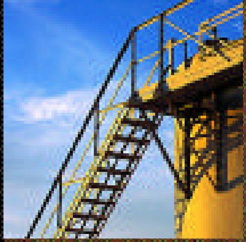
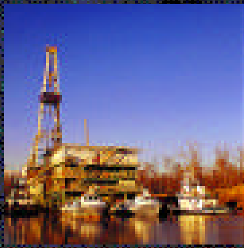




ST. MARY LAND & EXPLORATION COMPANY

Annual Report 2001

St. Mary's financial strength and discipline combined with our technical expertise allows us to succeed in good times and bad, the theme of our 2000 annual report. To succeed in a cyclical business where commodity prices are largely beyond the control of management, we must be able to find and develop natural gas and crude oil reserves efficiently and economically. Locating our technical expertise in regional offices and staffing the offices with premier professionals in all technical disciplines who have spent their careers in the same geologic basins allows us to be a top performer in each of the basins where we operate, the theme of this year's annual report. Our home office in Denver provides capital and administrative services and supports the efforts of our regional offices whose primary focus is on finding and developing natural gas and crude oil reserves. The efficiency created by our decentralized management structure has been an important reason why St. Mary is continually one of the top performing companies in its industry.

COMPANY AT A GLANCE

Our Mission

St. Mary Land & Exploration Company was founded in 1908 and incorporated in 1915. We are engaged in the exploration, development, acquisition and production of natural gas and crude oil in five core areas in the United States.

Our mission is to build shareholder value by adding value at every phase of the business and creating consistent growth in net asset value and cash flow per share.

St. Mary's objective is to realize a long term return on equity in the top quartile of exploration and production companies. A program of low to medium risk exploration, development and niche acquisitions in each of our core areas, representing 85% or more of our budget, is designed to provide a foundation of steady growth. The balance of our budget is allocated to higher-risk higher-potential exploration, non-conventional exploration programs and opportunistic acquisitions.

Operations

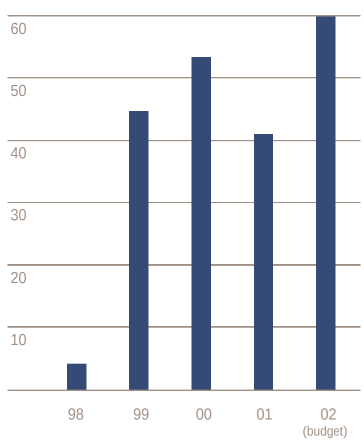
St. Mary operates in five core areas managed from four regional offices. The Mid-Continent, ArkLaTex, Gulf Coast/Gulf of Mexico, Williston Basin, and Permian Basin are operated out of our offices in Tulsa, Oklahoma, Shreveport and Lafayette, Louisiana and Billings, Montana. Each office is staffed with a full complement of geologists/geophysicists, engineers and landmen who have extensive experience in the region/basin where they work. Our Denver headquarters provides administrative support and oversight for the regions.

We are a dominant operator in each of our core areas and will operate properties representing approximately 77% of our $104 million exploration and development capital expenditures budget in 2002. By operating such a large percentage of our budget, we are able to maximize the benefit of the company's expertise in the land, geological, and engineering disciplines. In each core area we focus on cautious detailed land and legal work, disciplined geological interpretations, reservoir management, efficient completion and stimulation techniques, and the application of new technologies when warranted.

Acquisitions

The acquisition of oil and gas assets and companies is an important part of St. Mary's growth strategy. We largely focus our attention on smaller niche acquisitions in existing core areas where we can utilize our geologic knowledge of the area, our technical expertise and our financial flexibility. At the same time we are actively seeking larger acquisitions that would allow us to expand our existing core areas, acquire additional geoscientists, and/or gain significant interests in a new basin within the U.S.

Property Acquisitions ($ millions)



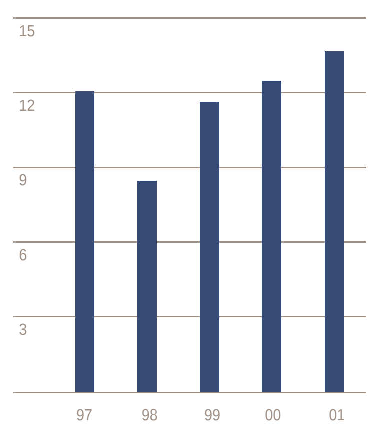
In 2001 we spent $41.2 million on niche acquisitions, which represented 22% of our capital expenditures program. In 2002 we are budgeting $60 million for acquisitions, which is 37% of our budget. Over the last five years we have completed over $171 million of acquisitions.

Financial Strategies

Through consistent economic growth in reserves and production, St. Mary's objective is to increase its per share value in excess of 15% per year. To achieve this objective, our goal is to replace, on average, 200% of our production and to have full cycle economics in the top quartile of our peer group. Over the past five years we have replaced, on average, 220% of our production and have consistently remained in the top quartile of our peer group. From December 1992, when we first became a public company, through December 31, 2001, we have provided our shareholders, in dividends and stock value, a compounded rate of return of 17%.

Our strategy is also to maintain a strong balance sheet by keeping our debt to capital ratio at 35% or less. A strong balance sheet allows us to weather cycles of low commodity prices and be opportunistic when capital is not available to our peers. We are willing to become aggressive and increase our debt to capital ratio during down cycles in order to make strategic acquisitions.

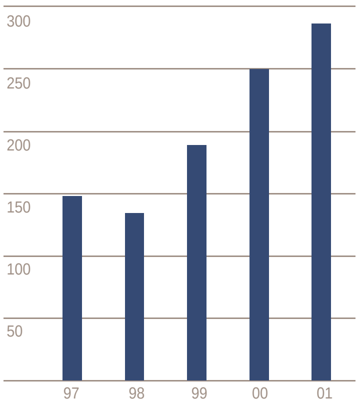
Reserves (mcfe) Per Share



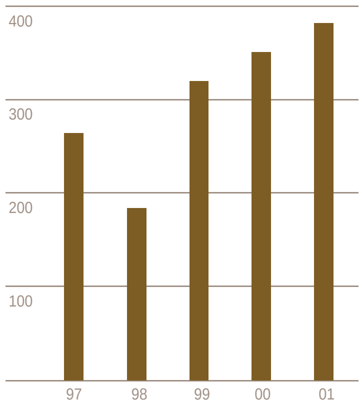
Financial Highlights

	2001	2000	1999	1998	1997
In thousands except per share,as adjusted for 2 for 1 split on 9/5/00,production and price data					
Income Statement Data					
Oil and gas production revenues	$ 203,973	$ 188,407	$ 73,387	$ 71,413	$ 76,603
Gains on sales and other	3,496	7,259	1,527	8,096	15,282
Total operating revenues	$ 207,469	$ 195,666	$ 74,914	$ 79,509	$ 91,885
Net income (loss)	$ 40,459	$ 55,620	$ 82	$ (8,797)	$ 23,109
Basic earnings (loss) per share	$ 1.45	$ 2.00	$ 0.00	$ (0.40)	$ 1.09
Cash dividends per basic share	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
Basic weighted average common Shares outstanding	27,973	27,781	22,198	21,874	21,240
Balance Sheet Data					
Working capital	$ 34,000	$ 40,639	$ 13,440	$ 9,785	$ 9,618
Total assets	436,989	321,895	230,438	184,497	212,135
Long-term debt	64,000	22,000	13,000	19,398	22,607
Stockholders' equity	286,117	250,136	188,772	134,742	147,932
Average Net Daily Production					
Oil (Bbls)	6,667	6,551	3,790	3,493	3,254
Gas (Mcf)	108,195	104,769	62,478	69,698	62,739
MCFE (6:1)	148,199	144,075	85,218	90,656	82,266
Average Sales Price					
Oil (per Bbl)	$ 23.29	$ 23.53	$ 16.56	$ 12.98	$ 18.87
Gas (per Mcf)	$ 3.73	$ 3.44	$ 2.21	$ 2.16	$ 2.33
U.S. Reserves					
Oil (Bbls)	23,669	20,950	18,900	8,614	11,493
Gas (Mcf)	241,231	225,975	207,642	132,605	196,230
MCFE (6:1)	383,247	351,673	321,042	184,289	265,188

