

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 18, 2006 (May 17, 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 17, 2006, the stockholders of St. Mary Land & Exploration Company (the "Company") approved the St. Mary Land & Exploration Company 2006 Equity Incentive Compensation Plan (the "Plan") to succeed the Company's Stock Option Plan, Incentive Stock Option Plan, Restricted Stock Option Plan, and Non-Employee Director Stock Compensation Plan (the "Predecessor Plans").

The Plan provides for the grant of restricted stock, restricted stock units, unqualified stock options, incentive stock options, stock appreciation rights, and stock based awards to key employees, consultants, and members of the Board of Directors of the Company or any affiliate of the Company who are selected by the Compensation Committee of the Board of Directors (the "Compensation Committee") to receive equity-based incentive compensation under the Plan. The total number of shares of the Company's common stock available for issuance to participants pursuant to awards granted under the Plan is two million, plus the shares remaining under the Predecessor Plans. The Plan is administered by the Compensation Committee, which has the authority to select from among persons eligible to participate in the Plan those to whom awards will be granted under the Plan and the terms and conditions of such awards.

A copy of the Plan is set forth in the exhibit listing below, and the foregoing summary is qualified in its entirety by reference to the complete text of the Plan. In addition, a copy of the Form of Non-Employee Director Restricted Stock Award Agreement under the Plan has been filed as Exhibit 10.2 of this report.

Item 9.01 Financial Statements and Exhibits.

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

- | | |
|--------------|---|
| Exhibit 10.1 | St. Mary Land & Exploration Company 2006 Equity Incentive Compensation Plan (filed on May 17, 2006 as Exhibit 99.1 to the registrant's Registration Statement on Form S-8 (Registration No. 333-134221) and incorporated herein by reference) |
| Exhibit 10.2 | Form of St. Mary Land & Exploration Company Non-Employee Director Restricted Stock Award Agreement. |

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 18, 2006

By: /S/ DAVID W. HONEYFIELD
David W. Honeyfield
Vice President – Chief Financial Officer, Secretary
and Treasurer

[FORM OF NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AWARD AGREEMENT]

ST. MARY LAND & EXPLORATION COMPANYNON-EMPLOYEE DIRECTOR RESTRICTED STOCK AWARD AGREEMENT

THIS NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AWARD AGREEMENT, hereinafter referred to as the "Agreement," is made effective as of the Award Date set forth in the attached Non-Employee Director Restricted Stock Award Notice (the "Award Notice"), by and between ST. MARY LAND & EXPLORATION COMPANY, a Delaware corporation (the "Company"), and the undersigned person, who is a non-employee member of the Company's Board of Directors as of the Award Date, to whom restricted stock has been awarded as set forth in the Award Notice (the "Director").

Pursuant to the terms of the St. Mary Land & Exploration Company 2006 Equity Incentive Compensation Plan (the "Plan"), the attached Award Notice and this Agreement, as of the Award Date the Company has awarded to the Director _____ shares of common stock of the Company (the "Stock") to be delivered on the Award Date as set forth in the Award Notice, subject to the terms and conditions set forth in the Plan, this Agreement and the Award Notice. Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Plan or in the Award Notice.

1. Earning and Vesting of Shares.

(a) Subject to the provisions contained herein, the Stock shall be earned over the Earning Period set forth in the Award Notice, which shall correspond to the fiscal year of Board service by the Director following the Award Date, provided that earning shall cease when the Director is no longer a member of the Company's Board of Directors. The Stock shall become completely vested upon completion of the Earning Period through Board service by the Director.

(b) Irrespective of the other provisions of this Section 1, as set forth in Article III of the Plan, the Company's Compensation Committee of the Board of Directors is authorized to administer the Plan, and in its discretion may accelerate the earning and vesting period of the Stock within the current Earning Period.

2. Transfer Restrictions.

(a) The shares of Stock issued under the Plan and which are subject to the terms and conditions set forth in this Agreement have been registered under the Securities Act of 1933, as amended (the "Securities Act"). However, since the Director is considered to be an "affiliate" of the Company for securities law purposes, the shares of Stock will be subject to restrictions on transferability and sale and may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Securities Act for the resale of the Stock or pursuant to an exemption from registration under the Securities Act, the availability of which is to be established to the satisfaction of the Company.

(b) In addition, the shares of Stock shall be subject to a Holding Period of one year following the expiration of the Earning Period set forth in the Award Notice. During such Holding Period the shares of Stock may not be offered for sale, sold or otherwise transferred by the Director.

(c) Certificates for shares of Stock issued under this Agreement shall bear a restrictive legend consistent with the foregoing.

3. Notices. Any notice relating to this Agreement shall be in writing and delivered in person or by certified mail to the address or addresses on file with the Company. Any notice to the Company shall be addressed to it at its principal office, attention of the Secretary. Anyone to whom a notice may be given under this Agreement may designate a new address by notice to that effect.

4. Benefits of Agreement. This Agreement shall inure to the benefit of and be binding upon each successor of the Company and the Director's heirs, legal representatives and permitted transferees. This Agreement shall be the sole and exclusive source of any and all rights which the Director and the Director's heirs, legal representatives and permitted transferees may have with respect to the Plan and the Stock.

5. Resolution of Disputes. Any dispute or disagreement which arises under, or as a result of, or in any way relates to, the interpretation, construction or applicability of this Agreement shall be resolved as determined by the Compensation Committee of the Board of Directors of the Company. Any determination made hereunder shall be final, binding and conclusive for all purposes.

6. Controlling Documents. The provisions of the Plan are hereby incorporated into this Agreement by reference. In the event of any inconsistency between this Agreement and the Plan, the Plan shall control.

7. Amendments. This Agreement may be amended only by a written instrument executed by both the Company and the Director.

IN WITNESS WHEREOF, the Company and the Director have caused this NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AWARD AGREEMENT to be entered into effective as of the Award Date.

COMPANY:

ST. MARY LAND & EXPLORATION COMPANY,
a Delaware corporation

By: _____

Printed Name: _____

Title: _____

DIRECTOR:

Printed Name: _____

Date: _____

Attachment: Non-Employee Director Restricted Stock Award Notice

ST. MARY LAND & EXPLORATION COMPANY

NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AWARD NOTICE

_____,

Dear _____:

Pursuant to the terms and conditions of the St. Mary Land & Exploration Company 2006 Equity Incentive Compensation Plan (the "Plan"), you have been awarded _____ shares of common stock of the Company to be delivered upon the Award Date set forth below. The Stock is subject to all of the terms and conditions of the Plan and the attached Non-Employee Director Restricted Stock Award Agreement (the "Award Agreement"), which are both incorporated herein in their entirety.

Awarded To: _____

Award Date: _____

Shares Awarded: _____

Earning Period: _____

Holding Period: One year following the expiration of the Earning Period.

By your signature below, you hereby acknowledge receipt of the Stock awarded on the date shown above, which has been awarded to you under the terms and conditions of the Plan and the attached Award Agreement. You further acknowledge receipt of a copy of the Plan, and the Award Agreement, and agree to conform to all of the terms and conditions of the Plan and the Award Agreement.

COMPANY:

ST. MARY LAND & EXPLORATION COMPANY,
a Delaware corporation

By: _____
Printed Name: _____
Title: _____

Date: _____

DIRECTOR:

Signature: _____

Date: _____

Attachment: Non-Employee Director Restricted Stock Award Agreement