

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)
February 12, 2003 (January 28, 2003)

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 2. Acquisition or Disposition of Assets.

On January 29, 2003, St. Mary Land & Exploration Company (the "Company") acquired certain oil and gas properties with an estimated 69 BCFE of proved reserves from Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. in exchange for 3,380,818 restricted shares of St. Mary common stock. In addition, St. Mary has made a non-recourse loan to Flying J and Big West of \$71,594,000 at Libor plus 2% for up to a 39-month period, which is secured by a pledge of these shares of St. Mary stock. During the 39-month loan period Flying J and Big West can elect to sell their shares of St. Mary stock to the Company for \$71,594,000 plus accrued interest on the loan for the first thirty months, and St. Mary can elect to purchase the shares for \$97,447,000, with the proceeds applied to the repayment of the loan.

The shares are subject to contractual restrictions on transfer for a period of two years 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 is 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. St. Mary funded the \$71,594,000 loan through borrowings under its new \$300 million bank credit facility discussed under Item 5 below.

The acquisition was consummated pursuant to a Purchase and Sale Agreement dated December 13, 2002 and related agreements executed on January 29, 2003 which are furnished as exhibits to this report. The Company issued a press release dated January 30, 2003 announcing the completion of the acquisition and the new credit facility, which press release is also furnished as an exhibit to this report.

Item 5. Other Events and Regulation FD Disclosure.

On January 28, 2003, the Company entered into a new \$300 million credit facility with Wachovia Bank as Administrative Agent and eight other co-agents or participating banks. The initial calculated borrowing base is set at \$250 million after the acquisition of properties from Flying J and Big West as discussed under Item 2 above, and the mortgage of these properties. St. Mary has accepted an initial commitment of \$150 million under this new facility. The Company has \$76 million of bank debt outstanding after the completion of the acquisition of properties from Flying J and Big West. At its current level of borrowing, the loan balance accrues interest at LIBOR plus 1.25%.

Item 7. Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

Financial statements for the acquired properties are not required to be filed with this report.

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(b) Pro forma financial information.

Pro forma financial statements, which give effect to the acquisition of the acquired properties, are not required to be filed with this report.

(c) Exhibits.

The following exhibits are furnished as part of this report:

- Exhibit 10.1* Purchase and Sale Agreement dated as of December 13, 2002 among Flying J Oil & Gas Inc., Big West Oil & Gas Inc., NPC Inc. and St. Mary Land & Exploration Company
- Exhibit 10.2* Addendum dated January 29, 2003 to Purchase and Sale Agreement dated December 13, 2002
- Exhibit 10.3* Nonrecourse Secured Promissory Note dated January 29, 2003 by Flying J Oil & Gas Inc. and Big West Oil & Gas Inc.
- Exhibit 10.4* Stock Pledge Agreement from Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. to St. Mary Land & Exploration Company executed as of January 29, 2003
- Exhibit 10.5* Registration Rights Agreement dated as of January 29, 2003 among St. Mary Land & Exploration Company, Flying J Oil & Gas Inc. and Big West Oil & Gas Inc.
- Exhibit 10.6* Put and Call Option Agreement dated as of January 29, 2003 among St. Mary Land & Exploration Company, Flying J Oil & Gas Inc. and Big West Oil & Gas Inc.
- Exhibit 10.7* Standstill Agreement dated as of January 29, 2003 among St. Mary Land & Exploration Company, Flying J Oil & Gas Inc. and Big West Oil & Gas Inc.
- Exhibit 10.8* Share Transfer Restriction Agreement dated as of January 29, 2003 among St. Mary Land & Exploration Company, Flying J Oil & Gas Inc. and Big West Oil & Gas Inc.
- Exhibit 10.9* Indemnity Guarantee Agreement dated January 29, 2003 between NPC Inc. and Flying J Inc.
- Exhibit 99.1* Press release of St. Mary Land & Exploration Company dated January 30, 2003

* Filed herewith.

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SIGNATURES

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

ST. MARY LAND & EXPLORATION COMPANY

Date: February 12, 2003

/s/ RICHARD C. NORRIS

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

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") dated as of December 13, 2002, is by and among FLYING J OIL & GAS INC., a Utah corporation ("Flying J") and BIG WEST OIL & GAS INC., a Utah corporation ("Big West"), (collectively "Seller") and NPC Inc., a Colorado corporation ("Buyer"), and ST. MARY LAND & EXPLORATION COMPANY, a Delaware corporation ("St. Mary") relative to the "Interests" (as hereinafter defined).

In consideration of the mutual promises contained herein, the benefits to be derived by each party hereunder and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

Article I
-----PURCHASE AND SALE

1.01 Purchase and Sale. Seller agrees to sell and convey and Buyer agrees to purchase and pay for the Interests subject to the terms and conditions of this Agreement.

1.02 Interests. All of Seller's right, title and interest in and to the following (except for the "Excluded Assets" defined below) which shall be referred to as the "Interests":

(a) All of Seller's interests, in and to the entire estates created by the leases, licenses, permits and other agreements described in Exhibit "A" (the "Leases") and the lands described in Exhibit "A" (the "Lands"), and including any overriding royalty interests, mineral fee interests, reversionary interests, production payments, net profits interests, and any other interests Seller may own in or affecting the oil and gas minerals underlying the Lands, and including all of Seller's interests in and to its oil and gas assets whether correctly described herein unless specifically included within the Excluded Assets, together with (i) all rights, privileges, benefits and powers conferred upon Seller as the holder of the Leases with respect to the use and occupation of the surface of the Lands that may be necessary, convenient or incidental to the possession and enjoyment of the Leases, (ii) all rights in respect of any pooled, communitized, or unitized acreage located in whole or in part within the Lands by virtue of the Leases, including rights to production from the pool, communitized area, or unit allocated to any Lease being a part thereof, regardless of whether such production is from the Lands, (iii) all rights, options, titles and interests of Seller granting Seller the right to obtain, or otherwise earn interests within the Lands no matter how earned, and (iv) all tenements, hereditaments and appurtenances belonging to any of the foregoing;

(b) The undivided interests in and to all of the oil and gas wells, saltwater disposal wells and injection wells (the "Wells") as set forth in Exhibit "A-1" together with all hydrocarbons produced from the Wells and Leases together with any tight sands tax credits associated therewith, gas balancing positions, and all of the personal property, fixtures and improvements now or as of the Effective Time (as defined in Section 1.04 below) on the Lands, appurtenant thereto or used in connection therewith or with the production, gathering, storing, measuring, treating, operating, maintaining, marketing, or transportation of production from the Wells, Lands or Leases or lands pooled, communitized or unitized therewith, including all surface or downhole equipment and personal property associated with the Wells or situated upon the Leases, together with all such surface and downhole equipment, fixtures and inventory and personal property and equipment, if any, not physically located upon the Leases, but used, or intended for use, in connection with the Leases (the "Equipment") and specifically including the Sidney, Montana, field office and with any other field office or yard associated with the Leases together with all real and personal property comprising or associated with all such field offices and yards;

(c) The contracts and contractual rights, obligations and interests, including all farmout agreements, farmin agreements, drilling contracts, operating agreements, sales contracts, saltwater disposal agreements, division orders and transfer orders, hedges, swaps and collars relating to production by Seller and other contracts or agreements covering or affecting any or all of the Wells, Leases and/or Lands (the "Contracts");

(d) The easements, licenses, authorizations, permits, rights of way, servitudes, surface leases, the building lease for any field office and similar rights and interests applicable to the ownership or operation of the Wells;

(e) All of Seller's right, title and interest in and to those gathering pipeline systems commencing at or near each Well connected to each subsystem and lying upstream of the interconnects with other pipeline systems, all as designated and depicted on Exhibit "A-2" hereto (the "Gas Gathering Systems") together with all of Seller's right, title and interest in and to (1) all easements, rights-of-way, licenses, permits and other agreements necessary or incidental to the ownership, maintenance and operation of the Gas Gathering Systems; (2) all other agreements, permits, licenses, contracts, property and rights incident or appurtenant to Gas Gathering Systems; and (3) all pipelines, gathering lines, meters, meter runs, drips, taps, valves, compressors, generators, dehydrators, building, facilities, telecommunication equipment and other personal property (including, without limitation, any inventory) used to receive gas into a Gas Gathering System and to transport and redeliver the same out of such system at the interconnection points depicted on Exhibit "A-2".

(f) Insofar as such pertain to the Leases, Lands, Wells and the other equipment, personal property, Contracts, Gas Gathering Systems and other matters described herein, all books, records, reports, manuals, files, title documents, including correspondence, records of production, maintenance, revenue, sales, expenses, warranties, lease files, land files, well files, division order files, abstracts, title opinions, assignments, reports, and other written material relating to the Interests and in Seller's possession, including without limitation, property records, contract files, operations files, copies of tax and accounting records (but excluding Federal income tax returns and records) and files, maps, core data, hydrocarbon analyses, well logs, mud logs, field studies, together with other files, contracts, and other records and data, including all geologic and geophysical data and seismic data of Seller relating to the Interests, whether maintained in paper or electronic form (the "Records"); however, Seller shall have no obligation to furnish Buyer any data or information which Seller cannot provide to Buyer because of third party restrictions.

1.03 Excluded Assets. As used herein, "Excluded Assets" means, (a) all -----
trade credits and all accounts, instruments and general intangibles (as such terms are defined in the Utah Uniform Commercial Code) attributable to the Interests with respect to any period of time prior to the Effective Time; (b) all claims and causes of action of Seller (i) except as set forth in Section 5.09, arising from acts, omissions or events, or damage to or destruction of property, occurring prior to the Effective Time, (ii) arising under or with respect to any Contracts that are attributable to periods of time prior to the Effective Time (including claims for adjustments or refunds), or (iii) with respect to any of the Excluded Assets; (c) all rights and interests of Seller (i) under any policy or agreement of insurance or indemnity, (ii) under any bond, or (iii) to any insurance or condemnation proceeds or awards arising, in each case, from acts, omissions or events, or damage to or destruction of property, occurring prior to the Effective Time; (d) all substances produced or sold from the Lands and Leases with respect to all periods prior to the Effective Time, together with all proceeds from or of such substances; (e) claims of Seller for refunds of or loss carry forwards with respect to (i) production or any other taxes attributable to any period prior to the Effective Time, (ii) income or franchise taxes, or (iii) any taxes attributable to the Excluded Assets; (f) all amounts due or payable to Seller as adjustments to insurance premiums related to the Interests with respect to any periods prior to the Effective Time; (g) all proceeds, income or revenues (and any security or other deposits made) attributable to (i) the Interests for any period prior to the Effective Time, or (ii) any Excluded Assets; (h) all personal computers and associated peripherals and all radio and telephone equipment except that which is located on the Wells; (i) all of Seller's proprietary computer software, patents, trade secrets, copyrights, names, trademarks, logos and other intellectual property; (j) all documents and instruments of Seller that may be protected by an attorney-client privilege; (k) data that cannot be disclosed or assigned to Buyer as a result of confidentiality arrangements under agreements with persons unaffiliated with Seller; (l) all audit rights arising under any Contracts or otherwise with respect to any period prior to the Effective Time or to any of the Excluded Assets; and, (m) Seller's interests in and to the Uinta Basin, White River Dome and Powder River Basin Coalbed Methane properties and the Rife's Rim Field all as described on Exhibit A-3; and (n) that certain field office of Seller located in Ballard, Utah.

1.04 Effective Time. The purchase and sale of the Interests shall be -----
effective for all purposes as of November 1, 2002, at 12:01 a.m., local time at the location of the Interests (the "Effective Time").

Article II

PURCHASE PRICE

2.01 Purchase Price. The purchase price for the Interests shall be -----
\$85,000,000.00 (the "Purchase Price"), which shall be adjusted only in

accordance with the provisions of Article V. In addition, the parties shall make the adjustments described in Section 2.02 below at and after Closing in accordance with the terms hereof, which adjustments shall be netted on a cash basis and paid as provided in this Agreement. The Purchase Price shall be paid by Buyer to Seller at Closing in the form of shares of common stock of St. Mary, the "grandparent" of Buyer. These shares of common stock are hereinafter referred to as the "St. Mary Stock." Assuming an unadjusted Purchase Price, Seller, in the proportions requested by Seller as to each party constituting Seller, shall have issued to Seller the total of 3,400,000 shares of St. Mary Stock. The number of shares of St. Mary Stock shall be proportionately and appropriately adjusted in the event of any stock split, stock dividend, recapitalization, reclassification, or any similar capital stock restructure by St. Mary occurring prior to Closing. Additionally, to the extent the Purchase Price is adjusted either upward or downward in accordance with the provisions of Article V hereof, the number of shares of St. Mary Stock to be issued to Seller shall likewise be adjusted proportionately based on this original number of shares and the unadjusted Purchase Price.

2.02 Adjustments to Purchase Price. The parties shall make the

following monetary adjustments in cash to account for the various financial matters that will arise regarding the Interests both before and after the Effective Time as follows:

(a) The following shall be paid to Seller:

(i) The value of all oil and gas in storage or in pipelines or the tanks and above the pipeline connection or upstream of the sales meter as of the Effective Time which is credited to the Interests, such value to be the market value or, if applicable, the contract price in effect as of the Effective Time, less taxes and deductions by the purchaser; provided however, Seller shall remain responsible for the payment of any taxes on this production and all royalty, overriding royalty, and other non-cost bearing burdens affecting this production;

(ii) The amount of all verifiable expenditures under applicable operating agreements or other similar arrangements or agreements and, in the absence of such agreements, such expenses of the sort customarily billed thereunder, paid by Seller in connection with the Interests for the period subsequent to the Effective Time;

(iii) An amount equal to all prepaid expenses attributable to the Interests that are paid by Seller or any affiliate of Seller prior to the Closing Date that inure to the benefit of Buyer and that are, in accordance with generally accepted accounting principles, attributable to the period after the Effective Time, including without limitation, prepaid ad valorem, property, production, severance and similar taxes (but not including income taxes) based upon or measured by the ownership of property or the production of hydrocarbons or the receipt of proceeds therefrom; provided however, that ad valorem and similar taxes shall be considered assessed for the period for which they are stated to be assessed, even if such taxes are calculated from or based upon production or other activities occurring in prior periods;

(iv) An amount equal to \$1.00 per MCF of the underproduced gas imbalance with respect to any gas production, pipeline, storage, processing or other gas imbalance attributable to the Interests as of the Effective Time; and,

(v) Any other amount agreed upon by Seller and Buyer.

(b) The following shall be paid to Buyer:

(i) The value of proceeds received by Seller from the sale of oil, gas or other hydrocarbons attributable to the Interests and relating to production after the Effective Time, less all applicable taxes not reimbursed to Seller by a purchaser; and less all royalties, overriding royalties and other non-cost bearing burdens affecting this production;

(ii) An amount equal to all unpaid ad valorem, property, production, severance and similar taxes and assessments (but not including income taxes) based upon or measured by the ownership of property or the production of hydrocarbons or the receipt of proceeds therefrom accruing to the Interests prior to the Effective Time; provided however, that ad valorem and similar taxes shall be considered assessed for the period for which they are stated to be assessed, even if such taxes are calculated from or based upon production or other activities occurring in prior periods;

(iii) The amount of all authorized and verifiable expenditures paid by Buyer for work actually done and performed in connection with the Interests for the period prior to the Effective Time;

(iv) An amount equal to \$1.00 per MCF of the overproduced gas imbalance with respect to any gas production, pipeline, storage, processing or other gas imbalance attributable to the Interests as of the Effective Time; and,

(v) Any other amount agreed upon by Seller and Buyer.

2.03 Allocation of Purchase Price. The Purchase Price shall be

allocated ("Allocated Value") among the Interests including the specifically identified proved undeveloped locations and behind pipe intervals, the hedges, collars and swaps and other specifically identified items all as set forth in Exhibit "B" hereto and which has been approved by Seller.

Article III

REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties of Seller. Seller, each as to its

individual ownership position in the Interests, represents and warrants to Buyer as follows:

(a) Flying J and Big West are each a Utah corporation, each is duly organized, validly existing and in good standing under the laws of its state of organization, and each is duly qualified to carry on its business in each of the states identified in Exhibit "A". Flying J is the sole shareholder of Big West.

(b) Seller has the requisite power and authority to carry on its business as presently conducted, to enter into this Agreement, to sell the Interests on the terms described in this Agreement and to perform its obligations under this Agreement. The consummation of the transactions contemplated by this Agreement will not violate, nor be in conflict with, any provision of Seller's governing documents, or any agreement or instrument to which Seller is a party or is bound, or any judgment, decree, order, statute, rule or regulation applicable to Seller.

(c) The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite action on the part of Seller, including but not limited to the approval of this Agreement and the transactions contemplated thereby by Flying J as the sole shareholder of Big West.

(d) This Agreement has been duly executed and delivered on behalf of Seller, and at the Closing all documents and instruments required hereunder to be executed and delivered by Seller shall have been duly executed and delivered. This Agreement does, and such documents and instruments shall, constitute legal and valid obligations of Seller fully enforceable in accordance with its terms.

(e) Seller has incurred no liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which Buyer or St. Mary shall have any responsibility whatsoever.

(f) To the best of Seller's knowledge, no claim, demand, filing, hearing, notice of violation, proceeding, notice or demand letter, investigation, administrative proceeding, civil, criminal or other action, suit or other legal proceeding is pending or threatened against Seller relating to, resulting from or affecting the ownership or operation of the Interests.

(g) Subject to the provisions of this paragraph and to the best of Seller's knowledge, (i) the production and expense data heretofore furnished or caused to be furnished by Seller to Buyer (the "Information"), and any supplement thereto, was complete and correct in all material respects as of the date of such delivery, and (ii) the Information, as of its respective dates and of the respective dates of its delivery, did not contain a material misstatement of fact regarding the matters described herein and did not omit to state therein a material fact necessary to make the statements therein not misleading, in light of the circumstances under which they were made. Except as set forth in this Section 3.01 (g) or elsewhere in this Agreement, no representation or warranty of any kind is made by Seller as to the Information or with respect to the Interests to which the Information relates and Buyer expressly agrees that any conclusions drawn therefrom shall be the result of its own independent review and judgment. The representations contained in this paragraph shall apply only to matters of fact, and shall not apply to any information, data, printouts, extrapolations, projections, documentation, maps, graphs, charts, or tables which reflect, depict, present, portray, or represent, or which are based upon or derived from, in whole or in part, interpretation of the Information including, but not limited to, matters of geological, geophysical, engineering, or scientific interpretation, except that with respect to the foregoing materials described in this sentence Seller represents that they have been prepared in good faith utilizing assumptions and other bases which Seller deems to be reasonable.

(h) The Interests are subject to a mortgage and lien in favor of a syndicate of lenders represented by Bank One, NA as Agent pursuant to the Credit Agreement among Flying J Oil and Gas Inc. and Big West Oil & Gas Inc., as

Borrowers and Bank One, NA and the Institutions named in such Credit Agreement dated March 15, 2002. The mortgage and lien under this Credit Agreement shall be released at Closing. Except as provided in this Section 3.01(h), the transfer of the Interests to Buyer does not violate any covenants or restrictions imposed on Seller by any bank or other financial institution in connection with a mortgage or other instrument, and will not result in the creation or imposition of a lien on any portion of the Interests.

(i) Except as disclosed by Seller in writing, to the best of Seller's knowledge, it is in compliance with all laws, rules, regulations, ordinances, codes, orders, licenses, concessions and permits pertaining to the Interests.

(j) To the best of Seller's knowledge, Seller has all material governmental licenses and permits and has properly made all material filings, necessary or appropriate to obtain those licenses and permits to own and operate the Interests, and such licenses, permits and filings are in full force and effect, and no material violations exist in respect of any such licenses, permits or filings, no proceeding is pending or to the best of Seller's knowledge is threatened looking toward the challenging, revocation or limitation of any such licenses, permits or filings.

(k) To the best of Seller's knowledge, (i) the material terms of all Leases, operating agreements, production sales contracts, farmout agreements and other contracts or agreements respecting the Interests can be found either of record in the counties in which the Interests are located or are reflected or referenced in Seller's files, and (ii) the Contracts are currently in full force and effect in accordance with their applicable terms.

(l) To the best of Seller's knowledge, Seller has received no notice of termination of any of the Leases.

(m) Seller is not (i) obligated by virtue of any prepayment arrangement under any contract for the sale of hydrocarbons, including "take or pay" obligation, hedging or forward sale agreements, or similar provisions or a production payment or any other arrangement to deliver hydrocarbons from the Interests at some future time without then or thereafter receiving full payment therefor, (ii) subject to any production sales agreements currently in effect that cannot be terminated with sixty (60) days prior written notice, and (iii) subject to any calls on production affecting the Interests.

(n) To the best of Seller's knowledge, information, and belief there are no surface use or access agreements currently in force and effect that would materially interfere with oil and gas operations on the Leases.

(o) Except as disclosed on Schedule 3.01(o), to the best of Seller's knowledge, none of the Wells included within the Interests has been represented by its operator, either in a pending AFE or other written proposal to other well participants, as being in need of being plugged and abandoned.

(p) Subject to the provisions of Sections 2.02(a)(iii) and 2.02(b)(ii), to the best of Seller's knowledge, all ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the production of hydrocarbons or the receipt of proceeds therefrom with respect to the Interests for all periods prior to the Effective Time have been properly paid and all such taxes and assessments which must be paid prior to the Closing shall have been properly paid by Seller.

