

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2003

Commission file number 001-31539

ST. MARY LAND & EXPLORATION COMPANY
(Exact name of registrant as specified in its charter)

Delaware 41-0518430
(State or other jurisdiction (I.R.S. Employer Identification No.)
of incorporation or organization)

1776 Lincoln Street, Suite 700, Denver, Colorado 80203
(Address of principal executive offices) (Zip Code)

(303) 861-8140
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accredited filer (as defined by Rule 12b-2 of the Exchange Act). Yes [X] No []

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

As of May 12, 2003, the registrant had 31,506,021 shares of common stock, \$0.01 par value, outstanding.

ST. MARY LAND & EXPLORATION COMPANY

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ST. MARY LAND & EXPLORATION COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands, except share amounts)

	March 31,	December 31,
ASSETS	2003	2002
Current assets:		
Cash and cash equivalents	\$ 17,291	\$ 11,154
Short term investments	2,511	1,933
Accounts receivable	68,046	35,399
Prepaid expenses and other	5,739	6,510
Accrued derivative asset	3,822	-
Refundable income taxes	-	1,031
Deferred income taxes	4,155	3,520
Total current assets	101,564	59,547
Property and equipment (successful efforts method), at cost:		
Proved oil and gas properties	789,043	683,752
Less accumulated depletion, depreciation and amortization	(263,725)	(263,436)
Unproved oil and gas properties, net of impairment allowance of \$9,290 in 2003 and \$8,865 in 2002	56,475	47,984
Other property and equipment, net of accumulated depreciation of \$3,748 in 2003 and \$3,586 in 2002	4,329	3,639
Total property and equipment	586,122	471,939
Other noncurrent assets	6,668	5,653
Total Assets	\$ 694,354	\$ 537,139
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 74,936	\$ 48,790
Accrued hedge liability	15,082	8,707
Total current liabilities	90,018	57,497
Noncurrent liabilities:		
Long-term credit facility	71,000	14,000
Convertible notes, net of unamortized portion of initial contingent interest derivative	99,625	99,601
Deferred income taxes	67,785	60,156
Asset retirement obligation liability	23,734	-
Other noncurrent liabilities	9,918	5,727
Total noncurrent liabilities	272,062	179,484
Commitments and contingencies		
Minority interest	700	645
Temporary equity (Note 7):		

Common stock subject to put option, \$0.01 par value issued and outstanding - 3,380,818 shares in 2003 and -0- share in 2002	71,594	-
Note receivable from Flying J and Big West	(71,594)	-
Total temporary equity	-	-
Stockholders' equity:		
Common stock, \$0.01 par value: authorized - 100,000,000 shares; issued - 29,060,539 shares in 2003 and 28,983,110 shares in 2002		
outstanding - 28,057,839 shares in 2003 and 27,973,210 shares in 2002	291	290
Additional paid-in capital	142,066	140,688
Treasury stock - at cost: 1,002,700 and 1,009,900 shares in 2003 and 2002, respectively	(16,057)	(16,210)
Retained earnings	215,309	182,512
Accumulated other comprehensive loss	(10,035)	(7,767)
Total stockholders' equity	331,574	299,513
Total Liabilities, Temporary Equity and Stockholders' Equity	\$ 694,354	\$ 537,139

The accompanying notes are an integral part
of these consolidated financial statements.

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ST. MARY LAND & EXPLORATION COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2003	2002
Operating revenues:		
Oil and gas production	\$ 95,688	\$ 41,093
Gain (loss) on sale of proved properties	36	(36)
Marketed gas revenue	3,775	505
Other oil and gas revenue	1,445	350
Gain on sale of KMOC stock	-	836
Derivative gain	115	-
Other revenues	145	25
Total operating revenues	101,204	42,773
Operating expenses:		
Oil and gas production	21,130	14,030
Depletion, depreciation and amortization	18,885	13,054
Exploration	4,150	6,916
Abandonment and impairment of unproved properties	919	697
General and administrative	6,146	3,141
Derivative loss	-	352
Marketed gas system operating expense	3,359	424
Minority interest and other	196	377
Total operating expenses	54,785	38,991
Income from operations	46,419	3,782
Nonoperating income (expense):		
Interest income	230	110
Interest expense	(2,216)	(452)
Income before income taxes	44,433	3,440
Income tax expense	17,071	1,122
Income from continuing operations	27,362	2,318
Cumulative effect of change in accounting principle, net	5,435	-
Net income	\$ 32,797	\$ 2,318
Basic earnings per common share:		
Income from continuing operations	\$ 0.90	\$ 0.08
Cumulative effect of change in accounting principle	\$ 0.18	\$ -
Basic net income per common share	\$ 1.08	\$ 0.08

Diluted earnings per common share:		
Income from continuing operations	\$ 0.81	\$ 0.08
Cumulative effect of change in accounting principle	\$ 0.16	\$ -
Diluted net income per common share	\$ 0.97	\$ 0.08
Basic weighted average common shares outstanding	30,354	27,786
Diluted weighted average common shares outstanding	34,861	28,294
Cash dividends declared per share	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

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ST. MARY LAND & EXPLORATION COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	For the Three Months Ended	
	March 31,	
	2003	2002
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 32,797	\$ 2,318
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gain) loss on sale of proved properties	(36)	36
Gain on sale of KMOC stock	-	(836)
Depletion, depreciation and amortization	18,885	13,054
Abandonment and impairment of unproved properties	919	697
Unrealized derivative (gain) loss	(115)	352
Deferred income taxes	5,685	840
Exploratory dry hole expense	461	4,178
Minority interest and other	204	(791)
Cumulative effect of change in accounting principle	(5,435)	-
	53,365	19,848
Changes in current assets and liabilities:		
Accounts receivable	(32,647)	12,956
Prepaid expenses and other	771	(4,336)
Refundable income taxes	1,031	9,165
Accounts payable and accrued expenses	19,666	4,159
Current deferred income taxes	68	-
Net cash provided by operating activities	42,254	41,792
Cash flows from investing activities:		
Proceeds from sale of oil and gas properties	108	-
Capital expenditures	(21,023)	(26,564)
Acquisition of oil and gas properties	(73,151)	(12,726)
Proceeds from distribution and sale of KMOC stock	-	3,114
Other	13	274
Net cash used in investing activities	(94,053)	(35,902)
Cash flows from financing activities:		
Proceeds from credit facility	95,820	16,000
Repayment of credit facility	(38,820)	(60,000)
Proceeds from issuance of convertible notes	(62)	96,854
Proceeds from sale of common stock	998	331
Net cash provided by financing activities	57,936	53,185
Net change in cash and cash equivalents	6,137	59,075
Cash and cash equivalents at beginning of period	11,154	4,116
Cash and cash equivalents at end of period	\$ 17,291	\$ 63,191

The accompanying notes are an integral part of these consolidated financial statements.

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Sale of common stock, including income tax benefit of stock option exercises	77,429	1	1,378	-	-	-	1,379
Directors' stock compensation	-	-	-	-	7,200	153	153

Balances, March 31, 2003	29,060,539	\$ 291	\$ 142,066	\$ 215,309	(1,002,700)	\$ (16,057)	\$ (10,035) \$ 331,574
=====							

The accompanying notes are an integral part
of these consolidated financial statements.

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ST. MARY LAND & EXPLORATION COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

March 31, 2003

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of St. Mary Land & Exploration Company and Subsidiaries ("St. Mary" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to consolidated financial statements included in St. Mary's Annual Report on Form 10-K for the year ended December 31, 2002. In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the period presented are not necessarily indicative of the results that may be expected for the full year.

The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2002. It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes included in the Form 10-K.

Note 2 - Income Taxes

Federal income tax expense for the three months ended March 31, 2003, and 2002 differ from the amounts that would be provided by applying the statutory U.S. Federal income tax rate to income before income taxes primarily due to Section 29 credits, percentage depletion, valuation allowance adjustments against prior year credits, and the effect of state income taxes. At March 31, 2003, the Company's current portion of income tax expense was \$11,317,000.

Note 3 - Long-term Debt

In January 2003 the Company entered into a new long-term revolving credit agreement with a group of banks that replaced the prior credit agreement dated June 30, 1998. The new credit agreement specifies a maximum loan amount of \$300,000,000. Borrowings under the facility are secured by a pledge of collateral in favor of the lenders and by common stock of material subsidiaries of the Company. The borrowing base is currently \$275,000,000. The lenders may periodically re-determine the aggregate borrowing base depending upon the value of St. Mary's oil and gas properties and other assets. The aggregate commitment was \$150,000,000 at March 31, 2003, and the credit agreement has a maturity date of January 27, 2006. The Company must comply with certain covenants. Interest and commitment fees are accrued based on the borrowing base utilization percentage table below. Interest and commitment fees are accrued based on the borrowing base utilization percentage table below. Eurodollar loans accrue interest at LIBOR plus the applicable margin from the utilization table, and ABR loans accrue interest at Prime plus the applicable margin from the utilization table.

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Borrowing base utilization percentage	<50%	=>50%<75%	=>75%<90%	>90%

Eurodollar Loans	1.25%	1.50%	1.75%	2.00%
ABR Loans	0.00%	0.25%	0.50%	0.75%
Commitment Fee Rate	0.30%	0.38%	0.38%	0.50%

At March 31, 2003, the Company's borrowing base utilization percentage as defined under the credit agreement was 25.8%. The Company had \$68,000,000 in Eurodollar loans and \$3,000,000 in ABR loans outstanding under its revolving credit agreement and \$100,000,000 in outstanding borrowings under the 5.75% senior convertible notes as of March 31, 2003. The weighted average interest rate paid for the first quarter of 2003 was 4.88% including commitment fees paid

on the unused portion of the credit facility borrowing base.

