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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2001

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)

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

As of August 7, 2001, the registrant had 27,783,774 shares of common stock, $.01 par value, outstanding.

ST. MARY LAND & EXPLORATION COMPANY

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

ASSETS	June 30, 2001	December 31, 2000
Current assets:		
Cash and cash equivalents	$ 6,245	$ 6,619
Accounts receivable	47,722	55,068
Prepaid expenses and other	3,866	2,134
Deferred income taxes	747	163
Total current assets	58,580	63,984
Property and equipment (successful efforts method), at cost:		
Proved oil and gas properties	435,053	385,076
Less accumulated depletion, depreciation and amortization	(194,195)	(171,412)
Unproved oil and gas properties, net of impairment allowance of $8,151 in 2001 and $7,956 in 2000	41,002	35,497
Other property and equipment, net of accumulated depreciation of $4,064 in 2001 and $3,600 in 2000	3,170	3,250
Total property and equipment	285,030	252,411
Other assets:		
Khanty Mansiysk Oil Corporation stock	1,651	1,651
Other assets	4,013	3,849
Total other assets	5,664	5,500
Total Assets	$ 349,274	$ 321,895
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 23,141	$ 23,345
Accrued hedge liability	2,329	-
Total current liabilities	25,470	23,345
Long-term liabilities:		
Long-term debt	13,400	22,000
Deferred income taxes	35,067	24,820
Other noncurrent liabilities	985	987
Total long-term liabilities	49,452	47,807
Commitments and contingencies		
Minority interest	483	607
Stockholders' equity:		
Common stock, $.01 par value: authorized - 100,000,000 shares: Issued and outstanding - 28,682,670 shares in 2001 and 28,553,826 shares in 2000	287	286
Additional paid-in capital	135,624	132,973
Treasury stock - at cost: 909,900 shares in 2001 and 395,600 shares in 2000	(14,288)	(3,339)
Retained earnings	153,289	120,075
Unrealized net gain on marketable equity securities-available for sale	309	141
Unrealized hedge loss	(1,352)	-
Total stockholders' equity	273,869	250,136
Total Liabilities and Stockholders' Equity	$ 349,274	$ 321,895

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

ST. MARY LAND & EXPLORATION COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2001	2000	2001	2000
Operating revenues:				
Oil and gas production	$ 55,421	$ 43,820	$123,336	$ 80,832
Gain on sale of proved properties	48	2,293	50	2,332
Other oil and gas revenue	203	594	565	874
Other revenues	104	115	172	195
Total operating revenues	55,776	46,822	124,123	84,233
Operating expenses:				
Oil and gas production	13,436	8,622	25,493	17,048
Depletion, depreciation and amortization	12,884	8,321	24,172	17,178
Impairment of proved properties	73	863	244	1,950
Exploration	2,149	1,658	10,511	4,403
Abandonment and impairment of unproved properties	608	609	1,074	1,289
General and administrative	3,536	2,331	7,557	5,095
Minority interest and other	118	592	379	1,234
Total operating expenses	32,804	22,996	69,430	48,197
Income from operations	22,972	23,826	54,693	36,036
Nonoperating income and (expense):				
Interest income	147	177	335	403
Interest expense	-	(37)	(35)	(123)
Income before income taxes	23,119	23,966	54,993	36,316
Income tax expense	8,885	9,369	20,366	13,833
Net income	$ 14,234	$ 14,597	$ 34,627	$ 22,483
Basic net income per common share	$ 0.51	$ 0.53	$ 1.23	$ 0.82
Diluted net income per common share	$ 0.50	$ 0.52	$ 1.20	$ 0.80
Basic weighted average common shares outstanding	28,135	27,622	28,185	27,573
Diluted weighted average common shares outstanding	28,717	28,170	28,826	27,985
Cash dividends declared per share	$ 0.050	$ 0.025	$ 0.050	$ 0.050

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

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

	For the Six Months Ended June 30,	
	2001	2000
Reconciliation of net income to net cash provided by operating activities:		
Net income	$ 34,627	$ 22,483
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of proved properties	(50)	(2,332)
Depletion, depreciation and amortization	24,172	17,178
Impairment of proved properties	244	1,950
Exploration, including exploratory dry hole expense	4,418	782
Abandonment and impairment of unproved properties	1,074	1,289
Deferred income taxes	10,841	6,698
Minority interest and other	442	148
	75,768	48,196
Changes in current assets and liabilities:		
Accounts receivable	(2,394)	(23,858)
Prepaid expenses and other	(2,030)	426
Accounts payable and accrued expenses	1,530	(2,219)
Net cash provided by operating activities	72,874	22,545
Cash flows from investing activities:		
Proceeds from sale of oil and gas properties	660	1,660
Capital expenditures	(63,335)	(28,572)
Acquisition of oil and gas properties	1,590	(10,387)
Sale of KMOC stock	7,009	-

Other	69	956
Net cash used in investing activities	(54,007)	(36,343)
Cash flows from financing activities:		
Proceeds from long-term debt	41,750	18,000
Repayment of long-term debt	(50,350)	(17,150)
Proceeds from sale of common stock	1,721	3,340
Repurchase of common stock	(10,949)	(344)
Dividends paid	(1,413)	(1,376)
Net cash provided by (used in) financing activities	(19,241)	2,470
Net decrease in cash and cash equivalents	(374)	(11,328)
Cash and cash equivalents at beginning of period	6,619	14,195
Cash and cash equivalents at end of period	$ 6,245	$ 2,867

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

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

Supplemental schedule of additional cash flow information and noncash investing and financing activities:

	For the Six Months Ended June 30, 2001	2000
	(In thousands)	
Cash paid for interest	$ 284	$ 503
Cash paid for income taxes	10,386	2,120
Cash paid for exploration expenses	10,499	4,346

In January 2000 the Company issued 8,400 shares of common stock to its directors and recorded compensation expense of $88,368.

In January 2001 the Company issued 8,400 shares of common stock to its directors and recorded compensation expense of $237,852

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

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

	Common Stock		Additional Paid-in	Retained	Treasury Stock		Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Earnings	Shares	Amount	Income	Equity
Balance, December 31, 1999	27,893,910	$ 279	$ 123,974	$ 67,230	(365,600)	$ (2,995)	$ 284	$ 188,772
Comprehensive income:								
Net Income	-	-	-	55,620	-	-	-	55,620
Unrealized net loss on marketable equity securities available for sale	-	-	-	-	-	-	(143)	(143)
Total comprehensive income								55,477
Cash dividends, $ 0.10 per share	-	-	-	(2,775)	-	-	-	(2,775)
Treasury stock purchases	-	-	-	-	(30,000)	(344)	-	(344)
Issuance for Employee Stock Purchase	32,296	-	311	-	-	-	-	311
ESPP disqualified distribution	-	-	3	-	-	-	-	3
Sale of common stock, including income tax benefit of stock option exercises	619,220	6	8,597	-	-	-	-	8,603
Directors' stock compensation	8,400	1	88	-	-	-	-	89

Balance, December 31, 2000	28,553,826	$ 286	$ 132,973	$ 120,075	(395,600)	$ (3,339)	$ 141	$ 250,136
Comprehensive income:								
Net Income	-	-	-	34,627	-	-	-	34,627
Unrealized net gain on marketable equity securities available for sale	-	-	-	-	-	-	168	168
Unrealized hedge loss	-	-	-	-	-	-	(1,352)	(1,352)
Total comprehensive income								33,443
Cash dividends, $ 0.05 per share	-	-	-	(1,413)	-	-	-	(1,413)
Treasury stock purchases	-	-	-	-	514,300)	(10,949)	-	(10,949)
Issuance for Employee Stock Purchase Plan	8,333	-	149	-	-	-	-	149
Sale of common stock, including income tax benefit of stock option exercises	112,111	1	2,264	-	-	-	-	2,265
Directors' stock compensation	8,400	-	238	-	-	-	-	238
Balance, June 30, 2001	28,682,670	$ 287	$ 135,624	$ 153,289	(909,900)	$(14,288)	$ (1,043)	$ 273,869

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

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

June 30, 2001

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of St. Mary Land & Exploration Company and Subsidiaries ("St. Mary" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to consolidated financial statements included in St. Mary's Annual Report on Form 10-K for the year ended December 31, 2000. In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full year.

The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements in the Form 10-K for the year ended December 31, 2000. It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes included in the Form 10-K.

Note 2 - Capital Stock

In July 2000 St. Mary's board of directors approved a two-for-one stock split effected in the form of a stock dividend whereby one additional common share of stock was distributed for each common share outstanding. The stock split was distributed on September 5, 2000, to shareholders of record as of the close of business on August 21, 2000. All share and per share amounts for all periods presented herein have been restated to reflect this stock split.

In August 1998 the Company's board of directors approved a stock repurchase program whereby the Company may purchase from time to time, in open market purchases or negotiated sales, up to two million shares of its common stock. During the second quarter of 2001 the Company repurchased 434,000 shares of its common stock under the program at a weighted average price of $20.67 per share, bringing the total number of shares repurchased under the program to 909,900 at a weighted average price of $15.49 per share. Additional purchases of shares by the Company may occur as market conditions warrant. Such purchases would be funded with internal cash flows and borrowings under the Company's credit facility.