(q) Seller has provided to Buyer the hedging, swap and collar contracts currently in force and effect regarding the Interests.

(r) With regard to the hedges, swaps and collars included in the Interests, there are no material terms or conditions that have not been furnished to Buyer for its review prior to the execution of this Agreement.

(s) There are no gas imbalances affecting the Interests beyond those set forth on the attached Schedule 3.01(s).

(t) Subject to the provisions of the Registration Rights Agreement set forth in Exhibit F, Seller, and each of them, is an "accredited investor" as defined under Regulation D promulgated under the Securities Act of 1933, as amended (the "Act"), and is acquiring the St. Mary Stock for its own respective account, and not with a view to, or for offer of resale in connection with, a distribution thereof within the meaning of the Act and any other rules, regulations or laws, whether state or federal, pertaining to the distribution of securities.

3.02 Representations and Warranties of Buyer. Buyer represents and

warrants to Seller as follows:

(a) Buyer is a Colorado corporation duly organized, validly existing and in good standing under the laws of its state of organization and is or will be at Closing duly qualified to carry on its business in each of the states identified in Exhibit "A".

(b) Buyer has all requisite power and authority to carry on its business as presently conducted, to enter into this Agreement, to purchase the Interests on the terms described in this Agreement and to perform its other obligations under this Agreement. The consummation of the transactions contemplated by this Agreement will not violate, or be in conflict with, any provision of Buyer's governing documents, or any agreement or instrument to which Buyer is a party or is bound, or any judgment, decree, order, statute, rule or regulation applicable to Buyer.

(c) The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite action on the part of Buyer.

(d) This Agreement has been duly executed and delivered on behalf of Buyer, and at the Closing all documents and instruments required hereunder to be executed and delivered by Buyer shall have been duly executed and delivered. This Agreement does, and such documents and instruments shall, constitute legal and valid obligations of Buyer fully enforceable in accordance with their terms.

(e) Buyer has incurred no liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which Seller shall have any responsibility whatsoever.

(f) In entering into this Agreement, Buyer has relied solely on the express representations and covenants of Seller in this Agreement, its independent investigation of, and judgment with respect to, the Interests and the advice of its own legal, tax, economic, environmental, engineering, geological and geophysical advisors and not on any comments or statements of any representatives of, or consultants or advisors engaged by Seller or its representatives.

(g) Buyer is an experienced and knowledgeable investor and operator in the oil and gas business. Buyer is acquiring the Interests for its own account and not with a view to, or for offer of resale in connection with, a distribution thereof within the meaning of the Securities Act of 1933, as amended, and any other rules, regulations and laws, whether state or federal, pertaining to the distribution of securities.

3.03 Representations and Warranties of St. Mary.

(a) St. Mary is a Delaware corporation duly organized, validly existing and in good standing under the laws of its state of organization.

(b) St. Mary has all requisite power and authority to carry on its business as presently conducted, to enter into this Agreement and to perform its obligations under this Agreement. The consummation of the transactions contemplated by this Agreement will not violate, or be in conflict with, any provision of St. Mary's governing documents, or any agreement or instrument to which St. Mary is a party or is bound, or any judgment, decree, order, statute, rule or regulation applicable to St. Mary.

(c) The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite action on the part of St. Mary.

(d) This Agreement has been duly executed and delivered on behalf of St. Mary, and at the Closing all documents and instruments required hereunder to be executed and delivered by St. Mary shall have been duly executed and delivered. This Agreement does, and such documents and instruments shall, constitute legal and valid obligations of St. Mary fully enforceable in accordance with their terms.

(e) At Closing the St. Mary Stock will have been duly authorized, validly issued and will be fully paid and non-assessable and free of preemptive rights.

(f) St. Mary has incurred no liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which either Seller shall have any responsibility whatsoever.

(g) St. Mary has filed all required reports, schedules, forms, statements and other documents required to be filed with the Securities and Exchange Commission ("SEC") (collectively, including all exhibits thereto, the "St. Mary SEC Reports"). No direct or indirect subsidiary of St. Mary, including Buyer, is required to file any form, report or other document with the SEC. None of the St. Mary SEC Reports, as of their respective dates (and, if amended or superceded by filings prior to the date of this Agreement or the Closing, then on the date of such filing), contained any untrue statement of a material fact or omitted to state a material fact to be required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the financial statements (including the related notes) included in the St. Mary SEC Reports presents thoroughly, in all material respects, the consolidated financial position and

consolidated results of operations and cash flows of St. Mary and its direct and indirect subsidiaries as of the respective dates or for the respective periods set forth therein, all in accordance with GAAP consistently applied during the periods involved except as otherwise noted therein. All of such St. Mary SEC Reports, as of their respective dates (and as of the date of any amendment to the respective St. Mary SEC Report), comply as to form in all material respects with the applicable requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(h) Since September 30, 2002, there has not been any material adverse change in, or event or condition which has had a material adverse effect on, the condition (financial or otherwise), properties, assets, liabilities of St. Mary (other than any change or circumstance relating to the economy or securities markets in general or to the oil and gas industry in general).

(i) St. Mary has not caused any material act or omission to occur which (i) is improper under the laws, regulations, or accounting rules applicable to St. Mary and (ii) has resulted or would be likely to result when discovered in a material decline in the average trading price for the publicly traded shares of St. Mary common stock.

(j) At Closing the St. Mary Stock shall be free and clear of all liens, security interests, options, rights of first refusal and other encumbrances of every nature whatsoever, excepting however, the stock pledge and the call option granted to St. Mary, and the share transfer restriction and standstill agreement obligation of Seller pursuant to the exhibits attached to this Agreement.

(k) Buyer is a wholly-owned subsidiary of Nance Petroleum Corporation which is a wholly-owned subsidiary of St. Mary.

Article IV

COVENANTS

4.01 Covenants of Seller. Seller covenants and agrees with Buyer that

from the date hereof to the Closing Date, except (i) as provided herein, (ii) as required by any obligation, agreement, lease, contract or instrument affecting the Interests, or (iii) as otherwise consented to in writing by Buyer, Seller shall:

(a) Give Buyer and its representatives access to, and the right to copy, at Buyer's expense, all information in its possession relating to the Interests unless specifically precluded by a third party agreement which shall include, without limitation, title opinions, abstracts of title, land records, accounting records, production records, operating expense records, engineering, geological and geophysical data, development plans and permits, and any other information of whatsoever kind relating to the production and operation of the Interests. All such information shall be open to inspection and photocopying at Seller's offices at any reasonable time during the term of this Agreement. Prior to Closing, all such information shall remain subject to the existing Confidentiality Agreements dated May 20, 2002, and December 13, 2002, by and between parties hereto or their affiliates, which agreements will also bind Buyer as though it were an original signatory thereto.

(b) Prior to the Closing, Seller shall continue to operate its oil and gas business in the ordinary course and generally consistent with past practice, and Seller shall give Buyer prompt notice of what it believes to be any material occurrence in its business. From and after the date of this Agreement, Seller shall not, except as set forth in Schedule 4.01(b) attached hereto, (i) enter into any new agreements or commitments with respect to the Interests which terms would extend beyond the Closing, (ii) conduct any single or related series of capital or workover projects with respect to the Interests with a total cost in excess of \$100,000, (iii) abandon any Well located on the Leases nor release or abandon all or any portion of any of the Leases, (iv) modify or terminate any of the existing agreements and (v) encumber, sell or otherwise dispose of any of the Interests other than personal property that is replaced by equivalent property and production sold in the ordinary course of business and which is accounted for hereunder or consumed in the normal operation of the Interests.

(c) Take or cause to be taken all such actions as may be reasonably necessary or advisable to consummate and make effective the sale of the Interests and the transactions contemplated by this Agreement and to assure that as of the Closing Date it will not be under any material organizational, legal or contractual restriction that would prohibit or delay the timely consummation of such transactions.

(d) Promptly notify Buyer (i) if any representation or warranty of Seller contained in this Agreement is discovered to be or becomes untrue, or (ii) if Seller fails to perform or comply with any covenant or agreement

contained in this Agreement or it is reasonably anticipated that Seller will be unable to perform or comply with any covenant or agreement contained in this Agreement.

(e) Keep and maintain all policies of insurance relating to the Interests in full force and effect through Closing.

(f) Cooperate with Buyer in the notification of all applicable governmental regulatory authorities of the transactions contemplated hereby and cooperate with Buyer in obtaining the issuance by each such authority of such permits, licenses and authorizations as may be necessary for Buyer to own and operate the Interests following the consummation of the transactions contemplated by this Agreement.

(g) Exercise all due diligence in safe-guarding and securely maintaining all engineering, geological and geophysical data, reports and maps, all other confidential information, in any medium or form whatsoever, in the possession of Seller relating to the Interests.

(h) Promptly notify Buyer if any material adverse change occurs with respect to the Interests.

(i) Immediately cease and cause to be terminated all existing discussions and negotiations, if any such exist, with any parties conducted heretofore with respect to any Acquisition Proposal. As used in this Section 4.01(i), "Acquisition Proposal" means any tender offer or exchange offer by a non-affiliated third party for fifty percent or more of the outstanding shares of common stock either or both of the parties constituting Seller, or any proposal or offer by a non-affiliated third party for a merger, consolidation, amalgamation or other business combination involving either party constituting Seller, or any equity securities (or securities convertible into equity securities) of either party constituting Seller, or any proposal or offer by a non-affiliated third party to acquire in any manner a fifty percent or greater equity or beneficial interest in, or a material portion of the assets or value of either party constituting Seller, other than pursuant to the transactions contemplated by this Agreement. Unless and until this Agreement shall have been terminated, the parties constituting Seller shall not permit any of their respective officers, directors, employees, agents, financial advisors, counsel or other representatives (collectively, the "Representatives") to, directly or indirectly (i) solicit, initiate or take any action with the intent of facilitating the making of, any offer or proposal that constitutes or that is reasonably likely to lead to any Acquisition Proposal, (ii) participate in any discussions or negotiations regarding any Acquisition Proposal, or (iii) furnish to any person or business entity (other than St. Mary, Buyer, or any affiliate or Representative of Seller) any nonpublic information or nonpublic data outside the ordinary course of conducting Seller's business. Seller shall notify Buyer of any such inquiries, offers or proposals (including the identity of the person or entity making any inquiry, offer or proposal) as promptly as possible and in any event within twenty four hours after receipt thereof or the occurrence of such events, as appropriate.

(j) Subject to the provisions of Section 2.02(a)(iii), Seller shall pay all ad valorem, property, production, severance and similar taxes and assessments with respect to the Interests for all periods prior to the Effective Time.

(k) Seller shall retain and discharge all of its liabilities and obligations accruing prior to Closing other than those associated with the operation and maintenance of the Interests in the ordinary course of business and incurred from the Effective Time until Closing, unless such liabilities and obligations are otherwise specifically attributed to Buyer in accordance with the terms of this Agreement.

(l) Seller shall grant Buyer, or Buyer's authorized representatives, at all reasonable times prior to Closing and upon adequate notice to Seller, physical access to the Interests for the purpose of inspecting same insofar as Seller is the operator for such portion of the Interests. If Seller is not the operator of the affected portion of the Interests, Seller shall make a good faith effort to give Buyer, or Buyer's authorized representatives, at all reasonable times before Closing, and upon adequate notice to Seller, physical access to such portion of the Interests for the purpose of inspecting the same. Where Seller is not the operator, Buyer recognizes that Seller's ability to obtain access to such portion of the Interests and the manner and extent of such access is subject to the rules, regulations and conditions of such third party operators. Buyer agrees to comply fully with the rules, regulations and instructions issued by Seller or the operator of such property where Seller is not the operator, regarding the actions of Buyer while upon, entering or leaving the Interests.

4.02 Covenants of Buyer and St. Mary. Buyer, and St. Mary where

specifically so identified, each covenants and agrees with Seller that from the date hereof to the Closing Date, except (i) as provided herein, or (ii) as otherwise consented to in writing by Seller, Buyer, and as appropriate, St. Mary, shall:

(a) Take or cause to be taken all such actions as may be necessary or advisable to consummate and make effective the purchase of the Interests and the transactions contemplated by this Agreement and to assure that as of the Closing Date it will not be under any material organizational, legal or contractual restriction that would prohibit or delay the timely consummation of such transactions.

(b) Cause all the representations and warranties of Buyer contained in this Agreement to be true and correct on and as of the Closing Date.

(c) Promptly notify Seller (i) if any representation or warranty of Buyer contained in this Agreement is discovered to be or becomes untrue, or (ii) if Buyer fails to perform or comply with any covenant or agreement contained in this Agreement or it is reasonably anticipated that Buyer will be unable to perform or comply with any covenant or agreement contained in this Agreement.

(d) St. Mary shall, subject to the provisions of the Confidentiality Agreement between St. Mary and Seller, provide Seller with full access at all reasonable times to its assets, liabilities, records and employees, and shall provide such other information as Seller may reasonably request in order for Seller to have the opportunity to confirm the accuracy of the representations and warranties of St. Mary as contained herein.

(e) St. Mary shall maintain its books, records and accounting practices in accordance with generally accepted accounting principles, and all applicable laws, rules, orders, regulations and directives of any applicable federal and/or state governing body or regulatory authority. St. Mary shall file in a timely manner all certifications, reports, forms, schedules, statements and other documents required by the SEC, New York Stock Exchange, and other applicable regulatory authorities.

(f) St. Mary shall obtain any necessary authorizations, approvals or consents from any governmental, regulatory agency or any securities exchange necessary for the execution, delivery or performance of this Agreement.

(g) St. Mary shall cause the Shares of St. Mary Stock issued to Seller upon the Closing to be approved for listing (subject to official notice of issuance) on the New York Stock Exchange.

(h) Prior to the Closing, Buyer will satisfy all bonding and regulatory requirements of all state and federal governmental authorities so that Buyer is qualified to own the Interests. The consummation of the transactions contemplated hereby will not cause Buyer to be disqualified as an owner of state or federal oil, gas and mineral leases, or to exceed any acreage limitation imposed by any law, statute, rule or regulation.

Article V

TITLE MATTERS, ENVIRONMENTAL MATTERS,

CASUALTY LOSS AND ABANDONMENT

5.01 Seller's Title. Seller represents to Buyer that Seller's title to

the Interests as of the Effective Time is (and as of the Closing shall be) "Marketable Title" as defined in Section 5.02 hereinbelow.

5.02 Definition of Marketable Title. As used in this Agreement, the

term "Marketable Title" shall mean, as to each of the Interests including the proved undeveloped locations and behind pipe intervals specifically identified on Exhibit "B", that the title acquired by Buyer:

(a) Will entitle Buyer to receive not less than the Net Revenue Interests set forth in Exhibit "B" and a like share of all hydrocarbons produced, saved and marketed from the Interests throughout the productive life of the Interests.

(b) Will obligate Buyer to bear the percentage of the costs and expenses related to the maintenance, development and operation of the Interests not greater than the Working Interests set forth on Exhibit "B" throughout the productive life of the Interests.

(c) Is free and clear of all liens, security interests, encumbrances, burdens and claims of any kind, except for Permitted Encumbrances.

5.03 Definition of Permitted Encumbrances. As used herein, the term

"Permitted Encumbrances" shall mean:

(a) Lessors' royalties, overriding royalties, reversionary interests and similar burdens, whether recorded or unrecorded, that do not operate to reduce the Net Revenue Interests set forth in Exhibit "B".

(b) Division orders and sales contracts terminable without penalty upon no more than thirty (30) days' notice to the purchaser.

(c) Except as provided in Section 5.06 below, preferential rights to purchase and required third-party consents and similar agreements with respect to which waivers or consents are obtained under this Agreement prior to the Closing from the appropriate parties or the appropriate time period for asserting the right has expired prior to the Closing without an exercise of such right.

(d) Encumbrances relating to the Interests that arise under operating agreements to secure payment of amounts not yet delinquent and are of a type and nature customary in the oil and gas industry.

(e) Encumbrances relating to the Interests securing payments to mechanics and materialmen and encumbrances securing payment of taxes or assessments that are, in either case, not yet delinquent or, if delinquent, are being contested in good faith in the normal course of business and Seller shall have agreed to remain responsible therefor if such arose before the Effective Time.

(f) All rights to consent by, required notices to, filings with, or other actions by governmental entities in connection with the sale or conveyance of oil and gas leases or interests therein if they are customarily obtained subsequent to the sale or conveyance.

(g) Conventional rights of reassignment obligating Seller to reassign its interest in any portion of the Interests to a third party in the event it intends to release or abandon such Interests prior to the expiration of the primary term or other termination of such Interests.

(h) Easements, rights of way, servitudes, permits, surface leases, surface use restrictions and other surface uses and impediments on, over or in respect to any of the Interests that do not, taken as a whole, materially interfere with the operation, value or use of the Interests.

(i) All rights reserved to or vested in any governmental, statutory or public authority to control or regulate any of the Interests in any manner, and all applicable laws, rules and orders of governmental authority provided that Seller's ownership or operation of the Interests is not in violation thereof.

(j) The terms and conditions of all Leases and all agreements to which the Interests are subject provided that such do not operate to reduce the Net Revenue Interests attributable to the Interests.

(k) Such Title Defects affecting the Interests of which Buyer fails to deliver notice to Seller in writing as provided in Section 5.05(b) below.

(l) All reversionary interests set forth in Schedule 5.03(1) attached hereto.

5.04 Definition of Title Defect. As used in this Article V, the term

Interests includes all items specifically identified on Exhibit B, and the use of the term Interest refers to any single item specifically identified on Exhibit B. As used in this Agreement, the term "Title Defect" shall mean any defect which renders title to an Interest, as herein defined, less than Marketable Title.

5.05 Title Procedure.

(a) As used herein, "Title Defect Amount" shall mean, with respect to any reduction of the Net Revenue Interest set forth on Exhibit "B" hereto, an amount calculated by multiplying the percentage reduction in the Net Revenue Interest by the Allocated Value for such affected Interests; and, with respect to any Title Defect that does not cause the Net Revenue Interest set forth on Exhibit "B" to decrease or cause the Working Interest set forth on Exhibit "B" to increase, an amount determined by evaluating the portion of the Interests affected by such Title Defect, the legal effect of the Title Defect, and the potential economic effect of the Title Defect over the life of the affected Interests. The Title Defect Amount as to any particular Interest, however, shall never exceed the Allocated Value therefor. Furthermore, in the event it is determined that the Net Revenue Interests for any affected Interest is greater than set forth on Exhibit "B" hereto, the Purchase Price shall be proportionately adjusted upward by multiplying the percentage increase in the Net Revenue Interest by the Allocated Value for such affected Interest. Increases or decreases in the Working Interest without a corresponding increase or decrease in the Net Revenue Interest shall be evaluated by rerunning the

economics used in determining the Allocated Value for the affected Interest to determine the impact on the Allocated Value for such affected Interests. Notwithstanding any terms contained in this Agreement to the contrary, no Title Defect shall be asserted by Buyer unless the Title Defect Amount is at least \$15,000.00. This \$15,000.00 threshold shall likewise apply to any upward adjustment sought by Seller under this Section 5.05(a).

(b) If Buyer discovers any Title Defect, Buyer shall give Seller notice of such Title Defect no later than ten (10) days prior to the Closing Date. Such notice shall be in writing and shall include (i) a description of the Title Defect and (ii) the Title Defect Amount therefor. Buyer shall be deemed to have waived all Title Defects to which Buyer has not given timely notice to Seller thereof.

(c) Seller shall notify Buyer in writing no later than five (5) days before the Closing Date whether it elects to cure the alleged Title Defect. If Seller has elected to cure the Title Defect, then the Interests subject to the Title Defect shall not be assigned at the Closing and Seller shall use commercially reasonable efforts to cure such Title Defect during a period ending sixty (60) days after Closing. Upon the completion of the cure of such Title Defect, the affected Interest shall be assigned to Buyer and the Purchase Price reduction which occurred with respect to such Title Defect shall be paid to Seller. Notwithstanding the foregoing, Seller shall be under no obligation to cure any Title Defect unless Seller otherwise expressly agrees in writing to cure such Title Defect.

(d) With respect to any Title Defect that Seller elects not to cure or fails to cure within sixty days, Seller shall have the option to:

(i) Exclude the Interest, including pipelines and other personal property necessary to operate the particular Interest subject to the Title Defect, in which event the Purchase Price shall be reduced by the Allocated Value of the excluded Interest; or

(ii) If Buyer and Seller so agree, sell the Interest subject to such Title Defect to Buyer and the Purchase Price shall be reduced by the Title Defect Amount, or by such other amount as the parties shall agree.

(e) Notwithstanding any terms contained in this Agreement to the contrary, in the event the aggregate adjustments to the Purchase Price exceed twenty percent (20%) of the Purchase Price as a result of (i) the Title Defect Amounts and (ii) the Environmental Defect Amounts, excluding exercised preferential rights to purchase, either Seller or Buyer may elect to terminate this Agreement.

5.06 Consents and Preferential Rights.

(a) If any third party consent to the sale and transfer of the Interests is not obtained prior to the Closing, Buyer shall not treat that portion of the Interests subject to such consent requirement as a Title Defect if such consent is customarily secured after the Closing or such consent does not materially affect the value of the affected Interests if such consent were withheld.