Note 4 - Derivative Financial Instruments

The Company realized a net loss of \$10,547,000 from its derivative contracts for the three months ended March 31, 2003, and a net gain of \$3,479,000 for the three months ended March 31, 2002.

The Company's 5.75% senior convertible notes contain a provision for payment of contingent interest if certain conditions are met. Under Statement of Financial Accounting Standards ("SFAS") No. 133 this provision is considered an embedded equity-related derivative that is not clearly and closely related to the fair value of an equity interest and therefore must be separately treated as a derivative instrument. The value of the derivative at issuance in March 2002 was \$474,000. This amount was recorded as a decrease to the convertible notes payable in the consolidated balance sheets. Of this amount, \$24,000 and \$4,000 has been amortized through interest expense for the periods ended March 31, 2003, and March 31, 2002, respectively. Derivative gain in the consolidated statements of operations includes \$128,000 of net gain from mark-to-market adjustments for this derivative at March 31, 2003, and derivative loss contains \$121,000 of net loss at March 31, 2002.

The Company's previous fixed-rate to floating-rate interest rate swap on \$50,000,000 of 5.75% senior convertible notes did not qualify for cash flow or fair value hedge treatment under SFAS No. 133. This contract was entered into on March 25, 2002, and was closed out on December 3, 2002. Derivative loss in the consolidated statement of operations for the period ended March 31, 2002, includes \$44,000 of net unrealized mark-to-market loss from the interest rate swap contract.

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The following table summarizes derivative instrument activity.

	For the Three Months Ended March 31,	
	2003	2002
	----- Gain (Loss) -----	
Derivative contract settlements included in oil and gas production revenues	\$(10,638,000)	\$3,835,000
Ineffective portion of hedges qualifying for hedge accounting included in derivative loss	(13,000)	(187,000)
Non-qualified derivative contracts included in derivative gain (loss)	128,000	(165,000)
Amortization of contingent interest derivative through interest expense	(24,000)	(4,000)

Total	\$(10,547,000)	\$3,479,000
	=====	

Derivative gain in the consolidated statements of operations includes a loss of \$13,000 from ineffectiveness related to hedge contracts in 2003. Derivative loss in 2002 includes a loss of \$187,000 from ineffectiveness related to hedge contracts. On March 31, 2003, the estimated fair value of contracts designated and qualifying as cash flow hedges under SFAS No. 133 was a net pre-tax liability of \$15,743,000. The Company will reclassify this amount to gains or losses included in oil and gas production operating revenues as the hedged production quantity is produced. Based on current prices the net amount of existing unrealized after-tax loss as of March 31, 2003, to be reclassified from accumulated other comprehensive income to oil and gas production operating revenues in the next twelve months would be \$6,303,000, net of deferred income taxes. The Company anticipates that all original forecasted transactions will occur by the end of the originally specified time periods.

Note 5 - Compensation Plans

The Company accounts for stock-based compensation using the intrinsic value recognition and measurement principles prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and related interpretations. No stock-based employee compensation expense is reflected in net income as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation.

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		Ended March 31,	
		2003	2002
		----	----
(In thousands, except per share amounts)			
Net income			
	As reported	\$ 32,797	\$ 2,318
	Pro forma	\$ 32,497	\$ 1,879
Basic earnings per share			
	As reported	\$ 1.08	\$ 0.08
	Pro forma	\$ 1.07	\$ 0.06
Diluted earnings per share			
	As reported	\$ 0.97	\$ 0.08
	Pro forma	\$ 0.96	\$ 0.06

For purposes of pro forma disclosures, the estimated fair values of the options are amortized to expense over the options' vesting periods. The effects of applying SFAS No. 123 in the pro forma disclosure are not necessarily indicative of actual future amounts. Additional awards in future years are anticipated.

Note 6 - Asset Retirement Obligations

Effective January 1, 2003, the Company adopted the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 generally applies to retirement obligations that result from the acquisition, construction, development and/or the normal operation of a long-lived asset. SFAS No. 143 requires the Company to recognize an estimated liability for costs associated with the abandonment of its oil and gas properties.

As of January 1, 2003, the Company recognized the future cost to abandon oil and gas properties over the estimated economic life of the oil and gas properties in accordance with the provisions of SFAS No. 143. A liability for the fair value of an asset retirement obligation with a corresponding increase to the carrying value of the related long-lived asset is recorded on a discounted basis at the time the well is completed or acquired. The Company depletes the amount added to proved oil and gas properties, net of estimated salvage values, and recognizes accretion expense in connection with the discounted liability over the remaining life of the respective oil and gas properties. The Company previously had recognized an abandonment liability on its offshore wells. These offshore liabilities were reversed at adoption, and the methodology described above was used to determine the liability associated with abandoning all wells, including those offshore.

The estimated liability is based on historical experience in abandoning these wells, estimated economic lives, estimates as to the cost to abandon the wells in the future and federal and state regulatory requirements. The liability is discounted using a discount rate of 7.25%. Revisions to the liability could occur due to changes in estimated abandonment costs or well economic lives, or if federal or state regulators enact new requirements for the abandonment of wells.

Upon adoption of SFAS No. 143, the Company recorded a discounted liability of \$21,403,000, reversed the existing offshore abandonment liability of \$9,144,000, increased net property and equipment by \$21,106,000, and recognized a one-time cumulative effect gain of \$5,435,000 (net of deferred tax benefit of \$3,414,000). The Company depletes the amount added to property and equipment and recognizes accretion expense in connection with the discounted liability over the remaining economic lives of the respective oil and gas properties.

Prior to the adoption of SFAS No. 143, the Company assumed that salvage value approximated abandonment costs and therefore salvage value was not reflected in the DD&A calculation. As a result of adopting SFAS No. 143 and

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the discounting of the asset retirement obligation, the salvage value must now be reflected in the DD&A rate. Accordingly, \$13,728,000 was reversed from accumulated DD&A and is included as a part of the increase in net property and equipment in the cumulative effect adjustment. This adjustment to accumulated DD&A relates to prior depletion of salvage value that would have been excluded from the DD&A calculation if the abandonment liability had been separately recognized. As of March 31, 2003, the Company's capitalized proved oil and gas properties included \$42,295,000 of estimated salvage value, which is not included in the Company's DD&A calculation.

A reconciliation of the Company's liability is as follows (in thousands):

	For the Three Months Ended March 31, 2003

Asset Retirement Obligation at adoption at January 1, 2003	\$ 21,403
Liabilities incurred	1,936
Liabilities settled	-
Accretion expense	395

Revisions to estimate

-

Asset Retirement Obligation, March 31, 2003

\$ 23,734
=====

The following table illustrates the effect on the asset retirement obligation liability, net income and earnings per share if the Company had adopted the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations" on January 1, 2002.

	Pro Forma for the Three Months Ended March 31, 2002

Asset retirement obligation liability, January 1, 2002	\$ 20,355
Asset retirement obligation liability, March 31, 2002	\$ 20,709
Net Income	
As reported	\$ 2,318
Pro forma	\$ 2,079
Basic earnings per share	
As reported	\$ 0.08
Pro forma	\$ 0.07
Diluted earnings per share	
As reported	\$ 0.08
Pro forma	\$ 0.07

Note 7 - Flying J Acquisition

On January 29, 2003, the Company acquired oil and gas properties from Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. (collectively, "Flying J"). St. Mary issued 3,380,818 shares of its restricted common stock valued at \$71,594,000 for an estimated 66.9 BCFE of proved reserves, \$445,000 of other assets, a \$1,936,000 asset retirement liability, a \$2,012,000 hedge liability, and \$3,861,000 in cash for net purchase price adjustments. In

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addition, St. Mary made a non-recourse loan to Flying J and Big West of \$71,594,000 at LIBOR plus 2% for up to a 39-month period that is secured by a pledge of shares of St. Mary common stock issued to Flying J. During the 39-month loan period Flying J and Big West can elect to sell their shares of St. Mary stock to the Company for \$71,594,000 plus accrued interest on the loan for the first thirty months, and St. Mary can elect to purchase the shares for \$97,447,000, with the proceeds applied to the repayment of the loan and accrued interest.

These transactions have been accounted for in the accompanying financial statements as though the properties were purchased for cash. The common stock that was issued in this transaction has been recorded as temporary equity because the Company can be required to repurchase these shares. The shares of common stock are considered outstanding for earnings per share calculations. These shares could potentially become part of permanent stockholders' equity in the future. The loan arising from this transaction is considered a contra-temporary equity item on the consolidated balance sheets, as opposed to an asset, since the loan is secured by the common stock issued as part of this transaction. Additionally, because the loan is considered to be contra-equity and because there are uncertainties related to how the loan will be repaid, no interest revenue will be recorded in connection with the loan until such interest is received by the Company.

Note 8 - Earnings Per Share

Basic net income per common share of stock is calculated by dividing net income by the weighted average of common shares outstanding during each period. During the first quarter of 2003, the Company issued 3,380,818 shares of common stock as part of an acquisition (see Note 7). These shares are considered outstanding for purposes of calculating basic net income per common share and are weighted accordingly in the calculation of basic common shares outstanding. Additionally, these shares are included in the temporary equity section of the accompanying consolidated balance sheets. Following is a reconciliation of total shares outstanding as of March 31, 2003:

Common shares outstanding in Stockholders' equity	28,057,839
Common shares outstanding in Temporary equity	3,380,818

Total common shares outstanding	31,438,657
	=====

Diluted net income per common share of stock is calculated by dividing net income by the weighted average of common shares outstanding and other dilutive securities. Potentially dilutive securities of the Company consist of outstanding options to purchase the Company's common stock, shares into which the convertible notes that were issued in 2002 may be converted, and incremental shares that would be issued under the reverse-treasury method assumptions if the

put option described in Note 7 is exercised.

