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

FORM 10-K

[x] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 1997.

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Commission File Number 0-20872

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

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

1776 Lincoln Street, Suite 1100, Denver, Colorado 80203
(Address of principal executive offices (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:
None
Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.01 par value
(Title of Class)

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 if disclosure of delinquent filer pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

The aggregate market value of 9,777,730 shares of voting stock held by non-affiliates of the Registrant, based upon the closing sale price of the Common Stock on March 19, 1998 of $36.0625 per share as reported on the Nasdaq National Market System, was $352,609,388. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock and who may be deemed an affiliate have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 19, 1998, the Registrant had 10,984,023 shares of Common Stock outstanding.

DOCUMENT INCORPORATED BY REFERENCE

The information required by Part III (Items 10, 11, 12 and 13) is incorporated by reference from Registrant's definitive Proxy Statement relating to its 1998 Annual Meeting of Stockholders.

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PART I

ITEM 1. BUSINESS

Background

St. Mary Land & Exploration Company ("St. Mary" or the "Company") is an independent energy company engaged in the exploration, development, acquisition and production of natural gas and crude oil. St. Mary's operations are focused in five core operating areas in the United States: the Mid-Continent region; the ArkLaTex region; south Louisiana; the Williston Basin; and the Permian Basin. As of December 31, 1997, the Company had estimated net proved reserves of approximately 11.5 MMBbls of oil and 196.2 Bcf of natural gas, or an aggregate of 265.2 BCFE (87% proved developed, 74% gas) with a PV-10 Value before tax of $262.0 million.

From January 1, 1995 through December 31, 1997, the Company added estimated net proved reserves of 241.1 BCFE at an average Finding Cost of $4.33 per BOE. In 1997 the Company replaced 358% of production at an average Finding

Cost of $4.99 per BOE and increased estimated net proved reserves by 39%. Production increased 32% in 1997 to a total of 30.0 BCFE, or average daily production of 82.3 MMcf per day. The Company's 1998 capital budget of approximately $94.0 million includes (i) $56.0 million for ongoing development and exploration programs in the core operating areas, (ii) $20.0 million for niche acquisitions of oil and gas properties and (iii) $18.0 million for high-risk, large-target exploration prospects.

The principal offices of the Company are located at 1776 Lincoln Street, Suite 1100, Denver, Colorado 80203, and its telephone number is (303) 861-8140.

Business Strategy

St. Mary's objective is to build shareholder value through consistent economic growth in reserves and production and the resulting increase in net asset value per share, and cash flow per share and earnings per share. A focused and balanced program of low to medium-risk exploration, development and niche acquisitions in each of its core operating areas is designed to provide the foundation for steady growth while the Company's portfolio of high-risk, large-target exploration prospects have the potential to significantly increase the Company's reserves and production. All investment decisions are measured and ranked by their risk-adjusted impact on per share value. The Company does not pursue growth for the sake of growth. Principal elements of the Company's strategy are as follows.

Focused Geographic Operations. The Company focuses its exploration, development and acquisition activities in five core operating areas where it has built a balanced portfolio of proved reserves, development drilling opportunities and high-risk large-target exploration prospects. The Company believes that its extensive leasehold position is a strategic asset. Since 1992 St. Mary has expanded its technical and operating staff and increased its drilling, production and operating capabilities. Senior technical managers, each with over 25 years of experience head up regional technical offices located near core properties and are supported by centralized administration in the Company's Denver office. St. Mary has knowledgeable and experienced professionals at every level of the organization and has been able to recruit and retain a team of employees that average almost seven years of tenure with the Company. St. Mary believes that its long-standing presence, its established networks of local industry relationships and its extensive acreage holdings in its core operating areas provide a significant competitive advantage. In addition, the Company believes that it can continue to expand its operations without the need to proportionately increase the number of employees.

Exploitation and Development of Existing Properties. The Company uses its comprehensive base of geological, geophysical, engineering and production experience in each of its core operating areas to source prospects for its ongoing, low to medium-risk development and exploration programs. St. Mary conducts detailed geologic studies and uses an array of technologies and tools including 3-D seismic imaging, hydraulic fracture and reservoir stimulation techniques, and specialized logging tools to maximize the potential of its existing properties. During 1997, the Company participated in 133 gross wells with an 85% success rate and 30 recompletions with an 87% success rate.

Large-Target Prospects. The Company invests 15% to 20% of its annual capital budget in higher-risk, large-target exploration projects and currently has an inventory of eight active projects in its core areas. The Company's strategy is to test four or more of these large exploration prospects each year which in total have the potential, if successful, to increase the Company's net reserves by 25% or more. St. Mary seeks to invest in a diversified mix of large-target exploration projects and generally limits its capital exposure by participating with other experienced industry partners. St. Mary plans to test several large-target prospects in south Louisiana during 1998, including its Atchafalaya Bay, Belle Bayou and Patterson prospects.

Selective Acquisitions. The Company seeks to make selective niche acquisitions of oil and gas properties that complement its existing operations, offer economies of scale and provide further development and exploration opportunities based on proprietary geologic concepts. Management believes that the Company's focus on smaller, negotiated transactions where the Company has specialized geologic knowledge or operating experience has enabled it to acquire attractively priced and under-exploited properties. During the last three years, the Company completed acquisitions totaling $56.4 million at an average acquisition cost of $4.17 per BOE.

Strategic Relationships. The Company cultivates strategic partnerships with independent oil and gas operators having focused regional experience and specialized technical skills. The Company's strategy is to serve as operator or, alternatively, to maintain a majority interest in such ventures to ensure that it can exercise significant influence over development and exploration activities. In addition the Company seeks industry partners who are willing to co-invest on substantially the same basis as the Company. For example, the Company's operations in the Williston Basin are conducted through Panterra

Petroleum ("Panterra") in which St. Mary holds a 74% general partnership interest. The managing partner of Panterra is Nance Petroleum Corporation, the principal of which has over 25 years of experience in the Williston Basin.

Financial Flexibility. A conservative use of financial leverage has long been a cornerstone of St. Mary's strategy. St. Mary believes that the preservation of a strong balance sheet is a competitive advantage because it enables the Company to act quickly and decisively to capture opportunities and provides the financial resources to weather periods of volatile commodity prices or escalating costs. St. Mary has been profitable for eleven consecutive years.

Significant Developments Since December 31, 1996

Deep Gas Exploration Success. In February 1997 St. Mary announced an important deep gas discovery on its fee lands in south Louisiana at the St. Mary Land & Exploration No. 2 well at South Horseshoe Bayou in a pay zone at approximately 17,300 feet. The well was completed at an initial rate of 20 MMcf of gas per day. In January 1998, the St. Mary Land & Exploration No. 3 was completed as a successful confirmation well at over 35 MMcf of gas per day in the upper pay zone. The Company expects to recomplete the No. 2 well in a lower pay zone at approximately 17,900 feet in Apirl 1998.

Sale of Common Stock. In February 1997, the Company closed the sale of 2,000,000 shares of common stock at $25.00 per share and closed the sale of an additional 180,000 shares in March 1997, pursuant to the underwriters' exercise of the over-allotment option. These transactions resulted in aggregate net proceeds of $51.2 million. The proceeds of these sales were used to fund the Company's exploration, development and acquisition programs.

Russian Joint Venture. In February 1997, the Company sold its interests in its Russian joint venture to Khanty Mansiysk Oil Corporation ("KMOC"), formerly known as Ural Petroleum Corporation, for consideration totaling $17.6 million.

Box Church Development. Following the significant discovery in the Box Church Field in 1996, which added 26.4 Bcf of estimated net proved reserves, the Company has drilled and completed eleven development wells in 1997 and have three wells awaiting completion in 1998. The Company's development program increased gross production at the Box Church Field to over 22 MMcf per day in December 1997 compared to 2.5 MMcf when the field was acquired. The Company plans to drill four additional wells at Box Church in 1998.

Acquisitions of Oil and Gas Properties. In 1997 the Company completed five acquisitions of oil and gas properties for $27.3 million, including an expansion of the Company's interests in the Anadarko Basin for $20.3 million, a $3.8 million acquisition of operated properties in Louisiana, and supplemental acquisitions of $3.2 million in the Permian and Williston Basins.

Oil and Gas Property Sales. In order to continue to focus and rationalize its operations, the Company sold certain non-operated interests in south Texas in May 1997 and realized a net gain of approximately $4.2 million.

Lafayette Exploration Office. In 1997 St. Mary opened an exploration office in Lafayette, Louisiana as part of its strategy to expand activities in the transition zone of the Gulf Coast.

ITEM 2. PROPERTIES

Domestic Operations

The Company's exploration, development and acquisition activities are focused in five core operating areas: the Mid-Continent region; south Louisiana; the ArkLaTex region; the Williston Basin in North Dakota and Montana; and the Permian Basin in west Texas and New Mexico. Information concerning each of the Company's major areas of operations, based on the Company's estimated net proved reserves as of December 31, 1997, is set forth below

<TABLE>
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	Oil	Gas	MMCFE		PV-10 Value	
	(MBbls)	(MMcf)	Amount	Percent	(In thousands)	Percent
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Mid-Continent Region...........	812	83,914	88,786	33.5%	$ 85,853	32.8%
South Louisiana................	1,076	49,919	56,375	21.2%	83,918	32.0%
ArkLaTex Region................	909	50,777	56,231	21.2%	49,655	18.9%
Williston Basin................	4,959	3,823	33,577	12.7%	25,876	9.9%
Permian Basin..................	3,680	4,902	26,982	10.2%	13,670	5.2%
Other (1)......................	57	2,895	3,237	1.2%	3,034	1.2%

Total	11,493	196,230	265,188	100.0%	$262,006	100.0%
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(1) Includes reserves associated with properties in Alabama, Colorado, Kansas, Mississippi, Utah, Wyoming and Canada.

Mid-Continent Region. The Company has been active in the Mid-Continent region since 1973 where the Company's operations are managed by its 25-person, Tulsa, Oklahoma office. The Company has ongoing exploration and development programs in the Anadarko Basin of Oklahoma and the Sherman-Marietta Basin of southern Oklahoma and northern Texas. The Mid-Continent region accounted for 33.5% of the Company's estimated net proved reserves as of December 31, 1997 or 88.8 BCFE (79% proved developed and 94% gas). The Company participated in 73 gross wells and recompletions in this region in 1997, including 18 Company-operated wells.

The Company's development and exploration budget in the Mid-Continent region for 1998 totals $32 million. The Company plans to operate 22 wells (62% of the Mid-Continent budget) in the Mid-Continent region during 1998 and to utilize four to five drilling rigs throughout the year. St. Mary also expects to participate in an additional 30 to 40 wells to be operated by other entities.

Anadarko Basin. The Company's 1998 Mid-Continent capital budget of $32 million will focus on higher potential prospects in the Morrow, Hunton and Springer formations targeting per well reserves of 5 to 30 Bcf of gas. The 1998 Mid-Continent program is balanced by additional lower-risk drilling in the Granite Wash play. In recent years the Company has achieved success rates exceeding 90 percent in the Granite Wash based on an extensive geologic study of the formation in Washita and Beckham Counties, Oklahoma, undertaken by the Company during 1993 and 1994.

Sherman-Marietta Basin. In the Sherman-Marietta Basin of northeast Texas, St. Mary has identified a series of prospect areas to the south of the Red River in Cooke and Grayson Counties. Geologic studies of the complexly faulted edge of this basin have yielded prospects in both the shallower Penn sands as well as the deeper Oil Creek and Arbuckle formations. A twelve square mile 3-D seismic survey at the Company's South Dexter prospect area in 1994 led to a discovery in the Ordovician Oil Creek sands during 1996. St. Mary plans to drill several tests in its South Dexter prospect area in 1998.

In addition, the Company has a 41% working interest in its large-target Red Branch prospect that is located in Cooke County, Texas. This Arbuckle and Oil Creek prospect is scheduled for late 1998 and St. Mary will operate the well. See "Large-Target Exploration Projects."

Carrier Prospect. Within its inventory of large-target prospects, the Company holds an aggregate 11.2% working interest in 25,800 acres in Leon County, Texas in the Cotton Valley reef play. The Company's Carrier Prospect acreage is located approximately nine miles east of the trend of the industry's initial prolific reef discoveries and targets potentially larger reefs that are postulated to have developed in the deeper waters of the basin during the Jurassic period. The Company and its partners completed a 52 square mile 3-D seismic survey in 1997 and expect to complete processing and interpretation of the seismic data and final evaluation of the prospective acreage by mid 1998. See "Large-Target Exploration Projects."

South Louisiana Region. The Company's operations in south Louisiana include its royalty interests in St. Mary Parish, working interests in properties acquired in 1997 and a number of large-target prospects located both on its fee lands and in separate prospect areas in south Louisiana. The south Louisiana region accounted for 21.2% of the Company's estimated net proved reserves as of December 31, 1997 or 56.4 BCFE (97% proved developed, 88% gas).

Fee Lands. The Company owns 24,914 acres of fee lands and associated mineral rights in St. Mary Parish, located approximately 85 miles southwest of New Orleans. St. Mary also owns a 25% working interest in approximately 300 acres located offshore and immediately south of the Company's fee lands. Since the initial discovery on the Company's fee lands in 1938, cumulative oil and gas revenues, primarily landowner's royalties, to the Company from the Bayou Sale, Horseshoe Bayou and Belle Isle Fields on its fee have exceeded $215 million. St. Mary currently leases 17,556 acres of its fee lands and has an additional 7,358 acres that are presently unleased. The Company's principal lessees are Texaco, Vastar, Oryx, Mobil and Sam Gary Jr. and Associates, a private exploration company headquartered in Denver.

St. Mary has encouraged development drilling by its lessees, facilitated the origination of new prospects on acreage not held by production and stimulated exploration interest in deeper, untested horizons. The Company's major discovery on its fee lands at South Horseshoe Bayou in early 1997 and a subsequent successful confirmation well in early 1998 proved that significant accumulations of gas could be sourced and trapped at depths below 16,000 feet.

Net production from the Company's fee lands increased by 13% in 1997 and 16% in 1996 as a result of the continuing development of the shallower formations on the property and production from the deep gas discovery at South Horseshoe Bayou. The Company's fee properties contributed approximately $8.8 million, or 11.6%, of St. Mary's gross oil and gas production revenues in 1997 and currently have gross production of over 60 MMcf and 1.8 MBbls per day.

St. Mary granted 3,088 acres of new leases on its fee lands during 1997 and received associated cash bonus payments of $757,000. New leases provide the Company with a 25% royalty on all production and the option to participate as up to a 25% working interest owner. Accordingly, as in the case of the discovery and confirmation well at South Horseshoe Bayou, St. Mary bears 25% of the costs but receives approximately 40% of the revenues. In 1997 St. Mary opened an exploration office in Lafayette, Louisiana as part of its strategy to expand activities in the transition zone of the Gulf Coast.

St. Mary's historical presence in southern Louisiana, its established network of industry relationships and its extensive technical database on the area have enabled the Company to assemble an inventory of large-target prospects in the south Louisiana region.

South Horseshoe Bayou Prospect Discovery. In February 1997 the Company announced a significant deep gas discovery on its fee lands in St. Mary Parish at the St. Mary Land & Exploration No. 2 well. This well was completed in sands below 17,300 feet and produced over six Bcf of gas during 1997. In January 1998 a confirmation well, the St. Mary Land & Exploration No. 3, was completed in the same interval at a rate of over 35 MMcf per day. The Company expects to recomplete the No. 2 well in a lower pay zone at approximately 17,900 feet in April 1998. The Company believes that an additional well may be required to evaluate an adjacent but separate fault block situated immediately to the north of the two existing wells. St. Mary will evaluate this prospect during 1998 with the goal of drilling a well in late 1998 or early 1999. See "Large-Target Exploration Projects."

Roanoke Prospect Discovery. St. Mary and its partners control approximately 8,800 gross acres at the Roanoke Prospect in Jefferson Davis Parish through a combination of seismic permits, options and leases. St. Mary holds a 33.3 % working interest in the prospect area. The Roanoke Field, originally discovered in 1934, has produced over 25 MMBbls of oil and 100 Bcf of gas. This is a complexly faulted salt dome field and was considered by the Company to be an excellent candidate for re-evaluation using modern 3-D seismic imaging to identify potential by-passed pays and untested fault blocks.

The first exploratory test at Roanoke was successfully completed in September 1997 as a discovery in the Frio formation and is currently producing over 7.0 MMcf per day. In 1998 St. Mary and its partners plan to test a second prospect at Roanoke targeting the Hackberry formation on a separate fault block. See "Large-Target Exploration Projects."

Atchafalaya Bay Prospect. In March 1997 the Company and its partner acquired seven tracts (2,845 gross acres) in a Louisiana state lease sale in Atchafalaya Bay. The leases are located approximately two miles south of the Company's 1997 discovery at South Horseshoe Bayou and lie in water depths of less than five feet in the delta of Atchafalaya Bay.

St. Mary holds a 40% working interest in this large, 3-D defined prospect below 16,000 feet that targets the same sands found to be productive at South Horseshoe Bayou. The Company expects that several wells will be required to fully test the prospect due to its size and configuration.

An initial exploratory test at Atchafalaya was commenced in September 1997 but experienced serious drilling problems in October when an over-pressured sand was penetrated below 12,000 feet. The initial well was plugged and abandoned due to these drilling problems and a replacement well was started in November 1997. The current well is drilling below 16,000 feet and is scheduled to reach total depth of approximately 19,000 feet in April 1998. If successful, the Company estimates that the initial well could be connected to pipeline facilities within approximately 60 days of completion of the well. See "Large-Target Exploration Projects."

Belle Bayou Prospects. A series of four separate deep gas prospect have been identified on the eastern portion of the Company's fee lands on the western flank of the Belle Isle Field. St. Mary has a 12.5% working interest and a 25% royalty interest in the first exploratory test that commenced drilling in March 1998. See "Large-Target Exploration Projects."

Patterson Prospect. The Company's Patterson prospect is located approximately 20 miles north of the Company's fee lands in St. Mary Parish. St. Mary holds a 25% working interest in leases and options totaling approximately 5,573 acres in the prospect area which lies within a major east-west producing trend between the Garden City and Patterson Fields. An unsuccessful 19,000-foot test was drilled in 1995 based on 2-D seismic data and existing well control. In order to further evaluate this prospect, in 1997 St. Mary and its partners purchased 20 square miles of a regional 3-D seismic survey. In 1998 St. Mary plans to reenter and sidetrack the existing well to test a newly defined prospect targeting the MA-3 and MA-7 formations. See "Large-Target Exploration Projects."

ArkLaTex Region. The Company's operations in the ArkLaTex area are managed by the Company's 12-person office in Shreveport, Louisiana. The ArkLaTex region accounted for 21.2% of the Company's estimated net proved reserves as of December 31, 1997 or 56.2 BCFE (81% proved developed and 90% gas). The Company's 1998 capital budget provides $8.1 for additional drilling, primarily for continued development at the Haynesville and Box Church Fields.

In 1992 the Company acquired the ArkLaTex oil and gas properties of T. L. James & Company, Inc. as well as rights to over 6,000 miles of proprietary 2-D seismic data in the region. St. Mary's holdings in the ArkLaTex region are comprised of interests in approximately 426 producing wells, including 58 Company-operated wells, and interests in leases totaling approximately 45,600 gross acres and mineral servitudes totaling approximately 15,600 gross acres. Since 1992, the Company has completed six additional acquisitions of producing properties in the region totaling $10.3 million and has undertaken an active program of additional development and exploration.

In 1994 and 1995 the Company extended the Bayou D'Arbonne Field in Union Parish, Louisiana with six successful wells in the Cotton Valley sand formation. Since the Company's discovery at the Haynesville Field in Clairborne Parish, Louisiana in 1995, St. Mary has drilled or participated in ten successful wells in the Haynesville formation and plans to drill or participate in seven additional wells in the field during 1998.

The Company and its partner acquired the Box Church Field (approximately 2,112 gross acres) in Limestone County, Texas in four separate transactions during 1995 and 1996. The Company's net acquisition cost totaled $2.6 million, and the Company operates and holds an average 58% working interest in three units comprising this field. During 1996, the Company made a significant discovery in the Box Church Field in the Upper and Lower Travis Peak formations (approximately 7,500 feet) and the Cotton Valley formation (approximately 9,000 feet). This discovery resulted at year-end 1996 in the addition of 26.4 Bcf of estimated net proved reserves, representing a 35% increase in the Company's gas reserves. At the end of 1997 there were 18 producing wells in the Box Church Field and an additional three wells awaiting completion. The Company's development program increased gross production at the Box Church Field from approximately 2.5 MMcf per day when the field was acquired to over 22 MMcf per day in December 1997. The Company plans to drill four additional wells at Box Church in 1998.

