9 |
| Revenues in excess of direct operating expenses | $ 264.9 | $ 258.8 | $ 369.3 | $ 292.1 | $ 172.0 |
| **Summary Production Data:** | | | | | |
| Production Data: | | | | | |
| Natural gas (MMcf) | 41,442 | 46,036 | 61,684 | 58,785 | 50,566 |
| Oil and condensate (MBbls) | 1,845 | 2,004 | 2,624 | 2,143 | 1974 |
| Natural gas liquids (MBbls) | 628 | 186 | 606 | 2 | 6 |
| Total (MMcfe) | 56,280 | 59,176 | 81,064 | 71,655 | 62,446 |
| Per day (MMcfe) | 206 | 216 | 221 | 196 | 171 |
| **Average realized sales price per unit:** | | | | | |
| Natural gas ($/Mcf): | | | | | |
| Sales price received | $ 7.14 | $ 6.02 | $ 6.30 | $ 5.41 | $ 3.39 |
| Effects of hedging | (1.13) | (0.45) | (0.56) | (0.63) | 0.17 |
| Net sales price received | 6.01 | 5.57 | 5.74 | 4.78 | 3.56 |

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| | Nine Months Ended September 30, | | Years Ended December 31 | | |
|---|---|---|---|---|---|
| | 2005 | 2004 | 2004 | 2003 | 2002 |
| | (In millions, except production data) | | | | |
| Oil ($/bbl): | | | | | |
| Sales price received | $ 51.97 | $ 38.13 | $ 40.06 | $ 30.19 | $ 24.85 |
| Effects of hedging | (19.95) | (6.61) | (8.55) | (1.90) | |
| Net sales price received | 32.02 | 31.52 | 31.51 | 28.29 | 24.85 |
| Natural gas liquids ($/bbl) | | | | | |
| Sales price received | $ 29.54 | $ 25.40 | $ 27.28 | $ 19.00 | $ 12.33 |
| **Average realized sales price per Mcfe (including effects of hedging) ($/Mcfe)** | $ 5.81 | $ 5.48 | $ 5.59 | $ 4.77 | $ 3.67 |
| Production costs per Mcfe: | | | | | |
| Lease operating expenses | $ 1.02 | 1.06 | 0.99 | 0.64 | 0.83 |
| Transportation | $ 0.04 | 0.02 | 0.03 | 0.04 | 0.06 |
| Production taxes | $ 0.03 | 0.02 | 0.02 | 0.02 | 0.02 |
| **Capital Expenditure Data:** | | | | | |
| Exploration | $ 47.4 | $ 23.3 | $ 28.3 | $ 39.7 | $ 17.5 |
| Development | 57.3 | 57.2 | 70.0 | 74.7 | 70.8 |
| Acquisition | | 85.5 | 87.2 | 168.5 | 3.3 |
| Total capital expenditures | $ 104.7 | $ 166.0 | $ 185.5 | $ 282.9 | $ 91.6 |

(1) Includes effects of hedging.

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### Summary Selected Unaudited Pro Forma Combined Condensed Financial Information

The following summary selected unaudited pro forma combined condensed financial information has been prepared to reflect the merger. This unaudited pro forma combined condensed financial information is based on the historical financial statements of Mariner and the historical statements of revenues and direct operating expenses of the Forest Gulf of Mexico operations, all of which are included in this proxy statement/ prospectus-information statement, and the estimates and assumptions set forth in the Notes to the Unaudited Pro Forma Combined Condensed Financial Information of Mariner beginning on page 95. The unaudited pro forma combined condensed operating results give effect to the merger as if it had occurred on January 1, 2004. The unaudited pro forma combined condensed balance sheet gives effect to the merger as if it had occurred on September 30, 2005.

The unaudited pro forma combined condensed financial information is for illustrative purposes only. The financial results may have been different had the Forest Gulf of Mexico operations been an independent company and had the companies always been combined. You should not rely on the unaudited pro forma combined condensed financial information as being indicative of the historical results that would have been achieved had the merger occurred in the past or the future financial results that Mariner will achieve after the merger.

The merger will be accounted for using the purchase method of accounting, with Mariner treated as the acquiror. In addition, the purchase price allocation is preliminary and will be finalized following the closing of the merger. The final purchase price allocation will be determined after closing based on the actual fair value of current assets, current liabilities, indebtedness, long-term liabilities, proven and unproven oil and gas properties, identifiable intangible assets and unvested stock options that are outstanding at closing. We are continuing to evaluate all of these items; accordingly, the final purchase price may differ in material respects from that presented in the unaudited pro forma combined condensed balance sheet.

| | As of and for the Nine Months Ended September 30, 2005 | For the Year Ended December 31, 2004 |
|---|---|---|
| | (In thousands, except per share and proved reserve data) | |
| OPERATING RESULTS: | | |
| Revenues | $ 477,967 | $ 667,326 |
| Net income | $ 71,221 | $ 106,298 |
| Earnings per share | | |
| Basic | $ 0.86 | $ 1.32 |
| Diluted | $ 0.85 | $ 1.32 |
| Weighted average shares outstanding | | |
| Basic | 83,075 | 80,385 |
| Diluted | 83,950 | 80,385 |
| BALANCE SHEET DATA: | | |
| Total assets | $ 2,118,526 | |
| Total debt | $ 279,000 | |
| Stockholders equity | $ 1,152,134 | |

| | As of June 30, 2005 | As of December 31, 2004 |
|---|---|---|

| | | |
|---|---|---|
| ESTIMATED PROVED RESERVES: | | |
| Oil (MBbls)* | 29,261 | 25,905 |
| Gas (MMcf) | 423,352 | 421,741 |
| Equivalent (MMcfe) | 598,918 | 577,173 |
| Proved developed percentage | 63.9% | 63.7% |

* Includes 3,285.6 MBbls of natural gas liquids.

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**Comparative Per Share Data**

The following table presents historical per share data of Mariner common stock and combined per share data of Mariner and the Forest Gulf of Mexico operations on an unaudited pro forma basis after giving effect to the spin-off and the merger. The merger will be accounted for using the purchase method of accounting, with Mariner treated as the acquiror. The combined pro forma per share data was derived from the Unaudited Pro Forma Combined Condensed Financial Information as presented beginning on page 95. The assumptions related to the preparation of the Unaudited Pro Forma Combined Condensed Financial Information are described beginning at page 95. The data presented below should be read in conjunction with the historical consolidated financial statements of Mariner and the historical statements of revenues and direct operating expenses of the Forest Gulf of Mexico operations included elsewhere in this proxy statement/ prospectus-information statement.

The Mariner unaudited pro forma equivalent data was calculated with reference to the total number of shares of Mariner common stock expected to be outstanding after the merger, including the shares to be issued to Forest shareholders and the currently-outstanding shares of Mariner common stock.

The pro forma combined per share data may not be indicative of the operating results or financial position that would have occurred if the merger had been consummated at the beginning of the periods indicated, and may not be indicative of future operating results or financial position.

| | Mariner | |
|---|---|---|
| | **Historical** | **Combined Pro Forma** |
| Earnings (loss) per share | | |
| Nine months ended September 30, 2005(1) | | |
| Basic | $ 1.10 | $ 0.86 |
| Diluted | $ 1.07 | $ 0.85 |
| Year ended December 31, 2004(2) | | |
| Basic | $ 2.30 | $ 1.32 |
| Diluted | $ 2.30 | $ 1.32 |
| Book Value per share As of September 30, 2005(3) | $ 5.01 | $ 13.36 |
| Cash dividends declared per common share | $ | $ |

(1) Mariner s historical basic and diluted earnings per share calculation for the nine months ended September 30, 2005 assumes Mariner had 32,438,240 and 33,312,831 weighted average shares of common stock outstanding, respectively. Mariner s pro forma basic and diluted earnings per share calculation for the nine months ended September 30, 2005 assumes Mariner had 83,075,250 and 83,949,841 weighted average shares of common stock outstanding, respectively.

(2) Mariner s historical basic and diluted earnings per share calculation for the year ended December 31, 2004 assumes Mariner had 29,748,130 and 29,748,130 weighted average shares of common stock outstanding, respectively. Mariner s pro forma basic and diluted earnings per share calculation for the year ended December 31, 2004 assumes Mariner had 80,385,140 and 80,385,140 weighted average shares of common stock outstanding, respectively.

(3) Book value per share calculation assumes that Mariner had 35,615,400 shares of common stock outstanding and 86,252,410 combined pro forma shares of common stock outstanding as of September 30, 2005.

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## Comparative Stock Price and Dividends

In March 2005, Mariner completed a private placement of 16,350,000 shares of its common stock to qualified institutional buyers, non-U.S. persons and accredited investors. There is no established public trading market for the shares of Mariner common stock, and it is not expected that a public trading market will be established until the completion of the merger. The shares of Mariner s common stock issued to qualified institutional buyers in connection with its March 2005 private equity placement are eligible for the PORTAL Market®.

Forest Energy Resources was incorporated as a wholly owned subsidiary of Forest in August 2005. There is no established public trading market for the shares of Forest Energy Resources common stock.

Mariner has not paid any cash dividends on its shares of common stock for the fiscal years 2003 and 2004 or during the fiscal year 2005 to date, and it anticipates that it will not pay any dividends in 2005. Forest Energy Resources has not paid any cash dividends on its shares of common stock for the fiscal year 2005 to date, and it anticipates that it will not pay any dividends in 2005. The payment of any dividends by Mariner or Forest Energy Resources prior to the merger is subject to the limitations included in the merger agreement and in the credit facilities of Mariner and Forest, respectively, and following the merger the payment of dividends will continue to be subject to restrictions included in the parties credit facilities.

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## RISK FACTORS

*You should consider carefully the following risk factors, which we believe include all material risks associated with our business, the merger, and the offering of our common stock, together with all of the other information included in this prospectus, in determining whether to vote to adopt the merger agreement and the other proposals at the meeting. Realization of any of the following risks could have a material adverse effect on our business, financial condition, cash flows and results of operations. In that case, the trading price of our common stock could decline and you could lose all or part of your investment.*

### Risks Related to the Spin-Off and the Merger

***The market value of our common stock could decline if large amounts of our common stock are sold following the spin-off and merger.***

The market price of our common stock could decline as a result of sales of a large number of shares in the market after the completion of the spin-off and merger or the perception that these sales could occur. Immediately after the merger, Forest shareholders will hold, in the aggregate, approximately 58% of our common stock on a pro forma basis. Currently, Forest shareholders include index funds tied to various stock indices, and institutional investors subject to various investing guidelines. Because we may not be included in these indices at the time of the merger or may not meet the investing guidelines of some of these institutional investors, these index funds and institutional investors may decide to sell the Mariner common stock they receive in the merger. These sales may negatively affect the price of our common stock and also may make it more difficult for us to obtain additional capital by selling equity securities in the future at a time and at a price that we deem appropriate.

Historically, Forest has operated with properties in diverse geographic locations, including the Gulf Coast, the Western United States, Alaska, Canada and other international locations. In contrast, following the spin-off and merger, Mariner will operate as a stand-alone oil and gas exploration, development and production company with operations primarily in the Gulf of Mexico and in West Texas. Shareholders of Forest who chose to invest in a geographically diverse company may not wish to continue to invest in one that is less geographically diverse, such as Mariner. As a result, such shareholders may seek to sell the shares of our common stock received in the merger.

***The integration of the Forest Gulf of Mexico operations following the merger will be difficult, and will divert our management s attention away from our normal operations.***

There is a significant degree of difficulty and management involvement inherent in the process of integrating the Forest Gulf of Mexico operations. These difficulties include:

- the challenge of integrating the Forest Gulf of Mexico operations while carrying on the ongoing operations of our business;
- the challenge of managing a significantly larger company, with more than twice the PV10 of Mariner on a stand-alone basis;
- faulty assumptions underlying our expectations;
- the difficulty associated with coordinating geographically separate organizations;
- the challenge of integrating the business cultures of the two companies;
- attracting and retaining personnel associated with the Forest Gulf of Mexico operations following the merger; and
- the challenge and cost of integrating the information technology systems of the two companies.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of our business. Members of our senior management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage our

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business. If our senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer.

***If we fail to realize the anticipated benefits of the merger, stockholders may receive lower returns than they expect.***

The success of the merger will depend, in part, on our ability to realize the anticipated growth opportunities from combining the Forest Gulf of Mexico operations with Mariner. Even if we are able to successfully combine the two businesses, it may not be possible to realize the full benefits of the proved reserves, enhanced growth of production volume, cost savings from operating synergies and other benefits that we currently expect to result from the merger, or realize these benefits within the time frame that is currently expected. The benefits of the merger may be offset by operating losses relating to changes in commodity prices, or in oil and gas industry conditions, or by risks and uncertainties relating to the combined company s exploratory prospects, or an increase in operating or other costs or other difficulties. If we fail to realize the benefits we anticipate from the merger, stockholders may receive lower returns on our stock than they expect.

***We expect to incur significant charges relating to the integration plan that could materially and adversely affect our period-to-period results of operations following the merger.***

We are developing a plan to integrate the Forest Gulf of Mexico operations with our operations after the merger. Following the merger, we anticipate that from time to time we will incur charges to our earnings in connection with the integration. These charges will include expenses incurred in connection with relocating and retaining employees and increased professional and consulting costs. We also expect to incur significant expenses related to being a public company. We will not be able to quantify the exact amount of these charges or the period(s) in which they will be incurred until after the merger is completed. Some factors affecting the cost of the integration include the timing of the closing of the merger, the training of new employees, the amount of severance and other employee-related payments resulting from the merger, and the limited length of time during which transitional services are provided by Forest.

***The number of shares Forest shareholders will receive in the merger is not subject to adjustment based on the value of the Mariner or the Forest Gulf of Mexico operations. Accordingly, because this value may fluctuate, the market value of the Mariner common stock that Forest shareholders receive in the merger may not reflect the value of the individual companies at the time of the merger.***

Following the spin-off and the merger, the holders of Forest common stock will ultimately become entitled to receive approximately 0.8 shares of Mariner common stock for each Forest share they own. This ratio will not be adjusted for changes in the value of our company or the Forest Gulf of Mexico operations. If our value relative to the Forest Gulf of Mexico operations increases (or the value of the Forest Gulf of Mexico operations decreases relative to our value) prior to the completion of the merger, the market value of the Mariner common stock that Forest shareholders receive in the merger may not reflect the then-current relative values of the individual companies.

***Regulatory agencies may delay or impose conditions on approval of the spin-off and the merger, which may diminish the anticipated benefits of the merger.***

Completion of the spin-off and merger is conditioned upon the receipt of required government consents, approvals, orders and authorizations. While we intend to pursue vigorously all required governmental approvals and do not know of any reason why we would not be able to obtain the necessary approvals in a timely manner, the requirement to receive these approvals before the spin-off and merger could delay the completion of the spin-off and merger, possibly for a significant period of time after Mariner stockholders have approved the merger proposal at the meeting. In addition, these governmental agencies may attempt to condition their approval of the merger on the imposition of conditions that could have a material adverse effect on our operating results or the value of our common stock after the spin-off and merger are completed.

Any delay in the completion of the spin-off and merger could diminish anticipated benefits of the spin-off and merger or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the transaction. Any uncertainty over the ability of the companies to complete the spin-off and merger could make it more difficult for us to retain key employees or to pursue business strategies. In addition, until the spin-off and merger are completed, the attention of our management may be diverted from ongoing business concerns and regular business responsibilities to the extent management is focused on matters relating to the transaction, such as obtaining regulatory approvals.

***In order to preserve the tax-free treatment of the spin-off, we will be required to abide by potentially significant restrictions which could limit our ability to undertake certain corporate actions (such as the issuance of our common shares or the undertaking of a change in control) that otherwise could be advantageous.***

The tax sharing agreement imposes ongoing restrictions on Forest and on us to ensure that applicable statutory requirements under the Internal Revenue Code and applicable Treasury regulations continue to be met so that the spin-off remains tax-free to Forest and its shareholders. As a result of these restrictions, our ability to engage in certain transactions, such as the redemption of our common stock, the issuance of equity securities and the utilization of our stock as currency in an acquisition, will be limited for a period of two years following the spin-off. Please see The Spin-Off and Merger Material United States Federal Tax Consequences of the Spin-Off and the Merger Material U.S. Tax Consequences of the Spin-Off.

If Forest or Mariner takes or permits an action to be taken (or omits to take an action) that causes the spin-off to become taxable, the relevant entity generally will be required to bear the cost of the resulting tax liability to the extent that the liability results from the actions or omissions of that entity. Please read Ancillary Agreements Tax Sharing Agreement. If the spin-off became taxable, Forest would be expected to recognize a substantial amount of income, which would result in a material amount of taxes. Any such taxes allocated to us would be expected to be material to us, and could cause our business, financial condition and operating results to suffer. These restrictions may reduce our ability to engage in certain business transactions that otherwise might be advantageous to us and our stockholders and could have a negative impact on our business and stockholder value.

***Some of our directors and executive officers have interests that are different from, or in addition to, the interests of our stockholders.***

When considering the recommendations of our board of directors, you should be aware that some of our directors and executive officers have interests and arrangements that may be different from your interests as stockholders, including:

- arrangements regarding the appointment of directors and officers of Mariner following the merger; and

- arrangements whereby our executive officers will receive a cash payment of $1,000 each in exchange for the waiver of certain rights under their employment agreements, including the automatic vesting or acceleration of restricted stock and options upon the completion of the merger and the right to receive a lump sum cash payment if the officer voluntarily terminates employment without good reason within nine months following the completion of the merger.

See Interests of Certain Persons in the Merger beginning on page 38.

**Risks Related to the Combined Operations After the Merger**

***Oil and natural gas prices are volatile, and a decline in oil and natural gas prices would reduce our revenues, profitability and cash flow and impede our growth.***

Our revenues, profitability and cash flow depend substantially upon the prices and demand for oil and natural gas. The markets for these commodities are volatile and even relatively modest drops in prices can affect significantly our financial results and impede our growth. Oil and natural gas prices are currently at or near historical highs and may fluctuate and decline significantly in the near future. Prices for oil and natural gas fluctuate in response to relatively minor changes in the supply and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond our control, such as:

- domestic and foreign supply of oil and natural gas;
- price and quantity of foreign imports;
- actions of the Organization of Petroleum Exporting Countries and other state-controlled oil companies relating to oil price and production controls;
- level of consumer product demand;
- domestic and foreign governmental regulations;
- political conditions in or affecting other oil-producing and natural gas-producing countries, including the current conflicts in the Middle East and conditions in South America and Russia;
- weather conditions;
- technological advances affecting oil and natural gas consumption;
- overall U.S. and global economic conditions; and
- price and availability of alternative fuels.