The treasury stock method is used to measure the dilutive impact of stock options. There were 661,389 weighted average outstanding dilutive securities related to in-the-money options for the three months ended March 31, 2003. Shares associated with the convertible notes are accounted for using the if-converted method. Under the if-converted method, income used to calculate diluted earnings per share is adjusted for the interest charges and nondiscretionary adjustments based on income that would have changed had the convertible notes been converted at the beginning of the period. Potentially dilutive shares of 3,846,153 that relate to the convertible notes were included in the calculation of diluted net income per share. Shares related to the put option are accounted for using the reverse-treasury method. There is no dilutive effect for the put option in the current quarter as the average market value of the Company's stock exceeded the strike price of the put option.

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Note 9 - Recently Issued Accounting Standards

In April 2003 the Financial Accounting Standards Board ("FASB") issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This Statement amends and clarifies technical aspects of financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note About Forward - Looking Statements

This Quarterly Report on Form 10-Q includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this Form 10-Q that address activities, events or developments that St. Mary's management expects, believes or anticipates will or may occur in the future are forward-looking statements. Examples of forward-looking statements may include discussion of such matters as:

- o the amount and nature of future capital, development and exploration expenditures,
- o the drilling of wells,
- o reserve estimates and the estimates of both future net revenues and the present value of future net revenues that are included in their calculation,
- o future oil and gas production estimates,
- o repayment of debt,
- o business strategies,
- o expansion and growth of operations,
- o recent legal developments, and
- o other similar matters.

These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, including such factors as the volatility and level of oil and natural gas prices, production rates and reserve replacement, competition, reserve estimates, drilling and operating risks, uncertainties in cash flow, the availability of attractive exploration and development and property acquisition opportunities, financing requirements, expected acquisition benefits, the financial strength of hedge contract counter parties, litigation, environmental matters, the potential impact of government regulations, and other matters such as those discussed in the "Risk Factors" section of our 2002 Annual Report on Form 10-K, many of which are beyond our control. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those expressed or implied in the forward-looking statements.

Overview

In the quarter ended March 31, 2003, the focus was on oil and gas prices, the results of our most recent acquisitions and, our success at NE Mayfield where our share of production has increased from 9MMcf/day a year ago to

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approximately 25MMcf/day currently. The combination of higher prices, a 30% increase in production and reasonable costs was a formula for record profits in the first quarter of this year.

We began 2003 with record earnings. Oil and gas prices have since moderated but they remain very strong. Costs remain moderate. Our drilling program, led by our recent successes at NE Mayfield, and our acquisition programs are off to a

fast start for the year. We have a solid inventory of prospects to be drilled and results from the initial well drilled on our Duchesne prospect in the Uinta Basin will be known within the next few months. With this good start, favorable industry conditions and our large potential prospect plays we look forward to a successful 2003.

Critical Accounting Policies and Estimates

We refer you to the corresponding section of our Annual Report on Form 10-K for the year ended December 31, 2002.

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Results of Operations

The results of operations for the first quarter of 2003 include the impact of two significant acquisitions, the December 2002 acquisition of Williston Basin properties from Burlington Resources Oil & Gas Company LP, and the January 2003 acquisition of oil and gas properties from Flying J Oil & Gas Inc and Big West Oil & Gas Inc.

The following table sets forth selected operating data for the periods indicated:

	Three Months Ended March 31,	
	2003	2002
	-----	-----
	In thousands, except per volume data)	
Oil and gas production revenues:		
Gas production	\$ 65,931	\$ 24,621
Oil production	29,757	16,472
	-----	-----
Total	\$ 95,688	\$ 41,093
	=====	=====
Net production:		
Gas (MMcf)	11,704	9,555
Oil (MBbls)	1,041	705
	-----	-----
MMCFE	17,951	13,785
	=====	=====
Average sales price (1):		
Gas (per Mcf)	\$ 5.63	\$ 2.58
Oil (per Bbl)	\$ 28.58	\$ 23.37
Oil and gas production costs:		
Lease operating expense	\$ 13,872	\$ 10,449
Transportation costs	1,389	816
Production taxes	5,869	2,765
	-----	-----
Total	\$ 21,130	\$ 14,030
	=====	=====
Additional per MCFE data:		
Sales price	\$ 5.33	\$ 2.98
Lease operating expense	0.77	0.76
Transportation costs	0.08	0.06
Production taxes	0.33	0.20
	-----	-----
Operating margin	\$ 4.15	\$ 1.96
	=====	=====
Depletion, depreciation and amortization	\$ 1.05	\$ 0.95
General and administrative	\$ 0.34	\$ 0.23

(1) Includes the effects of the St. Mary's hedging activities.

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Oil and Gas Production Revenues. Our quarterly oil and gas production revenues increased \$54.6 million or 133% to \$95.7 million for the three months ended March 31, 2003, compared with \$41.1 million for the same period in 2002. This is the highest quarterly revenue amount in our history. The following table presents the components of increases between the first quarters of 2003 and 2002:

	Production % Change	Price \$ Change	Price % Change
	-----	-----	-----
o Natural Gas	22 %	\$3.06/Mcf	119 %
o Oil	48 %	\$5.21/Bbl	22 %

Projections of pricing for oil and natural gas for the remainder of the year lead us to believe that our average realized price for both will be higher in 2003 than for comparable periods of 2002. Average net daily production increased 46.3 MMCFE or 30% to a new quarterly record amount of 199.5 MMCFE for 2003 compared with 153.2 MMCFE in 2002. Our acquisition of properties from

Burlington and Flying J added \$15.0 million of revenue and average net daily production of 30.8 MMCFE to the first quarter of 2003. Wells completed and properties acquired in the last three quarters of 2002 and during 2003 have added revenue of \$7.6 million and average net daily production of 12.6 MMCFE.

We hedged approximately 58% or 600 MBbls of our oil production for the three months ended March 31, 2003, and realized a \$3.9 million decrease in oil revenue attributable to hedging compared with a \$1.4 million increase in 2002. Without these contracts our average price would have been \$32.35 per Bbl in the first quarter of 2003 compared to \$21.33 per Bbl in 2002. We also hedged 29% of our 2003 first quarter gas production or 3.8 million MMBtu and realized a \$6.7 million decrease in gas revenue compared with a \$2.4 million increase in gas revenue in 2002. Without these contracts our average price would have been \$6.20 per Mcf for the three months ended March 31, 2003, compared to \$2.66 per Mcf for the same period in 2002. Current projections of pricing for oil and gas indicate that we will record net decreases in oil and gas revenues for the remainder of 2003 from hedging contracts we have in place at March 31, 2003.

Marketed Gas Revenue and Expense. For the three months ended March 31, 2003, we received \$3.8 million from the sale of marketed natural gas produced by third parties. Costs associated with these revenues totaled \$3.4 million and resulted in gross margin to us of \$416,000. Due to pipeline imbalances, cost inflation and fluctuations in natural gas prices we may not always have a positive gross margin from gas marketing activities.

Oil and Gas Production Expenses. Oil and gas production expenses consist of lease operating expense, production taxes and transportation costs. Total production expenses increased \$7.1 million or 51% to \$21.1 million for the three months ended March 31, 2003, from \$14.0 million in 2002. Our acquisition of properties from Burlington and Flying J added \$4.9 million of production costs in 2003 that were not reflected in 2002.

Total oil and gas production costs per MCFE increased 16% to \$1.18 for the first quarter of 2003 compared with \$1.02 for the first quarter of 2002. This increase is comprised of the following:

- o A \$0.13 per MCFE increase in production taxes due to higher per MCFE prices.
- o A \$0.02 increase in transportation costs.
- o A \$0.01 increase in LOE that reflects our additions of properties in the higher cost Williston Basin through our acquisitions from Burlington and Flying J.

As activity on our Burlington and Flying J acquisition properties ramps up for the summer it is likely that workover LOE will increase. Since production increases resulting from workover activity are not likely to show up in the period those costs are incurred, we believe that our LOE per MCFE will increase during the remainder of 2003. These increases could be offset in part by decreases in production taxes due to expected decreases in oil and gas prices.

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Depreciation, Depletion, Amortization and Impairment. Depreciation, depletion and amortization expense ("DD&A") increased \$5.8 million or 45% to \$18.9 million for the three months ended March 31, 2003, from \$13.1 million in 2002. DD&A expense per MCFE increased by 11% to \$1.05 for the first quarter of 2003 compared with \$0.95 in 2002. This increase is a result of higher-per-unit-cost drilling additions in our gulf and arklatex regions in 2002 and early 2003 of almost \$0.09 per MCFE. The remaining increase relates to the accretion of our asset retirement liability in accordance with Statement of Financial Accounting Standards No. 143, "Accounting for the Asset Retirement Obligations."

Exploration. Exploration expense decreased \$2.8 million or 40% to \$4.2 million for the three months ended March 31, 2003, compared with \$6.9 million in 2002. Percentages of total exploration expense are as follows:

	2003	2002
	----	----
o Geological and geophysical expenses	34%	11%
o Exploratory dry holes	11%	60%
o Overhead and other expenses	55%	29%

We have budgeted for geological and geophysical expenses and expect to incur overhead and other expenses in the pursuit of exploration. However, oil and gas exploration is imprecise, and success can be affected by numerous factors. Not every likely geologic structure contains oil or natural gas. Even when oil or natural gas is discovered there are no guarantees that sufficient quantities can be produced to justify the completion of an exploratory well. Accordingly, our percentage of exploratory dry hole costs may fluctuate considerably from period-to-period.

General and Administrative. General and administrative expenses increased \$3.0 million or 96% to \$6.1 million for the three months ended March 31, 2003, compared with \$3.1 million in 2002. On a per MCFE basis these costs increased 48% to \$0.34 in 2003 from \$0.23 in 2002. This increase is primarily due to an increase in our incentive plan compensation expense caused by the higher prices we received for production during the first quarter of 2003 compared to 2002. Prices impact both the current payout amount as well as the mark-to-market adjustment on the long-term payout amount.