Williston Basin Region. The Company's operations in the Williston Basin are conducted through Panterra Petroleum, a general partnership formed in June 1991. The Company holds a 74% general partnership interest in Panterra and the managing partner, Nance Petroleum Corporation ("Nance Petroleum"), owns a 26% interest. Nance Petroleum's principal activity is the management of Panterra's interest in the Williston Basin. All of St. Mary's and Nance Petroleum's activities in the Williston Basin are conducted through Panterra, which currently owns interests in 63 fields within the basin's core producing area including 108,000 gross acres, 68 Panterra-operated wells and 175 wells operated by other parties.

The Williston Basin region accounted for 12.7% of the Company's estimated net proved reserves as of December 31, 1997 or 33.6 BCFE (94% proved developed and 89% oil). St. Mary has budgeted approximately $4.1 million as its share of Panterra's 1998 development and exploration program, which includes three Panterra-operated wells.

The Company's exploration and development activities in the Williston Basin have focused on the application of 3-D seismic data to delineate structural and stratigraphic features which were not previously discernible using conventional 2-D seismic. Panterra has conducted over 45 square miles of 3-D seismic surveys covering selected portions of the North Bainville Field in Roosevelt County, Montana; the Brush Lake Field in Sheridan County, Montana; the Nameless Field in McKenzie County, North Dakota and the Mondak Field on the Montana/North Dakota border. These surveys have generated a series of prospects and have resulted in the drilling of 13 Panterra-operated development and exploration wells since 1991 with a 100% success rate.

St. Mary plans to evaluate additional opportunities at the North Bainville, Brush Lake and Mondak Fields and to build its prospect inventory during 1998.

Permian Basin Region. The Permian Basin of New Mexico and west Texas is the Company's newest area of concentration. Management believes that its Permian Basin operations provide St. Mary with a solid base of long lived oil reserves, promising longer-term exploration and development prospects and the potential for secondary recovery projects. The Company established a presence in the basin in 1995 through the acquisition of a 21.2% working interest in a top lease in Ward and Winkler Counties, Texas which is believed to have significant development and exploration potential. The Company expanded its holdings in the basin during 1996 with the acquisition of a 90% interest in the producing properties of Siete Oil & Gas Corporation. The Permian Basin region accounted for 10.2% of the Company's estimated net proved reserves as of December 31, 1997 or 27.0 BCFE (91% proved developed and 82% oil).

Ward Estes. The Company acquired a 21.2% interest in the top lease in the Ward Estes North Field in Ward County, Texas for $1.7 million in 1995. The top lease covers 30,450 contiguous acres and becomes effective in August 2000 when the existing base lease expires. Rights to all remaining production from the leasehold will transfer to St. Mary and its partners in August 2000. Wells covered by the base lease currently produce in excess of 6,000 barrels of oil per day from relatively shallow formations and are expected to have significant remaining reserves when the base lease expires.

The Company believes that the Ward Estes top lease provides it with the attractive combination of a low-risk acquisition of long-lived oil reserves and a long-term exploration and development project. St. Mary and its partners have initiated discussions to determine whether the remaining two and one-half years of the base lease can be acquired from the existing holder. However, there can be no assurance that these negotiations will prove successful or that St. Mary will gain access to the property prior to the expiration of the base lease in August 2000. See "Large- Target Exploration Projects."

Siete Properties. In 1996 the Company completed the acquisition of a 90% interest in the oil and gas properties of Siete Oil & Gas Corporation for $10.0 million. The acquisition included approximately 150 wells in southeast New Mexico and west Texas producing from the Yates/Queen, Delaware and Bone Springs sands at depths of between 3,500 and 7,500 feet which are operated by the Company's 10% partner. The acquired reserves were approximately 80% oil and had a reserve life of approximately 15 years. During the balance of 1996 and in 1997 the Company completed a series of follow-on acquisitions of smaller interests in the Siete properties which totaled $4.6 million.

In 1998 St. Mary plans to invest approximately $6.8 million in several projects including the expansion of a successful pilot waterflood project at the Parkway Field and the commencement of a waterflood of the Shugart Field, which were part of the Siete acquisition made in 1996.

Large-Target Exploration Projects. The Company invests approximately 15% to 20% of its annual capital budget in longer-term, higher-risk, high-potential exploration projects. During the past several years the Company has assembled an inventory of large potential projects in various stages of development which have the potential to materially increase the Company's reserves. The Company's strategy is to maintain a pipeline of seven to ten of these high-potential prospects and to test four or more targets each year, while furthering the development of early-stage projects and continuing the evaluation of potential new exploration prospects.

The Company generally seeks to develop large-target prospects by using its comprehensive base of geological, geophysical, engineering and production experience in each of its focus areas. The large-target projects typically require relatively long lead times before a well is commenced in order to develop proprietary geologic concepts, assemble leasehold positions and acquire and fully evaluate 3-D seismic or other data. The Company seeks wherever appropriate to apply the latest technology, including 3-D seismic imaging, in its prospect development and evaluation so as to mitigate a portion of the inherently higher risk of these exploration projects. In addition, the Company seeks to invest in a diversified mix of exploration projects and generally limits its capital exposure by participating with other experienced industry partners.

The following table summarizes the Company's active large-target exploration projects. See also "Properties."

<TABLE>
<CAPTION>

Project Name	Objective	Location	St. Mary Working Interest(1)	St. Mary Royalty Interest(2)	Expected Test Date(3)
Atchafalaya Bay	Rob, Operc	Atchafalaya Bay, LA	40.0%	-	early 1998
Belle Bayou	Rob, Operc	St. Mary Parish, LA	12.5%	25.0%	mid 1998
Roanoke	Hackberry	Jefferson Davis Parish, LA	33.3%	-	late 1998
South Horseshoe	separate fault block	St. Mary Parish, LA	25.0%	22.0%	late 1998
Red Branch	Arbuckle, Oil Creek	Grayson & Cooke Counties, TX	41.0%	-	late 1998
Patterson	MA-3 , MA-7	St. Mary Parish, LA	25.0%	-	late 1998
Carrier	Cotton Valley Reef	Leon County, TX	13.9%	-	early 1999
Ward Estes	multiple targets	Ward & Winkler Counties, TX	21.2%	-	late 2000

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(1) Working interests differ from net revenue interests due to royalty interest burdens.

(2) Royalty interests are approximate and are subject to adjustment. St. Mary has no capital at risk with respect to its royalty interests.

(3) Expected Test Date refers to the period during which the Company anticipates the completion of an exploratory well.

International Operations

In 1997 the Company completed the sale or disposition of its remaining international investments, with the exception of minor working interests in properties in Canada, which represented less than one percent of the Company's estimated proved reserves at December 31, 1997.

Russian Joint Venture. In February 1997, the Company sold its interests in its Russian joint venture to Khanty Mansiysk Oil Corporation ("KMOC"), formerly known as Ural Petroleum Corporation for consideration totaling $17.6 million. The Company received $5.6 million in cash, before transaction costs, $1.9 million of KMOC common stock and a convertible receivable in a form equivalent to a retained production payment of approximately $10.1 million plus interest at 10% per annum from the limited liability company formed to hold the Russian joint venture. The Company's receivable is collateralized by the partnership interest sold and the Company has the right, subject to certain conditions, to require KMOC to purchase the receivable from the net proceeds of an initial public offering of KMOC common stock or alternatively, the Company may elect to convert all or a portion of its receivable into KMOC common stock immediately prior to an initial public offering of KMOC common stock.

Trinidad and Tobago. In 1997 the Company relinquished its 7.47% reversionary interest in a 281,506-acre onshore exploration and production license in the Caroni Basin of Trinidad and Tobago.

Key Relationships

The Company cultivates strategic partnerships with independent oil and gas operators having region-specific experience and specialized technical skills. The Company's strategy is to serve as operator or alternatively to maintain a majority interest in such ventures to ensure that it can exercise significant influence over development and exploration activities. In addition the Company seeks industry partners who are willing to co-invest on substantially the same basis as the Company. For example, the Company's operations in the Williston Basin are conducted through Panterra in which St. Mary holds a 74% general partnership interest. The managing partner of Panterra is Nance Petroleum Corporation, the principal of which has over 25 years of experience in the Williston Basin.

Acquisitions

The Company's strategy is to make selective niche acquisitions of oil and gas properties within its core operating areas in the United States. The Company seeks to acquire properties that complement its existing operations, offer economies of scale and provide further development and exploration opportunities based on proprietary geologic concepts or advanced well completion techniques. Management believes that the Company's success in acquiring attractively priced and under-exploited properties has resulted from its focus on smaller, negotiated transactions where the Company has specialized geologic knowledge or operating experience.

Although the Company periodically evaluates large acquisition packages offered in competitive bid or auction formats, the Company has continued to emphasize acquisitions having values of less than $10 million which generally attract less competition and where the Company's technical expertise, financial flexibility and structuring experience affords a competitive advantage. The Company seeks acquisitions that offer additional development and exploration opportunities such as its series of acquisitions in the Box Church Field of east Texas during 1995 and 1996. During 1996 and 1997, the Company purchased eleven parcels for $21.0 million and five parcels for $27.3 million, respectively. For 1998 the Company has budgeted $20 million for property acquisitions.

Reserves

At December 31, 1997, Ryder Scott, independent petroleum engineers, evaluated properties representing approximately 82% of the Company's total PV-10 Value and the Company evaluated the remainder. The PV-10 Values shown in the following table are not intended to represent the current market value of the estimated net proved oil and gas reserves owned by the Company. Neither prices nor costs have been escalated, but prices include the effects of hedging contracts.

The following table sets forth summary information with respect to the estimates of the Company's net proved oil and gas reserves for each of the years in the three-year period ended December 31, 1997, as prepared by Ryder Scott and by the Company.

	As of December 31,		
	1997	1996	1995
Proved Reserves Data: (1)			
Oil (MBbls)	11,493	10,691	7,509
Gas (MMcf)	196,230	127,057	75,705
MMCFE	265,188	191,202	120,762
PV-10 value (in thousands)	$262,006	$296,461	$120,192
Proved developed reserves	87%	84%	89%
Production replacement	358%	422%	203%
Reserve life (years)	8.8	8.4	6.5

- ------------

(1) Reserve data attributable to the Company's Russian joint venture have been excluded from this table. Effective February 12, 1997, the Company sold its Russian joint venture. See "International Operations."

Production

The following table summarizes the average volumes of oil and gas produced from properties in which the Company held an interest during the periods indicated.

	Years Ended December 31,		
	1997	1996	1995
Operating Data:			
Net production:			
Oil (MBbls)	1,188	1,186	1,044
Gas (MMcf)	22,900	15,563	12,434
MMCFE	30,024	22,680	18,696
Average net daily production:			
Oil (Bbls)	3,254	3,240	2,852
Gas (Mcf)	62,739	42,522	33,973
MCFE	82,263	61,962	51,084
Average sales price: (1)			
Oil (per Bbl)	$18.87	$18.64	$16.37
Gas (per Mcf)	$ 2.33	$ 2.23	$ 1.56
Additional per BOE data:			
Lease operating expense	$ 2.09	$ 2.28	$ 2.49
Production taxes	$ 0.96	$ 1.13	$ 0.93

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(1) Includes the effects of the Company's hedging activities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview."

The Company uses financial hedging instruments, primarily fixed-for-floating price swap agreements and cost-less collar agreements with financial counterparties, to manage its exposure to fluctuations in commodity prices. The Company also employs limited use of exchange-listed financial futures and options as part of its hedging program for crude oil.

Productive Wells

The following table sets forth information regarding the number of productive wells in which the Company held a working interest at December 31, 1997. Productive wells are either producing wells or wells capable of commercial production although currently shut in. One or more completions in the same borehole are counted as one well. A well is categorized under state reporting regulations as an oil well or a gas well based upon the ratio of gas to oil produced when it first commenced production, and such designation may not be indicative of current production.

	Gross	Net
Oil	578	166
Gas	837	123
Total	1,415	289

Drilling Activity

The following table sets forth the wells in which the Company participated during each of the three years indicated.

Years Ended December 31,

	1997 Gross	1997 Net	1996 Gross	1996 Net	1995 Gross	1995 Net
Domestic:						
Development:						
Oil	10	3.06	17	3.91	6	1.52
Gas	92	19.64	74	13.29	38	7.75
Non-productive	15	4.35	11	2.70	6	2.00
Total	117	27.05	102	19.90	50	11.27
Exploratory:						
Oil	4	1.21	-	-	5	1.56
Gas	7	2.04	5	1.25	8	0.74
Non-productive	5	1.93	10	3.10	16	4.19
Total	16	5.18	15	4.35	29	6.49
Farmout or non-consent	4	-	9	-	4	-
International:						
Development:						
Oil	-	-	22	3.96	5	0.90
Gas	-	-	-	-	1	0.06
Non-productive	-	-	-	-	-	-
Total	-	-	22	3.96	6	0.96
Exploratory:						
Oil	-	-	-	-	-	-
Gas	-	-	-	-	-	-
Non-productive	-	-	-	-	-	-
Total	-	-	-	-	-	-
Farmout or non-consent	-	-	-	-	-	-
Grand Total(1)	137	32.23	148	28.21	89	18.72

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(1) Does not include 4, 3 and 4 gross wells completed on the Company's fee lands during 1995, 1996, and 1997, respectively.

All of the Company's drilling activities are conducted on a contract basis with independent drilling contractors. The Company owns no drilling equipment.

Domestic and International Acreage

The following table sets forth the gross and net acres of developed and undeveloped oil and gas leases, fee properties, mineral servitudes and lease options held by the Company as of December 31, 1997. Undeveloped acreage includes leasehold interests that may already have been classified as containing proved undeveloped reserves.

<TABLE>
<CAPTION>

	Developed Acreage (1)		Undeveloped Acreage (2)		Total	
	Gross	Net	Gross	Net	Gross	Net
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Domestic:						
Arkansas	4,307	768	166	54	4,473	822
Louisiana	30,543	10,643	15,414	5,376	45,957	16,019
Montana	12,505	6,393	33,147	19,297	45,652	25,690
New Mexico	7,760	1,576	3,920	1,084	11,680	2,660
North Dakota	27,944	8,784	40,145	18,380	68,089	27,164
Oklahoma	121,547	25,509	54,040	14,810	175,587	40,319
Texas	33,264	9,126	41,825	7,975	75,089	17,101
Other (3)	16,434	5,723	64,073	28,810	80,507	34,533

Subtotal	254,304	68,522	252,730	95,786	507,034	164,308
Louisiana Fee Properties	13,176	13,176	11,738	11,738	24,914	24,914
Louisiana Mineral Servitudes	10,125	5,509	5,511	5,191	15,636	10,700
Subtotal	23,301	18,685	17,249	16,929	40,550	35,614
Total Domestic	277,605	87,207	269,979	112,715	547,584	199,922
International:						
Canada	6,400	281	32,640	1,131	39,040	1,412
Total International	6,400	281	32,640	1,131	39,040	1,412
GRAND TOTAL	284,005	87,488	302,619	113,846	586,624	201,334

</TABLE>

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(1) Developed acreage is acreage assigned to producing wells for the spacing unit of the producing formation. Developed acreage in certain of the Company's properties that include multiple formations with different well spacing requirements may be considered undeveloped for certain formations, but have only been included as developed acreage in the presentation above.

(2) Undeveloped acreage is lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether such acreage contains estimated net proved reserves.

(3) Includes interests in Alabama, Colorado, Kansas, Mississippi, Utah and Wyoming. St. Mary also holds an override interest in an additional 45,919 gross acres in Utah.

Non-Oil and Gas Activities

Summo Minerals. The Company, through a subsidiary, owns 9.9 million shares or 37% of Summo Minerals Corporation ("Summo"), a North American copper mining company focusing on finding late exploration stage, low to medium sized copper deposits in the United States amenable to the SX-EW extraction process. In addition, the Company owns 616,090 warrants and options to purchase common shares, exercisable at a price of Cdn $1.10 and which expire October 17, 1998. Summo's common shares are listed on the Toronto stock exchange under the symbol "SMA". The Company's investment in Summo had a market value of $1.8 million at December 31, 1997.

In May 1997, the Company entered into an agreement to receive a 55% interest in Summo's Lisbon Valley Copper Project (the "Project") in return for the Company contributing $4.0 million in cash, all of its outstanding stock in Summo, and $8.6 million in letters of credit to a single purpose company, Lisbon Valley Mining Company LLC, formed to own and operate the Project. Summo will contribute the property, all project permits and contracts, $3.2 million in cash, and a commitment for senior debt financing in return for a 45% interest in the new company. The agreement is subject to certain conditions, including the final resolution of regulatory approvals and finalization of the necessary project financing. Summo has completed tests of the ground water quality to address concerns raised on appeal during the permitting process. The results of these tests support the original conclusions and recommendations made by the Bureau of Land Management ("BLM") when the Project was initially approved. A decision from the Interior Board of Land Appeals ("IBLA") is expected in mid 1998.

The Company has agreed to provide interim financing of up to $2.7 million for the Project in the form of a loan to Summo due in June 1999. As of December 31, 1997, $2.1 million was outstanding under this loan. Any principal and interest amounts outstanding are convertible into shares of Summo common stock anytime after June 30, 1998 at the option of the Company. Upon capitalization of the new company the outstanding loan principal shall constitute a capital contribution in partial satisfaction of the Company's capital commitments set out in the May 1997 agreement. Management believes the long-term outlook for copper prices is favorable and plans to continue providing interim financing during 1998 until Summo receives final regulatory approval and copper prices recover adequately to justify construction using permanent financing. There can be no assurance that the Company will realize a return on its investment in Summo or the Project.

Competition

Competition in the oil and gas business is intense, particularly with respect to the acquisition of producing properties, proved undeveloped acreage and leases. Major and independent oil and gas companies actively bid for desirable oil and gas properties and for the equipment and labor required for their operation and development. The Company believes that the locations of its leasehold acreage, its exploration, drilling and production capabilities and the experience of its management and that of its industry partners generally enable the Company to compete effectively. Many of the Company's competitors, however, have financial resources and exploration, development and acquisition budgets that are substantially greater than those of the Company, and these may adversely affect the Company's ability to compete, particularly in regions outside of the Company's principal producing areas. Because of this competition, there can be no assurance that the Company will be successful in finding and acquiring producing properties and development and exploration prospects at its planned capital funding levels.

Markets and Major Customers

During 1997 two customers individually accounted for 10.6% and 10.2% of the Company's total oil and gas production revenue. Sales to one of these customers constituted 17.3% of total 1996 oil and gas production revenue. There were no sales to individual customers constituting 10% or more of total oil and gas production revenue during 1995.

Government Regulations

The Company's business is subject to various federal, state and local laws and governmental regulations that may be changed from time to time in response to economic or political conditions. Matters subject to regulation include discharge permits for drilling operations, drilling bonds, reports concerning operations, the spacing of wells, unitization and pooling of properties, taxation and environmental protection. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of oil and gas wells below actual production capacity in order to conserve supplies of oil and gas.

The Company's operations could result in liability for personal injuries, property damage, oil spills, discharge of hazardous materials, remediation and clean-up costs and other environmental damages. The Company could be liable for environmental damages caused by previous property owners. As a result, substantial liabilities to third parties or governmental entities may be incurred, and the payment of such liabilities could have a material adverse effect on the Company's financial condition and results of operations. The Company maintains insurance coverage for its operations, including limited coverage for sudden environmental damages, but does not believe that insurance coverage for environmental damages that occur over time is available at a reasonable cost. Moreover, the Company does not believe that insurance coverage for the full potential liability that could be caused by sudden environmental damages is available at a reasonable cost. Accordingly, the Company may be subject to liability or may lose substantial portions of its properties in the event of certain environmental damages. The Company could incur substantial costs to comply with environmental laws and regulations.

The Oil Pollution Act of 1990 imposes a variety of regulations on "responsible parties" related to the prevention of oil spills. The implementation of new, or the modification of existing, environmental laws or regulations, including regulations promulgated pursuant to the Oil Pollution Act of 1990, could have a material adverse impact on the Company.

The recent trend toward stricter standards in environmental legislation and regulation is likely to continue. For instance, legislation has been introduced in Congress that would reclassify certain exploration and production wastes as "hazardous wastes" which would make the reclassified wastes subject to much more stringent handling, disposal and clean-up requirements. If such legislation were enacted, it could have a significant impact on the operating costs of the Company, as well as the oil and gas industry in general. Initiatives to further regulate the disposal of oil and gas wastes are also pending in certain states, and these various initiatives could have a similar impact on the Company.

