

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)  
December 16, 2002 (December 13, 2002)

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

Delaware (State or other jurisdiction of incorporation)	001-31539 (Commission File Number)	41-0518430 (I.R.S Employer Identification No.)
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1776 Lincoln Street, Suite 700, Denver, Colorado 80203  
(Address of principal executive offices) (Zip Code)

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

Not applicable  
(Former name or former address, if changed since last report.)

Item 5. Other Events and Regulation FD Disclosure

St. Mary Land & Exploration Company issued a press release on December 13, 2002, announcing that through its wholly owned subsidiary Nance Petroleum Corporation it had agreed to acquire oil and gas properties with an estimated 69 BCFE of proved reserves, 92% developed, from Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. in exchange for the issuance of a total of 3.4 million restricted shares of St. Mary common stock. In addition, St. Mary has agreed to make a non-recourse loan to Flying J and Big West of \$72 million at Libor plus 2% for up to a 39-month period beginning at the closing, which will be secured by a pledge of the shares of St. Mary stock issued to Flying J and Big West. During the 39-month loan period Flying J and Big West can elect to put their shares of St. Mary stock to the Company for \$72 million plus accrued interest on the loan (not to exceed 30 months of interest), and St. Mary can elect to call the shares for \$98 million. If either the put option or the call option is exercised, the other option will expire and the loan will become due at that time, with the loan to be repaid from the put or call payment.

The number of St. Mary shares to be issued and the loan, put and call amounts are subject to proportionate adjustments in the event of certain purchase price adjustments that may occur under the acquisition agreement as a result of due diligence matters. The shares will be subject to contractual restrictions on transfer for a period of two years from the closing, and St. Mary will be required to file a registration statement for the resale of the shares and have it declared effective upon the expiration of the two-year period. In addition, there will be a standstill agreement whereby Flying J and Big West and their affiliates cannot increase their percentage ownership of St. Mary for a period of 30 months after the closing. St. Mary has the capacity to fund the \$72 million loan through borrowings under its bank credit facility.

The acquisition is expected to close January 29, 2003, upon completion of customary due diligence.

The properties to be acquired are located primarily in the Williston, Powder River and Green River basins and currently produce an estimated 2,100 barrels of oil and 8,200 Mcf of gas per day or 20,800 MCFE per day, which is equivalent to 15% of St. Mary's average daily production rate for the third quarter 2002. In addition, the acquisition will include approximately 500,000 acres of undeveloped oil and gas leases. For calendar year 2003, approximately 100% of the estimated oil production is hedged at an average NYMEX price of \$27.80 per barrel, with a provision that eliminates the hedge on a month-to-month basis in the event the average monthly NYMEX oil price is below \$21.00 per barrel.

Approximately 70% of the 2003 natural gas production is hedged using a CIG basis collar with a floor of \$2.50 per MMBTU and a ceiling of \$5.93 per MMBTU. The Company intends to hedge 100% of estimated 2004 production prior to closing.

This report contains forward-looking statements. These statements involve known and unknown risks, which may cause St. Mary's actual results to differ materially from results expressed or implied by the forward-looking statements. These risks include such factors as the uncertain nature of the expected benefits from the acquisition of oil and gas properties, the pending nature of the reported acquisition transaction and the ability to complete the transaction, the volatility and level of oil and natural gas prices, production rates and reserve replacement, reserve estimates, drilling and operating risks, market conditions for the acquisition of oil and gas properties, competition, litigation, environmental matters, the potential impact of government regulations, and other matters discussed under the "Risk Factors" section of St. Mary's 2001 Annual Report on Form 10-K filed with the SEC. Although St. Mary may from time to time voluntarily update its forward-looking statements, it disclaims any commitment to do so except as required by securities laws.

The press release of St. Mary Land & Exploration Company dated December 13, 2002, entitled "St. Mary Announces Agreement to Acquire Oil and Gas Properties from Flying J Oil & Gas and Big West Oil & Gas" is attached hereto as Exhibit 99.1.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

The following exhibit is furnished as part of this report:

Exhibit 99.1 Press release of St. Mary Land & Exploration Company dated December 13, 2002.