On March 31, 2003, our employee count had increased by 17.5% from March 31, 2002. This change has resulted in a general increase in G&A of \$1.3 million

between the two periods. That increase plus a \$2.1 million increase in compensation expense associated with our incentive plans, a \$418,000 increase in accrued charitable contributions expense and a \$279,000 increase in insurance and corporate governance costs were partially offset by a \$1.2 million increase in COPAS overhead reimbursement from operations and G&A we allocated to exploration expense. As we continue to grow in size and number of personnel we expect that general and administrative expenses will continue to grow. However, we expect that first quarter 2003 expense attributable to our incentive plans was an unusual event due to high prices and that our G&A on a per MCFE basis will decrease during the rest of 2003.

Interest Expense. Interest expense increased to \$2.2 million for the quarter ended March 31, 2003. This amount reflects accrued interest on our 5.75% senior convertible notes that were issued in March 2002 and increased borrowing on our credit facility. We anticipate that interest expense in 2003 will be higher than the 2002 amount due to the termination of an interest rate swap in December 2002 that reduced interest expense in 2002 and because we have increased borrowings on our credit facility.

Income Taxes. Income tax expense totaled \$17.1 million for the three months ended March 31, 2003, and \$1.1 million in 2002, resulting in effective tax rates of 38.4% and 32.6% respectively. The effective rate change from 2002 reflects an

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increase in our highest marginal federal tax rate, the expiration of the Section 29 tax credit, adjustments to valuation allowances to reflect the likelihood that prior Alternative Minimum Tax credits created by Section 29 credits will not be used, offset by a decrease in our highest marginal state tax rates and the 2002 adjustment to valuation allowances against state income taxes from net operating loss carryovers.

Cumulative Effect of Change in Accounting Principle, net. On January 1, 2003, we adopted SFAS No. 143. The impact of adoption resulted in income to us of \$8.8 million offset by the deferred income tax effect of \$3.4 million. See Note 6 of the Notes to Consolidated Financial Statements under Part I, Item 1 of this report.

Net Income. Net income for the three months ended March 31, 2003, increased to \$32.8 million compared with \$2.3 million in 2002. A 119% increase in gas prices and a 22% increase in oil prices combined with a 48% increase in oil production and a 22% increase in gas production resulted in a \$54.5 million increase in oil and gas production revenue between the two periods. We also had the \$5.4 million of income from our adoption of SFAS No. 143. Large changes in expense items between periods that offset these income items were a \$7.0 million increase in oil and gas production expenses, a \$5.8 million increase in DD&A and a \$15.9 million increase in income tax expense.

Liquidity and Capital Resources

Our primary sources of liquidity are the cash provided by operating activities, debt financing, sales of non-strategic properties and access to the capital markets. All of these sources can be impacted by significant fluctuations in oil and gas prices. An unexpected decrease in prices would reduce expected cash flow from operating activities, might reduce the borrowing base on our credit facility, could reduce the value of our non-strategic properties and historically has limited our industry's access to the capital markets.

We use cash for the acquisition, exploration and development of oil and gas properties and for the payment of debt obligations, trade payables and stockholder dividends. Exploration and development programs are generally financed from internally generated cash flow, debt financing and cash and cash equivalents on hand. In the event of an unexpected decrease in oil and gas prices, cash uses such as the acquisition of oil and gas properties and the payment of stockholder dividends are discretionary and can be reduced or eliminated. At any given point in time, we may be obligated to pay for commitments to explore for or develop oil and gas properties or incur trade payables. However, future obligations can be reduced or eliminated when necessary. We are currently only required to make interest payments on our debt obligations. An unexpected increase in oil and gas prices provides flexibility to modify our uses of cash flow.

We continually review our capital expenditure budget to reflect changes in current and projected cash flow, acquisition opportunities, debt requirements and other factors.

Cash Flow. Net cash provided by operating activities increased \$462,000 to \$42.3 million for the three months ended March 31, 2003, compared with \$41.8 million in 2002. Our \$30.5 million increase in net income between the two periods combined with a \$3.0 million increase in the effect of non-cash items were offset by a \$33.1 million change in current assets and liabilities relating to increased accounts receivables offset by decreased prepaid expenses, collections of refundable income taxes and increased accounts payable. We anticipate increased cash flow from operations in 2003 as a result of higher oil and gas prices in 2003 and increased production attributable to our property acquisitions in late 2002 and early 2003.

Net cash used in investing activities increased \$58.2 million or 162% to \$94.1 million for the three months ended March 31, 2003, compared with \$35.9 million in 2002. This increase results from additional capital expenditures and

acquisition costs and a decrease in receipts of \$3.1 million from sales of KMOC stock. Total capital expenditures, including acquisitions of oil and gas properties, in the first three months of 2003 increased \$54.9 million or 140% to \$94.2 million compared with \$39.3 million in the first three months of 2002. This increase reflects the accounting treatment of the acquisition of properties from Flying J in January 2003.

Net cash provided by financing activities increased \$4.8 million or 9% to \$57.9 million for the three months ended March 31, 2003, compared with net cash used in financing activities of \$53.2 million in 2002. This increase reflects additional borrowing on our credit facility to fund our 2003 acquisitions.

St. Mary had \$17.3 million in cash and cash equivalents and had working capital of \$11.5 million as of March 31, 2003, compared with \$11.2 million in cash and cash equivalents and working capital of \$2.1 million at December 31, 2002.

Senior Convertible Notes. In March 2002 we issued in a private placement a total of \$100.0 million of 5.75% senior convertible notes due 2022 with a 0.5% contingent interest provision. This provision applied to our payment due on March 15, 2003, and will also apply to our payment due on September 15, 2003. Interest payments on the notes will be made on March 15 and September 15 in subsequent years. We received net proceeds of \$96.9 million after deducting the initial purchasers' discount and offering expenses paid by us. The notes are general unsecured obligations and rank on parity in right of payment with all our existing and future senior indebtedness and other general unsecured obligations, and are senior in right of payment with all our future subordinated indebtedness. The notes are convertible into our common stock at a conversion price of \$26.00 per share, subject to adjustment. We can redeem the notes with cash in whole or in part at a repurchase price of 100% of the principal amount plus accrued and unpaid interest including contingent interest beginning on March 20, 2007. The note holders have the option of requiring us to repurchase the notes for cash at 100% of the principal amount plus accrued and unpaid interest including contingent interest upon (1) a change in control of St. Mary or (2) on March 20, 2007, March 15, 2012 and March 15, 2017. If the note holders require repurchase on March 20, 2007, we may pay the repurchase price with cash, shares of our common stock valued at a discount to the market price at the time of repurchase or any combination of cash and our discounted common stock. We are not restricted from paying dividends, incurring debt, or issuing or repurchasing our securities under the indenture for the notes. There are no financial covenants in the indenture. We used a portion of the net proceeds from the notes to repay our credit facility balance and used the remaining net proceeds to fund a portion of our 2002 capital expenditures. On March 25, 2002, we entered into a five-year fixed-rate to floating-rate interest rate swap on \$50.0 million of the notes. The floating rate was determined at LIBOR plus 0.36%. We elected to terminate this swap on December 3, 2002, and received proceeds of \$4.0 million.

Credit Facility. On January 29, 2003, we entered into a new \$300.0 million credit facility with Wachovia Bank as Administrative Agent and eight other participating banks. This new credit facility replaced our previous \$200.0 million credit facility. The initial calculated borrowing base included properties we acquired from Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. The borrowing base is currently \$250.0 million. We have accepted an initial commitment of \$150.0 million under this facility. The credit agreement has a maturity date of January 27, 2006. We are required to comply with certain covenants that include a current ratio of 1.0 to 1.0, maintenance of ERISA compliance, and restrictions on additional indebtedness, sales of oil and gas properties, activities outside our ordinary course of business and certain merger transactions. Interest and commitment fees are accrued based on the borrowing base utilization percentage table below. Eurodollar loans accrue interest at LIBOR plus the applicable margin from the utilization table, and ABR loans accrue interest at Prime plus the applicable margin from the utilization table.

Borrowing base	utilization percentage			
	<50%	=>50%<75%	=>75%<90%	>90%
Eurodollar Loans	1.25%	1.50%	1.75%	2.00%
ABR Loans	0.00%	0.25%	0.50%	0.75%
Commitment Fee Rate	0.30%	0.38%	0.38%	0.50%

Our loan balance accrued interest at LIBOR plus 1.25% on March 31, 2003. As of March 31, 2003, and December 31, 2002, \$71.0 million and \$14.0 million respectively were outstanding under our credit facilities.

Schedule of Contractual Obligations. The following table summarizes our future estimated principal payments for the periods specified (in millions):

	Long-Term Debt	Operating Leases	Total Cash Obligation
Less than 1 year	\$ -	\$1.5	\$ 1.5
1-3 years	71.0	2.4	73.4
4-5 years	-	1.8	1.8
After 5 years	100.0	3.5	103.5

Total	\$171.0	\$9.2	\$180.2
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In the next three years, we have office space leases for two of our regional offices that will expire. Two additional leases for office space will expire in years 4-5. Estimated costs to replace these leases are not included in the table above. For purposes of the table we assume that the holders of our senior convertible notes will not exercise the conversion feature.

Common Stock. In August 1998 St. Mary's Board of Directors authorized a stock repurchase program whereby we may purchase from time-to-time, in open market transactions or negotiated sales, up to two million of our common shares. Through March 31, 2003, we have repurchased a total of 1,009,900 shares of St. Mary's common stock under the program for \$16.2 million at a weighted average price of \$15.86 per share, net of put option sale premiums received. We anticipate that additional purchases of shares may occur as market conditions warrant. Any future purchases will be funded with internal cash flow and borrowings under our credit facility.