In April 2001 the Company sold 100,000 put options on its own common stock for $99,000 in cash. These put options gave the holder the right to require the Company to purchase up to 100,000 shares of its own common stock from the holder at $20.22 per share on July 11, 2001. These options expired unexercised. In June 2001 the Company sold 100,000 put options on its own common stock for $94,000 in cash. These put options give the holder the right to require the Company to purchase up to 100,000 shares of its own common stock from the holder at $19.22 per share on September 24, 2001.

Note 3 - Income Taxes

Federal income tax expense for the three and six months ended June 30, 2001

and 2000 differ from the amounts that would be provided by applying the statutory U.S. Federal income tax rate to income before income taxes primarily due to Section 29 credits, percentage depletion, and the effect of state income taxes. During 2000 the Company utilized its net operating loss carryover and resulting deferred tax asset from 1999. At June 30, 2001 the Company's current portion of income tax expense was $9,361,000. Accounts payable and accrued expenses includes income tax payable of $137,000 at June 2001.

Note 4 - Long-term Debt

On April 30, 2001 St. Mary entered into an agreement to amend the existing long-term revolving credit agreement. The maximum loan amount remains at $200.0 million. The lender may periodically re-determine the aggregate borrowing base depending upon the value of St. Mary's oil and gas properties and other assets. The amendment increases the borrowing base by $30.0 million to $170.0 million. The accepted borrowing base was $40.0 million at June 30, 2001. The credit agreement has a maturity date of December 31, 2006, and includes a revolving period that matures on June 30, 2003. The amended agreement deletes all references to and provisions of the short-term tranche previously available to St. Mary. The Company must comply with certain covenants including maintenance of stockholders' equity at a specified level and limitations on additional indebtedness. The Company had $13,400,000 in outstanding borrowings under its revolving credit agreement as of June 30, 2001, and the weighted average interest rate paid for the six months ended June 30, 2001 was 9.0% including commitment fees paid on the unused portion of the borrowing base. The Company's debt to total capitalization ratio as defined under the agreement was 4.7% as of June 30, 2001.

Note 5 - Financial Instruments

On January 1, 2001 the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." The adoption of SFAS No. 133 resulted in the Company recording a liability of $45,699,000 for the fair value of the derivative instruments at January 1, 2001. The Company's adoption entry resulted in deferral of the recognition of this liability to accumulated other comprehensive loss of $28,587,000 at January 1, 2001. During the first six months of 2001 the Company recognized no additional hedge loss from hedge ineffectiveness on derivative instruments that were designated and qualified as cash flow hedging instruments. The Company anticipates that all hedge transactions will occur as expected. Based on current prices we anticipate that $1.6 million of the after tax loss amount included in accumulated and other comprehensive income will be included in earnings during the next 12 months.

The Company seeks to protect its rate of return on acquisitions of producing properties by hedging cash flow when the economic criteria from its evaluation and pricing model indicate it would be appropriate. Management's strategy is to hedge cash flows from investments requiring a gas price in excess of $3.25 per Mcf and an oil price in excess of $22.50 per Bbl in order to meet minimum rate-of-return criteria. The Company anticipates this strategy will result in the hedging of future cash flow from acquisitions. St. Mary generally limits its aggregate hedge position to no more than 35% of its total production but will hedge up to 50% of total production in certain circumstances. The Company seeks to minimize basis risk and index the majority of oil hedges to NYMEX prices and the majority of gas hedges to various regional index prices associated with pipelines in proximity to its areas of gas production.

Note 6 - Newly Issued Accounting Standards

In June 2001 the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations." Under this statement all business combinations must be accounted for under the purchase method. The pooling method is no longer allowed. The statement also establishes criteria to assess when to recognize intangible assets separately from goodwill. SFAS No. 141 is effective for business combinations initiated after June 30, 2001 and for all business combinations using the purchase method for which the date of acquisition is after June 30, 2001. At this time the Company has no pending business combinations that would be affected by the adoption of this statement.

In June 2001 the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." This statement addresses the accounting for goodwill and other intangible assets and provides specific guidance for testing goodwill and other intangible assets for impairment. This statement is effective for fiscal years beginning after December 15, 2001. The Company does not anticipate that the adoption of this statement will have a material effect on the Company's financial position or results of operations.

In July 2001 the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement requires companies to recognize the fair value of an asset retirement liability in the financial statements by capitalizing that cost as part of the cost of the related long-lived asset. The asset retirement liability should then be allocated to expense by using a systematic and rational method. The statement is effective for fiscal years beginning after June 15, 2002. The Company has not yet determined the impact of adoption of this statement.

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

OF OPERATIONS

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

- forecasted production, lease operating expenses, transportation costs, DD&A, general and administrative expenses, and current income taxes for future periods,
- the amount and nature of future capital, development and exploration expenditures,
- the drilling of wells,
- reserve estimates and the estimates of both future net revenues and the present value of future net revenues that are included in their calculation,
- future oil and gas production estimates,
- repayment of debt,
- business strategies,
- expansion and growth of operations, and
- other similar matters.

These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, including such factors as the volatility and level of oil and natural gas prices, uncertainties in cash flow, expected acquisition benefits, production rates and reserve replacement, reserve estimates, drilling and operating risks, competition, litigation, environmental matters, the potential impact of government regulations, and other matters such as those discussed in the "Risk Factors" section of St. Mary's 2000 Annual Report on Form 10-K, many of which are beyond our control. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those expressed or implied in the forward-looking statements.

Results of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
	(In thousands, except per volume data)		(In thousands, except per volume data)	
Oil and gas production revenues:				
Gas production	$ 40,970	$ 31,050	$ 93,350	$ 55,106
Oil production	14,451	12,770	29,986	25,726
Total	$ 55,421	$ 43,820	$123,336	$ 80,832
Net production:				
Gas (MMcf)	10,041	9,535	19,650	18,781
Oil (MBbls)	595	573	1,203	1,114
MCFE	13,611	12,973	26,868	25,464
Average sales price (1):				
Gas (per Mcf)	$ 4.08	$ 3.26	$ 4.75	$ 2.93
Oil (per Bbl)	$ 24.30	$ 22.29	$ 24.92	$ 23.10
Oil and gas production costs:				
Lease operating expense	$ 9,826	$ 5,594	$ 17,364	$ 11,509
Transportation costs	541	481	1,138	824
Production taxes	3,069	2,547	6,991	4,715
Total	$ 13,436	$ 8,622	$ 25,493	$ 17,048
Additional per MCFE data:				
Sales price	$ 4.07	$ 3.38	$ 4.59	$ 3.17
Lease operating expense	0.72	0.43	0.65	0.45
Transportation costs	0.04	0.04	0.04	0.03
Production taxes	0.23	0.20	0.26	0.19
Operating margin	$ 3.08	$ 2.71	$ 3.64	$ 2.50
Depletion, depreciation and amortization	$ 0.95	$ 0.64	$ 0.90	$ 0.67
Impairment of proved properties	$ 0.01	$ 0.07	$ 0.01	$ 0.08
General and administrative	$ 0.26	$ 0.18	$ 0.28	$ 0.20

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

Three-Month Comparison

Oil and Gas Production Revenues. St. Mary's quarterly oil and gas production revenues increased $11.6 million, or 26% to $55.4 million for the three months ended June 30, 2001, compared with $43.8 million for the same period in 2000. The increase was the result of an oil production volume increase of 4%, a gas production increase of 5% and increases in the average price received for both oil and gas in the second quarter of 2001 compared to 2000. The average realized gas price increased 25% to $4.08 per Mcf, while the average realized oil price increased 9% to $24.30 per Bbl. Average net daily production increased to 149.6 MMCFE for 2001 compared with 142.6 MMCFE in 2000. Our December 2000 acquisition of JN Exploration et al properties added $3.5 million of revenue and average net daily production of 8.2 MMCFE to the second quarter of 2001.

St. Mary hedged approximately 32% or 190 MBbls of its oil production for the three months ended June 30, 2001, and realized a $775,000 decrease in oil revenue attributable to hedging compared with a $3.2 million decrease in 2000. Without these contracts we would have received an average price of $25.60 per Bbl in the second quarter of 2001 compared to $27.83 per Bbl in 2000. St. Mary also hedged 42% of its 2001 second quarter gas production or 4.6 million MMBtu and realized a $5.1 million decrease in gas revenue compared with a $3.2 million decrease in gas revenue in 2000. Without these contracts we would have received an average price of $4.51 per Mcf for the three months ended June 30, 2001, compared to $3.84 per Mcf for the same period in 2000.

Gain on sale of proved properties. Gain on sale of proved properties decreased $2.3 million for the quarter ended June 30, 2001 compared to the same period in 2000. There have been no significant sales of proved properties in 2001.