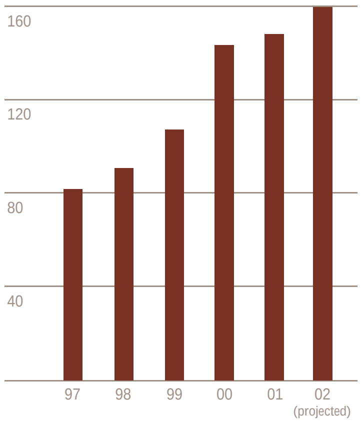
Stockholders' Equity
($ millions)



Reserves
(BCFE)



Production
(Daily MMCFE)



Thomas E. Congdon
Chairman of the Board

Mark A. Hellerstein
President & Chief Executive Officer

This is not an easy time. Year 2001 was tumultuous. Oil and gas prices seesawed, gas ranging from $9.73 in the first quarter to $1.73 while oil wilted from a high of $32.00 to a low of $17.50 per barrel in the fourth quarter. Gas storage by year-end was at a record level, largely the result of the weak economy and the fact industrial users switched to cheaper energy when prices soared in the 2000-01 winter. Rig utilization in the U.S. rose to effective capacity early in the year, resulting in diminished service quality and substantial cost increases that were slow to recede as drilling activity declined in the autumn.

■ Further afield, St. Mary was among the thousands stiffed by Enron. But worse yet, the sudden collapse of that corporation and the subsequent scrutiny of other major companies revealed business practices damaging to confidence in the integrity with which most business affairs are conducted in this country.

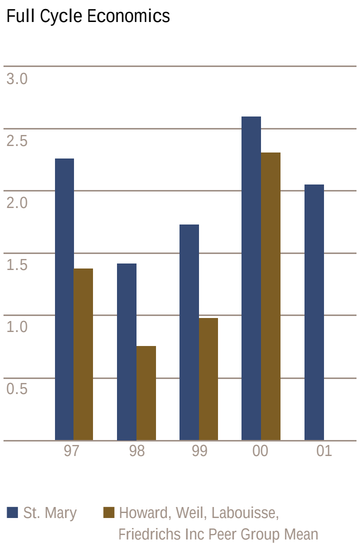
■ Finally, on September 11 St. Mary nearly lost two of its senior members of management in World Trade Center 1 — a reminder that it is the people of this Company that are its most valuable asset.

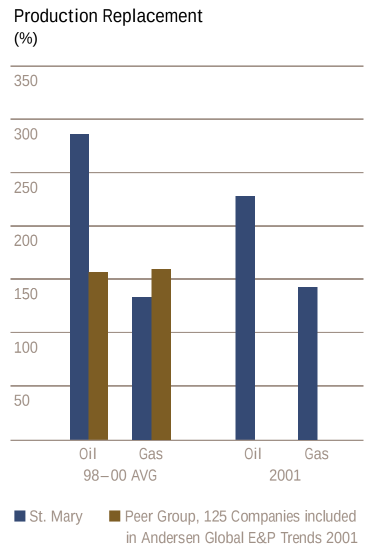
Through this turbulent year we nonetheless grew our reserves by 9%, modestly increased production, maintained our financial strength and recorded the second highest earnings in the history of the Company.

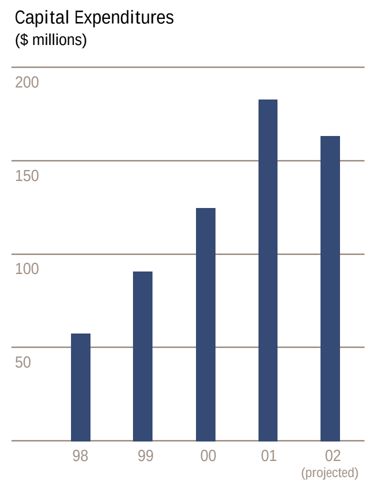
Net income in 2001 was $40.5 million or $1.45 per share compared to $55.6 million or $2.00 per share in 2000. Earnings before interest, taxes, depreciation, impairment and exploration were $137.5 million or $4.91 per share, up 2% from the prior year. Production increased 3% to 54.1 BCFE. While our average price for gas rose 6% to $3.77 per MCFE, expenses increased at a greater rate. Lease operating costs grew 46% to $1.02 per MCFE reflecting a $4.9 million increase in workover expense, largely on properties acquired in the Tipperary purchase and in the Judge Digby field. An example of escalating service costs is control-of-well insurance rates, which tripled. Exploration expense and depreciation, depletion and amortization charges rose 100% and 29%, respectively, due to several exploration disappointments and higher service and equipment rates. General and administrative costs per unit of production remained flat.

The moderately increased year-end reserves of 383 BCFE were net of a reduction of 32 BCFE caused by the decline of oil and gas prices from year-end 2000 to December 31, 2001. We replaced 166% of our 2001 production at an all-inclusive finding cost of $2.03 per MCFE. Excluding the $10.8 million spent on pre-production costs at the Hanging Woman Basin coalbed methane project and the negative pricing reserve reduction, our finding cost and production replacement percentage were $1.41 per MCFE and 225%, respectively. The 2001 finding cost reflects a 33% increase from 2000 in the completed cost of comparable wells. In view of our expectation that the long-term gas price will be strong, this $1.41 finding cost met our economic criteria.

Current gas prices have been weakened by mild weather, record storage and the economic downturn. We expect demand to recover with the economy and a return to normal weather. But our industry's accelerated pace of gas exploration over the last several years has failed to increase production and reserves. Much of this activity has focused on the Gulf of Mexico where reserve lives are short. Technology gains — 3D seismic and new completion techniques — have made possible the discovery and development of smaller reservoirs. But, hey, they're smaller. Consequently the average annual decline rate of natural gas reserves in the U.S. has risen from 16% to 25% in just ten years. New and







unconventional sources of gas are more costly and require long lead times. We believe gas prices will return to the $3.00 to $3.50 range — a view already reflected in the five-year NYMEX price strip.

We begin the year 2002 with extraordinary financial strength. Following our March issuance of $100 million of senior convertible notes, we have $50 million in the bank and an unused borrowing capacity of $170 million. We have more prospects than ever before and a capital budget of $164 million for 2002. Here is our plan to build value in the year ahead:

■ Production is forecast to grow to 57 to 59 BCFE. Based on NYMEX strip prices of $2.40 per Mcf and $20.00 per barrel, we would realize approximately $2.75 per MCFE after hedges. Assuming this price deck and lease operating costs, including taxes, of $1.00 to $1.05 per MCFE and G&A of $.20 to $.24 per MCFE, discretionary cash flow is forecast at $3.25 to $3.50 per share.

■ Of the $164 million capital budget, 37% is allocated for acquisitions, 20% for exploration and development in the Mid-Continent, 19% in the Williston and Permian Basins, 11% in the Gulf Coast and 8% in the ArkLaTex region. Another 5% is allocated to unconventional gas projects. The more important planned exploitation activity include:

- nine wells at Northeast Mayfield
- seven wells in the Arkoma Basin
- eight Granite Wash wells in Oklahoma
- ten operated Red River and Madison wells in the Williston Basin
- six Odom Lime wells at Ft. Chadbourne
- six Strawn wells in the Permian Basin
- four injection wells at the Shugart waterflood project in the Permian Basin
- thirty wells in east Texas, north Louisiana and Mississippi in our ArkLaTex region
- two wells at our largest value property, Judge Digby in the Gulf Coast.

■ We have large potential exploratory wells planned at Matagorda 701 in the Gulf of Mexico and at our Carrier prospect in east Texas. Each prospect has potential of over 100 BCF with working interests expected between 25% and 40%. We will conduct production tests on the eighteen well pilot program in the Hanging Woman coalbed methane project in Wyoming-Montana and hope to increase our 115,000 acre leasehold position. Our working interest averages 92% over possible reserves of 200 BCF.