On January 29, 2003, we issued a total of 3,380,818 restricted shares of our common stock valued at \$71.6 million to Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. for the acquisition of oil and gas properties, and we made a non-recourse loan to Flying J and Big West in the amount of \$71.6 million at LIBOR plus 2% for up to a 39-month period. The loan is secured by a pledge of the 3,380,818 shares and during the 39-month loan period Flying J and Big West can elect to sell these shares to St. Mary for \$71.6 million plus accrued interest on the loan for up to the first 30 months, and we can elect to repurchase the shares for \$97.4 million with the proceeds applied to repayment of the loan. The shares are subject to contractual restrictions on transfer for a period of two years. Flying J and Big West cannot increase their ownership percentage in St. Mary for a period of 30 months. For accounting purposes the stock and the loan are reflected in the temporary equity section of our consolidated balance sheets. Because the loan is reflected in temporary equity we will not record interest income from the loan until such time as Flying J and Big West make actual payment of the interest to us. At March 31, 2003, the cumulative amount of interest accrued but not recorded as income by us was \$417,000.

Capital and Exploration Expenditures Incurred. Expenditures for exploration and development of oil and gas properties and acquisitions are the primary use of our capital resources. The following table sets forth certain information regarding the costs incurred by us in our oil and gas activities during the periods indicated.

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Capital and Exploration Expenditures		

Three Months Ended March 31,		

	2003	2002
	----	----
(In thousands)		
Development	\$ 20,575	\$ 16,348
Exploration	7,507	4,872
Acquisitions:		
Proved	76,466	10,023
Unproved	1,891	4,277
	-----	-----
Total	\$ 106,439	\$ 35,520
	=====	=====

We continuously evaluate opportunities in the marketplace for oil and gas properties and, accordingly, may be a buyer or a seller of properties at various times. We will continue to emphasize smaller niche acquisitions utilizing our technical expertise, financial flexibility and structuring experience. In addition, we are also actively seeking larger acquisitions of assets or companies that would afford opportunities to expand our existing core areas, to acquire additional geoscientists or to gain a significant acreage and production foothold in a new basin.

St. Mary's total costs incurred in the first quarter of 2003 increased \$70.9 million or 200% compared to the first quarter of 2002. We spent \$30.0 million in the first quarter of 2003 for unproved property acquisitions and domestic exploration and development compared to \$25.5 million for the comparable quarter in 2002.

We continue to evaluate the results of our two coalbed methane pilot programs located in the Hanging Woman Basin. On April 30, 2003, the Bureau of Land Management issued its record of decision approving the two environmental impact statements that considered coalbed methane development in northeast Wyoming and southeast Montana. We hope the two environmental impact statements will open the door for new coalbed methane development on federal acreage in this area of Wyoming and Montana. Immediately after the decision was issued several environmental groups filed multiple challenges. These challenges and a previously reported environmental public interest group lawsuit affect 89,700 gross acres related to this project.

In December 2002 we purchased oil and gas properties from Burlington Resources Oil & Gas Company LP for \$69.5 million in cash. The acquisition cost does not include an adjustment for SFAS No. 143 Asset Retirement Obligations. The ARO for the Burlington acquisition was included in our initial SFAS No. 143 adoption entry. The properties are located in the Williston Basin of Montana and North Dakota with extensive overlap of ownership interest. Most of the properties will be operated by our Nance Petroleum Corporation subsidiary and are very concentrated in a manageable well count with high ownership percentages in high quality long-lived properties. We financed this acquisition using cash on hand and a portion of our bank credit facility. At the time of acquisition, these properties were producing an estimated 3,100 Bbls of oil per day and 3,300 Mcf of natural gas per day.

Through March 31, 2003, we have utilized our common stock, cash on hand and a portion of our new credit facility to acquire \$78.8 million of oil and gas properties, other equipment and inventory. On January 29, 2003, we closed an acquisition of 66.9 BCFE of oil and gas properties and \$445,000 of other equipment and inventory for \$71.7 million. We used \$71.6 million of restricted shares of our common stock, we assumed a \$2.0 million hedge liability and we assumed a \$1.9 million SFAS No. 143 ARO from Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. We received \$3.8 million of cash for net purchase price adjustments. See the Common Stock section above for additional details. Half of the value of the properties acquired is located in the Williston Basin. The remaining value is split between the Powder River, Wind River and Green River

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Basins of Wyoming and represents a significant increase in our presence in these areas.

Capital Expenditure Budget. We anticipate spending approximately \$225 million for capital and exploration expenditures in 2003 with \$90 million for acquisitions, which includes the \$71.6 million acquisition of properties from Flying J in January 2003. Budgeted ongoing exploration and development expenditures in 2003 for each of our core areas is as follows (in millions):

o Mid-Continent region	\$ 45
o Williston Basin and Rockies region	33
o ArkLaTex region	19
o Gulf Coast and Gulf of Mexico region	17
o Permian Basin	12
o Other	9

Total	\$ 135
	=====

We believe the amount not funded from our internally generated cash flow in 2003 can be funded from our existing cash and our credit facility. The amount and allocation of future capital and exploration expenditures will depend upon a number of factors including the number and size of available acquisition opportunities and our ability to assimilate these acquisitions. Also, the impact of oil and gas prices on investment opportunities, the availability of capital and borrowing capability and the success of our development and exploratory activity could lead to funding requirements for further development. If additional development or attractive acquisition opportunities arise, we may consider other forms of financing, including the public offering or private placement of equity or debt securities.

We seek to protect our rate of return on acquisitions of producing properties by hedging cash flow when the economic criteria from our evaluation and pricing model indicate it would be appropriate. Management's strategy is to hedge cash flows from investments requiring a gas price in excess of \$3.25 per Mcf and an oil price in excess of \$22.50 per Bbl in order to meet minimum rate-of-return criteria. Management reviews these hedging parameters on a quarterly basis. We anticipate this strategy will result in the hedging of future cash flows from acquisitions. We generally limit our aggregate hedge position to no more than 50% of total production but will hedge larger percentages of total production in certain circumstances. We seek to minimize basis risk and index the majority of oil hedges to NYMEX prices and the majority of gas hedges to various regional index prices associated with pipelines in proximity to our areas of gas production. Our cash flow hedging instruments generally qualify for cash flow hedge accounting under SFAS No. 133. Our policy requires that we diversify our hedge positions with various counterparties and requires that such counterparties have clear indications of current financial strength. Including hedges entered into since March 31, 2003, we have the following swaps and collars in place:

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Swaps

Product	Average Volumes/month	Quantity Type	Average Fixed Contract Price	Duration
Natural Gas	1,834,000	MMBtu	\$4.48	04/03 - 12/03
Natural Gas	869,000	MMBtu	\$4.08	01/04 - 12/04

Oil	208,100	Bbls	\$25.95	04/03 - 12/03
Oil	144,500	Bbls	\$23.71	01/04 - 12/04

Collars

Product	Average Volumes/month	Floor Price	Ceiling Price	Duration
Natural Gas	152,000 MMbtu	\$2.50	\$5.96	04/03 - 12/03

Derivative gain in the statements of operations includes \$13,000 of net loss from oil and gas ineffectiveness compared to \$187,000 net loss included in derivative loss at March 31, 2002.

Other Derivatives: Our 5.75% senior convertible notes contain a provision for payment of contingent interest if certain conditions are met. Under SFAS No. 133 this provision is considered an embedded equity-related derivative that is not clearly and closely related to the fair value of an equity interest and therefore must be separated and accounted for as a derivative instrument. The value of the derivative at issuance in March 2002 was \$474,000. This amount was recorded as a decrease to the convertible notes payable in the consolidated balance sheets. Of this amount, \$24,000 has been amortized through interest expense. Derivative gain in the consolidated statements of operations includes \$128,000 of net gain from mark-to-market adjustments for this derivative at March 31, 2003, compared to a net loss of \$121,000 included in derivative loss at March 31, 2002.

The fixed-rate to floating-rate interest rate swap on \$50 million of senior convertible notes that we closed in December 2002 did not qualify for fair value hedge treatment under SFAS No. 133. Unrealized derivative loss in the consolidated statements of operations includes \$44,000 of net loss in 2002 from mark-to-market adjustments for this derivative.

Accounting Matters

New Accounting Standards

In April 2003 the Financial Accounting Standards Board ("FASB") issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This Statement amends and clarifies technical aspects of financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. In addition, except in certain limited circumstances, all provisions of this Statement should be applied prospectively.

On January 1, 2003, we adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." We do not have any pending or planned exit or disposal activities, and there was no material effect on our financial position or results of operations from the adoption of this statement.

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On January 1, 2003, we adopted SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." There was no impact on our financial position or results of operations as a result of the adoption of this statement.

Effective January 1, 2003, we adopted the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations." Upon adoption of SFAS No. 143, we recorded a discounted liability of \$21.4 million, reversed the existing offshore abandonment liability of \$9.1 million, increased net property and equipment by \$21.1 million and recognized a one-time cumulative effect gain of \$5.4 million (net of deferred tax benefit of \$3.4 million). We will deplete the amount added to property and equipment and recognize accretion expense in connection with the discounted liability over the remaining economic lives of the respective oil and gas properties. Prior to the adoption of SFAS No. 143, we assumed that salvage value approximated abandonment costs and therefore salvage value was not reflected in the DD&A calculation. As a result of adopting SFAS No. 143 and the discounting of the asset retirement obligation, the salvage value must now be reflected in the DD&A rate. Accordingly, \$13.7 million was reversed from accumulated DD&A and is included as a part of the increase in net property and equipment in the cumulative effect adjustment. This adjustment to accumulated DD&A relates to prior depletion of salvage value that would have been excluded from the DD&A calculation if the abandonment liability had been separately recognized. As of March 31, 2003, our capitalized proved oil and gas properties included \$42.3 million of estimated salvage value, which is not included in our DD&A calculation.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We hold derivative contracts and financial instruments that have cash flow and net income exposure to changes in commodity prices or interest rates. Financial and commodity-based derivative contracts are used to limit the risks inherent in some crude oil and natural gas price changes that have an effect on us.