(b) If any of the Interests are subject to a preferential right to purchase, Seller shall in a good faith, prior to the Closing Date, attempt to notify each third party which holds a preferential right to purchase covering that portion of the Interests subject thereto. If the notice period under any preferential right to purchase has not expired prior to the Closing Date, Buyer shall nevertheless purchase that portion of the Interests which may be affected by the exercise of such preferential right but the Interests subject to such unexpired preferential right shall not be treated as a Title Defect. If after the Closing any party holding a preferential right to purchase elects to exercise same, Buyer shall then coordinate with Seller in connection with the execution by such third party of a purchase and sale agreement substantially in the form hereof. Buyer shall be due any consideration paid by such third party upon the exercise of such preferential right to purchase in exchange for Buyer delivering such third party an assignment for that portion of the Interests affected by the exercise of such preferential right.

5.07 Environmental Procedure.

(a) Prior to the Closing Date, Buyer may conduct a field inspection of the Interests and Buyer may further secure, at its sole risk, cost and expense, an environmental audit of all or any of the Interests. If obtained, Buyer shall immediately furnish a copy of such environmental audit to Seller and the contents of such environmental audit shall remain confidential unless required to be disclosed by any rule, order or governmental proceeding.

(b) As used herein, "Environmental Defect" shall mean any material environmental defect relating to the Interests in the nature of environmental pollution or contamination, including pollution of the soil or water, whether surface or subsurface, or the air, and which is a violation of environmental or

land use laws, rules, regulations, or orders of appropriate state or federal regulatory agencies.

(c) As used herein, "Environmental Defect Amount" means the cost to remediate such Environmental Defect in accordance with applicable environmental laws. Notwithstanding any terms contained in this Agreement to the contrary, no adjustment to the Purchase Price shall be made unless the aggregate sum of all such Environmental Defect Amounts is more than Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00). This \$250,000.00 sum is a deductible, and if this sum is exceeded, the Purchase Price shall be adjusted by the difference between the total sum of these defects and the sum of \$250,000. Notwithstanding any terms contained in this Agreement to the contrary, no Environmental Defect shall be asserted by Buyer unless the Environmental Defect Amount is at least \$10,000.00.

(d) If Buyer discovers any Environmental Defect, Buyer shall give Seller notice of such Environmental Defect no later than ten (10) days prior to the Closing Date. Such notice shall be in writing and shall include (i) a description of the Environmental Defect and (ii) the Environmental Defect Amount therefor. Except as otherwise specifically provided in Section 8.03(d), Buyer shall be deemed to have waived all Environmental Defects to which Buyer has not given timely notice to Seller thereof.

(e) Seller shall notify Buyer in writing no later than five (5) days before the Closing Date whether it elects to cure the alleged Environmental Defect. If Seller has elected to cure the Environmental Defect, then the Interest subject to the Environmental Defect shall not be assigned at the Closing and Seller shall use commercially reasonable efforts to cure such Environmental Defect during a period ending one hundred eighty (180) days after Closing. Upon the completion of the cure of such Environmental Defect, the affected Interest shall be assigned to Buyer and the Purchase Price reduction which occurred with respect to such Environmental Defect shall be paid to Seller. Notwithstanding the foregoing, Seller shall be under no obligation to cure any Environmental Defect unless Seller otherwise expressly agrees in writing to cure such Environmental Defect.

(f) With respect to any Environmental Defect that Seller elects not to cure, Seller shall have the option to:

(i) Exclude the Interest, including pipelines and other personal property necessary to operate the particular Interest subject to the Environmental Defect, in which event the Purchase Price shall be reduced by the Allocated Value of the excluded Interest; or

(ii) If Buyer and Seller shall so agree, sell the Interest subject to the Environmental Defect to Buyer and the Purchase Price shall be reduced by the Environmental Defect Amount or such other amount as the parties shall agree.

(g) Notwithstanding any terms contained in this Agreement to the contrary, in the event the aggregate adjustments to the Purchase Price exceed twenty percent (20%) of the Purchase Price as a result of (i) the Environmental Defect Amounts and (ii) the Title Defect Amounts, excluding exercised preferential rights to purchase, either Seller or Buyer may elect to terminate this Agreement.

5.08 Casualty Loss. If, prior to the Closing, all or any portion of the

Interests shall be destroyed or damaged by fire or other casualty, or if any portion of the Interests shall be taken in condemnation or under the right of eminent domain, or if proceedings for such purposes shall be pending or threatened (collectively "Casualty Losses"), except as provided below, this Agreement shall remain in full force and effect notwithstanding any such destruction or taking, and Seller shall have the option to either (i) exclude the Interest from this transaction, including pipelines and other personal property necessary to operate the particular Interest subject to the Casualty Loss, in which event the Purchase Price shall be reduced by the Allocated Value of the excluded Interest or (ii) at Closing, convey the affected Interest to Buyer and pay to Buyer all sums paid to Seller by reason of such destruction or taking. If Seller elects not to exclude such Interest, Seller shall assign, transfer and set over unto Buyer all of the right, title and interest of Seller in and to any unpaid awards or other payments arising out of such destruction or taking and the Purchase Price shall be reduced by the amount of Seller's deductible under any applicable policy of insurance or other sums not covered by Seller's insurance or any shortfall in the unpaid awards insofar as they pertain to payments arising out of the destruction or taking of the affected Interests. Seller shall not voluntarily compromise, settle or adjust any amounts payable by reason of such destruction or taking without first obtaining the written consent of Buyer. Notwithstanding the foregoing, in the event the total value of Casualty Losses exceeds twenty percent (20%) of the Purchase Price, either Buyer or Seller may elect to terminate this Agreement.

5.09 Exclusivity of Defect Process. The provisions of Sections 5.05 and

5.07 shall constitute Buyer's exclusive remedy for any Purchase Price adjustment

for Title Defects or Environmental Defects (collectively "Defects"). Buyer shall give Seller notice of all such Defects in accordance with the terms of these two Sections. All Defects of which Buyer fails to notify Seller shall be deemed waived by Buyer. If Buyer identifies a Defect pursuant to these two Sections, whether (a) Buyer elects not to assert the Defect, (b) Buyer asserts the Defect and receives an adjustment to the Purchase Price or Seller cures the Defect, or (c) Buyer waives the Defect, such Defect shall not be the subject of any other claim for a Purchase Price adjustment by Buyer against Seller. Further, such Defects shall not be asserted as the basis for any indemnity under Article VIII hereof; provided however, nothing in this Section 5.09 shall preclude Buyer from seeking any indemnity to which it is entitled in accordance with the provisions of either Sections 8.03(b) or 8.03(d) hereof to the extent that a matter covered by either of Sections 8.03(b) or 8.03(d) is asserted by a third party and provided that Buyer first discovers such matter following the date the notice for any such Defects is due.

5.10 Hedging Contracts. Seller is a party to the hedging contracts

identified on Schedule 5.10. It is the understanding and assumption by both Seller and Buyer that these hedging contracts can and will be assigned from Seller to Buyer at Closing. Inasmuch as it is the intent of Seller that Buyer receive the economic consequences of these hedging contracts, if for some reason they are not assignable, Seller agrees that it will cooperate with Buyer in attempting to cause the economic consequences of all of these hedging contracts to pass through Seller to Buyer. Further, if this goal of allowing Buyer to receive the economic consequences of all of these hedging contracts cannot be accomplished, then the parties agree that the Purchase Price will be reduced by the portion of the Allocated Value for the hedging contracts attributable to the hedging contracts for which Buyer will not receive the economic consequences.

5.11 Plugging and Abandonment. Upon Closing, Buyer shall assume all of

Seller's plugging, replugging, abandonment, removal, disposal and restoration obligations associated with the Wells acquired hereunder. Such obligations being assumed shall include, but not be limited to, all necessary and proper plugging and abandonment and/or removal and disposal of all of the Wells, whether pre-existing or drilled by Seller, and all structures, personal property and equipment located on or associated with the Leases, the necessary and proper capping and burying of all associated flowlines, and any necessary disposal of naturally occurring radioactive material (NORM) or asbestos except those matters which are asserted as Environmental Defects and which remain uncured. All plugging, replugging, abandonment, removal, disposal and restoration operations shall be in compliance with applicable laws, rules and regulations and conducted in a good and workmanlike manner.

5.12 Disclaimer of Warranties. THE EXPRESS REPRESENTATIONS AND

WARRANTIES OF SELLER CONTAINED IN THIS AGREEMENT (OR IN THE ASSIGNMENT TO BE EXECUTED PURSUANT TO THIS AGREEMENT) ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, AND SELLER EXPRESSLY DISCLAIMS ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES, EXCEPT THAT SELLER WARRANTS TITLE TO THE INTERESTS BY, THROUGH, AND UNDER SELLER, BUT NOT OTHERWISE. WITHOUT LIMITATION OF THE FOREGOING, AND SUBJECT TO THE PROVISIONS OF THIS AGREEMENT, THE INTERESTS SHALL BE CONVEYED PURSUANT HERETO WITHOUT ANY WARRANTY OR REPRESENTATION, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE RELATING TO THE CONDITION, QUANTITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, CONFORMITY TO THE MODELS OR SAMPLES OF MATERIALS, OR MERCHANTABILITY OF ANY EQUIPMENT OR ITS FITNESS FOR ANY PURPOSE, AND WITHOUT ANY OTHER EXPRESS, IMPLIED, STATUTORY, OR OTHER WARRANTY OR REPRESENTATION WHATSOEVER. BUYER SHALL HAVE INSPECTED, OR WAIVED (AND UPON CLOSING SHALL BE DEEMED TO HAVE WAIVED) ITS RIGHT TO INSPECT THE INTERESTS FOR ALL PURPOSES AND SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, INCLUDING, BUT NOT LIMITED TO, CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE, RELEASE, OR DISPOSAL OF HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS OR OTHER MANMADE FIBERS OR NATURALLY OCCURRING RADIOACTIVE MATERIALS ("NORM") IN, ON, OR UNDER THE INTERESTS. BUYER IS RELYING SOLELY UPON ITS OWN INSPECTION OF THE INTERESTS, AND BUYER SHALL, EXCEPT AS PROVIDED OTHERWISE HEREIN, ACCEPT ALL OF THE SAME "AS IS, WHERE IS". WITHOUT LIMITATION OF THE FOREGOING, AND SUBJECT TO THE EXPRESS PROVISIONS OF THIS AGREEMENT, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA, REPORTS, RECORDS, PROJECTIONS, INFORMATION, OR MATERIALS NOW, HERETOFORE, OR HEREAFTER FURNISHED OR MADE AVAILABLE TO BUYER IN CONNECTION WITH THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, PRICING ASSUMPTIONS OR QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE INTERESTS OR THE ABILITY OR POTENTIAL OF THE INTERESTS TO PRODUCE HYDROCARBONS OR THE ENVIRONMENTAL CONDITION OF THE INTERESTS OR ANY OTHER MATERIALS FURNISHED OR MADE AVAILABLE TO BUYER BY SELLER, OR BY SELLER'S AGENTS OR REPRESENTATIVES. SUBJECT TO THE EXPRESS PROVISIONS OF THIS AGREEMENT, ANY AND ALL SUCH DATA, RECORDS, REPORTS, PROJECTIONS, INFORMATION, AND OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED BY SELLER OR OTHERWISE MADE AVAILABLE OR DISCLOSED TO BUYER ARE PROVIDED TO BUYER AS A CONVENIENCE AND SHALL NOT CREATE OR GIVE RISE TO ANY LIABILITY OF OR AGAINST SELLER, AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT BUYER'S SOLE RISK TO THE MAXIMUM EXTENT PERMITTED BY LAW.

Article VI

CONDITIONS TO CLOSING

6.01 Conditions to Obligations of Seller. The obligations of Seller to

consummate the transactions contemplated by this Agreement are subject to the satisfaction, or waiver by Seller, of the condition that all representations, warranties and covenants of Buyer contained in this Agreement shall be true in all material respects at and as of the Closing as if such representations and warranties were made at and as of the Closing, and Buyer shall have performed and satisfied all covenants and agreements required by this Agreement to be performed and satisfied by Buyer at or prior to the Closing. St. Mary and Buyer shall provide to Seller certificates signed by an appropriate officer of St. Mary and Buyer certifying that all representations, warranties and covenants of St. Mary and of Buyer are true and correct as of the date of Closing and all conditions to which Closing is subject have been satisfied or waived.

6.02 Conditions to Obligations of Buyer. The obligations of Buyer to

consummate the transactions contemplated by this Agreement are subject to the satisfaction, or waiver by Buyer, of the condition that all representations, warranties and covenants of Seller contained in this Agreement shall be true in all material respects at and as of the Closing as if such representations and warranties were made at and as of the Closing, and Seller shall have performed and satisfied all covenants and agreements required by this Agreement to be performed and satisfied by Seller at or prior to the Closing. The foregoing condition shall not apply to any representation or warranty breach to the extent that it has resulted in an adjustment of the Purchase Price or an exclusion of any Interest from this transaction. Seller, and each of them, shall provide to St. Mary and Buyer certificates signed by an appropriate officer of each party constituting Seller certifying that all representations, warranties and covenants of Seller are true and correct as of the date of Closing and all conditions to which Closing is subject have been satisfied or waived. Buyer's obligations to consummate the transactions contemplated by this Agreement are also subject to Flying J Inc.'s execution at Closing of the Indemnity Guarantee on the form attached hereto as Exhibit J.

Article VII

CLOSING

7.01 Date of Closing. Subject to the conditions stated in this

Agreement, the consummation of the transactions contemplated by this Agreement (the "Closing") shall be held on January 29, 2003, at 10:00 a.m., or such earlier date as the parties shall agree in writing. Said date shall be referred to as the "Closing Date". Notwithstanding the foregoing, if with its good faith best efforts to obtain the credit facility Buyer is currently negotiating with Wachovia Securities, Inc., Buyer is unable to fund by the Closing Date the loan evidenced by the Note with the funds from this credit facility, Buyer may delay the Closing to a date on or before February 15, 2003, by giving written notice to Seller prior to the Closing Date. Notwithstanding the foregoing, if with its good faith best efforts Seller is unable to satisfy the conditions to closing referenced in Section 6.02, Seller may delay the Closing to a date on or before February 15, 2003, by giving written notice to Buyer prior to the Closing Date.

7.02 Place of Closing. The Closing shall be held at the offices of

Seller, or at such other place as Buyer and Seller may agree upon in writing.

7.03 Closing Obligations. At the Closing, the following events shall

occur, each being a condition precedent to the others and each being deemed to have occurred simultaneously with the others:

(a) Seller shall execute, acknowledge and deliver (in sufficient counterparts to facilitate recording) the Assignment, Conveyance and Bill of Sale ("Assignment") conveying the Interests to Buyer in substantially the form attached as Exhibit "C" hereto. As appropriate, Seller shall also execute, acknowledge and deliver separate assignments of the Interests on officially approved forms, in sufficient counterparts, to satisfy applicable statutory and regulatory requirements. In addition to the Assignment, Seller and Buyer, as appropriate shall execute the Nonrecourse Secured Promissory Note in form attached hereto as Exhibit D (the "Note"), the Stock Pledge Agreement in the form attached hereto as Exhibit E, the Registration Rights Agreement in the form attached hereto as Exhibit F, the Put and Call Option Agreement in the form attached hereto as Exhibit G, the Standstill Agreement attached hereto as Exhibit H and the Share Transfer Restriction Agreement in the form attached hereto as Exhibit I. With respect to the Note, notwithstanding that the stated principal amount of the Note in Exhibit D is \$72,000,000, if the Purchase Price

as adjusted by the application of Article V is more or less than the \$85,000,000 set forth in Section 2.01, the principal amount of the Note set forth therein and in the Stock Pledge Agreement in Exhibit E shall be adjusted to be 84.7059 percent of the adjusted Purchase Price. For example, if the Purchase Price as adjusted is \$80,000,000, the principal amount of the Note shall be \$67,764,720 and if the Purchase Price as adjusted is \$90,000,000, the principal amount of the Note shall be \$76,235,310. If the Purchase Price as adjusted by the application of Article V is more or less than the \$85,000,000 set forth in Section 2.01, the principal amount of the Put Payment Price set forth in the Put and Call Option Agreement in Exhibit G shall be adjusted to equal the principal amount of the Note (and increased as set forth in the Put and Call Option Agreement) and the Call Payment Price set forth therein shall be adjusted so that it is 115.2941 percent of such adjusted Purchase Price.

(b) Seller and Buyer shall execute a settlement statement (the "Preliminary Settlement Statement") prepared by Seller that shall set forth the Preliminary Amount (as hereinafter defined) and each adjustment and the calculation of such adjustments used to determine such amount. The term "Preliminary Amount" shall mean the amount of money determined as provided in Section 2.02 using for such adjustments the best information then available. After these amounts are determined in accordance with Section 2.02, and netted against one another, the party owing money to the other shall at the Closing pay the amount owed by wire transfer in readily available U.S. funds to an account as directed by the party to whom the monies are due. Any disagreement as to the Preliminary Settlement Statement shall be resolved pursuant to the provisions of Section 8.01.

(c) Buyer shall deliver to Seller the number of shares of St. Mary Stock corresponding to this Purchase Price as adjusted by the application of Article V based upon one share of St. Mary Stock for each \$25 of adjustment (rounded to the nearest \$25 increment) and Seller shall redeliver the St. Mary Stock to Buyer pursuant to the terms of the Stock Pledge Agreement.

(d) Seller shall deliver to Buyer exclusive possession of the Interests.

(e) Seller shall prepare and both it and Buyer shall execute, acknowledge and deliver transfer orders or letters in lieu thereof directing all purchasers of production to make payment of proceeds attributable to production from the Interests after the Effective Time to Buyer.

(f) Seller shall deliver to Buyer the original Records. Buyer agrees to furnish Seller at Seller's cost after the Closing with a copy of any of the Records upon written request by Seller.

(g) If Seller is the operator of any of the Interests, Seller and Buyer shall execute the appropriate regulatory forms prepared by Seller transferring operatorship of the Interests to Buyer and Seller shall file such forms subject to the provisions of Article X hereinbelow.

(h) Seller shall transfer to Buyer all proceeds from production attributable to the Interests which are currently held in suspense for any reason. Buyer shall be responsible for proper distribution of all such suspended proceeds to the parties lawfully entitled to them.

(i) Seller shall provide all reasonable assistance to Buyer in its efforts to become Seller's successor operator with respect to the Interests.

Article VIII

OBLIGATIONS AFTER CLOSING

8.01 Post-Closing Adjustments. After the Closing, Seller and Buyer

shall make available to each other all accounting records necessary for Seller to prepare within 120 days of Closing, in accordance with this Agreement, a statement (the "Final Settlement Statement") setting forth each adjustment or payment which was not finally determined as of the Closing and showing the calculation of such adjustments. As soon as practicable after receipt of the Final Settlement Statement, Buyer shall deliver to Seller a written report containing any changes which Buyer proposes be made to the Final Settlement Statement. The parties shall undertake to agree with respect to the amounts due pursuant to such post-closing adjustment no later than one hundred fifty (150) days after the Closing. If such post-closing adjustment has not been agreed to within one hundred fifty (150) days after the Closing, either party may seek to enforce any rights it claims hereunder. The date upon which such agreement is reached or upon which these adjustments are established, shall be referred to as the "Final Settlement Date." The net sums due shall be referred to herein as the "Final Settlement Amount." In the event that (i) the Final Settlement Amount is more than the Preliminary Amount, Buyer shall deliver to Seller or to Seller's account by wire transfer the amount of such difference in readily available U.S. funds as directed by Seller, or (ii) the Final Settlement Amount is less than the Preliminary Amount, Seller shall deliver to Buyer's account by wire transfer

the amount of such difference in readily available U.S. funds as directed by Buyer. The payment required hereby shall be made within five (5) days after the Final Settlement Date. To the extent not accounted for in the computation of the Final Settlement Amount, all uncollected accounts receivable attributable to the Interests accruing on or after the Effective Time shall be assigned to Buyer.

8.02 Sales Taxes and Recording Fees. Buyer shall pay all sales taxes

occasioned by the sale of the Interests. Buyer shall pay all documentary, filing and recording fees required in connection with the filing and recording of all assignments.

8.03 Indemnification. After the Closing, Buyer and Seller shall

indemnify each other as follows:

(a) Including any "Environmental Claim" as defined in Section 8.03(c) hereinbelow, Buyer shall defend, indemnify and save and hold harmless Seller against any and all costs, expenses, claims, demands and causes of action of whatsoever kind or character, including court costs and attorneys' fees, arising out of any operations conducted, commitment made or any action taken or omitted with respect to the Interests, which accrue or relate to times on and after the Effective Time, subject to the provisions of Article X.

(b) Excluding any "Environmental Claim" as defined in Section 8.03(c) hereinbelow, Seller shall defend, indemnify and save and hold harmless Buyer against any and all costs, expenses, claims, demands and causes of action of whatsoever kind or character, including court costs and attorneys' fees, arising out of any operations conducted, commitment made or any action taken or omitted with respect to the Interests, which accrue or relate to times prior to the Effective Time and of which Seller has been timely notified pursuant to Section 8.06.