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  
  
/s/ GARRY A. WILKENING  
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Garry A. Wilkening  
Vice President-Administration  
and Controller

Date: December 16, 2002

For Information

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Mark A. Hellerstein  
Robert T. Hanley  
303-861-8140

FOR IMMEDIATE RELEASE

ST. MARY ANNOUNCES AGREEMENT TO ACQUIRE OIL AND GAS PROPERTIES  
FROM FLYING J OIL & GAS AND BIG WEST OIL & GAS

DENVER, December 13, 2002 - St. Mary Land & Exploration Company (NYSE: SM) today announced that through its wholly owned subsidiary Nance Petroleum Corporation it had agreed to acquire oil and gas properties with an estimated 69 BCFE of proved reserves, 92% developed, from Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. in exchange for the issuance of a total of 3.4 million restricted shares of St. Mary common stock. In addition, St. Mary has agreed to make a non-recourse loan to Flying J and Big West of \$72 million at Libor plus 2% for up to a 39-month period, which will be secured by a pledge of the shares of St. Mary stock issued to Flying J and Big West. During the 39-month loan period Flying J and Big West can elect to put their shares of St. Mary stock to the Company for \$72 million plus accrued interest on the loan, and St. Mary can elect to call the shares for \$98 million.

The number of St. Mary shares to be issued and the loan, put and call amounts are subject to proportionate adjustments in the event of certain purchase price adjustments that may occur as a result of due diligence matters. The acquisition is expected to close January 29, 2003. McDonald Investments Inc. is St. Mary's financial advisor in this transaction.

The properties to be acquired are located primarily in the Williston, Powder River and Green River basins and currently produce an estimated 2,100 barrels of oil and 8,200 Mcf of gas per day or 20,800 MCFE per day, which is equivalent to 15% of St. Mary's average daily production rate for the third quarter 2002. In addition, the acquisition will include approximately 500,000 acres of undeveloped oil and gas leases. For calendar year 2003, approximately 100% of the estimated oil production is hedged at an average NYMEX price of \$27.80 per barrel, with a provision that eliminates the hedge on a month-to-month basis in the event the average monthly NYMEX oil price is below \$21.00 per barrel. Approximately 70% of the 2003 natural gas production is hedged using a CIG basis collar with a floor of \$2.50 per MMBTU and a ceiling of \$5.93 per MMBTU. The Company intends to hedge 100% of estimated 2004 production prior to closing.

"The properties provide an ideal expansion opportunity for the Rockies region where we have enjoyed a 91% success rate drilling operated wells since 1991. St. Mary's Nance Petroleum Corporation is now the second largest operator of oil properties in Montana. While considerable reserves will be added in the core area of the Williston Basin, sizeable increases will also occur in the Powder River and Green River basins. Although the deal structure has some complexity, it can be viewed either as a stock transaction or as a cash acquisition for \$72 million if the put option is exercised, both of which we believe are favorable. The call feature allows us to manage our debt and equity levels. Should our stock price increase significantly we have the ability to repurchase the shares to minimize dilution that may occur with the conversion of our previously issued 5.75% Senior Convertible Notes into St. Mary shares," said Mark Hellerstein, St. Mary's Chairman, President and CEO.

This release contains forward-looking statements. These statements involve known and unknown risks, which may cause St. Mary's actual results to differ materially from results expressed or implied by the forward-looking statements. These risks include such factors as the uncertain nature of the expected benefits from the acquisition of oil and gas properties, the pending nature of the reported acquisition transaction and the ability to complete the transaction, the volatility and level of oil and natural gas prices, production rates and reserve replacement, reserve estimates, drilling and operating risks, market conditions for the acquisition of oil and gas properties, competition, litigation, environmental matters, the potential impact of government regulations, and other matters discussed under the "Risk Factors" section of St. Mary's 2001 Annual Report on Form 10-K filed with the SEC. Although St. Mary may from time to time voluntarily update its forward-looking statements, it disclaims any commitment to do so except as required by securities laws.

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