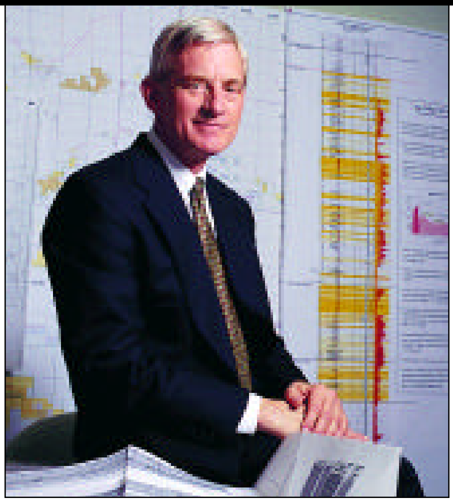
■ We will continue to control operations of properties representing approximately three-quarters of our exploration and development capital expenditures and dominate our core areas with our technical expertise.

We continue to build value per share by adding value to our assets in hand and those we acquire. Our strong and very real balance sheet has proved valuable in the past during trying times. We are seeing costs decline and property packages sold by companies who have traditionally been our purchase competitors. This is the time that our financial strength and technical capability allow us to take advantage of "opportunity leverage" as opposed to "financial leverage". Accordingly, we view the present as a time of advantage for St. Mary.

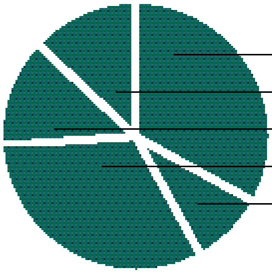
March 12, 2002

Mark A. Hellerstein
President and Chief Executive Officer

Thomas E. Congdon
Chairman of the Board



Ronald D. Boone
Executive Vice President and
Chief Operating Officer



St. Mary focuses its exploration, development and acquisition activities in five core operating areas: the Mid-Continent region; onshore Gulf Coast and offshore Gulf of Mexico; the ArkLaTex region; the Williston Basin in North Dakota and Montana; and the Permian Basin in west Texas and New Mexico.

It is our responsibility at St. Mary to manage a portfolio of oil and gas properties that provides the foundation for our continuing growth. We must find, develop and operate oil and gas properties economically and in a socially and environmentally responsible manner.

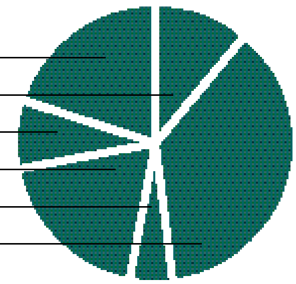
We have focused our operations in mature basins in the United States where we have core expertise and a strong existing presence. In these mature basins we are better able to manage risk and achieve our economic return objectives. We also concentrate our operations in those mature basins where we can become a dominant operator. Being a dominant operator provides competitive advantages, which are important to improve economics, such as:

1. Preferential access to drilling and workover rigs and experienced crews;
2. Extensive knowledge of local contractors and service providers;
3. Negotiated service cost rates and discounts; and
4. Oil and gas marketing strength.

St. Mary operates in five core areas that are managed out of our four regional offices. Each of our regional offices has a full complement of geoscientists, engineers, land professionals and support personnel. A senior technical manager with over 20 years of professional experience manages each regional office. The staff in each office is experienced and hand picked. Each member of the professional staff in each office has spent most of his or her career in the basin or region where he or she is working. Each regional office is supported by centralized administration in our Denver office.

In each of our regional offices we have detailed, and quite often proprietary, geologic, geophysical and engineering data, which has been accumulated over years of operating in each of our core areas. This data, along with the use of state of the art technology, produces consistent and predictable results year after year. In addition, our extensive acreage holdings in each of our core areas allow us to drill and have a significant ownership in the prospects

Capital Expenditures By Region



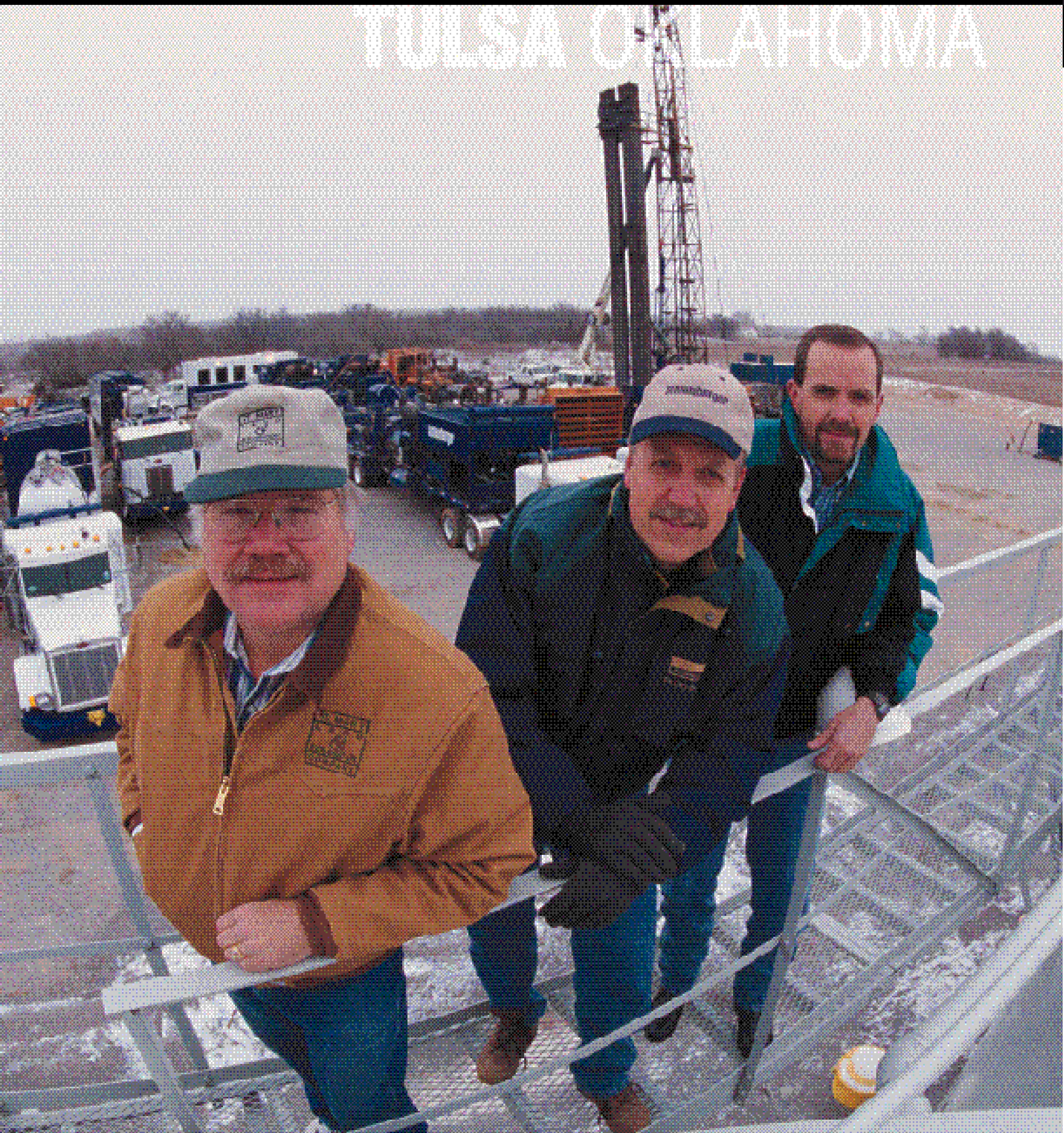
we generate. Our acreage holdings also allow us to participate in prospects drilled by industry partners.

In 2001 we made an initial investment in unconventional gas properties. We have acquired leases and options to earn leases on more than 135,000 acres of prospective gas reserves in coal beds and tight gas sands in anticipation of improving commodity prices. Using state of the art technology, we believe these properties represent significant long life reserve potential for our Company. We spent $11 million on these types of properties in 2001 and have included $8 million for these properties in our capital expenditures program in 2002.