(c) Notwithstanding any terms contained in Sections 8.03(a) and (b) above, but in furtherance of same, and subject to the provisions of Article X, Buyer expressly agrees to assume all liabilities and obligations arising out of or related to, and to fully and promptly pay, perform and discharge, defend, indemnify and hold Seller harmless from and against any and all costs, expenses, claims, demands and causes of action of whatsoever kind or character, including court costs and attorneys' fees, resulting from any "Environmental Claim" as hereinafter defined arising out of any operations conducted, commitment made or any action taken or omitted at any time, whether accruing or relating to times prior to or after the Effective Time, with respect to the Interests. For purposes of this paragraph "Environmental Claim" shall mean any claim, demand or cause of action asserted by any governmental agency or any person, corporation or other entity for personal injury (including sickness, disease or death), property damage or damage to the environment resulting from the discharge or release of any chemical, material or emission into one or more of the environmental media at or in the vicinity of the Interests.

(d) Notwithstanding the provisions of Section 8.03(c), if after the Closing, but in no event later than one (1) year after the Closing Date, any third party other than Buyer asserts an Environmental Claim arising from an act, omission or other event which occurred prior to the Effective Time and the out-of-pocket cost of resolving such Environmental Claim, including the cost to remediate in accordance with applicable environmental laws, or damages incurred with respect thereto, exceeds \$35,000.00 net to Seller's interest (individually a "Retained Environmental Liability" and collectively the "Retained Environmental Liabilities"), Buyer may notify Seller in writing to assume such Environmental Claim relating to such Retained Environmental Liabilities in accordance with the terms of this Section 8.03(d). Such written notice shall describe the details known to Buyer of the Environmental Claim relating to such Retained Environmental Liability and Buyer shall concurrently furnish to Seller all information available to Buyer relating to such Environmental Claim. If Buyer timely notifies Seller of such Environmental Claim relating to a Retained Environmental Liability on or before one (1) year after the Closing Date, Seller shall retain the risk, cost, expense and liability related to such Retained Environmental Liability. If Buyer fails to notify Seller in writing of any Environmental Claim within the 1 year period following the Closing Date, Buyer shall have waived and forfeited Buyer's right to require Seller to retain the risk, cost, expense and/ or liability relating to such Retained Environmental Liability. It is agreed that Seller and Buyer will cooperate with each other in connection with the disposition of the Retained Environmental Liability which may require either (i) remediation, (ii) reacquisition of the affected Interests by Seller (taking into consideration the Allocated Value therefor less net profits owed or received by Buyer and the value added by subsequent development or operations), or (iii) such other disposition as Seller and Buyer shall mutually agree. Notwithstanding the foregoing, if the parties cannot agree on the disposition of or the cost to remediate or otherwise resolve a Retained Environmental Liability, the affected Interest shall be reacquired by Seller. Notwithstanding the provisions of this Section 8.03(d), Seller shall have no obligation under this section unless the aggregate value of all Retained Environmental Liabilities exceeds \$500,000.00, which amount is a threshold, not a deductible, and if such threshold is exceeded, the indemnity obligation provided in this Section 8.03(d) shall be from the first dollar.

(e) THE INDEMNIFICATION, RELEASE AND ASSUMPTION PROVISIONS PROVIDED FOR IN THIS AGREEMENT SHALL BE APPLICABLE WHETHER OR NOT THE LOSSES, COSTS, EXPENSES AND DAMAGES IN QUESTION AROSE SOLELY OR IN PART FROM THE GROSS, ACTIVE, PASSIVE OR CONCURRENT NEGLIGENCE, OR OTHER FAULT OF ANY INDEMNIFIED PARTY. BUYER AND SELLER ACKNOWLEDGE THAT THIS STATEMENT COMPLIES WITH THE EXPRESS NEGLIGENCE RULE AND IS CONSPICUOUS.

8.04 Further Assurances. Seller and Buyer shall execute, acknowledge

and deliver or cause to be executed, acknowledged and delivered such instruments and take such other action as may be necessary or advisable to carry out their obligations under this Agreement and under any exhibit, document, certificate or other instrument delivered pursuant hereto.

8.05 Survival. The representations, warranties, covenants, agreements

and indemnities contained in this Agreement shall terminate at the Closing except for the provisions of Section 3.01(t), Section 3.02(g), Section 5.09, Section 5.10 and all of Articles VIII., X. and XI.

8.06 Limitation on Seller's Liability. After the Closing, any assertion

by Buyer that Seller is liable under this Agreement (i) for the inaccuracy of any surviving representation or warranty, (ii) for breach of any surviving covenant, (iii) for any surviving indemnity under the terms of this Agreement other than under Section 8.03(d), or (iv) otherwise in connection with the transactions contemplated in this Agreement, must be made by Buyer in writing and must be given to Seller on or prior to the first business day following the first anniversary of the Closing Date. The notice shall state the facts known to Buyer that give rise to such notice in sufficient detail to allow Seller to evaluate the assertion of Buyer.

8.07 Transaction Not to Constitute a Reorganization for Tax Purposes.

Buyer and Seller do not intend that the transaction contemplated by this Agreement qualify as a tax-free reorganization. Consequently, Buyer and Seller agree to report this transaction on all applicable federal and state income tax returns as a taxable purchase and sale of assets. Seller represents and warrants, and covenants that neither party constituting Seller intend to and neither will distribute the St. Mary Stock they receive pursuant to this transaction for at least one calendar year after Closing, and these parties further represent that they have no present plan to make such distribution. The parties constituting Seller recognize that the shares of St. Mary Stock they will receive in the course of this transaction will be restricted in the manner set forth in the Share Transfer Restriction Agreement attached hereto as Exhibit I, and Seller agrees to be bound by these restrictions.

Article IX

TERMINATION OF AGREEMENT

9.01 Termination. This Agreement and the transactions contemplated

hereby may be terminated in the following instances:

(a) By Buyer if any condition set forth in Section 6.02 above shall not be satisfied on or before the Closing, or Buyer otherwise elects to terminate this Agreement pursuant to Sections 5.05(e), 5.07(g) or 5.08 of this Agreement.

(b) By Seller if any condition set forth in Section 6.01 above shall not be satisfied on or before the Closing or Seller otherwise elects to terminate this Agreement pursuant to Sections 5.05(e), 5.07(g) or 5.08 of this Agreement.

(c) By the mutual written agreement of Buyer and Seller.

9.02 Return of Information. If this Agreement is terminated, Buyer

shall return to Seller all information and material delivered to Buyer by Seller pursuant to the terms of this Agreement or pursuant to other agreements between Buyer and Seller.

9.03 Liquidated Damages. Subject to the delay of Closing provision of

Section 7.01, if Seller is ready, willing and able to close the transaction contemplated by this Agreement in compliance herewith and is not in material breach of this Agreement and Buyer is not otherwise entitled to avoid Closing by operation of Sections 5.05(e), 5.07(g), 5.08 or 6.02, but Buyer nevertheless elects for any reason not to close the transaction contemplated by this Agreement, then Seller shall be entitled to liquidated damages in the amount of \$5,000,000 which shall be immediately due and payable in readily available funds

from Buyer. Subject to the delay of Closing provision of Section 7.01, if Buyer is ready, willing and able to close the transaction contemplated by this Agreement in compliance herewith and is not in material breach of this Agreement and Seller is not otherwise entitled to avoid Closing by operation of Sections 5.05(e), 5.07(g), 5.08 or 6.01, but Seller nevertheless elects for any reason not to close the transaction contemplated by this Agreement, then Buyer shall be entitled to liquidated damages in the amount of \$5,000,000 which shall be immediately due and payable in readily available funds from Seller. Buyer and Seller acknowledge that each of them will have incurred significant costs and will have invested significant time and resources investigating and negotiating this Agreement and each agrees that the specific damages provided for herein constitute reasonable liquidated damages in light of the anticipated or actual harm to Buyer or Seller that would be caused by a failure of this transaction to close for the reasons provided for in this Section 9.03. Buyer and Seller further agree that actual damages would be extremely difficult if not impossible to ascertain with precision, and therefore, both of these parties agree to the use of this liquidated damage provision which shall constitute the exclusive remedy for a failure of this transaction to close for the reasons provided for in this Section 9.03.

Article X

INTERIM OPERATIONS

If Seller is the operator of the Interests, Seller shall continue to operate the Interests during the period between the Effective Time and 7:00 a.m. on the first day of the month following the Closing Date (the "Interim Period"), but Seller shall not have any obligation to operate the Interests after the Interim Period. Seller shall operate the Interests during the Interim Period in a prudent manner consistent with generally accepted industry practices and standards, applicable laws and regulations, and all applicable lease and other agreement terms, but shall not be liable to Buyer except for gross negligence or willful misconduct. Seller shall be entitled (i) to charge Buyer the COPAS overhead rates under existing operating agreements, or where none exist, a rate of \$500.00 per well per month during the Interim Period proportionately reduced to the affected Interests and (ii) to retain any overhead fees owing or paid by any third party non-operators attributable to the operations during the Interim Period. Seller makes no representation or warranty that Buyer will become operator of any portion of the Interests, as that matter is controlled by the applicable operating agreements and governmental regulatory requirements.

Article XI

MISCELLANEOUS

11.01 Expenses. Except as otherwise specifically provided in this Agreement, all fees, costs and expenses (including investment banking fees) incurred by Buyer or Seller in negotiating this Agreement or in consummating the transactions contemplated by this Agreement shall be paid by the party incurring the same, including without limitation, legal and accounting fees, costs and expenses.

11.02 Notices. All notices and communications required or permitted under this Agreement shall be in writing and shall be effective when received by mail, telecopy or hand delivery as follows:

If to Seller:

Flying J Oil & Gas Inc. and Big West Oil &
Gas Inc.
333 West Center Street
North Salt Lake, Utah 84054-2805
Attn: Mr. Chris J. Malan, Manager of Lands, General
Counsel
Telephone: 801-296-7700
Telecopy: _801-296-7888

With a copy to:

Flying J Inc.
1104 Country Hills Drive
Ogden, Utah 84403
Attn: Mr. Barre Burgon, General Counsel
Telephone: 801-624-1402
Telecopy: 801-624-1263

If to Buyer:

NPC Inc.
550 N. 31st Street, Suite 500
Billings, Montana 59101
Attn: Mr. Ron Santi, Vice President - Land
Telephone: 406-245-6248
Telecopy: 406-245-9106

With a copy to:

St. Mary Land & Exploration Company
1776 Lincoln St., Suite 700
Denver, Colorado 80203
Attn: Milam Randolph Pharo, Vice President, Land
& Legal
Telephone: 303-863-4313
Telecopy: 303-863-1040

Either party may, by written notice so delivered to the other, change the address to which notice shall thereafter be made.

11.03 Amendment. This Agreement may not be altered or amended, nor any

rights hereunder be waived, except by an instrument in writing executed by the party or parties to be charged with such amendment or waiver. No waiver of any term, provision or condition of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any other term, provision or condition of this Agreement.

11.04 Assignment. No party to this Agreement may assign or delegate

any portion of its duties or obligations under this Agreement without the prior written consent of all the other parties, which consent will not be unreasonably withheld.

11.05 Announcements. Seller and Buyer shall consult with each other

with regard to all press releases and other announcements concerning this Agreement or the transaction contemplated hereby and, except as may be required by applicable laws or regulations of any governmental agency, neither Buyer nor Seller shall issue any such press release or make any other announcement without the prior written consent of the other party.

11.06 Generality of Provisions. The specificity of any representation,

warranty, covenant, agreement or indemnity included or provided in this Agreement, or in any exhibit, document, certificate or other instrument delivered pursuant hereto, shall in no way limit the generality of any other representation, warranty, covenant, agreement or indemnity included or provided in this Agreement, or in any exhibit, document, certificate or other instrument delivered pursuant hereto.

11.07 Headings. The headings of the articles and sections of this

Agreement are for guidance and convenience of reference only and shall not limit or otherwise affect any of the terms or provisions of this Agreement.

11.08 Counterparts. This Agreement may be executed by St. Mary, Buyer

and Seller in any number of counterparts and shall be binding upon each party executing same whether or not executed by all parties. Each of the counterparts shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument.

11.09 References. References made in this Agreement, including use of

a pronoun, shall be deemed to include where applicable, masculine, feminine, singular or plural, individuals, partnerships or corporations. As used in this Agreement, "person" shall mean any natural person, corporation, partnership, trust, estate or other entity. As used in this Agreement, "affiliate" of a person shall mean any partnership, joint venture, corporation or other entity in which such person has an interest or which controls, is controlled by or is under common control of such person.

11.10 Governing Law. This Agreement, and the transactions contemplated

hereby, shall be construed in accordance with, and governed by, the laws of the State of Utah.

11.11 Entire Agreement. This Agreement (including the exhibits hereto)

constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all negotiations, prior discussions and prior agreements and understandings relating to such subject matter. No material representation, warranty, covenant, agreement, promise, inducement or statement,

whether oral or written, has been made by Seller or Buyer and relied upon by the other that is not set forth in this Agreement or in the instruments referred to herein, and neither Seller nor Buyer shall be bound by or liable for any alleged representation, warranty, covenant, agreement, promise, inducement or statement not so set forth.

11.12 Severability. If any term or provision of this Agreement shall

be determined to be illegal or unenforceable, all other terms and provisions of this Agreement shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable law.

11.13 Parties in Interest. This Agreement shall be binding upon, and

shall inure to the benefit of, the parties hereto and their respective successors and, subject to the provisions of Section 11.04, assigns. Nothing contained in this Agreement, express or implied, is intended to confer upon any other person or entity any benefits, rights or remedies.

EXECUTED as of the date first above mentioned.

SELLER:

FLYING J OIL & GAS INC.

BIG WEST OIL & GAS INC.

By:/s/ JOHN R. SCALES

John R. Scales
President

By:/s/ JOHN R. SCALES

John R. Scales
President

BUYER:

NPC INC.

ST. MARY:

ST. MARY LAND & EXPLORATION
COMPANY

By:/s/ RONALD D. SANTI

Ronald D. Santi
Vice President - Land

By:/s/ MILAM RANDOLPH PHARO

Milam Randolph Pharo
Vice President - Land &
Legal

January 29, 2003

Flying J Oil & Gas Inc.
333 West Center Street
North Salt Lake, Utah 84504-2805

Big West Oil & Gas Inc.
333 West Center Street
North Salt Lake, Utah 84504-2805

Attn: Mr. Chris J. Malan
General Counsel and Manager of Lands

Re: Addendum to Purchase and Sale Agreement
dated December 13, 2002

Gentlemen:

Pursuant to that certain Purchase and Sale Agreement dated December 13, 2002, by and between Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. as Seller and NPC Inc. as Buyer (the "PSA"), the Purchase Price as adjusted is to be paid in the form of common stock of St. Mary Land & Exploration Company ("St. Mary") such stock being referred to as the "St. Mary Common Stock". The parties to the PSA have agreed to the value of the Title Defects yielding a reduction to the Purchase Price in the amount of \$479,548.

In accordance with the terms of Sections 2.01 and 7.03(c) of the PSA the effect of this adjustment to the Purchase Price results in a decrease in the number of shares of St. Mary Common Stock to be issued to Seller from 3,400,000 shares to 3,380,818 shares. It is the understanding of the undersigned that the Seller desires that these shares of St. Mary Common Stock shall issue as follows:

Flying J Oil & Gas Inc. 1,690,409
Big West Oil & Gas Inc. 1,690,409

to be owned in accordance with the terms of the PSA and the additional agreements attached to the PSA.

Big West Oil & Gas Inc. has indicated that it desires the right to assign all or a portion of its shares of St. Mary Common Stock to Flying J Oil & Gas Inc. after Closing, subject to the provisions of the PSA and the Exhibits thereto. St. Mary hereby consents and agrees to this assignment of shares and has no objection whatsoever to all, or any portion thereof, of the shares of St. Mary Common Stock being owned by Flying J Oil & Gas Inc. St. Mary, Flying J Oil & Gas Inc., and Big West Oil & Gas Inc. each agrees that it shall execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such instruments and instructions and such other action as may be necessary or advisable to enable this transfer and assignment of shares of St. Mary Common Stock as between Big West Oil & Gas Inc. and Flying J. Oil & Gas Inc. to occur subject to the provisions of the PSA and the Exhibits thereto. The parties have further agreed that the certificate evidencing these shares of St. Mary Common Stock shall be delivered directly to St. Mary Land & Exploration Company by the transfer agent.

To accommodate an unanticipated issue affecting Buyer, Seller has agreed to convey all of its interests in that portion of the Interests located in the State of Utah to Nance Petroleum Corporation, the parent of the Buyer.

Unless otherwise defined in this letter, capitalized terms used herein shall have the meaning given to such terms in the PSA.

If this letter properly sets forth our agreement regarding the matters addressed herein, please so signify by signing below.

Very truly yours,

St. Mary Land & Exploration Company NPC Inc.

By: /s/ MILAM RANDOLPH PHARO

Milam Randolph Pharo
Vice President - Land & Legal

By: /s/ RONALD B. SANTI

Ronald B. Santi
Vice President - Land

Agreed to and accepted this 29th day of January, 2003:

Flying J Oil & Gas Inc. Big West Oil & Gas Inc.

By: /s/ CHRIS J. MALAN By: /s/ CHRIS J. MALAN

Chris J. Malan
General Counsel and Manager of Lands

Chris J. Malan
General Counsel and Manager
of Lands

NONRECOURSE SECURED PROMISSORY NOTE

\$71,593,795

January 29, 2003

FOR VALUE RECEIVED, the undersigned Flying J Oil & Gas Inc., a Utah corporation and Big West Oil & Gas Inc., a Utah corporation (together hereinafter the "Borrower") each hereby jointly and severally promise to pay in U.S. Dollars to the order of St. Mary Land & Exploration Company, a Delaware corporation (hereinafter, with any subsequent holder, the "Lender"), the principal sum of \$71,593,795 (the "Loan").

Interest. The Loan shall bear interest at the rate of two

percent above the one-year LIBOR rate (London InterBank Offered Rate) in effect at the date Lender funds the Loan in connection with consummation of the transaction wherein NPC Inc. has acquired certain oil and gas assets of the Borrower (the "Acquisition"). The applicable interest rate will be adjusted on each one year anniversary of the Loan, compounded annually, with such interest due and payable at maturity as set forth below.

Repayment. The Loan shall be repayable in its entirety,

including principal and interest accrued thereon, (A) by offset against amounts Lender shall owe to the Borrower: upon the earlier of: (i) the exercise and consummation by the Borrower of its put option, as provided in Exhibit G to the Purchase and Sale Agreement dated December 13, 2002 by and between the Borrower and the Lender (the "PSA"), to require the Lender to purchase shares of the Lender's Stock issued to the Borrower pursuant to the terms of the PSA (the "Lender's Stock"), or (ii) the exercise and consummation by the Lender of its call option, as provided in Exhibit G to the PSA, to purchase the Lender's Stock; and (B) in any event, no later than the later of: (i) three years and ninety days after the Loan, or (ii) one year and ninety days after the registration of the Lender's Stock as provided on Exhibit F to the PSA.

Prepayment. The Borrower may without penalty prepay any or all

of the amounts due under this Nonrecourse Secured Promissory Note at any time, with such prepayments to be applied first to accrued interest and second to unpaid principal.

Default. Subject to the non-recourse provision set forth

below, in the event of any failure of the Borrower to repay this Nonrecourse Secured Promissory Note, in accordance with the terms hereof, the Loan shall after the date due bear interest due and payable at the rate of twelve percent per annum.

NON-RECOURSE NATURE OF OBLIGATIONS. THIS NONRECOURSE SECURED

PROMISSORY NOTE IS AND SHALL BE A NON-RECOURSE PROMISSORY NOTE. IN THE EVENT OF ANY DEFAULT BY THE BORROWER OF ITS OBLIGATIONS HEREUNDER, WHETHER FOR PAYMENT OF THE PRINCIPAL AMOUNT OF THIS NOTE, ACCRUED INTEREST OR OTHERWISE, THE LENDER'S ONLY RECOURSE SHALL BE AGAINST THE COLLATERAL PLEDGED TO SECURE PAYMENT OF THIS NOTE. IN THE EVENT THAT THE EXERCISE OF RIGHTS AGAINST THE COLLATERAL ARE NOT SUFFICIENT TO SATISFY BORROWER'S PAYMENT OBLIGATIONS HEREUNDER, NEITHER THE BORROWER, NOR ANY OF ITS OFFICERS, DIRECTORS, AFFILIATES, SHAREHOLDERS OR REPRESENTATIVES SHALL BE LIABLE FOR ANY DEFICIENCY.

Security. To secure the obligations of the Borrower under this

Nonrecourse Secured Promissory Note, the Lender, pursuant to that certain Stock Pledge Agreement executed between the Borrower and the Lender of even date herewith, has been granted a security interest in and senior lien on the Lender's Stock. The Loan shall otherwise be without recourse to the Borrower.

Waivers. Except as expressly set forth in this Nonrecourse

Secured Promissory Note, and to the extent necessary for Lender to realize upon the collateral in the event of a default in this Nonrecourse Secured Promissory Note, the Borrower hereby (a) waives all presentment, demand for performance, notice of non-performance, protest, notice of protest and notice of dishonor, and all other demands and notices in connection with the delivery, acceptance, performance, default or realization of collateral of this Nonrecourse Secured Promissory Note, (b) assents to any extension or postponement of the time of payment or any other indulgence, (c) waives any requirement of diligence or promptness on the part of the Lender in the enforcement of its right to realize the collateral under this Nonrecourse Secured Promissory Note, and (d) waives any valuation, stay, appraisal or redemption laws..