Further, oil prices and natural gas prices do not necessarily fluctuate in direct relationship to each other. Because approximately 73% of our pro forma estimated proved reserves as of December 31, 2004 (including reserves of the Forest Gulf of Mexico operations) were natural gas reserves, our financial results are more sensitive to movements in natural gas prices. Lower oil and natural gas prices may not only decrease our revenues on a per unit basis but also may reduce the amount of oil and natural gas that we can produce economically. This may result in our having to make substantial downward adjustments to our estimated proved reserves and could have a material adverse effect on our financial condition and results of operations.

***Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will affect materially the quantities and present value of our reserves and the reserves of the Forest Gulf of Mexico operations, which may lower our bank borrowing base and reduce our access to capital.***

Estimating oil and natural gas reserves is complex and inherently imprecise. It requires interpretation of the available technical data and making many assumptions about future conditions, including price and other economic conditions. In preparing estimates we and Forest project production rates and timing of development expenditures. We and Forest also analyze the available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary. This process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves most likely will vary from our and Forest s estimates, perhaps significantly. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and natural gas prices and other factors, many of which are beyond our control. At December 31, 2004, 36% of our pro forma proved reserves (including reserves of the Forest Gulf of Mexico operations) were proved undeveloped.

If the interpretations or assumptions we use in arriving at our estimates prove to be inaccurate, the amount of oil and natural gas that we ultimately recover may differ materially from the estimated quantities and net present value of reserves shown in this proxy statement/ prospectus-information statement. See Mariner Estimated Proved Reserves for information about our oil and gas reserves and The Forest Gulf of Mexico Operations Estimated Proved Reserves for more information about the oil and gas reserves of the Forest Gulf of Mexico operations.

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***In estimating future net revenues from proved reserves, we and Forest assume that future prices and costs are fixed and apply a fixed discount factor. If these assumptions or discount factor are materially inaccurate, our revenues, profitability and cash flow could be materially less than our estimates.***

The present value of future net revenues from our proved reserves and the proved reserves of the Forest Gulf of Mexico operations referred to in this proxy statement/ prospectus-information statement is not necessarily the actual current market value of our estimated oil and natural gas reserves. In accordance with SEC requirements, we and Forest base the estimated discounted future net cash flows from our proved reserves and the proved reserves of the Forest Gulf of Mexico operations on fixed prices and costs as of the date of the estimate. Actual future prices and costs fluctuate over time and may differ materially from those used in the present value estimate. In addition, discounted future net cash flows are estimated assuming that royalties to the MMS with respect to our affected offshore Gulf of Mexico properties will be paid or suspended for the life of the properties based upon oil and natural gas prices as of the date of the estimate. See Mariner Royalty Relief. Since actual future prices fluctuate over time, royalties may be required to be paid for various portions of the life of the properties and suspended for other portions of the life of the properties.

The timing of both the production and expenses from the development and production of oil and natural gas properties will affect both the timing of actual future net cash flows from our proved reserves and the proved reserves of the Forest Gulf of Mexico operations and their present value. In addition, the 10% discount factor that we and Forest use to calculate the net present value of future net cash flows for reporting purposes in accordance with the SEC s rules may not necessarily be the most appropriate discount factor. The effective interest rate at various times and the risks associated with our business or the oil and gas industry in general will affect the appropriateness of the 10% discount factor in arriving at an accurate net present value of future net cash flows.

***Unless we replace our oil and natural gas reserves, our reserves and production will decline.***

Our future oil and natural gas production depends on our success in finding or acquiring additional reserves. If we fail to replace reserves through drilling or acquisitions, our level of production and cash flows will be affected adversely. In general, production from oil and natural gas properties declines as reserves are depleted, with the rate of decline depending on reservoir characteristics. Our total proved reserves decline as reserves are produced unless we conduct other successful exploration and development activities or acquire properties containing proved reserves, or both. Our ability to make the necessary capital investment to maintain or expand our asset base of oil and natural gas reserves would be impaired to the extent cash flow from operations is reduced and external sources of capital become limited or unavailable. We may not be successful in exploring for, developing or acquiring additional reserves.

***Relatively short production periods or reserve life for Gulf of Mexico properties subjects us to higher reserve replacement needs and may impair our ability to replace production during periods of low oil and natural gas prices.***

Due to high production rates, production of reserves from reservoirs in the Gulf of Mexico generally declines more rapidly than from reservoirs in other producing regions. As a result, our reserve replacement needs from new prospects may be greater than those of other oil and gas companies. If the merger is consummated, the proportion of short-lived Gulf of Mexico properties relative to our total properties will increase substantially. Also, our revenues and return on capital will depend significantly on prices prevailing during these relatively short production periods. Our ability to slow or shut in production from producing wells during periods of low prices for oil and natural gas may be limited by reservoir characteristics or by our need to generate revenues to fund ongoing capital commitments or repay debt.

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***Any production problems related to our Gulf of Mexico properties could reduce our revenue, profitability and cash flow materially.***

A substantial portion of our exploration and production activities are located in the Gulf of Mexico. This concentration of activity makes us more vulnerable than some other industry participants to the risks associated with the Gulf of Mexico, including delays and increased costs relating to adverse weather conditions such as hurricanes, which are common in the Gulf of Mexico during certain times of the year, drilling rig and other oilfield services and compliance with environmental and other laws and regulations.

***Our exploration and development activities may not be commercially successful.***

Exploration activities involve numerous risks, including the risk that no commercially productive oil or natural gas reservoirs will be discovered. In addition, the future cost and timing of drilling, completing and producing wells is often uncertain. Furthermore, drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including:

- unexpected drilling conditions;
- pressure or irregularities in formations;
- equipment failures or accidents;
- adverse weather conditions, including hurricanes, which are common in the Gulf of Mexico during certain times of the year;
- compliance with governmental regulations;
- unavailability or high cost of drilling rigs, equipment or labor;
- reductions in oil and natural gas prices; and
- limitations in the market for oil and natural gas.

If any of these factors were to occur with respect to a particular project, we could lose all or a part of our investment in the project, or we could fail to realize the expected benefits from the project, either of which could materially and adversely affect our revenues and profitability.

***Our exploratory drilling projects are based in part on seismic data, which is costly and cannot ensure the commercial success of the project.***

Our decisions to purchase, explore, develop and exploit prospects or properties depend in part on data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often uncertain. Even when used and properly interpreted, 3-D seismic data and visualization techniques only assist geoscientists and geologists in identifying subsurface structures and hydrocarbon indicators. They do not allow the interpreter to know conclusively if hydrocarbons are present or producible economically. In addition, the use of 3-D seismic and other advanced technologies require greater predrilling expenditures than traditional drilling strategies. Because of these factors, we could incur losses as a result of exploratory drilling expenditures. Poor results from exploration activities could have a material adverse effect on our future cash flows, ability to replace reserves and results of operations.

***Oil and gas drilling and production involve many business and operating risks, any one of which could reduce our levels of production, cause substantial losses or prevent us from realizing profits.***

Our business is subject to all of the operating risks associated with drilling for and producing oil and natural gas, including:

- fires;
- explosions;

blow-outs and surface cratering;

uncontrollable flows of underground natural gas, oil and formation water;

natural disasters;

pipe or cement failures;

casing collapses;

lost or damaged oilfield drilling and service tools;

abnormally pressured formations; and

environmental hazards, such as natural gas leaks, oil spills, pipeline ruptures and discharges of toxic gases.

If any of these events occur, we could incur substantial losses as a result of injury or loss of life, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties, suspension of our operations and repairs to resume operations.

***Our offshore operations involve special risks that could increase our cost of operations and adversely affect our ability to produce oil and gas.***

Offshore operations are subject to a variety of operating risks specific to the marine environment, such as capsizing, collisions and damage or loss from hurricanes or other adverse weather conditions. These conditions can cause substantial damage to facilities and interrupt production. As a result, we could incur substantial liabilities that could reduce or eliminate the funds available for exploration, development or leasehold acquisitions, or result in loss of equipment and properties. For more information on the impact of recent hurricanes on Mariner s operations and the Forest Gulf of Mexico operations, see Management s Discussion and Analysis of Financial Condition and Results of Operations of Mariner Recent Developments beginning on page 107 and Management s Discussion and Analysis of Financial Condition and Results of Operations of the Forest Gulf of Mexico Operations Recent Developments beginning on page 144.

Exploration for oil or natural gas in the deepwater of the Gulf of Mexico generally involves greater operational and financial risks than exploration on the shelf. Deepwater drilling generally requires more time and more advanced drilling technologies, involving a higher risk of technological failure and usually higher drilling costs. Our deepwater wells use subsea completion techniques with subsea trees tied back to host production facilities with flow lines. The installation of these subsea trees and flow lines requires substantial time and the use of advanced remote installation mechanics. These operations may encounter mechanical difficulties and equipment failures that could result in significant cost overruns. Furthermore, the deepwater operations generally lack the physical and oilfield service infrastructure present in the shallow waters of the Gulf of Mexico. As a result, a significant amount of time may elapse between a deepwater discovery and our marketing of the associated oil or natural gas, increasing both the financial and operational risk involved with these operations. Because of the lack and high cost of infrastructure, some reserve discoveries in the deepwater may never be produced economically.

***Our hedging transactions may not protect us adequately from fluctuations in oil and natural gas prices and may limit future potential gains from increases in commodity prices or result in losses.***

We enter into hedging arrangements from time to time to reduce our exposure to fluctuations in oil and natural gas prices and to achieve more predictable cash flow. These financial arrangements typically take the form of price swap contracts and costless collars. Hedging arrangements expose us to the risk of financial loss in some circumstances, including situations when the other party to the hedging contract defaults on its contract or production is less than expected. During periods of high commodity prices, hedging arrangements may limit significantly the extent to which we can realize financial gains from such higher prices. For example, in calendar year 2004, on a pro forma basis (including the Forest Gulf of Mexico operations), our hedging arrangements reduced the benefit we received from increases in the prices for oil and natural gas by approximately $76.9 million. Although we currently maintain an active hedging program, we may choose not

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to engage in hedging transactions in the future. As a result, we may be affected adversely during periods of declining oil and natural gas prices.

***We will require additional capital to fund our future activities. If we fail to obtain additional capital, we may not be able to implement fully our business plan, which could lead to a decline in reserves.***

We depend on our ability to obtain financing beyond our cash flow from operations. Historically, we have financed our business plan and operations primarily with internally generated cash flow, bank borrowings, proceeds from the sale of oil and natural gas properties, entering into exploration arrangements with other parties, the issuance of public debt, privately raised equity and, prior to the bankruptcy of Enron Corp. (our indirect parent company until March 2, 2004), borrowings from Enron affiliates. In the future, we will require substantial capital to fund our business plan and operations. We expect to be required to meet our needs from our excess cash flow, debt financings and additional equity offerings (subject to certain federal tax limitations during the two-year period following the spin-off). Sufficient capital may not be available on acceptable terms or at all. If we cannot obtain additional capital resources, we may curtail our drilling, development and other activities or be forced to sell some of our assets on unfavorable terms.

The issuance of additional debt would require that a portion of our cash flow from operations be used for the payment of interest on our debt, thereby reducing our ability to use our cash flow to fund working capital, capital expenditures, acquisitions and general corporate requirements, which could place us at a competitive disadvantage relative to other competitors. Additionally, if revenues decrease as a result of lower oil or natural gas prices, operating difficulties or declines in reserves, our ability to obtain the capital necessary to undertake or complete future exploration and development programs and to pursue other opportunities may be limited, which could result in a curtailment of our operations relating to exploration and development of our prospects, which in turn could result in a decline in our oil and natural gas reserves.

***Properties we acquire (including the Forest Gulf of Mexico properties) may not produce as projected, and we may be unable to determine reserve potential, identify liabilities associated with the properties or obtain protection from sellers against such liabilities.***

Properties we acquire, including the Forest Gulf of Mexico properties, may not produce as expected, may be in an unexpected condition and may subject us to increased costs and liabilities, including environmental liabilities. The reviews we conduct of acquired properties prior to acquisition are not capable of identifying all potential adverse conditions. Generally, it is not feasible to review in depth every individual property involved in each acquisition. Ordinarily, we will focus our review efforts on the higher value properties or properties with known adverse conditions and will sample the remainder. However, even a detailed review of records and properties may not necessarily reveal existing or potential problems or permit a buyer to become sufficiently familiar with the properties to assess fully their condition, any deficiencies, and development potential. Inspections may not always be performed on every well, and environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken.

***Market conditions or transportation impediments may hinder our access to oil and natural gas markets or delay our production.***

Market conditions, the unavailability of satisfactory oil and natural gas transportation or the remote location of our drilling operations may hinder our access to oil and natural gas markets or delay our production. The availability of a ready market for our oil and natural gas production depends on a number of factors, including the demand for and supply of oil and natural gas and the proximity of reserves to pipelines or trucking and terminal facilities. In deepwater operations, the availability of a ready market depends on the proximity of and our ability to tie into existing production platforms owned or operated by others and the ability to negotiate commercially satisfactory arrangements with the owners or operators. We may be required to shut in wells or delay initial production for lack of a market or because of inadequacy or unavailability of pipeline or gathering system capacity. When that occurs, we are unable to realize revenue from those wells

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until the production can be tied to a gathering system. This can result in considerable delays from the initial discovery of a reservoir to the actual production of the oil and natural gas and realization of revenues.

***The unavailability or high cost of drilling rigs, equipment, supplies or personnel could affect adversely our ability to execute on a timely basis our exploration and development plans within budget, which could have a material adverse effect on our financial condition and results of operations.***

Shortages or the high cost of drilling rigs, equipment, supplies or personnel could delay or affect adversely our exploration and development operations, which could have a material adverse effect on our financial condition and results of operations. An increase in drilling activity in the U.S. or the Gulf of Mexico could increase the cost and decrease the availability of necessary drilling rigs, equipment, supplies and personnel.

***Competition in the oil and natural gas industry is intense, and many of our competitors have resources that are greater than ours giving them an advantage in evaluating and obtaining properties and prospects.***

We operate in a highly competitive environment for acquiring prospects and productive properties, marketing oil and natural gas and securing equipment and trained personnel. Many of our competitors are major and large independent oil and natural gas companies, and possess and employ financial, technical and personnel resources substantially greater than ours. Those companies may be able to develop and acquire more prospects and productive properties than our financial or personnel resources permit. Our ability to acquire additional prospects and discover reserves in the future will depend on our ability to evaluate and select suitable properties and consummate transactions in a highly competitive environment. Also, there is substantial competition for capital available for investment in the oil and natural gas industry. Larger competitors may be better able to withstand sustained periods of unsuccessful drilling and absorb the burden of changes in laws and regulations more easily than we can, which would adversely affect our competitive position. We may not be able to compete successfully in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital.

***Financial difficulties encountered by our farm-out partners or third-party operators could affect the exploration and development of our prospects adversely.***

From time to time, we enter into farm-out agreements to fund a portion of the exploration and development costs of our prospects. Moreover, other companies operate some of the other properties in which we have an ownership interest. Liquidity and cash flow problems encountered by our partners and co-owners of our properties may lead to a delay in the pace of drilling or project development that may be detrimental to a project.

In addition, our farm-out partners and working interest owners may be unwilling or unable to pay their share of the costs of projects as they become due. In the case of a farm-out partner, we may have to obtain alternative funding in order to complete the exploration and development of the prospects subject to the farm-out agreement. In the case of a working interest owner, we may be required to pay the working interest owner s share of the project costs. We cannot assure you that we would be able to obtain the capital necessary in order to fund either of these contingencies.

***We cannot control the drilling and development activities on properties we do not operate, and therefore we may not be in a position to control the timing of development efforts, the associated costs or the rate of production of the reserves.***

Other companies operate some of the properties in which we have an interest. As a result, we have a limited ability to exercise influence over operations for these properties or their associated costs. Our dependence on the operator and other working interest owners for these projects and our limited ability to influence operations and associated costs could materially adversely affect the realization of our targeted returns on capital in drilling or acquisition activities. The success and timing of drilling and development activities on properties operated by others therefore depend upon a number of factors that are outside of our control, including timing and amount of capital expenditures, the operator s expertise and financial resources, approval of other participants in drilling wells and selection of technology.

***Compliance with environmental and other government regulations could be costly and could affect production negatively.***

Exploration for and development, production and sale of oil and natural gas in the U.S. and the Gulf of Mexico are subject to extensive federal, state and local laws and regulations, including environmental and health and safety laws and regulations. We may be required to make large expenditures to comply with these environmental and other requirements. Matters subject to regulation include, among others, environmental assessment prior to development, discharge and emission permits for drilling and production operations, drilling bonds, and reports concerning operations and taxation.

Under these laws and regulations, and also common law causes of action, we could be liable for personal injuries, property damage, oil spills, discharge of pollutants and hazardous materials, remediation and clean-up costs and other environmental damages. Failure to comply with these laws and regulations or to obtain or comply with required permits may result in the suspension or termination of our operations and subject us to remedial obligations as well as administrative, civil and criminal penalties. Moreover, these laws and regulations could change in ways that substantially increase our costs. We cannot predict how agencies or courts will interpret existing laws and regulations, whether additional or more stringent laws and regulations will be adopted or the effect these interpretations and adoptions may have on our business or financial condition. For example, the Oil Pollution Act of 1990 (the OPA ) imposes a variety of regulations on responsible parties related to the prevention of oil spills. The implementation of new, or the modification of existing, environmental laws or regulations promulgated pursuant to the OPA could have a material adverse impact on us. Further, Congress or the MMS could decide to limit exploratory drilling or natural gas production in additional areas of the Gulf of Mexico. Accordingly, any of these liabilities, penalties, suspensions, terminations or regulatory changes could have a material adverse effect on our financial condition and results of operations. See Mariner Regulation for more information on our regulatory and environmental matters.

***Our insurance may not protect us against our business and operating risks.***

We maintain insurance for some, but not all, of the potential risks and liabilities associated with our business. For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. As a result, we may not be able to renew our existing insurance policies or procure other desirable insurance on commercially reasonable terms, if at all.

Although we maintain insurance at levels we believe are appropriate and consistent with industry practice, we are not fully insured against all risks, including drilling and completion risks that are generally not recoverable from third parties or insurance. In addition, pollution and environmental risks generally are not fully insurable. Losses and liabilities from uninsured and underinsured events and delay in the payment of insurance proceeds could have a material adverse effect on our financial condition and results of operations. The impact of Hurricanes Katrina and Rita have resulted in escalating insurance costs and less favorable coverage terms.

## Risks Related to our Common Stock After the Merger

***An active market for our common stock may not develop and the market price for shares of our common stock may be highly volatile and could be subject to wide fluctuations after this offering.***

We are a private company, and there is no public market for our common stock. An active market for our common stock may not develop or may not be sustained after this offering. In addition, we cannot assure you as to the liquidity of any such market that may develop or the price that our stockholders may obtain for their shares of our common stock.