In 2001 production increased 3% to a total of 54.1 BCFE, or average daily production of 148.2 MMcfe per day. Net proved reserves at December 31, 2001 increased 9% to 383 BCFE with a reserve base of 63% natural gas and 37% oil. Eighty-six percent of our reserves are proved developed. During 2001 we participated in drilling 196 wells with an 85% success rate and 77 recompletions with a 74% success rate.

Our 2002 capital expenditures budget is $164 million, which includes $104 million for exploration and development, and $60 million for property acquisitions. The $60 million we are allocating to acquisitions represents 37% of our capital expenditures program. With a strong balance sheet and available credit, we have the financial ability to spend significantly more on acquisitions should larger opportunities become available. We will be actively evaluating larger value packages in 2002 due to the unusually large number of properties that are coming on the market.

Pictured left to right are Julian Pope, Vice President–Land and Administration, Kevin Willson, Vice President–Drilling and Production and Marlon Wells, Production Manager. They are standing outside the Frac Van after supervising the successful hydraulic fracturing of the Billy 7-20 well in our Mayfield S.W. field. Julian and Kevin are co-managers of our Mid-Continent region.



St. Mary has operated the Mid-Continent region out of the Company's Tulsa, Oklahoma, office for over 25 years. The Mid-Continent is a mature region placing a heavy emphasis on development drilling and technical expertise. Our technical staff averages over eighteen years of regional experience per person and continues to generate and execute economic, low risk drilling programs year after year.

Our extensive geological, engineering and land databases create a competitive advantage for St. Mary. Centralization of accounting, gas marketing and administration functions in Denver enable the Tulsa office to focus on drilling, production and acquisition opportunities. This organizational structure generates a highly motivated staff and allows for quick decision making at the local level.

Mid-Continent Region

St. Mary has been operating in the Mid-Continent for over twenty-five years. Exploration, development and acquisition activities in the Mid-Continent region are focused in the Anadarko and Arkoma Basins. The multi-pay potential of the region has provided St. Mary with a consistent and predictable economic return.

1–Anadarko Basin 2–Arkoma Basin

PROVED RESERVES	126.3 BCFE
PERCENTAGE OF TOTAL RESERVES	33%
GAS / OIL MIX	94% / 6%
PROVED DEVELOPED RESERVES	85%
CAPITAL EXPENDITURES	$33 MILLION

The Mid-Continent region is managed out of our Tulsa, Oklahoma, office. Our 32 person staff conducts operations in the Anadarko and Arkoma Basins in Oklahoma, Texas and Arkansas, where we have been operating since 1973.

Over the years the Anadarko Basin has been the workhorse for us. Almost 50% of our core capital expenditures have been in the Anadarko Basin over the past four years. The Anadarko has provided us with a strong base of operations and growth. The multi-pay potential of the region helps to provide consistent and predictable results. Applying state of the art technology in drilling, hydraulic fracturing, and innovative completion techniques to the region's tight gas reservoirs enables the acceleration of production and associated cash flow. We are able to generate prospects year after year because of the knowledge and the geologic information gained by a staff that has spent the majority of its professional career in the region.

The Mid-Continent region accounted for 33% of our estimated proved reserves at December 31, 2001, or 126.3 BCFE. Natural gas represents 94% of our reserves in the region. Eighty-five percent of our reserves in the region at December 31, 2001 were proved developed.

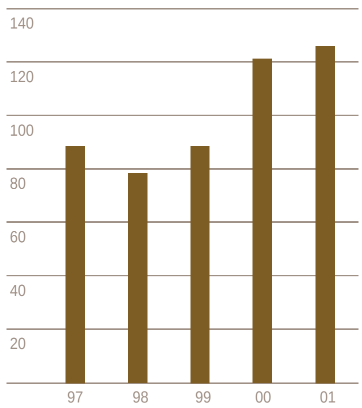
During 2001 the Mid-Continent region accounted for 31% of our capital expenditures, or $56.3 million. We participated in 88 gross wells in the region, of which 83% were completed as producers. We operated 30 of the wells drilled and owned an average 65% working interest in these wells. We also participated in the recompletion of 10 wells in this region with a success rate of 50%.

Our Northeast Mayfield exploration program continued to grow in 2001 as we participated in the completion of six wells during the year with no dry holes. We have had excellent success in this area exploring for both Lower and Upper Morrow sands at depths between

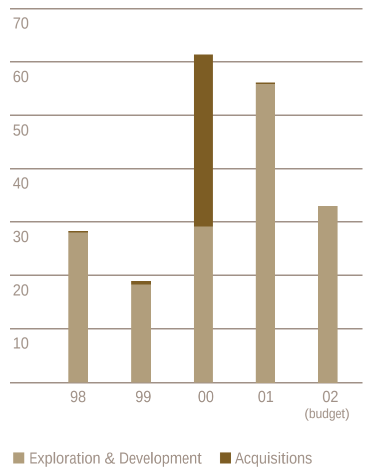
Hydraulic fracturing treatments pump proppants such as sand or high-strength ceramic material carried by jelled water, plus additives or nitrogen gas down a well at high pressures to create fissures for several hundred feet around the well bore. These fissures/fractures enhance the ability of oil or gas to flow to the wellbore, thereby increasing the production, profitability and life of the well.

18,000 and 21,000 feet. The Brothers 1-20 well (18% St. Mary interest) was drilled in 2001 and has produced at a rate of 25,000 Mcf per day. The Ross 2-11 well (29% St. Mary interest) had an initial production rate of 3,800 Mcf per day. The Granite Wash play continues to be active with 16 new completions, five of which were in the Sixty-Six field and five more of which were in the Mayfield S.W. field. The Lillie 2-11 well (79% St. Mary interest) in the Sixty-Six field had an initial production rate of 3,500 Mcf per day. The H.B. 6-20 well (100% St. Mary interest) in the Mayfield S.W. field had an initial production rate of 1,900 Mcf and 280 Bbls per day. The Easley 1A (77% St. Mary interest), a Morrow/Springer well in the Elk City field, had an initial production rate of 3,000 Mcf per day from the deeper Springer zone and is currently producing at over 7,000 Mcf per day from Lower Morrow pay, which will ultimately be commingled with the Springer.

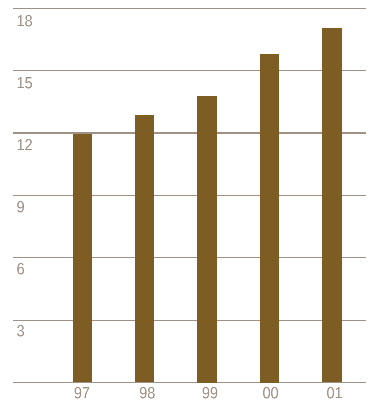
Mid-Continent Proved Reserves
(BCFE)



Mid-Continent Capital Expenditures
($ millions)



Mid-Continent Technical Employees



Our large acreage position in the Anadarko Basin is a significant asset that could not be replicated short of a major acquisition of another large player in the Basin. This acreage position and our long time presence in the region allows us to compete in essentially all of the significant plays that develop in the deep Anadarko Basin. Our acreage lease ownership in the Basin is approximately 250,000 gross and 60,000 net acres.

Our 2002 Mid-Continent capital expenditures budget is $33 million. We plan to utilize three to four drilling rigs throughout the year to drill approximately 28 St. Mary operated wells in the region. In addition, we anticipate participating in 100-125 wells to be drilled and operated by other entities. Nearly 50% of our budget in the Mid-Continent region will be allocated to NE Mayfield where we plan to drill nine wells in 2002. Our working interest in the 18,000 to 21,000 foot wells is expected to average 32%. Our 2002 capital expenditures budget is allocating $4.5 million to a developing new play in Coal County, Oklahoma, in the Arkoma Basin where we have acquired leases in twenty-five contiguous sections. Drilling activities in Coal County will focus on established plays in the Booch, Hartshorne, Wapanucka and Cromwell formations. The leases have deeper exploratory potential below about 7,000 feet. Seven wells are planned for 2002 and our working interest is expected to be in the 85% to 100% range.