Payments; Notices. All payments to Lender shall be made at the

address set forth below or at such other address as the Lender shall specify in

writing to the Borrower. Any notice or demand in connection with this Nonrecourse Secured Promissory Note shall be in writing and shall be deemed to have been duly given when (a) delivered by hand, (b) sent by facsimile (with receipt confirmed) to the facsimile number set forth below, provided that a copy is promptly thereafter mailed by first-class prepaid certified mail, return receipt requested, (c) received by the addressee, if sent with delivery receipt requested by Express Mail, Federal Express, or other express delivery service or first-class prepaid certified mail, in each case to the appropriate addresses set forth below, or to such other address(es) as a party may designate as to itself by notice to the other party.

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If to the Lender:

St. Mary Land & Exploration Company 1776
Lincoln Street, Suite 1100 Denver, Colorado
80203-1080 Attn: Mr. Richard C. Norris
Facsimile: 303-861-0934

If to the Borrower:

Flying J Oil & Gas Inc. and Big West Oil & Gas Inc.
c/o Flying J Inc.
1104 Country Hills Drive
Ogden, Utah 84403
Attn: Mr. Phil Adams
Facsimile: 801-624-1705

Costs and Attorneys' Fees. Subject to the non-recourse

provision set forth above, after demand by the Lender the Borrower shall pay any reasonable costs and expenses of the Lender (including without limitation reasonable attorneys' fees and out-of-pocket expenses) in connection with the enforcement and collection of this Nonrecourse Secured Promissory Note.

Assignability; Governing Law. This Nonrecourse Secured

Promissory Note shall bind and inure to the benefit of the Borrower and the Lender and their respective successors, assigns, heirs and personal representatives. This Nonrecourse Secured Promissory Note shall be governed by and construed in accordance with the laws of the State of Colorado, and venue for any action regarding this Nonrecourse Secured Promissory Note shall lie exclusively in the state or federal district court located in Denver, Colorado.

EXCEPTION. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH

ABOVE IN THIS NONRECOURSE SECURED PROMISSORY NOTE, THE OBLIGATION OF THE BORROWER WITH RESPECT TO INTEREST ACCRUED ON THE LOAN DURING THE PERIOD FROM AND AFTER TWO YEARS AND SIX MONTHS FOLLOWING THE DATE THE LENDER FUNDS THE LOAN, TOGETHER WITH ANY DEFAULT INTEREST ACCRUING ONLY WITH RESPECT TO ANY NON-PAYMENT OF INTEREST DURING THE PERIOD COMMENCING TWO YEARS AND SIX MONTHS FOLLOWING THE DATE HEREOF AND REASONABLE COSTS OF COLLECTION WITH RESPECT TO THE FOREGOING INTEREST, SHALL BE WITH FULL RECOURSE TO THE BORROWER. SUCH RECOURSE OBLIGATION SHALL NOT BE SECURED BY THE LENDER'S STOCK PURSUANT TO THE ABOVE REFERRED TO STOCK PLEDGE AGREEMENT.

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IN WITNESS WHEREOF, the Borrower has caused this Nonrecourse Secured Promissory Note to be executed as of the date first set forth above.

FLYING J OIL & GAS INC.,
a Utah corporation

By: /s/ JOHN R. SCALES

Title: President

BIG WEST OIL & GAS INC.
a Utah corporation

By: /s/ JOHN R. SCALES

Title: PRESIDENT

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STOCK PLEDGE AGREEMENT

From: Flying J Oil & Gas Inc., a Utah corporation and Big West Oil & Gas Inc., a Utah corporation with their principal executive offices at 333 West Center Street, North Salt Lake, Utah 84054-2805 (together the "Debtor").

To: St. Mary Land & Exploration Company, a Delaware corporation as lender pursuant to that certain Nonrecourse Secured Promissory Note of even date herewith (the "Secured Party").

(A) Grant of Security Interest.

In consideration of the loan of \$71,593,795 together with interest accrued thereon prior to a date that is two years and six months after the date of the Nonrecourse Secured Promissory Note and any costs and attorneys' fees associated therewith (the "Debt") made by the Secured Party to the Debtor pursuant to the Nonrecourse Secured Promissory Note of even date herewith, and all renewals, extensions, amendments, modifications, supplements, or substitutions therefor (the "Nonrecourse Secured Promissory Note"), the Debtor hereby grants to the Secured Party a security interest in all of the right, title and interest (whether now existing or hereafter acquired and wherever located) of the Debtor in and to the following (the "Collateral") to secure payment and performance of all of the Debtor's present and future obligations with respect to the Debt:

3,380,818 shares of the Secured Party's common stock issued to the Debtor among others, all certificates evidencing any such shares, and all dividends, cash, instruments and other property now or hereafter received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares, together with all proceeds of any and all of the foregoing.

Except as set forth below, the Debt shall otherwise be without recourse to the Debtor, meaning that the Secured Party's sole recourse for Debtors failure to pay the Debt and for any default in the Nonrecourse Secured Promissory Note shall be to retain and/or realize upon the Collateral. Secured Party shall have no cause of action or other right against Debtor to pursue or collect from Debtor any deficiency or other amount whatsoever relating to the Nonrecourse Secured Promissory Note or any default therein. The foregoing non-recourse provision shall not however apply to interest accrued on the Debt from and after two years and six months following the date of the Nonrecourse Secured Promissory Note or to any default interest thereon or any costs of collection thereof, and this Stock Pledge Agreement shall not apply to any of such amounts.

(B) Debtor's Representations, Warranties and Agreements. The Debtor

represents, warrants and agrees that:

1. Except with respect to the lien granted herein, the Debtor owns the same right in the Collateral that it received from the Secured Party and no other person has or claims any interest in any Collateral by, under, from or through the Debtor. The Debtor has and will have at all times full right, power and authority to grant a security interest in the Collateral to the Secured Party as provided herein, free and clear of any lien, adverse claim, or encumbrance made by, under, from or through Debtor. The Debtor will defend any proceeding which may materially affect title to or the Secured Party's security interest in any Collateral to the extent that the claim arises by, through, under or from the Debtor, and will indemnify the Secured Party for all reasonable costs and expenses of the Secured Party's defense against such claims.

2. The Debtor will pay when due all future charges, liens or encumbrances on the Collateral arising by, through, under or from the Debtor and all taxes and assessments hereafter levied or imposed on or adversely affecting the Collateral provided that the foregoing need not be paid while being diligently contested in good faith and by appropriate proceedings so long as adequate reserves have been established with respect thereto.

3. All certificates evidencing the Collateral shall be delivered to the Secured Party on or prior to the execution and delivery of this Agreement, and all such certificates shall be held by the Secured Party pursuant hereto and shall be delivered in suitable form for transfer by delivery with any necessary endorsement or shall be accompanied by fully executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Secured Party.

4. The Secured Party is irrevocably appointed as the attorney-in-fact of the Debtor (which appointment is coupled with an interest)

upon the occurrence and during the continuation of a Default (as defined in paragraph 1 of section (C) and after giving effect to any relevant grace periods) to do any act which the Debtor is obligated hereby to do, to exercise such rights as the Debtor might exercise, and to execute and file in the name of the Debtor any financing statements and amendments thereto required to perfect the Secured Party's security interest hereunder, all to protect and preserve the Collateral and the Secured Party's rights hereunder. Upon the occurrence and during the continuation of a Default, the Secured Party may at its option, and as its sole recourse against Debtor, retain the Collateral in full satisfaction of the Debt or any unpaid portion thereof.

5. The Debtor waives (a) presentment, protest and notice of protest; and (b) any right to the benefit of or to direct the application of any Collateral upon the occurrence and during the continuation of a Default until the Debt shall have been paid

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(C) Defaults and Remedies; Non-waiver.

1. A Default as defined under the Nonrecourse Secured Promissory Note shall constitute a Default under this Stock Pledge Agreement.

2. Upon Default of the Debtor, at the Secured Party's option, without demand or notice, all or any part of the Debt shall immediately become due. The Secured Party shall have only those rights provided by this Stock Pledge Agreement and the Nonrecourse Secured Promissory Note. The Secured Party's acceptance of partial or delinquent payments or failure of the Secured Party to exercise any right or remedy at any time shall not waive any obligation of the Debtor, or any right or remedy of the Secured Party, or modify this Stock Pledge Agreement, or waive any other similar default.

(D) Voting Rights, Dividends, Etc. in Respect of Collateral.

1. So long as no Default shall have occurred and be continuing, the Debtor may receive and retain any and all dividends paid in respect of the Collateral; provided, however, that any and all

(a) dividends paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of or in exchange for, any Collateral,

(b) dividends and other distributions paid or payable in cash in respect of any Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus, and

(c) cash paid, payable or otherwise distributed in redemption of, or in exchange for, any Collateral

shall be retained by Secured Party to hold as Collateral hereunder.

2. Upon the occurrence and during the continuance of a Default

(a) all rights of the Debtor to receive and retain the dividends which it would otherwise be authorized to receive and retain pursuant to subsection (1) of this section shall automatically cease, and all such rights shall thereupon become vested in the Secured Party which shall thereupon have the sole right to receive and hold as Collateral such dividends;

(b) without limiting the generality of the foregoing, the Secured Party may at its option exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Collateral as if it were the absolute

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owner thereof, including, without limitation, the right to exchange, in its discretion, any and all of the Collateral upon the merger, consolidation, reorganization, recapitalization or other adjustment of the Secured Party.

(E) General Provisions.

1. On transfer of all or any part of the Debt, the Secured Party may transfer all or any part of the security interest in the Collateral. Any such transfer shall discharge the Secured Party from all liability and responsibility with respect to such Collateral transferred. This Stock Pledge Agreement benefits the Secured Party's successors and assigns and binds the

successors and assigns of the Debtor. This Stock Pledge Agreement contains the entire security agreement by the Debtor and the Secured Party. The Debtor will execute any additional agreements, assignments or documents which the Secured Party reasonably may request to effectuate this Stock Pledge Agreement or perfect any rights or interests of the Secured Party.

2. Captions, titles and section and paragraph divisions and arrangements in this Stock Pledge Agreement and in any instruments and documents heretofore or hereafter made or executed are for convenience and for reference only, and shall not affect the meaning, interpretation or construction thereof. Whenever the context so requires, any gender shall include all other genders, and the singular number shall include the plural.

3. If any one or more provisions of this Stock Pledge Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected, impaired or prejudiced thereby.

4. All notices under this Stock Pledge Agreement shall be in writing and legible and shall be effective upon (a) receipt or refusal to accept delivery if delivered personally, (b) one business day after deposit with an overnight courier service, (c) three business days after deposit in the mails if mailed, or (d) upon receipt of written confirmation if delivered by facsimile transmission.

5. This Stock Pledge Agreement shall be governed by and construed in accordance with the laws of the State of Colorado and may be executed in counterparts and by facsimile transmission. Venue for any action regarding this Stock Pledge Agreement shall lie exclusively in the state or federal district court located in Denver, Colorado.

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IN WITNESS WHEREOF, the parties have duly executed this Stock Pledge Agreement as of January 29, 2003.

DEBTOR:

FLYING J OIL & GAS INC.,
a Utah corporation

By: /s/ JOHN R. SCALES

Title: President

BIG WEST OIL & GAS INC.,
a Utah corporation

By: /s/ JOHN R. SCALES

Title: President

SECURED PARTY:

ST. MARY LAND & EXPLORATION COMPANY,
a Delaware corporation

By: /s/ MILAM RANDOLPH PHARO

Title: Vice President - Land & Legal

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement dated as of January 29, 2003 (the "Agreement") is by and among St. Mary Land & Exploration Company, a Delaware corporation ("St. Mary"), and Flying J Oil & Gas Inc., a Utah corporation ("FJOG"), and Big West Oil & Gas Inc., a Utah corporation ("BWOG").

RECITALS

WHEREAS, St. Mary, FJOG and BWOG have entered into that certain Purchase and Sale Agreement dated as of December 13, 2002 (the "PSA") by and among FJOG and BWOG, NPC Inc., a Colorado corporation, and St. Mary, whereby upon the closing of the PSA St. Mary shall issue to FJOG and BWOG a total of 3,380,818 shares (the "Shares") of St. Mary common stock, \$0.01 par value per share (the "St. Mary Stock"); and

WHEREAS, as a condition to the closing of the PSA and in connection with the issuance of such Shares of St. Mary Stock, St. Mary, FJOG and BWOG have agreed that St. Mary shall grant to FJOG and BWOG certain registration rights with respect to the Shares of St. Mary Stock issued under the PSA, under the terms and conditions as set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the PSA, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

Section 1. Certain Definitions. For purposes of this Agreement, the following terms shall have the following respective meanings:

(a) "Business Day" shall mean a day other than a Saturday or Sunday or any federal holiday in the United States.

(b) "Effectiveness Period" shall have the meaning set forth in Section 2(b) hereof.

(c) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(d) "Form S-3" shall mean such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits inclusion or incorporation of substantial information by reference to other documents filed by St. Mary with the SEC.

(e) "Holder" shall mean FJOG or BWOG as a holder of Registrable Securities, or any transferee or assignee of FJOG or BWOG pursuant to the provisions of Section 7 hereof.

(f) "Prospectus" shall mean the prospectus included in the Shelf Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

(g) "Registrable Securities" means the Shares of St. Mary Stock issued to FJOG and BWOG under the PSA, together with all shares of St. Mary Stock issued or issuable by St. Mary with respect to such Shares, until in the case of such Shares the earliest of (i) the effective registration under the Securities Act and resale in accordance with the registration statement covering such Shares, (ii) at such time that such Shares can be sold by the particular Holder (and any affiliate of the Holder with whom such Holder must aggregate its sales under Rule 144) in compliance with Rule 144 under the Securities Act in any three month period without volume limitations and without registration (and in the event that following the occurrence of the event set forth in this clause (ii) the Shares for a reason not within the reasonable control of the Holder fail to be salable as described in this clause (ii), this clause (ii) shall cease to be of any force or effect), or (iii) the sale of such Shares to the public under Rule 144.

(h) "Rule 144" shall mean Rule 144 promulgated by the SEC

under the Securities Act.

(i) "Sale Notice" shall have the meaning set forth in Section

3(e) hereof.

(j) "Securities Act" shall mean the Securities Act of 1933, as

amended.

(k) "SEC" shall mean the United States Securities and Exchange

Commission.

(l) "Shelf Registration Statement" shall have the meaning set

forth in Section 2(a) hereof.

(m) "Suspension Period" shall have the meaning set forth in

Section 3(b) (i) hereof.

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(n) "Underwritten Registration" or "Underwritten Offering"

shall mean a registration or offering in which securities of St. Mary
are sold to an underwriter for reoffering to the public.

(o) "Violation" shall have the meaning set forth in Section

5(a) hereof.

All other capitalized terms used but not defined herein shall have the
respective meanings given to them in the PSA.

Section 2. Form S-3 Shelf Registration.

(a) St. Mary shall prepare and file with the SEC a
registration statement on Form S-3 (or, if Form S-3 is not then
available, on such form of registration statement that is then
available to effect a registration of all Registrable Securities held
by the Holders, subject to the consent of the Holders) pursuant to Rule
415 under the Securities Act for the purpose of registering under the
Securities Act all of the Registrable Securities held by the Holders
for resale by, and for the account of, the Holders as selling
stockholders thereunder in order that such registration statement shall
be declared effective by the SEC upon the expiration of two years
following the Closing (the "Shelf Registration Statement"). St. Mary

shall be obligated to file only one Shelf Registration Statement
pursuant to this Agreement, and shall include all Holders therein.

(b) Subject to Section 3(b) (i) hereof, St. Mary shall use its
best efforts to keep the Shelf Registration Statement continuously
effective, supplemented and amended as required pursuant to the
provisions of Section 3(b) hereof to the extent necessary to ensure
that (i) it is available for resales by the Holders and (ii) conforms
with the requirements of this Agreement and the Securities Act and the
rules and regulations of the SEC promulgated thereunder as announced
from time to time for a period (the "Effectiveness Period") of:

(i) fifteen months after the effective date of the
Shelf Registration Statement; or

(ii) such shorter period, from the effective date of
the Shelf Registration Statement until either of (1) the sale
pursuant to the Shelf Registration Statement of all the
Registrable Securities or (2) at such time that the remaining
Registrable Securities that are unsold by the Holders can be
sold by the Holders (and any affiliates of the Holders with
whom such Holders must aggregate their sales under Rule 144)
in compliance with Rule 144 in any three-month period without
volume limitations and without registration (and in the event
that following the occurrence of the event set forth in this
clause (ii) the Shares for a reason not within the reasonable

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control of the Holder fail to be salable as described in this
clause (ii), this clause (ii) shall cease to be of any force
or effect).

(c) Each Holder shall furnish to St. Mary such information as St. Mary may reasonably request in writing in connection with the Shelf Registration Statement, including information regarding such Holder, the Registrable Securities held by such Holder, and the intended method of disposition of such securities. Each Holder agrees to furnish promptly to St. Mary all information required to be disclosed in order to make information previously furnished to St. Mary by such Holder not materially misleading.

Section 3. Registration Procedures.

(a) In connection with the Shelf Registration Statement, St. Mary shall comply with all the provisions of Section 3(b) hereof and shall, in accordance with Section 2 hereof, prepare and file with the SEC a Shelf Registration Statement relating to the registration on an appropriate form under the Securities Act.

(b) In connection with the Shelf Registration Statement and any Prospectus required by this Agreement to permit the resale of Registrable Securities, St. Mary shall:

(i) Subject to any notice by St. Mary in accordance with this Section 3(b) of the existence of any fact or event of the kind described in Section 3(b)(iii)(D), use its best efforts to keep the Shelf Registration Statement continuously effective during the Effectiveness Period; upon the occurrence of any event that would cause the Shelf Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not be effective and usable for the resale of Registrable Securities during the Effectiveness Period, St. Mary shall file promptly an appropriate amendment to the Shelf Registration Statement or a report filed with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use its best efforts to cause such amendment to be declared effective and the Shelf Registration Statement and the related Prospectus to become usable for their intended purposes as soon as practicable thereafter. Notwithstanding the foregoing, St. Mary may suspend the effectiveness of the Shelf Registration Statement by written notice to the Holders for a period not to exceed an aggregate of thirty days in any ninety-day period (each such period, a "Suspension Period") if:

(x) an event occurs and is continuing as a result of which the Shelf Registration Statement would, in St. Mary's reasonable judgment, contain an

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untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and

(y) St. Mary reasonably determines that the disclosure of such event at such time would have a material adverse effect on the business of St. Mary and its subsidiaries, taken as a whole;

provided, that (A) in the event the disclosure relates to a previously undisclosed proposed or pending material business transaction, the disclosure of which would impede St. Mary's ability to consummate such transaction, St. Mary may extend a Suspension Period from thirty days to forty-five days and (B) the Suspension Periods shall not exceed an aggregate of sixty days in any 180-day period. Each Holder agrees to hold in confidence any communication by St. Mary relating to an event described in Section 3(b)(i)(x) and (y) or Section 3(b)(iii)(D).

(ii) Prepare and file with the SEC such amendments and post-effective amendments to the Shelf Registration Statement as may be necessary to keep the Shelf Registration Statement effective during the Effectiveness Period; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and to comply fully with the applicable provisions of Rules 424 and 430A under the Securities Act in a timely manner; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by the Shelf

Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in the Shelf Registration Statement or supplement to the Prospectus.

(iii) Advise the underwriter(s), if any, and, in the case of (A), (B), (C) and (D) below, the Holders, promptly and, if requested by such persons, to confirm such advice in writing:

(A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to the Shelf Registration Statement or any post-effective amendment thereto, when the same has become effective,

(B) of any request by the SEC for amendments to the Shelf Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto,

(C) of the issuance by the SEC of any stop order suspending the effectiveness of the Shelf Registration Statement under the Securities Act or of

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the suspension by any state securities commission of the qualification of the Registrable Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, or

(D) of the existence of any fact or the happening of any event, during the Effectiveness Period, that makes any statement of a material fact made in the Shelf Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Shelf Registration Statement or the Prospectus in order to make the statements therein not misleading.

If at any time the SEC shall issue any stop order suspending the effectiveness of the Shelf Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Registrable Securities under state securities or blue sky laws, St. Mary shall use its best efforts to obtain the withdrawal or lifting of such order at the earliest practicable time.

(iv) Furnish to one counsel for the Holders and each of the underwriter(s), if any, before filing with the SEC, a copy of the Shelf Registration Statement and copies of any Prospectus included therein or any amendments or supplements to either of the Shelf Registration Statement or Prospectus (other than documents incorporated by reference after the initial filing of the Shelf Registration Statement), which documents will be subject to the review of such counsel and underwriter(s), if any, for a period of five Business Days, and St. Mary shall not file the Shelf Registration Statement or Prospectus or any amendment or supplement to the Shelf Registration Statement or Prospectus (other than documents incorporated by reference) to which such counsel or the underwriter(s), if any, shall reasonably object within five Business Days after the receipt thereof. Such counsel or underwriter, if any, shall be deemed to have reasonably objected to such filing if the Shelf Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains a material misstatement or omission.

