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)
May 4, 2006 (May 3, 2006)

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.)

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.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

[_] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[_] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[_] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[_] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into a Material Definitive Agreement.

On May 3, 2006, St. Mary Land & Exploration Company ("the Company" or "St. Mary") announced that Mr. A.J. "Tony" Best will be joining St. Mary as President and Chief Operating Officer in June 2006. In connection therewith, St. Mary entered into an employment agreement with Mr. Best dated May 1, 2006. A brief summary of the material terms of that employment agreement is set forth under Item 5.02 hereof and is incorporated under this Item by reference. A copy of the employment agreement is filed as Exhibit 10.1 to this report.

Item 2.02 Results of Operations and Financial Condition.

In accordance with General Instruction B.2. of Form 8-K, the following information in this report, including Exhibit 99.1, shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section, and such information and Exhibit shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except unless expressly set forth by specific statement or reference in such a filing.

On May 3, 2006, St. Mary issued a press release announcing its results of operations for the first quarter of 2006. A copy of the press release is furnished as Exhibit 99.1 to this report. As indicated in the press release, the Company has scheduled a related first quarter 2006 earnings teleconference call for May 4, 2006, at 8:00 a.m. (MST). The teleconference call is publicly accessible, and the press release includes instructions as to when and how to access the teleconference and the location on the Company's web site where the teleconference information will be available.

The press release contains information about the Company's discretionary cash flow, which is a "non-GAAP financial measure" under SEC rules. The press release also presents information about the Company's net cash provided by operating activities, which is the most directly comparable GAAP financial measure, and contains a reconciliation of discretionary cash flow to net cash provided by operating activities for the periods presented, a presentation of other cash flow information under GAAP, and a statement indicating why management believes that the presentation of discretionary cash flow provides useful information to investors.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On May 3, 2006, St. Mary announced that Mr. Tony Best will be joining St. Mary as President and Chief Operating Officer in June 2006.

Mr. Best, age 56, has been in the energy industry for over 25 years. From 2003 to 2006, Mr. Best was President and Chief Executive Officer of Pure Resources, Inc., a subsidiary of Unocal, where he managed all of Unocal's onshore U.S. assets. From 2000 to 2002, Mr. Best had an oil and gas consulting practice working with small startup firms. From 1979 to 2000, Mr. Best was with ARCO in a variety of positions, including a period as President - ARCO Permian, President - ARCO Latin America, Field Manager for Prudhoe Bay and VP - External Affairs for ARCO Alaska.

In connection with Mr. Best's appointment, St. Mary and Mr. Best entered into an employment agreement dated May 1, 2006. Under the employment agreement, Mr. Best will have a starting salary of $375,000. Upon commencement of employment, Mr. Best will receive a special restricted stock award of 20,000 shares, which is immediately vested and not subject to forfeiture, and a $50,000 cash bonus. Over the next four years, Mr. Best may earn additional restricted shares in varying amounts, earning in the first quarter of each year 1,250 shares if he is employed by St. Mary at that time, and an additional 2,500 shares if the net asset value growth from the prior year exceeded 10%, with a further 1,250 shares if such growth exceeded 15%. If he remains employed by the Company for the next four years and meets or exceeds all targets in this compensation arrangement, the Company will award Mr. Best with a maximum of 20,000 restricted shares. Mr. Best will participate in the fringe benefits and other benefit plans and practices of St. Mary in the same manner and to the same comparable extent as other senior executives of St. Mary, to be prorated for partial year(s) of employment.

Mr. Best will be moving to the Denver, Colorado area in the near term and will receive reimbursement of relocation costs as well as a one-month stipend to offset other miscellaneous moving expenses. Should Mr. Best's employment with St. Mary terminate prior to June 12, 2008, St. Mary will provide Mr. Best with a relocation benefit back to College Station, Texas.

It is St. Mary and Mr. Best's understanding that the Board intends to appoint Mr. Best to the Chief Executive Officer position within one year of his employment date, unless there is an unexpected change in circumstances. In the event Mr. Best is not promoted to CEO by June 12, 2007, Mr. Best shall be entitled to terminate his employment and receive a severance package whereby St. Mary will continue the salary and insurance benefits to Mr. Best for a two-year period.