Oil and Gas Production Costs. Oil and gas production costs consist of lease operating expense, production taxes and transportation expenses. Total production costs increased $4.8 million or 56% to $13.4 million for the three months ended June 30, 2001, from $8.6 million in 2000. In the second quarter of 2001 we experienced a $1.5 million increase in non-recurring LOE as we took advantage of workover rig availability. Williston basin acquisitions in the last half of 2000 added an additional $600,000 of LOE to 2001. Our JN Exploration et al acquisition properties represented $566,000 of the total increase. We have also experienced higher recurring LOE costs in the Williston basin, the Permian basin and the Gulf Coast/GOM as a result of increased competition for limited availability of services. In addition, higher production taxes and transportation expenses resulting from higher oil and gas revenues account for the remaining 12% of the increase. Total oil and gas production costs per MCFE increased 50% to $0.99 for the six months ended June 30, 2001 compared with $0.66 for 2000. An $0.11 per MCFE increase was due to the increase in non-recurring LOE. A $0.09 per MCFE increase was due to the acquisitions previously discussed. Another $0.04 per MCFE increase was due to increased production taxes and transportation expenses.

Depreciation, Depletion, Amortization and Impairment. Depreciation, depletion and amortization expense ("DD&A") increased $4.6 million or 55% to $12.9 million for the three months ended June 30, 2001, from $8.3 million in 2000. DD&A per MCFE increased by 48% to $0.95 for the second quarter of 2001 compared with $0.64 in 2000. This increase reflects acquisitions and drilling results in 2000 and 2001 that have added costs at a higher per-unit rate. The unit rate was further affected by downward adjustments to reserves due to pricing adjustments at June 30, 2001.

St. Mary reviews its producing properties for impairments when events or changes in circumstances indicate that an impairment in value may have occurred. The 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 future net revenues for the producing property discounted at 15%. Future net revenues are estimated using prices based on NYMEX strip that are then escalated for each of the next 5 years and include the estimated effects of hedging contracts in place at December 31, 2000. We recorded a $73,000 impairment of proved oil and gas properties in the second quarter of 2001 compared with $863,000 in 2000.

Abandonment and impairment of unproved properties was $608,000 for the three months ended June 30, 2001, compared with $609,000 in 2000.

Exploration. Exploration expense increased $491,000 or 30% to $2.1 million for the three months ended June 30, 2001, compared with $1.7 million in 2000. The increase resulted from an increase in personnel costs associated with exploration activity.

General and Administrative. General and administrative expenses increased $1.2 million or 52% to $3.5 million for the three months ended June 30, 2001, compared with $2.3 million in 2000. Increases in compensation expense associated with increased personnel, our incentive plans and general cost inflation were partially offset by a $247,000 increase in COPAS overhead reimbursement from operations.

Income Taxes. Income tax expense totaled $8.9 million for the three months ended June 30, 2001, and $9.4 million in 2000, resulting in effective tax rates of 38.4% and 39.1%, respectively.

Net Income. Net income for the three months ended June 30, 2001 decreased $363,000 to $14.2 million compared with $14.6 million in 2000. A 25% increase in gas prices and a 9% increase in oil prices combined with a 4% increase in oil production and a 5% increase in gas production resulted in an $11.6 million increase in oil and gas production revenue. This increase was offset by a $4.8 million increase in oil and gas production costs, a $4.6 million increase in DD&A as well as a $1.2 million increase in general and administrative expense. Net income for the three months ended June 30, 2000 also included a $2.3 million pre-tax nonrecurring gain on the sale of proved property.

Six-Month Comparison

Oil and Gas Production Revenues. St. Mary experienced an increase in oil and gas production revenues of $42.5 million, or 53% to $123.3 million for the six months ended June 30, 2001, compared with $80.8 million for the same period in 2000. The increase was the result of an oil production volume increase of 8%, a gas production increase of 5% and increases in the average price received for both oil and gas in the first six months of 2001 compared to 2000. The average realized gas price increased 62% to $4.75 per Mcf, while the average realized oil price increased 8% to $24.92 per Bbl. Average net daily production increased to 148.4 MMCFE for the first six months of 2001 compared with 139.9 MMCFE in 2000. Our December 2000 acquisition of JN Exploration et al properties added $8.4 million of revenue and average net daily production of 8.0 MMCFE for the six months ended June 30, 2001.

St. Mary hedged approximately 32% or 384 MBbls of its oil production for the six months ended June 30, 2001, and realized a $1.9 million decrease in oil revenue attributable to hedging compared with a $5.3 million decrease in 2000. Without these contracts we would have received an average price of $26.48 per Bbl for the six months ended June 30, 2001 compared to $27.90 per Bbl in 2000. St. Mary also hedged 43% of its gas production or 9.2 million MMBtu and realized a $20.4 million decrease in gas revenue for the six months ended June 30, 2001 compared with a $3.2 million decrease in gas revenue in 2000. Without these contracts we would have received an average price of $5.79 per Mcf for the six months ended June 30, 2001, compared to $3.04 per Mcf for the same period in 2000.

Gain on sale of proved properties. Gain on sale of proved properties decreased $2.3 million for the six months ended June 30, 2001 compared to the same period in 2000. There have been no significant sales of proved properties in 2001.

Oil and Gas Production Costs. Oil and gas production costs consist of lease operating expense, production taxes and transportation expenses. Total production costs increased $8.4 million or 50% to $25.5 million for the six months ended June 30, 2001, from $17.0 million in 2000. In the first six months of 2001 we experienced a $1.3 million increase in non-recurring LOE as we took advantage of workover rig availability. Williston basin acquisitions in the last half of 2000 added an additional $1.3 million of LOE to 2001. Our JN Exploration et al acquisition properties represented $1.2 million of the total increase. We have also experienced higher recurring LOE costs in the Williston basin, the Permian basin and the Gulf Coast/GOM as a result of increased competition for limited availability of services. In addition, higher production taxes and transportation expenses resulting from higher oil and gas revenues account for the remaining 31% of the increase. Total oil and gas production costs per MCFE increased 42% to $0.95 for the six months ended June 30, 2001 compared with $0.67 for 2000. A $0.09 per MCFE increase was due to the acquisitions previously discussed. Another $0.09 per MCFE increase was due to increased production taxes and transportation expenses. A $0.05 per MCFE increase was due to the increase in non-recurring LOE.

Depreciation, Depletion, Amortization and Impairment. DD&A increased $7.0 million or 41% to $24.2 million for the six months ended June 30, 2001, from $17.2 million in 2000. DD&A per MCFE increased by 33% to $0.90 for the six months ended June 30, 2001 compared with $.67 in 2000. This increase reflects acquisitions and drilling results in 2000 and 2001 that added costs at a higher per unit rate. The unit rate was further affected by downward adjustments to reserves due to pricing adjustments at June 30, 2001.

St. Mary reviews its producing properties for impairments when events or changes in circumstances indicate that an impairment in value may have occurred. The 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 future net revenues for the producing property discounted at 15%. Future net revenues are estimated using prices based on NYMEX strip that are then escalated for each of the next 5 years and include the estimated effects of hedging contracts in place at December 31, 2000. We recorded a $244,000 impairment of proved oil and gas properties for the six months ended June 30, 2001 compared with $2.0 million in 2000.

Abandonment and impairment of unproved properties were $1.1 million for the six months ended June 30, 2001, compared with $1.3 million in 2000.

Exploration. Exploration expense increased $6.1 million or 139% to $10.5 million for the six months ended June 30, 2001, compared with $4.4 million in 2000. The increase resulted from a $3.6 million increase in exploratory dry holes, an $875,000 increase in geological and geophysical expense and an increase in personnel costs associated with exploration activity of $1.6 million.

General and Administrative. General and administrative expenses increased $2.5 million or 48% to $7.6 million for the six months ended June 30, 2001, compared with $5.1 million in 2000. Increases in compensation expense associated with increased personnel, our incentive plans and general cost inflation were partially offset by a $557,000 increase in COPAS overhead reimbursement from operations.

Income Taxes. Income tax expense totaled $20.4 million for the six months ended June 30, 2001, and $13.8 million in 2000, resulting in effective tax rates of 37.0% and 38.1%, respectively.

Net Income. Net income for the six months ended June 30, 2001 increased $12.1 million or 54% to $34.6 million compared with $22.5 million in 2000. A 62% increase in gas prices and an 8% increase in oil prices combined with an 8% increase in oil production and a 5% increase in gas production resulted in a $42.5 million increase in oil and gas production revenue. This increase was offset by corresponding increases in oil and gas production costs and DD&A as well as a $6.1 million increase in exploration expense, a $2.5 million increase in general and administrative expense and a $6.5 million increase in income tax expense. A re-tax gain on the sale of proved properties of $2.3 million in 2000 was partially offset by decreases in proved and unproved property impairments.

Liquidity and Capital Resources

St. Mary's primary sources of liquidity are the cash provided by operating activities, debt financing, sales of non-strategic properties and access to the capital markets. Our 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. Exploration and development programs are generally financed from internally generated cash flow, bank debt and cash and cash equivalents on hand. The capital expenditure budget is continually reviewed based on changes in cash flow and other factors.