(v) Subject to the execution of a confidentiality agreement reasonably acceptable to St. Mary, make available at reasonable times for inspection by one or more representatives of the Holders, any underwriter participating in any distribution pursuant to the Shelf Registration Statement, and any attorney or accountant retained by the Holders or any of

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the underwriter(s), all financial and other records, pertinent corporate documents and properties of St. Mary as shall be

reasonably necessary to enable them to exercise any applicable due diligence responsibilities, and cause St. Mary's officers, directors, managers and employees to supply all information reasonably requested by any such representative or representatives of the Holders, underwriter, attorney or accountant in connection with the Shelf Registration Statement after the filing thereof and before its effectiveness; provided, however, that any information designated by St. Mary as confidential at the time of delivery of such information shall be kept confidential by the recipient thereof.

(vi) If requested by the Holders or the underwriter(s), if any, incorporate in the Shelf Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as the Holders and underwriter(s), if any, may reasonably request to have included therein, including, without limitation: (1) information relating to the "plan of distribution" of the Registrable Securities and (2) any other terms of the offering of the Registrable Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as reasonably practicable after St. Mary is notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment.

(vii) Furnish to the Holders and each of the underwriter(s), if any, without charge, at least one copy of the Shelf Registration Statement, as first filed with the SEC, and of each amendment thereto (and any documents incorporated by reference therein or exhibits thereto (or exhibits incorporated in such exhibits by reference) as such person may request in writing).

(viii) Deliver to the Holders and each of the underwriter(s), if any, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such persons reasonably may request; subject to any notice by St. Mary in accordance with this Section 3(b) of the existence of any fact or event of the kind described in Section 3(b)(iii)(D), St. Mary hereby consents to the use of the Prospectus and any amendment or supplement thereto by each of the Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto.

(ix) If an underwriting agreement is entered into and the registration is an Underwritten Registration, St. Mary shall:

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(A) upon request, furnish to the Holders and each underwriter, if any, in such substance and scope as they may reasonably request and as are customarily made by issuers to underwriters in primary underwritten offerings, upon the date of closing of any sale of Registrable Securities in an Underwritten Registration:

(1) a certificate, dated the date of such closing, signed by (y) the President and (z) the Vice President - Finance of St. Mary confirming, as of the date thereof, such matters as such parties may reasonably request;

(2) opinions, each dated the date of such closing, of counsel to St. Mary covering such matters as are customarily covered in legal opinions to underwriters in connection with primary underwritten offerings of securities; and

(3) customary comfort letters, dated the date of such closing, from St. Mary's independent accountants (and from any other accountants whose report is contained or incorporated by reference in the Shelf Registration Statement and from whom such a letter may be obtained), in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with primary underwritten offerings of securities;

(B) set forth in full in the underwriting agreement, if any, indemnification provisions and procedures which provide rights no less protective than those set forth in Section 5 hereof with respect to all parties to be indemnified; and

(C) deliver such other documents and certificates as may be reasonably requested by such parties to evidence compliance with clause (A) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Holders pursuant to this clause (ix).

(x) Before any public offering of Registrable Securities, cooperate with the Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Registrable Securities under the securities or blue sky laws of such jurisdictions as the Holders or underwriter(s), if any, may reasonably request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Shelf Registration

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Statement; provided, however, that St. Mary shall not be required (A) to register or qualify as a foreign corporation or a dealer of securities where it is not now so qualified or to take any action that would subject it to the service of process in any jurisdiction where it is not now so subject or (B) to subject itself to taxation in any such jurisdiction if it is not now so subject.

(xi) Cooperate with the Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends (unless required by applicable securities laws to which the Registrable Securities are subject); and enable such Registrable Securities to be in such denominations and registered in such names as the Holders or the underwriter(s), if any, may reasonably request at least two Business Days before any sale of Registrable Securities made by such underwriter(s).

(xii) Use its best efforts to cause the Registrable Securities covered by the Shelf Registration Statement to be registered with or approved by such other United States or state governmental agencies or authorities as may be necessary to enable the sellers thereof or the underwriter(s), if any, to consummate the disposition of such Registrable Securities, subject to the proviso in clause (x) above.

(xiii) Subject to Section 3(b)(i) hereof, if any fact or event contemplated by Section 3(b)(iii)(D) hereof shall exist or have occurred, use its best efforts to prepare a supplement or post-effective amendment to the Shelf Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Registrable Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(xiv) Cooperate and assist in any filings required to be made with the NYSE and in the performance of any due diligence investigation by any underwriter that is required in accordance with the rules and regulations of the NYSE.

(xv) Otherwise use its best efforts to comply with all applicable rules and regulations of the SEC and all reporting requirements under the rules and regulations of the Exchange Act.

(xvi) Cause all Registrable Securities covered by the Shelf Registration Statement to be listed or quoted, as the case may be, on each securities exchange or automated

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quotation system on which securities issued by St. Mary of the same series are then listed or quoted.

(xvii) Provide promptly to each Holder upon written request each document filed with the SEC pursuant to the requirements of Section 13 and Section 15 of the Exchange Act after the effective date of the Shelf Registration Statement, unless such documents are available from EDGAR.

(xviii) If requested by the underwriters in an Underwritten Offering, make appropriate officers of St. Mary reasonably available to the underwriters for meetings with prospective purchasers of the Registrable Securities and prepare and present to potential investors customary "road show" materials in a manner consistent with other similar offerings.

(xix) Use its best efforts to qualify for registration on Form S-3 or its successor form.

(xx) Otherwise use its best efforts to enable the Holders to dispose of the Registrable Securities on the most favorable terms in St. Mary's customary securities trading market.

(c) Each Holder agrees that, upon receipt of any notice from St. Mary of the existence of any fact of the kind described in Section 3(b)(iii)(D) hereof, such Holder shall, and shall use its reasonable best efforts to cause any underwriter(s) in an Underwritten Offering to, forthwith discontinue disposition of Registrable Securities pursuant to the Shelf Registration Statement until:

(i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 3(b)(xiii) hereof; or

(ii) such Holder is advised in writing by St. Mary that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus.

If so directed by St. Mary, each Holder shall deliver to St. Mary (at St. Mary's expense) all copies, other than permanent file copies then in such Holder's possession, that the Holder agrees to retain, of the Prospectus covering such Registrable Securities that was current at the time of receipt of such notice of suspension.

(d) Each Holder shall furnish to St. Mary in writing such information regarding such Holder and the proposed distribution by such Holder of its Registrable Securities as St. Mary may reasonably request for use in connection with the Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. Each Holder who intends to be named as a selling Holder in the Shelf Registration

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Statement shall promptly furnish to St. Mary in writing all information required to be disclosed in order to make information previously furnished to St. Mary by such Holder not materially misleading and such other information as St. Mary may from time to time reasonably request in writing.

(e) Following the effectiveness of the Shelf Registration Statement, each Holder shall notify St. Mary at least one Business Day prior to any intended distribution or resale of Registrable Securities pursuant to the Shelf Registration Statement (a "Sale Notice"), which

notice shall be effective for twenty Business Days. The purpose of such Sale Notice is to enable St. Mary to make during such notice period any required post-effective amendment to the Shelf Registration Statement. St. Mary shall hold in confidence such Sale Notice and shall not utilize such information in any other manner for the benefit of itself or of any other person. Each Holder agrees to hold any communication by St. Mary in response to a Sale Notice in confidence.

Section 4. Registration Expenses. All expenses incurred in connection

with St. Mary's performance or compliance with this Agreement, including without limitation all registration, filing and qualification fees, printing fees and expenses, accounting fees and expenses, fees and disbursements of counsel for St. Mary shall be borne by St. Mary. Notwithstanding anything to the contrary herein, St. Mary shall not be required to pay for: (a) the expenses, fees and disbursements of counsel for the Holders or any underwriters, or (b) any underwriting discounts, commissions and transfer taxes incurred in connection with a resale of Registrable Securities.

Section 5. Indemnification and Contribution.

(a) Indemnification by St. Mary. To the extent permitted by

law, St. Mary shall indemnify and hold harmless each Holder, the officers, directors, stockholders, employees, representatives and agents of such Holder, legal counsel and accountants for such Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or any other federal or state securities law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based on any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue

statement or alleged untrue statement of a material fact contained in the Shelf Registration Statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by St. Mary of the Securities Act, the Exchange Act, any

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state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law; and St. Mary shall reimburse such Holder, underwriter or controlling person for any legal or other expenses reasonably incurred, as incurred, in connection with investigating or defending any such loss, claim, damage, liability or action; provided that the indemnity agreement in this Section 5(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of St. Mary (which consent shall not be unreasonably withheld or delayed), nor shall St. Mary be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based on a Violation that occurs in reliance on and in conformity with written information furnished expressly for use in connection with such registration by such Holder, underwriter or controlling person.

(b) Indemnification by the Holders. To the extent permitted by

law, each Holder shall indemnify and hold harmless St. Mary, each of its directors and officers who sign the registration statement, the stockholders, employees, representatives and agents of St. Mary, legal counsel and accountants for St. Mary, and each person, if any, who controls St. Mary within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, any underwriter, any other Holder and any controlling person of any such underwriter or other Holder, against any losses, claims, damages or liabilities to which any of the foregoing persons may become subject, under the Securities Act, the Exchange Act or any other federal or state securities law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based on any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance on and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder shall reimburse any person intended to be indemnified pursuant to this Section 5(b), for any legal or other expenses reasonably incurred, as incurred, by such person in connection with investigating or defending any such loss, claim, damage, liability or action; provided that the indemnity agreement in this Section 5(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld or delayed); and provided further that in no event shall any indemnity by such Holder under this Section 5(b), when aggregated with amounts contributed, if any, pursuant to Section 5(d), exceed the net proceeds from the sale of Registrable Securities hereunder received by such Holder.

(c) Indemnifying Party Can Participate in Defense. Promptly

after receipt by an indemnified party under this Section 5 of notice of the commencement of any action (including any governmental action),

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such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under this Section 5, deliver to the indemnifying party notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent that the indemnifying party so desires, jointly with any other

indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonable fees and expenses thereof to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to notify the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 5, but the omission to so notify the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 5.

(d) Contribution Where Indemnification Not Available. If the

indemnification provided in this Section 5 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that shall have resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations; provided that in no event shall any contribution by a Holder under this Section 5(d), when aggregated with amounts paid, if any, pursuant to Section 5(b), exceed the net proceeds from the sale of Registrable Securities hereunder received by such Holder. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Underwriting Agreement Shall Control. Notwithstanding the

foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with an Underwritten Offering are in conflict with the

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foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Survival of Indemnification Obligations. The obligations

of St. Mary and the Holders under this Section 5 shall survive the completion of any offering of Registrable Securities in a registration statement under this Agreement, and otherwise.

Section 6. Reports under Exchange Act. With a view to making available

to the Holders the benefits of Rule 144 promulgated under the Securities Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of St. Mary to the public without registration or pursuant to a registration on Form S-3, St. Mary agrees to:

(a) Make and keep available adequate current public information with respect to St. Mary, as contemplated by Rule 144, at all times;

(b) Take such action as is necessary to enable the Holders to utilize Form S-3 for the resale of their Registrable Securities;

(c) File with the SEC in a timely manner all reports and other documents required of St. Mary under the Securities Act and the Exchange Act;

(d) Furnish to a Holder, so long as the Holder owns any Registrable Securities, promptly upon request:

(i) a written statement by St. Mary that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act;

(ii) a copy of the most recent annual or quarterly

report of St. Mary and such other reports and documents so filed by St. Mary, unless such documents are available from EDGAR; and

(iii) such other information as may be reasonably requested in availing any Holder of any SEC rule or regulation that permits the selling of any such securities without registration or pursuant to Form S-3; and

(e) Undertake any additional actions reasonably necessary to maintain the availability of the Shelf Registration Statement or the use of Rule 144.

Section 7. Assignment of Registration Rights. The rights to cause St.

Mary to register Registrable Securities under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such Registrable Securities that:

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(a) is a subsidiary, parent or stockholder of a Holder;

(b) is an entity controlling, controlled by or under common control, or under common investment management, with a Holder, including without limitation a corporation, partnership or limited liability company that is a direct or indirect parent or subsidiary of the Holder; or

(c) is a transferee or assignee of more than fifty percent of the Registrable Securities;

provided that: (i) St. Mary is, within a reasonable time after such transfer, notified of the name and address of such transferee or assignee and the Registrable Securities with respect to which such registration rights are being assigned; (ii) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement; and (iii) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Securities Act.

Section 8. Subsequent Registration Rights. From and after the date of

this Agreement, St. Mary may enter into any agreement with any holder or prospective holder of any securities of St. Mary that would allow such holder or prospective holder to include such securities in the registration statement filed under Section 2 hereof, as long as under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the amount of the Registrable Securities of the Holders that are included.

Section 9. Underwritten Offering. The Holders may sell their

Registrable Securities through an Underwritten Offering only with St. Mary's prior written consent, which consent may not be unreasonably withheld or delayed. In any such Underwritten Offering the investment bankers and managers that will administer the offering shall be selected by the Holders, provided that such investment bankers and managers must be reasonably satisfactory to St. Mary.

Section 10. Termination of Registration Rights. The registration rights

granted under this Agreement shall terminate as to a Holder at such time as the Holder can sell all Registrable Securities held by the Holder (and any affiliate of the Holder with whom such Holder must aggregate its sales under Rule 144) in compliance with Rule 144 under the Securities Act in any three-month period without volume limitations and without registration.

Section 11. Specific Performance. St. Mary hereby acknowledges and

agrees that irreparable harm would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that damages would be an inadequate remedy for a

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breach of this Agreement. Therefore, St. Mary agrees that the Holders shall be entitled to specific relief hereunder, including, without limitation, an order of specific performance of the terms and provisions of this Agreement, in addition to any other remedy to which they may be entitled at law or in equity. Any requirements for the securing or posting of any bond in connection with obtaining any such remedy are hereby waived.

Section 12. Miscellaneous.

(a) Notices. All notices, consents, requests, instructions, -----
authorizations, approvals, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed duly given to a party when (i) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (ii) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; or (iii) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated in the PSA (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other parties).

(b) Entire Agreement. This Agreement sets forth the entire -----
understanding of the parties with respect to the subject matter hereof.

(c) Binding Effect. This Agreement shall inure to the benefit -----
of, and shall be binding upon, the parties hereto and their respective successors and permitted assigns (including permitted transferees of any shares of Registrable Securities). Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(d) Assignment. No party may assign its rights or delegate its -----
obligations hereunder (whether voluntarily, involuntarily, or by operation of law) without the prior written consent of the other parties, except as otherwise provided in Section 7 hereof. Any such attempted assignment shall be null and void.

(e) Further Assurances. The parties agree that at any time and -----
from time to time, upon the written request of a party, the parties will execute and deliver such further documents and do such further acts and things as reasonably requested to effect the purposes of this Agreement.

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(f) Amendments. This Agreement may be amended only by an -----
agreement in writing executed by St. Mary and the Holders of a majority in interest of the Registrable Securities.

(g) Waiver. The observance of any term of this Agreement may -----
be waived only with the written consent of the party to be bound by such waiver. No failure on the part of a party to exercise any right or remedy shall operate as a waiver thereof.

(h) Governing Law. This Agreement shall be governed by and -----
construed and interpreted in accordance with the laws of the State of Colorado, without regard to any conflict of laws provisions thereof, except that the Delaware General Corporation Law shall govern as to matters of corporate law pertaining to St. Mary and the Utah Revised Business Corporation Act shall govern as to matters of corporate law pertaining to FJOG and BWOG.

(i) Jurisdiction and Venue. The parties hereto agree that any -----
actions, suits or proceedings arising out of or relating to this Agreement, the transactions contemplated hereby or any document referred to herein shall be brought solely and exclusively in the courts of the State of Colorado located in the City and County of Denver, Colorado and/or the courts of The United States of America located in the City and County of Denver, Colorado (and the parties agree not to commence any action, suit or proceeding relating thereto except in such courts), and further agree that service of any process, summons, notice or document by U.S. registered mail to the respective addresses referred to in Section 12(a) hereof shall be effective service of process for any such action, suit or proceeding brought against any party in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby, in the courts of the State of Colorado or The United States of America located in the City and County

of Denver, Colorado, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(j) Severability. If any term, provision, covenant or -----
restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable under applicable law, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the term, provision, covenant or restriction that is held to be invalid, void or unenforceable shall be modified so that it accomplishes to the maximum extent possible the original business purpose of such term, provision, covenant or restriction in a valid and enforceable manner.

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(k) Attorney Fees. If any action at law or in equity is -----
necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

(l) Adjustments in Capitalization. The Registrable Securities -----
subject to this Agreement shall be subject to proportionate and appropriate adjustment in the event of any change in the number of outstanding shares of St. Mary Stock that occurs by reason of a stock dividend or split, recapitalization, reclassification, or other similar change in capitalization by St. Mary.

(m) Headings. The headings, subheadings and other captions of -----
this Agreement are for convenience and reference only and shall not be used in interpreting, construing or enforcing any of the provisions of this Agreement.

(n) Counterparts and Facsimile Signatures. This Agreement may -----
be executed in any number of counterparts, and signature pages may be delivered by facsimile transmission.

[Signature page follows]

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IN WITNESS WHEREOF, this Registration Rights Agreement has been duly executed on behalf of each of the parties hereto by their duly authorized representatives as of the date first above written.

ST. MARY:

ST. MARY LAND & EXPLORATION COMPANY,
a Delaware corporation

By:/s/ MILAM RANDOLPH PHARO

Milam Randolph Pharo, Vice President -
Land and Legal

HOLDERS:

FLYING J OIL & GAS INC.,
a Utah corporation

By:/s/ JOHN R. SCALES

John R. Scales, President

BIG WEST OIL & GAS INC.,
a Utah corporation

By:/s/ JOHN R. SCALES

John R. Scales, President

PUT AND CALL OPTION AGREEMENT

This Put and Call Option Agreement dated as of January 29, 2003 (the "Agreement") is by and among St. Mary Land & Exploration Company, a Delaware corporation ("St. Mary"), and Flying J Oil & Gas Inc., a Utah corporation ("FJOG") and Big West Oil & Gas Inc., a Utah corporation ("BWOG"), (FJOG and BWOG are collectively referred to herein as "Flying J").

RECITALS

WHEREAS, St. Mary, FJOG and BWOG have entered into that certain Purchase and Sale Agreement dated as of December 13, 2002 (the "PSA") by and among FJOG, BWOG, NPC Inc., a Colorado corporation, and St. Mary, whereby upon the closing of the PSA St. Mary shall issue to FJOG and BWOG a total of 3,380,818 shares (the "Shares") of St. Mary common stock, \$0.01 par value per share (the "St. Mary Stock"); and

WHEREAS, as a condition to the Closing and in connection with the issuance of such Shares of St. Mary Stock, St. Mary and Flying J have agreed that St. Mary shall grant to FJOG and BWOG the right to require St. Mary to repurchase such Shares, and FJOG and BWOG shall grant to St. Mary the right to require FJOG and BWOG to sell to St. Mary such Shares, under the terms and conditions as set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the PSA, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

Section 1. Certain Definitions. For purposes of this Agreement, the following terms shall have the following respective meanings:

(a) "Call Exercise Notice" shall mean a written notice, in substantially the form of Exhibit B attached hereto, from St. Mary to FJOG and BWOG with respect to the exercise of St. Mary's Call Option.

(b) "Call Option" shall mean St. Mary's right and option to require FJOG and BWOG, on the terms and conditions set forth herein, to sell to St. Mary all of the Shares of St. Mary Stock issued under the PSA.

(c) "Person" shall mean any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, other form of business organization, or unincorporated organization.

(d) "Put Exercise Notice" shall mean a written notice, in substantially the form of Exhibit A attached hereto, from FJOG and BWOG to St. Mary with respect to the exercise of FJOG's and BWOG's Put Option.

(e) "Put Option" shall mean FJOG's and BWOG's right and option to require St. Mary, on the terms and conditions set forth herein, to purchase from FJOG and BWOG all of the Shares of St. Mary Stock issued under the PSA.

All other capitalized terms used but not defined herein shall have the respective meanings given to them in the PSA.

Section 2. Grant of Put Option and Call Option.

(a) Put Option. Subject to the terms and conditions set forth herein, St. Mary irrevocably grants and issues to FJOG and BWOG a Put Option whereby FJOG and BWOG shall have the right and option to require St. Mary to purchase from FJOG and BWOG, upon five days advance written notice by delivering a Put Exercise Notice, all of the Shares of St. Mary Stock issued to FJOG and BWOG under the PSA at a purchase price (the "Put Payment Price") of \$71,593,795 together with interest thereon at the rate of two percent above the one-year LIBOR rate (London InterBank Offered Rate) in effect at the closing (the "Closing") of the transaction pursuant to which NPC Inc. has acquired substantially all of the oil and gas assets of the FJOG and BWOG (the "Acquisition") and with such interest adjusted on each one year anniversary of the

Closing, compounded annually, with such interest due and payable upon exercise of the Put Option. It is the intention of the parties that St. Mary shall pay to FJOG and BWOG for exercise of this Put Option the exact amount, including both principal and interest, that FJOG and BWOG shall be required to pay to St. Mary under the Nonrecourse Secured Promissory Note dated January 29, 2003. It is further intended that FJOG and BWOG shall have the full right to offset all sums owed to St. Mary under the Nonrecourse Secured Promissory Note against sums St. Mary shall owe to FJOG and BWOG as a result of their exercise of this Put Option. Notwithstanding anything to the contrary contained in the foregoing, the Put Payment Price shall not however include any interest accrued on the Nonrecourse Secured Promissory Note from and after two years and six months following the Closing or any default interest on such non-included interest or the costs of collection of such non-included interest. Such Put Option shall be exercisable at any time on or before the date that the loan by St. Mary to FJOG and BWOG pursuant to the Nonrecourse Secured Promissory Note (the "Note") matures and becomes repayable to St. Mary in full pursuant to the terms of the Note and shall be exercisable only for all, and not a portion,

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of the Shares of St. Mary Stock issued under the PSA.