During 2002 we anticipate drilling an initial test well in our Carrier prospect in Leon County, Texas. Carrier is a high-risk, high-potential platform reef prospect located near the industry’s prolific Cotton Valley pinnacle reef production in Leon, Limestone, and Robertson Counties. We will be seeking industry participation in a 20,000 foot test well and expect to have a working interest in the range of 25% to 35%.

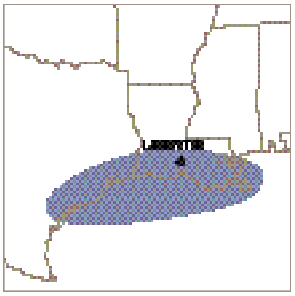
Pictured left to right are Dan Bloomer, Exploration Manager, Chuck Jones, Vice President–Regional Manager, David Janise, Engineering Manager and Dwight Bowles, Land Manager. The Lafayette office operates wells drilled in the shelf area of the Gulf of Mexico and onshore in south Texas and south Louisiana.

LAFAYETTE LOUISIANA

The Lafayette office generates exploration and exploitation opportunities along the Gulf Coast and offshore in the Gulf of Mexico. These areas are excellent settings for large accumulations of hydr o-carbons in small areas. The thick sandstones are very porous and yield high production rates. Both basins have been heavily explored, but due to complex geology, opportunities still exist for those who are willing to work the details. Our technical team in Lafayette has over 200 years of combined local experience and is focused on the task of doing the detailed work necessary to be successful in a difficult and geologically complex area.

Gulf Coast/ Gulf of Mexico Region

St. Mary's origin was in South Louisiana with the purchase of 24,900 acres of fee land in St. Mary Parish. Our focus in the Gulf Coast/Gulf of Mexico region is to explore and develop the multiple basins of onshore Louisiana and in the shallow waters of the Gulf of Mexico.



PROVED RESERVES	50.3 BCFE
PERCENTAGE OF TOTAL RESERVES	13%
GAS / OIL MIX	88% / 12%
PROVED DEVELOPED RESERVES	90%
CAPITAL EXPENDITURES	$18 MILLION

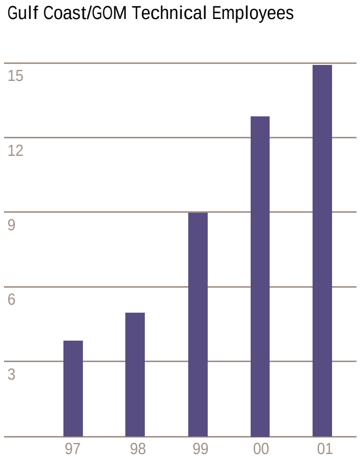
Our 16 person regional office in Lafayette, Louisiana, manages St. Mary's diverse activities in the onshore Gulf Coast and offshore Gulf of Mexico. Our presence in south Louisiana dates to the early 1900's when our founders acquired a franchise property in St. Mary Parish on the shoreline of the Gulf of Mexico. These 24,900 acres of fee lands yielded more than $5.5 million of gross oil and gas royalty revenue in 2001. Our onshore Gulf Coast and Gulf of Mexico presence increased significantly in 1999 with the acquisition of King Ranch Energy. This acquisition included 260,000 gross undeveloped acres and a large 3-D seismic database.

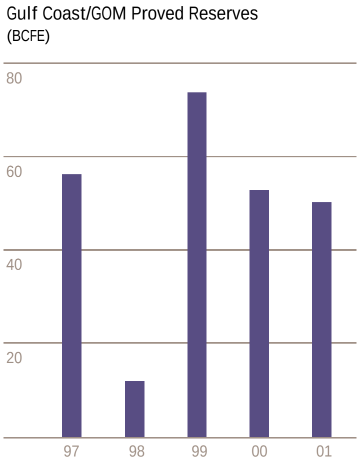
Our focus in the region includes ongoing development and exploration programs in multiple basins onshore south Louisiana as well as several offshore shallow water Gulf of Mexico blocks. Advanced 3-D seismic imaging and interpretation techniques and extensive subsurface geological interpretations ar e revitalizing exploration and development activities in the Miocene trend along the Gulf Coast.

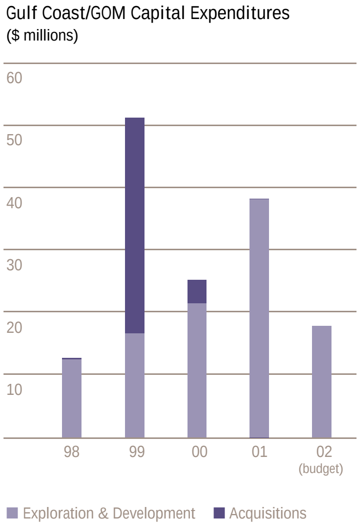
The Gulf region accounted for 13% of our estimated proved reserves at December 31, 2001, or 50.3 BCFE. Ninety percent of our reserves in the region at December 31, 2001, were proved developed and 88% were natural gas.

During 2001 this region accounted for 21% of our capital expenditures or $38.4 million. We participated in 19 gross wells in the region of which 11 were completed as producers. We also participated in the recompletion of 24 wells in the Gulf region with a success rate of 71%.

The successful development of the Judge Digby field, where we have interests ranging from 10% to 20%, continued in 2001. The interest in this outside-operated, ultra-deep







field located in Point Coupe Parish outside Baton Rouge, Louisiana, was acquired in the King Ranch Energy acquisition. Three new Tuscaloosa sand wells were completed during the year and a fourth well was drilling at year-end. The Parlange #12 (11.5% St. Mary interest) was drilled to 23,220 feet and completed in the C-2 zone, which was a new field pay. During 2001 the well produced at rates as high as 64,000 Mcf per day. The J. Wuertele #1 (15% St. Mary interest) was completed in the B-8 zone and produced at 41,000 Mcf per day. The J. Wuertele #2 (20% St. Mary interest) was completed in the B-6/B-7 zones and produced at rates of 45,000 Mcf per day. The J. Wuertele #3 (10% St. Mary interest) was spud on November 15, 2001, and was drilling at year-end to a total depth of 22,000 feet.

The Miami Corp T-1 S/T (25% St. Mary interest) at High Island was completed in the Camerina sand at an initial production rate of 4,300 Mcf per day.

Our 2002 Gulf Coast/Gulf of Mexico capital expenditures budget is $18 million. In the Gulf of Mexico we plan to test a large reserve potential 3-D target at Matagorda 701 during 2002. Matagorda 701 is located 50 miles northeast of Corpus Christi, Texas, in 110 feet of water. We also plan to test an additional fault block on the east flank of the Matagorda 700 field in 2002. Two additional tests are budgeted for the Judge Digby field in 2002, as well as the recompletion of several wells in this multi-pay geologically complex field.