Cash Flow. St. Mary's net cash provided by operating activities increased $50.3 million or 223% to $72.9 million for the six months ended June 30, 2001 compared with $22.5 million in 2000. The increase reflects the effect of the increase in oil and gas production revenues, a general increase in non-cash expenses and an increase in accounts payable for the period ended June 30, 2001 that are offset by an increase in accounts receivable for the period ended June 30, 2000.

Exploratory dry hole costs are included in cash flows from investing activities even though these costs are expensed as incurred. If exploratory dry hole costs had been included in operating cash flows, the net cash provided by operating activities would have been $62.4 million and $18.2 million in the first six months of 2001 and 2000, respectively.

Net cash used in investing activities increased $17.7 million or 49% to $54.0 million for the six months ended June 30, 2001, compared with $36.3 million in 2000. This increase is due to increased capital expenditures and a decrease in proceeds from the sale of oil and gas properties that are partially offset by the receipt of $7.0 million of proceeds from the December 2000 sale of KMOC stock. Total capital expenditures, including acquisitions of oil and gas properties, in the first six months of 2001 increased $22.7 million or 58% to $61.7 million compared with $39.0 million in the first half of 2000.

If exploratory dry hole costs had been included in operating cash flows rather than in investing cash flows, net cash used in investing activities would have been $43.5 million and $32.0 million in the first six months of 2001 and 2000, respectively.

Net cash used in financing activities increased $21.7 million to $19.2 million for the six months ended June 30, 2001, compared with net cash provided by financing activities of $2.5 million in 2000. St. Mary made net repayments of $8.6 million of debt in 2001 compared to an $850,000 debt increase in 2000. Additionally, we repurchased $10.6 million more of our own common stock and received $1.6 million less in proceeds from the sale of our common stock during the first two quarters of 2001 compared to 2000. All sales of our common stock resulted from stock option exercises and sales under St. Mary's employee stock purchase plan.

St. Mary had $6.2 million in cash and cash equivalents and had working capital of $33.1 million as of June 30, 2001, compared with $6.6 million in cash and cash equivalents and working capital of $40.6 million at December 31, 2000. The small change in cash and cash equivalents reflects that our cash provided by operations was sufficient to cover our increased capital expenditures, our debt repayment and our repurchase of St. Mary's common stock during the first six months of 2001.

Credit Facility. On April 30, 2001 St. Mary entered into an agreement to amend the existing long-term revolving credit agreement. The maximum loan amount remains at $200.0 million. The lender may periodically re-determine the

aggregate borrowing base depending upon the value of St. Mary's oil and gas properties and other assets. The amendment increases the borrowing base by $30.0 million to $170.0 million. The accepted borrowing base was $40.0 million at June 30, 2001. The credit agreement has a maturity date of December 31, 2006, and includes a revolving period that matures on June 30, 2003. The amended agreement deletes all references to and provisions of the short-term tranche previously available to St. Mary. We must comply with certain covenants including maintenance of stockholders' equity at a specified level and limitations on additional indebtedness. As of June 30, 2001 and December 31, 2000, $13.4 million and $22.0 million, respectively, was outstanding under this credit agreement. These outstanding balances accrue interest at rates determined by St Mary's debt to total capitalization ratio. During the revolving period of the loan, loan balances accrue interest at our option of either (1) the higher of the federal funds rate plus 1/2% or the prime rate, or (2) LIBOR plus 3/4% when our debt to total capitalization is less than 30%, up to a maximum of either (a) the higher of the federal funds rate plus 3/4% or the prime rate plus 1/4%, or (b) LIBOR plus 1-3/8% when our debt to total capitalization is equal to or greater than 50%. The debt to total capitalization ratio as defined under the agreement was 4.7% as of June 30, 2001.

Common Stock. At the annual shareholder meeting on May 23, 2001 the shareholders of St. Mary voted to increase the amount of authorized common shares to 100,000,000.

In July 2000 St. Mary's board of directors approved a two-for-one stock split effected in the form of a stock dividend whereby one additional common share of stock was distributed for each common share outstanding. The stock split was distributed on September 5, 2000, to shareholders of record as of the close of business on August 21, 2000. All share and per share amounts for all periods presented herein have been restated to reflect this stock split.

In August 1998 St. Mary's board of directors authorized a stock repurchase program whereby we may purchase from time-to-time, in open market transactions or negotiated sales, up to two million of our common shares. Through December 31, 2000 we had repurchased a total of 395,600 shares of St. Mary's common stock under the program for $3.3 million at a weighted average price of $8.44 per share. To date in 2001 we have repurchased an additional 514,300 shares for a weighted average price of $20.91 per share. We anticipate that additional purchases of shares may occur as market conditions warrant. As part of this program we sold put options in April 2001 whereby the holder had the right to require St. Mary to purchase up to 100,000 shares of St. Mary's common stock from the holder at $20.22 per share on July 11, 2001. We received a $99,000 premium from this sale. These options expired unexercised. In June 2001 we sold additional put options whereby we could be required to purchase up to 100,000 shares of our common stock from the holder at $19.22 per share on September 24, 2001. We received a $94,000 premium from this sale. Any future purchases will be funded with internal cash flow and borrowings under St. Mary's credit facility.

Capital and Exploration Expenditures Incurred. St. Mary'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 St. Mary in its oil and gas activities during the periods indicated.

	Capital and Exploration Expenditures	
	Six Months Ended June 30,	
	2001	2000
	(In thousands)	
Development	$ 43,451	$ 20,336
Domestic Exploration	14,639	5,939
Acquisitions:		
Proved	301	10,792
Unproved	10,110	1,944
Total	$ 68,501	$ 39,011

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

St. Mary's total costs incurred in the first six months of 2001 increased $29.5 million or 76% compared to the first six months of 2000. Unproved property acquisitions increased by $8.2 million as a result of an increase in general leasing activity and our acquisition of leases in the Hanging Woman Basin of Montana and Wyoming for coalbed methane development. We spent $68.2 million in the first six months of 2001 for unproved property acquisitions and domestic exploration and development compared to $28.2 million for the comparable period in 2000. This increase is primarily the result of increased drilling activity.

Outlook. Management believes that St Mary's existing capital resources, cash flows from operations and available borrowings are sufficient to meet its anticipated capital and operating requirements for the remainder of 2001.

We now anticipate spending approximately $160.0 million for capital and exploration expenditures in 2001 with $130.0 million allocated for ongoing exploration and development and $30.0 million for acquisitions of producing properties. Anticipated ongoing exploration and development expenditures for each of St. Mary's core areas is as follows:

o	Mid-Continent region	$ 46.0 million
o	Gulf Coast and Gulf of Mexico region	$ 38.0 million
o	ArkLaTex region	$ 14.0 million
o	Williston Basin	$ 26.0 million
o	Permian Basin and other	$ 6.0 million

The amount not funded from our internally generated cash flow in 2001 can be funded from our credit facility. The amount and allocation of future capital and exploration expenditures will depend upon a number of factors including the number and size of available acquisition opportunities and our ability to assimilate these acquisitions. Also, the impact of oil and gas prices on investment opportunities, the availability of capital and borrowing capability and the success of our development and exploratory activity could lead to funding requirements for further development.

Natural gas prices continue to decline, but still remain at a high level of approximately $3.00 per MMBTU while oil prices remain good. Our production base and balance sheet are strong. We are seeing rig and service availability ease and costs flattening, and in some cases declining modestly. However, the acquisition market for properties remains overheated. We remain disciplined and patient and have reduced our forecast of added production from acquisitions from 2.6 BCFE to 0.5 BCFE. We are currently forecasting the following information for St. Mary for 2001:

o	Production	55-57 BCFE
o	Lease operating expense, including production taxes and transportation	$0.85-0.95/MCFE
o	Depreciation, depletion and amortization	$0.95-1.00/MCFE
o	General and administrative expense	$0.26-0.30/MCFE
o	Current income taxes paid are expected to approximate between 20% and 25% of total tax expense and will depend upon prices we receive and actual expenditures for intangible drilling costs	
o	Discretionary cash flows-a common industry financial measure computed as net income using a NYMEX gas price of $4.70 and a NYMEX oil price of $27.40 plus depreciation, depletion, amortization, impairments, deferred taxes and exploration expense	$5.00-$5.50/common share

St. Mary seeks to protect its rate of return on acquisitions of producing properties by hedging cash flow when the economic criteria from its evaluation and pricing model indicate it would be appropriate. Management's strategy is to hedge cash flows from investments requiring a gas price in excess of $3.25 per Mcf and an oil price in excess of $22.50 per Bbl in order to meet minimum rate-of-return criteria. We anticipate this strategy will result in the hedging of future cash flow from acquisitions. We generally limit St. Mary's aggregate hedge position to no more than 35% of total production but will hedge up to 50% of total production in certain circumstances. We seek to minimize basis risk and index the majority of oil hedges to NYMEX prices and the majority of gas hedges to various regional index prices associated with pipelines in proximity to St. Mary's areas of gas production. Please see the discussion in Accounting Matters below. Including hedges entered into since June 30, 2001 we have hedged as follows:

Swaps:

Product	Average Volumes/month	Quantity Type	Average Fixed price	Duration
Natural Gas	96,000	MMBtu	$4.71	06/01 - 12/01
Natural Gas	84,000	MMBtu	$4.16	01/02 - 12/02
Oil	12,400	Bbls	$23.49	06/01 - 12/01
Oil	4,600	Bbls	$23.23	01/02 - 12/02

Collars:

Product	Average Volumes/month	Ceiling Price	Floor Price	Duration
Natural Gas	150,000 MMBtu	$2.9400	$2.3000	06/01 - 12/01
Natural Gas	150,000 MMBtu	$2.9000	$2.3000	06/01 - 12/01
Natural Gas	250,000 MMBtu	$2.8775	$2.3540	06/01 - 12/01
Natural Gas	250,000 MMBtu	$2.8192	$2.3540	06/01 - 12/01
Natural Gas	250,000 MMBtu	$3.5000	$2.4000	06/01 - 12/01
Natural Gas	350,000 MMBtu	$5.8000	$3.0000	06/01 - 12/01

Oil	7,500 Bbls	$20.6400	$16.4400	06/01 - 12/01
Oil	7,500 Bbls	$20.9000	$16.7000	06/01 - 12/01
Oil	15,000 Bbls	$27.2200	$19.0000	06/01 - 12/01
Oil	7,000 Bbls	$21.0000	$18.0000	06/01 - 12/01
Oil	10,000 Bbls	$25.1000	$19.5000	06/01 - 12/01

If all these commodity hedging contracts had closed on June 30, 2001 St. Mary would have been required to pay approximately $2.0 million based on quarter-end pricing. As of that date we had no margin deposits outstanding to counterparties.

On June 30, 2001 St. Mary owned shares of KMOC stock that Management believes has a current market value in excess of its carrying value.

Accounting Matters

On January 1, 2001 we adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." The adoption of SFAS No. 133 resulted in St. Mary recording a liability of $45.7 million for the fair value of the derivative instruments at January 1, 2001. The adoption entry resulted in deferral of the recognition of this liability to accumulated other comprehensive loss of $28.6 million at January 1, 2001. During the first six months of 2001 we recognized no additional hedge gain or loss from hedge ineffectiveness on derivative instruments that were designated and qualified as cash flow hedging instruments. We anticipate that all hedge transactions will occur as expected. Based on current prices we anticipate that $1.6 million of the after tax loss amount included in accumulated and other comprehensive income will be included in earnings during the next 12 months.

In June 2001 the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations." Under this statement all business combinations must be accounted for under the purchase method. The pooling method is no longer allowed. The statement also establishes criteria to assess when to recognize intangible assets separately from goodwill. SFAS No. 141 is effective for business combinations initiated after June 30, 2001 and for all business combinations using the purchase method for which the date of acquisition is after June 30, 2001. At this time we have no pending business combinations that would be affected by the adoption of this statement.

In June 2001 the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." This statement addresses the accounting for goodwill and other intangible assets and provides specific guidance for testing goodwill and other intangible assets for impairment. This statement is effective for fiscal years beginning after December 15, 2001. We do not anticipate that the adoption of this statement will have a material effect on our financial position or results of operations.

In July 2001 the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement requires companies to recognize the fair value of an asset retirement liability in the financial statements by capitalizing that cost as part of the cost of the related long-lived asset. The asset retirement liability should then be allocated to expense by using a systematic and rational method. The statement is effective for fiscal years beginning after June 15, 2002. St. Mary has not yet determined the impact of adoption of this statement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

St. Mary holds derivative contracts and financial instruments that have cash flow and net income exposure to changes in commodity prices or interest rates. Financial and commodity-based derivative contracts are used to limit the risks inherent in some crude oil and natural gas price changes that have an effect on us. In prior years we have occasionally hedged interest rates, and may do so in the future should circumstances warrant.

Our board of directors has adopted a policy regarding the use of derivative instruments. This policy requires every derivative used by St. Mary to relate to underlying offsetting positions, anticipated transactions or firm commitments. It prohibits the use of speculative, highly complex or leveraged derivatives. Under the policy, the Chief Executive Officer and Vice President of Finance must review and approve all risk management programs that use derivatives. The board of directors periodically reviews these programs.

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

A hypothetical $0.10 per MMBtu change in St. Mary's quarter-end market prices for natural gas swaps and futures contracts on a notional amount of 10.0

million MMBtu would cause a potential $419,000 change in net income before income taxes for contracts in place on June 30, 2001. A hypothetical $1.00 per Bbl change in our quarter-end market prices for crude oil swaps and future contracts on a notional amount of 423 MBbls would cause a potential $305,000 change in net income before income taxes for oil contracts in place on June 30, 2001. These hypothetical changes were discounted to present value using a 7.5% discount rate since the latest expected maturity date of certain swaps and futures contracts is greater than one year from the reporting date.

Interest Rate Risk. Market risk is estimated as the potential change in fair value resulting from an immediate hypothetical one percentage point parallel shift in the yield curve. A sensitivity analysis presents the hypothetical change in fair value of those financial instruments held by St. Mary at June 30, 2001, which are sensitive to changes in interest rates. For fixed-rate debt, interest rate changes affect the fair market value but do not impact results of operations or cash flows. Conversely for floating rate debt, interest rate changes generally do not affect the fair market value but do impact future results of operations and cash flows, assuming other factors are held constant. The carrying amount of our floating rate debt approximates its fair value. At June 30, 2001, we had floating rate debt of $13.4 million and had no fixed rate debt. Assuming constant debt levels, the impact on results of operations and cash flows for the remainder of the year resulting from a one-percentage-point change in interest rates would be approximately $67,000 before taxes.

PART II. OTHER INFORMATION

ITEM 2. Changes in Securities and Use of Proceeds

(c) In April 2001 St. Mary sold to a single purchaser 100,000 put options on its own common stock for $99,000 in cash. Those put options gave the holder the right to require St. Mary to purchase up to 100,000 shares of its own common stock from the holder at $20.22 per share on July 11, 2001. Those options expired unexercised. In June 2001 St. Mary sold to a different single purchaser 100,000 put options on its own common stock for $94,000 in cash. These put options give the holder the right to require St. Mary to purchase up to 100,000 shares of its own common stock from the holder at $19.22 per share on September 24, 2001. The above securities were not registered under the Securities Act of 1933 in reliance on the exemption from registration provided by Section 4(2) of the Securities Act for transactions by an issuer not involving any public offering since the two purchasers are accredited investors and the option documents reflect the fact that the purchasers purchased the securities for their own account without a view to the distribution thereof.

ITEM 4. Submission of Matters to a Vote of Security Holders

At the Company's annual stockholders' meeting on May 23, 2001, the shareholders approved management's current slate of directors. The directors elected and the vote tabulation for each director are as follows:

Director	For	Withheld
Larry W. Bickle	20,697,508	192,867
William J. Gardiner	20,697,508	192,867
R. James Nicholson	20,697,508	192,867
Ronald D. Boone	20,697,508	192,867
Mark A. Hellerstein	20,697,508	192,867
Arend J. Sandbulte	20,697,508	192,867
Thomas E. Congdon	20,697,508	192,867
Jack Hunt	20,660,993	229,382
John M. Seidl	20,697,508	192,867
David C. Dudley	20,697,508	192,867
Robert L. Nance	20,697,508	192,867

Also at the Company's annual stockholders' meeting on May 23, 2001, the shareholders approved an amendment to the Company's certificate of incorporation to increase the number of authorized shares of common stock from 50,000,000 to 100,000,000. The proposal was approved by a majority of the stockholders as indicated by the following tabulation of votes:

For:	18,216,189
Against:	2,466,815
Abstain:	207,369
Broker non-votes:	2

Also at the Company's annual stockholders' meeting on May 23, 2001, the shareholders approved amendments to the Company's stock option plans to increase the number of shares of common stock authorized for issuance under the plans from 3,300,000 to 4,300,000. The proposal was approved by a majority of the stockholders as indicated by the following tabulation of votes:

For:	15,012,428
Against:	5,702,421
Abstain:	175,524
Broker non-votes:	2

ITEM 6. Exhibits and Reports on Form 8-K

(a)

Exhibit	Description
3.1	Restated Certificate of Incorporation of St Mary Land & Exploration Company as amended in May 2001
3.2	Certificate of Amendment to Restated Certificate of Incorporation of St Mary Land & Exploration Company dated May 23, 2001
10.1	First Amendment to St. Mary Land & Expoloration Company Employee Stock Purchase Plan dated February 27, 2001
10.2	Third Amendment to Credit Agreement dated April 30, 2001

(b) No reports on Form 8-K were filed during the quarter ended June 30, 2001.