(b) Call Option. Subject to the terms and conditions set forth

herein, FJOG and BWOG irrevocably grant and issue to St. Mary a Call Option whereby St. Mary shall have the right and option to require FJOG and BWOG to sell to St. Mary, upon five days advance written notice by delivering a Call Exercise Notice, all of the Shares of St. Mary Stock issued to FJOG and BWOG under the PSA at a sales price (the "Call Payment Price") of \$97,447,094. Such Call Option shall be exercisable at any time on or before the date that the Loan matures and becomes repayable to St. Mary in full pursuant to the terms of the Note and shall be exercisable only for all, and not a portion, of the Shares of St. Mary Stock issued under the PSA.

Section 3. Termination of Put Option and Call Option. Both the Put

Option and the Call Option shall terminate and be of no further force or effect at such time as the date that the Loan matures and becomes repayable to St. Mary in full pursuant to the terms of the Note, or from and after any earlier prepayment of the Loan. In addition, upon the exercise of the Put Option, the Call Option shall terminate, and upon the exercise of the Call Option, the Put Option shall terminate. The time at which the Put Option and Call Option terminate shall be the "Expiration Time."

Section 4. Exercise of Put Option.

(a) If at any time prior to the Expiration Time FJOG and BWOG wish to exercise their Put Option, FJOG and BWOG shall deliver a Put Exercise Notice to St. Mary. Such Put Exercise Notice shall be effective if and only if it is received by St. Mary prior to the Expiration Time.

(b) Within five days after delivery to St. Mary of the Put Exercise Notice, St. Mary shall offset the full amount of the Put Payment Price for all of the Shares of St. Mary Stock issued under the PSA and to be repurchased by St. Mary, against the outstanding indebtedness of FJOG and BWOG to St. Mary under the Note and FJOG and BWOG shall deliver to St. Mary a certificate or certificates representing all of the Shares, which shall be free and clear of all liens, claims, charges and encumbrances of any kind whatsoever.

Section 5. Exercise of Call Option.

(a) If at any time prior to the Expiration Time St. Mary wishes to exercise its Call Option, St. Mary shall deliver a Call Exercise Notice to FJOG and BWOG. Such Call Exercise Notice shall be effective if and only if it is received by FJOG and BWOG prior to the Expiration Time.

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(b) Within five days after delivery to FJOG and BWOG of the Call Exercise Notice, St. Mary shall offset the full amount of the Call Payment Price for all of the Shares of St. Mary Stock issued under the PSA and to be sold by FJOG and BWOG to St. Mary, against the outstanding indebtedness of FJOG and BWOG to St. Mary under the Note, and to the extent that the Call Payment Price exceeds such outstanding indebtedness it shall be payable in cash as FJOG and BWOG shall direct in writing at least three business days prior to the payment date, and FJOG and BWOG shall deliver to St. Mary a certificate or certificates

representing all of such Shares, which shall be free and clear of all liens, claims, charges and encumbrances of any kind whatsoever.

Section 6. Transfers of Shares of St. Mary Stock. In the event that

while the Put Option and Call Option remain in effect FJOG or BWOG transfers any of the Shares of St. Mary Stock subject to this Agreement, which transfer must comply with the applicable transfer restrictions set forth in that certain Share Transfer Restriction Agreement dated as of January 29, 2003 by and among FJOG, BWOG, and St. Mary, to any Person that is not a party hereto or otherwise subject to the terms and provisions hereof, such Person shall take such Shares subject to all of the terms and provisions of this Agreement and such transfer shall be effective if and only if such Person executes and delivers a written agreement to St. Mary to the effect that such Person shall be bound by the terms of this Agreement as if such Person were an original party hereto.

Section 7. Stock Certificate Legend. For so long as the Put Option and

Call Option remain in effect, each certificate representing the Shares of St. Mary Stock subject to this Agreement shall bear, in addition to any legend or legends required by applicable securities laws and any other agreements pertaining to such Shares, a legend in substantially the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A PUT AND CALL OPTION AGREEMENT DATED JANUARY 29, 2003, BY AND AMONG THE COMPANY AND CERTAIN STOCKHOLDERS OF THE COMPANY. A COPY OF SUCH PUT AND CALL OPTION AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY WHERE IT MAY BE INSPECTED.

Section 8. Injunctive Relief and Specific Performance. Each party

hereto hereby acknowledges and agrees that irreparable harm would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that damages would be an inadequate remedy for a breach of this Agreement. Therefore, it is agreed that the parties shall be entitled to specific relief hereunder, including, without limitation, an injunction or injunctions to prevent and enjoin breaches of the provisions of this Agreement and an order of specific performance of the

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terms and provisions of this Agreement, in addition to any other remedy to which they may be entitled at law or in equity. Any requirements for the securing or posting of any bond in connection with obtaining any such remedy are hereby waived.

Section 9. Representations and Warranties of Flying J. To induce St.

Mary to enter into this Agreement and to consummate the transactions contemplated hereby, each of FJOG and BWOG represents and warrants to St. Mary as follows:

(a) Binding Agreement. The execution, delivery and performance

of this Agreement by such party and the consummation by such party of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of such party. This Agreement has been duly executed and delivered by such party, and, assuming the valid authorization, execution and delivery hereof by St. Mary, is a valid and binding obligation of such party, enforceable against such party in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting or relating to the enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

(b) Execution; No Violations. The execution and delivery of

this Agreement by such party does not, and the consummation by such party of the transactions contemplated hereby will not: (i) violate or conflict with the organizational documents of such party or any agreement, order, injunction, decree, or judgment to which such party is a party or by which such party or any of its respective properties is bound; or (ii) violate any law, rule or regulation applicable to such party.

(c) Governmental and Other Consents. No consent, approval or

authorization of, or designation, registration, declaration or filing with, any governmental entity or third Person is required on the part of such party in connection with the execution or delivery of this Agreement or the consummation by it of the transactions contemplated hereby.

Section 10. Representations and Warranties of St. Mary. To induce FJOG

and BWOG to enter into this Agreement and to consummate the transactions contemplated hereby, St. Mary represents and warrants to FJOG and BWOG as follows:

(a) Binding Agreement. The execution, delivery and performance

of this Agreement by St. Mary and the consummation by St. Mary of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of St. Mary. This Agreement has been duly executed and delivered by St. Mary, and, assuming the valid authorization, execution and delivery hereof by the

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other parties hereto, is a valid and binding obligation of St. Mary, enforceable against St. Mary in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting or relating to the enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

(b) Execution; No Violations. The execution and delivery of

this Agreement by St. Mary does not, and the consummation by St. Mary of the transactions contemplated hereby will not: (i) violate or conflict with the organizational documents of St. Mary or any agreement, order, injunction, decree, or judgment to which St. Mary is a party or by which St. Mary or any of its properties is bound; or (ii) violate any law, rule or regulation applicable to St. Mary.

(c) Governmental and Other Consents. No consent, approval or

authorization of, or designation, registration, declaration or filing with, any governmental entity or third Person is required on the part of St. Mary in connection with the execution or delivery of this Agreement or the consummation by it of the transactions contemplated hereby.

(d) No Impairment of Capital. No impairment to the capital of

St. Mary exists on the date of this Agreement or on the date that the transactions contemplated by this Agreement shall be performed. St. Mary's execution and performance of the PSA and other agreements referenced therein, including this agreement will not impair the capital of St. Mary.

Section 11. Miscellaneous.

(a) Notices. All notices, consents, instructions,

authorizations, waivers and other communications required or permitted by this Agreement shall be in writing and unless specified otherwise herein shall be deemed duly given to a party when (i) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (ii) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; or (iii) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated in the PSA (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other parties).

(b) Entire Agreement. This Agreement sets forth the entire

understanding of the parties with respect to the subject matter hereof.

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(c) Binding Effect. This Agreement shall inure to the benefit

of, and shall be binding upon, the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(d) Assignment. No party may assign its rights or delegate its

obligations hereunder (whether voluntarily, involuntarily, or by operation of law) without the prior written consent of the other parties except that if FJOG and BWOG shall transfer their interest in the St. Mary Stock to Flying J Inc. in accordance with the Share Transfer Restriction Agreement between the Parties hereto then the rights and obligations of FJOG and BWOG herein may be assigned to Flying J Inc. without the consent of the other parties hereto. Any attempted assignment proscribed hereby shall be null and void.

(e) Further Assurances. The parties agree that at any time and -----
from time to time, upon the written request of a party, the parties will execute and deliver such further documents and do such further acts and things as reasonably requested to effect the purposes of this Agreement.

(f) Amendments. This Agreement may be amended only by an -----
agreement in writing executed by each of the parties hereto.

(g) Waiver. The observance of any term of this Agreement may -----
be waived only with the written consent of the party to be bound by such waiver. No failure on the part of a party to exercise any right or remedy shall operate as a waiver thereof.

(h) Governing Law. This Agreement shall be governed by and -----
construed and interpreted in accordance with the laws of the State of Colorado, without regard to any conflict of laws provisions thereof, except that the Delaware General Corporation Law shall govern as to matters of corporate law pertaining to St. Mary and the Utah Revised Business Corporation Act shall govern as to matters of corporate law pertaining to FJOG and BWOG.

(i) Jurisdiction and Venue. The parties hereto agree that any -----
actions, suits or proceedings arising out of or relating to this Agreement, the transactions contemplated hereby or any document referred to herein shall be brought solely and exclusively in the courts of the State of Colorado located in the City and County of Denver, Colorado and/or the courts of The United States of America located in the City and County of Denver, Colorado (and the parties agree not to commence any action, suit or proceeding relating thereto except in such courts), and further agree that service of any process, summons, notice or document by U.S. registered mail to the respective

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addresses referred to in Section 11(a) hereof shall be effective service of process for any such action, suit or proceeding brought against any party in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby, in the courts of the State of Colorado or The United States of America located in the City and County of Denver, Colorado, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(j) Severability. If any term, provision, covenant or -----
restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable under applicable law, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the term, provision, covenant or restriction that is held to be invalid, void or unenforceable shall be modified so that it accomplishes to the maximum extent possible the original business purpose of such term, provision, covenant or restriction in a valid and enforceable manner.

(k) Attorney Fees. If any action at law or in equity is -----
necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

(l) Adjustments in Capitalization. The number of shares of St. -----
Mary Stock subject to this Agreement shall be subject to proportionate and appropriate adjustment in the event of any change in the number of outstanding shares of St. Mary Stock that occurs by reason of a stock

dividend or split, recapitalization, reclassification, or other similar change in capitalization by St. Mary.

(m) Headings. The headings, subheadings and other captions of -----
this Agreement are for convenience and reference only and shall not be used in interpreting, construing or enforcing any of the provisions of this Agreement.

(n) Counterparts and Facsimile Signatures. This Agreement may -----
be executed in any number of counterparts, and signature pages may be delivered by facsimile transmission.

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IN WITNESS WHEREOF, this Put and Call Option Agreement has been duly executed on behalf of each of the parties hereto by their duly authorized representatives as of the date first above written.

ST. MARY LAND & EXPLORATION COMPANY,
a Delaware corporation

By:/s/ MILAM RANDOLPH PHARO

Milam Randolph Pharo, Vice President -
Land and Legal

FLYING J OIL & GAS INC.,
a Utah corporation

By:/s/ JOHN R. SCALES

John R. Scales, President

BIG WEST OIL & GAS INC.,
a Utah corporation

By:/s/ JOHN R. SCALES

John R. Scales, President

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STANDSTILL AGREEMENT

This Standstill Agreement dated as of January 29, 2003 (the "Agreement") is by and among St. Mary Land & Exploration Company, a Delaware corporation ("St. Mary"), and Flying J Oil & Gas Inc., a Utah corporation ("FJOG") and Big West Oil & Gas Inc., a Utah corporation ("BWOG") (with FJOG, BWOG and the Parent collectively referred to herein as "Flying J").

RECITALS

WHEREAS, St. Mary, FJOG and BWOG have entered into that certain Purchase and Sale Agreement dated as of December 13, 2002 (the "PSA") by and among FJOG and BWOG, NPC Inc., a Colorado corporation, and St. Mary, whereby upon the closing of the PSA St. Mary shall issue to FJOG and BWOG a total of 3,380,818 shares (the "Shares") of St. Mary common stock, \$0.01 par value per share (the "St. Mary Stock"); and

WHEREAS, as a condition to the closing of the PSA, St. Mary desires that each of FJOG and BWOG make certain agreements, covenants, representations and warranties with respect to St. Mary Stock as set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the PSA, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

Section 1. Certain Definitions. For purposes of this Agreement, the following terms shall have the following respective meanings:

(a) "Affiliate" and "Associate" shall have the respective meanings set forth in Rule 12b-2 promulgated by the SEC under the Exchange Act.

(b) "Beneficial Owner" and "Beneficially Own" shall have the same meanings as set forth in Rule 13d-3 promulgated by the SEC under the Exchange Act, except that a Person shall also be deemed to be the Beneficial Owner of all securities which such Person has the right to acquire pursuant to the exercise of any rights in connection with any securities or any agreement, regardless of when such rights may be exercised and whether they are conditional.

(c) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(d) "Person" shall mean any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, other form of business organization, or unincorporated organization.

(e) "SEC" shall mean the United States Securities and Exchange Commission.

(f) "St. Mary Board" shall mean the Board of Directors of St. Mary.

(g) "Standstill Period" shall mean that period of time beginning upon the Closing of the PSA and ending upon the expiration of two years and six months after such closing.

All other capitalized terms used but not defined herein shall have the respective meanings given to them in the PSA.

Section 2. Standstill Agreement.

(a) No Increase in Ownership of St. Mary After Closing of PSA.

Each of FJOG and BWOG covenants and agrees that, from and after the date hereof and until the expiration of the Standstill Period, neither it nor any of its Affiliates or Associates shall, without the prior written consent of St. Mary specifically expressed in a resolution adopted by the St. Mary Board, directly or indirectly, purchase or

cause to be purchased or otherwise acquire or agree to acquire, or become or agree to become the Beneficial Owner of, any additional equity securities of St. Mary, or any additional securities convertible into or exchangeable for any equity securities of St. Mary. The foregoing shall not however apply to any securities distributed by St. Mary to the holders of the St. Mary Stock, to any transfer between FJOG and BWOG or to any transfer to Flying J Inc. in accordance with Section 2 of the Share Transfer Restriction Agreement.

(b) Other Prohibited Actions. Each of FJOG and BWOG covenants

and agrees that, during the Standstill Period, neither it nor any of its Affiliates or Associates shall, without the prior written consent of St. Mary specifically expressed in a resolution adopted by the St. Mary Board, directly or indirectly, solicit, request, advise, assist or encourage any Person to:

(i) form, join in or in any other way participate in a "partnership, limited partnership, syndicate or other group" within the meaning of Section 13(d)(3) of the Exchange Act with respect to securities of St. Mary or deposit any voting securities of St. Mary in a voting trust or similar arrangement or subject any voting securities of St. Mary to any voting agreement or pooling arrangement, other than with respect to an arrangement among FJOG and BWOG or their

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respective Affiliates and Associates concerning the Shares of St. Mary Stock to be issued under the PSA;

(ii) solicit proxies or written consents with respect to St. Mary voting securities under any circumstances, or make, or in any way participate in, any "solicitation" of any "proxy" to vote any St. Mary voting securities, or become a "participant" in any contested solicitation for the election of directors with respect to St. Mary (as such terms are defined or used in Rules 14a-1 and Item 4 of Schedule 14A under the Exchange Act), or seek to advise or influence any Person with respect to the voting, holding or disposition of any St. Mary voting securities other than in accordance with any solicitation or recommendation by the St. Mary Board or management of St. Mary;

(iii) seek to call, or to request the call of, a special meeting of the St. Mary stockholders, or seek to make, or make, a stockholder proposal at any meeting of the St. Mary stockholders, or seek to make, or make, any nomination for election of a director to the St. Mary Board or make a request for a list of the St. Mary stockholders;

(iv) commence or announce any intention to commence any tender offer for any shares of St. Mary Stock, or file with or send to the SEC a Schedule 13D or any amendments to any Schedule 13D under the Exchange Act with respect to St. Mary Stock to reflect changes to the disclosures set forth therein and exhibits filed therewith, except to the extent such filing is solely to report one or a combination of (A) permitted purchases of St. Mary Stock, or (B) permitted dispositions of St. Mary Stock (including dispositions that reduce the Beneficial Ownership of FJOG or BWOG below 5%). In addition, FJOG or BWOG may file a Schedule 13D to comply with amendments after the date hereof to Section 13(d) of the Exchange Act, to the rules promulgated thereunder, or to the SEC's interpretation of either of the foregoing (it being understood that nothing contained in this Section 2(b)(iv) shall be deemed to permit any action or disclosure that is otherwise prohibited by this Agreement);

(v) make a proposal or bid with respect to, or announce any intention or desire to make, or publicly make or disclose, or cause to be made or disclosed publicly, any proposal or bid with respect to, the acquisition of any material portion of the assets of St. Mary or of all or any portion of the outstanding St. Mary Stock, or any merger, consolidation, other business combination, restructuring, recapitalization, liquidation or other extraordinary transaction involving St. Mary;

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(vi) arrange, or in any way participate in, any financing for any transaction referred to in clauses (i) through (v) above; or

(vii) publicly disclose, or cause or facilitate the public disclosure of (including by disclosure to any journalist or other representative of the media), any request, or otherwise seek (in any manner that would require public disclosure by FJOG or BWOG or any of their respective Affiliates or Associates), to obtain any waiver or consent under, or any amendment of, any provision of this Agreement.

Section 3. Voting of St. Mary Stock.

(a) Stockholder Meetings. During the Standstill Period, each

of FJOG and BWOG shall cause all shares of St. Mary Stock that are Beneficially Owned by it, and/or its Affiliates or Associates, and that are entitled to vote as of the record date for any meeting of St. Mary stockholders, to be present for quorum purposes at such meeting and to be voted in favor of (i) the St. Mary Board's nominees for election as directors at such meeting or at any adjournments or postponements thereof, and (ii) the St. Mary Board's proposals at such meeting or any adjournments or postponements thereof.

(b) Further Assurances and Proxies. Each of FJOG and BWOG

further agree to take all action necessary to carry out the intention of this Section. In connection with the foregoing, each of FJOG and BWOG shall deliver to St. Mary executed proxies authorizing those individuals designated by the St. Mary Board in its proxy solicitation for such meeting to vote all shares of St. Mary Stock that are Beneficially Owned by each of FJOG and BWOG and/or their respective Affiliates or Associates as of the record date for any meeting of St. Mary stockholders during the Standstill Period in favor of (i) the St. Mary Board's nominees for election as directors at such meeting or at any adjournments or postponements thereof, and (ii) the St. Mary Board's proposals at such meeting or any adjournments or postponements thereof. Such proxies will be coupled with an interest and shall be irrevocable.

Section 4. Press Releases and Other Public Statements. During the

Standstill Period, each of FJOG and BWOG agrees that neither it nor any of its Affiliates or Associates will issue any press release, make any public statement, or issue a letter to St. Mary stockholders which contains statements about St. Mary, without obtaining the prior written consent of St. Mary.

Section 5. Transfers of St. Mary Stock.

(a) Transferees Bound. In the event that during the Standstill

Period FJOG, BWOG or any Affiliate or Associate of either FJOG or BWOG transfers any shares of St. Mary Stock subject to this Agreement, which

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transfer must comply with the transfer restrictions set forth in that certain Share Transfer Restriction Agreement dated as of January 29, 2003 (the "Share Transfer Restriction Agreement") by and among FJOG, BWOG and St. Mary, to any Person that is not a party hereto or otherwise subject to the terms and provisions hereof, such Person shall take such shares subject to all of the terms and provisions of this Agreement and such transfer shall be effective if and only if such Person executes and delivers a written agreement to St. Mary to the effect that such Person shall be bound by the terms of this Agreement as if such Person were an original party hereto.

(b) Exceptions. The foregoing provisions of subsection (a) of

this Section shall not apply to the following transactions or under the following circumstances:

(i) Subject to the transfer restrictions set forth in the Share Transfer Restriction Agreement, sales of shares of St. Mary Stock in open market transactions to Persons who are unrelated to Flying J; and

(ii) In the event of an Acquisition of St. Mary, which for purposes of this Agreement shall mean the occurrence of any of the following events: (A) St. Mary shall not be the surviving entity in any merger (other than a merger with a subsidiary of St. Mary), share exchange, consolidation or other reorganization (or survives only as a subsidiary of an entity other than an Affiliate of St. Mary); or (B) St. Mary sells, leases or exchanges all or substantially all of its assets to any other Person (other than a wholly owned

subsidiary of St. Mary). In the event of a tender offer for shares of St. Mary Stock which is approved by the St. Mary Board pursuant to a plan intended to result in a subsequent Acquisition of St. Mary, FJOG, BWOG and any of their respective Affiliates or Associates may participate in such tender offer, without the restrictions of this Section, with respect to the shares of St. Mary Stock that are Beneficially Owned by them, and the maker of such tender offer shall not be subject to the restrictions on transfer with respect to such shares of St. Mary Stock.