Our board of directors has adopted a policy regarding the use of derivative instruments. This policy requires every derivative used by St. Mary to relate to underlying offsetting positions, anticipated transactions or firm commitments. It prohibits the use of speculative, highly complex or leveraged derivatives. Under the policy, the Chief Executive Officer and Vice President-Finance implement all risk management programs that use derivatives. These programs are approved by the board of directors and the audit committee.

Commodity Price Risk. We use various hedging arrangements to manage our exposure to price risk from natural gas and crude oil production. These hedging arrangements have the effect of locking in for specified periods, at pre-determined prices or ranges of prices, the prices we will receive for the volumes to which the hedge relates. Consequently, while these hedging arrangements are structured to reduce our exposure to decreases in prices associated with the hedged commodity, they also limit the benefit we might otherwise receive from any price increases associated with the hedged commodity. The derivative gain or loss effectively offsets the loss or gain on the underlying commodity exposures that have been hedged. The fair value of the swaps are estimated based on quoted market prices of comparable contracts and approximate the net gains or losses that would have been realized if the contracts had been closed out at quarter-end. The fair values of the futures are based on quoted market prices obtained from the New York Mercantile Exchange, adjusted for basis differentials.

For contracts in place on March 31, 2003, a hypothetical \$0.10 change in the future NYMEX strip prices applied to a notional amount of 26.1 million MMBtu covered by natural gas swaps and collars would cause a change in the gain or (loss) from these contracts of \$1.4 million in 2003 and \$917,000 in 2004. A hypothetical \$1.00 change in future NYMEX oil prices applied to a notional amount of 3.6 MMBbls covered by crude oil swaps would cause a change in the gain or (loss) from these contracts of \$1.8 million in 2003 and \$1.6 million in 2004.

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These hypothetical changes were discounted to present value using a 7.5% discount rate since the latest expected maturity date of certain swaps and futures contracts is greater than one year from the reporting date.

Interest Rate Risk. Market risk is estimated as the potential change in fair value resulting from an immediate hypothetical one-percentage point parallel shift in the yield curve. A sensitivity analysis presents the hypothetical change in fair value of those financial instruments held by St. Mary at March 31, 2003, which are sensitive to changes in interest rates. For fixed-rate debt, interest rate changes affect the fair market value but do not impact results of operations or cash flows. Conversely for floating rate debt, interest rate changes generally do not affect the fair market value but do impact future results of operations and cash flows, assuming other factors are held constant. The carrying amount of our floating rate debt approximates its fair value. At March 31, 2003, we had floating-rate debt of \$71.0 million and had \$100.0 million of fixed-rate debt. Assuming constant debt levels, the cash flow impact for the remainder of the year resulting from a one-percentage point change in interest rates would be approximately \$532,000 before taxes. The results of operations impact might be less than this amount as a direct effect of the capitalization of interest to wells drilled during the rest of the year. In prior years when our debt amount was at a reduced level we capitalized a large portion of our interest expense. Since we cannot predict the exact amount that would be capitalized, we cannot predict the exact effect that a one-percentage point shift would have on our results of operations.

ITEM 4. CONTROLS AND PROCEDURES

We maintain a system of disclosure controls and procedures that are designed for the purposes of ensuring that information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Vice-President - Finance, as appropriate to allow timely decisions regarding required disclosure.

Within the 90-day period prior to the filing of this report, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and the Vice-President - Finance, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and the Vice-President - Finance concluded that our disclosure controls and procedures are effective for the purposes discussed above. There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The previously reported legal proceeding involving Nance Petroleum Corporation and the Northern Plains Resource Council, Inc. in the U.S. District Court for the District of Montana had no significant developments during the quarterly period ended March 31, 2003. For a description of this proceeding,

please see the "Legal Proceedings" section of St. Mary's Annual Report on Form 10-K for the year ended December 31, 2002.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

(c) On January 23, 2003, St. Mary issued a total of 7,200 restricted shares of common stock from treasury to its non-employee directors as compensation recorded in the amount of \$153,000 for their services as members of the board of directors. These shares were not registered under the Securities Act of 1933 in reliance on Rule 506 of Regulation D promulgated under the Securities Act since the directors are accredited investors and certificates representing the shares bear a legend restricting the transfer of those shares.

On January 29, 2003, St. Mary issued a total of 3,380,818 restricted shares of common stock to Flying J Oil & Gas, Inc. and Big West Oil & Gas, Inc. for the acquisition of oil and gas properties recorded in the amount of \$71,594,000. For further information concerning this transaction, see Note 7 of the Notes to Consolidated Financial Statements under Part I, Item 1 of this report. These shares were not registered under the Securities Act of 1933 in reliance on Rule 506 of Regulation D promulgated under the Securities Act since Flying J and Big West are accredited investors and certificates representing the shares bear a legend restricting the transfer of those shares.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

The following exhibits are furnished as part of this report:

Exhibit Number	Description
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3.1	Amendments to St. Mary Land & Exploration Company By-Laws adopted on March 27, 2003.
3.2	Restated By-Laws of St. Mary Land & Exploration Company as amended on March 27, 2003.
99.1	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted as an Exhibit to accompany this report pursuant to interim guidance by the SEC in SEC Release Nos. 33-8212 and 34-47551).

(b) Reports on Form 8-K

St. Mary Land & Exploration Company filed the following current year reports on form 8-K during the quarter ended March 31, 2003:

On January 28, 2003, we filed a current report on Form 8-K reporting under Item 9 that we had issued a press release announcing our capital expenditures budget, year-end 2002 reserves and an update of fourth quarter 2002 operations.

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On January 28, 2003, we filed a current report on Form 8-K reporting under Item 5 that we had issued a press release announcing the discovery of a clerical error.

On February 13, 2003, we filed a current report on Form 8-K reporting under Item 2 that we had acquired properties from Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. We also reported under Item 5 that we had entered into a new \$300 million credit facility.

On February 27, 2003, we filed a current report on Form 8-K reporting under Item 9 that we had issued a press release announcing our 2002 financial results and an updated forecast for the first quarter and full year of 2003.

On March 31, 2003, we filed a current report on Form 8-K reporting under Item 5 that we had issued a press release announcing the accrual of additional contingent interest on our 5.75% senior convertible notes.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ST. MARY LAND & EXPLORATION COMPANY

May 14, 2003

By /s/ MARK A. HELLERSTEIN

Mark A. Hellerstein
President and Chief Executive Officer

May 14, 2003

By /s/ RICHARD C. NORRIS

Richard C. Norris
Vice President - Finance, Secretary
and Treasurer

May 13, 2003

By /s/ GARRY A. WILKENING

Garry A. Wilkening
Vice President - Administration and
Controller

CERTIFICATION

I, Mark A. Hellerstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of St. Mary Land & Exploration Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ MARK A. HELLERSTEIN

Mark A. Hellerstein
Chief Executive Officer

CERTIFICATION

I, Richard C. Norris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of St. Mary Land & Exploration Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ RICHARD C. NORRIS

Richard C. Norris
Vice President-Finance

Amendment to By-Laws on March 27, 2003

On March 27, 2003, the Board of Directors of St. Mary Land & Exploration Company approved the following amendments to the By-Laws:

CONFLICTS OF INTEREST

22. No Director, officer or employee may pursue for his or her own account a business or investment opportunity if he or she has obtained knowledge of such opportunity through his or her affiliation with the Corporation. No officer or employee of the Corporation may pursue for his own account an oil and gas opportunity as to which he or she did not obtain knowledge through his or her affiliation with the Corporation unless (a) with respect to a non-officer of the Corporation, such employee's pursuit of such opportunity has been approved by a senior officer of the Corporation with full knowledge of such opportunity and (b) with respect to an officer of the Corporation, such officer's pursuit of such opportunity has been approved by the Board of Directors. The foregoing restrictions shall not apply to the acquisition of less than one percent of the publicly traded securities of another company.

EXECUTIVE COMMITTEE

23. The Executive Committee shall consist of at least three members who shall be appointed by the Board of Directors. Committee members may be removed and replaced by a majority of the members of the Board in their discretion. If a Committee Chair is not designated by the Board or is not present at a meeting, the members of the Committee may designate a Chair by majority vote.

The Committee shall meet as frequently as necessary between meetings of the Board and shall have the power and authority to act on behalf of the Board and the Company with respect to matters as to which it has been authorized to act by the Board provided that such actions are not in conflict with the Certificate of Incorporation or the Bylaws of the Company or applicable laws, regulations or rules and listing standards of the New York Stock Exchange.

The Committee shall on a timely basis report all actions of the Committee to the Board of Directors.

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RESTATED BY-LAWS

OF

ST. MARY LAND & EXPLORATION COMPANY

NAME

1. The title of this Corporation is St. Mary Land & Exploration Company.

OFFICE

2. This Corporation may establish or discontinue, from time to time, such offices and places of business within or without the State of Delaware as the Board of Directors may deem proper for the conduct of the Corporation's business.

SEAL

3. The corporate seal of this Corporation shall have inscribed thereon the name of this Corporation and the year of its creation and the words "Corporate Seal, Delaware."

STOCKHOLDERS' MEETINGS

4. (a) The annual meeting of the Stockholders shall be held on the third Thursday in May of each year, or at such other time, at the principal office of the Corporation, or such other place, within or without the State of Colorado, as the Board of Directors may determine, when the Stockholders shall elect a Board of Directors for the ensuing year and transact such other business as may come before it.