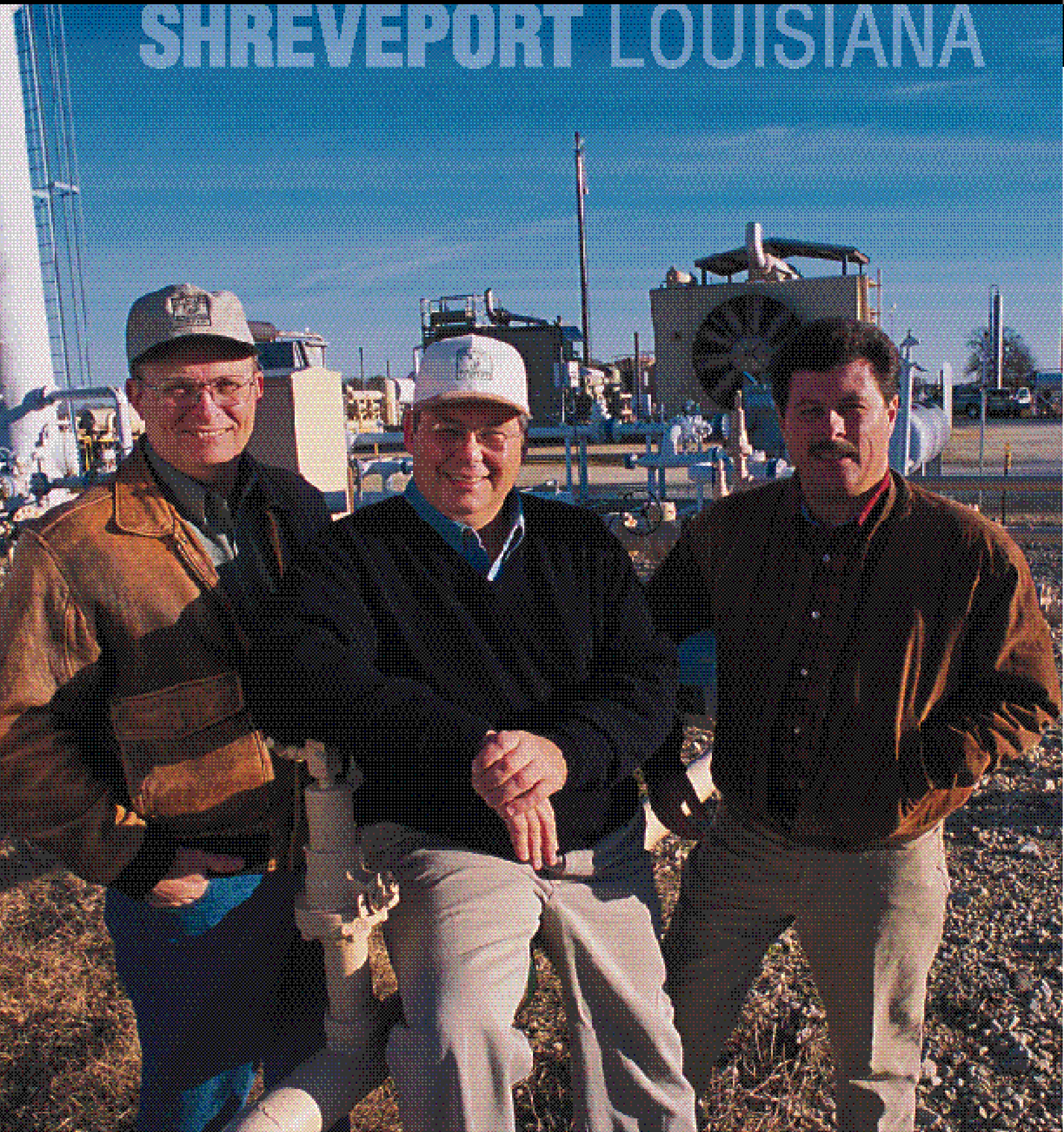
We own 24,900 acres of fee lands and associated mineral rights in St. Mary Parish, located approximately 85 miles southwest of New Orleans, Louisiana. Since the initial discovery on our fee lands in 1938, our cumulative oil and gas revenues, primarily landowners' royalty, from the Bayou Sale, Horseshoe Bayou and Belle Isle fields have exceeded $235 million. We have curently leased 10,357 acres as we encourage development of the properties. A discovery at South

St. Mary will operate the drilling of approximately 200 wells in 2002. Our long term relationships with drilling contractors and our commitment to continuous drilling programs allow us to use experienced crews that keep costly drilling problems to a minimum.

Horseshoe Bayou in early 1998 and a subsequent successfully completed well in early 1999 established that significant accumulations of gas are sourced and trapped at depths below 16,000 feet.

St. Mary participated in a 51-square-mile 3-D seismic survey over the Spindletop field near Beaumont, Texas, which was completed in 2001. Our partner group has leased or optioned approximately 19,000 acres within the seismic outline. We have a 21.25% working interest in this project, which is planned to be a multi-year exploration and development program. Several wells are planned in this project during 2002.

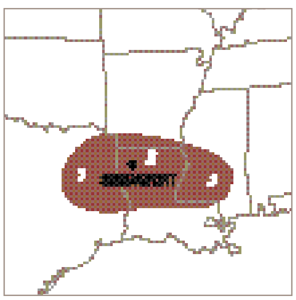
Pictured left to right are David Hart, Vice President–Geology, George Hearne, Vice President–Regional Manager and Mike Rosenzweig, Vice President–Engineering. They are standing in the Box Church gas plant that processes gas from our largest field in the ArkLaTex region.



The strength of the Shreveport office begins with people, most of whom have spent virtually their entire careers working in the ArkLaTex region. The technical expertise and extensive regional experience of our E&P team, along with excellent working relationships developed over the years with local independents, landowners, and regulatory agencies are invaluable. The regional office concept facilitates easy access to producing facilities and expedites access to historical and current data that is not always commercially available. Being where the action is and focused on the task of finding and producing hydrocarbons without financial, accounting and other administrative responsibilities makes for an efficient and cost effective E&P effort.

ArkLaTex Region

The large field discoveries at Haynesville and Box Church have made the ArkLaTex region a consistent top performing region of St. Mary. The ArkLaTex region is focused on searching for new opportunities and potential analog fields.



1–East Texas Basin 2–Northern Louisiana Basin
3–Mississippi Salt Dome Basin

PROVED RESERVES	48.7 BCFE
PERCENTAGE OF TOTAL RESERVES	13%
GAS / OIL MIX	84% / 16%
PROVED DEVELOPED RESERVES	85%
CAPITAL EXPENDITURES	$14 MILLION

The ArkLaTex region is operated out of our office in Shreveport, Louisiana. Our 18 person staff focuses on eastern Texas, northern Louisiana, southern Arkansas and southern Mississippi. We have been operating in the ArkLaTex region since 1992 when we acquired the oil and gas properties of T.L. James & Company. Since 1992 we have made $18.2 million of niche acquisitions that have provided access to strategic undeveloped acreage and proprietary geologic and seismic data, which have resulted in an active program of exploitation and development.

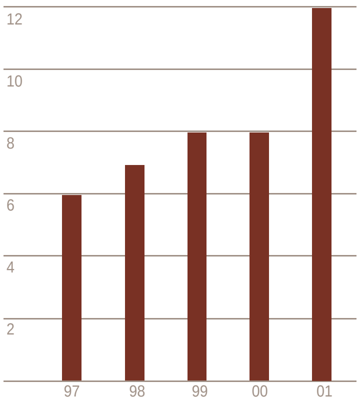
We have had discoveries that became major development and operating fields such as Bayou D'Arbonne, Haynesville and Box Church. We have recently expanded our operations into southern Mississippi where we anticipate leveraging our technical expertise into new prospects in the Mississippi Salt Dome Basin.

The ArkLaTex region accounted for 13%, or 48.7 BCFE of our estimated proved reserves at December 31, 2001. Eighty-five percent of our reserves in the region at December 31, 2001, were proved developed and 84% were natural gas.

During 2001 the ArkLaTex region accounted for 11% of our capital expenditures or $20.3 million. We participated in 35 gross wells in the region of which 89% were completed as producers. We operated nine of the wells drilled and owned an average 54% working interest in these wells. St. Mary also participated in the recompletion of 15 wells in the ArkLaTex region with a success rate of 87%.