Even if an active trading market develops, the market price for shares of our common stock may be highly volatile and could be subject to wide fluctuations. Some of the factors that could negatively affect our share price include:

- actual or anticipated downward revisions in our reserve estimates;
- our operating results being less than anticipated;
- reductions in oil and gas prices;
- publication of unfavorable research reports about us or the exploration and production industry;
- increases in market interest rates which may increase our cost of capital;
- the enactment of more stringent laws or regulations applicable to our business, or unfavorable court rulings or enforcement or legal actions;
- increases in royalties or taxes payable in the operation of our business;
- a general decline in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- departures of key management personnel;
- increases to our asset retirement obligations;
- adverse actions taken by our stockholders;
- negative speculation in the press or investment community; and
- adverse general market and economic conditions.

***We do not anticipate paying any dividends on our common stock in the foreseeable future.***

We do not expect to declare or pay any cash or other dividends in the foreseeable future on our common stock. Our existing revolving credit facility restricts our ability to pay cash dividends on our common stock, and we may also enter into other credit agreements or other borrowing arrangements in the future that restrict our ability to declare or pay cash dividends on our common stock.

***Mariner stockholders will experience substantial and immediate dilution as a result of the merger, and may experience dilution of their ownership interests due to the future issuance of additional shares of our common stock, which could have an adverse effect on our stock price.***

If the merger is completed, the current owners of Mariner s common stock will experience substantial and immediate dilution from the issuance of shares of Mariner common stock to Forest shareholders, such that the Mariner stockholders will own approximately 42% of the Mariner common stock following the merger. Additionally, we may in the future issue our previously authorized and unissued securities, resulting in the dilution of the ownership interests of our present stockholders. We are currently authorized to issue 70 million shares of common stock and 20 million shares of preferred stock with such designations, preferences and rights as determined by our board of directors. As a result of the proposed amendment to our certificate of incorporation, our authorized shares would be increased to 180 million shares of common stock and 20 million shares of preferred stock. Pursuant to the proposed addition of shares to our stock incentive plan, the maximum number of shares issuable under the plan would, if the proposal is approved, be increased to 6.5 million shares.

The potential issuance of such additional shares of common stock may create downward pressure on the trading price of our common stock. We may also issue additional shares of our common stock or other securities that are convertible into or exercisable for common stock (subject to certain federal tax limitations during the two-year period following the spin-off) in connection with the hiring of personnel, future acquisitions, future public offerings or private placements of our securities for capital raising purposes, or for other business purposes. Future sales of substantial amounts of our common stock, or the perception that sales could occur, could have a material adverse effect on the price of our common stock.

***Provisions in our organizational documents and under Delaware law could delay or prevent a change in control of our company, which could adversely affect the price of our common stock.***

The existence of some provisions in our organizational documents and under Delaware law could delay or prevent a change in control of our company, which could adversely affect the price of our common stock. The provisions in our certificate of incorporation and bylaws that could delay or prevent an unsolicited change in control of our company include a staggered board of directors, board authority to issue preferred stock, and advance notice provisions for director nominations or business to be considered at a stockholder meeting. In addition, Delaware law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock. See Description of Mariner Capital Stock.

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## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Various statements in this proxy statement/ prospectus-information statement, including those that express a belief, expectation, or intention, as well as those that are not statements of historical fact, are forward-looking statements. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. Our forward-looking statements are generally accompanied by words such as estimate, project, predict, believe, expect, anticipate, potential, or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this proxy statement/ prospectus-information statement speak only as of the date of this proxy statement/ prospectus-information statement; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. We disclose important factors that could cause our actual results to differ materially from our expectations under Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations of the Forest Gulf of Mexico Operations, Management s Discussion and Analysis of Financial Condition and Results of Operations of Mariner and elsewhere in this proxy statement/ prospectus-information statement. These risks, contingencies and uncertainties relate to, among other matters, the following:

- the volatility of oil and natural gas prices;
- discovery, estimation, development and replacement of oil and natural gas reserves;
- cash flow, liquidity and financial position;
- business strategy;
- amount, nature and timing of capital expenditures, including future development costs;
- availability and terms of capital;
- timing and amount of future production of oil and natural gas;
- availability of drilling and production equipment;
- operating costs and other expenses;
- prospect development and property acquisitions;
- marketing of oil and natural gas;
- competition in the oil and natural gas industry;
- the impact of weather and the occurrence of natural disasters such as fires, floods and other catastrophic events and natural disasters;
- governmental regulation of the oil and natural gas industry;
- developments in oil-producing and natural gas-producing countries;

the contemplated transactions, including strategic plans, expectations and objectives for future operations, the completion of those transactions, and the realization of expected benefits from the transactions; and

disruption from the merger making it more difficult to manage Mariner s business.

# THE MARINER ANNUAL MEETING

## Purpose, Time and Place

The Mariner annual meeting will be held on , , 2006 at 10:00 a.m., Central Standard Time, at , Houston, Texas . The purpose of the meeting is:

to consider and vote upon the adoption of the Agreement and Plan of Merger, dated as of September 9, 2005, among Forest, Forest Energy Resources, Mariner and MEI Sub, subject to the approval of the proposed amendment to Mariner s certificate of incorporation,

to consider and vote upon a proposed amendment to Mariner s Second Amended and Restated Certificate of Incorporation to increase the number of authorized shares of stock from 90 million shares to 200 million shares, subject to the completion of the merger,

to consider and vote upon the proposed amendment and restatement of the Mariner stock incentive plan,

to elect one director to serve until the annual meeting of stockholders of Mariner in 2009,

to elect two directors to serve until the annual meeting of stockholders of Mariner in 2007,

to approve the proposed granting of authority to the proxyholders to vote in their discretion on a motion to adjourn or postpone the meeting, and

to transact any other business that may properly come before the meeting.

We currently expect that no other matters will be considered at the meeting.

## Recommendation of the Mariner Board of Directors

The Mariner board of directors has determined that the merger is fair to and in the best interests of Mariner and its stockholders, and that the merger agreement is advisable. **The Mariner board of directors has unanimously approved the merger agreement, the proposed amendment to the certificate of incorporation and the proposed amendment and restatement of the stock incentive plan, and recommends that the Mariner stockholders vote *for* the adoption of the merger agreement and the other proposals.**

In considering the recommendations of the Mariner board of directors, stockholders of Mariner should be aware that members of the Mariner board of directors and executive officers of Mariner have agreements and arrangements that provide them with interests in the merger that differ from, or are in addition to, those of Mariner stockholders. Please read Interests of Certain Persons in the Merger.

## Record Date; Stock Entitled to Vote; Quorum

Stockholders of record of Mariner common stock at the close of business on , 2006, the record date for the Mariner meeting, are entitled to receive notice of, and have the right to vote at, the meeting and any reconvened meeting following any adjournment or postponement of the meeting. On the record date, shares of Mariner common stock were issued and outstanding and entitled to vote at the meeting. Stockholders of record of shares of Mariner common stock on the record date are each entitled to one vote per share on the proposals.

A quorum of stockholders is necessary to have a valid meeting of stockholders. The holders of a majority of the stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, will constitute a quorum at the meeting. Shares that are not voted will not count for purposes of calculating a quorum.

Abstentions and broker non-votes count as present for establishing a quorum. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given. We expect that, in the event that a quorum is not present at the meeting, the meeting will be adjourned or postponed to solicit additional proxies.

**Votes Required**

Adoption of the merger agreement and the approval of the proposed amendment to Mariner s certificate of incorporation will require the affirmative vote of the holders of a majority of the shares of Mariner common stock outstanding on the record date.

The proposal to amend and restate Mariner s stock incentive plan requires the affirmative vote of a majority of the shares of Mariner common stock represented in person or by proxy at the meeting. For purposes of the vote, abstentions will be counted and have the same effect as a vote against these proposals. In addition, failing to vote or to instruct your broker to vote will have the same effect as a vote against these proposals. Director nominees receiving a plurality of all votes cast at the meeting will be elected to Mariner s board of directors. Abstentions and broker non-votes have no effect on the election of directors.

Nonvoted shares have the effect of reducing the number of shares required to approve the proposal to amend and restate Mariner s stock incentive plan, and to elect directors, which require the affirmative vote of a majority of the shares of Mariner common stock represented in person or by proxy at the meeting, but do not have the effect of reducing the number of shares required to adopt the merger agreement and to approve the proposed amendment to Mariner s certificate of incorporation, both of which require the affirmative vote of a majority of Mariner s outstanding shares.

**Voting by Proxy**

***Submitting Proxies***

Stockholders of record may vote their stock by:

- attending the meeting and voting their stock in person at the meeting,

- completing the enclosed proxy card, signing and dating it and mailing it in the enclosed postage pre-paid envelope, or

- voting via telephone ( ) or via the Internet ( ) by following the instructions provided on the enclosed proxy card.

**If a proxy card is signed by a stockholder of record and returned without specific voting instructions, the stock represented by the proxy will be voted for the proposals presented at the meeting.**

Stockholders whose shares of Mariner common stock are held in the name of a bank, broker or other fiduciary must either direct the record holder of their shares of Mariner common stock as to how to vote their shares of Mariner common stock or obtain a proxy from the record holder to vote at the meeting.

All proxies received at or prior to the meeting will be counted in the vote on the adoption of the merger and the approval of the other proposals.

***Revoking Proxies***

Stockholders of record may revoke their proxies at any time prior to the time their proxies are voted at the meeting. This means that you may revoke your proxy all the way up until the time of the meeting. Stockholders can revoke their proxies and change their votes by:

- completing, signing and dating a new proxy card and returning it by mail to the proxy solicitor so that it is received prior to the meeting;

- voting via telephone ( ) or via the Internet ( ) by following the instructions provided on your proxy card;

sending a written notice to the Secretary of Mariner that is received prior to the meeting stating that you revoke your proxy; or

attending the meeting and voting in person or by legal proxy, if appropriate.

Internet and telephone votes must use the same procedure to revoke or change their votes as they used to cast their original votes. If your shares of Mariner common stock are held in the name of a bank, broker or other fiduciary and you have directed such person(s) to vote your shares of Mariner common stock, you should instruct such person(s) to change your vote or obtain a legal proxy to do so yourself.

Any written notice of a revocation of a proxy should be sent to the following address:

Mariner Energy, Inc.
Attention: Secretary
2101 CityWest Blvd.
Building 4, Suite 900
Houston, Texas 77042
Facsimile: (713) 954-5555

***Other Business; Adjournments***

Mariner is not aware of any other business to be acted upon at the meeting. If, however, other matters are properly brought before the meeting or any adjourned meeting, your proxies will have discretion to act on those matters or to adjourn the meeting, according to their best judgment.

***Proxy Solicitation***

The cost of solicitation of proxies from stockholders will be paid by Mariner, other than the costs of printing, filing and mailing this proxy statement/prospectus-information statement and the registration statement of which it is a part, which will be borne equally by Mariner and Forest. In addition to solicitation by mail, the directors, officers and employees of Mariner may also solicit proxies from stockholders by telephone, facsimile or in person. Mariner also will make arrangements with brokerage houses and other custodians, nominees and fiduciaries to send the proxy materials to beneficial owners. Upon request, Mariner will reimburse those brokerage houses and custodians for their reasonable expenses in so doing.

Mariner has retained                    to provide advice and to aid with the solicitation of proxies from Mariner stockholders for the meeting.                    will receive a fee of $          as compensation for its services and reimbursement for its related out-of-pocket expenses.

**Do not send any stock certificate(s) with your proxy cards. Mariner stockholders will not be required to send in their stock certificates if the merger is completed. After the merger is completed, the shares of Forest Energy Resources common stock held by Forest shareholders will be exchanged for shares of Mariner common stock via book-entry procedures.**

**Interests of Certain Persons in the Merger**

In considering the recommendation of the Mariner board of directors to vote for the proposals to adopt the merger agreement and to approve the other proposals, stockholders of Mariner should be aware that members of the Mariner board of directors and executive officers of Mariner have agreements and arrangements that provide them with interests in the merger that differ from, or are in addition to, those of Mariner stockholders. The Mariner board of directors was aware of these agreements and arrangements during its deliberations of the merits of the merger and in determining to recommend to the stockholders of Mariner that they vote for the proposal to adopt the merger agreement. These agreements and arrangements can be summarized as follows:

*Governance Structure.* Under the terms of the merger agreement, the board of directors of Mariner after completion of the merger will be comprised of seven individuals, five of whom are current directors

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of Mariner, and two of whom will be mutually agreed to by Mariner and Forest prior to the completion of the merger.

*Payments for Waivers of Rights under Employment Agreements.* The executive officers of Mariner will receive cash payments of $1,000 each in exchange for the waiver of certain rights under their employment agreements, including the automatic vesting or acceleration of restricted stock and options upon the completion of the merger and the right to receive a lump sum cash payment, equal to 2.0 (2.5 for Mr. Polasek and 2.99 for Mr. Josey) times the sum of the officer s base salary and three year average annual bonus, if the officer voluntarily terminates employment without good reason within nine months following the completion of the merger.

*Severance Arrangements.* The executive officers have employment agreements that will remain in effect after the completion of the merger. These agreements generally entitle the officers to severance benefits in the event of a resignation for good reason, a termination without cause or, in the case of Scott Josey s agreement, Mariner s non-renewal of the agreement. These severance benefits are comprised of (i) a payment equal to 18 months of salary continuation (two years for Mr. Josey and Mr. Polasek) at the highest rate in effect prior to termination, (ii) health care coverage for a period of eighteen months (two years for Mr. Josey and Mr. Polasek), (iii) an amount equal to the sum of all bonuses paid to the officer in the year prior to the year in which termination occurs, (iv) 100% vesting of all restricted shares under our Equity Participation Plan, and (v) 50% vesting of all other rights under any other equity plans, including our Stock Incentive Plan.

The employment agreements also provide for certain change of control benefits. Upon termination for any reason other than cause at any time within nine months after a change of control that occurs while the executive is employed, or upon the occurrence of a change of control within nine months following resignation of employment for good reason or termination without cause, the agreements provide for the following benefits: (i) a lump sum payment equal to 2.0 (2.5 for Mr. Polasek and 2.99 for Mr. Josey) times the sum of the officer s base salary and three year average annual bonus, and (ii) 100% vesting of all rights under any equity plans, including our Equity Participation Plan and our Stock Incentive Plan. The officers are entitled to a full tax gross-up payment if the aggregate payments and benefits to be provided constitute a parachute payment subject to a Federal excise tax. Pursuant to the waivers described above, the executive officers will waive their rights to the automatic vesting or acceleration of restricted stock and options upon completion of the merger and to receive a lump sum payment if they terminate their employment with Mariner without good reason within nine months following the completion of the merger.

**Stock Ownership of Directors and Executive Officers**

As of the close of business on December 21, 2005, directors and executive officers of Mariner and their affiliates as a group beneficially owned and were entitled to vote approximately 3.7 million shares of Mariner common stock (including restricted stock subject to vesting), representing approximately 10.4% of the shares of Mariner common stock outstanding on that date.

All of the directors and executive officers of Mariner who are entitled to vote at the meeting have indicated that they intend to vote their shares of Mariner common stock in favor of adoption of the merger agreement.

**Appraisal and Dissenters Rights**

In accordance with the Delaware General Corporation Law, there will be no appraisal rights or dissenters rights available to holders of Mariner common stock in connection with the merger.

## THE SPIN-OFF AND MERGER

*The discussion in this proxy statement/ prospectus-information statement of the merger and the principal terms of the merger agreement is subject to and qualified in its entirety by reference to the merger agreement, a copy of which is attached to this proxy statement/ prospectus-information statement as Annex A and is incorporated by reference into this proxy statement/ prospectus-information statement.*

### Background of the Merger

At regular meetings of Forest s board held on November 10, 2004 and February 23, 2005, Forest s management made presentations regarding the estimated value of Forest s business units. Forest s board and management agreed to examine alternatives to increase the value of the Forest Gulf of Mexico operations. The alternatives were taxable and non-taxable divestments of the Forest Gulf of Mexico operations, and included an outright cash sale of those operations, an initial public offering, and some form of a merger transaction. Forest s board determined that, due to the disparity in the market value and tax basis of the Forest Gulf of Mexico operations, a non-taxable alternative would be most attractive to Forest and its shareholders. One specific alternative presented by management was merging the Forest Gulf of Mexico operations with another company that was more focused on offshore activities and possessed a complementary asset base. Forest s directors instructed Forest s management to consider means to accomplish such a merger and to discuss such a strategy with financial advisors and legal and tax counsel.

On April 18, 2005, Mr. David Keyte, the Chief Financial Officer of Forest, spoke briefly with Mr. Scott Josey, the Chief Executive Officer, President and Chairman of Mariner, at a meeting of the Independent Petroleum Association of America in New York City. Mr. Keyte told Mr. Josey that Forest was interested in examining the possibility of spinning off its Gulf of Mexico operations utilizing a reverse Morris Trust structure. In general terms, a reverse Morris Trust structure in this context would entail a Forest distribution of the stock of one of its subsidiaries (preexisting or newly formed) to Forest shareholders, followed by a merger between such subsidiary and Mariner. Mr. Josey expressed interest in a potential transaction, and Messrs. Keyte and Josey agreed to discuss the matter with greater specificity at a later date.

Forest s initial contact with Mariner regarding a potential transaction was not the result of affiliations between the parties. Forest and Mariner do not have common directors, and no member of senior management of either party is a former employee of, or is otherwise affiliated with, the other party. Mariner s largest stockholder, FMR Corp. (which holds approximately 12.2% of Mariner s outstanding shares), is also the second largest shareholder of Forest (holding approximately 12.7% of Forest s outstanding shares). FMR Corp. has no board representation or other management control over either party. Mr. Forrest E. Hoglund, the Chairman of Forest s board of directors, served as Chairman of the Board of EOG Resources, Inc., an affiliate of Enron Corp., from 1987 to 1999 and as President from 1990 to 1996. During part of this period, Mariner was also an affiliate of Enron Corp., though the companies respective management teams were separate. Neither Mr. Hoglund nor Mariner is currently affiliated with Enron Corp.

On May 10, 2005, at a regularly scheduled board meeting at Forest s offices in Denver, Colorado, Forest management made a presentation to the Forest board of directors regarding a potential spin-off of the Forest Gulf of Mexico operations, utilizing a reverse Morris Trust structure. The Forest board authorized Forest management to begin efforts to evaluate and pursue the potential spin-off.

On or about May 21, 2005, Forest sent to Mariner a confidentiality agreement regarding the proposed transaction and any subsequent due diligence reviews. From May 21, 2005 through May 23, 2005, Forest and Mariner negotiated the terms of the confidentiality agreement and on May 23, 2005, Forest and Mariner executed the confidentiality agreement. Over the course of the following week, Forest executed confidentiality agreements with three other potential merger parties, and Forest management made presentations regarding a possible spin-off and merger to each such party.