SIGNATURES

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

ST. MARY LAND & EXPLORATION COMPANY

August 10, 2001 By /s/ MARK A. HELLERSTEIN

Mark A. Hellerstein
President and Chief Executive Officer

August 10, 2001 By /s/ RICHARD C. NORRIS

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

August 10, 2001 By /s/ GARRY A. WILKENING

Garry A. Wilkening
Vice President - Administration and Controller

EXHIBIT 3.1

[COMPLETE COMPOSITE COPY OF CERTIFICATE OF INCORPORATION AS AMENDED]

RESTATED CERTIFICATE OF INCORPORATION

OF

ST. MARY LAND & EXPLORATON COMPANY

ST. MARY LAND & EXPLORATION COMPANY, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

1. The present name of the Corporation is St. Mary Land & Exploration Company. The name under which the Corporation was originally incorporated is St. Mary Parish Land Company. The date of filing the Corporation's original Certificate of Incorporation with the Delaware Secretary of State was January 23, 1915.

2. This Restated Certificate of Incorporation merely restates and integrates and does not further amend the provisions of the Corporation's Certificate of Incorporation, as it has been amended or supplemented, and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

3. The Restated Certificate of Incorporation is herein set forth in full as follows:

FIRST: The name of this Corporation is ST. MARY LAND & EXPLORATION COMPANY.

SECOND: Its registered office in the State of Delaware is to be located in the City of Wilmington, County of New Castle. The agent in charge thereof is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

THIRD: The purpose of the Corporation is to engage in any lawful act or activities for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue is 100,000,000 shares, of $.01 par value each.

FIFTH: The existence of this Corporation is to be perpetual.

SIXTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

SEVENTH: The Directors shall have the power to adopt, amend or repeal the By-Laws, to fix reserves, and to authorize and cause to be executed, mortgages and liens, without limit as to the amount, upon the property and franchises of this Corporation.

EIGHTH: The Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the Directors of the Corporation, who, to the extent provided in said resolution or in the By-Laws of the Corporation, shall have the power and authority of the Board of Directors in the management of the business and affairs of the Corporation and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

NINTH: The Directors shall have authority to dispose, in any manner, of all or substantially all of the property of the Corporation, when as authorized by a resolution adopted by a majority of the outstanding capital stock of the Corporation.

TENTH: The By-Laws shall determine whether and to what extent the accounts and books of this Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right of inspecting any account, or book or document of this Corporation, except as conferred by law or the By-Laws, or by resolution adopted by a majority of the outstanding capital stock of the Corporation or by resolution of a majority of the whole Board of Directors.

ELEVENTH: The stockholders and Directors shall have power to hold their meetings and keep the books, documents and papers of the Corporation outside of the State of Delaware, at such places as may be from time to time

designated by the By-Laws, except as otherwise required by the laws of Delaware.

TWELFTH: The Directors may exercise, in addition to the powers and authorities hereinbefore or by law conferred upon them, any such powers and authorities and may do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of law, and of this Certificate of Incorporation and of the By-Laws of the Corporation.

THIRTEENTH: No contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (a) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or the committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum, or (b) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders, or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

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

(b) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) To the extent that a Director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in paragraphs (a) and (b) of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by, him in connection therewith without the necessity of any action being taken by the Corporation other than a determination in good faith that such defense has been successful.

In all other cases, any indemnification under paragraphs (a) and (b) of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs (a) and (b) of this Article. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum

is not obtainable, or, even if obtainable if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

(d) The termination of any, action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person seeking indemnification did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. Entry of a judgment by consent as part of a settlement shall not be deemed a final adjudication of liability for negligence or misconduct in the performance of duty, or of any other issue or matter.

(e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent involved to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article.

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

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

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

FIFTEENTH: (a) A Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except that this Article FIFTEENTH shall not eliminate or limit a Director's liability (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the Director derived an improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article FIFTEENTH to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware Corporation Law, as so amended from time to time.

(b) Any repeal or modification of this Article FIFTEENTH shall not increase the personal liability of any Director of the Corporation for any act or occurrence taking place prior to such repeal or modification, or otherwise adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification.

(c) The provisions of this Article FIFTEENTH shall not be deemed to limit or preclude indemnification of a Director by the Corporation for any liability of a Director which has not been eliminated by the provisions of this Article FIFTEENTH.

SIXTEENTH: This Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by the statutes of the State of Delaware, and all rights conferred on officers, Directors and stockholders herein are granted, subject to this reservation.

4. This Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation in accordance with the applicable provisions of Section 245 and has been executed in accordance with Section 103 of the General Corporation Law of the State of Delaware.

EXHIBIT 3.2

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION

St. Mary Land & Exploration Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

1. That at a meeting of the Board of Directors of the Corporation a resolution was duly adopted setting forth a proposed amendment to the Certificate of Incorporation of the Corporation, as restated and amended, declaring such amendment to be advisable and calling for a vote of the stockholders of the Corporation on such amendment at the annual meeting of the stockholders of the Corporation on May 23, 2001. The resolution setting forth the proposed amendment is as follows:

> RESOLVED, that Article Fourth of the Certificate of Incorporation of the Corporation, as restated and amended, shall be amended to read as follows:
>
> FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue is 100,000,000 shares, of $.01 par value each.

2. That thereafter the annual meeting of the stockholders of the Corporation was duly held on May 23, 2001, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by law were voted in favor of such amendment.

3. That such amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, St. Mary Land & Exploration Company has caused this certificate to be signed by Mark A. Hellerstein, its President, this 23rd day of May, 2001.

ST. MARY LAND & EXPLORATION COMPANY,
a Delaware corporation

By: /S/ MARK A. HELLERSTEIN

Mark A. Hellerstein, President

EXHIBIT 10.1

FIRST AMENDMENT TO ST. MARY LAND & EXPLORATION COMPANY EMPLOYEE STOCK PURCHASE PLAN

First Amendment to the St. Mary Land & Exploration Company Employee Stock Purchase Plan ("Plan") effective January 1, 1998 and adopted by the Board of Directors of St. Mary Land & Exploration Company on September 18, 1997.

Pursuant to Article XIII of the Plan, the Board of Directors may at any time amend or modify the Plan provided that such amendment or modification does not adversely affect any outstanding option. The Board of Directors hereby modifies the Plan as follows:

1. Section 2.10 of the Plan shall be amended in its entirety to read as follows:

> "Stock" shall mean shares of the Company's common stock subject to this Plan, except that the sale of any shares purchased pursuant to this Plan shall be generally subject to the condition that such shares have been held for a period of eighteen months prior to their sale or other disposition as provided in Section 5.3.

2. A new Section 5.3 to the Plan shall be added as follows:

> 5.3 Restricted Shares. No shares of Stock issued under the Plan may be disposed of by sale, pledge or any other transfer for a period of eighteen months following the Offering Termination Date upon which such shares are deemed to have been acquired pursuant to Section 9.1 except that such shares of Stock may be sold at any time following the death of the Participant or upon the disability of the Participant. For this purpose, a Participant shall be considered disabled if he or she is unable to perform any substantial portion of the duties for which he or she is employed by the Company for a period of 90 days. The Company may require that an employee furnish reasonable medical evidence establishing the disability of such employee. Notwithstanding the foregoing, shares of Stock may be transferred, without consideration, pursuant to the laws of descent and distribution and for customary estate planning purposes and such shares of Stock shall, in the hands of the transferee, continue to be bound by the restrictions set forth in this section 5.3.

3. A new Section 5.4 to the Plan shall be added as follows:

> 5.4 Legend. The Company may take any steps to restrict the sale of shares of Stock issued to a Participant under this Plan as it determines including, without limitation, affixing a legend restricting the sale of the Stock on any certificate therefore.

4. The amendments made herein shall be effective with respect to all Stock purchases occurring after July 1, 2001.

5. In all other respects, the Plan is republished and reaffirmed. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

This Amendment to the Employee Stock Purchase Plan was adopted by the Board of Directors of St. Mary Land & Exploration Company on February 27, 2001.

ST. MARY LAND & EXPLORATION COMPANY

By: /S/ GARRY A. WILKENING

Title: Vice President - Administration

EXHIBIT 10.2

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (herein called the "Amendment") made as of April 30, 2001 by and among St. Mary Land & Exploration Company, a Delaware corporation ("Borrower"), Bank of America, N.A., individually and as Agent ("Agent"), and the undersigned lenders (the "Lenders").

W I T N E S S E T H:

WHEREAS, Borrower, Agent and Lenders entered into that certain Credit Agreement dated as of June 30, 1998 (as heretofore amended, modified or supplemented, the "Original Agreement"), for the purpose and consideration therein expressed, whereby Lenders became obligated to make loans to Borrower as therein provided; and

WHEREAS, Borrower, Agent and Lenders desire to amend the Original Agreement for the purposes described herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement, in consideration of the loans which may hereafter be made by Lenders to Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I.

Definitions and References

Section 1.1. Terms Defined in the Original Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement shall have the same meanings whenever used in this Amendment.