A copy of the employment agreement is filed as Exhibit 10.1 to this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The following exhibits are furnished as part of this report:

Exhibit 10.1 Copy of the Employment Agreement of Mr. A.J. Best dated May 1, 2006.

Exhibit 99.1 Press release of St. Mary Land & Exploration Company dated May 3, 2006.

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: May 3, 2006

By: /S/ ROBERT T. HANLEY
Robert T. Hanley
Vice President – Investor Relations

EMPLOYMENT AGREEMENT

This Employment Agreement is entered into this 1st day of May, 2006 between St. Mary Land & Exploration Company, a Delaware corporation (“St. Mary”), and A. J. “Tony” Best (“Best”).

1. Employment. On the terms and conditions set forth herein, St. Mary hereby agrees to employ Best as its President and Chief Operating Officer and Best hereby agrees to be so employed. Best shall utilize his full-time good faith best efforts to perform such duties and discharge such responsibilities as are customarily undertaken by such an officer of a corporation, together with such other appropriate duties as may be assigned to him by the Board of Directors and Chief Executive Officer of St. Mary. Such duties and responsibilities shall include, but not be limited to, the following:

(a) Perform a key role in the development and implementation of St. Mary’s strategic plans and objectives, and identify exploration/development and acquisition opportunities for new areas of growth consistent with St. Mary’s growth strategies;

(b) Supervise and provide expertise to management of St. Mary’s core operating regions consistent with St. Mary’s exploration, exploitation, development and production objectives for those regions;

(c) Develop and maintain relationships with key business partners for St. Mary’s operations;

(d) Administer St. Mary’s property and corporate risk management program; and

(e) Supervise the coordination of reservoir engineering for external and management reporting in accordance with all applicable requirements.

As President and Chief Operating Officer, Best will be invited to attend all meetings of St. Mary’s Board of Directors and all committee meetings of the Board, except those held exclusively with the independent directors and those held in Executive Session. Furthermore, Best will be involved in internal and external financial reporting reviews as well as shareholder relations efforts.

2. Compensation. Upon the commencement of Best's employment with St. Mary, St. Mary shall compensate Best for his services hereunder at an initial base salary of $375,000 per annum payable in semi-monthly installments. Such compensation shall be subject to review and increase, as approved by the Board of Directors of St. Mary, in accordance with the normal schedule for review by the Compensation Committee of the Board of Directors of executive officer base salaries. Other components of Best's compensation shall include full and immediate participation in the following programs and plans of St. Mary (subject both to proration where appropriate for Best's partial year(s) of employment and subject to the terms and conditions of each such program or plan):

a. Cash Bonus Plan

b. Change of Control Executive Severance Agreement

c. Net Profits Interest Bonus Plan

d. Pension Plan for Employees of St. Mary Land & Exploration Company

e. St. Mary Land & Exploration Company Employee Benefits Summary

f. St. Mary Land & Exploration Company 401(k) Profit Sharing Plan

g. St. Mary Land & Exploration Company Incentive Stock Option Plan

h. St. Mary Land & Exploration Company Nonqualified Unfunded Supplemental Retirement Plan

i. St. Mary Land & Exploration Company Restricted Stock Plan

j. St. Mary Land & Exploration Company Stock Option Plan

In addition, Best shall receive, upon the commencement of Best's employment with St. Mary, pursuant to the terms of St. Mary's Restricted Stock Plan, or, if approved by St. Mary's stockholders at the 2006 annual meeting of stockholders to be held on May 17, 2006, St. Mary's 2006 Equity Incentive Compensation Plan: (i) a Special Restricted Stock award of 20,000 shares, which 20,000 shares shall be immediately vested and not subject to forfeiture, and (ii) a Special Restricted Stock Unit (RSU) award whereby Best may earn up to an additional 20,000 shares pursuant to the following schedule (with the shares underlying such RSU to be subject to vesting immediately upon being earned, provided that Best remains employed by St. Mary on the respective scheduled date for the award of such shares, and such RSU to be settled with respect to vested shares upon such vesting date):