On May 24, 2005, Mr. Keyte, Mr. Michael Kennedy, the Investor Relations Manager of Forest, and Mr. Josey met in Houston, Texas. At the meeting, Mr. Keyte made a presentation detailing the transaction contemplated by Forest. The presentation described the transaction structure and provided information on the assets, reserves, acreage, personnel and performance metrics (including production and EBITDA) of the Forest Gulf of Mexico operations. The presentation also covered the pro forma operational and financial characteristics of the combined company based on preliminary figures. Mr. Keyte identified several potential advantages to Mariner of undertaking the proposed transaction, including increased liquidity, an attractive, balanced asset portfolio in the Gulf of Mexico, and property prospects for future development. Mr. Keyte did not propose economic terms for the transaction, such as the ownership stake Forest shareholders would hold in Mariner after the completion of the transaction. After this, Mr. Josey made a presentation regarding Mariner and the merits of consummating a transaction with Mariner. The presentation provided an overview of Mariner s operations, properties, production and reserves; management structure; exploration and development projects, including the Swordfish project (please see Mariner Significant Properties Gulf of Mexico Deepwater for more information on this project); and financial data, including capital expenditures. Prior to the conclusion of the meeting, Mr. Keyte requested that Mariner s management team make a presentation to Forest s board of directors at a later date.

On June 2, 2005, Forest made available to Mariner, for purposes of its due diligence review, electronic data regarding the reserves, lease operating expenses, capital expenditures, production, general and administrative expenses and financial performance of the Forest Gulf of Mexico operations. Forest also made the same information available to the other potential merger parties. Representatives of Mariner and the other potential parties conducted reviews of these materials on an ongoing basis over the course of the following weeks.

On June 16, 2005, the executive committee of Forest s board of directors, consisting of Messrs. Forrest E. Hoglund, James H. Lee and Craig Clark, met in Houston, Texas with members of Forest management and representatives of Citigroup Global Markets Inc. ( Citigroup ) (one of Forest s financial advisors) to discuss the contemplated spin-off and merger. Representatives of two potential merger parties (other than Mariner) then sequentially joined the meeting and made presentations to the executive committee.

On June 22, 2005, the executive committee of Forest s board of directors held a meeting in Forest s offices in Denver, Colorado. Members of Forest management and representatives of Citigroup were also present at the meeting. At this meeting, the executive committee was briefed on the status of discussions with potential merger parties. Mr. Josey, accompanied by Messrs. Dalton Polasek, Chief Operating Officer, Rick Lester, Vice President and Chief Financial Officer, Mike van den Bold, Vice President and Chief Exploration Officer, and Jesus Melendrez, Vice President Corporate Development of Mariner, then joined the meeting and made a presentation to the executive committee and the other attendees. The presentation provided an overview of Mariner s operations, properties, production and reserves; management structure; exploration and development projects, including the King Kong/ Yosemite, Pluto II, Bass Lite, LaSalle, Swordfish, Green Pepper and Rigel projects; prospect inventory; drilling programs; seismic databases; and financial data, including a capital expenditure budget for 2005. Mr. Josey presented Mariner s views on its own enterprise value and discussed a proposed method for establishing an exchange ratio focused primarily upon the PV10 values of the parties estimated proved reserves. He did not propose an exchange ratio for the transaction or other specific economic terms. Mr. Josey advised Forest that Mariner would require that the evaluation of Mariner for purposes of establishing an exchange ratio give effect to its anticipated West Texas acquisition.

On June 23, 2005, a special committee of Forest s board of directors was formed to consider proposals to spin-off the Forest Gulf of Mexico operations. The directors named to be members of the committee were Messrs. Hoglund, Dod A. Fraser, Mr. Lee, James D. Lighter, and Patrick R. McDonald.

On June 28, 2005, Mariner and the other potential merger parties received a written request from Forest for a non-binding, preliminary proposal to acquire the Forest Gulf of Mexico operations. The proposal was requested to be submitted no later than July 6 and to include certain information, including the percentage of shares of the combined entity to be held by Forest shareholders, key assumptions used in arriving at the level of consideration to be offered, transaction structure, and a statement of intent with respect to employees of the Forest Gulf of Mexico operations.

On June 29, 2005, Mr. Clark, Forest s Chief Executive Officer, and other members of Forest s management and technical teams made a presentation to another potential merger party on the attributes and

upside potential of the Forest Gulf of Mexico operations. Representatives of Citigroup were also present at the meeting. The size of the other potential merger party in comparison to the Forest Gulf of Mexico operations was identified as an issue that might preclude Forest from structuring the spin-off as a tax-free transaction. Therefore, Forest could be required to include more assets in the transaction, either in the form of additional oil and gas operations or cash.

On July 6, 2005, Mariner submitted to Forest a non-binding preliminary written proposal to acquire the Forest Gulf of Mexico operations. In the proposal, Mariner indicated its willingness to consummate a transaction in which Forest shareholders would hold between 53% and 56% of Mariner s shares after the transaction, and Mariner would assume $300 million of indebtedness as part of the merger, which would be incurred by Forest s subsidiary prior to being spun off by Forest in order to fund a distribution to Forest prior to the spin-off. Mariner stated that it had based its valuation of the Forest Gulf of Mexico operations at between 90% and 100% of the value of the Forest Gulf of Mexico operations estimated proved reserves and 100% of the value of Mariner s estimated proved reserves. The proposal was subject to due diligence, and assumed an economic effective date of June 30, 2005 (i.e., all revenues and expenditures of the Forest Gulf of Mexico operations would accrue to the account of Mariner from that date). Mariner also included supporting schedules providing details on Mariner s calculations of the respective values of the companies, based on the parties respective PV10 values at June 30, 2005. Mariner s schedules estimated Mariner s value, based upon PV10 values for its estimated proved reserves, and adjusted for debt, working capital and derivatives, at approximately $883 million. Mariner s schedules estimated the Forest Gulf of Mexico operations value, based upon PV10 values for its estimated proved reserves, and adjusted for $300 million of debt, in a range from $978 million to $1.1 billion.

Also on July 6, 2005, one of the other potential merger parties submitted a written proposal to Forest to acquire the Forest Gulf of Mexico operations. The other proposal included other assets of Forest, provided for no cash payment to Forest, and for a stock repurchase to accomodate the other parties assessment of relative value.

On July 11, 2005, the special committee of Forest s board of directors met by teleconference with members of Forest management and representatives of Citigroup and Credit Suisse First Boston ( CSFB ) (another of Forest s financial advisors). At this meeting, the special committee was briefed on the status of discussions with the potential merger parties and the parties July 6 proposals. After discussion, the special committee concluded that, with respect to the Forest Gulf of Mexico operations, the valuation contained in the other potential merger party s proposal was comparable to the valuation contained in Mariner s proposal but that, with respect to Forest s other assets, the other potential merger party s valuation was insufficient.

On July 14, 2005, Mr. Clark and other members of Forest s management and technical teams made a presentation to Mr. Josey and other members of Mariner s management and technical teams in Houston, Texas, on the attributes and upside potential of the Forest Gulf of Mexico operations. Representatives of Citigroup and CSFB were also present at the meeting. The presentation provided detail on several pending exploration and development projects.

On July 15, 2005, members of Forest management, together with representatives of Citigroup and CSFB, met in Houston, Texas with the other party that had submitted a proposal to discuss the potential benefits of a transaction.

Following further technical and reserve due diligence, on July 21, 2005, Mariner submitted a revised non-binding preliminary written proposal to Forest. In the proposal, Mariner stated that it had revised the basis of its valuation to 100% of the value of the proved reserves of the Forest Gulf of Mexico operations, and was therefore confirming its willingness to enter into a transaction in which Forest shareholders would hold approximately 56% of Mariner s shares, subject to due diligence and adjustment based upon material changes occurring prior to the execution of the merger agreement. As with the July 6, 2005 proposal, Mariner would assume $300 million of indebtedness, and the transaction would have an economic effective date of June 30, 2005. Mariner also requested that Forest enter into an exclusivity agreement, whereby Forest would agree to negotiate exclusively with Mariner for a period of 45 days.

On July 25, 2005, in accordance with Forest s instructions, representatives of Citigroup met with Mr. Josey by teleconference. At the conclusion of the discussion, Mr. Josey indicated that he would ask the Mariner board to consider a transaction in which Forest shareholders would hold approximately 57% of the equity interests of the combined company after the merger, subject to due diligence and adjustment based upon material changes occurring prior to execution of the merger agreement.

On July 27, 2005, the special committee of Forest s board of directors met by teleconference. Members of Forest management and representatives of Citigroup, CSFB and Vinson & Elkins L.L.P., outside counsel to Forest, were also present at the meeting. At this meeting, the special committee was updated on discussions with the potential merger parties since the committee s July 11th meeting and on the proposals of Mariner and one other party. The special committee also discussed alternative transactions involving the Forest Gulf of Mexico operations, including an initial public offering, an outright sale of the underlying assets, and the creation of a net-profits master limited partnership. The special committee instructed Forest management to pursue negotiations with Mariner. The special committee based its decision on the following factors: (i) Mariner s deepwater property portfolio was complementary to Forest s Gulf of Mexico portfolio, (ii) a spin-off followed by a merger transaction could be done with Mariner without having to involve assets other than the Forest Gulf of Mexico operations, and (iii) the other potential merger party s valuation of Forest s other producing operations did not appear to be sufficient.

On July 27, 2005, in accordance with Forest s instructions, a representative of Citigroup advised Mr. Josey that Forest s board had approved management s pursuit of a transaction with Mariner. Subsequently, Mr. Josey advised Mr. Clark by teleconference that Mariner was not willing to proceed unless Forest would agree to an exchange ratio adjustment for changes in Mariner s working capital and debt since June 30, 2005.

On July 28, 2005, Mr. Clark and Mr. Josey again met by teleconference. They discussed the proposed exchange ratio and adjustments and agreed to commence negotiating definitive documentation. Mr. Clark advised Mr. Josey that Forest would give Mariner access to additional due diligence materials.

On July 29, 2005, Forest distributed a draft non-binding term sheet for the transaction. The term sheet reflected the 57% exchange ratio and other agreed-upon terms, and was subject to mutual due diligence. Over the following three days, representatives of Forest and Mariner discussed various provisions in the term sheet, including whether interim operating covenants would apply to Mariner as well as the Forest Gulf of Mexico operations, board representation and whether or in what manner transaction expenses would be split between the parties.

Subsequently, Forest and Mariner executed an exclusivity agreement effective August 1, 2005, whereby the parties agreed to negotiate exclusively with each other through August 22, 2005. The agreement also contained a customary standstill provision, which provided that neither company would pursue an acquisition of the other party without that party s consent.

On August 2, 2005, Forest and Mariner finalized the terms of the non-binding term sheet for the transaction. The term sheet reflected the 57% exchange ratio, provided that interim operating covenants would be applicable to both Mariner and the Forest Gulf of Mexico operations, provided for the addition of two mutually agreeable members to Mariner s board and provided that transaction costs would be borne by both parties.

On August 4 and 5, 2005, representatives of Forest conducted a due diligence review of certain legal and employee benefits materials of Mariner at the offices of Baker Botts L.L.P., Mariner s outside counsel, in Houston, Texas. Materials provided included general corporate materials, litigation summaries, material contracts, employment agreements, benefits arrangements and summaries, licenses and permits and environmental and regulatory information.

On August 5, 2005, Vinson & Elkins distributed a draft merger agreement to Mariner and Baker Botts.

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On August 7, 2005, Mr. Josey met with representatives of Lehman Brothers (Mariner s financial advisor) in the offices of Mariner. They discussed the general terms and structure of the transaction and the proposed exchange ratio.

On August 8 and 9, 2005, technical teams from Forest conducted a due diligence review and valuation analysis of Mariner s proved reserves, drilling inventory and undeveloped acreage. Forest continued its technical, reserve, accounting, employee benefits, title and legal due diligence review over the course of the following weeks.

On August 9, 2005, representatives of Mariner and Baker Botts began a due diligence review of certain legal, title and employee benefits materials at the offices of Forest in Denver, Colorado, and Mariner s technical team conducted further due diligence and continued its evaluation of Forest s proved reserves, drilling inventory and undeveloped acreage. Materials provided included general corporate materials, litigation summaries, land, lease and title materials, material contracts, employment agreements, benefits arrangements and summaries, licenses and permits and environmental and regulatory information. With the assistance of appropriate legal, title, financial, tax, engineering, and human resources consultants, Mariner continued its technical, reserve, accounting, employee benefits, title and legal due diligence review over the course of the following weeks.

On August 10, 2005, Messrs. Clark and Keyte, Mr. Matthew Wurtzbacher, Senior Vice President, Corporate Planning and Development of Forest, and Mr. Cyrus Marter, Vice President and General Counsel of Forest, and Messrs. Josey, Lester, and Melendrez, and Ms. Teresa Bushman, Vice President and General Counsel of Mariner, together with representatives of Vinson & Elkins, Baker Botts, Citigroup and Lehman Brothers, met in the offices of Vinson & Elkins in Houston, Texas. Vinson & Elkins explained how the draft merger agreement had addressed some of the details of the proposed transaction structure, which led to a discussion of whether Mariner or Forest Energy Resources would be the surviving entity in the business combination. Discussion of the structural issue was postponed pending further analysis. The parties also discussed interim operations following the execution of the merger agreement, with Mariner suggesting that both parties covenant to continue their exploration and development programs in accordance with their capital budgets. Forest indicated that it was amenable to this approach. Finally, the draft agreement proposed superior offer termination provisions in favor of Forest, which Mariner and Baker Botts stated would not be acceptable. Also, Mariner and Baker & Botts objected to the Mariner fiduciary provisions since they did not include a fiduciary termination provision. A fiduciary termination provision allows a party s board of directors, if required by its fiduciary duties, to terminate the agreement in order to accept a subsequent superior offer. Representatives of Forest, Mariner, Baker Botts and Vinson & Elkins negotiated and exchanged drafts of the merger agreement, distribution agreement and other ancillary agreements over the course of the following week.

On August 15, 2005, Messrs. Keyte and Marter of Forest, and Messrs. Josey, Lester and Melendrez and Ms. Bushman of Mariner, together with representatives of Citigroup, Vinson & Elkins and Baker Botts, met by teleconference to discuss the draft distribution agreement. The companies discussed, and reached agreement in principle on, the manner in which known and unknown liabilities, including environmental and plugging and abandonment liabilities, would be allocated between Mariner and Forest. The companies also discussed the mechanism for handling revenues and expenses associated with the Forest Gulf of Mexico operations between July 1, 2005 and the closing of the merger.

On August 16, 2005, representatives of Baker Botts and Vinson & Elkins met by teleconference to discuss the deal protection provisions proposed by Forest in the draft merger agreement. Vinson & Elkins indicated Forest s unwillingness to proceed with a transaction in which it did not have the right to terminate the agreement in the face of a superior proposal to purchase the Forest Gulf of Mexico operations or Forest as a whole. Baker Botts indicated that Mariner would not be willing to enter into a merger agreement that included such a termination right.

On August 18, 2005, representatives of Mariner, Forest, Baker Botts and Weil, Gotshal & Manges LLP (Forest s outside tax counsel) met by teleconference to discuss the draft tax sharing agreement and related documents. During the meeting, Forest and Weil, Gotshal & Manges discussed certain factual circumstances involving forward contracts to sell Forest stock entered into by a Forest shareholder who held more than 10% of Forest stock, the effect of which could have imposed increased restraints on Mariner in the future in order to maintain favorable tax treatment of the spin-off.

Also on August 18, representatives of Mariner, Forest, Citigroup, Baker Botts and Vinson & Elkins met by teleconference to discuss the other transaction agreements. Following this teleconference, Lehman Brothers contacted Citigroup to notify them of Mariner s unwillingness to proceed further until the potential tax issue regarding how the forward contracts entered into by the 10% Forest shareholder could impact the tax-free nature of the spin-off was resolved to Mariner s satisfaction.

On August 19, 2005, Lehman Brothers contacted Citigroup to discuss various matters pertaining to the transaction and to propose that, in order to resolve the potential tax issue raised on August 18, the cash distribution to Forest be decreased by $100 million (thereby decreasing the amount of debt to be incurred in the transaction) and the number of Mariner shares to be issued to Forest shareholders be correspondingly increased.

On August 21, 2005, Mr. Josey of Mariner sent Messrs. Clark and Keyte of Forest a list of the most significant outstanding issues, including the potential tax issue, the superior offer termination provision, the representations on diligence materials and public filings, the treatment of Forest stock options, retention arrangements, the allocation of specified abandonment and derivative liabilities and the status of Mariner s then-pending drill-to-earn transaction in West Texas. The parties agreed to meet in person to attempt to resolve the issues identified.

On August 22, 2005, Messrs. Josey, Clark, Keyte and Melendrez met in Forest s offices in Denver, Colorado. At the meeting, the parties agreed, in order to resolve the potential tax issue, to decrease the cash distribution to Forest by $100 million, to have Mariner assume certain mark-to-market derivative liabilities of approximately $50 million at June 30, 2005, and to increase the number of Mariner shares to be issued to Forest shareholders to approximately 58%. They also discussed the superior offer termination provision and the amount of the termination fee, without reaching agreement. The parties respective counsels revised the transaction agreements accordingly, and the transaction teams continued to negotiate various provisions in the agreements and to discuss various diligence issues over the course of the week.

On August 23, 2005, Messrs. Keyte and Josey met briefly by teleconference to discuss, among other things, the West Texas drill-to-earn transaction, the superior offer termination provision and the amount of the termination fee. That same day, the parties agreed to extend the exclusivity period under their existing agreement until August 29.

On August 24, 2005, Forest s board of directors held a regular meeting at Forest s offices in Denver, Colorado. Members of Forest management and representatives of Citigroup and CSFB were also present during the portion of the meeting devoted to the potential spin-off and merger transaction. At this meeting, the board was briefed on financial and other aspects of the transaction, including the status of negotiations with Mariner and the current terms of the transaction agreements. Also on August 24, 2005, Messrs. Clark and Josey met by teleconference to discuss additional diligence requests regarding reserves, current projects and plugging and abandonment costs from Mariner and Forest. Mr. Clark and Mr. Josey agreed to speak again when responsive data had been gathered.

On August 25, 2005, Messrs. Clark and Josey met by teleconference, during which the requested diligence information described above was exchanged and additional diligence matters were discussed.

On August 27, 2005, Mr. Marter of Forest, and Messrs. Lester and Melendrez and Ms. Bushman of Mariner, together with representatives of Vinson & Elkins and Baker Botts, met in the offices of Vinson & Elkins in Houston, Texas. The parties discussed and negotiated some of the outstanding issues remaining with respect to the transaction agreements, including the scope and pricing of the transition services to be provided by Forest after the closing, and the allocation of certain specified abandonment and environmental liabilities of the Forest Gulf of Mexico operations. The parties reached substantial agreement on transition services, but did not agree which party would bear the abandonment and environmental liabilities associated with two properties.