Title to Properties

Substantially all of the Company's working interests are held pursuant to leases from third parties. A title opinion is usually obtained prior to the commencement of drilling operations on properties. The Company has obtained title opinions or conducted a thorough title review on substantially all of its producing properties and believes that it has satisfactory title to such properties in accordance with standards generally accepted in the oil and gas industry. The Company's properties are subject to customary royalty interests, liens for current taxes and other burdens which the Company believes do not materially interfere with the use of or affect the value of such properties. Substantially all of the Company's oil and gas properties are mortgaged to secure borrowings under the Company's credit facilities. The Company performs only a minimal title investigation before acquiring undeveloped properties.

Operational Hazards and Insurance

The oil and gas business involves a variety of operating risks, including fire, explosions, blow-outs, pipe failure, casing collapse, abnormally pressured formations and environmental hazards such as oil spills, gas leaks, ruptures and discharges of toxic gases, the occurrence of any of which could result in substantial losses to the Company due to injury and loss of life, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The Company and operators of properties in which it has an interest maintain insurance against some, but not all, potential risks; however, there can be no assurance that such insurance will be adequate to cover any losses or exposure for liability. The occurrence of a significant unfavorable event not fully covered by insurance could have a material adverse effect on the Company's financial condition and results of operations. Furthermore, the Company cannot predict whether insurance will continue to be available at a reasonable cost or at all.

Employees and Office Space

As of December 31, 1997, the Company had 103 full-time employees. None of the Company's employees is subject to a collective bargaining agreement. The Company considers its relations with its employees to be good. The Company leases approximately 34,500 square feet of office space in Denver, Colorado, for its executive offices, of which 7,200 square feet is subleased. The Company also leases approximately 15,000 square feet of office space in Tulsa, Oklahoma, approximately 7,300 square feet of office space in Shreveport, Louisiana and approximately 500 square feet in Lafayette, Louisiana. The Company believes that its current facilities are adequate.

Glossary

The terms defined in this section are used throughout this Form 10-K.

2-D seismic or 2-D data. Seismic data that are acquired and processed to yield a two-dimensional cross-section of the subsurface.

3-D seismic or 3-D data. Seismic data that are acquired and processed to yield a three-dimensional picture of the subsurface.

Bbl. One stock tank barrel, or 42 U.S. gallons liquid volume, used herein in reference to oil or other liquid hydrocarbons.

Bcf. Billion cubic feet, used herein in reference to natural gas.

BCFE. Billion cubic feet of gas equivalent. Gas equivalents are determined using the ratio of six Mcf of gas (including gas liquids) to one Bbl of oil.

Behind pipe reserves. Estimated net proved reserves in a formation in which production casing has already been set in the wellbore but has not been perforated and production tested.

BOE. Barrels of oil equivalent. Oil equivalents are determined using the ratio of six Mcf of gas (including gas liquids) to one Bbl of oil.

Development well. A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive in an attempt to recover proved undeveloped reserves.

Dry hole. A well found to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.

Estimated net proved reserves. The estimated quantities of oil, gas and gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Exploratory well. A well drilled to find and produce oil or gas in an unproved area, to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir, or to extend a known reservoir.

Fee land. The most extensive interest which can be owned in land, including surface and mineral (including oil and gas) rights.

Finding Cost. Expressed in dollars per BOE, Finding Costs are calculated by dividing the amount of total capital expenditures for oil and gas activities by the amount of estimated net proved reserves added during the same period (including the effect on proved reserves of reserve revisions).

Gross acres. An acre in which a working interest is owned.

Gross well. A well in which a working interest is owned.

MBbl. One thousand barrels of oil or other liquid hydrocarbons.

MMBbl. One million barrels of oil or other liquid hydrocarbons.

MBOE. One thousand barrels of oil equivalent.

MMBOE. One million barrels of oil equivalent.

Mcf. One thousand cubic feet.

MCFE. One thousand cubic feet of gas equivalent. Gas equivalents are determined using the ratio of six Mcf of gas (including gas liquids) to one Bbl of oil.

MMcf. One million cubic feet.

MMCFE. One million cubic feet of gas equivalent. Gas equivalents are determined using the ratio of six Mcf of gas (including gas liquids) to one Bbl of oil.

MMBtu. One million British Thermal Units. A British Thermal Unit is the heat required to raise the temperature of a one-pound mass of water one degree Fahrenheit.

Net acres or net wells. The sum of the fractional working interests owned in gross acres or gross wells.

PV-10 Value. The present value of estimated future gross revenue to be generated from the production of estimated net proved reserves, net of estimated production and future development costs, using prices and costs in effect as of the date indicated (unless such prices or costs are subject to change pursuant to contractual provisions), without giving effect to non-property related expenses such as general and administrative expenses, debt service and future income tax expenses or to depreciation, depletion and amortization, discounted using an annual discount rate of 10%.

Productive well. A well that is producing oil or gas or that is capable of production.

Proved developed reserves. Reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

Proved undeveloped reserves. Reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

Recompletion. The completion for production of an existing wellbore in another formation from that in which the well has previously been completed.

Reserve Life. Reserve Life, expressed in years, represents the estimated net proved reserves at a specified date divided by actual production for the trailing 12-month period.

Royalty. That interest paid to the owner of mineral rights expressed as a percentage of gross income from oil and gas produced and sold unencumbered by expenses.

Royalty interest. An interest in an oil and gas property entitling the owner to shares of oil and gas production free of costs of exploration, development and production. Royalty interests are approximate and are subject to adjustment.

Undeveloped acreage. Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas, regardless of whether such acreage contains estimated net proved reserves.

Working interest. The operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and to share in the production.

ITEM 3. LEGAL PROCEEDINGS

To the knowledge of management, no claims are pending or threatened against the Company or any of its subsidiaries which individually or collectively could have a material adverse effect upon the Company's financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the fourth quarter of 1997.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDERS MATTERS

Market Information. The Company's common stock is traded on the Nasdaq National Market System under the symbol MARY. Prior to the commencement of trading on December 16, 1992, no market for the stock existed. The range of high and low bid prices for the quarterly periods in 1997 and 1996, as reported by the Nasdaq National Market System, is set forth below:

Quarter Ended	High	Low
March 31,1997	$27.750	$24.250
June 30, 1997	35.750	29.500
September 30, 1997	45.375	35.250
December 31, 1997	41.125	32.250
March 31,1996	16.625	13.500
June 30, 1996	17.875	15.875
September 30, 1996	17.000	14.250
December 31, 1996	27.375	16.500

On March 19, 1998 the closing sale price for the Company's common stock was $36.0625 per share.

Holders. As of March 19, 1998, the number of record holders of the Company's common stock was 164. Management believes, after inquiry, that the number of beneficial owners of the Company's common stock is in excess of 1,600.

Dividends. The Company has paid cash dividends to shareholders every year since 1940. Annual dividends of $0.16 per share have been paid quarterly in each of the years 1987 through 1996. The Company increased its quarterly dividend 25% to $.05 per share effective with the quarterly dividend declared in January 1997 and paid in February 1997. These dividends totaled $1,402,000 in each of the years 1993 through 1995, $1,401,000 in 1996, and $2,084,000 in 1997. The Company's line of credit agreement with NationsBank and Norwest Bank limits cumulative dividends from December 31, 1992 forward to $3,000,000 plus cumulative net income from December 31, 1991, which totals $61,237,000 at December 31, 1997.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth selected consolidated financial data for the Company as of the dates and for the periods indicated. The financial data for the five years ended December 31, 1997, were derived from the Consolidated Financial Statements of the Company. These Consolidated Financial Statements have been audited by Arthur Andersen LLP, independent public accountants (1997) and Coopers & Lybrand L.L.P., independent accountants (1993 through 1996). The following data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," which includes a discussion of factors materially affecting the comparability of the information presented, and the Company's financial statements included elsewhere in this report.

<TABLE>
<CAPTION>

	Year Ended December 31,				
	1997	1996	1995	1994	1993
	(In thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>	<C>
Income Statement Data:					
Operating revenues:					
Oil production	$ 22,415	$ 22,100	$ 17,090	$ 14,006	$ 13,685
Gas production	53,349	34,674	19,479	24,233	24,523
Gain on sale of Russian joint venture	9,671	-	-	-	-
Gain on sale of proved properties	4,220	2,254	1,292	418	-
Gas contract settlements and other	1,391	523	789	6,128	424
Total operating revenues	91,046	59,551	38,650	44,785	38,632

Operating expenses:					
Oil and gas production	15,258	12,897	10,646	10,496	9,341
Depletion, depreciation and amortization	18,366	12,732	10,227	10,134	8,775
Impairment of proved properties	5,202	408	2,676	4,219	3,498
Exploration	6,847	8,185	5,073	8,104	5,457
Abandonment and impairment of unproved properties	2,077	1,469	2,359	1,023	1,020
General and administrative	7,645	7,603	5,328	5,261	4,712
Gas contract disputes and other	281	78	152	493	638
(Income) loss in equity investees	325	(1,272)	579	348	659
Total operating expenses	56,001	42,100	37,040	40,078	34,100
Income from operations	35,045	17,451	1,610	4,707	4,532
Non-operating expense	99	1,951	896	525	62
Income tax expense (benefit)	12,325	5,333	(723)	445	1,065
Income from continuing operations	22,621	10,167	1,437	3,737	3,405
Gain on sale of discontinued operations, net of income taxes	488	159	306	-	-
Income before cumulative effect of change in accounting principle	23,109	10,326	1,743	3,737	3,405
Cumulative effect of change in accounting principle	-	-	-	-	300
Net income	$ 23,109	$ 10,326	$ 1,743	$ 3,737	$ 3,705

</TABLE>

<TABLE>
<CAPTION>

<S>	Year Ended December 31, 1997 <C>	1996 <C>	1995 (In thousands) <C>	1994 <C>	1993 <C>
Income Statement Data (continued):					
Net income per common share:					
Income from continuing operations	$ 2.13	$ 1.16	$ 0.17	$ 0.43	$ 0.39
Gain on sale of discontinued operations	0.05	0.02	0.03	-	-
Cumulative effect of change in accounting principle	-	-	-	-	0.03
Net income per share	$ 2.18	$ 1.18	$ 0.20	$ 0.43	$ 0.42
Net income per common share, assuming dilution:					
Income from continuing operations	$ 2.10	$ 1.15	$ 0.16	$ 0.43	$ 0.39
Gain on sale of discontinued operations	0.05	0.02	0.04	-	-
Cumulative effect of change in accounting principle	-	-	-	-	0.03
Net income per share, assuming dilution	$ 2.15	$ 1.17	$ 0.20	$ 0.43	$ 0.42
Cash dividends per share	$ 0.20	$ 0.16	$ 0.16	$ 0.16	$ 0.16
Weighted average common shares outstanding	10,620	8,759	8,760	8,763	8,763
Weighted average common shares outstanding, assuming dilution	10,753	8,826	8,801	8,803	8,805
Other Data:					
EBITDA (1)	$ 53,411	$ 30,183	$ 11,837	$ 14,841	$ 13,307
Net cash provided by operating activities	43,111	24,205	17,713	20,271	19,675
Capital and exploration expenditures	89,213	52,601	32,307	31,811	23,434
Balance Sheet Data (end of period):					
Working capital	$ 9,618	$ 13,926	$ 3,102	$ 9,444	$ 15,187
Net property and equipment	157,481	101,510	71,645	59,655	51,381
Total assets	211,030	144,271	96,126	89,392	81,797
Long-term debt	22,607	43,589	19,602	11,130	7,400
Total stockholders' equity	147,932	75,160	66,282	66,034	63,635

</TABLE>

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(1) EBITDA is defined as income before interest income and expense, income taxes, depreciation, depletion, amortization, and gain on sale of discontinued operations. EBITDA is a financial measure commonly used for the Company's industry and should not be considered in isolation or as a substitute for net income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of a

company's profitability or liquidity. Because EBITDA excludes some, but not all, items that affect net income and may vary among companies, the EBITDA presented above may not be comparable to similarly titled measures of other companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

St. Mary Land & Exploration Company ("St. Mary" or the "Company") was founded in 1908 and incorporated in Delaware in 1915. The Company is engaged in the exploration, development, acquisition and production of crude oil and natural gas with operations focused in five core operating areas in the United States: The Mid-Continent region; the ArkLaTex region; south Louisiana; the Williston Basin; and the Permian Basin.

Internal exploration, drilling and production personnel conduct the Company's activities in the Mid-Continent and ArkLaTex regions and in south Louisiana. Activities in the Williston Basin are conducted through Panterra Petroleum ("Panterra") in which the Company owns a 74% general partnership interest. The Company proportionally consolidates its interest in Panterra. Activities in the Permian Basin are primarily contracted through an oil and gas property management company with extensive experience in the basin.

St. Mary has two principal equity investments, Summo Minerals Corporation ("Summo"), a North American copper mining company, and until early 1997, the Company's Russian joint venture. The Company accounts for its investments in Summo and the Russian joint venture under the equity method and includes its share of the income or loss from these entities in its consolidated results of operation. Effective February 12, 1997, the Company sold its Russian joint venture.

The Company receives significant royalty income from its south Louisiana fee lands. Royalty revenues from the fee lands were $8.8, $8.1 and $5.5 million for the years 1997, 1996 and 1995, respectively. Management expects the Company's royalty income to increase in 1998 with the completion of the St. Mary Land & Exploration No. 3 well at South Horseshoe Bayou in January 1998, which followed the completion of the discovery well in the prospect in February 1997. The Company owns a 25% working interest and 22% royalty interest in this field for a combined net revenue interest of approximately 40%. The Company and the lessees have identified several geologic objectives for testing in future years.

The results of operations include several significant acquisitions made during recent years. In December 1995, the Company acquired two different interests in the Box Church Field in its ArkLaTex region for $2.2 million and several additional interests in 1996 for $580,000. Development of the field has occurred with the drilling and completion of three wells in 1996 and eleven wells in 1997. In 1998 the Company anticipates the completion of three wells in progress at year-end 1997 and the drilling of four additional wells to complete the development of the field. The Company purchased a 90% interest in the producing properties of Siete Oil & Gas Corporation for $10.0 million in June 1996 and completed a series of follow-on acquisitions of smaller interests in these properties totaling $4.6 million during 1997 and 1996. These properties are located in the Permian Basin of New Mexico and west Texas. Management expects to acquire additional interests in the Siete properties as they become available. In October 1996, the Company acquired additional interests in its Elk City Field located in Oklahoma from Sonat Exploration Company for $5.7 million. In May 1997, the Company acquired an 85% working interest in certain Louisiana properties of Henry Production Company for $3.8 million. In November 1997, the Company acquired the interests of Conoco, Inc. in the Southwest Mayfield area in Oklahoma for $20.3 million. Management anticipates drilling several wells in 1998 to test the geologic ideas identified at the time of acquisition of this field. Several smaller acquisitions were also completed during 1997 and 1996 totaling $560,000 and $2.8 million, respectively.

In February 1997, the Company sold its interest in the Russian joint venture to Khanty Mansiysk Oil Corporation ("KMOC"), formerly known as Ural Petroleum Corporation, for $17.6 million. The Company received $5.6 million in cash before transaction costs, $1.9 million of KMOC common stock, and a convertible receivable in a form equivalent to a retained production payment of $10.1 million plus interest at 10% per annum from the limited liability company formed to hold the Russian joint venture interest.

The Company closed the sale of 2,000,000 shares of common stock at $25.00 per share in February 1997 and closed the sale of an additional 180,000 shares in March 1997, pursuant to the underwriters' exercise of the over-allotment option. These transactions resulted in aggregate net proceeds of $51.2 million.

In May 1997, the Company sold its non-operated interests in south Texas for $5.4 million, and in December 1996, the Company sold its interests in Wyoming for $2.9 million, both as part of its continuing strategy to focus and rationalize its operations.

The Company seeks to protect its rate of return on acquisitions of producing properties by hedging up to the first 24 months of an acquisition's production at prices approximately equal to or greater than those used in the Company's acquisition evaluation and pricing model. The Company also periodically uses hedging contracts to hedge or otherwise reduce the impact of oil and gas price fluctuations on production from each of its core operating areas. The Company's strategy is to ensure certain minimum levels of operating cash flow and to take advantage of windows of favorable commodity prices. The Company generally limits its aggregate hedge position to no more than 50% of its total production. The Company seeks to minimize basis risk and indexes the majority of its oil hedges to NYMEX prices and the majority of its gas hedges to various regional index prices associated with pipelines in proximity to the Company's areas of gas production. The Company has hedged approximately 14% of its estimated 1998 gas production at an average fixed price of $2.11 per MMBtu and approximately 4% of its estimated 1998 oil production at an average fixed price of $18.18 per Bbl. The Company has also purchased options resulting in price collars on approximately 7% of the Company's estimated 1998 gas production with price ceilings between $2.55 and $3.00 per MMBtu and price floors between $1.95 and $2.00 per MMBtu as well as options resulting in price collars on approximately 5% of the Company's estimated 1998 oil production with price ceilings between $23.00 and $24.00 per Bbl and price floors between $19.00 and $20.00 per Bbl.

This Annual Report on Form 10-K includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this Form 10-K that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including such matters as future capital, development and exploration expenditures (including the amount and nature thereof), drilling of wells, reserve estimates (including estimates of future net revenues associated with such reserves and the present value of such future net revenues), future production of oil and gas, repayment of debt, business strategies, expansion and growth of the Company's operations and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, general economic and business conditions, the business opportunities (or lack thereof) that may be presented to and pursued by the Company, changes in laws or regulations and other factors, many of which are beyond the control of the Company. Readers are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Results of Operations

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

	Years Ended December 31,		
	1997	1996	1995
	(In thousands, except BOE data)		
Oil and gas production revenues:			
Working interests	$ 66,957	$ 48,685	$ 31,055
Louisiana royalties	8,807	8,089	5,514
Total	$ 75,764	$ 56,774	$ 36,569
Net Production:			
Oil (MBbls)	1,188	1,186	1,044
Gas (MMcf)	22,900	15,563	12,434
MBOE	5,004	3,780	3,116
Average sales price (1):			
Oil (per Bbl)	$ 18.87	$ 18.64	$ 16.37
Gas (per Mcf)	$ 2.33	$ 2.23	$ 1.56
Oil and gas production costs:			
Lease operating expenses	$ 10,463	$ 8,615	$ 7,747
Production taxes	4,795	4,282	2,899
Total	$ 15,258	$ 12,897	$ 10,646

Additional per BOE data:			
Sales price	$ 15.14	$ 15.02	$ 11.74
Lease operating expenses	2.09	2.28	2.49
Production taxes	.96	1.13	.93
Operating margin	$ 12.09	$ 11.61	$ 8.32
Depletion, depreciation and amortization	3.67	3.37	3.28
Impairment of proved properties	1.04	.11	.86
General and administrative	1.53	2.01	1.71

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

Oil and Gas Production Revenues. Oil and gas production revenues increased $19.0 million, or 33% to $75.8 million in 1997 compared to $56.8 million in 1996. Oil production volumes remained constant between 1997 and 1996 while gas production volumes increased 47% in 1997 compared to 1996. Average net daily production reached 13.7 MBOE in 1997 compared to 10.3 MBOE in 1996. This production increase resulted from new properties acquired and drilled during 1997. Major acquisitions included the Southwest Mayfield properties purchased

from Conoco, the acquisition of Louisiana properties from Henry Production Company and the additional interests purchased in the Siete properties. Successful drilling results in the Box Church Field in Texas and the South Horseshoe Bayou prospect in south Louisiana also contributed to the 1997 production increase. These production increases were partially offset by the sale of the Company's south Texas non-operated properties. The average realized oil price for 1997 increased 1% to $18.87 per Bbl, while realized gas prices increased 4% to $2.33 per Mcf, from their respective 1996 levels. The Company hedged approximately 16% of its oil production for 1997 or 185 MBbls at an average NYMEX price of $18.36. The Company realized a $293,000 decrease in oil revenue or $.25 per Bbl for 1997 on these contracts compared to a $2.6 million decrease or $2.20 per Bbl in 1996. The Company also hedged 27% of its 1997 gas production or 6,687,000 MMBtu at an average indexed price of $2.06. The Company realized a $2.9 million decrease in gas revenues or $.13 per Mcf for 1997 from these hedge contracts compared to a $1.65 million decrease or $.11 per Mcf in 1996.