Award Date	Base Award	Previous Year Net Asset Value Growth > 10% but less than 15%.	Previous Year Net Asset Value Growth 15% or Greater
1st Quarter, 2007	1,250 RSUs	2,500 RSUs	1,250 RSUs
1st Quarter, 2008	1,250 RSUs	2,500 RSUs	1,250 RSUs
1st Quarter, 2009	1,250 RSUs	2,500 RSUs	1,250 RSUs
1st Quarter, 2010	1,250 RSUs	2,500 RSUs	1,250 RSUs
Total	5,000 RSUs	10,000 RSUs	5,000 RSUs

3. Chief Executive Officer. St. Mary and Best have agreed to enter into this agreement based on the understanding that the Board intends, unless there is an unexpected change of circumstances, to appoint Best to the CEO position within one (1) year of his employment date. In the event Best is not promoted to CEO within one (1) year of his employment date, Best shall be entitled to terminate his employment with St. Mary and receive the severance referenced in Section 9, subject to Section 8 (b).

4. Benefits. Best shall participate in the fringe benefits and other benefit plans and practices of St. Mary, in the same manner and to the same comparable extent as other senior executives of St. Mary, which shall include vacation as Best deems appropriate, retirement benefits, life insurance, disability benefits and insurance, and health and hospitalization benefits and insurance.

5. Relocation. Best agrees to relocate from his current residence in College Station, Texas, to the Denver, Colorado area. St. Mary agrees to pay Best a cash stipend equal to one month's salary in order to offset miscellaneous moving expenses. This amount shall be in addition to the benefits set forth in St. Mary's Relocation Policy. St. Mary will also provide relocation benefits for Best to his home of origin if his employment is terminated by St. Mary prior to June 12, 2008.

6. Sign-On Bonus. Upon joining the company, St. Mary will pay Best $50,000 cash.

7. Term. The term of the employment of Best by St. Mary shall commence on June 12, 2006.

8. Termination.

(a) Voluntary. This Agreement shall continue in effect until terminated by Best or St. Mary upon not less than thirty (30) days prior written notice to the other.

(b) Involuntary. Notwithstanding the foregoing, the employment of Best by St. Mary hereunder shall terminate (i) in the event of the death of Best or in the event that Best becomes incapacitated from carrying out his duties hereunder in the reasonable judgment of the Board of Directors of St. Mary, or (ii) in the event that Best in the performance of his duties for St. Mary hereunder acts with gross negligence, gross incompetence, fraud or dishonesty, as determined by the Board of Directors of St. Mary.

9. Severance. In the event Best's employment is terminated by St. Mary for any reason other than the occurrence of an event described in subparagraph 8(b), St. Mary shall continue the salary of Best at its rate at the time of such termination for a period of two years thereafter, together with a continuation for two years of the insurance benefits in effect for him at the time of such termination.

In the event that the employment of Best is terminated under circumstances such that the terms of the Change of Control Executive Severance Agreement would apply, and to the extent that severance pay or benefits, each considered separately, to be received by Best pursuant to the terms of the Change of Control Executive Severance Agreement would exceed the severance pay or benefits, each considered separately, pursuant to the terms of this Agreement, Best shall receive such excess severance pay or benefits under the Change of Control Executive Severance Agreement pursuant to the terms thereof.

10. Internal Revenue Code Section 409A. This Agreement is intended in all respects to comply with the provisions of Section 409A of the Code and in particular, those provisions of Section 409A dealing with distributions. St. Mary and Best shall interpret and apply the provisions of this Agreement in a manner consistent with Section 409A of the Code. As a result, any payments that are to be made to Best under other provisions of this Agreement which, under Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986 (the "Code"), may not be made before the date which is six months after the date of the separation of Best from employment service (the "Section 409A Six-Month Waiting Period") shall not be made during the Section 409A Six-Month Waiting Period. Rather, any such payments shall be deferred and made immediately following the expiration of the Section 409A Six-Month Waiting Period. In particular, with respect to the severance payments provided for under Section 9 of this Agreement, (i) such severance payments that would otherwise be made during the Section 409A Six-Month Waiting Period shall be made in one lump sum upon the expiration of the Section 409A Six-Month Waiting Period, and (ii) severance payments for the remaining 18-month period (immediately after the expiration of the Section 409A Six-Month Waiting Period) of the two full years of severance payments to which Best may become entitled under Section 9 of this Agreement shall also be made in lump sum upon the expiration of the Section 409A Six-Month Waiting Period.