On August 28, 2005, Messrs. Keyte, Wurtzbacher and Marter of Forest, and Messrs. Lester and Melendrez and Ms. Bushman of Mariner, together with representatives of Vinson & Elkins and Baker Botts, met in the offices of Vinson & Elkins in Houston, Texas. The parties negotiated and discussed the outstanding issues remaining with respect to the transaction agreements, including Forest s proposed superior offer termination right, the status of Mariner s then-pending drill-to-earn transaction in West Texas and the specified abandonment and environmental liabilities. The parties agreed that Mariner would obtain a performance bond to secure its performance in the drill-to-earn program, and that it would assume a portion of the abandonment and environmental liabilities, subject to a cap. Mr. Keyte stated that Forest would be willing to proceed without a superior offer termination provision in favor of Forest. The parties also agreed that Mariner would have the ability to terminate the agreement in certain circumstances in order to accept a superior proposal to acquire Mariner. Finally, the parties agreed on a termination fee of $25 million and an expense reimbursement provision payable by Mariner if the merger agreement were terminated or rejected by its stockholders in order to accept an alternative transaction. The Mariner representatives did not insist on a termination fee or reimbursement provision applicable to Forest because there would be no provisions in the merger agreement pursuant to which Forest could terminate the agreement in order to accept an alternative transaction. The parties concluded the meeting by agreeing to keep each other updated on developments related to Hurricane Katrina, which was expected to reach the parties properties in the Gulf of Mexico that evening.

On August 29, 2005, Messrs. Clark and Josey met in Mariner s offices in Houston, Texas to discuss retention arrangements for Mariner s executive officers and for the employees of the Forest Gulf of Mexico operations. During the meeting, they reviewed organizational charts and discussed the companies benefits and incentive plans. The parties discussed the basic retention parameters for both sets of employees, including the terms of Mariner s executive officers waivers of change of control benefits, with details to be agreed upon later. The parties also agreed to exchange periodic updates on the impact of Hurricane Katrina on the companies respective assets and equipment. Baker Botts and Vinson & Elkins exchanged drafts of the transaction documents over the course of the day. That same day, the Forest board of directors held a special meeting by teleconference. Members of Forest management and representatives of Citigroup, Vinson & Elkins and Weil, Gotshal & Manges were also present at the meeting. Forest management and a representative of Vinson & Elkins briefed the board on the status of negotiations with Mariner and the current form of the transaction agreements. Mr. Kenneth Heitner of Weil, Gotshal & Manges briefed the board regarding the various tax issues that were relevant to the spin-off, how those issues were addressed in the transaction agreements, and the constraints that Mariner and Forest would face in the future in order to maintain favorable tax treatment of the spin-off. Vinson & Elkins advised the board regarding various corporate law matters and confirmed that a superior offer termination provision in favor of Forest was not necessary from a legal point of view. Forest management also briefed the board regarding Forest s on-going investigation of the potential impact of Hurricane Katrina on both Forest and Mariner.

On August 30, 2005, the board of directors of Mariner held a special meeting by teleconference, at which Mariner s management, together with Lehman Brothers and Baker Botts, updated the board on the proposed transaction and related matters, including the strategic and business considerations relating to the transaction, the ongoing diligence review, the status of discussions between the parties and the principal terms of the transaction agreements. Lehman Brothers discussed with the board the expected financial terms of the transaction and the preliminary valuation analyses it had performed with respect to Mariner and the Forest Gulf of Mexico operations, noting that the valuation inputs and ranges used in the analysis were subject to change until due diligence was completed and the terms of the transaction were finalized. A representative of Baker Botts reviewed in detail the fiduciary termination provisions of the agreement and certain other principal terms of the transaction agreements. Following extensive discussion, including discussions regarding the potential impact of Hurricane Katrina on both Mariner and the Forest Gulf of Mexico operations, the Mariner board authorized continuing discussions regarding the proposed transaction.

On August 31, 2005, Messrs. Clark and Josey met by teleconference to finalize their agreement with respect to retention arrangements and to provide one another with updates regarding the potential impact of Hurricane Katrina on the companies respective assets.

On September 1, 2005, the Forest board of directors met by teleconference. Members of Forest management and representatives of Citigroup, Vinson & Elkins and Weil, Gotshal & Manges were also present at the meeting. At this meeting, the Forest board was updated on financial and other aspects of the transaction, including Forest s investigation of the potential impact of Hurricane Katrina on Forest and Mariner and the status of negotiations with Mariner. The Forest board then granted full authority to the executive committee to finalize the transaction agreements.

On September 3 and 4, 2005, representatives from Forest and Mariner conducted visual inspections by helicopter and fixed-wing aircraft of certain of Forest s and Mariner s properties in the Gulf of Mexico in order to assess the damage sustained as a result of Hurricane Katrina.

From September 2 through September 6, 2005, the parties exchanged revised drafts of the transaction agreements. On September 6, 2005, the executive committee of Forest s board met by teleconference. Members of Forest management were also present at the meeting. The executive committee was briefed by management on the status of discussions with Mariner and regarding Forest s investigation of the potential impact of Hurricane Katrina on Forest and Mariner. The executive committee instructed Forest management regarding necessary changes to the transaction agreements, focusing on the need to clarify the impact of Hurricane Katrina.

On September 7, 2005, Mr. Keyte of Forest and Mr. Melendrez of Mariner met by teleconference to resolve the remaining issues relating to the transaction, including the limitation applicable to the specified abandonment and environmental liabilities and the scope of the condition to closing that Forest obtain the consent of its bondholders. The parties reached compromises on both points and also agreed to exchange written reports detailing the damage sustained to their respective assets as a result of Hurricane Katrina, which reports, along with finalized projections for both companies, were subsequently exchanged on September 8, 2005.

On September 9, 2005, the board of directors of Mariner held a special meeting by teleconference, to review the proposed transaction. At the meeting, Mariner s management, together with representatives of Lehman Brothers and Baker Botts, apprised the Mariner board of the status of discussions and reviewed the terms of the transaction as reflected in the final forms of the transaction agreements. Lehman Brothers delivered its oral opinion (subsequently confirmed in writing) to the board that, as of September 9, 2005, based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio in the merger was fair from a financial point of view to Mariner. There were no material differences between Lehman Brothers written opinion and the oral opinion given at the board meeting. Baker Botts advised the board regarding certain corporate law matters. Following extensive discussion, the Mariner board approved the merger and the merger agreement and resolved to recommend that Mariner s stockholders vote to adopt the merger agreement. That same day, the executive committee of Forest s board of directors met by teleconference. Members of Forest management and representatives of Citigroup and Vinson & Elkins were also present at the meeting. At this meeting, the executive committee was briefed on the final form of the transaction agreements (including the agreed upon financial terms of the transaction as reflected in the transaction documents) and on Forest s latest assessment of Hurricane Katrina s impact on Forest and Mariner. After full discussion, the executive committee approved the final form of the merger agreement and other transaction agreements. Shortly after the meetings, the merger agreement and other transaction agreements were executed by the parties to the agreements.

**Reasons for the Merger; Recommendation of the Mariner Board of Directors**

The Mariner board of directors has determined that the merger is fair to and in the best interests of Mariner and its stockholders, and that the merger agreement is advisable. The Mariner board of directors has unanimously approved the merger agreement, the proposed amendment to the certificate of incorporation and the proposed amendment and restatement of the stock incentive plan, and recommends the adoption of the merger agreement and the approval of the other proposals by the Mariner stockholders.

In considering the recommendation of the Mariner board of directors with respect to the merger, you should be aware that some executive officers and directors of Mariner have interests in the merger that may be different from, or in addition to, the interests of Mariner stockholders generally. The Mariner board of directors was aware of these interests in approving the merger and merger agreement. Please refer to The Mariner Annual Meeting Interests of Certain Persons in the Merger beginning on page 38 for more information about these interests.

In reaching its decision on the merger, the Mariner board of directors considered a number of factors, including the following:

the increased size of the combined company, which would have approximately three times the pro forma daily net production of Mariner on a stand-alone basis, could reduce volatility related to large-scale deepwater projects, and could allow it to participate in larger scale exploratory and development drilling projects and acquisition opportunities than would be available to Mariner on a stand-alone basis;

the merger would be expected to increase Mariner s estimated proved reserves, on a pro forma basis as of December 31, 2004, by approximately 243%, making Mariner larger on a reserve basis than many of its peer companies, and would more than double Mariner s undeveloped acreage;

the integration of the businesses and the realization of expected benefits could be facilitated by the fact that Mariner is already active in the Gulf of Mexico with assets that are complementary to the Forest Gulf of Mexico assets;

the merger could generate increased visibility in the capital markets and trading liquidity for the combined company, which could enhance the market valuation of Mariner common stock;

the merger would increase the number of Mariner s producing fields by approximately 400%, thereby diversifying Mariner s asset base and reducing Mariner s dependence on a concentrated number of properties;

the assets comprising the Forest Gulf of Mexico operations, which historically have been used as a cash flow generator for Forest, could be candidates for increased exploitation;

oil and natural gas prices are currently at or near historical highs, which could increase the revenues and enhance the profitability of the Forest Gulf of Mexico operations;

the merger would be consummated only if approved by the holders of a majority of the Mariner common stock;

the merger is structured as a tax-free reorganization for U.S. federal income tax purposes and, accordingly, would not be taxable either to Mariner or its stockholders;

the board s belief that the potential financial benefits stemming from the enhanced growth prospects of the combined company outweigh the anticipated direct and indirect costs of the merger;

the terms of the merger agreement permit Mariner to terminate the merger agreement at any time before the meeting to accept a superior proposal, subject to its obligation to comply with certain procedural requirements and to pay a termination fee and expense reimbursement; and

the opinion, dated September 9, 2005, of Lehman Brothers Inc. to the Mariner board of directors that, as of that date, based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio in the merger was fair from a financial point of view to Mariner.

The Mariner board of directors also identified and considered some risks and potential disadvantages associated with the merger, including the following:

the risk that there may be difficulties in combining the business of Mariner and the Forest Gulf of Mexico operations;

the risk that the potential benefits sought in the merger might not be fully realized;

the risk that the proved undeveloped, probable and possible reserves of the Forest Gulf of Mexico operations may never be converted to proved developed reserves;

the risks inherent in owning properties located in the Gulf of Mexico, including the risks of future hurricanes that could damage or destroy the acquired properties;

the risk that current high commodity prices could fall, thereby reducing the profitability of the acquired operations;

the risk that the merger might not be completed;

the fact that, in order to preserve the tax-free treatment of the spin-off, Mariner would be required to abide by restrictions that could reduce its ability to engage in certain business transactions that otherwise might be advantageous;

the fact that under the merger agreement, Mariner could be required to pay Forest a termination fee and expense reimbursement in certain circumstances; and

certain of the other matters described under Risk Factors beginning on page 23.

In the judgment of the Mariner board of directors, the potential benefits of the merger outweigh the risks and the potential disadvantages. In view of the variety of factors considered in connection with its evaluation of the proposed merger and the terms of the merger agreement, the Mariner board of directors did not quantify or assign relative weights to the factors considered in reaching its conclusion. Rather, the Mariner board of directors views its recommendation as being based on the totality of the information presented to and considered by it. In addition, individual Mariner directors may have given different weights to different factors.

**Certain Financial Projections**

In connection with the due diligence process during negotiations, Mariner and Forest provided each other with financial and operating projections for 2005 and 2006. Mariner s projections are summarized below.

| | 2005 | 2006 |
|---|---|---|
| Revenue (in millions) | $ 230.2 | $ 421.4 |
| EBITDA (in millions) | $ 185.2 | $ 353.9 |
| Net income (in millions) | $ 60.9 | $ 158.7 |
| Net income per common share | $ 1.71 | $ 4.45 |
| Capital expenditures (in millions) | $ 257.4 | $ 250.5 |

Mariner s projections were based on a number of assumptions, including the following:

weighted average common shares outstanding of 35.6 million in both periods;

NYMEX prices for oil and Henry Hub prices for gas, as adjusted for pricing differentials and hedging contracts in place at such date as follows:

| | 2005 | 2006 |
|---|---|---|
| Oil (per Bbl) | $ 41.27 | $ 48.83 |
| Gas (per Mcf) | $ 6.86 | $ 7.87 |
| Total (per Mcfe) | $ 6.87 | $ 7.94 |

annual production as follows:

| | 2005 | 2006 |
|---|---|---|
| Oil (MBbls) | 1.9 | 2.4 |
| Gas (Bcf) | 21.6 | 38.8 |
| Total (Bcfe) | 33.2 | 53.1 |

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a depreciation, depletion and amortization rate of $1.84 per Mcfe for 2005 and $1.80 per Mcfe for 2006;

an effective income tax rate of 35% in each period; and

various assumptions relating to delays in scheduled commencement of production at Pluto, Swordfish, Ochre and Dice, suspension of production at producing fields and increased capital expenditures due to Hurricane Katrina.

Forest s projections for the Forest Gulf of Mexico Operations are summarized below.

| | 2005 | 2006 |
|---|---|---|
| Revenue (in millions) | $ 214.1 | $ 529.4 |
| EBITDA (in millions) | $ 173.5 | $ 450.5 |
| Net income (in millions) | $ 43.9 | $ 124.3 |
| Net income per common share | $ 0.87 | $ 2.45 |
| Capital expenditures (in millions) | $ 123.0 | $ 202.3 |

Forest s projections were based on a number of assumptions, including the following:

weighted average common shares outstanding of 50.6 million in each period;

NYMEX prices for oil and Henry Hub prices for gas, as adjusted for pricing differentials and hedging contracts in place at such date as follows:

| | 2005 | 2006 |
|---|---|---|
| Oil (per Bbl) | $ 47.42 | $ 48.41 |
| Gas (per Mcf) | $ 6.64 | $ 7.13 |
| Total (per Mcfe) | $ 7.02 | $ 7.35 |

annual production as follows:

| | 2005 | 2006 |
|---|---|---|
| Oil (MBbls) | 1.5 | 2.9 |
| Gas (Bcf) | 21.3 | 54.7 |
| Total (Bcfe) | 30.5 | 72.0 |

a depreciation, depletion and amortization rate of $3.26 per Mcfe for 2005 and $3.43 per Mcfe for 2006;

an effective income tax rate of 35% in each period;

the allocation from July 1, 2005 to December 31, 2005 of general and administrative expenses as set forth in the distribution agreement;

net hedging losses of $11.7 million in 2005 and $19.5 million in 2006;

various assumptions relating to general and administrative expenses to reflect the allocation set forth in the distribution agreement; and

transaction-related expenses of $12 million in 2005.

Mariner and Forest make public only very limited information as to future performance and neither company provides specific or detailed information as to earnings or performance over an extended period. The foregoing prospective financial information is included in this proxy statement/prospectus information statement only because this information was provided to the other party during negotiations. The prospective financial information was not prepared with a view to public disclosure or with a view toward complying with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants regarding prospective financial information. The projections do not purport to present operations in accordance with GAAP. The internal financial forecasts (upon which these projections were based in part) are, in general, prepared solely for internal use and capital budgeting and other management decisions and are subjective in many respects and thus susceptible to interpretations and periodic revision based on actual experience and business developments. Neither Mariner s nor Forest s independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

In addition to the specific assumptions set forth above, the projections also reflect numerous assumptions made by management of both companies, including assumptions with respect to general business, economic, market and financial conditions and other matters, including effective tax rates and interest rates and the anticipated amount of borrowings, all of which are difficult to predict and many of which are beyond the control of the preparing party. Accordingly, there can be no assurance that the assumptions made in preparing the projections will prove accurate. Actual results may be materially greater or less than those contained in the projections. The inclusion of the projections in this proxy statement/prospectus information statement should not be regarded as an indication that the projections will be predictive of actual future events, and the projections should not be relied upon as such.

The projections were disclosed to the other party and its representatives as a matter of due diligence, and are included in this proxy statement/ prospectus/information statement on that account. Each of Mariner and Forest believes that the projections prepared by it were reasonable at the time they were made; however, none of Mariner or Forest or any of their respective representatives has made or makes any representation to any stockholder regarding the ultimate performance of Mariner or the Forest Gulf of Mexico operations compared to the information contained in the projections, and none of them intends to update or otherwise revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events in the event that any or all of the assumptions underlying the projections are shown to be in error. In particular, these projections were prepared prior to, and do not take into account the full effects of business interruptions due to, Hurricanes Katrina and Rita in August 2005 and September 2005, respectively.

**Opinion of Mariner s Financial Advisor**

Mariner engaged Lehman Brothers to act as its financial advisor in connection with the merger. On September 9, 2005, Lehman Brothers rendered its written opinion to the board of directors of Mariner, that, as of that date, based upon and subject to the matters stated in its opinion letter, from a financial point of view, the exchange ratio of 1.0 share of Mariner common stock for each share of Forest Energy Resources common stock in the merger was fair to Mariner.

The Mariner board of directors determined that the process leading up to the execution of the merger agreement was procedurally fair to all stockholders, including unaffiliated stockholders. The board did not obtain an independent advisor s opinion with respect to procedural fairness, because numerous factors supported the conclusion that sufficient procedural safeguards existed to protect the interests of all stockholders, including the following:

- the fact that Mariner s board of directors unanimously approved the merger, including all directors with no interest in the merger other than their interests as stockholders of Mariner;

- the fact that the stockholders of Mariner will be given the opportunity to vote on the merger, and that the merger agreement would not be adopted without the affirmative vote of at least a majority of Mariner s common stock;

- the fact that Mariner does not have a controlling stockholder, and that directors and officers of Mariner own less than 11% of the outstanding stock of Mariner;

- the fact that independent financial and legal advisors were retained to assist in the negotiation of the terms of the merger agreement, the distribution agreement and the other ancillary agreements; and

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the fact that Mariner received a written opinion from its independent financial advisor as to the fairness, from a financial point of view, of the merger consideration.