Oil and gas production revenues increased $20.2 million, or 55% to $56.8 million in 1996 compared to $36.6 million in 1995. Oil production volumes increased 14% and gas production volumes increased 25% in 1996 compared to 1995. Average net daily production reached 10.3 MBOE in 1996 compared to 8.5 MBOE in 1995. This production increase resulted from new properties acquired and drilled during 1996, most notably the acquisitions of the Siete properties in the Permian Basin and the additional interests in the Elk City Field in Oklahoma. The average realized oil price for 1996 increased 14% to $18.64 per Bbl and realized gas prices increased 42% to $2.23 per Mcf, from their respective 1995 levels. The Company hedged approximately 70% of its oil production for 1996 or 842 MBbls at an average NYMEX price of $18.92. The Company realized a $2.6 million decrease in oil revenue or $2.20 per Bbl for 1996 on these contracts compared to a $131,000 decrease or $.13 per Bbl in 1995. The Company also hedged 23% of its 1996 gas production or 3,651,000 MMBtu at an average NYMEX price of $2.00. The Company realized a $1.65 million decrease in gas revenues or $.11 per Mcf for 1996 from these hedge contracts compared to a $121,000 increase in 1995.

Oil and Gas Production Costs. Oil and gas production costs consist of lease operating expense and production taxes. Total production costs increased $2.4 million, or 18% in 1997 to $15.3 million compared with $12.9 million in 1996. However, total oil and gas production costs per BOE declined 11% to $3.05 in 1997 compared to $3.41 per BOE in 1996. Oil and gas production costs increased $2.3 million, or 21% in 1996 to $12.9 million compared with $10.6 million in 1995. However, total oil and gas production costs per BOE declined slightly to $3.41 in 1996 from $3.42 per BOE in 1995.

Depreciation, Depletion, Amortization and Impairment. Depreciation, depletion and amortization expense ("DD&A") increased $5.7 million, or 44% to $18.4 million in 1997 compared with $12.7 million in 1996. This increase resulted from new properties acquired and drilled in 1997. DD&A expense per BOE increased 9% to $3.67 in 1997 compared to $3.37 in 1996 due to higher drilling and acquisition costs per BOE. Impairment of proved oil and gas properties increased $4.8 million to $5.2 million in 1997 compared with $408,000 in 1996. These charges resulted from a decline in the value of the Company's oil properties in the Williston Basin due to lower oil prices at year-end 1997 and the under-performance of a marginal field, as well as the under-performance of several gas fields in the Mid-Continent region.

Depreciation, depletion and amortization expense increased to $12.7 million in 1996 compared with $10.2 million in 1995 and DD&A expense per BOE increased 3% to $3.37 in 1996 compared to $3.28 in 1995. Impairment of proved oil and gas properties decreased $2.3 million to $408,000 in 1996 compared to $2.7 million in 1995. The 1995 impairment provision included effects of the adoption of SFAS No. 121 as of October 1, 1995 which resulted in an additional impairment charge for proved properties of $1.0 million in the fourth quarter of 1995.

Abandonment and impairment of unproved properties increased $608,000 or 41% to $2.1 million in 1997 compared to $1.5 million in 1996 due to additional impairments taken during 1997, partially offset by fewer abandonments of expired leases. Abandonment and impairment of unproved properties decreased $890,000 or 38% to $1.5 million in 1996 compared to $2.4 million in 1995.

Exploration. Exploration expense decreased $1.3 million or 16% to $6.8 million for 1997 compared with $8.2 million in 1996 primarily as a result of better exploratory drilling results in 1997 compared to 1996. Exploration expense increased $3.1 million or 61% to $8.2 million in 1996 compared to $5.1 million in 1995 due to increased geophysical activity in 1996 and better exploratory drilling results in 1995.

General and Administrative. General and administrative expenses were unchanged at $7.6 million for 1997 from 1996. Increased compensation costs, charitable contributions and insurance premium costs in 1997 were offset by a $1.4 million decrease in the expense associated with the Company's Stock Appreciation Rights ("SAR") plan. General and administrative expenses increased $2.3 million or 43% to $7.6 million in 1996 compared to $5.3 million in 1995 due to higher compensation costs, professional fees and a $1.3 million increase in the expense associated with the Company's SAR plan.

Other operating expenses consist of legal expenses in connection with ongoing oil and gas activities and oversight of the Company's mining investments. This expense increased $204,000 to $282,000 in 1997 compared with 1996, primarily due to legal expenses associated with the pending litigation that seeks to recover damages from the drilling contractor for the St. Mary Land & Exploration #1 well at South Horseshoe Bayou. This expense declined $74,000 to $78,000 in 1996 compared with 1995 because insurance proceeds were recovered in 1996 on a previous settlement.

Equity in Income and Loss of Russian Joint Venture. The Company accounted for its investment in the Russian joint venture under the equity method and included its share of income or loss from the venture in its results of operations up to the point of sale. The equity in the net income (loss) of the Russian joint venture was $201,000 in 1997, $1.7 million in 1996 and $(322,000) in 1995. As discussed under Outlook, the Company sold this investment in February 1997 resulting in a partial year of equity income recorded in 1997. The large increase in 1996 net income was due to higher oil production and prices.

Equity in Loss of Summo Minerals Corporation. The Company accounts for this investment under the equity method and includes its share of Summo's income or loss in its results of operations. The equity in the net loss of Summo was $526,000 in 1997, $457,000 in 1996 and $257,000 in 1995. Increased losses are due to general and administrative expenses associated with the expansion of Summo's Denver office beginning in 1996. The Company's ownership in Summo was 37% in 1997, 49% in 1996 and 51% in 1995.

Non-Operating Income and Expense. Net interest and other non-operating expense decreased $1.9 million to $99,000 in 1997 due to the reduction of the Company's debt with the proceeds of the sale of common stock in the first quarter of 1997. Net interest and other non-operating expense increased $1.1 million to $2.0 million in 1996 compared to $896,000 in 1995 because of additional interest expense associated with higher debt levels resulting from increased exploration, development and property acquisition activity. Net interest and other non-operating expense increased $371,000 to $896,000 in 1995 because of the interest expense associated with higher debt levels and the Company's increased Panterra ownership.

Income Taxes. Income tax expense was $12.3 million in 1997 and $5.3 million in 1996, resulting in effective tax rates of 35% and 34%, respectively. This expense reflects higher net income from continuing operations before income taxes for each year compared to the previous year, offset partially by the utilization of Section 29 tax credits. Income taxes provided a net tax benefit of $723,000 for 1995 with the utilization of capital loss carryovers and Section 29 tax credits. State tax expense was $1.6 million in 1997, $700,000 in 1996 and $396,000 in 1995. 1997 and 1996 Louisiana taxes increased significantly as a result of higher Louisiana net income, primarily from royalty income in both 1997 and 1996, and working interest income from South Horseshoe Bayou and the Henry Production Company acquisition during 1997.

Net Income. Net income for 1997 increased $12.8 million or 124% to $23.1 million compared to $10.3 million in 1996. A 47% increase in gas volumes and modest increases in oil and gas prices resulted in a $19.0 million increase in oil and gas production revenues. A $9.7 million gain on the sale of the Company's Russian joint venture, a $4.2 million gain on the sale of the Company's south Texas properties and a $700,000 lease bonus received for exploration on the Company's fee lands contributed to total operating revenues of $91.0 million. These revenues were partially offset by the higher production expenses and DD&A associated with increased production volumes, a $4.8 million increase in impairment of proved properties and a $325,000 loss from equity investees. The Company also realized a $488,000 gain from the sale of discontinued real estate in 1997, compared to a gain of $159,000 in 1996.

Net income for 1996 increased $8.6 million or 492% to $10.3 million compared to $1.7 million in 1995 with higher production volumes and prices resulting in a $20.2 million increase in oil and gas production revenues. This was partially offset by the associated higher production expenses and DD&A, a $3.1 million increase in exploration expense and a $2.3 million increase in general and administrative expenses. The Company also realized a $2.3 million gain on sale of producing properties in 1996 compared to $1.3 million in 1995 and recorded $1.7 million in net income from its Russian joint venture in 1996 compared to a loss of $322,000 in 1995.

Liquidity and Capital Resources

The Company's primary sources of liquidity are the cash provided by operating activities, debt financing and access to the capital markets. The Company's cash needs are for the acquisition, exploration and development of oil and gas properties and for the payment of debt obligations, trade payables and stockholder dividends. The Company generally finances its exploration and development programs from internally generated cash flow, bank debt and cash and cash equivalents on hand. In 1997, the Company financed a large portion of its exploration and development programs with the proceeds from the sale of common stock. The Company continually reviews its capital expenditure budget based on changes in cash flow and other factors.

Cash Flow. The Company's net cash provided by operating activities increased $18.9 million or 78% to $43.1 million in 1997 compared to $24.2 million in 1996. The significant increase in receipts for oil and gas revenues were partially offset by higher production costs and increased exploration expenses. Net cash provided by operating activities increased 37% to $24.2 million in 1996 compared to $17.7 million in 1995 also due to increased revenues partially offset by higher production costs, general and administrative expenses and exploration expenses.

In the first quarter of 1997, the Company made a cash payment of approximately $1.6 million in satisfaction of liabilities previously accrued by the Company under its SAR plan.

Net cash used in investing activities increased $22.3 million or 49% to $67.5 million compared to $45.2 million in 1996. This increase was primarily due to significantly increased capital expenditures for the Company's drilling programs, increased expenditures for acquisitions of oil and gas properties and additional investment in and loans to Summo, partially offset by $7.7 million of proceeds from the sale of oil and gas properties and $ 5.6 million in cash received from the sale of the Company's Russian joint venture. Total 1997 capital expenditures, including acquisitions of oil and gas properties, increased $33.0 million or 68% to $81.5 million compared to $48.5 million in 1996.

Net cash used in investing activities increased 37% to $45.2 million in 1996 compared with $33.0 million in 1995 primarily due to increased capital expenditures and acquisition of oil and gas properties partially offset by $3.1 million in cash received as a result of the purchase of the remaining 35% interest in St. Mary Operating Company and $3.1 million in proceeds from the sale of oil and gas properties. Total capital expenditures, including acquisitions of oil and gas properties, in 1996 increased $17.7 million to $48.5 million compared to $30.8 million in 1995 due to increased drilling activity and $21.0 million of reserve acquisitions compared to $8.1 million spent in 1995.

The Company was able to apply the majority of the proceeds from the sales of oil and gas properties in 1997 and 1996 to acquisitions of oil and gas properties in 1997 allowing tax-free exchanges of these properties for income tax purposes. In a tax-free exchange of properties the tax basis of the sold property carries over to the new property for tax purposes. Gains or losses for tax purposes are recognized by amortization of the lower tax basis of the property throughout its remaining life or when the new property is sold or abandoned.

Net cash provided by financing activities increased $5.5 million to $28.1 million compared to $22.6 million in 1996. The Company received $51.2 million from the sale of common stock in the first quarter of 1997 and had a net reduction of borrowings of $21.0 million in 1997. Net cash provided by financing activities increased $15.6 million to $22.6 million in 1996 compared to $7.0 million in 1995. The Company borrowed funds in 1996 for the expanded capital expenditure programs and reserve acquisitions. The Company increased its quarterly dividend 25% to $.05 per share effective with the quarterly dividend declared in January 1997 and paid in February 1997, resulting in dividends paid in 1997 of $2.1 million compared to $1.4 million in 1996 and 1995.

The Company had $7.1 million in cash and cash equivalents and working capital of $9.6 million as of December 31, 1997 compared to $3.3 million of cash and cash equivalents and working capital of $13.9 million at December 31, 1996. This decrease in working capital resulted from a net increase in trade accounts payable over oil and gas receivables due to increased drilling activity and the 1997 sale of the Company's Russian joint venture which was classified as a current asset held for sale at December 31, 1996. These decreases were partially offset by increased cash and cash equivalents and the payment in 1997 of the $1.6 million SAR liability at December 31, 1996.

Credit Facility. On April 1, 1996, the Company amended and restated its credit facility with two banks to provide a $60.0 million collateralized three-year revolving loan facility which thereafter converts at the Company's option to a five-year term loan. The amount that may be borrowed from time to time will depend upon the value of the Company's oil and gas properties and other assets. The Company's borrowing base, which is redetermined annually, was increased from $40.0 million to $60.0 million in February 1997 based on the increase in the Company's estimated net proved reserves in 1996. Outstanding revolving loan balances under the Company's credit facility, which were $14.5 million and $33.9 million at December 31, 1997 and 1996, respectively, accrue interest at rates determined by the Company's debt to total capitalization ratio. During the revolving period of the loan, loan balances accrue interest at the Company's option of either the banks' prime rate or LIBOR plus 1/2% when the Company's debt to total capitalization is less than 30%, up to a maximum of either the banks' prime rate plus 1/8% or LIBOR plus 1-1/4% when the Company's debt to total capitalization ratio exceeds 50%. The credit facility is collateralized by a mortgage of substantially all of the Company's domestic oil and gas properties. The credit facility provides for, among other things, covenants limiting additional recourse indebtedness of the Company, investments or disposition of assets by the Company and certain restrictions on the payment of cash dividends to holders of the Company's stock.

Panterra, in which the Company has a 74% general partnership ownership interest, has a separate credit facility with a $27.0 million borrowing base as of January 1, 1998, and $11.0 million and $13.1 million outstanding as of December 31, 1997 and 1996, respectively. In June 1997, Panterra entered into a credit agreement replacing a previous agreement due March 31, 1999. The new credit agreement includes a two-year revolving period converting to a five-year amortizing loan on June 30, 1999. During the revolving period of the loan, loan balances accrue interest at Panterra's option of either the bank's prime rate or LIBOR plus 3/4% when the Partnership's debt to partners' capital ratio is less than 30%, up to a maximum of either the bank's prime rate or LIBOR plus 1-1/4% when the Partnership's debt to partners' capital ratio is greater than 100%. The Company intends to use the available credit under the Panterra credit facility to fund a portion of its 1998 capital expenditures in the Williston Basin.

Sale of Common Stock. In February 1997, the Company closed the sale of 2,000,000 shares of common stock at $25.00 per share and closed the sale of an additional 180,000 shares in March 1997, pursuant to the underwriters' exercise of the over-allotment option. These transactions resulted in aggregate net proceeds of $51.2 million. The proceeds of these sales were used to fund the Company's exploration, development and acquisition programs, and pending such use were used to repay borrowings under its credit facility.

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

	Capital and Exploration Expenditures		
	For the Years Ended December 31,		
	1997	1996	1995
	(In thousands)		
Development	$ 39,030	$ 16,709	$ 12,625
Exploration:			
Domestic	15,311	11,910	8,746
International	16	84	(112)
Acquisitions:			
Proved	27,291	20,957	8,111
Unproved	7,565	2,941	2,937
Total	$ 89,213	$ 52,601	$ 32,307
Russian joint venture (a)	$ -	$ 3,881	$ 3,213

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(a) In February 1997, the Company sold its interest in the Russian joint venture.

The Company's total costs incurred in 1997 increased $36.6 million or 70% to $89.2 million compared to $52.6 million in 1996. Proved property acquisitions increased $6.3 million to $27.3 million in 1997 compared to $21.0 million in 1996. In May 1997, the Company acquired an 85% working interest in certain Louisiana properties of Henry Production Company for $3.8 million. In November 1997, the Company acquired the interests of Conoco, Inc. in the Southwest Mayfield area in Oklahoma for $20.3 million. Several smaller acquisitions were also completed during 1997 totaling $560,000 in addition to follow-on acquisitions relating to interests purchased in 1996. The Company spent $61.9 million in 1997 for unproved property acquisitions and domestic exploration and development compared to $31.6 million in 1996 as a result of the Company's expanded drilling programs.

The Company's total costs incurred in 1996 increased 63% to $52.6 million compared to $32.3 million in 1995. Proved property acquisitions increased $12.8 million to $21.0 million in 1996 compared to $8.1 million in 1995. The Company purchased a 90% interest in the producing properties of Siete Oil & Gas Corporation for $10.0 million in June 1996 and completed a series of follow-on acquisitions of smaller interests in the Siete properties in 1996 and 1997 totaling $4.6 million. In October 1996, the Company acquired additional interests in its Elk City Field located in Oklahoma from Sonat Exploration Company for $5.7 million. Several smaller acquisitions were also completed during 1996 totaling $3.4 million. The Company spent $31.6 million in 1996 for unproved property acquisitions and domestic exploration and development compared to $24.3 million in 1995 as a result of the Company's expanded drilling programs.

Outlook. The Company believes that its existing capital resources, cash flow from operations and available borrowings are sufficient to meet its anticipated capital and operating requirements for 1998.

In 1998, the Company anticipates spending approximately $94.0 million for capital and exploration expenditures with $56.0 million allocated for ongoing domestic exploration and development in each of its core operating areas, $20.0 million for niche acquisitions of producing properties and $18.0 million for large-target, higher-risk domestic exploration and development.

The amount and allocation of future capital and exploration expenditures will depend upon a number of factors including the number of available acquisition opportunities, the Company's ability to assimilate such acquisitions, the impact of oil and gas prices on investment opportunities, the availability of capital and the success of its development and exploratory activity which could lead to funding requirements for further development.

The Company, through a subsidiary, owns 9.9 million shares or 37% of Summo Minerals Corporation, a North American copper mining company focusing on finding late exploration stage, low to medium sized copper deposits in the United States amenable to the SX-EW extraction process. In May 1997, the Company entered into an agreement to receive a 55% interest in Summo's Lisbon Valley Copper Project (the "Project") in return for the Company contributing $4.0 million in cash, all of its outstanding stock in Summo, and $8.6 million in letters of credit to a single purpose company, Lisbon Valley Mining Company LLC, formed to own and operate the Project. Summo will contribute the property, all project permits and contracts, $3.2 million in cash, and a commitment for $45.0 million of senior debt financing in return for a 45% interest in the new company. The agreement is subject to certain conditions, including final resolution of regulatory approvals and project financing. Summo has completed tests of the ground water quality to address concerns raised on appeal during the permitting process. The results of these tests support the original conclusions and recommendations made by the Bureau of Land Management ("BLM") when the Project was initially approved. A decision from the Interior Board of

Land Appeals ("IBLA") is expected in mid 1998. The Company has agreed to provide interim financing of up to $2.7 million for the Project in the form of a loan to Summo due in June 1999. As of December 31, 1997, $2.1 million was outstanding under this loan. Any principal and interest amounts outstanding are convertible into shares of Summo common stock anytime after June 30, 1998 at the option of the Company. Upon capitalization of the new company the outstanding loan principal shall constitute a capital contribution in partial satisfaction of the Company's capital commitments set out in the May 1997 agreement. Future development and financial success of the Project are largely dependent on the market price of copper, which is determined in world markets and is subject to significant fluctuations. Management believes the long-term outlook for copper prices is favorable and plans to continue providing interim financing during 1998 until Summo receives final regulatory approval and copper prices recover adequately to justify construction using permanent financing. There can be no assurance that the Company will realize a return on its investment in Summo or the Project.

In February 1997, the Company sold its Russian joint venture to KMOC. The Company received cash consideration of approximately $5.6 million, before transaction costs, KMOC common stock valued at approximately $1.9 million, and a receivable in a form equivalent to a retained production payment of approximately $10.1 million plus interest at 10% per annum from the limited liability company formed to hold the Russian joint venture. The Company's receivable is collateralized by the partnership interest sold. The Company has the right, subject to certain conditions, to require KMOC to purchase the Company's receivable from the net proceeds of an initial public offering of KMOC common stock or alternatively, the Company may elect to convert all or a portion of its receivable into KMOC common stock immediately prior to an initial public offering of KMOC common stock.

Impact of the Year 2000 Issue. The Year 2000 Issue is the result of computer programs being written using two digits rather than four, or other methods, to define the applicable year. Computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activities.

The Company has conducted a review of its computer systems and has determined that the computer system used by Panterra will need to be replaced in order to properly utilize dates beyond December 31, 1999. Panterra has initiated a review of available replacement systems and believes conversion to a suitable Year 2000 compliant system can be completed, tested and operational before January 1, 1999 at a cost that is not expected to have a material effect on the Company's results of operations. If replacement of the Panterra system is not completed timely, the Year 2000 Issue could have a significant impact on the operations of Panterra. The Company presently believes that other less significant systems can be upgraded to mitigate the Year 2000 Issue with modifications to existing software or conversions to new software. Modifications or conversions to new software for the less significant systems, if not completed timely, would have neither a material impact on the operations of the Company nor on its results of operations.