Section 6. Stock Certificate Legend. For so long as this Agreement

remains in effect, each certificate representing shares of St. Mary Stock subject to this Agreement shall bear, in addition to any legend or legends required by applicable securities laws and any other agreements pertaining to such shares, a legend in substantially the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE
SUBJECT TO THE PROVISIONS OF A STANDSTILL
AGREEMENT DATED JANUARY 29, 2003, BY AND AMONG

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THE COMPANY AND CERTAIN STOCKHOLDERS OF THE
COMPANY, PURSUANT TO WHICH THE ACQUISITION OF
ADDITIONAL SHARES AND THE VOTING OF SUCH
SHARES ARE SUBJECT TO CERTAIN TERMS AND
RESTRICTIONS. A COPY OF SUCH STANDSTILL
AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE
OF THE COMPANY WHERE IT MAY BE INSPECTED.

Section 7. Termination. This Agreement shall terminate and be of no

further force and effect upon the expiration of the Standstill Period.

Section 8. Injunctive Relief and Specific Performance. Each party

hereto hereby acknowledges and agrees that irreparable harm would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that damages would be an inadequate remedy for a breach of this Agreement. Therefore, it is agreed that the parties shall be entitled to specific relief hereunder, including, without limitation, an injunction or injunctions to prevent and enjoin breaches of the provisions of this Agreement and an order of specific performance of the terms and provisions of this Agreement, in addition to any other remedy to which they may be entitled at law or in equity. Any requirements for the securing or posting of any bond in connection with obtaining any such remedy are hereby waived.

Section 9. Representations and Warranties of Flying J. To induce St.

Mary to enter into this Agreement and the PSA and to consummate the transactions contemplated hereby and thereby, each of FJOG and BWOG represents and warrants to St. Mary as follows:

(a) Binding Agreement. The execution, delivery and performance

of this Agreement by such party and the consummation by such party of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of such party. This Agreement has been duly executed and delivered by such party, and, assuming the valid authorization, execution and delivery hereof by St. Mary, is a valid and binding obligation of such party, enforceable against such party in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting or relating to the enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

(b) Execution; No Violations. The execution and delivery of

this Agreement by such party does not, and the consummation by such party of the transactions contemplated hereby will not: (i) violate or conflict with the organizational documents of such party or any

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agreement, order, injunction, decree, or judgment to which such party is a party or by which such party or any of its respective properties is bound; or (ii) violate any law, rule or regulation applicable to such party.

(c) Governmental and Other Consents. No consent, approval or

authorization of, or designation, registration, declaration or filing with, any governmental entity or third Person is required on the part of such party in connection with the execution or delivery of this Agreement or the consummation by it of the transactions contemplated hereby.

(d) Ownership of St. Mary Securities. Neither such party nor

any of its Affiliates or Associates owns any securities of St. Mary, or any securities convertible into or exchangeable or exercisable for any securities of St. Mary, or which, upon redemption thereof could result in such party or any of its Affiliates or Associates receiving any securities of St. Mary, or options, warrants, contractual rights or other rights of any kind to acquire or vote any voting securities of St. Mary, except the Shares of St. Mary Stock to be issued to FJOG and BWOG under the PSA.

Section 10. Miscellaneous.

(a) Notices. All notices, consents, requests, instructions,

authorizations, approvals, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed duly given to a party when (i) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (ii) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; or (iii) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated in the PSA (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other parties).

(b) Entire Agreement. This Agreement sets forth the entire

understanding of the parties with respect to the subject matter hereof.

(c) Binding Effect. Except as otherwise expressly set forth

herein, this Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto, their respective Affiliates and Associates, and their respective successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties hereto or their respective Affiliates, Associates, successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

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(d) Assignment. Neither FJOG nor BWOG, nor their respective

Affiliates or Associates, may assign their rights or delegate their obligations hereunder (whether voluntarily, involuntarily, or by operation of law) without the prior written consent of St. Mary. Any such attempted assignment shall be null and void.

(e) Further Assurances. Each of FJOG and BWOG agrees that at

any time and from time to time, upon the written request of St. Mary, FJOG and BWOG shall execute and deliver such further documents and do such further acts and things as St. Mary may reasonably request to effect the purposes of this Agreement.

(f) Amendments. This Agreement may be amended only by an

agreement in writing executed by each of the parties hereto.

(g) Waiver. The observance of any term of this Agreement may

be waived only with the written consent of the party to be bound by such waiver. No failure on the part of a party to exercise any right or remedy shall operate as a waiver thereof.

(h) Governing Law. This Agreement shall be governed by and

construed and interpreted in accordance with the laws of the State of Colorado, without regard to any conflict of laws provisions thereof, except that the Delaware General Corporation Law shall govern as to matters of corporate law pertaining to St. Mary and the Utah Revised Business Corporation Act shall govern as to matters of corporate law pertaining to FJOG and BWOG.

(i) Jurisdiction and Venue. The parties hereto agree that any

actions, suits or proceedings arising out of or relating to this Agreement, the transactions contemplated hereby or any document referred to herein shall be brought solely and exclusively in the courts of the State of Colorado located in the City and County of Denver, Colorado and/or the courts of The United States of America located in the City and County of Denver, Colorado (and the parties agree not to commence any action, suit or proceeding relating thereto except in such courts), and further agree that service of any process, summons, notice or document by U.S. registered mail to the respective addresses referred to in Section 10(a) hereof shall be effective service of process for any such action, suit or proceeding brought against any party in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby, in the courts of the State of Colorado or The United States of America located in the City and County of Denver, Colorado, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

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(j) Severability. If any term, provision, covenant or

restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable under applicable law, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the term, provision, covenant or restriction that is held to be invalid, void or unenforceable shall be modified so that it accomplishes to the maximum extent possible the original business purpose of such term, provision, covenant or restriction in a valid and enforceable manner.

(k) Attorney Fees. If any action at law or in equity is

necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

(l) Adjustments in Capitalization. The shares of St. Mary

Stock subject to this Agreement shall be subject to proportionate and appropriate adjustment in the event of any change in the number of outstanding shares of St. Mary Stock that occurs by reason of a stock dividend or split, recapitalization, reclassification, or other similar change in capitalization by St. Mary.

(m) Headings. The headings, subheadings and other captions of

this Agreement are for convenience and reference only and shall not be used in interpreting, construing or enforcing any of the provisions of this Agreement.

(n) Counterparts and Facsimile Signatures. This Agreement may

be executed in any number of counterparts, and signature pages may be delivered by facsimile transmission.

[Signature page follows]

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IN WITNESS WHEREOF, this Standstill Agreement has been duly executed on behalf of each of the parties hereto by their duly authorized representatives as of the date first above written.

ST. MARY LAND & EXPLORATION COMPANY,
a Delaware corporation

By: /s/ MILAM RANDOLPH PHARO

Milam Randolph Pharo, Vice President -
Land and Legal

FLYING J OIL & GAS INC.,

a Utah corporation

By:/s/ JOHN R. SCALES

John R. Scales, President

BIG WEST OIL & GAS INC.,
a Utah corporation

By:/s/ JOHN R. SCALES

John R. Scales, President

SHARE TRANSFER RESTRICTION AGREEMENT

This Share Transfer Restriction Agreement dated as of January 29, 2003 (the "Agreement") is by and among St. Mary Land & Exploration Company, a Delaware corporation ("St. Mary"), and Flying J Oil & Gas Inc., a Utah corporation ("FJOG") and Big West Oil & Gas Inc., a Utah corporation ("BWOG").

RECITALS

WHEREAS, St. Mary, FJOG and BWOG have entered into that certain Purchase and Sale Agreement dated as of December 13, 2002 (the "PSA") by and among FJOG and BWOG, NPC Inc., a Colorado corporation, and St. Mary, whereby upon the closing of the PSA St. Mary shall issue to FJOG and BWOG a total of 3,380,818 shares (the "Shares") of St. Mary common stock, \$0.01 par value per share (the "St. Mary Stock");

WHEREAS, as a condition to the closing of the PSA, St. Mary desires that each of FJOG and BWOG agree to certain transfer restrictions with respect to the Shares of St. Mary Stock as set forth in this Agreement; and

WHEREAS, all capitalized terms used but not defined herein shall have the respective meanings given to them in the PSA.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein and in the PSA, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

Section 1. Restrictions on Transfer of Shares of St. Mary Stock. Until

a period of two years has elapsed from the Closing of the PSA, FJOG and BWOG shall not make any disposition by assignment, sale, distribution, pledge, hypothecation, encumbrance or any other disposition (a "Transfer") of all or any portion of the Shares of St. Mary Stock issued to FJOG and BWOG pursuant to the PSA. Any Transfer in violation of the foregoing shall be void.

Section 2. Permitted Transfers. Notwithstanding the foregoing

provisions of Section 1 above, the above transfer restrictions shall not apply to the following transactions or under the following circumstances:

(a) After a period of one year has elapsed from the Closing of the PSA, FJOG and BWOG may liquidate and distribute the Shares of St. Mary Stock issued to them under the PSA to Flying J Inc., and such shares shall, as held by Flying J Inc., continue to be bound by the restrictions set forth in this Agreement until a period of two years has elapsed from the Closing of the PSA.

(b) In the event of an Acquisition of St. Mary (as hereinafter defined), the restrictions on the Transfer of Shares of St. Mary Stock described in Section 1 above shall terminate and any shares of capital stock of the acquirer (or an affiliate of the acquirer) received by FJOG, BWOG or Flying J Inc. in the Acquisition of St. Mary shall not be subject to such restrictions. For purposes of this Agreement, the term "Acquisition of St. Mary" shall mean the occurrence of any of the following events: (i) St. Mary shall not be the surviving entity in any merger (other than a merger with a subsidiary of St. Mary), share exchange, consolidation or other reorganization (or survives only as a subsidiary of an entity other than an affiliate of St. Mary); or (ii) St. Mary sells, leases or exchanges all or substantially all of its assets to any other person or entity (other than a wholly owned subsidiary of St. Mary). In the event of a tender offer for shares of St. Mary Stock which is approved by the Board of Directors of St. Mary pursuant to a plan intended to result in a subsequent Acquisition of St. Mary, FJOG, BWOG or Flying J Inc. may participate in such tender offer with respect to their Shares of St. Mary Stock and the maker of such tender offer shall not be subject to the restrictions on Transfer with respect to such Shares of St. Mary Stock.

(c) Transfers between FJOG and BWOG.

Section 3. Restrictive Legends and Stop Transfer Instructions. To

ensure compliance with this Agreement, each certificate representing the Shares of St. Mary Stock to be issued to FJOG and BWOG pursuant to the PSA shall bear, in addition to any legend or legends required by applicable securities laws and any other agreements pertaining to such Shares, a legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE

SUBJECT TO THE TERMS AND CONDITIONS OF A SHARE TRANSFER RESTRICTION AGREEMENT DATED JANUARY 29, 2003 WHICH PLACES CERTAIN RESTRICTIONS ON THE TRANSFER OF THE SHARES REPRESENTED HEREBY. A COPY OF SUCH SHARE TRANSFER RESTRICTION AGREEMENT IS AVAILABLE AT THE COMPANY'S PRINCIPAL EXECUTIVE OFFICES.

St. Mary shall also be permitted to deliver to any transfer agent or registrar of Shares of St. Mary Stock appropriate stop transfer instructions covering certificates representing the Shares of St. Mary Stock to be issued to FJOG and BWOG pursuant to the PSA.

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Section 4. Removal of Legends and Stop Transfer Instructions. When the

Transfer restrictions imposed by this Agreement terminate by reason of the passage of time or otherwise, a holder of Shares of St. Mary Stock issued to FJOG and BWOG pursuant to the PSA shall be entitled to receive from St. Mary, without cost or expense, new certificates representing such shares that do not bear the legend set forth in Section 3 above and shall be entitled to have the stop transfer instructions referred to in Section 3 above cancelled by St. Mary.

Section 5. Miscellaneous.

(a) Notices. All notices, consents, instructions,

authorizations, waivers and other communications required or permitted by this Agreement shall be in writing and unless specified otherwise herein shall be deemed duly given to a party when (i) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (ii) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; or (iii) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated in the PSA (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other parties).

(b) Entire Agreement. This Agreement sets forth the entire

understanding of the parties with respect to the subject matter hereof.

(c) Binding Effect. This Agreement shall inure to the benefit

of, and shall be binding upon, the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(d) Assignment. No party may assign its rights or delegate its

obligations hereunder (whether voluntarily, involuntarily, or by operation of law) without the prior written consent of the other parties. Any such attempted assignment shall be null and void.

(e) Further Assurances. The parties agree that at any time and

from time to time, upon the written request of a party, the parties will execute and deliver such further documents and do such further acts and things as reasonably requested to effect the purposes of this Agreement.

(f) Amendments. This Agreement may be amended only by an

agreement in writing executed by each of the parties hereto.

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(g) Waiver. The observance of any term of this Agreement may

be waived only with the written consent of the party to be bound by such waiver. No failure on the part of a party to exercise any right or remedy shall operate as a waiver thereof.

(h) Governing Law. This Agreement shall be governed by and

construed and interpreted in accordance with the laws of the State of Colorado, without regard to any conflict of laws provisions thereof, except that the Delaware General Corporation Law shall govern as to matters of corporate law pertaining to St. Mary and the Utah Revised

Business Corporation Act shall govern as to matters of corporate law pertaining to FJOG, BWOG and Flying J Inc..

(i) Jurisdiction and Venue. The parties hereto agree that any

actions, suits or proceedings arising out of or relating to this Agreement, the transactions contemplated hereby or any document referred to herein shall be brought solely and exclusively in the courts of the State of Colorado located in the City and County of Denver, Colorado, and/or the courts of The United States of America located in the City and County of Denver, Colorado, (and the parties agree not to commence any action, suit or proceeding relating thereto except in such courts), and further agree that service of any process, summons, notice or document by U.S. registered mail to the respective addresses referred to in Section 5(a) hereof shall be effective service of process for any such action, suit or proceeding brought against any party in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby, in the courts of the State of Colorado or The United States of America located in the City and County of Denver, Colorado, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(j) Severability. If any term, provision, covenant or

restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable under applicable law, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the term, provision, covenant or restriction that is held to be invalid, void or unenforceable shall be modified so that it accomplishes to the maximum extent possible the original business purpose of such term, provision, covenant or restriction in a valid and enforceable manner.

(k) Attorney Fees. If any action at law or in equity is

necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

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(l) Adjustments in Capitalization. The number of Shares of St.

Mary Stock subject to this Agreement shall be subject to proportionate and appropriate adjustment in the event of any change in the number of outstanding shares of St. Mary Stock that occurs by reason of a stock dividend or split, recapitalization, reclassification, or other similar change in capitalization by St. Mary.

(m) Headings. The headings, subheadings and other captions of

this Agreement are for convenience and reference only and shall not be used in interpreting, construing or enforcing any of the provisions of this Agreement.

(n) Counterparts and Facsimile Signatures. This Agreement may

be executed in any number of counterparts, and signature pages may be delivered by facsimile transmission.

[Signature page follows]

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IN WITNESS WHEREOF, this Share Transfer Restriction Agreement has been duly executed on behalf of each of the parties hereto by their duly authorized representatives as of the date first above written.

ST. MARY LAND & EXPLORATION COMPANY,
a Delaware corporation

By:/s/ MILAM RANDOLPH PHARO

Milam Randolph Pharo, Vice President -

FLYING J OIL & GAS INC.,
a Utah corporation

By:/s/ JOHN R. SCALES

John R. Scales, President

BIG WEST OIL & GAS INC.,
a Utah corporation

By:/s/ JOHN R. SCALES

John R. Scales, President

INDEMNITY GUARANTEE

This Agreement is made this 29th day of January, 2003 between NPC INC., a Colorado corporation ("NPC"), and FLYING J INC., a Utah corporation ("FJI").

1. Recital. Flying J Oil and Gas Inc., all of the capital stock of -----
which is owned by FJI, and Big West Oil & Gas Inc., all of the capital stock of which is owned by Flying J Oil and Gas Inc., are together the "Seller" under a Purchase and Sale Agreement dated December 13, 2002, (the "PSA") with NPC as the "Buyer" and with St. Mary Land & Exploration Company ("St. Mary") also a party thereto.

2. Guarantee of FJI. (a) In consideration for NPC and St. Mary entering -----
into and performing the PSA, FJI hereby agrees upon demand to guarantee and perform the indemnification and related obligations of the Seller in favor of the Buyer, and to be jointly and severally liable therefor with the Seller, under Sections 8.03(b) and 8.03(d) of the PSA as fully with respect to such Sections as if FJI were a party to the PSA. Notwithstanding anything to the contrary contained in the foregoing, the obligation of FJI with respect to Section 8.03(d) shall be subject to the dollar thresholds set forth in such Section to the same extent as such thresholds apply to the Seller and in the same manner as if FJI and the Seller were a single party.

(b) THE INDEMNIFICATION PROVIDED FOR IN SUBPARAGRAPH (a) ABOVE SHALL BE APPLICABLE WHETHER OR NOT THE LOSSES, COSTS, EXPENSES AND DAMAGES IN QUESTION ARISE SOLELY OR IN PART FROM THE GROSS, ACTIVE, PASSIVE OR CONCURRENT NEGLIGENCE OR OTHER FAULT OF NPC OR ST. MARY. NPC AND FJI ACKNOWLEDGE THAT THIS STATEMENT COMPLIES WITH THE EXPRESS NEGLIGENCE RULE AND IS CONSPICUOUS.

3. Survival. The obligations of FJI under this Agreement shall survive -----
the Closing under the PSA, subject to the same provisions applicable to the liability of the Seller under Section 8.06 of the PSA.

4. Representation of FJI. FJI represents and warrants to NPC that the -----
execution, delivery and performance of this Agreement have been duly and validly authorized by all requisite action on the part of FJI and that this Agreement constitutes the legal and valid obligation of FJI fully enforceable in accordance with its terms. The performance of this Agreement will not violate, nor be in conflict with, any provision of FJI's governing documents or any agreement or instrument to which FJI is a party or to which it is bound or any judgment, decree, order, statute, rule or regulation applicable to FJI.

5. Notices. Any communications under this Agreement shall be in writing -----
and shall be effective when received by mail, telecopy or hand delivery as follows:

If to FJI:

Flying J Inc.
1104 Country Hills Drive
Ogden, Utah 84403
Attn: Mr. Barre Burgon, General Counsel
Telephone: 801-624-1402
Telecopy: 801-624-1263

If to NPC:

NPC Inc.
550 N. 31st Street, Suite 500
Billings, Montana 59101
Attn: Mr. Ron Santi, Vice President - Land
Telephone: 406-245-6248
Telecopy: 406-245-9106

With a copy to:

St. Mary Land & Exploration Company
1776 Lincoln St., Suite 700
Denver, Colorado 80203
Attn: Milam Randolph Pharo, Vice President,
Land & Legal
Telephone: 303-863-4313
Telecopy: 303-863-1040

6. Benefit. This Agreement shall be binding upon and shall inure to the

benefit of NPC and FJI and their respective successors and assigns, provided that FJI may not assign or delegate any portion of its obligations under this Agreement without the prior written consent of NPC, which consent shall not be unreasonably withheld.

7. Limited Application. Except as set forth in this Agreement, FJI

shall not be obligated under or be a party to the PSA.

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Executed as of the day first above written.

NPC INC.

By: /s/ RONALD B. SANTI

Ronald B. Santi, Vice President -
Land

FLYING J INC.

By: /s/ PHIL ADAMS

Phil Adams
President

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For Information

Mark A. Hellerstein

Robert T. Hanley

303-861-8140

FOR IMMEDIATE RELEASE

ST. MARY COMPLETES ACQUISITION OF OIL & GAS PROPERTIES
FROM FLYING J OIL & GAS AND BIG WEST OIL & GAS AND
ANNOUNCES NEW CREDIT FACILITY

DENVER, January 30, 2003 - St. Mary Land & Exploration Company (NYSE: SM) today announced that the previously announced agreement to acquire oil and gas properties from Flying J Oil & Gas Inc. and Big West Oil & Gas Inc. was completed on January 29, 2003. St. Mary has issued 3,380,818 shares of its restricted common stock for an estimated 69 BCFE of proved reserves. In addition, St. Mary has made a non-recourse loan to Flying J and Big West of \$71,594,000 at Libor plus 2% for up to a 39-month period which is secured by a pledge of these shares of St. Mary stock. During the 39-month loan period Flying J and Big West can elect to sell their shares of St. Mary stock to the Company for \$71,594,000 plus accrued interest on the loan for the first thirty months, and St. Mary can elect to purchase the shares for \$97,447,000, with the proceeds applied to the repayment of the loan.

The Company also announced it has entered into a new \$300 million credit facility with Wachovia Bank as Administrative Agent and eight other co-agents or participating banks. The initial calculated borrowing base is set at \$250 million after the Flying J and Big West closing and the mortgage of these properties. St. Mary has accepted an initial commitment of \$150 million under this new facility. The Company has \$76 million of bank debt outstanding after closing the Flying J and Big West acquisition. At its current level of borrowing, the loan balance accrues interest at LIBOR plus 1.25%.

This release may contain 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 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. PR-03-03