**The full text of Lehman Brothers opinion dated September 9, 2005, which sets forth assumptions made, procedures followed, matters considered and limitations upon the review undertaken in connection with the opinion, is included as Annex B to this joint proxy statement/prospectus-information statement. The following is a summary of Lehman Brothers opinion and the methodology that Lehman Brothers used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.**

**Lehman Brothers advisory services and opinion were provided for the information and assistance of the board of directors of Mariner in connection with its consideration of the merger. Lehman Brothers opinion is not intended to be and does not constitute a recommendation to any stockholder of Mariner as to how such stockholder should vote in connection with the merger. Lehman Brothers was not requested to opine as to, and Lehman Brothers opinion does not in any manner address, Mariner s underlying business decision to proceed with or effect the merger.**

In arriving at its opinion, Lehman Brothers reviewed, among other things:

the merger agreement, the distribution agreement, the other transaction agreements and the specific terms of the merger;

publicly available information concerning Mariner that Lehman Brothers believed to be relevant to its analysis, including, without limitation, the Amendment No. 1 to the Registration Statement on Form S-1 filed on July 26, 2005 by Mariner;

publicly available information concerning Forest that Lehman Brothers believed to be relevant to its analysis, including, without limitation, the Annual Report on Form 10-K for the year ended December 31, 2004 and the Quarterly Reports on Form 10-Q for the periods ended March 31, 2005 and June 30, 2005;

financial and operating information with respect to the business, operations and prospects of Mariner as furnished to Lehman Brothers by Mariner, including financial projections and oil and gas reserve estimates as of June 30, 2005 for Mariner as prepared by the management of Mariner;

financial and operating information with respect to the Forest Gulf of Mexico operations as furnished to Lehman Brothers by Forest, including financial projections and oil and gas reserve estimates as of June 30, 2005 for the Forest Gulf of Mexico operations as prepared by the management of Forest;

a comparison of the historical financial results and present financial condition of Mariner and the Forest Gulf of Mexico operations with each other and with those of other companies that Lehman Brothers deemed relevant;

a comparison of the financial terms of the merger with the financial terms of certain other transactions that Lehman Brothers deemed relevant;

commodity prices assumptions used by the management of Mariner, commodity prices assumptions published by Lehman Brothers equity research, and commodity prices as quoted on the NYMEX on August 19, 2005 (collectively the Commodity Price Assumptions );

estimates of certain proved reserves generated by third-party reserve engineers as of December 31, 2004 for Mariner and the Forest Gulf of Mexico operations;

the potential pro forma impact of the merger on the current financial condition and future financial performance of Mariner, including the impact on Mariner s operating metrics, including, the composition of its reserves between oil and gas; the percentage of reserves attributable to onshore, the shelf of the Gulf of Mexico and deepwater Gulf of Mexico; and the ratio of reserves as of June 30, 2005 to 2005 expected production;

the relative contributions of Mariner and the Forest Gulf of Mexico operations to the current and future financial performance of the combined company on a pro forma basis;

the report dated as of September 9, 2005, prepared by the management of Mariner, assessing the damage to the Gulf of Mexico assets of Mariner caused by Hurricane Katrina; and

the report dated as of September 9, 2005, prepared by the management of Forest, assessing the damage to the Gulf of Mexico assets of the Forest Gulf of Mexico operations caused by Hurricane Katrina.

In addition, Lehman Brothers had discussions with the managements of Mariner and Forest concerning their respective businesses, operations, assets, financial conditions, reserves, production profiles, hedging levels, exploration programs and prospects of Mariner and the Forest Gulf of Mexico operations and undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate.

In arriving at its opinion, Lehman Brothers assumed and relied upon the accuracy and completeness of the financial and other information used by Lehman Brothers without assuming any responsibility for independent verification of such information. Lehman Brothers further relied upon the assurances of the managements of Mariner and Forest that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial projections of Mariner, upon advice of Mariner, Lehman Brothers assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Mariner as to the future financial performance of Mariner and that Mariner would perform substantially in accordance with such projections. With respect to the financial projections of the Forest Gulf of Mexico operations, upon advice of Forest, Lehman Brothers assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Forest as to the future financial performance of the Forest Gulf of Mexico operations and that the Forest Gulf of Mexico operations would perform substantially in accordance with such projections. However, in the course of its analysis and in arriving at its opinion, Lehman Brothers also considered the various Commodity Price Assumptions, which resulted in certain adjustments to the projections of Mariner and the Forest Gulf of Mexico operations. Lehman Brothers discussed these adjusted projections with the management of Mariner and they agreed with the appropriateness of the use of such adjusted projections, as well as Forest s management projections, in performing its analysis.

In arriving at its opinion, Lehman Brothers did not conduct a physical inspection of the properties and facilities of Mariner and the Forest Gulf of Mexico operations and did not make or obtain from third parties any evaluations or appraisals of the assets and liabilities of Mariner or the Forest Gulf of Mexico operations. Lehman Brothers opinion is necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion letter.

In arriving at its opinion, Lehman Brothers did not ascribe a specific range of value to Mariner or the Forest Gulf of Mexico operations, but rather made its determination as to the fairness to Mariner, from a financial point of view, of the exchange ratio in the merger on the basis of the financial, comparative and other analyses described below. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial, comparative and other analyses and the application of those methods to the particular circumstances, and, therefore, such an opinion is not readily susceptible to summary description. Furthermore, in arriving at its fairness opinion, Lehman Brothers did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Lehman Brothers believes that its analyses must be considered as a whole and that considering any portion of such analyses and factors considered, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying the opinion. In its analyses, Lehman Brothers made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Mariner or Forest. Any estimates contained in the analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth in the analyses. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses could actually be sold.

The following is a summary of the material financial analyses used by Lehman Brothers in connection with providing its opinion to Mariner s board of directors. **The financial analyses summarized below include**

**information presented in tabular format. In order to fully understand the methodologies used by Lehman Brothers and the results of financial, comparative and other analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial, comparative and other analyses. Considering any portion of such analyses and of the factors considered, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying Lehman Brothers opinion.**

***Valuation Analyses Used to Derive Implied Exchange Ratios***

Lehman Brothers separately analyzed the value of Mariner and the Forest Gulf of Mexico operations in accordance with the following methodologies: net asset valuation analysis, comparable company analysis and comparable transaction analysis. Each of these methodologies was used to generate a reference enterprise value range for each of Mariner and the Forest Gulf of Mexico operations. The enterprise value range for each entity was adjusted for appropriate on- and off-balance sheet assets and liabilities to arrive at a common equity value range (in aggregate dollars) for each entity. The equity value range for each entity was used to derive implied exchange ratios which were then compared to the exchange ratio agreed to in the merger. The implied exchange ratios, derived using the various valuation methodologies listed, supported the conclusion that the exchange ratio agreed to in the merger was fair to Mariner from a financial point of view.

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The various valuation methodologies noted above and the implied exchange ratios derived therefrom are included in the following table. **This table should be read together with the more detailed descriptions set forth below.** In particular, in applying the various valuation methodologies to the particular businesses, operations and prospects of Mariner and the Forest Gulf of Mexico operations, and the particular circumstances of the merger, Lehman Brothers made qualitative judgments as to the significance and relevance of each analysis. In addition, Lehman Brothers made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Mariner or Forest. Accordingly, the methodologies and the implied exchange ratios derived therefrom set forth in the table must be considered as a whole and in the context of the narrative description of the financial analyses, including the assumptions underlying these analyses. Considering the implied exchange ratios set forth in the table without considering the full narrative description of the financial analyses, including the assumptions underlying these analyses, could create a misleading or incomplete view of the process underlying, and conclusions represented by, Lehman Brothers opinion.

| Valuation Methodology | Summary Description of Valuation Methodology | Implied Exchange Ratio Range* |
|---|---|---|
| Net Asset Valuation Analysis | Net present valuation of after-tax cash flows generated by producing to exhaustion existing proved reserves, using selected hydrocarbon pricing scenarios and discount rates plus the evaluation of probable and possible reserves and certain other assets and liabilities | |
| | Case I Commodity Prices | 0.84 - 1.11 |
| | Case II Commodity Prices | 0.95 - 1.30 |
| | Case III Commodity Prices | 0.88 - 1.14 |
| Comparable Company Analysis | Market valuation benchmark based on trading multiples of selected comparable companies for selected financial and asset-based measures | 0.78 - 1.14 |
| Comparable Transactions Analysis | Market valuation benchmark based on consideration paid in selected comparable transactions | 0.80 - 1.32 |
| Exchange Ratio in the Merger | | 1.00* |

* Shares of Forest Energy Resources will be exchanged for shares of Mariner on a one-for-one basis. The exchange ratio represents the number of Mariner shares to be issued in the merger for each Forest Energy Resources share. As a result of this exchange ratio and the number of shares of Forest Energy Resources to be issued in the spin-off, Forest shareholders will receive approximately 0.8 shares of Mariner common stock for each share of Forest common stock they own or, in the case of Forest shareholders who would receive less than one full Mariner share in the merger, cash in lieu of such fractional share.

***Net Asset Valuation Analysis***

Lehman Brothers estimated the present value of the future after-tax cash flows expected to be generated from each entity s proved reserves as of June 30, 2005, based on estimated reserves and production cost estimates. The present values of the future after-tax cash flows were determined using a range of discount rates and risking factors based on geography and reserve category risk and assuming a tax rate of 35%. Lehman Brothers added to such estimated proved reserves the estimated values of certain other assets and liabilities, including each of Mariner s and the Forest Gulf of Mexico operations probable and possible reserves, each of Mariner s and the Forest Gulf of Mexico operations exploration portfolio, and each of Mariner s and the Forest Gulf of Mexico operations current commodity hedging portfolio. The net asset

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valuation analysis was performed under three commodity price scenarios (Case I, Case II and Case III), which are described below.

Certain of the natural gas and oil price forecasts employed by Lehman Brothers were based on New York Mercantile Exchange, or NYMEX, price forecasts (Henry Hub, Louisiana delivery for natural gas and West Texas Intermediate, Cushing, Oklahoma delivery for oil) from which adjustments were made to reflect location and quality differentials. NYMEX gas price quotations are stated in heating value equivalents per million British Thermal Units, or MMBtu, which are adjusted to reflect the value per thousand cubic feet, or MCF, of gas. NYMEX oil price quotations are stated in dollars per barrel, or BBL, of crude oil. In addition to the NYMEX prices, Lehman Brothers considered the impact of a flat pricing scenario in which we employed natural gas and oil prices of $5.00 per MMBtu, and $45.00 per BBL respectively. In another pricing scenario, we valued the proved developed producing reserves using NYMEX pricing and all other categories using $5.00 per MMBtu and $45.00 per BBL for gas and oil, respectively. The table below presents a summary of natural gas and oil price forecasts employed by Lehman Brothers for each commodity price scenario.

| | 2005E | 2006E | 2007E | 2008E | 2009E | 2010E | Escalation Thereafter |
|---|---|---|---|---|---|---|---|
| **Natural Gas ($MMBtu)** | | | | | | | |
| Case I: All reserve classifications | $ 5.00 | $ 5.00 | $ 5.00 | $ 5.00 | $ 5.00 | $ 5.00 | 0.0% |
| Case II: | | | | | | | |
| Proved developed producing reserves | $ 9.24 | $ 8.89 | $ 8.29 | $ 7.85 | $ 7.47 | $ 7.14 | 0.0% |
| All other reserve classifications | $ 5.00 | $ 5.00 | $ 5.00 | $ 5.00 | $ 5.00 | $ 5.00 | 0.0% |
| Case III: All reserve classifications | $ 9.24 | $ 8.89 | $ 8.29 | $ 7.85 | $ 7.47 | $ 7.14 | 0.0% |
| **Oil ($/BBL)** | | | | | | | |
| Case I: All reserve classifications | $ 45.00 | $ 45.00 | $ 45.00 | $ 45.00 | $ 45.00 | $ 45.00 | 0.0% |
| Case II: | | | | | | | |
| Proved developed producing reserves | $ 64.06 | $ 64.81 | $ 62.71 | $ 60.55 | $ 59.15 | $ 58.45 | 0.0% |
| All other reserve classifications | $ 45.00 | $ 45.00 | $ 45.00 | $ 45.00 | $ 45.00 | $ 45.00 | 0.0% |
| Case III: All reserve classifications | $ 64.06 | $ 64.81 | $ 62.71 | $ 60.55 | $ 59.15 | $ 58.45 | 0.0% |

The net asset valuation analyses yielded valuations for Mariner and the Forest Gulf of Mexico operations that implied a range of exchange ratios of 0.84 to 1.11 for Case I, a range of exchange ratios of 0.95 to 1.30 for Case II and a range of exchange ratios of 0.88 to 1.14 for Case III.

***Comparable Company Analysis***

With respect to Mariner, Lehman Brothers reviewed the public stock market trading multiples for the following exploration and production companies, which Lehman Brothers selected because their businesses and operating profiles are reasonably similar to that of Mariner:

Bois d Arc Energy, Inc.

Comstock Resources, Inc.

Energy Partners, Ltd.

The Houston Exploration Company

Remington Oil and Gas Corporation

Spinnaker Exploration Company

Stone Energy Corporation

W&T Offshore, Inc.

As part of its comparable company analysis, Lehman Brothers calculated and analyzed Mariner s and each comparable company s equity and adjusted capitalization multiples of certain historical and projected financial and operating criteria (such as earnings before interest, taxes, depreciation, depletion, amortization and exploration expense, or EBITDE; net income; discretionary cash flow, or DCF; proved reserves; and daily production). The adjusted capitalization of each comparable company was obtained by adding its total debt to the sum of the market value of its common equity, the book value of its preferred stock and the book value of any minority interest minus its cash balance. The ratios of each comparable company of adjusted capitalization to proved reserves and to daily production were calculated by excluding from each selected company s adjusted capitalization calculation, an estimate of the value of non-proved reserves and other businesses that are unrelated to exploration and production of oil and gas.

Based on a review of the multiples derived for the comparable companies, Lehman Brothers selected multiple ranges to apply to Mariner s corresponding financial and operating statistics. The selected multiple ranges applied to Mariner s projected 2005 and projected 2006 EBITDE statistics were 3.5x to 4.0x and 3.4x to 3.9x, respectively. The selected multiple ranges applied to Mariner s projected 2005 and projected 2006 earnings statistics were 8.0x to 10.0x and 8.0 to 10.0x, respectively. The selected multiple ranges applied to Mariner s projected 2005 and projected 2006 DCF statistics were 3.0x to 3.5x and 2.8 to 3.3x, respectively. The selected multiple ranges applied to Mariner s proved reserve statistics were $15.00 to $18.00 per barrel of oil equivalent, referred to as BOE, and $2.50 to $3.00 per thousand cubic feet equivalent, referred to as Mcfe. The selected multiple ranges applied to Mariner s daily production statistics were $48,000 to $60,000 per thousand barrels of oil equivalent produced per day, referred to as MBOE/d, and $8,000 to $10,000 per million cubic feet equivalent produced per day, referred to as Mmcfe/d. For the proved reserves and daily production multiples, an estimate of the value of Mariner s non-proved reserves (including probable and possible reserves and Mariner s exploration portfolio) was added to the analysis. All of these calculations were performed, and based on publicly available financial data, including independent equity research analyst estimates, and closing prices as of September 8, 2005, the last trading date prior to the delivery of Lehman Brothers opinion.

With respect to the Forest Gulf of Mexico operations, Lehman Brothers reviewed the public stock market trading multiples for the following exploration and production companies, which Lehman Brothers selected because their businesses and operating profiles are reasonably similar to that of the Forest Gulf of Mexico operations:

Bois d Arc Energy, Inc.

Energy Partners, Ltd.

The Houston Exploration Company

Remington Oil and Gas Corporation

Spinnaker Exploration Company

Stone Energy Corporation

W&T Offshore, Inc.

As part of its comparable company analysis, Lehman Brothers calculated and analyzed the Forest Gulf of Mexico operations and each comparable company s equity and adjusted capitalization multiples of certain historical and projected financial and operating criteria (such as EBITDE, net income, DCF, proved reserves, and daily production). The adjusted capitalization of each comparable company was obtained by adding its total debt to the sum of the market value of its common equity, the book value of its preferred stock and the book value of any minority interest minus its cash balance. The ratios of each comparable company of adjusted capitalization to proved reserves and to daily production were calculated by excluding from each selected company s adjusted capitalization calculation, an estimate of the value of non-proved reserves and other businesses that are unrelated to exploration and production of oil and gas.

Based on a review of the multiples derived for the comparable companies, Lehman Brothers selected multiple ranges to apply to the Forest Gulf of Mexico operations corresponding financial and operating statistics. The selected multiple ranges applied to the Forest Gulf of Mexico operations projected 2005 and projected 2006 EBITDE statistics were 3.0x to 3.5x and 2.9x to 3.4x, respectively. The selected multiple ranges applied to the Forest Gulf of Mexico operations projected 2005 and projected 2006 earnings statistics were 8.0x to 10.0x and 8.5 to 10.5x, respectively. The selected multiple ranges applied to the Forest Gulf of Mexico operations projected 2005 and projected 2006 DCF statistics were 2.8x to 3.3x and 2.6 to 3.1x, respectively. The selected multiple ranges applied to the Forest Gulf of Mexico operations proved reserve statistics were $18.00 to $21.00 per BOE and $3.00 to $3.50 per Mcfe. The selected multiple ranges applied to the Forest Gulf of Mexico operations daily production statistics were $30,000 to $42,000 per MBOE/d and $5,000 to $7,000 per Mmcfe/d. For the proved reserves and daily production multiples, an estimate of the value of the Forest Gulf of Mexico operations non-proved reserves (including probable and possible reserves and the Forest Gulf of Mexico operations exploration portfolio) was added to the analysis. All of these calculations were performed, and based on publicly available financial data, including independent equity research analyst estimates, and closing prices as of September 8, 2005, the last trading date prior to the delivery of Lehman Brothers opinion.

The comparable company methodology yielded valuations for Mariner and the Forest Gulf of Mexico operations that implied a range of exchange ratios of 0.78 to 1.14.

Because of the inherent differences between the corporate structure, businesses, operations, commodity mix and prospects of Mariner and the Forest Gulf of Mexico operations and the corporate structure, businesses, operations, commodity mix and prospects of the selected comparable companies, Lehman Brothers believed that it was inappropriate to, and therefore did not rely solely on the quantitative results of the comparable company analysis. Accordingly, Lehman Brothers also made qualitative judgments concerning differences between the financial and operating characteristics and prospects of Mariner and the Forest Gulf of Mexico operations and the companies included in the comparable company analysis that would affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degree of operational risk between Mariner and the Forest Gulf of Mexico operations and the companies included in the comparable company analysis.

***Comparable Transactions Analysis***

Lehman Brothers conducted a comparable transactions analysis to assess how similar transactions were valued. In the case of Mariner, Lehman Brothers reviewed certain publicly available information on selected corporate level exploration and production transactions it deemed comparable to the merger, in whole or in part, which were announced from January 2001 to September 2005. The transactions included, but were not limited to:

Petrohawk Energy Corporation/ Mission Resources Corporation

Cimarex Energy Company/ Magnum Hunter Resources, Inc.

Noble Energy Inc./ Patina Oil & Gas Corporation

EnCana Corporation/ Tom Brown, Inc.

Kerr-McGee Corporation/ Westport Resources Corporation

For the corporate transactions analysis, for each comparable transaction, relevant transaction multiples were analyzed including the transaction value (equity purchase price plus assumed obligations) divided by proved reserves and daily production. The selected multiple ranges applied to Mariner s proved reserve statistic were $13.50 to $16.50 per BOE and $2.25 to $2.75 per Mcfe. The selected multiple ranges applied to Mariner s daily production multiple ranges were $45,000 to $57,000 per MBOE/d and $7,500 to $9,500 per Mmcfe/d. For the proved reserves and daily production multiples, an estimate of the value of Mariner s non-proved reserves (including probable and possible reserves and Mariner s exploration portfolio).