11. Miscellaneous.

(a) The rights and obligations of Best and St. Mary under this Agreement may not be assigned, transferred, pledged or encumbered but shall otherwise inure to the benefit of and be binding upon the heirs, personal representatives and successors of Best and St. Mary.

(b) This Agreement and all questions arising hereunder shall be governed by the laws of the State of Colorado.

(c) This Agreement may be executed in counterparts, and signature pages may be delivered by email or fax transmission.

IN WITNESS WHEREOF, the undersigned have executed this Employment Agreement as of the day and year first above written.

AGREED:

ST. MARY LAND & EXPLORATION COMPANY,
a Delaware corporation

By: /S/ MARK A. HELLERSTEIN
Mark A. Hellerstein
Chairman of the Board of Directors, President and
Chief Executive Officer

BY: /S/ A.J. "TONY" BEST
A. J. "Tony" Best

EXHIBIT 99.1

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

ST. MARY REPORTS RECORD RESULTS FOR FIRST QUARTER 2006 AND UPDATES GUIDANCE, ANNOUNCES APPOINTMENT OF PRESIDENT AND CHIEF OPERATING OFFICER

DENVER, May 3, 2006 – St. Mary Land & Exploration Company (NYSE: SM) today reports earnings for the first quarter 2006. The Company also announces that Tony Best will be joining St. Mary as President and Chief Operating Officer.

"The first quarter of 2006 was another strong quarter for St. Mary. With the continuing development on our resource programs and other properties, we are projecting record earnings for 2006," commented Mark Hellerstein, Chairman, President, and CEO. "Moreover, we are excited to welcome Tony Best to our management team. Tony has the background and experience to lead St. Mary's continued growth."

FIRST QUARTER EARNINGS AND UPDATED GUIDANCE

St. Mary announces first quarter 2006 earnings of $50.5 million or $0.76 per diluted share. First quarter 2005 earnings were $35.1 million or $0.54 per diluted share. Earnings for these two periods included a non-cash after-tax expense related to the change of the estimated liability for future payment under the Company's Net Profits plan of $4.4 million, or $0.07 per diluted share, and $2.7 million, or $0.04 per diluted share, respectively. Revenues for the first quarter of 2006 were $193.6 million compared to $143.8 million for the first quarter of 2005. Discretionary Cash Flow(1) increased to $122.7 million in the first quarter of 2006 from $90.8 million in the first quarter of 2005. Net cash provided by operating activities increased to $129.2 million in
the first quarter of 2006 from $92.1 million in the first quarter of 2005.

Daily oil and gas production during the first quarter 2006 averaged 244.0 million cubic feet of gas equivalent (MMCFE), up from 229.4 MMCFE in the comparable 2005 period. Average prices realized during the quarter were $8.28 per Mcf and $54.47 per barrel, 33% and 20% higher, respectively, than the realized prices in the first quarter of 2005.

The Company’s forecasts for the second quarter and the full year 2006 are shown below.

	2nd Quarter	Year
Oil and gas production	22.5 – 24.0 BCFE	96.0 – 98.0 BCFE
Lease operating expenses, including transportation	$1.28 - $1.35/MCFE	$1.26 - $1.33/MCFE
Production taxes	$0.53 - $0.59/MCFE	$0.55 - $0.61/MCFE
General and administrative exp.	$0.47 - $0.51/MCFE	$0.44 - $0.49/MCFE
Depreciation, depletion, & amort.	$1.71 - $1.78/MCFE	$1.81 - $1.89/MCFE

St. Mary estimates the basis differential (the difference between estimated realized oil and gas prices, before hedging, and the applicable NYMEX prices) for the second quarter of 2006 will be $6.50 to $7.50 per barrel of oil and $0.60 to $0.70 per MMbtu of gas.

Operational updates for the first quarter 2006 were provided in the Company’s April 6, 2006 press release.