Section 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Amendment shall have the meanings assigned to them in this Section 1.2.

"Amendment" means this Third Amendment to Credit Agreement.

"Credit Agreement" means the Original Agreement as amended hereby.

ARTICLE II.

Amendment to Original Agreement and Designation of New Aggregate Borrowing Base

Section 2.1. Defined Terms. The following definitions in Section 1.1 of the Original Agreement are hereby amended in their entirety to read as follows:

"'Borrowing Base' means the Aggregate Borrowing Base."

"'Interest Period' means, with respect to each particular Eurodollar Loan in a Borrowing, the period specified in the Borrowing Notice or Continuation/Conversion Notice applicable thereto, beginning on and including the date specified in such Borrowing Notice or Continuation/Conversion Notice (which must be a Business Day), and ending one, two, three, or six months thereafter, as Borrower may elect in such notice; provided that: (a) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day; (b) any Interest Period which begins on the last Business Day in a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day in a calendar month; and (c) notwithstanding the foregoing, any Interest Period selected for a Tranche A Loan which would otherwise end after the last day of the Tranche A Revolving Period, as the case may be, shall end on the last day of such period (or, if the last day of such period is not a Business Day, on the next preceding Business Day)."

"'Loans' means all Tranche A Loans."

"'Notes' means all Tranche A Notes."

"'Tranche A Borrowing Base' means the Aggregate Borrowing Base."

Section 2.2. Deletion of Definitions. The definitions of "Tranche B Commitment," "Tranche B Excess Debt," "Tranche B Facility Usage," "Tranche B Loan," "Tranche B Maturity Date," "Tranche B Note" and "Tranche B Revolving Period" in Section 1.1 of the Original Agreement are hereby deleted in their entirety.

Section 2.3. Tranche B Loans. Sections 2.1(b) and (c) of the Original Agreement are hereby deleted in their entirety and replaced with the following:

"(b) [Reserved.]"

Section 2.4. Continuations and Conversions of Existing Loans. The first paragraph of Section 2.3 of the Original Agreement is hereby deleted in its entirety and replaced with the following:

"Section 2.3. Continuations and Conversions of Existing Loans. With respect to Tranche A Loans, Borrower may elect to convert Tranche A Loans that are Base Rate Loans to Tranche A Loans that are Eurodollar Loans, to convert Tranche A Loans that are Eurodollar Loans to Tranche A Loans that are Base Rate Loans on the last day of the Interest Period applicable thereto, and to continue Tranche A Loans that are Eurodollar Loans beyond the expiration of such Interest Period by designating a new Interest Period to take effect at the time of such expiration. In making such elections, Borrower may combine existing Tranche A Loans made pursuant to separate Borrowings into one new Borrowing or divide existing Tranche A Loans made pursuant to one Borrowing into separate new Borrowings, provided that Borrower may have no more than five Borrowings of Tranche A Loans that are Eurodollar Loans outstanding at any time. To make any such election, Borrower must give to Agent written notice (or telephonic notice promptly confirmed in writing) of any such conversion or continuation of existing Loans, with a separate notice given for each new Borrowing. Each such notice constitutes a "Continuation/Conversion Notice" hereunder and must:"

Section 2.5. Interest Rates and Fees. Section 2.5 of the Original Agreement is hereby deleted in its entirety and replaced with the following:

"Section 2.5. Interest Rates and Fees.

(a) Interest Rates. Each Base Rate Loan shall bear interest on each day outstanding at the Adjusted Base Rate in effect on such day. Each Eurodollar Loan shall bear interest on each day during the related Interest Period at the related Adjusted Eurodollar Rate in effect on such day.

(b) Tranche A Loan Commitment Fee. In consideration of Lenders' commitment to enter into this Agreement and to advance funds to Borrower as Tranche A Loans, Borrower will pay to Agent, for pro rata distribution to each Lender in accordance with its Percentage Share, a commitment fee determined on a daily basis by applying the Tranche A Commitment Fee Rate to such Lender's Percentage Share of the unused portion of the Tranche A Borrowing Base on each day during the Tranche A Revolving Period, determined for each such day by deducting from the amount of the Tranche A Borrowing Base at the end of such day the Tranche A Facility Usage. Promptly at the end of each Fiscal Quarter and at the end of the Tranche A Revolving Period, Agent shall calculate the commitment fee then due and shall notify Borrower thereof. Borrower shall pay such commitment fee to Agent within five Business Days after receiving such notice. As used in this section, "Tranche A Commitment Fee Rate" means:

(i) when the Debt to Capitalization Ratio in effect hereunder is less than 0.50 to 1.0, 0.25% per annum; or

(ii) when the Debt to Capitalization Ratio in effect hereunder is greater than or equal to 0.50 to 1.0, 0.50% per annum.

(c) [Reserved.]

(d) Facility Fees. Each time the Aggregate Borrowing Base is

redetermined pursuant to Section 2.9 and the amount of the new Aggregate Borrowing Base exceeds the Aggregate Borrowing Base previously in effect hereunder (the amount of such excess is herein called the "Increased Aggregate Borrowing Base Amount"), Borrower shall pay to Agent, for pro rata distribution to each Lender in accordance with its Percentage Share, a facility fee in an amount equal to 0.125% of the Increased Aggregate Borrowing Base Amount. All calculations of facility fees made pursuant to this section shall be made after the acceptance of the Aggregate Borrowing Base by Borrower pursuant to Section 2.10.

(e) [Reserved.]

(f) Other Fees. In addition to all other amounts due to Agent under the Loan Documents, Borrower will pay fees to Agent as described in a letter agreement of even date herewith between Agent and Borrower.

(g) Changes in Base Rate Margin, Eurodollar Margin, and Tranche A Commitment Fee Rate.

(i) Initial Debt to Capitalization Ratio. The Debt to Capitalization Ratio in effect from the date hereof until changed as herein provided is 0.125 to 1.0.

(ii) Decreases In Rates. Any reduction in the Adjusted Base Rate, the Adjusted Eurodollar Rate or the Tranche A Commitment Fee Rate (in this section collectively called the "Rates") as a result of a change in the Debt to Capitalization Ratio shall be requested by Borrower in a certificate delivered to Agent in which Borrower certifies as to the Debt to Capitalization Ratio in effect on the date thereof. Together with any such certificate, Borrower shall deliver to Agent true and correct financial statements of Borrower, in form and substance satisfactory to Agent, supporting Borrower's calculation of such Debt to Capitalization Ratio. If Agent determines Borrower's calculation is correct, the reduction in the Rates shall become effective on the fifth Business Day following the date on which such notice is given to Agent or Lenders otherwise become aware of such a change in the Debt to Capitalization Ratio; provided that with respect to Committed Eurodollar Loans, such decrease shall apply only to Eurodollar Loans Continued or converted after such effective date.

(iii) Increases In Rates. With respect to any increase in the Rates, Borrower must notify Agent of any change in the Rates as a result of a change in the Debt to Capitalization Ratio. Any such increase in the Rates shall become effective on the fifth Business Day following the date on which such notice is given to Agent or Lenders otherwise become aware of such a change in the Debt to Capitalization Ratio; provided that with respect to Eurodollar Loans, such increase shall apply only to Eurodollar Loans made, continued or converted after such effective date."

Section 2.6. Required Principal Payments. Section 2.7 of the Original Agreement is hereby deleted in its entirety and replaced with the following:

"Section 2.7. Required Principal Payments.

(a) Mandatory Prepayments. If at any time the Tranche A Facility Usage is in excess of the Tranche A Borrowing Base (such excess being herein called the "Tranche A Excess Debt"), Borrower shall, within ten Business Days after Agent gives notice of such fact to Borrower, notify Agent that Borrower will do one of the following:

(i) within thirty (30) calendar days, prepay the principal of the Tranche A Loans in an aggregate amount at least equal to such Tranche A Excess Debt (or, if the Tranche A Loans have been paid in full, pay to LC Issuer LC Collateral as required under Section 2.15(a)), or

(ii) prepay the principal of the Tranche A Loans in up to six monthly installments in an aggregate amount at least equal to the Tranche A Excess Debt, with each such installment equal to or in excess of one-sixth of such Tranche A Excess Debt, and with the first

such installment to be paid one month after the giving of such notice and the subsequent installments to be due and payable at one month intervals thereafter until such Tranche A Excess Debt has been eliminated, or

(iii) within thirty (30) calendar days, convert the aggregate outstanding principal amount of the Tranche A Notes to a term loan, which shall be subject to the provisions of paragraph 2.7(c).

Borrower shall make the payment(s) or conversion selected by Borrower as described above. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment. Each prepayment of principal under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment.

(b) [Reserved.]

Failure to timely comply with this paragraph 2.7(b) shall be an immediate Event of Default.