In the case of the Forest Gulf of Mexico operations, Lehman Brothers reviewed certain publicly available information on selected corporate level exploration and production transactions it deemed comparable to the

merger, in whole or in part, which were announced from January 2001 to September 2005. The transactions included, but were not limited to:

Cimarex Energy Company/ Magnum Hunter Resources, Inc.

Noble Energy Inc./ Patina Oil & Gas Corporation

EnCana Corporation/ Tom Brown, Inc.

Kerr-McGee Corporation/ Westport Resources Corporation

For the corporate transactions analysis for each company, relevant transaction multiples were analyzed including the corresponding transaction values (equity purchase price plus assumed obligations) divided by proved reserves and daily production. The selected multiple ranges applied to the Forest Gulf of Mexico operations proved reserve statistics were $18.00 to $21.00 per BOE and $3.00 to $3.50 per Mcfe. The selected multiple ranges applied to the Forest Gulf of Mexico operations daily production statistic were $30,000 to $36,000 per MBOE/d and $5,000 to $6,000 per Mmcfe/d. For the proved reserves and daily production multiples, an estimate of the value of the Forest Gulf of Mexico operations non-proved reserves (including probable and possible reserves and the Forest Gulf of Mexico operations exploration portfolio).

The comparable transactions methodology yielded valuations for Mariner and the Forest Gulf of Mexico operations that implied a range of exchange ratios of 0.80 to 1.32.

Because the market conditions, rationale and circumstances surrounding each of the transactions analyzed were specific to each transaction and because of the inherent differences between the businesses, operations and prospects of Mariner and the Forest Gulf of Mexico operations and the acquired businesses analyzed, Lehman Brothers believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the analysis and, accordingly, also made qualitative judgments concerning differences between the characteristics of these transactions and the merger that could affect the acquisition values of such acquired companies or companies to which they are being compared.

***Contribution Analysis***

Lehman Brothers analyzed the relative income statement contribution of Mariner and the Forest Gulf of Mexico operations to the combined company based on 2005 and 2006 financial data as projected by the managements of Mariner and Forest, respectively. The contribution analysis treats all cash flow and earnings the same regardless of capitalization, expected growth rates, upside potential or risk profile.

This analysis indicated that Mariner will contribute approximately 39.5% to 51.5% of the combined company s net income and 35.8% to 44.6% of the combined company s DCF for the periods analyzed. This analysis indicated that the Forest Gulf of Mexico operations will contribute approximately 48.5% to 60.5% of the combined company s net income and 55.4% to 64.2% of the combined company s DCF for the periods analyzed.

***Pro Forma Merger Consequences Analysis***

Lehman Brothers analyzed the pro forma impact of the merger on Mariner s projected 2005 and 2006 earnings per share and DCF per share. Lehman Brothers prepared a pro forma merger model which incorporated the financial projections of Mariner and the Forest Gulf of Mexico operations as provided by the managements of Mariner and Forest, respectively. Lehman Brothers then compared the earnings per share and DCF per share of Mariner on a standalone basis to the earnings per share and DCF per share of Mariner pro forma for the merger. Lehman Brothers noted that the merger is expected to be dilutive to earnings per share and accretive to DCF per share in 2005 and is expected to be dilutive to both earnings and DCF per share in 2006.

*General*

Lehman Brothers is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Mariner s board of directors selected Lehman Brothers because of its expertise, reputation and familiarity with Mariner and the energy industry generally and because its investment banking professionals have substantial experience in transactions comparable to the merger.

Pursuant to the terms of an engagement letter dated August 9, 2005 between Lehman Brothers and Mariner, Mariner paid Lehman Brothers a fee upon delivery of Lehman Brothers opinion, dated September 9, 2005. Mariner has also agreed to pay Lehman Brothers an additional fee at the time of closing. Mariner also has agreed to reimburse Lehman Brothers for its reasonable expenses incurred in connection with this engagement, and to indemnify Lehman Brothers and certain related persons against certain liabilities that may arise out of its engagement by Mariner and the rendering of the Lehman Brothers opinion. The estimated aggregate compensation Lehman Brothers will receive in connection with the merger is $3.0 million, of which $1.0 million was contingent on the execution of a merger agreement and an additional $1.25 million is contingent on the consummation of the merger. Lehman Brothers in the past has rendered investment banking services to Mariner and Forest and received customary fees for such services. Lehman Brothers has provided no financing advisory or other financing services to Mariner during the past two years. In July 2004 Lehman Brothers participated as an underwriter in a senior note offering of Forest. Lehman Brothers aggregate compensation for the transaction was $72,000.

During the course of its engagement, representatives of Lehman Brothers participated in discussions with members of Mariner s senior management regarding the rationale for, benefits of and risks and uncertainties relating to the merger. Among the benefits discussed with senior management were the economies of scale and the portfolio management opportunities provided by the increases to proved reserves and undeveloped acreage, the potential reduction in volatility related to deepwater projects, and increased visibility in the capital markets. Among the uncertainties discussed with senior management were those related to current high commodity prices and the possibility that probable and possible reserves of the acquired operations may never be converted to proved developed reserves.

In the ordinary course of its business, Lehman Brothers may actively trade in the debt or equity securities of Mariner and Forest for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

**The Spin-Off**

On September 12, 2005, Forest announced that Forest would spin-off to its shareholders the Forest Gulf of Mexico operations, and that the Forest Gulf of Mexico operations would immediately thereafter be acquired in a merger transaction by Mariner. Forest is carrying out the spin-off to facilitate Mariner s acquisition of the Forest Gulf of Mexico operations and the spin-off is a condition to the merger. After the spin-off and merger, Mariner will be a separately traded public company that will own and operate the combination of Mariner s business and the Forest Gulf of Mexico operations.

As a result of the transaction, in addition to retaining all of their shares of Forest common stock, Forest shareholders will receive approximately 0.8 shares of Mariner common stock for each share of Forest common stock owned on the record date of the transaction. Forest shareholders will receive approximately 58% of the common stock of Mariner on a pro forma basis. Mariner has applied to list its common stock on the New York Stock Exchange.

While Forest believes the spin-off will allow Forest shareholders to benefit from the success and upside potential of Mariner, there are risks that are described under Risks Factors beginning on page 23 of this proxy statement/ prospectus-information statement.

Forest s board of directors has determined that the spin-off of the Gulf of Mexico operations and the combination of these operations with Mariner are advisable and in the best interests of Forest and its shareholders, and has approved the proposed transaction. Forest shareholders need not take any action to participate in the spin-off or the merger no vote of Forest shareholders is required in connection with this transaction.

As of December 1, 2005, Forest has transferred and contributed the assets and certain liabilities associated with the Forest Gulf of Mexico operations to Forest Energy Resources pursuant to the terms of the distribution agreement. The distribution agreement is attached as Annex C to this proxy statement/ prospectus-information statement. See The Distribution Agreement beginning on page 87. Immediately prior to the merger, Forest will spin off Forest Energy Resources by distributing all of the shares of Forest Energy Resources common stock to Forest shareholders on a pro rata basis. MEI Sub will then be merged with and into Forest Energy Resources in accordance with the terms of the merger agreement, with the result being that Forest Energy Resources will become a wholly owned subsidiary of Mariner. The merger agreement is attached as Annex A to this proxy statement/ prospectus-information statement. See The Spin-Off and Merger beginning on page 40 and The Merger Agreement beginning on page 73.

The distribution of Forest Energy Resources common stock will take the form of a special stock dividend to Forest shareholders of record on the record date for the dividend. Forest shareholders who are entitled to receive shares of Forest Energy Resources will be mailed book-entry statements evidencing their shares of Forest Energy Resources. Upon completion of the merger, the exchange of Forest Energy Resources shares and Mariner shares will be effected through book-entry (with cash paid in lieu of any fractional shares held by holders of less than one full Mariner share), without the exchange of physical share certificates. Forest shareholders will not be required to pay for the shares of Forest Energy Resources common stock that they receive in the spin-off or the shares of Mariner common stock that they receive in the merger. The distribution of the Forest Energy Resources shares will not alter the number of outstanding shares of Forest common stock, and Forest shareholders should not send in their stock certificates representing shares of Forest common stock.

**Stock Exchange Listing**

Mariner has applied to list its common stock on the New York Stock Exchange.

**Certificate of Incorporation and By-Laws**

The proposed amendment to Mariner s certificate of incorporation is in the form attached as Annex E to this proxy statement/ prospectus-information statement. Following the merger, the certificate of incorporation and by-laws of Mariner would differ from the current certificate of incorporation and by-laws only with respect to the number of authorized shares of stock, which pursuant to the proposed amendment would be increased from 90 million to 200 million.

**Material United States Federal Tax Consequences of the Spin-Off and the Merger**

***Scope of the Discussion***

The following discussion summarizes certain material U.S. tax consequences of the spin-off to Forest and its shareholders, and the merger to Mariner stockholders and to stockholders of Forest Energy Resources at the effective time of the merger. It is a condition to the completion of the spin-off that Forest receive an opinion from Weil, Gotshal & Manges LLP, tax counsel to Forest, to the effect that the spin-off will generally qualify as a distribution that is tax-free under Sections 355 and 368 of the Internal Revenue Code of 1986, as amended. The discussion below of the Material U.S. Tax Consequences of the Spin-Off represents the further opinion of Weil, Gotshal & Manges LLP of the tax consequences of the spin-off that will follow from the distribution qualifying as tax-free under Sections 355 and Section 368 of the Internal Revenue Code. It is a condition to the completion of the merger that Forest and Forest Energy Resources receive an opinion from Weil, Gotshal & Manges LLP, tax counsel to Forest and to Forest Energy Resources, and that Mariner receive an opinion from Baker Botts L.L.P., tax counsel to Mariner, in both cases dated as of the effective date

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of the merger, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. The discussion below of the Material U.S. Tax Consequences of the Merger represents the further opinions of Weil, Gotshal & Manges LLP and Baker Botts L.L.P. of the tax consequences of the merger that will follow from the merger qualifying as a reorganization under Section 368(a) of the Internal Revenue Code.

This discussion is based upon existing U.S. tax law, including legislation, regulations, administrative rulings and court decisions, as in effect on the date of this proxy statement/ prospectus-information statement, all of which are subject to change, possibly with retroactive effect.

For purposes of this discussion:

- a U.S. holder is a beneficial owner of Forest, Forest Energy Resources or Mariner common stock that is (1) an individual citizen or resident of the U.S., (2) a corporation or any other entity taxable as a corporation created or organized in or under the laws of the U.S. or of a state of the U.S. or the District of Columbia, (3) a trust (i) in respect of which a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantive decisions of the trust or (ii) that was in existence on August 20, 1996 and validly elected to continue to be treated as a domestic trust, or (4) an estate that is subject to U.S. tax on its worldwide income from all sources;

- a non-U.S. holder is any holder of Forest, Forest Energy Resources or Mariner common stock other than a U.S. holder; and

- the term U.S. tax means U.S. federal income tax under the Internal Revenue Code of 1986, as amended.

The discussion assumes that holders hold their Forest, Forest Energy Resources or Mariner common stock, as applicable, as capital assets. Other tax consequences may apply to holders who are subject to special treatment under U.S. tax or U.S. federal estate tax law, such as:

- tax exempt organizations;

- financial institutions, insurance companies and broker-dealers;

- holders who hold their Forest, Forest Energy Resources or Mariner common stock, as applicable, as part of a hedge, straddle, wash sale, synthetic security, conversion transaction or other integrated investment comprised of Forest, Forest Energy Resources or Mariner common stock and one or more other investments;

- mutual funds;

- holders that have a functional currency other than the U.S. dollar;

- traders in securities who elect to apply a mark-to-market method of accounting;

- holders who acquired their shares in compensatory transactions;

- holders who are subject to the alternative minimum tax; or

- non-U.S. holders who are or have previously been engaged in the conduct of a trade or business in the U.S. or who have ceased to be U.S. citizens or to be taxed as resident aliens.

In the case of a stockholder that is a partnership, determinations as to tax consequences will generally be made at the partner level, but other special considerations not described may apply. The discussion is generally limited to U.S. federal income and estate tax considerations and does not address other U.S. federal tax considerations or state, local or foreign tax considerations.

The opinions of counsel referred to above to be delivered at closing will be, and the opinions of counsel set forth herein are, based on present law, which is subject to change, possibly with retroactive effect. In providing their opinions at the closing of the spin-off and the merger, counsel will make customary assumptions and rely

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upon the accuracy of certain representations made to them by Forest, Forest Energy Resources, and Mariner, in officers certificates. In addition, counsel will rely upon the accuracy of the information in this proxy statement/ prospectus-information statement and in other documents filed by Mariner and by Forest with the SEC and upon other information provided to them by Mariner and Forest. Any change in present law, or the failure of factual assumptions or representations to be true, correct and complete in all respects, could affect the continuing validity of counsels tax opinions. The conditions to the completion of the spin-off and merger relating to the receipt of the tax opinions may not be waived by Forest or Mariner after receipt of the Mariner shareholder approval unless further shareholder approval is obtained with appropriate disclosure. If any condition relating to the receipt of a tax opinion is waived, Mariner will recirculate a proxy statement/ prospectus and will resolicit proxies of the Mariner stockholders if there is a material change in the tax consequences of the spin-off or the merger. No ruling will be requested from the Internal Revenue Service on any aspect of the proposed transactions. An opinion of counsel represents counsel s best legal judgment and is not binding on the Internal Revenue Service or any court. Accordingly, there can be no assurance that the Internal Revenue Service will agree with the conclusions set forth herein or in the opinion letters to be delivered at closing, and it is possible that the Internal Revenue Service or another tax authority could assert a position contrary to one or all of those conclusions and that a court could sustain that contrary position.

**This summary is not a substitute for an individual analysis of the tax consequences of the proposed transaction to a Forest, Forest Energy Resources or Mariner stockholder. Each Forest, Forest Energy Resources or Mariner stockholder is urged to consult a tax adviser as to the U.S. tax consequences of the proposed transactions, including any consequences arising from the particular facts and circumstances of the Forest, Forest Energy Resources or Mariner stockholder, and as to any estate, gift, state, local or foreign tax consequences of the proposed transaction.**

***Material U.S. Tax Consequences of the Spin-Off***

The spin-off is conditioned upon receipt by Forest of an opinion from Weil, Gotshal & Manges LLP, to the effect that the spin-off will generally qualify as a distribution that is tax-free under Sections 355 and 368 of the Internal Revenue Code of 1986, as amended. **Weil, Gotshal & Manges LLP is of the opinion that the U.S. federal income tax consequences of such treatment will be that:**

a Forest shareholder will not recognize any income, gain or loss as a result of the spin-off;

a Forest shareholder s aggregate tax basis for his or her Forest common stock on which Forest Energy Resources common stock is distributed and the Forest Energy Resources common stock received by such shareholder in the spin-off will be the same as the tax basis of Forest common stock held by such shareholder immediately prior to the spin-off. A Forest shareholder s aggregate tax basis will be allocated between his or her Forest common stock and Forest Energy Resources common stock received in the spin-off in proportion to the relative fair market value of the Forest common stock and Forest Energy Resources common stock on the spin-off date;

a Forest shareholder s holding period for the Forest Energy Resources common stock received in the spin-off will include the holding period of the Forest common stock on which the distribution is made; and

Forest will not recognize any income, gain or loss on the spin-off, other than with respect to any excess loss account or intercompany transaction required to be taken into account by Forest under the Treasury regulations relating to consolidated returns. It is also possible that Forest may recognize income with respect to certain cash received from Forest Energy Resources under the distribution agreement.

There are numerous requirements that must be satisfied in order for the spin-off to be accorded tax-free treatment under the Internal Revenue Code. If the spin-off were not to qualify as tax-free under Sections 355 and 368 of the Internal Revenue Code, Forest would be required to recognize gain equal to the excess of the fair market value of the Forest Energy Resources common stock distributed to its shareholders over Forest s tax basis in the Forest Energy Resources common stock. Additionally, each Forest shareholder would be

treated as if such shareholder had received a distribution in an amount equal to the fair market value of the Forest Energy Resources common stock received, taxed as a dividend to the extent of Forest s current and accumulated earnings and profits (including earnings and profits arising from the gain to Forest described above) and then treated as a non-taxable return of capital to the extent of the holder s tax basis in the Forest common stock and thereafter as capital gain from the sale or exchange of Forest common stock. Under current law, individual citizens or residents of the U.S. are subject to U.S. federal income tax on dividends at a maximum rate of 15% (assuming holding period and other requirements are met) and long-term capital gains (i.e., capital gains on assets held for more than one year) at a maximum rate of 15%.

Even if the spin-off otherwise qualifies for tax-free treatment under Sections 355 and 368 of the Internal Revenue Code, the distribution of Forest Energy Resources common stock to Forest shareholders may be disqualified as tax-free to Forest under Section 355(e) of the Internal Revenue Code if 50% or more of the stock of Forest, Forest Energy Resources or Mariner is acquired as part of a plan or series of related transactions that include the spin-off. For purposes of this test, any acquisitions of Forest stock or Forest Energy Resources stock within two years before or after the spin-off, and any acquisitions of Mariner stock within two years after the spin-off, are presumed to be part of such a plan, although Forest, Forest Energy Resources or Mariner may be able to rebut that presumption. Also, for purposes of this test, the merger will already be treated as resulting in a deemed acquisition by Mariner stockholders of approximately 42% of Forest Energy Resources common stock. Under U.S. Treasury Regulations, certain safe harbors exist under which certain issuances of shares of Mariner and Forest Energy Resources will not be deemed part of the same plan as the spin-off. Among other safe harbors, safe harbors exist for transactions if specific timing conditions are met as to when agreements or substantial negotiations relating to such transactions occur, and a safe harbor exists for certain issuances pursuant to compensatory employment-related arrangements. The process for determining whether a change of ownership has occurred under the tax rules is complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. If an acquisition of Forest stock, Forest Energy Resources stock or Mariner stock results in the application of Section 355(e) of the Internal Revenue Code, Forest would recognize taxable gain as described in the preceding paragraph but the spin-off would generally be tax-free to each Forest shareholder. Pursuant to the tax sharing agreement, depending on the event, Forest may have to indemnify Mariner, or Mariner may have to indemnify Forest, for some or all of the taxes resulting from the spin-off. See Ancillary Agreements Tax Sharing Agreement beginning on page 90.