The Company has initiated formal communications with its significant suppliers and purchasers and transporters of oil and natural gas to determine the extent to which the Company is vulnerable to those third parties' failure to remediate their own Year 2000 Issues. There can be no guarantee that the systems of these third parties will be converted timely, or that a failure to convert by another company, would not have a material adverse effect on the Company.

Accounting Matters

In March 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which addresses the impairment of proved oil and gas properties. On October 1, 1995, the Company adopted the provisions of the Statement. The SFAS No. 121 impairment test compares the expected undiscounted future net revenues from each producing field with the related net capitalized costs at the end of each period. When the net capitalized costs exceed the undiscounted future net revenues, the cost of the property is written down to "fair value" using the discounted future net revenues for the producing field. The Company recorded an additional impairment charge for proved properties related to the adoption of SFAS No. 121 of $1.0 million in the fourth quarter of 1995.

In November 1996, the Company adopted a stock option plan (the "Stock Option Plan") which covers a maximum of 700,000 shares. Options granted under the Stock Option Plan are to be exercisable at the market price of Company stock on the date of grant and have a term of ten years but may not be exercised during the initial five years. Options vest twenty-five percent on the date of grant and an additional twenty-five percent upon the completion of each of the following three years of employment with the Company. Options however will be fully vested in the event of an employment termination due to death, disability or normal retirement, and options may terminate upon any termination of employment for cause. In the event of any acquisition of the Company, the options will also fully vest and upon completion of such acquisition, unexercised options will terminate. The Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation," for the year ended December 31, 1996 through compliance with the disclosure requirements set forth in SFAS No. 123. Effective November 21, 1996, the Company authorized the issuance of 256,598 options, of which 234,983 were outstanding at December 31, 1997, exercisable at $20.50 per share, the fair market value on the date of issuance, in connection with the termination of future awards under the Company's SAR plan. On December 31, 1996, the Company granted options to purchase 42,880 shares of the Company's common stock under the Stock Option Plan, exercisable at $24.875 per share, the fair market value on the date of issuance. On May 21, 1997, the Company granted options to purchase 74,057 shares of the Company's common stock at $29.375 per share, the fair market value on the date of issuance, and on December 31, 1997, options to purchase 107,423 shares of the Company's stock were granted at $35.00 per share, the fair market value on the date of issuance.

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share," which requires a dual presentation of basic and diluted earnings per share. The Company adopted SFAS No. 128 effective December 31, 1997. Under SFAS No. 128 basic net income per share of common stock is calculated by dividing net income by the weighted average of common shares outstanding during each year, and diluted net income per share of common stock is calculated by dividing net income by the weighted average of common shares and other dilutive securities.

In February 1997, the FASB issued SFAS No. 129, "Disclosure of Information about Capital Structure," effective for financial statements for periods ending after December 15, 1997. The Statement requires disclosures about certain preferences and rights of outstanding securities and certain information about redeemable capital stock. At this time the Company has no preferential or redeemable securities that are subject to the new disclosure requirements of the Statement.

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," effective for financial statements for periods beginning after December 15, 1997. The Statement establishes standards for reporting and display of comprehensive income and its components in financial statements. Comprehensive income for the Company will be affected by changes in unrealized gains or losses on marketable equity securities.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," effective for financial statements for periods beginning after December 15, 1997. The Statement requires the Company to report certain information about operating segments in its financial statements and certain information about its products and services, the geographic areas in which it operates and its major customers. The Company is reviewing the effects of the disclosure requirements of the Statement.

In February 1998, the FASB issued SFAS No. 132, "Employer's Disclosures about Pensions and Other Postretirement Benefits," effective for fiscal years beginning after December 15, 1997. The Statement standardizes the disclosure requirements for pensions and other postretirement benefits to provide information that is more comparable and concise. The Company is reviewing its future disclosure formats to facilitate financial analysis.

Effects of Inflation and Changing Prices

The Company's results of operations and cash flow are affected by changing oil and gas prices. Within the United States inflation has had a minimal effect on the Company. The Company cannot predict the extent of any such effect. If oil and gas prices increase, there could be a corresponding increase in the cost to the Company for drilling and related services, although offset by an increase in revenues. As oil and gas prices increase, the cost of acquisitions of producing properties increases, which could limit the number and accessibility of quality properties on the market.

The Company has experienced an increase in the cost to the Company for drilling and related services resulting from shortages in available drilling rigs, drilling and technical personnel, supplies and services. If these shortages persist, there could be continued increases in the cost to the Company of exploration, drilling and production of oil and gas.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements that constitute Item 8 follow the text of this report. An index to the Consolidated Financial Statements and Schedules appears in Item 14(a) of this report.

ITEM 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On April 3, 1997, the Company dismissed Coopers & Lybrand L.L.P. as independent accountants for the Company. Also on April 3, 1997, the Company engaged Arthur Andersen LLP as independent accountants for the Company for 1997. The decision to change independent accountants was approved by the Audit Committee of the Company's Board of Directors.

The reports of Coopers & Lybrand L.L.P. on the Company's financial statements for the past two years contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. Further, during the two most recent fiscal years and interim period subsequent to December 31, 1996, there have been no disagreements with Coopers & Lybrand L.L.P. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure or any reportable events. The decision to change independent accountants was based on the Company's efforts to obtain what it believes to be more cost-effective accounting and auditing services.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is incorporated by reference from the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference from the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference from the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) and (a)(2) Financial Statements and Financial Statement Schedules:

All other schedules are omitted because the required information is not applicable or is not present in amounts sufficient to require submission of the schedule or because the information required is included in the Consolidated Financial Statements and Notes thereto.

(b) Reports on Form 8-K. No reports on Form 8-K were filed during the last quarter of 1997.

(c) Exhibits. The following exhibits are filed with or incorporated into this report on Form 10-K:

Exhibit Number	Description
3.1*	Restated Certificate of Incorporation of the Registrant, as amended
3.1A*	Restated Certificate of Incorporation of the Registrant (as of November 17, 1992)
3.2*	Restated Bylaws of the Registrant
10.3*	Stock Option Plan
10.4*	Stock Appreciation Rights Plan
10.5*	Cash Bonus Plan
10.6*	Net Profits Interest Bonus Plan
10.7*	Summary Plan Description/Pension Plan dated January 1, 1985
10.8*	Non-qualified Unfunded Supplemental Retirement Plan, as amended
10.10*	Summary Plan Description Custom 401(k) Plan and Trust
10.11*	Stock Option Agreement - Mark A. Hellerstein
10.12*	Stock Option Agreement - Ronald D. Boone
10.13*	Employment Agreement between Registrant and Mark A. Hellerstein
10.34**	Summary Plan Description 401(k) Profit Sharing Plan
10.35**	Summary Plan Description/Pension Plan dated December 30, 1994
10.43**	Second Restated Partnership Agreement - Panterra Petroleum
10.42**	Purchase and Sale Agreement between Siete Oil & Gas Corporation and Registrant incorporated by reference from Exhibit 10.42 filed on Form 8-K dated June 28, 1996, as amended by a Form 8-K/A dated June 28, 1996.
10.43**	Acquisition Agreement regarding the sale of the Company's Russian joint venture incorporated by reference from the Exhibit 10.43 filed on Form 8-K dated December 16, 1996.

10.44**	Amended and Restated Credit Agreement between Registrant and NationsBank of Texas, N.A. and Norwest Bank Colorado, National Association, dated April 1, 1996, incorporated by reference

from Exhibit 10.1 filed on Form 8-K dated January 28, 1997.

10.45** Amended and Restated Credit Agreement between Panterra Petroleum, Registrant and First Interstate Bank, dated February 6, 1995, incorporated by reference from Exhibit 10.2 filed on Form 8-K dated January 28, 1997.

10.46** Employment Agreement between Registrant and Ralph H. Smith, effective October 1, 1995, incorporated by reference from Exhibit 99 filed on Form 8-K dated January 28, 1997.

10.47** Stock Option Plan

10.48** Incentive Stock Option Plan

10.49 Letter from Coopers & Lybrand L.L.P. addressed to the Securities and Exchange Commission dated April 8, 1997, incorporated by reference from Exhibit 16.1 filed on Form 8-K dated April 8, 1997.

10.50 St. Mary Land & Exploration Company Employee Stock Purchase Plan

21.1* Subsidiaries of Registrant

23.3 Consent of Arthur Andersen LLP

23.4 Consent of Coopers & Lybrand L.L.P.

24.1* Power of Attorney (included on signature page)

27.4 Financial Data Schedule

* Incorporated by reference from Registrant's Registration Statement on Form S-1 (File No. 33-53512).

** Incorporated by reference from Registrant's Annual Report on Form 10-K for the years ended December 31, 1992 through 1996 (File No. 0-20872).

(d) Financial Statement Schedules. See Item 14(a) above.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
St. Mary Land & Exploration Company and Subsidiaries:

We have audited the accompanying consolidated balance sheet of St. Mary Land & Exploration Company (a Delaware corporation) and Subsidiaries as of December 31, 1997, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of St. Mary Land & Exploration Company and Subsidiaries as of December 31, 1997, and the consolidated results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP
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ARTHUR ANDERSEN LLP

Denver, Colorado,
February 27, 1998.

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors and Stockholders
St. Mary Land & Exploration Company and Subsidiaries:

We have audited the accompanying consolidated balance sheets of St. Mary Land & Exploration Company and Subsidiaries as of December 31, 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of St. Mary Land & Exploration Company and Subsidiaries as of December 31, 1996, and the consolidated results of their operations and their cash flows for each of the two years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for impairment of long-lived assets in 1995.

/s/ COOPERS & LYBRAND L.L.P.
- ----------------------------

COOPERS & LYBRAND L.L.P.

Denver, Colorado
March 3, 1997, except for the effects of adopting Statement of Financial Accounting Standards No. 128, "Earnings Per Share," as discussed in Note 1, as to which the date is March 19, 1998.

ITEM 8. FINANCIAL STATEMENTS AND SUPLEMENTARY DATA

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

ASSETS

<TABLE>
<CAPTION>

	December 31, 1997	December 31, 1996
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 7,112	$ 3,338
Accounts receivable	24,320	21,443
Prepaid expenses	112	1,115
Refundable income taxes	246	57
Deferred income taxes	122	-
Investment in Russian joint venture held for sale	-	6,151

Total current assets	31,912	32,104
Property and equipment (successful efforts method), at cost:		
Proved oil and gas properties	246,468	198,652
Unproved oil and gas properties, net of impairment allowance of $3,032 in 1997 and $2,330 in 1996	28,615	14,581
Other	3,386	3,509
	278,469	216,742
Less accumulated depletion, depreciation, amortization and impairment	(120,988)	(115,232)
	157,481	101,510
Other assets:		
Khanty Mansiysk Oil Corporation receivable and stock	12,003	-
Summo Minerals Corporation investment and receivable	6,691	4,884
Restricted cash	-	2,918
Other assets	2,943	2,855
	21,637	10,657
	$ 211,030	$ 144,271
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 21,943	$ 16,628
Current portion of stock appreciation rights	351	1,550
Total current liabilities	22,294	18,178
Long-term liabilities:		
Long-term debt	22,607	43,589
Deferred income taxes	16,589	5,790
Stock appreciation rights	989	1,195
Other noncurrent liabilities	619	359
	40,804	50,933
Commitments and contingencies (Notes 1,6,7,8)		
Stockholders' equity:		
Common stock, $.01 par value: authorized - 15,000,000 shares; issued and outstanding - 10,980,423 shares in 1997 and 8,759,214 shares in 1996	110	88
Additional paid-in capital	67,494	15,801
Retained earnings	80,328	59,303
Unrealized loss on marketable equity securities-available for sale	-	(32)
Total stockholders' equity	147,932	75,160
	$ 211,030	$ 144,271

</TABLE>

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

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

<TABLE>
<CAPTION>

	For the Years Ended December 31,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Operating revenues:			
Oil and gas production	$ 75,764	$ 56,774	$ 36,569
Gain on sale of Russian joint venture	9,671	-	-
Gain on sale of proved properties	4,220	2,254	1,292
Other revenues	1,391	523	789
Total operating revenues	91,046	59,551	38,650
Operating expenses:			
Oil and gas production	15,258	12,897	10,646
Depletion, depreciation and amortization	18,366	12,732	10,227
Impairment of proved properties	5,202	408	2,676
Exploration	6,847	8,185	5,073
Abandonment and impairment of unproved properties	2,077	1,469	2,359

General and administrative	7,645	7,603	5,328
Other	281	78	152
(Income) loss in equity investees	325	(1,272)	579
Total operating expenses	56,001	42,100	37,040
Income from operations	35,045	17,451	1,610
Nonoperating income and (expense):			
Interest income	1,043	186	287
Interest expense	(1,142)	(2,137)	(1,183)
Income from continuing operations before income taxes	34,946	15,500	714
Income tax expense (benefit)	12,325	5,333	(723)
Income from continuing operations	22,621	10,167	1,437
Gain on sale of discontinued operations, net of taxes of $252 in 1997, $82 in 1996 and $158 in 1995	488	159	306
Net income	$ 23,109	$ 10,326	$ 1,743
Basic earnings per common share:			
Income from continuing operations	$ 2.13	$ 1.16	$ .17
Gain on sale of discontinued operations	.05	.02	.03
Basic net income per common share	$ 2.18	$ 1.18	$ .20
Diluted earnings per common share:			
Income from continuing operations	$ 2.10	$ 1.15	$ .17
Gain on sale of discontinued operations	.05	.02	.03
Diluted net income per common share:	$ 2.15	$ 1.17	$ .20
Basic weighted average common shares outstanding	10,620	8,759	8,760
Diluted weighted average common shares outstanding	10,753	8,826	8,801

</TABLE>

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

ST. MARY LAND & EXPLORATION COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)

<TABLE>
<CAPTION>

	Common Stock		Additional		Unrealized Gain (Loss) On Marketable Equity Securities
	Shares	Amount	Paid-in Capital	Retained Earnings	Available For Sale
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1994	8,762,604	$ 88	$ 15,845	$ 50,037	$ 64
Net income	-	-	-	1,743	-
Cash dividends, $ .16 per share	-	-	-	(1,402)	-
Unrealized loss	-	-	-	-	(49)
Purchase and retirement of common stock	(749)	-	(10)	-	-
Balance, December 31, 1995	8,761,855	88	15,835	50,378	15
Net income	-	-	-	10,326	-
Cash dividends, $ .16 per share	-	-	-	(1,401)	-
Unrealized loss	-	-	-	-	(47)
Purchase and retirement of common stock	(69)	-	-	-	-
Retirement of treasury stock	(2,572)	-	(34)	-	-
Balance, December 31, 1996	8,759,214	88	15,801	59,303	(32)

Net income	-	-	-	23,109	-
Cash dividends, $ .20 per share	-	-	-	(2,084)	-
Unrealized gain	-	-	-	-	32
Purchase and retirement of common stock	(55)	-	(2)	-	-
Sale of common stock, net of income tax benefit of stock option exercises	2,217,664	22	51,627	-	-
Directors' stock compensation	3,600	-	68	-	-
Balance, December 31, 1997	10,980,423	$ 110	$ 67,494	$ 80,328	$ -

</TABLE>

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

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

<TABLE>
<CAPTION>

	For the Years Ended December 31,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Reconciliation of net income to net cash provided by operating activities:			
Net income	$ 23,109	$ 10,326	$ 1,743
Adjustments to reconcile net income to net cash provided by operating activities:			
Depletion, depreciation and amortization	18,366	12,732	10,227
Impairment of proved properties	5,202	408	2,676
Loss (income) in equity investees	325	(1,272)	579
Gain on sale of proved properties	(4,220)	(2,254)	(1,292)
Gain on sale of Russian joint venture	(9,671)	-	-
Exploration	1,638	3,048	1,286
Abandonment and impairment of unproved properties	2,077	1,469	2,359
Deferred income taxes	10,799	4,634	(1,038)
Other	428	17	(407)
	48,053	29,108	16,133
Changes in current assets and liabilities, net of effect of purchase of interest in St. Mary Operating Company in 1996:			
Accounts receivable	(3,235)	(8,810)	169
Prepaid expenses	2,162	(478)	(3)
Refundable income taxes	(189)	119	200
Accounts payable and accrued expenses	(2,359)	2,788	706
Stock appreciation rights	(1,199)	1,550	-
Deferred income taxes	(122)	(72)	508
Net cash provided by operating activities	43,111	24,205	17,713
Cash flows from investing activities:			
Proceeds from sale of oil and gas properties	7,723	3,082	2,337
Capital expenditures	(54,164)	(27,504)	(22,657)
Acquisition of oil and gas properties	(27,291)	(20,957)	(8,111)
Purchase of interest in St. Mary Operating Company	-	3,059	-
Sale of (investment in) Russian joint venture	5,608	(209)	(297)
Investment in and loans to Summo Minerals Corporation	(2,332)	(500)	(4,528)
Receipts from restricted cash	9,747	-	-
Deposits to restricted cash	(6,829)	(2,918)	-
Other	61	772	264
Net cash used in investing activities	(67,477)	(45,175)	(32,992)
Cash flows from financing activities:			
Proceeds from long-term debt	22,837	42,996	19,513
Repayment of long-term debt	(43,819)	(19,009)	(11,041)
Proceeds from sale of common stock, net of offering costs	51,207	-	-
Dividends paid	(2,084)	(1,402)	(1,402)
Other	(1)	-	(44)
Net cash provided by financing activities	28,140	22,585	7,026
Net increase (decrease) in cash and cash equivalents	3,774	1,615	(8,253)
Cash and cash equivalents at beginning of period	3,338	1,723	9,976
Cash and cash equivalents at end of period	$ 7,112	$ 3,338	$ 1,723

</TABLE>

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

Supplemental schedule of additional cash flow information and noncash activities:

	For the Years Ended December 31,		
	1997	1996	1995
	(In thousands)		
Cash paid for interest	$ 1,248	$ 1,953	$ 795
Cash paid for income taxes	$ 1,864	$ (305)	$ 212
Cash paid for exploration expenses	$ 6,462	$ 4,843	$ 3,672

In May 1995, the Company sold a portion of its remaining real estate assets for $975,000 and carried back a note from the buyer for $731,000.

In March 1996, the Company acquired the remaining 35% shareholder interest in St. Mary Operating Company for $234,000 and assumed net liabilities of $339,000, resulting in acquired cash of $3,059,000.

In February 1997, the Company sold its interest in the Russian joint venture for $17,611,000, receiving $5,608,000 of cash, $1,869,000 of Khanty Mansiysk Oil Corporation common stock, and a $10,134,000 receivable in a form equivalent to a retained production payment.

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

ST. MARY LAND & EXPLORATION COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1997

1. Summary of Significant Accounting Policies:

Description of Operations:

St. Mary Land & Exploration Company (the "Company") is an independent energy company engaged in the exploration, development, acquisition and production of crude oil and natural gas in the United States and Canada. The Company's operations are focused in five core operating areas in the United States: the Mid-Continent region; the ArkLaTex region; south Louisiana; the Williston Basin; and the Permian Basin. In February 1997, the Company completed the sale of its interest in the Russian joint venture.

Reclassifications:

Certain amounts in the 1996 and 1995 consolidated financial statements have been reclassified to correspond to the 1997 presentation.

Basis of Presentation:

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All significant intercompany accounts and transactions have been eliminated.

The Company accounts for its investment in Summo Minerals Corporation under the equity method of accounting. The Company accounted for its investment in the Russian joint venture under the equity method until February 1997, when the Russian joint venture investment was sold. In March 1996, the Company completed its purchase of the remaining stock of St. Mary Operating Company ("SMOC"). The purchase increased the Company's ownership in SMOC from 65% to 100%. Through March 31, 1996, the Company accounted for its investment in SMOC using the equity method of accounting. The Company's interests in other oil and gas ventures and partnerships are proportionately consolidated, including its investment in Panterra Petroleum ("Panterra").

Cash and Cash Equivalents:

The Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because the instruments have maturity dates of three months or less.

Concentration of Credit Risk:

Substantially all of the Company's receivables are within the oil and gas industry, primarily from purchasers of oil and gas and joint venture participants. Although diversified within many companies, collectibility is dependent upon the general economic conditions of the industry. The receivables are not collateralized and to date, the Company has had minimal bad debts.

The Company has accounts with separate banks in Denver, Colorado and Shreveport, Louisiana. At December 31, 1997 and 1996, the Company had $7,295,000 and $1,864,000, respectively, invested in money market funds consisting of corporate commercial paper, repurchase agreements and U.S. Treasury obligations. The Company's policy is to invest in conservative, highly rated instruments and to limit the amount of credit exposure to any one institution.