TONY BEST TO JOIN ST. MARY AS PRESIDENT AND CHIEF OPERATING OFFICER

St. Mary announces today that Tony Best, 56, will be joining St. Mary in June 2006 as President and Chief Operating Officer. Mr. Best has over 25 years of experience in the energy industry, most recently as President and Chief Executive Officer of Pure Resources, Inc., a Unocal subsidiary. At Pure Resources he managed all of Unocal’s onshore U.S. assets. Prior to working with Pure Resources, Mr. Best served as President of ARCO Latin America. In his career with ARCO, he also held several other key positions, including President ARCO Permian, Vice President of External Affairs for ARCO Alaska and Prudhoe Bay Field Manager. Mr. Best has a BS degree in mechanical engineering from Texas A&M University and an MS in engineering management from the University of Alaska.

St. Mary also announces that Mark Hellerstein, Chairman of the Board and CEO, has advised the Board of Directors that after 14 years with St. Mary he would like at some point in the foreseeable future to pursue other interests. By bringing in a President of Mr. Best’s caliber, St. Mary has positioned itself to allow for an orderly transition and the Board expects Mr. Best to become the Company’s CEO within the next year. If Mr. Best is appointed CEO, Mr. Hellerstein has indicated that he would agree to remain as Chairman of the Board.

As previously announced, the St. Mary first quarter earnings teleconference call is scheduled for May 4 at 8:00 am (MDT). The call participation number is 888-424-5231. A replay of the conference call will be available two hours after the completion of the call, 24 hours per day through May 12 at 800-642-1687, conference number 7667868. International participants can dial 706-634-6088 to take part in the conference call, and can access a replay of the call at 706-645-9291, conference number 7667868. In addition the call will be broadcast live at St. Mary's website at www.stmaryland.com and this press release and financial highlights attachment will be available before the call at www.stmaryland.com under "News—Press Releases." An audio recording of the conference call will be available at that site through May 12.

INFORMATION ABOUT FORWARD LOOKING STATEMENTS

This release contains forward looking statements within the meaning of securities laws, including forecasts and projections. The words "will," "believe," "budget," "anticipate," "intend," "estimate," "forecast," "plan," and "expect" and similar expressions are intended to identify 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 volatility and level of oil and natural gas prices, unexpected drilling conditions and results, the risks of various exploration and hedging strategies, the uncertain nature of the expected benefits from the acquisition of oil and gas properties, production rates and reserve replacement, the imprecise nature of oil and gas reserve estimates, drilling and operating service availability, uncertainties in cash flow, the financial strength of hedge contract counterparties, the availability of economically attractive exploration and development and property acquisition opportunities and any necessary financing, competition, litigation, environmental matters, the potential impact of government regulations, the use of management estimates, and other such matters discussed in the "Risk Factors" section of St. Mary's 2005 Annual Report on Form 10-K filed with the SEC. Although St. Mary may from time to time voluntarily update its prior forward looking statements, it disclaims any commitment to do so except as required by securities laws.

(1) Discretionary cash flow is computed as net income plus depreciation, depletion, amortization, ARO accretion, impairments, deferred taxes, exploration expense, stock-based compensation expense, and non-cash changes in the Net Profits Plan liability less the effect of unrealized derivative loss. See the attached financial highlights for a reconciliation of discretionary cash flow to net cash provided by operating activities, a presentation of other cash flow information, and a statement indicating why management believes the presentation of the non-GAAP measure of discretionary cash flow provides useful information to investors.

PR-06-06

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ST. MARY LAND & EXPLORATION COMPANY
FINANCIAL HIGHLIGHTS
March 31, 2006
(Unaudited)