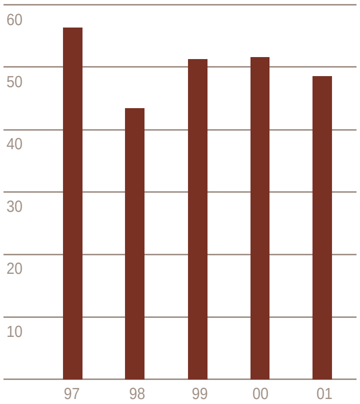
Activities in the ArkLaTex region during 2001 focused on the search for new opportunities and potential analog fields to Box Church and Trinidad in the East Texas Travis Peak play as

ArkLaTex Technical Employees

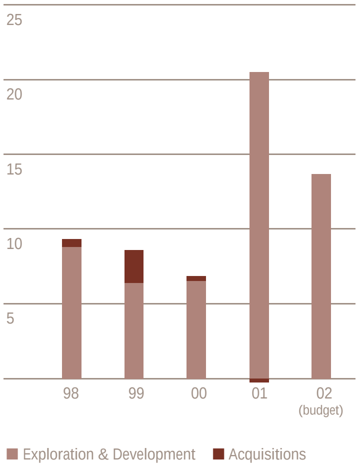


St. Mary operates the centralized gas gathering, compression and dehydration facility at our Box Church field. The plant compresses gas gathered from the 33 wells in the field to pipeline pressure. The dehydration facility removes water from the gas to conform to pipeline quality standards.

ArkLaTex Proved Reserves
(BCFE)



ArkLaTex Capital Expenditures
($ millions)



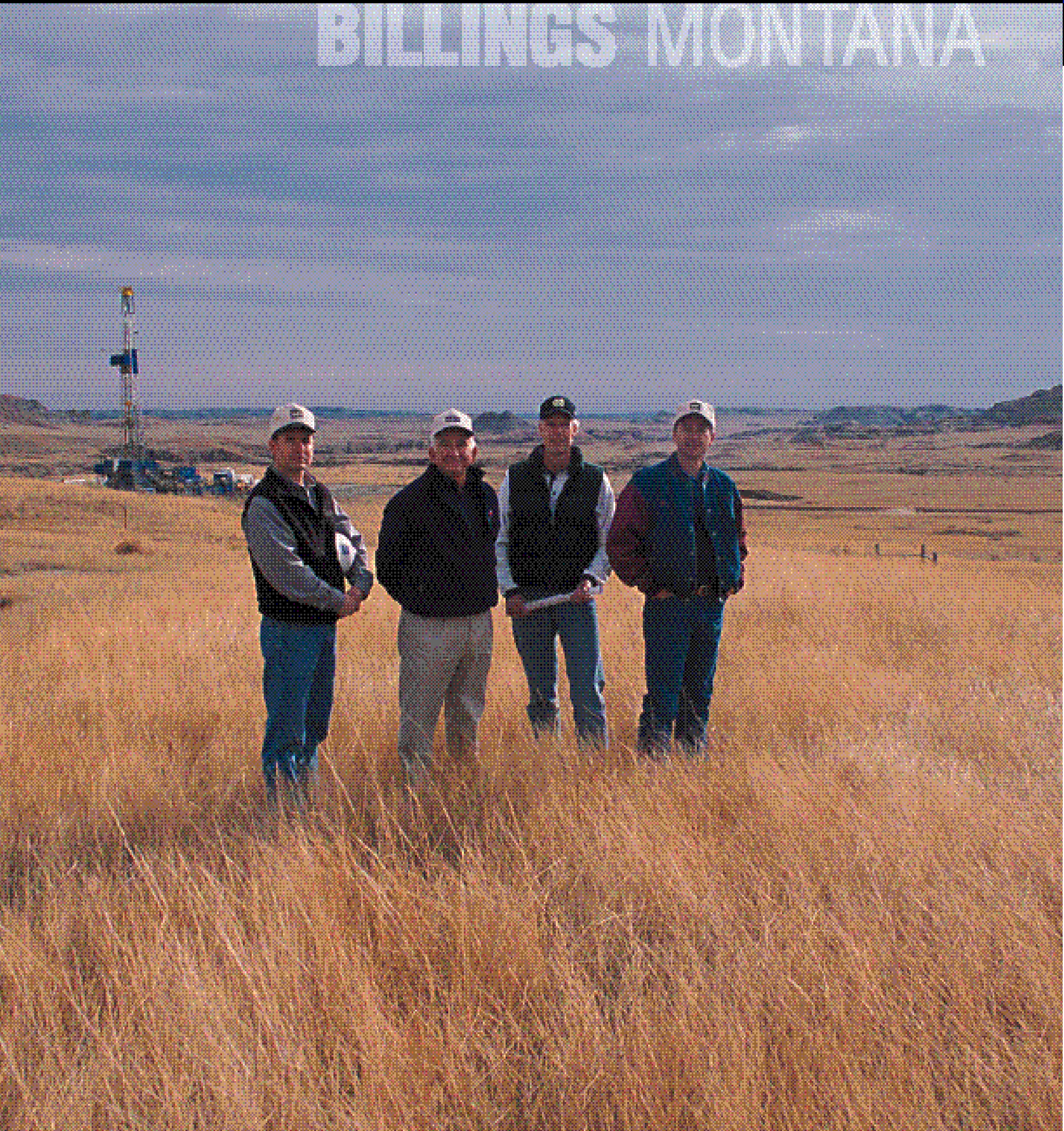
well as the continued development of the major fields we operate in the region. We also anticipate increasing activity in the James Lime horizontal play where we have added leasehold at the Huxley field offsetting excellent new completions.

Three successful new wells were drilled in our Box Church field, the Wilson #12, the Wilson #14 and the White #13. The Trinidad field development where we have a 25% interest was also active in 2001 with the completion of nine new wells. Six additional locations are budgeted at Trinidad in 2002.

Our holdings in the ArkLaTex region are comprised of interests in approximately 502 producing wells, including 98 operated wells. Our lease ownership in the region totals approximately 73,500 gross and 26,300 net acres as well as 10,723 net acres of mineral servitudes.

Our 2002 capital expenditures budget in the ArkLaTex region is $14 million. We will continue to focus on the search for new opportunities and potential analog fields in which to apply our proprietary geologic models and production techniques. We anticipate participating in 30 gross wells in the region during 2002 and will operate properties representing approximately 75% of our drilling capital expenditures budget.

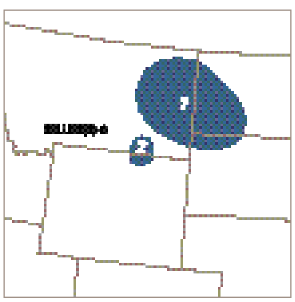
Pictured left to right are Terry Holzwarth, Engineer/Acquisitions Manager, Bob Nance, President–Nance Petroleum Corporation, Jim Bailey, Geophysicist and Gary Evertz, Engineer/Operations Manager. The rig in the background is drilling the successful Federal 7-35 well in the North Branch field in western North Dakota.



Our regional office in Billings is responsible for the Company's activities in the Northern Rockies and the greater Permian Basin of West Texas and New Mexico. Within all of our areas of interest, the team concept is stressed. Each team consists of geologists, geophysicists, reservoir engineers, production engineers, land persons and the appropriate support personnel. Involving all disciplines, which consists of people who have essentially made their careers in their geographical areas of responsibility, gives us the edge needed in a very competitive industry. Being in active mature geological provinces like much of the lower 48 states, a seasoned and cohesive team of experts is essential to success.

Williston/Permian Basins

Nance Petroleum Corporation has operated in the Williston Basin since 1969 and has managed St. Mary's interest in the Williston Basin since 1991. Nance began managing St. Mary's Permian Basin operations in 1999. Nance Petroleum's ability to interpret 3-D seismic data has significantly improved the economics of these oil producing areas.



1–Williston Basin 2–Hanging Woman Basin

PROVED RESERVES	121.9 BCFE
PERCENTAGE OF TOTAL RESERVES	32%
GAS / OIL MIX	20% / 80%
PROVED DEVELOPED RESERVES	87%
CAPITAL EXPENDITURES	$22 MILLION

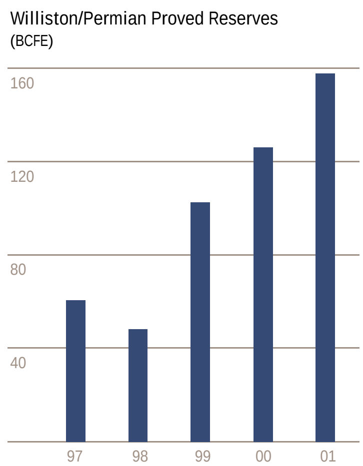
Nance Petroleum Corporation, a wholly owned subsidiary, manages our operations in the Williston Basin, the Permian Basin and Rocky Mountain areas. Our Nance office in Billings, Montana, includes a 28-person staff. Nance has managed our interests in the Williston Basin since 1991, initially under a joint venture arrangement and as a wholly owned subsidiary since June 1, 1999. Since 1999 the Nance office has also managed our interests in the Permian Basin. In addition, Nance is responsible for the development of our coalbed methane properties and other oil and gas properties we own in the rocky mountain states.