Oil and Gas Producing Activities:

The Company follows the successful efforts method of accounting for its oil and gas properties. Under this method of accounting, all property acquisition costs and costs of exploratory and development wells are capitalized when incurred, pending determination of whether the well has found proved reserves. If an exploratory well has not found proved reserves, the costs of drilling the well are charged to expense. The costs of development wells are capitalized whether productive or nonproductive.

Geological and geophysical costs on exploratory prospects and the costs of carrying and retaining unproved properties are expensed as incurred. An impairment allowance is provided to the extent that capitalized costs of unproved properties, on a field-by-field basis, are not considered to be realizable. Depletion, depreciation and amortization ("DD&A") of capitalized costs of proved oil and gas properties is provided on a field-by-field basis using the units of production method based upon proved reserves. The computation of DD&A takes into consideration restoration, dismantlement and abandonment costs and the anticipated proceeds from equipment salvage. The estimated restoration, dismantlement and abandonment costs are expected to be offset by the estimated residual value of lease and well equipment.

In March 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which addresses the impairment of proved oil and gas properties. The Company adopted SFAS No. 121 as of October 1, 1995 and recorded an additional impairment charge for proved properties of $1,003,000 in the fourth quarter of 1995. During 1997 and 1996 the Company recorded impairment charges for proved properties of $5,202,000 and $408,000, respectively. The SFAS No. 121 impairment test compares the expected undiscounted future net revenues on a field-by-field basis with the related net capitalized costs at the end of each period. When the net capitalized costs exceed the undiscounted future net revenues, the cost of the property is written down to "fair value," which is determined using discounted future net revenues from the producing property.

Prior to the adoption of SFAS No. 121, the net capitalized costs of proved oil and gas properties were limited to the aggregate undiscounted, after-tax, future net revenues determined on a field-by-field basis (the "ceiling test"). If the net capitalized costs exceeded the ceiling, the excess was recorded as a charge to operations. The Company recorded impairment charges for proved properties under this ceiling test method of $1,673,000 in 1995 due to price declines and downward reserve revisions.

Gains and losses are recognized on sales of entire interests in proved and unproved properties. Sales of partial interests are generally treated as recoveries of costs.

Other Property and Equipment:

Other property and equipment is recorded at cost. Costs of renewals and improvements that substantially extend the useful lives of the assets are capitalized. Maintenance and repairs are expensed when incurred. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the assets from 3 to 15 years. Gains and losses on dispositions are included in operations.

Restricted Cash:

Proceeds from the sales of certain oil and gas producing properties are held in escrow and restricted for future acquisitions under a tax-free exchange agreement. These funds have been invested in money market funds consisting of corporate commercial paper, repurchase agreements and U.S. Treasury obligations and are carried at cost, which approximates market.

Gas Balancing:

The Company uses the sales method to account for gas imbalances. Under this method, revenue is recorded on the basis of gas actually sold by the Company. The Company records revenue for its share of gas sold by other owners that cannot be balanced in the future due to insufficient remaining reserves. The related receivable totaling $850,000 at December 31, 1997 and 1996 is included in other assets in the accompanying balance sheets. The Company's remaining underproduced gas balancing position is included in the Company's proved oil and gas reserves (see Note 12).

Financial Instruments:

The Company periodically uses commodity contracts to hedge or otherwise reduce the impact of oil and gas price fluctuations. Gains and losses on commodity hedge contracts are recognized as an adjustment to revenues when the related oil or gas is sold. Cash flows from such transactions are included in oil and gas operations. The Company realized net losses of $3,242,000, $4,253,000 and $11,000 on these contracts for the years ended December 31, 1997, 1996 and 1995 respectively.

In connection with these hedging transactions, the Company may be exposed to nonperformance by other parties to such agreements, thereby subjecting the Company to current oil and gas prices. However, the Company only enters into hedging contracts with large financial institutions and does not anticipate nonperformance.

Income Taxes:

Deferred income taxes are provided on the difference between the tax basis of an asset or liability and its carrying amount in the financial statements. This difference will result in taxable income or deductions in future years when the reported amount of the asset or liability is recovered or settled, respectively.

Net Income Per Share:

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share," which requires a dual presentation of basic and diluted earnings per share. The Company adopted SFAS No. 128 effective December 31, 1997. Under SFAS No. 128 basic net income per share of common stock is calculated by dividing net income

by the weighted average of common shares outstanding during each year, and diluted net income per common share of stock is calculated by dividing net income by the weighted average of outstanding common shares and other dilutive securities. Dilutive securities of the Company consist entirely of outstanding options to purchase the Company's common stock. The outstanding dilutive securities for the years ended December 31, 1997, 1996 and 1995 were 132,666, 66,326, and 40,893, respectively. All net income of the Company is available to common stockholders. The adoption of SFAS No. 128 had no effect on basic net income per share compared to primary net income per share as reported for the years ended December 31, 1996 and 1995. Restated diluted net income per share for the year ended December 31, 1996 was $1.17 compared to fully diluted net income per share of $1.18 as reported. There was no effect on diluted net income per share compared to fully diluted net income per share as reported for the year ended December 31, 1995.

Use of Estimates in the Preparation of Financial Statements:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impact of Recently Issued Accounting Standards:

In February 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 129, "Disclosure of Information about Capital Structure," effective for financial statements for periods ending after December 15, 1997. The Statement requires disclosures about certain preferences and rights of outstanding securities and certain information about redeemable capital stock. At this time the Company has no preferential or redeemable securities that are subject to the new disclosure requirements of the Statement.

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive

Income," effective for financial statements for periods beginning after December 15, 1997. The Statement establishes standards for reporting and display of comprehensive income and its components in financial statements. Comprehensive income for the Company will be affected by changes in unrealized gains or losses on marketable equity securities.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," effective for financial statements for periods beginning after December 15, 1997. The Statement requires the Company to report certain information about operating segments in its financial statements and certain information about its products and services, the geographic areas in which it operates and its major customers. The Company is reviewing the effects of the disclosure requirements of the Statement.

In February 1998, the FASB issued SFAS No. 132, "Employer's Disclosures about Pensions and Other Postretirement Benefits," effective for fiscal years beginning after December 15, 1997. The Statement standardizes the disclosure requirements for pensions and other postretirement benefits to provide information that is more comparable and concise. The Company is reviewing its future disclosure formats to facilitate financial analysis.

2. Accounts Receivable:

Accounts receivable are composed of the following:

	December 31, 1997	December 31, 1996
	(In thousands)	
Accrued oil and gas sales	$ 15,960	$ 14,309
Due from joint interest owners	8,360	7,134
	$ 24,320	$ 21,443

3. Summo Minerals Corporation Investment and Receivable:

As of December 31, 1997 and 1996, the Company owned 9,924,093 (37% of total shares outstanding) and 9,644,093 (49% of total shares outstanding) shares of Summo Minerals Corporation ("Summo"), a North American mining company, with a total cost of $5,859,000 and $5,608,000, respectively. The Company also owned warrants to acquire an additional 616,090 and 6,261,000 shares of Summo common stock as of December 31, 1997 and 1996, respectively. The exercise price for the warrants is $.77, using the Canadian exchange rate in effect on December 31, 1997 ($.70). Summo completed its initial public offering effective October 31, 1994 at $.44 per share. The market value of this investment was $1,806,000 at December 31, 1997 and $8,444,000 at December 31, 1996. For the years ended December 31, 1997 and 1996, the Company reported equity in losses from Summo of $526,000 and $457,000, respectively.

In May 1997, the Company entered into an agreement to receive a 55% interest in Summo's Lisbon Valley Copper Project (the "Project") in return for the Company contributing $4,000,000 in cash, all of its outstanding stock in Summo, and $8,600,000 in letters of credit to a single purpose company, Lisbon Valley Mining Company LLC, formed to own and operate the Project. Summo will contribute the property, all project permits and contracts, $3,200,000 in cash, and a commitment for $45,000,000 of senior debt financing in return for a 45% interest in the new company. The agreement is subject to certain conditions, including final resolution of regulatory approvals and project financing. Summo has completed tests of the ground water quality to address concerns raised on appeal during the permitting process. The results of these tests support the original conclusions and recommendations made by the Bureau of Land Management ("BLM") when the Project was initially approved. A decision from the Interior Board of Land Appeals ("IBLA") is expected in the second quarter of 1998. The Company has agreed to provide interim financing of up to $2,725,000 for the Project in the form of a loan to Summo due in June 1999. As of December 31, 1997, $2,081,000 was outstanding under this loan. Additional amounts totaling $235,000 have been advanced to Summo under this loan through the end of February 1998. Interest accrues on the amounts outstanding at the prime rate plus 1%. At the Company's option, any principal and interest amounts outstanding are convertible into shares of Summo common stock anytime after June 30, 1998, at a conversion price equal to the weighted average trading price of Summo's common shares for the twenty trading days leading up to and including June 30, 1998. Upon capitalization of the new company the outstanding loan principal shall constitute a capital contribution in partial satisfaction of the Company's capital commitments set out in the May 1997 agreement, and any accrued interest on the loan shall be forgiven. Management believes the long-term outlook for copper prices is favorable and plans to continue providing interim financing until Summo receives regulatory approval and copper prices recover adequately to justify construction using permanent financing. There can be no assurance that the Company will realize a return on its investment in Summo or the Project.

4. Income Taxes:

The provision for income taxes consists of the following:

	For the Years Ended December 31,		
	1997	1996	1995
	(In thousands)		
Current taxes:			
Federal	$ 485	$ 81	$ 77
State	972	700	396
Deferred taxes	10,677	4,634	(1,038)
Benefit of deduction for stock option exercises	443	-	-
Total income tax expense (benefit)	$ 12,577	$ 5,415	$ (565)
Continuing operations	$ 12,325	$ 5,333	$ (723)
Discontinued operations	252	82	158
Total income tax expense (benefit)	$ 12,577	$ 5,415	$ (565)

The above taxes from continuing operations are net of alternative fuel credits (Section 29) of $525,000 in 1997, $551,000 in 1996, and $624,000 in 1995.

The components of the net deferred tax liability are as follows:

	December 31,	
	1997	1996
	(In thousands)	
Deferred tax liabilities:		
Oil and gas properties	$ 18,279	$ 8,787
Other	2,478	548
Total deferred tax liabilities	20,757	9,335
Deferred tax assets:		
Other, primarily employee benefits	1,496	2,152
State tax net operating loss carryforward	1,989	1,600
State and federal income tax benefit	1,320	-
Alternative minimum tax credit carryforward	784	691
Total deferred tax assets	5,589	4,443
Valuation allowance	(1,299)	(898)
Net deferred tax assets	4,290	3,545
Total net deferred tax liabilities	16,467	5,790
Current deferred income tax assets	122	-
Non-current net deferred tax liabilities	$ 16,589	$ 5,790

At December 31, 1997, the Company had state net operating loss carryforwards of approximately $32,200,000 which expire between 1998 and 2012 and alternative minimum tax credit carryforwards of $784,000 which may be carried forward indefinitely. The Company's valuation allowance relates in part to its state net operating loss carryforwards, since the Company anticipates that a portion of the carryovers from prior years will expire before they can be utilized, and in part to a portion of the anticipated state benefit from federal income tax expense incurred as the Company's existing taxable temporary differences reverse. The net change in valuation allowance in 1997 results from the current year calculation of deferred state income tax for Oklahoma and the state benefit of federal income tax which is not offset by reversing state temporary differences.

Federal income tax expense (benefit) differs from the amount that would be provided by applying the statutory U.S. Federal income tax rate to income before income taxes for the following reasons:

For the Years Ended December 31,

	1997	1996	1995
	(In thousands)		
Federal statutory taxes	$ 11,881	$ 5,270	$ 242
Increase (reduction) in taxes resulting from:			
State taxes (net of Federal benefit)	758	1,212	261
Statutory depletion	(174)	(173)	(173)
Alternative fuel credits (Section 29)	(525)	(551)	(624)
Change in valuation allowance	401	(504)	(412)
Other	(16)	79	(17)
Income tax expense (benefit) from continuing operations	$ 12,325	$ 5,333	$ (723)

5. Long-term Debt and Notes Payable:

In April 1996, the Company amended and restated its long-term revolving credit facility dated March 1, 1993 and extended its maturity to June 30, 1999. Borrowings under this agreement are limited to the lesser of $60,000,000 or the current borrowing base, as determined by the bank annually. The borrowing base at December 31, 1996 was $40,000,000 and was increased to $60,000,000 in February 1997 based on year-end reserve values. The agreement has a three-year term, at the end of which borrowings can be converted to a five-year amortizing loan. The Company can elect to allocate up to 50% of available borrowings to a short term tranche due in 364 days. Borrowings under this agreement are collateralized by a mortgage of substantially all of the Company's producing oil and gas properties. In addition, the Company must comply with certain other covenants, including maintenance of stockholders' equity at a specified level, limitations on additional indebtedness and payment of dividends. As of December 31, 1997 and 1996, $14,450,000 and $33,875,000, respectively, was outstanding under this credit facility.

Through March 31, 1995, interest on borrowings was computed at the bank's prime rate or LIBOR plus 1.5%. Effective April 1, 1995, interest on borrowings, based on debt to capitalization ratios, and commitment fees on the unused portion of borrowings are calculated as follows:

INTEREST RATES:

Debt to Capitalization Ratio	Revolving Loan	Term Loan
Less than 30%	Prime rate or LIBOR +.5%	Prime rate or LIBOR +.75%
Greater than 30%, less than 40%	Prime rate or LIBOR +.75%	Prime rate or LIBOR +1.0%
Greater than 40%, less than 50%	Prime rate or LIBOR + 1.0%	Prime rate or LIBOR +1.25%
Greater than 50%	Prime rate +.125% or LIBOR +1.25%	Prime rate +.125% or LIBOR +1.5%

COMMITMENT FEES ON UNUSED PORTION:

Unused Portion of Borrowings	Short Term Tranche	Long Term Tranche
Less than 50% of available borrowings	.125%	.25%
Greater than 50% of available borrowings	.375%	.50%

At December 31, 1997 and 1996, the Company's debt to capitalization ratio as defined was 13.3% and 37.5%, respectively. At December 31, 1997, interest on borrowings was computed at the bank's prime rate or LIBOR plus .50% (8.5% or 6.31%, respectively). At December 31, 1996, interest on borrowings was computed at the bank's prime rate or LIBOR plus .75% (8.25% or 6.31%, respectively).

In June 1997, Panterra entered into a credit agreement with a bank replacing a previous credit agreement due March 31, 1999. The new credit agreement as modified on June 17, 1997 includes a two-year revolving period converting to a five year amortizing loan on June 30, 1999. Borrowings under this agreement are limited to the lesser of $40,000,000 or the current borrowing base, as determined by the bank semiannually. The borrowing base at December 31, 1996 was $26,000,000 and was increased to $27,000,000 effective January 1, 1998. During the revolving period, interest on borrowings, based on debt to partners' capital ratios, and commitment fees on the unused portion of the borrowings are calculated as follows:

Debt to Partners' Capital Ratio	Interest Rates	Commitment Fees
Less than or equal to 30%	Prime rate or LIBOR + .75%	.25%

Greater than 30%, less than or equal to 100%	Prime rate or LIBOR + 1.0%	.25%
Greater than 100%	Prime rate or LIBOR + 1.25%	.25%

At December 31, 1997, Panterra's debt to partners' capital ratio as defined was 53% and interest on borrowings is computed at the bank's prime rate or LIBOR plus 1.00% (8.5% or 6.81%, respectively). Interest on borrowings at December 31, 1996 was payable at the bank's prime rate or LIBOR plus 1.25% (8.25% or 7.05%, respectively). Principal payments during the revolving period are not required if the loan amount is less than the current borrowing base. During the amortization period, monthly principal payments are payable at rates decreasing from 2.0% to 1.4% of the outstanding balance through June 2004 at which time the remaining principal balance is due.

The new Panterra credit agreement is collateralized by all of Panterra's oil and gas properties and contains covenants which, among other things, restrict the acquisition of assets and the incurrence of additional debt and require that certain minimum financial ratios be maintained. As of December 31, 1997 and 1996, $11,000,000 and $13,100,000, respectively, were outstanding under this credit facility. The Company owns a 74% general partnership interest in Panterra.

The carrying value of long-term debt approximates fair value because the debt is variable rate and reprices in the short term.

The Company's liability for estimated annual principal payments for the next five years under both notes payable are as follows:

Year Ending December 31,	(In thousands)
1998	$ -
1999	2,937
2000	4,204
2001	3,852
2002	3,629
Thereafter	7,985
	$ 22,607

6. Commitments and Contingencies:

The Company leases office space under various operating leases with terms extending as far as June 30, 2003. The annual minimum lease payments approximate $550,000. The Company has noncancelable annual subleases with affiliates of approximately $75,000 for the same term as the Company's primary office lease. Rent expense, net of sublease income, was $447,000, $426,000, and $131,000 in 1997, 1996, and 1995, respectively.

The Company has the following commodity contracts in place as of December 31, 1997, to hedge or otherwise reduce the impact of oil and gas price fluctuations:

Product	Volumes/month	Fixed Price	Duration
Natural Gas	15,000 MMBtu	$1.9400	1/98 - 2/98
Natural Gas	22,500 MMBtu	$1.9025	1/98 - 6/98
Natural Gas	200,000 MMBtu	$3.0000 (a)	2/98 - 5/98
Natural Gas	150,000 MMBtu	$2.3120	2/98 - 4/98
Natural Gas	125,000 MMBtu	$2.5500 (a)	2/98 - 5/98
Natural Gas	125,000 MMBtu	$2.6700 (a)	2/98 - 5/98
Natural Gas	170,000 MMBtu	$2.0900	1/98 - 12/98
Natural Gas	170,000 MMBtu	$2.0900	1/99 - 10/99
Natural Gas	100,000 MMBtu	$2.1200	1/99 - 10/99
Oil	1,300 Bbls	$21.050	1/98
Oil	10,000 Bbls	$17.950	1/98 - 5/98

(a) Price collar contract. Price ceiling shown, price floor equals $2.00 per MMbtu.

The fair value of the Company's commodity hedging contracts based on year-end futures pricing would have caused the Company to receive approximately $150,000 if these contracts had been terminated on December 31, 1997.

At December 31, 1997, Panterra, in which the Company owns a 74% interest, held various hedge contracts covering 70,000 Bbls of future production. These contracts expire at various dates through March 1998, with price floors ranging from $19.00 per Bbl to $20.00 per Bbl and price ceilings ranging from $23.00 per Bbl to $24.00 per Bbl. If the open hedging contracts had been liquidated at December 31, 1997, Panterra would have recognized a gain of approximately $121,000.

The Company seeks to protect its rate of return on acquisitions of producing properties by hedging up to the first 24 months of an acquisition's production at prices approximately equal to or greater than those used in the Company's acquisition evaluation and pricing model. The Company also periodically uses hedging contracts to hedge or otherwise reduce the impact of oil and gas price fluctuations on production from each of its core operating areas. The Company's strategy is to ensure certain minimum levels of operating cash flow and to take advantage of windows of favorable commodity prices. The Company generally limits its aggregate hedge position to no more than 50% of its total production. The Company seeks to minimize basis risk and indexes the majority of its oil hedges to NYMEX prices and the majority of its gas hedges to various regional index prices associated with pipelines in proximity to the Company's areas of gas production. The Company has hedged approximately 14% of its estimated 1998 gas production at an average fixed price of $2.11 per MMBtu and approximately 4% of its estimated 1998 oil production at an average fixed price of $18.18 per Bbl. The Company has also purchased options resulting in price collars on approximately 7% of the Company's estimated 1998 gas production with price ceilings between $2.55 and $3.00 per MMBtu and price floors between $1.95 and $2.00 per MMBtu as well as options resulting in price collars on approximately 5% of the Company's estimated 1998 oil production with price ceilings between $23.00 and $24.00 per Bbl and price floors between $19.00 and $20.00 per Bbl.

7. Compensation Plans:

In January 1992, the Company adopted two compensation plans for key employees. A cash bonus plan not to exceed 50% of the participants' aggregate base salaries was adopted, and any awards are based on performance. A net profits interest bonus plan allows participants to receive an aggregate 10% net profits interest after the Company has recovered 100% of its investment in various pools of oil and gas wells completed or acquired during the year. This interest is increased to 20% after the Company recovers 200% of its investment. The Company records compensation expense once it recovers its investment and net profits attributable to the properties are payable to the employees. The Company recorded compensation expense of $320,000 in 1997 and $119,000 in 1996 relating to net profits attributable to these properties.