PRODUCTION DATA

	For the Three Months Ended March 31, 2006	2005	Percent Change
Average realized price, net of hedging:			
Gas (per Mcf)	$ 8.28	$ 6.22	33%
Oil (per Bbl)	$ 54.47	$ 45.37	20%
Production:			
Gas (MMcf)	12,789	12,047	6%
Oil (MBbls)	1,529	1,433	7%
MMCFE (6:1)	21,962	20,647	6%
Daily production:			
Gas (Mcf per day)	142,096	133,852	6%
Oil (Bbls per day)	16,987	15,927	7%
MCFE per day (6:1)	244,020	229,416	6%
Margin analysis per MCFE:			
Average realized price, net of hedging	$ 8.61	$ 6.78	27%
Lease operating expense and transportation	1.33	1.07	24%
Production taxes	0.55	0.49	12%
General and administrative costs	0.49	0.29	69%
Operating margin	$ 6.24	$ 4.93	27%
Depletion, depreciation, and amortization	$ 1.57	$ 1.46	8%

INCOME STATEMENT

(In thousands, except per share amounts)

	For the Three Months Ended March 31, 2006	2005
Operating revenues:		
Oil and gas production revenue	$ 184,065	$ 138,370
Oil and gas hedge gain	5,105	1,560
Marketed gas and other revenue	4,418	3,888
	193,588	143,818
Operating expenses:		
Oil and gas production expense	41,214	32,159
Depletion, depreciation, amortization, and abandonment liability accretion	34,391	30,074
Exploration	10,787	7,083
Impairment of proved properties	1,289	-
Abandonment and impairment of unproved properties	1,186	1,870

General and administrative	10,786	5,986
Change in Net Profits Plan liability	7,021	4,221
Marketed gas system and other operating expense	6,228	4,768
	112,902	86,161
Income from operations	80,686	57,657
Nonoperating income (expense):		
Interest income	824	82
Interest expense	(1,379)	(1,944)
Income before income taxes	80,131	55,795
Income tax expense - current	15,775	10,423
Income tax expense - deferred	13,830	10,269
Net income	$ 50,526	$ 35,103
Basic weighted-average shares outstanding	57,233	57,231
Diluted weighted-average shares outstanding	67,334	67,047
Basic net income per common share	$ 0.88	$ 0.61
Diluted net income per common share	$ 0.76	$ 0.54

ST. MARY LAND & EXPLORATION COMPANY
FINANCIAL HIGHLIGHTS
March 31, 2006
(Unaudited)

BALANCE SHEET
(In thousands)

	March 31, 2006	December 31, 2005
Working capital	$ 43,140	$ 4,937
Long-term debt	$ 99,909	$ 99,885
Stockholders' equity	$ 634,155	$ 569,320
Shares outstanding, net of treasury	56,972	56,762

PROVED RESERVES

	December 31, 2005
Oil (MBbls)	62,903
Gas (MMcf)	417,075
MMCFE (6:1)	794,493

CASH FLOW
(In thousands)

Reconciliation of Discretionary Cash Flow to Net Cash Provided by Operating Activities:

	For the Three Months Ended March 31,	
	2006	2005
Discretionary cash flow (1)	$ 122,699	$ 90,784
(Gain) loss on property sales	-	-
Exploration expense, excluding exploratory dry hole expense	(10,541)	(6,883)
Minority interest and other	131	1,046
Changes in working capital	16,953	7,184
Net cash provided by operating activities	$ 129,242	$ 92,131
Net cash used in investing activities	$ (87,552)	$ (94,278)
Net cash provided by financing activities	$ 4,447	$ 13,249

(1) Discretionary cash flow is computed as net income plus depreciation, depletion, amortization, ARO accretion, impairments, deferred taxes, exploration expense, stock-based compensation expense, and non-cash changes in the Net Profits Plan liability less the effect of unrealized derivative loss. The non-GAAP measure of discretionary cash flow is presented since management believes that it provides useful additional information to investors for analysis of St. Mary's ability to internally generate funds for exploration, development, and acquisitions. In addition, discretionary cash flow is widely used by professional research analysts and others in the valuation, comparison, and investment recommendations of companies in the oil and gas exploration and production industry, and many investors use the published research of industry research analysts in making investment decisions. Discretionary cash flow should not be considered in isolation or as a substitute for net income, income from operations, net cash provided by operating activities or other income, profitability, cash flow, or liquidity measures prepared under GAAP. Since discretionary cash flow excludes some, but not all, items that affect net income and net cash provided by operating activities and may vary among companies, the discretionary cash flow amounts presented may not be comparable to similarly titled measures of other companies.