The tax sharing agreement entered into by Forest, Forest Energy Resources and Mariner imposes ongoing restrictions on Forest, Forest Energy Resources and Mariner to ensure that applicable statutory requirements under the Internal Revenue Code and applicable Treasury regulations continue to be met so that the spin-off remains tax-free to Forest and its shareholders. As a result of these restrictions, the ability of Mariner to engage in certain transactions, such as the redemption of its common stock, the issuance of equity securities and the utilization of its stock as currency in an acquisition, will be limited for a period of up to two years following the spin-off. These restrictions may reduce the ability of Mariner under certain circumstances to engage in certain business transactions that otherwise might be advantageous to Mariner and its stockholders and could have a negative impact on its business and stockholder value. If the spin-off became taxable, Forest would be expected to recognize a substantial amount of taxable income, which would result in a material amount of taxes. Depending on the circumstances, the tax sharing agreement allocates to Forest or Mariner all, or a portion of, any tax liability resulting from the spin-off being taxable. Any such taxes allocated to Mariner would be expected to be material to Mariner. This proxy statement/ prospectus-information statement summarizes certain effects of the tax sharing agreement on Mariner and Mariner stockholders. See Ancillary Agreements Tax Sharing Agreement beginning on page 90. Mariner stockholders are encouraged to read the summary and the tax sharing agreement in its entirety for a more complete discussion of these tax matters.

Current Treasury regulations require each Forest shareholder who receives Forest Energy Resources common stock pursuant to the spin-off to attach to his or her federal income tax return for the year in which the spin-off occurs a detailed statement setting forth such data as may be appropriate in order to show the

applicability of Section 355 of the Internal Revenue Code. Forest will provide the appropriate information to each shareholder of record as of the record date.

***Material U.S. Tax Consequences of the Merger***

It is a condition to the consummation of the merger that:

Mariner receive an opinion from Baker Botts L.L.P., dated as of the effective date of the merger, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and

Forest and Forest Energy Resources receive an opinion from Weil, Gotshal & Manges LLP, tax counsel to Forest, dated as of the effective date of the merger, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

**Baker Botts L.L.P. is of the opinion that the U.S. federal income tax consequences of such treatment will be that:**

a Mariner stockholder will not recognize gain or loss pursuant to the merger, and such holder s tax basis and holding period in Mariner common stock will not be affected by the merger;

**Baker Botts L.L.P. and Weil, Gotshal & Manges LLP are of the opinion that the U.S. federal income tax consequences of such treatment will be that:**

a Forest Energy Resources stockholder who exchanges Forest Energy Resources common stock solely for Mariner common stock in the merger will not recognize gain or loss except, as described below, to the extent of any cash received in lieu of fractional shares of Mariner common stock;

the aggregate tax basis in the Mariner common stock a Forest Energy Resources stockholder receives in the merger (including any fractional shares for which cash is received) will be the same as his or her aggregate tax basis in the Forest Energy Resources common stock surrendered in the merger;

the holding period of the Mariner common stock received in the merger by a holder of Forest Energy Resources common stock (including any fractional shares for which cash is received) will include the holding period of Forest Energy Resources common stock that such stockholder surrendered in the merger; and

a Forest Energy Resources stockholder who receives fractional share proceeds as a result of the sale of shares of Mariner common stock by the transfer agent will be treated as if such fractional share had been received by the shareholder as part of the merger and then sold by such stockholder. Accordingly, such stockholder will recognize capital gain or loss equal to the difference between the cash so received and the portion of the tax basis in Mariner common stock that is allocable to such fractional share. Any such capital gain or loss will be treated as a long-term or short-term capital gain or loss based on the holder s holding period for the Mariner common stock (as determined above). Non-U.S. holders who receive fractional share proceeds may be subject to withholding tax with respect to the fractional share proceeds under special rules governing the disposition of interests in a United States real property holding corporation.

Under the Internal Revenue Code, a holder of Forest Energy Resources common stock may be subject, under certain circumstances, to backup withholding at a current rate of 28% with respect to the amount of cash, if any, received as a result of the sale of fractional share interests unless such holder provides proof of an applicable exemption or correct taxpayer identification number, and otherwise complies with applicable requirements of the backup withholding rules. Any amounts withheld under the backup withholding rules are not additional tax and may be refunded or credited against the holder s federal income tax liability, provided the required information is timely furnished to the Internal Revenue Service.

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***Material U.S. Federal Tax Consequences to U.S. Holders of Holding and Disposing of Mariner Common Stock***

*Distributions on Common Stock*

A distribution to a U.S. holder on a Mariner share will be (i) first, a dividend to the extent of Mariner s current or accumulated earnings and profits, as determined under general U.S. tax principles, (ii) second, a non-taxable recovery of basis in that Mariner share, causing a reduction in the adjusted basis of the shares of Mariner common stock to the extent thereof (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by the holder on a subsequent disposition of our common stock), and (iii) finally, an amount that is received in exchange for the Mariner share. A dividend on a Mariner share that is received by a U.S. holder generally before January 1, 2009 is subject to U.S. tax at a maximum rate of 15 percent provided that the stockholder satisfies certain holding period and other requirements with respect to that Mariner share. Any amount that is deemed to have been received in exchange for a Mariner share will be taxed as a sale or disposition of a Mariner share, discussed below.

*Sales or Dispositions of Common Stock*

Upon a sale or other disposition of a Mariner share, a U.S. holder generally will recognize gain or loss in an amount that is equal to the difference between (i) the sum of any cash and the fair market value of any other property received and (ii) such U.S. holder s adjusted basis in such Mariner share. Any such gain or loss will generally be a capital gain or loss if the Mariner share that is surrendered was held as a capital asset and will be a long-term capital gain or loss if the Mariner share had been held more than one year when the sale or other disposition occurs. Deduction of capital losses is subject to certain limitations under the Internal Revenue Code.

*Information Reporting and Backup Withholding*

Payments of dividends and the proceeds of a disposition of a Mariner share that are made within the U.S. or through certain U.S. related financial intermediaries may be required to be reported to the Internal Revenue Service and may be subject to backup withholding unless (i) the U.S. holder is a corporation or other exempt recipient, or (ii) such person provides a taxpayer identification number or complies with applicable certification requirements. Amounts withheld under the backup withholding rules will be allowed as a refund or credit against a person s U.S. tax liability if the required information is timely furnished to the Internal Revenue Service.

*U.S. Federal Estate Tax*

Common stock owned or treated as owned by an individual who is a U.S. holder for U.S. federal estate tax purposes at the time of death will be included in the individual s gross estate for U.S. federal estate tax purposes, and therefore may be subject to U.S. federal estate tax.

***Material U.S. Federal Tax Consequences to Non-U.S. Holders of Holding and Disposing of Mariner Common Stock***

*Distributions on Common Stock*

A distribution to a non-U.S. holder on a Mariner share will be (i) first, a dividend to the extent of Mariner s current or accumulated earnings and profits, as determined under general U.S. tax principles, (ii) second, a non-taxable recovery of basis in that Mariner share, causing a reduction in the adjusted basis of the shares of common stock to the extent thereof (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by the holder on a subsequent disposition of our common stock), and (iii) finally, an amount that is received in exchange for the Mariner share.

Dividends paid to non-U.S. holders that are not effectively connected with the non-U.S. holder s conduct of a U.S. trade or business will be subject to U.S. federal withholding tax at a 30% rate, or if a tax treaty applies, a lower rate specified by the treaty. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty. Dividends that are effectively connected with a non-U.S. holder s conduct of a trade or business in the U.S. and, if an income tax treaty applies, are attributable to a permanent establishment in the U.S., are taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons. In that case, Mariner will not have to withhold U.S. federal withholding tax if the non-U.S. holder complies with applicable certification and disclosure requirements. In addition, a branch profits tax may be imposed at a 30% rate, or a lower rate under an applicable income tax treaty, on dividends received by a foreign corporation that are effectively connected with its conduct of a trade or business in the U.S.

A non-U.S. holder that claims the benefit of an applicable income tax treaty generally will be required to satisfy applicable certification and other requirements. However,

- in the case of Mariner common stock held by a foreign partnership, the certification requirement will generally be applied to the partners of the partnership and the partnership will be required to provide certain information;

- in the case of Mariner common stock held by a foreign trust, the certification requirement will generally be applied to the trust or the beneficial owners of the trust depending on whether the trust is a foreign complex trust, foreign simple trust or foreign grantor trust as defined in the U.S. Treasury Regulations; and

- look-through rules will apply for tiered partnerships, foreign simple trusts and foreign grantor trusts.

A non-U.S. holder that is a foreign partnership or a foreign trust is urged to consult its own tax advisor regarding its status under these U.S. Treasury Regulations and the certification requirements applicable to it.

A non-U.S. holder that is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for refund with the Internal Revenue Service.

*Sales or Dispositions of Common Stock*

A non-U.S. holder generally will not be subject to U.S. tax on gain recognized on a disposition of a share of Mariner common stock unless:

- the gain is effectively connected with the non-U.S. holder s conduct of a trade or business in the U.S. and, if an income tax treaty applies, is attributable to a permanent establishment maintained by the non-U.S. holder in the U.S.; in these cases, the gain will be taxed on a net income basis at the rates and in the manner applicable to U.S. persons, and if the non-U.S. holder is a foreign corporation, the branch profits tax described above may also apply;

- the non-U.S. holder is an individual who is present in the U.S. for 183 days or more in the taxable year of the disposition and meets other requirements; or

- Mariner is or has been a United States real property holding corporation for U.S. tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that the non-U.S. holder held such Mariner common stock.

Generally, a corporation is a United States real property holding corporation if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. The tax relating to stock in a United States real property holding corporation generally will not apply to a non-U.S. holder whose holdings, direct and indirect, at all times during the applicable period, constituted 5% or less of Mariner common stock, provided that Mariner common stock was regularly traded on an established securities market. Mariner believes that it currently is, and after the merger will continue to be, a United States real property holding corporation for U.S. tax purposes. Mariner also expects its common stock to be regularly traded on an established securities market immediately after the completion of the merger.

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*Information Reporting and Backup Withholding*

Dividends paid to a non-U.S. holder may be subject to information reporting and U.S. backup withholding. A non-U.S. holder will be exempt from this backup withholding tax if such non-U.S. holder properly provides a Form W-8BEN certifying that such stockholder is a non-U.S. holder or otherwise meets documentary evidence requirements for establishing that such stockholder is a non-U.S. holder or otherwise qualifies for an exemption.

The gross proceeds from the disposition of Mariner common stock may be subject to information reporting and backup withholding. If a non-U.S. holder sells its common stock outside the U.S. through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to such stockholder outside the U.S., then the U.S. backup withholding and information reporting requirements generally will not apply to that payment. However, U.S. information reporting will generally apply to a payment of sale proceeds, even if that payment is made outside the U.S., if a non-U.S. holder sells Mariner common stock through a non-U.S. office of a broker that:

- is a U.S. person for U.S. tax purposes;
- derives 50% or more of its gross income in specific periods from the conduct of a trade or business in the U.S.;
- is a controlled foreign corporation for U.S. tax purposes; or
- is a foreign partnership, if at any time during its tax year:
  - one or more of its partners are U.S. persons who in the aggregate hold more than 50% of the income or capital interests in the partnership; or
  - the foreign partnership is engaged in a U.S. trade or business,

unless the broker has documentary evidence in its files that the non-U.S. holder is a non-U.S. person and certain other conditions are met, or the non-U.S. holder otherwise establishes an exemption. In such circumstances, backup withholding will not apply unless the broker has actual knowledge that the seller is not a non-U.S. holder.

If a non-U.S. holder receives payments of the proceeds of a sale of Mariner common stock to or through a U.S. office of a broker, the payment is subject to both U.S. backup withholding and information reporting unless such non-U.S. holder properly provides a Form W-8BEN certifying that such stockholder is a non-U.S. person or otherwise establishes an exemption.

A non-U.S. holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed such stockholder s U.S. tax liability by timely filing a properly completed claim for refund with the U.S. Internal Revenue Service.

*U.S. Federal Estate Tax*

Mariner common stock owned or treated as owned by an individual who is a non-U.S. holder for U.S. federal estate tax purposes at the time of death will be included in the individual s gross estate for U.S. federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise, and therefore may be subject to U.S. federal estate tax.

**Mariner stockholders and Forest shareholders are urged to consult their own tax advisors as to the specific tax consequences to them of the spin-off and the merger, as applicable, including tax return reporting requirements, the applicability and effect of federal, state, local, and other applicable tax laws and the effect of any proposed changes in the tax laws.**

**Federal Securities Laws Consequences of the Merger**

All shares of Mariner common stock received by Forest shareholders in the merger will be freely transferable, except that shares of Mariner common stock received by persons who are deemed to be

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affiliates of Forest Energy Resources under the Securities Act may resell such stock only in transactions permitted by Rule 145 under the Securities Act, or as otherwise permitted under the Securities Act. Persons who may be affiliates of Forest Energy Resources for those purposes generally include individuals or entities that control, are controlled by, or are under common control with Forest Energy Resources, but would not include stockholders who are not officers, directors or principal stockholders of Forest Energy Resources.

The merger agreement requires Forest Energy Resources to use all commercially reasonable efforts to cause each of its affiliates to execute a written agreement, substantially in the form attached as an exhibit to the merger agreement, to the effect that such affiliate will not sell, assign, transfer or otherwise dispose of any of the shares of Mariner common stock issued to such affiliate in exchange for Forest Energy Resources common stock in the merger except:

- pursuant to an effective registration statement under the Securities Act;
- in conformity with the volume and other limitations of Rule 145 promulgated under the Securities Act; or
- in a transaction which, in the opinion of independent counsel reasonably satisfactory to Mariner or as described in a no-action or interpretative letter from the Staff of the SEC, is not required to be registered under the Securities Act.

**Accounting Treatment**

If the merger is consummated, the acquisition of Forest Energy Resources by Mariner will be accounted for under the purchase method of accounting under U.S. generally accepted accounting principles, with Mariner treated as the acquiror. As a result, the assets and liabilities of the Forest Gulf of Mexico operations will be recorded at their estimated fair values at the date of merger with any excess of the purchase price over the net amount of such fair values recorded as goodwill.

**Regulatory Matters**

None of the parties is aware of any other material governmental or regulatory approval required for the completion of the merger, other than the effectiveness of the registration statement of which this proxy statement/ prospectus-information statement is a part and the effectiveness of Mariner s registration statement on Form S-1 relating to the currently-outstanding shares of Mariner common stock, and compliance with applicable antitrust law (including the Hart-Scott-Rodino Act) and the corporate law of the State of Delaware. On November 14, 2005, the waiting period under the Hart-Scott-Rodino Act with respect to the merger expired.

**Appraisal and Dissenters Rights**

In accordance with the Delaware General Corporation Law, there will be no appraisal rights or dissenters rights available to holders of Mariner common stock in connection with the merger.

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## STRENGTHS AND STRATEGIES OF MARINER FOLLOWING THE MERGER

Following the merger we expect Mariner to be an independent oil and gas exploration, development and production company focused offshore in the Gulf of Mexico and onshore in the Permian Basin of West Texas. On a pro forma basis as of December 31, 2004, the combined company had 577 Bcfe of estimated proved reserves. Approximately 64% of these reserves were developed; 36% were undeveloped. Approximately 73% of our estimated proved reserves were natural gas and natural gas liquids, and 27% were oil and condensate. The reserves are geographically distributed approximately 62% on the Gulf of Mexico shelf, 18% in the Gulf of Mexico deepwater and 20% in the Permian Basin in West Texas. As of December 31, 2004, the pro forma PV10 of the combined company was approximately $1.9 billion, and the pro forma standardized measure of discounted future net cash flows attributable to its estimated proved reserves was approximately $1.4 billion. Please see Mariner Estimated Proved Reserves and The Forest Gulf of Mexico Operations Estimated Proved Reserves for a definition of PV10 and reconciliations of PV10 to the standardized measure of discounted future net cash flows.

Mariner is focused on the generation and development of new Gulf of Mexico deepwater, deep shelf and shelf projects and the development of its existing asset base in West Texas. Historically, Mariner has achieved growth through the drill bit; however, as part of our growth strategy, we also seek to acquire assets that provide acceptable risk-adjusted rates of return and have significant potential for further reserve additions through development and exploitation activities.

We believe Mariner s core resources and strengths include:

- our high-quality assets with geographic and geological diversity;
- our successful track record of finding and developing oil and gas reserves; and
- our depth of operating experience.

The integration and further development and exploitation of the Forest Gulf of Mexico operations into our business will further diversify and, in our view, complement our existing business, provide additional resources for future growth beyond the producing assets acquired, and afford a larger scale to increase our ability to compete effectively. We expect the effectiveness of our growth strategy to be enhanced by the addition of the Forest Gulf of Mexico assets.

*High-Quality Assets.* We believe our asset base has significant potential:

- Our deepwater projects have the potential to provide large reserves, high production volumes and substantial cash flow. Approximately 65 Bcfe of our undeveloped estimated proved reserves as of December 31, 2004, are located in our high-impact deepwater projects Swordfish, Pluto, Rigel, Baccarat, and Daniel Boone. The Baccarat project commenced production in July 2005 (although production was shut-in due to Hurricane Rita and is expected to recommence in the first quarter of 2006), and the Swordfish project commenced production in October 2005. Notwithstanding delays caused primarily by 2005 hurricane activity, we believe Pluto and Rigel will commence production in the second quarter of 2006. Proved undeveloped reserves attributable to those projects have been recategorized as proved developed reserves. Daniel Boone is currently scheduled for production in 2008.

- The Gulf of Mexico is an area that offers substantial growth opportunities, and we expect to continue to generate shelf, deep shelf and deepwater Gulf of Mexico prospects. The Forest Gulf of Mexico assets will more than double our existing undeveloped acreage position to approximately 465,000 net acres and increase our total net leasehold acreage offshore to nearly 1 million acres, providing numerous exploration, exploitation and development opportunities. We believe the additional acreage also will provide increased exposure to farm-out opportunities from other oil and gas operators. Our team of geoscientists currently has access to seismic data from multiple, recent vintage 3-D seismic databases covering more than 6,600 blocks in the Gulf of Mexico that we intend to continue to use to develop prospects on acreage being evaluated for leasing and to develop and further refine prospects on our expanded acreage position. The combination of our undeveloped acreage position, inventory of

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development prospects, seismic data and technical knowledge should enhance our ability to select projects with the greatest return potential for future development. We will also gain access to a significant infrastructure in the shelf that we believe will provide substantial cost efficiencies to the combined operations.

Our West Texas assets provide stable cash flow and long-lived reserves, with significant development opportunities. In West Texas, during the three years ended December 31, 2004, we drilled 105 wells, all commercially successful, added approximately 76 Bcfe of estimated proved reserves, and increased our average daily production by more than 400%. Our 52 Bcfe of undeveloped estimated proved reserves in West Texas includes 162 locations. Our recent West Texas acquisition adds to our asset base an approximate 35% working interest in over 200 existing producing wells and, we believe, will provide future infill development opportunities, much like our Aldwell unit. This recent acquisition, in conjunction with our existing West Texas acreage, gives Mariner an inventory of multi-year development drilling opportunities.