(c) Regularly Scheduled Payments of Principal of Tranche A Note. The principal of the Tranche A Note shall be due and payable in twenty (20) quarterly installments, each of which shall be equal to the greater of (i) one-twentieth (1/20) of the aggregate unpaid principal balance of the Tranche A Note at the end of the Tranche A Revolving Period or (ii) sixty percent (60%) of the Net Oil and Gas Revenues during the applicable Accounting Quarter, and shall be due and payable on the last day of each Fiscal Quarter, beginning March 31, 2001 and continuing regularly thereafter until the Tranche A Maturity Date, at which time the unpaid principal balance of the Tranche A Note and all interest accrued thereon shall be due and payable in full."

Section 2.7. Acceptance and Application of Aggregate Borrowing Base. Section 2.10 of the Original Agreement is hereby deleted in its entirety and replaced with the following:

"Section 2.10 Acceptance and Application of Aggregate Borrowing Base. Within ten days after the Agent has given written notice to Borrower of the Aggregate Borrowing Base offered by the Agent for a period, Borrower shall give Agent written notice of Borrower's acceptance of all or a portion of the Aggregate Borrowing Base for such period. Such Aggregate Borrowing Base shall be effective as of the date so accepted by Borrower until the date on which a new Aggregate Borrowing Base is accepted by Borrower."

Section 2.8. LC Obligations in Excess of Borrowing Base. Section 2.15(a) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

"(a) LC Obligations in Excess of Borrowing Base. If the outstanding LC Obligations exceed the Aggregate Borrowing Base, then in addition to prepayment of the entire principal balance of the Loans pursuant to Section 2.7 Borrower will immediately pay to LC Issuer an amount equal to such excess. LC Issuer will hold such amount as security for the remaining LC Obligations (all such amounts held as security for LC Obligations being herein collectively called "LC Collateral") until such LC Obligations become Matured LC Obligations, at which time such LC Collateral may be applied to such Matured LC Obligations. Neither this subsection nor the following subsection shall, however, limit or impair any rights which LC Issuer may have under any other document or agreement relating to any Letter of Credit or LC Obligation, including any LC Application, or any rights which any Lender Party may have to otherwise apply any payments by Borrower and any LC Collateral under Section 3.1."

Section 2.9. Resignation of Agent. Section 9.10 of the Original Agreement is hereby deleted in its entirety and replaced with the following:

"Section 9.10. Resignation. Agent may resign at any time by giving

written notice thereof to Lenders and Borrower. Each such notice shall set forth the date of such resignation. Upon any such resignation, Majority Lenders shall have the right to appoint a successor Agent, which shall be, so long as no Default or Event of Default or Tranche A Excess Debt exists, subject to Borrower's approval, which shall not be unreasonably withheld. A successor must be appointed for any retiring Agent, and such Agent's resignation shall become effective when such successor accepts such appointment. If, within thirty days after the date of the retiring Agent's resignation, no successor Agent has been appointed and has accepted such appointment, then the retiring Agent may appoint a successor Agent, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the Laws of the United States of America or of any state thereof. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, the retiring Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. After any retiring Agent's resignation hereunder the provisions of this Article IX shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under the Loan Documents."

Section 2.10. References to Tranche B Loans; Exhibit A-2. Any reference to Tranche B Loans in the original Agreement or in any other Loan Document shall be deleted and shall no longer be in effect. Exhibit A-2 of the Original Agreement is hereby deleted in its entirety.

Section 2.11. Exhibit B. Exhibit B of the Original Agreement is hereby deleted in its entirety and replaced with Exhibit B attached hereto.

ARTICLE IIA.

New Aggregate Borrowing Base

Section 2.1A. New Aggregate Borrowing Base. Pursuant to Section 2.9, Agent hereby notifies Borrower that the Aggregate Borrowing Base shall be $170,000,000 from the date hereof until the next Determination Date.

ARTICLE III.

Conditions of Effectiveness

Section 3.1. Effective Date. This Amendment shall become effective as of the date first above written when and only when:

(a) Agent shall have received all of the following, at Agent's office, duly executed and delivered and in form and substance satisfactory to Agent, all of the following:

(i) this Amendment;

(ii) a certificate of the Secretary of Borrower dated the date of this Amendment certifying: (i) that the resolutions attached to that certain Omnibus Certificate dated as of June 30, 1998 (the "Original Certificate") authorize the execution, delivery and performance of this Amendment by Borrower; (ii) that the names and true signatures of the officers of the Borrower attached to the Original Certificate are authorized to sign this Amendment; and (iii) that all of the representations and warranties set forth in Article IV hereof are true and correct at and as of the time of such effectiveness;

(iii) such other supporting documents as Agent may reasonably request; and

(b) Borrower shall have paid, in connection with such Loan Documents, all fees and reimbursements to be paid to Agent pursuant to any Loan Documents, or otherwise due Agent and including fees and disbursements of Agent's attorneys.

ARTICLE IV.

Representations and Warranties

Section 4.1. Representations and Warranties of Borrower. In order to induce each Lender to enter into this Amendment, Borrower represents and warrants to

each Lender that:

(a) The representations and warranties contained in Article V of the Original Agreement are true and correct at and as of the time of the effectiveness hereof.

(b) Borrower has duly taken all action necessary to authorize the execution and delivery by it of this Amendment and to authorize the consummation of the transactions contemplated hereby and the performance of its obligations hereunder. Borrower is duly authorized to borrow funds under the Credit Agreement.

(c) The execution and delivery by Borrower of this Amendment, the performance by Borrower of its obligations hereunder and the consummation of the transactions contemplated hereby do not and will not (i) conflict with any provision of (1) any Law, (2) the organizational documents of Borrower, or (3) any agreement, judgment, license, order or permit applicable to or binding upon Borrower, (ii) result in the acceleration of any Indebtedness owed by Borrower, or (iii) result in or require the creation of any Lien upon any assets of properties of Borrower. Except as expressly contemplated in the Loan Documents no consent, approval, authorization or order of, and no notice to or filing with, and Tribunal or third party is required in connection with the execution, delivery or performance by Borrower of this Amendment or to consummate any transactions contemplated hereby.

(d) When duly executed and delivered, each of this Amendment and the Credit Agreement will be a legal, valid and binding obligation of Borrower, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights.

(e) The audited annual Consolidated financial statements of Borrower dated as of December 31, 2000 fairly present Borrower's Consolidated financial position at such dates and the Consolidated results of Borrower's operations and Borrower's Consolidated cash flows for the periods ending on such dates for Borrower. Copies of such financial statements have heretofore been delivered to each Lender. Since such dates no Material Adverse Change has occurred.

ARTICLE V.

Miscellaneous

Section 5.1. Ratification of Agreements. The Original Agreement as hereby amended is hereby ratified and confirmed in all respects. The Loan Documents, as they may be amended or affected hereby, are hereby ratified and confirmed in all respects. Any reference to the Credit Agreement in any Loan Document shall be deemed to be a reference to the Original Agreement as hereby amended. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Lenders under the Credit Agreement, the Notes, or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement, the Notes or any other Loan Document.

Section 5.2. Survival of Agreements. All of Borrower's representations, warranties, covenants and agreements herein shall survive the execution and delivery of this Amendment and the performance hereof, including the making or granting of the Loans, and shall further survive until all of the Obligations are paid in full to each Lender and all of Lender Parties' obligations to Borrower are terminated. All statements and agreements contained in any certificate or instrument delivered by Borrower hereunder or under the Credit Agreement to any Lender shall be deemed representations and warranties by Borrower or agreements and covenants of Borrower under this Amendment and under the Credit Agreement.

Section 5.3. Loan Documents. This Amendment is a Loan Document, and all provisions in the Credit Agreement pertaining to Loan Documents apply hereto.

Section 5.4. Governing Law. This Amendment shall be deemed a contract and instrument made under the laws of the State of Colorado and shall be construed and enforced in accordance with and governed by the laws of the State of Colorado and the laws of the United States of America, without regard to the

principles of conflicts of law.

Section 5.5. Counterparts. This Amendment may be separately executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment.

THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS OF THE PARTIES.

IN WITNESS WHEREOF, this Amendment is executed as of the date first above written.

ST. MARY LAND & EXPLORATION COMPANY

By: /S/RICHARD C. NORRIS
Name: Richard C. Norris
Title: Vice President-Finance

Address:

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Denver, Colorado 80203
Attention: Richard C. Norris
Fax: (303) 861-0934

BANK OF AMERICA, N.A.
Agent, LC Issuer and Lender

By: /S/TRACEY S. BARCLAY
Tracey S. Barclay
Principal

Address:
901 Main Street, 64th Floor
Dallas, Texas 75202
Fax: (214) 290-8371

with a copy to:

Tracey S. Barclay
Bank of America, N.A.
700 Louisiana Street, 8th Floor
Houston, TX 77002
Fax: (713) 247-6285

COMERICA BANK-TEXAS
a Lender

By: /S/THOMAS RAJAN
Thomas Rajan
Vice President

Address:
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MC 6593
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Telephone: (214) 969-6565
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WELLS FARGO BANK WEST, N.A.
a Lender

By: /S/THOMAS M. FONCANNON

Thomas M. Foncannon
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