(b) Special meetings of the Stockholders shall be held at the place prescribed for the annual meetings, unless otherwise ordered by the Board of Directors, and may be called by the Chairman of the Board and the President or on the written request of any four Directors who may include the Chairman of Board or the President.

(c) Except as otherwise provided by law or the Certificate of Incorporation, the holders of one-third (1/3) of the shares of the capital stock entitled to vote at the meeting present in person or by proxy shall constitute a quorum at all meetings of the Stockholders. In the absence of a quorum, the

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holders of a majority of such shares of stock present in person or by proxy may adjourn any meeting from time to time, until a quorum shall be present. At any such adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called. No notice of any adjourned meeting need be given other than by announcement at the meeting that is being adjourned, provided that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, then a notice of the adjourned meeting shall be given to each Stockholder of record entitled to vote at the meeting.

(d) Each Stockholder of record, as determined pursuant to Article 16 of these By-Laws, shall be entitled to one vote either in person or by proxy for each share of capital stock registered in his name on the books of the Corporation, provided, that, each stockholder of record of a fractional share shall be entitled to a vote equal to such fractional share. Except as otherwise provided by law, by the Certificate of Incorporation or by Article 5 of these By-Laws, all elections of directors and all other actions to be taken by Stockholders shall be decided by the vote of the holders of a majority of the shares of capital stock present in person or by proxy at the meeting and entitled to vote in the election or on the action.

(e) Notice of the meetings and the conduct of the same shall be as prescribed by the Board of Directors, subject to applicable law and the provisions of these By-Laws.

(f) Any action required to be taken, or which may be taken, at any meeting of Stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken,

shall be signed by the holders of shares of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of stock entitled to vote thereon were present and voted; provided, that prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those Stockholders who have not consented in writing.

(g) At an annual meeting of the Stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (ii) otherwise properly brought before the annual meeting by or at the direction of

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the Board of Directors (or any duly authorized committee thereof), or (iii) otherwise properly brought before the annual meeting by any Stockholder of the Corporation (A) who is a Stockholder of record on the date of the giving of notice provided for in this subsection (g) and on the record date for the determination of Stockholders entitled to vote at such annual meeting and (B) who complies with the notice procedures set forth in this subsection (g).

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a Stockholder, such Stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a Stockholder's notice to the Secretary must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than seventy-five (75) days nor more than one hundred five (105) days prior to the first anniversary date of the immediately preceding annual meeting of the Stockholders, provided, however, that if the date of the annual meeting is called for a date that is not within twenty (20) days before or after such anniversary date, in order to be timely notice by the Stockholder must be so delivered or received not later than the close of business on the tenth (10th) day following the day on which public disclosure of the date of the annual meeting is first made.

To be in proper written form, a Stockholder's notice to the Secretary must set forth as to each matter the Stockholder proposes to bring before the annual meeting (i) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of the Stockholder proposing such business and any other Stockholders known by such Stockholder to be supporting such proposal, (iii) the class and number of shares of the Corporation's capital stock which are owned beneficially and of record by the Stockholder on the date of such Stockholder notice and by any other Stockholders known by such Stockholder to be supporting such proposal on the date of such Stockholder notice, (iv) a description of all arrangements or understandings between such Stockholder and any other person or persons (including their names) in connection with the proposal of such business by such Stockholder and any material interest of such Stockholder in such proposal and (v) a representation that such Stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

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No business shall be conducted at an annual meeting of the Stockholders except business brought before the annual meeting in accordance with the procedures set forth in this subsection (g), provided, however, that once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this subsection (g) shall be deemed to preclude discussion by any Stockholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

(h) Only persons who are nominated in accordance with the following procedures shall be eligible for the election as Directors of the Corporation. Nominations of persons for election to the Board of Directors may be made at any annual meeting of the Stockholders, or at any special meeting of the Stockholders called for the purpose of electing Directors (i) by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (ii) by any Stockholder of the Corporation (A) who is a Stockholder of record on the date of the giving of the notice provided for in this subsection (h) and on the record date for the determination of Stockholders entitled to vote for the election of Directors at such meeting and (B) who complies with the notice procedures set forth in this subsection (h).

In addition to any other applicable requirements, for a nomination to be made by a Stockholder such Stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a Stockholder's notice to the Secretary must be delivered to, or mailed and received at, the principal executive offices of the Corporation (i) in the case of an annual meeting of the Stockholders, not less than seventy-five (75) days nor more than one hundred five (105) days prior to the first anniversary date of the immediately preceding annual meeting of the Stockholders, provided, however, that if the date of the annual meeting is called for a date that is not within twenty (20) days before or after such anniversary date, in order to be timely notice by the Stockholder must be so delivered or received not later than the close of business on the tenth (10th)

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day following the day on which public disclosure of the date of the annual meeting is first made, and (ii) in the case of a special meeting of the Stockholders called for the purpose of electing Directors, not later than the close of business on the tenth (10th) day following the day on which public disclosure of the date of such meeting is first made.

To be in proper written form, a Stockholder's notice to the Secretary must set forth (i) as to each person whom the Stockholder proposes to nominate for election as a Director, (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class and number of shares of capital stock of the Corporation that are owned beneficially and of record by the person, and (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, and (ii) as to the Stockholder giving the notice, (A) the name and address, as they appear on the Corporation's books, of such Stockholder, (B) the class and number of shares of the Corporation's capital stock which are owned beneficially and of record by such Stockholder on the date of such Stockholder notice, (C) a description of all arrangements or understandings between such Stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such Stockholder, (D) a representation that such Stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in the notice and (E) any other information relating to such Stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a Director if elected.

No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the procedures set forth in this subsection (h). If the Chairman of the meeting of the Stockholders determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

DIRECTORS

5. (a) The property and business of this Corporation shall be managed by a Board of at least three Directors.

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(b) The number of Directors may be fixed from time to time by resolution by the Board of Directors but shall not be less than three; the Board of Directors may at any regular or special meeting increase its number by electing additional members to hold office until the next annual meeting of the Stockholders, or until their successors shall be elected and qualified or until their earlier resignation or removal.

(c) Regular meetings of the Board of Directors shall be held at such times as may be determined by resolution of the Board of Directors and no notice shall be required for any regular meeting. Except as otherwise provided by law, any business may be transacted at any regular meeting of the Board of Directors.

(d) Special meetings of the Board of Directors shall be called by the Secretary on the request of the President, or on the request in writing of any two other Directors stating the purpose or purposes of such meeting. Notice

of any special meeting shall be in form approved by the President. Notices of special meetings shall be mailed to each Director, addressed to him at his residence or usual place of business, not later than three (3) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable or other form of recorded communication or be delivered personally or by telephone, not later than the day before such day of meeting. Notice of any meeting of the Board of Directors need not be given to any Director if he shall sign a written waiver thereof either before or after the time stated therein, or if he shall attend a meeting, except when he attends such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in any notice or written waiver of notice. Unless limited by law, by the Certificate of Incorporation or by these By-Laws, any and all business may be transacted at any special meeting.

(e) A majority of the whole Board of Directors (the whole Board of Directors being the number of Directors fixed by resolution of the Board of Directors from time to time) shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless otherwise provided by law, the Certificate of Incorporation or these By-Laws. A majority of the Directors present at any meeting may adjourn the meeting from time to time without further notice other than announcement at the meeting. If at any meeting a quorum is not present, a

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majority of the Directors present may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum is present.

(f) Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors, or of such committee, as the case may be, consent thereto in writing, and such written consent is filed with the minutes of the proceedings of the Board of Directors or of such committee. Furthermore, members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors, or of such committee, by means of conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

(g) In case of any increase in the number of Directors, or of any vacancy in the Board of Directors, the additional Director or Directors shall be elected, or, as the case may be, the vacancy or vacancies shall be filled by the Board of Directors at any meeting by the affirmative vote of a majority of the remaining Directors, notwithstanding that the remaining Directors may be less than a quorum, or by the sole remaining Director. The Directors so chosen shall hold office until the next annual meeting of Stockholders and until their successors are elected and qualify or until their earlier resignation or removal.

(h) By resolution of the Board of Directors, any Director may be paid any one or more of the following: his expenses, if any, of attendance at meetings; a fixed sum for attendance at meetings; or a stated salary as Director. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any capacity as an officer, employee, agent or otherwise, and receiving compensation therefor.

(i) The Board of Directors shall have power to elect or appoint all necessary officers and committees, to employ agents, factors, clerks and workmen, to require any of them to give such bond for the faithful discharge of their duties as may be deemed wise, to fix their compensation, to prescribe their duties, to dismiss any appointed officer or employee, and generally to control all the officers of the Corporation.

(j) The Board of Directors may, by resolution passed by a majority of the whole Board of Directors as specified in the Certificate of

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Incorporation, designate one or more committees, each to consist of one or more of the Directors of the Corporation, and may appoint chairmen of any such committees. To the extent provided in the resolution designating such committee, and to the extent permitted by law, each such committee shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. The Board of Directors may designate one or more Directors as alternate members of any committee, who may

replace any absent or disqualified member at any meeting of the committee.

(k) The Board of Directors, in addition to the powers and authority expressly conferred upon them by these By-Laws, may exercise all such powers and do all such things as may be exercised or done by the Corporation, but subject, nevertheless, to the provisions of the law, of the Certificate of Incorporation, and of these By-Laws.

(l) A Director of the Company may be removed by a vote of the Stockholders for cause, as determined by the written opinion of independent counsel of the Company.

OFFICERS

6. The officers of the corporation shall be a Chairman of the Board, President, one or more Vice Presidents, a Secretary, a Treasurer, one or more Assistant Secretaries, one or more Assistant Treasurers, a Controller and such other officers as may from time to time be elected or appointed by the Board of Directors. The determination of whether or not to fill such positions shall be within the discretion of the Board of Directors, except as otherwise provided by law. Any offices except those of President and Vice President or President and Secretary may be held by the same person. All officers shall serve at the pleasure of the Board of Directors. Any officer may be removed by the Board of Directors at anytime with or without cause. A vacancy in any office shall be filled by the Board of Directors.