In March 1992, the Company adopted a stock appreciation rights ("SAR") plan for officers and directors and awarded 90,962 share rights with a value of $4.26 per share effective January 1, 1992. SARs vest over a four-year period, with payment occurring five years after the date of grant. The SAR plan replaced the restricted stock bonus plan. Between 1993 and 1996 the Company awarded a total of 171,412 share rights with values ranging from $11.50 to $14.00 per share. Compensation expense recognized under the SAR plan was $161,000, $1,567,000, and $220,000 in 1997, 1996 and 1995, respectively. In November 1996, the Company terminated future awards under the Company's SAR plan and capped the value of the share rights under the SAR plan at the then fair market value of the Company's common stock of $20.50 per share. The resulting liability is classified as current and long-term in the consolidated balance sheets, based on expected payment dates. SAR compensation expense recorded after the termination of future awards relates to the vesting of SARs outstanding at the time of the termination of future awards.

Through September 1992, the Company had a restricted stock bonus plan ("Plan") covering officers and key employees. The Plan provided for the granting of stock and cash not to exceed 100% of the participant's then annual salary. The Plan provided that any portion or all of the stock could be purchased by the Company in the case of termination of employment for any reason. A participant has the option at any time to sell shares acquired under the Plan to the Company at a price related to their fair market values as defined in the Plan. At December 31, 1997, there were 33,520 shares issued and outstanding under the Plan. The Company's stock price was $35.00 at December 31, 1997.

The Company has a defined contribution pension plan ("401(k) Plan") qualified under the Employee Retirement Income Security Act of 1974. This 401(k) Plan allows eligible employees to contribute up to 9% of their base salaries. The Company matches each employee's contributions up to 6% of the employee's base salary and also may make additional contributions at its discretion. The Company's contributions to the 401(k) Plan amounted to $231,000, $199,000, and $183,000 for the years ended December 31, 1997, 1996 and 1995, respectively.

During 1996 the Company established the St. Mary Land & Exploration Company Stock Option Plan and the St. Mary Land & Exploration Company Incentive Stock Option Plan (collectively, the "Stock Option Plan"). The Stock Option Plan grants options to purchase shares of the Company's common stock to eligible employees, contractors, and current and former members of the Board of Directors. The Company has reserved 700,000 shares of its own common stock for issuance under the Stock Option Plan. During 1996 options to purchase 256,598 shares, in connection with the termination of future awards under the Company's

SAR plan, and 42,880 shares of the Company's common stock were granted under the Stock Option Plan at exercise prices of $20.50 and $24.875, respectively, which were equal to the respective market prices of the stock on the grant dates. The vesting periods of these options vary from 0 to 3 years, and the options are exercisable for the period from five to ten years after the date of grant. No options under the Stock Option Plan were exercised during the year ended December 31, 1996. In 1997, 14,072 options under the Stock Option Plan were exercised at $20.50 per share, and an additional 74,057 and 107,423 options were granted at $29.375 and $35.00 per share, respectively.

Also, in 1990 and 1991, the Company granted certain officers options to acquire 54,614 shares of common stock at an exercise price of $3.30 per share. The options are now fully vested and expire ten years from the respective dates of grant. In 1997, 34,614 of these options were exercised.

A summary of the status of the Company's Stock Option Plan, including the 1990 and 1991 options, and changes during the last three years follows:

<TABLE>
<CAPTION>

	For the Years Ended December 31,					
	1997		1996		1995	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	354,092	$ 18.38	54,614	$ 3.30	54,614	$ 3.30
Granted	181,480	32.70	299,478	21.13	-	-
Exercised	48,686	8.27	-	-	-	-
Forfeited	7,543	20.50	-	-	-	-
Outstanding at end of year	479,343	$ 24.80	354,092	$ 18.38	54,614	$ 3.30
Options exercisable at year end	129,173		145,576		54,614	
Options available for future grant	240,657		400,522		-	
Weighted average fair value of options granted during the year	$ 15.05		$ 8.06		$ -	

</TABLE>

In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation." This Statement establishes a fair value method of accounting for stock-based compensation plans either through recognition or disclosure. The Company has elected to continue following Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB No. 25) and has elected to adopt SFAS No. 123 through compliance with the disclosure requirements set forth in the Statement. Because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized under APB No. 25. Pro forma information regarding net income and earnings per share is required by SFAS No. 123 and has been determined as if the Company had accounted for its employee stock options under the fair value method of that Statement.

The fair value of options is measured at the date of grant using the Black-Scholes option-pricing model. The fair value of options granted in 1997 was estimated using the following weighted-average assumptions: risk-free interest rate of 5.7%; dividend yield of .49%; volatility factor of the expected market price of the Company's common stock of 37.29%; and weighted-average expected life of the options of 7.1 years. The fair value of the options granted in 1996 was estimated using the following weighted-average assumptions: risk-free interest rate of 6.2%; dividend yield of .76%; volatility factor of the expected market price of the Company's common stock of 37.88%; and weighted-average expected life of the options of 4.8 years. No stock option grants were made in 1995.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, it is management's opinion that the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. Had compensation cost been determined based on the fair value at grant dates for stock option awards consistent with SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		Pro Forma for the Years Ended December 31, 1997	1996
		(In thousands, except per share amounts)	
Net income applicable to common stock	As reported	$ 23,109	$ 10,326
	Pro forma	$ 22,443	$ 9,607
Basic earnings per share	As reported	$ 2.18	$ 1.18
	Pro forma	$ 2.11	$ 1.10
Diluted earnings per share	As reported	$ 2.15	$ 1.17
	Pro forma	$ 2.09	$ 1.09

The effects of applying SFAS No. 123 in the pro forma disclosure are not necessarily indicative of actual future amounts, and SFAS No. 123 does not apply to awards granted prior to 1995. Additional awards in future years are anticipated.

On September 18, 1997 the Board of Directors approved the St. Mary Land & Exploration Company Employee Stock Purchase Plan (Stock Purchase Plan), which became effective January 1, 1998. Under the Stock Purchase Plan eligible employees may purchase shares of the Company's common stock through payroll deductions of up to 15% of eligible compensation. The purchase price of the stock is the lower of 85% of the fair market value of the stock on the first or last day of the purchase period. The Company has set aside 500,000 shares of its common stock to be available for issuance under the Stock Purchase Plan. The Stock Purchase Plan must be approved by the Company's shareholders at the annual meeting of stockholders in May 1998.

8. Pension Plans:

The Company's employees participate in a noncontributory pension plan covering substantially all employees who meet age and service requirements (the "Primary Plan"). Benefits provided under this pension plan are based primarily on each employee's career earnings. As of December 31, 1997, plan assets were invested primarily in diversified stock and bond funds.

In addition, the Company has a supplemental noncontributory pension plan covering certain management employees (the "Supplemental Plan"). Benefits are based mainly on each participant's years of service, final average compensation and estimated benefits received from certain other plans.

The components of net pension expense are as follows:

	For the Years Ended December 31, 1997	1996	1995
	(In thousands)		
Service cost - benefits earned during the year	$ 192	$ 131	$ 79
Interest cost on projected benefit obligations	100	80	51
Actual return on plan assets	(84)	(67)	(133)
Net amortization	21	6	61
Net pension expense	$ 229	$ 150	$ 58

A reconciliation of the funded status of the plans to accrued pension liability is as follows:

<TABLE>
<CAPTION>

	Primary Plan	Supplemental Plan

	December 31,		December 31,	
	1997	1996	1997	1996
	(In thousands)			
<S>	<C>	<C>	<C>	<C>
Actuarial present value of benefits based on service to date and present pay levels:				
Vested	$ 745	$ 497	$ 270	$ 202
Nonvested	221	154	1	23
Accumulated benefit obligation	966	651	271	225
Additional amounts related to pay increases	383	281	306	173
Projected benefit obligation	1,349	932	577	398
Plan assets at fair value	932	874	-	-
Projected benefit obligation in excess of plan assets	417	58	577	398
Unrecognized loss	(253)	-	(273)	(224)
Unrecognized net asset	-	7	-	-
Accrued pension liability included in the consolidated balance sheets	$ 164	$ 65	$ 304	$ 174

</TABLE>

Actuarial assumptions for December 31 are as follows:

	1997	1996
Discount rate	7.00%	7.50%
Average salary growth rate	5.00%	5.00%
Return on plan assets	8.00%	8.00%

9. Related Party Transactions:

Through October 1994, the majority of the Company's oil and gas operations, other than Louisiana royalties but including acquisition of unproved properties, was administered by SMOC. Operations were conducted under a domestic agreement with SMOC and various individuals (the "Anderman Group") which was effective January 1, 1992, amended July 1, 1993 and terminated on December 31, 1995. Through the termination date the Company paid 70% of all costs for lease acquisitions, geophysical surveys, drilling and production and owned 68% of all resulting properties, production and reserves. Through December 31, 1995, the Company also paid 65% of all overhead costs of SMOC incurred for exploration and production activities, and through September 1995, quarterly fees of $125,000 to the Anderman Group.

Effective April 1, 1995, the Company gave notice that it would not participate in any new international ventures managed by the Anderman Group, and on November 30, 1995, withdrew from all international partnerships with the exception of those with interests in Russia and Canada. During 1995, the Company recorded a charge to operations of $252,000 resulting from its withdrawal from the international partnerships.

Billings from SMOC, which represent charges for lease operating, exploration, development and general and administrative expenses amounted to $11,451,000 for the year ended December 31, 1995.

10. Investment in Russian Joint Venture:

In September 1991, the Company, through an affiliate of the Anderman Group, acquired a 22% interest in The Limited Liability Company Chernogorskoye (the "Russian joint venture"). The Company's interest in the Russian joint venture was reduced to 18% in 1993. The Russian joint venture is developing the Chernogorskoye field in western Siberia. On December 16, 1996, the Company executed an Acquisition Agreement to sell its interest in the Russian joint venture to Khanty Mansiysk Oil Corporation ("KMOC"), formerly Ural Petroleum Corporation. Closing of the transaction occurred on February 12, 1997. The Company's equity in income for the Russian joint venture for 1997 through the date of sale was $201,000. In accordance with the terms of the Acquisition Agreement, the Company received cash consideration of approximately $5.6 million before transaction costs, approximately $1.9 million of KMOC common stock and a receivable in a form equivalent to a retained production payment of approximately $10.1 million plus interest at 10% per annum from the limited liability company formed to hold the Russian joint venture interest. The Company's receivable is collateralized by the partnership interest sold. The Company has the right, subject to certain conditions, to require KMOC to purchase the Company's receivable from the net proceeds of an initial public offering of KMOC common stock or alternatively, the Company may elect to convert all or a portion of its receivable into KMOC common stock immediately prior to an initial public offering of KMOC common stock. As of December 31, 1996 the Company's investment in the Russian joint venture was classified in the financial statements as held for sale.

Summarized financial information of the Russian joint venture for the full years owned by the Company is shown below:

	For the Years Ended December 31, 1996	1995
	(Unaudited, in thousands)	
Income Statement:		
Oil and gas revenues	$ 60,367	$ 29,479
Operating expenses	44,752	22,547
Interest and other expenses	9,199	8,966
Net income (loss)	$ 6,416	$ (2,034)
Balance Sheet:		
Current assets	$ 10,088	$ 10,105
Non-current assets	67,855	49,300
Current liabilities	6,595	10,569
Non-current liabilities	66,223	50,614
Shareholders' equity (deficit)	5,125	(1,778)

11. Real Estate Assets:

In a prior year the Company made the decision to sell its remaining real estate projects. Accordingly, the Company's real estate activities since that time have been presented as discontinued operations in the statements of income. The Company's remaining real estate assets consist of land held for sale with a carrying cost of $1,149,000 and $1,386,000 as of December 31, 1997 and 1996, respectively, which is less than the estimated net realizable values.

12. Disclosures About Oil and Gas Producing Activities:

Major Customers:

During 1997 two customers individually account for 10.6% and 10.2% of the Company's total oil and gas production revenue. Sales to one of these customers constituted 17.3% of total 1996 oil and gas production revenue. There were no sales to individual customers constituting 10% or more of total oil and gas production revenue during 1995.

Costs Incurred in Oil and Gas Producing Activities:

Costs incurred in oil and gas property acquisition, exploration and development activities, whether capitalized or expensed, are summarized as follows:

	For the Years Ended December 31, 1997	1996	1995
		(In thousands)	
Development costs	$ 39,030	$ 16,709	$ 12,625
Exploration costs:			
Domestic	15,311	11,910	8,746
International	16	84	(112)
Acquisitions:			
Proved	27,291	20,957	8,111
Unproved	7,565	2,941	2,937
Total	$ 89,213	$ 52,601	$ 32,307
Russian joint venture, equity method (a)	$ -	$ 3,881	$ 3,213

(a) In February 1997, the Company sold its interest in the Russian joint venture (see note 10).

Oil and Gas Reserve Quantities (Unaudited):

The reserve information as of December 31, 1997, 1996, 1995 and 1994 was prepared by the Company and Ryder Scott Company. The Company emphasizes that reserve estimates are inherently imprecise and that estimates of new discoveries are more imprecise than those of proved producing oil and gas properties. Accordingly, these estimates are expected to change as future information becomes available.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed oil and gas reserves are those expected to be recovered through existing wells with existing equipment and operating methods.

Presented below is a summary of the changes in estimated domestic reserves of the Company and its share of the Russian joint venture reserves:

<TABLE>
<CAPTION>

	For the Years Ended December 31,					
	1997		1996		1995	
	Oil or Condensate (MBBL)	Gas (MMCF)	Oil or Condensate (MBBL)	Gas (MMCF)	Oil or Condensate (MBBL)	Gas (MMCF)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total proved U.S. reserves:						
Developed and undeveloped:						
Beginning of year	10,691	127,057	7,509	75,705	6,677	62,515
Revisions of previous estimates	(502)	(7,486)	706	6,706	39	515
Discoveries and extensions	1,203	77,876	1,343	44,018	894	16,069
Purchase of minerals in place	1,328	24,809	2,625	16,894	1,095	9,274
Sale of reserves	(39)	(3,126)	(306)	(703)	(152)	(234)
Production	(1,188)	(22,900)	(1,186)	(15,563)	(1,044)	(12,434)
End of year (a)	11,493	196,230	10,691	127,057	7,509	75,705
Proved developed U.S. reserves:						
Beginning of year	10,015	100,027	6,829	66,230	6,050	58,661
End of year	10,268	168,229	10,015	100,027	6,829	66,230
Russian joint venture reserves:						
End of year (b)	-	-	7,146	2,444	7,247	2,536

</TABLE>

(a) At December 31, 1997, 1996 and 1995, includes approximately 1,982, 1,622, and 1,895 MMCF, respectively representing the Company's underproduced gas balancing position.

(b) In February 1997, the Company sold its interest in the Russian joint venture (see note 10).

Standardized Measure of Discounted Future Net Cash Flows (Unaudited):

SFAS No. 69 prescribes guidelines for computing a standardized measure of future net cash flows and changes therein relating to estimated proved reserves. The Company has followed these guidelines which are briefly discussed below.

Future cash inflows and future production and development costs are determined by applying year-end prices and costs to the estimated quantities of oil and gas to be produced. Estimated future income taxes are computed using current statutory income tax rates, including consideration for estimated future statutory depletion and alternative fuels tax credits. The resulting future net cash flows are reduced to present value amounts by applying a 10% annual discount factor.

The assumptions used to compute the standardized measure are those prescribed by the Financial Accounting Standards Board and, as such, do not necessarily reflect the Company's expectations of actual revenues to be derived from those reserves, nor their present worth. The limitations inherent in the reserve quantity estimation process, as discussed previously, are equally applicable to the standardized measure computations since these estimates are the basis for the valuation process.

The following summary sets forth the Company's future net cash flows relating to proved oil and gas reserves based on the standardized measure prescribed in SFAS No. 69:

	As of December 31,		
	1997	1996	1995
	(In thousands)		
Future cash inflows	$629,001	$691,945	$ 292,149
Future production and development costs	(202,503)	(196,677)	(105,520)
Future income taxes	(120,742)	(155,805)	(49,383)
Future net cash flows	305,756	339,463	137,246
10% annual discount	(118,409)	(136,233)	(49,547)
Standardized measure of discounted future net cash flows	$ 187,347	$ 203,230	$ 87,699
Russian joint venture standardized measure of discounted future net cash flows (a)	$ -	$ 23,681	$ 15,077

(a) In February 1997, the Company sold its interest in the Russian joint venture (see note 10).

The principal sources of change in the standardized measure of discounted future net cash flows are as follows:

	For the Years Ended December 31,		
	1997(a)	1996	1995
	(In thousands)		
Standardized measure, beginning of year	$ 203,230	$ 87,699	$ 60,866
Sales of oil and gas produced, net of production costs	(60,506)	(43,877)	(25,923)
Net changes in prices and production costs	(132,465)	71,882	23,432
Extensions, discoveries and other, net of production costs	112,698	90,974	23,863
Purchase of minerals in place	40,647	26,241	10,287
Development costs incurred during the year	11,305	6,833	2,189
Changes in estimated future development costs	(2,998)	(1,166)	(1,801)
Revisions of previous quantity estimates	(8,885)	19,350	856
Accretion of discount	29,646	12,019	8,469
Sales of reserves in place	(5,493)	(1,224)	(1,365)
Net change in income taxes	19,089	(61,459)	(12,817)
Other	(18,921)	(4,042)	(357)
Standardized measure, end of year	$ 187,347	$ 203,230	$ 87,699

(a) The standardized measure was based on a year-end gas price of $2.32 per MMBtu and a year-end oil price of $18.34 per BBL. Using these prices the present value of future net revenues discounted at 10% before tax is $262 million.

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 thereunto duly authorized.

ST. MARY LAND & EXPLORATION COMPANY

(Registrant)

Date: March 23, 1998 By: /s/ THOMAS E. CONDGON

Thomas E. Congdon, Chairman of the Board

GENERAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas E. Congdon and Mark A. Hellerstein, and each of them, his true and lawful attorney-in-fact and agents with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any amendments to this report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ THOMAS E. CONGDON - ----------------------- Thomas E. Congdon	Chairman of the Board of Directors and Director	March 23, 1998
/s/ MARK A. HELLERSTEIN - ----------------------- Mark A. Hellerstein	President, Chief Executive Officer, and Director	March 23, 1998
/s/ RONALD D. BOONE - ----------------------- Ronald D. Boone	Executive Vice President, Chief Operating Officer and Director	March 23, 1998

Signature	Title	Date
/s/ DAVID L. HENRY - ----------------------- David L. Henry	Vice President-Finance and Chief Financial Officer	March 23, 1998
/s/ RICHARD C. NORRIS - ----------------------- Richard C. Norris	Vice President, Treasurer and Chief Accounting Officer	March 23, 1998
/s/ LARRY W. BICKLE - ----------------------- Larry W. Bickle	Director	March 23, 1998
/s/ DAVID C. DUDLEY - ----------------------- David C. Dudley	Director	March 23, 1998
/s/ RICHARD C. KRAUS - ----------------------- Richard C. Kraus	Director	March 23, 1998
/s/ R. JAMES NICHOLSON - ----------------------- R. James Nicholson	Director	March 23, 1998

/s/ AREND J. SANDBULTE - ----------------------- Arend J. Sandbulte	Director	March 23, 1998
/s/ JOHN M. SEIDL - ----------------------- John M. Seidl	Director	March 23, 1998

EXHIBIT 10.50

ST. MARY LAND & EXPLORATION COMPANY

EMPLOYEE STOCK PURCHASE PLAN

ARTICLE I
ESTABLISHMENT AND PURPOSE

1.1 Establishment. St. Mary Land & Exploration Company, a Delaware corporation (the "Company"), hereby establishes an employee stock purchase plan for employees of the Company or of a subsidiary of the Company, providing material services to the Company, which shall be known as the ST. MARY LAND & EXPLORATION COMPANY EMPLOYEE STOCK PURCHASE PLAN (the "Plan").

1.2 Purpose. The purpose of the Plan is to enhance shareholder value by attracting, retaining and motivating employees of the Company and of a subsidiary of the Company by providing them with a means to acquire a proprietary interest in the Company's success.

ARTICLE II
DEFINITIONS

2.1 Account. "Account" shall mean the account maintained by the Plan Administrator consisting of payroll deductions with respect to such Participant as adjusted for amounts used to purchase Stock and distributions to the Participant.

2.2 Base Pay. "Base Pay" shall mean regular straight-time earnings excluding payments for overtime, shift premium, bonuses and other special payments, commissions and other incentive payments and as further defined in Section 8.1.