WILLISTON BASIN

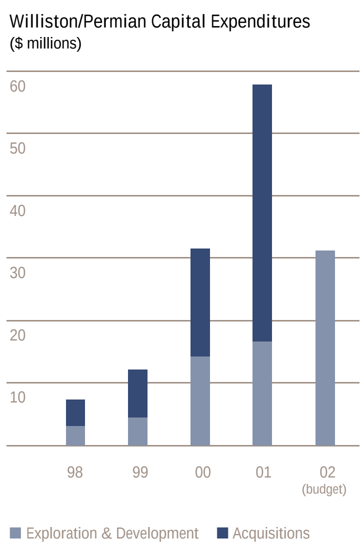
The Williston Basin region, which includes the Williston Basin in eastern Montana and western North Dakota and certain other properties managed in the rocky mountain states, accounted for 32% of our estimated proved reserves at December 31, 2001, or 121.9 BCFE. Eighty-seven percent of our reserves in the region at December 31, 2001, were proved developed and 80% were oil.

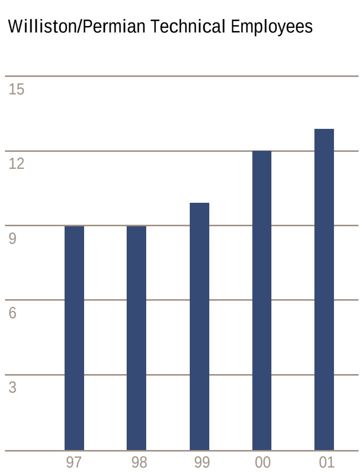
During 2001 the Williston Basin region, including the coalbed methane properties in Montana and Wyoming and other properties managed in the rocky mountain states, accounted for 37% of our capital expenditures or $68 million. We spent $16 million on exploration and development and participated in 39 gross wells in the region of which 93% were completed as producers. We also participated in the recompletion of 24 wells with a success rate of 83%. In November 2001 we completed a $41 million acquisition of oil and gas properties from Choctaw II Oil & Gas, Ltd. The properties are located in the Williston Basin and the Green River Basin of Wyoming and produce approximately 1,200 barrels of oil and 4,600 Mcf of gas per day. The Williston Basin region replaced 435% of its reserves in 2001.

Our exploration and development in the Williston Basin is primarily based on the



Pictured left to right are Bob Bachman, Geologist and Herb Thackeray, Operations Engineer. Bob and Herb, along with other members of the Nance Petroleum staff, manage and develop our properties in the Permian Basin.





interpretation of 3-D seismic data. We have been successful using 3-D seismic imaging to delineate structure and porosity development in the Red River formation. Since 1991 we have successfully completed 30 out of 32 gross wells we have drilled and operated in this Basin. During 2001 we drilled and successfully completed 7 new wells.

Our large acreage position in the Williston Basin allows us participation in wells drilled by other operators and to have a significant ownership in prospects we develop and drill. We typically have working interests ranging from 60% to 100% in wells we operate. Our acreage lease ownership is approximately 467,000 gross and 291,000 net acres.

Our 2002 Williston Basin capital expenditures budget is $22 million. We plan to drill 10 wells and conduct seven 3-D surveys, exceeding the number of surveys conducted in any prior year. Our prospect inventory continues to expand as results from current activity lead to additional areas to explore. In addition we anticipate participating in eight – twelve wells to be drilled and operated by other entities.

PERMIAN BASIN

Our operations in the Permian Basin of eastern New Mexico and western Texas accounted for 9% of our estimated proved reserves at December 31, 2001, or 36.1 BCFE. Eighty-one percent of our reserves in the region at December 31, 2001 were proved developed and 65% were oil.

During 2001 we participated in 12 gross wells in the region of which 100% were completed as producers. We also participated in the recompletion of four wells with a success rate of 50%. The East Shugart Delaware Unit waterflood project was initiated in 2000. The initial response from the water injection is anticipated in 2002. We are hopeful the East Shugart waterflood will be an analog to our successful Parkway Delaware Unit waterflood that increased production from 325 Bbls per day in 1996 when the property was acquired, to 1,125 Bbls per day in February 2002.

Our 2002 Permian Basin capital expenditures budget is $9 million. In addition to drilling four

Permian Basin

PROVED RESERVES	36.1 BCFE
PERCENTAGE OF TOTAL RESERVES	9%
GAS / OIL MIX	35% / 65%
PROVED DEVELOPED RESERVES	81%
CAPITAL EXPENDITURES	$9 MILLION

injection wells in the East Shugart waterflood, two 3-D based Morrow tests are planned in the Parkway field and six in-fill wells are planned at Ft. Chadbourne. We anticipate drilling opportunities will develop in 2002 from the reprocessed 3-D seismic data over the 30,450 acres on our 21.45% interest HJSA lease in Ward County, Texas.

OTHER AREAS

In 2001 we acquired leases covering 115,000 acres in which we own an average 92% working interest in the Hanging Woman Basin of Montana and Wyoming for prospective coalbed methane development. Our capital expenditures for this project in 2001 were $11 million, which included drilling 14 wells in an 18 well pilot program. During 2002 drilling of the pilot well program will be completed. The wells will be production tested and the permitting and environmental issues related to this project will be addressed.

Our 2002 capital expenditures budget for the coalbed methane project and other potential unconventional natural gas projects in the rocky mountains is $8 million.

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San Francisco, California
Chief Program Officer, Environment
Gordon and Betty Moore Foundation

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Darla Dorgan
Landman and Assistant Secretary

James C. Robertson
Assistant to the President and Assistant Secretary

Lynn Ruffin
District Landman and Assistant Secretary

Shareholder Information

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Denver, CO 80203
303-861-8140

We also have offices in Tulsa, Oklahoma, Billings, Montana and Shreveport and Lafayette, Louisiana:

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918-488-7600

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330 Marshall Street,Suite 1200
Shreveport,LA 71101
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406-245-6248

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Stockholders,securities analysts or portfolio managers who have questions or need information concerning St.Mary may contact Bob Hanley Vice President–Business Development at 303-863-4377.
E-mail: bhanley@stmaryland.com

Annual Reports, 10-Ks, 10-Qs
To receive an information packet on St.Mary, or to be added to our mailing list,contact:
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E-mail: information@stmaryland.com

Please visit our web site at:www.stmaryland.com

Stock Transfer Agent
Any stockholder with questions or inquiries regarding stock certificate holdings, changes in registration address, lost certificates,dividend payments and other stockholder account matters should be directed to St.Mary Land & Exploration Company's transfer agent at the following address or phone number:

Computershare Investor Services
350 Indiana Street,Suite 800
Golden,CO 80401
303-262-0600

Nasdaq: MARY
The Company's common stock is listed for trading on the Nasdaq National Market System under the symbol MARY.

The price range of the Company's common stock by quarters for the last two years are provided below. As of March 12,the Company had 27,805,529 shares of common stock outstanding.

Market Prices	2001—Quarter Ended		2000—Quarter Ended	
	high	low	high	low
March 31	$35.00	$20.63	$15.75	$11.19
June 30	25.24	19.25	21.03	14.78
September 30	21.81	14.58	24.31	14.75
December 31	22.20	14.65	34.31	19.00

DESIGN BY: MARK MULVANY GRAPHIC DESIGN (DENVER, COLORADO)
PHOTOGRAPHY BY: RON COPPOCK–KING (DENVER, COLORADO)

ST. MARY LAND & EXPLORATION COMPANY