CHAIRMAN OF THE BOARD

7. The Chairman of the Board shall preside at all meetings of the Stockholders and at all meetings of the Board of Directors. He shall have general powers and duties of management and such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

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PRESIDENT

8. The President shall be a member of the Board of Directors, and he shall be the chief executive officer of the Corporation and shall exercise general supervision and administration over all its affairs and shall have such further duties as are incident to the office of President or prescribed by law or as shall from time to time be designated by the Board of Directors. He shall, in the absence of the Chairman of the Board, preside at all meetings of the Stockholders and Directors. He shall sign or countersign as may be necessary all such bills, notes, checks, contracts and other instruments as may pertain to the business and affairs of the Corporation, and he shall sign, when duly authorized, all contracts, orders, deeds, liens, licenses and other instruments of a special nature. He shall, as far as may be possible and desirable, familiarize himself with and exercise supervision over the affairs of this or any other corporation in which this Corporation may be interested.

VICE-PRESIDENT

9. In the absence of the President or in the event of his inability or refusal to act, the Vice-President, if any (or, if there be more than one, the Vice Presidents in the order designated by the President, subject to revision by the Board of Directors, and, absent such designation or revision, in the order of their first election to that office), shall perform the duties and discharge the responsibilities of the President. They shall have such other duties and powers as shall from time to time be designated by the Board of Directors or by the President.

SECRETARY

10. The Secretary shall be sworn to the faithful discharge of his duties and shall keep full minutes of all the meetings of the Stockholders and of the Board of Directors, and shall perform the same duty for the standing committees when required. He shall issue all calls for meetings of the Stockholders and Directors and shall notify all officers and Directors of their election. He shall have charge of the seal of the Corporation and affix the same to any instrument requiring it. He shall have charge of the stock certificate books, stock transfer books, and stock ledgers, and such other books and papers as the Board of Directors may place in his charge. He shall make such reports to the Board of Directors as they may require, and he shall also prepare such reports and statements as may be required by the provisions of the law.

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ASSISTANT SECRETARY

11. The Assistant Secretary (or if there be more than one, the Assistant Secretaries in the order designated by the President, subject to

revision by the Board of Directors, and, absent such designation or revision, in the order of their first election to that office) shall, in the absence, disability, or refusal to act of the Secretary, be vested with all the powers of the Secretary and shall perform all his duties. He shall assist the Secretary in the performance of his duties, and shall have such powers and perform such other duties as the Board of Directors may from time to time direct.

TREASURER

12. The Treasurer shall be the custodian of all the funds and securities of the Corporation and shall keep full and accurate records and accounts in books provided for that purpose of all receipts, disbursements, credits, assets, liabilities and general financial transactions of the Corporation. He shall endorse for collection or deposit, to the credit of the Corporation, all bills, notes, checks and other negotiable instruments of the Corporation coming into his hands in such depositories and safe deposits as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the specific instructions of the Board of Directors or any committee established thereby, taking proper vouchers for all such disbursements, and he shall give bond to the Corporation in such sum and with such surety as shall be satisfactory to the proper officers of the Corporation.

ASSISTANT TREASURER

13. The Assistant Treasurer (or, if there be more than one, the Assistant Treasurers in the order designated by the President, subject to revision by the Board of Directors, and, absent such designation or revision, in the order of their first election to that office) shall, in the absence, disability or refusal to act of the Treasurer, be vested with all the powers of the Treasurer and shall perform all his duties. He shall assist the Treasurer in the performance of his duties, and shall have such powers and perform such other duties as the Board of Directors may from time to time direct.

CONTROLLER

14. The Controller shall exercise and perform such powers and duties with respect to the administration of the business and affairs of the

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Corporation as may from time to time be assigned to him by the Board of Directors.

OFFICER PRO TEM

15. In the absence of any officer, the Board of Directors may delegate his powers and duties to any other officers or to any Director, for the time being.

STOCK

16. (a) Every Stockholder shall be entitled to have a certificate, in such form as the Board of Directors shall from time to time approve, signed by or in the name of the Corporation by the President or any Vice-President and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, certifying the number of shares owned by him.

(b) Any or all the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

(c) A record of the name and address of the holder of such certificate, the number of shares represented thereby, and the date of issue thereof, shall be made on the Corporation's books. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and accordingly, shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any other person whether or not it shall have express or other notice thereof, except as required by the laws of Delaware.

(d) Any person claiming a stock certificate in lieu of one lost, stolen, mutilated or destroyed shall give the Corporation an affidavit as to his ownership of the certificate and of the facts as to its loss, theft, mutilation or destruction. He shall also, if required by the Board of Directors, give the Corporation a bond, in such form and amount as may be approved by the Board of Directors, sufficient to indemnify the Corporation against any claim that may be made against it on account of the alleged loss or theft of the certificate or the issuance of a new certificate.

(e) The Corporation may maintain one or more transfer offices or

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agencies, each under the control of a transfer agent designated by the Board of Directors, where the shares of stock of the Corporation shall be transferable. The Corporation may also maintain one or more registry offices, each under the control of a registrar designated by the Board of Directors, wherein such shares of stock shall be registered.

(f) Transfer of shares shall, except as provided in paragraph 16(d) of this Article, be made on the books of the Corporation only by direction of the person named in the certificate or his attorney, lawfully constituted in writing, and only upon the surrender for cancellation of the certificate therefor, duly endorsed or accompanied by a written assignment of the shares evidenced thereby.

(g) In order that the Corporation may determine the Stockholders entitled to notice of or to vote at any meeting of Stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

INSPECTION OF BOOKS AND ACCOUNTS

17. Except as otherwise provided by law and the Certificate of Incorporation, the Directors shall determine from time to time whether, and, if allowed, when and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of the Stockholders, and the Stockholders' rights in this respect are and shall be restricted and limited accordingly.

ALTERATION AND AMENDMENT

18. The Board of Directors may by a majority vote of the whole Board, adopt, amend or repeal these By-Laws at any regular meeting or at any special meeting.

DEFERRED MEETINGS

19. If any meeting provided for in these By-Laws should fall upon a legal holiday, the same shall be held upon the next succeeding business day at the same hour and place.

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INDEMNIFICATION OF OFFICERS, DIRECTORS EMPLOYEES AND AGENTS: INSURANCE

20. (a) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in

good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

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(c) To the extent that a Director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under subsections (a) and (b) (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

(e) Expenses incurred by an officer or Director in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article 20. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate.

(f) (i) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of Stockholders or disinterested Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office; and (ii) the indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

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(g) The Company may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this section.

(h) The provisions of this Article 20 shall be separable and the invalidity of all or any part thereof as applied to any particular type of liability or any particular person shall not preclude application of any remaining portion thereof to such situation or such person, nor application of the provisions of this Article to any other situation or person.

COMPENSATION TO DIRECTORS

21. By resolution of the Board of Directors, any Director may be paid any one or more of the following: his expenses, if any, of attendance at meetings, a fixed sum for attendance at meetings; or a stated salary as Director. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any capacity as an officer, employee, agent or otherwise, and receiving compensation therefor.

CONFLICTS OF INTEREST

22. No Director, officer or employee may pursue for his or her own account a business or investment opportunity if he or she has obtained knowledge

of such opportunity through his or her affiliation with the Corporation. No officer or employee of the Corporation may pursue for his own account an oil and gas opportunity as to which he or she did not obtain knowledge through his or her affiliation with the Corporation unless (a) with respect to a non-officer of the Corporation, such employee's pursuit of such opportunity has been approved by a senior officer of the Corporation with full knowledge of such opportunity and (b) with respect to an officer of the Corporation, such officer's pursuit of such opportunity has been approved by the Board of Directors. The foregoing restrictions shall not apply to the acquisition of less than one percent of the publicly traded securities of another company.

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EXECUTIVE COMMITTEE

23. The Executive Committee shall consist of at least three members who shall be appointed by the Board of Directors. Committee members may be removed and replaced by a majority of the members of the Board in their discretion. If a Committee Chair is not designated by the Board or is not present at a meeting, the members of the Committee may designate a Chair by majority vote.

The Committee shall meet as frequently as necessary between meetings of the Board and shall have the power and authority to act on behalf of the Board and the Company with respect to matters as to which it has been authorized to act by the Board provided that such actions are not in conflict with the Certificate of Incorporation or the Bylaws of the Company or applicable laws, regulations or rules and listing standards of the New York Stock Exchange.

The Committee shall on a timely basis report all actions of the Committee to the Board of Directors.

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CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of St. Mary Land & Exploration Company (the "Company") for the quarterly period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark A. Hellerstein, Chief Executive Officer of the Company, hereby certify, pursuant to and solely for the purpose of 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MARK A. HELLERSTEIN

Mark A. Hellerstein
Chief Executive Officer
May 14, 2003

"A signed original of this written statement required by Section 906 has been provided to St. Mary Land & Exploration Company and will be retained by St. Mary Land & Exploration Company and furnished to the Securities and Exchange Commission or its staff upon request."

CERTIFICATION OF VICE PRESIDENT - FINANCE
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of St. Mary Land & Exploration Company (the "Company") for the quarterly period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard C. Norris, Vice President - Finance of the Company, hereby certify, pursuant to and solely for the purpose of 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD C. NORRIS

Richard C. Norris
Vice President - Finance
(principal financial officer)
May 14, 2003

"A signed original of this written statement required by Section 906 has been provided to St. Mary Land & Exploration Company and will be retained by St. Mary Land & Exploration Company and furnished to the Securities and Exchange Commission or its staff upon request."