2.3 Board. "Board" shall mean the Board of Directors of the Company.

2.4 Employee. "Employee" means any person who is customarily employed on a full-time or part-time basis by the Company or a Subsidiary Corporation and is regularly scheduled to work more than 20 hours per week.

2.5 Offering. "Offering" shall mean a semi-annual offering of the Company's Stock as further described in Section 6.1.

2.6 Offering Commencement Date and Offering Termination Date. "Offering Commencement Date" and "Offering Termination Date" are defined in Section 6.1.

2.7 Option. "Option" shall mean a Participant's right to purchase Stock of the Company as of each Offering Termination Date for each Offering with the accumulated payroll deductions in the Participant's Account.

2.8 Participant. "Participant" shall mean an Employee who becomes a Participant by completing an authorization for payroll deduction under Section 3.4.

2.9 Plan Administrator. "Plan Administrator" shall mean the Vice President of Accounting and Administration or such other person as may be designated from time to time by the Board of the Company.

2.10 Stock. "Stock" shall mean shares of the Company's common stock subject to this Plan.

2.11 Subsidiary Corporation. "Subsidiary Corporation" shall mean any present or future corporation which (i) would be a "subsidiary corporation" of St. Mary Land & Exploration Company as that term is defined in Section 424 of the Internal Revenue Code and (ii) is designated as a Participant in the Plan by the Committee.

ARTICLE III
ELIGIBILITY AND PARTICIPATION

3.1 Initial Eligibility. Any Employee who shall have completed one year of continuous employment and who is employed by the Company on the next following Offering Commencement Date shall be eligible to participate in Offerings under the Plan which commence on or after such Offering Commencement Date.

3.2 Leave of Absence. For purposes of participation in the Plan, a person on leave of absence shall be deemed to be an Employee until his employment with the Company otherwise terminates.

3.3 Restrictions on Participation. Notwithstanding any provisions of the Plan to the contrary, no Employee shall be granted an Option

(a) if, immediately after the grant, such Employee would own Stock or hold outstanding Options to purchase Stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company (for purposes of this paragraph, the rules of Section 424(d) of the Code shall apply in determining stock ownership of any Employee); or

(b) which permits his rights to purchase Stock under all employee stock purchase plans of the Company to accrue at a rate which exceeds $25,000 in fair market value of the Stock (determined at the time such option is granted) for each calendar year in which such Option is outstanding.

3.4 Commencement of Participation. An Employee who meets the requirements of Section 3.1 may become a Participant by completing an authorization for a payroll deduction on the form provided by the Company and filing it with the Plan Administrator on or before the date set for such purpose by the Plan Administrator, which date shall be prior to the Offering Commencement Date for the Offering (as such terms are defined below). Payroll deductions for a Participant shall commence on the applicable Offering Commencement Date when his authorization for a payroll deduction becomes effective and shall end on the Offering Termination Date of the Offering to which such authorization is applicable unless sooner terminated by the Participant as provided in Article X.

ARTICLE IV
ADMINISTRATION

Administration. The Board shall be responsible for administering the Plan and appointing the Plan Administrator.

(a) The Board is authorized to interpret the Plan; to prescribe, amend, and rescind rules and regulations relating to the Plan; to provide for conditions and assurances deemed necessary or advisable to protect the interests of the Company with respect to the Plan; and to make all other determinations necessary or advisable for the administration of the Plan. Determinations, interpretations, or other actions made or taken by the Board with respect to the Plan and Options granted under the Plan shall be final and binding and conclusive for all purposes and upon all persons.

(b) At the discretion of the Board the Plan may be administered by a Committee of two or more non-employee Directors appointed by the Board (the "Committee"). The Committee shall have full power and authority, subject to the limitations of the Plan and any limitations imposed by the Board, to construe, interpret and administer the Plan and to make determinations which shall be final, conclusive and binding upon all persons, including any persons having any interests in any Options which may be granted under the Plan, or Stock purchased under the Plan.

(c) Where a Committee has been created by the Board pursuant to this Article IV, references in the Plan to actions to be taken by the Board shall be deemed to refer to the Committee as well, except where limited by the Plan or by the Board.

(d) No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted under it.

ARTICLE V
STOCK SUBJECT TO THE PLAN

5.1 Number. The maximum number of shares of Stock which shall be issued under the Plan, subject to adjustment upon changes in capitalization of the Company as provided in Section 5.2 shall be 500,000 shares. If the total number of shares of Stock for which Options are exercised on any Offering Termination Date in accordance with Article V exceeds the maximum number of shares of Stock remaining in the Plan, the Company shall make a pro rata allocation of the shares available for delivery and distribution in as nearly a uniform manner as shall be practicable and as it shall determine to be equitable, and the balance of payroll deductions credited to the Account of each Participant under the Plan shall be returned to him as promptly as possible.

5.2 Adjustment in Capitalization. In the event of any change in the outstanding shares of Stock of the Company by reason of a stock dividend or split, recapitalization, reclassification, or other similar capital change, the aggregate number of shares of Stock set forth in Section 5.1 shall be appropriately adjusted by the Board, whose determination shall be conclusive. In any such case, the number and kind of shares of Stock that are subject to any Option and the Option price per share shall be proportionately and appropriately adjusted without any change in the aggregate Option price to be paid therefor upon exercise of the Option.

ARTICLE VI
OFFERINGS

6.1 Semi-Annual Offerings. The Plan will be implemented by semi-annual offerings of the Company's Stock (the "Offerings") commencing on January 1 and July 1 of such year and terminating on June 30 and December 31 of such year, respectively. The first Offering shall commence on January 1, 1998 and, unless all shares of Stock in the Plan shall have been purchased prior thereto, the last Offering shall commence on July 1, 2017.

As used in the Plan, "Offering Commencement Date" means the January 1 or July 1, as the case may be, on which the particular Offering begins and "Offering Termination Date" means the June 30 or December 31, as the case may be, on which the particular Offering terminates.

ARTICLE VII
PAYROLL DEDUCTIONS

7.1 Amount of Deduction. At the time a Participant files his authorization for payroll deduction, deductions shall be made from his Base Pay in accordance with such authorization on each payday which falls on or after the Offering Commencement Date and on or before the Offering Termination Date during the time he is a Participant at the rate of not less than 1% and not more than 15% of his Base Pay during the Offering. In the case of a part-time hourly Employee, such Employee's Base Pay during an Offering shall be determined by multiplying such Employee's hourly rate of Base Pay during the Offering by the number of regularly scheduled hours of work for such Employee during such Offering.

7.2 Participant's Account. All payroll deductions made for a Participant shall be credited to his Account under the Plan. A Participant may not make any separate cash payment into such Account.

7.3 Changes in Payroll Deductions. A Participant may discontinue his participation in the Plan as provided in Article X or on one occasion only during the Offering period may elect to decrease the percentage of Base Pay of his contributions to his Account by filing with the Plan Administrator a new payroll deduction authorization, but no other change can be made during an Offering.

7.4 Leave of Absence. If a Participant goes on a leave of absence, such Participant shall have the right to elect either: (a) to withdraw the balance in his or her Account pursuant to Section 9.2 or (b) to remain a Participant in the Plan authorizing deductions to be made from payments by the Company to the Participant during such leave of absence, if any.

ARTICLE VIII
GRANTING OF OPTION

8.1 Number of Option Shares. On the Commencement Date of each Offering, a Participant shall be deemed to have been granted an Option to purchase shares of the Stock of the Company equal to (i) that percentage of the Employee's Base Pay which he has elected to have withheld (but not in any case less than 1% or more than 15%) multiplied by (ii) the Employee's Base Pay during the period of the Offering (iii) divided by the lesser of 85% of the market value of Stock on the applicable Offering Commencement Date or 85% of the market value of each share of Stock on the applicable Offering Termination Date. The market value of the Stock shall be determined as provided in paragraphs (a) and (b) of Section 8.2 below. An Employee's Base Pay during the six-month period of an Offering shall be determined by multiplying his normal weekly Base Pay rate (as adjusted during the Offering period) by 26 or the hourly rate by 1,040; provided that, in the case of a part-time hourly Employee, the Employee's Base Pay during the period of an Offering shall be determined by multiplying such Employee's hourly Base Pay rate by the number of regularly scheduled hours of work for such Employee during such Offering.

8.2 Option Price. The option price of each share of Stock purchased with payroll deductions made during such annual Offering for a Participant therein shall be the lower of:

(a) 85% of the closing price of the Stock on the Offering Commencement Date or the nearest prior business day on which trading occurred on the NASDAQ National Market System; or

(b) 85% of the closing price of the Stock on the Offering Termination Date or the nearest prior business day on which trading occurred on the NASDAQ National Market System. If the Stock of the Company is not admitted to trading on any of the aforesaid dates for which closing prices of the Stock are to be determined, then reference shall be made to the fair market value of the Stock on that date, as determined on such basis as shall be established or specified for the purpose by the Board.

ARTICLE IX
EXERCISE OF OPTION

9.1 Automatic Exercise. A Participant's Option for the purchase of Stock with payroll deductions made during any Offering will be deemed to have been exercised automatically on the Offering Termination Date applicable to such Offering for the purchase of the number of full shares of Stock which the accumulated payroll deductions in his Account at that time will purchase at the applicable option price (but not in excess of the number of shares of Stock for which Options have been granted to the Participant pursuant to Section 8.1).

9.2 Withdrawal of Account. By written notice to the Plan Administrator, at any time prior to the Offering Termination Date applicable to any Offering, a Participant may elect to withdraw all the accumulated payroll deductions in his Account at such time.

9.3 Fractional Shares. Fractional shares will not be issued under the Plan and any accumulated payroll deductions which would have been used to purchase fractional shares will be returned to any Participant promptly following the Offering Termination Date, without interest, unless the Participant has elected to participate in the next following Offering, in which case such deductions shall be retained in the Participant's Account and applied to the purchase of shares of Stock in such Offering.

9.4 Transferability of Option. During a Participant's lifetime, Options held by such Participant shall be exercisable only by that Participant.

9.5 Delivery of Stock. As promptly as practicable after the Offering Termination Date of each Offering, the Company will deliver to each Participant, as appropriate, the Stock purchased upon exercise of his Option.

ARTICLE X
WITHDRAWAL

10.1 In General. As indicated in Section 9.2, a Participant may withdraw payroll deductions credited to his Account under the Plan at any time by giving written notice to the Plan Administrator of the Company. All of the Participant's payroll deductions credited to his Account will be paid to him promptly after receipt of his notice of withdrawal, and no further payroll deductions will be made from his pay during such Offering. The Company may, at its option, treat any attempt to borrow by an Employee on the security of his accumulated payroll deductions as an election, under Section 9.2, to withdraw such deductions.

10.2 Effect on Subsequent Participation. A Participant's withdrawal from any Offering will not have any effect upon his eligibility to participate in any succeeding Offering or in any similar plan which may hereafter be adopted by the Company.

10.3 Termination of Employment. Upon termination of the Participant's employment for any reason, including retirement (but excluding death while in the employ of the Company) prior to the Offering Termination Date, the payroll deductions credited to his Account will be returned to him or in the case of his death to the person or persons entitled thereto under Section 19.1.

10.4 Termination of Employment Due to Death. Upon termination of the Participant's employment because of his death, his beneficiary as defined in Section 19.1, or if none is designated, his estate shall have the right to elect by written notice given to the Plan Administrator of the Company prior to the earlier of the Offering Termination Date or the expiration of a period of 60 days commencing with the date of the death of the Participant either:

(a) to withdraw all of the payroll deductions credited to the Participant's Account under the Plan, or

(b) to exercise the Participant's Option for the purchase of Stock on the Offering Termination Date next following the date of the Participant's death for the purchase of the number of full shares of Stock which the accumulated payroll deductions in the Participant's Account at the date of the Participant's death will purchase at the applicable option price, and any excess in such Account will be returned to said beneficiary, without interest.

In the event that no such written notice of election shall be duly received by the office of the Plan Administrator of the Company, the beneficiary shall automatically be deemed to have elected, pursuant to paragraph (b), to exercise the Participant's Option.

10.5 Leave of Absence. A Participant on leave of absence shall, subject to the election made by such Participant pursuant to Section 7.4, continue to be a Participant in the Plan so long as such Participant remains an Employee.

ARTICLE XI

INTEREST

11.1 Payment of Interest. No interest will be paid or allowed on any money paid into the Plan or credited to the Account of any Participant, including money which is distributed to an Employee or his beneficiary pursuant to any provision of this Plan.

ARTICLE XII
NO RIGHT TO EMPLOYMENT

Nothing in the Plan shall interfere with or limit in any way the right of the Company or a Subsidiary Corporation to terminate any Employee's employment at any time, nor confer upon any Employee any right to continue in the employ of the Company or a Subsidiary Corporation.

ARTICLE XIII
AMENDMENT, MODIFICATION, AND
TERMINATION OF THE PLAN

The Board may at any time terminate and from time to time may amend or modify the Plan. Any amendment or modification of the Plan by the Board may be accomplished without approval of the shareholders of the Company, except in the event that shareholder approval of such amendment or modification is required by any law or regulation governing the Company.

No amendment, modification, or termination of the Plan shall in any manner adversely affect any outstanding Option under the Plan without the consent of the Participant holding the Option.

ARTICLE XIV
ACQUISITION, MERGER OR LIQUIDATION

14.1 Acquisition.

(a) In the event that an acquisition occurs with respect to the Company, the Company may, but shall not be required to, cancel an Offering and all Options outstanding as of the effective date of such acquisition, whether or not such Options are then exercisable. In that event, the payroll deductions credited to the Account of each Participant shall be returned to him. If the Company does not elect to cancel the Offering, such Offering shall terminate on the day immediately prior to the effective date of the Acquisition and such date shall be considered the Offering Termination Date for the Offering.

(b) For purposes of this section, an "acquisition" shall mean any transaction in which substantially all of the Company's assets are acquired or in which a controlling amount of the Company's outstanding shares are acquired, in each case by a single person or entity or an affiliated group of persons and entities. For purposes of this section, a controlling amount shall mean more than fifty percent of the issued and outstanding shares of Stock of the Company. The Company shall have the above option to cancel an Offering and all Options regardless of how the acquisition is effectuated, whether by direct purchase, through a merger or similar corporate transaction, or otherwise.

(c) Where the Company does not exercise its option under this Section 14.1 the remaining provisions of this Article XIV shall apply, to the extent applicable.

14.2 Merger or Consolidation. If the Company shall be the surviving corporation in any merger or consolidation, any Offering shall pertain to and apply to the securities to which a holder of the number of shares of Stock subject to the Option would have been entitled in such merger or consolidation, provided that the Company shall not be considered the surviving corporation for purposes hereof if the Company is the survivor of a reverse triangular merger.

14.3 Other Transactions. A dissolution or a liquidation of the Company or a merger and consolidation in which the Company is not the surviving corporation (the Company shall not be considered the surviving corporation for purposes hereof if the Company is the survivor of a reverse triangular merger) shall cause every Offering outstanding hereunder to terminate as of the effective date of such dissolution, liquidation, merger or consolidation. In that event, the payroll deductions credited to the Account of each Participant shall be returned to him.

ARTICLE XV
SECURITIES REGISTRATION

15.1 Securities Registration. In the event that the Company shall deem it necessary or desirable to register under the Securities Act of 1933, as amended, or any other applicable statute, any Options or any Stock with respect to which an Option may be or shall have been granted or exercised, or to qualify any such Options or Stock under the Securities Act of 1933, as amended, or any other statute, then the Participant shall cooperate with the Company and take such action as is necessary to permit registration or qualification of such Options or Stock.

15.2 Representations. Unless the Company has determined that the following representation is unnecessary, each person participating in an Offering may be required by the Company, as a condition to the issuance of the shares of Stock pursuant to such Offering to make a representation in writing (i) that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof within the meaning of the Securities Act of 1933, and (ii) that before any transfer in connection with the resale of such shares, he will obtain the written opinion of counsel for the Company, or other counsel acceptable to the Company, that such shares may be transferred without registration thereof. The Company may also require that the certificates representing such shares contain legends reflecting the foregoing. To the extent permitted by law, including the Securities Act of 1933, nothing herein shall restrict the right of a Participant to sell the shares received in an open market transaction.

ARTICLE XVI
TAX WITHHOLDING

Whenever shares of Stock are to be issued pursuant to an Offering, the Company shall have the power to require the recipient of the Stock to remit to the Company an amount sufficient to satisfy federal, state, and local withholding tax requirements, if any.

ARTICLE XVII
INDEMNIFICATION

To the extent permitted by law, each person who is or shall have been a member of the Board or the Committee and the Plan Administrator shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, action, suit, or proceeding to which he may be a party or in which he may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him in settlement thereof, with the Company's approval, or paid by him in satisfaction of judgment in any such action, suit, or proceeding against him, provided he shall give the Company an opportunity, at its own expense, to handle and defend the same before he undertakes to handle and defend it on his own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's certificate of incorporation or bylaws, as a matter of law, or otherwise, or any power that the Company or a Subsidiary Corporation may have to indemnify them or hold them harmless.

ARTICLE XVIII
REQUIREMENTS OF LAW

18.1 Requirements of Law. The granting of Options pursuant to an Offering and the issuance of shares of Stock upon the exercise of an Option shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

18.2 Governing Law. The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Colorado.

ARTICLE XIX
MISCELLANEOUS

19.1 Designation of Beneficiary. A Participant may file a written designation of a beneficiary who is to receive any Stock or cash. Such designation of beneficiary may be changed by the Participant at any time by written notice to the Plan Administrator of the Company. Upon the death of a Participant and upon receipt by the Company of proof of identity and existence at the Participant's death of a beneficiary validly designated by him under the Plan, the Company shall deliver such Stock or cash to such beneficiary. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such Stock or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Stock or cash to the spouse or to any one or more dependents of the Participant as the Company may designate. No beneficiary shall, prior to the death of the Participant by whom he has been designed, acquire any interest in the Stock or cash credited to the Participant under the Plan.

19.2 Transferability. Neither payroll deductions credited to a Participant's Account nor any rights with regard to the exercise of an Option or to receive Stock under the plan may be assigned, transferred, pledged, or otherwise disposed of in any way by the Participant other than by will or the laws of descent and distribution. Any such attempted assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Section 9.2.

19.3 Use of Funds. All payroll deductions received or held by the Company under this Plan may be used by the Company for any corporate purpose and the Company shall not be obligated to segregate such payroll deductions.

19.4 Effect of Plan. The provisions of the Plan shall, in accordance with its terms, be binding upon, and inure to the benefit of, all successors of each Employee in the Plan, including, without limitation, such Employee's estate and the executors, administrators or trustees thereof, heirs and legatees, and any receiver, trustee in bankruptcy or representative of creditors of such Employee.

ARTICLE XX
EFFECTIVE DATE OF PLAN

The Plan shall be effective on January 1, 1998.

THIS EMPLOYEE STOCK PURCHASE PLAN was adopted by the Board of Directors of St. Mary Land & Exploration Company on September 18, 1997, to be effective upon adoption.

The Plan requires approval of the shareholders of the Company and shall be submitted to a vote for their approval by the Board of Directors as soon as is practicable. If this Plan is not approved by vote of the shareholders within 12 months after its adoption by the Board of Directors, it shall be void and any Offering then in process shall terminate and all Participants shall be returned the balances in their Accounts. Participants may retain, however, any Stock already purchased pursuant to a completed Offering and the Company shall deduct and withhold from any amounts subsequently due and owing to the Participant such federal, state and local taxes as shall be required pursuant to applicable law based on failure of the Plan to qualify as an "employee stock purchase plan" as defined under Internal Revenue Code Section 423.

ST. MARY LAND & EXPLORATION COMPANY

By: /s/ MARK A. HELLERSTEIN

Title: President and Chief Executive Officer

EXHIBIT 23.4

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of St. Mary Land & Exploration Company and Subsidiaries on Form S-8 (File No. 333-61850) of our report dated March 3, 1997, except for the effects of adopting Statement of Financial Accounting Standards No. 128, "Earnings Per Share," as discussed in Note 1, as to which the date is March 19, 1998, on our audits of the financial statements of St. Mary Land & Exploration Company and Subsidiaries as of December 31, 1996, and for each of the two years in the period ended December 31, 1996 which report is included in this Annual Report on Form 10-K.

/s/ COOPERS & LYBRAND L.L.P.
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COOPERS & LYBRAND L.L.P.

Denver, Colorado
March 23, 1998

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/s/ COOPERS & LYBRAND L.L.P.
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COOPERS & LYBRAND L.L.P.

Denver, Colorado
March 23, 1998

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